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Relationship analysis of B2B channels: A case study on channel relationships in Brazilian agribusiness companies

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This paper examines through a case study the relationships of an agricultural input supplier company with its distribution channels in Brazil. In this paper concepts are presented related to the subject distribution channels and the dimensions of behaviour in relationship marketing. We present four models attempting to evaluate the stage of relationship marketing that two companies can have. The focus of this paper is to analyse the relationships between a supplier of agricultural inputs and its distribution channels that participate in relationships programmes with distributors offered by manufacturers. With this analysis, it was possible to verify whether the quality of the existing relationship is similar to the desired one regarding the relationships programme and whether it really achieves its goals.

Key words: B2B relationships, marketing channels, distribution programmes, agricultural inputs.

INTRODUCTION

Studies on B2B relationships (business-to-business) often discuss theories of Transaction Cost Economics and Agency Theory (Coronado et al., 2010; Pérez, 2010). Relationship marketing has been portrayed as a polar condition, where transactional and relational exchanges are seen as opposite ends of a spectrum (Hingley, 2005). Researches on trade relationships are concentrated in two main parts, which are often even contradictory: the

neoclassical and the behavioural economic. The neoclassical economic is focused on aspects of exchange such as profit margins, prices and market share. On the other hand, the behavioural involves non-economic elements such as trust, satisfaction and commitment (Gyau et al., 2011). Examples can be found in exchange being conceptualized in terms of relationships rather than transactions (Vargo and Lusch,

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2011).

Despite having several studies on behavioural relationships between organisations in literature such as Morgan and Hunt (1994), Mcneil and Wilson (1997), Payan (2007), Gyau and Spiller (2009), no research papers were found simultaneously addressing equal number of behavioural constructs as this work. Furthermore, little attention has been paid to the channel behaviour, or the behaviour of the members (Zhuang and Zhou, 2004). And the reason of studying the Brazilian market and companies is due to the fact that 'researches in supply chain management and channel partnerships in emerging economies remain a lacuna in general' (Luo et al., 2009, p. 1114).

On a practical level, it is observed that 68% of the Brazilian agricultural inputs are concentrated in great players such as Bayer, Monsanto, Syngenta, Dupont, Basf and Dow (Theisen, 2010). In monetary terms, the Brazilian market of agricultural pesticides had US\$ 7.3 billion in sales (Globo Rural, 2011), with growth of 15% in 2010, according to The National Union of Industries for Agricultural Defensive Products (SINDAG, acronym from Portuguese) in 2010. The national market of seeds summed around US\$ 2 billion, placing Brazil as the world's fourth largest market in seeds (Mnagro, 2011).

In this context of growth, concentration and competition in input markets – represented here by seeds and pesticides – the management of marketing channels is fundamental to create competitive advantage. According to Stern et al. (1996) and Rosenbloom (2002, 2008), the competitive advantage created in the marketing channels is difficult to be copied by other competitors, unlike other marketing variables such as price, promotion and product. "Successful inter-organizational relationship management in distribution channels is a critical source of competitive advantage in many industries and markets' (Sezen and Yilmaz, 2007, p. 41).

Based on this, then, the research problem proposed in this paper consists of: How is the relationship programme between industry and resale assessed from the factors commitment, communication, trust and cooperation, behaviour monitoring, service quality, conflict resolution and use of legitimate power, and satisfaction?

As a consequence to the research problem, the general goal of this article is to analyse the strategy of relationships with the channel in agribusiness companies addressing behavioural aspects. The specific objectives are: to identify how the agribusiness company relates to its distribution channel; to analyse relationships strategies with the distribution channel; to verify the benefits involved; to analyse the results of the strategy adopted by the company.

The following describes the structure proposed in this paper. In section 2 will be discussed concepts and importance of marketing channel and relationships between business partners. Then, in section 3 will be

discussed the methodological issues. In section 4 will be analysed the results of the interviews in the light of the variables of relationships in marketing channel of agricultural inputs. Finally, in section 5, conclusions and managerial implications of this work will be presented.

THEORETICAL FRAMEWORK

Concepts of marketing channel and industrial marketing channel components

In an economy marked by the industrial and transactional paradigm the concept of marketing channel was connected to the distribution of products. With the increase of complexity of the systems the concept evolved for the planning, organisation, coordination and control of efforts of the members in the channel. The perspective was to make the function of the members in the channel as efficient as possible (Anderson and Coughlan, 2002).

Nowadays, the perspective of marketing channel is related to the institutional theory with the view that the channel must be consumer-oriented. This paradigm shift is linked to the environmental complexity (economic, technological, etc.), the increase level of competition, global business school and change in customer behaviour (El-Ansary, 2005).

According to Gundlach et al. (2006), in the field of institutional theory three great dimensions to the study of marketing channels emerged – channel structure, governance and relationship management. They also state that it is necessary to recognise that interdependence creates common interests. These three dimensions reflect how companies establish and exert influence on one another in order to increase efficiency and compete in better conditions with other marketing channels.

Since the main question of this study is the relationships in marketing channel of agricultural inputs, it is a necessary complement in the approach of the members of the channels.

The industrial market can be understood as the market for goods and services produced or sold by agricultural, commercial, industrial companies or institutional organisations for their use in production, sale or rental of other goods or services (Hutt, 2002; Siqueira, 2005). 'The network approach sees industrial marketing as interaction in a network of relationships' (Sanzo et al., 2003, p. 329). The agricultural market, target of this study, can be classified as an industrial market due to characteristics of the participants.

According to Churchill and Peter (2005), resellers in a distribution channel are also called intermediaries. Siqueira (2005) classifies intermediaries in the industrial marketing channel as industrial distributors, sales force and sales agents. Here is a more detailed definition of each intermediary according to the author:

Industrial distributors

a) Industrial wholesaler: may vary depending on the extent of rendered services. Industrial wholesaler can perform normal functions of a wholesaler; perform limited services, where some functions are eliminated, or special service of selective brand merchandising, item, preparation, maintenance and storage shelves.

b) Industrial distributor: varies between exclusive distributors who buy for the stock and have exclusive sales in a certain territory, or non-exclusive, buying from several manufacturers.

c) Reseller: buys for the stock, has exclusive sales territory, gives technical assistance services and provides assistance to guarantees and several other functions.

2. *Sales force*: manufacturers, producers or resellers may have their own staff to sell directly to industrial consumers. According to Siqueira (2005) in these cases are established regional sales offices.

3. *Sales agents*: intermediaries who do not buy to have a stock. They can be natural people, exclusively or not, and sales representative company, exclusively or not. Sales agents have a flexible and efficient industrial distribution, with low capital immobilisation and lower expenses, being a substitute for the manufacturer's sales force. The advantage of this intermediary is the fact that it operates with commissions, the agent is artificial or natural person who knows and is well accepted by the customers, besides gathering the requests of small manufacturers, performing complete range of products. Finally, it is emphasised that this type of intermediary allows rapid entry into new markets through the hiring of new agents.

Since a channel can have multiple agents with different interests, it is necessary to address the behavioural question linked to the inter-organisational relationships.

Table 1 summarizes the results of several studies built in the last few years regarding relationships within the marketing channel.

The papers presented explore the use of various marketing channels and the challenges that companies encounter when trying to manage them in their business. What is certain is that the constant conflicts in the marketing channel that occur between suppliers and buyers are, in part, due to the changes caused by the expansion of supply channels and the balance of power between channel members. These changes indicate the organizations that the form of relationship between channel members also needs to be adjustable to this new reality. Therefore, there is need for proper coordination by the company so that this relationship occurs in a satisfactory manner to all members involved.

Marketing channel relationships

Joint activities with shared goals are called strategic

alliances, which may be created formally or informally. In a strategic alliance, two or more organisations have connexions (legal, economic or interpersonal) that make it work according to the perception of a single interest shared by all parties (Coughlan, 2002). Neves (2006) defines alliances as forms of organisations which entail the mutual exchange of property rights, technology, employees, information, goods and services, while the firms remain independent. They keep their own identity, culture and structure. However, freedom of either party may be limited.

Relationship marketing can be considered as a set of activities aiming to develop and maintain successful relationships with customers (Morgan and Hunt, 1994). 'Relationship marketing refers to establishing, developing, and maintaining successful relational exchanges' (Frazier, 1999, p. 231). 'Relationship marketing implies to go beyond the traditional approach focused on discrete and punctual transactions to a viewpoint which considers that these transactions take part of a long-term communication and relationship process between the firm and customers or other publics' (Sanzo et al., 2003, p. 329).

Hutt (2002) argues that managing relationships become a priority on the company agenda because loyal customers are more profitable than those who seek price, and the creation of competitive advantage due to the creation of successful relationships is a difficult strategy to be copied. 'In today's competitive environment, service firms are quickly discovering that far greater profits are yielded from harvesting existing accounts than from cultivating new customers' (Doney et al., 2007, p. 1096)

Every marketing relationship is a process in which exchanges occur, that is, value is received and sent. These changes evolve from a simple transactional exchange to a collaborative exchange (Day, 2000). Transitional exchange is focused on negotiations of standardised products and with competitive prices, while in the collaborative exchange is emphasised the search for joint solutions and an expectation of commitment and long-term benefits (Hutt, 2002). Relationship marketing focuses on value creation through collaborative and continuous exchanges. However, transitional marketing focuses on zero-sum relationships, in which one party attempts to stand out from the other in close relationships (Cannon and Sheth, 2000).

Hutt (2002) claims that different types of relationships between suppliers and customers are obtained according to market conditions and characteristics of purchase. Suppliers need to understand that while some customers seek collaborative relationships, others need relationships that are more distant.

Rosenbloom (2002) presents three categories of programmes addressed to offer support to the members of the channel, which can be divided in cooperation, partnership or strategic alliances and distribution

Table 1. Variables of the study.

Authors	Contribution to the field of knowledge
Sharma and Mehrotra (2006)	Since the second half in the 1980s, many companies began to offer multiple channels of marketing to other companies. This wide availability provided several positive points, but brought two negative effects. First, the strategy made the process expensive, raising business costs. Later, the increasing availability of multiple channels ended up letting customers confused at the time of decision-making. From these observations, the authors provide a structure that allows the company to develop its optimal channel mix.
Rosenbloom (2007)	The author explains that the marketing strategy based on multi-channel gained momentum in the business-to-business distribution channels, especially with the emergence of online channels (through internet). Choosing products and services within this wide range of possibilities of different channels provides increased levels of choice among customers. However, the task of coordinating and integrating these multiple channels proved to be challenging. The challenges range from inserting the role of e-commerce in multichannel structure, finding an optimal channel mix to creating synergies between the channels. According to the author, it is necessary to do so, choosing a leadership prepared to build multiple integrated channels concerning itself in establishing strategic alliances, creating sustainable competitive advantages and managing complex supply chains that can handle conflicts.
Wilson and Daniel (2007)	The maturation of e-commerce, the spread of call centers in the B2B space and the requirement for better prices and services from buyers have promoted a quick change in the market in many B2B sectors, with new combinations of channels being offered to customers in search of advantages. Managers can no longer rely on the resources of the channel that gave them competitive positions in the past. Instead, you need to be able to combine them differently, gaining additional resources and having superfluous resources, and do this repeatedly and rapidly if you wish to continue competing in the market. The term "dynamic capabilities" emerged in the strategic management literature for these activities. The authors have used four case studies and analytic induction to analyze the data. Seven dynamic capabilities to channel changing were identified.
Claro and Claro (2010)	The research on the relationship between buyer and supplier has emphasized the importance of collaboration in business networks. The authors have sought to study the effects of information on the collaborative relationship between buyers and suppliers. Downstream information refers to information that a company gets from marketing channels, when formed by wholesalers, distributors or retailers. This approach enables companies to focus their efforts on the most relevant sources of information and not the entire network. Information was collected from a Dutch flower company to test the hypothesis. It was found that collaboration and relationships between channel members are due to information downstream from the point of view of the buyer (wholesalers) and from the perspective of suppliers (producers).
Hsieh et al. (2014)	The authors develop a model that analyzes the buyers option between two different categories of channels (purchases made directly from the industry or retail) in order to answer three questions: (1) how does the competition of products and channels affect the pricing decision and coordination of the channel, (2) how do the customer preferences in the channel affect pricing decisions and the coordination of the channel and (3) what are the individual and combined effects of products and replacement of the channel and how do they affect the coordination of the channel. Five observations were described: (1) the more suppliers enter the supply chain or adopt dual channels, the more prices and profits fall and the competition becomes more intense, (2) retail prices for direct sales and profits over the chain converge as the number of suppliers increases, (3) the more primary changes are in demand by retail channel, the higher will be the retail prices and the lower will be the sales prices, (4) greater degrees of competition on canal amplify differences in profits, implying that coordination in the channel should be more intense so that conflicts in the channel are minimized and (5) the difference in prices for purchases made directly at retail are minimal the greater the number of customers whereas the difference increases as the number of retail customers buying directly decreases. This pattern also applies for the industry.

Source: Elaborated by the authors.

programme:

a. Cooperative arrangements: Cooperative programmes exist to obtain extra support of the members of the channel in promoting their products in exchange for

incentives. These are the most common ways of motivation in conventional and slightly aligned channels.
b. Partnership or strategic alliance: reinforces a continuous relationship and mutual support between the manufacturer and the members of the channel. In these

partnerships, the concept of 'we versus them' is replaced by a new concept of cooperative nodes. The expectations of commitment must be detailed and the roles must be well defined.

c. Distribution programmes: this approach deals with all aspects of relationships in the channel. It is a comprehensive set of policies to promote a product through the channel. The essence of this approach is the development of a professionally planned and managed channel. The manufacturer and the members of the channel should make every effort to incorporate the needs of both parties. When successfully implemented, the programme must offer all the advantages of a vertically integrated channel, but with the status of independent companies.

Some behavioural constructs

One of the general research areas of marketing channels relates to the behavioural dimensions of the channel, addressing the question of how channel members perceive, build, and deal with inter-firm relationships that exist within the channel (Zhuang and Zhou, 2004).

In the literature review, it was identified the main inherent concepts in the channel relationships that are shown below.

As the first factor, it was identified the exercise of power in the channel, to which Frazier (1999) is defined as the capacity to influence the behaviour of another member in the channel, defining power as a potential for influence [...] is clear superior to the pressure or coercion definition. High joint power serves as the underlying foundation of strong channel relationships, including strong relational norms and high levels of interfirm commitment' (p. 228).

The relationship marketing literature sometimes implies that power negates cooperation and trust (Kumar, 2005), but power is not solely a negative force (Hingley, 2005). All organisations are motivated primarily by self-interest and strive to secure surplus value for themselves. However, weaker organisations in business-to-business exchange relationships do tolerate imbalance of mutuality and reward (Hingley, 2005). There are six types of power bases, including reward power, coercive power, legitimate power, referent power, expert power, and information power (Zhuang and Zhou, 2004).

For Doney et al. (2007, p. 1099):

Trust in a partner's credibility is based on the belief that one's partner stands by its word, fulfils promised role obligations and is sincere. Trust in a partner's benevolence is a belief that one's partner is interested in the firm's welfare and will not take unexpected actions that would have a negative impact on the firm.

Naudé and Buttle (2000, p. 353) say that 'trust brings a

feeling of security, reduces uncertainty and creates a supportive environment'. This trust has the ability to make the exercise of power more equal. To complement, Stanko et al. (2007, p. 1096) state:

Commitment has been operationalised in several ways, including desire to continue the relationship, willingness to make short-term sacrifices, confidence in the stability of the relationship, and investments in the relationship [...] the effort and intention of the buyer to continue the relationship in the future.

Another factor that has recognition of its importance in the channel is the communication factor. According to Su et al. (2008, p. 266):

Communication among firms involves understanding of common goals and conflict resolution. Inefficient communication may cause conflicting behaviours because of mutual misunderstanding and dissatisfaction. On the contrary, timely and frequent communication can resolve disputes and rectify perceptions of cooperative behaviours.

This factor is related to another called satisfaction, and according to Sanzo et al. (2003, p.338): 'Communication reduces the appearance of tension and disagreements in the relationships with suppliers or facilitates a solution. This contributes to increase satisfaction' (Sanzo et al., 2003, p. 338).

According to the authors, satisfaction is understood as a construct of vital importance in relationships. They claim that: '[...] Then, the satisfaction appears as a key variable in order to obtain the loyalty of the different publics of the firm-customer firms (buying roles), suppliers, distributors or others' (p. 329)

Finally, the factor control of the members in the channel can be accomplished in various ways such as through use of boundary personnel, the electronic transfer of orders and other information, mail surveys to end customers, customer feedback in web sites, and outbound telemarketing efforts. A benefit of building strong channel partnerships may be that explicit monitoring and its associated costs are not needed so much (Frazier, 1999).

A summary of the main authors of the factors and definitions are in Table 2.

METHODOLOGY

For this study we used qualitative research; according to Richardson (1999), it is characterised as a non-structured and exploratory research methodology based on small samples that provide insights and better understanding of the context of the problem. This choice of method aims to comprehend the phenomenon in depth and get the impression of all the stakeholders involved.

Table 2. A summary of the main authors of the factors and definitions.

Author	Variable	Definition
Rauyruen et al. (2004); Eggert (2004); Ivens and Prado (2007); Caceres and Paparoidamis (2007); Deimel et al. (2008).	Commitment	Intention of a partner to remain in a long-term business relationship; stability in the relationship. Uncommitted partners tend to keep their relationships due to contracts, relationships of power and monopoly. Committed partners act proactively to improve relationships, have a greater tolerance to conflicts and contribute to stability in the relationship.
Morgan (1994); Rauyruen et al. (2004); Ulaga (2004); Ivens and Prado (2007); Payan, (2007); Reynolds et al. (2009).	Communication, trust and cooperation	Communication involves the sharing of information, either formally or informally, of relevant and opportune aspects. A good level of communication increases the confidence in the trading partner. Confidence is gained over time with repeated positive interactions among market participants. The trust in the relationship increases customer loyalty. In addition, buyers need to feel safe with suppliers and ensure the confidentiality of the negotiation. Cooperation refers to joint work between the participants of the channel to achieve common goals. This cooperation does not mean absence of conflict.
Ivens and Prado (2007).	Behaviour monitoring	Control or supervision of the relations before and after the negotiations.
Rauyruen et al. (2004); Papassapa et al. (2005); Caceres and Paparoidamis (2007); Wilson et al. (2011).	Service quality	Fundamental measure of performance of a company, studies show a positive correlation between perceived quality and customer loyalty.
Morgan (1994); Ivens (2007); Gyau (2009); Jensen (2009); Bobot (2011); Samaha et al. (2011);	Conflict resolution and use of legitimate power	When constructive, conflicts contribute to the growth and strengthening of the partnership. Regarding the use of legitimate power, it is expected that it will not be used to secure the interest of a party.
Rauyruen et al. (2004); Ulaga (2004); Ivens and Prado (2007).	Satisfaction	Satisfaction is a combined measure of economic satisfaction of the client and also with social, mental and emotional relationship aspects (end customer or B2B). It is a key variable in customer retention, with power to influence the recommendation for other customers.

Source: Elaborated by the authors.

The method considered most appropriate was the case study method in order to verify how the strategy of relationships occurs in the channel of the selected case. For Yin (2005), Case Study is the strategy chosen to examine contemporary events when it is not possible to manipulate relevant behaviours.

The case studied was about a North American multinational company, operating more than 50 years in Brazil and leader in several markets of agricultural inputs, notably pesticides and seeds. This company develops a programme of relationships with distributors. The company allowed interviews with managers of distribution and sales, also providing contact of distributors. The relationship programme with resellers was thought at the beginning of the last decade and implemented in 2007, based on the statement that the seed market gained in complexity and profitability and market of pesticides had become a commodity in Brazil. Several companies began to compete strongly in the market and after a while had developed very similar products. The difference between them was the level of services provided by the industry and resale, and the performance of the retail sales force.

In this scenario it was created the need to differentiate and enhance their top resellers, providing training opportunities, with courses taught by specialised consultants, and also a market differentiation, which consisted of higher margins, bonuses depending on sales targets, and priority in launching new products and communication efforts. On the other hand, it was requested greater strategic alignment by the retailer regarding pricing policy, exclusive sales, commercial dedication, information sharing and punctuality in payments.

According to the financial volume and strategic alignment of the retailer, he was classified into different categories, with different policies and relationships.

The programme includes the participation of 350 resellers throughout Brazil and is managed by marketing within the company. With this programme the rotation of the resellers decreased by 75% compared to the average before this implementation.

Courses were held in several cities in Brazil such as Ribeirão Preto in Sao Paulo, Cuiabá in Mato Grosso, Londrina in Parana, and Passo Fundo in Rio Grande do Sul.

To collect data we used the sources: primary, data resulting from in-depth interviews and secondary sources consisting of company documents. In addition to these sources, we added the authors' observation. This allowed a triangulation of the data (Jack and Raturi, 2006).

Secondary data were obtained from information provided by the company, referring to latest results presented to the company's sales team, investments, goals for the future, goals achieved, sales volume and some points on the channel strategy adopted by the company.

The interviews were conducted in person with the national distribution manager and national sales manager of the company studied and three distributors. The responses were transcribed electronically. Some respondents were contacted again by telephone to clarify some doubts.

The distribution manager, who is responsible for managing the programme of relationships with distributors throughout Brazil, has been working on this position for two years, and previously worked

as regional sales manager. The current challenge for the position is to implement, coordinate and evaluate the results obtained with the distribution programmes, since huge investments are made and consequently the results are charged.

The regional sales manager acts in the southern region of Minas Gerais and part of São Paulo state, being responsible for eight technical representatives of sales of the company that reach the market through its distributors. Due to the characteristics of the market, direct selling is not common in this region. There are approximately 78 distributors, of which 23 are among the participants of the relationship programme developed by the company.

The interviews with the managers of the company were possible due to a meeting scheduled by the company on the second week of November 2010. The subject had been previously discussed with the respondents by phone and e-mail. On the day of the interview, each respondent had 40 min to answer the script of the interviews, and subsequent contacts were made by telephone to clarify doubts relating to the answers and a deeper understanding of the subject.

We interviewed three distributors, here denominated distributor A, distributor B and distributor C. The interviews were conducted on the second week of November, with an average duration of thirty minutes. The distributor A acting in the region of Alfenas – Minas Gerais, has been working on this position for 15 years and has approximately 30 employees, divided into two branches. The person responsible for answering the research holds the position of commercial manager, responsible for managing sales of seeds.

In the region of São João da Boa Vista – São Paulo there is the distributor B, who has 5 stores and 78 employees. The co-owner contributed to the interview. This distributor, who is classified in the highest category in the programme developed by the company, has exclusive sales in the region and can still act as an external agent. The distributor C has a store with 15 employees, operating in the region of Passos-Minas Gerais, and the respondent was the partner of the establishment.

In the interview with distributors was difficult to contact and keep their interest in answering the survey. The main reason was lack of time to respond with greater depth.

This paper conducted a comparison between the opinions of distributors with the intentions of the supplier company in relation to the distribution programme offered. To identify these opinions we used an interview, previously described. This interview covered ten variables selected by the researcher, with reference to the literature and in the opinion of a group of executives linked to the company and the channel. Based on this structure of the research, the results were evaluated by checking the degree of alignment of the perceptions of respondents.

For each variable there was a response, which might be composed of a primary data, and whenever possible supplemented by a secondary data.

A cross-checking analysis of data to verify the responses was done, identifying the convergences and possible divergences between the responses found (in this case some texts were eliminated from the survey).

The responses of the representatives of the company were compared to those of the distributors. When necessary we used more than one piece to exemplify either the opinion of the company or the opinion of the distributors.

ANALYSIS OF THE RESULTS

In this section, the analysis of results from interviews with three distributors of the company will be conducted. The answers collected from distributors were organized

according to six selected and discussed variables in theoretical framework: commitment, communication, trust and cooperation, behavior monitoring, quality of service, conflict resolution and use of legitimate power and satisfaction. These variables were chosen because they are relevant in explaining behaviors among companies in the marketing channel.

Table 3 presents the main results obtained from the interviews of managers and distributors in each of the research variables.

On the first variable, the commitment to maintaining the business relationship is seen as important by distributors and with little likelihood for changing the supplier. In the opinion of managers, changes in relationships are common, although the commitment is strengthened when companies help their distributors, thereby increasing the opportunity cost of the changes.

Such statements of respondents agree with the ideas of Morgan and Hunt (1994), Ulaga and Eggert (2006), and Cáceres and Paparoidamis (2007) and Deimel et al. (2008). The first authors state that the possibility of a drop in the ratio by one of the parts is reduced to the extent that this increases the degree of involvement in the relationship. The quality of relationships is mentioned by Ulaga and Eggert (2006) as a factor that increases the commitment of the relationship, decreasing the chances of abandonment by the parties. Cáceres and Paparoidamis (2007) and Deimel et al. (2008) state that the reliability of the partner and the continuity of the relationship and orientation of the long-term partner are crucial for successful business relationship aspects.

Even working with distribution programs, the company sometimes fails to maintain an attractive value proposition to keep the distributor loyal to the relationship (Ravald and Grönroos, 1996).

The commitment is also considered an important factor for Papassapa et al. (2005) in building successful relationship marketing. A high level of commitment between the parties helps stabilize the relationship and create major barriers to switching suppliers (Ulaga and Eggert, 2006).

Regarding communication, trust and cooperation, distributors considered themselves satisfied with the existing channel of communication; they see trust as stable to the extent that each channel member performs his activities and does not believe that opportunistic behavior between participants is successful. For managers, clear rules and credibility in the relationship were indicated as major factors for the progress of the business. The expansion of relationship programs was also emphasized, highlighting communication, transparency and involvement of distributors.

Morgan and Hunt (1994) argue that the existence of a clear and objective communication between trading partners helps to align expectations and conflict resolutions, confirming the opinions given by distributors and

Table 3. Summary of results obtained in the research.

Variables	Synthesis of opinions
Commitment	Distributors: 1, They see difficulties in changing the supplier; 2, They consider important to meet targets to avoid being penalized; Managers: 1, They say that changes in both sides are common; 2, They say that the commitment is strengthened when the company help distributors achieve their goals and to promote products.
Communication, trust and cooperation	Distributors: 1, They testify that the communication channel meets their needs; 2, They ensure that the trust is maintained when we everyone does their part. 3, They believe that there is room for opportunistic behavior; Managers: 1, They enlarged their relationship programs, focusing on communication and transparency and greater involvement of distributors; 2, They believe that the environment of credibility and clear rules are critical to the success of the program.
Monitoring the behavior	Distributors: 1, They highlight the importance of monitoring the company and other distributors regarding business practices, pricing policies and direct sales.
Quality of service	Distributors: 1, They do not perceive personalized service when requesting services from the supplier; Managers: 2, They say that the program has improved the company/distributors relationship, being relevant to include distributors as part of the process.
Conflict resolution and use of legitimate power	Distributors: 1, They emphasize the importance of flexibility for unexpected events; 2, They believe that partnerships should be long term, with shares free of threats between distributors. Managers: 3, They defend the establishment of clear rules to resolve conflicts and relationship guided dialogue to prevent clashes.
Satisfaction	Distributors: 1, They point out relationship improvements within the company and the need for other variables besides financial metric to strengthen relationships in the marketing channel.

Source: Prepared by the authors.

managers.

The answers given by the managers also cooperate with the ideas of Mohr et al. (1999). The authors state that the benefits from the effect of communication increases as the degree of power in the relationship decreases, since the focus is the involvement of the management of distributors, communication and transparency.

On the third variable, behavior monitoring, distributors assume the importance of monitoring the company and other distributors regarding business practices, pricing policies and direct sales. Such behavior has the defense of Teixeira et al. (2004), in stating that monitoring the actions of channel members prevents lack of mutual cooperation.

Within the service quality, the distributors do not realize a personalized service when requesting services from the

supplier. In the view of managers, the program showed improvements in the company/distributor relationship. These are seen as part of the process. The arguments reported by distributors challenge the perceived quality of services, explained by Papassapa et al. (2005), by placing as an important point to evaluate the performance of suppliers. The collected reports also contradict the idea of Cáceres and Paparoidamis (2007), where the quality of service can also be focused by them in consumer satisfaction in relation to service, not only to evaluate the service itself as a process. However, Papassapa et al. (2005) and Cáceres and Paparoidamis (2007) have confirmed their ideas with the responses of managers for this variable.

As for the conflict resolution and the use of legitimate power, distributors defend long-term partnerships without threats to each other, and flexible in the face of

unexpected events. In addition, managers support the resolution of conflicts with clear rules and their prevention through dialogue in the relationship. Such arguments are supported by Ivens and Pardo (2007) who state flexible application of rules as a differentiating factor to resolve conflicts. The expectation that no group will assert its legitimate power to resolve a conflict and that both parties must have a positive attitude in accepting the norms and rules of the relationship will lead to increased levels of commitments between the parties (Ivens and Pardo, 2007; Morgan and Hunt, 1994). Moreover, a conflict that was solved in a friendly manner brings more maturity to the relationship and it is considered part of the business (Hunt, 1994; Bobot, 2011).

In "satisfaction", the last variable presented, distributors suggest improvements in the relationship with the company and the need for other variables, in addition to financial metrics, to strengthen their satisfaction in the relationship.

Those reported needs are seen in studies of McNeil and Wilson (1997), as the authors suggest other factors that impact the satisfaction of the members involved in the relationship between wholesale and retail: service delivery, quality of service rendered by employees in transactions, the absence of previous conflicts regarding the relationship and the freedom that retailers should have to replace their suppliers during times of high prices. That is, economic and behavioral factors have impacts on the level of satisfaction of the parties involved.

Comparing the testimonies collected by the results of relevant studies in the literature, it was found that the results described by Sharma and Mehrotra (2006) run counter to the answers given by the respondents in this study by mentioning that the communication channel meets the needs of distributors, especially when each one develops their part accurately. The negative effects brought about by expansion of marketing channels, as pointed out by the authors, usually happen when there are no clear rules and when channel members do not fulfill their roles in the relationship.

However, the testimony of distributors and managers reveals similarities to the results approached by Rosenbloom (2007), showing the importance of building multiple integrated channels, focusing on establishing strategic alliances, creating sustainable competitive advantages and which can handle conflicts. Such integration in multi-channel was an issue raised in the responses of distributors and managers.

Wilson and Daniel (2007) observed a change in the form of conducting business within the marketing channel. With the expansion of channels, managers have lost the power they held before, forcing them to adhere to a new way of dealing with the resources of the channel based on participative management. This observation goes in line with the results seen in this study, where flexibility in the face of unexpected events, dialogue,

setting clear rules and a long-term partnership in the relationship have become the primary method of prevention and resolution of conflicts between parties involved.

The respondents claim that the program has improved the company/distributors relationship, being important to insert distributors as part of the process. These improvements are a result of collaboration in business networks between buyers and suppliers, as noted by Claro and Claro (2010) to observe the effects of information within the channel.

On the other hand, Hsieh et al. (2014) analyze the different effects that happen when buyers choose to buy directly from the industry, bypassing the distributor, and when they do, using the distributor in the process. These behaviors affect the trust between channel members. Distributors discourse on this issue highlighting the importance of monitoring the company and other distributors regarding business practices, policies and prices to direct sales, indicating that the effects on prices vary according to the companies and distributors change in the way they purchase.

CONCLUSION AND MANAGERIAL IMPLICATIONS

In this section, specific objectives of the work are answered, managerial comments are made and the limitations of the research are highlighted.

The specific objectives proposed are:

1. To identify how the company relates with its distribution channel;
2. To analyse strategies of relationships with the distribution channel;
3. To verify the benefits involved;
4. To analyse the results of the strategy adopted by the company.

The company relates with its distribution channel primarily through its sales force. The importance of distributors to access the market is widely recognised within the company, and to raise the level of relationship with its most strategic channels the company uses the tools available in the distribution programme.

Using these tools, the company seeks to bring stability to the relationship between those involved, increasing the level of commitment and cooperation among participants of the channel. The reputation of suppliers can be defined as the belief among participants that the supplier is honest and has concern for its customers (Doney and Cannon, 1997). The distribution programme increases the credibility of the supplier with its distribution channel, making the reseller recognises the effort and rewards it with positive attitudes in the business relationships.

The company aims to stimulate cooperation among

members of the channel praising the actions taken as a whole, presenting the results achieved, for instance, the increase in business volume or gain of market share.

An effective communication channel was established mainly through technical representatives of sales. The service structure still consists of a service team headquartered in regional offices. Nowadays, technology of information is a great ally to an effective communication channel (Ballou, 2006; Ameseder et al., 2008), the information available on the Internet, as well as a well-informed and prepared team to satisfy the demands of distributors is essential to improve the quality of the relationship. Miscommunication in intra-channel may be the primary cause of many problems, as well as adopting appropriate communication strategies can solve many common problems (Mohr and Nevin, 1990).

The distribution programme developed by the company is based on three factors: training, differentiation and payment. With this strategy, the company aims to increase the commitment of distributors and offer benefits to motivate this behaviour.

The company offers a differential in relationships with the distributor, and as a compensation factor it expects certain behaviour by participating distributors. The relationship programme foresees that benefits will be granted through certain predetermined conditions and behaviours of distributors are expected. These behaviours are monitored and serve as part of the evaluation of programme results, in which quantitative results are also taken into consideration since sales goals are set and monitored throughout the year.

The distribution programme creates a favourable environment to distribution channels. The company has the credibility recognised by the distributor. The maintenance of the rules of the programmes for several years, combined with a good communication strategy, is fundamental factor for keeping the environment in the relationships.

Within this context, the distributor agrees to have its behaviour monitored, because with the rules clear and well-defined functions, the company can track the development of actions and sales goals of the distributor during the year. The distributor sends this information to the company.

This better aligned relationship helps the company in launching new products, communication of strategies, sales promotions and exclusive sales in the channel. The company begins to participate more strongly within the decision of the distributor. The distributors are benefited with better margins, sharing of strategies, priority in product launches, territorial exclusivity, sales force training, which are factors that improve their profitability and their competitiveness in relation to competition.

By adopting the distribution programme, the company manages to reduce changes of its distributors, which ensures longer and mature relationships. This perma-

nence of distributors in the programme demonstrates that the value proposition offered by the company is attractive and ensures strategic alignment. The distribution network seeks proposals that add value to its business, so that the supplier needs to differentiate itself to attract the best distributors.

The programme sets clear targets for distributors. In this regard, making the numbers and objectives clear avoid future conflicts due to the subjectivity of information. Since the programme offers benefits, these goals can be monitored and charged by the company. The programme encourages the creation of a cooperative environment. The greater influence of the company on decisions of promoting products creates a more effective communication of business strategies to the end customer.

Brazilian market demands a large number of new products and releases are constant. The role of the distribution system in the dissemination and demonstration of these products increases the penetration of the market because with the distribution network the number of customers affected is greater, which increases the efficiency of investments made by the company.

Distributors do not yet realise an improvement in service quality provided by the supplier. They charge this differentiation through the provision of services, not only in granting discounts. It is then the challenge of formulating a different and internal standard of service for distributors according to their segment.

The company is concerned about not falling into the so-called comfort zone and not exploring all the benefits of a relationship programme with distributors. Such action prevents that only the financial aspect is valued by the distributor, since in a relationship marketing the company tends to assess not only the product and associated service, but the relationship as a whole (Gyau et al., 2011). Therefore, the perception of value and, consequently, the satisfaction of the distributor are not linked only to products and services, but to the maintenance of the relationship with the supplier (Ravald and Grönroos, 1996).

This qualitative research has its limitations due to the small group studied, in which two distributors and three managers were interviewed. According to Yin (2010), the case study unlike quantitative study, does not provide a statistical generalization of the results, but a more analytical generalisation, which contributes to new theoretical insights. Therefore, it is suggested for future studies the adoption of quantitative methods and a larger universe of participants.

As managerial implications, the article may provide a grouping with more variables of relationships in the channel than the items found in the literature. This can be a good introductory guide for managers involved in the field of agricultural inputs in global markets, since companies participating in this channel are multinationals.

Conflict of Interests

The author has not declared any conflict of interests.

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Appendix A. Opinion of distributors and sales distribution managers in relation to the research variables.

Variables	Opinion of distributors and sales distribution managers
Compromise	<p>Distributor A: It is not easy to change suppliers. Customers associate the store with a brand or product. We created an identity, which is good, both to the supplier and the distributor. But we must be alert to the direction of the company. If there is no agreement, in some cases it will be necessary to vary the supplier.</p> <p>Distributor B: No opinion was issued in this variable.</p> <p>Distributor C: We are committed to the established goals, which we need to achieve to avoid being penalized on the final evaluation.</p> <p>Managers of distribution and sales: We can not say that the compromise between distributors and companies will always be kept in 100% of cases. It is very common to have a change in commitment between the parties, even with the distributors who participate in the distribution program. With the strong entry of generic market, many distributors have reconsidered their "connections" with the industry. However, maintaining this relationship is a way to strengthen relationships and regulate its distribution system.</p> <p>It is certainly possible to maintain this relationship. We have several examples of programs where strengthening of the relationship is reached. Nowadays, the distributors have sales goals, but also require the company to assist in achieving the goals and promoting products. This extends the engagement between industry and distributors.</p>
Communication, trust and cooperation	<p>Distributor A: No opinion was issued in this variable.</p> <p>Distributor B: The communication channel is essential and meets the needs. We represent the company in the field and it should always be informed about the intentions of the organization, of visits by managers and representatives, in addition to communication via phone, which allows constant updating. We know what the company needs to defend its interests, but I'm sure that if I do my part, the company will keep its word. I do not believe in opportunism in this market. Such behavior can destroy the trust.</p> <p>Distributor C: No opinion was issued in this variable.</p> <p>Managers of distribution and sales: The program created by the company for the relationship between distributors expanded its scope to be more and more closer to distributors. A program is only effective if it is well communicated and transparent for all involved, including the distributor's sales force. This elevates communication and interaction.</p> <p>The environment of credibility has to be intense, even in cases where the Distributor does not participate in any program. Without trust, there is no progress. With regard to the clear rules, this is one of the main points in which all the companies are based. Investments are high and, to get the approval of the matrix, the rules must be clear and 100% auditable. It is impossible to keep a program on the market if it does not happen.</p>
Behavior monitoring	<p>Distributor A: No opinion was issued in this variable.</p> <p>Distributor B: We need to monitor the behavior of the company. We are led to practice standards and policies established by the company. Sometimes other competitors end up not fulfilling the same rigor and ended up overseeing the behavior of other distributors. I am also aware of the business practices of pricing policies and total direct sales in my area of expertise.</p> <p>Distributor C: No opinion was issued in this variable.</p> <p>Managers of distribution and sales: Supervision needs to be part of the rule and it should be clear. This is good for both sides. Even if this is frowned upon by some distributors, compliance is necessary and well accepted by the majority.</p>
Quality of service	<p>Distributor A: I do not clearly notice a differentiated treatment for the services provided by the supplier in question. The fulfillment of the order has the same treatment as other distributors, as well as the credit service and logistics areas. In short, I still can not see a difference at this point.</p> <p>Distributor B: No opinion was issued in this variable.</p> <p>Distributor C: No opinion was issued in this variable.</p> <p>Managers of distribution and sales: The program brought improvements. It is possible to design a program where the Distributor has to do certain actions and it can be included as part of the process to be measured and recognized.</p>

Appendix A. Cont'd.

Conflict resolution and use of legitimate power	<p>Distributor A: No opinion was issued in this variable.</p> <p>Distributor B: Flexibility must exist. We can meet an unplanned situation or face some event that was not expected. Moreover, we always count on the help of the supplier to adapt quickly to the market.</p> <p>Distributor C: The supplier needs to understand the Distributor and vice versa. You can not resort to threats or go over the other party to resolve the problems. Partnerships like this have long life.</p> <p>Managers of distribution and sales: In case of conflicts, a clear and fundamental rule is the basis for understanding. If you have clear rules, it's easy to make a decision in times of conflict. At first, it may sound like inflexibility, but over time, you can create credibility, transparency and sense of justice for all program participants.</p> <p>We need to assess each case differently to make sure that the rules of the program is the basis for conflict resolutions. However, we need to have the maturity to be flexible according to the parties involved.</p> <p>We do not intend to coerce our partners. We have the possibility of an open dialogue for understanding and preventing confrontations. Conflicts where there is need for the use of power usually results in a short term relationship and will eventually end.</p>
Satisfaction	<p>Distributor A: No opinion was issued in this variable.</p> <p>Distributor B: Participation in the program distribution has greatly improved relations with the company. I realized during that time that the supplier really cares about my business and intends to expand the volume traded. The financial assessment is important because it makes me more competitive in the market and makes the benefits of this interaction between Distributor and company be profitable for my business. But there are other factors, such as participation in training courses, which really counts.</p> <p>Distributor C: No opinion was issued in this variable.</p> <p>Managers of distribution and sales: It is the responsibility of the supplier to always show the strengths of the program and improve each process that exists in it. If the supplier does not do it over time, you enter into a process in which satisfaction can only be related to the financial part and this can be seen as the only determining factor for sales. This is the great challenge for the longevity of distribution programs. Having other priorities, beyond the financial issue, can cause the relationship to be long lasting.</p>