



Digital Reintermediation: A strategic response to mitigate the proliferation of private labels in FMCG manufacturing sector

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Philosophy specialising in International Business

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DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Philosophy specialising in International Business at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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ABSTRACT

This research explores the use of a digital reintermediation approach as a response to the increasing challenge faced by national brand manufacturers in the fast-moving consumer goods market due to the growth and spread of private label brands. The study is based on the resource-based view theory, which acknowledges that the ongoing expansion of retailer-owned private label brands is gradually bypassing manufacturers at the point of sale. This requires a deliberate reaction to preserve a competitive edge.

This research explores the impact of digital reintermediation, specifically through the growing e-commerce channel, on enabling manufacturers to directly interact with consumers in order to address the issues presented by private label businesses. The study examines different mechanisms of e-commerce adoption that firms might use to develop a direct-to-consumer presence.

The research adopted a qualitative technique, utilising semi-structured interviews done through purposive sampling. Additionally, an embedded case study was integrated. The data analysis employed an inductive approach, yielding a thorough comprehension of the dynamics associated with the digital reintermediation technique.

The findings highlight the difficulties manufacturers encounter when trying to utilise their current resources and talents to navigate the changing market environment. The study indicates that producers should strategically integrate resources by implementing an e-commerce strategy and deciding between a 'build' or 'buy' approach. This research provides significant information for national brand manufacturers that are seeking effective tactics to combat the increasing impact of private label brands and maintain their competitive advantage in the market.

KEY WORDS: reintermediation, private label, resource-based theory, ecommerce, DTC

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List of Abbreviations

DTC or D2C:	Direct to Consumer
FMCG:	Fast-Moving Consumer Goods
RBV:	Resource Based View

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1. Introduction

The past three decades have witnessed a remarkable growth in the sales of private label products within retail establishments, leading them to emerge as formidable competitors to manufacturer-owned brands. In recent research conducted by Cuneo et al. (2019), it has been observed that the rate of expansion exhibited by private brands has surpassed that of manufacturer brands. Li et al. (2023) assert that the gains that have been witnessed have not gone unnoticed by industry experts. Brian Sharoff, the former head of the Private Label Manufacturers Association (PLMA), has been vocal in acknowledging the remarkable progress achieved in this sector quoted as saying “*a signal that shoppers now choose the retailer's brands first when it comes to making everyday grocery decisions. I think everyone will see how strong PLs have become*” (PLMA, 2020). The advent of private labelling by retailers has significantly altered the competitive environment within the retail industry, prompting manufacturers of national brands to devise defensive counterstrategies in response. One such counterstrategy, as posited by Wu et al. (2021) is the adoption by a manufacturer of a direct-to-consumer online channel.

1.2 Background to the Research Problem

1.2.1 Emergence Private Label Brands

In their review paper, Wu et al. (2021) explain that private labels, also referred to as private label brands, store brands, in-house brands, or dealer-owned brands (DOB's) in South Africa, are an essential component of the retail industry. These brands are created and marketed by retailers themselves, serving as a representation of the retailer's brand. They are exclusively owned, managed, and marketed by the retailer's chosen brand name. The retailer exercises comprehensive oversight and responsibility for their private labels, encompassing various aspects such as product positioning, design, sourcing, pricing, shelf placement, and marketing. Concomitant with the above, Gielens and Steenkamp, (2019) note that the traditional brick-and-mortar retail channels have been the preferred method for prominent FMCG manufacturers to sell their goods. However, the competitive landscape has undergone significant transformations since the emergence of private labels half a century ago as Zhao, (2023) posits. Cuneo et al. (2019) highlight the profound influence of private label brands on the competitive brand landscape. They emphasise the substantial growth and revolution of these brands across diverse businesses and product categories, underscoring their significant impact.

The problem is increasingly evident in emerging economies like South Africa, where the expected market share of private label brands is 24% (Trade Intelligence, 2022), in contrast to the current market share of 30% in the developed markets like Europe and USA. The Trade Intelligence Report, (2022) emphasises the notable influence of consumer price sensitivity as a key determinant of competition among manufacturers, retailers, and third-party producers. The focal point of this competition revolves around the adoption and sale of private labels, which are accorded priority by the retailers. Furthermore, according to the statistics from NielsenIQ (2023), it is evident that the private label sector in South Africa has experienced a consistent growth pattern, despite the challenges posed by lockdown measures and changes in consumer purchasing behaviour. The private label industry currently holds a significant market share of 24% in terms of the total value of consumer purchases in South Africa which translates to an impressive annual sales figure of R71-Billion, covering a period of 12 months ending in May 2021 (Trade Intelligence, 2022).

Wu et al. (2021) observed that despite the advantages associated with direct channels, FMCG manufacturers exhibit a noticeable reluctance to fully embrace direct-to-consumer channels as a counterstrategy to the proliferation of private label brands. Only a limited number of manufacturers, such as Apple, Procter & Gamble, and Estee Lauder, have adopted this option (Zhang & Hezarkhani, 2021).

The prevalence of private label brands across more than 90% of FMCG categories, coupled with their extensive product offerings and prominent placement in retailer stores, underscores their significance as a subject of research and analysis (Cuneo et al. 2019).

1.2.2 Threat of Private Label to Manufacturers

1.2.2.1. Emerging Market Growth Trajectory of Private Label

The aforementioned growth trajectory has sparked a discussion regarding the perceived threat posed by private label brands in emerging markets, particularly in South Africa. This discussion has been further fuelled by the recent publication of Pasirayi and Richards (2023), who argue that while private labels have experienced significant growth in developed markets like Europe and the USA, necessitating the adoption of counterstrategies by manufacturers in those markets, the same level of concern is not warranted in emerging markets like South Africa. This is due to the authors' assertion that manufacturers of the brands in emerging markets exert considerable bargaining power within the supply chain. Hence, as posited by the authors, this prominent stance affords them the ability to exercise their own agency in providing private label products

or not, consequently minimising the perceived concern arising from the expansion of private label products in these particular markets. Furthermore, the authors contend that although private label brands continue to experience consistent growth in developed markets, the situation in emerging markets, such as South Africa, deviates from this pattern. The observed discrepancy can be attributed to the phenomenon of manufacturers' vertical integration and the perceived influence they exert as the primary manufacturers of private label brands, as argued by Pasirayi and Richards (2023).

This study presents a counterargument to this claim within the framework of developing economies, particularly focusing on South Africa. Firstly, national brand manufacturers like Tiger Brands Limited, Africa's biggest FMCG company is recorded as saying: "We are continuing to see aggressive competitor pricing, as well as increasing sophistication in private label penetration, both of which are placing pressure on branded product volumes and margins." (Tiger Brands, 2022). Furthermore, the emergence of companies such as Libstar Ltd, a third-party manufacturer South African company, has posed a significant challenge to FMCG national brand manufacturers, particularly in the manufacturing of private label products for retailers. The Integrated Report of Libstar, a prominent supplier of private label groceries and food products to major retailers such as Woolworths, Pick & Pay, Spar, and the Shoprite Group, presents evidence of a noticeable shift in growth patterns, wherein 52% of the group's portfolio comprises of private label products produced for and on behalf of the above retailers. (Libstar, 2021).



Source: Libstar (2021)

Roux (2021) posits that the manufacturing of private-label and "dealer own-brand" products for retail stores is a substantial sector. Shoprite Holdings, the country's top supermarket chain, experienced a notable increase in its percentage, reaching 17.7%. Furthermore, prior to its listing on the Johannesburg Stock Exchange in 2018, Libstar revealed that over 42% of its total revenue was generated from producing dealer-own brands and private-label products on behalf of retailers. This directly contradicts the assertion made by Pasirayi and Richards (2023) that national brand manufacturers have the ability to create private label brands, as this manufacturing is strongly backed by third-party manufacturers like Libstar.

Furthermore, despite the slower pace, South Africa has consistently mirrored the developments in the European private label market. The European private label market currently commands a substantial market share, exceeding 30%, while South Africa's market share stands at 24%. This data implies that it would be prudent for South Africa to draw upon existing theories and research findings from other regions, given the similarity in our market trajectories.

The emergence and growth of private labels can be attributed to the shifting dynamics of bargaining power between manufacturers and retailers, coupled with the increasing influence of retailers who are no longer reliant on national brand manufacturers. Instead, retailers depend on third-party manufacturers who produce goods to facilitate the retailers' private label initiatives. As such, the proposition by Pasirayi and Richards (2023) is clearly unsupported by empirical evidence.

1.2.2.2 Tiered Premiumization through better quality and price

The second area of concern for a national brand manufacturer is the value and monetary competitive advantage private label brands have over national brands. Historically, private labels have been commonly perceived as generic, affordable, and lower quality products that posed little threat to the premium national brands of manufacturers. Over the years, there has been pointed improvement in enhancing the quality and aesthetics of private label products, all the while retaining a strong competitive edge in terms of pricing (Wu et al., 2021). Gielens et al. (2021) posit that private label brands have undergone a transformation from being generic, inexpensive, and of low quality, to becoming brands in and of themselves that offer adequate quality at a reduced price compared to national names, hence positioning themselves as value or standard private labels. Over the course of time, retailers have expanded their value proposition to cater to consumers that prioritize superior quality, by introducing premium private brands.

The above authors go on to say, the tiered-private label strategy involves providing different levels of private label products to cater to distinct consumer segments. This includes delivering economy private label products for consumers who prioritize money over quality, standard private label products for mainstream consumers wanting acceptable quality at lower rates, and premium private label products for quality-sensitive consumers who value both quality and value. Significant global expansion has been observed in various iterations of private labels during the period spanning four decades (1980-2020) (Gielens et al., 2021).

Rubio-Andrés et al. (2022) concurs with the above view, saying indeed private labels have been in existence for some time, there is an emerging trend in the use of advanced private label tiering tactics. These strategies now incorporate approaches that were previously exclusive to manufacturer brands. Presently, numerous retailers engage in the commercialization of a private label private label portfolio, which encompasses diverse value propositions for consumers in terms of price and quality, as opposed to employing a singular standardized private label products. Furthermore, the growth rate of these premium products is projected to be 6 percent, which is notably higher than the growth rate of other mass consumption products, predicted at 2.9 percent.

Furthermore, Arce-Urriza and Cebollada (2017) have observed that the continued improvement of private labels over the years evidence them not to be merely products of consumers purchasing cheaper alternatives of manufacturers due to consumer affordability reasons in an economic recession. For example, the expansion of private labels during a recession can be attributed, in part, to consumer enlightenment. That is, once a consumer has purchased this private label and realises limited differentiation in quality, they are likely to buy it again. Manufacturers themselves possess a deep understanding of the enduring impact of economic downturns on their market shares, as these negative effects persist even after the economy begins to recover.

1.2.2.3 Economic Recession Periods

The third area of concern for manufacturers is the downward spending of private label brands by consumers in times of economic recession which is attributed to their competitive advantage in terms of the value and improved quality they offer consumers.

The findings in Sarmiento et al. (2019) research indicate that in times of economic downturn, individuals tend to exhibit rationality in their financial decisions, adopting and embracing new practices that enable them to adjust to decreased income. This adjustment is also associated with a heightened sense of social duty. In addition to adopting cost-effective alternatives, such as actively seeking private label products and taking advantage of deals offered by national brands.

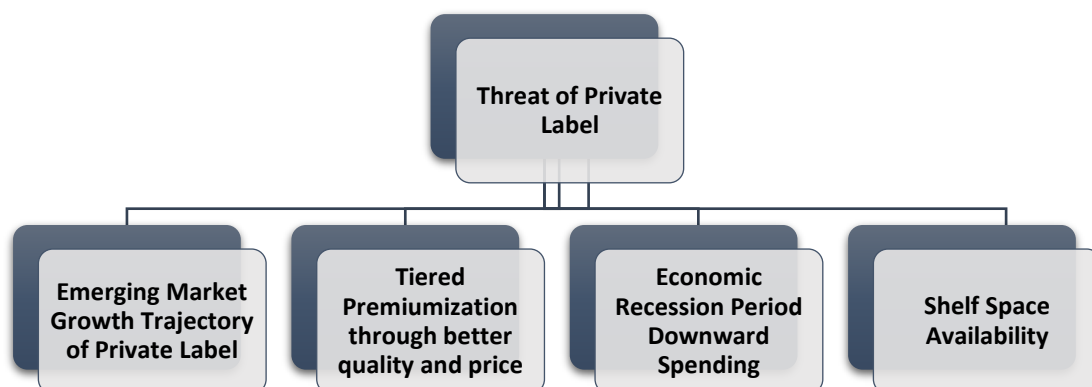
Furthermore, the impact of deteriorating economic conditions on consumer purchasing behaviour fosters this growth of private labels, as in economic recessionary periods, consumers are known to make downward purchases. Therefore, coupled with the tiered strategy observed above, consumers are likely to switch when they notice a cheaper-priced product of equal quality Cuneo et al. (2019). The evidence suggests that the

private label market in South Africa has exhibited a sustained trajectory of expansion, even in the face of stringent lockdown measures and shifts in consumer preferences.

The emergence and subsequent expansion of retailer private brands have significantly altered the competitive dynamics within the retail industry. Traditional retailers have strategically invested in and distributed their own private label brands, thereby disrupting the traditional role of national brand manufacturers. As a result, Cuneo et al. (2019) posit that national brand manufacturers are compelled to devise counterstrategies in order to maintain their competitive edge. This development has effectively positioned traditional retailers as direct competitors to national brand manufacturers, thereby reshaping the competitive landscape.

1.2.2.5 Shelf Space Availability

The last observed threat shows that over the past two decades, according to Zhao et al. (2020), is that there has been a notable transfer of bargaining power from manufacturers to certain prominent retailers. This movement can be attributed to the ownership of a crucial and limited resource by these retailers, namely, shelf space. In recent years, there has been an intensification of competition in the retail industry with regards to shelf space and pricing. The shift in power dynamics enables retailers to exert significant control over pricing and shelf allocation, allowing them to effectively transfer the risk associated with demand uncertainty to manufacturers.



Source: Researchers Own

The above threats of private labels indicate that private label proliferation is a significant emerging market concern for national brand manufacturers. Additionally their continued improvement across the value segment of products and categories show very little

differentiation between these private label brands with a beneficial price point for consumers. Furthermore, the switching cost for consumers to private label is swift with an even more problematic job for the manufacturer as consumers, once they have engaged private label products, rarely switch back to branded goods. This is then compounded by the retailer having a stronger bargaining position on shelf space availability. These factors collectively are indicators of a manufacturer's progressive disintermediation from the supply chain and reach to consumers and therefore, requiring reintermediating the supply chain.

In light of the aforementioned threats, it is imperative for manufacturers to develop effective counterstrategies. Wu et al. (2021) observed that despite the advantages associated with direct channels, FMCG manufacturers exhibit a noticeable reluctance towards their adoption. This research aimed to explore the several factors contributing to reluctances in adopting digital channels, with a particular focus on concerns related to channel conflict as posited by Tahirov and Glock (2022); cannibalization as posited by Kollmann et al. (2012); the absence of a compelling digital business case as posited by Verhoef and Bijmolt (2019). This study investigated the resources and capabilities of a digital reintermediation by applying RBV theory. In order for a manufacturer to effectively transition from traditional retail channels to an e-commerce direct channel, three key conditions must be met: 1) the presence of weak appropriability among e-commerce competitors; 2) the manufacturer's possession of co-specialised assets for both market intermediation and operation of the e-commerce direct channel; and 3) the ability to achieve the necessary economies of scale to effectively operate the e-commerce direct channel platform (Chircu & Kauffmann, 2000).

This research study provides a thorough examination of the implementation of a direct-to-consumer strategy through the creation of a customized manufacturer website. This research specifically examined the strategic decision-making process of a manufacturer that chooses to establish a direct proprietary store. The manufacturer can either "buy" an existing store, which has the resources and capabilities it otherwise does not have, or "build" a new one. The study focused on the aspects that contribute to the store's success. This study employs a qualitative research technique to identify the most effective adoption mode.

1. 3 Research Problem

The research problem pertains to exploring the challenges and opportunities of national brand manufacturers' digital reintermediation strategies through the implementation of an e-commerce adoption strategy as a counterstrategy to the growing prominence of

private label brands that can help the manufacturer sustain its competitive advantage. The research problem addressed in the literature review paper by Wu et al. (2021) pertains to the competitive challenges faced by a manufacturer due to the increasing presence of private label brands. The authors observed the limited adoption of direct-to-customer channels by manufacturers, despite the success of a few notable examples like Apple, Proctor & Gamble, Unilever, and Nike, raises the question of why the majority of staple goods continue despite the potential benefits offered by e-commerce online channels.

Furthermore, this paper seeks to address the ongoing academic discourse surrounding the definitional elements of manufacturers' adoption of ecommerce. This paper seeks to provide clarity and understanding on this topic.

As such, the below outlines the topics that will be covered in this paper.

1.3.1 Digital Reintermediation as Counterstrategy

Through this lens, a manufacturer, in an effort to sustain or, alternatively, create a new competitive advantage, elects to re-enter the supply chain by selling directly to consumers. The literature is at odds with accurately describing this phenomenon as there is a cross-use of terminology such as disintermediation and supplier encroachment. Therefore, with the above discourse in mind, we seek to contribute to the literature related to “reintermediation” in academic literature by adopting the framework outlined below to provide a clarification of the term “reintermediation” and its applicability in the context of a manufacturer’s e-commerce adoption.

Reintermediation is appropriate in the context of its dual interpretation: 1) a manufacturer's strategic effort to regain consumers who have been lost as a result of disintermediation, and/or 2) a process of modifying business operations in order to retain consumers (Viljoen, 2015).

1.3.2 Reintermediation and Resource Based View Theory

In the pursuit of reintermediation within the realm of traditional retail channels, manufacturers have increasingly turned to the adoption of e-commerce direct channels. As posited by Chircu and Kaufmann (2000), the achievement of successful reintermediation necessitates the presence of three crucial conditions. Firstly, there must exist a state of weak appropriability among electronic commerce competitors, whereby the manufacturer can effectively establish its dominance. Secondly, the manufacturer should possess co-specialised assets that facilitate both market intermediation and the

operation of its e-commerce direct channel. Lastly, the manufacturer must attain the appropriate level of economies of scale to effectively operate the e-commerce direct channel platform. These conditions collectively contribute to the potential success of reintermediation efforts in the context of traditional retail channels.

The implementation of a reintermediation strategy necessitates that a manufacturer strategically harness its inherent competencies and allocate substantial resources towards technological advancements, thereby serving as a catalyst for success. Furthermore, the acquisition of diverse capabilities becomes imperative in order to achieve optimal efficacy within this domain. In the realm of strategic management, the notion of companies acquiring and assimilating capabilities to attain a competitive advantage for sustained and effective long-term performance has been expounded upon by Barney (1991). This seminal work posits that resourceful organisations possess the ability to harness and leverage their resources and competencies in order to establish a superior market position, thereby outperforming their rivals. By delving into the intricacies of this concept, Barney (1991) sheds light on the critical role played by capability absorption in shaping a firm's competitive landscape and ensuring its enduring success.

The phenomenon of reintermediation, specifically in the context of a manufacturer's re-entry into the retail chain by assuming a direct channel, has garnered significant attention as a potential area for future research by Wu et al. (2021) and have identified this topic as particularly worthy of investigation, particularly within the FMCG sector and in the context of emerging markets. This recommendation underscores the need to delve deeper into the complexities and implications of reintermediation, shedding light on its potential benefits and challenges within these specific contexts. The present study delves into the realm of manufacturers adopting e-commerce strategies through the lens of the RBV, as elucidated by Ballerini et al. (2023). This expanding body of literature serves as a compelling foundation for the investigation at hand, bolstering the argument at hand.

In light of the aforementioned inquiry, the present study endeavours to delve into the realm of devising a counter strategy for a prominent national brand manufacturer. The primary objective of this research is to facilitate the attainment and sustainability of a competitive advantage, predicated upon the resource-based view of digital reintermediation. In light of the rapid progress witnessed in the realm of electronic commerce, Ha et al. (2016) astutely acknowledge the emergence of online market entry as a strategic avenue pursued by national brand manufacturers with the aim of augmenting their market presence. In the scholarly work conducted by Zhang et al.

(2021), the authors delve into a comprehensive exploration of their research topic and posit that direct-to consumer entry is a valid strategy for a manufacturer.

1.4 Research Question

The main research question in this study was situated into the literature and was informed by a literature review on private label proliferation and recommendations for future research by Wu et al. (2021) *stating that “Despite the success of a few manufacturer-owned stores like Apple store, the vast majority of staple goods are still solely sold through retailers. There is no discussion in the literature about why most NB producers do not want to pursue the direct channel option, despite the various benefits provided.”*

The main research question therefore is:

How does a national brand manufacturer effect a counterstrategy of counter the continued threat of private label brands?

RQ1 – What are the resources and capabilities required by a national brand manufacturer to affect a successful digital reintermediation?

RQ2 –What are the challenges and opportunities anticipated by a national brand manufacturer in implementing a digital reintermediation?

RQ3 –What the methods a manufacturer can implement to affect a direct to customer reintermediation in the online channel as a counterstrategy to retain it competitive advantage in the market?

SubQ1 What are the Strategic Approaches that a national brand manufacturer can adopt its direct-to-consumer digital reintermediation?

SubQ2 – What are the Success Metrics of a direct-to-consumer digital reintermediation in the FMCG Industry?

SubQ3 – What are the Challenges and Benefits of Direct-to-Consumer (DTC) digital reintermediation Strategies?

1.5 Research Purpose

This exploratory research aims to analyse the various considerations that a national brand manufacturer should consider when contemplating its digital reintermediation by adopting e-commerce direct to consumer channels. It will explore the feasibility of such an approach, focusing on examining the fundamental resources and capabilities that a manufacturer must possess to facilitate this adoption, thereby enabling it to establish a

sustainable competitive advantage over private label retailers. In light of the gap in literature and commercial context of a manufacturer's reluctance or otherwise noticeable challenges in pursuing this strategy that would emerge, such as channel conflict and potential cannibalization that a manufacturer is weary of,

As a result, it intends to make practical recommendations to management to assist it in making or formulating a strategy for the adoption of a direct-to-consumer strategy in order for FMCG companies to adopt a competitive advantage in light of increasing competition in this channel.

The findings of this study will be useful to scholars and businesses interested in learning more about how a reintermediation strategy through the implementation of an online store can advance the manufacturer's competitive advantage.

1. 6 Research Contributions

1.6.1 Business Contribution

Amidst a highly competitive business environment, the literature emphasizes several advantages of manufacturers embracing an e-commerce direct-to-consumer channel. However, certain manufacturers exhibit a noticeable reluctance to adopt this channel.

This is noted to be rooted in potential challenges related to channel conflict and cannibalization, as well as concerns related to a manufacturer's ability to assimilate and appropriate resources and capabilities at the level required to achieve the scale necessary to be successful online. Such resources and capabilities, according to the RBV theory, are required to be valuable, rare, inimitable, and non-substitutable.

Furthermore, DTC channels are also differentiated; that is, they are not only a proprietary owned website of a manufacturer company that has applicability but would also include agency selling, such as Amazon, which is a third-party, specialised online platform that functions as a marketplace where manufacturers can sell their products for a charge.

This research focused on the reintermediation method as a combination of the above entry modes.

The contribution of this research is to assist FMCG manufacturers have right level insight into all three.

1.6.2 Theoretical Relevance

The theoretical relevance of this study is to contribute to the resource-based view theory through the lens of e-commerce resources and capabilities by adding or confirming this framework. The research may add new insights that are potential refinements to the RBV theory.

Additionally, definitional elements of manufacturers' adoption of e-commerce have sparked a literary discourse wherein different authors employ the terms "disintermediation" and "manufacturer encroachment" interchangeably or without clear differentiation, without considering the concept of reintermediation in relation to resource-based theory. There is also an opportunity to clarify certain definitional matters between disintermediation, intermediation, reintermediation, and supplier encroachment in the literature.

1.7 Research Scope

The research scope of this paper is based on resource-based theory, a branch of strategic management literature. Additionally, literature related to supply chain models was included, as this relates to the adoption of various resources and capabilities that enable a manufacturer to reintermediate itself in a supply chain that has disintermediated itself through the proliferation of private label brands.

Furthermore, it encompassed literature related to reintermediation, disintermediation, and supplier encroachment, all of which was utilised to explore how a manufacturer can re-enter a supply chain in order to achieve a competitive advantage.

Although private label growth is first noticed in developed countries such as the USA and Europe, the trend observed by industry is that South Africa and other emerging markets tend to mirror those trends in those markets. Therefore, this study extends the literature as outlined above from a developing market perspective.

1.8 Research Report Overview

There are seven chapters in this research paper. The introduction of the business challenge is covered in Chapter 1. To comprehend the resources and capabilities needed to run an online store and the various modes of adoption through this theoretical lens, Chapter 2 includes a thorough literature review that covers several subsections outlining the private label, e-commerce, and reintermediation literature. This leads into Chapter 3, where the main research topic and related issues are presented, considering the gaps in the literature identified in the literature review. The research design and

methodology are covered in Chapter 4. Following that, Chapter 5 presents the research's findings in a format that makes sense given the research questions. The results will be the subject of a thematic analysis in Chapter 6. The study is then concluded in Chapter 7, which includes theoretical conclusions, the research contribution, management advice, research limits, and future research recommendations.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

In the context of addressing the research problem identified in Chapter 1, Wu et al. (2021) propose a potential solution to the increasing presence of private label brands. They suggest that manufacturers can strategically implement a direct channel of sale as a means to mitigate the ongoing threat of disintermediation. The existing body of literature offers limited insight into the reasons behind the reluctance of most national brand manufacturers to adopt the direct channel approach as a counterstrategy against the growing prevalence of private labels. Despite the numerous advantages associated with this alternative, such as increased control and profitability, the factors influencing this decision remain largely unexplored. This literature review aimed to address this gap by examining the existing research and shedding light on the possible explanations for the hesitancy observed among national brand manufacturers in pursuing the direct channel option. By synthesizing and analyzing the available literature, this review sought to contribute to a deeper understanding of the dynamics between national brands and private labels in the retail industry.

In recent years, there has been a notable increase in ecommerce transactions, which has been attributed to the transformative impact of the digital revolution. Song et al. (2022) have examined this phenomenon and put forth their observations regarding this upward trend. The increasing significance of the e-commerce channel in the entrepreneurial landscape has become evident. As a result, it is reasonable to deduce that this channel is on the verge of assuming a more prominent role in the overall market, consequently exerting a substantial influence on various aspects of the entrepreneurial landscape.

Therefore, this section will look at the digital reintermediation by online channel introduction by the manufacturer.

This section encompasses a comprehensive analysis of multiple scholarly articles pertaining to the manufacturer's adoption of a DTC ecommerce channel through a process called digital reintermediation. It explores the role of the manufacturer's resources and capabilities in shaping the decision-making process and their potential to confer a competitive advantage. The present study conducted a comprehensive review of scholarly articles pertaining to the subject matter in order to gain insights into the ongoing discourse within the emerging body of literature.

Furthermore, this study explores the definitional discourse surrounding reintermediation, drawing from seminal literature of Chircu and Kaufmann (2000). It identified the origins and conceptual foundations that have influenced current discourse, particularly in relation to the definitional discourse related to the terminology of “manufacturer encroachment” vs “disintermediation” when various scholars describe the process of a manufacturer’s adoption of a direct ecommerce channel. The literature review attempted to clarify this discourse in the subsequent sections of this chapter.

Noting the underpinning theory of RBV in this paper, it was appropriate that it be introduced only after the clarification of the above-mentioned definitional discourse, considering its important coupling to the term reintermediation. As such, this paper only discussed the relevant resources and capabilities required for a manufacturer to adopt a direct-to-consumer channel after this clarification. This was then followed by an overview of the various challenges and opportunities encountered by a manufacturer when adopting this ecommerce DTC by reviewing what scholars have had to say on each of the constructs therein. This chapter concludes with the DTC channel adoption by the manufacturer by reviewing the modes of adoption and relevant success factors.

2.2 Clarification of Definitional Discourse related to Reintermediation.

In this section, we endeavoured to offer a comprehensive clarification of the definitional theoretical discourse related to the concept of reintermediation. By delving into the existing literature and scholarly discussions, we sought to elucidate the various interpretations and understandings of this phenomenon. Through this analysis, we aimed to establish a solid foundation for further exploration and investigation of reintermediation in the academic realm.

According to Tahirov (2023), there is an observable pattern among specific national brand manufacturers as they transition from conventional intermediary-based distribution models to adopting various direct-to-customer distribution models. Li et al. (2019) argued that national brand manufacturers may consider entering the online market through direct selling as a strategic approach to expand their market reach and increase their financial profits. In contemporary times, there has been a discernible increase in scholarly focus on the direct-to-consumer phenomenon. This term denotes the strategy employed by manufacturers to directly market and sell their products to consumers, utilizing both physical and online distribution channels.

Before initiating the review, it is crucial for the author to recognise a notable gap in the current scholarly literature concerning the understanding of terminology related to "disintermediation" versus "manufacturer/supplier encroachment," particularly within the

framework of the definitional discourse presented by Gielens and Steenkamp, (2019) and Schauerte et al. (2023), respectively, and the comprehensive elocution of "reintermediation" as outlined by Chircu and Kaufmann (2000) seminal literature from 23 years, which was further expounded upon by Viljoen et al. (2015). The definitional elements of manufacturers' adoption of ecommerce have sparked a literary discourse wherein different authors employ the terms "disintermediation" and "manufacturer encroachment" interchangeably or without clear differentiation.

This research draws upon significant academic literature dating back to Chircu and Kaufmanns (2000) publication in the year 2000 to shed light on the historical foundations of the reintermediation phenomenon. This research examined the intellectual and academic context of the time period in order to identify the origins and conceptual foundations that have influenced current discourse, particularly in relation to the application of the RBV theory, considering that the RBV is the fundamental theoretical framework for this study. Engaging with this body of literature serves a twofold purpose. Firstly, it reveals the fundamental concepts that have endured over time, providing a strong framework around which future scholarly work will be built. Furthermore, through the recognition and integration of this seminal literature, the thesis aimed to establish a connection across the different time periods, creating a unified storyline that emphasises the ongoing nature of ideas and the interactive relationship between past and present viewpoints. By undertaking this research, it not only makes a valuable contribution to the ongoing scholarly exchange but also enhances the discussion by incorporating the knowledge contained in Chircu and Kaufmann's (2000) seminal work.

The concept of "manufacturer encroachment," according to Gielens and Steenkamp (2019), can be understood as the act of a manufacturer selling their goods through their own distribution channels, which may include the traditional retail channel in the form of a physical store. Whereas, on the other hand, the term "disintermediation" is described by the authors as the occurrence wherein a manufacturer opts to bypass traditional market intermediaries and instead directly engage in sales with end-consumers.

In contrast, the scholarly work conducted by Schauerte et al. (2023), critiqued the above framework and offered that their definition of disintermediation involves a participant completely eliminating another player from the market, while manufacturer encroachment refers to the entry of a participant into a value chain without displacing an existing channel participant. These authors present a critical analysis of prior scholarly works that fail to adhere to their established definitions, asserting that these works ought to conform to them.

However, the terms "disintermediation" and "manufacturer encroachment" are not particularly suitable when examining a manufacturer's potential responses to being disintermediated by retailers who have transitioned from being mere channel partners to direct competitors through their distribution of private label brands according to Milberg et al. (2019). This shift has effectively eliminated the manufacturer's role at the point of sale, as will be further elucidated below. Hence, it is imperative for manufacturers to strategically reintegrate themselves back into the supply chain through innovative methods, as explored in this research through the process of digital reintermediation. This is crucial in order to acquire or maintain a competitive advantage in an environment with increasing expansion of private label brands.

The literature contains an ongoing academic discourse regarding the precise depiction of a manufacturer's implementation of a direct-to-customer channel. The present phenomenon is evident in the recent scholarly contributions of Schauerte et al. (2023), who observe that the existing body of literature on this subject delineates the adoption process as either disintermediation or manufacturer encroachment/ supplier encroachment, with some studies failing to differentiate between the two. The present discussion presents a significant obstacle to the advancement of literature concerning a manufacturer's adoption of a direct-to-consumer channel. This challenge arises from the authors' failure to consider the phenomenon of "reintermediation," which will be thoroughly explored in the following analysis.

The present argument postulates that the term "reintermediation" is a more suitable descriptor, particularly when considering the digital reintermediation of a FMCG manufacturer through the RBV theory analysis. Pursuant to the threat of private label brands continued expansion, this manufacturer is compelled to embrace innovative resources and capabilities that may lie outside its core competencies. This strategic shift is undertaken with the aim of effectively participating in the direct-to-consumer channel, thereby ensuring the preservation of its competitive advantage within the market.

Building upon the aforementioned discussion, Ballerini et al. (2023a) posits that the prevalence of e-commerce transactions is expected to assume a more significant position within the wider market, consequently exerting a substantial impact on the entirety of the entrepreneurial ecosystem. The statement presented above highlights the fact that digital entrepreneurs have the ability to develop creative business models that are specifically designed for the digital realm and address the constantly evolving demands of consumers. The aforementioned authors argue that the current body of literature lacks a conclusive answer regarding the most effective strategy for a national

brand manufacturer in the fast-moving consumer goods (FMCG) industry to adopt the e-commerce channel. They contend that solely utilizing an e-commerce platform is insufficient in generating a substantial sales growth. In order to attain maximum efficiency and sustain robust financial outcomes, it is crucial for national brand manufacturers to possess a comprehensive comprehension of the resources and capabilities they utilize. Ballerini et al. (2023a) emphasizes the importance of comprehending the utilized resources and capabilities for national brand manufacturers in order to avoid ineffectiveness and potential decline in financial performance.

Therefore, it is crucial for manufacturers to adopt a digital reintermediation strategy by utilizing the principles of resource-based theory. The adoption of a direct-to-consumer channel by manufacturers requires the acquisition of new resources and capabilities. This is emphasized by Barney (1991), who argues that if manufacturers lack the necessary resources and capabilities to make competitive advancements, they should assimilate those capabilities. Manufacturers are required to incorporate these resources and capabilities into their business model in order to successfully implement their digital reintermediation strategy, owing to its innovative nature.

In light of the existing disparity, this research has recognized the necessity of integrating pertinent scholarly sources regarding the phenomenon of reintermediation, drawing upon the seminal research conducted by Chircu and Kaufmann (2000) and its practical ramifications. Nevertheless, the author encountered a significant challenge due to a scarcity of up-to-date scholarly sources, as highlighted by Ballerini et al. (2023a) in the preceding section. This scarcity is particularly evident in the FMCG industry, where there is a lack of recent literature addressing the precise definitional constraint of how manufacturers can utilize digital reintermediation through the adoption of a direct-to-customer channel. This strategic approach is crucial for manufacturers to sustain their competitive edge in light of the escalating disintermediation resulting from the growing prevalence of private label brands in the retail sector.

Therefore, this paper draws significantly upon the research conducted by Chircu and Kauffman (2000), who made a significant contribution to the field. Their research has been recognized and cited, indicating its importance and relevance. By delving into the subject, this study examined a strategic response of a manufacturer to the expansion and proliferation of private label brands by retailers. Specifically, the manufacturer adopts an assimilation strategy by leveraging innovative information technology (IT) resources and capabilities. Zhang et al. (2021) put forward that this enables the manufacturer to establish a direct-to-customer channel for selling its products. By doing so, the

manufacturer seeks to counter the competitive threat posed by retailers' private label brands.

The above contribution of Chircu and Kauffman (2000) was supported by the work of Viljoen et al. (2015), who presented a framework that highlights the suitability of reintermediation in two distinct ways. Firstly, reintermediation is seen as a strategic approach adopted by manufacturers to recapture consumers who have been lost due to disintermediation. Secondly, reintermediation is viewed as a process of modifying business operations to effectively retain consumers. This aligns with the research of Chircu and Kauffman (2000), who assert that reintermediation occurs when a traditional market participant, specifically a national brand manufacturer, adopts innovative business models and processes. This adoption is driven by the need to engage in transactions and effectively counteract retailer competitors who have created the impetus for disintermediation, through the proliferation of their private labels. Furthermore, the application of information technology resources plays a crucial role in facilitating this counterstrategy.

Given the aforementioned discourse, the primary objective of this investigation was to provide an academic contribution to the extant corpus of literature concerning the notion of "reintermediation." Through the utilization of the theoretical framework proposed in this study, we aim to provide a comprehensive analysis of the concept of "reintermediation" and its significance in the context of a manufacturer's digital reintermediation.

2.1. An Overview of Reintermediation Literature

This section will provide a literature overview, commencing with the employment of the work of Chircu and Kauffman (2000) as well as incorporating the work of Viljoen et al. (2015) to establish a comprehensive grasp of the sequential phases that have transpired in order to develop the concept of reintermediation. Reintermediation is derived from three strategic management theories: electronic markets, the resource-based theory, and the appropriability of innovation value (Chircu and Kaufman, 2000). The existing body of literature has extensively examined these theories. Nevertheless, it is evident that they do not provide a comprehensive framework for fully comprehending the present and anticipated transformations in the competitive landscape. Consequently, the authors suggest that industry evolution can be effectively characterised by a sequence of phases, namely intermediation, disintermediation, and presently reintermediation.

It can be inferred that in the context of a competitive environment, companies, particularly those in the FMCG sector, must remain vigilant regarding the evolving nature of

competitive advantages. This is due to the fact that other market participants, may develop and adopt different competitive advantages throughout different phases of the market, as is evident in this study, as evidenced by retailers, whose development, expansion, and continuous improvement of their private label brands have modified the competitive landscape (Cuneo et al., 2019). Therefore, in order to elocute the concept of reintermediation, it is necessary to start from its inception.

2.1.1. Intermediation

According to Chircu and Kaufmann (2000) intermediation refers to the introduction of a participant into a market that facilitates the connection between manufacturers and consumers by providing a service. In e-commerce, intermediaries like Alibaba and Amazon offer platforms for the sale of manufacturers' goods and services to end consumers. In traditional markets, intermediaries are retailers who connect manufacturers and customers in their brick-and-mortar stores. These intermediaries have a significant market share in various industries, allowing them to maintain a competitive advantage due to economies of scale. They also offer end customers information and services that are not available in traditional retail settings, such as product information and price comparisons. Intermediaries fulfil a strategic function of matching, facilitating transactions, and providing guarantees of integrity. Consumers develop trust in these entities due to their information provision, leading to their responsibility for conducting tasks and facilitating interactions with sellers on behalf of buyers.

2.1.2. Disintermediation

Disintermediation on the hand, according to Chircu and Kaufmann (2000) refers to the substitution of conventional participants within the value chain with alternative trade mechanisms, such as the utilization of IT-enabled intermediaries or the outsourcing of tasks to suppliers. The intermediaries in question are frequently subject to negative perceptions due to their capacity to increase a manufacturers selling expenses through the inclusion of service fees, which do not yield any supplementary value to the manufacturer. The potential obsolescence of traditional retail stores is a result of the increasing adoption of e-commerce technologies, particularly those related to logistics and warehouse service providers.

In the present discourse, the author posits that a retailer has effectively disintermediated the national brand manufacturer through the provision and expansion of private label brands, thereby assuming the role of a formidable competitor to the manufacturer.

2.1.3. Reintermediation

Today, Chircu and Kauffman (2000) reflect that the utilisation of the internet has evolved beyond its initial emphasis on disintermediation, which largely involved the elimination of traditional intermediaries.

The concept of reintermediation pertains to the re-entry of a disintermediated participant, specifically a manufacturer, into the value chain that facilitates transactions between buyers and sellers. Within the scope of this study, the implementation of a manufacturer's direct-to-customer channel is being considered. The manufacturer intends to implement innovative methods for conducting online transactions with directly with its consumers. This strategic move aims to counteract the increasing presence of private-label brands offered by retailers.

It is crucial to acknowledge that this does not signify the eradication of associations with conventional retail partners. Instead, it presents an additional means of market entry for manufacturers who have been disintermediated or are at risk of being disintermediated from the distribution channel. This alternative approach allows manufacturers to extend their customer base and enhance their reach. Furthermore, it does not involve a manufacturer encroachment as well, as this portends a pre-existing encroachment on something the retailer had a right to. Retailers, inherently and traditionally, were the intermediaries that connected customers and manufacturers. By their initial construct, they were not competitors to manufacturers but service providers or partners. Through the establishment and expansion of their own private label brands, they have established themselves directly as competitors of the manufacturers of the products they are being supplied with.

Reintermediation, as emphasized by Chircu and Kauffman (2000), refers to the incorporation of novel and advanced methods to facilitate transactions, often facilitated by the utilization of information technology resources.

2.1.4. Disintermediation to Reintermediation

Viljoen et al. (2015) proposed an expanded conceptualization of reintermediation. The aforementioned concept has experienced a developmental trajectory that encompasses a structured cycle involving intermediation, disintermediation, and reintermediation. The resurgence of middlemen in the distribution channel, after being eliminated through disintermediation, can be attributed to their ability to provide a novel value proposition. The authors have provided evidence supporting the notion that reintermediation can be interpreted in two distinct ways. The concept of reintermediation can be defined as a

strategic endeavour aimed at recapturing consumers who have been lost due to the process of disintermediation. Furthermore, reintermediation can be conceptualized as the strategic adaptation of business operations with the aim of enhancing customer retention (Viljoen et al., 2015).

Hence, in light of the intense market competition, manufacturers are compelled to make strategic choices regarding the adoption of a direct-to-customer approach as a means to recapture or acquire customers who have been lost due to disintermediation. Moreover, the current scholarly research conducted by Schauerte et al. (2023) fails to address the specific scenario where a manufacturer needs to re-enter the supply chain after being disintermediated by a retailer who assumes the role of a goods provider, thereby introducing complexity to the competitive environment. The lack of attention given to certain aspects is what regrettably undermines the viewpoint presented by Schauerte et al. (2023).

The emergence of private label brands in the retail industry has led to a significant shift in the competitive dynamics, as retailers have transitioned from being mere channel partners and customers of manufacturers to direct competitors in the market. The current business environment presents significant challenges for manufacturers seeking to establish equitable market conditions for engaging with end customers, primarily due to the dominant influence wielded by retailers in the in-store setting. According to Cuneo et al. (2019), retailers possess the authority to strategically determine the arrangement of their shelf storage, establish pricing through negotiations with manufacturers using commercial trading terms, promote and manage the in-store experience to prioritize their private label products over national brand products.

Therefore, one could contend that the emergence of private-label brands has effectively eradicated the manufacturer's involvement in the sales process. As a result, it is imperative for manufacturers to implement reintermediation strategies in order to re-establish connections with end consumers that were previously lost as a consequence of retailer disintermediation. This necessitates the identification and implementation of novel strategies to effectively compete with the retailer-turned-competitor and attain a distinct advantage within brick-and-mortar establishments. Chircu and Kaufmann (2000) define reintermediation as the phenomenon wherein a conventional market participant, such as a national brand manufacturer, employs novel and innovative approaches to engage in transactions, such as direct sales to customers. The implementation of e-commerce strategies is essential for retailers to establish a competitive edge against their counterparts, who have prompted the necessity for disintermediation.

Hence, within this particular framework, we are examining a situation wherein a manufacturer, who has been disintermediated, seeks to recapture customers who have been lost due to the retailer's transformation into a direct competitor by engaging in disintermediation at the point of sale in their own store. The disintermediation of a manufacturer, characterized by threats such as limited customer information visibility, inadequate shelf space, and price arbitrage, hinders their ability to effectively reach customers and make sales. In response to this challenge, manufacturers are increasingly adopting e-commerce strategies as a countermeasure against the growing prevalence of private label brands. These innovative approaches aim to address the aforementioned factors and enable manufacturers to regain control over their customer base and market share.

The extant corpus of scholarly literature provides evidence to support the notion that certain manufacturers have indeed derived substantial benefits by adopting a direct channel to engage with their customers. Chen (2018) conducted an observation which revealed a distinct pattern evident in firms operating in the FMCG industry, including prominent companies such as P&G, Adidas, and Levi's. Levi's, despite being outperformed by private label brands, successfully managed to recover its lost sales. The advantages of implementing this strategic approach have been extensively documented in the scholarly literature by Chen (2018). Despite this, it is important to acknowledge that Wu et al. (2021) have highlighted a significant resistance among certain manufacturers towards embracing a direct-to-consumer distribution channel. The necessary adaptations that traditional manufacturing companies must undergo in response to the emergence of new distribution channels pose a challenge that lacks immediate clarity (Ballerini et al., 2023b).

The aforementioned authors assert that due to the aforementioned reasons, it is imperative for scholars to allocate specific focus towards the study of e-commerce and its capacity for facilitating online transactions. Henceforth, we shall examine the viability of implementing a digital reintermediation strategy for a manufacturer, as well as the multitude of factors that contribute to this hesitancy. Additionally, we will explore the potential avenues for gaining a competitive edge that are accessible to manufacturers. This study aims to evaluate the viability of digital reintermediation for a FMCG manufacturer by examining the different channels at its disposal.

Having elucidated the academic discourse concerning the definitional components characterizing a manufacturer's digital reintermediation, this paper initiates the analysis of the resources and capabilities essential for a manufacturer to embrace an e-

commerce channel. To commence, we provide an overview of the resource-based theory.

2.2. Resources and Capabilities Discussed for Manufacturer to Have

Overview of Theory

This research study employed the resource-based theory as a conceptual framework to investigate the strategic utilization of resources and capabilities by a national brand manufacturer. The objective was to ascertain how the national brand manufacturer can attain a sustainable competitive advantage by implementing reintermediation as a counterstrategy in response to the growing prevalence of private label brands. The scholarly discourse on the subject under consideration has been significantly enriched by the seminal works of Barney (1991) and Teece et al. (1997).

The RBV theory has been widely recognized as the prevailing theoretical framework for comprehending the mechanisms by which businesses cultivate and maintain their competitive advantage. The subsequent evolution of the concept known as dynamic capacities involves a thorough analysis of how organizations adjust to and take advantage of swiftly changing technological environments or unstable circumstances, such as the competitive dynamics between manufacturer brands and private labels (Teece et al., 1997).

Within the theoretical frameworks that have been examined, the concept of competing businesses is comprehended as participating in a competitive environment wherein they endeavour to surpass one another by capitalizing on their internal attributes and resources. The ability to establish a sustainable competitive advantage is facilitated by this, as suggested by Wernerfelt (1984) and substantiated by Barney (1991).

According to the resource-based perspective theory, national brand manufacturers can gain a competitive advantage by effectively using both tangible and intangible resources. To ensure optimal utilization, these resources need to be efficiently restructured and synchronized using strategic capabilities that can adjust and develop over time. Elia et al. (2021) argue that the current research has not adequately explained the specific extent to which a company's resources and capabilities contribute to gaining a competitive advantage through the use of an e-commerce platform for online distribution. While previous scholarly works have extensively discussed the benefits and challenges associated with online sales, this particular aspect remains insufficiently explored. Ballerini et al. (2023b) suggests, similar to Barney (1991), that the study of capabilities often aligns with the RBV theory. According to RBV, successful firms possess valuable

skills that enable them to gain a competitive advantage and achieve sustained long-term performance.

The VRIO framework, according to Barney (1991) serves as a tool for evaluating the potential of resources and talents to achieve superior performance. This framework assesses the attributes of value, rarity, imperfect imitation, and organisation (VRIO). Accordingly, a resource is considered valuable when it allows the manufacturer to capitalise on opportunities within the competitive landscape between private label brands and manufacturer brands or when it serves as a means of sustaining a competitive advantage against the threats of private label brands. In the current context, the rapidity of changes in the environment is a prevailing characteristic, driven by the continual introduction of technological advancements and the emergence of evolving customer preferences. Hence, it may be argued that the value of a firm's resources and capabilities undergoes a transformation as time progresses (Barney, 1991).

Hence, in light of these ongoing transformations, it becomes crucial for manufacturers to strategically exploit limited resources and unique capabilities in order to achieve a lasting competitive edge. The availability of resources is undeniably essential for a manufacturer's long-term sustainability and plays a significant role in establishing a competitive advantage, as argued by Barney (1991).

According to Barney (1991), the attainment of a sustainable competitive advantage necessitates the manufacturer's possession of resources and capabilities that are inherently non-duplicable and non-imitable. If a manufacturer's competitors, particularly retailers with private label brands, possess the capacity to replicate the manufacturer's resources effortlessly, then the manufacturer's competitive advantage is merely temporary, rendering it susceptible to imitation.

The prevailing consensus posits that the historical investments made by a national brand manufacturer exert a substantial influence on its present performance, thereby rendering it arduous for competitors to replicate its achievements. This concept is exemplified by the case of a national brand that possesses substantial brand equity, which can be attributed to the cultivation of an intangible asset through previous investments in advertising campaigns (Barney, 1991).

Hence, in accordance with the perspective of the resource-based view, the attainment of competitive advantage by a manufacturer is reliant on the firm's ownership of resources and capabilities, specifically internal resources and capabilities. In order to establish a sustained competitive advantage, it is imperative for a firm's resources and capabilities to possess specific characteristics that contribute to their long-term viability

and superiority in the marketplace. In order for a firm to gain a competitive advantage, it is crucial that the resources and capabilities it possesses are appropriately valued, rare, and inimitable. Additionally, these resources and capabilities must be effectively supported by the firm's organisational structure.

2.3. Reintermediation and the Resource Based View

With the above understanding of the requisite framework for resources and capabilities application, this paper will now explore how a manufacturer can successfully effect its digital reintermediation through the application of the resource-based view theory. A national brand manufacturer, through the adoption of an online store can obtain a competitive advantage on that ecommerce platform when the following is available.

2.3.1. Firm Specific Assets

Imitability

The first Firm Specific asset for a national brand manufacturer to have is imitability. To comprehend the competitive advantage derived from e-commerce, businesses must be regarded as a combination of interdependent relationships among their resources, organisational rules, and technology. According to Chircu and Kaufmann (2000), this interaction creates path dependencies that will be difficult for competitors to imitate. However, as Elia et al. (2021) point out, the adoption of an e-commerce strategy alone is not the source of this competitive advantage; rather, the adoption of an e-commerce strategy coupled with essential firm resources can sustain the competitive advantage created by the adoption of an e-commerce strategy, or reintermediation.

In addition, Chircu and Kaufmann (2000) posit that the adoption of e-commerce contributes to the formation of structural distinctions between national brand manufacturers and private label retailers by generating structural resources such as vertical integration, diversification, and resource organization. Simply stated, firm-specific assets, such as IT infrastructure, brand equity, relationships, and all other assets of the national brand manufacturer, play a critical role in establishing competitive advantage delineating itself from retailers' private labels and therefore imitable. A vertically integrated manufacturer has a greater chance of establishing a competitive advantage if it adopts an e-commerce strategy through reintermediation.

2.3.2. Appropriability

In order to develop a counterstrategy for digital reintermediation at a national level, it is necessary to have complementary assets that cannot be acquired by the company if it

does not adopt e-commerce. Chircu and Kaufmann (2000) posits that manufacturers who possess complementary assets and face mutual path dependencies are more capable of capturing these advantages. These assets possess a distinct set of path dependencies that are difficult to replicate. Manufacturers can possess extensive industry experience. For instance, a manufacturer that controls every aspect of production, from sourcing materials to distribution, and has a well-developed network of warehouses and logistics (a valuable asset that cannot be easily replicated) can leverage its industry knowledge and expertise, such as understanding consumer preferences and investing in research and development (a specialized asset), to gain a stronger position in the market and secure competitive advantages.

2.3.3. Tight Coupling

It is crucial to acknowledge that even though a manufacturer owns these assets, it must still renew its organisational skills, resources, and functional capabilities in order to maintain a competitive advantage in response to the new innovative opportunities presented by digital reintermediation through the emerging e-commerce channel. This is best implemented by a vertically integrated manufacturer and where this is not possible, as Barney (1991) says, the manufacturer should then absorb these capabilities, which can be done through strategic alliances Chircu and Kaufmann (2000). By employing tight coupling, a firm can effectively integrate its existing capabilities with new information to exploit market opportunities as elocuted by Chircu and Kaufmann (2000). Therefore, it is imperative for a manufacturer to update its fundamental abilities if it lacks the necessary specialised assets as further expounded by Khanin et al. (2022) in the review below under Managerial Capability below. Depending too heavily on existing capabilities can hinder the manufacturer's ability to recognize upcoming chances in innovative technologies. "Disruptive technology may not initially attract a large number of customers that the company targets, but it has the potential to rapidly gain popularity, making the existing specialized assets of established firms obsolete." (Chircu & Kaufmann pg 16, 2000)

2.4. Resources and Capabilities Required for a Manufacturer to effect Digital Reintermediation

In light of the above, IT technology is widely acknowledged as a resource that is accessible to all (both immobile and mobile), but on its own, it is not considered capable of conferring a specific competitive advantage to a manufacturer, and as such, it is not inimitable. However, as Li et al. (2020). says, when it is coupled with the e-commerce capabilities possessed by manufacturers, which pertain to their capacity to effectively

utilise e-commerce in the management of business operations, they are deemed valuable, heterogeneous, and immobile. As a result, these talents can confer a competitive advantage on manufacturers.

If the manufacturer applies the VRIN criteria to this question, it will be able to determine whether or not its resources and capabilities create a competitive advantage that is rare and long-lasting when compared to that of retailer's private label brands growth trajectory. This analysis will assist the manufacturer in determining the aspects of its strategy that work well and those that need improvement, as well as determining whether or not it has the ability to sustain its advantage over retailers over time.

This entails the recognition and assessment of the abilities and skills possessed by both the organization as a whole and its individual members. Ballerini et al. (2023a) suggests that the examination of capabilities often pertains to the RBV as elucidated by Barney (1991). This theory posits that adaptable organizations assimilate skills and talents that enable them to gain a competitive edge, leading to sustained and successful performance throughout time. In other words, as Gregory et al. (2019) posits, there are variations in the integration of e-commerce into business operations. The determination of the manufacturer's success is contingent upon the manner in which it utilises its investments to establish distinctive IT-enabled resources and capabilities that are unique and distinct only to the manufacturer.

The resource-based view, as discussed in the information systems literature, posits that organizations have the potential to create value through their IT resources by directing their attention towards their skills and capabilities, rather than solely fixating on the resources themselves. The success of manufacturers in reintermediation is contingent upon their e-commerce capabilities, as these capabilities play a pivotal role in driving competitive advantage. Li et al. (2020) In order to attain this objective, it is imperative for manufacturers to employ proficient managers who can effectively cultivate sufficient levels of e-commerce capabilities encompassing talent, managerial, and technical aspects. Furthermore, it is imperative for businesses to integrate e-commerce with emerging digital technologies such as big data and artificial intelligence in order to optimize their capacity to investigate and capitalize on the advanced functionalities of e-commerce.

The below research aimed to analyse the resources and capabilities under consideration. The assertion is substantiated by Elia et al.'s (2021) research, which highlights the e-commerce manager's significance as a valuable corporate asset. Their study demonstrates that the expertise and capabilities possessed by these managers

contribute to enhanced business performance, as corroborated by Ballerini et al.'s (2023b) findings on internalization. The authors argue that the existing literature has not adequately addressed the question of whether the e-commerce strategies employed by national brand manufacturers in emerging markets are effective in promoting the various affordances offered by e-commerce.

In light of the aforementioned considerations, the subsequent analysis aims to evaluate the characteristics of resources and capabilities necessary for a manufacturer's digital reintermediation strategy, with the ultimate goal of attaining a competitive advantage.

2.5.1 Individual Capabilities

2.5.1.1 E Commerce Manager

Elia et al. (2021) argue that e-commerce managers demonstrate a profound comprehension of customer requirements, enabling them to promptly adjust to evolving patterns and modifications in both virtual and physical environments. The contention put forth by the author is that e-commerce managers encounter difficulties in acquiring digital skills as a result of the necessity to acquire expertise in the realm of digital marketing. The integration of strategic knowledge, traditional marketing and communication methods, and digital technology is imperative for e-commerce managers. Furthermore, it is imperative for individuals to possess a comprehensive understanding of digital technologies as an essential component of their skillset. In conclusion, the possession of the skill to effectively evaluate and monitor online marketing endeavours is of utmost significance for individuals (Elia et al., 2021).

The aforementioned skills are distinctive and characteristic of professionals in the field of digital marketing, particularly individuals holding roles such as e-commerce managers. Conventional marketing and sales professionals are deficient in these essential skills. Elia et al. (2021) assert that the competencies possessed by an e-commerce manager in the digital age possess inherent value, rarity, and are challenging to replicate. The role of the e-commerce manager in organizations is of utmost importance as they are responsible for effectively coordinating the extraction and analysis of data. This makes them a crucial resource to the organization. The utilization of customer data enables companies to make accurate predictions regarding customer purchasing behaviours, effectively recommend cross-selling opportunities, and strategically formulate marketing strategies that yield favourable outcomes.

The literature distinguishes three types of individual capabilities.

2.5.1.2 Managerial capability

Khanin et al. (2022) propose that manufacturers should contemplate the adoption of the direct-to-channel approach as a novel business model or entrepreneurial endeavour for the purpose of digital reintermediation. Collaboration with experienced direct-to-consumer (DTC) entrepreneurs can serve as a viable strategy for national brand manufacturers lacking the requisite expertise to establish an online DTC platform. Barney (1991) argues that organizations that possess valuable capabilities have the potential to achieve a competitive advantage, resulting in long-term performance sustainability. In the realm of entrepreneurial manufacturing enterprises, it is crucial to recognize the inherent importance of possessing e-commerce skills. In light of the lack of aforementioned skills, it is prudent for the company to consider the acquisition of said skills.

Moreover, the study conducted by Ballerini et al. (2023b) provides persuasive findings indicating that irrespective of their scale, national brand manufacturers must proactively embrace and leverage emerging digital prospects in order to effectively adapt to the evolving competitive landscape. Scholars widely agree that digital entrepreneurs possess significant prospects for developing inventive business models that are specifically designed to address the evolving demands of consumers (Nambisan, 2017). Hence, it is imperative for managers to effectively anticipate and adapt to change, while skilfully implementing transformational entrepreneurship strategies. The practices mentioned above can be classified as innovative entrepreneurial strategies utilized to navigate unpredictable macroeconomic conditions and generate long-lasting value for the manufacturer of the national brand.

The significance of collaboration is emphasized by Song et al (2022) in the context of an emerging digital manufacturer, particularly for a national brand manufacturer undergoing digital reintermediation to become a direct online "retailer". The careful consideration of marketing channels, distribution networks, and supply chain reforms is of utmost importance for leadership at national brand manufacturer entities. By prioritizing these essential elements, managers can actively pursue a digital reintermediation strategy by leveraging service innovation and enhancing the value of the distribution system. In contemporary times, there has been an increasing acknowledgment of the importance of business model innovation in restructuring various sectors and markets, as articulated by Ballerini et al. (2023b) and Khanin et al. (2022) in their respective studies.

2.5.1.3 Talent and technical capability

According to Santana and Díaz-Fernández (2022), one of the key internal competence capabilities is the integration of talent and technical proficiency. The ongoing advancement of IT technology necessitates a specific level of expertise in order to effectively navigate and utilize its capabilities. The importance of this aspect cannot be overstated, especially in professions that heavily rely on knowledge and expertise, such as those in the field of big data analytics. In particular, the emphasis is placed on areas such as computing, self-directed learning, algorithmic understanding, and proficient data analysis. According to Santana and Diaz (2022), it is crucial for manufacturers to proactively address any shortcomings in their dynamic capabilities in order to successfully adapt and flourish in the ever-growing competitive environment. The successful management of global information and IT requires the integration of both tangible and virtual resources, as well as expertise in IT management. In the present digital landscape, organizations are actively striving to determine the precise impact of their various resources in creating value.

Li et al. (2020), emphasises that this technical capability plays a crucial role in e-commerce operations by enabling organizations to effectively address problems and implement solutions in a timely and efficient manner. This capability is essential for ensuring the seamless flow of business processes. The talent capability of employees, encompassing their professional skills and knowledge, plays a crucial role in enabling firms to effectively utilize e-commerce platforms for adapting their operational processes in accordance with market demands.

These specific characteristics are essential for a competitive advantage in e-commerce. Typically, manufacturers do not possess these qualities as part of their inherent core competencies.

2.5.2 Organisational Resources

Shifting the attention from individual abilities to the resources of the organization, Karaboga et al. (2022) identified the subsets that national brand manufacturers need to have in order to achieve an effective digital reintermediation.

2.5.2.1 Big data analytics in E-commerce

According to Karaboga (2022), the utilization of big data analytics holds significant promise in improving corporate processes and effectively addressing various business

requirements. In the realm of business management, there are several crucial tasks that play a pivotal role in ensuring the success and profitability of a company. These tasks include identifying customers who exhibit both loyalty and profitability, devising effective pricing strategies, detecting and addressing any quality issues that may arise, and making informed decisions regarding inventory management with the aim of minimizing costs. One of the primary tasks involves identifying loyal and profitable customers. By analysing customer data and behaviour, businesses can gain valuable insights into the characteristics and preferences of their most valuable customers. This information can then be used to develop targeted marketing strategies and personalized offerings, fostering customer loyalty and maximizing profitability.

Another critical task is establishing appropriate pricing strategies. Pricing plays a fundamental role in determining a company's revenue and profitability. By conducting market research, analyzing competitors' pricing strategies, and considering factors such as production costs and customer demand, businesses can determine optimal pricing levels that strike a balance between attracting customers and maximizing profits. Detecting quality problems is also an essential task in business management. Maintaining high-quality products or services is crucial for According to Akter and Wamba (2016), the various competencies of an organization, such as management, technology, and personnel, are inherently interconnected and mutually beneficial in enhancing firm performance. This finding supports the notion of tight coupling requirements as previously proposed by Chircu and Kaufmann (2000).

The BDA skills capabilities that have been identified encompass a range of information technology (IT) capabilities. Karaboga (2022) posits that these capabilities can be further categorized into a third-order construct, which includes the following components: 1) BDA personnel expertise capability, 2) BDA infrastructure flexibility capability, and 3) BDA management capability. The authors argue that numerous organizations, including not just national brand manufacturers, face significant obstacles when it comes to acquiring specialized talents like technological, analytical, and governance capabilities. Additionally, the authors highlight the importance of establishing the necessary networked alliances in order to effectively execute a big data strategy. Moreover, it can be argued that the simultaneous possession of all these skills by a single individual is a challenging endeavour, invariably making their capability set valuable, rare, and imitable in accordance with Barney (1991) The experts possess a wide range of technical and analytical skills, including statistical, contextual, quantitative, predictive, and cognitive abilities. Additionally, they possess other relevant information commonly found in each employee.

According to Karaboga (2022), a comprehensive understanding of business and governance issues is essential for scientists in order to effectively communicate using business language. The evaluation of the individual impact of organisational factors, technological components, and human capital on analytics is challenging due to their interconnectedness. More precisely, the effective handling of big data analytics, the IT infrastructure related to IT, and the existence of analytics talent or expertise are all crucial elements that enhance an organization's overall capabilities in analytics. These factors cannot be evaluated in isolation as they are interdependent and rely on each other for effective implementation. In light of the foregoing, Karaboga (2022) posit that it is necessary to consider these capabilities as a unified resource of human capital in order to accurately assess their influence. Hence, the development of proficient skills in analysing extensive volumes of data through the utilization of advanced technology, a skilled workforce, and a management approach that emphasizes the importance of analytics becomes imperative in contemporary academic discourse and more especially for a manufacturer assessing its resource and capabilities necessary to effect a successful digital reintermediation.

2.5.2.2 Data Driven Culture

Anton et al. (2023) argue that the rise of technology has a significant impact on corporate cultures. The alteration of interpersonal interactions and cultural factors within organizations is a significant impact that can be observed. Moreover, the advent of the digital revolution offers businesses distinct technological tools that can be utilized to effectively monitor and manage the evolving norms, behaviours, and attitudes that arise as a result of these societal changes. The prominence of data-driven culture in the realm of online company tactics can be attributed to the abundance of available data and the increasing importance of data-driven decision-making. Enholm et al. (2021) underscore the significance of this notion, particularly in its capacity to foster the adoption of cutting-edge technologies like big data analytics and Artificial Intelligence. The assertion is substantiated by the research conducted by Mikalef et al. (2018), whose findings validate the notion that a data-driven culture encompasses an organizational culture that places significant emphasis on data as the fundamental basis for decision-making procedures.

Anton et al. (2023) assert that an organization's commercial value and competitive advantage are mostly determined by its resources and competencies. Resource allocation is a crucial component of organizational management. The intangible resource, such as the organizational culture of national brand manufacturers, has a substantial impact on shaping their identity and determining their performance. A national

brand manufacturer can boost its overall competitiveness by acknowledging the significance of both tangible and intangible resources and optimizing its resource allocation strategies accordingly. Anton et al. (2021) present empirical evidence that supports the idea that having a culture that relies on data is valuable for organizations. This has ramifications for the operational, financial, and market aspects of a corporation. Melville et al. (2004) argue that the worth of a resource is determined by its efficient exploitation within a business framework, along with other crucial resources like human capital, technology breakthroughs, and organizational structures. Anton et al. (2023) argue that the specified resource has a complimentary nature, implying that a data-driven culture is closely linked to different tangible and intangible factors, all of which aim to create commercial value.

Expanding on this perspective, Karaboga (2022) argues that creating a data-driven culture (DDC) is an essential factor for national brand manufacturers. Integrating big data analytics (BDAMC) into a national brand manufacturer's operations and financial plans has been proven to improve their overall performance. This is accomplished by facilitating data-driven coordination and control tasks, as well as optimizing data-driven planning and investment capabilities. This viewpoint is consistent with the conclusions put forth by Akter and Wamba (2016). Helping national brand manufacturers in optimizing their everyday management operations and enhancing their methods for making decisions is crucial for augmenting their overall effectiveness and competitiveness in the market. By implementing uniform procedures and designs, manufacturers can streamline their operations, reduce redundancies, and improve their ability to make informed and strategic decisions.

This according to Karaboga, (2022) not only allows them to effectively manage their resources and minimize costs but also enables them to maintain consistency in their products and services, thereby enhancing their brand reputation and customer satisfaction. Karaboga (2022) emphasizes the significance of national brand manufacturers not solely concentrating on the technical facets of big data capability, but also prioritizing and enhancing the non-technical aspects of big data analytics (BDA) to attain a competitive edge. The authors contend that Data-Driven Culture (DDC), a non-technical component of Big Data Analytics (BDA), has a substantial impact on improving both operational and financial outcomes. It is imperative for national brand manufacturers to shift their perspective on data analytics from being a superficial exercise or experiment to a crucial priority. The primary focus should be on effectively collecting, analyzing, and leveraging data to enhance the process of decision-making. The implementation of a Digital Data Centre (DDC) across the entirety of a national brand manufacturer

organization is imperative in order to sustain a competitive advantage and improve overall operational efficiency.

The authors posited that the presence of BDAMC had a discernible effect on performance, albeit in an indirect manner, mediated by the influence of DDC. Both the Business Data Analytics and Management Control (BDAMC) and the Data-Driven Control (DDC) frameworks offer managers a comprehensive approach to effectively manage their routine and daily operations by leveraging data-driven strategies. These frameworks provide a structured and systematic methodology for managers to collect, analyse, and interpret data in order to make informed decisions and optimize their management processes. By adopting BDAMC or DDC, managers can enhance their ability to organize and streamline their operations, leading to improved efficiency and effectiveness in achieving organizational goals. According to Karaboga (2022), the implementation of Business Data Analytics and Management Control (BDAMC) and a Digital Data Centre (DDC) can effectively assist national brand manufacturers in streamlining and structuring their routine and daily management operations. By adopting a data-oriented management framework, these tools enable organizations to enhance their overall efficiency and organization.

This section delved into the essential resources and capabilities that are required for a national brand manufacturer to effectively execute the implementation of an ecommerce channel through digital reintermediation. Within the domain of corporate practices, a notable phenomenon can be observed whereby select national brand manufacturers adopt direct-to-customer sales strategies, while other manufacturers exhibit a certain level of reluctance in embracing such an approach. The literature review conducted by Wu et al. (2021) noted this reluctance and suggested further research the adoption of a direct to customer sales channel as a potential counterstrategy for a national brand manufacturer against the proliferation of private label brands. In this analysis, we aim to elucidate the challenges and opportunities associated with the adoption of DTC channels.

2.6 Digital Reintermediation: Challenges and Opportunities

The advent of the digital revolution during the early 2000s has instigated a significant transformation in the distribution channels of various products, consequently exerting a profound influence on customer behaviour and expectations. Ballerini et al. (2023b) assert that e-commerce is a highly influential force in the global retail industry.

Furthermore, it is indisputable that the COVID-19 pandemic has exerted a substantial impact on consumer behaviour, resulting in a noteworthy change in online shopping

habits, as highlighted by Gielens and Steenkamp (2019). The growing significance of e-commerce transactions has had a substantial and wide-ranging influence on the broader entrepreneurial environment. Ballerini et al. (2023b) contend that in the realm of digital entrepreneurship, there is an opportunity for national brand manufacturers with entrepreneurial aspirations to create innovative business models tailored for the digital landscape, effectively meeting the ever-changing needs of consumers. The current body of research lacks a comprehensive comprehension of the optimal tactics for national brand manufacturers, namely those in the FMCG sector, to effectively overcome the obstacles posed by the e-commerce platform.

The issue at hand holds immense importance, a fact that is underscored by the research conducted by Chen et al. (2020) Who posited that in the contemporary era characterized by rapid technological advancements, the ubiquity of online transactions has attained unparalleled magnitudes. As a result, manufacturers are facing a growing challenge of disintermediation, which hinders their ability to establish direct connections with consumers. The absence of direct access to customers via conventional retail channels presents a significant obstacle for manufacturers, impeding their capacity to obtain accurate consumer data pertaining to product demand. Given the aforementioned factors, it is crucial for manufacturers to thoroughly investigate alternative sales channels as a strategic measure in response to this prevailing challenge.

This research thesis explored the necessary resources and capabilities that a manufacturer must possess to successfully implement digital reintermediation and gain a competitive edge over private label brands. The findings of Elia et al. (2021) highlight the crucial significance of formulating a well-structured digital retail channel strategy that effectively integrates with the brand's product assortment.

2.6.1 Benefits of Direct-to-Consumer (DTC) Strategies

2.6.1.1 Generation of (Organic) Sales by Manufacturers.

The utilisation of direct-to-consumer (DTC) techniques has been identified as a significant strategy employed by manufacturers to generate sales (Liu, 2022). This approach allows manufacturers to bypass traditional distribution channels and directly engage with consumers, thereby establishing a more intimate and personalised connection. By eliminating intermediaries, manufacturers can exercise greater control over the marketing and sales process, enabling them to tailor their messaging and offerings to specific consumer segments. This direct engagement also facilitates the collection of valuable consumer data, which can be leveraged to inform product

development, marketing strategies, and overall business decision-making. Consequently, the adoption of DTC techniques has emerged as a prominent trend in the contemporary marketplace.

Chen et al. (2018) posit that manufacturers may opt to engage in direct selling strategies in order to enhance sales performance, fortify brand recognition, exert influence on pricing mechanisms, establish greater proximity to customers, and/or conduct experimental trials of innovative products or markets. For instance, Levi's was able to regain lost sales by adopting a direct selling approach after facing competition from private-label brands and other competitors. The authors go on to say that the emergence of the Internet and technological advancements have played a significant role in the increasing adoption of direct-to-customer e-commerce methods by brand manufacturers. This can be attributed to the comparatively low costs associated with online selling.

Therefore, in light of this proposition, we will deal in this section of the literature review with various factors that contribute to a manufacturer's reluctance, challenges, and opportunities available to a national brand manufacturer.

2.6.1.2 Direct Engagement with Consumers

In the realm of consumer engagement, the direct-to-consumer channel has emerged as a significant avenue for fostering direct interactions with consumers (Gielens & Steenkamp, 2019). This channel enables companies to establish a direct line of communication with their target audience, thereby bypassing intermediaries and facilitating a more personalised and tailored approach to consumer engagement. By eliminating the need for middlemen, companies can gain valuable insights into consumer preferences, behaviours, and feedback, which can inform their marketing strategies and enhance overall customer satisfaction. Gielens and Steenkamp (2019) highlight the importance of this direct engagement in cultivating strong relationships with consumers and fostering brand loyalty.

2.6.2 Challenges of Direct-to-Consumer (DTC) Strategies

2.6.2.1 Lack of Digital Business Case

The dearth of robust digital business cases is a prevailing concern within the realm of aspiring national brand manufacturers, with a particular emphasis on well-established FMCG companies. Recent research has revealed that the adoption of novel digital channels by well-established organizations, specifically those in the FMCG

manufacturing industry, requires the acquisition of fresh channel capabilities and information technology (IT) resources. In addition, conducting research that investigates the specific capabilities that organizations should allocate resources to in the context of digital transformation is of utmost importance (Verhoef & Bijmolt, 2019).

2.6.2.2 Channel Conflict

In order to expand their market reach, many companies adopt a multi-channel distribution strategy that encompasses both direct and indirect sales channels. This approach involves utilizing direct-to-customer channels, as well as traditional retail intermediary outlets. However, the adoption of a direct sales channel raises managerial challenges for manufacturers, as highlighted by Tahirov and Glock (2022). One of the major concerns is the emergence of channel conflicts. One significant challenge arises from the potential conflicts that national brand manufacturers face when integrating a direct channel alongside an established traditional retail channel. The authors go on to say that the tension between manufacturers and retailers becomes significantly pronounced when manufacturers seek to establish direct connections with consumers, but face competition from their long-standing retail partners. The emergence of competition between manufacturers and retailers is a noteworthy phenomenon that arises when manufacturers encroach upon market niches that have conventionally been catered to by retailers. Digital reintermediation refers to the phenomenon where manufacturers establish their own physical channels or participate in online sales, thereby encroaching upon the traditionally retailer-dominated domains. The intricate interplay resulting from the conflict and rivalry in this mutually accessible market region requires careful consideration and strategic oversight within the broader context of designing distribution channels.

According to Li et al. (2019), a notable issue arises when the manufacturer and the retailer both offer similar products, leading to potential feelings of exclusion on the part of the retailer. Channel conflicts can have detrimental effects on the establishment of cooperative relationships within intermediary channels, leading to a decrease in retailers' profitability. The termination of the national brand product-reselling business by retailers as a means of exerting pressure on manufacturers is a potential consequence that arises in certain situations. This action serves as a threat to manufacturers, indicating that unless they agree to sell their products exclusively through the retailer, their business relationship may be terminated.

2.6.2.3 Cannibalisation

Channel cannibalization is a frequently encountered phenomenon in the realm of multichannel tactics. Kollmann et al. (2012) posit that this is intricately linked to the aforementioned concept of channel conflict. The introduction of more channels to a corporation's operations may occasionally result in a decline in sales or profitability for its existing channels, hence potentially detrimentally impacting the firm rather than fostering synergy across channels.

In contrast to the previously described viewpoint, Lienhard (2023) takes a contrasting stance, claiming that the idea of including an additional channel that could result in cannibalization is commonly acknowledged. This viewpoint was challenged, and it was subsequently concluded that the addition of an online platform does not result in the expected negative impact on sales. The incorporation of online platforms has bolstered the stock market performance of certain entities. The benefits of implementing a direct-to-consumer strategy outweigh the risks and costs involved, including the growing information asymmetry, since it leads to a higher level of profitability. The authors' conclusion implies that the inclusion of channels has a positive impact on financial performance when evaluated using financial indicators. Lienhard's (2023) study investigated two separate strategies for increasing channels: (a) the development of a new channel, coupled with an enhancement of distribution intensity, and (b) their individual impacts on firm value. The impact on the value of a business varies. The implementation of a new supplementary channel has a positive effect on the total worth of the company. However, the degree to which the distribution intensity increases depends on other circumstances (Lienhard, 2023).

It is evident that despite the reluctance factors observed in the literature, there is a notable trend among manufacturers towards embracing the adoption of direct-to-consumer channels. The observed strategic shift can be unequivocally attributed to the advantages that are inherently associated with the adoption of this particular approach. It is imperative to conduct a comprehensive analysis of the various approaches that a manufacturer can employ to reintermediate the supply chain market, which has been intermediated due to the increasing presence of private label brands.

2.7 Direct Channel Ecommerce Adoption Models for a FMCG Manufacturer

2.7.1 Introduction

The work of Pu et al. (2020) is noteworthy due to their efforts in providing a comprehensive synthesis of the contemporary state of literature in this specific field, which is a scarce endeavour undertaken by scholars. The study posits that the manufacturer's decision to incorporate an online channel alongside its existing brick-and-mortar retail distribution system is based on a fundamental premise. The paramount objective of the manufacturer is to strategically determine an online distribution plan that will effectively maximize its overall profitability. The study effectively outlines firstly direct selling, secondly agency selling, and lastly indirect selling (reselling) as viable forms of online selling for manufacturers.

In a contemporary business landscape marked by the simultaneous presence of traditional and online channels, Pu et al. (2020) posit that national brand manufacturers commonly employ three distinct tactics when establishing their online channels. In the realm of direct selling, the manufacturer actively participates in the direct selling of its products to end consumers through the utilization of its own proprietary incorporated website. In the realm of reselling, the distribution of a manufacturer's products takes place via an intermediary, commonly known as a "e-tailer." A manufacturer may also adopt an agency-selling strategy through a partnership with an online agent who oversees a website, commonly known as a "platform," that attracts a significant number of online visitors. The product is distributed from the manufacturer to consumers via the agent's website, wherein the agent receives a commission fee as compensation.

Zhou et al. (2023) research, also focusing on strategic choices of channels for national brand manufacturers, posits that these channels may be adopted at the same time or sequentially. For purposes of this research, we limit ourselves only to the direct selling channel of a manufacturer in the form of its own direct store.

Notwithstanding the above, Zhou et al. (2023) posit that manufacturers often employ two principal sales channels, namely direct and indirect channels. In the context of distribution strategies, manufacturers opt to establish their own distribution channels, allocate resources towards their development, exercise autonomy in determining pricing strategies, and thereafter engage in direct sales to end consumers. In general, firms that employ direct channels for sales typically utilise either brick-and-mortar storefronts (referred to as Channel Da) or their own web sites (referred to as Channel Db).

However, when it comes to indirect distribution channels, manufacturers choose to offer their products to customers through shops. These merchants can exist as physical shops, sometimes known as brick-and-mortar stores (Channel Ia), digital platforms that function as resellers (Channel Ib), or agency channels (Channel Ic).

Fig 2.1: Adoption Models for a FMCG Manufacturer

The diagram shown below serves as a visual aid to support the discussion.

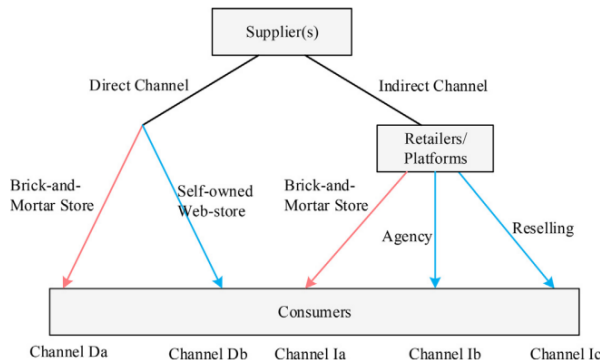


Fig. 5. Possible supplier channels.

Figure 1.1: Adoption Models for an FMCG Manufacturer

Source Zhou et al (2023)

2.7.2 Factors Influencing Direct Channel Utilization

The purpose of this section is to understand the factors that would influence the optimal direct channel strategy. This strategy intends to be the most effective e-commerce adoption approach for manufacturers to directly reach and engage with their target customers.

The traditional retail paradigm is undergoing a transformation as manufacturers increasingly choose direct-to-consumer channels, bypassing intermediaries (Pasirayi, 2023). This study will focus on the decision made by manufacturers to establish a direct sales channel via their exclusive website within the specific scenario under examination. Hence, this will involve the incorporation of a dual channel strategy by the manufacturer, wherein an extra channel is introduced alongside its existing direct and indirect channels.

It is evident that there is still a lack of clarity regarding the most effective strategy for national brand manufacturers who aim to utilise digital reintermediation as a means to attain a competitive advantage. The significance of this matter lies in the growing use of private label goods by retailers, which has led to a disruption of the conventional intermediation process (Zhang et al., 2023).

The FMCG industry has witnessed an uptake in the incidence of direct selling, as noted by Watson et al. (2015). Zhang and Hezarkhani (2022) assert that manufacturers attach considerable attention to several factors, such as channel operating expenses, consumer preferences, and competitors' channel strategies. Other elements that play a role in determining outcomes include channel base demand, operating expenses, and substitutability. The utilization of a direct channel is perceived as advantageous when the operational costs are much reduced compared to those associated with indirect channels. This underscores the significance of generating tangible financial gains through the direct channel, as emphasised by Pu et al. (2020).

2.7.2.1 Strategic Approaches - "Build" vs. "Buy"

Manufacturers have two options, commonly referred to as "build" or "buy," when it comes to adopting this direct channel. The build angle is characterised by an internal focus, wherein a manufacturer leverages its own resources and capabilities to establish a direct customer channel, as previously stated in the prior sections (Lienhard, 2023).

In their comprehensive review paper, McKee et al. (2023) argue that the adoption of direct-to-consumer strategies is becoming increasingly prevalent among brands in response to the intense competition within the online retail industry. The authors contend that companies are turning to DTC approaches as a means to identify and leverage potential sources of value in this dynamic and cutthroat marketplace. According to Chen et al. (2020), the adoption of a direct-to-consumer retail model by national brand manufacturers can yield significant advantages. These advantages include the internalization of the trade margin, which allows manufacturers to retain a larger portion of the profits generated from sales. Additionally, the DTC model enables manufacturers to exert greater control over the customer experience, ensuring that it aligns with their brand image and values. Furthermore, by selling directly to consumers, manufacturers gain access to real-time consumer data, which can be leveraged to inform marketing strategies and enhance customer engagement.

Manufacturers possess the choice between internal development or external acquisition of direct adoption. As stated earlier, the utilization of the build angle involves the strategic utilization of internal resources and capabilities in order to establish a direct channel of communication with customers. According to Lienhard (2023), there is a growing preference among companies operating in the highly competitive online retail sector for direct-to-consumer methods. According to Wirtz (2021), there are potential advantages for brands that choose to embrace a direct-to-consumer retail model. The utilization of

this particular approach enables brands to maintain their trade margin, improve the overall customer experience, and acquire access to current consumer data, as supported by McKee et al. (2023).

Furthermore, it is imperative to actively engage in the pursuit of acquiring other companies. According to Pasirayi et al. (2023), the advent of technological advancements has played a significant role in enabling the development of more efficient distribution capabilities, consequently leading to notable changes in market structures. The direct-to-consumer sales of Nike witnessed a significant increase over the course of a decade, surging from \$2 billion in 2009 to an impressive \$12 billion in 2019. The acquisition of Dollar Shave Club by Unilever for \$1 billion and Procter and Gamble's various skin care acquisitions serve as prime examples of the growing prominence of reintermediation in the business landscape.

The DTC channel is attractive to vertically integrated firms due to its numerous challenges and opportunities. The success of this approach is evaluated using specific metrics (Lienhard, 2023).

The second option pertains to acquiring other entities. Technological improvements have facilitated the feasibility of innovative distribution capacities, hence redefining conventional market structures. As an example, Nike had a substantial increase in its sales derived from its direct-to-consumer initiatives, with a rise from a little above \$2 billion in 2009 to approximately \$12 billion in 2019. The significance of the expanding trend of reintermediation is underscored by Unilever's acquisition of Dollar Shave Club for an approximate value of \$1 billion and Procter & Gamble's recent acquisitions in the skin care sector (Pasirayi et al. 2023).

Although there are significant obstacles and opportunities, as discussed in the prior section, the direct-to-consumer channel holds great appeal, particularly for vertically integrated manufacturers. The following are the metrics used to evaluate the level of success in adopting the aforementioned approach (Lienhard, 2023).

2.7.2.2 Success Metrics in DTC Industry

The factors that exert a substantial influence on the success of manufacturers operating in the direct-to-consumer (DTC) sector are of utmost importance in attaining the desired outcomes. According to Lienhard (2023), the concept of internal success mechanisms pertains to the acquisition of skills and a transformative shift in mindset that facilitate a smooth and profitable transition to the direct-to-consumer (DTC) model. The utilization of technology facilitates the functioning of direct-to-consumer (DTC) channels, albeit with

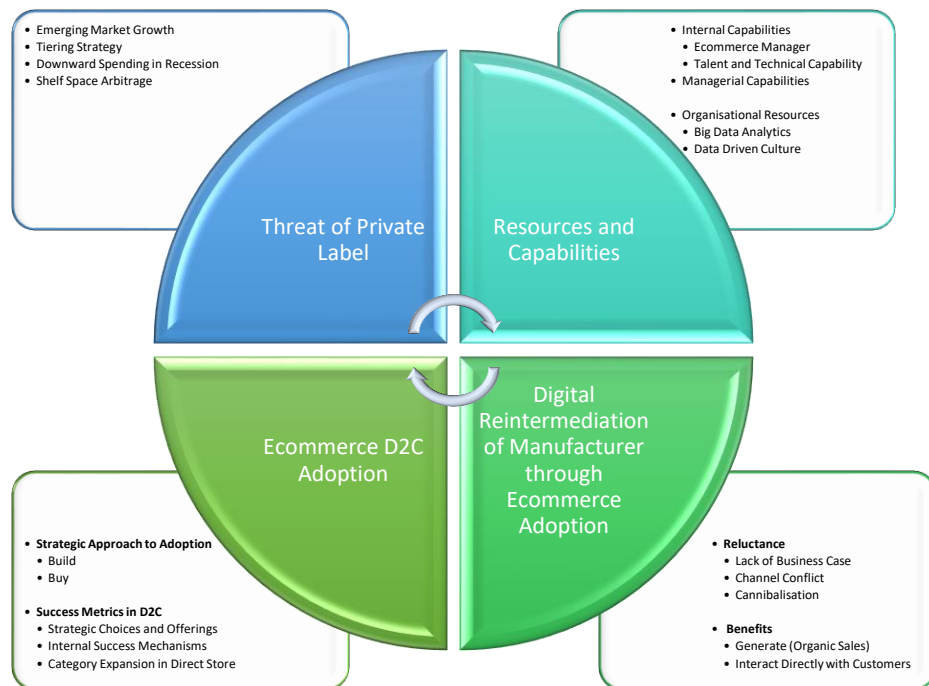
notable limitations on their overall influence. In order to achieve success in the direct-to-consumer (DTC) industry, it is imperative to provide a diverse range of products, unique offerings, exclusive items, and opportunities for customization and differentiation. According to Gielens and Steenkamp (2019), the utilization of customisation by manufacturers is a prevalent strategy aimed at establishing a distinct identity separate from retailers.

The comprehension of consumer categories is an essential component in achieving success. According to Zhang et al. (2017), the identification of profitable customer categories for products plays a vital role in facilitating informed decision-making regarding channel selection and the implementation of customized marketing strategies.

2.8 Conceptual Framework

This literature review identified key constructs and themes that were relevant for a deeper understanding of this topic and what is already known about it in literature. The key constructs identified were, threat of private label, Manufacturer resources and Capabilities, Digital Reintermediation through Ecommerce and Ecommerce DTC adoption.

Fig 3: Conceptual Framework



2.9 Conclusion

This literature review concludes by delving into the dynamic environment of manufacturers' adoption of e-commerce with a specific focus on the emergence of direct-to-consumer channels. The review covered the difficulties and prospects related to this strategic shift, which were complexly intertwined with the situation in which producers are battling the proliferation of retailer private label brands and the consequent risk of disintermediation.

The section commenced by identifying the research problem, aligning Wu et al's (2021) proposition that a manufacturer's adoption of a direct channel served as a counterstrategy to combat the encroachment of private label brands. This led to an examination of the concept of digital reintermediation, dissecting the definitional inaccuracies, and a historical overview regarding the origins of reintermediation. The study, firmly rooted in RBV theory, examined the seminal works of Chircu and Kaufmann (2000) to elucidate the intellectual foundations shaping contemporary discourse.

The RBV theory was incorporated after clarification of the definitional discourse, wherein the concept of reintermediation was strategically positioned to highlight its inherent relationship to the various themes and concepts discussed under the RBV theory. Following this, the resources and capabilities essential for a manufacturer embarking on a direct-to-consumer channel were discussed. This acted as a precursor for a thorough investigation of the opportunities and challenges associated with DTC adoption, drawing insights from scholarly perspectives. The narrative continued to examine several DTC channel adoption strategies and the success elements found in the academic literature.

This review of the literature added to the continuing scholarly discussion about the strategic decisions made by manufacturers and provided a cohesive narrative thread that connected historical perspectives with contemporary considerations. This review prepared the groundwork for a more in-depth examination of the main research questions and aims of the study by bridging the conceptual and theoretical gaps.

CHAPTER 3: RESEARCH QUESTIONS

3.1 Introduction

This chapter presents the research questions by defining the academic focus in accordance with the research problems and research questions outlined in Chapter 1, which were informed by a literature review by Wu et al. (2021), who stated that there was a need to understand why, despite the obvious benefits offered to a manufacturer of a direct channel, most manufacturers are reluctant to explore such an option.

Chapter 2 identified a number of research gaps from previous literature. The literature review by Wu et al. (2021) indicated that a manufacturer's direct channel to consumers as a counterstrategy against the proliferation of private labels has not been fully explored and therefore recommends it for further research, more specifically as related to staple foods in the remit of the FMCG industry Ballerini et al. (2023a). This is further supported by a set of emerging literature studying manufacturers adopting e-commerce strategies through a resource-based view.

In light of this inquiry, we investigated an opposing approach for a nationwide brand producer to facilitate its attainment and maintenance of a competitive strategy rooted in the resource-based view of digital reintermediation. According to Gielens and Steenkamp (2019), the progress in e-commerce has led to national brand manufacturers using online market entry as a tactic to boost their sales (Zhang et al. 2021).

Therefore, in light of the competitive landscape indicating an increase in market share of private label brands, it is interpreted to be that a manufacturer has thus become disintermediated from the supply channel by a retailer who has become a competitor of the manufacturer by selling store brands that are in direct competition in the store with a national brand manufacturer's branded product. Therefore the research questions herein are:

3.2 How does a national brand manufacturer effect a counterstrategy of reintermediation through adoption of an online e commerce strategy?

3.2.1 RQ1 – What are the resources and capabilities required by a manufacturer to adopt an ecommerce strategy?

The primary aim of the research is to thoroughly investigate and comprehend the intricate interplay between a manufacturer's resources, capabilities, and the adoption of an ecommerce strategy. The overarching goal is to contribute insights into how

manufacturers can attain and sustain a competitive advantage in the dynamic landscape of online distribution. Key objectives include:

Resource-Based View Exploration:

Delve into the RBV theory to ascertain the potential of tangible and intangible resources in conferring a competitive edge to national brand manufacturers. As well as examine how these resources must be effectively reconfigured and coordinated through strategic capabilities that possess adaptability and evolutionary potential.

Gap Identification in Existing Literature:

Identify and address gaps in the existing literature, particularly regarding the precise contribution of a firm's resources and competencies to developing a competitive advantage through ecommerce adoption.

Explore the advantages, challenges, and associated costs linked to online sales, recognizing the need for a nuanced understanding of their impact.

Capabilities and RBV Analysis:

Undertake a comprehensive analysis of organizational and individual competencies, aligning with the RBV that posits resourceful companies absorb capabilities for a competitive advantage and effective long-term performance as well as investigate distinctive IT resources and capabilities, their synergies, and variations in integrating ecommerce into business operations.

This research question aims to unravel the intricate relationship between a manufacturer's resources, capabilities, and the strategic adoption of ecommerce, providing valuable insights for both academic scholarship and practical implications in the realm of strategic management and reintermediation.

3.2.2 RQ2 – What are the challenges and opportunities anticipated by a manufacturer in implementing an e commerce reintermediation?

The emergence of e-commerce has led to a shift in the strategies employed by national brand manufacturers, as they now recognize online market entry as a viable counterstrategy (Li et al., 2019). This inquiry aims to explore the various obstacles and potential advantages associated with a manufacturer's implementation of a digital reintermediation counterstrategy in response to the increasing prevalence of private label brands. Manufacturers often choose to implement direct selling strategies as a means to improve their sales performance, strengthen brand recognition, exert control

over pricing mechanisms, establish closer relationships with customers, and conduct experimental trials of innovative products or markets.

This question is located in Wu et al (2021) observation on why in the context of certain manufacturers now adopting direct to customer sales strategies, there is some reluctance by other manufacturers to undertake such a strategy as outline in the literature review of the authors who noticed that *“Despite the success of a few manufacturer-owned stores like Apple store, the vast majority of staple goods are still solely sold through retailers. There is no discussion in the literature about why most NB producers do not want to pursue the direct channel option, despite the various benefits provided. Also, it is unclear how much the direct channel cannibalizes the reseller channel, and affects the NB’s power position in the market.”*

Gielens & Steenkamp (2019) assert that a considerable proportion of manufacturers exhibit a deficiency in generating substantial traffic and fail to attain the requisite level of brand awareness, hence impeding their capacity to effectively establish direct-to-consumer channels as a prominent catalyst for sales growth.

Aspiring national brand manufacturers, particularly established FMCG companies, exhibit a notable dearth of robust digital business cases. Recent studies have revealed that the integration of innovative digital channels by well-established companies, such as FMCG manufacturers, requires the development of additional competencies specific to these channels. In addition, doing research that investigates inquiries related to the particular competencies that businesses should commit resources to within the framework of digital transformation is of utmost importance (Verhoef & Bijmolt, 2019).

However, the implementation of a direct sales channel presents managerial challenges, namely in relation to the possibility of channel conflicts between manufacturers and retailers. Manufacturers have the capacity to engage in competition with retailers through digital reintermediation into markets traditionally supplied by retailers via manufacturer-owned storefronts and online sales (Tahirov and Glock, 2022),

Therefore, in light of this proposition, we will deal in this section of the literature review with various factors that contribute to a manufacturer’s reluctance, challenges, and opportunities available to a national brand manufacturer.

3.2.3 RQ3 – What the methods a manufacturer can implement to affect a Direct to customer reintermediation in the online channel as a counterstrategy to retain it competitive advantage in the market?

3.2.3.1 SubQ1 What are the Strategic Approaches -

Pu et al. (2020) are among the limited number of researchers who endeavour to provide an up-to-date overview of this particular area of literature. They achieve this by clearly differentiating between firstly, direct selling, secondly, agency selling, and lastly reselling as alternative formats for manufacturers to sell online. This article exclusively examines the direct selling format and explores various tactics that a manufacturer may utilize when creating a direct channel.

Manufacturers have two options, commonly referred to as "build" or "buy," when it comes to adopting this direct channel. We will explore the factors involved in each.

3.2.3.2 SubQ2 – What are the Success Metrics in DTC Industry?

The research question is included with the aim of investigating and discerning the primary elements that contribute to the success of manufacturers who employ direct-to-consumer strategies. This study aims to explore the intricate terrain of direct-to-consumer methods, examining the dynamic decision-making process that manufacturers engage in when choosing between the "build" and "buy" approaches.

3.2.3.3 SubQ3 – What are the Challenges of Direct-to-Consumer (DTC) Strategies?

The aim of asking this question was to offer a detailed and all-encompassing exploration of the opportunities and challenges difficulties linked to direct-to-consumer models. Consequently, this can provide practical insights for businesses as they navigate the direct-to-consumer (DTC) landscape and contribute to the scholarly comprehension of the changing dynamics within the domain of direct-to-consumer digital reintermediation.

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

4.1 Research design and methodology

The objective of this study was to gain a comprehensive understanding and significant insights into the competitive dynamics between makers of national brands and private label products. This will facilitate an assessment of the difficulties and possibilities faced by national brand manufacturers when they use a direct-to-consumer channel as a strategic reaction to the growing prevalence of private label brands. The study aims to examine the resources and competencies that national brand manufacturers have or do not have, in order to facilitate their digital reintermediation into the supply chain.

This chapter elocutes the methodological aspects of our study in connection to our research objectives. Initially, we present our philosophical perspectives and our selection of a relativist ontological paradigm as the fundamental philosophy that guides our efforts. Within this segment, we present our justification for selecting a qualitative exploratory research design and examine the appropriateness of employing inductive reasoning in our study's specific circumstances. Subsequently, we outline the techniques employed in conducting our literature review. Subsequently, we provide a comprehensive elucidation of the methodologies employed for the collection and analysis of data. We prioritize the ethical and quality issues that pertain to our work and outline the methods we have implemented to ensure strict adherence to established standards.

4.2 Research Philosophy

The primary focus of research in philosophy revolves around the ontological positions and epistemological methodologies adopted by researchers in their projects. The concept of ontology pertains to the inquiry into the fundamental nature of reality, and as such, it can be extended to address the inquiry into the characteristics and attributes of our universe (Saunders et al., 2019). The field of epistemology, which encompasses both study and philosophy, is concerned with the investigation of how we might gain knowledge about our reality. Epistemology is a branch of philosophy that centres on the theoretical examination of the fundamental nature of knowledge and the most effective methodologies for its acquisition within the realm of scholarly inquiry. This necessitates a clear understanding of the nature of acceptable knowledge as well as an introspective examination of the epistemological foundations that underpin our understanding of knowledge (Easterby-Smith et al., 2021).

This research exploration is approached from a relativistic ontological standpoint. The underlying justification for adopting this particular method is predicated on the assumption that the nature of reality is not inherently immutable but rather emerges within a social framework comprised of the collective experiences and subjective viewpoints of individuals. Moreover, the perception of reality is contingent upon the unique vantage point of the observer. Hence, the relativistic research ontology acknowledges the existence of several facts that are still to be uncovered (Easterby-Smith et al., 2021).

In relation to this study, it is important to recognise that the feasibility of a national brand manufacturer's digital reintermediation and the necessary resources and capabilities needed to maintain a competitive edge against the increasing presence of private label brands are contingent upon the unique perspectives and experiences of interview participants. Subjective, individual, and qualitative criteria are deemed most suitable in this context since they necessitate the exploration of many perspectives, narratives, and social contexts that shape individuals' experiences of reality (Saunders et al., 2019).

The purposive sample strategy utilised in this study on participant selection effectively addresses this objective by ensuring the inclusion of diverse perspectives and personal experiences in our data collection procedure.

Regarding the field of epistemology, our study paradigm of choice is interpretivism. Interpretivists advocate for the perspective that a singular event has the potential to generate various interpretations, hence aligning with a relativist ontological position. They maintain the viewpoint that the acceptance of a universal, quantifiable truth is lacking. Instead of attempting to apply information universally to a whole population, scholars who subscribe to the interpretivist perspective strive to cultivate a more profound comprehension of a phenomenon and its complexities within its particular context. (Creswell & Creswell, 2007) propose the use of a social constructionist research paradigm. This paradigm is distinguished by its inductive nature and its inclination towards a qualitative research strategy that entails deliberately selecting small samples.

The utilization of a positivist paradigm directly opposes the epistemology of interpretivism. We have deliberately chosen not to embrace a positivistic methodology, which aims to assess established assumptions by employing quantitative measurements to either confirm or refute them in order to legitimize ideas. Due to the exploratory nature of our research issues, a positivist technique is not suitable for our research. These challenges necessitate a more profound comprehension of customers' subjective experiences and viewpoints surrounding their selections regarding direct-to-consumer

(DTC) sales channels. Furthermore, the positivistic viewpoint posits that reality possesses an inherent objectivity and can be quantitatively assessed, so conflicting with our relativistic ontological position (Easterby-Smith et al., 2021).

4.3 Purpose of Design

When formulating an academic study, researchers must consider many research design possibilities that align with their research philosophical perspective, which in turn guides their methods of data collection, analysis, and interpretation. Our study design is exploratory, aligning with our philosophical perspective.

The objective of this study was to examine the feasibility of a digital reintermediation of a national brand manufacturer as a strategic response to the increasing presence of private brands. Additionally, the study aims to analyse the different resources and capabilities necessary for the manufacturer to attain a competitive advantage in this context.

Exploratory research approaches are commonly chosen when the main goal is to discover and examine new phenomena (Myers, 2019). The research approach is characterised by its tendency to develop research questions using interrogatives such as 'what' or 'how', as exemplified in our investigation (Saunders et al., 2019). Exploratory research is a type of investigation that aims to explore research questions rather than provide complete solutions to existing problems. Usually, this action is carried out to investigate a problem that has not been fully defined yet. Brown (2006) states that exploratory research is primarily concerned with investigating newly emerging themes that have not been extensively studied before.

In this study, the researchers aim to investigate the continued growth of private label brands and their impact on the competitive advantage of national brands in the retail market, as well as how a national brand manufacturer can implement a digital reintermediation counterstrategy to sustain its competitive advantage. Throughout this research, it was important to maintain a mindful approach, as suggested by Saunders et al. (2019), and remain open to altering the initial direction of the study based on new information or insights that may arise.

Sandhursen (2000) differentiates between exploratory and explanatory research by asserting that exploratory studies offer a range of potential causes and alternative approaches for addressing a specific issue, whereas explanatory studies aim to identify the definitive information that constitutes the singular solution to an established research problem. To clarify, the exploratory research design solely focuses on investigating research questions and permits subsequent inquiries, while the conclusive

research style endeavours to provide definitive outcomes for the ongoing study.

4.4 Research Strategy

This research study will adopt an embedded case study technique as a result of the exploratory research design that we will be employing. According to Yin (2018), the utilization of a case study might be employed as a method to facilitate an exploratory research design. Furthermore, an embedded case study refers to a type of case study that incorporates multiple sub-units of analysis. The embedded case study approach, akin to a case study, offers a framework for incorporating both quantitative and qualitative methods inside a unified research study (Scholz & Tietje, 2002).

Nevertheless, the process of identifying sub-units enables a more comprehensive and in-depth examination. The embedded case study design is a type of empirical investigation that is suitable for descriptive research. It is particularly useful when the objective is to provide a detailed description of the characteristics, context, and progression of a particular occurrence.

The case study research methodology is predicated upon the utilisation of many sources of evidence in order to enhance the comprehensiveness and depth of data collection. This approach aids in consolidating a diverse range of data to foster comprehensive knowledge through triangulation, hence bolstering the validity of the research (Merriam, 2018). One notable advantage of this methodology lies in its capacity to integrate many sources of knowledge, encompassing documents, interviews, and artefacts such as technology or tools.

Triangulation is defined as “*the combination of methodologies in the study of the same phenomenon*” (Denzin, 1978, pp. 294–307).

The reliability and validity of our study were ensured through the implementation of a triangulation approach. This approach involved the utilization of both qualitative and quantitative methods, which were applied across different levels and units of analysis.

At the individual level, the research employed semi-structured interviews as a method to obtain comprehensive and detailed insights into the experiences and perceptions of the participants in the unit of analysis.

At the organisational level, this research study employed market industry reports to investigate the effects of specific interventions in the FMCG industry. These market industry reports provided valuable insights into the impact of the interventions on the organisations under study. This analysis allowed for a comprehensive understanding of the outcomes and effectiveness of the interventions at the organisational level. To

ensure the reliability and validity of our findings, we employed a triangulation approach by integrating data from multiple levels and units.

This methodological strategy was implemented to mitigate the potential drawbacks and constraints associated with relying solely on a single method or level of analysis. By incorporating diverse sources of data, we aimed to enhance the robustness and comprehensiveness of our results. The integration of findings from various sources enhances the internal validity of our study and facilitates a more nuanced and comprehensive interpretation of the research questions under investigation.

According to Yin (2018), the utilisation of case studies is favoured for analysing current events, particularly in situations where it is not possible to influence the relevant behaviours. The utilization of the embedded case study approach is especially applicable when analyzing a setting in which the distinctions between the phenomenon under investigation and its surrounding context are not readily discernible.

Given the interpretive attitude used in this study and the research questions, the embedded case study methodology is considered the most appropriate approach to employ. Case studies are a research methodology characterised by a comprehensive analysis of a specific geographic area, organisation, person, or event (Bryman & Bell, 2019).

The primary objective of this study is to investigate an e-commerce adoption counterstrategy by a national brand manufacturer, through its resources, and competencies against the proliferation of private label brands. In this research, the embedded case study methodology will be employed to conduct a focused analysis of a prominent FMCG company in Africa operating in the fast-moving consumer goods industry.

Embedded case studies encompass the examination of several units or objects of analysis, extending beyond the confines of qualitative analysis alone. The examination of many pieces of evidence is conducted, in part, through the analysis of distinct subunits that emphasize various significant facets of the case. In the context of an organizational case study, the primary entity under examination could be the entire company, while the subordinate entities may encompass departments or even subsets of persons, such as owners and employees. It should be noted that the utilization of an embedded case study methodology provides the opportunity for employing a variety of methodologies within the subunits. Therefore, according to Scholz and Tietje, (2002) it is possible to construct hypotheses, collect quantitative data, or apply statistical analyses.

The investigation will specifically concentrate on the subunits of the FMCG company, being its employees for purposes of gaining an understanding and their insights into the feasibility of a manufacturers digital reintermediation strategy as a countermeasure against the proliferation of private label brands.

The primary aim of our research is to gain a comprehensive understanding of the resources and capabilities that have been employed, as viewed through the lens of the resource-based theory.

4.5 Methodology:

The field of research methodology can be broadly categorized into two main approaches: qualitative and quantitative research (Bryman, 2006; Blaikie, 2006).

Quantitative research is a research methodology that prioritises the quantification of data and elucidates the interconnections between variables using a deductive approach. In contrast, qualitative research entails the systematic observation and analysis of individuals' behaviours and verbal expressions in order to gather, analyse, and interpret data. The observations and assertions exhibit qualitative characteristics or lack standardization. Hence, the process of quantifying qualitative data can only be accomplished after its translation (Theron, 2018).

The qualitative research technique places emphasis on employing a logical approach to the interaction between theory and study (Bryman, 2006).

Qualitative researchers have a variety of approaches at their disposal to gather data, each with different levels of suitability depending on the unique goals of the study. Qualitative researchers frequently utilize fieldwork, interviews, and observations as their favoured methodology (Myers, 2020). These three approaches all include researchers interacting with persons and gathering data in the form of written or spoken language. The level of involvement and engagement with study participants may vary. This study employs interviews as the principal approach for data collecting, supplemented by documentary analysis as a supplementary method.

4.5.1 Population

A population is a specific group of individuals, items, cases, or other types of entities that are of interest to researchers. The group to whom the findings of the study will be extrapolated is referred to as the reference population or the target population. (Lincoln & Guba 2018)

The demographic of interest for this study is a multinational corporation in the FMCG

sector that is influenced by the presence of private label retail brands.

Establishing inclusion and exclusion criteria is often part of the process of defining the population for an investigation or research. The first thing that has to be done in this procedure is to establish these criteria. For instance, one of the inclusion criteria can state that the research would not include any non-private label enterprises or non-multinational organisations that are active in a particular industry. On the other hand, the study may not include businesses that are not directly impacted by the competition that comes from private labels if the exclusion criteria state that this will be the case.

4.5.2 Sampling

The present study is constrained to FMCG enterprises that have experienced the impact of private labels and possess the potential to partake in e-commerce or are currently engaged in it.

The use of a purposive sample in this study has a distinct purpose and involves intentionally selecting participants who possess specified features or attributes that are relevant to the research aims. Saunders et al. (2019) assert that purposeful sampling is a deliberate and non-random sampling technique employed by researchers to select specific examples that possess a high degree of informational value. This method is utilized with the intention of conducting a comprehensive and thorough investigation.

Sekaran and Bougie (2019) assert that purposeful sampling is a deliberate approach employed by researchers to select a sample that maximizes the acquisition of valuable information. Within the given context, the unit of analysis pertains to a manufacturing company that is listed on the Johannesburg Stock Exchange (JSE).

The most commonly employed approach in qualitative research is the method that focuses on identifying situations that offer a wealth of information, allowing for in-depth investigation of matters that hold paramount importance to the research objective.

4.6 Data collection.

The data will be obtained through a comprehensive and thorough approach.

4.6.1 Primary Data: Interviews

To collect original data for this study, the researcher chose qualitative interviews as the chosen methodology, instead of alternative methods like fieldwork and observation. Interviews are an effective means of collecting primary data because they enable reciprocal discovery, comprehension, reflection, and explanation. In addition, they

facilitate the subjective investigation of personal experiences and perspectives (Tracy, 2019, p. 156). Furthermore, interviews provide researchers the chance to engage with customers, allowing them to acquire insights about consumer emotions and behavioural reactions within a particular context. Qualitative interviews were chosen for this study because they offer a more thorough understanding of the interviewee's perspective and the underlying concepts associated with their attitudes, beliefs, behaviours, qualities, and knowledge (Fontana, 2016, p. 24; Easterby-Smith et al., 2021).

4.6.2 Secondary Data: Documentation

In addition to conducting interviews, the researchers also employed documentation as a supplementary source of data. Documentation plays a pivotal part in furnishing accurate information and delineating perspectives pertaining to the research domain and organizations for researchers (Bogdan & Biklen, 2018).

There exist various categories of secondary data, with the primary ones encompassing documentary sources comprising both written and non-written materials, as well as survey data consisting of statistical information.

The survey data encompasses several sources, such as the government census of population, employment, and household surveys, as well as economic data. Additionally, it includes organisational surveys that focus on markets, sales, economic projections, and employee attitudes. These activities can be conducted periodically, either with consistent frequency or continuously, or they can be carried out on an ad hoc or one-time basis. These variables may also exhibit limitations in terms of sector, time, and region.

Siedlecki (2020) argues that commercial and professional groups are influential organizations in multiple industries. These entities often consist of enterprises, practitioners, and experts who collaborate to promote and regulate their respective areas. These sites often include a substantial volume of statistical data, covering both current and historical information. Organizations frequently produce extensive documentation on many aspects of their operations for internal use, which can create difficulties in terms of accessibility unless one has a position of trust within the organization. Even in such instances, the distribution of such information may still be limited. Nevertheless, it is customary for trade associations representing different sectors of industry and commerce to publish extensive statistical information regarding the activities within their particular sectors. Professional organizations also monitor different aspects of its members' professional lives, such as employment trends, commission

levels, and salary information. Siedlecki (2020) states that these bodies usually provide information through reports, which can be found in both paper and digital formats. These reports are accessible through their individual websites.

Interview guide

Following Denscombe's (2017) suggestion, the interview guide included open-ended questions that aim to obtain comprehensive and detailed responses. When conducting research, it is crucial to ask participants thorough and relevant questions that are easily comprehensible without being excessively precise.

It is essential, in the context of semi-structured interviews, to ask follow-up questions and avoid excessive structure (Bryman & Bell, 2011). Utilising follow-up questions facilitated the acquisition of more thorough responses and the collection of extensive elaborations on said responses. The interview guide is consistent with the theoretical underpinnings.

A pre-established interview guide (refer to Appendix B) was created prior to conducting interviews with the participants. Each participant is provided with an accompanying interview guide. During the interview process, the questions may not strictly adhere to the schedule, and each candidate has considerable freedom in how they want to respond. It signifies that the interview process is designed to be adaptable, with all interviewees being asked the same questions using identical terminology.

4.6.3 Data Gathering Process

The data was collected by way of semi structured interviews using an interview guide (being the research instrument). The ethical clearance was cleared by GIBS on 30 August 2023. The interviews commenced on 4 October 2023. The longest interview lasting 1:10 hours and the shortest interview 28 minutes in total six interviews were conducted as part of the data gathering process.

All interviewees were required to sign informed consent letters prior to the commencement of the interview in order for each interviewee to familiarise themselves with the contents of this inquiry. To assisted to preserve time as by the time the interview commenced the participants were already familiar the inquiry and therefore satisfied to sign the informed consent letter.

By virtue of the fact that this research followed the interpretivist approach of data gathering, each interviewee was allowed to communicate their experiences and interpretations (Bell et al, 2018). As seen in annexure Appendix B, the questions were

open ended to allow for a data gathering that enable free expression and their own lived experiences and understanding of the research question.

All interviews were conducted via Microsoft Teams video conferencing which was a convenient manner to collect data due to competing tight schedules of interviewees and improved flexibility as no travel time was required. These observations align with Bell et al (2018) views on non-face to face interviews.

The consent form also included an agreement that the interviews could be recorded and transcribed for data analysis purposes. As such the interviews were indeed recorded using Microsoft Teams recording function.

4.7 Data Preparation

After each interview, the researcher retrieved and transcribed the audio recordings while simultaneously listening to the recording to identify and rectify problems in accordance with the audio files. Bell et al 2018 suggests that transcribing the interview promptly can improve the validity of the data. The transcription was promptly completed shortly after the interview as soon as it was feasible. This aided in recalling the transcript when the researcher's memory of the interview was still vivid. Subsequently, the researcher carefully examined the transcript with the purpose of anonymizing and eliminating any identifying details. This step is the initial stage of the thematic analysis, following the guidelines proposed by Braun and Clarke (2006).

4.8 Ethical Considerations

The importance of ethical considerations in research is emphasized by Bryman and Bell (2019). In order to achieve this purpose, the researcher acquired informed consent from the interviewees, ensuring that their information would be kept confidential, refraining from any kind of fraud, safeguarding the collected data, conducting the research in an unbiased manner, addressing any potential biases, declaring any conflicts of interest, and treating the participants with respect. Compliance with ethical principles is crucial for maintaining the researcher's and institution's reputation, as non-compliance can lead to potential injury to participants, harm to the researcher's standing, and legal repercussions. It is crucial to prioritise data protection, maintain objectivity in research, and openly disclose any conflicts of interest.

Consequently, every participant had to sign an informed permission form at the beginning of the interview. The researcher conducted audio recordings of the interviews and subsequently transcribed them. The participants provided informed consent for the audio recording, transcription, retention, and release of the research report. An

annexure containing a standardized consent form is included.

The data was anonymized and reported without any identifiable information about the participants or their organizations. In accordance with GIBS regulations, the gathered data will be electronically saved on the researcher's personal cloud for a minimum duration of 10 years.

4.9 Data analysis

According to Saunders et al. (2019), there exist three distinct research philosophies, namely deduction, induction, and abduction.

Induction can be considered a contrasting approach to deduction, as it prioritises the accumulation of data and empirical evidence in order to formulate novel and unverified conclusions. When employing an inductive strategy to investigate a certain area, the researcher does not have any preconceived literature in mind. This phenomenon has the potential to foster the emergence of novel concepts and overarching insights that transcend the constraints imposed by prior knowledge (Saunders et al., 2019).

Abduction is a cognitive process that combines elements of deductive and inductive reasoning. Deduction is the process of gathering information by utilising a pre-existing theory as a framework, whereas induction involves the utilisation of evidence to develop a theory. In order to construct a novel theoretical framework through the utilization of an abductive methodology, it is imperative to incorporate existing scholarly investigations and engage in a cyclical interchange between theoretical constructs and empirical evidence during the course of inquiry (Saunders et al., 2019). The utilization of a qualitative strategy that thoroughly investigates the subject matter has been accomplished (Bryman & Bell, 2019; Denscombe, 2018; Saunders et al., 2019).

According to Saunders et al. (2019), the deductive research approach entails the utilisation of existing theories and information to generalise from the general to the specific. The quantitative approach is characterised by the use of precise measurements and a defined technique. This approach is often associated with the deductive approach, as noted by Denscombe (2018).

The study methodology adhered to the recommended procedures outlined by Braun and Clarke (2006). The researcher acquainted themselves with the data by meticulously scrutinizing the transcripts while simultaneously listening to the audio recordings of the semi-structured interviews. During this method, all identifiable information was altered or eliminated to ensure the anonymity of the collected data. According to the findings of Bryman and Bell (2019), it is recommended to employ an inductive technique as the

suitable analytical method for this study, given its exploratory and qualitative characteristics. This element aligned with the study objectives, which aimed to obtain fresh insights by taking into account the perspectives of the participants.

Braun and Clarke (2006) suggest using the inductive method, as described in their research, to generate initial or "first-order" codes. They propose shifting to a deductive approach by employing a theoretical framework, as explained by Klag and Langley (2013). The main codes in question are a series of succinct statements that utilize the language employed by the players themselves. These codes are generated from the significant units taken from the statements made by the participants. Following that, the second stage of coding commences, which entails merging the codes obtained from the original coding process. The deductive analysis was initiated at this juncture, applying a deductive analytical approach utilizing a conceptual framework. Klag and Langley (2013) found that using the deductive phase was suitable for this qualitative research since it allowed for the extraction of theoretical meaning from the participants' unique experiences.

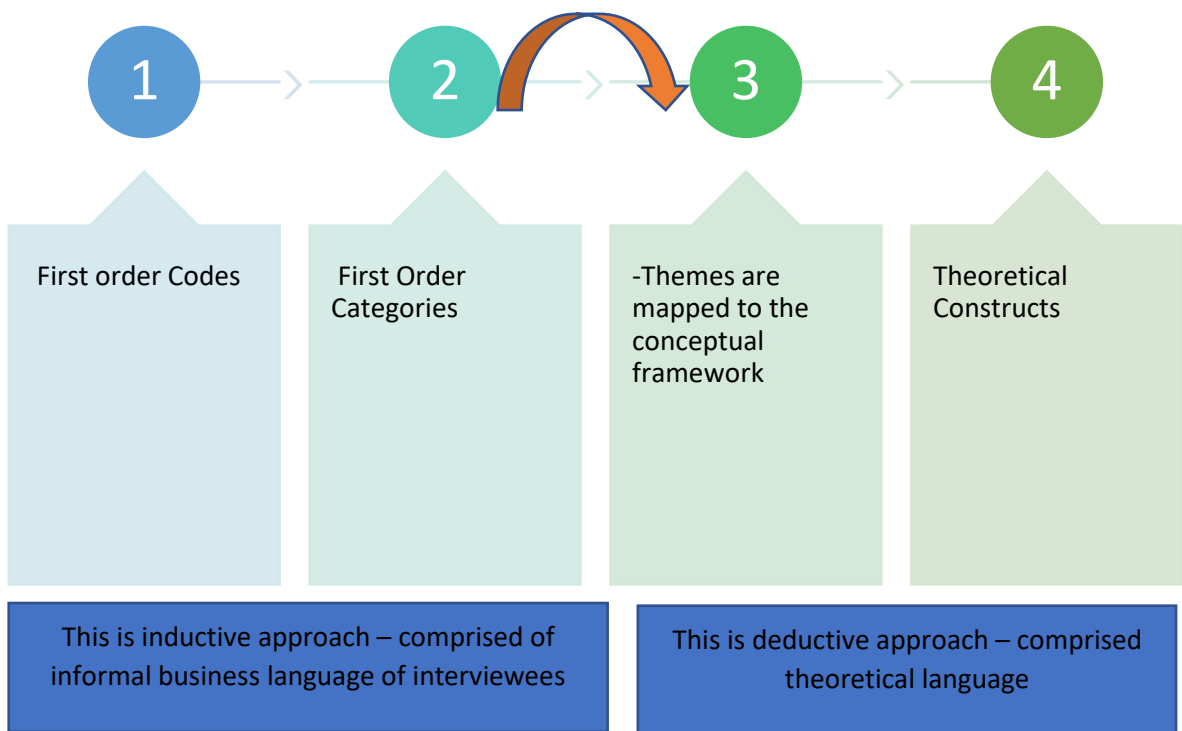
The transcripts obtained from the six interviews were uploaded onto Atlas.ti, a software application employed for data analysis. The analysis incorporated a methodical coding approach comprised of four sequential steps. In the initial analysis, the participant transcripts were coded in Atlas.ti using an inductive technique. The inductive methodology utilized the exact language spoken by the participants during the interview to extract meaning. The next step involved classifying the codes, which was part of the inductive technique, using the same vocabulary to define the main groups.

During the third phase, a pivotal shift was made to transition towards the conceptual framework and articulate the ideas in conceptual terms. Klag and Langley (2013) propose that their described procedure serves as a mechanism for linking empirical evidence with theory. This entails transitioning from a substantial volume of textual and other data formats that encompass the subject of inquiry to the analytical procedure. In the end, this results in the creation of abstract and clear ideas, connections, and explanations that have meaning and usefulness beyond the particular situation in which they originated. This change might be interpreted as a shift from the realm of practical application to the realm of abstract concepts (Klag & Langley, 2013, p. 150).

The study utilised a conceptual framework to effectively categorise and analyse the literature presented in Chapter 2. The content described earlier relates to the subject matter analysed in the literature study, which concentrated on the ongoing scholarly

debates around the research questions. Therefore, the deductive approach was used to ensure that the categories corresponded to the conceptual framework.

As a result, the deductive methodology was applied to examine the feasibility of a digital reintermediation counterstrategy by manufacturers, utilising the resource-based theory as a framework for analysing the obtained data in order to evaluate the theory. This technique for data analysis might be characterised as a "top-down" methodology. In the context of qualitative analysis, it is common practice to employ pre-established codes for the purpose of data analysis. The codes have the potential to serve as effective organising tools, either through their rigid development or by their derivation from existing literature and theoretical frameworks, as was the case herein.



Researchers own.

4.10 Data Quality

In order to ensure that a qualitative study is trustworthy, it must meet four criteria: credibility, transferability, dependability, and confirmability. These criteria are essential for ensuring the validity and authenticity of the research (Bryman & Bell, 2019).

Criteria	Elements contributing to Data Quality and its Rigour in Research Methods and Data
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Dependability	Utilizing data triangulation among the research participants Comparative analysis of the findings in relation to the secondary data and the results reported in the literature.
Confirmability/Objectivity	Interviews were documented and audio files securely archived (with limited accessibility) for a duration of 10 years. Unidentified interview transcripts were uploaded onto the Gibs data repository.
Internal Validity (Credibility)	Conducting a rigorous evaluation of scholarly articles from reputable journals A sufficient sample size that effectively indicated data saturation The utilization of a sampling method facilitated the process of data triangulation. Valid data analysis techniques backed by the literature on research methodology
External Validity (transferability)	Consistency matrix for important literature Interview guide consisting of open-ended questions designed to mitigate bias. Chapter that provides an in-depth analysis of the research findings, substantiated by evidence in the form of quotations. 5

4.11 Limitations

The principal limitation of this research is that the researcher has not previously undertaken research of this kind. Consequently, it is highly probable that limitations in the researcher's data collection and analysis capabilities resulted from insufficient familiarity with interviewing and analysis procedures. In order to supplement their knowledge, the researcher participated in research seminars offered by the university and maintained close collaboration with the research supervisor. A researcher with greater expertise would have been better equipped to utilise their prior knowledge to mitigate the limitations, consequently attaining superior results in comparison.

In addition, the researcher acknowledges that the sample size and design have some limitations. This research is constrained to the FMCG industry due to its use of the

purposive sampling technique, which is philosophically grounded. As a result, the results cannot be extrapolated to other contexts; rather, they can only provide an explanation for the phenomenon observed within the chosen setting.

The third constraint encountered by the researcher pertained to ethical limitations. The collection of data from participants was subject to ethical constraints, including concerns regarding confidentiality, which could potentially compromise the validity of the results.

Finally, it is worth noting that the researcher commenced this research with an emerging understanding of the field of electronic commerce and its surrounding concepts.

Conclusion

The next chapter will discuss the findings from the research conducted. The utilisation of qualitative research methodologies elucidated the fundamental nature of participants' experiences, perspectives, and strategic methodologies.

The process of methodological exploration, encompassing the formulation of research design, the gathering of data, and the subsequent analysis, has established a solid and reliable basis. Therefore, the following chapter will present the outcomes that have been collected from the interviews. The findings not only demonstrate the comprehensive nature of the research but also make a valuable contribution to the wider discussion on a national brand manufacturer's digital reintermediation and the challenges associated with this e-commerce adoption.

CHAPTER 5: FINDINGS

5.1 Presentation of Findings

This section summarized the results derived from the examination of the data gathered throughout the research, as outlined in the Methodology section (Chapter 4).

The presentation of the findings is structured in accordance with the research questions as outlined in (Chapter 3).

How can a National Brand Manufacturer effect E-commerce Adoption to establish a competitive advantage over private label brand retailers?

5.2 Introduction

The section provided an in-depth exploration of the findings obtained in this research while establishing their relevance and connection to the existing literature. Through the collection of data in the form of primary interviews and documentary evidence, a comprehensive analysis is presented, considering the existing body of knowledge in the field.

This section undertook an examination of required resources and capabilities that are required for the digital reintermediation of a national brand manufacturer in light of the notable challenges and opportunities that have been discerned by manufacturers from the threat of retailers' private label brands. It sought to explore the fundamental resources and capabilities required by a manufacturer to successfully implement its digital reintermediation strategy. The findings of this section revealed that the presence of necessary technological infrastructure and a skilled workforce are imperative factors for achieving a competitive advantage within the market. The acquisition and utilisation of advanced technological resources enable national brand manufacturers to enhance their operational efficiency, streamline processes, and deliver high-quality products or services. Moreover, a skilled workforce equipped with the requisite knowledge and expertise plays a pivotal role in driving innovation, fostering creativity, and adapting to dynamic market conditions. Therefore, it is evident that the combination of technological infrastructure and a skilled workforce is indispensable for organisations aspiring to gain a competitive edge in the market.

Following this, the study investigated an optimal e-commerce adoption model to be employed in direct-to-customer strategies. By examining this model, we sought to gain a comprehensive understanding of the strategies and approaches utilised by businesses in the e-commerce sector. Through a comprehensive analysis of the aforementioned, this research aims to present a set of recommendations derived from the findings.

The results section of this research showcases a nuanced exploration of the researched phenomenon through a deliberate and comprehensive triangulation approach. By concurrently examining organizational-level interviews and data derived from a market trend statistics and reports, this study endeavours to provide a richer and more holistic understanding. The triangulation process not only affords depth and breadth to the findings but also enhances the robustness and validity of the conclusions drawn. Triangulating results from interviews and data from Statista involved comparing and contrasting information obtained through qualitative interviews with insights derived from quantitative data. This approach enhanced the validity and reliability of the findings by corroborating evidence from different sources. Carter et al. (2014) posits that analytical lenses shed light on converging patterns, divergences, and overarching themes, contributing to a multifaceted portrayal that transcends the limitations of singular approaches. This section offers a synthesized narrative that reflects the synergy achieved through triangulation across levels and units of analysis.

As such we reiterate the research questions being:

5.3 RQ1 - Resources and Capabilities

5.3.1 Introduction:

In and amongst the reasons displayed by a manufacturer reluctance to adopt a direct to customer channel, one of the factors identified was a manufacturers lack of resources and capability to successfully operate a DTC channel. This is critical in an environment that is fiercely competitive and every changing where there are transformed distribution channels of products, influencing customer behaviour and expectations. E-commerce has grown exponentially. The COVID-19 pandemic has also influenced consumer behaviour, leading to a shift towards online purchasing preferences.

5.3.2 Resources and Capabilities: Individual Capabilities

5.3.2.1 E Commerce Manager

Elia (2021) posited that the specialised role of e-commerce managers possesses a comprehensive understanding of customer needs, enabling them to respond to emerging trends and changes in both online and offline environments. However, acquiring digital skills and expertise is not easily mobile, as it requires knowledge in digital marketing. E-commerce managers must combine strategic knowledge with conventional marketing and communication methods while maintaining a comprehensive understanding of digital

technology. They must also possess specialised knowledge of digital technologies and be capable of effectively measuring and monitoring online marketing efforts. These skills are unique to digital marketing specialists, making them highly valuable, rare, inimitable, and not readily imitable. E-commerce managers play a crucial role as an indispensable human asset for organisations, as their expertise is essential for data extraction and analysis, enabling firms to anticipate customer purchasing behaviour, propose cross-selling opportunities, and formulate effective marketing strategies.

Organisational Analysis

P2: And in terms of either E commerce capabilities...to answer your question very bluntly is we are severely under resourced in this space from a physical person perspective, right. It's highly complex dealing with multiple customers in the E commerce space, going across sales, marketing, logistics and that. So essentially the issue we have is that this is very new for any company, so there's no, there's very few e commerce managers in these different worlds."

Results of Organisational Interviews

During the process of conducting an organisational analysis, Participant 2 highlighted the difficulties associated with e-commerce capabilities, with a specific focus on the responsibilities and functions of the e-commerce manager. The participant openly recognised the organisation's substantial lack of resources in this area in terms of staff. The management of e-commerce, encompassing several aspects such as sales, marketing, logistics, and other related components, presents a significantly intricate and varied problem. The paucity of human capital possessing management skills in e-commerce across multiple industries was emphasised by the participant, who underscored that the navigation of this emerging landscape is a significant problem for firms. The scarcity of e-commerce managers in many industries poses a significant challenge due to the unique characteristics and intricacies of the e-commerce domain. The results therefore confirm the literature.

5.3.2.4 Managerial Capability

Khanin, (2022) posited that manufacturers should view the adoption of direct-to-channel (DTC) channels as a new business case or entrepreneurial venture. National brands lacking the necessary capabilities for online DTC channels can develop their skills by working with experienced entrepreneurs. This approach aligns with Barney's (1991) theory that resourceful companies absorb capabilities that help them achieve a

competitive advantage and effective long-term performance. Entrepreneurial manufacturing companies should be able to absorb e-commerce capabilities where they are lacking. Outside assistance is a valuable resource for aspiring manufacturing entities, as it is rare and hard to imitate. Working together as a team allows leadership to advance their initial cognitive representations of opportunities, making them more concrete and actionable. However, as new ventures grow, leadership may find themselves out of their depth, lacking the advanced managerial skills required for direct channel operations.

Ballerini et al. (2023b) argue that national brand manufacturers must actively adopt digital opportunities to navigate the changing competitive environment. Digital entrepreneurs have significant opportunities to create innovative business models that meet consumer needs. Managers must anticipate and adapt to change while executing transformational entrepreneurship strategies. These practices address unpredictable macroeconomic conditions and create enduring value for national brand manufacturers, ensuring they can adapt to changing consumer needs.

Organisational Analysis

P3: *“So it requires an entire new mindset around logistics around fine picking around last mile delivery and it's pretty much bolting on Mr delivery type of business onto an existing one. 2nd is expertise that don't exist. So when you are marketing, we do sales, we do all of those things, but we don't necessarily do, we're not responsible for that direct to consumer. So it's expertise that we don't have and therefore for somebody to be successful in the space, you don't want to be the redirecting the likes of the factory manager or the likes of the marketing team into building long term sustainable value add shareholder moving opportunities there and now redirecting our focus and having to learn new skills that we don't have in an area that we don't have expertise in because you can very quickly do a lot of damage in an area that you were established very good capabilities in.”*

P6: *So the way we look at the strategic roadmap is we've defined a road map, what we call the digital roadmap based on the business challenges and needs. And this was through an extensive consultation process workshop with all the different business units, categories to understand what the critical needs of the business are, what their strategies are. So that's part of a digital roadmap which is presented to EXCO and the board and that's something that we execute again. So we've got a road map that goes on for the next 5-6 years that talks about what are the key capabilities we need to implement that supports business. One of the aspects of that is the whole area around ecommerce in our context.*

Results from Organisational Interviews

P3's perspective highlights the need for a comprehensive shift in the logistical approach, specifically in terms of inventory management, order fulfilment, and last-mile delivery. This necessitates the integration of a Mr. Delivery model into an established business framework. The second finding of this study pertains to the existence of non-existent expertise. The findings indicate that while marketing efforts encompass various activities, including sales, the organisation does not assume direct responsibility for consumer engagement. The findings of this study indicate that a lack of expertise in a particular domain can significantly hinder success. It is crucial for individuals or organisations to refrain from redirecting the efforts of key personnel, such as factory managers or marketing teams, towards ventures that require unfamiliar skills and knowledge. Engaging in such activities can potentially lead to detrimental outcomes, as the absence of expertise in a specific area can result in unintended negative consequences. It is imperative to recognise the importance of focusing on areas where established capabilities exist rather than venturing into unfamiliar territories that may pose risks and potential harm to the organisation's long-term sustainable value and shareholder interests. The P3 response confirms the literature on this matter.

Furthermore, P6 highlights another critical area: that a manufacturer must take a long-term view from a strategic perspective in order to successfully adopt this channel. The participant highlights a strategic roadmap development within the organisation that is marked by the creation of a tailored digital roadmap that effectively tackles existing business challenges and fulfils identified needs. The process entails conducting thorough consultations and workshops with a wide range of business units and categories to obtain valuable insights into crucial business needs and strategies. The digital roadmap is presented to the Executive Committee (EXCO) and the board for approval, serving as the foundation for strategic execution. The roadmap identified in this study encompasses a strategic time frame of 5–6 years, delineating crucial capabilities that are imperative for facilitating the achievement of the overarching business objectives. The integration of e-commerce within the organisational context is a key focus of this strategic framework.

The findings of this study extend to the existing body of literature, particularly in the context of manufacturing companies. It emphasizes the importance for management to adopt a long-term strategic approach when allocating resources. Rather than simply redirecting individual employees who are currently focused on their core capabilities, it is crucial for management to consider the broader implications and potential challenges

associated with undertaking new tasks, such as the adoption of direct-to-consumer (DTC) sales strategies. Furthermore, the findings indicate that manufacturers are compelled to engage in reverse engineering in order to effectively cater to ecommerce customers. These customers often do not seek bulk products that manufacturers typically offer, necessitating the manufacturer to divide bulk orders into smaller quantities to better accommodate the needs of online clients.

5.3.2.6 Talent and Capability

The subsequent internal capability deemed necessary for achieving organisational success, according to Santana & Díaz-Fernández (2022), is the acquisition and cultivation of talent, coupled with the development of technical expertise. The identified capabilities are expected to play a crucial role, particularly within knowledge-intensive occupations in the computing domain, encompassing self-study, algorithms, and data analysis. The current paradigm shift necessitates that manufacturers proactively address the deficiencies in their dynamic capabilities in order to effectively adapt and thrive in the increasingly competitive landscape. This entails integrating both tangible and intangible resources, such as global information and IT management expertise, to enhance their operational flexibility and resilience.

Organisation Interview Analysis

P6 *“OK, so the capability that you need is the resources that you need are people that understand the technology because the technology that you can then going to build, let's say we create our own platform. So we have complete ownership of the end-to-end value chain.*

P6: *“the second part is to take bold the data processing capability, that analytical capability on top of that, that then allows us to mine the data for looking for trends, patterns, behaviour analysis, et cetera, et cetera, skill set for the first one is you need people with skills and capabilities in terms of building ecommerce platforms, payment processing.*

P6: *“those technologies, the data side of it is you need people like data analysts, data scientists, that can throw all through the data, do hypothesis testing, create models or behaviours.*

Results of Organisational Interviews

P 6 confirmed and emphasised the utmost significance of acquiring the requisite capabilities and resources for the effective execution of e-commerce endeavours. The

identification of a comprehension of pertinent technologies was deemed essential since it directly impacted the creation of a tailored platform. Additionally, the participant emphasised the need for data processing and analytical ability. These capabilities enable national brand makers to efficiently extract data for the purpose of spotting trends and patterns and undertaking behavioural analysis.

Regarding the necessary abilities, P6 emphasised the importance of persons possessing knowledge in constructing e-commerce platforms and managing payment processing systems. Furthermore, the participant underscored the pivotal significance of data analysts and data scientists in managing the data produced by diverse technologies. These individuals are essential in the thorough analysis of data, the implementation of hypothesis testing, and the creation of models or patterns of behaviour. The individual's proficiency is considered crucial in deriving significant interpretations from the large volume of data generated by modern technology.

The aforementioned observations made by P 6 serve to strengthen the significance of internal skills, including talent and technical experience, in effectively managing the intricacies associated with the deployment of e-commerce. The congruence between these talents and the changing requirements of the digital environment emerges as a crucial determinant for firms aiming to achieve effective performance in e-commerce.

5.3.2.6 Resources and Capabilities: Organisational Resources

Pivoting from the analysis of internal capabilities, we will now look at the necessary resources required in a national brand manufacturer to effectively digitally reintermediate itself to establish an DTC online channel.

5.3.2.6.1 Big data analytics in E-commerce

Akter and Wamba (2016) argue that big data analytics is a distinctive capability that is integral to the success of high-performing business processes, effectively meeting diverse business needs. The interconnection and mutual benefit of various organisational skills, including management, technology, and talent, play a crucial role in achieving firm performance. The study has identified a set of BDA skills that encompass a fusion of information technology (IT) capabilities. These skills are categorised as a third-order construct, consisting of three key components: BDA personnel expertise capability, BDA infrastructure flexibility capability, and BDA management capability.

P6: *“those technologies, the data side of it is you need people like data analysts, data*

scientists, that can throw all through the data, do hypothesis testing, create models or behaviours.”

Results of interview

P6 highlighted the significance of data-related technologies in this context. P6 emphasised the need for individuals (data scientists) with expertise in data analysis and data science to effectively handle and analyse the vast amount of data generated by these technologies. The participant emphasised the importance of conducting hypothesis testing and developing models or behaviours based on the data analysis. This insight underscores the critical role played by data analysts and data scientists in extracting meaningful insights from the data collected through these technologies. P6 confirms the literature in this regard. The results confirm the literature.

5.3.2.6.2 Data Driven Culture

The implementation of BDAMC has the potential to significantly enhance manufacturer performance. This positive effect is mediated by the presence of a data-driven culture (“DDC”). Therefore, it can be concluded that BDAMC, when combined with a DDC, can effectively contribute to improving overall manufacturer performance. In addition to the technical aspects of big data capability, it is imperative for managers to recognise the importance of exploring and enhancing non-technical elements of big data analytics (BDA) in order to optimise performance. The relationship between business data analytics maturity capability (BDAMC) and firm performance in emerging markets. Specifically, the researchers focus on the underlying mechanisms, particularly the role of data-driven culture (DDC), in shaping this relationship. The findings highlight that DDC, as a non-technical aspect of business data analytics (BDA), significantly contributes to enhanced operational and financial performance. Managers must transcend the notion that data analytics is a mere exercise or experiment and instead prioritise the core objective of gathering, analysing, and utilising data to enhance decision-making processes. The establishment of a DDC throughout the organisation is imperative for maintaining a competitive edge and enhancing overall performance. (Karaboga et al., 2022)

Organisational Interview Analysis

P6 *“So the way we look at the strategic roadmap is we've defined a road map, what we call the digital roadmap based on the business challenges and needs. And this was through an extensive consultation process workshop with all the different business units, categories, et cetera, to understand what the critical needs of the business are, what*

their strategies are. So that's part of a digital roadmap which is presented to EXCO and the board and that's something that we execute again. So we've got a road map that goes on for the next 5-6 years that talks about what are the key capabilities we need to implement that supports business."

Results of Interviews

P6 revealed that the organization's strategic roadmap, which in this case was the culmination of extensive consultation throughout the business of the organisations needs analysis. This culminated in the digital roadmap, is developed through a rigorous and careful process. The process entails the establishment of a roadmap that is tailored to address the unique challenges and requirements of the business. The formulation process involved an extensive consultation process and workshops that actively engaged multiple business units and categories. The objective of this inclusive approach is to gain a comprehensive understanding of the critical needs and strategies of the business.

The digital roadmap, which has been developed to tackle the business challenges, is subsequently presented to the Executive Committee (EXCO) and the board for their approval. The execution of this roadmap is subsequently undertaken by the organization. The results section of this research highlights the roadmap's duration of 5–6 years and its significance in achieving the overall business objectives. The roadmap outlines key capabilities that are planned to be implemented to support these objectives. The strategic planning approach employed in this study demonstrates a strong dedication to ensuring that digital initiatives are effectively aligned with the long-term goals and requirements of the organisation.

The results therefore confirm the literature.

5.3.2.7 Conclusion

An analysis of the results Internal Capabilities and Organisational Resources illuminated the challenges and advancement in a FMCG company for purposes of digital reintermediation.

The findings revealed the challenges faced by organisations in managing e-commerce, particularly in terms of staff and resources. The lack of e-commerce managers across multiple industries presents a significant challenge for firms. The study also highlights the need for a shift in logistical approaches, specifically inventory management, order fulfilment, and last-mile delivery. The lack of expertise in a specific domain can significantly hinder success, as it may lead to unintended negative consequences. It is

crucial for individuals or organisations to focus on areas where established capabilities exist rather than venturing into unfamiliar territories. A strategic roadmap developed within the organisation is essential for the successful adoption of e-commerce. This involves creating a tailored digital roadmap that addresses existing business challenges and fulfils identified needs. The process involves consultations and workshops with various business units and categories to obtain valuable insights into crucial business needs and strategies. The digital roadmap is presented to the Executive Committee (EXCO) and the board for approval, serving as the foundation for strategic execution.

Talent and capability are also crucial for effective e-commerce implementation. Knowledge of pertinent technologies, data processing, and analytical ability are essential for efficient data extraction and trend detection. Data analysts and data scientists play a critical role in managing the data generated by diverse technologies. The organisation's digital roadmap is developed through a rigorous and careful process involving extensive consultations and workshops with multiple business units and categories. The roadmap's duration of 5–6 years and its significance in achieving overall business objectives demonstrate a strong dedication to aligning digital initiatives with the long-term goals and requirements of the organisation.

We now turn attention to the notable challenges and opportunities faced by a manufacturer exploring a digital reintermediation strategy.

5.4 RQ2 – Digital Reintermediation: Opportunities and Challenges

5.4.1 Introduction

Following on from an analysis of the resources and capabilities, this section is to assess the challenges and opportunities of adopting digital reintermediation by national brand manufacturers. In response to the suggestions put forth by Wu et al. (2021) regarding future research, it is important to acknowledge their observation that while a few manufacturer-owned stores, such as the Apple Store, have achieved notable success, the majority of FMCG manufacturers continue to rely solely on traditional retailers for the distribution of their products. The existing literature lacks extensive analysis regarding the reasons behind the reluctance of national brand manufacturers to adopt the direct channel approach, despite its potential advantages as a countermeasure against the increasing prevalence of private labels.

Concomitant with the above phenomenon, there has been an increase in e-commerce transactions that can be seen as a direct consequence of the advancements in digital technology and the widespread adoption of internet-based platforms for conducting

business. The digital revolution has provided individuals and businesses with convenient and efficient means of engaging in online transactions, leading to substantial growth in e-commerce activities. The aforementioned developments have resulted in notable changes in the distribution channels for goods. The findings suggest that the e-commerce channel is expected to play a significant and influential role in the overall market, thereby shaping the entrepreneurial landscape. In this section, we present the findings of the study conducted by Song et al. (2022).

This section explored the potential benefits that a national brand manufacturer can obtain by implementing an e-commerce strategy. Additionally, it sought to investigate the reasons behind the reluctance of certain manufacturers to embrace this channel, as described by Wu et al. (2021). The aforementioned statement raises questions regarding the potential utilisation and advantages of this nascent sales channel for a traditional national brand manufacturer. Hence, it is imperative to conduct a more comprehensive examination of how this channel participant may effectively utilise the online selling platform in order to capitalise on the advantages it offers.

5.4.2 Opportunities of Manufacturers Digital Reintermediation

5.4.2.1 Generation of (Organic) Sales by Manufacturers.

Direct-to-Consumer strategies have emerged as a viable approach for manufacturers to enhance their sales generation capabilities. By adopting a digital reintermediation strategy and establishing a direct connection with consumers, manufacturers can effectively market and sell their products.

P3 "A pool of money up until this date when they purchased and then they redistributed products hasn't been affected by the largest part by ecommerce and a huge part of this is that the wholesalers and the Redistributors have now gotten, you know, huge market share in these stokvels because they deliver to rural locations, I believe when ecommerce is truly democratized, those volumes are going to move dramatically and wholesalers in South Africa are going to start needing to reorganize their business model."

P4 - "Because you must remember, also consumers in the lower end of the don't trust those platforms because they don't know it and it's how you make it relatable to them."

"If you are product like a high-end product, you will do well in those platforms, but base product, you still need the volume, the critical volume in your bottom. And so you've got to do the work there as well."

5.4.2.1 Organisational Interview Analysis

The results around this question were interesting from the perspective of the researcher and are an opportunity for further research. Simply to answer the question of organic sales generation, P3 reflected on an interesting opportunity that is emerging as well as the limitations of this option. P3 says there may be an opportunity for sales generation on the online market that is located in a newer and untapped market, which would be a rural market and economy, where 1) consumers have not necessarily engaged in or been impacted by e-commerce transactions just yet; 2) channel members, who themselves, akin to national brand manufacturers, have also not engaged in e-commerce trading options to the extent of traditional brick-and-mortar or brick-and-click retailers who could leverage the third emerging factor being 3) the stokvel market, which is in essence a uniquely South African form of crowdsourcing where groups of community members collect funds and bulk purchase goods at discounted rates from wholesalers through

With the “democratisation of ecommerce” and through the lens of emerging digitization and e-commerce transactions, organic sales may emerge through the democratisation of e-commerce platforms. As and when this happens, these wholesalers would need to adopt newer digital business cases, as previously discussed. Now, a FMCG manufacturer, by ordinary course of business, possesses vertical integration with resources related to warehousing and logistics as part of its resource repertoire. Therefore, the responses of P3 extend this theme by including newer markets and avenues to generate sales organically. As P3 mentioned elsewhere, a manufacturer simply does not have the resources and capabilities akin to those of a retailer in the form of last-mile delivery, fine picking, and small-package fulfilment.

Pivoting to P2 interview results, the interviewee was hesitant about the advantages a FMCG manufacturer's digital reintermediation strategy would serve. This was more in the context of the grocery channel comprised of staple goods alongside the lower LSM consumers ordinarily making these purchases. P2's response contradicted the proposition that e-commerce channel adoption will generate sales as consumers (lower LSM) inherently mistrust these channels and don't relate to them. These platforms perform better for premium products.

5.4.2.2 Results of Industry Data

In Figure 4 below from Statista (2022) it shows interesting data regarding the state of ecommerce adoption in South Africa.

The present observation is noteworthy in light of the findings reported by Statista (2022),

which indicate a substantial uptake of ecommerce among lower LSM (Living Standards Measure) consumers in South Africa, accounting for approximately 27.7% of this demographic. This figure is particularly striking when juxtaposed with the fact that high-income individuals constitute just an additional 10% more of online expenditure users.

Fig 4: Results of Industry Data

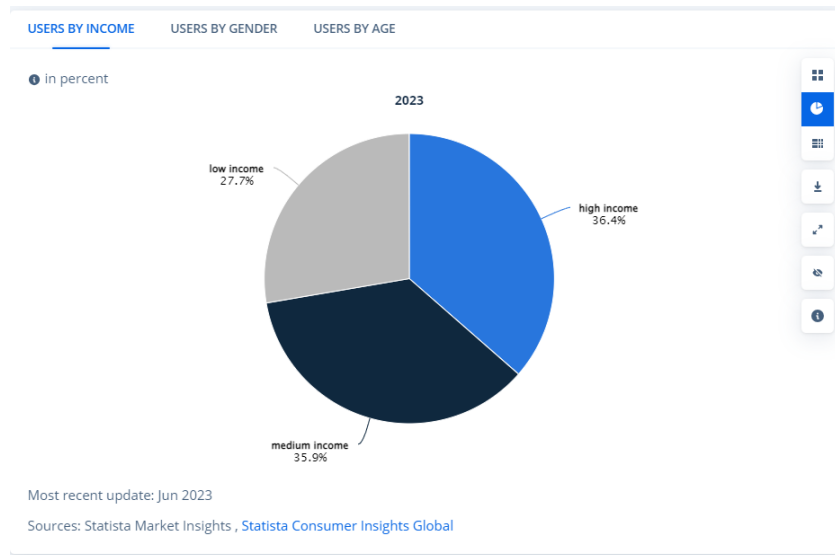


Figure 4: Results of industry data

In Figure 5 below, in the context of LSM 3-6, it is noteworthy to mention that a significant proportion, specifically 47.2%, of the target population engages in online purchasing activities. This finding indicates a considerable level of adoption and acceptance of e-commerce among individuals within this demographic.

Fig 5: Target population engages in online

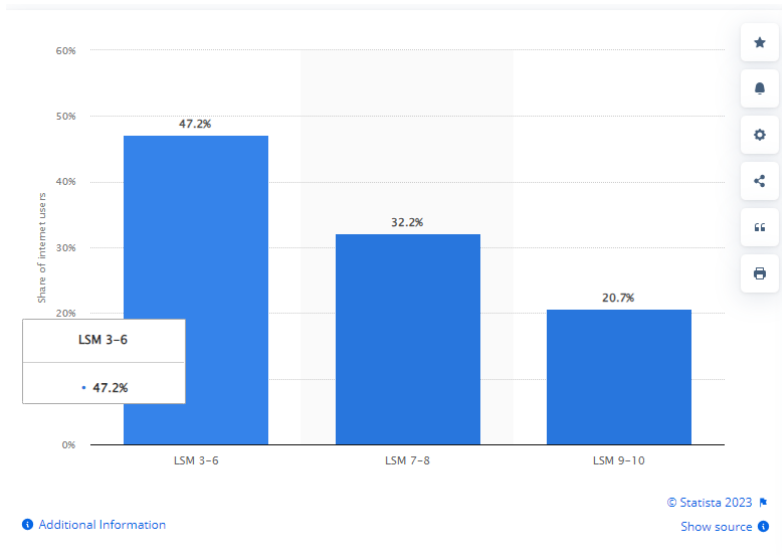


Figure 5: Target population online engagement

Furthermore, it is important to highlight that the preferred mode of payment among these online shoppers is the utilization of E-Wallets as seen in Figure 6 below. This observation underscores the growing popularity and convenience associated with this digital payment method within the studied population.

Fig 6: Preferred mode of payment

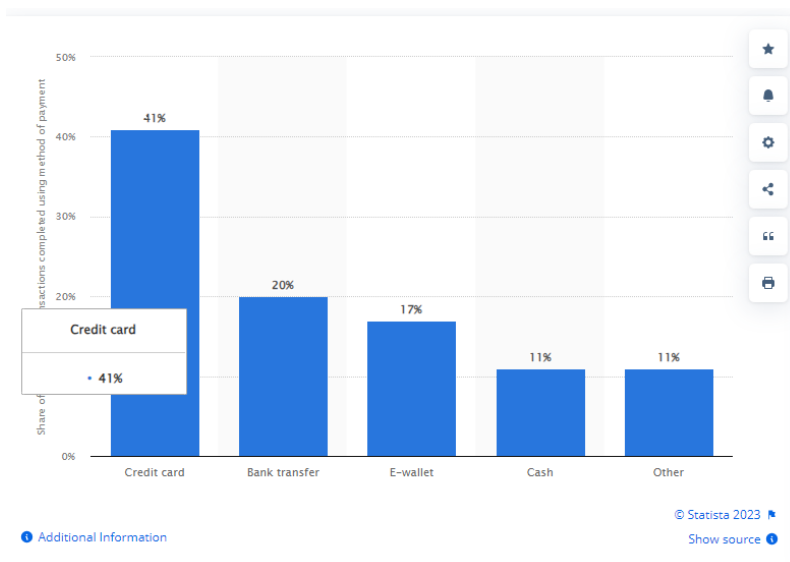


Figure 3: Preferred mode of payment

Revenue from Ecommerce - The below mentioned Figure 7 the potential of revenue generation through the adoption of ecommerce by a national brand manufacturer. It illustrates the annual progression of online transactions in South Africa, with a particular focus on the FMCG sector. The data suggests a gradual increase in various FMCG

sectors, particularly in the food category as well as beauty, health, personal care, and domestic categories. However, it is important to note that this graph lacks the provision of data segregation among the several direct-to-consumer (DTC) models that are accessible to manufacturers.

Figure 7: Revenue from Ecommerce

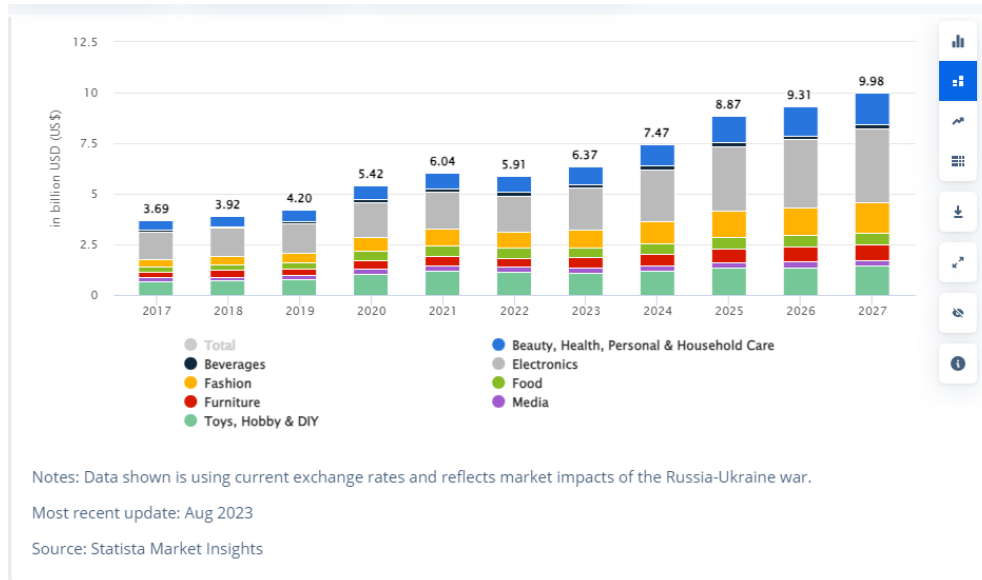


Figure 7: Revenue of Ecommerce

5.4.2.3 Implication of Triangulated results

The results of this section confirm the existing literature by demonstrating that the emergent e-commerce channel can effectively generate organic sales for manufacturers who capitalise on opportunities in untapped markets, such as the rural market. Specifically, the inclusion of stokvels, which are community-based crowdsourcing clubs, presents a unique avenue for wholesalers and manufacturers to adopt digital business strategies. These findings contribute to a nuanced understanding of the potential benefits of embracing e-commerce in emerging markets and driving sales growth.

The findings of the industry analysis reveal a substantial increase in the adoption of e-commerce transactions within the LSM 3-6 demographic. Notably, a noteworthy proportion of the target population, amounting to 47.2%, actively participates in online purchasing activities. The present finding demonstrates a noteworthy degree of adoption and acceptance of e-commerce within the targeted demographic.

This section explored the potential for revenue generation through the adoption of e-commerce by a national brand manufacturer. The objective is to assess the impact of e-commerce on the financial performance of the manufacturer and determine its ability to

generate substantial revenue. By analysing relevant data and conducting a comprehensive literature review, this research aims to provide evidence on the potential benefits of e-commerce adoption for revenue generation. Statista (2022) presents a comprehensive analysis of the yearly trends in online transactions within the South African market, with a specific emphasis on the FMCG sector. The analysis of the data reveals a consistent and progressive upward trend across multiple FMCG sectors. Notably, the food category exhibits a notable surge in growth, accompanied by significant advancements in the beauty, health, personal care, and domestic sectors. The graph presented in this analysis does not provide a comprehensive breakdown of the various direct-to-consumer (DTC) models available to manufacturers.

In this section, it was observed that P4 and the industry analysis present contradictory findings regarding the advantage of sales generation for a FMCG manufacturer. While P4 suggests a potential disadvantage, the industry analysis provides evidence supporting the notion that sales generation is indeed advantageous for FMCG manufacturers. Therefore, as far as sales generation, the interview results contradict the literature however the industry data confirms it.

5.4.2.4 Interact directly with the customers.

A direct-to-consumer channel provides the ability to engage in direct interactions with consumers. According to Gielens and Steenkamp (2019), in an online direct-to-consumer context, the primary objective can be centred around acquiring knowledge through data collection and generating customer insights, rather than solely focusing on sales (Gielens & Steenkamp 2019).

Results of Organisational Interview Analysis

P2: - *“But if we can say we know that our consumers need 10KG rice to 10-12 KG maize, maybe 2 KG's of pasta, whatever, we can build good month end mid-month bundles around, what with the consumer insights we have, and then we can think how that directly to consumer. You know that that would be a similar principle to the purity where we are curating certain bundles and selling it to the, to the, to the broader market. So it's differentiated there is it's backed up by empirical data that we have that we that we derive the insights from and then we're giving a proposition to the, to the consumers and again we will probably offer them the added value for them will be free delivery.”*

Results from Interviews

P2's input can be inferred to say that, based on consumer insights, there is a specific demand for a combination of food items. If the national brand manufacturer can interact

directly with the consumers, it can generate insights that it can use to develop effective monthly and mid-month bundles that cater to the needs and preferences of the consumers. By aligning these bundles with the identified consumer requirements, it becomes possible to establish a direct connection between the product offerings and the target consumers. The findings of this section indicate that the aforementioned principle bears resemblance to the concept of Purity.com, a national brand manufacturer category led online direct to consumer channel, wherein specific bundles are carefully selected and subsequently offered for sale to a wider consumer base. The findings of this study indicate that the differentiation strategy employed in this particular context is supported by empirical evidence. The insights derived from the available data confirm this claim.

5.4.2.5 Converting branded website into a sales channel

Over the past few years, there has been a growing trend of transforming websites into online shops, thereby utilizing them as sales channels (Gielens & Steenkamp, 2019).

Organisational Interview Analysis

P1 *"It's just a new channel and it's a digital channel that potentially we could do clever things with like you could do cross category bundles much easier, you know, so there's a lot that we can do in that Channel. It's just having a realistic expectation of its role."*

P5 – *"can direct traffic back into bricks and mortar store"*.

Results from Interviews

P1, on thoughts of the option of using a company website and converting it into a sales channel, the participant cautioned that, from their perspective, a DTC website used as a sales channel is nothing more than an additional channel, highlighting that it may have the ability to facilitate cross-category bundles and enable various innovative strategies. Simply put, this DTC channel can bring national brand manufacturer products in various categories into one place to be bundled for the benefit of consumers as a differentiating tactic. P1, however, suggested that one must be realistic about the role of this DTC channel. This notion emphasises the importance of acknowledging and accepting the limitations and capabilities of a national brand manufacturer. By doing so, individuals can avoid setting unrealistic or unattainable expectations.

Participant 5 expressed the view that the utilisation of certain strategies can effectively redirect online traffic towards physical retail stores. This observation suggests that there exists a potential for online platforms to serve as a means of driving customer footfall into traditional brick-and-mortar establishments, which can foster collaborative efforts

between the national brand manufacturer and retailer, achieving a win-win outcome.

The results were indifferent to the benefit of conversion of a website to a sales channel instead cautioning that manufacturer should adopt a cautious approach and at best the website could be used to direct feet into a traditional bricks and mortar store,

We will now look at the challenges concerning a national brand manufacturers digital reintermediation.

5.4.3 Challenges of Manufacturers Digital Reintermediation

This question was asked in light of the literature gap identified by Wu et al. (2021) that despite some manufacturers adopting direct to customer channels, there is still a notable reluctance of others not to. This section will present the results of our findings the notable areas as noted in the data of reasons that would explain this reluctance.

5.4.3.1 Strategic Intent and Adoption of Digital Business Case

Organizational Level Interview Analysis

In this section, we summarise the findings from interviews conducted within the FMCG national brand manufacturer employee community. The first theme that was identified related to a manufacturer's reluctance to adopt an e-commerce channel, as discussed by the population-based research of Verhoef and Bijmolt (2019), who posited that there is a general absence of strong digital business cases amongst national brand manufacturers who may be aspiring to adopt digital DTC channels.

P3 – *“You've got to make sure that you are turning this model on its head and you now becoming a competitor to some of your key customers, that trading relationship with the customer can become very strained if you get to scale quickly and you take him away football and you're taking away traffic out of the retail environment or from your key customers into that space.”*

P1- *“It depends on how the strategy behind this, the role that we see it playing the shift we it would require for it to be significant cannibalization. It would have to be massive cause we are big in the existing channels.”*

P2 – *“Even if a manufacturer launches its DTC channel, it can not necessarily always meet the needs of meet the needs of the consumer immediately.”*

P2 – *“But we are we as a country and where we are in terms of ecommerce and South Africa, we believed that it may not be the right thing for us to go direct to consumer now because we don't want to obviously upset any relationship, we had with our customers*

like 6060 where we seeing 70% growth month or month right, 60-70% growth, right.”

Interview Findings: P3 and P1 address a subject of notable importance pertaining to a manufacturer's deliberation on adopting a DTC channel. This situation cannot be classified as routine business operations, and it is imperative for a FMCG company to exhibit strategic intent for their strategy to yield desired outcomes, particularly during the first stages. A company operating in a highly competitive market within the fast-moving consumer products industry should consider making fundamental changes to its business perspective in terms of how it perceives and engages with its customers. Traditional FMCG companies lack effective digital business cases. Furthermore, it is crucial to possess a comprehensive understanding of the strategic objective in terms of its potential for scalability and the criteria used to judge its success. Indeed, the process of identifying appropriate indicators of success might present difficulties when viewed from the perspective of a nascent FMCG company that operates through a direct-to-consumer (DTC) channel.

P3 emphasises the need to adopt a paradigm shift in business strategy, whereby the national brand manufacturer transforms from a mere supplier to a direct competitor of its key customers. This transformation, however, may lead to a strained trading relationship with these customers, particularly if the national brand manufacturer rapidly expands its operations and reroutes their customer base and foot traffic towards its own direct-to-customer channel. Consequently, this shift in dynamics can potentially disrupt the established retail environment and impede the flow of customers towards the key customers' businesses.

The findings suggest that the impact of the strategy is contingent upon various factors, including the underlying rationale and the perceived role that online adoption is expected to fulfil. Furthermore, the extent to which significant cannibalization would occur is contingent upon the magnitude of the required shift in existing practices. Based on the user's statement, it can be inferred that the scale of the proposed endeavour would need to be substantial due to the organisation's significant presence in the current channels in and of itself.

P2 cautions that the establishment of a direct-to-consumer channel by a manufacturer does not guarantee immediate fulfilment of consumer needs.

P2 further reflects that, with the current emergent state of ecommerce adoption in South Africa, it was determined that pursuing a direct-to-consumer approach may be for now, premature. Furthermore P2 displayed a desire to maintain positive relationships with existing retail customers, particularly with regards to the significant growth observed in

the Checkers Sixty60 customer base, which has been consistently increasing to the benefit of the national brand manufacturer.

5.4.3.2 Channel Conflict

Tahirov & Glock (2022) posited that the establishment of a direct sales channel gives rise to managerial complexities, namely the emergence of channel conflicts between manufacturers and retailers. Manufacturers have the potential to engage in competition with retailers by digitally reintermediating market sectors traditionally supplied by establishing direct-to-customer channels via manufacturer-owned storefronts and online sales. Channel conflicts play an important role in multi-channel distribution systems.

Organizational Level Analysis

P2 – *“So yes, there’s a worry, there is concern that our customers [retailers] that will be upset with us and it remember if they take us off their shelves, that’s hundreds of millions of rands that we lose you know, so yeah.”*

P3 – *“So you are dealing with customer who is your customer, but also your competitor in the fact that they have their own house brand and it’s significantly puts the branded good owner at a disadvantage, right and not being able to access the end competitor.”*

Results from Interview

One of the interviewees, P2, raised concerns regarding the potential negative repercussions of displeasing their customers, particularly retailers. P2 acknowledges that the removal of their products from the shelves could lead to a substantial financial loss, potentially amounting to hundreds of millions of rands. The significance of maintaining positive relationships with retailers for the purpose of ensuring ongoing market presence and financial stability is highlighted.

In P3, the interviewee emphasises the intricate relationship between a national brand manufacturer and its customer, the retailer. This dynamic becomes even more complex as the retailer has now become a competitor by introducing their own private label brand. The current scenario presents a notable disadvantage for national brand manufacturers, as they face challenges in directly competing with their own customers in reaching the final consumer.

5.4.3.3 Cannibalisation

The concept of channel conflict is intricately linked to the aforementioned topic of channel conflict. The introduction of additional channels to a corporation's operations can have

negative consequences for its existing channels. Specifically, it was observed that this expansion may lead to a decline in sales or profitability for the pre-existing channels. This outcome suggests that the introduction of new channels does not always result in the desired synergy across channels, but rather has the potential to harm the overall performance of the firm. (Kollman et al., 2012)

Lienhard (2023), however, argued that the inclusion of online channels does not lead to cannibalization but rather enhances stock market performance and profitability. The study examines two approaches for expanding channels: creating a novel channel and enhancing distribution intensity. The implications on business value vary, with the introduction of a novel supplementary channel positively impacting the overall value of the firm, but the extent of distribution intensity depends on various factors.

Organizational Level Analysis

P4: It's not that you're a getting new sales avenue, but you only just getting shift in where people are buying their product. So it's not like you're going to eat more rice in the month. She's just buying the rice in a different platform, but in the bottom end of the market, on the other, the flip side of it is that there are other avenues."

Results of interviews

P4 expressed the notion that the introduction of a new sales avenue, such as an online store, does not necessarily result in an expansion of the customer base but rather leads to a redirection of consumer preferences in terms of product purchasing. This phenomenon entails a shift in the location or platform through which consumers choose to acquire a particular product. The findings of this study indicate that there has been no significant increase in product consumption observed over the course of a month, but rather that the consumer in question has opted to procure the product from an alternative platform. However, P4 says this choice is primarily limited to the lower LSM segment of the market. Conversely, it is important to acknowledge the existence of various alternative channels for product acquisition.

Conclusion

The section highlights the advantages of digital reintermediation for manufacturers, particularly in untapped markets like rural areas. It emphasises the potential benefits of e-commerce in reaching emerging markets and driving sales growth. The triangulated results between an interview and statistical industry data contradicted each other, indicating the lower income population groups do indeed engage in e-commerce transactions and are familiar with its systems, with 47.2% actively participating in online

purchasing. However, the analysis lacks a detailed breakdown of various direct-to-consumer (DTC) models.

The study also highlights the importance of direct interaction with customers, which allows manufacturers to gain valuable insights into specific demands and develop tailored bundles that meet consumer preferences. However, it is crucial to acknowledge the limitations of DTC channels and set realistic and achievable expectations.

The study also highlights the strategic opportunity to redirect online traffic to physical retail stores, highlighting the potential for DTC channels to complement traditional brick-and-mortar establishments. The challenges of adopting a DTC channel include strategic intent and a robust digital business case, as well as potential strain in retailer relationships. Rapid scale-up and rerouting customer traffic may lead to tensions with key customers, making it essential for manufacturers to strike a balance between direct-to-consumer initiatives and existing retail relationships.

Premature DTC adoption in South Africa may be ill-advised, as maintaining positive relationships with existing retail customers is a priority. Channel conflict concerns arise as the removal of products from retail shelves poses significant financial risks, and the intricate relationship between manufacturers and retailers becomes more complex when retailers introduce private label brands.

In conclusion, the study provides valuable insights for manufacturers navigating the evolving terrain of digital reintermediation. Balancing the advantages of organic sales growth, direct consumer interaction, and strategic redirection of traffic with the challenges of strained retailer relationships, potential channel conflicts, and the need for careful strategic intent requires a nuanced and context-specific approach.

We will now pivot to implementation methods for digital reintermediation of the manufacturer.

5.5 RQ3 Methods for Implementing Direct-to-Customer Reintermediation

RQ3 – What are the methods a manufacturer can implement to affect a Direct to customer reintermediation in the online channel as a counterstrategy to retain its competitive advantage in the market?

5.5.1 Introduction

Zhou et al. (2023) investigate the channel selection strategies of national brand manufacturers. Manufacturers have the option to adopt multiple channel choices either

simultaneously or sequentially, such as incorporating an agency channel subsequent to establishing a reselling channel. They commonly utilise two primary sales channels: direct and indirect. Manufacturers in distribution strategies establish channels, allocate resources, and exercise autonomy in pricing. Direct channels commonly employ physical storefronts or proprietary websites. This study focuses solely on analysing the optimal strategy of a direct proprietary store within the chosen research method.

Dedicated websites for established brands provide national brand manufacturers with unique benefits that are not typically available through traditional retail channels. According to Gielens and Steenkamp (2019), these benefits include obtaining direct feedback from consumers on their own platforms, gaining a more thorough understanding of consumer behaviour, and testing innovations in product development, pricing strategies, and online merchandising. Despite the advantages of these websites, there is a drawback in terms of manufacturers' ability to effectively drive traffic to these sites. This is due to factors such as limited brand recognition, challenges in achieving economies of scale for national brands, and insufficient financial resources to generate website traffic.

National brand manufacturers attempt to address this challenge by enhancing the attractiveness of their websites. They achieve this by providing a wide range of unique and high-quality products, personalised branding that is exclusive to their websites, and additional services that differentiate them from online retailers. Marketers are leveraging direct customer engagement through personalised experiences and facilitating consumer choice.

This paper examined the most effective direct channel strategy for manufacturers to engage with their target customers. This study examined the implementation of a dual channel strategy by manufacturers, specifically through the establishment of a direct sales channel on their exclusive website, in addition to their traditional retail partnerships.

Manufacturers have the option to either internally develop or externally acquire this direct adoption. As previously mentioned, the build angle leverages internal resources and capabilities to establish a direct customer channel. Lienhard (2023) posits that DTC methods are increasingly favoured by firms in the competitive online retail industry. Wirtz (2021) suggests that brands can benefit from adopting a direct-to-consumer retail model. This approach allows brands to retain the trade margin, enhance the customer experience, and gain access to up-to-date consumer data.

Additionally, pursue the acquisition of other companies. Technological progress has facilitated the emergence of enhanced distribution capabilities, thereby altering market

structures. Pasirayi and Richards (2023) noted that Nike experienced a substantial rise in direct-to-consumer sales, with figures escalating from \$2 billion in 2009 to \$12 billion in 2019. Unilever's \$1 billion acquisition of Dollar Shave Club and Procter and Gamble's skin care acquisitions exemplify the increasing prevalence of reintermediation.

The DTC channel is attractive to vertically integrated firms due to its numerous challenges and opportunities. The success of this approach is evaluated using specific metrics (Lienhard, 2023).

5.5.2 SubQ1: Strategic Approaches to adoption of DTC channel

5.5.2.1 Organizational Level Analysis

P5 *"If they if, they're not clear, then they won't invest because there's money that's required. Is IT infrastructure that needs to be invested in? There's people that need to be invested in because they're going to be focused on this. There's warehousing and distribution. If you choose to do it yourself, there's all these considerations that need to be made in order for you to be able to successfully launch what products do you launch? Do you launch as a as a standalone? Do you launch as a big manufacturer which has non competing on it or competing on it? What is the? What is that particular business model for yourselves? These are all the things that you need to know."*

P6: *"I think the view at that time was internally there wasn't enough capacity, and it would have taken too long to build it because we would be starting from scratch. So decision was made at that time to test it, use an external party because they've got already made platforms, so they've got the solution is almost ready made."*

P6: *"So my focus spend will be one is creating the platform that allows us to transact, allows customers with consumers to transact, pay for everything etcetera and do their entire process fulfilment. But I'm saying we developed that internally, but the second part is to take bold the data processing capability, that analytical capability on top of that, that then allows us to mine the data for looking for trends, patterns, behaviour analysis, et cetera, et cetera, skill set for the first one is you need people with skills and capabilities in terms of building ecommerce platforms, payment processing..."*

5.5.2.2 Results of Interviews:

1. Cost-benefit Analysis and Investment Selections:

Clarity: P5 emphasizes how important clarity is while making strategic decisions. The participant highlights that firms may be discouraged from investing in the deployment of a direct channel if there is a lack of transparency. There are a number of issues that are

unclear, such as the need for warehousing and distribution, IT infrastructure, human resources, and financial obligations.

Components of an Investment: The interviewee lists the essential elements that need to be funded, such as staff, IT infrastructure, and distribution and warehousing. The strategic choice to use a direct channel requires a thorough comprehension of the financial consequences related to these elements.

Product Assortment Adoption Strategy: P5 presents important factors to consider when planning the adoption of an online channel. Companies must choose whether to launch as a stand-alone business or as a component of a wider manufacturing portfolio. A key component of the strategic strategy is deciding which direct channel products are competitors or non-competitors.

2. Platform Development via a Hybrid Approach:

Internal Capacity Restraints: P6 sheds light on platform development from an internal viewpoint. The participant posits that the choice to investigate external partnerships was motivated by internal capacity constraints, such as those related to time and resources.

Strategic Focus on Analytical and Transactional Capabilities: The respondent describes two distinct areas of platform development attention. The main focus is on building an internal transactional platform that would enable smooth payments, transactions, and fulfilment procedures. The business recognizes the value of building audacious data processing and analytical capabilities at the same time.

P6 outlines the fundamental skill sets needed for an adoption to be effective. Developing payment processing and e-commerce systems calls for specialized technological knowledge. The firm also understands that in order to extract valuable insights from data, analytical abilities are necessary.

Recurring Themes

The significance of well-defined decision-making procedures and comprehending the complex aspects of utilizing a direct route are emphasized by both participants.

A key component of the strategic strategy is the financial component, which includes expenditures in infrastructure, human resources, and product launch tactics.

A recurrent element is the hybrid method, which combines external collaborations with internal development strengths, suggesting a nuanced approach to platform development.

Success in e-commerce platform development and data analytics is acknowledged to

require specific skill sets.

5.5.3 Conclusion

These results imply that manufacturers thinking about implementing a direct channel take a calculated and thoughtful strategy. This entails striking a balance between internal resources, skill sets, and budgetary considerations while paying close attention to both transactional and analytical capabilities to guarantee a thorough and effective implementation of the direct channel plan. This will further facilitate a “Make” or “Buy” decision.

5.6 SubQ2 – What are the Success Metrics in DTC Industry

5.6.1 Introduction

The variables that help direct-to-consumer (DTC) firms succeed are crucial to success. Internal success mechanisms involve skill development and a paradigm shift that enable a smooth and profitable DTC transition. Technology provides direct-to-consumer (DTC) channels, but its influence is limited. (Lienhard, 2023)

In the direct-to-consumer (DTC) market, delivering a wide range of products, unique offerings, exclusive items, customization, and distinctiveness is essential. According to Gielens and Steenkamp (2019), producers use personalisation to differentiate themselves from retailers.

Understanding customer categories is the key to success. Zhang et al. (2017) suggest that determining profitable product categories is critical for channel selection and marketing strategy implementation.

5.6.2 Results of Organisation Analysis

P1– “So even trial internal staff direct store, we starting to add more and more categories now some of that is because of the commercial models to make it profitable for the guys doing the logistics. But it's also about adding value to the shoppers themselves that I can get a bigger range. So the question will always be what value are you giving me to make me change my behaviour and shop or engage in a different platform?”

P3 “So if a mother came to your stop store, she could buy toiletry needs her meds and needs, as well as her nutrition needs across the [baby] portfolio from cereals to baby food etc. So from that perspective, Purity was selected for the test market.”

5.6.3 Results of Interviews:

1. Profitability and Commercial Models:

Trial of Internal Direct Store: According to P1, the company is trialling a direct store format. The purpose of this trial period could be to learn about the intricacies and difficulties involved in running a direct store.

Influence of Commercial Models: The participant admits that commercial models have an impact on the direct store's category expansion. The range of products available through the direct store is determined in part by logistical suppliers' profitability concerns.

Shoppers' Value Proposition: The value offer for consumers is at the centre of the debate. The participant highlights the need to provide value to encourage customers to interact with the direct store and alter their behaviour. This focuses on enhancing the complete buying experience and considers factors other than just commercial ones.

2. All-inclusive Shopping Experience:

Diversification of Products within the Category Portfolio: In order to provide a comprehensive shopping experience through a category direct channel, P3 emphasises the direct store's expansion of product categories. In the given example, a woman can buy a variety of products from different product lines, such as diapers, prescription drugs, and infant food requirements.

Product Selection Strategy: The choice to include particular products, such as those from the baby store portfolio, in the test market suggests a methodical approach to choosing products. This is consistent with the objective of meeting a wide range of requirements within a certain category.

Common Themes

The conscious attempt to offer a varied range of offerings is reflected in the discussion between both sides over the strategic expansion of product categories in the direct store.

A key factor in decision-making when choosing a product selection is profitability, which includes commercial models and the effectiveness of logistics.

One important factor that comes into play is the emphasis on giving consumers value. The value proposition considers factors other than financial ones that may have an impact on customer behaviour and promote interaction with the direct business.

The strategic selection of particular product categories is in line with the objective of satisfying the numerous demands of the consumers, which includes mothers with a range of shopping needs.

The findings confirm the literature in that a successful manufacturer online store should have an array of products and be differentiated.

5.6.4 Conclusion

The study suggests that businesses using a direct store model should focus on developing a compelling value proposition for shoppers, considering factors such as logistical efficiency, profitability, and strategic product selection. Understanding consumer behaviour is crucial for the strategic expansion of direct retail products. Financial considerations, such as personnel, IT infrastructure, human resources, and financial commitments, are essential for the strategic decision-making process.

The product assortment adoption strategy involves deciding whether to launch as a standalone business or part of a wider manufacturing portfolio. A hybrid approach is recommended, focusing on internal transactional platforms and enhancing data processing and analytical capabilities.

The success metrics in the direct-to-consumer (DTC) industry include understanding the complexities and challenges associated with managing a direct shop, prioritising the provision of value to stimulate customer engagement, and diversifying product categories within the portfolio.

The formulation of a product selection strategy involves strategically choosing particular product categories to address a diverse array of consumer requirements. Common themes include providing a diverse selection of products, considering profitability, delivering value to consumers, and meeting varied consumer expectations.

In conclusion, businesses using a direct store model should focus on developing a compelling value proposition, considering financial considerations, and focusing on customer behaviour and engagement.

With this we now turn our attention to a discussion of these findings.

CHAPTER 6: DISCUSSION

6.1 Introduction

This section explored the findings in Chapter 5 and their connection to the existing literature, providing a comprehensive analysis in light of the existing body of knowledge. In this study, we investigated the resources and capabilities of a manufacturer's digital reintermediation as a potential solution to the increasing prevalence of private label brands. By analyzing data from various angles, we aimed to gain a comprehensive understanding of the resources and capabilities necessary for a national brand manufacturer to successfully implement this counterstrategy. The subsequent section delved into a comprehensive discussion regarding the noteworthy challenges and opportunities observed by manufacturers. In this section, we delved into the essential resources and capabilities that a manufacturer must possess to effectively execute its digital reintermediation strategy. These included the necessary technological infrastructure and a skilled workforce, both of which were crucial for attaining a competitive advantage in the market. Following on from this, we studied the optimal ecommerce adoption strategy for a national brand manufacturer.

6.2 RQ1 – Resources and Capabilities

6.2.1 Requisite DTC Channel Resources and Capabilities: Individual Capabilities

6.2.1.1 Ecommerce Manager

The role of e-commerce managers encompasses a comprehensive understanding of customer needs, allowing them to effectively adapt to evolving trends and shifts in the online and offline realms. By possessing a broader perspective, these professionals are well-prepared to promptly and flexibly address emerging requirements. In addition, it is important to note that the acquisition of digital skills and expertise by an e-commerce manager is not easily attainable, as it requires a deep understanding and knowledge in the field of digital marketing. In addition, it is crucial for e-commerce managers to possess the capacity to integrate strategic knowledge with traditional marketing and communication approaches while also upholding a comprehensive comprehension of digital technology. For a national brand manufacturer to be successful with this digital reintermediation, it is imperative that they possess the ability to accurately assess and track the success of their online marketing initiatives. This capability is crucial in order to gauge the effectiveness of various strategies and tactics employed in the digital realm.

By implementing robust measurement and monitoring mechanisms, businesses can gain valuable insights into the performance of their online marketing campaigns. This allows them to make informed decisions and optimise their efforts to achieve the desired outcomes. Therefore, the ability to effectively measure and monitor online marketing endeavours is a vital aspect that organisations must possess in order to thrive in the digital landscape. In their recent study, Elia et al. (2021) investigated the phenomenon under examination. The authors conducted a comprehensive analysis to explore various aspects related to the topic.

The talents delineated in this assertion exhibit specificity and are characteristic of a digital marketing specialist, specifically individuals occupying positions such as e-commerce managers. The presence of these skills is not commonly detected among individuals who possess the traditional skill set of marketers or sales professionals. Therefore, it can be argued that the competencies exhibited by an e-commerce manager within a digital environment hold significant value, as they are both rare and difficult to imitate. These competencies are considered to be unique and not easily imitated by others in the industry. The assumption made in this statement is that the e-commerce manager plays a crucial role in an organization as an indispensable human asset. This assumption is based on the belief that their expertise is essential for coordinating data extraction and analysis. By assuming this role, the e-commerce manager is expected to contribute significantly to the organization's success in the realm of e-commerce.

The ability of firms to anticipate customer purchasing behaviour, propose cross-selling opportunities, and formulate effective marketing strategies is a crucial aspect of today's business landscape. By leveraging advanced data analytics and predictive modelling techniques, firms can gain valuable insights into customer preferences and tendencies. This enables them to proactively identify potential buying patterns and tailor their offerings accordingly. Additionally, the identification of cross-selling opportunities allows firms to maximise their revenue potential by suggesting complementary products or services to customers. Furthermore, the formulation of effective marketing strategies based on customer behaviour analysis ensures that firms can allocate their resources efficiently and target the right audience with the right message. Overall, the utilisation of these techniques empowers firms.

The results confirm the literature of Elia (2021), and it is evident that there exists a significant lack of resources in the specified domain, particularly in terms of human capital. The management of multiple customers within the e-commerce sector presents a highly intricate challenge that spans various functional domains, including sales, marketing, and logistics, among others. The primary concern at hand pertains to the

novelty of this concept within the corporate landscape, resulting in a scarcity of e-commerce managers across various industries.

6.2.1.2 Requisite DTC Channel Resources and Capabilities: Managerial Capability

The concept of a manufacturer's digital reintermediation, specifically in terms of adopting a direct-to-channel approach, warrants examination as a novel business case or potentially an entrepreneurial endeavour. In the context of national brand manufacturers seeking to establish an online direct-to-consumer channel, it is worth considering the potential benefits of collaborating with experienced entrepreneurs possessing DTC expertise. This approach allows manufacturers lacking the necessary capabilities for operating an online DTC channel to enhance their abilities through knowledge transfer and practical engagement with more seasoned industry professionals. As Khanin et al. (2021) posited, by leveraging the expertise of these entrepreneurs, national brand manufacturers can effectively navigate the complexities associated with establishing and managing an online DTC channel, thereby augmenting their overall operational capacity in this domain. This statement aligns with the perspective put forth by Barney (1991), who posits that organisations with a strong capacity for resource absorption are able to acquire and integrate valuable capabilities, thereby attaining a sustainable competitive advantage and yielding favourable long-term performance outcomes. Hence, it is imperative for an entrepreneurial manufacturing company to possess the capacity to assimilate e-commerce capabilities in instances where it is deficient in such resources. Ballerini et al. (2023b) emphasize the importance of national brand manufacturers embracing digital opportunities to navigate the competitive landscape. Digital entrepreneurs can create innovative business models that cater to consumer needs. Managers must anticipate and adapt to change while executing transformational entrepreneurship strategies to address unpredictable macroeconomic conditions and create lasting value for national brand manufacturers.

The findings confirm Song et al. (2022) posit that external support plays a crucial role in the success of emerging manufacturing enterprises, as it possesses attributes that are deemed valuable, scarce, and difficult to replicate or replace. Collaborative efforts within a team setting can potentially facilitate the progression of cognitive representations held by the leadership of a manufacturing organization. These representations, initially characterised by their imperfections and vagueness, have the potential to evolve into more tangible and feasible opportunities over time. In the context of expanding new ventures, it is worth noting that leadership may encounter challenges when confronted with the need to manage direct channel operations. This predicament arises from the

potential mismatch between the leaders' existing capabilities and the advanced managerial skills demanded by such operations.

The successful implementation of last-mile delivery necessitates a comprehensive shift in the logistical framework, particularly with regards to fine-picking. This entails incorporating the principles and practices of a delivery logistics partner, thereby augmenting an already established business model. The second issue under consideration pertains to the existence of non-existent expertise. In the realm of marketing, various activities, such as sales and other related functions, are undertaken within a national brand manufacturer. However, it is important to note that the direct-to-consumer aspect does not fall within the purview of responsibility for these employees. The absence of expertise in a particular domain poses a significant challenge for manufacturers aiming to achieve success within that realm. It is undesirable for individuals, such as factory managers or members of the marketing team, to divert their attention towards the development of enduring, value-added opportunities for shareholders in an area where they lack proficiency. This redirection of focus necessitates the acquisition of unfamiliar skills, thereby exposing the organisation to potential harm due to the rapid erosion of its established capabilities in that specific area.

6.2.1.3 Resources and Capabilities: Organisational Resources

Transitioning the focus from the level of the individual to the corporate level, additional studies highlight distinct competencies of businesses, such as information technology capabilities, advanced data analytics abilities, strategic dedication, and a data-centric culture. These competencies are important for firms across all sectors to proficiently participate in electronic commerce (Karaboga et al., 2022).

6.2.1.3.1 Big data analytics in E-commerce

A resource a national brand manufacturer will need is big data analytics, which has distinct capabilities for enhancing the performance of business processes and meeting diverse business needs. This has been subject to debate. The interconnectivity and mutual benefits of various organisational skills, including management, technology, and talent, play a crucial role in achieving firm performance. The identified BDA skills encompass a fusion of information technology (IT) capabilities, which can be categorized as a third-order construct. This construct comprises three key components: BDA personnel expertise capability, 1) BDA infrastructure 2)flexibility capability, and 3)BDA management capability. These components collectively contribute to the overall BDA skills required for effective implementation and utilisation of big data analytics (Akter and Wamba 2016)

The acquisition of specialised skills, including technical, analytical, and governance capabilities, poses significant challenges for manufacturers aiming to effectively implement a big data strategy. Additionally, the establishment of networked partnerships is crucial in order to address these difficulties. Furthermore, the task of identifying an individual who possesses all of these skills simultaneously presents a significant challenge. The successful management of big data, encompassing its acquisition, integration, cleansing, and visualisation, is contingent upon the expertise of data scientists. The individuals in question exhibit a diverse set of technical and analytical proficiencies, encompassing statistical, contextual, quantitative, predictive, and cognitive aptitudes, in addition to other pertinent expertise (Gielens and Steenkamp, 2019)

Moreover, it is of utmost importance for scientists in this field to possess a thorough comprehension of business and governance affairs, along with the proficiency to adeptly communicate utilising business language. The intricate relationship between organizational factors, technological components, and human resources within the realm of analytics, particularly in the context of big data analytics (BDA) management, poses a significant challenge when attempting to evaluate the distinct influence of each element in isolation.

Therefore, it is crucial to develop a capability for conducting big data analytics that focuses on cutting-edge technology, a robust workforce of proficient individuals, and a managerial ethos that prioritises the use of analytics (Akter (2016).

In this regard, the findings of the interview confirm the extant literature.

6.2.1.3.1 Data Driven Culture

According to the viewpoint expressed before, it is contended that the ability of a data-driven culture (DDC) to adapt and change can improve a company's operational and financial performance. One can accomplish this by efficiently managing big data analytics (BDA) and cultivating associated capabilities (BDAMC). Firms can align with Gielens & Steenkamp, (2019) perspective by prioritising data-oriented coordination and control tasks and implementing effective data-oriented planning and investment capabilities. This methodology allows for the methodical arrangement of regular management procedures in companies, thereby enabling the optimisation of their decision models.

In their recent study, Karaboga et al. (2022) examined the potential impact of business data analytics maturity capability (BDAMC) on firm performance, with a particular focus on the mediating role of a digital data culture (DDC). By investigating this relationship, the authors aimed to shed light on the mechanisms through which BDAMC can influence

organisational outcomes. The present study acknowledges the dynamic nature of Big Data Analytics and Mobile Computing (BDAMC) and proposes the adoption of a dynamic capability view as a theoretical lens to analyse the underlying mechanisms and outcomes of this phenomenon. By embracing a dynamic capability perspective, researchers can gain a deeper understanding of how organisations develop and deploy the necessary capabilities to effectively leverage BDAMC in their operations. This approach recognises the need to continuously adapt and evolve in response to the rapidly changing technological landscape and competitive environment. By examining the dynamic capabilities that enable organisations to harness the potential of BDAMC, this study aims to contribute to the existing body of knowledge in the field and provide insights for practitioners seeking to enhance their organisational performance in the context of BDAMC.

The utilisation of BDAMC in conjunction with a data-driven culture (DDC) has the potential to assist managers in the systematic structuring and coordination of their routine and daily management activities within a framework that prioritises data-centric decision-making. The Business Data Analytics Maturity Model (BDAMC) has been recognized as a valuable framework for assessing and enhancing an organization's data analytics capabilities. It posits that as the quality of planning, investment decision-making, coordination, and control capabilities improve, the overall maturity of an organization's data analytics practices can be enhanced.

The findings of this section confirm the extant literature and further demonstrate that the sole emphasis on fostering Business Data Analytics and Management Capabilities (BDAMC) is inadequate for achieving a significant enhancement in operational and financial performance at the firm level. The implementation of a data-driven culture (DDC) within organisations is of utmost importance in order to effectively adapt to dynamic environments and maintain long-term performance sustainability. By fostering a DDC, organisations are able to mitigate the risk of inertia, as it facilitates the conversion of evidence-based information into actionable strategies and initiatives.

The improvement of performance in Big Data Analytics (BDA) efforts may be attributed to two main factors: the production of informative data and the development of a data-focused attitude and work practices inside an organization. Data-driven insights are a key component of performance improvement. Nevertheless, it is essential to acknowledge that the latter component, the cultivation of a data-driven attitude and productive routines, is as vital to enhancing the agility of the business.

6.3 RQ2 – Digital Reintermediation: Opportunities and Challenges

6.3.1 Introduction

The previous section's analysis of resources and capabilities prepares for a detailed examination of the challenges and opportunities related to national brand manufacturers adopting digital reintermediation. Gielens and Steenkamp (2019) identified research gaps in the field. It is important to note that although some manufacturer-owned stores, like the Apple Store, have been successful, most fast-moving consumer goods FMCG manufacturers still depend on traditional retailers. This prompts inquiries about why national brand manufacturers are hesitant to adopt the direct channel approach, despite its potential as a strategic response to the increasing popularity of private labels.

The digital revolution has caused a significant shift in the commerce landscape. The proliferation of internet-based platforms and advancements in digital technology have led to a significant increase in e-commerce transactions. The changing consumer behaviour and business practices have impacted the conventional distribution channels for goods. The e-commerce channel is becoming increasingly influential in the market, leading to significant changes in the entrepreneurial landscape. We analyse the implications and outcomes of the transformative trend based on the study conducted by Gielens and Steenkamp (2019).

6.3.2 Opportunities

6.3.2.1 Generate (Organic) Sales Generation

The use of direct-to-consumer (DTC) methods is crucial for manufacturers aiming to improve sales and establish a direct relationship with consumers (Pasirayi & Fennell, 2021). This approach allows manufacturers to have greater control over marketing, sales processes, and consumer engagement by bypassing traditional distribution channels. Manufacturers can enhance their connection with consumers by eliminating intermediaries and customising their messaging and offerings for specific segments. Moreover, active involvement enables the gathering of significant data, which informs the development of products, marketing strategies, and overall business decision-making.

Manufacturers choose direct selling strategies to attain diverse strategic objectives. Levi's adoption of direct selling helped the brand recover sales in the face of competition from private-label brands. Coach's pricing strategy for direct-to-customer sales demonstrated the manufacturer's ability to impact pricing mechanisms. Procter and

Gamble's use of its website for consumer insights, despite limited online sales, demonstrates the diverse benefits of direct-to-consumer adoption (Chen et al., 2018). The Internet and technological advancements have contributed to the acceptance of DTC e-commerce methods by brand manufacturers. This is because online selling is cost-effective.

Triangulated results highlight the e-commerce channel's ability to generate organic sales for manufacturers, especially in untapped markets such as the rural sector. Stokvels, which are community-based crowdsourcing clubs, offer a novel opportunity for wholesalers and manufacturers to incorporate digital business strategies, thereby enhancing sales growth. The increase in e-commerce transactions among the LSM 3-6 demographic suggests that this specific population has widely embraced online shopping.

This section examines the effect of e-commerce adoption on manufacturers' financial performance. Empirical evidence and a literature review support the idea that e-commerce adoption can generate significant revenue. Online transactions in the South African FMCG sector, particularly in categories such as food, beauty, health, personal care, and domestic products, have shown a consistent upward trend.

Addressing Contradictory Findings: The presence of contradictory findings, specifically between participant P4 and industry analysis, underscores the intricacy of evaluating the sales generation advantage for FMCG manufacturers. Although P4 mentions drawbacks, the industry analysis presents evidence that supports the benefits of using ecommerce for sales generation. This discrepancy necessitates further investigation into the contextual factors that impact the results.

6.3.3 Interact directly with the customers.

The integration of a direct-to-consumer (DTC) channel in the consumer engagement landscape has emerged as a transformative force, revolutionising how companies connect with their target audience (Gielens & Steenkamp, 2019). This strategic approach provides companies with a direct line of communication, enabling them to forge a more intimate and personalised connection with consumers. By circumventing traditional intermediaries, businesses can delve into valuable insights into consumer preferences, behaviours, and feedback, laying the foundation for informed marketing strategies and heightened overall customer satisfaction. Khanin et al. (2022) underscore the pivotal role of this direct engagement in nurturing robust consumer relationships and fostering unwavering brand loyalty.

The data shed light on the potential of DTC strategies in catering to specific consumer demands, where insights suggest a demand for a bundle of food items, and leveraging DTC channels provides an avenue for manufacturers to interact directly with consumers. This direct interaction facilitates the development of tailored bundles that align with consumer needs and preferences. The example of Purity.com further reinforces the effectiveness of this differentiation strategy, supported by empirical evidence derived from the study's findings.

However, it is cautioned that a DTC website should be viewed as an additional channel rather than a panacea. There may be the potential for cross-category bundles and innovative strategies, but national brand manufacturers must be realistic. This underscores the need for national brand manufacturers to navigate the role of DTC channels judiciously, recognising both their capabilities and limitations. Setting realistic expectations becomes paramount to avoid the pitfalls of overestimation.

Furthermore, as an extension of this concept, there is an emerging theme in the interplay between online platforms and physical retail stores. The observation that certain strategies can redirect online traffic towards brick-and-mortar establishments suggests a symbiotic relationship between the connection between brand marketing and collaboration with retailers. Online platforms, if strategically employed, can serve as catalysts, driving customer footfall into traditional stores. This collaborative effort between national brand manufacturers and retailers presents a potential win-win scenario, emphasising the interconnectedness of the digital and physical retail realms.

The discussion underscores the transformative potential of DTC channels in fostering direct engagement, tailoring offerings to consumer needs, and redefining the dynamics between online and offline retail spaces. The cautionary notes highlight the importance of strategic realism in navigating the evolving landscape of consumer interactions.

6.3.4 Challenges

6.3.4.1 Strategic Intent and Adoption of Digital Business Case

When examining the landscape of aspiring national brand manufacturers, particularly in the FMCG sector, a noticeable pattern arises: there is a significant absence of strong digital business cases. The study's recent findings emphasise the significant impact of new digital channels on the transformation of established organisations, such as FMCG manufacturers. Verhoef and Bijmolt (2019) emphasise the importance of organisations

acquiring new channel capabilities and allocating IT resources when engaging in digital transformation.

The concepts of strategic intent and paradigm shift are important in the field of business strategy. Strategic intent refers to the long-term goals and aspirations of an organisation, which guide its actions and decisions. It involves setting ambitious targets and creating a clear vision for the future.

The findings highlight the intricate nature and strategic importance of implementing a direct-to-consumer (DTC) channel. The creation of a DTC channel requires strategic intent, particularly in its preliminary stages, unlike regular business operations. This necessitates a meaningful change in how a company, particularly one deeply rooted in a highly competitive, fast-moving consumer goods market, views and interacts with its customers. The lack of strong digital business cases in traditional FMCG companies highlights the need for a thorough understanding of strategic goals, scalability potential, and criteria for evaluating success in the context of a direct-to-consumer channel.

The focus on paradigm shifts encourages national brand manufacturers to transition from suppliers to direct competitors. Nevertheless, this transition poses inherent risks, especially regarding competitive relationships with retail partners. The rapid growth and redirection of customers towards a company's own direct-to-consumer channel can cause disruption in established retail settings, potentially creating adversarial relationships. The strategy's impact depends on factors such as the underlying reasons for the change and the perceived importance of online adoption. The extent of cannibalization depends on the size of the necessary change, indicating that a strong organisational presence in current channels increases the effect.

The findings also suggest that creating a DTC channel does not automatically ensure immediate satisfaction of consumer needs. The findings on e-commerce adoption in South Africa suggest that it may be premature to pursue a direct-to-consumer approach. The success of a certain retailer's online delivery channel highlights the importance for national brand manufacturers to maintain positive relationships with their retail customers. This requires finding a balance between pursuing growth opportunities and considering the existing dynamics of the retail industry. This finding contrasts the need to adopt a strong digital channel with the strong, competitive action of retailers who have found success with their own e-commerce platforms.

6.3.4.2 Channel Conflict

The use of a multi-channel distribution strategy, which includes both direct-to-customer (DTC) channels and traditional retail intermediary outlets, is a common method to increase market reach. Tahirov and Glock (2022) found that the introduction of a direct sales channel raises managerial concerns, such as channel conflicts. Tension arises when manufacturers unintentionally encroach upon market niches traditionally served by retailers, leading to digital reintermediation, as they seek direct connections with consumers.

6.3.4.3 Financial Consequences and Interpersonal Dynamics in Interviews

Interview findings provide insights into the possible adverse consequences of customer dissatisfaction, particularly among retailers. They emphasise the significant financial consequences that may arise from the withdrawal of products from retailer shelves, potentially reaching hundreds of millions of rands. This highlights the importance of establishing and nurturing favourable relationships with retailers to ensure continued market presence and financial stability.

The study examines the transition from partnership to competition in complex dynamics. The findings highlight the complex interplay between national brand manufacturers and retailers, particularly when retailers begin to compete by introducing private label brands. The changing dynamics pose a significant challenge for manufacturers as they face direct competition from their customers in reaching the end consumer. The complexity increases when examining the risks associated with the growth of retailers' private label products and their expansion strategies.

6.3.4.4 Reluctance and contradictions pose a nuanced challenge.

The organizational-level analysis confirms Tahirov and Glock's (2022) claim about the managerial complexity related to DTC channel adoption. The results suggest that interview participants displayed a noticeable unwillingness to engage in direct competition with their retail partners. However, a contradiction was raised regarding the underlying reason for a manufacturer's reluctance, and this lay in its state of denial that retailers are now their competitors, just like any other FMCG company. The challenge lies in transitioning a relationship based on partnership agreements into a competitive channel partner relationship. Paralysis and fear of revenue loss are common responses in competitive environments. The competitive landscape, specifically the increase in private label products and expansion strategies by retailers, has impeded manufacturers'

capacity to implement effective counterstrategies against their retail rivals. Retailers may express dissatisfaction with a manufacturer's DTC channel implementation, potentially resulting in product removal from shelves as a form of retaliation.

6.3.4.1 Cannibalization

Channel cannibalization, which is closely related to channel conflict, presents a notable obstacle in the domain of multichannel strategies. According to Song et al. (2022), the introduction of more channels can sometimes reduce sales or profitability for existing channels, which can negatively impact the firm instead of creating synergy.

Reassessing the Impact of Cannibalization Effects from Different Standpoints

Lienhard (2023) challenges the prevailing notion that the addition of supplementary channels invariably leads to cannibalization. This study investigates and questions the idea that the inclusion of an online platform results in the anticipated negative outcomes. Research has shown that using internet channels has a positive impact on the financial success of organizations in the stock market. The study suggests that adopting a direct manufacturing strategy offers greater benefits than disadvantages and expenses, resulting in increased profitability. The incorporation of channels has a favourable effect on financial performance.

This paper explored new methods for expanding channels and their potential impact on business value. Lienhard (2023) examines two strategies for increasing channels: creating a new channel and increasing distribution intensity. The results suggest that the addition of a new supplementary channel has a positive effect on the firm's overall value. The increase in distribution intensity is contingent upon multiple factors. This understanding emphasises the importance of a strategic and customised approach to channel expansion.

Innovating Customer Acquisition Strategies: Challenging Conventional Norms

This study's findings extend to the existing literature on cannibalization, highlighting the significance of considering various factors that contribute to revenue growth rather than solely focusing on e-commerce transactions. Firms should prioritise acquiring new customers to address concerns about cannibalization and potential sales declines in existing channels. This deviation from traditional norms in the retail sector highlights the necessity for a sophisticated approach.

The strategic direction involves exploring new direct-to-consumer (DTC) channels and increasing distribution intensity.

This study suggests that when a national brand manufacturer creates a new direct-to-consumer (DTC) channel, they should not only focus on the same customers as retailers, which goes against conventional expectations. The focus should be on developing a distinctive channel and increasing distribution intensity. This strategic approach seeks to leverage the benefits of multichannel strategies while minimising the risks related to cannibalization.

In conclusion, effectively managing channel cannibalization necessitates a comprehension of its intricate dynamics. Lienhard (2023) presents a dissenting perspective that challenges prevailing beliefs by highlighting the positive impact of additional channels on financial performance. The study's findings enhance our understanding of expanding channels, emphasising the importance of strategic differentiation and customer acquisition in effectively managing multichannel strategies.

6.4. RQ3 – Methods for Implementing Direct-to-Customer Reintermediation

Zhou et al. (2023) conducted research on strategic channel choices among national brand manufacturers. Manufacturers utilise various channel options within the strategic landscape, often adopting them simultaneously or in succession. This could entail integrating an agency channel subsequent to the creation of a reselling channel. Manufacturers commonly utilise two primary sales channels: direct and indirect. This study examines distribution strategies, with a particular focus on manufacturers who create their own direct sales channel through exclusive websites.

Manufacturers create direct channels to gain control over development and pricing. Direct channels primarily occur through brick-and-mortar stores or exclusive online platforms. For this study, we specifically examine the most effective approach for a direct proprietary store, with a particular emphasis on the distinctive dynamics of this exclusive channel.

Dedicated websites are becoming transformative platforms for well-known brands, providing unique advantages that are not typically found in traditional retail channels. National brand manufacturers benefit from using these platforms by gaining direct access to important information, understanding consumer behaviour, and having a space to test new product developments, pricing strategies, and online merchandising. However, these benefits are accompanied by challenges. Akter and Wamba (2016) highlight the challenges of generating significant website traffic, which can be attributed to factors such as limited brand recognition, difficulties in achieving cost efficiencies, and financial limitations.

Manufacturers employ strategies to improve the attractiveness of their websites in order

to address these challenges. This entails providing a varied and unique selection, showcasing exclusive, high-quality products, and customising the brand experience through non-traditional retail methods. The emphasis is on establishing an online presence that goes beyond simple transactions and provides a platform for immersive experiences, distinguishing national brand manufacturers from traditional online retailers.

This paper focuses on determining the most effective direct channel strategy for manufacturers in the current landscape. This study focuses on the creation of a direct sales channel using an exclusive website while also utilising traditional retailers as part of a dual-channel strategy. Manufacturers face a strategic decision between the options of "building" or "buying." Lienhard (2023) examines the use of internal resources and capabilities for establishing a direct customer channel, which differs from the strategy of acquiring other companies, as observed in the actions of industry leaders such as Nike, Unilever, Dollar Shave Club, and Proctor & Gamble.

This paper examines the challenges and opportunities in the direct-to-consumer channel. This study explores success metrics as defined by Lienhard (2023) and analyses the attractiveness of this channel, particularly for vertically integrated firms aiming to gain value in the competitive online retail market. The upcoming journey will explore the intricate dynamics of manufacturers entering direct channels and the strategic choices they make when engaging with target customers.

6.4.1 SubQ1 What are the Strategic Approaches to adoption of direct channel.

The "Build" versus "Buy" Dilemma is a common decision-making challenge faced by individuals and organizations. Manufacturers must make a crucial decision between building or buying a direct-to-consumer channel in the ever-changing realm of online retail. The "build" approach involves utilizing internal resources to establish a direct-to-consumer channel, while the "buy" approach involves acquiring other companies to access their existing distribution capacities (Lienhard, 2023).

The increasing importance of direct-to-consumer approaches is a result of the highly competitive nature of online retail. Wirtz (2021) highlights the benefits of direct-to-consumer models, such as the ability to internalize trade margins, improve customer experiences, and acquire real-time consumer data. Nike's direct-to-consumer sales experienced significant growth from \$2 billion in 2009 to \$12 billion in 2019, illustrating the transformative impact of reintermediation in the market (Lienhard, 2023).

The DTC channel poses both challenges and opportunities, but it is especially attractive

to vertically integrated firms. Success in this approach depends on different metrics, as emphasized by Lienhard (2023).

The insights gleaned from findings shed light on critical considerations in the strategic adoption of a direct-to-consumer channel, emphasizing the need for meticulous planning and nuanced decision-making.

Cost-Benefit Analysis and Investment Selections: The findings delves into the components of this investment, emphasizing the need to fund essential elements such as staff, IT infrastructure, and distribution and warehousing. The strategic choice of adopting a direct channel unfolds as a complex interplay of decisions, notably whether to launch as a stand-alone entity or as part of a broader manufacturing portfolio. The critical dimension lies in discerning which products fit within the scope of the direct channel, categorizing them as competitors or non-competitors.

Platform Development via a Hybrid Approach The findings provides insights from an internal perspective on platform development, driven by a recognition of internal capacity constraints, particularly related to time and resources. The participant advocates for a hybrid approach, incorporating external partnerships to bolster internal developmental strengths. The strategic focus is twofold, encompassing the development of an internal transactional platform for seamless payments, transactions, and fulfilment procedures. Simultaneously, the business acknowledges the value of audacious data processing and analytical capabilities. P6 articulates the fundamental skill sets essential for effective adoption, emphasizing the need for specialized technological knowledge in developing payment processing and e-commerce systems. The acknowledgment of the indispensability of analytical abilities for extracting valuable insights from data underscores the multifaceted nature of successful platform development.

Recurring Themes: The discussion converges on recurring themes that underscore the intricacies of utilising a direct route. The findings emphasise the significance of well-defined decision-making procedures and a profound comprehension of the complexities inherent in adopting a direct channel. The financial component emerges as a linchpin, requiring meticulous attention to infrastructure expenditures, human resources, and product launch tactics. The recurrent theme of a hybrid method, amalgamating external collaborations with internal development strengths, suggests a nuanced and adaptive approach to platform development. Success in e-commerce platform development and data analytics, as highlighted by both participants, is contingent upon the possession of specific skill sets, reaffirming the dynamic nature of competencies required for effective implementation.

The findings underscore the multifaceted nature of strategic decisions in the adoption of a direct channel, emphasising the need for a holistic understanding, adaptive approaches, and the cultivation of specialised skills for success in the evolving landscape of e-commerce.

In conclusion, this discussion emphasises the complex decision-making process associated with implementing a direct-to-consumer channel. The successful adoption of direct-to-consumer strategies relies on a combination of internal capabilities, external collaborations, financial considerations, and product assortment strategies. Successfully navigating the intricacies of e-commerce platform development and data analytics necessitates a nuanced approach that recognises the distinct skill sets necessary for success in this ever-changing environment.

6.4.2 Success Metrics in DTC Industry

The achievement of manufacturers in the dynamic landscape of direct-to-consumer (DTC) channels is intricately linked to internal success mechanisms, technological utilization, and strategic considerations. The findings underscore key factors influencing success and strategic choices as illuminated through interviews, providing valuable insights into category expansion within direct stores.

6.4.2.1 Internal Success Mechanisms:

The transition to a DTC model necessitates the development of skills and a fundamental shift in perspective. As highlighted by Lienhard (2023), technology plays a pivotal role in enabling DTC channels, albeit with certain constraints. Internal success mechanisms, therefore, involve not only technological proficiency but also a comprehensive understanding of the limitations and possibilities that technology presents.

6.4.2.1 Strategic Choices and Offerings:

To flourish in the DTC industry, manufacturers must strategically curate a diverse assortment of products, emphasizing distinctive offerings, special items, and avenues for customization and differentiation. The assertion by Gielens and Steenkamp (2019) regarding the use of customization as a strategy aligns with the participants' emphasis on the strategic expansion of product categories within direct stores. This strategic approach not only differentiates manufacturers from retailers but also contributes to an enriched shopping experience for consumers.

6.4.2.1 Understanding Consumer Categories:

The success narrative in the DTC sector is incomplete without a nuanced understanding of consumer categories. Zhang et al. (2017) assert the importance of determining profitable customer categories, informing decisions about channel selection and the implementation of tailored marketing strategies. This underscores the significance of aligning product categories with the diverse demands of consumers.

6.4.2.1 Category Expansion in Direct Store - Interview Insights:

The interviews shed light on the tactical considerations manufacturers employ for category expansion in direct stores. Participant 1's trial of an internal direct store format suggests a strategic learning phase to comprehend the intricacies of running such a store. Commercial models emerge as influential determinants in the expansion of product categories, with logistical suppliers' profitability concerns influencing the range of available products.

6.4.2.1 Common Themes and Strategic Selection:

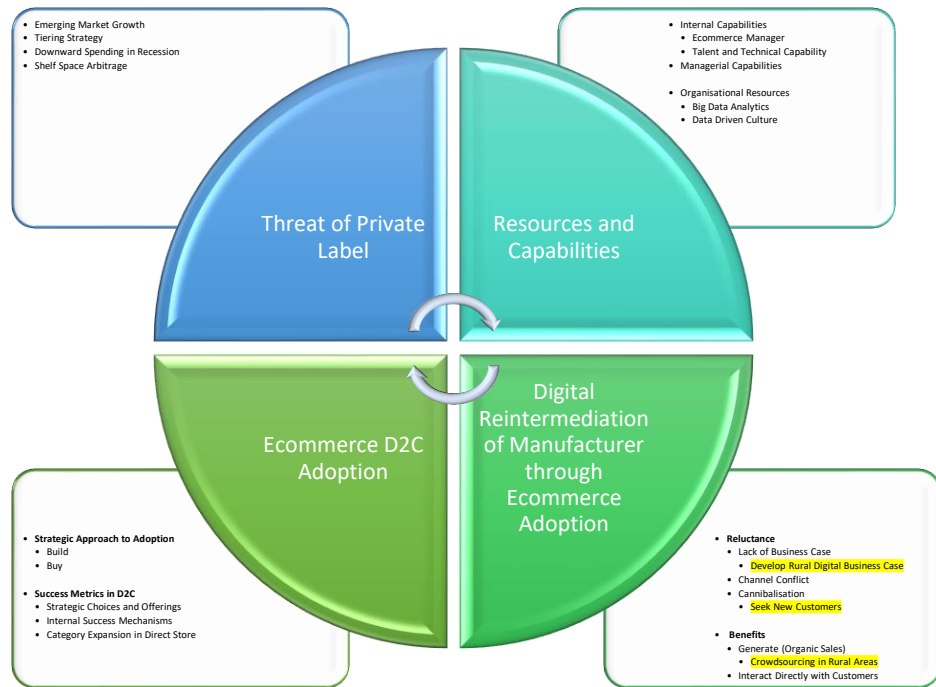
The common themes emerging from the discussions emphasise the conscious effort to offer a varied range of products in direct stores. Profitability, guided by commercial models and logistical effectiveness, is a key factor driving decision-making in product selection. The emphasis on providing consumers with value beyond just commercial considerations is pivotal in encouraging customer interaction and behaviour alteration. The strategic selection of product categories aligns with the overarching objective of meeting diverse consumer needs, catering to the multifaceted requirements of mothers, for example.

The findings underscore that success in DTC channels involves a synergistic blend of internal success mechanisms, strategic offerings, an understanding of consumer categories, and meticulous considerations in category expansion within direct stores. The strategic selection of products, influenced by profitability and the delivery of unique value propositions, stands out as a linchpin in the manufacturers' journey towards successful engagement in the DTC landscape.

6.5 Conclusion

To summarize, the analysed data not only enriched the existing literature, but also revealed new themes, primarily focused on resolving difficulties linked to the reluctance element of cannibalization. Discovered unexplored rural markets and the potential for

firms to gain a competitive edge by adopting ecommerce. This occurs simultaneously with a manufacturer embracing a digital rural online business model. Consequently, the conceptual framework underwent revision.



CHAPTER 7: CONCLUSION

7.1 Introduction

This chapter serves to present the comparative findings of our research outcomes and their relationship to the current literature. Through a comprehensive analysis within the context of the existing body of knowledge discussed in Chapter 6, we aim to contribute to the understanding of the viability of a manufacturer's digital reintermediation counterstrategy against the proliferation of private label brands. The setting was South Africa, in a prominent FMCG manufacturing entity, wherein the participants were decision-makers in the entity and involved in either marketing, sales, or information technology. This study aims to provide a comprehensive understanding of the resources and capabilities necessary for the successful implementation of a counterstrategy by a national brand manufacturer. Through an analysis of data from various perspectives, our objective is to shed light on the key factors that contribute to the effectiveness of this approach.

This chapter is structured in accordance with the research questions, which are then followed by the presentation of theoretical conclusions and the subsequent implications for management. This study will encompass various topics that will serve as potential avenues for future research.

7.2 Principal Theoretical Conclusion

7.2.1 Clarification of Definitional Theoretical Discourse

This research thesis has undertaken a comprehensive exploration of the definitional theoretical discourse pertaining to the concept of reintermediation. Through an in-depth analysis of relevant literature and scholarly discourse, this research endeavoured to elucidate diverse interpretations and comprehensions of reintermediation, thereby establishing a robust groundwork for further academic exploration.

The research identified a discernible trend among national brand manufacturers, indicating a shift from traditional intermediary-based distribution models to various direct-to-customer distribution approaches, particularly within the realm of direct-to-consumer (DTC) practices. However, the study acknowledged a significant deficiency in the existing academic literature, specifically in the comprehension of technical terminologies related to disintermediation, manufacturer/supplier encroachment, and reintermediation.

The definitional elements surrounding manufacturers' adoption of e-commerce, particularly the interchangeability of terms like "disintermediation" and "manufacturer

encroachment," were highlighted as a point of concern. The research underscored the need for precise definitions to avoid ambiguity and promote a clearer understanding of the phenomena.

While acknowledging the importance of terms like disintermediation and manufacturer encroachment, the research advocated for the applicability of the term "reintermediation" in the context of a manufacturer's response to the expanding presence of private label brands. Digital reintermediation, which refers to the implementation of a direct-to-customer channel, was posited as a strategic manoeuvre by manufacturers to sustain a competitive advantage amidst the increasing prevalence of disintermediation due to the proliferation of private label brands.

The literature review revealed a lack of recent literature addressing the theoretical limitations of how manufacturers, particularly in the FMCG sector, can leverage digital reintermediation via a direct-to-customer channel. Utilizing frameworks proposed by Viljoen et al. (2015) and Chircu and Kauffman (2000a), the research filled this academic gap by placing particular emphasis on reintermediation as a strategic response to reclaim lost customers and adapt business operations in order to retain them.

Notwithstanding the advancements achieved by prior researchers, the present study has identified a lack of consistency in the definitions of reintermediation. This discrepancy presents a challenge to scholarly exploration and may result in the inaccurate application of the term. As a result, the primary objective of this thesis is to make a scholarly contribution expanding on the literary work of Chircu and Kaufmann (2000) and Viljoen (2015), utilising their definition of "reintermediation" as it pertains to the adoption of e-commerce by a manufacturer.

In summary, this study not only illuminates the current debate surrounding the definition of reintermediation but also aims to contribute to the academic understanding of this notion by establishing a structure for subsequent investigations in the dynamic realm of e-commerce and direct-to-consumer platforms.

This contribution is particularly relevant in the analysis of a manufacturer's reintermediation through the lens of the RBV theory which mutually support one another.

7.2.2 RQ1 – Resources and Capabilities

In this study the resources and capabilities were identified into two groups being Individual Capabilities as well as Organisational Resources:

7.3 Internal Capabilities

7.3.1 Ecommerce Managers

The role of e-commerce managers is of utmost importance in effectively navigating and responding to the ever-changing landscape of online and offline trends. Individuals in the field of marketing must possess a thorough comprehension of digital marketing and the capability to seamlessly merge strategic knowledge with conventional marketing methodologies. Accuracy in assessing and tracking the success of online marketing initiatives is crucial for national brands to thrive in the era of digital reintermediation. The ability to measure and monitor online marketing efforts is of utmost importance for manufacturers in order to make informed decisions and optimise their marketing strategies. The aforementioned skills and abilities herein are indicative of the core competencies possessed by digital marketing specialists, specifically those who specialise in e-commerce management.

The possession of rare and difficult-to-imitate capabilities by e-commerce managers renders them indispensable to national brand manufacturers. Their expertise in data extraction and analysis plays a crucial role in coordinating data and contributing to the overall success of the manufacturer's e-commerce endeavour. In this context, the national brand manufacturer must have the ability to predict customer purchasing behaviour, identify cross-selling opportunities, and develop successful marketing strategies. The utilisation of advanced data analytics and predictive modelling empowers firms to effectively identify potential buying patterns, optimise revenue generation, and allocate resources with the utmost efficiency. It is evident that the sphere under consideration suffers from a notable scarcity of resources, with a particular emphasis on the lack of human capital in the form of e-commerce managers.

The results confirm the literature; it is evident that there exists a significant lack of resources in the specified domain, particularly in terms of human capital. The management of multiple customers within the e-commerce sector presents a highly intricate challenge that spans various functional domains, including sales, marketing, and logistics, among others. The primary concern at hand pertains to the novelty of this concept within the corporate landscape, resulting in a scarcity of e-commerce managers across various industries.

7.3.2 Managerial Capability

Further to the above, the analysis of national brand manufacturers aiming to effect a

digital reintermediation by adopting an online channel highlights the considerable advantages that can be derived from partnering with seasoned entrepreneurs who possess expertise in the DTC realm. The adoption of a collaborative approach allows manufacturers who lack the requisite capabilities for operating an online direct-to-consumer (DTC) channel to augment their abilities by leveraging knowledge transfer and engaging with experienced industry professionals.

This thesis supports Barney's (1991) viewpoint that organisations possessing a strong ability to absorb resources have the potential to obtain and assimilate valuable capabilities, resulting in a sustainable competitive advantage and favourable long-term performance outcomes. It is evident that entrepreneurial manufacturing companies must prioritise the assimilation of e-commerce capabilities in areas where they are deficient. This serves to emphasise the importance of strategic collaboration and knowledge transfer as essential elements for achieving successful digital reintermediation.

This study highlights the crucial role of external support in fostering the success of emerging manufacturing enterprises. It emphasises the importance of recognising the valuable, rare, and imitable attributes associated with such support. The collaborative efforts within a team setting play a crucial role in facilitating the evolution of cognitive representations held by manufacturing company leadership. This collaborative approach enables leaders to effectively transform vague opportunities into tangible and feasible prospects over time.

It is evident that the management of direct channel operations presents significant challenges, primarily due to the potential disparity between the current leadership capabilities and the advanced managerial skills required for effective operation. The significance of last-mile delivery and the imperative need for a holistic transformation in the logistical infrastructure, encompassing fine picking, emerge as pivotal elements in the effective execution of a direct-to-channel strategy.

This thesis highlights the lack of expertise in the field of digital marketing, specifically in the manufacturer-direct-to-consumer domain. The aforementioned analysis highlights the inherent risks associated with the diversion of attention and resources from key personnel, such as factory managers and marketing teams, to areas where they lack expertise. This diversion not only undermines the organisation's established capabilities in those specific domains but also exposes it to potential harm. Therefore, it is imperative for organisations to carefully consider the implications of such diversions and ensure that they do not compromise their overall effectiveness and competitiveness.

In conclusion, this study highlights the critical significance of collaboration, knowledge

transfer, and proactive adaptation for manufacturers as they navigate the realm of digital reintermediation and embrace direct-to-channel approaches. In conclusion, it is evident that manufacturers can effectively enhance their capabilities and sustain a competitive advantage in the dynamic realm of e-commerce by adeptly navigating challenges and harnessing external expertise.

The findings confirm Khanin's (2022) posit that external support plays a crucial role in the success of emerging manufacturing enterprises, as it possesses attributes that are deemed valuable, scarce, and difficult to replicate or replace.

The second issue under consideration pertains to the existence of non-existent expertise. In the realm of digital marketing, various activities, such as sales and other related functions, are undertaken within a national brand manufacturer. However, it is important to note that the direct-to-consumer aspect does not fall within the purview of responsibility for these employees. The absence of expertise in a particular domain poses a significant challenge for manufacturers aiming to achieve success within that realm. It is undesirable for individuals, such as factory managers or members of the marketing team, to divert their attention towards the development of enduring, value-added opportunities for shareholders in an area where they lack proficiency. This redirection of focus necessitates the acquisition of unfamiliar skills, thereby exposing the organisation to potential harm due to the rapid erosion of its established capabilities in that specific area.

7.3.3 Talent and Capability

The significance of persons with knowledge in the construction of e-commerce platforms and the management of payment processing systems was confirmed. Moreover, the crucial importance of data analysts and data scientists in the management of data generated by various technologies was emphasized. These individuals are crucial to the comprehensive examination of data, the use of hypothesis testing, and the development of models or patterns of behaviour. Proficiency in data analysis is widely seen as essential for extracting meaningful conclusions from the vast amount of data produced by contemporary technology.

The findings of the study extend the importance of internal competencies, such as talent and technological expertise, in effectively navigating the complexities involved in implementing e-commerce. The alignment between these skills and the evolving demands of the digital landscape appears to be a pivotal factor for organisations striving to attain successful outcomes in their e-commerce endeavours. The research

underscores the ever-changing nature of e-commerce deployment, underscoring the importance of ongoing adjustment and the development of internal capacities to address the developing requirements of the digital environment.

7.4 Organisational Resources

It is evident that organizational capabilities, including IT infrastructure, big data analytics, and strategic commitment, play a crucial role in determining the success of companies operating in the realm of e-commerce.

7.4.1 Big Data Analytics

Big data analytics plays a pivotal role in the success of national brand manufacturers by improving business processes and effectively addressing a wide range of needs. The acquisition of specialised skills, encompassing technical, analytical, and governance capabilities, emerges as a critical factor in the effective implementation of big data strategies. The effective management of big data necessitates the presence of data scientists who possess a wide range of technical and analytical skills.

Moreover, it is crucial to acknowledge the substantial significance of the interaction among organisational factors, technological components, and human resources within the domain of analytics management. The effective deployment of big data analytics necessitates a holistic strategy that encompasses state-of-the-art technology, a proficient workforce, and a managerial philosophy that prioritizes the utilization of analytics. This study provides evidence that confirms the previously established result.

7.4.2 Data Driven Culture

This study emphasizes the significance of fostering a data-driven culture within an organization as a means to enhance operational and financial performance by effectively leveraging big data analytics and cultivating pertinent capabilities. This approach places significant emphasis on the coordination of data, control functions, and the capacity for planning and investment. This study further emphasizes the correlation between the maturity capability of business data analytics (BDAMC) and the performance of firms, specifically examining the mediating impact of a digital data culture (DDC).

This study underscores the significance of examining and enhancing non-technical elements, such as operational and financial performance, in order to bolster overall organizational performance. This study highlights the significance of Dynamic Data Capabilities (DDC) within the realm of Big Data Analytics (BDA), underscoring the crucial role played by agility and flexibility in facilitating this process.

This study underscores the significance of a strong infrastructure specifically designed for data and analytics in order for FMCG manufacturers to effectively enhance their e-commerce operations. The implementation of this infrastructure is expected to enhance the efficiency and efficacy of information exchange among digital analysis teams and decision-making processes. Consequently, it is anticipated that this will result in optimized operational procedures, well-informed decision-making, and ultimately, overall success within the digital marketplace.

In conclusion, this study underscores the importance of utilizing sophisticated data infrastructure as a means to address the obstacles related to the analysis of e-commerce data and to enhance the quality of decision-making.

7.5 RQ2 – Digital Reintermediation: Opportunities and Challenges

In light of the literature gap identified by Wu et al. (2021), the present study has examined the reasons why, despite the advantages a DTC channel has, some manufacturers do not adopt it. The findings of this study contribute to the existing body of knowledge by shedding light on the potential advantages and challenges associated with such a manufacturers significant shift in adopting a direct to customer channel.

The exploration of the challenges and opportunities of implementing a direct-to-customer channel by a national brand manufacturer reveals that various factors play a significant role in shaping the decision-making process. The strategic intent of the organization, the potential for channel conflict, and the recognition of the importance of a comprehensive approach to customer engagement all contribute to the overall viability of this business strategy. By considering these factors, manufacturers can make informed decisions regarding the adoption of a direct-to-customer channel, enhancing their competitive advantage and meeting the evolving needs of their target market.

7.5.1 Reluctance

By synthesizing and analysing the available literature, this research has provided valuable insights into the feasibility of implementing a direct-to-customer channel for national brand manufacturers. A reluctance was observed for reasons outlined below:

7.5.1.1 Lack of Strategic Intent and Adoption of a Digital Business Case

A manufacturers lack of an effective digital business cases in the FMCG sector has become a notable concern in the current business landscape.

A national brand manufacturer's strategic intent serves as a critical factor in successfully navigating the complexities and challenges associated with this channel. By aligning their objectives and actions with the demands and expectations of the modern consumer landscape, manufacturers can effectively leverage the direct-to-consumer model to enhance their market position and drive sustainable growth. Therefore, it is critical for FMCG entities to undertake a comprehensive reassessment of their existing strategies, processes, and mindsets pertaining to customer perception and engagement. This evaluation will enable them to identify any potential gaps or deficiencies that could impede their capacity to compete successfully within the market. By acknowledging and addressing these areas of improvement, FMCG entities can enhance their overall competitiveness and ensure sustained success in an increasingly dynamic business landscape. This study underscores and confirms the significance of a clear strategic direction to adopt clear digital business cases.

7.5.1.2 Concerns related to emerging Channel Conflict

The utilisation of direct-to-customer channels presents manufacturers with the opportunity to bypass traditional retail intermediaries, thereby establishing a direct and unmediated link with end consumers. The establishment of a direct sales channel is purported to give rise to channel conflict. The conflicts observed in the realm of manufacturer-retailer relationships can be attributed to the altering power dynamics between these two entities, along with the perceived threat that direct sales channels present to conventional retail channels. The examination of various factors, including price competition, product assortment, and control over customer relationships, reveals the potential for tensions and conflicts to arise within the retail industry. Retailers often perceive such developments as a direct threat to their market share and overall profitability. These findings underscore and confirm the significance of understanding and addressing these issues in order to foster a harmonious and mutually beneficial environment for all stakeholders involved. Further research and strategic interventions are warranted to mitigate the negative consequences associated with these tensions and conflicts, promoting a more sustainable and prosperous retail landscape.

7.5.1.3 Cannibalisation

While channel cannibalization is widely held to be a significant challenge in the realm of multichannel strategies, Kollmann et al. (2012) highlight the potential drawbacks of introducing additional channels, positing that it can lead to a decrease in sales and profitability for existing channels. This study posits that it is crucial to thoroughly reassess

the impact of cannibalization effects from various standpoints. From this perspective, Lienhard (2023) challenges the widely accepted notion that the addition of supplementary channels inevitably leads to cannibalization and therefore contradicts the literature that the introduction of a manufacturer's direct channel may lead to loss of sales and profitability.

Lienard (2023) posits that the incorporation of online channels has proven to significantly enhance the financial performance of companies in the stock market, resulting in enhanced profitability. The evidence from financial metrics like accumulative abnormal returns, economic value added (EVA), and market value added (MVA) strongly supports the notion that incorporating channels into a business strategy has a significant and positive influence on overall financial performance.

This study's findings emphasise and confirm the importance of considering multiple factors that contribute to revenue growth rather than solely focusing on e-commerce transactions in order to fully understand the phenomenon of cannibalization. It is crucial for firms to prioritise the acquisition of new customers and a significant increase in distribution intensity in order to effectively address concerns surrounding cannibalization and the potential decline in sales within existing channels.

In summary, a thorough understanding of the complex dynamics of channel cannibalization is crucial for successful management. Lienhard (2023) offers a compelling dissenting perspective that disrupts conventional wisdom, shedding light on the undeniable positive influence of additional channels on financial performance.

7.5.2 Opportunities

7.5.2.1 Generate (Organic) Sales Generation

The use of direct-to-consumer (DTC) methods is crucial for manufacturers aiming to improve sales and establish a direct relationship with consumers (Pasirayi & Fennell, 2021). This approach allows manufacturers to have greater control over marketing, sales processes, and consumer engagement by bypassing traditional distribution channels. Manufacturers can enhance their connection with consumers by eliminating intermediaries and customising their messaging and offerings for specific segments. Moreover, active involvement enables the gathering of significant data, which informs the development of products, marketing strategies, and overall business decision-making.

The results strongly emphasise the remarkable potential of the e-commerce channel in driving organic sales for manufacturers, particularly in untapped markets like the rural sector. Stokvels present an innovative avenue for wholesalers and manufacturers to embrace digital business strategies, driving sales growth. It is evident that the LSM 3-6 demographic has embraced online shopping, as indicated by the significant increase in e-commerce transactions within this specific population.

The abundance of empirical evidence and comprehensive literature review affirm the immense potential of e-commerce adoption to generate substantial revenue. In conclusion, it is evident that online transactions in the South African FMCG sector, specifically in categories like food, beauty, health, personal care, and domestic products, have consistently experienced a positive growth trajectory.

7.5.2.2 Interact directly with the customers.

The integration of a direct-to-consumer (DTC) channel in the consumer engagement landscape has emerged as a transformative force, revolutionising how companies connect with their target audience (Kollmann et al., 2012). This strategic approach provides companies with a direct line of communication, enabling them to forge a more intimate and personalised connection with consumers. By circumventing traditional intermediaries, businesses can delve into valuable insights into consumer preferences, behaviours, and feedback, laying the foundation for informed marketing strategies and heightened overall customer satisfaction. Lienhard, (2023) underscore the pivotal role of this direct engagement in nurturing robust consumer relationships and fostering unwavering brand loyalty.

Furthermore, as an extension of this concept, there is an emerging theme in the interplay between online platforms and physical retail stores. The observation that certain strategies can redirect online traffic towards brick-and-mortar establishments suggests a symbiotic relationship between the connection between brand marketing and collaboration with retailers. Online platforms, if strategically employed, can serve as catalysts, driving customer footfall into traditional stores. This collaborative effort between national brand manufacturers and retailers presents a potential win-win scenario, emphasising the interconnectedness of the digital and physical retail realms.

The discussion underscores the transformative potential of DTC channels in fostering direct engagement, tailoring offerings to consumer needs, and redefining the dynamics between online and offline retail spaces. The cautionary notes highlight the importance of strategic realism in navigating the evolving landscape of consumer interactions.

7.6 RQ3 – Methods for Implementing Direct to Customer Reintermediation

7.6.1 SubQ1 What are the Strategic Approaches to adoption of direct channel.

In conclusion, the "Build" versus "Buy" Dilemma is a prevalent decision-making challenge that confronts organizations. In conclusion, manufacturers face a critical choice in the dynamic world of online retail: whether to build or buy a direct-to-consumer channel. In conclusion, the "build" approach focuses on leveraging internal resources to establish a direct-to-consumer channel, while the "buy" approach involves acquiring other companies to tap into their existing distribution capacities (Lienhard, 2023).

In conclusion, these findings unequivocally confirm the concerns surrounding a manufacturer's decision to build its own DTC channel.

7.6.2 Success Metrics in DTC Industry

By en large, the findings were complimentary with the literature, except one crucial contradiction.

Strategic Choices and Offerings:

In order to thrive in the direct-to-consumer (DTC) sector, producers must carefully select and curate a wide range of products, with a focus on unique offerings, exclusive items, and opportunities for personalisation and distinctiveness. Gielens & Steenkamp, (2019) corroborated some data, but not all, in their assumption about the usage of customisation as a technique for strategically expanding product categories in direct retailers. This strategic strategy not only distinguishes manufacturers from retailers but also enhances the purchasing experience for consumers.

However, there is an anticipation that this must be accompanied by a diverse range of products in order to achieve the appropriate level of competitive advantage and provide compelling experiences for consumers and shoppers through a direct channel. This has resulted in manufacturers feeling hesitant and immobilized. Contrary to popular belief, the McKee literature demonstrates that having a wide range of products is not essential for success. In fact, successful companies like Dollar Shave have achieved great success by offering a limited selection of products. This success was so significant that a large consumer goods company like Unilever acquired Dollar Shave for \$1 billion in order to strengthen its own resources.

7.7 Research Contributions

This study has substantial theoretical significance as it contributes to the RBV theory by specifically examining e-commerce resources and capabilities. This research analyses how manufacturers incorporate e-commerce into their operations, aiming to enhance and potentially improve the existing RBV paradigm. The study seeks to gain a deeper understanding of how manufacturers utilise digital channels. Its objective is to offer novel insights that can expand or improve the theoretical foundations of RBV.

An important addition is the thorough analysis of the defining factors related to manufacturers' implementation of e-commerce. The current body of literature has observed a discussion in which phrases like "disintermediation" and "manufacturer encroachment" are frequently employed interchangeably or without distinct delineation. This research is significant because it identifies a gap in the study of reintermediation in relation to the resource-based theory. This gives a new opportunity for theoretical investigation.

Moreover, the study highlights the potential to enhance understanding of the definitions of important words in the literature, including disintermediation, intermediation, reintermediation, and supplier invasion. The research aims to enhance academic discourse by examining these subtle distinctions in definitions. It strives to provide a framework that accurately reflects the complexities of manufacturers' use of e-commerce.

This research expands the scope of the RBV theory by examining e-commerce dynamics and provides conceptual clarity in the terminology related to manufacturers' involvement in e-commerce, therefore contributing to academic discourse. The study has the potential to provide improvements and new understandings that will enhance the theoretical landscape in the field of digital commerce, serving as a basis for future research.

7.7.1 Business Contribution

While the literature highlights several benefits of manufacturers adopting an e-commerce direct-to-consumer channel in today's complex and competitive environment, it is important to note that there is still a reluctance among some manufacturers to embrace this channel. The aforementioned challenges surrounding channel conflict, cannibalization, and resource assimilation pose significant obstacles for manufacturers seeking to achieve success in the online realm. The RBV theory emphasises the importance of resources and capabilities that possess the qualities of being valuable, rare, and inimitable.

It is important to note that DTC channels encompass more than just proprietary websites owned by manufacturers. They also include third-party platforms like Amazon, which serve as specialised online marketplaces for manufacturers to sell their products. Manufacturers have the option to distribute their products to online players, who subsequently resell them to end consumers.

7.7.2 Theoretical Relevance

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7.7.3 Managerial Implications

In addition to its theoretical contributions, this research provides useful insights that have practical value for manufacturers who are interested in entering online direct-to-consumer (DTC) channels, as well as intermediaries who may face threats from these manufacturers. The report offers manufacturers a detailed comprehension of the crucial

resources and capabilities necessary for achieving successful digital reintermediation. The knowledge obtained from the unique and personal experiences of research participants provides valuable information about the key aspects that affect decision-making in the creation of direct-to-consumer (DTC) channels. This expertise provides manufacturers with strategic counsel, helping them navigate the intricacies of the ever-changing digital environment.

7.7.4 Limitations

Although the use of embedded case study approach in this research provides unique insights into the experiences and viewpoints of participants from national branding manufacturers, it is important to recognize certain limitations. The findings and conclusions of this study are context-specific and may not be readily applicable to other situations or sectors. The participants in the case study are a distinct subset of the manufacturing sector, and their experiences may not fully encompass the range of variety found in the larger industry.

An additional constraint relates to the size and selection of the sample. The embedded case study concentrated on a specific cohort of participants, and although their perspectives are comprehensive and intricate, they may not comprehensively represent the spectrum of experiences across other manufacturers involved in national branding. The distinct attributes and specific situations of the selected participants can restrict the wider relevance of the results.

In addition, the timing aspect presents a constraint. The study was conducted within a defined timeframe, and the dynamics of the manufacturing business, particularly in the context of direct-to-consumer channels, may change as time progresses. The findings obtained from this research may provide a glimpse into the state of the industry at a specific time, and it is possible that market trends or strategies have evolved since then.

Moreover, the dependence on qualitative data in the embedded case study may be perceived as a constraint. Qualitative research offers detailed insights, but it may not possess the statistical rigor associated with quantitative methods. The inherent subjectivity of qualitative data also gives rise to the potential for interpretation bias.

Although there are limitations, the integrated case study provides detailed and contextually rich insights into the experiences of national brands manufacturers when they embrace direct-to-consumer channels, contributing to a larger knowledge. Researchers and practitioners should take into account these constraints and examine them when applying the insights to other contexts or sectors.

Moreover, this study was conducted as a part of a Master's in Philosophy, specifically as a component of a thesis course that lasted around five months. Given the time constraints, it was not possible to conduct multiple interview rounds or employ additional procedures to enhance the reliability of this study.

7.7.5 Future Research

Future research may explore how the e-commerce channel drives organic sales for manufacturers, particularly in untapped markets like rural sectors, provides insights into the distinct challenges and opportunities in these contexts. The analysis of stokvels as a digital business strategy offers a unique viewpoint on community-driven crowdsourcing clubs, providing potential insights into innovative methods for boosting sales among wholesalers and manufacturers. This study observed the scarcity of the adoption of digital business in rural markets and there is an opportunity, through the “democratisation of ecommerce” could be explored, through e-commerce to connect with consumers in underserved areas, thereby promoting inclusive economic development. Moreover, studying e-commerce trends and consumer behaviour in the LSM 3-6 demographic offers valuable insights for manufacturers and wholesalers targeting specific consumer segments. Assessing digital transformation strategies and performing a comparative analysis of sales channels enhance comprehension of effective approaches for varied market segments. The effects of community-based platforms on sales growth, barriers to e-commerce adoption in rural areas, and the long-term consequences of e-commerce adoption offer a comprehensive understanding of the challenges and opportunities in the changing digital commerce landscape. This research agenda addresses current concerns and supports decision-making, planning, and sustainable practices in e-commerce.

This discussion highlights the importance of developing strategic counterstrategies that effectively tackle the changing dynamics of channel conflict. Future research may investigate improved strategies for conflict management, collaboration promotion, and revenue optimisation in the dynamic realm of multi-channel distribution. The need to balance retailer relationships and explore direct-to-consumer opportunities involves complex decision-making, revealing the intricate and contradictory nature of channel conflict in modern distribution strategies.

Future research endeavours should aim to explore the strategies employed by national brand manufacturers to maintain their competitive edge in the face of private label proliferation, thereby enhancing our understanding of the evolving dynamics within the FMCG sector, especially in an emerging market context. It is evident that retailers have

implemented various strategies to foster growth and enhance their market share. These developments underscore the commitment of retailers to adapt to changing market and economic dynamics and capitalise on emerging opportunities.

Further research is warranted to explore the long-term effects of the manufacturer-to-retailer bargaining power shift and to identify strategies that can help manufacturers navigate this evolving retail landscape successfully. The observed shift in the retail industry has bestowed upon retailers a significant level of control in terms of pricing strategies and shelf allocation. This newfound authority has enabled retailers to effectively transfer the inherent risks associated with uncertain demand onto manufacturers.

Further research and analysis are warranted to delve deeper into the intricacies of this issue and develop comprehensive strategies that can effectively counteract the potential negative consequences of intense price competition for premium brands.

7.7.6. Conclusion

In conclusion, the proliferation of private labels in an emerging market such as South Africa poses a substantial and noteworthy threat. This assertion contradicts the findings of Pasirayi and Richards (2023). The threat stems from the considerable bargaining power wielded by private labels, evident in their dominance of shelf space. Additionally, their strategic tiering strategy and consumer preference during economic downturns, when consumers tend to spend less, further contribute to their influence. This study examines the implementation of a digital reintermediation strategy by a national brand manufacturer. Specifically, the manufacturer adopts a direct-to-consumer online sales channel through its proprietary website. The objective is to evaluate the factors that contribute to the success of this strategy and identify the necessary resources and capabilities using the RBV theory.

Moreover, this study has effectively elucidated a definitional debate present in the existing body of literature regarding the terms "disintermediation" and "manufacturer/supplier encroachment." These terms have been employed to describe the occurrence of manufacturers embracing ecommerce platforms to directly engage with consumers. The concept of "reintermediation" suggests that it is a more suitable term to describe the adoption of e-commerce by manufacturers who have been gradually disintermediated from the point of sale by retailers. This disintermediation occurs when retailers introduce their own private label brands, effectively becoming competitors rather than channel partners to the manufacturers.

The subsequent analysis delved into the manufacturers' response strategy of digital reintermediation, which was examined within the framework of the RBV theory. The decision for a manufacturer to adopt an ecommerce channel can be approached through a build or buy strategy. This study conducted an analysis focused on the build perspective, aiming to evaluate the necessary resources and capabilities required by the manufacturer to achieve success. From an internal capability perspective, it can be argued that the presence of an ecommerce manager is essential for the manufacturer. Furthermore, it is imperative that individuals possess talents and capabilities that are well-suited for the digital landscape, including proficiency in big data analytics. These skills are comprehensive in nature, rendering them scarce, valuable, and difficult to replicate. By implementing this strategy, the manufacturer will be able to gain a competitive advantage in the market. Furthermore, it is important to note that within an organization, the allocation of resources plays a crucial role in its overall success. In this regard, two key components that contribute significantly to the effectiveness of an organization are big data analytics and the cultivation of a data-driven culture. These resources not only enhance decision-making processes but also facilitate the achievement of organizational goals and objectives.

The success of the direct-to-customer channel option is contingent upon the manufacturer's realistic and strategic decision-making, particularly in relation to the selection and presentation of products and assortments on a channel in a bundled and differentiated manner, as indicated by the findings. In order to mitigate concerns related to cannibalization and channel conflict, it is logical for manufacturers to actively pursue new customer segments and unexplored market opportunities. One such opportunity lies in capitalizing on the growing trend of lower socioeconomic status (LSM) consumers engaging in online transactions. The democratization of ecommerce has led to the emergence of new channels, particularly in rural markets, which are now more accessible. This has been accompanied by the rise of stokvel/crowdsourcing opportunities.

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APPENDIX A

Consistency Matrix

Title: Digital Reintermediation: A strategic response to mitigate the proliferation of private labels in manufacturing

RESEARCH QUESTIONS	LITERATURE REVIEW	DATA COLLECTION TOOL	DATA ANALYSIS
Clarification of Definition Discourse	2.2. Clarification of Definitional Discourse related to Reintermediation. Gielens and Steenkamp (2019) Schauerte et al. (2023) Chircu and Kaufmann (2000) Viljoen et al (2015)	N/A	N/A
Evolution of Reintermediation Literature	Chircu and Kaufmann (2000) Viljoen et al. (2015)	N/A	N/A
RQ1 - What is the resources and capabilities of a national brand manufacturer direct to customer channel?	Elia et al. (2023) Ballerini et al. (2023) Barney (1991) Chircu and Kaufmann (2000) Li et al. (2020) Gregory et al., (2019) Khanin et al. (2022) Santana & Díaz-Fernández, 2022 Karaboga et al., 2022	Semi- structured interview protocol	First order coding based on open ended exploratory questions. Thematic analysis to develop constructs
RQ2 – What are the challenges and opportunities anticipated by a manufacturer in implementing an e commerce reintermediation?	Pasirayi & Fennell, 2021 Chen et al. (2018) (Gielens & Steenkamp, 2021) Verhoef & Bijmolt, 2019 Tahirov and Glock, 2022 . Kollmann et al. (2012 Lienhard (2023)	Semi- structured interview protocol	First order coding based on open ended exploratory questions. Thematic analysis to develop constructs
RQ3 – What the methods a manufacturer can implement to affect a Direct to customer reintermediation in the online channel as a counterstrategy to retain it competitive advantage in the market?	Pu et al. (2020) Zhou et al., 2023 (Pasirayi, 2023 Balerrini, 2023 Watson et al. (2015). Zhang and Hezarkhani (2021)	Semi- structured interview protocol	First order coding based on open ended exploratory questions. Thematic analysis to develop constructs

SubQ1 What are the Strategic Approaches	Pasirayi (2023) Lienhard (2023)	Semi- structured interview protocol	First order coding based on open ended exploratory questions. Thematic analysis to develop constructs
SubQ2 – What are the Success Metrics in DTC Industry	Lienhard (2023)	Semi- structured interview protocol	First order coding based on open ended exploratory questions. Thematic analysis to develop constructs

APPENDIX 2

Interview Protocol 1

Unstructured Interview: Feasibility of a National Brand Manufacturer's Online Store Competing with Retailer Private Labels -

Introduction:

Purpose of the interview: to gain insights into the feasibility of a national brand manufacturer launching its own online store to compete with retailer private.

Responses will remain confidential and will be used for research purposes only.

Exploratory Questions:

1. Competitive Landscape:

- How do you perceive the competitive landscape between national brand manufacturers and retailer private labels in your industry?
- What are the key dynamics and trends you've observed in this regard?

2. Private Label Growth:

- Can you share your observations regarding the proliferation and growth of retailer private labels in recent years?
- What factors do you believe have contributed to this trend?

3. Impact on National Brands:

- From your perspective, how have national brand manufacturers been affected by the increasing presence of private labels in retail stores?
- Have you noticed any shifts in consumer preferences or purchasing behaviour?

4. National Brand Online Stores:

- How do you view the feasibility and potential impact of national brand manufacturers launching their own online stores to compete directly with retailer private labels?
- What challenges or advantages do you anticipate for national brands in this endeavour?

5. Consumer Loyalty:

- In your experience, how loyal are consumers to national brands versus private labels, both in-store and online?
- What strategies do you believe national brands could employ to enhance customer loyalty in the online space?

6. Resource Allocation:

- What do you think are the resource implications for national brand manufacturers when considering the launch and operation of their own online stores?
- Are there particular resource allocation challenges they might encounter?

7. Customer Data and Insights:

- How important is customer data and consumer insights in shaping merchandising and sales decisions for retailer private labels?
- Do you think national brands can use similar data-driven strategies in their online stores?

8. Pricing and Value Proposition:

- In terms of pricing and value proposition, what strategies could national brand manufacturers employ to compete effectively with private labels in the online space?

- Are there specific pricing models or value-added services you think would be advantageous?

9. **Market Response:**

- How do you anticipate the market might respond to national brand manufacturers' online stores competing with retailer private labels?
- Are there potential shifts in the competitive landscape that you foresee?

Part 2

Are there any market or industry characteristics that influence your decision not to sell online? If so, could you please elaborate?

How is your company's product now distributed and sold? What advantages or advantages does this strategy have over online sales?

Are there any logistical or operational constraints that prevent your organization from selling things online? Can you give some examples?

How important is the company's brand image or customer experience in the choice not to sell online? Is there any fear about keeping control of these aspects?

Have you investigated other options, such as partnering with internet shops or developing an e-commerce platform? If not, why not?

Is there anything regulatory or legal that influences the choice not to sell things online?

What method do your competitors take to online sales? Is there anything your organization has learned or gained from examining their strategies?

Do you expect any changes in your company's approach to internet sales in the future? What considerations might have an impact on this decision?

Interview Protocol 2

Unstructured Interview: E Commerce Adoption

1. Can you describe your experience in developing and implementing E Commerce strategies for your organisation to compete in market and any such strategies related to retailer private label products?
2. How do you assess the current competitive landscape for our brand in terms of retailer and manufacturer? What tools or methods do you use for this analysis?
3. Could you provide an example of a successful strategy you've employed in your current or previous role to combat private label competition? What were the key results?
4. What role do consumer insights and market research play in your approach to countering private label competition? Can you share a specific instance where these insights drove strategic decisions?
5. How do you leverage pricing and promotions as part of your eCommerce strategy to maintain our brand's competitiveness against retailer alternatives?
6. When developing an eCommerce strategy, what considerations do you take into account regarding product differentiation and brand identity to stand out in the market, and if possible specifically against private labels?
7. Can you discuss the importance of customer loyalty and retention in countering private label competition? How do you plan to build and maintain customer loyalty in your eCommerce strategy?
8. What technologies and analytics tools do you find essential for monitoring and adapting to changing competitive dynamics in the eCommerce space, particularly in relation to retailers and other competitors?
9. How do you collaborate with cross-functional teams such as marketing, product development, and supply chain to execute eCommerce strategies that address private label challenges?
10. Can you provide insights into the key resources and capabilities you believe are critical for your organization to invest in when countering private label competition through eCommerce?
11. In your opinion, what emerging trends or innovations in eCommerce could be leveraged to gain a competitive edge over private label rivals?

12. How do you balance short-term tactical responses with long-term strategic initiatives in the context of your organisations competitive strategy?

Interview Protocol 3

Interview Guide: Unstructured Interview

Topic: Manufacturer's Success after Implementing Online Sales Strategy

Introduction:

Background and Setting:

Can you give me a quick rundown of your company and its main products?

When did your organization decide to develop an internet sales strategy, and what drove that decision?

Market Landscape:

- Can you provide an overview of the current market landscape in the FMCG industry, especially concerning the presence and growth of private labels?
- How have market dynamics evolved in recent years?

Posed by Private Labels:

- From your perspective, what challenges do private labels pose to national brand manufacturers in the FMCG sector?
- Are there specific areas where private labels have gained a significant foothold?

Online Sales Strategy:

- How feasible is it for a national brand manufacturer to implement an online sales strategy as a countermeasure against private labels in the FMCG industry?
- Are there particular factors that make this strategy more or less viable?

In the context of your categories online sales strategy, how would you define success?

Process of Implementation: Could you outline the measures your organization followed to adopt the internet sales strategy?

Were there any major issues or roadblocks encountered throughout the implementation? How did they triumph?

What resources, technologies, or collaborations did your organization use during the implementation process?

Impact and Outcomes:

What changes or improvements in your company's sales performance did you notice after employing the internet sales strategy?

How did your company's internet sales approach contribute to its overall growth and success?

Customer Service:

In comparison to traditional sales channels, how did the internet sales strategy improve the consumer experience?

Have you added any new services or features to complement your online sales approach, such as live chat support or virtual consultations?

Learning and Adaptation:

Did your organization make any changes to its online sales approach in response to client feedback or market trends? What were they, if so?

What lessons did your organization learn as a result of implementing the internet sales strategy, and how have they changed your whole business approach?

Are there any ongoing projects or future plans to improve your internet sales strategy?

Analysis of Competitors:

How has the deployment of the internet sales strategy positioned your organization in relation to industry competitors?

Has your successful online sales technique caused any changes in the competitive landscape?

What distinguishes your organization from competitors in terms of online sales strategy or client engagement?

Recommendations and advice:

What advice or recommendations would you give to other manufacturers contemplating developing an online sales strategy based on your company's experience?

Is there anything else that other manufacturers should bear in mind while developing and implementing an online sales strategy?

Is there anything more you want to say about your company's success with internet sales?

APPENDIX C

**Gordon Institute
of Business Science**
University of Pretoria

**Ethical Clearance
Approved**

Dear [REDACTED]

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

APPENDIX D

Informed consent for interviews

I am conducting research on *The Impact Reintermediation Counterstrategy for National Brand Manufacturers over Private Label Brands*. Our interview is expected to last 1h 30m and will help us understand *How can a National Brand Manufacturer effect E-commerce Adoption and What are the resources and capabilities required to achieve a sustainable competitive advantage over private label retailers*. **Your participation is voluntary, and you can withdraw at any time without penalty**. By signing this letter, you are indicating that you have given permission for:

- The interview to be recorded;
- The recording will be transcribed;
- Verbatim quotations from the interview may be used in the report, provided they are not identified with your name or that of your organization;
- The data to be used as part of a report that will be publicly available once the examination process has been completed; and
- All data to be reported and stored without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Email:

Email:

Phone:

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: