

Channel power, commitment and performance toward sustainable channel relationship

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Abstract

The primary purpose of this article is to expand our understanding of the sophisticated utilization of independent incentives and its influence on channel relationship commitment and performance toward sustainable channel relationship and competitive advantage. On the basis of a conceptual framework, this paper develops an analytical model to explore the correlations among channel power, relationship commitment and channel performance under the implementation of diverse independent incentives. The proposed model is empirically tested using LISREL and questionnaire survey data sampled from the liquid crystal display TV manufacturer–dealer channels of the optoelectronic industry in Taiwan. The results reveal that the sophisticated utilization of independent incentives through channel relationship commitment as the key mediator determines the channel performance; furthermore, relative to contractual incentives, relationship-building incentives appear to be more effective in promoting channel relationship commitment, thus leading to superior channel performance toward the ultimate goal of sustainable channel relationship management. © 2008 Elsevier Inc. All rights reserved.

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1. Introduction

As demand markets have become more complex and uncertain, there is growing recognition that sustainable competitive advantage of a dyadic marketing channel must rely not only on superior channel performance but also on channel commitment. This may hold particularly true for the supplier–retailer channels of high-tech commercial products, e.g., liquid crystal display (LCD) TVs and mobile phones, which feature either short lifecycles or distinctive operational functions unfamiliar to general consumers. For instance, as the corresponding industry comes to the mature stage of lifecycle, a variety of LCD-TV products with different brands, sizes, and functions are presently rife in the demand markets. The well-known international LCD-TV branders may no longer be the absolute powerful member in foreign demand markets as they may face

more and more challenges raised by their global competitors, including international and local branders with appropriately equal power in local demand markets. In addition, it is worth mentioning that the local branders do not always mean to have relatively less power than those well-known international branders in local demand markets. For instance, in our study case, the market share of some domestic branders, e.g., SAMPO and TECO, is greater than any other foreign international branders (e.g., LG, SAMSUNG, and TOSHIBA) in Taiwan. In reality, these local branders have been painstakingly running their channel relationships with local dealers for the time longer than any other international branders, and thus, can easily get information such as buying habits and trends from end-customers, promote their new products, and deliver to the marketplaces what consumers will actually buy with the aid of their local dealers toward sustainable competitive advantage in the global demand markets. Accordingly, it appears that the key to sustainable competitive advantage of a marketing channel lies in the integration of a number of potential elements, including channel power, sophisticated use of independent incentives, relationship commitment, and superior channel

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performance leading to sustainable channel relationship management (SCRM).

Although a great deal of research has been done on the aforementioned elements, only a few studies empirically tested the intangible correlations among them and clarified the resulting direct and indirect effects on channel performance. For instance, the interrelationship between the perceived commitment and the potential pledges of channel members to the dyad is elaborately conceptualized in the model of [Anderson and Weitz \(1992\)](#); however, their conceptual framework may be limited to the scope of maintaining commitment in distribution channels. Therein, such a key element as channel performance is not considered, which may lead to the ambiguity in their model in explicitly interpreting the potential outcome of channel relationship commitment for SCRM. Based on the review of previous studies ([Dierickx & Cool, 1989](#); [Barney, 1991](#); [Peteraf, 1993](#)), [Morgan and Hunt \(1999\)](#) summarized several crucial requirements of resources to clarify the strategic role of relationship marketing in the sustainable competitive advantage of distribution channels. Nevertheless, they still stressed the need for developing an appropriate framework for identifying those components that are crucial to achieving sustainable competitive advantage. Indeed, as noted in [Ganesan \(1994\)](#), most enterprises appear to overlook the sustainable competitive advantage created through long-term channel relationships. More specifically, [Weitz and Jap \(1995\)](#) underlined the need for further research to investigate the interrelationships between the interfirm power influence process and relational exchange. Similarly, [Teece \(1992\)](#) also argued that the heavy-handed usage of power might no longer be an effective measure to collectively enhance channel performance owing to the growing complexity and intangibility of channel operational environments.

In order to fill the aforementioned research gap, this study aims to build a conceptual framework for obtaining superior channel performance for SCRM, where the key elements and their associations are conceptualized in the proposed framework. As noted in [Morgan and Hunt \(1999\)](#), “academics have neglected the search for explanations as to how to create sustainable competitive advantages based on relationships.” Motivated by both the academic and practical need, we would like to investigate the complex interrelationships among the potential key elements of SCRM in the following three aspects:

- (1) the effects of both channel power (oriented from the source member) and relationship commitment on channel performance;
- (2) the effects of attributed power on channel relationship commitment;
- (3) the effects of independent incentives (e.g., contractual and relationship-building incentives) on the effectiveness of attributed power and channel relationship commitment.

Here, the attributed power refers to the source member’s power influence perceived by the target member in a dyadic marketing channel ([Simon, 1953](#); [March, 1955](#)), relative to the measure of self-perceived power ([El-Ansary & Stern, 1972](#)).

Relative to previous literature, the present study is intended to make two primary contributions to the channel literature. The first is to improve our understanding of the elements of (1) the source member’s use of independent incentives, (2) the influence of the source member’s attributed power, and (3) the target member’s relationship commitment as well as their direct and indirect effects on channel performance toward sustainable competitive advantage of marketing channels for sustainable channel relationship management. Adapted from the arguments of [Hunt and Morgan \(1995\)](#) on the resource requirements for sustainable competitive advantage, as well as the theorems of [Brown, Lusch, and Nicholson \(1995\)](#) in power usage and its effects on channel performance, we propose a comprehensive framework to conceptualize the interrelations of the corresponding key factors leading to the sustainability of channel relationship. Therein, channel performance is regarded as a critical measure indicating the sustainability of channel relationship which is oriented with the intention of source member to gain sustainable competitive advantage. To achieve the aforementioned purpose, independent incentives, including contractual and relationship-building incentives, can be sophisticatedly and dynamically used to influence the attitudes and behavior of the target member in relationship commitment leading to a sustainable channel relationship, where the resulting channel power influences and relationship commitment are viewed as the intermediates linking both the utilization of diverse independent incentives and channel performance. The second is to clarify the roles of the dyadic channel members as well as their influences in the sustainability of channel relationship management. Adapted from the commitment-trust theory of [Morgan and Hunt \(1994\)](#), and the arguments of [El-Ansary and Robicheaux \(1974\)](#) on channel power, we claim that both the source and target members may share the domination in the sustainable channel relationship management. Correspondingly, a sustainable channel relationship may hinge not only on the usage of channel power which is determined mainly by the source member but also on the mutual commitment between the dyadic members. Therein, the source member may dynamically utilize different combinations of independent incentives to influence the target member’s intention toward sustainable channel relationship, but be unable to arbitrarily dominate the resulting effectiveness of attributed power which depends on the target member’s perception ([Simon, 1953](#); [March, 1955](#)). In contrast, oriented from the influences of independent incentives used by the source member, the target member may adjust its attitude and behavior in the relationship commitment based on the perceived channel performance and attributed power.

2. Conceptual framework and hypotheses

The proposed conceptual framework stems from the philosophy that a sustainable channel relationship built on continuous commitment and superior performance of channel members is the key to sustaining the competitiveness of marketing channels. Therefore, the corresponding main determinants, including independent incentives, the resulting attributed power and

relationship commitment, as well as their interrelations and potential effects on channel performance must be analyzed in detail. Herein, attributed power, as described previously, is defined as the target member’s perception of the source member’s power influence, which also depends on the utilization of diverse incentives, e.g., contractual and relationship-building incentives. Furthermore, adapted from the taxonomy of influence strategies proposed by [Hunt and Nevin \(1974\)](#), the independent incentives considered are mainly classified into two categories, i.e., contractual and relationship-building incentives, so as to identify their respective effects on attributed power and relationship commitment in the proposed framework. Accordingly, these elements are connected with links representing the direct and indirect interrelationships among them, as illustrated in [Fig. 1](#). In addition, seven hypotheses coupled with their theoretical backgrounds are postulated in the following.

2.1. Use of independent incentives and attributed power

Consistent with [March \(1955\)](#), we regard channel power as the attributed influence of the source member in the marketing behavior and decisions of the dyadic member, and as possibly a function of independent incentives. To fulfill the objective of building a sustainable channel relationship, the source member may embed diverse incentives into influence strategies to communicate its desires with the target member, thus resulting in certain effects on the effectiveness of attributed power perceived by the target member in the interest-induced power interaction process.

Despite a variety of independent incentives that can be possessed by the source member, it does not mean that all the incentives will be utilized at will in the power-driven interaction process. To a certain extent, the usage of independent incentives itself, including selection and implementation of incentives, is also a strategy since it should adapt dynamically to the attitudes of the dyadic member and the instantaneous channel climate.

For instance, the use of contractual incentives via strategies such as threat and legalistic plea measures may directly influence the target member’s operational maneuvers as well as the mutual trust, leading to a sensitive channel relationship. In contrast, the use of relationship-building incentives via strategies such as information sharing and recommendations may enhance the willingness of the dyadic member in long-term cooperation without less pressure; however, the effectiveness of the resulting power influence may also lie in the degree of dependence of the target member on the source member, as claimed in [Emerson \(1962\)](#).

To clarify the effects of the use of independent incentives on channel power influence toward a sustainable channel relationship, two categories of independent incentives, including contractual and relationship-building incentives, are considered in the proposed framework. The hypotheses with respect to their potential effects on channel power influence are derived in the following.

From a strategic viewpoint, the influence of strategies driven by the source member’s coercion is relatively compulsive and punitive to channel members, and thus may enhance the effectiveness of the attributed power in influencing the target member’s decisions and behavior. This may hold true particularly when the level of the target member’s dependence on the source member is significantly high. Under such conditions, the target member may pay more attention to the source member’s coercion with higher self-alarm to avoid the potential loss and punishment caused by violating the source member’s intentions. Similarly, [Gassenheimer and Scandura \(1993\)](#) suggested that the effects of power-oriented from the use of coercive influence strategies account for a significant share of the variance in the target member’s perceptions of control from the source member. Supporting arguments can also be found in [Rawwas, Vitell, and Barnes \(1997\)](#), which proved that the use of contractual incentives had a positive effect on the use of power in the pharmacy distribution channels. [Kale \(1986\)](#) further pointed out that such coercive power influence

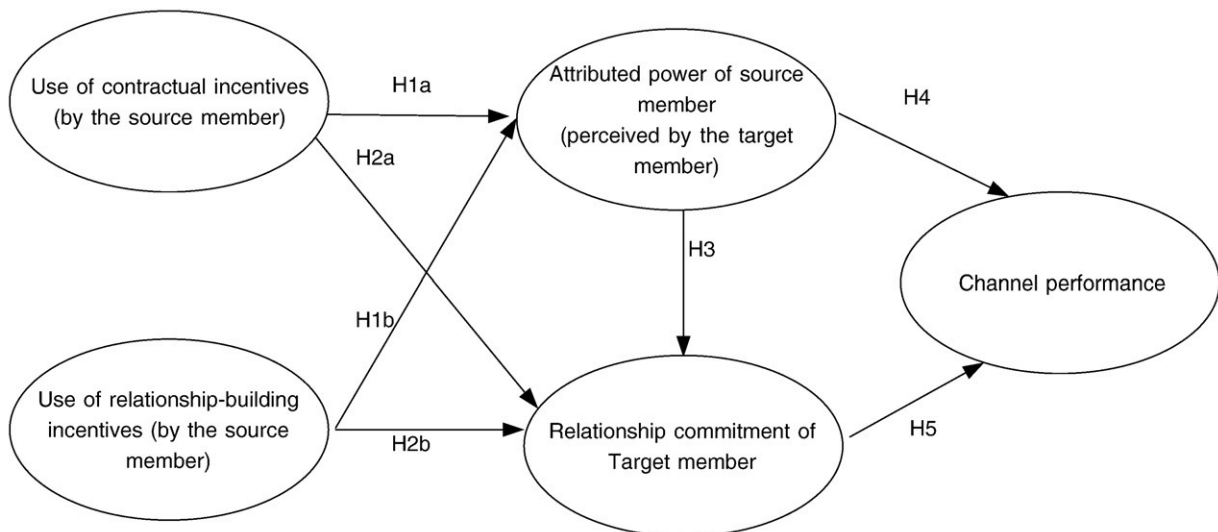


Fig. 1. Conceptual framework of the proposed model.

phenomenon might exist particularly in the cases of developing countries, where powerful manufacturers who are perceived as having a definite power advantage frequently use high pressure means of influence to alter their dealers' decision making. In Lusch and Brown (1982), a positive relationship between contractual incentives and power is also reported.

In contrast, the use of relationship-building incentives, e.g., reward, expertise, and reference oriented influence strategies, may result in relatively less tension between dyadic channel members, and meanwhile, enhance the target member's willingness to comply with the attempts of the source member without pressure. For instance, by granting rewards such as personal training, technical support, and inventory management, the target member may perceive the respect and assistance from the source member, and thus is willing to follow the desires of the source member (Raven & Kruglanski, 1970). Gaski (1986) further found that the use of noncoercive influence strategies such as granting rewards might enhance the target member's perception of the source member's influence characterized by reference, legitimacy, and expertise power. Correspondingly, the use of relationship-building incentives appears to alleviate the countervailing power-oriented from the target member (Etgar, 1976), thus magnifying the effectiveness of attributed power in a marketing channel.

Accordingly, two one-directional links implying the positive effects of the use of contractual and relationship-building incentives on the attributed power influence in the proposed framework are postulated. Here, following the taxonomy of Hunt and Nevin (1974), the contractual incentives refer to the independent incentives oriented from the source member's coercion, e.g., prompt payment, intended postponement of delivery, cancellation of reward measures, and partnership termination, to influence the target member's maneuvers and decisions compulsively. The relationship-building incentives include others oriented from the power sources characterized in the forms of rewards, legitimacy, expertise, reference, and information power. Two corresponding hypotheses are presented in the following.

Hypothesis 1a. The use of contractual incentives by the source member has a positive effect on the attributed power perceived by the target member in a dyad of channel members toward the goal of sustainable channel relationship management.

Hypothesis 1b. The use of relationship-building incentives by the source member has a positive effect on the attributed power perceived by the target member in a dyad of channel members toward the goal of sustainable channel relationship management.

2.2. Use of various independent incentives and relationship commitment

Despite a variety of schema that have been proposed to define relationship commitment, as can be seen in the early literature mentioned above, we tend to adopt the argument of Anderson and Weitz (1992) who characterize channel relationship commitment with three affective constructs: (1) a desire to develop a stable relationship, (2) a confidence in the stabil-

ity of the relationship, and (3) a willingness to make short-term sacrifices to maintain the relationship. Past literature solely underlining affectively motivated commitment can also be readily found elsewhere (Jaros, Jermier, Koehler, & Sincich, 1993; Morgan & Hunt, 1994; Kumar, Scheer, & Steenkamp, 1995). Our rationale is that just like commitment in marriage or intraorganizational relationship, channel relationship commitment is rooted in the desires of the dyadic members in developing a long-term and stable channel relationship, which may go beyond a simple consideration of the instantaneous exchange costs and benefits. Under such, perhaps a short-term sacrifice is sometimes needed to sustain the built channel relationship.

To foster the target member's commitment in the aforementioned three constructs toward a sustainable channel relationship, the source member may implement power influence strategies through sophisticated use of contractual and relationship-building incentives in the process, thus leading to diverse effects on the target member's commitment to the built channel relationship. Similar argument can also be found in the literature (Leet-Pellegrini & Rubin, 1974; Brown, Lusch & Nicholson, 1995). Therein, Kasulis and Spekman (1980) pointed out the use of reward, coercion, and legitimate oriented incentives which appear to have positive effects on the target members' compliance (even though short-term sacrifice is needed); in contrast, the use of both reference and expertise oriented incentives can lead to the target member's sense of identification with the source member thus enhancing its confidence in the stability of the relationship. Lawler and Yoon (1993) further argued that relative to coercion, the use of noncoercive power source can be more helpful to improve the satisfaction of the dyadic member in the partnership leading to more confidence in the stability of channel relationship. Supporting arguments can also be found in Weitz and Jap (1995), and Goodman and Dion (2001), who tended to accept the use of relationship-building incentives rather than contractual incentives to enhance the target member's commitment to the channel. Accordingly, the following two hypotheses are postulated.

Hypothesis 2a. The source member's use of contractual incentives has a positive effect on the target member's commitment to the channel toward the goal of sustainable channel relationship management.

Hypothesis 2b. The source member's use of relationship-building incentives has a positive effect on the target member's commitment to the channel toward the goal of sustainable channel relationship management.

2.3. Attributed power and relationship commitment

Adapted from the theorems of inter-organizational exchange proposed by Aldrich (1979), we tend to accept the argument that the target member's perception of the source member's power influence, i.e., the attributed power, may prompt its desire and confidence in a long-term and stable channel relationship, thus facilitate its commitment to the channel. As pointed out in Aldrich (1979), an enterprise may rely on another through

exchange behavior to retrieve its inadequacy in business resources and operational functions, where the potential exchange costs and the dyadic member's power influence will be mainly considered in the channel. Particularly, when a channel member perceives a relatively higher influence of the other member exhibited in such aspects as professional advantage, larger organizational scale, superior operational performance, and good reputation, it can enhance the member's confidence in maintaining a long-term and stable partnership. Similarly, Frazier and Summers (1986) claimed that the use of channel power through noncoercive influence measures might facilitate mutual understanding and trust particularly under the condition of highly interdependent dyadic channel members. Such reciprocal power influence perceived by the dyadic members may animate their desire for sustaining a long-term partnership. By illustrating the case of a manufacturer–distributor channel, Andaleeb (1996) further pointed out that irrespective of the sources of power, the distributor (i.e., the target member) that perceives itself to be dependent on the manufacturer (i.e., the source member) in the dyad will exhibit a greater degree of commitment to the manufacturer's products and programs. Such an argument has been proven in Goodman and Dion (2001), which postulates that the distributor dependence on the supplier will have a positive effect on the distributor commitment. In Anderson and Weitz (1992), it is also suggested that a distributor's commitment may increase when it feels that the manufacturer has a reputation for fairness in channel relationship. Therefore, the corresponding hypothesis is postulated as follows.

Hypothesis 3. The attributed power of the source member has a positive effect on the target member's commitment to the dyadic channel toward the goal of sustainable channel relationship management.

2.4. *Attributed power and channel performance*

In this study, we view channel member performance as the aggregate channel outcome of the dyadic members toward a sustainable channel relationship, where both the source member's role performance and target member's financial performances contributing to the sustainability of channel relationship are considered. Concerning source member's performance, we tend to adopt the concepts of role performance proposed by Frazier (1983), and Frazier, Gill and Kale (1989), in which a firm's role performance is defined as how well it carries out its role in a channel relationship with the dyadic member. It can be readily measured from the target member's satisfaction with the source member's performance on its responsibility (Skinner & Guiltinan, 1985). In contrast, we aim to examine the target member's performance in the financial facet such as sales and profitability since we regard the target member's financial performance as the key index reflecting the contribution of the target member to the fulfillment of the source member's ambitions, i.e., the sustainability of a channel relationship leading to the sustainable competitive advantage relative to other competitive channels for survival. Similar arguments can also be found in Kumar, Stern, and Achrol (1992) who claimed that any attempt to assess the target member's performance from

a source member's perspective should begin with an examination of the source member's desires.

To improve channel performance toward the sustainability of channel relationship, the source member may utilize its influence in the target member's activities and decisions such that the target member's financial performance can also be improved. As stressed in Frazier (1983), as the source member's role performance is perceived as being high, the target member tends to be motivated to maintain the channel relationship. Similarly, in Sibley and Michie (1981), it was claimed that the more the source member performs its role (e.g., the higher the quality of its assistances to the target member), the better the target member is able to achieve a higher level of performance. In addition, Rosenbloom (1987) thought that the greater the perceived ability of the source member in controlling the target member, the more achievable the expected channel performance. Aulakh and Kotabe (1997) further pointed out that appropriate control over the dyadic channel members might contribute to a positive effect on channel member performance, leading to the enhancement of satisfaction in partnership and willingness in continuous cooperation in a channel. Therefore, the corresponding hypothesis is proposed as follows.

Hypothesis 4. In a dyadic channel, a high level of the source member's attributed power may contribute to a positive effect on the improvement of channel performance toward the goal of sustainable channel relationship management.

2.5. *Relationship commitment and channel performance*

Here, we derive the relationship between the target member's commitment and channel performance by combining the principles of Anderson and Weitz (1992), and Morgan and Hunt (1994). As reported in Anderson and Weitz (1992), the reciprocal commitment effect of channel members does exist in a dyadic channel implying that the level of the target member's commitment to the channel driven by its perception of the source member's attempt at sustaining the channel relationship may further influence the source member's commitment to the channel. Then, such a reciprocal commitment effect may lead them to work closely to carry out both their individual and joint goals, thus contributing to the success of relationship marketing (Morgan & Hunt, 1994). In addition, extended from the argument of Jap (1999), Ramaseshan, Yip, and Pae (2006) also stressed that the key outcome of channel member cooperation is the attainment of competitive advantage which is regarded as a form of strategic performance that allows the channel to compete more effectively with others. Similar remarks can also be found in Brown et al. (1995) who proved that a high level of commitment to the source member by the target member may induce a higher level of the target member's performance attributed to the channel. Accordingly, we have the following hypothesis stated as:

Hypothesis 5. In a dyadic channel, a high level of commitment by the target member may contribute to a positive effect on the improvement of channel performance toward the goal of sustainable channel relationship management.

3. Method

To examine the validity of the proposed hypotheses, empirical tests were conducted using the LISREL analytical tool. Two major procedures are involved in the tests: (1) specification of operational measures, and (2) sampling and data collection as detailed in the following.

3.1. Specification of operational measures

According to the properties of LISREL, two types of variables, including (1) latent variables and (2) manifest variables, should be appropriately identified before system analysis. Latent variables are specified to characterize the causal relationships among the elements of a target system. Theoretically, these latent variables are not directly measurable; however, they can be characterized in the respective forms of manifest variables which are quantified using the collected survey data. In other words, latent variables are represented by one or more corresponding manifest variables. Accordingly, we define five types of latent variables: (1) the use of contractual incentives, (2) the use of relationship-building incentives, (3) the attributed power of the source member, (4) the relationship commitment of the target member, and (5) channel performance, where each one of these is associated with a given set of corresponding manifest variables, as shown in Table 1. The rationales are described below.

3.2. Use of contractual incentives

The use of contractual incentives via influence strategies such as threat and legalistic plea measures may contribute to certain straightforward influence in the target member's operational maneuvers (Hunt & Nevin, 1974). Therefore, to measure such a coercive power-oriented effect on channel relationship management, four respective manifest variables reflecting the target member's perceptions of the corresponding source members' use of contractual incentives are proposed, and they

are (1) goods delivery postponement, (2) advanced charge, (3) cancellation of discounts and technical support, and (4) threat to terminate partnership/franchise.

3.3. Use of relationship-building incentives

Relative to contractual incentives, relationship-building incentives aim to coordinate the corresponding distribution and marketing activities in a dyad via influence strategies such as communication and discussion with the target member (Frazier & Summers, 1986; Frazier & Rody, 1991). Adopting the literature of French and Raven (1959), and Raven and Kruglanski (1970), we specify five respective manifest variables (i.e., x_{21} to x_{25}) to measure the target members' perception of the source member's use of the five relationship-building incentives, including reward power-oriented (measured by x_{21}), legitimate power-oriented (measured by x_{22}), reference power-oriented (measured by x_{23}), expertise power-oriented (measured by x_{24}), and information power-oriented (measured by x_{25}). The corresponding definitions of these manifest variables can also be found in Table 1.

3.4. Attributed power

As stressed previously, we tend to adopt the concept of attributed power proposed by El-Ansary and Stern (1972) who attributed channel power to the target member's perception of the source member's influence in channel activities to facilitate the achievement of channel outcomes in relationship commitment and channel performance. Similarly, March (1955) thought that instead of the ability of control over the target member's decisions, channel power should be regarded as the conceptualization of the target member's perception of the source member's influence, namely, the attributed influence so as to measure the effectiveness of channel power in a dyad. In addition, Simon (1953) also suggested the use of influence as an index for the measurement of power. Accordingly, we aimed

Table 1
Summary of operational constructs

Latent variables	Corresponding manifest variables
1. Use of contractual incentives by the source member (X_1)	x_{11} : Goods delivery postponement (of the source member) x_{12} : Advanced charge x_{13} : Cancellation of discounts and technical support (from the source member) x_{14} : Threat to terminate partnership/franchise
2. Use of relationship-building incentives by the source member (X_2)	x_{21} : Provision of more discounts (by the source member) x_{22} : Requests to follow the rights and duties of contracts x_{23} : Provision of technical support (by the source member) x_{24} : Recommendations of the source member on marketing strategies x_{25} : Information exchange
3. Attributed power of the source member (X_3)	x_{31} : The perceived influence of the source member in marketing strategies of the target member x_{32} : The perceived influence of the source member in business operations decisions of the target member
4. Relationship commitment of the target member (X_4)	x_{41} : The target member's desire to develop a stable channel relationship x_{42} : The target member's confidence in the stability of channel relationship x_{43} : The target member's willingness to make short-term sacrifices to maintain channel relationship
5. Channel performance (X_5)	x_{51} : Sales of the source member's product x_{52} : Averaged inventory level of the source member's product x_{53} : Satisfaction with the source member's role performance

Table 2
Sample profile

Type of operations	Number of samples	Ratio (%)
Exclusive dealers	119	61.4
Chain retailers	7	3.6
Distributor's own stores	53	27.3
Manufacturer's own stores	15	7.7
Total	194	100.0
<i>Years of channel erection</i>		
<1 yr.	6	3.1
1 yr.–5 yrs.	18	9.3
6 yrs.–10 yrs.	24	12.4
10 yrs.<	146	75.2
Total	194	100.0
<i>Annual sales (US\$) for LCD-TV products</i>		
<200,000	3	1.6
200,000–500,000	57	29.4
500,000–1,000,000	60	30.9
1,000,000<	74	38.1
Total	194	100.0
<i>Positions of survey respondents</i>		
Owners	53	27.3
Section managers	99	51.0
Others	42	21.7
Total	194	100.0

to measure the effects of attributed power in two aspects: (1) the target member's marketing strategies (e.g., product pricing, promotions, after-sales service, and product display for sale), and (2) the target member's business operational decisions (e.g., orders, payment measures, product delivery scheduling, return policies, and exchange with other competitors).

3.5. Relationship commitment

Given our conceptualization of the source member's goal toward a sustainable channel relationship, it is essential that the measure of channel relationship commitment should capture the target member's attitudes in building and maintaining such a

long-term corporation relationship. Here, we adopt that channel relationship commitment is affectively driven by the target member's willingness to assure the source member of the confidence in the long-term cooperation building process, and thus should be measured with the aforementioned three affective constructs of the target member. Accordingly, adapted from Anderson and Weitz (1992), channel relationship commitment is mainly measured with the target member's attitudes toward three affective constructs: (1) the desire to develop a stable channel relationship, (2) the confidence in the stability of channel relationship, and (3) the willingness to make short-term sacrifices to maintain channel relationship.

3.6. Channel performance

To measure the aggregate channel performance attributed by the dyadic members, we utilize three measurement items adapted from Rosenbloom and Anderson (1985), and Frazier, Gill and Kale (1989) to measure channel member performance leading to the sustainability of channel relationship. Regarding the target member's performance, we aim to examine their ability in such financial and logistics facets as sales and averaged inventory level, respectively (Rosenbloom & Anderson, 1985). In contrast, the source member's performance is measured mainly based on the target member's perception of the source member's role performance referring to how well the source member carries out its role in a channel relationship with the dyadic member (Frazier, Gill & Kale, 1989). Accordingly, the attributed role performance of the source member can be readily measured from the target member's satisfaction with the source member's performance on its responsibility.

3.7. Sampling and data collection

Data used for testing the hypotheses was collected through interview questionnaire surveys of liquid crystal display television (LCD-TV) manufacturer–dealer channels in Taiwan. Our reasons for targeting LCD-TV marketing channels are summarized in the following. First, the LCD-TV products and the corresponding marketing channels, e.g., manufacturer–

Table 3
Construct-correlation matrix for discriminant analysis

Latent variable	Contractual incentives	Relationship-building incentives	Attributed power	Relationship commitment	Channel performance
Contractual incentives	1.00				
Relationship-building incentives	−0.282* (0.096) [−0.443, −0.057]	1.00			
Attributed power	0.268* (0.124) [0.039, 0.310]	0.329** (0.143) [0.034, 0.52]	1.00		
Relationship commitment	−0.299* (0.103) [−0.488, −0.026]	0.681** (0.078) [0.473, 0.876]	0.492** (0.101) [0.271, 0.678]	1.00	
Channel performance	−0.217* (0.103) [−0.438, 0.006]	0.676** (0.092) [0.425, 0.760]	0.347** (0.088) [0.278, 0.614]	0.813** (0.075) [0.692, 0.983]	1.00

*: t -value > 1.96 and $p < 0.05$.

** : t -value > 2.58 and $p < 0.01$.

(.): standard deviation.

[.]: confidence interval.

Table 4
Estimates of confirmatory factor analysis for convergent analysis

Latent variable	Use of contractual incentives (X_1)				Use of relationship-building incentives (X_2)					Attributed power (X_3)		Relationship commitment (X_4)			Channel performance (X_5)		
	x_{11}	x_{12}	x_{13}	x_{14}	x_{21}	x_{22}	x_{23}	x_{24}	x_{25}	x_{31}	x_{32}	x_{41}	x_{42}	x_{43}	x_{51}	x_{52}	x_{53}
Standardized coefficient	0.738	0.813	0.745	0.814	0.616	0.854	0.781	0.836	0.630	0.812	0.859	0.797	0.841	0.743	0.856	0.694	0.752
Standard deviation	0.143	0.132	0.165	0.144	0.089	0.074	0.076	0.080	0.085	0.087	0.090	0.082	0.084	0.077	0.078	0.082	0.083
t-value	9.387	9.204	9.562	10.388	8.071	9.962	8.448	10.013	7.105	8.652	8.571	9.132	10.301	8.837	10.619	8.234	9.385

wholesaler, manufacturer–retailer, and manufacturer-specialized franchisee channels, diversely exist in the current present Taiwanese LCD-TV market such that relationship marketing between the manufacturer–dealer channels is vital to survival and success in such savagely competitive contexts. Note that in the empirical study, all the sampled LCD-TV branders including foreign (e.g., LG, SAMSUNG, Panasonic, etc.) and domestic (e.g., TATUNG, SAMPO, BenQ) branders are well-known to local end-customers (i.e., the domestic demand market of Taiwan), and remain to have greater influence in the local demand market, relative to their dyadic channel members in Taiwan, and thus are defined as the powerful members despite the difference of the relative power exhibited among these branders. An LCD-TV brander must rely on sophisticated use of independent incentives and the resulting dealer’s commitment to a sustainable channel relationship to retain its sustainable competitive advantage in end-customer demand markets. Therefore, a close examination of the proposed model can be carried out in the study. Second, although LCD-TV is an emerging high-tech manufacturing industry featuring continuous evolution of novel electronic technologies and operational functions, the implementation of seamless marketing strategies such as new product promotions and exhibitions to end-customers appears to lie in the dealer’s commitment to acting as a mediator for marketing-information exchange. Seemingly, there may be significant power-driven interaction contingent on superior channel performance and long-term cooperation in the corresponding LCD-TV manufacturer–dealer distribution channels. Correspondingly, the LCD-TV manufacturer’s attributed power influences and the dealer’s commitment to the channel relationship appear to be the key to the retention of LCD-TV manufacturer’s sustainable competitive advantage in marketing. Accordingly, our questionnaires were mainly distributed to the LCD-TV dealers, and the collected survey data were used to examine the acceptability of the proposed model.

To avoid collection bias, survey respondents were randomly sampled from the directory of the member list of Taipei Electronic Commercial Association, where the samples were asked about their willingness to act as survey respondents, followed by face-to-face interviews after their approval. A total of 220 Taiwanese LCD-TV dealers were sampled to fill out the questionnaire.¹ Among the 220 data samples, 26 (11.8%) were

eliminated for incomplete answers to questionnaires, leaving 194 valid samples for analysis.

The sample profile is summarized in Table 2. Over 85% of the sampled franchise outlets were erected for more than 5 years, and 75.2% of them were even more than 10 years old. Most dealers (98.4%) had annual sales of LCD-TV products over US\$200,000. Most importantly, over 78% of the survey respondents held positions of managers concerned with procurement, logistics and marketing decisions. Note that most of the sampled LCD-TV dealers may possess multiple franchises in terms of the LCD-TV products. In each interview survey, our questionnaire aimed merely at one distribution channel of the sampled dealer linking with its main LCD-TV manufacturer.

The questionnaire contents were designed to measure the specified manifest variables of the proposed LISREL-based model. All the sampled survey respondents were asked face-to-face to rate these manifest variables on a 7-point Likert-type measurement scale (e.g., ratings of 1 and 7 standing for “extremely disagreeable” and “extremely agreeable”, respectively). For instance, the manifest variable of x_{51} is measured by having survey respondents rate “the sales of the respective source member’s product are satisfactory” on the defined 7-point Likert-type measurement scale.

Prior to data analysis, the construct validity and reliability of the questionnaire were examined following the suggestions from Campbell and Fiske (1959), Cooper and Emory (1995), and Smith and Barclay (1997).

Adopting the recommendations of Campbell and Fiske (1959), construct validity was examined in two aspects: (1) discriminant validity and (2) convergent validity. Therein, a construct-correlation matrix was calculated, and then the respective confidence intervals associated with construct-correlation measures were estimated to verify the discriminant validity of the constructs (i.e., the specified latent variables). As can be seen in Table 3, all the estimated confidence intervals do not cover the value of 1, meaning that the discriminant validity of the specified constructs is acceptable (Smith & Barclay, 1997). Furthermore, using confirmatory factory analysis the factor-loading degree represented by the standardized coefficient associated with each manifest variable was estimated to examine the convergent validity of constructs. The corresponding numerical results are summarized in Table 4, where all the estimated factor-loading measures are bounded within the range between 0.5 and 0.9 indicating the acceptability of the convergent validity (Hair, Anderson, Tatham, & Black, 1998).

Adapted from the measures suggested in Cooper and Emory (1995), each construct was further examined using the Cronbach’s α tests coupled with the Squared Multiple Correlation

¹ The survey data used in the study case were collected in two different phases across the year of 2006. In the earlier phase, only 120 data samples, including 109 valid data samples, were collected. Due to the concern of inadequate sample size, the 2nd-round data collection was conducted, where 100 data samples, including the added 85 valid data samples, were obtained, thus forming a total of 194 valid samples finally used in the study case.

Table 5
Analytical results for construct reliability

Latent variable	Use of contractual incentives (X_1)				Use of relationship-building incentives (X_2)					Attributed power (X_3)		Relationship commitment (X_4)			Channel performance (X_5)		
	x_{11}	x_{12}	x_{13}	x_{14}	x_{21}	x_{22}	x_{23}	x_{24}	x_{25}	x_{31}	x_{32}	x_{41}	x_{42}	x_{43}	x_{51}	x_{52}	x_{53}
SMC index	0.632	0.677	0.618	0.722	0.421	0.744	0.586	0.735	0.401	0.643	0.713	0.633	0.709	0.598	0.778	0.579	0.724
Averaged SMC	0.662				0.577					0.678		0.647			0.694		
Cornbach's α statistics	0.875				0.867					0.827		0.863			0.756		

(SMC) indexes which were generated from LISREL to verify construct reliability. As indicated in Table 5, all the estimated Cronbach's α statistics locate in the range between 0.756 and 0.875, which are greater than the acceptable level of 0.7 (Cronbach, 1951). The SMC indexes are almost above the recommended level of 0.5 (Joreskog & Sorbom, 1993) implying overall acceptance on the construct reliability.

4. Analysis and results

This section summarizes and discusses the numerical results obtained from the LISREL analytical tool. In this study, the proposed hypotheses are empirically tested using the linear structural relations model, LISREL version 8.51.

4.1. Goodness-of-fit for conceptual framework

As in the LISREL analytical package, hypothesis tests were carried out mainly based on the maximum likelihood estimation approach, the goodness-of-fit in terms of the structure of the proposed conceptual framework was examined in advance following the suggestions in previous studies (Anderson & Gerbing, 1988; Bagozzi & Yi, 1988; Joreskog & Sorbom, 1993). Considering the reliability and comprehensiveness of the test results, the goodness-of-fit of the model was examined using three groups of measures: (1) absolute fit measures, (2) incremental fit measures, and (3) parsimonious fit measures (Hair et al., 1998). Overall, the corresponding assessment measures indicate a good fit of the proposed conceptual

Table 6
The estimates of influence indexes (λ) for influence analysis

Manifest variables	Latent variables	
	Use of contractual incentives (X_1)	Use of relationship-building incentives (X_2)
<i>Independent variables</i>		
Goods delivery postponement (x_{11})	0.73	*****
Advanced charge (x_{12})	0.83	*****
Cancellation of discounts and technical support (x_{13})	0.79	*****
Threat to terminate partnership/franchise (x_{14})	0.85	*****
Provision of more discounts (x_{21})	*****	0.71
Requests to follow the rights and duties of contracts (x_{22})	*****	0.80
Provision of technical support (x_{23})	*****	0.76
Recommendations of the source member on marketing strategies (x_{24})	*****	0.85
Information exchange (x_{25})	*****	0.66
<i>Mediate Variables</i>		
Latent variables		
Attributed power (X_3)		
Relationship commitment (X_4)		
The perceived influence of the source member in marketing strategies of the target member (x_{31})	0.87	*****
The perceived influence of the source member in business operations decisions of the target member (x_{32})	0.86	*****
The target member's desire to develop a stable channel relationship (x_{41})	*****	0.85
The target member's confidence in the stability of channel relationship (x_{42})	*****	0.86
The target member's willingness to make short-term sacrifices to maintain channel relationship (x_{43})	*****	0.74
<i>Dependent variables</i>		
Latent variables		
Channel performance (X_5)		
Sales (x_{51})	0.83	
Averaged inventory level (x_{52})	0.71	
Satisfaction with the source member's role performance (x_{53})	0.89	

framework to the collected data implying that the structure of the proposed conceptual framework is appropriate to characterize the interrelationships of these latent variables (Anderson & Gerbing, 1988).

4.2. *Influence analysis of manifest variables*

The purpose of this test scenario is to examine the capability of a given manifest variable to characterize the corresponding latent variable with the influence index (λ) generated by LISREL. The corresponding numerical results shown in Table 6 indicate the appropriateness of all the manifest variables in model characterization. Particularly, the specified manifest variables such as the perceived source member’s influence in the target member’s marketing strategies (x_{31}) and business operations decisions (x_{32}), the target member’s confidence in the stability of channel relationship (x_{42}) and satisfaction with the source member’s role performance (x_{53}) seem to be highly suitable to represent the corresponding latent variables as their λ values are greater than 0.85 (Bagozzi & Yi, 1988).

4.3. *Interrelationships among latent variables*

Numerical results obtained in this scenario are used to examine the proposed hypotheses characterized by latent variables. The interrelationship between any two given latent variables can be characterized in four facets: (1) the direct effect, (2) the indirect effect, (3) the aggregate effect, and (4) the standardized effect. The direct effect means the direct causal relationship between dyadic latent variables while the indirect effect denotes the corresponding relationship induced by other latent variables as mediators. The aggregate effect can then be measured by summing up the corresponding direct and indirect effects. In addition, the standardized effects are provided for comparative analysis of the relative effects of independent latent variables on the corresponding dependent variables.

4.4. *Use of various independent incentives and attributed power*

Consistent with the generalizations made by certain pioneering researchers (Hunt & Nevin, 1974; Gaski, 1986; Kale, 1986; Rawwas et al., 1997), the proposed Hypotheses 1a and 1b appear acceptable. As can be seen in Table 7, the resulting standardized effects (i.e., 0.48 and 0.52) of contractual and relationship-building incentives on the attributed power of the source member appear to be evenly high, implying that the composite use of contractual and relationship-building incentives may enhance the target member’s perception of the source member’s influence in the deployment of the corresponding marketing and business operational strategies. In the study case, such a generalization may particularly hold as LCD-TV is an emerging high-tech product, where a considerable degree of market share is still dominated by a limited number of international manufacturers with global brands, which may prompt the manufacturers to use either or both contractual (Rawwas et al., 1997) and relationship-building incentives

Table 7
The corresponding effects among the latent variables

Effect source	Type of effect		
	Direct effect (<i>t</i> -value)	Indirect effect	Standardized aggregate effect
<i>Affected latent variable: attributed power (X₃)</i>			
Use of contractual incentives (X ₁)	0.62 (3.14)		0.48
Use of relationship-building incentives (X ₂)	0.66 (3.72)		0.52
<i>Affected latent variable: relationship commitment (X₄)</i>			
Use of contractual incentives (X ₁)	-0.16 (-1.69)	0.32	0.09
Use of relationship-building incentives (X ₂)	0.81 (4.10)	0.34	0.63
Attributed power (X ₃)	0.51 (2.73)		0.28
<i>Affected latent variable: channel performance (X₅)</i>			
Use of contractual incentives (X ₁)		0.23	0.08
Use of relationship-building incentives (X ₂)		1.13	0.40
Attributed power (X ₃)	0.16 (2.78)	0.45	0.21
Relationship commitment (X ₄)	0.89 (8.22)		0.31

(Hunt & Nevin, 1974; Gaski, 1986) to enhance their influence in marketing and business operational decisions of their local dealers. Consistent with Kale (1986), such power influence phenomenon may exist as the powerful manufacturers are perceived with a relative competitive advantage compared with other marketing channels.

4.5. *Use of various independent incentives and relationship commitment*

The numerical results of Table 7 indicate that there is no strong reason to accept Hypothesis 2a as the corresponding standardized aggregate effect is merely 0.09, which, according to Cohen (1988), implies that in spite of the positive indirect effect via attributed power as the mediate variable the source member’s use of contractual incentives may not have a significant effect on the target member’s commitment to channel relationship. In addition, owing to the negative direct effect (-0.16) the use of contractual incentives may harm the target member’s relationship commitment, thus undermining the sustainability of channel relationship.

Relatively, the source member’s use of relationship-building incentives appears to gain more direct positive effects on the enhancement of the target member’s commitment, as the estimated direct effect shown in Table 7 is 0.81 which is significantly higher than the scenario of using contractual incentives (-0.16). Furthermore, the accompanied indirect effect through attributed power as mediator can also reach as high as 0.34, thus contributing to the standardized aggregate effect on a significantly high level (0.63). Accordingly, Hypothesis 2b is satisfactorily accepted, and such a generalization may fully follow the arguments of Weitz and Jap (1995), and Goodman and Dion (2001), which claimed to use relationship-building incentives as the main influence strategies to facilitate the

target member’s commitment to a long-term and solid channel relationship.

Overall, it is obvious that the relationship-building incentives are vital to SCRM. Through the sophisticated use of relationship-building incentives as influence strategies, the source member may easily induce the target member’s commitment to a sustainable channel relationship so as to improve channel performance. In contrast, the use of contractual incentives is not suggested for SCRM in the empirical study.

4.6. Attributed power and relationship commitment

As indicated in Table 7, attributed power with the direct effect of 0.51 is found to have a positive effect on the target member’s commitment to channel relationship. In reality, such a generalization is consistent with the remark of Aldrich (1979) who attributed such an effect to the target member’s dependence on the source member, and induced that the greater the source member’s perceived influence (e.g., professional advantage, larger organizational scale, superior operational performance, and good reputation) the more desire and confidence of the target member in the dyadic cooperation will be motivated, thus facilitating the target member’s commitment to a long-term and stable channel relationship. Similar generalizations can also be found in Frazier and Summers (1986), Andaleeb (1996) and Goodman and Dion (2001), who had provided supporting

evidence to address the correlation between channel power and relationship commitment in the dyadic manufacturer–distributor channels. Combining our analytical results and the supporting arguments of the previous literature, Hypothesis 3 can be accepted in the empirical study.

4.7. Attributed power and channel performance

The corresponding direct effect (0.16) shown in Table 7 is unlikely to provide satisfactory evidence to accept Hypothesis 4, implying that the source member’s attributed power cannot be the sole element to facilitate channel performance. Note that channel performance is contingent on the performance of the dyadic members, including the source member’s role performance (Frazier, Gill & Kale, 1989) and target member’s financial performances (Kumar et al., 1992). At this point, we tend to agree that the source member’s attributed power may merely amplify the target member’s perception of the source member’s influence, thus leading to the enhancement of the source member’s role performance rather than the target member’s operational performance.

Instead, superior channel performance is likely to hinge on the relationship commitment as a key mediator. Such a generalization seems arguably agreeable because the corresponding indirect effect (0.45) is satisfactorily high, inferring that a higher degree of the source member’s attributed power

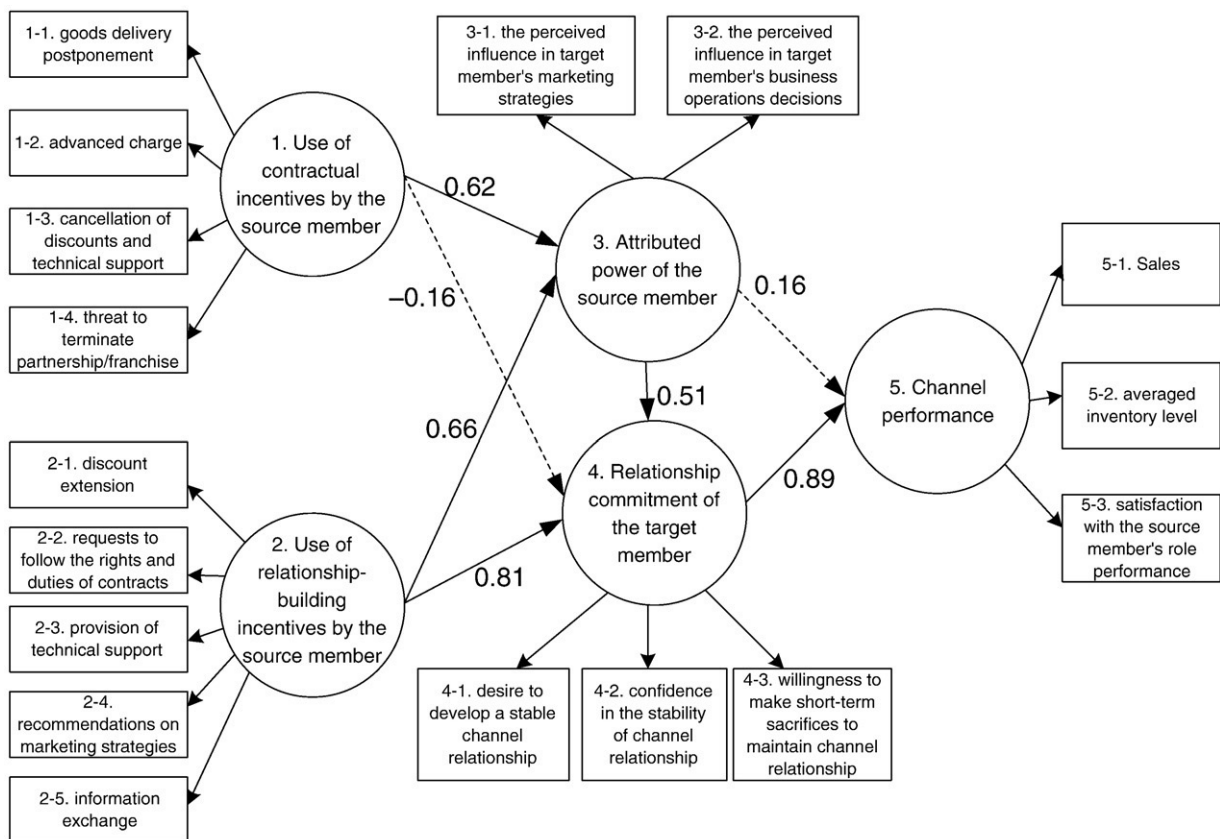


Fig. 2. The proposed LISREL-based hypothetical model.

may foster the target member's commitment to the dyadic channel following the test results of Hypothesis 3, thus leading to a superior channel performance.

4.8. Relationship commitment and channel performance

Consistent with the remarks of Anderson and Weitz (1992), Morgan and Hunt (1994), and Brown, Lusch, and Nicholson (1995), the target member's commitment appears to have a significant positive effect on channel performance since the corresponding direct effect (0.89) shown in Table 7 is highly satisfactory (Cohen, 1988). Such a generalization is not surprising as Ramaseshan et al. (2006) have also pointed out that channel outcomes such as cooperation and commitment are key to the success of channel relationship marketing towards competitive advantage of a dyadic channel. Furthermore, it is inferable that the marketing of certain high-tech products such as LCD-TV must rely indispensably on the manufacturer–dealer complementary synergism by sharing the manufacturer's professional resources and franchise's cooperation in implementing marketing strategies to collectively enhance channel performance toward sustainable competitive advantage in high-tech product demand markets. Accordingly, Hypothesis 5 is accepted as highly satisfactory.

To systematically present the finalized causal relationships among the aforementioned latent variables, Fig. 2 and Table 8 summarize the results of the path analysis and hypothesis tests based on the output of LISREL. In Fig. 2, the proposed conceptual framework is graphically represented by a hypothetical model, where the circle represents a latent variable, and the rectangle represents a manifest variable. Additionally, each latent variable is linked with its manifest variables. Almost all path coefficients in the proposed model are statistically significant as hypothesized, except for H_{2a} and H_4 .

Overall, the above analytical results reveal that the relationship-building incentives can be regarded as the key sources dominated by the source member for SCRM. Therein, the source member can sophisticatedly utilize the relationship-building incentives as influence strategies to enhance the target member's perceived channel power and commitment to a long-

term channel relationship leading to superior channel performance toward the goal of SCRM. Relatively, contractual incentives may not be the measures suggested for SCRM as they may directly cause negative effects on the target member's relationship commitment in the process of improving channel performance.

4.9. Marketing implications

The analytical results yielded from the study provide several marketing implications in relation to the accomplishment of superior channel performance toward sustainable channel relationship. They are summarized in the following.

4.10. Appropriate use of relationship-building incentives and channel power

As a source member, appropriate use of independent incentives as influence strategies still remains as an effective measure to enhance the target member's relationship commitment and cooperative behavior leading to superior channel performance. By taking the illustrated LCD-TV supplier–retailer channels as an example, an LCD-TV supplier can initialize a variety of relationship-building incentives, e.g., continuously providing technical support and special discounts to the retailer, and recommending marketing strategies, to amplify the supplier's relative influence in the channel and the retailer's willingness of cooperation in any business operational and marketing strategies. The retailer's commitment to a sustainable channel relationship can then be fostered, leading to superior channel performance. Consequently, the LCD-TV supplier can easily carry out its sustainable competitive advantage in the local demand market toward the goal of SCRM.

4.11. Building contracts/norms toward sustainability of partnership

Recognizing the significance of legitimate power effects on both the source member's attributed power and the target

Table 8
Analytical results of hypotheses tests

Hypothesis	Statement	Result
H-1a	The use of contractual incentives by the source member has a positive effect on the attributed power perceived by the target member in a dyad of channel members toward the goal of sustainable channel relationship management.	Accepted
H-1b	The use of relationship-building incentives by the source member has a positive effect on the attributed power perceived by the target member in a dyad of channel members toward the goal of sustainable channel relationship management.	Accepted
H-2a	The source member's use of contractual incentives has a positive effect on the target member's commitment to the channel toward the goal of sustainable channel relationship management.	Rejected
H-2b	The source member's use of relationship-building incentives has a positive effect on the target member's commitment to the channel toward the goal of sustainable channel relationship management.	Accepted
H-3	The attributed power of the source member has a positive effect on the target member's commitment to the dyadic channel toward the goal of sustainable channel relationship management.	Accepted
H-4	In a dyadic channel, a high level of the source member's attributed power may contribute to a positive effect on the improvement of channel performance toward the goal of sustainable channel relationship management.	Rejected
H-5	In a dyadic channel, a high level of the target member's commitment may contribute to a positive effect on the improvement of channel performance toward the goal of sustainable channel relationship management.	Accepted

member's commitment from the above numerical results, it is inferable that building contracts/norms between the dyadic members is vital to the achievement of sustainability of partnership. As stressed in [Fench and Ravin \(1959\)](#), in addition to the perceived source member's role and reputation, contracts and norms may also prompt the compliance of the target member with the goals and requests of the source member in the exchange process of a marketing channel. The manufacturing manager should notice that exchange norms could also be viewed as the prerequisite of channel solidity which can be characterized in the facet of relational exchange to indicate the continuity of channel relationship ([Kaufmann & Stern, 1988](#)). Arguably, the sustainability of cooperative channel relationship lying on contracts and norms is indispensable.

4.12. Adoption of target member's commitment as a key mediator

Commitment, particularly the target member's relationship commitment, is a main determinant to promote channel performance leading to the sustainability of channel relationship. Manufacturing marketing managers should realize that due to the severe competitions, their downstream channel members, e.g., local dealers and chain retailers might simultaneously possess multiple franchises of products for sales. Furthermore, the value of the relationships dealers have with their end-customers is also noteworthy ([Morgan & Hunt, 1999](#)). Therefore, manufacturers must rely on their dealers to acquire information resources of demand markets. Without the dealers' commitment and cooperation in injecting the most favorable marketing elements into the end-customer demand market will not achieve the manufacturer's sustainable competitive advantage in marketing. This is true particularly for those marketers contemplating entry into unfamiliar markets as they may eagerly seek relationships with others who are more experienced in those markets. The global fervor of leaving for China is a typical case.

4.13. Channel resource allocation as the root of superior channel performance

Despite the widespread existence of power asymmetry in marketing channels, the source member with relatively more power does not always mean to be a winner in markets without any aid from the target member's resources. Instead, the source member should regard himself/herself as a channel manager aiming to enhance the channel integrative collaboration by effectively allocating channel resources, e.g., the manufacturer's technical and logistics resources as well as the dealer's marketing-information resources, through the appropriate use of power influence strategies so as to improve the collective channel performance. For instance, manufacturing managers can adopt quick-responsive logistics distribution strategies coupled with on-site professional advising support in aid of dealers' inventory management and marketing during product promotion periods, as claimed in [Sheu \(2006\)](#). Furthermore, it should also be recognized that the potential stock-out costs and induced

losing-customer risks must be shared by the dyadic channel members rather than solely by one side of a dyad.

5. Concluding remarks

This paper presents a comprehensive conceptual framework on the interrelationships among the use of independent incentives, attributed power, relationship commitment, and channel performance toward a sustainable channel relationship. To do so, seven respective hypotheses are postulated, and examined through the LISREL analytical approach, where a hypothetical model is established to analyze these elements and their correlations in the proposed conceptual framework.

This study adds two distinctive features to the previous literature on relationship management. First, the established comprehensive conceptual framework links together independent incentives as the input and channel performance as the output coupled with attributed power and relationship commitment as the mediators. The causal relationships exhibited with either direct or indirect effects toward the ultimate goal of channel relationship sustainability can then be thoroughly investigated. Such a measure may help to systematically elaborate the interrelationships among these determinants in a marketing channel without the predicament of limiting the analysis results to fragmentary empirical studies. Second, although the reciprocal commitment of dyadic channels is also advocated in the previous literature ([Anderson & Weitz, 1992](#)), the target member's relationship commitment with the estimated direct effect of 0.89 is found to be vital to superior channel performance leading to a sustainable channel relationship. Furthermore, it is evidently a key mediator to achieve the above goal as the source member utilizes relationship-building incentives as influence strategies. To a certain extent, such a generalization can provide us with an in-depth understanding in terms of the role and effect of the target member's commitment on the improvement of channel performance as well as its interaction with the source member's power utilization.

Based on the survey data collected from the LCD-TV dealers randomly sampled in Taiwan, the numerical results have indicated that out of the seven proposed hypotheses, five are accepted, which may help to explain the applicability of the proposed approach to the characterization of performance-based channel relationship sustainability exhibited in the power-commitment interaction process.

5.1. Directions for future research

Despite the aforementioned potential incremental contribution of the study to previous literature, future research should collect more data from various industries for comparative analyses to clarify the validity of the proposed conceptual framework and the induced hypotheses. In addition, further extension of the conceptual model linking with issues of sustainable competitive advantage of a dyadic channel for marketing strategic planning may also warrant more investigation. The element of the source member's commitment and related issues are tentatively ignored in the present study due to our

contemplation that toward a sustainable channel relationship the source member's commitment can be regarded as a necessary postulation rather than an issue. Nevertheless, adding such a factor in the conceptual framework to investigate its dynamic causal interrelationship with such elements as the target member's commitment and channel performance may also be challenging for future research.

In summary, it is expected that this study can be beneficial not only by systematically characterizing the interrelationships among independent incentives, commitment and channel performance in a conceptual framework, but also by demonstrating the applicability of marketing theories to more practical cases for sustainable channel relationship management.

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