

Chapter 4

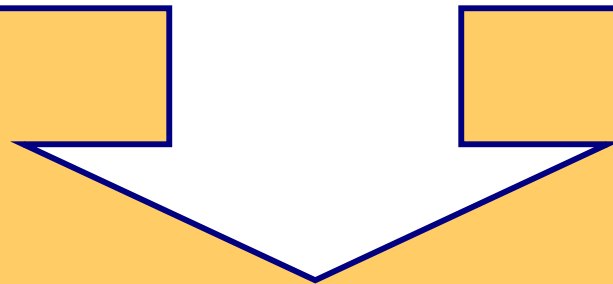
Behavioral Processes in Marketing Channels



Marketing Channel as Social System

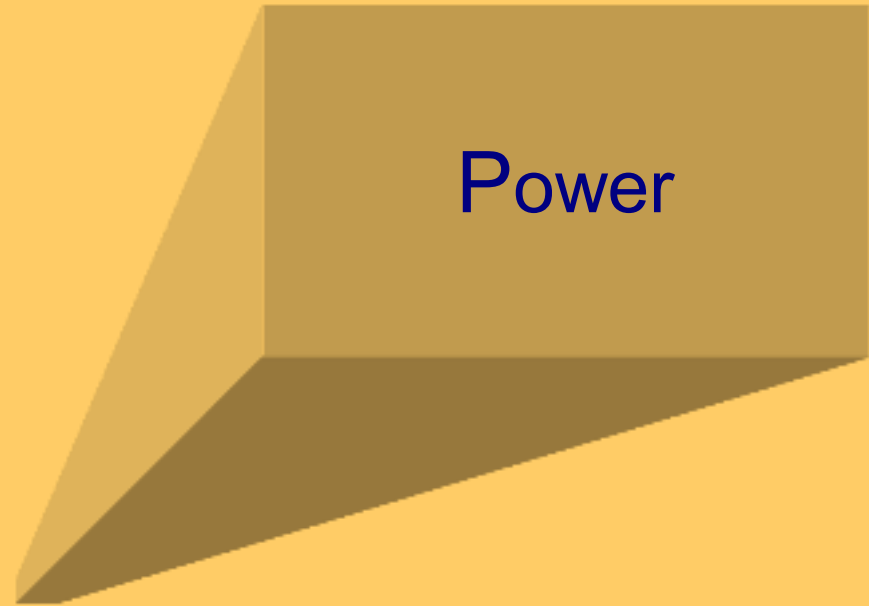
Social System

- Generated by any process of interaction on sociocultural level
- Between two or more actors
- Actor is individual or collectivity



=
Interorganizational
Social
System

Individuals or collectivities
Interacting within marketing channel



Roles



How Conflict Emerges

Cause

When a channel member perceives that another member's actions impede the attainment of his or her goals

Behavioral trademarks

Direct, personal, and opponent-centered behavior



Causes of Channel Conflict

-  Role Incongruities
-  Resource Scarcities
-  Perceptual Differences
-  Expectational Differences
-  Decision Domain Disagreements
-  Goal Incompatibilities
-  Communication Difficulties

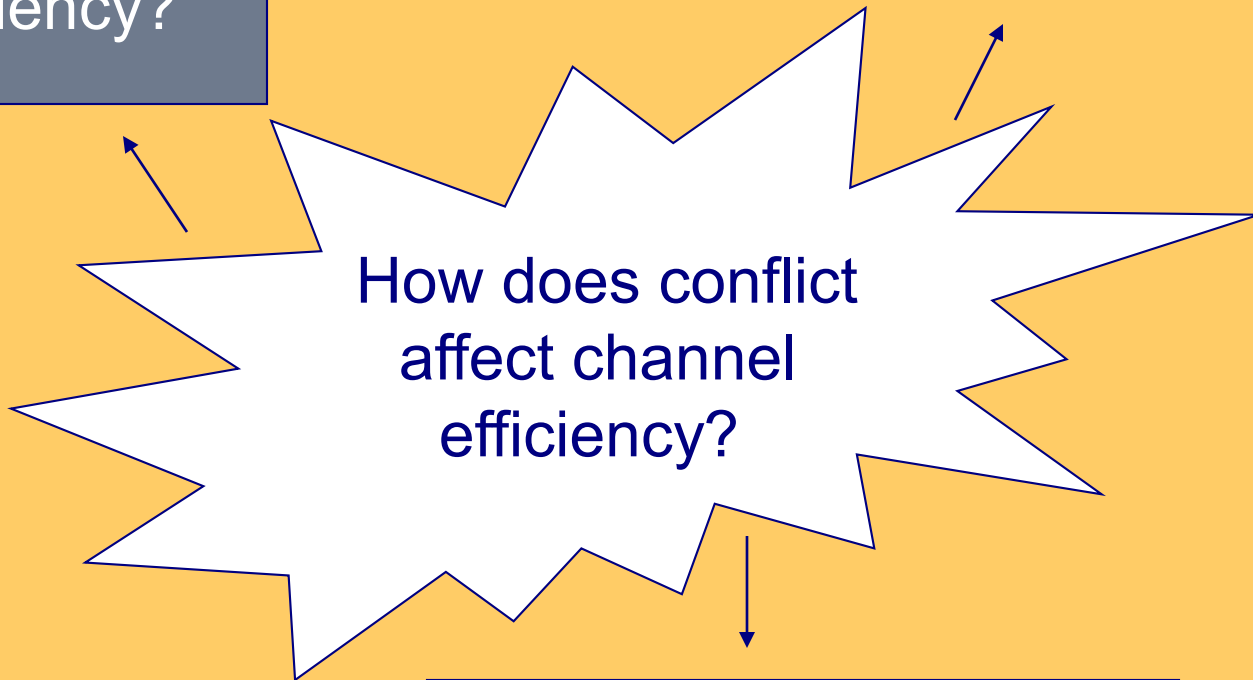
Conflict & Channel Efficiency

Does conflict decrease efficiency?

Can conflict increase efficiency?

How does conflict affect channel efficiency?

Does conflict have any affect?



Effects of Channel Conflict

Negative Effect: Reduced Efficiency



As the level of conflict increases,



Channel efficiency declines

Effects of Channel Conflict

No Effect: Efficiency Remains Constant

Exists in channels characterized by high level of dependency among members

Channel efficiency is not affected

Effects of Channel Conflict

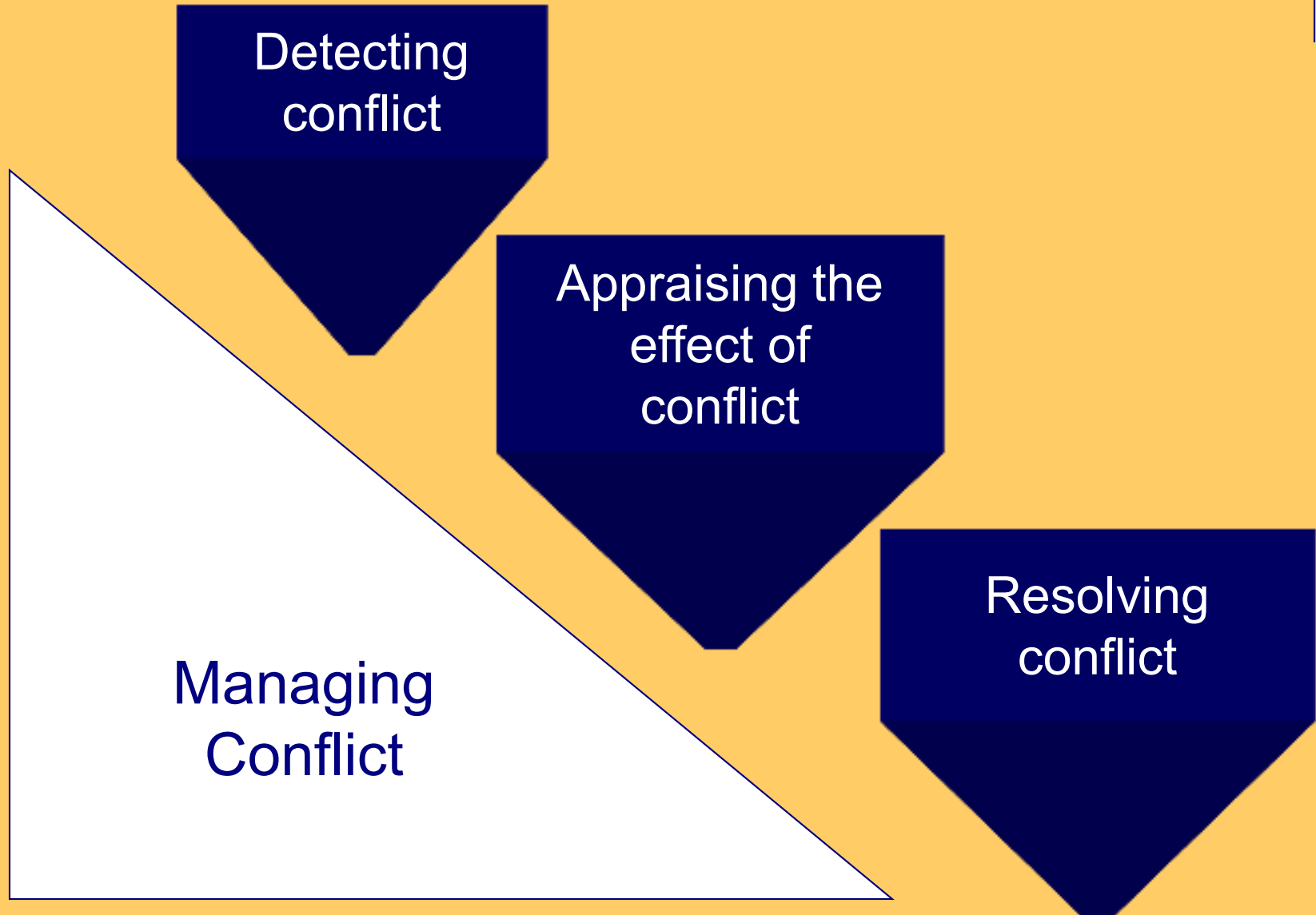
Positive Effect: Efficiency Increased

Conflict might be impetus for either or both members to reappraise their policies



Channel efficiency increases

Managing Channel Conflict



Detecting Channel Conflict

Regularly survey other members' perceptions of firm's performance

OR

Perform marketing channel audit

OR

Form distributors' advisory councils or channel members' committees

Appraising the Effect of Conflict

Subjective process that relies on manager's judgment



Resolving Conflict

Creative action on the part of some party to the conflict is needed if the conflict is to be successfully resolved.

Conversely, if conflict is simply “left alone,” it is not likely to be successfully resolved and may get worse.

Power in the Marketing Channel

The capacity of a particular channel member to control or influence the behavior of another channel member

Keys to understanding Power:

- Power Bases
- Use of Power Bases

Bases of Power for Channel Control

Reward Power

Coercive Power

Legitimate Power

Referent Power

Expert Power

Using Power in the Marketing Channel

1. Identify available power bases
Bases are a function of size of:
 - producer or manufacturer
 - organization of channel
 - particular set of circumstances

2. Select and use appropriate power bases to better or worsen channel relationships

Basic Research Findings

Classic Findings

- Expert and referent power in conventional channels may be more effective than direct monetary incentives or threats in inducing channel members to accept controls.
- Power employed by manufacturers based on economic rewards or coercion provided a higher degree of control over channel members than power based on legitimacy, expertise, or reference

Basic Research Findings

Noncoercive power bases  satisfaction in “weaker”
channel members, such as franchises

1. Franchisees are likely to have higher morale.
2. Franchisees are more likely to cooperate with the franchisor.
3. Franchisees are less likely to terminate their contracts.
4. Franchisees are less likely to file individual suits against the franchisor.
5. Franchisees are less likely to file class action suits.
6. Franchisees are less likely to seek protective legislation such as the “Franchise Full Disclosure Act” (1970).

Basic Research Findings

General Inferences from findings

1. Power must be exercised to influence member behavior.
2. Effectiveness of power bases to influence members is situation-specific.
3. The exercise of power and how it is used affects the degree of cooperation, conflict, and satisfaction among channel members.
4. The use of coercive power probably promotes conflict and dissatisfaction to a greater degree than the other power bases.
5. The use of coercive power can reduce channel's stability and viability.

Roles in Marketing Channels

A set of prescriptions defining what the behavior of a position member should be



- Roles change over time.
- Straying far from a role may cause conflict.
- Roles help describe & compare the expected behavior of channel members and provides insight into the constraints under which they operate.

Roles in Marketing Channels

Questions to help the channel manager

- What role does the channel manager expect a particular channel member to play in the channel?
- What role is this member expected to play by his or her peers?
- Do the manager's expectations for this member conflict with those of the member's peers?
- What role does this member expect the manager to play?

Communication Processes

Behavioral Problems in Channel Communications

1.
Differences in goals
between
manufacturers &
their retailers

2.
Differences in
the kinds of
language they use
to convey
information

Communication Processes

Behavioral Problems in Channel Communications

3.
Perceptual
differences
among
members

4.
Secretive
behavior

5.
Inadequate
frequency
of
communication