

Distributors' Downstream Demand Creation under Upstream Suppliers' Direct Market Access

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Abstract

Suppliers' direct access to customers continues to bring challenges to distributors in business-to-business markets. Yet, little attention has been given to how distributors can survive in such a disintermediation environment. The authors address this void by proposing distributors' demand creation as a key responding strategy. With survey data from 125 distributor firms in the semiconductor industry, this study shows a significantly positive effect of distributors' demand creation on both firm performance and competitive advantage. Moreover, we find three important antecedents of distributors' demand creation: upstream supplier diversification, service-orientation and downstream customer integration. Interestingly, suppliers' direct access to customers moderates the effects of antecedents on distributors' demand creation, the higher level the suppliers' direct access, the stronger the effect of downstream customer integration but the weaker effects of upstream supplier diversification and service-orientation on the distributor's demand creation.

Keywords: *distribution channel; supplier direct access to customer; distributor demand creation*

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