

5.6 CONFLICTS IN CHANNELS

The *channel conflict* arises when the channel partners such as manufacturer, wholesaler, distributor, retailer, etc. compete against each other for the common sale with the same brand. In other words, there is a conflict among the channel partners when one prevents the other from achieving its objective. It results in a huge loss for all the partner in the channel. Conflict is opposition, disagreement or discard among the organizations. Conflict is not always undesirable. It is needed to have positive effect as loopholes in the existing system can be plugged timely and performance can be maximized. It can keep other channel members on their toes knowing that a decline in performance might lead to a change in the channel arrangements. Channel conflict arises when the behavior of a channel member is in opposition, to its channel counterpart. It is opponent centered and direct, in which the goal or object sought is controlled by the counterpart.

5.6.1 TYPES OF CHANNEL CONFLICTS

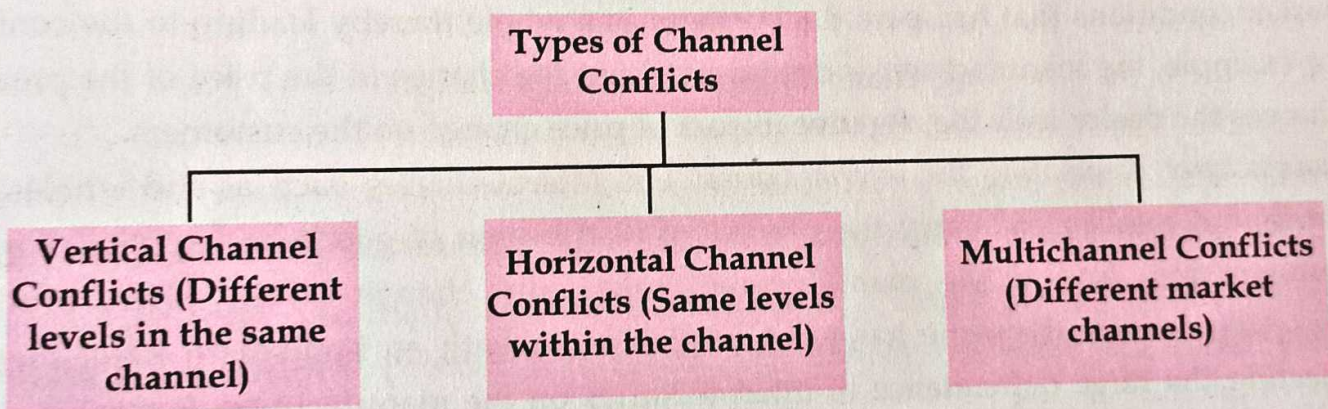


Fig. 5.2: Types of Channel Conflicts

- *Vertical channel conflict*: This type of conflict arises between the different levels in the same channel. For example, the conflict between the manufacturer and the wholesaler regarding price, quantity, marketing activities, etc.
- *Horizontal channel conflict*: This type of conflict arises between the same levels in the same channel. For example, the conflict between two retailers of the same manufacturer faces disparity in terms of sales target, area coverage, promotional schemes, etc.
- *Multichannel conflict*: This type of conflict arises between the different market channels participating in the common sale for the same brand. For example, if a manufacturer uses two market channels, first is the official website through which the products and services are sold. The second channel is the traditional channel i.e. through wholesaler and retailer. If the product is available at a much lower price on a website than is available with the retailer, the multichannel conflict arises.