Research Seminar:
Resources, Supplier Investment, Product Launch Advantages, and First Product Performance

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ABSTRACT
Successfully launching its first product is critical to a new venture’s continued success, yet the new venture has relatively few financial or human resources to support its marketing or R&D activities. It is thus important for the new venture to attract funding from external investors such as suppliers. Although the operations management (OM) literature addresses product development and supplier involvement in large firms, few studies have examined the relationship between suppliers and new ventures. This study examines how new ventures can complement their resources and experience with supplier investment, to build positional advantages for their first product and increase marketplace performance. We integrate the OM and entrepreneurship literatures to develop a model based on the resource-based view of the firm, in which the new venture uses external and internal resources to achieve positional advantages of product innovativeness, supplier involvement in production, and product launch quality. We also investigate how market potential moderates the relationship between positional advantages and performance. We empirically test our model using data from 711 new ventures. We find that it is beneficial for a new venture to involve suppliers in production of the first product, and that market potential positively moderates the relationship of product launch quality and performance. We also find that it is more important for the new venture to achieve a high quality launch for its first product, than to launch a highly innovative first product. New ventures should launch a highly innovative product only when the market is large and with high growth potential. We discuss managerial implications of our findings.