Effects of channel conflict upon managers and salespersons within the UK automotive industry’s manufacturer-dealer dyad

In the UK, most European motor manufacturers hold franchise agreements with third party dealerships (i.e., not manufacturer-owned), which are relied upon by manufacturers for sales, service, and aftersales representation to retail customers, and for delivery of brand experience within each customer transaction. A number of developments have led to increased difficulties faced by manufacturers in controlling and reducing channel conflict, for example: since the mid-1990s, dealerships have increasingly operated multi-franchised sites, in which rival manufacturers’ competing products are offered under one roof; the widespread manufacturer practice of offering dealerships large discounts to ‘pre-register’ unsold vehicles at month-end to achieve short-term ‘sales’ targets corrodes dealers’ respect for manufacturers and places each partner on opposing sides of a negotiating table, encouraging conflict. This distressing of channel relationships is perhaps more damaging than the more publicised distressing of new vehicle pricing, further undermining brand equity and – through the phenomenon of “Supply Chain Contagion” (McFarland et al, 2008) - the quality of customer brand experiences.

The current research outlined in this paper aims to address these key contemporary issues in the UK motor industry by exploring the effects of channel conflict upon managers and salespersons within the UK automotive industry’s manufacturer-dealer dyad and gaps identified in the literature and discussed below will also be addressed.

Most literature exploring conflict within the marketing distribution channel is quantitative. Few articles limit study to the motor industry specifically, and most concern themselves with the U.S. market. Research in this area seemingly peaked in the 1970s. The perspective has been overwhelmingly ‘top-down’, both in deductive methodology and contextualisation of channel conflict against purely commercial considerations rather than the ‘human’ experiences of those managers and salespeople working within the dyad. This study intends to redress this imbalance.

This brief overview of the literature on channel conflict traces key developments over time: Rosenberg and Stern (1970) encouraged wider debate on “causes, measurement, management and consequences of conflict” (p.40), expanding Assael’s (1969) initial conceptualisation of distribution channel conflict. Major causes were considered ‘structural’ (p.42) between intrachannel partners, and to impact upon exogenous variables such as consumer demand. Although they brought commerciality to a subject previously dominated by psychologists, no attention was given to the effect of individuals’ personalities or group dynamics on conflict, nor to the effect of conflict upon those individuals. In later work, describing channels as “interfirm behavioural systems” (Rosenberg and Stern, 1971, p.437), they viewed conflict as organisational behaviour, finding the most significant causes of conflict to be ‘domains’ and ‘perceptions’ (of each partner’s roles) in the manufacturer-dealer dyad. Whilst they deduced that the length of respondents’ service correlated to conflict levels, reasons were not explored, and their call for “longitudinal investigations of the conflict process” (p.442) has subsequently been neglected.

In 1974, for the first time, different ‘anticipatory’ and ‘reactive’ strategies for conflict management were encouraged (Rosenberg, 1974) mapping out the conflict process through ‘covert’ and ‘overt’ stages, and a list of operational factors to be addressed by businesses was suggested. Anticipating the application of theory, the article proposed a “channel framework”
diagnosis tool, breaking new ground in exploring benefits of conflict (such as a galvanising of managerial efforts and the catalyst for self-evaluation).

Lusch (1976) focused on the role of channel power in conflict which had received little attention previously. Lusch identified five main sources of power in the automotive industry, measuring conflict according to both frequency and strength of disagreement. He gauged 20 areas of disagreement and 16 types of ‘assistances’ between motor manufacturers and dealers, drawing on psychology theory to explain reasons for their prominence. Building on Lusch’s (1976) article, Roering (1977) analysed how specific actions (such as use of the pronoun ‘we’) may affect channel negotiation outcomes. The major contribution was contextualising negotiations within broader business relationships wherein results of previous negotiations, and expectations of future transactions, were shown as significant.

Building on the work of Lusch (1976) and Roering (1977), Rosenbloom (1978) investigated distribution channel negotiation strategies. Although the article was largely descriptive, it gained significance in giving direction to subsequent studies. In 1978, Etgar delivered a short response to Lusch’s (1977) suggestion that use of coercive power increases conflict frequency and use of noncoercive power reduces it, in which he disputed the findings, the methodology, and Lusch’s view of channel power as merely a precursor, not an outcome, of conflict. Etgar went on to develop what was possibly the most comprehensive, rigorously tested investigation into sources and types of intrachannel conflict, finding a dichotomy between cognitive/affective/attitudinal sources and behavioural/manifest ones (Etgar, 1979, p.64). In this study, the mutual relationship between both sides of this dichotomy and their dependent outcomes were explored. In identifying nine key causes of conflict (eg – goals divergence / drive for autonomy), and splitting these into 46 specifics (p.75), this study demonstrated application for commercial organisations.

Sidestepping Etgar’s earlier criticisms (1978), Ross and Lusch (1982) criticised Rosenberg and Stern’s (1971) piece for not distinguishing between causes of conflict and conflict itself. Ross and Lusch tested four hypotheses to ascertain the effect of domain dissensus and perceptual incongruity within a channel on conflict and cooperation levels, finding no significant effect on conflict but a strong correlation with cooperation. Importantly, whilst it acknowledged common roots of conflict and cooperation, it demonstrated that they were not opposite ends of the same construct, as had previously been assumed. Gaski (1989) disputed Etgar’s (1978) insistence that supplier control increases in strong markets, describing his construct validation as weak, and testing broader exogenous variables alongside more familiar endogenous ones like “dealer’s affinity for the supplier” (p.18). For the first time, the relationship between the supplier’s district manager and his/her distributors was considered, a range of performance measures described which were derived from common operational factors found within the motor industry as a result (or cause) of conflict – eg, deliberate delaying of deliveries by a manufacturer, or deliberate delivery of unwanted products (p.20).

Kale (1989) discussed the alienation of channel members and noted that well-educated managers are more likely to be diplomatic, suggesting “it would be interesting to observe the impact of personality variables on the relationship between interfirm dependence and influence strategies” (p.383-384). Dant and Schul (1992) applied social psychology to organisational behaviour, ascertaining a correlation between “asymmetrical exchange relationships” (p.38) and the choices and risk levels of conflict resolution strategies. Their findings, by implication, could suggest that district managers of automotive manufacturers which have significant power in relation to their network partners would enjoy less fraught
working lives, and that these commercial considerations could override the strength of the relationship between individual intrachannel managers.

Mayo et al. (1992) identified that 1990s articles focused on influence strategies rather than power sources. However, they also failed to explain why ‘information exchanges’ between channel partners are considered influence strategies rather than merely an operational part of business relationships, even though this was asserted strongly within the article, neither did they explore how organisation-level influence strategies demand adoption of certain strategies and behaviour at individual manager level, thus perpetuating a knowledge gap in this area which the current study addresses.

Through the work of Gaski and Ray (2004), which focused specifically on the notion of ‘alienation in the distribution channel’, the field moved closer to the research project outlined in this paper. Describing alienation as “a feeling of separation or estrangement” or “social malintegration” (p.158), the issue was discussed in a business context whilst drawing on social psychology theory. The authors stopped short of Macneil’s (1980) construct bounded by ‘alienation’ and ‘relationalism’, preferring to see alienation as an “umbrella concept or supra-construct” (p.162). They scrutinised alienation at organisational (or at least functional) level, leaving an opportunity to investigate its effect upon individuals within the manufacturer-dealer dyad. This is perhaps the most significant gap in the literature – it fails to provide a comprehensive understanding of various factors influencing channel conflict and their inter-relations. Hence a holistic model combining organisation, external environment and individuals’ psychological attributes could enrich the current understanding.

The study will initially be based on interviews with staff and management from dealerships and manufacturers. The aim is to explore and gain insight and understanding from an individual lived experience perspective. Two core methodologies are envisaged to analyse the data: the building of narratives and Template Analysis. This technique helps subjects to connect with aspects of self which have been forgotten or subsumed (Singer & Salovey, 1993) beneath the demands of their role and the steamrolling of workers’ individuality within a capitalist environment alluded to by Marxist commentators (e.g., Althusser, 1971). It also helps fulfil any ambitions which the project harbours to ‘liberate’ its subjects through heightened self-awareness or to be psychologically therapeutic (Pennebaker, 1997). Whilst narratives provide ‘richness’ of textual interpretation (Ricoeur, 1977), helping both researcher and subject to define each other by blurring the boundaries between each (Ricoeur, 1992), there is a strong dependence on the subject to delve within oneself (Riesmann, 1993), which some may not be willing to do, especially considering the culture within the motor industry. Further approaches to data collection will be considered as the data emerge from the initial fieldwork.

Whilst deep immersion in the field of study would have been desirable, the time constraints of doctoral study dictate the use of interviews. As the author has worked extensively in the dyad being explored, he is able to enter the research frame, make observations and descriptions ‘thicker’ and introduce auto-ethnographic elements. Interviewees will be selected on a nonprobability basis for their ability to speak vividly on the area of study. Ten or twelve respondents is ideal for Template Analysis, and it is intended that each shall be interviewed for approximately 90 minutes on several occasions to track differences in experiences of channel conflict through the peaks and troughs of the year (e.g. – peak vehicle registration months, ‘conference season’) and bring about aspects of longitudinality. Broader narratives will be built with the help of the more confident, self-aware participants.
References


