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The Effect of Trust, Product and Cost Advantage Behaviors Provided by the Supplier on the Financial Performance of the Distributor

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Abstract: This study examines which behaviors of the supplier firm (product importance, reliability and cost) are effective in the financial performance of the distributor. To this end, behavioral factors such as reliance on the supplier, importance of the supplier's product, cost advantage and financial performance, which are considered to be effective in the financial performance of the distributor, are formed. The model and hypothesis of the research were determined and tested on distributors. To determine the factors that can contribute to financial performance, a research-based view (RBV) was applied and the results obtained were analyzed. The findings of the study show that the reliance that the supplier firm assures and the cost advantage of the supplier have a positive impact on the financial performance of the distributor. In this respect, as the reliance on supplier firms increases, additional costs of the distributor will decrease. Other findings and arguments were also included.

Key words: Importance of the purchased product · Reliability · Cost · financial performance · Distributor · Turkey

INTRODUCTION

Distributors choose suppliers that supply goods and services to the market according to the value that these companies add to their activities. There is a close relationship between the behaviors of the supplier and the inventory costs of the distributors. Working with a lower inventory will decrease the sales costs of the distributor and thus, financial performance will increase. Cooperation between distributor and supplier will result in creating value in inter-enterprise change and in cost decrease [1]. Research has shown that in the decisions of the distributors to buy a product, the value that the supplier adds to the product has significant importance [2]. Thus, growing conditions necessitates good service and support services. There are quite a few studies in literature on supplier's support to the distributor on inventory levels. For instance, according to Simson *et al.* [3] distributors see working with suppliers that will help them lower their costs as a big opportunity [4]. Studies on the effect of service and support performance of the supplier on distributor's stockline and financial performance contribute to the explanation of the above-mentioned criteria [5].

The aim of this study was to examine the effects on the financial performance of white good firms of the three firm factors of importance of the product of the supplier, reliability on supplier and cost advantage that supplier provides. The respondents were asked questions on what kind of supplier firm behaviors had been effective on the sales and costs of distributor in the last two-three years. The aim was to measure the advantages that suppliers provide to distributors. In other words, have the distributor companies managed to increase their profits by supplier supported behaviors in the last two years; did they receive necessary service and support? (a) What kind of supplier behaviors contribute to an increase in sales? (b) What kind of supplier behaviors contribute to reducing the cost of the distributor and thus, provide a cost advantage for the distributor? (c) What is the share of the supplier on significant improvements on distributor's business life as well as its sales revenue? These questions were asked to the distributors during the study to examine distributor attitudes depending on supplier behaviors. If the result of the study shows that changing the existing suppliers would be disadvantageous for the distributors, then maintaining

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the behaviors we tested, which create value for the distributor, will strengthen the channel partnership for both supplier and distributor.

Literature Review and Research Hypothesis

Conceptual Framework: In literature, the relationship between the supplier and the distributors is regarded as highly significant in terms of competition. In order for the distributor company to operate under conditions of competition, it needs the support of the supplier along with its own struggle. There are quite a few studies in today's business world and in the academic world demonstrating that relationships between suppliers and dealers are gaining more importance [6]. The trust that the supplier creates in the distributor is also effective in the decision of the distributor to continue doing business with the supplier. Trust relationship is a factor that helps the distributor stop looking for a new supplier and protects the distributor against extra costs resulting from this search for a new supplier [7]. It would be right to discuss the supplier-distributor relationship with a two-way assessment. In assessments from the viewpoint of distributors, the trust of the distributor in the supplier will increase cost advantage and thus, will enable an increase in the distributor's financial performance. On the other hand, an increase in the supplier's sales volume depends on the satisfaction of the distributors. Accordingly, distributors will be motivated by suppliers who contribute to their distributors financially, by lowering the costs of purchasing and operational activities and building trust via information sharing, business experience and effective communication. Well-based long-term relationships will pave the way for inter-enterprise integration. In addition, distributors who are satisfied with the trade relationship will be a reference for new distributors and contribute to the channel relationship [3]. In the below-mentioned theoretical approaches, it can be seen that the increase in supplier's financial performance is directly related to the cost advantage that the supplier provides as well as the quality of the goods.

Trust on the Supplier-Relational Factor: Moorman, Deshpande and Zaltman define trust between parties as a willingness to take risks that arises from their belief in the other party's reliability, integrity and business ethics and thus, their trust in not harming the other parties [8]. Morgan and Hunt define trust as "confidence in an exchange partner's reliability and integrity" [9]. In a different definition, the belief of the parties to work for the benefit of the other party or to not work for the disadvantage of the other party is defined as the trust of companies for each other [10]. Accordingly, trust, from the point of the distributor, can be defined as belief in the success, expertise and credibility of the supplier as well as trust in the supplier's responsibility to fulfill its liabilities, its goodwill and integrity towards the distributor and belief in the supplier to not act against the distributor. Companies' trust in each other requires being ready for responsibilities that arise from shared activities because in the short-term, mutual gains might not be equal. In other words, it might require a long term for both parties to derive profit from shared trade activities. Thus, although inequality is inevitable in short-term relationships between the businesses, trust is an important driver in establishing and developing long-term relationships. With the support of the supplier on such issues as lowering the distributors' stock levels, after-sales support and resolving financial difficulties, problems of the distributor will be easily and quickly resolved. So, to solve similar difficulties in good agreement with the other party, the parties should be open in their negotiations and relationships. Precise and transparent attitudes during the negotiations not only contribute to building an environment of trust but also to providing continuity of the relationships [11].

By relying on experience and credibility, the distributor will have the opportunity to work with fewer staff for storage and sales activities and with lower administrative costs. This environment of trust created by the supplier could also bring distributor commitment and dependence. A distributor who trusts the supplier will increase their business performance accordingly [12]. Therefore, the efforts of one party to satisfy the other party might improve as a result of this relationship. All these developments show that the trust that the supplier builds is highly important for the distributor in terms of lowering the costs. Thus, a trusting attitude of the supplier will lower the costs of distributor and positively impact its sales performance. Therefore; "There is a positive relationship between trusting the supplier and financial performance."

The Perceived Importance of Supplier's Product by the Distributor-product Factor: Cognitively, the importance of buying a product can be described as "the impact of buying a product on organizational productivity, on competition and profitability" [13]. The importance of a product bought by the distributor depends on the sales and consequently on an increase in the financial performance of a business. That is because the importance attached to purchasing is a necessity to have a competition advantage and to focus on technological adequacy [14]. Competition advantage is an important issue for the distributor company to survive. In gaining this advantage, both increasing the profitability and lowering the operating costs are intended. When ordering products from the supplier, the distributor company primarily wants to know the cost of the product. Cost is the primary driver that affects purchasing decisions [15]. The cost of a product enables the distributor company to make a comparison with rival companies. Thus, when making a choice between products at the same price, factors such as service quality, product quality and the distance of the supplier, come into play and influence the purchasing decisions.

It is of importance when choosing a supplier that the supplier should not only bring increase in sales performance of the distributor but also an increase in financial performance. On the other hand, the supplier should also contribute to the distributor in terms of time management, increasing service quality and special performance [16]. The importance of the supplier's product is based on such elements as reaching product information-references and the product brand [17].

Additionally, distributors expect suppliers to understand their needs and to help them solve their problems. Thus, intercompany values will be built by the supplier meeting the expectations of the distributor. At this point, if the "business partnership", which occurs as a result of improvement in supplier-distributor relationships, is defined as cooperation of independent businesses for competitive purposes in order to gain mutual benefits and to share essential knowledge [18], the importance of the supplier's product will increase more. This formed value will contribute to the intention of distributors to continue their relationship. Electronic media support, reliance on the supplier and service quality affect the importance that distributors attach to supplier products [19]. Thus, the distributor will be better informed and unnecessary costs will be prevented. If the supplier provides a special price [20] and high technology for the distributor, the distributor's efficiency will increase. Therefore, improved productivity entails keeping the existing supplier and thus, avoiding extra costs, which makes a positive impact on the financial performance of the distributor. These strong discussions show that "there is a positive relationship between the importance of the supplier's product and the financial performance of the distributor."

Cost Advantage Provided to Distributor-Support Factor: In today's world, executives have serious requirements such as lowering service costs and responding rapidly to keep their competitive position [21]. As Lambert stated, an inventory should be kept but when determining the level of it and targeting service for the distributors, total system costs and inventory keeping costs should be at a relevant level [22]. Inventory keeping costs appear as capital expenditure for inventory, inventory service costs, tax and insurance costs, storage costs, inventory keeping risk costs, fuel costs, depreciation costs and transportation cost of the goods.

Direct financial and indirect function and operation advantages that suppliers provide to the distributors will be shown as a decrease in distributor costs. These benefits can either be measured directly or it could be (indirectly) impossible to measure them. This indirect value of the supplier is defined as "relational- social connections" [3]. Financial advantage that a supplier company provides can be easily identified. To see if this advantage is provided or not the costs and sales of the distributor are examined. Zeithaml states that product value occurs partly from external factors or abstract results and states that non-physical properties of the product affect the ordering of a product [23]. These external factors are reasons for distributors to order products which have higher prices compared to the overall prices. Communication, trust, support, service, the quality and price of the products and competence in physical distribution are important in channel partnerships and they add value to channel relationships.

Distributor costs directly affect distributor financial performance and this financial performance directly affects the value that the distributer created [24]. With the use of advanced computer systems a real time information system has become an objective for suppliers and distributors [25].

Distributor companies prefer to work with suppliers making the delivery of the products, which will help lowering the costs. If it is considered that an average of 56% of supplier companies' budgets are spent on equipment, it is normal for the distributors to consider working with suppliers who will lower their own costs [26].

Various theories have been put forward to explain the relationship between the supplier and distributor. One of these theories is the distributor theory which links fulfillment of mutual responsibilities of distributors and suppliers to compensation liability [27]. This theory suggests that compensation liability will lower distributor costs and that assuming that partners believe in compensation liability, the supplier-distributor relationship will also improve and thus, compensation consciousness will improve the supplier businesses performance. The discussions above show that "There is a positive relationship between the cost advantage provided to the distributor and the distributor's financial performance.

Distributor's Financial Performance: Market oriented behaviors of a supplier (providing trust, product importance and cost advantage) can lower the costs and increase the financial performance of the distributor. Such value-adding behaviors could help to building cooperation by distributors, which in turn helps to gaining and satisfying the distributor.

In order for the distributor not to look for alternative suppliers, the supplier company should create value in the financial performance of the distributors by supporting and other behaviors. In this case, it is necessary to determine how to define financial performance, which will be measured and how it will be measured and with what elements obtained values will be compared [28].

In order to improve financial performance of the distributor, significant supplier support is necessary. Financial performance increase can be measured by the periodic net profit increase that supplier will provide to the distributor, the return of the capital used and positive developments in the inventory turnover. In addition, the decrease in the distributor company's costs will reveal if performance has increased financially or not. An increase in sales revenue and decrease in distributor company costs will be a gain for the supplier company too. With its qualified goods and services, the supplier will gain new distributors. Long-term trade relationships between the supplier and distributor companies will be established, which will enable an environment of trust and cooperation. Therefore, the value of the supplier providing special services increases sales (financial performance) and provides saving (costs decrease). The importance attached to channel partnership is also proved by the theoretical study made by Gustin, Daugherty and Ellinger [29]. The results of this study show that "the trust in the supplier, efficiency and supplier support" have an important place in supplier assessment criteria.

Developing a trust-based relationship will pave the way for improving financial performance for both the supplier and the distributor [30]. Therefore, selective supplier and distributor relationships have a positive impact on the financial performance of the distributor [31]. Studies in the field have revealed that a supplier's adaptation to the market (competition capacity, product quality, relationship ability developed in the market etc.) has a positive impact on the financial performance of the distributor [32]. As Jayaram and Vickery state in inter-enterprise relationships, the sharing of targets between the parties, experience, training functional staff and periodic training have a positive impact on the sales performance of the company [33].

In industrial services, service performance might be important in distributor satisfaction and distributor commitment. Distributor satisfaction is a significant performance indicator in industrial services [34] and is a convenient way for distributor commitment, which is also effective in increasing distributor's financial performance [16]. Some recent research has validated theoretical thoughts (the idea that long-term relationships increase financial performance) [35]. This paper is structured as follows: The first section of the study is the introduction to the study. In this section, previous studies in the field are examined. In the second section, the conceptual framework is discussed. In this section, how trust in the supplier, the importance of the supplier's product, cost advantage and financial performance variables are perceived in literature is discussed. The third section is the sample selection part and the following section is the analysis. In the fifth section, the results obtained in the study are discussed. In the final sixth session the restrictions of the study are given as well as suggestions.

Sample Selection: The businesses operating in the sector specified in this research were chosen from five cities in the west part of Turkey: Bursa, Istanbul, Edirne, Balikesir and Yalova. The businesses in those cities were visited face-to-face (15 volunteer interviewers helped in this study) and the questionnaires were delivered and collected by hand.

Measurement Model: The questionnaire questions were adapted from articles published in reputable journals. Questions from the literature with high-reliability were chosen to be used in the questionnaire. Three dependent and one independent variable were formed as the variables of the model in the study Four questions were formed for the importance of product, as the first independent variable, while seven questions were formed for trust, six questions for cost advantage provided by the supplier and finally, seven questions for financial performance. However, some of the questions were removed from the questionnaire during assessment. Finally, the questions for importance of product were reduced to four, questions related to trust were reduced to three, questions on cost advantage provided by the supplier were reduced to three and finally, questions on financial performance were reduced to three. A 5-point Likert scale was applied to all questionnaire questions.

From a total of 400 companies, 289 responded to the questionnaire. Of these, 50 were excluded due to incomplete responses, thus leaving 239 questionnaires for assessment. The response rate was 60%. The questionnaire was administered to managers in the white goods industry, in positions such as the accounting manager of the business, sales executive, owner of the business or partner. The breakdown of the respondents is shown in Table 1 Since the questionnaire was applied to an industry not engaged in production, there were no production line managers among the respondents. As is understood from the results, it is the owners or the partners of these companies who direct the activities and operations of the business.

As can be seen in Table 2, another question directed to white good sellers was how long they had been working with their current suppliers. What is prominent in the replies is that almost 78% of the distributors have been working with their existing suppliers for over six years. A trade relationship below five years was determined at 22%. These results reveal that suppliers and distributors are in compliance and that long-term trade relationships have been established. Another prominent finding is that 49% of the businesses had trade relationships of 6-15 years.

According to Table 3 the average age of the respondents was 30 people (13%) aged 25 years and below, 51 people (21%) aged between 26-30 years, 36 people (15%) aged between 31-35 years, 27 people (12%) aged between 36-40 years and 78 people (33%) aged 41years and over. According to the responses it is understood that 61% of the responders are aged 40 years and below. Most of the respondents aged 41 years and above are either the owner of the business or the partner.

Another question on the questionnaire was about the educational background of the respondents. As shown in Table 4 most are at high school level

Table 1: Frequency and percentage distribution of the respondents to the questionnaire according to the area of activity for which they are responsible.

Area of Responsibility	Frequency	Per Cent
Product Line Management	-	
Finance/ Accounting Management	10	4
Sales-Marketing Management	99	41
Owner/ partner of the Business	111	46
Other...	15	7
UNANSWERED	4	2
GRAND TOTAL	239	100

Table 2: Frequency and Percentage Breakdown of companies according to the number of years they had worked with their suppliers

Years Working Together	Frequency	Per Cent
Less than 5	53	22
Between 6-10	61	26
Between 11-15	55	23
Between 16-20	26	12
21 and more	38	16
UNANSWERED	1	1
GRAND TOTAL	239	100

Table 3: Frequency and Percentage Breakdown according to the ages of the respondents

Age Breakdown of the Questionnaire Respondents	Frequency	Per Cent
Under 25 years	30	13
Between 26-30 years	51	21
Between 31-35 years	36	15
Between 36-40 years	27	12
41 years and over	78	33
UNANSWERED	17	6
GRAND TOTAL	239	100

Table 4: Frequency and Percentage Breakdown according to educational background

Educational Background Breakdown of the Respondents	Frequency	Per Cent
1. Elementary / Secondary School	34	14
2. High-school	115	49
3. College 42	18	
4. University (Undergraduate)	43	18
5. Postgraduate	5	1
UNANSWERED	-	
GRAND TOTAL	239	100

Table 5: Frequency and Percentage Breakdown of the Respondents according to the duration of working with the supplier.

Period They Have Been Working with the Supplier	Frequency	Per Cent
Under 5 years	84	35
Between 5-10 years	55	23
Between 11-15 years	38	16
Between 16-20 years	17	7
21years and more	21	9
UNANSWERED	24	10
GRAND TOTAL	239	100

Table 6: Frequency and Percentage Breakdown of the Distributor according to the year they began their trade activities

The Year That the Distributor Began its Trade Activities	Frequency	Per Cent
Before 1980	52	22
Between 1981-1985	23	10
Between 1986-1990	38	16
Between 1991-1995	39	16
After 1996	57	24
UNANSWERED	30	12
GRAND TOTAL	239	100

Table 7: Frequency and Percentage Breakdown according to the number of employees in the business

Number of Employees	Frequency	Per Cent
Fewer than 5	130	54
Between 6-10	54	22
Between 11-15	14	6
Between 16-20	9	3
21 and more	14	6
UNANSWERED	28	9
GRAND TOTAL	239	239

Table 8: Frequency and Percent Breakdown according to gender

Gender	Frequency	Per Cent
FEMALE	49	21
MALE	188	78
SUB TOTAL	237	99
UNANSWERED	2	1
GRAND TOTAL	239	100

(49%), elementary school level is 14%, college graduates make up 18%, university graduates (any undergraduate programme) account for 18% and 5 respondents (%1) have a masters degree. These results show that the number of university graduates is 90 (%37) which is a considerable amount.

As seen in Table 4.5, 35% of the questionnaire respondents stated that they have been working for 5 years or less with the supplier and 23% for between 5 and10 years. However, there is a high rate of non-response to this question.

When the duration of business operation was examined, the number of companies which began their operations before 1980 was found to be 52 (22%), between 1980-1990 was 61 (26%). From this information, it is possible to say that these companies have been operating in business for a long time. Especially, when the economic conditions in Turkey before 1985 are considered, the rate of 32% seems quite high.

As seen in Table 7 when the number of employees in the business was examined, it can be seen that 54% of the businesses employ 5 or fewer people and the rate of employing fewer than 10 people is 22%. Therefore, the

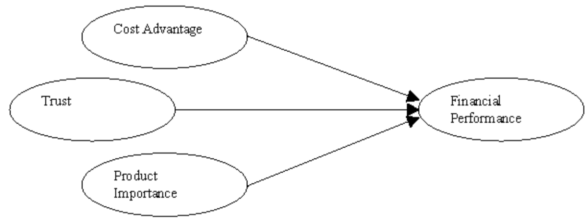

Fig. 1: Research Model:

rate of companies employing fewer than 10 people was found to be 76%. The rate of employing 11-20 people in this sector was around 9%.These results show that companies in the white goods sector are mostly family-owned enterprises and operate with a small number of employees.

Table 8 shows the frequency and breakdown of the respondents according to gender. It can be seen that mostly men are employed in this industry. The number of women among the respondents was 49, (21%) and the number of men was 188 (78%).

Summary of the Hypotheses: The hypotheses of this research are:

H_1: There is a positive relationship between product importance and financial performance.

H_2: There is a positive relationship between trust in the supplier and financial performance

H_3: There is a positive relationship between the cost advantage provided to the distributor and financial performance.

Data collection in this study was by questionnaire. Data analysis was made by SPSS for Windows 17.0 statistics programme, thereby testing, whether the hypotheses are justified or not by statistical methods. Factorial analysis, reliability analysis, correlation analysis and regression analysis were also performed.

The behaviors provided by the supplier; product importance, trust, cost advantage,

Factor Analysis Results: The data obtained from the questionnaire were put through factor analysis in accordance with the structure of the hypothesis. In this analysis, the behaviors provided by the supplier were put through a factor analysis in terms of three independent variables; product importance, trust and cost advantage. The results are shown in Table 9. As can be seen in the Table, the total disclosed variance was 73.70%.

Table 9: Factor Load of Dependent Variables

Total Disclosed Variance: 73.70%	Importance of Buying the Product	Trust in the Supplier	Cost Advantage	Financial
Performance				
Alpha	.8084	.7925	.7835	.6023
Importance of Buying the Product 1	.839			
Importance of Buying the Product 2	.749			
Importance of Buying the Product 3	.717			
Importance of Buying the Product 4	.677			
Trust 1		.834		
Trust 2		.819		
Trust 3		.766		
Cost Advantage 1			.843	
Cost Advantage 2			.804	
Cost Advantage 3			.769	
Financial Performance 1				.804
Financial Performance 2				.720
Financial Performance 3				.595

The rate of Total Disclosed Variance: 73.70%

Extraction Method: Principal Components Analysis

Rotation Method: Varimax with Kaiser Normalization

Rotation resulted in 6 iterations.

Table 10: The Results of Reliability Analysis: Number of questions on dependent and independent variables and alpha coefficients

Variable Name	Nr. of questions	Nr. of Questions taken out during analysis	No. of the question that was taken out	Alpha Coefficient (α)
1.Product Importance	4	-	-	.8084
2.Trust in the supplier	7	4	Trust 4,5,6,7	.7925
3. Cost Advantage	6	3	Cost 3,4,7	.7835
4.Financial Performance	7	4	Fin.Performance2,3,4,5	.6023
Total	24	11	-	-

Table 11: Correlation, Average and Standard Deviation Values

Variables	Average	Standard Deviation	Number of responders	1	2	3	4
1.Trust	3.7281	.8191	236	1.000			
2.Product Importance	4.0518	.7787	238	.330**	1.000		
3.Cost Advantage	3.1404	1.0253	228	.290**	.377**	1.000	
4.Financial Performance	3.1866	.9485	234	.245**	.172	.334**	1.000

** Correlation, significant at ρ=0.01 level (two-way)

* Correlation, significant at ρ=0.05 level (two-way)

Table 12: The impact of independent variables on dependent variable

Variables	Beta (ß)	Significance (ρ)
H1: Product Importance	-.037	.583
H2: Trust	.221**	.026
H3: Cost Advantage	.311**	.000

Dependent Variable: Financial Performance

R^2 = .170

F = 15.136**

** Correlation, significant at ρ= 0.01 level (Two-way)

* Correlation, significant at ρ= 0.05 level (Two-way)

Results of Reliability Analysis: Pursuant to the factor distribution obtained as a result of factor analysis, the alpha coefficients of each variable were examined. The values obtained as a result of factor analysis and shown in Table 10 below were found to be satisfactory. It is stated in literature that acceptable alpha value should be at least 0.6 for the values, obtained as a result of reliability analysis [36].

Results of Correlation Analysis: Table 11 shows the Pearson correlation coefficients, averages and standard deviation values of the variables in this study. During the analysis, the variables were organized with independent variables taking first place and the dependent variables were assessed.

Financial Performance: Has a ((<0.01) relationship with Trust (TRUST**) and Cost Advantage that the supplier provides to the Distributor (COSTADV**).

Regression Analysis and Hypothesis Tests:

$$\text{Model 1: } Y_1 = ß_0 + ß_1.X_1 + ß_2.X_2 + ß_3.X_3 + ß_4.X_4$$

As seen in Table 12, the dependent variable of financial performance and the independent variables of product importance, trust and cost advantage were put through an analysis pursuant to model 4. As can be seen in the regression model, the dependent variable of financial performance was analysed. Regression analysis was made on the independent variables that affect financial performance. The values obtained as a result of the analysis were $R^2 = .170$ $F = 15.136$ and $\rho < 0.00$. As a result of the regression analysis, there was a positive $\rho < 0.05$ relationship between financial performance and reliance; and $\rho < 0,00$ relationship between financial performance and cost advantage. When a comparison of independent variables with positive contribution was made, the cost advantage provided was found to be at $\rho < 0.01$ significance level and a high ß value was found to be 0.311. As a result, the value that these behaviors add to the activities of the distributor resulted in an increase in financial performance. Therefore the interpretation of H_1 is that product importance made pursuant to regression analysis, is seen ro have no positive contribution to financial performance. The findings show that except for product importance, the independent variables of cost advantage and trust increase financial performance. As a result, hypothesis H_1 was rejected as the importance of the supplier's product does not have a positive contribution to the distributor.

Table of Results on Hypotheses:

Table 13: Table of Results of Hypotheses

HYPOTHESES	β	ρ	A/R
H_1: There is a positive relationship between product importance and financial performance.	-.037	.583	REFUSED
H_2: There is a positive relationship between trust in the supplier and financial performance.	.221*	.026	ACCEPTED
H_3: There is a positive relationship between the cost advantage provided to the distributor and financial performance.	.311**	.000	ACCEPTED

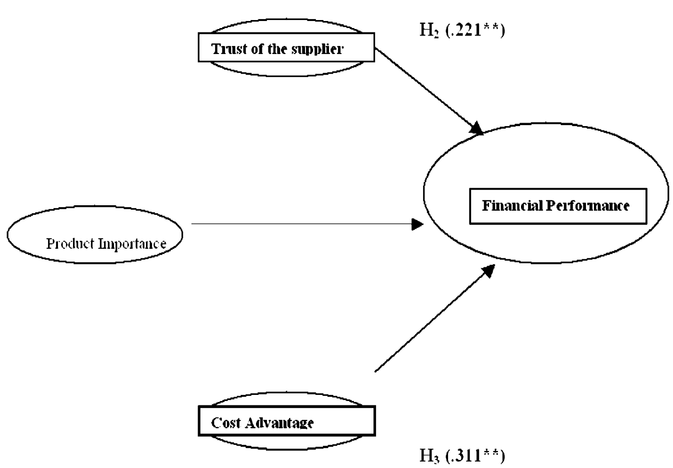

Fig. 2: Variables effecting Financial Performance variable

CONCLUSION

The findings of this study provide significant information specifically for supplier businesses. Distributors will also benefit from using the information obtained in business life. As a result of an analysis of three variables, which are among the behaviors provided by the supplier, it was found that there is no significant relationship between the variable of product importance and financial performance. In fact, it was expected that as product importance increases, so does financial performance, which is why distributors were asked to what extent the supplier's products affect developments in the distributor business. It is interesting that while there is a positive effect between supplier's product importance and the cost advantage provided, product importance has no such effect on financial performance and in correlation analysis, there was no relationship found between product information and financial performance. On the other hand, we see that the trust and cost advantage factors have a positive relationship with the financial performance of the business. Trust is effective on financial performance with a value of .221* and cost advantage is effective on financial performance with a value of .311**. The more the distributor has trust in the supplier and the supplier continues to provide a cost advantage to the distributor, then the more the distributor will be positively affected by these behaviors. Consequently, the sales revenue of the distributor will increase as well as the net profit from the sales and the distributor will be able to make on-time delivery to customers.

Limitations: There are some limitations of this study of distributor businesses. The study was carried out on white goods distributors operating as retail businesses, who purchase goods from their suppliers and sell directly to the end-user without any production activity. Thus, these companies are small-sized businesses. However, production and service companies also have suppliers. In order to make a generally accepted opinion, these variables should also be applied to all supplier and distributor businesses. Consequently, it is not possible to claim that the results of this study are valid for all supplier and seller businesses. Further studies are required to confirm the results of this study and to be of financial value for both suppliers and distributors.

Today, there are various elements that affect the financial structure of businesses. The process of change that depends on competition in trade relationships depends on pre-existing competition. Therefore, the financial structures of companies are highly affected by this change. It is not possible to limit financial performance increases only by the above mentioned variables. In order to measure financial performance, not only should literature be reviewed but the opinions of leading business pragmatists in the finance sector should also be taken into account. In this way, it will be possible to see which elements are effective in increasing the financial performance of distributors.

Another limitation of this study is that it was performed on distributors only and assessments of the supplier were made through increased financial performance of the distributor. The same study should also be applied to suppliers to reveal the behaviors of the supplier's suppliers. There is a supplier- seller relationship between suppliers' suppliers and a limitation of this study is that this relationship could not be examined.

There is also a geographical limitation in that this study was carried out in five cities in the Marmara Region of Turkey. Obtaining the same results from other regions would support the results of this study or in the case of contrasting results, the validity of the study would be in question.

This study was performed on the distributors of leading suppliers in the white goods industry. During their operating period, the aforesaid businesses make distributorship agreements which include certain rights and obligations. However, in this sector, there are a considerable number of businesses that provide these products and as not all businesses could be included in the study, this constitutes another limitation of the study.

That the same study was not applied to other businesses that work with a distributorship system such as companies selling PVC systems and home furniture, is another limitation. In these businesses contractual working principles are adopted. Thus, it would be appropriate to apply the same variables as those applied to the white goods industry to these businesses to test whether the same results are obtained.

In the model applied in this study, financial performance was accepted as the dependent variable. Cost advantage, on the other hand, was the independent variable. A new modeling in which both variables are used as dependent variables could be made and a new dependent variable for distributor satisfaction could be included to test customer satisfaction as a result of increased cost advantage and financial performance.

In the research model, relational factors between the supplier and distributor (information sharing and effective communication) are hypothesized to have a positive impact on financial performance [30], although the findings did not show the same results. It is observed that relational factors have a positive impact on cost advantage and trust in the supplier.

It has been suggested in literature that trust in the supplier lowers distributor investigation and security costs [9] and thus the distributor will have an advantage from this relationship.

Suggestions

Suggestions on Practice: Increasing the profitability of the business and developing efficiency are among the top objectives of both suppliers and distributors. To this end, businesses spend a lot of time and bear the costs. This study was designed with the idea of contributing to such efforts of the businesses.

The findings show that there is a strong interaction between suppliers and distributors. A distributor business needs the support of the supplier in sales, increasing product performance and service support. Carrying out these behaviors can support working with the supplier or otherwise, if adequate support is not provided by the supplier, the distributor might look for alternative suppliers. Looking for new suppliers entails extra costs and going through a new orientation period. This disadvantage for the distributor is also valid for the supplier business. The supplier has to bear extra costs when looking for new distributors. So, what should be done to avoid such situations? This study shows that the more the supplier earns the trust of the distributor, the more value it adds to the distributor. Since the distributor gains a supplier-based value, they keep the relationship with that supplier. The cost advantage that the supplier provides by its behaviors also has a positive impact in increasing financial performance. A supplier who wants to provide financial support to the distributor should be more flexible. For example, it should help the distributor to work with a lower inventory for the distributor to work with lower costs. While doing this, the supplier should avoid any kind of behavior that will abuse the distributor's trust. The supplier who earns the trust of the distributor will, in a sense, protect its existing customer portfolio and strengthen its infrastructure. Protecting the existing structure will pave the way to penetrating new markets. All these above-mentioned benefits are due to cost advantage, flexible behavior and trust provided to the distributor.

Suggestions for Future Studies: While looking into the effect of supplier behaviors on distributor's financial performance, quite a lot of drivers that could affect this performance are realized. Handling all these factors together and applying them to the same people would be a comprehensive study for both the respondents and the researchers. With this in mind, the variables which are thought to have the strongest effect on the distributor's financial performance are grouped. In future studies, product importance can be discussed as the dependent variable. The results of this variable are closely related to the targeted results of financial performance.

When product quality, cost advantage provided, competitive product pricing, product importance, service quality and market orientation behaviors are analyzed together, it can be seen that increasing product quality has a positive impact on the distributor's financial performance. Therefore, in future studies, the effect of the supplier's product quality on the financial performance of the distributor should be examined. In literature, it is widely believed that high quality products are preferred by distributors.

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