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# Impact of Goal Divergence, Unbalanced Dependence and Miscommunication on Marketing Channel Satisfaction

Deepak Joy MAMPILLY<sup>1</sup>, Sreedhara RAMAN<sup>2</sup>, Kumar Chandar S<sup>3</sup>

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## Abstract

**Purpose:** Marketing channel satisfaction is a critical factor influencing the efficiency and long-term sustainability of distribution networks. However, conflicts arising from goal divergence, unbalanced dependence, and miscommunication often disrupt channel relationships, affecting overall satisfaction levels. This study examines the impact of these three conflict-inducing factors on marketing channel satisfaction, drawing insights from empirical research conducted in the fast-moving consumer goods (FMCG) sector. FMCG sector is considered as the barometer of any economy because of its wide reach to both the urban and rural market. **Research design, data and methodology:** Using a structured survey and statistical analysis, the study identifies the extent to which goal misalignment, power imbalances, and communication breakdowns contribute to dissatisfaction among channel members. **Results:** The findings highlight that goal divergence leads to reduced cooperation, unbalanced dependence fosters opportunistic behaviour, and miscommunication exacerbates misunderstandings, collectively diminishing channel satisfaction. The study contributes to the literature on channel conflict management and offers practical implications for businesses seeking to enhance collaboration, trust, and efficiency in their marketing channels. **Conclusions:** The study explores how the marketing channel members like distributors, wholesalers and retailers can reduce distribution channel conflict and enhance marketing/distribution channel satisfaction. This is still important even though online selling and e-commerce has become the order of the day. This study is very relevant in the field of distribution science.

**Keywords:** Goal Divergence, Unbalanced Dependence, Miscommunication, Marketing Channel Satisfaction, Channel Conflict, Distribution science.

**JEL Classification Code:** L14, M31, L81

## 1. Introduction

Marketing channels serve as vital conduits through which goods and services flow from producers to consumers. The effectiveness of these channels is contingent on the cooperative relationships among channel members, including manufacturers, distributors, wholesalers, retailers

and consumers. However, conflicts within marketing channels are inevitable due to the differing objectives, interdependencies, and communication dynamics among participants. These conflicts (Rosenberg & Stern, 1971), if not managed effectively, can significantly impact marketing channel satisfaction, leading to inefficiencies, strained relationships, and potential business losses (Anderson & Weitz, 1992; Gaski, 1984).

1 First Author, Research Scholar, School of Business and Management, CHRIST University, India.  
 Email: [deepak.mampilly@res.christuniversity.in](mailto:deepak.mampilly@res.christuniversity.in)

2 Second Author, Associate Professor, School of Business and Management, CHRIST University, India.  
 Email: [raman.sreedhara@christuniversity.in](mailto:raman.sreedhara@christuniversity.in)

3 Third Author, Professor, School of Business and Management, CHRIST University, India. Email: [kumar.chandar@christuniversity.in](mailto:kumar.chandar@christuniversity.in)

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This study contributes to the growing body of knowledge in distribution science by examining how goal divergence, unbalanced dependence, and miscommunication influence marketing channel satisfaction.

Marketing channels play a crucial role in ensuring the smooth distribution of goods and services from producers to consumers. These channels consist of various intermediaries such as distributors, wholesalers and retailers who facilitate the movement of products to the final buyer. However, the presence of multiple entities in a channel often leads to conflicts that can impact efficiency, profitability, and customer satisfaction. Marketing channel conflicts arise when channel members have disagreements over roles, objectives, resource allocation, pricing, or territorial boundaries. These conflicts can be detrimental to business performance if not managed effectively.

### 1.1. Objectives of the Study

- To identify the causes/drivers of marketing channel conflicts in FMCG sector.
- To analyse impact of marketing channel conflicts on channel satisfaction among wholesalers and retailers in the FMCG sector.

### 1.2. Causes of Marketing Channel Conflicts

Several factors contribute to marketing channel conflicts, including:

- **Goal Incongruence:** When channel members pursue conflicting objectives, such as a manufacturer focusing on brand expansion while a retailer prioritizes profit margins.
- **Pricing Issues:** Price variations between different channels or unauthorized discounting can create dissatisfaction among channel members.
- **Market Coverage Disputes:** Overlapping sales territories can lead to competition among intermediaries, causing friction.
- **Resource Allocation:** Unequal distribution of marketing support, promotions, or financial incentives can lead to resentment among channel members.
- **Lack of Communication:** Miscommunication or lack of transparency regarding business policies and strategies can result in misunderstandings and conflicts.

### 1.3. Impact of Marketing Channel Conflicts

If left unaddressed, marketing channel conflicts can have several negative consequences, such as:

- **Reduced Efficiency:** Frequent disagreements can slow down decision-making processes and disrupt supply chain operations.

- **More dissatisfaction of the channel members:** Marketing channel conflicts can escalate the tension, disagreement and dissatisfaction of the channel members, which will in turn negatively affect their profit and revenue.
- **Brand Dilution:** Price wars and inconsistent customer experiences can weaken a brand's reputation, positioning in the market which will reduce the brand image or brand equity.
- **Loss of Sales and Revenue:** Disputes among channel partners can lead to inefficiencies, ultimately affecting sales performance and profitability.
- **Weakened Relationships:** Long-term conflicts can damage business relationships, leading to termination of partnerships and difficulty in building new ones.

### 1.4. Marketing Channel Satisfaction

Marketing channel satisfaction (Geyskens, Steenkamp, & Kumar, 1999) refers to the degree to which channel members, including distributors, wholesalers, and retailers, feel content with their business relationships and overall partnership experiences. It encompasses factors such as profitability, trust, communication, and support provided by the manufacturer or supplier. High levels of satisfaction within marketing channels (Stern & Reve, 1980) lead to better cooperation, improved efficiency, and stronger business relationships.

Several factors influence marketing channel satisfaction, including:

- **Equitable Profit Margins:** Ensuring all channel members receive fair financial returns fosters satisfaction.
- **Effective Communication:** Transparent and timely information-sharing strengthens trust and cooperation.
- **Adequate Support and Resources:** Providing marketing support, training, and promotional assistance enhances satisfaction.
- **Conflict Resolution Mechanisms:** Addressing disputes fairly and effectively prevents dissatisfaction.
- **Proper billing and invoicing:** Clarity of the terms in the invoice and bills will enhance channel satisfaction.

By prioritizing marketing channel satisfaction, businesses can enhance channel efficiency, reduce conflicts, and build long-term, mutually beneficial relationships with their partners. Among the various sources of channel conflict, goal divergence, unbalanced dependence, and miscommunication emerge as critical factors influencing channel satisfaction. Goal divergence occurs when channel members pursue conflicting objectives, resulting in misaligned priorities and reduced collaboration (Frazier,

1999). Unbalanced dependence arises when one party in the channel wields disproportionate power over another, leading to opportunistic behaviours that create dissatisfaction among weaker members (Heide & John, 1988). Miscommunication, including unclear expectations, information asymmetry, and lack of transparency, further exacerbates conflicts, reducing trust and cooperation in marketing channels (Mohr & Nevin, 1990).

Despite extensive research on marketing channel relationships, limited studies have examined the combined impact of goal divergence, unbalanced dependence, and miscommunication on channel satisfaction, particularly in fast-moving consumer goods (FMCG) and retail sectors. Addressing this gap, the present study investigates how these conflict-inducing factors influence satisfaction levels among channel members. By adopting an empirical approach, this research aims to provide insights into the mechanisms through which these factors contribute to dissatisfaction and to propose strategic solutions for mitigating conflicts.

The findings of this study have significant managerial implications. Understanding the interplay between goal divergence, dependence asymmetries, and communication gaps can help businesses develop more effective conflict resolution strategies, fostering stronger and more collaborative channel relationships. Moreover, the study contributes to the growing literature on marketing channel management by offering a comprehensive perspective on conflict resolution and satisfaction enhancement in the distribution channel.

The remainder of this paper is structured as follows: The next section reviews relevant literature on marketing channel conflict and satisfaction. The subsequent sections outline the research methodology, present empirical findings, and discuss managerial implications. The paper concludes with recommendations for future research and practical strategies for improving marketing channel satisfaction.

## 2. Literature Review

Effective marketing channel relationships are essential for the smooth functioning of supply chains and business networks. However, conflicts within these channels can arise due to various factors, significantly impacting marketing channel satisfaction. This section reviews the existing literature on the three key conflict-inducing factors—goal divergence, unbalanced dependence, and miscommunication—and their implications for marketing channel satisfaction.

### 2.1. Theoretical Framework:

### 2.2. Goal Divergence and Marketing Channel Satisfaction

Goal divergence occurs when channel members pursue conflicting objectives, leading to reduced cooperation and inefficiencies in the distribution process (Frazier, 1999). This divergence may stem from differences in strategic priorities, profit expectations, or market positioning between manufacturers, distributors, wholesalers, and retailers (Gaski, 1984). Anderson and Weitz (1992) highlight that alignment of goals among channel members foster collaboration and enhances long-term channel relationships. Conversely, when channel members operate with competing interests, coordination becomes challenging, leading to friction and dissatisfaction. Studies have shown that firms with mechanisms to align goals, such as joint planning and incentive structures, experience higher levels of marketing channel satisfaction (Jap & Ganesan, 2000).

### 2.3. Unbalanced Dependence and Its Role in Channel Conflict

Unbalanced dependence arises when one channel member wields excessive power over another, creating an asymmetrical relationship (Heide & John, 1988). This power imbalance often results in opportunistic behaviour, where the dominant player imposes unfavourable terms on weaker partners, leading to dissatisfaction (Geyskens, Steenkamp, & Kumar, 1998). The dependence asymmetry theory suggests that when one party has fewer alternative sources for its business needs, it becomes vulnerable to exploitation, reducing its satisfaction in the channel relationship (Pfeffer & Salancik, 1978). Research indicates that firms with balanced dependence structures—where mutual reliance is high—tend to have more stable and satisfying relationships (Palmatier et al., 2007). Strategies such as collaborative decision-making and profit-sharing agreements have been recommended to mitigate the adverse effects of dependence asymmetry (Kumar, Scheer, & Steenkamp, 1995).

### 2.4. Miscommunication and Channel Relationship Deterioration

Effective communication is a cornerstone of successful marketing channel relationships. Miscommunication, which includes information asymmetry, unclear expectations, and lack of transparency, has been identified as a primary source of conflict and dissatisfaction (Mohr & Nevin, 1990). Poor communication can lead to misunderstandings, distrust, and operational inefficiencies, ultimately weakening the channel relationship (Morgan & Hunt, 1994). Research suggests that structured communication strategies, such as regular

meetings, performance reporting, and digital communication platforms, can significantly improve marketing channel satisfaction (Anderson & Narus, 1990). Additionally, the role of trust in mitigating communication-based conflicts has been widely acknowledged, with studies indicating that high-trust relationships experience fewer misunderstandings and greater satisfaction (Dwyer, Schurr, & Oh, 1987).

## 2.5. Integrated Impact of Goal Divergence, Unbalanced Dependence, and Miscommunication

While each of these factors independently contributes to marketing channel dissatisfaction, their combined effect can be even more detrimental. Recent studies suggest that goal misalignment, when coupled with power imbalances and poor communication, creates a reinforcing cycle of conflict that exacerbates dissatisfaction (Brown, Lusch, & Nicholson, 1995). Addressing these issues requires a holistic approach, incorporating conflict resolution mechanisms such as joint problem-solving, incentive alignment, and transparent communication frameworks (Coughlan et al., 2006).

Within the framework of distribution science, understanding the interplay of relational conflicts and satisfaction outcomes provides valuable insights for both researchers and practitioners. By integrating concepts of dependence, communication, and goal alignment, this research enhances the scope of distribution science in explaining channel member behavior.

**Table 1:** Summary of Previous Research

Author & Year	Key Variables	Research Findings
Kumar, Scheer & Steenkamp (1995)	Interdependence asymmetry, total interdependence, trust, commitment, conflict	Asymmetric interdependence reduces trust and commitment while increasing conflict; higher total interdependence enhances trust and commitment, reducing conflict.
Blesa & Bigné (2005)	Market orientation, distributor dependence, distributor satisfaction	Manufacturer's market orientation positively affects distributor satisfaction; however, increased dependence on the manufacturer can negatively impact distributor satisfaction.
Chang & Gotcher (2010)	Conflict-coordination learning (CCL), positive conflict attitudes, avoidance of conflict behaviors, co-created value	Positive conflict attitudes enhance CCL, leading to improved joint marketing strategy quality and profit performance; avoidance of conflict behaviors negatively affects CCL.

Author & Year	Key Variables	Research Findings
Srivastava & Chakravarti (2009)	Communication, trustworthiness, reputations, information asymmetries, negotiation outcomes	Effective communication and perceived trustworthiness mitigate the adverse effects of information asymmetries in channel negotiations, leading to better outcomes.
Deng, Zhang & Fan (2021)	Functional conflict, dysfunctional conflict, channel cohesion, innovation capability, network structure	Functional conflict fosters channel cohesion and innovation; dysfunctional conflict undermines cohesion; network structure moderates these relationships.

## 2.6. Control/Confounding Variables:

Control variables are additional variables that are included in the SEM model to account for potential confounding effects or to control other factors that could influence the relationships between the variables of interest. It is often used to improve the precision and validity of the estimates by reducing omitted variable bias [Dhaval Mehta]. In the present context, the impact of *Goal Divergence, Unbalanced Dependence & its Role in Channel Conflict and Miscommunication & Channel Relationship Deterioration* on marketing channel satisfaction can vary significantly depending on *duration of inspection of business* and *monthly profit*. By including these control variables, it is intended to ensure whether the channel satisfaction is genuinely due to goal divergence, conflict and miscommunication and not because of other control factors.

These studies collectively highlight that goal divergence, unbalanced dependence, and miscommunication significantly influence marketing channel satisfaction. Aligning goals, balancing dependencies, and ensuring effective communication are crucial for enhancing channel relationships and satisfaction. The approach consists of theory building by reviewing the literature and examining the gaps and limitations. The researcher has conducted a structured questionnaire with the expertise for quantitative information. The participants for the interview were selected based on structured snowballing and random sampling. As far as statistical technique is concerned, basically Structural Equation Model (SEM) approach was considered. However, this model has been customised to the need of the present research study.

## 3. Conceptual Framework:

The framework shown in Figure 1 is conceptualized from the literature reviews.

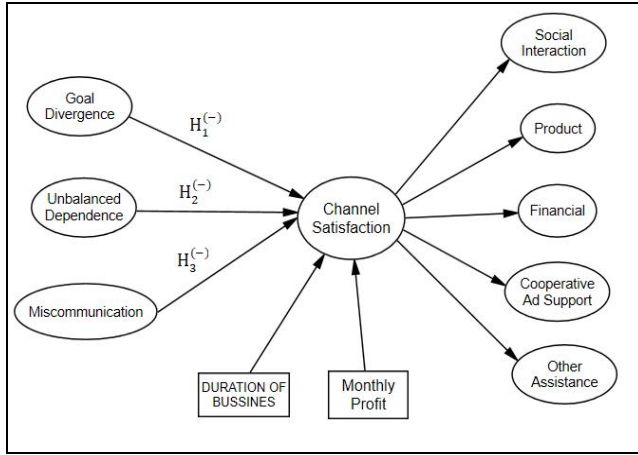


Figure 1: Conceptual Framework of the Research Study

Based on the above conceptual framework, the following hypotheses are defined:

- H<sub>1</sub>: Higher the *goal divergence* as a marketing conflict will significantly result to a *lower of channel satisfaction* in fast moving consumer sector.
- H<sub>2</sub>: Greater the *unbalanced dependence* as a marketing conflict will significantly result to a *lower of channel satisfaction* in fast moving consumer sector.
- H<sub>3</sub>: *Miscommunication* as a marketing conflict will significantly result to a *lower of channel satisfaction* in fast moving consumer sector.

Duration of Business (Time since the inception of business) and Monthly (average) Profit are considered as control (confounding variables) influencing the channel satisfaction.

### 3.1. Research Methodology

The research survey questionnaire for the present research was designed based on literature reviews. In the present study, a total of 35 Likert based questions were designed asking the respondents to rank their importance of agreement on a scale of 1 to 5 with ‘1 Strongly Disagree’ and ‘5 as Strongly Agree’. As far as data collection is concerned, the respondents were almost evenly distributed from the three districts of Kerala. A simple random sampling technique was adopted for collecting the data. The primary sample respondents are **wholesalers and retailers** in the FMCG sector in Kerala selected from Trivandrum district, Kollam district, Alappuzha district, Ernakulam district, Trichur district, Kannur district and Calicut district.

From a distribution science perspective, the study adopts a relational conflict lens to examine satisfaction in marketing channels.

### 3.2. Descriptive Statistics: Sample Characteristics

Table 2: Sample Demographics

Demographic	Category	Frequency	Percent
Category of Respondent	Wholesaler	189	41.9%
	Retailer	262	58.1%
Business Revenue of Shop per month	Less than 50,000 rupees	148	32.8%
	50,000 to 1 lakh rupees	94	20.8%
	1 lakh to 5 lakhs rupees	141	31.3%
	Greater than 5 lakhs rupees	68	15.1%
Business Profit of Shop per month	Less than 50,000 rupees	231	51.2%
	50,000 to 1 lakh rupees	157	34.8%
	1 lakh to 5 lakhs rupees	52	11.5%
Location of Operations	Greater than 5 lakhs rupees	11	2.4%
	Trivandrum district	79	
	Kollam district	66	
	Alappuzha district	58	
	Ernakulam district	77	
	Trichur district	62	
	Kannur district	59	
Duration in the FMCG Products' Business	Calicut district	50	
	Less than 1 year	89	19.7%
	1 year to 5 years	256	56.8%
	Greater than 5 years	106	23.5%

In depicting the sample respondent’s characteristics, 41.9 % (Table 2) of respondents are wholesalers and 58.1 % of them are retailers with 56.8 % of them having a monthly business turnover of Rs 1 lakh to Rs 5 lakhs and 19.7 % of them having turnover less than Rs one lakh. On the earnings of monthly profit, it emerges that 51.2 % of them has profit below Rs 50,000 while about 35% of them earning profits between Rs 50,000 to Rs 1 lakh. On the duration of running the FMCG product business, about 57 % of them are doing business from past five years and 24 % of them running the business for more than five years. One-fifth of them have completed one year into their business.

### 4. Data Analysis and Results

Table 3 presented the relevant items, their standardized loading (correlation coefficients), and the composite reliability (Ruekert & Churchill, 1984) and Cronbach Alpha results through **Confirmatory Factor Analysis** (CFA) technique that was adopted to validate the hypothesized measurement model consisting of three dimensions namely *goal divergence*, *unbalanced dependence* and *Miscommunication* as shown in Figure 1. The present research examined the empirical data using the AMOS 23.0 (SPSS) tool, “a covariance-based SEM approach” as advocated by Hair et al. (2014).

**Table 3:** Goodness-of-fit & Incremental Indices

	( $\chi^2/df$ )	GFI	RMSEA	AGFI	NFI	CFI	IFI	RFI	PCFI	PNFI
Accepted Value	< 5	> 0.90	< 0.10	> 0.80	> 0.90				> 0.50	
Model Value	2.506	0.902	0.058	0.816	0.907	0.923	0.905	0.906	0.829	0.775

#### 4.1. Normality Testing and Common Method Variance (CMV)

The data set validated normal distribution via normality testing, which is mandatory for SEM (Byrne, 2016), since “skewness” and “kurtosis” readings were inside the acceptable  $\pm 2$  ranges for each statement. Since this analysis is grounded in self-reported information, there is a possibility that the results will be biased (Podsakoff et al., 2003). To validate CMV, “Harman’s single-factor test” was done, and the findings stated that the single extracted factor explained only 23.95 % variance, which is under the maximum cut-off level of 50 % advised by Podsakoff et al. (2003).

#### 4.2. Measurement Model Examination

The measurement model is the component of the model that connects measured variables (items) to latent variables

(constructs). The examination of measurement models comprises model fit, reliability, and validity assessments (Fornell and Larcker, 1981). The present study followed the model fit recommendations given by Hair et al. (2014), employing various fit indices to prevent redundancy. Table 3 indicate that the research model almost satisfied the requirement of model fit with chi-square/df showing a value of 2.168 (Table 5). The GFI, CFI and GFI is close to standard cutoff of above 0.90. RMSEA with a value of 0.058 fulfilled the cut-off value of 0.10. Thus, Goodness-of-fit & Incremental Indices for *goal divergence*, *unbalanced dependence* and *Miscommunication* dimensions indicates an overall acceptable fit. This parameter demonstrates a good model fit to the provided dataset (Hair et al., 2014).

Following the approach proposed by Hair et al. (2014), the research assessed the construct’s reliability by computing Cronbach’s alpha estimates and the composite reliability (CR). Accordingly,

**Table 4:** Reliability and convergent validity of item Loadings of *goal divergence*, *unbalanced dependence* and *Miscommunication* dimensions

Factor	Item/Indicators	Loading	CR	CA	AVE
Goal Divergence (GD)	Our objectives and distributors and wholesalers’ objectives are often not the same (GD_1)	0.746	0.850	0.851	0.533
	We feel that it is not feasible for both distributor and wholesaler and for us to meet or exceed our goals (GD_2)	0.775			
	We often disagree with distributor and wholesaler about how we can best achieve our respective goals (GD_3)	0.804			
	The company is concerned of their profits and sales only (GD_4)	0.701			
	The company passes on risk by making the distributor and wholesaler buy pre decided quantity of stock (GD_5)	0.608			
Unbalanced Dependence (UD)	I am dependent on company’s distributors and wholesalers for my supplies (UD_1)	0.726	0.860	0.862	0.556
	If I do not get supplies from company’s distributors and wholesalers, I can get from others too (UD_2)	0.738			
	I need the distributor and wholesaler, to achieve my profit targets in the region (UD_3)	0.814			
	Our sales failure is due to distributor’s poor marketing efforts (UD_4)	0.730			
	The success of our business is largely due to the marketing efforts of the company (UD_5)	0.715			
Miscommunication (MISCOM)	Sometimes the distributor’s missing incomplete information about the products adversely affects credibility of both retailers and wholesalers (MISCOM_1)	0.702	0.794	0.795	0.501
	Distributors and wholesalers do not keep us well informed about promotional offers, products and policy changes that may affect us (MIS_COM_2)	0.763			
	Distributors and wholesalers do not give us timely information (MIS_COM_3)	0.718			
	The company’s information is most of the time incomplete (MIS_COM_4)	0.613			

Note: CR - Composite Reliability, CA - Cronbach Alpha, AVE – Average Variance Explained

First, the Cronbach’s alpha reliability coefficient was calculated in order to assess the psychometric properties of the questionnaire. Cronbach’s alpha value ranges from 0 to 1, with value closer to 1 indicating greater stability and consistency, however for basic research the cut-off value is 0.60 (Nunnally, 1978) [Kalthom Abdullah & Others, 2012]. The results of Cronbach’s alpha are depicted in Table 3 indicating an acceptable consistency and stability of the instrument. Secondly, with respect to composite reliability it is observed from Table 2, it is observed that majority of the items demonstrated a loading greater than 0.50 clearly validating the convergence. Also, the Cronbach alpha values of each dimension are above 0.60, more than the accepted value.

**Table 5:** Discriminant Validity Result of Dimensions influencing Channel Satisfaction

	<b>GD</b>	<b>UD</b>	<b>MIS_COM</b>
GD	<b>0.730*</b>		
UD	<i>0.629</i>	<b>0.746*</b>	
MIS_COM	<i>0.489</i>	<i>0.572</i>	<b>0.708*</b>

Note: \* indicates the Square Root of AVE values shown in Table 4 and figures given in italics are the inter-construct correlations

**Table 6:** Multicollinearity Analysis Result

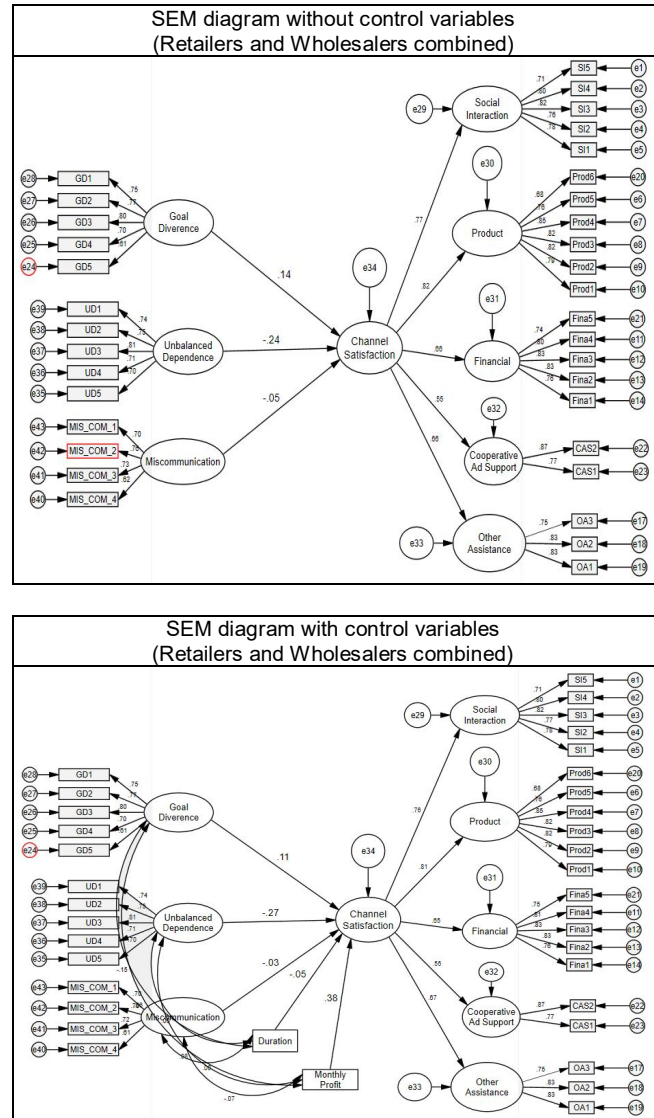
	<b>Tolerance</b>	<b>VIF</b>	<b>Multicollinearity Concern</b>
GD	0.721	1.387	Low/Weak
UD	0.685	1.459	Low/Weak
MISCOM	0.789	1.267	Low/Weak

Dependent Variable – Channel Satisfaction

Similarly, Discriminant Validity result is depicted in Table 5 establish the discriminant validity among the latent variables in that they do not statistically overlap each other [since the inter-item correlation values are less than the square root of AVE value] and are free from the problem of multicollinearity. Furthermore, the Variance Inflation Factor (VIF) and the tolerance results shown in Table 6 clearly indicate there is no multicollinearity among the independent dimensions influencing channel Satisfaction and the predictor is not correlated with other predictors, so it doesn’t inflate the standard error or affect the regression model’s stability.

### 5. SEM Analysis Result

After running the CFA to check the reliability and validation of the items (questions), the defined research hypotheses shown in conceptual frame work (Fig 1) is tested for SEM analysis and the results are shown in Figure 2 and Table 5.



**Fig. 2:** SEM Result of Goal Divergence, Unbalanced Dependence and Miscommunication Dimensions (Retailers and Wholesalers combined)

To take into consideration the structural differences between two sets of sample respondents in channel satisfaction dynamics, an effort is made to present the regression results of wholesalers and retailers independently along with confounding variables. On **retailers’ front**, *Goal Divergence* has a moderate and significant negative influence on channel satisfaction. it is emerged there is no much of difference in regression estimates before and after intervention of control variables. Similarly, *Unbalanced dependence* has a good and significant negative influence on Channel Satisfaction with no significant difference in estimates before and after intervention of time duration and monthly profit. Finally, miscommunication has a weak but

**Group Comparisons with confounding variables:****Table 6:** Group Comparison of Standardized Regression weights with and without Confounding Variables for Retailers

Retailers			Without Control			With control			
			Standard Estimate	C.R.	P	Standard Estimate	C.R.	P	VIF
CS	<---	GD	-0.265	-3.286	0.001*	-0.259	-3.129	0.002*	
CS	<---	UD	-0.580	-6.615	0.000*	-0.579	-6.598	0.000*	
CS	<---	MIS_COM	-0.245	-3.077	0.002*	-0.249	-3.102	0.002*	
Control Variables									
CS	<---	Duration				0.027	0.370	0.711	
CS	<---	Monthly Profit				-0.038	-0.529	0.597	

CS – Channel Satisfaction; GD – Goal Divergence; UD – Unbalance Dependence; MIS\_COM; VIF-Variance Inflation Factor

\* Significant at 5% level.

**Table 7:** Group Comparison of Standardized Regression weights with and without Confounding Variables for Wholesalers

Wholesalers			Without Control			With control			
			Standard Estimate	C.R.	P	Standard Estimate	C.R.	P	VIF
CS	<---	GD	0.262	3.013	0.003*	0.276	3.783	0.000*	
CS	<---	UD	-0.228	2.726	0.006*	-0.207	-1.098	0.272	
CS	<---	MIS_COM	-0.008	-0.093	0.926	-0.040	-0.936	0.350	
Control Variables									
CS	<---	Duration				-0.138	-1.818	0.069	
CS	<---	Monthly Profit				0.323	3.510	0.000*	

CS – Channel Satisfaction; GD – Goal Divergence; UD – Unbalance Dependence; MIS\_COM; VIF-Variance Inflation Factor

\* Significant at 5% level.

significant (statistically) negative influence on channel satisfaction and again no significant difference in estimates before and after inclusion of confounding variables with respect to retailers. Now, with respect to Wholesalers, there has been no significant change in estimates upon introducing the control variables. However, we can infer that confounding effect of monthly profit is present with respect wholesalers because of statistical significance ( $p=0.323$ ,  $CR = 3.510$ ,  $P<0.05$ ). Overall, looking at the regression models (with and without confounding variables), it could be concluded that there have been no significant changes in the estimates upon introducing the control variables and we infer that confounding effects are not present with respect to retailers. On the contrary, a significant confounding effect of Monthly Profit on channel satisfaction is observed in case of wholesalers indicating that relationship between unbalanced dependency, goal divergence and miscommunication on channel satisfaction is dependent on profit margins for wholesalers.

## 6. Findings

This study examines the impact of goal divergence, unbalanced dependence, and miscommunication on marketing channel satisfaction. Based on empirical analysis conducted through structured surveys and statistical modeling, the key findings are as follows: “Unbalanced Dependence” has a good, significant and negative impact on

Channel Satisfaction while “Goal Divergence” and “Miscommunication” have a moderate, significant and negative impact on Channel Satisfaction.

The findings offer empirical evidence that strengthens theoretical perspectives in distribution science, particularly in the context of channel relationship management.

### 6.1. Goal Divergence Leads to Reduced Collaboration and Satisfaction

The study confirms that goal divergence among channel members significantly reduces marketing channel satisfaction. When manufacturers, wholesalers, and retailers have misaligned priorities—such as differing sales targets, branding strategies, or profit expectations—it creates friction that hampers collaboration. Respondents reported that conflicting goals often result in inefficiencies, resource misallocation, and disputes over strategic direction, ultimately diminishing satisfaction.

### 6.2. Unbalanced Dependence Creates Power Struggles and Opportunistic Behaviour

Findings indicate that unbalanced dependence negatively affects channel satisfaction. Channel members who perceive themselves as highly dependent on a dominant partner—whether a manufacturer, distributor, or retailer - experience a lack of autonomy in decision-making. The dominant partner often enforces pricing, promotional, or

inventory decisions that primarily benefit them, leading to resentment and dissatisfaction among weaker channel members. Additionally, power asymmetry fosters opportunistic behaviour, where the stronger party exploits the weaker one, further reducing trust and cooperation.

### **6.3. Miscommunication Exacerbates Conflicts and Distrust**

The study highlights that miscommunication is a major contributor to dissatisfaction in marketing channels. Unclear messaging, inconsistent information, and lack of transparency lead to misunderstandings and unrealistic expectations among channel members. Participants cited issues such as delayed responses, incomplete information sharing, and misinterpretation of contractual terms as significant sources of frustration. These communication breakdowns often escalate conflicts, making resolution more difficult and further reducing satisfaction levels.

### **6.4. Combined Impact of Conflict Factors Intensifies Dissatisfaction**

While each factor—goal divergence, unbalanced dependence, and miscommunication—individually contributes to dissatisfaction, their combined presence amplifies negative effects. The study finds that when all three factors coexist, they create a reinforcing cycle of conflict that is harder to resolve. Misaligned goals create power struggles, power imbalances lead to unfair practices, and poor communication exacerbates misunderstandings, creating a hostile channel environment with low satisfaction levels.

### **6.5. Conflict Resolution Strategies Improve Satisfaction**

Despite the negative impact of these factors, businesses that implement structured conflict resolution mechanisms report higher levels of satisfaction. The study identifies strategies such as joint goal-setting, balanced dependency structures, and improved communication frameworks as effective in mitigating channel conflicts. Companies that engage in collaborative planning, fair contract negotiations, and transparent information sharing experience stronger and more sustainable channel relationships.

## **7. Practical Implications**

The findings of this study have significant implications for businesses, marketers, and supply chain managers seeking to improve marketing channel satisfaction.

Addressing goal divergence, unbalanced dependence, and miscommunication can lead to stronger, more sustainable channel relationships. The key practical implications are as follows:

### **7.1. Aligning Goals for Improved Channel Cooperation**

Businesses should implement mechanisms to align goals among channel members to minimize conflicts arising from goal divergence. Strategies such as joint business planning, shared performance metrics, and collaborative target setting can help synchronize objectives and foster a sense of partnership. Regular strategy meetings and incentive programs that reward mutual success can enhance alignment and overall satisfaction.

### **7.2. Managing Power Asymmetry to Foster Fair Relationships**

To address unbalanced dependence, companies should work toward creating a more equitable distribution of power in channel relationships. Stronger players, such as manufacturers or large retailers, should ensure that weaker partners have a fair say in decision-making to prevent resentment and opportunistic behaviour. Negotiating fair contract terms, offering alternative supplier/buyer options, and maintaining ethical business practices can improve trust and satisfaction within the channel.

### **7.3. Enhancing Communication Transparency and Clarity**

Miscommunication can be minimized through structured communication strategies. Businesses should invest in clear, consistent, and timely information-sharing practices. Implementing digital communication platforms, standardized reporting mechanisms, and regular updates on policies and expectations can help reduce misunderstandings. Training programs on effective communication can also improve the quality of interactions between channel members.

### **7.4. Developing Conflict Resolution Mechanisms**

Proactive conflict resolution strategies can prevent disputes from escalating and negatively affecting channel satisfaction. Establishing structured dispute resolution mechanisms, such as mediation committees, joint problem-solving workshops, and third-party arbitration, can help resolve conflicts in a fair and timely manner. Organizations

should also encourage open dialogue and feedback loops to address grievances before they impact overall relationships.

### **7.5. Building Long-Term Trust and Commitment**

Businesses that prioritize long-term relationships over short-term gains tend to experience higher levels of channel satisfaction. Trust-building measures such as transparent pricing, honouring commitments, and fostering a collaborative rather than competitive environment can enhance loyalty and stability within marketing channels. Additionally, fostering a culture of ethical business practices and mutual respect strengthens partnerships and ensures long-term sustainability. Implementing these practical strategies can help businesses mitigate conflicts related to goal divergence, unbalanced dependence, and miscommunication, ultimately enhancing marketing channel satisfaction. By fostering alignment, fairness, transparency, and trust, companies can create more resilient and efficient marketing channels that drive sustainable growth and competitive advantage.

## **8. Discussion and Conclusion**

The findings of this study highlight the critical role of goal divergence, unbalanced dependence, and miscommunication in shaping marketing channel satisfaction. These factors, individually and collectively, contribute to channel conflicts, leading to inefficiencies and dissatisfaction among stakeholders.

### **8.1. Goal Divergence and Its Impact:**

The study reveals that when channel members have misaligned objectives, it creates friction in decision-making, resource allocation, and strategic execution. Manufacturers, wholesalers, and retailers often prioritize different performance metrics, which can lead to disagreements over pricing, promotions, and distribution strategies. This lack of alignment reduces collaboration and negatively impacts satisfaction. To mitigate this issue, companies should implement joint planning initiatives, incentive alignment, and shared performance metrics to encourage goal congruence.

### **8.2. Unbalanced Dependence and Power Dynamics**

The research findings emphasize that power (Zhuang & Zhou, 2004) imbalances lead to opportunistic behaviours and dissatisfaction in marketing channels. When one party, such as a dominant retailer or manufacturer, has excessive control over pricing, inventory, or contractual terms, weaker

members feel exploited and undervalued. This fosters resentment and reduces trust, ultimately harming long-term relationships. Firms should strive for more balanced interdependence by diversifying supply sources, fostering cooperative agreements, and ensuring fair contract negotiations to enhance satisfaction among channel partners.

### **8.3. The Role of Miscommunication in Channel Conflict**

Effective communication is crucial for maintaining harmonious channel relationships. The study shows that unclear expectations, information asymmetry, and lack of transparency contribute to misunderstandings and conflict escalation. Poor communication weakens trust and cooperation, making conflict resolution more difficult. Organizations can address this issue by adopting structured communication channels, leveraging digital tools for real-time information sharing, and providing training on effective business communication.

### **8.4 The Combined Effect of Conflict-Inducing Factors**

While each factor independently affects channel satisfaction, the study finds that their combined effect is particularly detrimental. When goal divergence is coupled with power imbalances and poor communication, conflicts become deeply rooted, leading to persistent dissatisfaction. Addressing these issues holistically—rather than in isolation—is essential for improving overall channel satisfaction.

### **8.5. Research Gaps and Future Directions**

Despite extensive research on marketing channel conflicts, limited studies have examined the interplay between goal divergence, unbalanced dependence, and miscommunication in a single framework. Additionally, existing literature primarily focuses on developed markets, with limited insights from emerging economies, where power imbalances and communication challenges may be more pronounced (Boso et al., 2013). This study aims to fill these gaps by providing empirical evidence on the combined impact of these conflict-inducing factors on marketing channel satisfaction.

## **9. Conclusion**

This study contributes to the understanding of marketing channel dynamics by examining how goal divergence, unbalanced dependence, and miscommunication impact

satisfaction. The findings underscore the importance of strategic conflict management in ensuring smooth channel operations and fostering long-term partnerships. The study underscores the relevance of distribution science in addressing practical challenges faced by marketing channels in dynamic business environments.

To enhance marketing channel satisfaction, businesses must adopt proactive strategies, including:

**Goal Alignment:** Implementing shared objectives and incentive structures to reduce conflicts.

**Balanced Power Relations:** Encouraging fair negotiations and reducing dependency on dominant channel members.

- **Effective Communication:** Strengthening information flow, increasing transparency, and using digital communication platforms.
- **Conflict Resolution Mechanisms:** Establishing structured dispute resolution processes to prevent escalations.

By implementing these strategies, organizations can create more cooperative, efficient, and mutually beneficial marketing channels. Future research can explore the role of technological interventions, cultural differences, and industry-specific factors in mitigating marketing channel conflicts.

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