# Satisfaction in International Marketing Channels: A Local Channel Member Perspective

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**ABSTRACT.** International marketing channels become more important every day. Channel member satisfaction is a key characteristic of healthy channel relationships. However, limited knowledge exists regarding satisfaction in international marketing channels. The present research involves a European context and investigates channel member satisfaction in international relationships and its consequences from the perspective of local channel members. Study I adopts a qualitative approach to establish a conceptualization of satisfaction. Study II tests a conceptual model based on a sample of 236 wholesalers involved in the international distribution of industrial goods. Empirical evidence supports (1) a seven-factor conceptualization of satisfaction, (2) main effects relating satisfaction to conflict, trust, and commitment in international channel relationships, (3) and partial moderating influence of two contextual variables, namely, competitive intensity and output control. doi:10.1300/J049v14n04_02 

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## *INTRODUCTION*

Globalization appears to be the most dominant trend shaping today's business environment. Imports of goods and services now represent 24 percent of the gross domestic product worldwide (United Nations, 2005) and the majority of industries either operates already in an international marketplace or is anticipating to do so (Czinkota et al., 2001; Edmondson et al., 2000). With the increasingly globalized distribution of goods, the international dimension of marketing channels becomes more and more important (Rosenbloom, 1999). In particular, a firm's ability to maintain effective relationships with channel members across national borders has become a crucial asset to success (Aulakh, Kotabe, & Sahay, 1996; Leonidou, Katsikeas, & Hadjimarcou, 2002; Zhang, Cavusgil, & Roath, 2003). Since channel member satisfaction is strongly related to relationship quality and continuity (Ping, 2003), it is a key characteristic of well-functioning marketing channel relationships (Dwyer, 1980; Robicheaux & El-Ansary, 1975). Given that today's competitive environment forces channel members to maintain healthy relationships with each other through focus on joint objectives and mutual understanding (Gassenheimer & Ramsey, 1994), satisfaction in international marketing channels seems more important than ever.

Channel member satisfaction in domestic relationships has been widely studied (e.g., Brown, Lusch, & Smith, 1991; Brown & Peterson, 1994; Dwyer, 1980; Geyskens, Steenkamp, & Kumar, 1999; Ping, 2003; Rosenberg & Stern, 1971; Ruekert & Churchill Jr., 1984; Schul, Little, & Pride, 1985). However, international channel relationships are characterized by a much higher complexity and uncertainty than domestic collaborations (Klein, Frazier, & Roth, 1990; Rosenbloom, 1990). Even though various aspects of international marketing channels have been investigated (Cavusgil, Deligonul, & Chun, 2004; de Ruyter, Wetzels, & Lemmink, 1996; Geyskens et al., 1996; Hong & Yen Po, 1999; Katsikeas & Goode, 2000; Kim, 2003; LaBahn, 1999; LaBahn & Harich, 1994; Mehta, Dubinsky, & Anderson, 2003; Rosenbloom & Larsen, 2003), limited knowledge exists regarding the role of satisfaction in these relationships. Klein and Roth (1993) provided initial insights into the antecedents of channel satisfaction in an international setting. In doing so, the authors conceptualized satisfaction in terms of how satisfied multinational corporations are with their local channel members in foreign markets. Indeed this "central" focus on the headquarters of multinationals tends to be the dominant approach in research on international marketing (Li & Cavusgil, 1995). Yet, Gupta and Govindarajan (1994) denote that the focus on multinational headquarters brings with it the "risk of overlooking important and directly relevant phenomena" (p. 455), and recommend concentrating first on a local level before turning to the headquarters of a multinational parent company. Specifically, local channel members play a vital role for multinational corporations since they not only provide access to desired target markets, but are also local implementers of the relevant corporate marketing strategy (Arnold, 2000). However, little is known about what constitutes satisfaction of local channel members in international relationships in the first place and how varying degrees of satisfaction impact these relationships. This kind of knowledge exhibits a substantial managerial relevance, since it reveals to multinational corporations the ultimate relationship needs of foreign channel members and how the fulfillment of these needs actually shapes the transnational cooperation. Further it has to be acknowledged that transnational channel relationships do not exist in a vacuum but are exposed to numerous contextual or environmental factors which have a potential moderating impact on the relationship between satisfaction and its consequences (Frazier, Gill, & Kale, 1989; Johnson et al., 1996, 1993). Since environmental variables are much more relevant in transnational than in domestic channel relationships (Kim & Oh, 2002), leaving out the existence of such factors would represent a large oversimplification in an international research context.

A better understanding of satisfaction in international marketing channels from the perspective of local channel members is essential for researchers and managers alike. It fills a current gap in one of the major domains of the marketing literature and enables multinational corporations to manage their international marketing channels more effectively. The present research aims to (1) develop a conceptualization and measurement approach for satisfaction in international marketing channels from the perspective of local channel members, (2) assess consequences of satisfaction in international channels, and (3) test the moderating role of environmental variables on the relationship between satisfaction and its consequences.

The remainder of this manuscript is organized as follows: First, existing work on channel member satisfaction is discussed and relevant relationships are proposed. Next, a qualitative study is outlined which identifies the components of international channel satisfaction. This is followed by the discussion of a quantitative investigation relating to a comprehensive conceptual framework. The paper closes by summarizing the key findings and suggesting implications for channel management and future research efforts.

## *CONCEPTUAL FRAMEWORK*

### *Channel Member Satisfaction*

There is a large body of scholarly literature on marketing channels (e.g., Boyle & Dwyer, 1995; Frazier & Rody, 1991; Gaski, 1984; Gaski & Nevin, 1985; Kale, 1986; Lusch, 1976; Pondy, 1967, 1989) and channel member satisfaction (e.g., Brown & Peterson, 1994; Dwyer, 1980; Geyskens, Steenkamp, & Kumar, 1999; Ping, 2003; Rosenberg & Stern, 1971; Schul, Little, & Pride, 1985). Notably, 71 empirical studies on channel satisfaction have been published in leading academic journals between the years 1970 and 1996, making satisfaction the "most popular construct" in research on marketing channels (Geyskens, Steenkamp, & Kumar, 1999, p. 223). However, channel member satisfaction is conceptualized much differently in the literature. Some scholars treat satisfaction as a unitary construct (e.g., Andaleeb, 1996; Gassenheimer & Ramsey 1994; Kim, 2003; Ping, 2003), often captured by a single-item measure referring to the overall degree of channel members' experienced satisfaction. This perspective provides an efficient and straightforward way to measure satisfaction, particularly when a larger number of constructs is assessed as part of a comprehensive conceptual framework. However, a one-dimensional conceptualization of channel satisfaction provides limited insights into the complexities inherent in inter-organizational channel relationships. As mentioned earlier, transnational marketing channels are characterized by additional degrees of complexities, which make a narrow conceptualization of satisfaction appear somewhat oversimplifying.

Other scholars define channel member satisfaction as a multidimensional construct (e.g., Brown, Lusch, & Smith, 1991; Geyskens & Steenkamp, 2000; Ruekert & Churchill Jr., 1984; Schul, Little, & Pride, 1985). In this view, satisfaction comprises channel members' perception of different facets of the relationship, providing a much more differentiated view on the complexities of inter-organizational collaborations. This perspective provides a more in-depth understanding of the underlying dimensionality of the satisfaction phenomenon and the particular relationship characteristics impacting channel members' level of experienced satisfaction. Given the increased degree of complexities in international channel relationships, it seems reasonable to conceptualize satisfaction as a multidimensional construct for the purpose of the present research. In doing so, the authors subscribe to the view by Geyskens et al. (1999), whereby channel member satisfaction represents a positive affective state resulting from the appraisal of all aspects of a channel member's working relationship with another firm. Furthermore, we agree with Schul et al. (1985) in that satisfaction is an affective response to salient *aspects* of intra-channel interaction. Accordingly, our attempt is to reveal the underlying dimensions (i.e., aspects) and relevant indicators of channel member satisfaction in international relationships in a first step before turning to the assessment of structural and moderating relationships.

### *Satisfaction Outcomes*

Channel member satisfaction represents the affective dimension of intra-channel exchanges (Brown, Lusch, & Smith, 1991; Ruekert & Churchill Jr., 1984) and has been related to more than 80 different variables (Geyskens, Steenkamp, & Kumar, 1999). For instance, it has been proposed that satisfaction leads to higher morale, greater cooperation, fewer terminations of relationships, fewer lawsuits, lower efforts to seek protective legislation (Hunt & Nevin, 1974), higher incentives to participate in collective activities (Schul, Little, & Pride, 1985), increased capabilities to adapt to environmental changes, better integration of supply chain management (Brown, Lusch, & Smith, 1991), and long-term relationship viability (Dwyer, 1980) in marketing channels. Empirical evidence sometimes provides mixed findings regarding the direction of the causal relationships between satisfaction and other constructs (e.g., channel conflict), whereby satisfaction can be viewed likewise as an antecedent and a consequence. Other research has concentrated on such a non-recursive nature of channel satisfaction relationships (e.g., Brown, Lusch, & Smith, 1991; Schwab & Cummings, 1970). However, in line with the goals of the present research discussed earlier, our interest lies in examining the role of satisfaction as an antecedent to relevant relationship outcomes. Thus, the question arises as to what kind of consequences of satisfaction can be expected in international channel relationships. The concepts of conflict, trust, and commitment have been identified as key variables in transnational inter-organizational business relationships (Hewett & Bearden, 2001; Kim & Oh, 2002; Moore, 1990). Moreover, satisfaction, conflict, trust, and commitment share a common superior relevance since all of them represent important characteristics of the general quality of the relationship among channel members, but yet are separate constructs (Frazier, 1983; Geyskens, Steenkamp, & Kumar, 1999; Mohr & Nevin, 1990). Satisfaction has been characterized as the foundation for both trust (Crosby, Evans, & Cowles, 1990; John & Reve, 1982) and commitment in inter-organizational relationships (Brown & Peterson, 1993; Mohr, Fisher, & Nevin, 1996). Commitment refers to channel members' motivation to maintain a valued relationship (Moorman & Zaltman, 1992; Morgan & Hunt, 1994). Whereas dissatisfaction leads to suspicion and mistrust with a partnering company, satisfaction increases the perception of benevolence and credibility (Ganesan, 1994). Accordingly, it is hypothesized as follows:

> *H1*: In international channel relationships, the satisfaction of local channel members has a positive impact on their trust in partnering multinational corporations.

> *H2*: In international channel relationships, the satisfaction of local channel members has a positive impact on their commitment to partnering multinational corporations.

Channel members who exhibit high degrees of satisfaction tend to view the collaboration as a means to achieve their own organizational goals (Geyskens, Steenkamp, & Kumar, 1999). Channel conflict occurs when there is some tension, frustration, or disagreement in the relationship (Anderson & Narus, 1990; Frazier, Gill, & Kale, 1989). Whereas conflict can result from a variety of sources (Stern & Heskett, 1969), perceived relationship satisfaction appears to reduce the level of conflict within a channel (Dwyer, 1980; Rosenberg & Stern, 1971). We propose the following:

> *H3*: In international channel relationships, the satisfaction of local channel members has a negative impact on channel conflict.

### *Relationships Among Outcome Variables*

Conflicts generally represent a barrier to relationship building among organizations (Anderson & Narus, 1990; Stern, Sternthal, & Craig, 1973). In particular, conflict is negatively related to the perception of honesty and benevolence in inter-organizational relationships (Kumar, Scheer, & Steenkamp, 1995). International channel partners are separated by a geographical distance, which reduces the face-to-face interaction among the members of the partnering organizations. Yet communication is crucial to resolving disputes and aligning perceptions and expectations between channel members (Etgar, 1979). Due to the lack of personal contact, an existing conflict in the relationship could impact quite negatively on how the other individual channel member is perceived. Hence we suggest:

> *H4*: In international channel relationships, channel conflict perceived by local channel members has a negative impact on their trust in partnering multinational corporations.

Empirical evidence suggests that trust exerts a substantial impact on commitment to business relationships (Anderson & Weitz, 1992; Morgan & Hunt, 1994). Trust represents the perceived value of a relationship (Arrow, 1974) and enables channel members to be more committed to a relationship because they have to spend less effort on questioning or assessing the relationship (Andaleeb, 1996). Consequently, trust can impact the commitment to a channel relationship over an extended time period (Dwyer & Oh, 1987). Applied to our research context, we propose:

> *H5*: In international channel relationships, local channel members' trust has a positive impact on their commitment to partnering multinational corporations.

### *Moderating Role of Environmental Factors*

As discussed throughout this text, satisfaction is an affective response resulting from inter-organizational interactions, impacting in turn several other relationship outcomes. However, the relationship between satisfaction and its consequences exists in a complex setting, incorporating different organizations and extending beyond national boundaries. Specifically, international channel relationships are impacted by countless contextual factors including business environments in different countries, individual channel members' resources and capabilities, and management practices and strategies among other factors. Consequently, a limited set of factors will have to be assessed in the present study to provide first exemplary insights on potential moderating effects of environmental variables. Scott (1997) identifies two basic environmental forces which influence organizational processes and outcomes, namely, the task environment and the institutional environment. The task environment refers to a company's sources of input, markets for output, and competitive factors. The institutional environment relates to organizational structures and behaviors such as management practices (Kim & Oh, 2002). In order to extend the spectrum of our study, we include both types of environments. In particular, we include competitive intensity (task environment) and output control (institutional environment) in our investigation.

Today, many markets are characterized as hypercompetitive (D'Aveni, 1994; Schultz, 1997). Competitive intensity relates to the degree to which a firm faces competition in a particular market (Grewal & Tansuhaj, 2001) and increases the likelihood for price competition and the cost of achieving realized positional advantages (Porter, 1980, 1985). Under the degree of low competition companies are likely to perform well (Houston, 1986). By contrast, high competitive intensity makes it much harder for a company to do well. How competitive intensity may impact the way a local channel member perceives its relationship with a partnering multinational corporation may be suggested by the concept of the fundamental attribution error (Jones & Nisbett, 1972; Ross, 1977). Accordingly, human judgment tends to exhibit a bias resulting in self-serving attributions in case of negative events. That is, when an event is perceived to be negative, individuals devote limited cognitive effort to identify the most reasonable explanation for the cause of the event and are more likely to blame external parties to be responsible (Oliver, 1996). Accordingly, when a local channel member demonstrates a weak performance (i.e., negative event) due to high competitive intensity, the underlying cause might reflect on the channel relationship with a partnering multinational corporation making a generally satisfactory relationship less influential. We propose:

> *H6*: In international channel relationships, competitive intensity moderates the relationship between local channel member satisfaction and its consequences. In particular, the impact of satisfaction on conflict, trust, and commitment will be weaker under high, than under low competitive pressure.

Output control relates to the institutional environment in marketing channels (Grewal & Dharwadkar, 2002) and occurs when performance standards are defined, monitored, and results are formally evaluated (Jaworski, 1988). As pointed out by Weitz and Jap (1995), such practices enable a manufacturer to better coordinate activities in a marketing channel. Output control mechanisms are frequently used by multinationals to manage foreign channel members (Gencturk & Aulakh, 1995) in order to correspond to the environmental uncertainty inherent in transnational collaborations (Celly & Frazier, 1996). However, output control does not seem to be significantly related to satisfaction or performance in international marketing channels (Gencturk & Aulakh, 1995), but actually has been found to lead towards dysfunctional behavior in organizations (Jaworski & MacInnis, 1989). Moreover, research by Kim and Mauborgne (1993) suggests that local subsidiaries of global corporations prefer less stringent and more informal management processes which enable them to "exert voluntary effort to implement strategic decisions to the best of their ability" (p. 22). Hence, it seems reasonable to expect that a channel relationship characterized by high output controls can affect the overall collaboration between international channel members negatively, thereby reducing the impact satisfaction has upon its positive outcomes, or formally:

> *H7*: In international channel relationships, output control performed by the multinational headquarters moderates the relationship between local channel member satisfaction and its consequences. In particular, the impact of satisfaction on conflict, trust, and commitment will be weaker under high than under low output control.

The proposed hypotheses will be summarized in a conceptual framework and tested empirically. Whereas valid indicators for the relevant outcome and moderating variables can be found in the literature, a conceptualization and measurement approach for channel member satisfaction in international relationships needs to be established first. As will be outlined in the sequel, a qualitative study was conducted for this purpose.

## *STUDY I*

### *Data Collection Procedure*

A qualitative methodology, in-depth expert interviews, was employed to (1) establish a deeper understanding of the underlying dynamics of international channel relationships and (2) reveal the conceptual dimensions including corresponding relevant indicator variables of the construct of channel member satisfaction (see Bonoma, 1985). In total, 45 industry experts of the industrial goods sector were personally interviewed by one of the authors of this study. Interview participants all held a position in the middle or upper management of a company involved in channel relationships for the transnational distribution of industrial goods. We included a broad spectrum of organizations from various countries on the European continent to be able to identify recurring response patterns which demonstrate superior degrees of generalizability. Countries included in the qualitative inquiry are Germany, Switzerland, the Czech Republic, the Principality of Liechtenstein, Russia, Austria, and the Netherlands. Interview data were collected as follows.

Participants were mailed a document with written interview guidelines to arrive some days before their scheduled interview to prepare them for the event. Semi-structured exploratory interviews were conducted via telephone or on a face-to-face basis. Issues included in the guidelines and discussed with the industry experts referred to the importance of transnational channel relationships, challenges in managing cross-national channel relations, and characteristics of satisfactory relationships. The in-depth interviews lasted between 45 and 140 minutes with an average duration of 93 minutes. All interviews were tape recorded and transcribed. Each person interviewed received a transcript of the respective conversation and personally approved it with their signature.

### *Analyses and Results*

Interview data were subject to content analysis and categorization. In particular, a coding team consisting of one of the authors and two doctoral students read through the interviews thoroughly in a first step. Then, each team member identified recurring themes in the data, following the categorization process by Lincoln and Guba (1985). In doing so, general categories were derived based upon similar properties and specific statements were selected to represent each category, exhibiting the potential to be employed as an indicator variable. All members of the coding team discussed the findings in several sessions until a common agreement of the underlying categories and potential indicators of international channel member satisfaction was established. Seven dimensions of satisfaction emerged from the data, which were labeled as the following: “products,” “marketing,” “order handling,” “fairness,” "financial support," "communication," and "cultural sensitivity." Each of these facets of satisfaction will be briefly discussed.

*Products*

The products provided by international headquarters through international channels are crucial for the local channel member in order to be able to provide a competitive market offer. Products represent an important source of potential competitive (dis)advantage because they are key to responding to the needs of customers in the local market. Local channel members demonstrate a superior interest in innovative and competitive product solutions for their local market. Multinational headquarters can satisfy the needs of local channel members through providing a substantial variety of products demonstrating a competitive quality and design. Furthermore, new and innovative products are demanded which meet particular market needs, as indicated throughout the interviews: "Manufacturers should better analyze the market needs when designing new products."

*Marketing*

The relevance of support in marketing and sales derives from the routines of everyday business of local channel members: Promotional material available to the local channel member supports the de-centralized sales process, thereby leading to increased sales performance in the relevant market. Specifically, information on important product characteristics, accessory items or services, and the distinct competitive edge of a product seem important because: "Often we don't know where is the strength of a product and where could be its potential on the market." Other forms of desired support include training on the sales of relevant products as well as coordinated marketing concepts incorporation among the local and the central channel member.

*Order Handling*

Local channel members place a large emphasis on reliability in the order handling process. This dimension of satisfaction refers to the logistics of a marketing channel. The interviews suggested that local channel members specifically place a higher emphasis on reliability in the ordering process than on short delivery times. Reliability in order fulfillment is central because it allows the local channel member not to deviate from the respective order schedule and deliver products in time to local customers. In addition to the overall manner and reliability of order handling, local channel members emphasize the need for the availability of products as well as replacement and accessory parts.

*Fairness*

The data suggest that international channel relationships have a substantial affective component, expressed by the distinct need for perceived fairness in the relationship. One respondent remarked that "there must be a certain 'feel-good factor' too, since we are no robots. All business is personal in the end." Channel members desire to feel an overall sense of fairness and honesty in the relationship, whereby each partner supports the goals of the other party and the interaction is characterized by positive manners of treatment.

*Financial Support*

The financial aspect represents a corner stone in this kind of interorganizational collaborations. Foremost, local channel members are concerned about the actual price level of products and services offered by partnering institutions since this determines their own cost structures and eventually their profits. This is accompanied by the need for a fair and non-arbitrary manner in which those prices are determined. There is also a desire for financial support in the form of sharing of project costs such as financing representation on tradeshows, Internet websites, or promotional offers.

*Communication*

One respondent expressed that "information is the key that opens all sales channels." Key information needed by local channel members relates to the products and services offered by the multinational partner including their physical distribution as well as relevant insights about certain customers, competitors, and environmental trends. Specifically, satisfaction with communication within the channel manifests in a desire for quick response times, a high frequency of information exchange, as well as timeliness and completeness of information provided by a multinational.

### *Cultural Sensitivity*

One unique characteristic of international channel relationships is that they touch upon different national cultures. Even though there appears to be a tendency of increasing cultural similarity across different countries under the advent of globalization, local channel members express a substantial desire that their own national culture is respected by collaborating international organizations. That is, channel members acknowledge if a foreign business partner exhibits an honest attempt to understand their own culture and if similar values are shared between the partnering organizations. In summary, our qualitative investigation suggests seven distinct components of channel member satisfaction in international relationships. The following hypothesis represents the valid conceptualization of international channel member satisfaction in the present study.

> *H8*: Satisfaction in international marketing channels is a seven-dimensional construct, comprised of a local channel member's satisfaction with multinational headquarters' products, marketing support, order handling, fairness, financial support, communication, and cultural sensitivity.

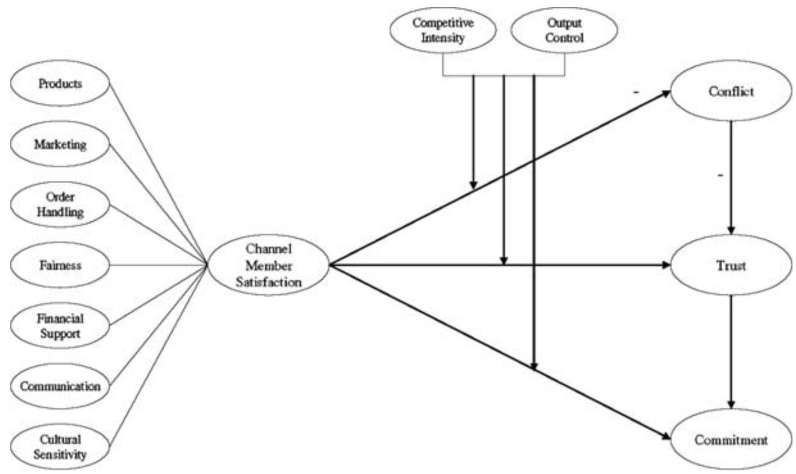
## *STUDY II*

We summarize the structural relationships proposed earlier as well as the given conceptualization of satisfaction in a comprehensive conceptual model. As depicted in Figure 1, our conceptual framework shows the components of channel member satisfaction, the main effects of satisfaction on its consequences, relationships among outcome variables, as well as moderating environmental factors. As recommended by Bagozzi (1981), we use a second-order factor to represent the overall construct and model it as a predictor of the outcome variables. Study II tests the proposed model following a quantitative approach.

### ***Data Collection Procedure***

A survey instrument was developed based upon the indicators provided by the qualitative study and measures from the literature. Two pretests were conducted to ensure that the questionnaire is correctly comprehended by marketing practitioners and elicits adequate responses. At first, 21 marketing and sales managers of one international manufacturer

FIGURE 1. Conceptual Model




of plastic goods located in Switzerland agreed to fill out the survey and indicate any problematic or unclear formulations. Some minor alternations were made due to comments from the first pre-test. Second, a team of seven experts in the industrial goods sector including high-level managers and specialized consultants evaluated the revised questionnaire. In addition to some minor wording-related suggestions, the second pre-test results indicated that the survey instrument generally was well understood and could easily be filled out by the participants.

A final version of the survey instrument was prepared to be sent to corporate key informants as recommended by Kumar, Stern, and Anderson (1993). For the quantitative investigation, we concentrated on local wholesalers of international manufacturers of industrial goods. In particular, we focused on marketing channels of manufacture of basic metals, fabricated metal products, machinery and equipment, and transportation equipment as defined by the NACE (Classification of Economic Activities in the European Community) industry categories 27, 28, 29, 31, 34, and 35. Our ideal key informants were managing directors, as well as sales and marketing directors of local wholesalers involved in transnational channel relationships as defined above. To identify relevant key informants in the targeted organizations, we approached international manufacturers located in Switzerland, asking them to provide the name and contact data of potential informants in cooperating foreign wholesalers on the European continent (see Futrell & Parasuraman, 1984; Oliver & Anderson, 1994). In particular, only data of one potential respondent per wholesaler were requested to be able to include a broad set of organizations. Overall, the industrial manufacturers pointed out 1,834 potential key informants at local wholesalers. In a first step, we announced our study to the key informants per e-mail or traditional mail. The latter was used in cases where no valid e-mail address was available. One week later, the standardized survey instrument was sent in the same way. Potential participants were offered a management summary of the survey results as well as the possibility to win a popular management book in a drawing (see Larson & Chow, 2003). With reference to Erdogan and Baker (2002), an original replacement follow-up was sent as a reminder to informants who had not responded after three weeks. In total, 236 usable questionnaires were collected, representing a response rate of about 13 percent. Nonresponse bias was assessed by comparing early with late survey respondents in accordance to the procedure by Armstrong and Overton (1977). The large majority of surveyed wholesalers was located in central Europe (40.8 percent), followed by north (14.2 percent), and south-west Europe (15.4 percent). Most key informants were employed in the position of a managing director (44 percent) or director of sales (38.8 percent).

### *Measures*

Before testing main and moderating effects, we introduce the relevant indicator variables for each construct. As discussed earlier, the items for channel member satisfaction were developed for the purpose of this research, whereas indicator variables for all dependent and moderating constructs of our conceptual framework were adapted to the international marketing channel setting from prior research. The measures of this study are listed in subsequent tables as well as in the Appendix.

Observed variables corresponding to the seven dimensions of channel member satisfaction were derived from the initial qualitative investigation. Respondents were asked to indicate their satisfaction with 29 different aspects of international channel relationships on a seven-point scale, anchored from "very dissatisfied" (1) to "very satisfied" (7). Exploratory factor analysis and item-to-total correlations were used to establish an internally consistent scale, whereby seven items had to be eliminated, leading to 22 indicators representing our measure of international channel member satisfaction.

The two proposed moderators were captured by seven-point scales ranging from "strongly disagree" (1) to "strongly agree" (7). In particular, items for competitive intensity were based on Jaworski and Kohli (1993) and measures of output control were taken from Jaworski and MacInnis (1989). Likewise, the dependent observed variables were based on seven-point scales referring to the degree of the respondents' agreement with specific statements. In doing so, our measures were adopted from Mohr, Fisher, and Nevin (1996) for conflict, Ganesan (1994) for trust, and Ganesan and Weitz (1996) for commitment.

### *Measure Assessment*

We used confirmatory factor analysis to validate the structure suggested by the qualitative investigation. Specifically, we estimated a higher-order measurement model, whereby satisfaction represents a second-order factor comprised of the seven components discussed before, modeled as corresponding first-order constructs. All subsequent analyses described in the following employed structural equation modeling procedures using Lisrel 8.71. At first, a confirmatory factors analysis (CFA) was carried out to test the proposed measurement structure of channel member satisfaction. Results are shown in Table 1.

The CFA outcomes indicate solid psychometric properties of our scale and a good overall fit of the model ($\chi^2$/d.f. = 1.72, RMSEA = .05, NNFI = .98, CFI = .98). All loadings demonstrated a positive sign and substantial magnitude (i.e., > .5, see Kline, 2005). Each higher and lower-order factor loading was significant at $p < .01$, providing evidence of convergent validity. Internal consistency was assessed in terms of construct reliability and variance extracted. All construct reliabilities were well above the .6 threshold (Bagozzi & Yi, 1988) and only one variance extracted was slightly below the .45 threshold for newly developed measures suggested by Netemeyer, Bearden, and Sharma (2003). As suggested by Bagozzi and Phillips (1982) discriminant validity was assessed by a series of $\chi^2$-difference tests between all possible pairs of first-order factors. In each case, an equality constraint relating the two respective constructs led to a significantly higher $\chi^2$ statistics, providing evidence of discriminant validity. Overall, substantial evidence of convergent and discriminant validity as well as internal consistency was found for the proposed measure of channel member satisfaction in support of H8.

A second CFA was performed to test the measurement properties of the dependent and moderating variables. Results of the estimation procedure can be found in the Appendix. The analysis suggests satisfactory

TABLE 1. Measurement Properties of Channel Member Satisfaction

| **Dimension Item** | **Higher-order Factor Loading**[a] | **Lower-order Factor Loading** | **Mean (S.D.)** | **Construct Reliability** | **Variance Extracted** |
|---|---|---|---|---|---|
| *Products* | 0.76 | | | 0.70 | 0.44 |
| Width of products and services offered by the manufacturer | | 0.68 | 5.17 (1.18) | | |
| Quality and design of products and services | | 0.63 | 5.27 (1.33) | | |
| New product market opportunities provided by the manufacturer | | 0.67 | 4.62 (1.30) | | |
| *Marketing* | 0.87 | | | 0.72 | 0.47 |
| Sales support | | 0.81 | 5.10 (1.32) | | |
| Promotional material | | 0.61 | 4.72 (1.37) | | |
| Coordination of marketing instruments | | 0.62 | 4.90 (1.40) | | |
| *Order Handling* | 0.77 | | | 0.81 | 0.59 |
| Order handling | | 0.80 | 4.90 (1.36) | | |
| Reliability on delivery dates | | 0.74 | 4.67 (1.44) | | |
| Availability of products, replacement and accessory parts | | 0.76 | 4.97 (1.33) | | |
| *Fairness* | 0.84 | | | 0.82 | 0.60 |
| Overall fairness and honesty | | 0.75 | 5.62 (1.19) | | |
| Support of sales partner's goals | | 0.82 | 5.04 (1.18) | | |
| Overall manners of treatment | | 0.77 | 5.41 (1.20) | | |
| *Financial Support* | 0.68 | | | 0.75 | 0.51 |
| Prices of products and services | | 0.73 | 4.22 (1.23) | | |
| Budgeting | | 0.79 | 4.27 (1.17) | | |
| Sharing of joint project costs | | 0.60 | 4.44 (1.48) | | |

TABLE 1 (continued)

| Dimension Item | Higher-order Factor Loading[a] | Lower-order Factor Loading | Mean (S.D.) | Construct Reliability | Variance Extracted |
|---|---|---|---|---|---|
| *Communication* | 0.83 | | | 0.82 | 0.53 |
| Response times | | 0.72 | 4.34 (1.38) | | |
| Frequency of information exchange | | 0.67 | 5.13 (1.94) | | |
| Timeliness of important information | | 0.78 | 4.63 (1.11) | | |
| Completeness of information | | 0.74 | 4.81 (1.19) | | |
| *Cultural Sensitivity* | 0.71 | | | 0.80 | 0.57 |
| Dealing with local customs and values | | 0.75 | 4.70 (1.29) | | |
| Respect of local culture | | 0.88 | 4.97 (1.36) | | |
| Similarity of values | | 0.60 | 4.99 (1.26) | | |
| **Fit Statistics** | | | | | |
| $\chi^2$ (202) = 346.69 | | | | | |
| $p$ = .00 | | | | | |
| RMSEA = .05 | | | | | |
| NNFI = .98 | | | | | |
| CFI = .98 | | | | | |

[a]All parameters standardized and significant at $p < .01$.

psychometric properties and a good overall model fit ($\chi^2$/d.f. = 1.37, RMSEA = .04, NNFI = .97, CFI = .98). All loadings were positive and showed a substantial magnitude. Convergent validity was indicated by the significance of all measures. All values for construct reliability and variance extracted exceed the relevant thresholds, suggesting an adequate level of internal consistency. The $\chi^2$-difference statistic supports discriminant validity among the separate constructs. Moreover, a third series of $\chi^2$-difference tests was conducted, assessing the discriminant validity between overall satisfaction and its three outcomes. Highly significant $\chi^2$ differences indicated sufficient discriminant validity (lowest

$\chi^2_D(1) = 42.06$). Table 2 depicts an overall correlation matrix of the constructs included in this study.

### *Main Effects*

One structural model was estimated to test the proposed main effects. The overall fit measures indicate that the hypothesized model is a good representative of the structures underlying the observed data ($\chi^2$/d.f. = 1.68, RMSEA = .05, NNFI = .97, CFI = .97). Table 3 provides an overview of the respective coefficients and fit statistics.

First of all, the structural model provides additional evidence for the proposed conceptualization of channel member satisfaction. In particular, all parameters relating satisfaction to its seven components exhibit a positive sign, a high magnitude (paths ranging from .66 to .86), and statistical significance ($t$-values from 6.88 to 11.60). In line with the findings of the initial CFA, the satisfaction factor explains between 44 and 73 percent of the variance of its seven components.

As for the consequences of channel member satisfaction, H1 and H2 predict a positive effect on trust and commitment, whereas H3 implies a negative impact on conflict in international marketing channel relationships. The analysis provides support for all of these hypotheses because each of the parameter estimates demonstrates the anticipated sign as well as statistical significance on a .05 level. In particular, satisfaction increases trust in the partnering corporation ($\gamma = .64$, $t = 6.74$) and commitment to the channel relationship ($\gamma = .30$, $t = 2.77$), and reduces channel conflict ($\gamma = -.42$, $t = -5.23$). Moreover, two relationships among outcome variables were proposed, that is, conflict reduces trust (H4) and trust increases commitment (H5). Here, the empirical evidence suggests mixed results: Conflict exerts no significant influence on trust ($\beta = -.02$, $t = -.28$), but trust positively affects commitment ($\beta = .29$, $t = 2.38$) at $p < .05$. From a conceptual and managerial point of view, these findings emphasize the central role of satisfaction in international channel relationships: Experienced satisfaction (1) relates to channel members' perception of seven distinct aspects of the inter-organizational and transnational cooperation and (2) demonstrates an impact on important key variables representing the overall quality of the relationship. Satisfied local channel members demonstrate superior levels of trust in and commitment to cooperating multinational cooperations, whereby perceived satisfaction helps to reduce conflicts in international channel relationships.

TABLE 2. Correlation Matrix (n = 236)

| | PRD | MKT | ORD | FAI | FIN | COM | CUL | CON | TRU | CMT | CI | OC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Products (PRD) | 1 | | | | | | | | | | | |
| Marketing (MKT) | .70** | 1 | | | | | | | | | | |
| Order Handling (ORD) | .60** | .64** | 1 | | | | | | | | | |
| Fairness (FAI) | .56** | .77** | .62** | 1 | | | | | | | | |
| Financial Support (FIN) | .51** | .65** | .52** | .60** | 1 | | | | | | | |
| Communication (COM) | .71** | .70** | .66** | .67** | .49** | 1 | | | | | | |
| Cultural Sensitivity (CUL) | .47** | .53** | .58** | .65** | .49** | .62** | 1 | | | | | |
| Conflict (CON) | −.29** | −.29** | −.30** | −.41** | −.29** | −.34** | −.34** | 1 | | | | |
| Trust (TRU) | .40** | .53** | .56** | .58** | .21* | .56** | .51** | −.28** | 1 | | | |
| Commitment (CMT) | .46** | .33** | .43** | .45** | .33** | .31** | .38** | −.17* | .48** | 1 | | |
| Competitive Intensity (CI) | .16 | .22* | .06 | .02 | −.02 | .07 | .07 | .13 | .05 | .08 | 1 | |
| Output Control (OC) | .10 | .15 | .00 | .12 | .13 | .06 | .04 | .04 | .11 | .22** | .04 | 1 |

*$p < .05$, **$p < .01$.

TABLE 3. Standardized Coefficients and Fit Statistics of Structural Model

| **Dependent Variable** | **Structural Path** | **Estimate** | ***t*-Value** | **$R^2$** |
|---|---|---|---|---|
| *Components of Channel Member Satisfaction* | | | | |
| Products | | | | .57 |
| | Satisfaction → Products | .76** | 8.05 | |
| Marketing | | | | .72 |
| | Satisfaction → Marketing | .85** | 11.60 | |
| Order Handling | | | | .61 |
| | Satisfaction → Order Handling | .78** | 9.99 | |
| Fairness | | | | .73 |
| | Satisfaction → Fairness | .86** | 11.07 | |
| Financial Support | | | | .44 |
| | Satisfaction → Financial Support | .66** | 6.88 | |
| Communication | | | | .68 |
| | Satisfaction → Communication | .82** | 10.22 | |
| Cultural Sensitivity | | | | .52 |
| | Satisfaction → Cultural Sensitivity | .72** | 7.53 | |
| ***Main Effects*** | | | | |
| Conflict | | | | .18 |
| | Satisfaction → Conflict | −.42** | −5.23 | |
| Trust | | | | .42 |
| | Satisfaction → Trust | .64** | 6.74 | |
| | Conflict → Trust | −.02 | −.28 | |
| Commitment | | | | .28 |
| | Satisfaction → Commitment | .30* | 2.77 | |
| | Trust → Commitment | .29* | 2.38 | |
| **Fit Statistics** | | | | |
| $\chi^2$ (422) = 708.16 | | | | |
| *p* = .00 | | | | |
| RMSEA = .05 | | | | |
| NNFI = .97 | | | | |
| CFI = .97 | | | | |

*$p < .05$, **$p < .01$.

### *Rival Model*

One important indicator of a model's quality is its performance in comparison to a relevant rival model (Bagozzi & Yi, 1988). In particular with regard to the given conceptualization of channel member satisfaction, the question arises whether satisfaction is truly a phenomenon that comprises a distinct set of factors. Alternatively, one might propose that the seven (first-order) satisfaction factors represent independent driving forces, having a direct effect on the given outcome variables. We test this alternative proposition in one rival model, whereby our seven dimensions of satisfaction directly lead to the three proposed consequences (see Figure 2).

Again, we estimated the proposed main effects in one comprehensive structural model. The results are listed in Table 4.

As evident in Table 4, the overall fit for the rival model was about equal to that of our proposed model ($\chi^2$/d.f. = 1.66, RMSEA = .05, NNFI = .97, CFI = .97). This finding is quite noteworthy since the rival model includes a much higher number of free parameters, thereby giving the estimation procedure a much greater extent of flexibility, normally leading to a greater overall model fit. The rival model exhibits higher degrees of explained variance in the case of two dependent variables. This expected finding is due to the accumulative effects of seven corresponding independent variables per outcome variable as opposed to a single structural path in the proposed model. The rival model demonstrates reduced

FIGURE 2. Rival Model

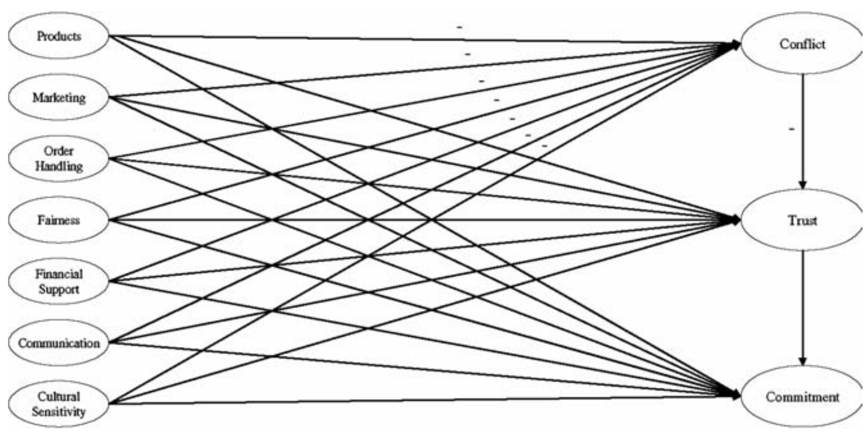


TABLE 4. Standardized Coefficients and Fit Statistics of Rival Model

| Dependent Variable | Structural Path | Estimate | *t*-Value | $R^2$ |
|---|---|---|---|---|
| *Main Effects* | | | | |
| Conflict | | | | .18 |
| | Products → Conflict | −.05 | −.30 | |
| | Marketing → Conflict | .15 | .73 | |
| | Order Handling → Conflict | −.01 | −.05 | |
| | Fairness → Conflict | −.31 | −1.81 | |
| | Financial Support → Conflict | −.07 | −.61 | |
| | Communication → Conflict | −.10 | −.62 | |
| | Cultural Sensitivity → Conflict | −.10 | −.79 | |
| Trust | | | | .51 |
| | Products → Trust | −10. | −.60 | |
| | Marketing → Trust | .23 | 1.11 | |
| | Order Handling → Trust | .27** | 2.15 | |
| | Fairness → Trust | 29. | 1.66 | |
| | Financial Support → Trust | −.38** | −3.01 | |
| | Communication → Trust | .17 | 1.08 | |
| | Cultural Sensitivity → Trust | .15 | 1.27 | |
| | Conflict → Trust | −.03 | −.37 | |
| Commitment | | | | .43 |
| | Products → Commitment | .50** | 2.79 | |
| | Marketing → Commitment | −.38 | −1.71 | |
| | Order Handling → Commitment | .10 | .72 | |
| | Fairness → Commitment | .26 | 1.45 | |
| | Financial Support → Commitment | .19 | 1.36 | |
| | Communication → Commitment | −.38** | −2.27 | |
| | Cultural Sensitivity → Commitent | .05 | .43 | |
| | Trust → Commitment | .42** | 2.73 | |
| **Fit Statistics** | | | | |
| $\chi^2$ (390) = 646.27 | | | | |
| *p* = .00 | | | | |
| RMSEA = .05 | | | | |
| NNFI = .97 | | | | |
| CFI = .97 | | | | |

**p* < .05, ***p* < .01.

parsimony. In total, only 21.74 percent (5 out of 23) as opposed to 91.67 percent (11 out of 12) structural relationships were statistically significant. Notably, only 4 out of 21 paths relating the seven satisfaction factors to the dependent variables were significant. This additional evidence provides further support of our conceptualization of channel member satisfaction and the conceptual model proposed in the present study.

### *Moderating Effects*

H6 and H7 propose that competitive intensity and output control moderate the relationships between satisfaction and its outcomes. We used a multi-group modeling procedure to test for moderating effects. Two median sample splits were conducted based upon the measures for the moderating variables validated previously. Separate structural models for high/low competitive intensity and high/low output control were estimated with the respective sub-samples. For each of the two moderators, five different models were estimated: In a first step, one baseline model was estimated where all structural paths were unconstrained between the groups. Next, one model was estimated that simultaneously constrained the three structural paths of interest to be equal across groups in order to test for overall moderation. Given evident statistical significance, three additional models were estimated, constraining the path between satisfaction and one of the three outcome variables, respectively. This procedure had the purpose to reveal the relationships, which are specifically impacted by the relevant moderator. The $\chi^2$ difference between the baseline model and (1) the model with three constrained parameters and (2) each of the three models with a single-restrain was assessed in terms of its statistical significance (one, respectively, three degrees of freedom, $p < .05$).

Based on $\chi^2_{Baseline}(978) = 1437.25$ for the baseline model of competitive intensity, a $\chi^2_D(3)$ of 8.31 for the model with three equality constraints suggests that competitive intensity generally moderates the relationship between satisfaction and its three outcomes. The difference statistic for the model constraining conflict to be equal was non-significant $\chi^2_D(1) = .04$. However, the difference value based on a constraint of the path leading to trust was highly significant, specifically, $\chi^2_D(1) =$ 8.19. When looking at the estimated effect of satisfaction on trust separately for each sample, a strong difference in magnitude emerges: Under high competitive intensity, the standardized parameter is .51. On the contrary, an estimate as high as .80 can be found under low competition.

The effect on commitment is not significantly moderated by competitive intensity as indicated by a $\chi^2_D(1)$ of .03. Overall, the findings suggest that competitive intensity does not moderate the impact of satisfaction on conflict and commitment, but reduces the strength of the impact on trust, providing partial support for H6.

The $\chi^2_{Baseline}(978)$ for the unconstrained model referring to the two conditions of output control was 1493.49. Constraining the three structural parameters simultaneously, $\chi^2_D(3) = 9.22$ generally suggests a significant moderating role. The $\chi^2_D(1)$ of the model with a constraint on the parameter relating to conflict is 7.67, and thus, significant. High degrees of output control correspond to a standardized estimate of −.26 relating satisfaction to conflict, whereas low output control leads to a path of −.64. The remaining two structural paths are not significantly moderated by output control. That is, the trust-based $\chi^2_D(1)$ equals .58 and the $\chi^2_D(1)$ relating to the constraint of the path leading to commitment is 1.08. In summary, output control does not appear to moderate the relationship between satisfaction and trust/commitment, but exerts a negative influence of the impact of satisfaction on conflict, leading to partial support of H7.

## *DISCUSSION AND IMPLICATIONS*

International marketing channels become more important every day. Channel member satisfaction is a key concept in our understanding of channel relationships, as expressed by a comprehensive body of literature. Yet little is known about satisfaction in international marketing channels. Our study takes important steps towards closing this gap and contributes to research on both marketing channels as well as international marketing in several ways.

First, the present study seems to be first in facilitating a differentiated perspective on international channel member satisfaction. In this view, the conceptualization of satisfaction is not reduced to an overall affective evaluation, but provides a deeper understanding of the key aspects which local channel members consider to be relevant in transnational relationships. In particular, seven fundamental components of satisfaction were identified referring to foreign channel members' products, marketing, order handling, fairness, financial support, communication, and cultural sensitivity. Explaining how these factors comprise channel member satisfaction as an overall (higher-order) construct extends the domain of the construct (Churchill, 1979) and provides us with a more complete understanding of the complexities of international channel relationships. Future research might adopt all or a subset of the conceptual dimensions and indicator variables provided by this study when the interest lies in a detailed perspective on specific aspects of the dynamics of international channel relationships. On the other hand, a uni-dimensional global measure of channel satisfaction might be appropriate for assessing more comprehensive conceptual frameworks which relate to a broader set of theoretical constructs.

Second, our work contributes to the "local" perspective of international marketing research. As discussed earlier, the large majority of studies in this area adopts a centralized view, studying phenomena on the level of headquarters of multinational cooperations. It has been suggested that more research is needed on local organizations involved in international marketing activities. Our study helps to reduce this shortcoming.

Third, extant research demonstrates that channel satisfaction impacts several important outcome variables. However, even though the data of some existing studies has been collected in a cross-national setting, the unit of analysis typically refers to domestic relationships. To the authors' best knowledge, there is no previous empirical evidence explaining relevant satisfaction outcomes in international channel relationships. Consequently, our assessment of the impact of satisfaction on conflict, trust, and commitment in international marketing channels provides novel empirical insights. All three relationships appear to be significant in our research context. Specifically, our findings indicate that local channel members' satisfaction exerts a particularly strong impact on trust. Given that trust in turn increases commitment to a foreign channel member, the satisfaction-trust relationship demonstrates a superior conceptual relevance in international channel relationships.

Fourth, the moderating impact of selected contextual variables was assessed. Here, mixed results were provided. In general, the moderating role of the two assessed contextual variables seems to be limited. However, two highly significant moderating relationships emerged: Competitive intensity has a negative impact on the relationship between satisfaction and trust. Akin to our theoretical proposition, satisfaction has a stronger impact on trust under conditions of low competitive intensity than under high competitive intensity. Furthermore, output control exhibits a significant moderating role regarding the link between satisfaction and conflict. As hypothesized, satisfaction has a stronger potential to reduce conflict when there is less output control than when there is high output control. Whereas a satisfactory relationship generally reduces the level of conflict between channel members, this impact is weakened by a channel environment characterized by controlling management principles.

Our findings provide relevant insights for managers of international marketing channels, specifically for the ones working at multinational headquarters. Cross-national relationships are characterized by lower degrees of personal interaction among channel representatives. Consequently, managers might lack a sufficient understanding of dominant relationship needs of foreign channel partners. Plus, factors such as differences between cultures, business practices and market conditions, as well as potential legal and trade barriers make cross-national channel relationships much more complex. We suggest that any findings that facilitate a better understanding of what foreign channel members expect from international channel collaborations might help to manage these cross-national relationships more effectively. The results of the present study provide managers with a basic understanding of the fundamental relationship needs of foreign channel partners. These core needs represent the seven components of channel satisfaction identified in this work and can be used as reference points shaping the interaction with foreign channel members. For instance, managerial checklists could be derived based on these factors, thereby helping to better meet the needs of foreign channel members and maintaining solid long-term channel relationships. The measures identified by this study might be employed in commercial satisfaction surveys where multinational corporations assess how satisfied their channel partners are with the collaboration. Furthermore, the results of this study underscore to the marketing practitioner that satisfaction has substantial consequences in cross-national relationships including higher levels of trust in and commitment to partnering channel members and fewer channel conflicts. As trust might be particularly difficult to achieve in cross-national relationships, the role of satisfaction appears even more central. Lastly, the identified moderating relationships suggest channel managers to increase the support of foreign partner organizations that operate under superior degrees of competitive intensity and implement moderate levels of output controls in international channel relationships.

The limitations of our study provide some guidance for future research. Foremost among these limitations is the underlying sampling procedure that builds upon single respondents representing one corresponding wholesaler of industrial goods. Yet, having multiple respondents evaluating the relationship with a particular channel partner would provide a more reliable assessment. Furthermore, our framework and particularly the established measurement approach of channel member satisfaction needs to be cross-validated in different industries and channel configurations. While this research provides first empirical insights into the satisfaction of local channel members from a general perspective, it has to be acknowledged that the relevance of various aspects that constitute channel member satisfaction can vary among different industries. For instance, local distributors of capital-intensive industrial manufacturing machinery might demonstrate elevated needs of financial support. Likewise, it remains unclear if channel members who distribute consumer goods demonstrate the same relationship needs as proposed by the present study. Additional research is needed which assesses satisfaction in international marketing channels under alternative sampling frameworks. In particular, it might be insightful to adopt a dyadic perspective which incorporates various channel members of a cross-national relationship simultaneously. In doing so, general instead of idiosyncratic effects could be tested and potential deviations in perceptual congruence (e.g., differences in experienced relationship satisfaction) between channel members could be detected. Lastly, a limited set of dependent and moderating variables was incorporated in the present study. However, satisfaction in international channels is likely to be related to numerous other factors. Specifically, the present findings suggest that selected contextual factors exhibit moderating effects on some relationships between satisfaction and related variables. Given the complexities inherent in international collaborative efforts, it seems reasonable to stimulate further research in this area.

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## APPENDIX

Measurement Properties of Dependent and Moderating Variables

| **Dimension Item** | **Factor Loading**[a] | **Mean (S.D.)** | **Construct Reliability** | **Variance Extracted** |
|---|---|---|---|---|
| *Conflict* (based on Mohr, Fisher, and Nevin, 1996) | | | 0.80 | 0.58 |
| Frequent arguments with manufacturer | 0.70 | 3.50 (1.61) | | |
| Heated arguments with manufacturer | 0.90 | 2.81 (1.37) | | |
| Disagreement with manufacturer | 0.66 | 3.14 (1.37) | | |
| *Trust* (based on Ganesan, 1994) | | | 0.70 | 0.53 |
| No false claims made by manufacturer | 0.76 | 5.30 (1.20) | | |
| Reliable promises by manufacturer | 0.70 | 5.29 (1.27) | | |
| *Commitment* (based on Ganesan and Weitz, 1996) | | | 0.84 | 0.57 |
| Willingness to make extra effort for manufacturer | 0.71 | 5.96 (1.01) | | |
| Care about fate of manufacturer | 0.73 | 5.56 (1.13) | | |
| Glad to work with manufacturer | 0.87 | 5.93 (1.09) | | |
| Proud to work with manufacturer | 0.71 | 5.80 (1.20) | | |
| *Competitive Intensity* (based on Jaworski and Kohli, 1993) | | | 0.73 | 0.48 |
| Heavy competition | 0.70 | 5.60 (1.55) | | |
| Promotion wars | 0.60 | 3.93 (1.62) | | |
| Strong price competition | 0.76 | 5.91 (1.18) | | |
| *Output Control* (based on Jaworski and MacInnis, 1989) | | | 0.88 | 0.65 |
| Specific performance goals provided | 0.71 | 5.38 (1.54) | | |
| Performance monitored | 0.93 | 5.06 (1.62) | | |
| Required justification of performance | 0.80 | 5.16 (1.62) | | |
| Provided feedback about performance goals | 0.78 | 4.64 (1.61) | | |

| Dimension Item | Factor Loading[a] | Mean (S.D.) | Construct Reliability | Variance Extracted |
|---|---|---|---|---|
| **Fit Statistics** | | | | |
| $\chi^2$ (94) = 129.25 | | | | |
| $p$ = .00 | | | | |
| RMSEA = .04 | | | | |
| NNFI = .97 | | | | |
| CFI = .98 | | | | |

[a] All parameters standardized and significant at $p < .01$.