Effects of Functional Performance of Distribution Channels on Transactional Relationships in Mexican Market Environment

Rajagopal
Professor of Marketing, Business Division
Technological University of Monterrey, ITESM-CCM,
Mexico City Campus, 222, Calle del Puente
Tlalpan, Mexico DF 24380
rajagopal@itesm.mx (Contact author)

Abstract

The performance related issues of buyer-distributor relationship have attracted both the academic and corporate managers. The study attempts to make theoretical contributions to the literature on relationships in marketing channels. Compared with the impact of the often-investigated construct of dependence structure, the impact of channel function performance on relationship quality is relatively large. The study addresses broadly the issues as to what extent is the impact of quality performance responsible for doing business with the organizational customers? To what extent is the relationship between quality perceived and quality performance contingent upon the nature of buyer-distributor relationships? The sample selected for this study was the distribution companies in the office equipments sector serving to the industrial accounts in Mexico .The study also analyzes the impact of channel function performance on relationship quality, which is moderated by the extent dependence structure of the relationship. The impact of channel function performance on different dimensions of relationship quality – satisfaction, trust, commitment and conflict under different dependence structures have also been diagnosed and discussed in the paper.

The role of sales network is fundamental within the value creation chain of the firm, as creating shareholder value is strictly linked with creating customer value. As distribution networks are the main point of contact with customers, choosing the best possible distribution structure is vital. Firms are increasingly implementing electronic distribution strategies to augment existing physical infrastructure for product and service delivery. A study on electronic distribution approach envisaged that PC banking customers appear to be more profitable, most of the differences in relationships are due to unobservable characteristics of the customers that were present before PC banking was adopted. The primary potential value of the product is in the retention of high value customers rather than cost savings or incremental sales (Lorin and Francis,1999).

This paper, attempts to provide additional economic background of relationship quality. The discussion focuses on the role of channel services and functions performed by the distributor for its customers analyzing empirical data of 114 industrial distributor – organizational customer relationships in Mexico. The professional office equipments distributors category has been selected for the study and the perspective of the organizational customer and his relationship with the distributors have been studied. The study also analyzes the impact of channel function performance on relationship quality that is moderated by the extent dependence structure of the relationship. In this process, the impact of channel function performance on different dimensions of relationship quality – satisfaction, trust, commitment and conflict under different dependence structures have also been diagnosed and analyzed

Review of Literature

Over time, the horizontal consolidation of product delivering process and growth of automation in marketing activities have driven the manufacturers towards a convenient approach, bypassing the distribution channels and to go for direct marketing. It has been observed that conventional distributors have responded to this situation or other destructive acts in a number of different ways. Some had shown inclination for the exit, in the belief that a better quality of service and relationship advantages could be found elsewhere. Others are moved by loyalty to voice complaint, protest or anger, with a view to eliciting an improvement in the quality of service. This concept illustrates the Exit-Voice-Loyalty (EVL) framework wherein the exit and voice options are being exercised simultaneously by the same parties. This suggests that voice merely serves to justify exit (Hirschman (1970). The distributors also adopt frequently the developing countervailing power through dependence-balancing actions. These actions are designed to strengthen transactional bonds that are explained through the buyer-seller relationships. Such bonds often manifest themselves in anticipation of improved channel services to customers. The effect of functional performance on relationship quality in situations characterized by high relative dependence of the distributor on the customer is largely governed by the effective channel functions. The study of buyer-seller relationships is commissioned in some well-established frameworks such as transaction cost theory, political economy theory, social exchange theory and resource dependence theory (Robicheaux and Oleman, 1994). In addition, empirical models, drawing on a variety of management disciplines, have been proposed and tested in the literature.

The options for a buyer in the EVL framework in response to a change in quality may be delineated as buyer can either exit the relationship, can stay loyal by accepting and adapting to the change, or can voice disapproval and try to influence the supplier's decision. However, the buyer's chosen strategy depends on a number of factors including alternative options and the cost of changing due to dependencies. It has been observed that in the recent past the civil aviation industry brought down the commissions of the travel agents perhaps in view of the general recession in the industry and rolled back the direct marketing strategy in order to establish the image and customer relations. The service agents have responded to the depriving strategy of services providers in terms of disengagement, constructive discussion, passive acceptance, and venting. Such typology of distributors' response endorses the EVL attributes that hamper in buyer-seller relationship over the long term. However the "passive acceptance" was the only response that enhanced relationship quality in the manufacturer-dealer contracts (Hibbard, Kumar and Stern, 2001). Such developments in the business may also prompt the switching costs in a dynamic buyer-seller relationship where quality is not contractible and the sellers retain private information about their quality-relevant abilities. Consequently, the channel switching costs increase the bargaining power of the manufacturer or service provider in negotiations for the second contract and to preempt improved transactional relationship in a given business environment (Mehmet, 2000).

The transactional relationship can be broadly referred to two major marketing channels for both goods and services - the independent and the exclusive agency systems.

Independent agents place business with several companies, while exclusive agents function for only one company. Some of the studies found that the independent agency system is less efficient than the exclusive agency system with a view to develop buyer-seller relationship (Cummins and Van Derhei, 1979). It has been found that the market orientation is positively associated with measures of channel performance such as service quality and overall customer relationship level. Market orientation also has a positive influence on measures of cost efficiency, such as productivity and sales per employee. In addition, profitability measures were highly associated with operating effectiveness and cost efficiency (Chang *et.al.*, 1999). The adoption of a market orientation can help distribution channels to design and offer a service mix that is perceived by core customers as being of superior quality, while making a profit and building competitive advantage. Owing to the nature of the dyadic exchange process, the effect of a market orientation for the distribution channels may be more evident because customization may be observed directly by the customers.

Trust has been defined as the firm's belief that another company will perform actions that will result in positive actions for the firm, as well as not take unexpected actions that would result in negative outcomes for the firm(Anderson and Narus, 1990). *Trust* is widely recognized as an essential dimension of relationship quality (Morgan and Hunt 1994; Garbarino and Johnson 1999; Geyskens, Steenkamp, and Kumar 1998)Some of the researchers define trust as the most frequently used dimension in buyer-supplier relationship built on the performance parameters (Wilson and Kristan Moller, 1991) This is because the presence of trust can reduce the specification and monitoring of contracts,

provide material incentives for co-operation, and reduce uncertainty (Hill, 1990). Satisfaction plays an important role in relationships and has been found to be instrumental in increasing cooperation between channel partners, and leading to fewer terminations of relationships (Ganesan 1994). Commitment, similar to trust, is viewed also as an essential indicator of relationship quality that may be defined as a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain and sustain the relationship.

The suppliers with buyer-focused operations to enable high levels of integration in order to cope with uncertainty in volume, mix and lead time on one hand and shared resources and low levels of integration, which are more likely in supply chains that are dominantly cost driven, on the other. The buyer-supplier relationship gets closer and stronger through the information management at both the ends. Supplier information sharing helps to develop higher quality supplier relationships. Interestingly, even if the initial level of trust in the retailer is low, the relationship quality substantially improves. In a more competitive situation the suppliers respond more favorably to the retailer's information-sharing initiative (Smith, Van Bruggen and Wierenga, 2002). Besides above studies many research studies on relationship quality in the marketing channels literature have focused on the impact of the interdependence structure of the relationship (Anderson and Narus 1990; Brown, Lusch, and Nicholson 1995; Kumar, Scheer, and Steenkamp, 1995) on relationship quality. Although the interdependence structure has been found to affect the quality of the relationship, its effect is relatively small (Kumar, Scheer, and Steenkamp 1995).

Hypotheses

The literature on the relationship marketing discusses that a gamut of relationships varying from transactional to relational exchanges describe transactional exchanges as with a distinct beginning, short duration, and sharp ending by performance and relational exchanges in terms of the exchanges that lead to the linkage with the previous agreements, sustainability and a continuing process (Dwyer, Schurr, and Oh 1987; Noordewier, John, and Nevin 1990). On the contrary a high likelihood of future interactions exists with relational orientation, (Ganesan 1994). Long-term and high-quality relationships, characterized by frequent interactions between different members of a distribution channel, offer advantages for both sellers and buyers. The quality of performance of distribution services is positively related to relationship quality. The extent of satisfaction of the organizational customers depends on the good financial conditions, a convenient assortment, good location features, clear information, and customer friendly personnel. Hence,

H1 (a) : The level of performance of the marketing functions shown by the distributor is directly proportional to the level of satisfaction of the organizational customers (large accounts).

H1 (b): The consequence of the such direct relationship between the distributor and customers will lead to decrease in the channel conflict.

The interdependence structure of a dyadic relationship refers to the extent of relative dependence that exists to stimulate the transactions mutually between the two parties (Emerson 1962; Kumar, Scheer, and Steenkamp 1995). The measure of dependence may be categorized as total interdependence, asymmetry or relative dependence. The total interdependence is the sum of both parties' dependencies on each other while interdependence asymmetry refers to the difference between each party's dependence on the other. This difference has also been referred to as the more dependent party's relative dependence (Anderson and Narus 1990) or the less dependent party's relative power (Frazier and Rody 1991). Relational contracts and informal agreements between the manufacturers-distributors and buyers is sustained by the value of length of relationships. It has been found that the integration affects the parties' temptations to renege on a given relational contract, and hence affects the best relational contract the parties can sustain. Therefore, the hypotheses are framed as:

H2 (a) : There is a inverse relationship between the relative dependence of the distributor on the organizational clients and the extent of customer satisfaction , trust and commitment to the distributor.

H2(b) : Such inverse relationship tendency between the distributor and organizational customer results into increase in the channel conflicts.

The distributor can protect customers from dysfunctional behavior and distrust by improving the relationship quality. Under situations with high total interdependence, both parties are motivated to develop, maintain, and improve the relationship. Hence, the performance of marketing functions by the distributor will have a stronger impact on relationship quality in a high interdependence situation. Thus,

H3 : The impact of the distributor's performance of various functions on the organizational customer's satisfaction, trust, commitment and the extent of channel conflict will be stronger when the total dependence between the distributor and customer is higher.

Empirical advances in the area initially focused on the identification of core quality practices that include top management support, quality information, process management, product design, workforce management, supplier involvement and customer orientation (Flynn *et al*., 1994; Black and Porter, 1996). Subsequent empirical studies switched their focus to the quality practices – quality performance relationship and quality performance – business performance relationship with significant support for the former but only mixed support for the latter (Ittner and Larcker, 1996). Significantly, efficient quality management further up the supply chain was one of the most significant contributors to explaining variation in supplier quality performance, which underlines the importance of managing quality throughout the value chain (Forker 1997). While there is mixed empirical support for this hypothesis, it is of particular significance to management given the effort and resources dedicated to quality improvement programs. This gives:

H4(a) : Customer satisfaction derived through the distribution channels has a positive effect on business performance.

H4(b): The customer satisfaction so derived through channel performance, strengthens the relationship between manufacturer- distributor and customer by way of quality service bonds.

With the exception of Forker's (1997) study, there has been no major empirical study of the interaction between quality practices, quality performances and the strength of buyer-supplier relationships. However, one of the major weaknesses of existing studies is their limited conceptualization of the nature of buyer-supplier relationships. As a result, we hypothesized the relationship strength as a comprehensive construct that captured the critical dimensions of relationships. Hence the hypothesis that the relationships between quality practices and design quality, and quality practices and conformance quality are moderated by relationship strength. The rationale for this hypothesis is the strong partnership-type relationships, which score positively across all dimensions of a buyer-supplier relationship in the market.

Research Design

The population selected for this study was the distribution companies in the office equipments sector serving to the large accounts in Mexico . This sector was selected because it is being heterogeneous in terms of sub-sectors, relationship tiers and

product/process complexity (Dicken, 1998). A total of 114 distribution agencies were selected for the study. From the initial frame of 164 companies, 50 were removed from the sample as they were inappropriate. The instrument used to test the stated hypotheses was a mail survey - a questionnaire based on existing measurement scales for the research constructs. The construct of the research is laid on inter-relationship of the factors as exhibited in Figure1.

// Figure 1 about here //

Respondents were asked, on a five-point Likert scale (anchored by strongly agree/strongly disagree), the extent to which quality management practices were implemented. Measuring relationship strength is further confounded by the fact that many suppliers frequently supply their customers with different types of product, and these relationships differ according to product type. The research model broadly consists of three sets of constructs. These concern (a)distributor channel function performance, (b) (inter-) dependence, and (c) relationship quality. The hypotheses of the study are tested by performing regression analysis as below:

$$\alpha = \beta_0 + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \beta_5 + \varepsilon$$

Where,

α = customer satisfaction/quality relaltionship

β_1= levels of performance of distributors

β_2= relative dependence

β_3= total dependence

β_4=functional conflicts

β_5=business performance

The regression analysis were performed on each of the above variables and mean centered the values of all the dependent variables, in order to ensure that the results on these constructs become non-correlated with the mutual interaction terms (Jaccard *et.al.*, 1990). The chi-square and comparative-fit index for the factor loadings have been analyzed for the model.. The measures have been validated and the distributors performance construct was developed for the scores that emerged out the data analysis.

Findings and Discussion

The distributor channel function performance has been measured in terms of the longevity of the channel in the selected business, location for supplies to client accounts, store assortment, promotional strategies and client services. The average value of factor loading was found to be 0.72 and the chi-square for this construct has been 338.76 ($p<0.001$). The dependence structure in the relationship between the distributor and the organizational client was measured in reference to relative dependence and the total interdependence. The chi-square for the dependency structure construct was 52.47 ($p<0.001$). The average factor loading for the variable representing the dependence of

distributors was 0.83 and 0.79 for the customer dependence construct. The Table exhibits the validation measures of the constructs of the study.

//Table1 about here//

The quality of relationship between the distributors and an organizational customer is a function of satisfaction, commitment, trust and the level of conflict encountered in the relationship. The satisfaction was measured in this construct referred to the overall satisfaction derived from the distributor (Sirohi, Mclaughlin and Wittink , 1998). Trust was measured in reference to the honesty and reliability of the distribution channel. The repeat purchase by the customer and his retention for the distributor was considered as the commitment while the conflict was determined as the amount of antagonism in the relationship between the customer and distributor. The chi-square for this construct was 221.42 ($p<0.001$). The average factor loading for the variables of satisfaction, commitment, trust and conflict were 0.69, 0.77, 0.88 and 0.81 respectively. The comparative fit index for all the constructs were above the acceptance level of 0.90 in general.

The results of the study between the distributor relationship with customer and their interdependence are exhibited in Table 2. The results reveal that the organizational customers perceive better quality of the relationship in a given frame of functions that are performed effectively by the distributor lowering the extent of conflicts thereof. The increasing satisfaction, trust and commitment were acting against the increase of the

functional conflicts between the customer and distributors. Such situation also contributed to augment the channel performance. This finding establishes the hypotheses H1(a) and H1(b).

// Table 2 about here //

The relationship that explains the dependence of customer on the distributor has been perceived less favorable by the customers compared to the situation in which the distributor is less dependent on the customer. This finding confirms H2(a) while H2(b) is further confirmed by the results that show the distributor dependence leads to power satisfaction , trust and commitment posing a higher level of channel conflict. The results of the study further revealed that the frequent mutual dependence of the distributors and customers and on the contrary are perceived as dysfunctional by the customers. The behavioural issues obstruct the process of achieving the goal when both the parties are closely interdependent that causes dissatisfaction among them leading to increasing level of conflicts. However, such conflicts may not have long-run negativity in continuing the relationship and can also become functional. Accordingly, the hypothesis H3 is also established endorsing that the distributor and customer relationship is highly interdependent characterized by higher customer trust and commitment and their higher dependence will also lead to the increasing conflicts. However, the conditions of high interdependence often leads into a protected relationship. In such situations, buyers and suppliers are more tolerant of opportunistic behavior by each other (Wathne and Heide 2000) and accept consequent higher levels of conflict. The study revealed that high

quality channel function performance is critical for high-quality relationships between buyers and sellers and emphasizes the importance of channel function performance for buyer-seller relationships.

The impact of cost on quality performance of distributors, it is observed that high level customer services , when coupled with higher levels of external quality-in-use, lead to higher levels of customer satisfaction. This extends the traditionally improved conformance quality relationship impact argument to include customer-based measures of quality performance such as satisfaction. This is an interesting insight because economists have traditionally ignored the role of quality in purchasing behaviour while researchers investigating quality have, to a considerable extent, ignored the role of price (Reeves and Bednar, 1994). The study further produced evidence to support the hypothesis that improved quality performance is positively related to improved overall business performance. This confirms the hypotheses H4(a) and H4(b). This may seem to be intuitive in the context of previous research such as the profit impact on market strategy (PIMS) studies that provide support for the relationship between product quality and firm performance of business(Buzzel and Weirsema, 1981). The Table 3 exhibits the descriptive statistical and correlation results of the relationship variables.

// Table 3 about here //

With the sole exception of the association between satisfaction and interdependence, all correlation coefficients are significant at the 1 percent level. This provides support for the

argument that the relationship strength construct incorporates the various relationship dimensions that have appeared in the literature. Sub-group analysis was used to test the moderating effect of buyer-supplier relationship strength. A moderator effect implies that the moderator variable (relationship strength) modifies the form of the relationship (i.e. the slope of the regression line as represented by the regression coefficient) between the independent variable (customer satisfaction) and the major dependent variable (quality performance of the distributors). Accordingly, the sample was sorted in ascending order of the hypothesized moderator (relationship strength).

Implications of the Study

The managers involved with distributor management may need to delineate the significance of undertaking actions that facilitate dependence-balancing. The enforcement of any business related pressures by the manufacturers on the distributors would not largely affect the customer relationship provided the performance quality is maintained. It is necessary for the distributors to build customer relationship on performance quality attributes. The distributors need to focus on performing channel functions effectively in order to strengthen relationships with customers and opt out from the negative approaches of EVL framework and offset specific investments in distributor-customer relationships that can balance the dependence structure in supplier-distributor relationships by strengthening bonds with customers. The managerial decision may be taken towards expanding the size of distribution operations in order to maximize the quality of channel services delivered and be competitive in the market environment.

Another managerial implications that emerged during the study is the need to comprehensively address the various dimensions of quality performance with a view to build the distributor /customer relationship.

The relationship between quality performance and business performance also needs to be considered from a theoretical perspective. The results suggest that one way the suppliers can improve service quality and related measures of quality performance is by developing trust and commitment, adapting to each other's needs and improving communication and co-operation. Future research could examine issues related to the customer perceptions of quality and distributor performance. The impact of environmental variables on the quality perceived -quality performance relationship may also be considered given the findings of this study. Identifying the variables that have an intervening effect on the quality-performance relationship may provide both the academics and managers with potentially compelling answers to the question of why distributor oriented quality improvement programs sometimes do not succeed.

References

Anderson James C and James A Narus (1990), A Model of Distributor Firm and Manufacture Firm Working Partnership, *Journal of Marketing*, 54 , January , 42-58

Black S A and Porter L J (1996), Identification of Critical Factors of TQM, *Decision Sciences*, 27 (1), 1-27

Brown James R, Robert F Lusch and Carolyn Y Nicholson (1995), Power and Relationship Commitment: Their Impact on Marketing Channel Member Performance, *Journal of Retailing*, 71 (4), 363-392

Buzzel R D and Weirsema F D (1981), Model Changes in Market Share : A Cross Sectional Analysis, *Strategic Management Journal*, 2 (1), 27-42

Chang Tung Zong, Mehta Rajiv, Chen Su-Jane, Polsa Pio, Mazur Jolanta (1999), The Effects of Market Orientation on Effectiveness and Efficiency: The Case of Automotive Distribution Channels in Finland and Poland, *Journal of Services Marketing*, 13 (4-5), 407-418

Cummins David J and Van Derhie Jack (1979), A Note on Relative Efficiency of Perperty-Liability Insurance Distribution System, *Bell Journal of Economics*, 10 (2), Autumn, 709-719

Dicken P (1998), *Global Shift-Transforming the World Economy*, Paul Chapman, London

Dwyer F Robert, Paul H Schurr and Sejo Oh (1987), Developing Buyer-Seller Relationships, *Journal of Marketing*, 51, April, 11-27

Emerson Richard M (1962), Power-Dependence Relationship, *American Sociological Review*, 27, February, 31-41

Flynn B B, Schroeder R G and Sakaibara S (1994), A Framework for Quality Management Research and an Associated Measurement Instrument, *Journal of Operations Management*, 11 (4), 339-366.

Forker L B (1997), Factors Affecting Supplier Quality Performance, *Journal of Operations Management*, 15 (4), 243-269

Frazier Gary L and Raymond C Rody (1991), The Use of Influence Strategies in Inter-firm Relationships in Industrial Product Channels, *Journal of Marketing*, 55, January, 52-69

Ganeshan Shankar (1994), Determinants of long Term Orientation in Buyer-Seller Relationships, *Journal of Marketing*, 58, April, 1-19

Garbarino Ellen and Mark S Johnson (1999), The Different Roles of Satisfaction, Trust and Commitment in Customer Relationships, *Journal of Marketing*, 63 , April, 70-87

Geyskens Inge, Jan-Benedict E M Steenkamp and Nimalya Kumar (1998), Generalization about Trust in Marketing Channel Relationships using Meta-analysis, *International Journal of Research in Marketing*, 15, 223-248

Hibbard Jonathan D, Nirmalya Kumar and Luis W Stern (2001), Examining the Impact of Destructive Acts in Marketing Channel Relationships, *Journal of Marketing Research, 38*, February,45-61

Hill C (1990), Cooperation Opportunism and Invisible Hand :Implication for Transaction Cost Theory, *Academy of Management Journal*, 15 (3), 500-514

Hirschman Alberto O (1970), *Exit , Voice and Loyalty: Responses to Decline in Firms, Organizations and States*, Cambridge, MA, Harvard University Press

Ittner C D and Larcker DF (1996), Financial Impact of Quality Initiatives, *Advances in the Management of Organization Quality*, 1, 1-37

Jaccard J, Turrisi R and Wan CK (1990), *International Effects in Multiple Regression*, Thousand Oaks CA, Sage University Press.

Kumar Nirmalya, Lisa K Scheer and Jan-Benedict E M Steenkamp (1995), The Effects of Perceived Interdependence on Dealer Attitudes, *Journal of Marketing Research*, 32, August, 348-356

Lorin M Hitt and Frances X Frei (1999), *Do Better CustomersUtilize Electronic Distribution Channels: The Case of PC Banking* , Whatron Schoo Centre for Financial Insitutions, University if Pennsylvania, Working Paper 04

Mehmet Bac (2000), Switching Costs and Screening Efficiency of Incomplete Contracts, *Canadian Journal of Economics*, 33 (4), November, 1034-1048

Morgan Robert M and Shelby D Hunt (1994), The Commitment –Trust Theory of Relationship Marketing, *Journal of Marketing*, 58, July, 20-38

Noordewier Thomas G , George John and John R Nevin (1990), Performance Outcomes of Purchaing Arrangements in Industrial Buyser-Vendor Relationships, *Journal of Marketing*, 54, October , 80-93

Reeves C A and Bedner D A (1994), Defining Quality : Alternatives and Implications, *Academy of Management Review*, 19 (3), 419-445

Robicheaux RA and Colman J E (1994), The Structure of Marketing Channel Relationships, *Journal of Academy of Marketing Science*, 22 (1), 38-51

Sirohi Niren , Edward W Mclaughlin and Dick R Wittink (1998), A Model of Consumer Perceptions and Store Loyalty Intentions for a Supermarket Retailer, *Journal of Retailing*, 74 (2), 223-245

Smith W, van Bruggen G H and Wierenga B (2002), *Building Stronger Channel Relationship though Information Sharing*, Discussion Paper, 235, Erasmus Research Institute of Management, 1-62

Wathne Kenneth H and Jan B Hiede (2000), Opportunism in Inter-firm Relationships : Forms, Outcomes and Solutions, *Journal of Marketing*, 64 , October, 36-51

Wilson D T and Kristan Moller K E (1991), Buyer-Seller Relationship : Alternative Conceptualization in Poliwoda S J (E d.), *New Perspectives on International Marketing*, Routledge, London, 87-107

Figures and Tables

Figure 1 : Research Model : Hypotheses Mapping

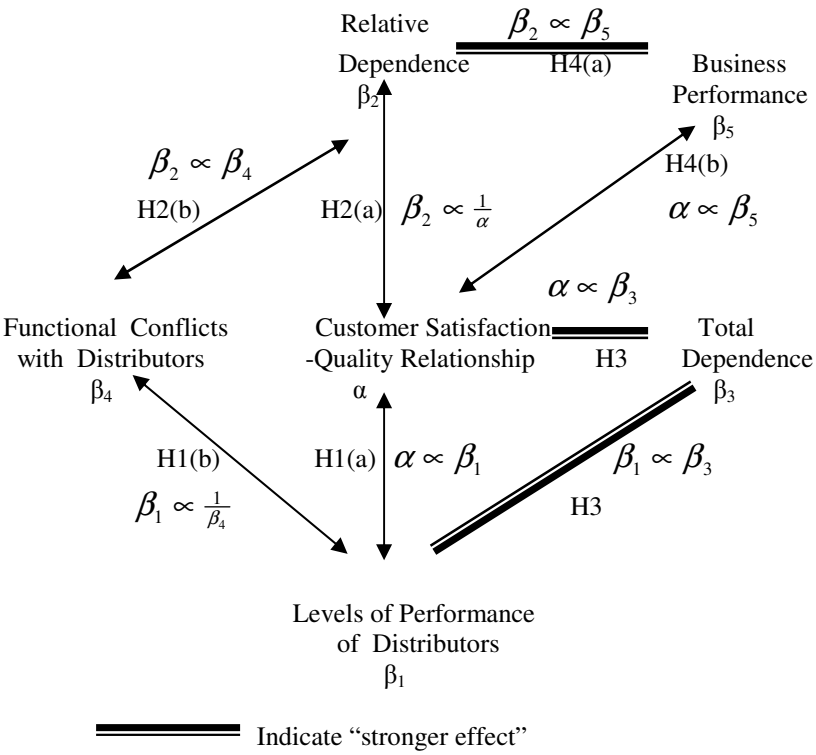

Table 1 Non-parametric Test of the Research Constructs

Construct	Chi-square (χ^2)	*p*	Comparative Fit Index
Distribution channel function performance	338.76	<.001	0.92
Dependence structure	52.47	<.001	0.94
Relationship Quality	175.36	<.001	0.96

Table 2 Performance attributes analysis : Beta Coefficients

Relationship Attributes	Customer based performance analysis variables			
	Satisfaction	Trust	Commitment	Conflict
Performance of channel functions	0.532*	0.514*	0.297*	-0.286*
Relative dependence	-0.351*	-0.253*	-0.198*	0.201
Total (inter-) dependence	-0.092	0.176	0.126	0.177*
Functional conflicts	0.093	0.058	0.076	-0.011
Business performance	0.365	0.342	0.441	-0.138
R^2	0.427	0.316	0.179	0.144
F ratio	45.121*	31.428*	21.772*	14.446*

*p =<0.001

Table 3 Descriptive Statistics and Correlation of Relationship and Performance Attributes

Attributes	A_1	A_2	A_3	A_4	A_5	A_6	A_7	A_8	A_9
Channel function (A_1)	1.000								
Distributor dependence (A_2)	-.259*	1.000							
Customer dependence (A_3)	.735	.441	1.000						
Customer Satisfaction (A_4)	.771	-.522	.251	1.000					
Customer Trust (A_5)	.534	-.092	.437	.638	1.000				
Commitment (A_6)	.458	-.063*	.556	.516	.594	1.000			
Channel Conflicts (A_7)	-.369	.467	.170	-.618	-.588	-.431	1.000		
Business performance (A_8)	.624	-.341	.231	.731	.527	.313	-.661	1.000	
Performance quality (A_9)	.492	.416	.369	.649	.637	.422	-.521	.782	1.000
Means	8.924	3.885	3.621	5.642	5.655	6.982	3.825	6.240	7.221
σ	1.003	1.214	1.046	0.764	0.752	1.018	0.301	0.962	0.322

All results are significant at (0.000) except those indicated with *