

Determinants of economic and social satisfaction in manufacturer–distributor relationships

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Abstract

The aim of this work is to examine the dimensions of satisfaction in manufacturer–distributor relationships as well as identifying the antecedents of both the economic and the non-economic dimensions of satisfaction. A literature review about satisfaction in marketing channels is followed by quantitative research into how this interchange process is perceived by food product distributors in their relationships with manufacturers. The results provide strong support for the impact of communication, trust and commitment on satisfaction, as well as the interrelationships among the economic and the non-economic dimensions of satisfaction. Theoretical and managerial implications are extracted from these findings.

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1. Introduction

Satisfaction has been studied in depth in marketing literature and many authors have emphasised its importance in distribution channel relationships (e.g. Brown & Frazier, 1978; Brown, Lusch, & Smith, 1991; Dwyer & Oh, 1987; Geyskens & Steenkamp, 2000; Hunt & Nevin, 1974; Selnes, 1998). This research has revealed that a channel member's satisfaction increases long-term orientation and continuity (Bolton, 1998; Ganesan, 1994; Selnes, 1998), and reduces conflict (Ganesan, 1993; Hunt & Nevin, 1974; Lusch, 1977). Other studies have also found that there is a significant relation between satisfaction and trust (Ganesan, 1994; Geyskens, Steenkamp, & Kumar, 1999; Selnes, 1998).

The aim of this work is to define and identify the dimensions of satisfaction in distribution channel relationships, as well as analysing its determining factors. Thus, this

paper attempts to enrich the scarce research focused on satisfaction as a multidimensional concept defined by two components: one economic and the other non-economic or social. Additionally, attention will also be focused upon other variables that have preceded satisfaction in models of distribution channel relationships, such as trust, communication and relationship commitment.

2. Satisfaction in distribution channel relationships

In marketing literature there has never been a consensus as regards the conceptualization and degree of relationship satisfaction (Geyskens et al., 1999). On the basis of a global perspective, satisfaction is the global evaluation of relationship fulfilment by the firm (Dwyer & Oh, 1987). In this sense, Anderson and Narus (1984) defined satisfaction as “an affective state resulting from the appraisal of all aspects of a firm's working relationship with another firm”.

Other authors have also made varying contributions to the concept of relationship satisfaction. Mohr, Fisher, and Nevin (1996) defined relationship satisfaction as the evaluation of one part of relationship characteristics in the

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channel. In this context, satisfaction results from a cognitive state that indicates if adaptation exists among the prior expectations and the rewards received (Mohr & Spekman, 1994) and can affect morale and the intention to take part in collaborative relationships (Andaleeb, 1992). Gassenheimer and Ramsey (1994) consider that the evaluation of the satisfaction between two members of the marketing channel should include: (1) the appraisal of the economic results in terms of efficiency and efficacy, and (2) the appraisal of the social interaction with the partner. First, performance evaluation contains the quantitative outcomes derived from the relationship, whether of objective form (such as sales ratios and incomes) or of subjective form (evaluation of the economic advantages derived from the relationship with another channel member). Second, firms look for non-economic rewards in terms of emotions (Gassenheimer, Sterling, & Robicheaux, 1996). On the basis of the previously mentioned contributions, two principal common aspects can be deduced (De Wulf, 1999):

- a) Affective state. Relationship satisfaction is generally considered an overall affective or emotional state (Andaleeb, 1992; Anderson & Narus, 1984, 1990; Ganesan, 1994; Scheer & Stern, 1992; Smith & Barclay, 1997). According to Anderson and Narus (1990), “satisfaction is affective and can be contrasted with an objective or rational summary assessment of outcomes”.
- b) Evaluation of all aspects of the relationship. Channel member satisfaction comprises “the domain of all characteristics of the relationships between a channel member (the focal organization) and another institution in the channel (the target organization) which the focal organization finds rewarding, profitable, instrumental, and satisfying or frustrating, problematic, inhibiting, or unsatisfying” (Ruekert & Churchill, 1984). In this way it is possible for there to exist a situation in which one party in the relationship may well be dissatisfied with a particular, individual event, and yet is generally satisfied with the interchange relationship as a whole (Ping, 1993).

2.1. Dimensions of satisfaction

Satisfaction has been widely considered in the literature as a unidimensional variable, basically as a result of its affective component (Andaleeb, 1996; Anderson & Narus, 1984, 1990; Ganesan, 1994; Gassenheimer, Calantone, & Scully, 1995; Scheer & Stern, 1992; Selnes, 1998; Skinner, Gassenheimer, & Kelley, 1992). This global satisfaction results from the sum of satisfaction with products and specific services (Ghosh, Joseph, Gardner, & Thach, 1997; Wilson, 1995) and satisfaction with several facets of the firms such as financial, welfare or social aspects (Michie & Sibley, 1985; Ruekert & Churchill, 1984).

Other authors have identified two dimensions of satisfaction in channel relationships: economic satisfaction and non-economic, psychological or social satisfaction (Gassen-

heimer et al., 1995; Gassenheimer, Sterling, & Robicheaux, 1996; Geyskens & Steenkamp, 2000; Geyskens et al., 1999). Geyskens et al. (1999) have demonstrated that there exists an important difference between that research focusing on the economic results of the relationship and that which has studied satisfaction from a *more social* perspective. It is important for this distinction between economic satisfaction and social satisfaction to be clearly established because the activities of a member of the distribution channel can provide his partner with economic satisfaction and yet not offer him any social satisfaction, or vice versa (Geyskens & Steenkamp, 2000).

- a) Economic satisfaction. Economic satisfaction is the evaluation performed by a channel member of the economic results derived from his relationship with his partner, such as turnover, margins and discounts (Geyskens & Steenkamp, 2000). According to economic results, Jap and Ganesan (2000) use product satisfaction, satisfaction with sales representatively and satisfaction with financial results to identify relationship satisfaction.
- b) Non-economic or social satisfaction. Social satisfaction is defined as a channel member's evaluation of the psychosocial aspects of its relationships, in which interactions with the exchange partner are fulfilling, gratifying and facile (Geyskens & Steenkamp, 2000). This dimension focuses on other aspects of subjective character such as social contact, communication or shared values. Thus, non-economic satisfaction refers to the evaluation of interactive experiences (Scheer & Stern, 1992) and it has been linked with exchanges that reflect the good psychological behaviour of the members (Gassenheimer & Ramsey, 1994).

2.2. Satisfaction resulting from relationships

Satisfaction has generally been considered as a result derived from relationships between buyers and sellers (Anderson & Narus, 1984, 1990; Dwyer & Oh, 1987; Smith & Barclay, 1997; Mohr, Fisher, & Nevin, 1999). For instance, the interaction between an existing conflict in the channel and satisfaction has been demonstrated. Although theories have been sustained in both dimensions, it seems clear that conflict exerts a negative influence upon satisfaction. This is shown in several empirical studies on distribution channels (e.g. Anderson & Narus, 1984, 1990; Frazier, Gill, & Kale, 1989; Mohr et al., 1996; Skinner et al., 1992). Contrarily, other works indicate that relationship satisfaction is an important source of conflict resolution (Ganesan, 1993; Hunt & Nevin, 1974; Lusch, 1977), thereby becoming an antecedent of the relationship characteristics.

The interaction between trust and satisfaction has been studied from both perspectives. For the most part, trust has been analysed as an antecedent of satisfaction (Andaleeb, 1996; Anderson & Narus, 1990; Crosby, Evans, & Cowles,

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