

Multichannel Conflict Management in Consumer Electronic Industry

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Abstract

The increase in disposable income of consumer has led to increase in the demand of consumer electronic goods in the market this has made companies use multiple channel to cater the demand more effectively and efficiently. Need of e-commerce has led to increase in demand for companies product in the new marketing channel i.e. internet. The use of multichannel has reduced cost, increased market coverage and increase in sales. Despite all these advantages the multichannel also present few challenges. As the new marketing channel i.e., internet introduce conflict with traditional marketing channel. This study aims to find out various factors that leads to multi-channel conflict and find out ways to resolve multi-channel conflict that prevails in the industry. The study also aims at analysing the factor which has highest impact on multi-channel conflict. In this study both exploratory and descriptive research are being used. Exploratory research is used to discover the ideas and thoughts of various authors and researches about multichannel conflict and distribution channel. Descriptive research is used to describe the scenario of consumer electronic industry, various factors causing channel conflicts and approaches used by management to minimize channel conflicts. The data is collected from 170 channel partners of consumer electronic industry in Noida and Ghaziabad. The various factors that leads to conflict are Communication, Goals, Use of Power, Channel preference by manufacturer, perception on multiple channel uses. It was found that the channel partners perception on multiple channel use and goal has highest impact on conflict. Companies form institution, use mediator, charge different price and introduce new series of product differently for different channel to minimize or resolve conflict.

Keywords: Multi-Channels, Conflict, Distribution, Consumer Electronics

Introduction

The Consumer electronic Industry in India is influenced by various factors such as increase in disposable income of consumers, consumer adaptation to latest technology, government incentive and support etc. all this have lead to increase in demand for electronics goods in the country. This has capture the attention and support of government, which enable the entrepreneurs to come up with their ideas and project to support the economy. Mobile device and Consumer Electronics segment contributes highest in the industry. The demand in these segment is expected to increase with increase in disposable income of consumer. Rise in population of middle-class, changing lifestyle of consumers, growing needs toward using smart electronic devices are among the primary factors influencing the growth of the global consumer electronics in the country. The increasing disposable income of consumers, along with the need for Internet usage, has led to the demand for the electronic goods such as smart phone, smart T.V etc. There is also easy access to credit almost every electronic product is now available at EMI, which make's it easy for consumer to buy the product. The sector has huge investment over the years. It has grown at 16% CAGR from 2010 to 2018. Government has fully support for the sector there is 100% FDI. And the 51% FDI in multi brand will no doubt contributes to the success of the sector.

Distribution Channel

Distribution Channels are route by which goods and services move from business to consumers. In this transfer of payment happened between the company and its customers. It basically means selling of product directly or with help of wholesalers, retailers etc. It is making the product available near to ultimate consumer. The distributor or channel partner acts as an intermediary between the company and end consumer. It give an advantage of time, place position of goods manufactured by the company.

Multiple Distribution Channel

The companies are engaged in using than one distribution channel simultaneously to reach the end users. The company may open their own showrooms to sell the product directly but this requires huge investment in infrastructure and supply chain, the big brand are doing this apart from this the company uses one level or two level of distribution channel for its product to reach to its customers while at the same time use internet marketplaces and other retailers to attract more customers.

(Purohit , 1997) in his study said that distribution channel is most crucial decision that an organisation must make. This is because these decisions can only be reversed after incurring huge cost. Multiple distribution channels are defined as a multi-channel arrangement in which the companies uses the traditional channel as well as online or internet channel in order to make its product reach to consumers by combination of distinct channels, which leads to variety of

marketing mix offerings designed to satisfy the needs of all the customers of the company in the market. The multiple distribution channels are used by the companies sometimes cover the same segment of customer and it causes overlap of services.

Advantages of using Multiple Distribution

Channel

- Reduce the Cost of distribution
- Increase product availability
- Facilitate the customer with transaction
- Enhance customer convenience while making purchase
- Increase awareness of product with wide presence.

Companies are using different distribution channels, along with other ways to reduce their supply chain cost many companies have outsourced their supply chain so that they can focus on their core business and deliver quality to their customers. (Moriarty & Moran , 1990) . One interesting fact about consumer electronic companies is that with use of multiple channel the quality and deliver of product is not compromise the promise made by the company to its customers are duly fulfilled, the companies and distribution channel also adjust itself with the changing demand of customers. So the companies using multiple distribution channel channels are required to fulfil the need of customer coming from different ways, (Anderson , Day, & Rangan , 1997). At the end of the day, various customer with various purchasing practices will use those channels which they feel is good for them. The increase in customer demand of product at their

convenience through various distribution channel rather than from a single channel. Apart from looking the product in store the consumer research the product on internet and compares it with similar product its features, its price and value added services before buying the product many prospect customers only look for product in order to have better knowledge they are not interested in buying this impact the sale of traditional channel partners (Forrester , 2004)

Difficulties with Multiple Distribution Channels

- Management issue due to lost of complexity with different channels
- Conflict between different channel
- Loss of revenue due to competitive nature of channel partners.
- Difficult for company to assign territory of doing business
- Overlap of services.

The companies using multiple distribution channel goes through lot of conflict and challenges in their business. (Friedman & Furey, 1999). This is noticed by looking at channel partners behaviour in the market the channel partners look at each other as a competitors and tried to compete with each other which many reduce the sale of the company (Smith , Bailey , & Brynjolfsson , 2004). There is loss of revenue for each of the channel, the multiple channel fight with each other on ownership of customer they try to capture each other customers. The online channel due to low

fixed cost can lower down the price and take away the customers of traditional channel.

With use of multiple channel conflict becomes functional which is good and bad both for the company good in this context means that channel conflict may leads to lot of productive change in the supply chain and management of the company. This also motivate the channel partners or members to adapt to the change, grow and investigate new opportunities. However, conflict is not always good certain conflict are so bad that they may lead to shutdown of business. (Stern & El-Ansary, Marketing Channels, 1988)(Moriarty & Moran , 1990). As indicated by (Friedman & Furey, 1999), channel conflict between companies management and department is manageable issue. In multiple channel the if one change progresses the other have to suffer as both cannot progress at the same time (Webb, 2002), in his paper, states that conflict between channel partner is important as conflict may create new ways of handling and doing thing.

Managing Multiple Distribution Channels

Information about new products, promotional campaigns, etc., has to be transferred from the company to the distributors or channel partners, the channel partners have information about the market condition in which the company is operating, they inform company about customers reactions to product. If there is lack of communication between the channel partner and the company, misunderstanding will occur, this will lead to company implementing wrong strategy and hence the relationship get hampered.

(Etgar , 1979) Competition for scarce resources occurs when the demand for resources in a channel is more than the supply available to fulfil it. It has been observed that different channel members, such as dealers and wholesalers, compete to have special right to sell companies product in market. One channel member tries to have control over other members, Companies aim to control retail price by using suggested retail price lists. (Etgar , 1979) Power is an important factor in channel relationships. There is direct connection between power and conflict. Many researchers agree with the fact that conflicts arise in a channel because big channel partner always likes to control the activities of smaller ones, and these small channel members want to operate independently so they resist such control, power is viewed as a result or response to, conflict. Many companies are creating their own company-owned website in order to show their presence in the Internet world, online presence of company give direct competition with its traditional reseller channel. Samsung sells its product in this way, i.e. both through traditional and through Internet channel. With using Internet as a channel, conflict caused by difference in goal which can occur if the company wants to maximize its profits over all its distribution channels, the Internet channel offer the Companies a higher profit margin on sales than the traditional channel as the fixed cost associated with online channel is comparably lower than traditional channel (Coughlan , Anderson, Stern, & El-Ansary , 2001). In order to cover the costs of establishing and

operating the new channel, the companies try to push their customers to use online channel for buying its product.

The Internet help the companies in building a direct channel to customers, e-commerce has made the availability of product near to customer at their convenient location this also has cut all the geographical barriers arising while sell with the use of traditional channel. The online channel is of course convenient to the customers willing to buy products online from companies website or ecommerce site. The Internet channel help the companies with overcome old territorial borders, it has the potential to capture the market and customers from any location which are served by the traditional channel which therefore is causing conflict due to unclear geographical boundaries. Conflict also occurs when there is no clarity regarding the functions and roles performed by channel partners this can also happen when the company decides use internet channel to sells its products. (Coughlan , Anderson, Stern, & El-Ansary , 2001). Usually customer who are willing to buys a product visit a traditional store look at the product gather information look at the product, ask the store personnel some questions about the product, check the price, and then buy the product online. A conflict of interest can occur if a customer who has bought from the company's website decides to return the product and tries to do so at a traditional retailer. Generally, the retailer will not agree to take back or return the item.

Channel Conflict

Conflict is disagreement between two parties on certain issues. It exist if one channel partner thinks that other channel partners are doing certain things which can impact or cause hinderance in attaining the planned goals (Stern & El-Ansary, 1988)(Coughlan , Anderson, Stern, & El-Ansary , 2001), (Steinfeld, Bouwman , & Adelaar , 2002) in his paper said that avoiding channel conflict is critical both for the company and for the channel partner, if the company want to acghieve better result from multiple channel its necessary for them to identify and find out ways to avoid conflict.

Channel Conflict Issues

When companies start the online distribution channel the traditional channel partners, like distributors, wholesaler dealers of company resist. Channel partners incur loss of revenue due to tough competition given by the online channel. Company however offers always price lower and it even provide more efficient service than distributors which will cause customers to shift from distributors to online channels (Friedman & Furey, 1999). In the market it is observed that prosperity of one channel partner is always at cost of other channel partners the channel partners tries to grab the market share of each other (Webb, 2002). Traditional channel partners, therefore, fear that the introduction of the online channel will lead to sweeping off their business an their existence as a distribution channel is at risk (Gilbert & Bacheldor, 2000).

Company who uses Multiple channels are faced with situation where the channel partner also compete with one another for resources like capital, personnel, products and technology. Traditional channel and Internet channel have conflicting interests over issues related to allocation of budget, revenue goals, customer assignments, the time and way of advertising, and promotion of product done by the company and the pricing of product (Webb, 2002). In the study to find companies using multiple distribution channels, including the Internet, (Webb, 2002) found price of goods and services, product availability, product promotion, allocation of resources and the reward system has the potential to cause channel conflict.

The customers while buying a product often consider both the channels likewise customers shopping both in outlets and modern retail stores. Companies while doing promotion of their product there is the inequality of expenditures on promotion for each channel companies spend huge amount of money in promoting their product and making customer aware about the product. Resource allocation here refers to both manufacturing and financial resources available with the company. When two different brand of company needs resources at same time it caused resource insufficiency hence proper attention is given to resource allocation. The companies who uses reward system caused conflict, as many channel partner may think that company is not recognizing their work and they can lack the motivation.

In order to have multiple distribution channel the managers must first think and find out various source of channel conflict. So that the severity of the conflict can be assessed and is resolved (Moriarty & Moran, 1990).

Literature Review

(Cunningham, 2013) Conflict exist between manufacturer, distributors and retailers. It also exists between functional group like sales, marketing and supply chain. The channel conflict can be reduced by establishing effective communication process, trust among the channel members and confidence within each key group moreover a clear understanding of the metrics, having clear goal, expectations and aligning pricing strategy these are key to avoid and resolve conflict.

(Lee & Larsen, 2003) Conflict occurs when there is disagreement on something between two parties. The author tells that companies are not in the stage of entering multichannel conflict due to internet. The company should identify its channel conflict management environment to select conflict management strategy.

(Tesser, 2002) channel conflict is basically dependent on the role that is given to the online channel, it is possible through its complementary to offline distribution channel its impact on channel could be less. However if it try to substitute traditional channel it will have negative impact and channel conflict will arise as this will create pressure.

(Webb, 2002) in his study about managing the marketing channel in electronic age addressed the problem of distribution when online channel is adopted and the author also describes the ways to overcome the conflicts which arises among the channel members due to difference in opinion, difference in goals, use of power by company.

(Dickinson, 2013) The author said that when any new channel added in the distribution channel than it will leads to conflict among members. The difference in goals and perception of channel partners leads high conflict this directly impact the performance of the company. The ability of the channel partner to perceive the situation become more powerful hence the companies to to build positive perception in minds of channel member.

(Andreson & Weitz , 1992) According to the author the commitment is not the easy thing to be build-up easily, to build-up each partner has to use its all resources efficiently. He also said that communication is must among the channel partners to build the commitment. It requires investment and take time to build commitment.

(Kiran, Majumdar, & Kishore, 2102) According to the authors the online strategy are developed so that both online and traditional and go hand in hand, there should be a proper communication between them as they are the major cause of conflict. Through there coordination the company tries to increase its revenue and capture large market share.

(Frazier , Gill, & Kale, 1989) The authors told that there is a lack of relationship between the manufacturer using the coercive strategy and the

dealer using the coercive strategy there is a difference between both. The whole thing depends upon the company the company how they wants to use it. However developing good relationship with channel partners is always beneficial for the company looking for growth and increase in market share.

(Hunt & Shelby , 1994) explored the nature of relationship marketing. The all marketing activities that are related to developing and maintaining a positive relation. The need arises due to global marketplace and changing environment to remain competitive. A strong relationship of commitment and trust reduces the tendency of conflict and uncertainty with channel partners.

(Luk, 1997) According to the author there are three ways through which the conflict increases between channel members they are when there are different in goal between channel members, difference in domain and different perception among channel members. The conflict arises due to difference in domain among channel members. There are also various advantages of conflict , the conflict motivates the channel member to perform better and to grow in size.

(Timothy & Alabar , 2015) conflicting situations affect the performance of channel members negatively, step need to be taken to avoid it completely. Channel members are not able to achieve their goal hence conflict arises. Companies should focus on linking goals and do not exert undue pressure on channel members. No matter how well a channel is managed conflict

will arise in channel system marketer should anticipate and understand the source or causes of channel conflict and try to eliminate or minimize them.

(Mehrotra & Sharma, 2007) The author describes the ways to choose the best channel mix among the different multi-channel. They also develop the six steps to overcome the multi-channel conflict. The first step is to develop multichannel objective, understand customers, they , take a look at industry structure, review the economy related to the channel structure, the model main objective is to sustain the profit of each channel member. It also focusses on B2B and can not be applied to B2C.

(Rosenbloom, 2007) According to him he tells that if the organization wants to achieve the sustainable development it cannot be achieved by only two method which is cost leadership and product differentiation. If the organisation wants to achieve the sustainable development they have to focus on multichannel strategy because it is difficult for competitors to copy multichannel strategy.

(Agatz, Fleischmann, & Nunen, 2006) the combination of both traditional and online channel has increased the revenue and market share of companies. With the help of a supply chain management the multiple distribution channel provides opportunities to the company to serving different customer segments, this help the companies creating synergies between business units and using economies of scale for their benefits.

(Coelho, Easingwood, & Coelho, 2003) Channel strategies varies by type of product and size of the company. They have define the importance of multichannel on performance. The companies in long run addresses the negative impact of multichannel strategy rather than the benefits offered.

(Dant & Schul, 1992) He said that there are certain hypothesis that are derived o predict conflict and help in choosing conflict resolution strategies. There are many approaches to minimize the channel conflict one of them is using the third-party intervention or mediator whenever the conflicting situation arises as it help the parties to get an independent view of the situation which helps to resolve or minimize the conflict.

Research Methodology

Research Problem

In this globalized and technically efficient market the need of e commerce has led to increase in demand for companies product in the new marketing channel i.e. internet. The use of multichannel has reduced cost, increased market coverage and increase in sales. Despite all these advantage the multichannel also present few challenges. As the new marketing channel i.e. internet introduce conflict with traditional marketing channel. This conflict can be harmful as its destroys the relationship of company with its traditional channel members, it can rise the confusion of customer and lead to dissatisfaction. Its is very important for the manufacture to

identify various factors of conflict and ways to minimize it.

Research Objective

1. To identify multi-channel uses in consumer electronic industry.
2. To determine various factors which leads to multi-channel conflict.
3. To analyse the factor which has highest impact on multi-channel conflict.
4. To suggest ways to reduce multi-channel conflict.

Research Approach

The research approach for this study is combination of both quantitative and qualitative. In Quantitative approach the structured questionnaire was being used to collect data from various retailers in order to understand the factors that my lead to conflict. In qualitative approach various secondary source of data is used to develop an understanding about the consumer

electronic industry and distribution channel followed by the industry.

Hypothesis for research

- H1:** There is a significant relationship between the communication and conflict
- H2:** Goal will be positively associated with conflict
- H3:** Use of power by companies is positively associated with the intensity of conflict
- H4:** Channel preference by manufacturer will be positively associated with conflict
- H:5** Channel partners perception on multiple channel uses is positively associated with the conflict

Variables under study

There are 5 independent variables i.e. communication, goals, use of power, channel preference by manufacturer, perception on multiple channel uses. There is one dependent variable which is conflict

Analysis

Correlation

Descriptive Statistics

	Mean	Std. Deviation
<i>Conflict</i>	2.215	0.90154
<i>Communication</i>	1.988	0.65109
<i>Goals</i>	2.562	0.67206
<i>Use Of Power Channel</i>	2.018	0.70227
<i>Preference by Manufacturer</i>	2.24	0.64863
<i>Perception On Multiple Channel Uses</i>	2.822	0.64613

Table 1 Descriptive Statistics

Correlations

	Conflict	Communication	Goals	Use Of Power	Channel Preference by Manufacturer	Perception On Multiple Channel Uses
<i>Conflict</i>	-					
<i>Communication</i>	0.421	-				
<i>Goals</i>	0.342	-0.007	-			
<i>Use Of Power</i>	0.402	0.288	0.256	-		
<i>Channel Preference by Manufacturer</i>	0.345	0.264	0.244	0.765	-	
<i>Perception On Multiple Channel Uses</i>	0.452	0.406	0.089	0.092	0.026	-

Correlations significant at the 0.01 level (2-tailed).

Table 2 Correlation

From the above table we can see that all the variable used in the study show mean value closer to 2 which means that the respondent agree with the fact that uses of multiple channel lead to decrease in sale of traditional channel partner this is leading to conflict. While going through various literature it was found that communication is one of the major source which is leading to conflict.

It is being observed from the above table2 that there exist a positive correlation between all the variables pertaining to conflict we can see that communication and perception on multiple channel uses show strong correlation between these

variables in respect to conflict it is 0.452 and 0.421 respectively. There exist a very strong correlation between channel preference by manufacturer and uses of power which is 0.765. we can also see that there is communication and goal. Conflict is highly influenced by the communication, perception of multiple channel uses, use of power. Conflict in distribution channel arises due to the fact the there is lack of communication, if the company uses excessive power this also leads to conflict, the perception of channel partners on multiple channel uses is causing conflict among the traditional channel partners.

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677 ^a	.459	.442	.67318

a. Predictors: (Constant), Perception On Multiple Channel Uses, Channel Preference by Manufacturer, Goals,

Communication, Use Of Power

Table 3 Model Summary

In the model summary by looking at R Square value which is 0.459 which means that the independent variable are able to explain 45.9% of the dependent variable. This means that conflict is dependent upon the communication, use of power, channel preference by manufacturer, perception on multiple channel use. Lack

in any of these factor will lead to conflict. There are 54.1% other variable which leads to conflict but those variable are not included and it is the limitations of this study. It is being observed that the value of R is 0.677 which shows that there is strong correlation between variables taken for consideration.

Hypothesis under study	Beta	SE	Result
H1: There is a significant relationship between the communication and conflict	0.2	0.003	Accepted
H2: Goal will be positively associated with conflict	0.315	0	Accepted
H3: Use of power by companies is positively associated with the intensity of conflict	0.172	0.061	Rejected
H4: Channel preference by manufacturer will be positively associated with conflict	0.074	0.413	Rejected
H5: Channel partners perception on multiple channel uses is positively associated with the conflict	0.382	0	Accepted

Table 4 Hypothesis under study

Table 4 shows that the significant value of all the variable is less than the p value 0.05 except channel preference by manufacturer and use of power this exception may be due to the small size of data which is limitation of this study. But apart from this H1 Communication has strong positive relationship with the conflict. If there is lack of communication lead to promotion and offers do not reach the channel partner this also misunderstanding which ultimately lead to company implementing wrong strategy and hence the relationship get hampered.

H2 Goal is positively related to conflict while going through literatures of various research it was found that the goal of the company should be aligned with the goal of the distributor, any deviation from the goal lead to conflict which as be easily seen in the result the Beta value of goal is also high which imply that the if there is difference in goal then it will lead to multi-channel conflict.

H5 channel partners perception on multiple channel uses is positively associated with conflict this hypothesis is accepted and it can be said if channel

partner perceives that the company is doing a lot for them they are motivated and more committed with the company which lead to increase in growth of companies revenue and market share.

H3 hypothesis is rejected the use of power by the company is not positively associated with conflict, but in real world scenario this is not the case the use of power have positive association with conflict, for instance if a company uses more of it threat power after sometime the dealer may stop cooperating with the company and look for other opportunities this will have negative impact on companies revenue.

H4 this hypothesis is rejected Channel preference by manufacturer was not positively associated with conflict these two rejection is due to small sample size and small geographies for collection of data this is a limitation of study. And would like to suggest future researcher in order to have better result must ensure that the sample size and geographical area is large.

We can also see that beta value of all the variables is positive which tells us that the independent variables are positively associated with the dependent variable conflict. We can also see that the Goals and Perception on multiple channel uses have strong association with conflict which is dependent variable. Perception on multiple channel uses show what the channel partner perceives about company using multiple channel here in this study it was found that the channel partners are not happy with company using multiple channel as this is causing decrease in their revenue. Therefore, this factor leads to conflict between traditional channel partners and company

Regression Equation

$$\text{Conflict} = 1.596 + 0.276 * \text{Communication} + 0.423 * \text{Goals} + 0.220 * \text{Use of power} + 0.103 * \text{Channel preference by manufacturer} + 0.533 * \text{Perception on multiple channel uses}$$

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.708	0.701	6

Table 5 Reliability Statistics

The table shows that the alpha coefficient for the six items is .708, suggesting that the items have relatively high internal

consistency. This reflect that the variables selected for the study are highly reliable.

Findings and Discussions

Multiple channel conflicts arises due to the fact that each channel partner is concerned about their existence, whenever the company sells it product through traditional channel and online channel it is said that company is using multiple

distribution channel. The conflict here arises when the company sells the same product at different price to customers by using different distribution channels. The conflict if not resolved with adequate care it can lead to long term impact on companies revenue and may sometime can

impact business so severely that its existence is at risk. There are two types of conflict: internal and external, both of which have the potential to impact the business. Internal conflict arises due to different perceptions and approaches used by different departments of the company, while external conflict arises when the external stakeholder of the company defers in the opinion. The scenarios which lead to external conflict are too many new products available and company requires its channel partner to keep all the range of the product, frequent change in price, selling same product on multiple channels, late delivery, different goals of company and channel partner. Perception of channel partner that his interest is being ignored by the company etc.

The strategies to minimize the channel conflict are

Forming Association of channel members: Under this the conflict or dispute within channel member is minimized before they become big and impact the operation of the company. The companies and dealers or channel partners form an association jointly to address the conflicting situation. Bringing the spokesmen of different channels together to understand the situation and make suggestions. The danger with this is that in due process of resolving conflict certain

information might get revealed which can impact the business in long run.

Use of mediators: Companies use mediators in order to ensure that conflict does not occur or keep conflict within controllable limits. Mediation is a way in which a third party totally independent from the company and distribution channel help to resolve the conflict occurring from various instances. The mediator role is to try to settle a dispute asking both the parties to sit together and explain each other the issues to each other for making relationship helping them understand their problems, and suggesting possible solutions.

Pricing of the product: The channel conflict problem may arise when the prices of same product varies on different channels of distribution, this can be resolved by charging similar prices of product for each channel. This approach is utilized by some companies like Samsung is charging same price for its product both online and offline.

New Series of the product: Under this the approach the company engage its self in selling multiple product. Multiple products provide the company an opportunity to target different segment of the market with different distribution channel. There is no need that the product has to be entirely different a small variation in product will

also work. Just by introducing small changes in the product, and by using different names, company create the illusion of differentiation in customers mind. This is effectively demonstrated by Samsung Mobile they have M series which sells through online channel and A series which sells through traditional channel however there some variation in the camera quality and battery life

Introducing different Brand Name:At times it also happens that the company use different brand name while offering products online as well as offline this is done to minimise channel conflict. Main objective to build a brand which can compete with low priced competitors but by using this the conflict can also be reduce as the channel partner will not compete. The decision of using or not to using different brands in different distribution channels is largely depends upon the level of flexibility and trust company has on its customers mind.

Apart from these approaches there are certain other strategies which the companies uses to reduce the conflict some them found while review different literature they are, better communication, clear goals and expectation of business, aligning the goals of the company with that of channel members, clearly defining

the roles, responsibility and territory of each channel partners.

Channel conflict is not a new concept its prevailed even when the online channel didn't come into existence it is inherent and interdependent of channel members. There are various factors that may lead to channel conflict some of them are covered under the scope of this study.

Communication: the conflicting situation arises when the channel members are not fully aware about their role and responsibilities as a channel partner and they're in no proper flow of communication between the company and the channel partner. This may lead channel partner think the company is ignoring them. lack of communication or defective communication, absent of joint planning, lack of knowledge of channel partners all this impact the interest of channel members. The communication in distribution channel is vary importation as with the help of communication exchange of information takes place. Company communicate its offers and channel member provide information about the market condition.

Goals: every business has certain goal and it works on achieving those goals, however the conflict arises when the channel members finds out that his goals are being ignored by the company. In order to see its

impact this factor is included as a variable in this study.

Same target segment: problem may arise between manufactures own sales force and the distributor or channel member, conflict occurs when the distributor and company sales force both are responsible to attend same customer for settling price etc.

Channel preference by manufacturer: at time the traditional channel partner feels that the company is focusing more on online and modern trade for its business, the company is providing more SKU's and gives higher landing price to these channel partners this situation may lead to potential conflict.

Inventory Level: certain companies require channel members to have a specific level of inventory in their warehouse, they are also required to keep all the range of company's product which often are avoided by channel members.

Incorporation of distribution and overlapping of areas: the cause of this conflict lies in granting a franchise to too many channel members in a area. And, in discounting policies which makes channel members buy in bulk which some time end up remaining in their warehouse.

Uses of power: certain company focuses on exercising to much of legitimate and threat power on their distribution channel member in order to make them act in a

manner company wants excessive use of this power may lead to conflict in future. There is also imbalance of power which the company uses on different channels.

Channel partner desire for independence: certain channel partner do not like daily interference of company in their day to day working. They consider the customer as his and not the companies so they try to control them. They try to retain information about customer for their own benefits.

Quality and services offered: certain channel members complain about the quality of the product supplied by the company, the delivery services, price of product, rigid financing conditions.

Perception on multiple channel uses, if the company uses more multi channels than it leads to negative perception among the channel members. This is the main reason why the conflict exit because there will be different reaction from each member due to multiple channel which will lead to conflict.

Conclusion

Increased in disposable income of the consumer the demand for consumer electronic goods is increasing rapidly. In order to meet the increased demand companies are focusing om using multiple channel to offer its product to customer in most effective manner by keeping the

distribution cost in mind. With increase in uses of internet the company get benefit by the way of increase its revenue and market share however by the use on internet channel and modern trade has lead to conflict between the traditional channel and company, internet and modern trade has reduced the revenue of the traditional channel partners adversely. The companies understands that the traditional channel partners plays a very important role in providing information about the market as these are in direct contact with the consumers and the companies are taking step to reduce the conflict faced by the channel partners by using various approaches and strategies discussed in this paper.

Samsung Electronics, one of the leading players in mobile sales in India, was faced with a boycott threat from its distributors in India in 2014. The dealers raised their voice against the price discrimination followed by Samsung in online sales where the mobile sets were offered at a discounted price when compared to offline prices. They felt that this had led to a fall in the sales of the models offline, and they were incurring losses due to this price discrimination by Samsung. While the growth in the number of online shoppers in India was increasing, the dealers of Samsung sent an ultimatum to Samsung

that unless it took action to safeguard their interests, they would boycott its products. In response, Samsung announced that it had decided to extend exclusivity of selling rights of 48 models, including its much-awaited Galaxy Alpha and Note 4, to offline retailers. While the dealers welcomed this decision, industry observers felt that the decision was regressive and might hamper the sales of Samsung in future given the rise in the trend of online shopping. Some of its rivals had already tasted success by opting for an online-only distribution model. Online shopping had given rise to a concept called 'showrooming' in which the people physically checked the product's features in the showroom but finally bought it online at a discounted price. Mr. JK Goyal, owner of Ganpati Hitech Distribution Pvt Ltd, has 4 large-sized retail store in Ghaziabad and also has distribution of various other brands like LG, Samsung, Crompton, USHA etc, said, People won't buy anything at all now, unless it's on discount. Responding to the threat, Samsung decided to stop selling 48 phone models online to focus on offline retail i.e. traditional trade. Looking at the growing complaints, Samsung was reported to have also set up a brand store on the websites of its e-retailers including Amazon, Snapdeal, and Flipkart, where only sellers authorized

by the vendor could offer its products at prices mandated by the company, preventing predatory discounting. The move was risky because online shoppers tend to be composed of early adopters. The other companies also respond in the similar manner to minimize the impact of conflict and focus on ways to resolve them.

Direction for further research

The research has certain limitation the which has impacted the result, the small sample size and with focus on specific area the result is not universally applicable. The research was conduct considering only few factors that leads to conflicts. There are various other factors which are beyond the scope of this study.

Future research should focus on wider area and larger sample size in order to make the research universally applicable. There are certain legal and operational issues realated to multiple channel uses the future research should consider it while conducting study on similar topic. More in-depth investigation is required on the way of managing channel conflict effectively. There is scope on how the strategies of minimizing channel conflict can be effectively and efficiently used by the company.

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