

Service Marketing: A practical approach
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Lecture-24
Managing Channel Conflict

Hi there. Welcome to this session on services marketing with a practical approach.

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[Lesson 24 Managing Channel Conflict](#)

[Causes of Channel Conflict](#)

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We now discuss about lesson number 24 that is managing channel conflict. So there are causes of channel conflict or strategies of collaboration.

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Causes of Channel Conflict

1. Goal conflict
2. Channel ambiguity
3. Control of quality and consistency
4. Tension between empowerment and control

So what are the causes of channel conflict?. One is goal conflict, channel ambiguity, control of quality and consistency, tension between empowerment and control.

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Causes of Channel Conflict

In order to be able to manage channel conflict, we must first understand the likely causes of channel conflict as discussed in the following paragraphs.

The likely causes of channel conflict are as follows:

1. **Goal conflict:** While the principal's strategy might be to penetrate the market at low margins and high volumes, channel members might be trying to skim the market at high margins and low volumes. The conflict would be regarding who has the right to set the goal and who should follow it.
2. **Channel ambiguity:** If the principal has not paid enough attention to the details, there might be ambiguity as to who pays for the franchisee's advertisement and promotion, their training and development, marketing research, etc.

So will look at channel conflict in more details now. So what are the causes of channel conflict in order to be able to manage channel conflict, we must first understand the likely causes of channel conflicts. The likely causes of channel conflict are goal conflict, while the principal's strategy might be to penetrate the market at low margins and high volumes, channel members might be trying to skim the market at high margins and low volumes.

The conflict would be regarding who has the right to set the goal and who should follow it. Then comes channel ambiguity, if the principal has not paid enough attention to the details, there might be ambiguity as to who pays for the franchisee's advertisement and promotion, their training and development, marketing research etc.

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3. **Control of quality and consistency:** The intermediaries might choose to use their own ideas in freely running their franchisee business and might find the stringent specifications subject to periodic measurement, review, reward and punishment by the principal to be an infringement on their freedom and get frustrated and angry about the same, leading to development of conflicting behaviour.

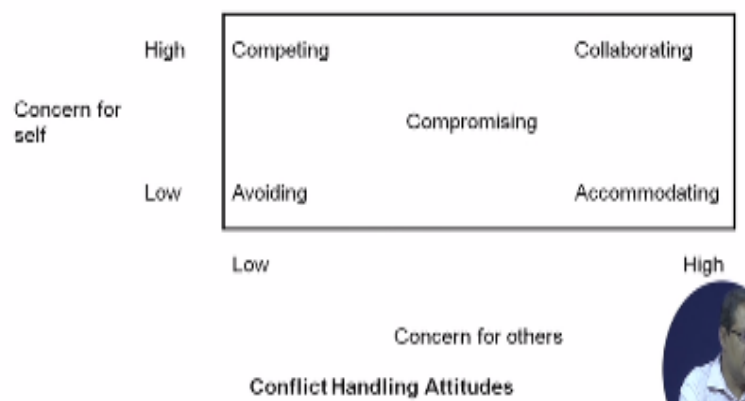
4. **Tension between empowerment and control:** Should the principal tightly control the activities of the franchisee to maintain quality and consistency, or, should they empower them so that they can understand and buy into the principals' specifications and deploy them of their own volition in their enterprises while suggesting any innovations and improvements to the principal?

Then comes control of quality and consistency. The intermediaries might choose to use their own ideas in freely running their franchisee business and might find the stringent specifications subject to periodic measurement, review, reward and punishment by the principal to be an infringement on their freedom and get frustrated and angry about the same, leading to the development of the conflicting behaviour.

Tension between empowerment and control should the principal tightly control the activities of the franchisee to maintain quality and consistency or should they empower them so that they can understand and buy into the principal's specifications and deploy them of their own volition in their enterprises while suggesting any innovations and improvements to the principal. So there is the tension between empowering the franchisees over the control of franchisees. So which one should be there. The middle part is required.

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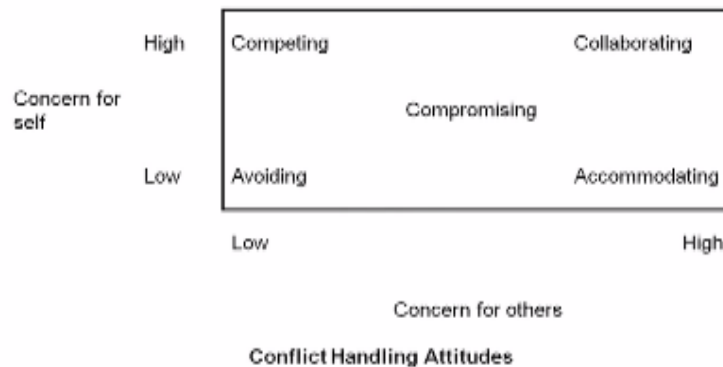
The fundamental basis of any conflict is excessive concern over the fulfilment of own goals with disregard to the fulfilment of the others' goals. Based on these two parameters several conflict handling attitudes can be formed as depicted in figure below:



Now the fundamental basis of any conflict resolution is excessive concern over the fulfilment of own goals and disregard to the fulfilment of the others goals. Based on these 2 parameters several conflict handling attitudes can be formed as depicted in figure below. So here on the x-axis we have concern for others and on the y-axis we have concern for self.

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The fundamental basis of any conflict is excessive concern over the fulfilment of own goals with disregard to the fulfilment of the others' goals. Based on these two parameters several conflict handling attitudes can be formed as depicted in figure below:



Then we have 4 quadrants so we have high concern for self, or low concern for self, and we have high concern for others and low concern for others. So if the concern for self is high and the concern for others is low then the attitude is that of competing which is in the long one this might be damaging for both the companies. Next is the concern for self is low and the concern for others is also low that means they are avoiding the problems, avoiding the issues as long as it is possible, avoiding the conflict.

Then the concern for others is high and the concern for self is low that means you are accommodating the parties are accommodating to the demands of the opposite party and finally we have high concern for self and high concern for others then we are basically collaborating and this what is desire in order to result the conflict and actually work in win-win manner in a (()) (04:15) kind of strategy.

But if it is difficult to reach the high-high kind of strategy 2 parties can go for compromising that is they go mid way between concern for others and mid way concern for self and therefore they compromise and then they continue working in that manner.

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So, which intention should the conflicting parties have? If they aim for their own welfare while disregarding others, they would compete with each other while their customers would stand to benefit and their businesses would suffer. On the other hand, if they care for their own welfare and the welfare of the other party at the same time, they can create win-win situations where both can collaborate peacefully for delivering value and making profits. A compromise leaves both parties part happy and part sad. While collaborating, the collaborator is considered as a partner in the business.

So, which intention should the conflicting parties have?. If they aim for their own welfare while disregarding others, they would compete with each other while their customers would stand to benefit and their businesses would suffer. On the other hand, if they care for their own welfare and the welfare of the other party at the same time, they can create win-win situations where both can collaborate peacefully for delivering value to make profits. A compromise leaves both parties part happy and part sad. While collaborating, the collaborator is considered as a partner in the business.

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Strategies for Collaboration

1. Alignment of goals
2. Consultation, cooperation and cooptation
3. Assistance

Then we have the strategies for collaboration that is alignment of goals, consultation, cooperation and cooptation and assistance. So these are 3 strategies for collaboration.

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Strategies for Collaboration

1. **Alignment of goals:** The principal and his collaborators can align themselves to the same business goals based on marketing research and then stick to it. Collaborators can understand that quality, consistency and productivity can be managed only when these are measured. Accordingly, measurement must be made part of the agreement with collaborators. However, actions following the measurement must be undertaken with an attitude of assisting collaborators to reach the benchmarks instead of punishing them for honest mistakes and non-performance. Likewise, incentives and awards can go a long way in helping collaborators attain high service standards consistent with the principal company.

2. **Consultation, cooperation and co-optation:** They must take all decisions, as far as possible in consultation with the collaborators so that all parties buy into the jointly evolved decision and work towards the same. This can eliminate lots of ambiguity and conflict at the same time. The parties can have representatives sitting on each others' boards.

3. **Assistance:** As the captain of the business, the principal must invest in carrying out marketing research, advertisement and promotions and assisting his franchisee with the resources they need to carry out the business process consistently. For instance transportation companies give ticketing software to their agents for smooth functioning of the businesses.



Now the first strategy is alignment of goals. The principal and its collaborators can align themselves to the same business goals based on marketing research and then stick to it. Collaborators can understand that quality, consistency and productivity can be managed only when these are measured. Accordingly, management must be made part of the agreement with collaborators.

However, actions following the measurement must be undertaken with an attitude of assisting collaborators to reach the benchmarks instead of punishing them for honest mistakes and non-performance. Likewise, incentives and awards can go a long way in helping collaborators attain high service standards consistent with the principal company. Consultation, cooperation and co-optation. They must take all decisions as far as possible in consultation with the collaborators so that all parties buy into the jointly evolved decision and work towards the same.

This can eliminate lots of ambiguity and conflict at the same time. The parties can have representatives sitting on each others boards. Finally it is assistance as the captain of the business the principal must invest in carrying out marketing research, advertisement and promotions and assisting his franchisee with the resources they need to carry out the business process consistently. For instance transportation companies give ticketing software to their agents for smooth functioning of the businesses.

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[Lesson 25 Managing Demand and Capacity - I](#)

[Optimum and Maximum use of Capacity](#)

[Capacity Constraints](#)

[Understanding Demand Patterns](#)

[Strategies for Matching Capacity and Demand](#)

[Strategies for Adjusting Capacity to Match Demand](#)

Next we will come to lesson number 25, managing demand and capacity, so we end here and I hope that it helps going through this lesson. Thank you.