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Doctorate in Business Administration

# **Brand Community Oriented Channel Coordination:**

**An Empirical Study on Chinese Tire Market** 

Supervisor: Dr. Sarah Xiao

Submitted by: WangFeng

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# **Abstract**

Members of traditional tyre marketing channel aims to maximize profit for individual business, even at the cost of overall benefit of tyre marketing channel and tyre manufacturers, resulting in high channel cost. Practice focusing on channel relationship marketing has alleviated the tension among channel members. Yet profit diluted by disorderly competition in this industry has deteriorated channel performance. There is growing need to research on how to enhance channel performance and ensure benefit of channel members. Focus of related research is shifting from customers to relationship marketing, forming a trend in theoretical research on brand relationship. Branding is a fundamental element for competitive advantage and value creation for business today. Setting up a high-value brand in highly-competitive marketing environment has been the focus of marketers. Brand community research based on customer relationship also becomes the new hotspot in theoretical research on brand relationship.

Existing research on relationship marketing only takes channel relationship or customer relationship into account. Research on channel relationship seldom consider the influence of final consumers on channel performance while research on final consumers usually ignore the channel relationship, setting apart these two most significant players in relationship marketing rather than combine them together. In fact, channel and end user

are interactive. Discontinuity in channel relationships will affect customer experience brought by the products or service to end user, while review and purchase on products or service by final consumers will influence the performance of channel members.

Considering the limitations of existing research, this article researched the potential mutual influence between channel relationship and customer relationship for the first time. Based on theory of channel relationship and customer relationship, including the manufacturers' non-direct-profit relationship investment to end users by leveraging brand community, it proposes the industry brand community-oriented channel relationship model. Integrating these two factors in relationship marketing would bring new perspective and reference for related research.

Based on proposed research model, this article gains scale through reference to related research, qualitative analysis and pretest. Based on field research on retailers and end users in replacement market for truck and bus tyre industry in China, using statistical analysis such as CFA(Confirmatory factor analysis), structure equation modeling and regression equation, the findings of positive research on industry brand community-oriented channel relationship model proposed by this article are listed as below.

1) Not only channel relationship influences channel performance, brand community based on end user relationship also influences channel performance, which is consistent with the proposition of this article.

- 2) Theories regarding channel relationship marketing and customer relationship marketing are applicable to truck and bus tyre industry in China.
- 3) Non-direct-profit RSIs by manufacturers would indirectly influence channel performance through brand community integration Based on literature review, model proposition and positive finding, the theoretical and practical contribution of this article includes the following aspects.
  - 1) In the research of relationship marketing, not only the interactive influence of different B2B channel players shall be included, end users' influence shall be considered as well. 'Push' strategy shall integrate with 'pull' strategy. Research on end users and channels could be integrated through brand community integration, which would be complimentary to existing research, also could be theoretical reference and practical guide to marketing practice.
  - 2) This positive research proves that theories of relationship marketing is applicable to tyre industry in China. China's market is unique and tyre industry has its own features compared to other industries. This research finds that trust and commitment of channel members and relationship investment by seller significantly influence

the channel member performance. External environment has a moderating effect on channel member performance. Therefore, manufacturer shall pay attention to external environment, especially market diversity and changing environment, to adjust strategy accordingly. Manufacturer shall also communicate with agents and retailor to enhance trust and commitment. This article provides positive evidence and reference for relationship marketing theory.

- 3) This thesis contributes to clarify how manufactures' non-direct-profit RSIs influence performance by retailor and other channel members. It is proved that although manufactures do not face consumers directly, its non-direct-profit RSIs will affect the end users' trust and commitment to company and brand, and further influence their brand community identity, and ultimately channel members' performance.
- 4) This research proposes comprehensive model on industry goods relationship marketing from theory, which is highly relevant for industry goods relationship marketing in China. Industry goods has its unique features. Manufacturer shall ensure channel member's performance by outstanding channel relationship marketing, as well as form brand community integration through relationship investment on end user, to improve channel member's performance and sales.

Research has shown that the "push strategy" and "pull strategy" could organically combined and this conclusion provides theoretical guide and practical suggestion for companies' marketing.

**Keywords:** Brand community, Brand community Integration, Relationship Marketing, Channel Relationship, Customer Relationship

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# **Chapter 1. Introduction**

#### 1.1 Introduction

Relationship marketing refers to establishment, development and successful maintenance of relationship exchange. Based on intangible emotion, commitment and trust, relationship marketing is a continuous process which focuses on long-term mutual benefit of both parties. Researches on relationship marketing by most scholars in China are based on train of thought and framework of western scholars, which mainly focus on trust-commitment theory with objects concentrated in customer market, especially service marketing and network marketing, exploring how business leverage trust, commitment, quality and strength of relationship as intermediate variables of marketing strategy to influence customer loyalty and repeat purchasing behavior (Munong Yi *et al.*, 2011, Qinfan Yin and Xiping Zheng, 2010, Baolong Ma *et al.*, 2009) as well as the influence of relationship marketing-oriented and trans-organizational interpersonal relationship on quality of relationship between businesses and speculation (Yin Zhou *et al.*, 2011, Chuang Zhang *et al.*, 2009). Little attention has been paid to relationship marketing in Chinese tyre market.

With the rapid growth of China's economy, the demand for truck and bus tyre replacement is growing. World's top 10 tyre companies have gradually entered the Chinese tyre replacement market with unlimited opportunities, not only to sell but also to build up manufacturers. Recently many foreign and Chinese tyre companies have started a new round of investment to boost productivity and expand sales channels. Both Chinese tyre companies and transnational tyre companies are doing their best to invest in the brand nurturing, capital flow, technology updating, services and other aspects in order to gain a higher market share. Since major manufacturers have undergone a long period of development and market competition, they are about the same level in terms of capital, technology, services and other aspects. Therefore, many manufacturers have shifted their focus to the marketing channels, hoping to set up an effective and complete

channel management strategy.

China's tyre manufacturers tend to define the realization of sales by transferring of products, i.e., how to take the initiative to sell the products to dealers. Although China has become a major force in tyre manufacturing, China's tyre manufacturers maintains traditional marketing mindset and approach (outsourcing - would rather interact with dealers than face end users). Thus, channel of Chinese tyre replacement market is featured as "tyre company – dealer – distributor – retailor – consumers (end users)", which is a typical tyre sales channel model with Chinese features, focusing on logistics and finance. The performance evaluation of the marketing personnel focuses on the units of sales and payment collection. There is a possible result that marketing personnel who seek short-term sales increase may break channel management rules by reducing profits of sales channels member, damaging the long-term interests of tyre company. On the other hand, there are another deficiency in such sales approach. With many products that could achieve high profits, the lack of transparency in price and absence of rules in the market lead to some 'grey area' for many channel members to achieve so-called 'extraordinary' growth, but many tyre companies feel there could be a backfire. Multi-layered sales network not only dilute the average channel profits, competitive bargaining and cross-district sales by tyre dealers also lead to serious channel conflict, although most of these channel conflicts have been avoided by tyre manufacturers. More serious concern faced by tyre company is that the huge market resource controlled by tyre dealer, resulting in shifting and poor controllability of tyre sales network.

From the above industry practice, the traditional tyre marketing channel relationship is among different interest entities. Each tyre marketing channel member is an independent business entity in pursuit of maximizing individual benefit, even at the cost of overall interest of tyre marketing channels and tyre manufacturers. It is difficult to improve overall interest of the channel based on the existing channel relationship of the tyre industry. Could tyre industry channel members avoid the above problems in China's tyre replacement market? What measures could tyre manufacturers take to manage channel relationships and improve channel performance? Marketing channel is the basic element of marketing, which enables the manufacturers to enter

market, expand sales and achieve business goals. If the marketing channels are set up properly, marketing channel advantage will promote business and become a lasting momentum for company growth.

In the thriving stage of China's tyre industry, tyre manufacturers were in the stronger position in seller's market with large profit. As long as the channels were running properly, channel members could acquire good profit. As the truck and bus tyre market began to saturate, the industry profit gradually shrinks. To maintain or increase the profit for channel members requires improved channel efficiency and performance.

Since tyre manufacturers do not sell directly to end users, existing tyre manufacturers are "pushing" the product to the end user through the marketing channel, allowing the end user to purchase the right tyres at the right time and place. Tyre manufacturers are also promoting companies and tyre brands through advertisements, sponsorship in car rally, sport events and charities. Yet their marketing focus is still channel relationship rather than end user relationship. Especially for truck and bus tyre manufacturers with different consumer products (such as bus tyre), they are adopting the "pull" strategy to attract end user to buy the company's tyre products without specific communication approach. Therefore, tyre manufacturer's marketing towards end user must be realized through a variety of channels. And the channel performance is improved by the tyre manufacturer's investment. In fact, tyre manufacturers' investment enable end user to be familiar with the company and brand, thus 'penetrating' tyre products into the end users' mind, so that they are willing to use the product and maintain a high brand loyalty. Channel performance can be improved by using "pull" strategy to attract the end user to buy the company's tyre products. How can tyres manufacturers connect with end users?

Existing research shows that word-of-mouth is the most effective way to enhance brand recognition. Brand community intergration can be used for effective word-of-mouth communication to further promote brand loyalty and purchase behavior (Ji Wu, 2015). Companies can influence brand recognition and various social connections in B2B market through brand community intergration (Wang *et al.*, 2016). Company involvement in brand community intergration can provide end users with information

about product quality, which can reduce uncertainty. Thus, brand community intergration can establish a relationship between manufacturer and end user, increase the frequency of end-user purchases and maintain end-user loyalty and market share, etc (McAlexander *et al.*, 2003, McAlexander *et al.*, 2002, Muniz Jr and O Guinn, 2001). Brand community intergration not only sets up the relationship between the end user and the company (McAlexander et al., 2002), but also strengthens the end user's commitment to the manufacturer and creates new value and return for channel members (Kim *et al.*, 2008, Quinton and Wilson, 2016)), as well as promotes channel performance.

Due to the unique feature of the tyre product itself, especially in the truck and bus tyre industry, which is different from consumer tyres (such as bus tyres), the tyres are part of the operating costs. Brand value is not as significant for automobile team or end user as that for consumers. The former pays more attention to product performance, team services and other value-creating solutions. How can brand community intergration play this vital role in becoming the connection between tyre manufacturers' 'push' strategy and 'pull' strategy?

## 1.2 Related research and Gap in the literature

## 1.2.1 Relationship marketing related research

Relationship marketing has made significant progress in business practice and academic research. Morgan and Hunt(1994) defines relationship marketing as 'all marketing efforts aim to establish, develop and sustain successful relationships in transaction'. Many business practices and theoretical studies have shown that relationship marketing creates a better relationship with customers and results in better business running, including increased sales, market share and profit(Morgan and Hunt, 1994, Crosby *et al.*, 1990).

Channel relationship is an important area of B2B relationships. After applying relationship marketing concept to the channel relationship, the channel relationship

becomes an important branch of relationship marketing. Strong channel relationships will not only directly increase sales and profitability (Palmatier *et al.*, 2006), but also lead to higher levels of cooperation and lower levels of conflict, ultimately improving innovation, expanding markets and reducing costs (Rindfleisch and Moorman, 2001, Cannon and Homburg, 2001). Only by fully understanding the driving force of relationship performance and identifying the leading factors of performance, the marketing manager can develop the right strategy to promote marketing performance.

Existing researches study channel relationship marketing theory in the following five perspectives (Xinhua Zhou, 2010): (1) Commitment - trust view (Hongxia Zhao and Yanfeng Liu, 2013, Munong Yi et al., 2011, Morgan and Hunt, 1994, Hibbard et al., 2001, Gilliland and Bello, 2002, Shunan Song et al., 2012); (2) Dependency view (Bucklin and Sengupta, 1993, Hibbard et al., 2001); (3) Cost of transaction view (Heide and John, 1990, Wathne and Heide, 2000); (4) Relational norms view (Cannon et al., 2000, Lusch and Brown, 1996, Siguaw et al., 1998, Chuang Zhang et al., 2009); (5) Resource-based view (Dyer, 1996, Wernerfelt, 1984, Palmatier et al., 2007, Xinhua Zhou, 2010). Among them, the resource perspective is developed upon the previous four perspectives and is widely used (Palmatier et al., 2007). Resource-based view (RBV) argues that a company is a collection of resources, and its competitive advantage is derived from the resources owned by the company, especially heterogeneous resources (Wernerfelt, 1984). Palmatier et al. (2007) argues that the RBV model can better explain the relationship between channel members and its influence on channel performance. Many literatures also support the effectiveness of RBV model in studying channel performance(Wernerfelt, 2014, Kozlenkova et al., 2014, Barney, 2014, Day, 2014).

Xiaolian Zhou *et al.*(2016) compared different researches on relationship marketing theory in China in terms of the definition of relationship, connection between the relationship and performance, relationship marketing behavior and other aspects. There are three different views on relationship marketing in China. Western theory-based relationship marketing, Chinese culture-based relationship marketing and policy-

based relationship marketing. It is believed that relationship marketing research should focus on which relationship can improve performance and competitiveness. Wang and Song(2011) reviewed 153 research papers published in 23 key marketing and management journals during 1990-1999 and presented a new theoretical framework that divides studies on B2B marketing in China into three categories -- a theory of Chinese business marketing which mainly uses Chinese companies as samples to verify the existing Western marketing theory (Hu and Sheu, 2005, Li and Ng, 2002, Yu *et al.*, 2006); a theory of Chinese comparative business marketing which studies of China's B2B Marketing activities which is different from the Western market due to different culture, policy and economic conditions, showing a new marketing phenomenon and expanding the existing marketing theory (Young *et al.*, 2008); and a Chinese theory of business marketing which focuses on China's unique marketing problems, believing that there is more complexity and uncertainty for transactions in China than those in developed market (Zhou *et al.*, 2008).

Most of the marketing researches on China's tyre industry focus on marketing strategy or marketing model (Jianfeng Zhang, 2015, Yu Wu, 2015, Kunru Huang, 2014, Yunli Gao, 2014, Yong Liu, 2013, Jiaxing Xin, 2012, Bing Zhang, 2012, Wanpeng Liu, 2012), some researches regarding marketing channel analyze the existing channel through qualitative approach, proposed to use the relationship marketing to optimize the channel strategy (Yunli Gao, 2014, Ye Tao, 2013, Le Yang, 2013, Qianjin Xu, 2009, Lantao Ren, 2009), only a few researches adopt quantitative and positive approach.

In customer relationship marketing, relationship marketing research in B2C focuses on customer relationship establishment and retention. In terms of long-term relationships between customers and manufacturers, benefits such as safety, trust, assurance and continuity must be included, which in turn increases trust and commitment to the manufacturer's brand (Ravald and Grönroos, 1996). Thus, customer loyalty can enhance long-term relationships and bring steady profits (Heskett *et al.*, 1990, Anderson *et al.*, 1994, Heskett *et al.*, 1994). Customer relationship can increase customers' delivered value and influence customer to repeat purchases (Crosby et al., 1990), reducing customer attrition rate (Gustafsson *et al.*, 2005), improving customer

retention and customer share (Verhoef, 2003), influencing customer satisfaction (Grayson et al., 2008). Customer satisfaction, trust and commitment (Garbarino and Johnson, 1999) and customer recognition (McAlexander et al., 2002) have influence on the customer's brand loyalty (Singh and Sirdeshmukh, 2000). Enhancing customer loyalty while gaining customer citizenship behavior such as word-of-mouth can bring more new customers for the company, which is conducive for business to acquire and maintain competitive advantage and steady growth. Company's investment in relationship should focus on customers and lay emphasis on benefit that customer can obtain, which shall be used in measuring the influence on current and future benefit to company (Yansheng Zhao and Tao Xu, 2009). Relationship marketing explores the value of relationship between customer and company/brand to brand building and In the research on relationship between customer and brand, Muniz Jr and marketing. O Guinn(2001) defined customer-customer relationship and customer-brand relationship as brand community. They believed that brand community a specialized and non-geographically bound community, based on a structured set of social relations of admirers of a brand. Customers are willing to be members of brand community because they believe brand community can bring them certain value which could not be enjoyed by non-members. This is the attraction of brand community (Zixuan Peng, 2009).

## 1.2.2 Research on brand community Intergration

Muniz(1997) believed that brand plays a vital role in consumer community and introduced the concept of brand community. Since then, the connotation of brand community has been expanded and improved. McAlexander et al.(2002) proposed that the social connection in brand community is more than the interaction between consumer and brand. The social connection between consumer and product, along with that between consumer and marketer, also has influence on brand community. Brand community focuses on consumers who have a sense of belonging towards brand and highly recognize the its value, and mutually approve even with the absence of social

network(Carlson et al., 2008). Interaction and communication between consumers and community members constitutes a social relationship in brand community. With the development of social network, position of consumers has changed dramatically (Labrecque et al., 2013, Weinberg et al., 2013). Consumers are more actively involved in the activities of brand community, constantly sharing user experience, helping new members within community, and communicating with major stakeholders in the community. The connotation of brand has been established and broadcasted in this interaction and experience. These interactions have a positive influence on customers' engagement in value creation (Guanglong Shen et al., 2016, Xiaodong Peng and Guanglong Shen, 2016, Hajli et al., 2017, Parmentier, 2015, Christian Franklin et al., 2014, Tan et al., 2014, Ravald and Grönroos, 1996), further motivate customers' willingness to engage (Yonggui Wang et al., 2016, Liao et al., 2017) and increase loyalty (Zhe Bo et al., 2015, Guimaraes et al., 2016). Based on the definition of brand community, Zhimin Zhou(2005) believes that consumers participate in the brand community to obtain value. Consumer-oriented brand community can acquire financial value, social value, service value and image value. Practical method of quantifying value is proposed. Yi Wang and Xingyuan Wang(2009) expand the range of brand community, believing that the brand community also involves competitive brands, professional institutions, general public, government and other stakeholders.

In order to deepen the understanding of the brand community, many scholars have studied the brand community intergration (Schouten and McAlexander, 1995, Qing Lin, 2006, Shengli Zhang, 2008, Wei Xu *et al.*, 2010), and brand community intergration consciousness (Muniz Jr and O Guinn, 2001, Algesheimer *et al.*, 2005, Bagozzi and Dholakia, 2006a, Zhimin Fan, 2007), analyze the mechanism of brand community consciousness through a large number of cases (Zhimin Zhou and Yaqin Zheng, 2011, McAlexander *et al.*, 2003, McAlexander *et al.*, 2005, Madupu and Cooley, 2010); point out the value of brand communities to company and brand community members (Zhimin Zhou, 2005, Bagozzi and Dholakia, 2006a, Wang and Fesenmaier, 2004, Weiwen Yang and Xin Liu, 2010, Feng Zhu, 2013).

To sum up, the study of brand community intergration is mainly from the

perspective of consumers or end users, focusing on the relationship between company and consumers or community members. From the perspective of marketing theory, this part of the study mainly involves how company attract and retain customers in 'Pull' theory, such as consumer loyalty and purchase behavior.

#### 1.2.3 Lack of theoretical framework

In recent years, IBM has suggested that B2B industry customers determine the future of manufacturers and distributors. However, for most B2B companies, the past marketing strategy mainly increase profits by expanding market share, focusing on bulk sales. Existing research shows that the cost of acquiring a new customer is at least five times higher than the cost of maintaining an existing customer (Bauer *et al.*, 2002). In practice, B2B organizations do not directly face customers as B2C companies do, nor interact with end users of the company's products or services, but deal with decision makers from corporate partners (Matt Dixon, 2010), not giving enough attention to customer relationships.

In fact, most B2B companies ignore the final step of purchasing, thinking it is the business of B2C, and thus did not understand that it is the end users' consumption of products that creates profits for the company. When the B2C company positioning their end users, B2B companies are looking for other companies. They can hardly imagine themselves establishing customer relations. In fact, for some B2B marketers, customer relationship is a very important channel. Some marketing agencies have also noticed this problem. After years of qualitative and quantitative research, Customer Contact Commission of United States reached a conclusion that B2B organizations should please their customers, B2B service agencies can promote customer loyalty through the service channel. A study supported by the Sales Execution Commission shows that decision-makers are most concerned about whether the manufacturer is widely supported within the organization when choosing manufacturer. In other words, they are not making random decision. The choice they make should be consistent with their selection of suppliers. They found that the customer support would influence its

reputation among end-users, and customers are seeking services that are as convenient as B2C. Manufacturers can quickly solve the problem and teach end users some new things. When they contact customers, such support allows customers to put their organization in an excellent position, thereby enhancing customer loyalty and ultimately winning the end user who will spread positive reviews.

Firstly, although customers are proved to be increasingly important in B2B business practice, but most studies about customer relationship are concentrated in literatures about B2C (Varadarajan and Yadav, 2002) with very few studies to integrate customer relations into B2B research. At present, customer relationship research and channel relationship marketing research have no intersection. But these two researches should have some connection, through which relationship between business and customer will eventually affect the channel performance. There is need for further exploration in this regard. This thesis tries to find the connection of these two researches through the brand community intergration based on customer relationship.

Secondly, due to the unique feature of tyre industry, tyre manufacturers generally do not sell tyres directly to end users. Existing channel relationship studies pay little attention to the relationship between end user and manufacturer. Therefore, there is few studies about whether manufacturer's investment in the end user will affect the customer relationship, and ultimately affect channel performance.

Finally, as pointed out by Wang and Song(2011), the relationship marketing theory has made significant progress in Western academia, yet it is based on Western culture. Relationship marketing of Chinese companies is based on Chinese culture (Xiaolian Zhou et al., 2016). Differences exist in terms of objects, purpose and principle of relationship. Therefore, whether a theory of Chinese business marketing in the context of Chinese business background, especially the Chinese truck and bus tyre industry, would be consistent with the theory of channel relationship marketing proposed by Western scholars? There are very few existing positive researches in this area.

### 1.3 Research objectives and scope

Given that existing studies on channel relationship pay little attention to the relationship between end user and manufacturer, the applicability of conclusion drawn from previous studies to Chinese tyre market could not be fully validated. The main objectives of this thesis are listed as below.

Based on the existing theory of channel relationship marketing and customer relationship marketing, this thesis integrates the relationship between manufacturer and customer into channel relationship theory by introducing brand community intergration variables, and forms an overall model that includes both original channel relationship and end user influence, to be tested by positive research methods.

As the Chinese tyre market share the general features of Chinese companies, such as the first-tier tyre brands are almost foreign tyre brands while local tyre brands concentrated on highly competitive second-tier, most sales are done through distribution channels. Based on existing channel relationship marketing theory, this thesis validates the applicability of channel relationship marketing theory to China's tyre replacement market channel (this thesis focuses on truck and bus tyre replacement market, if no specifically mentioned, the tyre market refers to truck and bus tyre replacement market. Structure of Chinese truck and bus tyre replacement market is shown in Figure 1-1. The tyre market includes replacement market and OE market. In replacement market, manufacturers sell product to end users through the dealer, multilayered distributors and retailers) and studies whether the existing customer relationship marketing theory can be applied to Chinese tyre industry.

To achieve the objectives of this thesis, a theoretical model including channel relationship and customer relationship, as well as how customer relationship influences the channel performance through the brand community intergration, is built based on intra-organizational relationship marketing theory, customer relationship theory and brand community intergration theory. This thesis takes channel members and end users in Chinese truck and bus tyre replacement market as research objects. Conclusion is drawn through first hand data collected through questionnaire with hypothesis verified

by various statistics and analysis tools.

## 1.4 Methodology of the study

In order to test the hypotheses and meet the requirement, the thesis adopted a systematic and appropriate approach. Therefore, a method was conducted which combines qualitative analysis with quantitative analysis. The qualitative approach is used to archive the insight of channel relationship and customer relation by interview or documentation and to identify the expression in the questionnaire that the end users can understand. The quantitative study which was conducted after the findings of the qualitative study were analyzed, a quantitative approach was adopted. Using face to face surveys and a self-administered survey, the aim of the study was to examine the relationships between the identified variables on a larger scale and identify casual relationships.

This mixed approach of data collection methods allowed for a better examination of the research questions in addition to a better understanding of the research topic, Therefore, providing a more complete picture of the phenomenon of channel and brand community intergration.

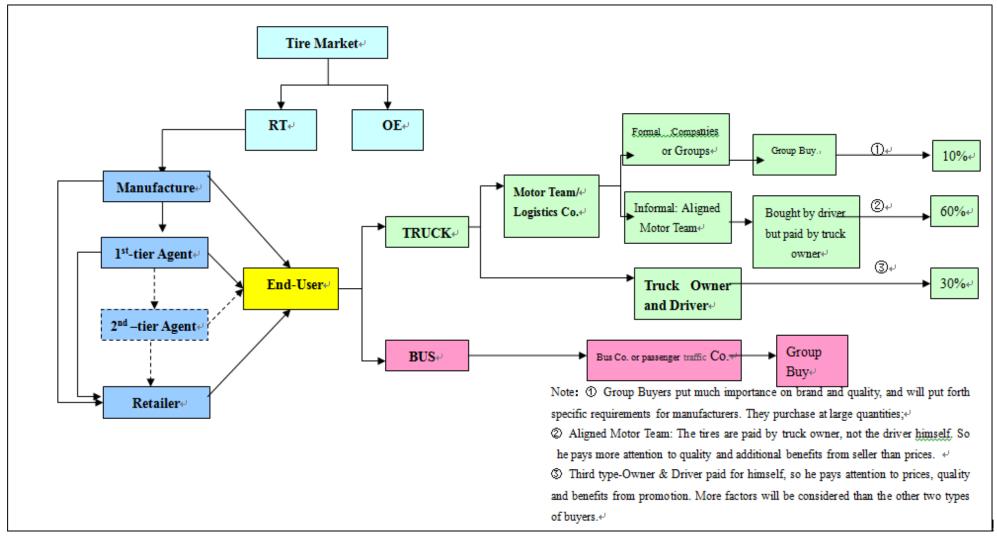


Figure 1-1 Framework of Tire Market

## 1.5 Contribution to knowledge

Considering the limitations of existing research, this thesis explores the potential correlation between channel relationship and customer relationship for the first time. Integrating the key variables of channel relationship theory and customer relationship, the end user is included in the channel relationship model, and a new channel relationship model considering the end user is proposed.

In this thesis theoretically proposed that b2c influences b2b, and research on the channel relationship should be consider the effect of end user on channel performance. On such basis, this thesis further suggests that b2b and b2c can be studied together through brand community intergration. Brand community intergration and manufacturer's non-direct-profit RSIs in end users shall be included in the study of the influence from channel members' relationship on channel performance, and the moderating effect of end-user brand community by establishing brand community-oriented channel relationship models. Finally, the Chinese tyre manufacturer is selected as the research object to conduct positive research on the above model.

The main contribution of this research is to propose that channel relationship theory and customer relationship theory can be integrated to study channel performance. B2B research and B2C research are also connected by demonstrating how channel relationships and brand community intergration affect performance. The former includes channel marketing and relationship marketing theory, generally focused on B2B or industrial goods market, while the latter involves traditional B2C marketing theory. Based on the above two perspectives, this thesis proposes the model of brand community-oriented channel cooperation model and uses the data of China's truck and bus tyre replacement market to verify model. The contributions of this thesis are as follows:

1) Relationship marketing research shall not only consider the interaction between players in B2B channel, the influence of end users must also be taken into account. Existing research either considers the influence of channel relationship or customer relationship, separating these two relationships. End-user research and channel research

are integrated through brand community intergration, improving the existing research.

- 2) Demonstrate the applicability of relationship marketing theory to China's tyre market. Theoretically, relationship marketing theory should apply to relationships of all companies and has been verified in many different countries, regions and industries. Yet being an emerging market, culture and business of Chinese market are often different from the Western market with its own unique features. The tyre industry also has features different from other industries. The existing research on Chinese tyre marketing is still in the qualitative research stage. Positive research on applicability of relationship marketing theory in China tyre market would strengthen effective evidence of relationship of tyre companies and enrich relationship marketing theory, as well as be conducive to form marketing theory in the context of Chinese companies.
- 3) This thesis clarifies the influence of manufacturers' non-direct-profit RSIs (in end users) on the performance of channel members such as retailers. Because existing research has separated the influence of channel relationship and customer relationship, without considering the influence of this non-direct-profit RSIs on channel performance. Even if manufacturers do not directly face end user, this study explores whether manufacturers' non-direct-profit RSIs would affect the end user's trust and commitment to company or brand, which further affect brand community integration, and ultimately affect the performance of channel members, which improves the existing research.
- 4) Through the empirical research, construct the structural equation model, find the results to find out what factors affect the integration of the customer brand community, and also find out how the integration of the brand community at the individual level of consumers can influence the RSI at the enterprise level as a regulatory variable. commitment, the relationship between trust and channel performance, thus affecting the consumer brand community integration the mechanism of channel performance. Based on this, our research will provide enterprises with practical advice on how to use brand community integration and brand communication and management.

#### 1.6 Thesis structure

This thesis is composed of six chapters, which systematically studies the influence of channel relationship marketing, customer relationship marketing and influence of customer relationship on channel performance through brand community intergration in China's truck and bus tyre replacement. It is structured as below.

Chapter 1 Preface. This chapter begins by describing the problems that exist in the truck and bus tyre replacement market in China. Then it discusses the limitations of existing research and demonstrates the necessity of this thesis. And then it illustrates the main objectives and scope of study of this thesis. Finally, the contribution of this thesis is illustrated.

Chapter 2 Literature review, theoretical background, research model and research hypothesis. This chapter reviews and summarizes relevant theories and literatures on channel relationship marketing, customer relationship marketing and brand community intergration, and proposes the research hypotheses in the research model based on existing research.

Chapter 3 Research Methodology. This chapter details the statistical methods used in the two positive researches in this thesis, laying a foundation for further research.

Chapter 4 Positive Research 1. A Positive Analysis is conducted on channel relationship in truck and bus tyre replacement market in China using RBV relationship marketing theory. This chapter uses statistical analysis to test and estimate the channel relationship in theoretical model, as well as report and interpret the result of data analysis.

Chapter 5 Positive Research 2. A positive analysis is conducted on the end users in Chinese truck and bus tyre replacement market by applying customer relationship marketing theory. Further analysis is conducted on the influence of the brand community intergration on channel performance. This chapter uses statistical analysis to test and estimate the channel relationship in theoretical model, as well as report and interpret the result of data analysis.

Chapter 6 Discussion and Conclusion. This chapter first discusses the major

findings of this thesis, and then points out some limitations of this thesis and prospect for future research. Finally, it illustrates the significance and possible inspirations of the research results for theoretical research and business practice.

## 1.7 Chapter Summary

Introduction part briefly introduces the topic of this thesis. This chapter begins with a lot of phenomena of China's truck and bus tyre replacement market from business practice perspective and proposes some questions for research, followed by a brief review of the existing channel relationship marketing research and customer relationship marketing research and brand community intergration research. Limitations and lack of theoretical framework are revealed. Then it introduces the objectives and scope of research, as well as possible contributions of this research. Finally, structure of this thesis is given. In the next chapter, research framework, concept model and research hypothesis shall be proposed based on existing research, existing theory and positive research.

# Chapter 2. Literature review and Research Hypothesis

#### 2.1 Literature review

This thesis attempts to study the influence of the channel member relationship on the channel performance and moderating effect of end user brand community by introducing the brand community integration, establishing brand community-oriented channel relationship model. This thesis emphasizes that b2c has an influence on b2b, and research on channel relationship should consider the influence of end users on channel performance. On this basis, this thesis further suggests that b2b and b2c research can be integrated through brand community integration. This thesis explores the potential correlation of the channel relationship and the customer relationship by the brand community-oriented channel relationship model. Together with key variables of the channel relationship theory and customer relationship, the end user is included in the channel relationship model, which is a conducive exploration integrating customer relationship and channel relationship research and a supplement to limitations of existing research. The existing relationship marketing theory, channel relationship theory, customer relationship theory and brand community integration theory are the theoretical basis of this thesis to construct the brand community-oriented channel relationship model. Various positive literatures provide quantitative research ideas for this thesis.

This chapter will review and summarize relevant concepts, theories and latest progress related to its research, including the relationship marketing, channel performance, customer relationship, brand community integration, theoretical and positive research literature, as well as analyze and review existing research to illustrate the limitations of existing research. The overall research ideas, together with the model framework and research hypothesis, will be introduced.

In relationship marketing, commitment and trust can enhance the social

relationship between partners built through continuous business interaction, which is the core of successful relationship marketing. Trust is the foundation of commitment while commitment represents the importance of relationship with partners and the willingness to continue partnership in the future. Both are important factors in estimating future relationships (Morgan and Hunt, 1994). Therefore, the core connotation of relationship marketing is to establish, develop, maintain and enhance long-term, lasting and mutually-beneficial relationship with customers and other stakeholders to create values based on mutual trust and commitment.

The relationship marketing theory shifts the focus of marketing from products and company to sustainable social relationships connecting people, organizations and society (Webster Jr, 1992), which emphasizes the social and inter-connecting nature of marketing and business (Gummesson, 1997, Webster, 1990, Grönroos, 1990, Payne, 1995), and brings fundamental changes in marketing (Gummesson, 1994, Grönroos, 1990, Grönroos, 1994, Grönroos, 1996), as well as deepens the development of marketing theory. The long-term relationship-oriented marketing has been widely recognized (Palmer, 1996), and relationship marketing has undoubtedly become a hot topic (Möller and Halinen, 2000) and has become a "significant transition in marketing theory and practice" (Rao and Perry, 2002), a milestone in the development of marketing theory. Relationships have become the core of business operations and strategic thinking in terms of relationship marketing (Tse *et al.*, 2004).

## 2.1.1 Marketing channel performance

Over the past 20 years, the cooperation between manufacturers and distributors has attracted considerable attention in relationship marketing research (Frazier and Sheth, 1985, Frazier, 1983, Stern and Reve, 1980). Channel relationship between manufacturers and distributors has become an important field of marketing research.

The marketing channel refers to an organized agent and institutional network that connects producers and users. It refers to the organization and its activity of transferring products from the producer to the consumer or the user, the supply chain from the

manufacturer to the end user (individual customer or corporate customer)(Porter, 1985).

Channel relationship theory argues that the value of a traded product or service is exchangeable and that the existence of an exchange relationship can create more value for the customer, manufacturer, or supplier (Ravald and Grönroos, 1996). Most companies must leverage capabilities and resources of other companies for effective competition. The strong relationship between companies can increase sales and profits directly (Palmatier et al., 2006). In-depth cooperation between companies can not only reduce conflicts, but also promote innovation, expand markets and reduce costs (Cannon and Homburg, 2001, Rindfleisch and Moorman, 2001). Therefore, the successful channel relationship affects channel performance.

#### **2.1.1.1 1. Measurement**

Robicheaux and El-Ansary(1976) thought that marketing performance is the result of whether the members satisfy with the channel leaders, as well as the target of maintaining the relationship of members. Stern *et al.*(1996) claimed that channel performance could be evaluated from social and governance perspective. The former evaluates whether the channel service could meet the needs of overall or specific markets from cost-benefit perspective. The latter includes financial performance by all channel members, contribution of each channel member to channel and comparison of different channel performances.

The evaluation of the performance by the marketing channel members is gradually evolving from single dimension to multiple dimensions. Different scholars have proposed different scales and indicators for the measurement of channel performance (Yuejun Wang, 2007, Guoyong Fan, 2007). Marketing performance evaluation usually apply one or more financial indicators to reflect marketing result. Researchers who study channel performance evaluation have found that the most commonly used evaluation criteria by most manufacturers include sales performance, inventory maintenance, sales ability, channel member attitude, competition and growth faced by channel members, competitiveness, resilience, sales growth, customer satisfaction,

contract compliance, and inventory management, etc. (Pegram, 1965, Irani and Shahanaghi, 2011).

#### 2.1.1.2 Antecendants of channel performance

While most theoretical research and business practice have shown that relationship marketing promotes channel performance (Morgan and Hunt, 1994, Crosby et al., 1990), some researchers found that relationship marketing efforts do not produce the desired results with some scholars believing that relational marketing may bring a negative influence (De Wulf *et al.*, 2001, Smith, 1998, Hibbard et al., 2001). Therefore, the factors that influence channel performance have attracted close attention of scholars. Existing research suggests that the following factors are the main factors affecting channel performance.

#### (1) **Relationship commitment**

Commitment is core of the relationship between the company and various types of partners (suppliers, distributors). Commitment refers to a lasting desire to maintain a valuable relationship (Moorman *et al.*, 1992). For a long time, commitment has been the core of organizational society exchange theory and the buying behavior theory (Blau, 1964). The relationship commitment is defined as a desire to develop a stable relationship and the willing to sacrifice short-term interests in order to maintain this relationship while maintaining confidence in the stability of such relationship (Moorman et al., 1992). After integrating the definition of commitment in social exchange and organization (Meyer and Allen, 1984), Morgan and Hunt(1994) redefined the relationship commitment as that trading parties believe such lasting relationship to be so important that they shall try their best to maintain such relationship. In other words, committed parties believe that the relationship is worthy of maintaining.

Commitment is of great importance in literature regarding organization and buyer's behaviors. Organizational commitment is a relationship commitment of great importance in internal relations (Becker, 1960) and is one of the most useful variables in organizational behavior theory. Commitment is in the center of play because it is not

only the result of reducing attrition rate (Porter *et al.*, 1974), stronger motives (Farrell and Rusbult, 1981) and the increased organizational citizenship behavior (Williams and Anderson, 1991), but also the results of factors that can be influenced by company's recruitment training practice (Cnldwell,1990). In terms of service marketing relations, relationships are built on mutual commitment (Parasuraman *et al.*, 1991). Trading parties regard commitment as an important factor in obtaining valuable output and insist on developing and maintaining this valuable feature. Thus, the commitment is the focus of the channel relationship exchange.

The core of commitment in inter-organizational and intra-organizational (O'Reilly and Chatman, 1986) and interpersonal relationships (Becker, 1960) is stability and dedication. Relationship commitment is more than simple and positive evaluation by another party. It is based on the consideration of the interests and costs associated with the relationship, which means that the relationship between the two parties shall be viewed with a long-term perspective, sacrificing short-term interests to achieve the long-term interests out from such relationship (Dwyer et al., 1987). Long-term orientation assumes that the relationship is stable and will last long enough to achieve long-term benefits. In short, relationship commitment is the desire to develop a stable relationship and the willingness to sacrifice short-term interests to maintain this long-term relationship, also reflecting confidence in the long-term.

#### (2) Relationship trust

The definition of trust was originally derived from the interpersonal trust in social psychology, and then gradually introduced to other disciplines such as sociology, economics, political science, and management, etc. According to the theory of social exchange, trust is a valuable asset for company and an important prerequisite for business operation and development. Trust is not only an important feature of relationship exchange, but also an effective relationship management strategy. It is the most effective way to manage and improve relationships of inter-organizational partners (Fox, 1974, Scanzoni, 1979).

Trust within channels is a decisive variable in channel performance (Morgan and Hunt, 1994). Trust refers to confidence in the reliability and integrity of exchange

partners, both directly or indirectly affecting outcome of transaction (Morgan and Hunt, 1994).

Trust is also as widely studied in social exchange literature as commitment (Fox, 1974, Scanzoni, 1979). In service marketing, BERRY and PARASURAMAN(1991) found that customer-organization relationships need trust. In fact, they argue that "effective service marketing relies on trust management because customers need to buy this service before they can experience the service." The biggest stumbling block for a strategic alliance to be successful is the lack of trust (Sherman, 1992). In retail business, trust is the cornerstone of customer loyalty (Berry, 1993). When the buyers and sellers bargain, trust is the center of the problem-solving and constructive dialogue (Schurr and Ozanne, 1985). Trust leads to a higher level of loyalty (e.g. commitment, etc.). Trust is also the focus of research on industrial goods marketing and group purchasing (Ford, 1990, Håkansson and Group, 1982). Moorman *et al.*(1993) defines trust as "willing to believe in exchange partners who are deemed as trustworthy". Conceptually, trust exists when one party believes that the exchange partner is reliable and honest (Morgan and Hunt, 1994). In terms of operation, trust is willing to take risks (Johnson-George and Swap, 1982).

The most controversial issue in the concept of trust is behavioral intention. Moorman et al.(1992) argues that behavioral intention is a very important aspect of the concept of trust because "trust will be limited if the individual is not willing to depend on the other." Morgan and Hunt(1994) argue that willing to act is hidden in the concept of trust. If the individual is not willing to act, the individual is not labelling the exchange partner with "trustworthy". The individual's confidence to truly rely on others indicates the dependable behavioral intention. They argue that there is no need to declare the willingness, because the willingness is the result of attitudes rather than part of the definition (Fishbein and Ajzen, 1975), and the willingness to depend is the result of trust and does not rely on how people define it.

Although Thorelli(1986) argues that power can determine the behavior of others, power is at the heart of channel analysis. However, there are too many factors that affect the success of relationship marketing. In recent years, more researchers have begun to

focus more on trust and commitment which become the main issues. They believe that successful relationship marketing requires relationship commitment and trust (Morgan and Hunt, 1994). By cooperating with exchange partner and encouraging marketers to engage in relationship investments can resist short-term temptations by maintaining long-term benefits with existing partners, so commitment and trust can improve efficiency, productivity and effectiveness. In short, commitment and trust will lead to cooperative behavior, which is conducive to the success of relationship marketing, thus affecting channel performance.

# (3) Relationship-specific investment

Relationship-specific investment refers to the investment by a player for a particular exchange partner. If such an investment is used for other purposes, the value would be impaired. It is a unique and irrevocable investment made for a specific relationship with exchange partner (Ganesan, 1994). Based on the argument by scholar Williamson (1991), a relationship-specific investment means that an asset has a specific object or a specific purpose and can't be transferred to another partnership and retain the same value. Relationship-specific investment, based on asset specificity, is an investment for a specific exchange partner. Investment object's assets has specific purposes or specificity, can't maintain the same value if transferred to other partnerships. Thus, unless the partnership continues, the specific investment would lose its true value (Anderson and Weitz, 1992). Companies often need to make relationships- specific investment for manufacturers and customers when buying and selling. Because these investments are for specific partners, their value to the customer and the manufacturer depends on the prospect of company relationship, so relationship- specific investment can lock the investment relationship with the exchange partners to a certain extent (Yingdong Li, 2005).

Relationship-specific investment is a manifestation of trust towards partner that reflects the willingness to commit to potential partners (Anderson and Weitz, 1992), thus influencing channel performance. Relationship-specific investment is also considered unilateral gambling, and the bet is gone once the relationship is discontinued

(Becker, 1960). When employees are attached to the current job (such as getting non-transferrable skills), they bet on not changing their jobs and increase calculative commitment (Meyer and Allen, 1984). Typically, relationship-specific investment in a channel context incorporates contractual constraints and reliable investment into the relationship (Anderson and Weitz, 1992). When channel members make relationship-specific investment for other stakeholders, they reduce the alternative sources to execute channel function and thus weaken their position. However, Schelling(1960) proposed an interesting argument that channel members strengthened their relationship by self-constraint. Relationship-specific investment constrain channel members while making commitment to the channel members on their relationship, sending a signal of commitment to the other party.

#### (4) Seller RSIs

Seller relationship-specific investment is the use of heterogeneous investment in channel relationships (Anderson and Weitz, 1992). In general, seller relationship-specific investments include investing time in distribution areas, developing specific training programs, providing assisting sales facilities and other non-transferable money or time investments. As the number and scale of investments grow, a typical unilateral investment is formed, tying to bind itself to the other (Becker, 1960). The manufacturer's binding investment constrains their behavior since they value long-term relationships. Once the relationship is discontinued, the investment will be gone (Anderson and Weitz, 1992). The seller recognizes that withdrawal would lead to loss of sales, customers and reputation. As a result, the rational attachment to the distributor would prompt manufacturer to support the existing investment based on in the calculation of loss for abandoning the relationship. In short, the seller relationship-specific investment to establish and clarify the purpose of the seller-binding is to obtain economic benefits from the investment, thus affecting the channel performance.

#### (5) Customer RSIs

As the seller RSIs indicates the intention of the seller to bind with the customer, the customer RSIs also indicates its willingness to bind with the seller (Anderson and Weitz, 1992). Customer RSIs include the distribution of sales resources for the seller's product line, such as inventory and capital support for product sales, as well as various promotions and technical support. While sales companies can sell many of the company's products, such as products from complementary companies or competitive brands, they typically focus on several manufacturers because sales resources are invaluable. Therefore, customer RSIs are particularly important to indicate their philosophy of business running by showing support to sellers. Fein and Anderson(1997) proposed that the customer's RSIs send commitment message which would avoid speculation. Therefore, these scholars emphasize that the customer's RSIs are effective message for recognizing and promoting their relationship. Gundlach *et al.*(1995) argues that there is no incentive for internalization of goals, values and benefits when investing in resources with less trust, so customer RSIs demonstrate their judgment towards manufacturers and further strengthen their loyalty to manufacturers (Ring and Van de Ven, 1994).

# (6) Dependence asymmetry

Marketing channel members are made up of many interdependent organizations which are somehow related to products delivered to end users, so dependence is an important concept in channel marketing. Many scholars have studied the company's dependence and attitudes on partner and strategy. Some argue that company's dependence on partners increases the conflict and the threat of partners (Brown *et al.*, 1983, Frazier *et al.*, 1989), and others have the opposite conclusion (Frazier and Rody, 1991).

A recent positive research of company dependence includes singular perspective (Buchanan, 1992, Anderson and Narus, 1990, Frazier and Rody, 1991, Noordewier *et al.*, 1990, Heide, 1994) and perspective from each partner (Ganesan, 1994). The study of Anderson and Weitz(1989) supports the view of Stern and Reve(1980) that dependence asymmetry is more dysfunctional, volatile with less trust than symmetric dependencies.

Channel marketing research shows that the channel relationship is asymmetric.

Asymmetric channel relationship is more dysfunctional. Conflict, trust and commitment between companies are affected by the degree of dependence asymmetry and full reliance. As the dependence asymmetry increases, dealers' trust and commitment towards distributors are reduced and conflicts between companies increase. High interdependence is related to higher trust, stronger commitment and lower conflict comparative to lower interdependence. The influence on conflict is consistent with the parallel threat theory. The results of trust and commitment are the same as in bilateral convergence (Kumar *et al.*, 1995). Thus, dependence asymmetry can affect channel performance.

#### (7) Relational norms

The relational norms can be defined as the shared expectation of behavior (Bendor and Mookherjee, 1990, Axelrod, 1986, Gibbs, 1981), "expectations shared by at least some decision-makers", "which dominates individual exchange relationships of companies". The relational norms reflect the expected behavior and attitudes of partners to achieve common goals and objectives. The relational norms are developed from 28 types of relationship contracts and can be grouped into five key components: solidarity, mutuality, flexibility, and limit use of power (Cannon et al., 2000) and harmonization of conflict (Gundlach et al., 1995, Jap and Ganesan, 2000). The features of these relational norms are very important in dynamic market, which represent social and organizational rules in transactions with uncertain objectives, thus providing a reference of framework and guidelines for appropriate behavior in uncertain situations. In this case, because the contract is not complete, legal measures may undermine the relationship established by both parties. By contrast, the norm improves performance by focusing attention of both parties on shared values and reduce speculation by using reciprocal pressure and social norms. This facilitates the formation of a cooperative rather than confrontational environment, which is conducive to business negotiations for the purpose of continuing transaction (Cannon et al., 2000).

Since norms do not have clear governance, in order to make the norms more efficient, they need to be accepted and committed to each other and reach a consensus

in a larger social network. Developing social networks takes time due to inefficiencies for the fact that important resources are often used to deal with unforeseen contingencies. Finally, the norm is often based on general expectations rather than specific rules and obligations, which can lead to ambiguity in roles and inefficiency in cooperation within a stable trading environment (Cannon et al., 2000, Weitz and Jap, 1995).

It may not be a good idea to govern through norms in all cases. The relational norms may be important in an uncertain environment (Noordewier et al., 1990). In an uncertain environment, governance will be improved as the content of the relationship increases. The enhancement of governance will positively affect performance. This also applies to uncertainties caused by ambiguous tasks. Thus, in uncertain environments, increasing the content of the relationship may lead to more positive results and may be ineffective in a certain environment (Cannon et al., 2000).

## (8) Communication

Communication plays a very important role in the marketing channel. Scholars' previous view on channel communication differs from that afterwards. Previously, scholars believe that channel communication is the process of information transmission, planning coordination and power use. Guiltinan *et al.*(1980) argues that channel communication is a coherent process of project planning, and communication in distribution channels can be regarded as a process of transmitting persuasive information (Frazier and Summers, 1984). Gaski(1984) suggests that communication is the process for channel members to use power. Later scholars believe that channel communication is adhesive and relationship ability which keeps channel members together to form a strategic advantage. Mohr and Nevin(1990) argue that communication is the adhesive of different components in distribution channel, which form the basis for sending and receiving information between channel members, channels and environment so that channel members can be connected to form a shared competitiveness. Bleeke and Ernst(1993) argue that the most important relationship in transactions is communication, which is important for continuous channel relationship

management (Mohr *et al.*, 1996, Grabner and Rosenberg, 1969). Sheng *et al.*(2006) argues that channel communication can increase social contact and reduce transaction risk from a sociological point of view. Paulraj *et al.*(2008) takes on the strategic management point of view and proposes that channel communication is a relationship ability that can bring strategic advantages to partners.

Mohr and Nevin(1990) set up a model of channel communication. They explored four dimensions of channel communication in their model, including frequency of communication, direction of communication, modality of communication and content of communication. The frequency of communication refers to the number of communications made over a certain period of time. While the minimum number of contacts is necessary to ensure adequate coordination, too much contact will make the members feel overloaded with information, which leads to channel dysfunction. Therefore, when assessing the frequency of the channel, the actual frequency of communication between the channel members should be compared with the necessary frequency of communication for cooperation. Too high or too low in the frequency of communication means a problem in communication. The direction of communication refers to the vertical or horizontal flow of communication information in the organizational structure. Communication in marketing channel is divided into one-way communication (upstream communication or downstream communication) and twoway communication. The modality of communication refers to the modality of information transmission, such as face to face communication, text communication and telephone communication. They use the classification of formal communication and informal communication. Formal communication generally refers to the channel members communicate through the written or meeting. Informal communication refers to more personalized (e.g. verbal) inter-organizational communication between employees of channel members. Content of communication refers to the information transmitted through communication. Content of communication can be divided into direct communication and indirect communication. Direct communication refers to transmission of information about direct requests, orders or threats as content of information, indirect communication refers to transmission of information about discussion, exchanging views and perspectives on certain issues.

Communication plays a very important role in channel system, including the number, frequency and quality of information shared between both parties (Mohr et al., 1996, Grabner and Rosenberg, 1969). Communication is inseparable with relationship commitment (Morgan and Hunt, 1994, Anderson and Weitz, 1992) relationship satisfaction (Keith *et al.*, 1990) and synergy (Guiltinan et al., 1980). Communication creates an atmosphere of mutual support and respect, and the degree of synergistic communication depends on the guidance, management of the relationship and development of process (Morgan and Hunt, 1994). By emphasizing shared interest and goal, synergistic communication makes channel members be more interdependent (Mohr et al., 1996, Grabner and Rosenberg, 1969) Thus, communication management can also promote channel performance (Anderson and Weitz, 1989, Anderson and Narus, 1990, Anderson and Weitz, 1992, Frazier and Rody, 1991).

# (9) Seller's speculation

The speculative behavior of the seller in the marketing channel, referred to as channel speculation, is the improper self-interest-focused behavior by seller in the channel (Williamson, 1975), which means that the seller try to acquire more benefit at the expense of the interests of the other marketing channel members, such as a breach of contract by a channel member, bringing tangible or intangible losses to the other party of the contract (Wathne and Heide, 2000). For example, the manufacturer introduces its products into an authorized market through unauthorized channels, which will increase the sales of the product in the short term, but will harm sales and benefit of authorized dealers (Anderson, 1988, Williamson, 1981, Williamson, 1987, Williamson, 1993, Wathne and Heide, 2000). Such behavior may also occur on the dealer side, for example, dealers violate the agreement on cross-regional distribution, which would improve their own income in the short term, but reduce sales and profits of the other distributors in the same channel, also makes it harder for manufacturers to coordinate and control the channels, thus spending more effort, money and time to resolve conflicts within the channels. In short, the seller speculation is a selfish behavior

disregarding interests of others (Williamson, 1975, Macneil, 1981, Lai et al., 2005).

Seller speculation compromises trust, which raises the customer's suspicion towards the seller (Palmatier et al., 2007). When the seller speculation is obvious, the risk of damaging the buyer's economic interests may lead to more serious consequences. Relatively larger loss increases the buyer's willingness to convert (Ganesan *et al.*, 2010) and when the loss exceeds the cost of conversion, the customer will switch to another supplier. Therefore, the manufacturers should manage or control the marketing channels, minimize the speculation by other channel members during channel cooperation, or control channel speculation within tolerable limits to protect the interests of the channel members to the largest extent (Hawkins *et al.*, 2008).

### (10) Environmental uncertainty

Achrol and Stern(1988) argue that channel relationship needs to be more flexible and more adaptive in the face of environmental uncertainty. Ranchhod(1998) pointed out that environmental uncertainty refers to "unpredictable changes in market trading environment", reflecting the complexity, uncertainty and turbulence of the business environment for companies, and can be measured by market turmoil, technological innovation and competition intensity. Environment uncertainty can be further divided into customer uncertainty, supplier uncertainty, technical uncertainty and competition uncertainty (Zhang *et al.*, 2002). The unpredictable change makes it very difficult to figure out all the possible situations in advance. When the uncertainty arises, subject to limited human cognition, people can't take into account all possible emergencies in advance (Yibing Zhang and Jie Chen, 2008).

Unpredictable changes can be caused by various reasons in repeated purchases, such as unforeseen changes in the buyer's demand forecast for products and product mixes, and other factors including changes in production, technology, and availability of products. Marketing choices by companies are also affected by environmental uncertainty (Noordewier et al., 1990).

Many scholars are concerned about how environmental factors affect the channel structure and channel relationship in marketing literatures. These studies examine the factors that influence channel relationships from a more open perspective, suggesting that external environmental factors would influence or moderate variables affecting channel performance, such as basis of power and conflict (Dwyer and Welsh, 1985, Achrol *et al.*, 1983, Etgar, 1977). Chaotic market led by market segmentation would weaken consumer loyalty to brand.

According to the theory of role play, the environment itself has neither certainty nor uncertainty, yet different companies have different perceptions towards environment (Achrol et al., 1983). This view shifts the study from the objective features of the environment to the decision-making process by selecting or ignoring certain information, suggesting that uncertainty can only be experienced in decision-making within organization (Salancik and Pfeffer, 1978).

The environment usually includes two dimensions of market diversity (DIV) and environmental dynamics (DYN) (Achrol et al., 1983).

Marketing channel members must reach agreement to some extent in decision making to achieve channel performance. The marketing channel theory emphasizes the internal mechanism of collective action. However, the channel members are not only affected by the overall interests within the relationship, but also by external forces. Facing external uncertainty, the internal coordinating mechanism is low in efficiency. When external factors influence the uncertainty of decision-making in the channel, the influence of consumers, dynamics, concentration, and volume should be taken into account. Thus, environmental uncertainty moderates the core variables that affect channel performance(Leblebici and Salancik, 1981, Achrol and Stern, 1988). A new model is constructed based on several studies (Ganesan, 1994, Heide, 1994, Noordewier et al., 1990), Achrol and Stern(1988) to explore the moderating effect of market diversity and environmental dynamics on channel relationship performance.

#### 2.1.1.3 Channel Performance Model: Resource-based View

Based on the above factors, the theoretical model of factors influencing channel performance is proposed from five theoretical perspectives: (1) commitment-trust

model, (2) dependence perspective model, (3) transaction cost economics perspective model, (4) relational norms perspective model (5) resource-based view model (Morgan and Hunt, 1994, Palmatier et al., 2007, Hibbard et al., 2001, Heide and John, 1990, Siguaw et al., 1998). Each theoretical model reveals different core drivers of channel performance from its own perspective. In this thesis, we foucs on the resource-based view model and propose several hypothesis about this model.

Palmatier et al.(2007) used the data of 396 firms over four years to validate these four models (commitment-trust perspective model, dependence perspective model, transaction cost economics perspective model and relational norms perspective model), trying to find the key components that affect channel performance in explaining channel performance. And he found that commitment - trust and relationship-specific investment are the immediate precursors to and key drivers of exchange performance. Based on positive research, they integrated and improved these four models, and proposed a resource-based channel performance model – resource-based view model. The resource-based view model argues that managers can increase their channel performance by shifting resources, shifting resources from building relationships to relationship-specific investment, facilitating relationship to create value and improve channel performance.

The resource-based view model focuses on how to use resources through cooperation to maximize organization's value. Each project organization has unique resources. The purpose of forming alliance is to obtain resources from other organizations, or develop its own resources by leveraging resources from other organizations. Resource-based theory is generally used as a theory of interpretation on cognitive level while building a marketing channel relationship model (Palmatier et al., 2007).

Unlike the industrial structure view, the resource - based view (RBV) argues that the company's resource which is scarce, valuable, difficult to replicate or replace forms the company's competitive advantage (Wernerfelt, 1984). The resource-based view model argues that when a company invests time, resources (assets), knowledge, and capacity in relationship marketing, it is capable to create an effective transaction

structure where customers' commitment, trust, customer's relationship-specific investment, and seller's specific relationship investment become the company's resources and improved the company's performance (Palmatier et al., 2007). The resource-based view model is shown in Figure 2-1.

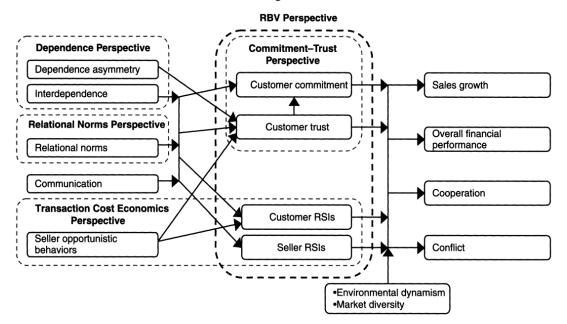


Figure 2-1 Resource-based View Model

# 2.1.2 Brand community Intergration

# 2.1.2.1 Brand community

## (1) Brand community connotation

In 1997, Muniz argued that brand plays an important role in the consumer community and proposed brand-based consumer community (i.e., brand community) based on the consumer community. Muniz(1997) further explained the meaning of the brand community. He believes that the brand community is the relationship among customers established around the brand. Such relationship is built up based on brand. The social relationships vary from brand to brand, and are not geographically-bound. The view finds that the brand is the basis of the information transmission among community members. In the brand community, a communication relationship is formed between different community members and the brand, facilitating communication

among brand community members, and ultimately form the social relationship structure of the brand community. After the connotation of the brand community becomes clearer, McAlexander et al.(2002) further expand the concept of brand community, suggesting that the social relationship between the brand community is not just the interaction between consumers and the brand, social relationships between the consumer and the product, between the consumer and the marketer also have certain influence on brand community. This view suggests that the brand community is consumer-centric, communication between consumers and brand community members forms the social relationship in the community. Consumers participate in the activities of the brand community, constantly giving feedback and sharing brand experience, helping new members within the community, and communicating and cooperating with community's major stakeholders, including products, marketers, customers, brands, thus building the implication of a brand. The Brand implication continues to spread and grow in this interaction and experience.

Thus, based on the structural set of social relationships in brand communities, brand communities are defined as specialized, non-geographically bound community, (Muniz Jr and O Guinn, 2001), which are widely accepted by researchers (McAlexander et al., 2002, Algesheimer et al., 2005, Bagozzi and Dholakia, 2006a, Mill *et al.*, 2014).

Brand communities are not geographically defined and may include different regions, or even can be set up in a network environment (Granitz and Ward, 1996, Muniz Jr and Schau, 2005). One of the key features of the brand community is that there is no entry barrier for new members (Muniz Jr and O Guinn, 2001). The individual customer can directly connect to brand community through the purchase of brand products, no need for approval or recognition from other community members (Mill et al., 2014).

According to the above definition, the brand community is composed of a group of brand admirers, they have a sense of belonging and recognition towards the brand, also approve each other in the absence of social networks (Carlson et al., 2008). The brand community is not maintained or supported by members. Brand community is

made up of individuals who approve each other and have the same interest in a certain brand (McAlexander et al., 2002, Algesheimer et al., 2005).

Research by Chinese scholars on the brand community started very late. Zhimin Zhou(2005) argues that consumers participate in the brand community to obtain value based on the definition of brand community. The consumer-oriented brand community can provide financial value, social value, service value, and image value. He proposes a method to quantify these value, which is very practical. Yi Wang and Xingyuan Wang(2009) suggest that the brand community involved in a wider range of stakeholders, including competitive brands, professional institutions, general public, the government and other stakeholders. The study finds that the relationships between the various subjects form a brand community.

Many scholars who study the subjects of brand community has defined and broadened the brand community research areas, which provides a basis for follow-up research. However, the above research on the brand community is based on the relationship between the brand and the consumer and the relationships between the consumer and the consumer proposed by Muniz(1997). The research on brand community subjects is based on the view proposed by Muniz(1997), and the focus of the scholars on the brand community is the two core relationships and the centered position of the consumer.

#### (1) Brand community structure

Hierarchy. Certain 'hierarchy' exists in brand community. Kinsey(1982)Klein(1986), Fox(1987) propose their own views on this issue. Generally speaking, the central members and regular members of the brand community are the key players in the brand community while 'peripheral' group members (referring to those who pay attention to the brand community) are also important components of the brand community. The central members are the key players of the brand community because they have a sense of ownership to the growth of the brand community, and have strong influence on other members in terms of opinion and behavior, and actively

help other members of the community to solve the brand-related issues(Fox, 1987). Central members have a sense of responsibility to the community and actively address the difficulties of the community members under any circumstance, and are enthusiastic about sharing information. Ordinary members may not have a sense of responsibility as strong as that of the central members of the community as, but they are also concerned about the development of the community, and actively make contribution to the maintenance of the community. The so-called 'peripheral' groups, referring to those who participate in community activities not so actively, and are not attracted to the community (Yun Seong Hun,2003).

Formalization. There are two different scenarios in the establishment of the brand community. One scenario is that the members have clear opinion and intention towards the brand. The other scenario is that the consumers spontaneous establish brand community, not having a specific opinion towards brand. Correspondingly, there may be standardized rules and policies derived from rules within the community to maintain its proper operation. Yet it is also possible that the operation of the community is not standardized, with like-minded members setting up some basic rules based on similar interests. Operation of brand community does not necessarily require standardized operating rules and policies. In a brand-centric brand community, the standardized operating rules and policies may be supplemented by non-standardized rules and policies, coexisting in the same brand community. Schouten and McAlexander(1995) argue that there are both standardized and non-standardized community operation in the Harley-Davison community. The upper level brand community use a certain classification system to standardize operation while lower level community use diversified non-standard operation in brand community. Both two operating mechanisms coexist in the brand community.

The status of community members in the brand community depends on factors such as community engagement, leadership, influence, and recognition by other members, and individuals can improve their community status through knowledge, skills, experience, and community responsibilities. Schouten and McAlexander(1995) suggest that it is of great significance that brand community contains a non-standard

operating system. The non-standardized operating system show diversified operational processes. Differentiated non-standardized operation is better than standardized operation. They believe that the lower level community has its own significance.

#### (2) Features of brand community

Many foreign scholars have studied the features of brand community, which provides a strong theoretical basis for the study of brand community. Muniz(1997) argues that as a consumer community, the brand community should share the same features of the general consumer community. Firstly, the brand community has the consciousness of the same kind, i.e., the collective consciousness. The collective consciousness of the brand differentiates members of the community from members outside the community outside the community. Members are joined by collective consciousness. The consciousness of brand is shown in protection of brand's authenticity and anti-loyalty towards competitive brand. Secondly, the brand community has a certain ritual and tradition, through which the key players of brand community can interact and share their brand experience so that brand implication continues to spread. The brand community socializes consumers. Ritual and tradition are the basis of the brand community. Brand history, culture and stories are passed on from generation to generation in rituals and traditions. Finally, the brand community has a sense of moral responsibility, community members have the responsibility and obligation to maintain the community and help members of the community to use the brand. Description by Muniz(1997) towards the features of the brand community states that better brand communities can deepen the interaction among members, promote relationship within the community, and further enhance brand reputation, improve brand association, enhance the customer loyalty, thereby improving the customer experience with the brand. McAlexander et al.(2002) argues that the features of the brand community are dynamically adjusted to changes over time or different geographical areas. Muniz Jr and Schau(2005) studied about Apple Newton brand community, and suggest that the brand community shares similar features with religion to a certain extent. Jang et al.(2008) argues that the features of the brand community are manifested in four aspects: the information quality within the community, the system quality of the community itself, the interaction within the community, and the brand's reward to the community members.

Chinese scholars conduct many researches on the features of the brand community. Lu Yuan(2006) describes the features of brand community in three aspects. Firstly, the emotion. The brand community members' emotion towards the community is demonstrated by shared values, community activities are carried out through tradition and ritual, and community members restrain and help each other by a sense responsibility. Secondly, the function. Community members' needs and membership status are satisfied so that the quality of brand community relationship sustains. Thirdly, the network. Community members can communicate with each other and share experience through convenient and secure network. Qing Lin(2006) and Shengli Zhang(2008) believe that the features of the brand community include shared values, sense of responsibility, rituals and traditional, interaction and sharing. The brand community is maintained and brand culture is passed on through the above four features. Wei Xu et al. (2010) emphasized the vital role of consumers in the brand community in his study. Consumers are one of the most important features in the brand community. Siyu Chen and Junxin Lin(2008) suggest that the existing brand community must acquire the following three features, including a certain degree of acceptance to science and technology, exchanging and sharing experience by community members, and values acquired by community members through engagement in community activities.

# 2.1.3 Brand community Intergration

# (1) The basic concept of brand community Intergration

As a consumer community, Muniz Jr and O Guinn(2001) argue that there is a certain sense of group consciousness in brand community integration. Group consciousness is community identity, which is the most important feature of brand communities. Ellemers *et al.*(1999) proposes community inclusion in his research about community identity, which includes cognition, emotion, and evaluation. The community cognition is the perception towards group, the positioning of individual in

the community, the self-classification through the self-positioning. The community cognition help to identify the similarities and differences between oneself and the other members in the community. Emotional identity is the emotional input by the community members in the exchange of interaction within the community, including emotional interaction. Emotions can form interdependence among the community members and loyalty to the brand community integration. Evaluation identity by community members suggests that the behavior of community members in the activities can be quantified by making different evaluations based on group self-esteem, based on the sense of belonging of community members after emotional input.

### **2.1.3.1** Brand community integration perception dimension related research

Some scholars believe that community identity of community members formed in the brand community encourages the community members to actively participate in community activities. Algesheimer et al.(2005) demonstrated that community members' active engagement in community activities can lead to brand loyalty through positive researches, believing that community identity is a manifestation of the quality of the relationship between consumers and the community, and consumer-perceived community identity can motivate consumers to evaluate his or her engagement in community activities, which in turn affects the sense of belonging to the community. The more community members are involved in the community, the more they would influence other members' willingness to participate in community activities, and the more likely they would recommend community brand to other members. Relationship of community members can be consolidated and improved in actively involvement and interaction. Bhattacharya et al.(1995) also argues that as consumers better understand the traditions and rituals of the community, they have stronger community identity and gain more from the brand community. Bagozzi and Dholakia(2006a) study that community identity can deepen consumers' understanding towards the brand, thus affecting consumer loyalty to brand products. Community members have a certain recognition about the brand, they would compare themselves with brand image to

acquire brand community identity. Brand community identity encourage consumers to participate in the brand community activities and experience sharing. The understanding of the brand and brand identity affect each other, and ultimately give rise to consumer brand behavior.

Baohua Zhang *et al.*(2011) argue that there is a strong correlation between group identity and community commitment. In the brand community, community members classify themselves into a certain brand community by self-perception, and participate in exchange activities in the community to enhance the commitment to the brand community. O'Reilly and Chatman(1986) argue that community members' recognition can enhance brand community commitment and brand loyalty. Xian Chen(2007) argues that the stronger sense of community identity, the stronger the community commitment through the positive research. Community identity is the first step for brand communities to affect consumer. The premise of community members' high moral standard is a certain level of community identity, which will affect the community commitment and consumer loyalty to the brand.

Scholars have studied community satisfaction from the influencing factors, evaluation index system and other aspects. Rojek *et al.*(1975) measured community satisfaction by setting up community service quality indicators, including community environment. Ha and James(1998) argue that community satisfaction will be improved to some extent with the increase of members' recognition of the community and opportunities for communication with others. Ives and Olson(1984) studied the factors that influenced the virtual brand community satisfaction. It was found that the more community members participate, the higher the acceptance and usage of community. Engagement affects the satisfaction of virtual community. Zhang and Von Dran(2000) propose a similar view that the exchange and sharing of information greatly influence the satisfaction of consumers. Zhixia Chen(2004) proposes that the factors affecting the community satisfaction include community environment, interpersonal relationship, transportation, safety, health, culture, and politics, indicating that the community satisfaction is an indicator between the social satisfaction and personal satisfaction. Zhimin Fan(2007) suggested that community satisfaction is equivalent to individual's

assessment of life quality. It not only involves environmental factors, but also involves the individual's needs and expectations. The gap between ideal and reality will have an influence on community satisfaction(Guoping Li, 2012).

Individual satisfaction will have an influence on consumer behavior, Nemeth(1970) suggests that the attitude comes before behavior. If the consumer is interested in a website and shows satisfaction, he will have trust and loyalty for this website. A good reputation, together with word-of-mouth, will increase website users. Founder of the website uses consumer satisfaction to achieve amplification effect the brand.

# (11) Mechanism of brand community Integration Perception

Most researches on the mechanism of the brand community consciousness are conducted through case analysis. McAlexander et al.(2003) explores the influence of brand satisfaction and brand community integration on customer loyalty through cases. Through the study of the relationship between brand community and customer satisfaction, brand community and customer loyalty, it is found that the brand community can affect customer satisfaction to a large extent, thus affecting customer loyalty, but the direct influence of brand community on customer loyalty is not significant. McAlexander et al.(2005) studied the university community, as a special brand community, which also provides certain reference for the mechanism of brand community. University as a brand community, the quality of its relationship will affect student loyalty which plays a very important role in university's development. Jang et al.(2008) argues that the features of the brand community have a certain influence on the brand community commitment while the brand community type also has an influence on the four features of the brand community: information quality, system quality, interaction and activity reward. Brand community commitment further influences brand loyalty as an intermediate variable. Study shows that the consumercentric brand community is better than the company-centric brand community. Consumer-centric brand community commitment influences customer loyalty as an intermediate variable. Jang et al.(2008) explores the relationship between community commitment and brand loyalty, Madupu and Cooley(2010) explore the role of community involvement and brand loyalty. Zhimin Zhou and Yaqin Zheng(2011) study the role of community identity in brand loyalty.

# 2.1.3.2 Brand community intergration: Antecedents and consequences

# (1) Antecedents of Brand Community Integration

The brand community is built up by a group of brand admirers having a sense of belonging to the brand and highly recognizing the brand, who approve each other in the absence of a social network (Carlson et al., 2008). Brand community is built up by individuals who approve each other and share the interest in the same brand (McAlexander et al., 2002, Algesheimer et al., 2005). The brand community establishes strong social connection between community members and community engagement, which can make consumers more inclined to share ideas, listen and care, which contribute to mutual understanding, openness and intimacy.

Existing literatures study the motivation of consumers to join into the brand community and finds that consumers join brand community to understand the quality of the brand, and the community can serve as a platform for exchanging experiences such as maintenance, repair, and product usage (Schau and Muniz Jr, 2002). Furthermore, consumers join the community to show their involvement in a specific brand and share their consumer experience (Arnould et al., 2002) Consumers participate in the brand community because they want to express the symbolic function of the brand (Aaker, 1996), which is an important part of the brand identity.

Commitment to a specific brand makes consumers more desired to maintain a long-term relationship with the brand (Amegbe, Boateng, and Mensah, 2017), showing intense behavioral responses such as actively promoting the brand, sacrificing personal resources (including premium) to buy the brand, or even suspend a purchase when it's out of stock (Park and MacInnis, 2006), which enhances consumers' awareness to join brand community, and ultimately join the brand community (Yan Jiang and Dahai Dong,

2008).

There are three dimensions of the brand community: a sense of belonging, traditions, and a sense of unity and responsibility (Muniz Jr and O Guinn, 2001). The first dimension is the most important, which is how the community members feel about other members. It distinguishes them from other individuals who do not belong to the community (Muniz Jr and O Guinn, 2001), also determines significant difference perceived by the brand users and the differentiation from other users of competing brands (Thompson and Sinha, 2008). The second dimension consists of symbols, rituals, and brand legends, which helps to maintain cultural symbols represented by brand and brand communities. It also includes brand history, images and symbols, as well as shared information about the usage of the product. The third dimension is composed of community's sense of unity and responsibility, which encourages community members to exchange information about brand products and sustain loyalty (Zhang and Luo, 2016).

# (2) Consequence of Brand Community Integration

Zheng et.al (2015) studied the impact of online brand community involvement of consumers in constructing SNS websites on building brand loyalty. They selected empirical research conducted by 185 Facebook users in a questionnaire survey and found that when users participate online in the branding community, they tend to focus on what they gain from their use rather than on the cost of what they are paying. The results also show that the brand community is committed to acting as an intermediary variable, and the more their brand loyalty is higher as their participation becomes more active.

From the perspective of perceived value, Jin Liyin (2007) researched the influence of using brand community by brand purchasers on their propensity to protect the brand and the tendency to resist the competition of the brand. Specifically, perceived value from perceived social value and economic utility, divided into five dimensions such as financial value. In these values, social value, information value, and entertainment value can promote brand protection through community awareness. In addition to

image value, four values are protected by brand community loyalty has a positive impact on protection the brand.

Habibi, Laroche, and Richard (2014) studied the relationship between brand community and customer brand trust in social media. They also pointed out that overlap often exists between brand community and social media, and social media is the ideal environment for establishing brand community. However, there are still very few studies on the benefits and consequences of such practices.

Bruhn, Schnebelen and Schafer et al. (2014) selected some of the IT community's brand communities and studied the antecedents and consequences of the quality of interactions among consumers within the brand community. They found that brand community trust increases the quality of interaction among consumers, and the quality of the consumer's interaction brings many benefits to the functional experience brand community and can also promote consumer brand loyalty.

To sum up, by comparing the influential literature and the review of the latest research, we find that the combination of brand community integration, customer commitment, trust and business channel performance is a development trend. Researchers focus on the role of brand community in brand building, but do not pay enough attention to brand community behavior in the new perspective of enterprise level and customer level. Moreover, from the perspective of perceived characteristics of the brand community, it is necessary to find out how it has less impact on the brand community. This shows that there are still some research directions to improve the research on brand community integration. It is also necessary to explain the research problem in the theoretical research level Exploring.

#### 2.5.4.3 结合企业层面与消费者层面

With the development of brand community research, more and more researchers are concerned about the inherent motivation of consumers participating in the community and the brand performance brought by community participation. In terms of consumer participation motivation, Bagozizi et al. used the theory of planned behavior to reveal the impact of attitudes, emotions, subjective norms and perceived behavioral control on consumer participation in the community. Wang et al. Studied the

different personality traits from a self-constructed perspective Differences in consumer participation in the community. In terms of the impact of community participation on brand performance, Zhou et al. found that community identity can promote consumers brand recognition and commitment by increasing brand attachment. Manchanda et al. used objective participant and purchase data from community consumers to study the impact of community engagement on consumers' actual purchases Similarly, Goh et al. studied the impact of consumer interaction with consumer Facebook-based virtual branding communities on consumer purchases. These studies undoubtedly greatly enhance the academic community's understanding of the brand community, but all of these studies have in common focused on consumers in the virtual branding community, caring about their social interactions, their participation in motivations and behavioral changes without researching community-based businesses behavior. However, as academics and practitioners are generally aware of the important role of the brand community, companies are beginning to invest in community marketing, and the brand community initiated by the enterprise (as opposed to the spontaneous community of consumers) becomes more and more important. In this context, how to manage the business community has become an increasingly important issue. In fact, scholars have already begun related research. For example, Andersen (2004) proposed a theoretical framework combining the consumer level and the enterprise level. He also pointed out that consumers increase their loyalty to the enterprise by participating in the brand community activities, Improve the market share of enterprises. Homburg et al. Studied how businesses in virtual communities should manage the emotions of consumers in their communities. This paper also researches the management of virtual brand community from the perspective of managers and from the perspective of socialization of organization, which can enrich the literature on community management of virtual brand.

# 2.2 Research Hypothesis

The competitive advantage of the company depends not only on products and

services, but also on distribution channels. The high efficiency of the marketing channel system has become the basic approach for the company to gain competitive advantage by proving extra delivered value to its customers. An effective channel system enables consumers, companies or organizational customers to buy the goods and services they need in the time and location they want, and in the way they want. The marketing channel system reduce the time, effort, inconvenience and trouble of buying goods and services for customers, which has become as important as reducing the price of goods, and even more important than lowering prices under certain conditions. As a result, leading companies are committed to delivering products and services to the market quickly through effective distribution channels while developing products and services for the market.

To cope with the fierce market competition, manufacturers need to do a good job in both channel relationship development and customer relationship marketing, to enhance their competitiveness, even for those manufacturers who do not need to directly face the customers. Industrial tyre manufacturers do not sell products directly to end users, but they will still increase brand awareness through non-direct-profit RSIs such as sponsoring car rally, or through brand community integration which is spontaneously established by customers or companies. The purpose is to enhance customer loyalty to the brand, to acquire better brand reputation, to maintain existing customers or to acquire potential customers, for the existing customers to recommend others to buy business products and services. In this way, corporate marketing objectives are realized while promoting channel performance, which further solidify the existing channel relationship and promote channel performance.

From the above-mentioned literatures, we can see that researches on channel relations and those on end-user literature are separated. The researches on channel relationship literature rarely consider the influence of end users on channel performance. The researches on end-user literature often ignore channel relationship. Yet these two should be interdependent, channel relationship will affect the product or service to the end user's experience, and the end user's opinions on product or service would also affect the performance of channel members. Therefore, the most effective strategy is to

combine channel relationships and customer relationships, encouraging end-user to purchase products or services by integrating channels and end users, to promote channel performance. Therefore, the study of end users should consider the influence of channel members, while research on channel relationship should also consider the end user's opinions.

Through brand community integration, manufacturers can involve community members to collaborate and participate in new product development (Füller et al., 2007), to quickly spread product information including end-user's evaluation on new product features (Brown et al., 2003), increasing the possibility of brand community members to buy new products, thus reluctant to switch to competitive brands (Thompson and Sinha, 2008). According to the social influence theory, companies can also influence the brand popularity in the B2B market through the brand community integration (Wang et al., 2016), and various social connections. The company's engagement in the brand community integration can provide end users with information on product quality, which can reduce the uncertainty by end users. Brand community integration can establish a relationship between the manufacturer and end user to increase the frequency of end-user purchases, maintain end-user loyalty and market share.(McAlexander et al., 2002, Muniz Jr and O Guinn, 2001, McAlexander et al., 2003), the brand community integration can not only build up the relationship between the end user and the company (McAlexander et al., 2002); but also strengthen this relationship through end user's commitment to the manufacturer, affecting channel performance through channel logistics, cash flow and profit flows, thus creating values and returns for channel members (Kim et al., 2008, Quinton and Wilson, 2016). Through the brand community integration, the manufacturer can interact directly or indirectly with end user to develop social connections (Crosby et al., 1990), and the end user will be deeply impressed by the manufacturer's good intentions (Hart and Johnson, 1999), improving the quality of the interaction with the manufacturer. Manufacturers can also affect the end-user through non-direct-profit RSIs, affecting the end users' recognition towards brand community integration, ultimately affecting channel performance.

Considering the limitations of the existing research, this thesis first explores the correlation of channel relationship and end user relationship. It proposes that b2c has an influence on b2b, thus research on channel relationship should consider the effect of end user on channel performance. On this basis, this thesis suggests that b2b and b2c can be integrated through the study of brand community integration. Brand community integration and manufacturer's non-direct-profit RSIs on end users are introduced to study the influence of channel membership on channel performance, and moderating effect of end-user brand community integration, and establishing brand-oriented channel relationship models.

The overall model of this study is shown in Figure 2-6.

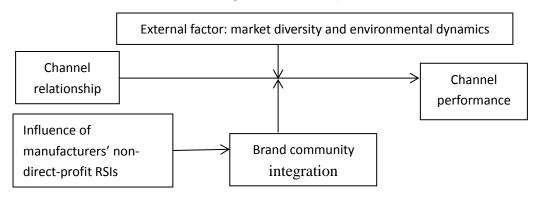


Figure 2-2 Theory framework

# 2.2.1 Channel relationship model

Palmatier et al.(2007) proposes resource-based view (RBV) model based on the positive analysis of several channel relationship models proposed by predecessors. Through positive analysis, he argues that the RBV model can be better explained the relationship between channel members and their influence on channel performance. Many of the literature also support the effectiveness of the RBV model in studying channel performance. Many literatures support the effectiveness of RBV model in channel performance research.(Wernerfelt, 2014, Kozlenkova et al., 2014, Barney, 2014, Day, 2014). The distribution system for China's tyre industry includes manufacturer, dealer, distributor, retailor and end-user. In this distribution chain, the resources owned by channel members, such as machinery and equipment, patent

technology and products owned by the company, marketing channel, stable customer base, company reputation, brand name, internal technique and knowledge, skilled employees, and efficient operational procedures, etc. (Barney, 1991) Resources play an important role. Therefore, the channel relationship model of this thesis is based on the RBV model and revised according to the reality of the channel relationship of China's industrial tyre market. Based on the understanding towards the industrial tyre market in China and channel member relationship, this thesis finds that there are two features about China's industrial tyre market that are different from western market. Firstly, the interdependence of truck and bus tyre channel members is more of dependence asymmetry. In China, tyre manufacturers, especially engineering tyre manufacturers, are facing fierce competition. Yet there is very limited number of agencies, especially high-quality ones. Many agencies represent a variety of brands at the same time, resulting in weak dependence on manufacturers by channel manufacturers. Yet manufacturers are heavily dependent on the agencies. Therefore, interdependence is more of dependence asymmetry. Correspondingly, most relationship-specific investments are made by manufacturers on channel companies (one-way relationshipspecific investment from manufacturer to dealer and to distributor). There is little relationship-specific investment from dealer to upstream supplier or suppliers to manufacturers. Secondly, speculation rarely occurs in China's truck and bus tyres market. With intensified competition in tyre market, number of marketing agencies is reducing. At the same time manufacturers are also taking punitive measure to increase the cost of speculative behavior. The seller speculation gradually declines in recent years, rarely seen in engineering tyres and truck and bus tyre market. Therefore, the interdependence of Chinese tyre market channel members is dependence asymmetry of channel members. At the same time, buyer relationship-specific investment is very small, along with little seller speculation.

According to the RBV model and the above analysis of China's tyre market, this thesis proposes a channel relationship model of China's tyre market, as shown in Figure 2-7.

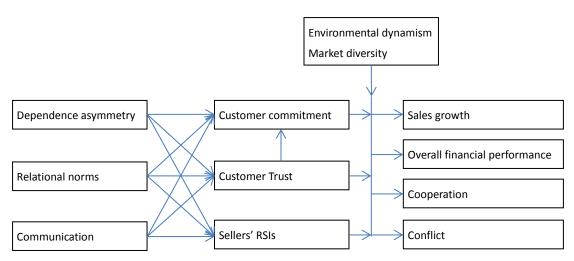


Figure 2-3 Channel Relationship Model

In the following, this thesis focuses on explaining the variables in this model.

#### **2.2.1.1** Dependence asymmetry

Marketing channel members are several interdependent organizations that are more or less related to products delivered to end users. Channel marketing research shows that channel relationships are asymmetric, which may affect inter-company conflicts, trust and commitment. As the degree of asymmetry increases, trust and commitment between dealer and distributor decreases and conflicts of companies increase (Palmatier et al., 2007, Jap and Ganesan, 2000).

While parallel threat theory explains that highly symmetric dependence can reduce conflicts, it does not provide insight into the development of trust and commitment. Trust and commitment are unlikely to exist in a minimum level of interdependence because it is not relevant to channel function. The foundations of effective operations are short-term contracts, price competition, and flexibility in selecting partners (Dwyer et al., 1987). In contrast, high interdependence increase the possibility of speculative behavior, negative tactics, or coercion by channel partners. If both sides can obtain values from each other and face high exit costs, then there is a strong incentive to establish, maintain, strengthen and even deepen this relationship (Kumar et al., 1995).

When asymmetry of dependence in the channel becomes higher, the interests of channel members are also differentiated. Growing asymmetry reduces the structural restraints for companies with larger powers, which may lead to more selfish behaviors.

The companies with larger powers do not require the trust and commitment from collaborators, it can leverage its power to make other companies to cooperate. Thus, the greater power company possesses, the less it needs cooperation, trust and commitment. Trust and commitment hardly exist if there is no mutual benefit (Anderson and Weitz, 1992). In addition, during the establishment and existence of the transaction relationship, the enterprise can anticipate future events based on the information and then make trading decisions (Tong and Crosno, 2016). The expected deviation from asymmetric dependence has a direct impact on the depth and scope of commitment, trust, reciprocity, and resource, information exchange and integration among manufacturers and suppliers (Gulati and Sytch 2007). Relatively dependent companies do not trust or commit to partners. As such asymmetry increases, the environment for nurturing trust and commitment deteriorates (Kumar et al., 1995). Thus, we porpose:

H1: dependence asymmetry has a significant negative influence on (a) commitments and (b) trust by channel members. Seller relationship-specific investment refers to the seller's investment of time in the distribution area to develop targeted training programs, to provide assisting sales facilities and other non-transferrable investment in money or time. As the dependence asymmetry will result in the overpower of one party, so seller relationship-specific investment may also increase with growing asymmetry.

In Chinese tyre industry, the leading tyre companies can adapt market demand better and faster, with higher product quality, good brand, bringing more profits to dealers. These companies have relatively greater power than other channel members and thus do not need the trust and commitment from other channel members. They can use power and resources to make other companies comply or cooperate, in which case other channel members are lack of trust and commitment towards them. For example, some Korean brand tyre company was exposed by media about its product problems. Since it's good brand with higher profits, channel members were forced to cooperate with it previously. With the exposure, many tyre companies are no longer willing to deal with this brand. Conflicts emerged and even legal actions were taken, which means

that the previous cooperation was not based on trust and commitment by channel members, but the resources it possesses. Smaller manufacturers having relatively less resources are in a relatively weaker position, and must satisfy demands by channel members in order to make channel members sell their products, or even excessive requirements such as increasing relationship - specific investment. When dependence asymmetry happens, the dominant party has the advantages of resources and power and is in the leading position of the transaction. The disadvantaged party will realize that they are more dependent on each other, more easily controlled and unable to counterattack situations, and are more likely to feel the opportunistic behavior of each other (Ren et al., 2009). In order to protect one's own interests, the disadvantaged will demand greater decision-making participation and control over the decision-making process and the distribution of results, thus raising transaction costs. So, relying on asymmetry will increase seller-specific investment.

Based on the above theoretical analysis and reality in China's tyre channel, this thesis proposes:

H1(c): dependence asymmetry has a significant positive influence on (c) seller relationship-specific investment.

#### 2.2.1.2 Relational norms

Relational norm is the desired behavior and attitude taken by stakeholders in cooperation to achieve common goals and objectives (Heide and John, 1992, Macneil, 1980). The features of relational norm are very important in dynamic market. Relational norms represent social and organizational rules in transactions with uncertain objectives, thus providing a reference of framework and guidelines for appropriate behavior in situations with large uncertainty (Wathe and Heide, 2000). By emphasizing on the shared values and using reciprocal pressure and social norms to reduce speculation, norms can improve performance and facilitate transactions.

Relational norms will guide suppliers to focus on strategy and objectives that are beneficial to both sides, usually long-term oriented. The development of "unity" encourages suppliers to change from the self-centered mindset to shared responsibility and interests. Confidential information obtained from retailers is important for suppliers to deal with issues such as inventory decision-making, product and pricing strategies, thereby enhancing seller commitment. (Heide and John, 1992, Gundlach et al., 1995, Jap and Ganesan, 2000). Manufactures who are deeply involved in decision-making and target-setting are more likely to acquire retailor commitment compared to manufacturers seldom participate. The relational norms can prevent supplier speculation (Heide and John, 1992)), and unity norms discourages them from jeopardizing the relationship. Once an affiliate in an economic environment approves of the relationship norms, social pressure will restrain the evasion of responsibility and opportunistic behavior. Even in the case of information asymmetry and threats, the relationship norms can effectively circumvent the opportunistic behavior that departs from the agreement. (Heide and John, 1992) Engagement enables retailers to influence the nature of the investment, benefits sharing, and the relationship objectives. Information exchange enables both sides to have symmetrical information, making it difficult to take advantage of retailors. This focus on the self-protection of the relationship between norms and work beyond the link itself, to play a guiding role (Paulssen et al., 2016; Islam et al., 2017) . Thus, this study propse:

H2: The relational norms have significant positive influences on the (a) commitment and (b) trust of the channel member.

The relational norms can control the decision-making by the other party (Jap and Ganesan, 2000), which means that the relational norms can reduce the opportunistic behavior and enhance relationship performance (Joshi and Arnold, 1997).

Studies have shown that the relationship norms have a positive influence on RSIs, and strong norms reduce exchange partner's concerns on taking heterogeneous investments (Palmatier et al., 2007, Heide and John, 1992, Noordewier et al., 1990). Therefore, relationship can be strengthened investment willingness. Moreover, the relational norms reflect fair competition, mutual benefit and the commitment to long-term relationship. In the long run, RSIs can bring returns. Relational norms can increase the seller's RSIs investment willingness.

Many Chinese tyre companies and channel members gradually reach a tacit agreement because of long-term cooperation. This tacit agreement is a relational norm complied by both parties, which in turn increase mutual trust, cooperation and commitment. When one party faces financial difficulties or some problems, the other party shows understanding, and give financial support to help solving the problem. As most of the effectiveness of the relational norms comes from the conventional beliefs of the relationship, norms not only have the advantage of controlling costs to a relatively low level of Chengdu, but also can promote the two parties to be more inclined to cooperate with and prevent the arbitrary termination of behavior. (Heide et al., 2007) .Therefore, according to the framework of transaction costs, the existence of the relational norms means that the deviation from the conventional behavior of the relationship is reduced, and it is also more willing to increase the relationship-specific investment by both parties, especially the sellers (Williamson 1985).

As mentioned above, relational norms can reduce the barriers to develop trust and commitment, encouraging seller to increase relationship-specific investment. Therefore, the following hypothesis is proposed.

H2: The relational norms (c) have significant positive influences on the seller relationship-specific investment.

#### 2.2.1.3 Communication

Communication is very important in marketing channels. Bleeke and Ernst Bleeke and Ernst(1993) argue that communication is very important for continuous channel relationship management. The influence of communication on relationship commitments is mainly manifested in the emotional commitment. The more satisfactory in communication, the higher level in relationship commitment (Mohr et al., 1996, Grabner and Rosenberg, 1969). Communication dissatisfaction will lead to misunderstanding and complaint, thereby reducing commitment level. Williamson(1985) argues that success of communication is often measured by effectiveness, quality, strategy, and responsiveness. Effective communication of

channel members can enhance mutual understanding about corporate culture, goals, and personal preferences, improving emotional exchange for individuals and organizations, thereby enhancing emotional commitment. In channel system, the more effective communication between both parties, the higher the trust between both parties (Morgan and Hunt, 1994), and the seller is more willing to make relationship-specific investment (Palmatier et al., 2007).

Collaborative communication between both sellers and buyers greatly enhances the level of future collaboration in purchasing, which further contributes to supply performance (Joshi, 2009). Similarly, the synergies between the two sides also make the work of both supply and marketing keep increasing cohesion, through smooth communication with both parties to communicate expectations, the other will respond with a high level of action to enhance the fit will enhance the Commitment and trust so as to promote the development of the bilateral relations. In addition, through collaborative communication, both parties can expeditiously test and test the expectations of the other party in order to be more committed to each other's requirements and to become more trustworthy (Zaefarian et al., 2016).

Similarly, high levels of informal communication can greatly increase the role of seller SRI by greatly vaquing role (Nygaard and Dahlstrom, 2002), and conflicts in the relationship. A high level of communication with the seller also shows buyers a high commitment to future relationships, accompanied by increased commitment to resources and RSI (Choi and Hara, 2017; Ahearne et al., 2005; Gruen et al., 2000).

Based on the above analysis, this thesis proposes the following hypothesis.

H3: Communication between channel members have significant positive influence on (a), commitment, (b) and trust to channel members (c) the seller's relationship-specific investment.

# 2.2.1.4 Relationship trust and relationship commitment

Relationship trust or relationship commitment is the main decisive variable in the exchange performance of both parties (Morgan and Hunt, 1994). Commitment is a

lasting desire to maintain valuable relationship (Moorman et al., 1992). Trust refers to confidence in the reliability and integrity of exchange partners (Dwyer and LaGace, 1986, Altman and Taylor, 1973, Larzelere and Huston, 1980), both directly or indirectly affecting the outcome of the transaction (Morgan and Hunt, 1994). According to the theory of social exchange, trust is an important prerequisite for business operation and development. Trust is not only an important feature of relational exchange, but also an effective governance strategy. It is the most effective way to manage and enhance the inter-organizational partnership. Commitment is the core of relationship between the company and various partners (suppliers, distributors) (Cook and Emerson, 1978) The relationship commitment is defined as a desire to develop a stable relationship and the willing to sacrifice short-term interests in order to maintain this relationship while maintaining confidence in the stability of the relationship (Moorman et al., 1992). At the same time, trust is very important to the formation of commitments. Trustworthy relationship is of high value so that both parties are willing to make commitments to this relationship. Commitment emphasizes on long-term relationship. It only targets trustworthy partners. Mutual distrust will lead to a reduction in the level of commitment.

Therefore, we believe that commitment and trust are two related components in channel marketing theory. The stronger the trust between companies, the stronger mutual commitment. There is a significant positive correlation between these two.

Commitment – Trust theory believes that Commitment and trust within channel is a decisive factor for outcome of relationship marketing (Ferro et al. 2016). Commitment is the willingness to sustain a valuable relationship (Moorman et al., 1992). Trust is the confidence in the partners' reliability and integrity, directly and indirectly affect the outcome of the transaction through the commitment (Morgan and Hunt, 1994). The buyer favors the seller who is committed and trustworthy (Hibbard et al., 2001, Anderson and Weitz, 1992, Bucklin and Sengupta, 1993), thereby influence seller performance.

Based on their understanding towards trust and commitment, Morgan and Hunt (1994) established a theoretical model with trust and commitment as key intermediate variables. Kumar et al.(1995) suggests that interdependence enhances commitment and

trust, while the dependence asymmetry reduces commitment and trust. This theoretical model with trust and commitment as the core intermediate variables suggests that the more trust in relationship between two parties, the stronger commitment to the relationship in such relationship structure, resulting in less conflict and opportunistic behavior, increasing satisfaction and improving company performance. Therefore, this article proposes the following hypothesis.

H4: Relationship trust is positively correlated with relationship commitment.

## 2.2.1.5 Channel performance

Channel performance refers to the contribution of channel members to channel objectives (Gaski, 1984); or the contribution to goals such as productivity and effectiveness of other channel members (Geyskens and Steenkamp, 2000) which are the ultimate purpose of channel member relationship.

Channel performance includes financial performance and relationship performance. Financial performance indicators include sales growth and overall financial performance (Frazier, 1983). Relationship performance includes cooperation and conflict, which are closely related(Palmatier et al., 2007).

This thesis focuses on the influence of trust, relationship commitment and seller relationship-specific investment on channel performance, including financial performance and relationship performance. The former includes sales growth and overall financial performance, while the latter includes cooperation and conflict. Conflicts sometimes emerge in cooperation. Therefore, they are two components of company relationship. For example, if the cost of relationship termination is too high, the parties may have conflicts in cooperation, but the relationship is sustained. Cooperation is also different from tacit understanding. Cooperation is active while tacit understanding is the response to action. Tacit understanding is about passive consent while cooperation is about active proposal. Therefore, such research is necessary.

#### (1) Trust and performance

Trust is an important part of relational marketing (Mohr and Nevin, 1990). Trust

can enable company to adapt to unforeseen changes, especially under uncertain circumstances, to reduce transaction costs (Jarillo, 1988), so that enterprises can get more profit, which is consistent with the conclusion of research by Morgan and Hunt(1994) and Palmatier et al.(2007) which suggests that trust can improve the channel financial performance.

Cooperation is influenced by commitment and trust. Trust is very much needed in the early stages of cooperation (Deutsch, 1960), which allows companies to collaborate and take greater risks (Pruitt, 1981). "Once the trust is established, the companies have learned about how to cooperate. Joint efforts by both parties will exceed what could be achieved by the individual alone" (Anderson and Narus, 1990). Therefore, the trust of channel members has a significant positive influence on channel cooperation. Conflicts often emerge in a relationship transaction (Dwyer et al., 1987), which cause hostility or pain. Inappropriate solutions will have undesirable consequences or even terminate relationship. If all parties trust each other, argument may be resolved in a friendly way or ignored, which is known as a functional conflict which prevents stagnation, spurs interest and curiosity, and provides a medium for solving the problem (Deutsch, 1969). This functional conflict may grow as trust grows, thereby reducing overall conflicts.

From a relational norm perspective, when a firm trusts another firm, encouraging marketers to make relationship investments through cooperation with counterparties can resist short-term temptations by preserving the long-term interests of existing partners and therefore trust can improve efficiency, productivity and effectiveness. In short, trust will directly lead to cooperative behavior, which is conducive to the success of relationship marketing, affecting channel performance. (Tang, Fu, and Xie, 2017; Cui and Mallucci, 2016; Lins et al., 2017)

Therefore, this thesis suggests that trust can enhance channel performance from multiple aspects, and proposes the following hypothesis:

H5: The trust of channel members has a significant positive influence on channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

### (2) Commitment and performance

Channel commitments promise to increase mutual understanding, reduce the tendency to end relationship, resulting in more revenue. Relationship commitment affects financial performance (Morgan and Hunt, 1994), and affects the channel members' income and profit as the intermediary variables of trust and financial performance (Morgan and Hunt, 1994, Palmatier et al., 2007).

Relationship commitments affect cooperation. In order to maintain and develop existing relationships, one party of relationship commitments will cooperate with other parties. If one party's interests or goals are hampered or opposed by other companies, there would be a conflict. If the retailor believes that the supplier will comply with the relationship commitment, the retailer will not suspect the supplier's behavior (Morgan and Hunt, 1994, Boon and Holmes, 1991, Holmes, 1991). Conflict is resolved when all participants comply with the relationship commitments (Anderson and Narus, 1990, Robicheaux and El-Ansary, 1976). All parties will focus on positive behavior and neglect negative behavior. Therefore, commitment of channel members is conducive to channel cooperation and to reduce channel conflicts (Jap and Ganesan, 2000, Gundlach et al., 1995, Siguaw et al., 1998).

On the one hand, Kumar et al. (1995) show that the mutual commitment of the two parties in the relational structure can reduce their conflict and opportunistic behavior, increase their satisfaction and improve their performance. On the other hand, from the perspective of the relational model, a clear and highly binding relationship criterion (Choi and Hara, 2017) is provided when both firms and firms establish commitments so that both parties to the transaction can make changes to the environment More effective responses, the benefits of the relationships between them, need to be assessed over a longer period of time and fundamentally prevented from undermining the relationship (Kaufmann and Stern, 1988). In other words, under the uncertainty of the environment, relationalism plays an important role in raising the bargaining power and improves business performance (Heide and John, 1992). Therefore, this thesis proposes:

H6: Commitment of channel members has a significant positive influence on channel performance, including (A) sales growth, (B) financial performance, (C)

channel cooperation and (D) channel conflict.

(3) Seller relationship-specific investment and performance

Existing researches show that specific investment will improve performance (Dyer and Ouchi, 1998), and companies which make irreversible investment are more likely to be stable and efficient channel members (Smith and Aldrich, 1991, Parkhe, 1993). Financial performance would improve when there is large specific investment (Heide and John, 1988). Seller relationship-specific investments provide buyers with reliable commitment (Williamson, 1985), which in turn reduces speculation and conflicts, enhances willingness to cooperate, reduces transaction costs, and improves relationship efficiency.

In general, RSI includes investing time in distribution areas, developing targeted training programs, assisting sales facilities and other non-convertible money or time investments. As the number and magnitude of investments increase, this becomes a classic unilateral investment that binds oneself to each other (Becker, 1960). Binding investments by manufacturers constrain their behavior - valuing long-standing relationships. Once the relationship is no longer there, investments have been flooded (Anderson and Weitz, 1992). The seller realizes that when it exits, it loses sales and customers lose its reputation. Therefore, the manufacturer's rational attachment to distributors encourages them to support existing investments in calculating the loss of relationship losses (Wu, Wang, and Chen, 2017). In short, the seller-specific relationship investment establishes and clarifies that the essence of the seller's binding is a tool to obtain economic benefits from the investment, thus affecting the channel performance.

Therefore, this thesis makes the following hypothesis:

H7: Vendor relationship-specific investments have a significant positive influence on channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

# 2.2.1.6 Environment uncertainty

In order to achieve a certain level of channel performance, marketing channel

members must reach certain agreement in decision-making. The marketing channel theory emphasizes the internal mechanisms of collection action. However, the channel members are not only affected by the overall interest, but also by the external forces other than channel relationship (Dwyer and Welsh, 1985, Etgar, 1977), and environmental uncertainty has a moderating effect on influence by core variables on channel performance (Achrol and Stern, 1988).

Environmental uncertainty refers to unforeseen changes in the environment (Noordewier et al., 1990). According to the theory of role play, the environment itself has neither certainty or uncertainty, but different enterprises have different perceptions. According to the theory of role play, the environment itself has neither certainty or uncertainty, but different enterprises have different perceptions (Achrol et al., 1983). This view shifts the study from the objective features of the environment to the decision-making process by selecting or ignoring certain information, suggesting that uncertainty can only be experienced in decision-making within organization (Salancik and Pfeffer, 1978).

The environment usually includes two dimensions of market diversity and environmental dynamics. Market diversity refers to the degree of similarity or differentiation in market. The greater the difference in background, needs, and preferences, the greater the difference in channel members' experience. The greater dynamic change in the channel environment, the more unforeseeable events for the organization, further increasing the uncertainty faced by decision-makers (Achrol and Stern, 1988). Market diversity and environmental dynamics will affect the channel members' consciousness towards trust and commitment, and relationship-specific investment, which influence the cooperation and conflict of channel members, thus affecting channel performance (Palmatier et al., 2007).

Market diversity refers to the degree of similarity or differentiation in market consciousness by organization, individual, and any social forces that affect resources. The greater the difference in background, needs, and preferences, the greater the difference in channel members' experience. However, positive researches have not found a significant correlation between them. Complicated things are the result of

simple things overlapping. The results of market diversity depend on the potential outcome of processing simple event. For example, organizational customers usually have less uncertainty than individual customers, since most organizational customers may be long-term customers with a continuous and relatively stable partnership. Organizational buyers tend to have fewer personal features so that communication channels can be better defined and leveraged. Therefore, even if the nature and needs of the organization are diversified, such diversity can be structured and thus be understood and organized. On the contrary, the final consumer may be the reason for uncertainty in decision-making (Achrol et al., 1983, Aldrich, 1979).

In a diverse market environment, the trust and commitment of both parties in the relationship can help companies gain more external information and thus help businesses reduce external uncertainties. When market diversity is high, enterprises can not understand the market environment only through their own internal information and external resources, and they need more external resources and external information to provide decision-making basis for enterprises. So when market diversity is high, the trust and commitment between manufacturers and buyers will help to obtain richer and better information and resources, which can reduce the uncertainty of enterprises in channel governance and promote cooperation between the two parties., Have a positive effect, which can effectively promote the business channel performance. In addition, when market diversity is high, companies can establish good network relationships with the outside world through RSI and thus obtain abundant social resources. Meanwhile, enterprises can help enterprises learn and imitate other companies' external actions through RSI (Karatzas et al. 2017) to align the firm's own behavior with that of its participants, thereby forming an interactive and acceptable way for members of the network to reduce the impact of market diversity.

Therefore, the following assumptions are made:

H8: Market diversity moderates the relationship between trust and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H9: Market diversity moderates the relationship between commitment and channel performance, including (A) sales growth, (B) financial performance, (C) channel

cooperation and (D) channel conflict.

H10: Market diversity moderates the relationship between relationship-specific investment and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

### **Environmental Dynamism**

Environmental dynamics refers to the dynamic change of the environment, which shows more unforeseeable events to the organization, thus increasing the uncertainty faced by decision makers. The main features of channel environment include dynamic marketing practices, changing competitor strategies, shifting customer preferences, which makes it difficult for decision-making in long-term planning, coordination, product mix and inventory. In fact, some dynamic factors are equivalent to uncertainty itself (Achrol et al., 1983).

In a highly dynamic environment, the two parties cannot fully predict the direction of the relationship's development and change, which may expose the participants to higher default risk, which may result in persistent relationship between both parties may not be supported by the existing institutional environment. (Kaplan & Ruland, 1991)

In a dynamic market environment, the trust and commitment of both parties in the relationship can help companies improve their channel performance through path dependence and relationship management (Wang 2016). In a dynamic environment, the company's strategic decisions are more complex and time-sensitive, with good trust relationships or business commitments that help businesses engage more closely with more of these other agencies, and that these interactions give the agency more comprehensive Positive or negative feedback from other agencies on their behavior helps to understand and absorb social norms. On the other hand, it is possible to make more rational decisions because of the relatively low uncertainties and environmental dynamics that can be obtained only by obtaining relatively complete information. In a highly dynamic environment, companies can fully collect market information through RSI and use their knowledge and skills in different fields to evaluate market opportunities, thereby improving the performance of corporate channel governance (Choi and Hara, 2017).

Thus, this study proposes these hypothesis:

H11: Environmental dynamics moderates the relationship between trust and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H12: Environmental dynamics moderates the relationship between commitment and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H13: Environmental dynamics moderates the relationship between relationship-specific investment and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

# **2.2.1.7 Summary**

The relationships of the existing channel variables are analyzed from the theoretical point of view, and reviewed from relationship marketing perspective, and corresponding hypotheses are proposed. Based on the above analysis and hypotheses, channel relationship model is proposed as in Figure 2-4.

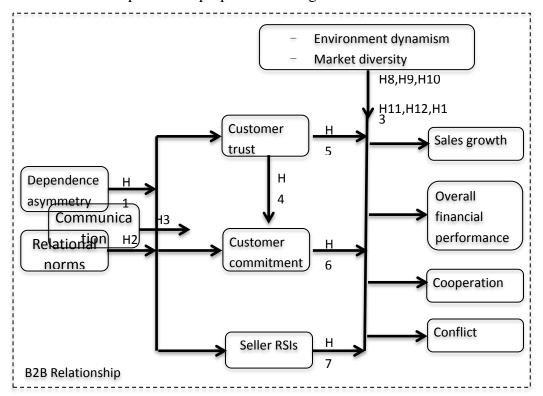


Figure 2-4 Channel Relationship Model

# 2.2.2 User relationship model

Manufacturers should not only initiate relationship marketing of channel members, but also need to deal with the relationship with end users. Manufacturers typically establish and maintain relationships with end users through non-direct-profit RSIs on end users to gain trust and commitment.

#### 2.2.2.1 Commitment and trust

Commitment is an important component of a successful long-term relationship (Morgan and Hunt, 1994, Dwyer et al., 1987). The study argues that end-user commitments include recognition towards organization, psychological dependence, loyalty and caring about company's future. (Garbarino and Johnson, 1999). Meanwhile, trust is also important for a successful relationship (Morgan and Hunt, 1994, Dwyer et al., 1987, Moorman et al., 1993). Morgan and Hunt(1994) define trust as "a sense of confidence in the reliability and integrity of exchange party". De Wulf et al.(2001) defines trust as consumer confidence in the reliability and integrity of manufacturer.

Many literatures about relationship marketing suggest that end-user trust leads to commitment in channel management, which is validated in the B2C field (Poppo, Zhou, and, Li, 2016; Wang, Wang, Liu, 2016; Garbarino and Johnson, 1999, Morgan and Hunt, 1994, Josee and Odekerken-Schroder, 2002). Poppo, Zhou, and, Li(2016); Wang, Wang, Liu, 2016Therefore, this thesis believes the same thing applies to Chinese tyre industry.

Based on these studies, this thesis proposes:

H14: End-user trust has a significant positive influence on its commitment.

# 2.2.2.2 Manufacturer's non-direct-profit relationship investment

The manufacturer's non-direct-profit RSIs refer to the end user's perception of manufacturer's relationship-specific investment, where "non-direct-profit" means that the manufacturer does not sell the goods or services directly to end users. Manufacturer

invests time, resources and interpersonal emotions on end user in order to maintain customer relationships (Bendapudi and Berry, 1997, Jones *et al.*, 2000). Unlike ordinary investment, the end user know that manufacturer invest in order to maintain relationship, and investment on an end-user can't be transferred to other end users. Ordinary investment is not limited to one end user, but for all end users (Chang *et al.*, 2012).

End user interacts directly or indirectly with the manufacturer when relationship is sustained. Direct interaction occurs when the manufacturer sells product to the end user (Crosby et al., 1990) while indirect interaction occurs when manufacturer set up relationship with the end user's family and friends (Bendapudi and Berry, 1997). Both interactions develop social connections (Crosby et al., 1990), which enhances the quality of the interaction with the manufacturer. This thesis focuses on non-direct-profit behavior or indirect sales (Chang et al., 2012).

When the manufacturer makes relationships investment on end user, the end user will feel the good intentions from the manufacturer (Hart and Johnson, 1999). Psychological contract is created when company invests time, effort and other unrecoverable resources, which encourage end users to maintain or strengthen existing relationships with the manufacturer and set up an expectation for mutual benefit (Smith and Barclay, 1997). The existing researches suggest that relationship-specific investments in a B2B or channel environment are one-on-one irreversible investment (Anderson and Weitz, 1992, Smith and Barclay, 1997). Yet some scholars suggest that irreversible investments exist only in "one versus many" scenario, i.e. one manufacturer versus a group of end users, rather than one manufacturer versus one end user. The basic principle is that the relationship marketing strategy is targeting a large number of consumers, usually being part of the overall marketing strategy targeting all customers, rather than one-on-one relationship which is common in B2B business environment (Smith, 1998, De Wulf et al., 2001). Thus, this article defines the non-direct-profit RSIs perceived by end-user as the end user's consciousness towards manufacturer's resources, endeavor and attention invested to maintain or strengthen end-user relationship, which does not have external value and could not be restored once relationship ends.

Successful relationship between the end user and the manufacturer will affect the quality of the end user's relationship with the firm, which includes trust, commitment and satisfaction. Larger relationship investment will produce higher quality (De Wulf et al., 2001, Smith, 1998, Hibbard et al., 2001).

Therefore, this thesis proposes the following hypothesis:

H15A: The manufacturer's non-direct-profit RSIs has a significant positive influence on end-user trust.

H15B: The manufacturer's non-direct-profit RSIs has a significant positive influence on the end user's commitment.

# 2.2.2.3 End user relationship model

Based on the above analysis and hypotheses, the end user relationship model is shown in Figure 2-5:

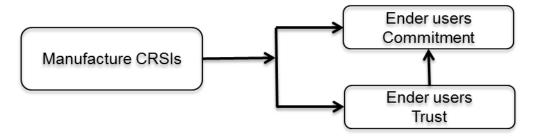


Figure 2-5 End User Relationship Model

# 2.2.3 Overall model

At present, researches on relationship marketing is divided into two categories. One category focuses on the relationship between manufacturers, agencies and retailers, e.g. manufacturers adopting the "push" marketing, involving multiple companies in the channel. The other category focuses on the relationship between the manufacturer and the end user, e.g. manufacturers adopting the "pull" marketing, attracting consumers to buy products. In the past, most scholars studied on these categories separately. Researches on channel exclude influence of the end user. Researches on end-user (such as consumers) exclude influence of the channel. Although many scholars have

encouraged the integration of these two categories in research, but there are few relevant researches. It's possible that a proper link between these two is not discovered. This thesis argues that channel marketing will be affected by the end user, and the brand community integration could be the link between these two categories.

# 2.2.3.1 Influence of End User Relationship Commitment on Brand Community Integration

The brand community integration is built up by a group of brand admirers having a sense of belonging to the brand and highly recognizing the brand, who approve each other in the absence of a social network(Carlson et al., 2008). Brand community is built up by individuals who approve each other and share the interest in the same brand (McAlexander et al., 2002, Algesheimer et al., 2005). The brand community establishes strong social connection between community members and community engagement, which can make consumers more inclined to share ideas, listen and care, which contribute to mutual understanding, openness and intimacy.

There are three dimensions of the brand community: a sense of belonging, traditions, and a sense of unity and responsibility (Muniz Jr and O Guinn, 2001). The first dimension is the most important, which is how the community members feel about other members. It distinguishes them from other individuals who do not belong to the community (Muniz Jr and O Guinn, 2001), also determines significant difference perceived by the brand users and the differentiation from other users of competing brands (Thompson and Sinha, 2008). The second dimension consists of symbols, rituals, and brand legends, which helps to maintain cultural symbols represented by brand and brand communities. It also includes brand history, images and symbols, as well as shared information about the usage of the product. The third dimension is composed of community's sense of unity and responsibility, which encourages community members to exchange information about brand products and sustain loyalty.

Existing literatures study the motivation of consumers to join into the brand community and finds that consumers join brand community to understand the quality of the brand, and the community can serve as a platform for exchanging experiences such as maintenance, repair, and product usage (Schau and Muniz Jr, 2002). Furthermore, consumers join the community to show their involvement in a specific brand and share their consumer experience (Arnould *et al.*, 2002) Consumers participate in the brand community because they want to express the symbolic function of the brand (Aaker, 1996), which is an important part of the brand identity.

Commitment to a specific brand makes consumers more desired to maintain a long-term relationship with the brand, showing intense behavioral responses such as actively promoting the brand, sacrificing personal resources (including premium) to buy the brand, or even suspend a purchase when it's out of stock, which enhances consumers' awareness to join brand community integration, and ultimately join the brand community.

The end user's commitment to the manufacturer can reinforce this relationship, making it easier to improve integration of brand community (Stokburger Sauer, 2010). Therefore, this thesis proposes the following hypothesis:

H16: End-user commitment is positively correlated with brand community integration consciousness.

# 2.2.3.2 Influence of brand community integration on channel relationship performance

More and more marketers are looking for a cost-effective and efficient way to attract new users while keeping existing users. Now they believe that the establishment of brand communities can achieve this result (Algesheimer et al., 2005). Brand community integration can strengthen brand relationship (Zhou *et al.*, 2012). There are many successful brand communities, such as Harlem community (Schouten and McAlexander, 1995), Jeep community (McAlexander et al., 2002) and Linux community (Bagozzi and Dholakia, 2006b), which validate this argument. Since brand community integration is able to attract members to cooperate and participate in new

product development (Füller et al., 2007), the quickly spread consumer information, such as evaluation on new product features (Brown et al., 2003), thereby increasing the possibility of brand community members buying new products and reluctance of buying from competitive brands (Thompson and Sinha, 2008). In such context, brand community integration means lower cost and better marketing. Brand community integration leads to fast marketing research, low cost, timely service, and education to consumers, retention of existing users. Brand community integration can also strengthen the relationship between consumers and the manufacturer (McAlexander et al., 2002, Muniz Jr and O Guinn, 2001, McAlexander et al., 2003), increasing the frequency of purchases, maintaining consumer loyalty and market share. (McKinsey, 2001), thereby creating more values and returns for channel members (Kim et al., 2008, Quinton and Wilson, 2016). Therefore, the brand community integration can influence channel performance through channel logistics, cash flow and profit flow. According to the social influence theory, companies can also influence channel performance through brand communities by influencing brand popularity in the B2B market (Wang et al., 2016) and various social connections (Quinton and Wilson, 2016).

As channel members always want to create economic value for themselves, they are more likely to have channel conflicts because of economic issues or unsatisfactory earnings. As mentioned above, brand community integration affect the channel performance by various "flows". Channel members would develop new customers and achieve their goals because they are highly satisfied with economic benefits from the channels. This would reduce disagreement and conflict, enhance cooperation, and thus further strengthen the relationship of channel members. Therefore, the following hypotheses are proposed.

H17: Brand community integration moderates the effects of customer trust and seller's RSIs on channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H18: Brand community integration moderates the effects of commitment on channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H19: Brand community integration moderates the effects of seller's RSIs on channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

# 2.2.3.3 Summary of this chapter

Relationship marketing is a broad relationship strategy developed over the past few decades based on product and service marketing and the relationship between company and consumer (including B2B). Traditionally, B2B and B2C relationships are two different areas without overlapping. Literatures are divided into two categories, and even journals are also divided into B2B journals and B2C journals. They are two different chapters in textbooks. Industrial goods marketing rarely mentions consumers or end users while consumer market has little concern about the channel. Very few researchers explore both areas.

Based on literatures review, this thesis finds that B2B and B2C are researched separately in the past, which ignores the interaction of manufacturers, channel members and consumers. On one hand, it is difficult to separate B2B or B2C research. On the other hand, there may be some connection between B2B or B2C. For example, brand community integration and end consumers influence each other. Manufacturer's non-for-direct-profit investment on the end user will affect their recognition towards brand community integration, thus affecting channel performance. However, there is no research—on the influence of the manufacturer's non-for-direct-profit investment on the end user towards channel performance. Focusing on B2B or B2C separately would lead to a discrepancy in the conclusions. Many scholars begin to research on end users. Vargo and Lusch(2008) propose that end user has an increasingly important role in the marketing channel.

In addition, literatures on brand focuses on end users, yet rarely considering the B2B side of manufacturer's brand marketing. Only some researches consider it from the perspective of organizational strategy. Many positive researches have shown that brand can also establish customer relationship in the business market. Brand

community integration enables us to reconsider the relationship between brand, manufacturer and customer. Business practice has also demonstrated that the online community create new values by increasing the commitment of suppliers, and getting returns from new and existing customers. The above arguments show that contributions can be made through B2B and B2C integration and benefit can be obtained from the brand community integration.

Based on channel performance theory, customer relationship theory and brand community integration theory, this thesis integrates the B2B and B2C relationship marketing research through the brand community integration, proposes new model and research hypotheses, and establishes the brand community- oriented channel relationship model.

This thesis proposes a brand community-oriented channel relationship model of Chinese tyre market. The model and hypotheses proposed in this chapter are shown in Figure 2-10.

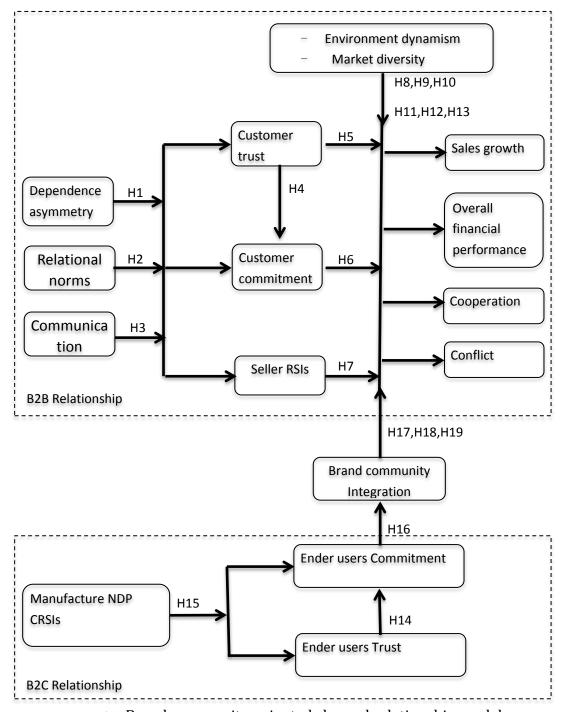


Figure 2-6 Brand community-oriented channel relationship model

# Hypotheses:

H1: Dependence asymmetry has a significant negative influence on (a) commitment, (b) trust of channel members, but has a significant positive influence on (c) seller relationship-specific investment.

H2: Relational norm has a significant positive influence on the (a) commitment,

(b) trust of channel members, and (c) the seller's relationship-specific investment.

H3: Communication between channel members has a significant positive influence on (a) commitment, (b) trust of the channel member, and (c) seller's relationship-specific investment.

H4: Customer trust is positively related with customer commitment.

H5: The trust of channel members has a significant positive influence on channel performance, including sales growth, financial performance, enhanced cooperation and conflict reduction.

H6: The commitment of channel members has a significant positive influence on channel performance, including sales growth, financial performance, enhanced cooperation and conflict reduction.

H7: Vendor relationship-specific investments have a significant positive influence on channel performance, including sales growth, financial performance, enhanced cooperation and conflict reduction.

H8: Market diversity moderates the relationship between trust and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H9: Market diversity moderates the relationship between commitment and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H10: Market diversity moderates the relationship between relationship-specific investments and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H11: Environmental dynamics moderates the relationship between trust channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H12: Environmental dynamics moderates the relationship between commitment and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H13: Environmental dynamics moderates the relationship between relationship-specific investments and channel performance, including (A) sales growth, (B) financial performance, (C) channel cooperation and (D) channel conflict.

H14: End user trust is positively related with end user commitment.

H15a: Manufacture NDP-CRSIs are positively related with end user's trust.

H15b: Manufacture NDP-CRSIs are positively related with end user's commitment.

H16: End user commitment is positively related with brand community integration.

H17: Brand community integration moderates the effects of customer trust and seller's RSIs on channel performance.

H18: Brand community integration moderates the effects of commitment on channel performance

H19: Brand community integration moderates the effects of seller's RSIs on channel performance.

Methodology of measuring corresponding variables will be introduced in the next chapter based on the relevant literatures, along with the research methods, operational definition of variables in the research, design of related questionnaires and scales, questionnaire procedures, calculation principles and statistic approach of sample capacity, and test of reliability and validity.

# Chapter 3. Methodology – An Overview

# 3.1 Introduction

The previous chapter has outlined the theoretical foundation that the thesis will be built upon and identified a lack of knowledge combined channel relationship marketing with customer relationship marketing. Therefore, for the first time in the literature of relationship marketing integrating channel and customer, the thesis aims to develop a relational model concerning this two relationships and examine, thus, providing a complete picture of the relationship marketing including channel and customer which was neglected so far in the literature. To achieve the objectives of this thesis, two positive researches were needed to study.

This chapter will include discussion of the thesis' methodology and the exploratory study. Firstly, it discusses the philosophical stance of methodology and its implication on the current research. Secondly, this chapter outlines a general approach adopted in this research. Thirdly, questionnaire design will be discussed in this chapter. Statistic approach in this thesis will be introduced.

# 3.2 Research philosophe and approach

Philosophical stance of research include "a basic set of beliefs" (Creswell, 2012) and "a variety of assumptions regarding the nature of knowledge and the methods through which that knowledge can be obtained, as well as a set of root assumptions about the nature of the phenomena to be investigated" (Morgan and Smircich, 1980). Paradigm or worldview describes such beliefs and assumptions (Kuhn and Hawkins, 1963, Creswell and Clark, 2007, Sale *et al.*, 2002). The assumptions about the nature of social world which lead the research of social and behavioral science split into two paradigms, known respectively as the positivism and interpretivism (Tashakkori and Teddlie, 1998, Guba and Lincoln, 1994, Burrell and Morgan, 1979, Hassard, 1991).

Positivism is a philosophical theory stating that positive knowledge is based on

natural phenomena and their properties and relations. Thus, information derived from sensory experience, interpreted through reason and logic, forms the exclusive source of all authoritative knowledge(Macionis and Gerber, 1997). Positivism holds that valid knowledge (certitude or truth) is found only in this derived knowledge(Larrain, 1979). Verified data (positive facts) received from the senses are known as empirical evidence; thus positivism is based on empiricism(Macionis and Gerber, 1997).

Since the 1950s, positivism has played an important role in social science. Positivism regards the real world to be objective. Due to objective reality and facts, we can scientifically measure the subjects to explain and predict the causal relationship between variables (Comte, 1988). According to the paradigm of positive research, most scientific researches obtain data from experiments or questionnaires, and draw conclusions based on statistical analysis. Research method advocated by positivism are generally used to test pre-established research hypotheses or propositions, and if the data is consistent with the expectations of the research hypothesis, the hypothesis is acceptable; once the opposite result is observed, research hypothesis should be rejected. Positivism emphasizes on theory testing, rather than develop new theory. The purpose of qualitative approach in positive research is mostly to provide additional information for quantitative analysis (Xiaoping Chen et al., 2008) The key issue of scientific research is to judge the causal relationship between variables. The research paradigm of positivism raises three prerequisites for judging the causal relationship: (1) there is a certain contiguity between cause and outcome of hypothesis; (2) there is temporal sequence for them, (3) relationship between them must be a constant conjunction, and the outcome must be accompanied by the cause (Cook et al., 1979). Prerequisite 1 and 3 are related to the actual connection between the independent variables and the dependent variables in the phenomenal world. To fulfill this prerequisite, the relationship between the two shall be stated and deduced based on the measurement and statistical analysis of the variable information. Prerequisite 2 emphasizes the basic criterion for judging causal relationship, i.e. the change of independent variable shall occur before the change of dependent variable. Thus, the positivism emphasizes the close connection between cause and outcome, and the dependence of outcome on cause. Although the positivist paradigm focuses on the use of prediction, confirmation, falsification to build up new management theories, the research design itself does not follow a specific rule, and different research methods can answer different research questions. Positive research methods include experiment, quasi- experiment, questionnaire, second-hand data, and case study. There is no better or worse research method from the perspective of research design. For researchers, they need to select the most suitable research methods for specific issue in terms of research design.

This paper will discuss the impact of channels and end-users on channel performance through two empirical studies. Since the theoretical models and assumptions involved in this paper include the tire manufacturers, channel members and end users, and study their impact on channel performance, Quantitative analysis can be used to better test and verify the hypothetical conclusions in this paper. When choosing quantitative models to study the relationship between channels and end-users' channel performance, because of the objective conditions, researchers cannot randomly assign subjects to experimental groups and control groups with relevant channels and different users, and also cannot pass the natural situations Observing users in different channels of behavior, cannot use experimental methods and quasi-experimental method to complete the relevant issues. Therefore, this study verifies the hypothesis proposed in this paper by means of questionnaire and statistical analysis.

First of all, the traditional research on the relationship between channel and channel performance research are conducted by the questionnaire. Especially in the study of channel relationship and channel performance model, the most convenient way is to design the questionnaire because variables such as trust, commitment and relationship cannot be observed directly and cannot be obtained through experimental observation and second-hand data.

Secondly, based on the research of channel relationship marketing theory, customer relationship marketing theory and brand community theory literature, as well as the reality of channel management in China and the actual situation of the relationship between end user and manufacturer, the research object needed is wide research institute Large sample sizes are required, all of which can only be obtained by

means of questionnaires.

Third, due to the theory of channel relationship marketing, customer relationship marketing theory and brand community theory needs the support of enterprises, employees and end-users. Due to experimental methods, second-hand data either cannot be supported by the enterprise or not available, and the questionnaire method can be supported by enterprises, employees and end users.

Finally, the questionnaire is characterized by rapid, effective and cheap questionnaires on the research of channel and end-user and channel performance. Due to its interference with respondents is relatively small, but also relatively easy to get business and staff support. However, because of the inability to experiment with the respondents, researchers need larger samples to ensure adequate variability of the independent variables.

The disadvantage of using the questionnaire is that on the one hand, the questionnaire can not solve the causal relationship; on the other hand, the questionnaire design may have the problems of investigation error and even homologous deviation. For the first drawback, this paper does not necessarily get the causal relationship because of the relationship between channel relationship and channel performance. In order to reduce the survey error, this paper adds the investigation of other related variables to the survey according to the research question. In the statistical analysis, incorporating these variables into the control variables, one at a time excluding the interference that would explain the relationship between the independent and dependent variables. In addition, this article also through the investigation of dealers and end users, through different sources of data to solve the problem of homologous deviation.

This thesis will discuss the influence of channels and end users on channel performance through two positive researches. The theoretical model and hypotheses of this thesis are based on the reviews upon literatures regarding the channel relationship marketing theory, customer relationship marketing theory and brand community integration theory, along with the reality of channel management in China and the relationship between the end user and the manufacturer. Research subjects include tyre manufacturers, channel members and end users. Research studies their influence on

channel performance, thus quantitative analysis can better test and verify hypotheses and conclusion. Therefore, hypotheses proposed by this research shall be verified through questionnaire and statistical analysis.

# 3.3 Survey design

Successful surveys rely on good questionnaire design. Good questionnaire design aims to help researchers get more complete and accurate information in order to get the right conclusions and explanations.

The questionnaire of this research is designed with references to many relevant literatures. The questionnaire in this research adopts mature scales which are repeatedly used by scholars. The validity, reliability and effectiveness of these scales have been repeatedly verified in the predecessors researches. These mature scales used in the questionnaire help to improve the effectiveness of data quality. Based on these maturity scale, we rearrange the questionnaire based on expert interviews, in-depth interviews with retailers, agents and end users, as well as pre-test results to satisfy our research design needs. Based on the operational definition and literature discussion of the study variables, this research develops a questionnaire including 14 scales, 10 of which are used in channel relationship study, while 4 scales are used in end-user relationship study. Brand community integration scales connects channel relationships with end-user relationships.

Scales and questionnaires used for channel relationship marketing, customer relationship marketing and brand community integration variables would be introduced. The channel relationship marketing part uses questionnaire done by channel members, and the customer relationship part and the brand community integration part use the questionnaire done by end users.

# 3.3.1 Operational definition and measurement of channel relationship-related variables

#### 1) Customer Commitment

Based on researches regarding social exchange commitment (Cook and Emerson, 1978), marriage commitment (Thompson and Spanier, 1983) and organizational commitment (Meyer and Allen, 1984), Morgan and Hunt(1994) argue that the relationship commitment refers to exchange partners make their best effort to maintain the partnership, which is deemed to be valuable. Some scholars believe that the relationship commitment is the desire to develop stable relations, the willingness to sacrifice short-term interests to maintain this relationship, and the confidence in the stability of the relationship (Anderson and Weitz, 1992). The essence of a relationship commitment is the expectation of exchange partner to maintain relationship with another partner.

This thesis uses the definitions and scale of Kumar et al.(1995) to measure the relationship commitment, which uses three measures for emotional commitment and computational commitment. These three items are evaluated using the Liket seven-point scale, on a scale of 1 to 7 from the "entirely disagree" to "entirely agree". The specific items in the scale are:

- 1. It is a pleasure to work with the agent of Xx Tyre, and we will continue to sell Xx Tyre.
- 2. We are part of the Xx Tyre family, and we will continue to partner with the agent of Xx Tyre.
- 3. We enjoy working with Xx Tyre's agent and would like to be a long-term retailer of Xx Tyre.

(Kumar *et al.*, 1995)

#### 2) Customer Trust

Trust relationship plays an important role in channel management. Although many

scholars have studied trust, but so far there is no agreed definition. Among them, some scholars believe that trust is a reliable commitment. Trust exists when one party believes that promise or commitment made by the other party is reliable, and the other party will fulfill its obligations regarding this relationship (Blau, 1964) Trust is a commitment to fulfill obligation, one party would not betray the other even if there is better opportunity (Hosmer,1995). Trust is the confidence in honesty, trustworthiness and integrity of the partners (Morgan and Hunt, 1994, Maloni and Benton, 1997). Different scholars have various understandings towards trust.

Based on the predecessors' views, the thesis argues that trust is a reliable commitment and confidence. Based on such understanding, it is believed that trust refers to the customer's trust in suppliers and manufacturers, and one party believes that the partners are willing and able to fulfill their obligations and make commitments (Crosby et al., 1990), the scale has been modified based on reality.

- 1. Xx Tyre's agents have good credit.
- 2. I believe that Xx Tyre's agents will fulfill its commitment.
- 3. Xx Tyre's agents are very sincere.

(Crosby et al., 1990)

#### 3) Dependence Asymmetry

Pfeffer(1972)Benson(1975)Provan *et al.*(1980) argue that both parties have interdependence when they rely on each other to gain benefits, achieve goals, or create value. Because of embeddedness of the relationship itself (Granovetter, 1985), the value of the relationship is difficult to obtain through independent operation (Gulati, 1998), the value of inter-company relationship needs to be achieved through the interaction between the company network and the companies (Bae and Insead, 2004). The existence and realization of the embedded value of inter-company relationship inevitably leads to the interdependence between companies (Lavie, 2007). There are two dimensions of interdependence between companies: joint dependence and dependent asymmetry (Emerson, 1962), and the difference in dependence on each other is dependence asymmetry. Dependence asymmetry reflects the dominant power

structure and the power difference in inter-company relationship between specific companies (Salancik and Pfeffer, 1978, Gulati and Sytch, 2008). When dependence of one party on its partner is higher than that of the other party, it has negative net dependence. It must be in a disadvantaged position of being controlled. The larger gap in both parties' powers, the more the disadvantage (Gulati and Sytch, 2008, Stolte and Emerson, 1977). Dependence asymmetry scale by Kumar et al.(1995) is successfully applied in the research of Palmatier et al.(2007). With reference to thus scale and appropriate adaptation, this thesis applies the scale to Chinese tyre market. The scale is as follows:

If for some reason, we have terminated partnership with Xx Tyre's agent...

- 1. Sales of Xx Tyre's products in this region would be seriously damaged.
- 2. Xx Tyre's reputation in this region would be seriously damage.
- 3. Customers' expectation towards Xx Tyre's services in this region would be seriously damage.

(Kumar et al., 1995)

#### 4) Communication

With reference to researches by Palmatier et al.(2007), Mohr and Sohi(1996), Greenbaum *et al.*(1983), Stohl and Redding(1987); Ruichang Cao and Jianming Wu(2002); Qiang Su and Bing Liang(2000) on scales of various communication quality indicators, communication indicators are identified as information integrity, information completeness, information timeliness, information accuracy and information credibility. Based on the scale design of these five indicators by predecessors, appropriate modification has been made to get the scale of channel communication quality.

Pre-test has been conducted before the actual questionnaire, some of the channel boundary spanners and marketing management experts are invited to interviews to discuss the questions for evaluation indicators. The final scale design is completed according to the views of experts and tyre market channel personnel. Channel communication quality scale using 7-point Likert scale with two questions in total, "1"

represents entirely disagree and "7" represents entirely agreed. The scale is as follows:

- 1. Communicate with Xx Tyre's agents are fast and timely.
- 2. Communicate with Xx Tyre's agents are complete.

(Palmatier et al., 2007, Kumar et al., 1995, Greenbaum et al., 1983)

#### 5) Relational norms

he relational norm refers to the willingness to share information among channel members, or work together to develop plans and to solve problems, which can be measured through the following dimensions, such as unity, mutual benefit and flexibility. The corresponding scale is modified based on that in research by Kaufmann and Dant(1992) and Palmatier et al.(2007). Unity emphasizes the effort to maintain this relationship, and mutual benefit reflects the requirements in favor of both parties, while flexibility reflects how to reconstruct the right partnership within the current relationship framework when there is a change. The specific scale is as follows:

### Solidarity Norms

- 1. We believe that Xx Tyre's agents are more stable business partners.
- 2. We always try to maintain cooperation with the Xx Tyre's agents.
- 3. Cooperation with Xx Tyre's agents are more important than profit from one transaction.

#### **Mutuality Norms**

- 4. Even if input and output are not proportionally aligned in a certain period of time, it's a good business in the long run.
  - 5. The input is proportionate to the output.
  - 6. Cooperation with Xx Tyre's agents incur low cost and reasonable return.

# Flexibility Norms

- 7. When Xx Tyre's agents encounter difficulties, we would offer as much help as possible to solve problem together.
- 8. When Airbus Tyres agents encounter difficulties, we are willing to give up some benefits to help Xx Tyre's agents to solve problem.

9. When we encounter difficulties, Xx Tyre's agents are willing to give up some benefits to help us to solve problem.

(Kaufmann and Dant, 1992)

### 6) Seller RSIs

Seller RSIs refers to the unilateral investment by company on partner. Corresponding scale and questions are modified on the basis of Zaheer and Venkatraman(1995), and Palmatier et al.(2007). The specific scale is as follows:

- 1. Xx Tyre's agents have made a lot of efforts and input for our long-term training.
- 2. Xx Tyre's agents have invested a lot of resources to meet our specific needs.
- 3. Xx Tyre's agents have invested a lot of resources to improve our cooperation. (Palmatier et al., 2007, Kumar et al., 1995, Zaheer and Venkatraman, 1995)

## 7) Overall Financial Performance

The overall financial performance scale is based on that of research by Lusch and Brown(1996), and Palmatier et al.(2007), from the aspect of sales and profit growth:

- 1. After selling Xx Tyre products, our sales increase rapidly.
- 2. After selling Xx Tyre products, our profit increases significantly. (Palmatier et al., 2007, Kumar et al., 1995, Lusch and Brown, 1996)

#### 8) Cooperation

The Cooperation scale is based on Morgan and Hunt(1994) and Palmatier et al.(2007), which is as below.

In short, Xx Tyre's agents and us

- 1. shares a mutually beneficial relationship.
- 2. can do business together.
- 3. is a relatively fair partnership.

(Morgan and Hunt, 1994, Ambler *et al.*, 1999)

#### 9) Conflict

The Conflict scale is based on the Kumar et al.(1995) scale, which measures the degree of conflict in relationship.

- 1. In general, cooperation with agents is disappointing.
- 2. In general, there is confrontation against agents.
- 3. In general, there is severe conflict with the agent.

(Kumar et al., 1995, Palmatier et al., 2007)

## 10) Market Diversity

Market diversity refers to the perceived similarity and difference of how targeted customers look at things, such as how to treat an organization, individual and social forces (Aldrich, 1979). The market diversity scale is modified based on that of Achrol and Stern(1988). Market diversity includes two separate components: the diversity of individual customer groups (DIV-C) and the diversity of organizational customer segments (DIV-O). The scale is as follows:

#### Individual customer

What do you think are the features of individual customers in the industry?

- 1. Tyre consumers' incomes are not balanced.
- 2. Tyre consumers' educational backgrounds vary.
- 3. Tyre consumers' social statuses are different.
- 4. Tyre consumers' product demands are different.
- 5. Tyre consumers' product quality requirements are different.
- 6. Tyre consumers' product price requirements are different.

### Organizational customers

What do you think are the features of organizational customers in the industry?

- 1. (tyre) organizational customers have different natures.
- 2. (tyre) organizational customers vary in size.
- 3. (tyre) organizational customers' product functional requirements are different.
- 4. (tyre) organizational customers' quality requirements are different.
- 5. (tyre) organizational customers' price preferences are different.
- 6. (tyre) organizational customers' credit requirements are different.

# 11) Environmental Dynamism

Environmental dynamism refers to the frequency of changes in the sales environment (adapted from Aldrich,1979, p. 67, and Child,1972). Environmental dynamics include marketing dynamic (DYN-MP), competitor dynamics (DYN-CP) and customer dynamics (DYN-CM). The environmental dynamism scale is based on that by Achrol and Stern(1988), which is as follows:

Marketing Dynamic (DYN-MP)

In Xx Tyre's marketing practice,

- 1. product mix changes frequently.
- 2. brand mix changes quickly.
- 3. promotion strategy changes quickly.

### Competitor dynamism (DYN-CP)

- 1. Competitor's product mix changes frequently.
- 2. Competitor's brand mix changes quickly.
- 3. Competitor's promotion strategy changes quickly.
- 4. Competitor's advertising strategy changes quickly.

### Customer dynamism (DYN-CM)

- 1. Consumers' functional demands change quickly.
- 2. Consumers' brand preferences are unstable.
- 3. Consumers' quality preferences fluctuate.
- 4. Consumers' price preferences fluctuate.

The first part of the questionnaire is the scale, with the question item adopts single choice, and designed by 7-point Likert scale, with 1 point representing "entirely disagree", and 7 points representing "entirely agree". The second part is basic data.

# 3.3.2 Operational definition and measurement of end-user variables

#### 1) End User Commitment

Customer commitment is defined as the continuing desire to maintain a valuable relationship (Moorman et al., 1992). Customer commitment represents the highest stage of the relationship, which is conducive to sustain long-term relationships (Morgan and Hunt, 1994, Dwyer et al., 1987). Customer commitments typically include emotional commitment, lasting commitment and norm commitment. Customer commitment Scale is modified based on the scale by Garbarino and Johnson(1999), which is as follows:

- 1. I am honored to be a longtime user of Xx Tyre.
- 2. I feel a sense of belonging to Xx Tyre.
- 3. I am very concerned about the long-term growth of Xx Tyre.
- 4. I am a loyal customer of Xx Tyre.

#### 2) End User's Trust

Moorman et al.(1993) defines trust as a willingness to rely on exchange partners. Morgan and Hunt(1994) defines trust as a party's confidence in the reliability and integrity of exchange partner. Trust is a necessary component of a successful relationship (Berry, 1995, Morgan and Hunt, 1994, Dwyer et al., 1987, Moorman et al., 1993). The end user confidence scale is modified based on that of Garbarino and Johnson Garbarino and Johnson(1999), which is as follows:

- 1. Xx Tyre's products can always meet my expectations.
- 2. Xx Tyre can provide products with superior performance.
- 3. Xx Tyre can provide quality service.
- 4. Xx Tyre is a trustworthy tyre manufacturer.
- 5. Xx Tyre's product quality has been very good.
- 3) Manufacturer's non-direct-profit CRSIs on end users

Relationship marketing is an important theoretical foundation for channel marketing (Doney and Cannon, 1997). Relationship marketing strategy is of great importance (Crosby et al., 1990, Dorsch *et al.*, 1998). While retailers are more familiar with the consumer's purchasing model (Sweeney *et al.*, 1999), the manufacturer needs to invest to build up closer relationship with the end customer and understand their needs in order to maintain a lasting relationship with the end user. Thus, the loyalty of the final customer can be strengthened by satisfying their needs, even if these investments can't bring direct profit. The scale of manufacturer's non-direct-profit RSIs on end users is modified based on that of De Wulf et al.(2001), which is as follows:

- 1. Xx Tyre tries to strengthen connection with the customer through various efforts.
- 2. Xx Tyre has made me a member of the company in the most convenient way.
- 3. Xx Tyre can recommend suitable products for different purposes.
- 4. Xx Tyre launches birthday coupons, personal insurance and other customized services for the end users to enhance customer loyalty.
- 5. Xx Tyre would launch "XX CARE" service for end users to meet customer service requirements.

(De Wulf et al., 2001)

# 3.3.3 Operational definition and measurement of brand community integration

McAlexander et al.(2002) defines brand community integration a specialized and non-geographically bound community, based on a structured set of social relations of admirers of a brand. They believe that brands, products, consumers and other group relationships constitute a consumer brand community integration. The brand community integration scale is modified based on that of McAlexander et al.(2002) scale, which is as follows:

Product:

I like Xx Tyre.

2. Xx Tyre is one of my favorite products.

- 3. Xx Tyre is durable.
- 4. Xx Tyre is trustworthy.
- 5. I am proud to use Xx Tyre.
- 6. Xx Tyre is environmentally friendly.

#### Brand:

- 1. I highly recognize Xx Tyre brand.
- 2. I will recommend Xx Tyre to my friends.
- 3. If I need to replace the tyres, I will still choose Xx Tyre.
- 4. Xx Tyre is one of the best quality tyres.
- 5. Xx Tyre is the best choice for my car.
- 6. Xx Tyre meet the needs of the driver.

End user questionnaire includes two parts. The first part of the questionnaire is the scale, with the question item adopts single choice, and designed by 7-point Likert scale, with 1 point representing "entirely disagree", and 7 points representing "entirely agree". The second part is basic data.

This thesis integrates channel performance theory, customer relationship theory and brand community integration theory, and proposes a new model and research hypotheses. The basic research methodology, the questionnaire procedures, the sample volume calculation principle and other statistical methods, along with reliability and validity of the testing method, are introduced in this chapter.

# 3.4 Ethical issues

In conducting surveys and empirical analyzes, I need to strictly adhere to the ethics of marketing research. Before the investigation of the interviewee, the consent of the other party needs to be clearly obtained before the data can be collected. At the same time, the purpose of the research should be informed before the information is collected, and the data collected by the respondent will be completely anonymous. The collected data can only be used for academic research.

Since the research process in this study is mainly divided into surveys of dealers

and surveys of terminal consumption, whether for distributors or individual consumers, the study will be informed before the survey by the following text that the study will be completed Follow University's Ethical Guideline.

Dear ladies and gentlemen,

Thank you very much for taking the time to complete this survey.

We are conducting several academic studies, please fill out the questionnaire based on the actual situation of the company. There is no right or wrong between all the options on the questionnaire, but be sure to choose the one that you think is closest to your company's actions.

The survey was conducted anonymously and the results were used exclusively for academic purposes. Your personal information and all company data will be kept completely confidential.

# 3.5 Sampling method

Sampling survey refers to a survey method of selecting some samples from all survey subjects and estimation and deduction for all survey subjects are derived from these survey subjects. The purpose of sampling is to estimate and deduce the features of all subjects by analyzing the selected samples. Sampling is a cost-effective and efficient working and research method widely used in scientific experiment, quality inspection, and social survey. According to the method of selecting samples, the sample survey can be divided into probability sampling and non-probability sampling. Probability sampling is to select samples from all objects randomly based on the principle of probability theory and mathematical statistics, and estimate and deduce some features about all subjects, and to control the possible errors in terms of probability. Probability sampling includes simple random sampling, systematic sampling, stratified sampling, cluster sampling, and equidistant sampling, etc. Nonprobability sampling is the method by which the investigator decides to select samples for his or her own convenience or subjective evaluation. It does not follow random sampling strictly to select samples, which includes convenience sampling, target or judgment sampling, snowball sampling, quota sampling. Convenience sampling is when researchers take convenience as top priority, often used in interviews or surveys to achieve timeliness or specific goals. Large-scale random sampling surveys are often restrained by many factors. Therefore, non-random sampling methods are also very commonly used in the study, yet researchers shall pay attention to external validity.

As the study is about end users, agents and retailers of xx Corporation's, it is impossible to research all subjects. Due to their work natures, end users, agents and retailers of XX Corporation is highly scattered, thus this research adopts convenience sampling method. The size of formal samples shall be consistent with the simple random sampling principle, such as: (1) the number of samples shall be suitable for the study, which is about 30 to 500, while the actual number of valid samples should be greater than 200. (2) In multi-variables study, the number of samples shall be at least several times greater than the number of variables in the study, in which is 10 times or greater as best practice (Roscoe et al., 1975) There are 11 variables in two questionnaires, therefore, number of samples shall be greater than 110. There are 4 variables in end user questionnaire, therefore, number of valid samples shall be greater than 40. (3) The total number of samples should be 5 times greater than the number of questionnaire questions. There are 54 items in channel questionnaire, therefore, the number of valid samples should be no less than 220. There are 26 items in end user questionnaire, therefore, the number of valid samples should not be less than 130; (4) When the total number of N is limited, the following formula shall be followed:  $n \ge \frac{N}{\left(\frac{\alpha}{k}\right)^2 \frac{N-1}{P(1-P)} + 1}$ . When the total number is quite large, the following formula

shall be followed:  $n \ge \left(\frac{k}{\alpha}\right)^2 P(1-P)$  (Ucinda Osamu, 2009), with k as quantile of normal distribution (Where  $\alpha = 0.05$ , k = 1.96). When  $\alpha$  is at significant level (generally  $\alpha = 0.05$ ), P is usually set to 0.5. When N is quite large, the number of valid samples should be greater than or equal to 385 (384.16).

Based on the above analysis, the number of valid samples should be greater than 385, a questionnaire collection rate of 50% would satisfy the basic requirement, with

60% to be better, 70% to be very good (Babbie, 1989). This thesis selects 65%, the median of 60% and 70%. The number of samples shall be greater than or equal to 593 (385 / 0.65 = 592.31, rounded up to 593).

# 3.6 Statistical methods

Since this thesis uses the positive research method of questionnaire, so the statistical methods include the examination of the questionnaire itself and the processing of the questionnaire and test of the model by questionnaire, which would be introduced as below.

# 3.6.1 Reliability and validity of questionnaire

Reliability and validity analysis is the first step in the questionnaire analysis, and it is also one of the criteria for checking whether the questionnaire is qualified. The analysis of the questionnaire is reliable only if the reliability and validity are high. The method of reliability and validity analysis includes logical analysis and statistical analysis. Logical analysis is to select the test questions based on a theoretical basis or reasoning. The scale used in this thesis has verified by researcher, so logical analysis would not be included. Statistical analysis means that questions in the same scale should be highly related and consistent. Although reliability and validity of these scales have been tested previously, but it is necessary to analyze whether they are applicable to our research subjects.

# 3.6.1.1 Reliability analysis

Reliability refers to the degree of consistency in the results obtained by repeatedly measuring the same object using the same method. It reflects the internal consistency or stability of the measuring tool. The methods of reliability analysis mainly include retest reliability, parallel-forms reliability, split-half reliability and  $\alpha$  confidence coefficient method. Through the reliability test we can understand the reliability and

effectiveness of the questionnaire results.

In the absence of repeated measurements and parallel-forms, Cronbach's alpha is generally used as predictor of reliability (Xiufeng Ding, 2001). The Cronbach's  $\alpha$  is also called the internal consistency coefficient, which examines the consistency of various questions within the test, i.e. whether the questions have same or similar measurement goals and whether they have the same or similar psychological features. The higher the internal consistency coefficient, the smaller the random error of the measurement. Thus, the measured results are more consistent with high reliability. When the internal consistency coefficient of a project is greater than 0.70, it indicates that its internal consistency is good. If the Cronbach's  $\alpha$  coefficient reaches 0.8 or higher, the consistency of the measurement results is excellent. If it is more than 0.9, there may exist redundant items.

In addition, the reliability analysis can also be used as a basis for the deletion of the questionnaire questions. If total correlation coefficient is less than 0.3 after removing the question item and the overall reliability of the scale has significantly improved, then it is reasonable to consider removing the question.

# 3.6.1.2 Validity analysis

Validity is effectiveness, which refers to the degree of how measurement tools or approaches can accurately measure subjects to be measured. Validity is the most important requirement for scientific measurement. The validity types include Face Validity, Content Validity, Construct Validity, and Criterion Validity. The face validity refers to judging the accuracy of the test by common sense or subjective assumptions, mainly focus on how measurement and procedure proceeds. Content validity refers to the degree of how measurement tool reflects how researcher measures the subjects. Construct validity refers to the mapping between the theoretical construct and the measured value reflected by the measurement results. The criterion validity refers to the consistency of criterion and test results, which is also referred to as principle validity or predictive validity. This thesis focuses on the content validity and construct validity

of the questionnaire.

The determination of content validity is a process of reasoning and judgment, with no quantitative indicator available. To have higher content validity, the measurement must meet two requirements: the first step is to determine the scope of content and contain all questions within this scope. The next requirement should be representative samples within the defined content scope, i.e. the selected items can represent the main aspects of the tested content scope and each item is proportionally appropriate. Construct validity includes Convergent Validity and Discriminant Validity. Convergence validity refers to the relatedness of the item and the construct. Discriminant validity refers to the un-relatedness of the item and the construct. The most desirable method of construct validity analysis is to use factor analysis to measure the construct validity of the scale or the entire questionnaire. The main purpose of factor analysis is to draw some common factors from all the variables (items) of the scale. Each common factor is highly correlated with a particular group of variables, which represent the basic construct of the scale. Through the factor analysis, it is possible to examine whether the questionnaire can measure some of the constructs assumed by the researcher while designing the questionnaire. In factor analysis, the main indicators used to evaluate construct validity include cumulative contribution rate, communalities and factor loading. The cumulative contribution rate reflects the cumulative validity of the common factor to the scale or questionnaire. The communality reflects the validity of interpreting the original variable by the common factor. The factor loading reflects the variance between the original variable and the common factor.

#### 3.6.1.3 Factor analysis

Factor analysis is the extension of principal component analysis, which is a multivariable statistical analysis method drawing a few factors out from variables with intricate relations based on the dependency within matrix. Factor analysis can discover hidden representative factors in many variables. Variables of the same nature are classified into one factor, which reduces the number of variables and verifies hypothesis on the relationship between variables. Factor analysis can be divided into exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). Exploratory factor analysis and confirmatory factor analysis are two stages of the research process, which shall be integrated rather than separated to conduct in-depth research.

# 3.6.2 Questionnaire processing methods

Questionnaire processing method refers to the general analysis and processing of the questionnaire, including:

- (1) Descriptive analysis. Descriptive analysis is a statistical description of data related to all variables in the questionnaire, including data frequency analysis, data trend analysis, data dispersion analysis, data distribution, and some basic statistical graphics. It is possible to visually identify outliers, verify related hypotheses, explore the differences between the sub-samples and the entire samples, and roughly analyze the relationship between the variables, which is conducive to the selection of statistical analysis methods. In this study, the descriptive statistical analysis will be carried out for the basic data of the questionnaire.
- (2) Correlation analysis. Correlation analysis is a statistical method of studying relatedness between different variables, which describes the degree of linearity between two variables. If there is a causal relationship between things, then the two must be correlated. The variables with causal relationship must be mathematically correlated. Therefore, relevant analysis shall be implemented before the study of the causal relationship between the two variables. In order to verify the correlation between variables of the channel relationship and the end user relationship, correlation analysis is conducted for the variables of each questionnaire.

# 3.6.3 Hypothesis test method

In this thesis, the research model is proposed based on literature review in the previous chapters, together with corresponding concept. Therefore, it is necessary to verify the model and the hypothesis by statistical methods, including:

- (1) Structural equation model. The structural equation model is a method of establishing, estimating and examining a causal relationship model. The model contains both observable significant variables and observable potential variables. The structural equation model can be used to analyze the interaction between individual indicators and the overall influence of individual indicator, as an alternative for multiple regression, path analysis, factor analysis and covariance analysis. Structural equation analysis can process multiple dependent variables at the same time, and can compare and evaluate different theoretical models. In the structural equation model, a specific factor structure can be proposed and verified whether it matches the data. Through the multiple analyses of structural equations, we can know whether the relationships of the variables in different groups remain unchanged and whether the mean values of the factors are significantly different. Due to these features of structural equation model, this model is more precise in determining the relationship between the channel relationship marketing variables and the relationship between the end user variables. Therefore, the structural equation model is used to verify the hypotheses regarding channel sub-models and end user sub-models.
- (2) Regression analysis. Regression analysis is to study the change of numbers regarding the dependent variable (y) and independent variables (x), and to describe the relationship in a certain mathematical way, and ultimately determine the influence of changes in one or several independent variables on the dependent variable. Regression analysis is a powerful tool to determine the correlation between variables with uncertainty. Since the structural equation model is not particularly appropriate for moderating effect analysis, this thesis will study the environmental variables and the moderating effect of brand communities on channel performance through regression analysis and hypothesis test.

# 3.7 Summary of this chapter

This chapter introduces the research methodology, positive research, questionnaire design and sampling, structural equation model, regression analysis, and other

statistical methods of questionnaire processing, analysis and hypothesis test, which will be used in the subsequent research designs.

The next two chapters of this thesis will introduce the test of the models and hypotheses proposed in this thesis. Chapter Four will use positive research to verify the model and hypotheses regarding the channel part of the model. As the data are collected from the truck and bus tyre industry, on top of verifying the model, positive research is also conducted to examine whether traditional channel relationship marketing theory is applicable to Chinese truck and bus tyre industry. Different from Chapter Four, Chapter Five studies the customer relationship marketing and its influence on end user, leading to influence of brand consciousness on channel relationship performance. The overall framework to verify channel relationship marketing and customer relationship marketing is completed. Model and hypotheses are proposed both in Chapter Four and Chapter Five in this thesis.

# Chapter 4. Study 1: influence of channel relationship on channel performance

#### 4.1 Introduction

In order to verify the influence of channel relationship marketing on channel performance, this chapter will study the truck and bus tyre retailers in China according to the research design method in Chapter Three. Firstly, the formal questionnaire will be determined by pre-test. Then reliability test, validity test, and factor analysis will be conducted on questionnaire data, using the structural equation model and the moderating effect test to verify the research hypothesis proposed in the previous chapters.

# 4.2 Questionnaire pretest

The questionnaire and scale are used to measure the research variables. The questionnaire used in the study is derived from the mature scale repeatedly used by various scholars, and modified based on the features of the research subjects. To make the questionnaire and scale better measure and reflect the real thoughts of the subjects, as well as reduce the ambiguity of the questionnaire, this thesis has carried out pre-test on the scale and questionnaire used for each variable in channel management in a small scale.

# 4.2.1 Pilot Study

#### 1) Survey subject and data collection

To test the accuracy of the questionnaire, this study first conducted a pilot study in order to remove and modify the question items based on questionnaire analysis results (reliability validity test) and feedbacks from questionnaire respondents on the question item expression and understanding. Then a formal survey questionnaire is proposed.

The time difference between pilot study and formal survey is more than two months. To ensure that these survey respondents are not involved in the formal survey, those involved in the pretest will be avoided to be selected in formal survey and a guide was provided to explain the statements.

#### 2) Target survey subjects

In this thesis, the research subjects are the retailers of tyre industry channel members. Considering the locations of truck and bus tyre users and retailers, the distribution of questionnaires in this thesis adopts convenience sampling by region.

#### 3) Pilot study

The pilot study questionnaires were used to predict the accuracy and applicability of the measurements. Questionnaire mainly focuses on the features of respondents for the measurement of backgrounds. The measurement of retailers includes the retailer's company type, size, number of brands and annual revenue. The main part of the study is to measure relevant variables regarding research model. The channel includes the following aspects: commit, trust, relational norms, dependence asymmetry, communication, seller RSIs, cooperation, conflict, overall financial performance, market diversity, environmental dynamism. To ensure the accuracy of the measurement, the respondents were informed at the beginning of the survey that the study was for academic purposes. There were no right or wrong answers in the selected questions and encouraged respondents to complete the questionnaire anonymously to ensure the objectivity. The questionnaires were evaluated using the internationally accepted 7point Likert Scale, which uses 1,2,3,4,5,6,7 point to represent from "entirely disagree", "mostly disagree", "somewhat disagree", "neither agree nor disagree", "somewhat agree", "mostly agree", "entirely agree". The respondents are asked to select from these options so as to measure the variables.

The pilot study of this thesis was conducted in March 2014 which lasted for one month, which mainly target agents and retailers in the channel. During the pilot study, the questionnaires are issued by face-to-face to enhance the accuracy of the study. Convenience sampling is adopted for the study. Agents and retailers are invited to conduct pre-test questionnaires in the city of Jiaozuo, Henan Province using snowball

method. Excluding the questionnaires that were filled carelessly and missing data, ultimately 65 copies were collected, including 35 questionnaires from retailers and agents, 30 questionnaires from end users. The sample features and the basic information are shown in Table 4-1

Table 4-1 Pilot study sample feature and statistics

	Agent I	Retailor	
Features	Type	Number of samples	percentage
C	Collective enterprise	2	5.7%
Company	Privately-owned	29	82.9%
type	self-employed	4	11.4%
	0-9	9	25.7%
Number	10-19	10	28.6%
of	20-49	9	25.7%
employees	50-99	6	17.1%
	≥100	1	2.9%
Nh	1-3	25	71.4%
Number of tyre	4-6	8	22.9%
brands	7-9	1	2.9%
brands	≥10	1	2.9%
Years of	1-2	1	2.9%
business	3-10	14	40.0%
operation	11-20	20	57.1%
operation	21-50		

#### 4) Items Analysis

Firstly, the independent sample T test is carried out on the measurement items of the variables regarding channels in this study, such as commit, trust, relational norms, dependence asymmetry, communication, seller RSIs, cooperation, conflict, overall financial performance, market diversity, environmental dynamism to determine whether there is a difference between the high score group and low score group of each question item. The total score of each variable are ranked. Since the number of samples is small, the median is used to divide the samples into low score group and high score group, rather than the commonly used proportion of 27% is not used as the high and low grouping percentage ratio. Independent sample T test is made between two groups on each item. The T test result for pre-test is shown in Table 4-2. At the same time, the

test of homogeneity is used in the items analysis. Test of homogeneity includes the correlation between the item and the scale score, and the internal consistency reliability test value. If all the items in the scale are measuring the same construct or some potential feature, the individual item should have strong correlation with the potential feature. The analysis can be done using Pearson product-moment correlation coefficient. If correlation coefficient is less than 0.4, it means that the individual item is not closely correlated to scale construct, thus, this Item can be removed. The correlation coefficient and internal consistency reliability of pre-test results for this questionnaire are shown in Table 4-2.

Table 4-2 Pre-test items analysis

			1 abie 4-2		l	1	· ·		
Variable/Dir	nension	Item	F	Sig	T	Sig(2	Correlation	Cronbach's	Cronbach's α
						tailed)	coefficient of	α	if Item
							item and scale		Deleted
Customer Co	ommitment	RCC1	53.135	0.000	-5.062	0.000	0.944**	0.889	.764
		RCC2	48.239	0.000	-4.951	0.000	0.886**		.891
		RCC3	34.859	0.000	-4.243	0.010	0.886**		.864
Customer Tr	ust	RCT1	48.755	0.000	-5.095	0.000	0.945**	0.943	0.931
		RCT2	45.132	0.000	-3.419	0.002	0.960**		0.902
		RCT3	34.642	0.000	-4.860	0.000	0.949**		0.918
relational	solidarity	RNS1	47.726	0.000	-3.625	0.001	0.865**	0.832	0.754
norms		RNS2	48.716	0.000	-3.569	0.001	0.829**		0.800
		RNS3	162.349	0.000	-5.372	0.000	0.921**		0.735
	mutual	RNM1	14.631	0.001	-3.497	0.001	0.777**	0.619	0.424
		RNM2	13.906	0.001	-5.138	0.000	0.621**		0.753
		RNM3	27.699	0.000	-6.114	0.000	0.854**		0.268
	flexibility	RNF1	54.385	0.000	-3.263	0.003	0.877**	0.860	0.810
		RNF2	79.303	0.000	-4.981	0.000	0.943**		0.690
		RNF3	40.307	0.000	-5.869	0.000	0.828**		0.880
dependence	asymmetry	RDA1	7.967	0.008	-3.057	0.004	0.724**	0.750	0.830
		RDA2	0.610	0.441	-6.903	0.000	0.880**		0.528
		RDA3	16.841	0.000	-7.728	0.000	0.843**		0.595
Communica	tion	RCOM1	47.076	.000	-5.939	0.000	0.985**	0.960	-
		RCOM2	42.666	.000	-4.812	0.000	0.981**		-
seller RSIs		RSR1	1.388	0.247	-6.936	0.000	0.917**	0.936	0.964
		RSR2	21.659	0.000	-6.784	0.000	0.962**		0.872
		RSR3	10.825	0.002	-8.010	0.000	0.953**		0.887
cooperation		RCO1	40.099	0.000	-5.852	0.000	0.971**	0.945	0.882
		RCO2	64.434	0.000	-4.834	0.000	0.948**		0.921

		RCO3	42.444	0.000	-6.599	0.000	0.928**		0.953
conflict		RCL1	30.273	0.000	-7.602	0.000	0.954**	0.957	0.956
		RCL2	48.677	0.000	-7.291	0.000	0.977**		0.908
		RCL3	41.790	0.000	-6.655	0.000	0.952**		0.946
Overall	financial	RPF1	12.889	.001	-3.960	0.000	0.893**	0.773	-
performance		RPF2	7.573	.010	-8.851	0.000	0.914**		-
				En	vironme	nt			
Market	Individual	RDI1	2.015	0.165	-3.492	0.002	0.766**	0.794	0.741
Diversity		RDI2	5.165	0.030	-4.894	0.000	0.842**		0.715
		RDI3	10.923	0.002	-4.699	0.000	0.714**		0.768
		RDI4	13.566	0.001	-3.906	0.000	0.495**		0.803
		RDI5	16.579	0.000	-4.092	0.000	0.710**		0.767
		RDI6	1.531	0.225	-2.609	0.015	0.683**		0.772
	Company	RDC1	23.388	0.000	-5.177	0.000	0.762**	0.861	0.839
		RDC2	20.949	0.000	-4.321	0.000	0.507**		0.872
		RDC3	18.204	0.000	-4.666	0.000	0.717**		0.844
		RDC4	27.991	0.000	-3.930	0.000	0.623**		0.856
		RDC5	25.212	0.000	-4.186	0.000	0.775**		0.837
		RDC6	35.398	0.000	-5.385	0.000	0.859**		0.819
		RDC7	20.606	0.000	-5.177	0.000	0.887**		0.811
Environmental	Marketing	RDM1	0.301	0.587	-3.937	0.000	0.777**	0.678	0.620
Dynamism		RDM2	0.028	0.867	-4.020	0.000	0.842**		0.405
		RDM3	0.562	0.459	-3.857	0.001	0.729**		0.709
	competitor	RDP1	21.441	0.000	-6.237	0.000	0.943**	0.902	0.807
		RDP2	12.083	0.001	-4.845	0.000	0.903**		0.880
		RDP3	24.976	0.000	-4.743	0.000	0.899**		0.892
	customer	RDT1	0.103	0.751	-5.296	0.000	0.781**	0.821	0.801
		RDT2	5.294	0.028	-6.222	0.000	0.795**		0.782
		RDT3	8.379	0.007	-4.356	0.000	0.803**		0.776
		RDT4	9.095	0.005	-6.311	0.000	0.851**		0.739

<sup>\*.</sup> Correlation is significant at the 0.05 level (2-tailed).

The results of the independent sample T test, the correlation coefficient between the item and the total score of the scale and the reliability of the scale show that all the items have good discrimination.

Based on the above analysis, this thesis developed a formal questionnaire for research.

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed).

### 4.3 Sample, data collection and profile

According to the results of the pre-test, the formal research questionnaire is divided into two parts. The main part is the measurement of the relevant variables of the research model, including the commit, trust, relational norms, dependence asymmetry, communication, seller RSIs, cooperation, conflict, overall financial performance, market diversity and environmental dynamism, etc. Background part includes items regarding features of surveyed channel companies. Measurement for channel companies includes the company type, number of employees, number of tyre brands and years of business operation. In addition, the expression of each item is further revised based on pilot study, and certain question items are modified or removed according to the result of the items analysis to form the formal questionnaire.

As the tyre industry channels, there are a few dealers. Therefore, the research mainly select retailors. In the formal study, the survey is targeting retailors selling xx brand tyres. As the tyre customers and retailers are geographically related, formal research selected transparent areas in Figure 4-1 for research, covering most customers and channel members of xx brand tyres.

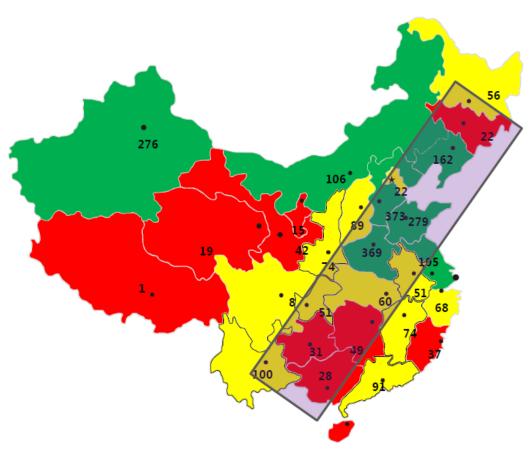


Figure 4-1 Sampling area

### 4.3.1.1 Sample Profile

As the samples are widely distributed, convenience sampling is adopted in actual survey with interviewer having direct access to the respondents. When visiting retailors, the person in charge of the business or the sales manager in charge are invited to conduct the survey. In this study, 612 retailer questionnaires were distributed and 399 valid retailer questionnaires were collected. The features and statistics of the sample respondents in the formal survey are shown in Table 4-3.

Table 4-3 Features and basic information of samples

	Agents an	d retailors	
Features	Type	Number of samples	Percentage
	State-owned	0	
	Collective enterprise	5	1.3%
Company	Privately-owned	47	11.8%
type	Foreign enterprise	0	
	Self-employed	346	86.7%

	Others	1	0.3%
	1-2	143	35.8
Number of	3-5	192	48.1%
employees	6-9	46	11.5%
	≥10	17	4.3%
Number of	1-3	125	31.3%
tyre brands	4-6	214	53.6%
	7-9	48	12.0%
	≥10	10	2.5%
Years of	1-2	16	4.0%
business	3-10	247	61.9%
operation	11-20	118	29.6%
	21-50	15	3.8%
Annual	0-100	179	44.9%
revenue	100-300	119	29.8%
(10K)	300-500	60	15.0%
	500-1,000	21	5.3%
	≥1,000	19	4.8%

#### **4.3.1.2** Sample descriptive statistics

It is generally believed that if the absolute value of skewness for each item data is less than 3 and the absolute value of kurtosis is less than 10, the samples have normal distribution. As shown in Table 4-4, all the variables can meet this requirement. Therefore, the sample data have normal distribution (Kline, 1998, Fangming Huang, 2005), which satisfies the basic requirement for the following data analysis and processing.

Table 4-4 Sample descriptive statistics

V:		T4	Mean		Standard deviation	Skewness		Kurtosis	
Variables		Item	Statistics	Standard deviation	Statistics	Statistics	Standard deviation	Statistics	Standard deviation
Customer (	Commitment	RCC1	5.39	0.079	1.576	-0.836	0.122	-0.063	0.244
		RCC2	5.34	0.081	1.619	-0.776	0.122	-0.226	0.244
		RCC3	5.38	0.087	1.731	-0.821	0.122	-0.358	0.244
Customer 7	Гrust	RCT1	5.68	0.072	1.431	-0.98	0.122	0.23	0.244
		RCT2	5.65	0.072	1.436	-1	0.122	0.534	0.244
		RCT3	5.69	0.073	1.466	-0.912	0.122	-0.088	0.244
relational	solidarity	RNS1	5.57	0.073	1.468	-0.84	0.122	0.012	0.244

1				. = ·	ا		<u> </u>	
	-							0.244
								0.244
mutual	1							0.244
								0.244
								0.244
flexibility	RNF1		0.08	1.602	-0.633	0.122	-0.193	0.244
	RNF2	4.96	0.082	1.648	-0.634	0.122	-0.064	0.244
	RNF3	4.93	0.079	1.586		0.122	-0.393	0.244
ce asymmetry	RDA1	4.58	0.095	1.905	-0.408	0.122	-0.944	0.244
	RDA2	4.6	0.095	1.89	-0.475	0.122	-0.833	0.244
	RDA3	4.68	0.09	1.798	-0.516	0.122	-0.675	0.244
cation	5.47	0.068	1.350	-0.790	0.122	0.381	0.244	5.47
	5.49	0.069	1.374	-0.735	0.122	0.063	0.244	5.49
s	RSR1	4.42	0.092	1.829	-0.252	0.122	-0.97	0.244
	RSR2	4.69	0.088	1.762	-0.516	0.122	-0.701	0.244
	RSR3	4.78	0.089	1.775	-0.536	0.122	-0.645	0.244
on	RCO1	5.85	0.069	1.379	-1.334	0.122	1.68	0.244
	RCO2	5.87	0.064	1.276	-1.063	0.122	0.824	0.244
	RCO3	5.89	0.065	1.294	-1.238	0.122	1.469	0.244
	RCL1	2.41	0.083	1.664	1.024	0.122	0.009	0.244
	RCL2	2.15	0.078	1.55	1.35	0.122	0.884	0.244
	RCL3	2.1	0.077	1.538	1.533	0.122	1.552	0.244
nancial	RPF1	4.41	0.08	1.589	-0.109	0.122	-0.561	0.244
ice	RPF2	4.18	0.079	1.584	0.078	0.122	-0.595	0.244
	I	Į.					En	vironment
Individual	RDI1	5.6	0.074	1.478	-1.027	0.122	0.46	0.244
	RDI2	5.77	0.073	1.456	-1.112	0.122	0.465	0.244
	RDI3	5.51	0.074	1.475	-0.861	0.122	0.029	0.244
	RDI4	5.64	0.071	1.426	-0.917	0.122	0.24	0.244
	RDI5	5.44	0.079	1.584	-0.909	0.122	0.204	0.244
	RDI6	5.56	0.081	1.617	-1.082	0.122	0.474	0.244
Company	RDC1	5.77	0.066	1.322	-1.152	0.122	1.098	0.244
	RDC2		0.062				0.873	0.244
	RDC3							0.244
	RDC4	5.76						0.244
	INDCT							0.244
		5.62	0.078	1.564	-1.355	0.122	1.402	
	RDC5	5.62 5.63	0.078 0.078					
	RDC5 RDC6	5.63	0.078	1.563	-1.305	0.122	1.277	0.244
ental Marketing	RDC5 RDC6 RDC7	5.63 5.69	0.078 0.076	1.563 1.51	-1.305 -1.182	0.122 0.122	1.277 0.879	0.244
ental Marketing	RDC5 RDC6 RDC7 RDM1	5.63 5.69 3.84	0.078 0.076 0.082	1.563 1.51 1.632	-1.305 -1.182 -0.027	0.122 0.122 0.122	1.277 0.879 -0.505	0.244 0.244 0.244
ental Marketing	RDC5 RDC6 RDC7	5.63 5.69	0.078 0.076	1.563 1.51 1.632 1.677	-1.305 -1.182 -0.027 -0.097	0.122 0.122 0.122 0.122	1.277 0.879 -0.505	0.244 0.244
	flexibility  cation  s  nancial ace  Individual	RNM2 RNM3 flexibility RNF1 RNF2 RNF3 RNF3 re asymmetry RDA1 RDA2 RDA3 ration S.47 5.49 RSR1 RSR2 RSR3 re RSR1 RSR2 RSR3 re RCO1 RCO2 RCO3 RCU1 RCL2 RCL3 ration RCL1 RCL2 RCL3 ration RPF1 RPF2 RDI3 RDI4 RDI5 RDI6 Company RDC1 RDC2 RDC3	RNS3 5.17 mutual RNM1 5.01 RNM2 4.89 RNM3 4.67 flexibility RNF1 5.11 RNF2 4.96 RNF3 4.93 re asymmetry RDA1 4.58 RDA2 4.6 RDA3 4.68 RDA3 4.68 F.49 0.069 RSR1 4.42 RSR2 4.69 RSR3 4.78 RCO2 5.87 RCO3 5.89 RCL1 2.41 RCL2 2.15 RCL3 2.1 RCL3 2.1 Inancial RPF1 4.41 RCL2 2.15 RCL3 2.1 RCL3 2.1 Individual RDI1 5.6 RDI2 5.77 RDI3 5.51 RDI4 5.64 RDI5 5.44 RDI6 5.56 Company RDC1 5.77 RDC2 5.86 RDC3 5.84	RNS3 5.17 0.084 mutual RNM1 5.01 0.077 RNM2 4.89 0.075 RNM3 4.67 0.074 flexibility RNF1 5.11 0.08 RNF2 4.96 0.082 RNF3 4.93 0.079 RDA1 4.58 0.095 RDA2 4.6 0.095 RDA3 4.68 0.09 cation 5.47 0.068 1.350 5.49 0.069 1.374 s RSR1 4.42 0.092 RSR2 4.69 0.088 RSR3 4.78 0.089 RSR3 4.78 0.089 RCO1 5.85 0.069 RCO2 5.87 0.064 RCO3 5.89 0.065 RCL1 2.41 0.083 RCL2 2.15 0.078 RCL3 2.1 0.077 RDA3 5.51 0.079 RDA4 0.079 RDA5 0.079 RDA6 0.071 RDA6 0.071 RDA6 0.074 RDA7 0.073 RDA7 0.074 RDA7 0.074 RDA7 0.075 RDA7 0.074 RDA7 0.074 RDA7 0.075 RDA7 0.076 RDA7 0.066 RDC2 5.86 0.062 RDC2 5.86 0.062 RDC2 5.86 0.062 RDC2 5.86 0.062	RNS3 5.17 0.084 1.673 mutual RNM1 5.01 0.077 1.538 RNM2 4.89 0.075 1.493 RNM3 4.67 0.074 1.485 flexibility RNF1 5.11 0.08 1.602 RNF2 4.96 0.082 1.648 RNF3 4.93 0.079 1.586 RDA2 4.6 0.095 1.89 RDA3 4.68 0.09 1.798 RDA3 4.68 0.09 1.798 re asymmetry RDA1 4.58 0.095 1.890 RDA3 4.68 0.09 1.798 RDA3 4.68 0.09 1.798 RSR1 4.42 0.092 1.829 RSR2 4.69 0.088 1.762 RSR3 4.78 0.089 1.775 RCO2 5.87 0.064 1.276 RCO3 5.89 0.065 1.294 RCL1 2.41 0.083 1.664 RCL2 2.15 0.078 1.558 RCL3 2.1 0.077 1.538 RCL3 2.1 0.077 1.538 RDA3 5.51 0.074 1.478 RD12 5.77 0.073 1.456 RD13 5.51 0.074 1.475 RD14 5.64 0.071 1.426 RD15 5.44 0.079 1.584 RD16 5.56 0.081 1.617 Company RDC1 5.77 0.066 1.322 RDC2 5.86 0.062 1.243	mutual RNM1 5.01 0.077 1.538 -0.692 mutual RNM1 5.01 0.077 1.538 -0.445 RNM2 4.89 0.075 1.493 -0.415 RNM3 4.67 0.074 1.485 -0.196 flexibility RNF1 5.11 0.08 1.602 -0.633 RNF2 4.96 0.082 1.648 -0.634 RNF3 4.93 0.079 1.586 -0.496 RDA3 4.68 0.095 1.905 -0.408 RDA3 4.68 0.095 1.89 -0.475 RDA3 4.68 0.09 1.798 -0.516 Cation 5.47 0.068 1.350 -0.790 0.122 5.49 0.069 1.374 -0.735 0.122 S RSR1 4.42 0.092 1.829 -0.252 RSR2 4.69 0.088 1.762 -0.516 RSR3 4.78 0.089 1.775 -0.536 RCO3 5.89 0.065 1.294 -1.238 RCL1 2.41 0.083 1.664 1.024 RCL2 2.15 0.078 1.55 1.35 RCL3 2.1 0.077 1.538 1.533 nancial RPF1 4.41 0.08 1.589 -0.109 RPF2 4.18 0.079 1.584 0.078 RDI3 5.51 0.074 1.478 -1.027 RDI3 5.44 0.079 1.584 -0.091 RDI4 5.64 0.071 1.426 -0.917 RDI5 5.44 0.079 1.584 -0.909 RDI6 5.56 0.081 1.617 -1.082 RDI5 5.44 0.079 1.584 -0.909 RDI6 5.56 0.081 1.617 -1.082 RDI5 5.44 0.079 1.584 -0.909 RDI6 5.56 0.081 1.617 -1.082 RDI5 5.44 0.079 1.584 -0.909 RDI6 5.56 0.081 1.617 -1.082 RDI5 5.44 0.079 1.584 -0.909 RDI6 5.56 0.081 1.617 -1.082 RDI5 5.44 0.079 1.584 -0.909 RDI6 5.56 0.081 1.617 -1.082 RDI5 5.44 0.079 1.584 -0.909 RDI6 5.56 0.081 1.617 -1.082 RDI5 5.44 0.079 1.584 -0.909 RDI6 5.56 0.081 1.617 -1.082 RDI5 5.48 0.062 1.243 -1.068 RDC2 5.86 0.062 1.243 -1.068 RDC3 5.88 0.064 1.277 -1.128	RNS3 5.17 0.084 1.673 -0.692 0.122  mutual RNM1 5.01 0.077 1.538 -0.445 0.122  RNM2 4.89 0.075 1.493 -0.415 0.122  RNM3 4.67 0.074 1.485 -0.196 0.122  RNM3 4.67 0.074 1.485 -0.196 0.122  RNF1 5.11 0.08 1.602 -0.633 0.122  RNF2 4.96 0.082 1.648 -0.634 0.122  RNF3 4.93 0.079 1.586 -0.496 0.122  RNF3 4.93 0.079 1.586 -0.496 0.122  RDA2 4.6 0.095 1.899 -0.475 0.122  RDA3 4.68 0.09 1.798 -0.516 0.122  RDA3 4.68 0.09 1.798 -0.516 0.122  Cation 5.47 0.068 1.350 -0.790 0.122 0.381  5.49 0.069 1.374 -0.735 0.122 0.063  S RSR1 4.42 0.092 1.829 -0.252 0.122  RSR2 4.69 0.088 1.762 -0.516 0.122  RSR3 4.78 0.089 1.775 -0.536 0.122  RCO2 5.87 0.064 1.276 -1.063 0.122  RCO3 5.89 0.065 1.294 -1.238 0.122  RCC1 2.41 0.083 1.664 1.024 0.122  RCL1 2.41 0.083 1.664 1.024 0.122  RCL2 2.15 0.078 1.55 1.35 0.122  RCL3 2.1 0.077 1.538 1.533 0.122  RCL3 2.1 0.077 1.538 1.530 0.122  RCL3 2.1 0.074 1.475 0.066 0.122  RCL3 2.1 0.074 1.475 0.066 0.122  RCL4 0.080 1.22 0.060 0.060 0.060 0.122  RCL5 0.060 0	mutual RNM1 5.01 0.084 1.673 -0.692 0.122 -0.307 mutual RNM1 5.01 0.077 1.538 -0.445 0.122 -0.342 RNM2 4.89 0.075 1.493 -0.415 0.122 -0.406 RNM3 4.67 0.074 1.485 -0.196 0.122 -0.556 flexibility RNF1 5.11 0.08 1.602 -0.633 0.122 -0.193 RNF2 4.96 0.082 1.648 -0.634 0.122 -0.064 RNF3 4.93 0.079 1.586 -0.496 0.122 -0.393 re asymmetry RDA1 4.58 0.095 1.905 -0.408 0.122 -0.944 RDA2 4.6 0.095 1.89 -0.475 0.122 -0.843 RDA3 4.68 0.099 1.798 -0.516 0.122 -0.637 RDA3 4.68 0.099 1.798 -0.516 0.122 -0.637 RSA2 4.69 0.088 1.350 -0.790 0.122 0.081 0.244 s. RSR1 4.42 0.092 1.829 -0.252 0.122 -0.97 RSR2 4.69 0.088 1.762 -0.516 0.122 -0.645 read and the state of th

	RDP2	4.88	0.077	1.531	-0.383	0.122	-0.659	0.244
	RDP3	5.05	0.073	1.467	-0.558	0.122	-0.32	0.244
	RDP4	4.84	0.08	1.593	-0.478	0.122	-0.595	0.244
customer	RDT1	4.59	0.081	1.619	-0.251	0.122	-0.626	0.244
	RDT2	4.76	0.08	1.607	-0.357	0.122	-0.632	0.244
	RDT3	4.38	0.086	1.719	-0.208	0.122	-0.755	0.244
	RDT4	4.58	0.082	1.639	-0.426	0.122	-0.458	0.244

#### 4.4 Data Purification

To ensure that convincing research conclusion can be drawn based on the analysis of questionnaire data, correlation analysis, collinearity test, reliability test, validity test and confirmatory factor analysis of the sample data are conducted first.

# 4.4.1 Correlation analysis and collinearity test

The correlation analysis is the measure of co-relatedness between variables, which is the basic step of quantitative analysis. In this thesis, Pearson correlation analysis is used. In addition, mean value, standard deviation and correlation coefficient of each variable are analyzed (see Table 4-5).

Table 4-5 Pearson correlation analysis of channel variables

	RDA	RN	RCOM	RCC	RCT	RSR	RPF	RCO	RCL	RDIV	RDYN
RDA <sup>1</sup>	1	-	-	-	-	-	-	-	-		
RN <sup>2</sup>	.329**	1	-	-	-	-	-	-	-		
RCOM <sup>3</sup>	.169**	.512**	1	-	-	-	-	-	-		
RCC <sup>4</sup>	.281**	.695**	.473**	1	-	-	-	-	-		
RCT⁵	.172**	.579**	.466**	.695**	1	-	-	-	-		
RSR <sup>6</sup>	.422**	.476**	.390**	.459**	.361**	1	-	-	-		
RPF <sup>7</sup>	.316**	.363**	.262**	.294**	.135**	.368**	1	-	-		
RCO <sup>8</sup>	.284**	.629**	.462**	.469**	.414**	.493**	.224**	1	-		
RCL <sup>9</sup>	-0.004	352**	356**	395**	441**	164**	-0.017	287**	1		
RDIV <sup>10</sup>	.176**	.199**	.187**	.087	.107*	.164**	.168**	.303**	075	1	
RDYN <sup>11</sup>	.290**	.112*	.006	.092	.009	.249**	.090	.148**	.179**	.250**	1
Mean	4.624	5.101	5.483	5.368	5.674	4.632	4.297	5.871	2.219	5.668	4.545
Std. Deviation	1.743	1.182	1.306	1.556	1.329	1.660	1.492	1.248	1.486	1.058	1.160

<sup>\*\*</sup> Correlation is significant at the 0.01 level (2-tailed).

Terms

<sup>\*</sup> Correlation is significant at the 0.05 level (2-tailed).

- 1: RDA—Dependence Asymmetry
- 2: RN-Relation Norms
- 3: RCOM—Communication
- 4: RCC—Customer Commitment
- 5: RCT—Customer Trust
- 6: RSR—Seller RSIs
- 7: RPF—Overall Financial Performance
- 8: RCO—Cooperation
- 9: RCL-Conflict
- 10:RDIV Market Diversity
- 11:RDYN— Environmental Dynamism

The results show that there is a significant correlation of the key variables with a few exceptions, and the correlation coefficient of the variables is within 0.2-0.5. The correlation is neither too strong nor too weak which implies that collinearity of the variables is not significant. Using the variance inflation factor (VIF) to further diagnose the collinearity of the variables, we found that the variance inflation factor of all variables is less than 5 (John Wiley, 1980). It can be concluded that the collinearity of variables is acceptable.

# 4.4.2 Reliability analysis

The reliability analysis is a double check for internal consistency of the scale, i.e. analyze Cronbach's α (Nunnally and Bernstein, 1994), and the combined reliability (CR) values for each variable (Bagozzi and Yi, 1988, Fornell and Larcker, 1981).

In this thesis, corrected items total correlation (CITC) and the internal consistency reliability method are used to further purify, screen and correct the items of research variables to ensure the consistency of the variables items in the respective factors. The use of correlation coefficient assessment method can reduce the multi-factor loading of the items, identify the inappropriate items that can be removed, and improve the internal consistency of the scale (Churchill, 1979). It is generally believed that if CITC  $\leq 0.5$ , the item should be removed (Yang Zhirong,2005). If the reliability coefficient of internal consistency is more than 0.7 after the item is removed, then the reliability meets the requirements (Nunnally, 1978). Therefore, this study set CITC less than 0.5 and the Cronbach's  $\alpha$  coefficient greater than 0.7 as the standard for screening items. The item

shall be removed if the Cronbach's  $\alpha$  coefficient of the scale for the variable is significantly improved after the item is removed. The specific values of the Cronbach's  $\alpha$  reliability of the scale are shown in Table 4-6.

Table 4-6 Scale reliability

Variable		Item	Corrected Item-Total	Alpha If Item Deleted	Cronbach's α
			Correlation	•	
Customer Co	ommitment	RCC1	0.881	0.916	0.942
		RCC2	0.896	0.904	
		RCC3	0.867	0.929	
Customer Tr	rust	RCT1	0.851	0.844	0.91
		RCT2	0.823	0.867	
		RCT3	0.785	0.899	
relational so	olidarity	RNS1	0.734	0.808	0.86
norms		RNS2	0.795	0.75	
		RNS3	0.688	0.856	
m	nutual	RNM1	0.677	0.848	0.856
		RNM2	0.777	0.753	
		RNM3	0.735	0.793	
fl	exibility	RNF1	0.857	0.787	0.892
		RNF2	0.81	0.828	
		RNF3	0.705	0.917	
dependence	asymmetry	RDA1	0.829	0.913	0.928
		RDA2	0.86	0.888	
		RDA3	0.868	0.884	
Communica	tion	RCO	0.838	-	0.912
		M1			
		RCO	0.838	-	
		M2			
seller RSIs		RSR1	0.821	0.897	0.919
		RSR2	0.892	0.839	
		RSR3	0.8	0.913	
cooperation		RCO1	0.881	0.92	0.943
		RCO2	0.906	0.9	
		RCO3	0.862	0.932	
conflict		RCL1	0.796	0.953	0.931
		RCL2	0.906	0.863	
		RCL3	0.879	0.884	
Overall Fina	ncial	RPF1	0.770	-	0.870
performance	)	RPF2	0.770	-	
		ı	Environment	1	

Market	Individual	RDI1	0.756	0.89	0.908
Diversity		RDI2	0.721	0.895	
		RDI3	0.788	0.885	]
		RDI4	0.83	0.88	
		RDI5	0.73	0.894	
		RDI6	0.66	0.905	
	Company	RDC1	0.713	0.881	0.897
		RDC2	0.74	0.879	
		RDC3	0.738	0.878	
		RDC4	0.737	0.878	
		RDC5	0.666	0.887	
		RDC6	0.666	0.887	
		RDC7	0.68	0.885	
Environmental	Marketing	RDM1	0.847	0.901	0.928
Dynamism		RDM2	0.907	0.852	
		RDM3	0.808	0.934	
	competitor	RDP1	0.807	0.925	0.934
		RDP2	0.89	0.898	
		RDP3	0.884	0.901	
		RDP4	0.799	0.929	
	customer	RDT1	0.707	0.862	0.882
		RDT2	0.715	0.859	
		RDT3	0.762	0.841	
		RDT4	0.79	0.83	
		RDT4	0.79	0.83	

In this study, the CITC of all variables is greater than 0.5. The Cronbach's  $\alpha$  value was increased after item RNF3 in sub-scale flexibility in Relational Norms is removed. Since the Cronbach's  $\alpha$  of the scale itself is 0.892 (more than 0.8), the item shall be included. The Cronbach's  $\alpha$  value increases after the item RCL1 of the Conflict scale is removed. Since the Cronbach's  $\alpha$  of the scale itself is 0.931 (more than 0.8), the item shall be included. The Cronbach's  $\alpha$  value was increased after item RDM3 in sub-scale marketing in Environmental Dynamism is removed. Since the Cronbach's  $\alpha$  of the scale itself is 0.928 (more than 0.8), the item shall be included.

According to the test standard proposed by Fornell(1982), combined reliability of each latent variable is composed of all observable variables, and its value shall be above 0.6. As can be seen from Table 4-7, the CR values of the key variables in this thesis are greater than 0.8, so the reliability of the scale is good.

# 4.4.3 Validity analysis

Validity includes content validity, convergence validity and discriminant validity. In this thesis, two-way translation is used in the items of the key variables measured, and experts in the field were invited to fill in the items after the completion of the translation. The items in this thesis are well deliberated in terms of the research context and expression, which reflect the original content and fit the context of this research. As for convergence validity, this thesis uses the AVE indicator. To measure the discriminant validity, the AVE of each variable and the square of the correlation coefficient are compared (Fornell and Larcker, 1981). The results are shown in Table 4-7. As in Table 4-7, the AVE values of all variables in this thesis are above 0.5, and the factor loading coefficients are above 0.7, which shows that the scales of this thesis has good convergence validity.

Table 4-7 Reliability and validity analysis of scale

V: -1-1 -		T4	T d	A 11	CD	AME	Percent of variance
Variable		Item	Load	Alpha	CR	AVE	explained
Custome	r Commitment	RCC1	0.934***	0.942	0.9443	0.8496	89.825%
		RCC2	0.925***				
		RCC3	0.906***				
Custome	r Trust	RCT1	0.925***	0.91	0.9106	0.7729	84.754%
		RCT2	0.876***				
		RCT3	0.834***				
Commun	ication	RCO	0.937***	0.912	0.9122	0.8386	91.921%
		M1					
		RCO	0.894***				
		M2					
Relationa	alsolidarity	RNS1	0.886***	0.86	0.9166	0.7856	78.58%
norms		RNS2	0.917***				
		RNS3	.855***				
	mutual	RNM1	0.850***	0.856	0.9133	0.7785	77.793%
		RNM2	0.909***				
		RNM3	0.887***				
	flexibility		0.942***	***0.892	0.9334	0.8239	82.387%
		RNF2	0.921***				
		RNF3	0.858***				
Depende	nce Asymmetry		0.87***	0.928	0.9287	0.8129	87.426%
•			0.915***	7			

		RDA3	0.919***				
Seller RSIs		_	0.868***	0.919	0.9231	0.8006	86.211%
			0.964***				
			0.848***				
Cooperation		RCO1	0.917***	0.943	0.9444	0.8500	89.959%
		-	0.952***				
		RCO3	0.896***				
Conflict		RCL1	0.821***	0.931	0.9362	0.8309	88.195%
		RCL2	0.968***				
		RCL3	0.939***				
Overall Financi	al	RPF1	0.884***	0.870	0.8701	0.7700	88.489%
performance		RPF2	0.871***				
			I.	Environm	ent	1	
Market	Individual	RDI1	0.837***	0.908	0.9302	0.6902	69.032%
Diversity		RDI2	0.813***				
		RDI3	0.865***				
		RDI4	0.892***				
		RDI5	0.816***				
		RDI6	0.755***				
	Company	RDC1	0.816***	0.897	0.922	0.6287	62.854%
		RDC2	0.834***				
		RDC3	0.835***				
		RDC4	0.832***				
			0.738***				
			0.737***				
		RDC7	0.750***				
Environmental	Marketing		0.934***	0.928	0.9551	0.8765	87.604%
Dynamism			0.962***				
		_	0.912***				
	competitor		0.892***	0.934	0.9532	0.836	83.629%
			0.941***				
			0.937***				
			0.886***				
	customer		0.834***	0.882	0.9186	0.7384	73.845%
			0.840***				
			0.873***				
		RDT4	0.889***				

Note: "\*\*\*" suggests significance below 0.000

This thesis uses the method of comparing root mean square of AVE and square of correlation coefficient proposed by Fornell and Larcker(1981) to analyze the

discriminant validity of key variables, as shown in Table 4-8. Results suggest the discriminant validity is good.

Table 4-8 Discriminant validity analysis of kay channel variables

	RDA	RN	RCOM	RCC	RCT	RSR	RPF	RCO	RCL
RDA <sup>1</sup>	0.9016	-	-	-	-	-	-	-	-
RN <sup>2</sup>	.329**	0.768	-	-	-	-	-	-	-
RCOM <sup>3</sup>	.169**	.512**	0.9158	-	-	-	-	-	-
RCC <sup>4</sup>	.281**	.695**	.473**	0.9217	-	-	-	-	-
RCT <sup>5</sup>	.172**	.579**	.466**	.695**	0.8791	-	-	-	-
RSR <sup>6</sup>	.422**	.476**	.390**	.459**	.361**	0.8948	-	-	-
RPF <sup>7</sup>	.316**	.363**	.262**	.294**	.135**	.368**	0.8775	-	-
RCO <sup>8</sup>	.284**	.629**	.462**	.469**	.414**	.493**	.224**	0.9220	-
RCL <sup>9</sup>	-0.004	352**	356**	395**	441**	164**	-0.017	287**	0.9115

<sup>\*\*</sup> Correlation is significant at the 0.01 level (2-tailed).

Note: values on diagonal is the root mean value of AVE. All the rest are correlation coefficients

#### Terms

- 1: RDA--Dependence Asymmetry
- 2: RN--Relation Norms
- 3: RCOM--Communication
- 4: RCC--Customer Commitment
- 5: RCT--Customer Trust
- 6: RSR--Seller RSIs
- 7: RPF--Overall Financial Performance
- 8: RCO--Cooperation
- 9: RCL-Conflict

# 4.4.4 Confirmatory factor analysis

To ensure that this study has sufficient convergence validity, this thesis carries out the confirmatory factor analysis (CFA) of the variables in the basic model. Based on the two-step method to test the structural equation model proposed by Anderson and Gerbing(1988), firstly, the measurement model is analyzed and examined, together with the reliability and validity of the scale. Then the structural model is analyzed and the model hypothesis is tested. The analysis results of the confirmatory factor in the channel model are shown in Figure 4-2.

#### CMIN/DF=3.251 RMSEA=.075 GFI=.872 AGFI=.822 CFI=.943 NFI=.920

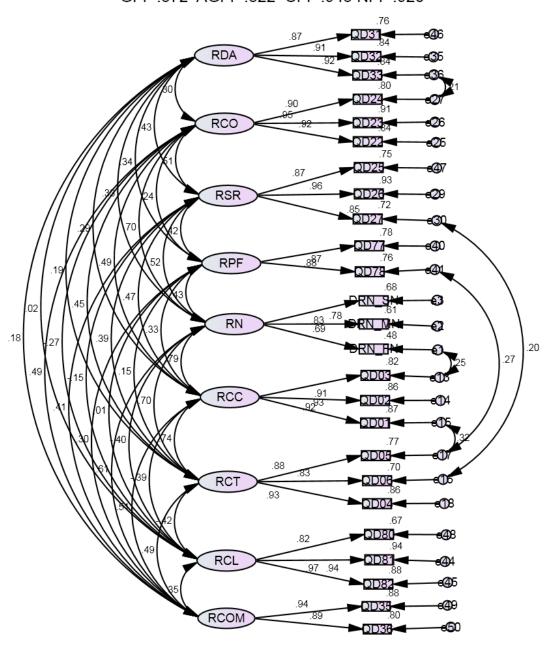


Figure 4-2 Confirmatory factor analysis for channel model

Bagozzi and Yi(1988) argue that the goodness of fit for structural equation model is to have GFI and CFI greater than 0.9. Above 0.8 is also acceptable. RMSEA values below 0.1 is acceptable (Bollen, 1986, Bentler, 1990). The results of channel model show that the goodness of fit index is  $\chi^2$  / df = 3.251, GFI = 0.872, CFI = 0.943, NFI = 0.920, RMSEA = 0.075. Although GFI, NFI is not greater than 0.9 (best standard), but the value is acceptable range. Overall speaking, the measurement model has goodness

of fit. Therefore, the channel scale has a sound convergence validity.

# 4.5 Hypotheses test and data analysis

# 4.5.1 Channel relationship marketing hypothesis test

Bagozzi and Yi(1988) argue that the ideal numerical range for measuring the degree of fit of the structural equation model is GFI, CFI is greater than 0.9, 0.8 and above are acceptable levels, and RMSEA values below 0.1 are acceptable (Bollen, 1986, Bentler, 1990). In this thesis, the channel model analysis results are shown in Figure 4-3. Goodness-of-fit indices are:  $\chi 2$  / df = 3.539, GFI = 0.847, CFI = 0.252, NFI = RMSEA = 0.80. The goodness of fit indices for the model are acceptable.

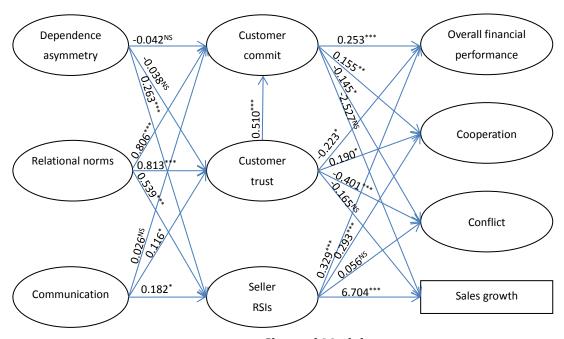


Figure 4-3 Channel Model

The path coefficients of the model are shown in Table 4-9. The path P values of H1A, H1B, H3A, H5A, H6A and H7D are greater than 0.05, with the rest to be less than 0.05. H1C is contrary to our prediction. The others show significant results.

It is predicted that dependence asymmetry is negatively correlated to trust and commitment, yet data analysis does not support (H1A, H1B). The reason could be that

the retailer's dependence on the agent is not high. During the analysis of brands sold by the retailer, it is found that retailors with more than three brands accounts for 68.7%. Due to the features of tyre sales channels, agents or manufacturers are more dependent on retailers, which is consistent with the view of Kumar et al.(1995) The more powerful firm need not cultivate its partner's trust or commitment because it can use its relative power to obtain that partner's compliance or cooperation, which also explains H1C: retailers can leverage market resources to ask for greater support from agents or manufacturers. The suppliers or agents have to surrender to certain arrangements by retailers even if they are unwilling to. It can also explain why H7D is not supported. If the retailer feels that RSIs by the agents or manufacturers can be increased, these RSIs is not helpful for settling or reducing conflicts between the two sides.

It is estimated that communication would significantly influence relationship commitment(H3A), but the results of the AMOS analysis do not support this. Reasons could be that relationship trust completely mediates the influence of communication on the relationship commitment, and data analysis results show that communication significantly influences relationship trust, and relationship trust significantly influences relationship commitment. We have further analyzed the relationships of communication, trust and commitment, and find that communication has a significant influence on the relationship commitment if we remove the variable of relationship trust, which indirectly proves hypothesis of H3A.

We anticipate that trust and commitment increase retailer's sales revenue or sales, but such conclusion (H5A and H6A) can't be supported by this research data, which may be related to the economic environment. With China's industrial development slowing down in recent years, staggering engineering machinery industry leads to a decline in the demand for engineering tyres. On the other hand, a significant portion in cost for tyres is natural rubber, the slumping price of which has lower down the price of engineering tyres. It is difficult to achieve huge growth in sales.

Table 4-9 Path Coefficient Estimates for Channel Model Variables

Нуро	Path	Path	S.E.	C.R.	P	support
thesis		coefficient				
H1A	RCC< RDA	0.042	0.033	1.259	0.208	not
H1B	RCT <rda< td=""><td>-0.038</td><td>0.033</td><td>-1.156</td><td>0.248</td><td>not</td></rda<>	-0.038	0.033	-1.156	0.248	not
H1C	RSIs< RDA	0.263	0.043	6.123	***	yes
H2A	RCC <rn< td=""><td>0.806</td><td>0.121</td><td>6.672</td><td>***</td><td>yes</td></rn<>	0.806	0.121	6.672	***	yes
H2B	RCT <rn< td=""><td>0.813</td><td>0.099</td><td>8.244</td><td>***</td><td>yes</td></rn<>	0.813	0.099	8.244	***	yes
H2C	RSIs <rn< td=""><td>0.539</td><td>0.107</td><td>5.051</td><td>***</td><td>yes</td></rn<>	0.539	0.107	5.051	***	yes
НЗА	RCC <rcom< td=""><td>0.026</td><td>0.059</td><td>0.440</td><td>0.660</td><td>not</td></rcom<>	0.026	0.059	0.440	0.660	not
НЗВ	RCT <rcom< td=""><td>0.116</td><td>0.058</td><td>1.988</td><td>0.047</td><td>yes</td></rcom<>	0.116	0.058	1.988	0.047	yes
Н3С	RSIs <rcom< td=""><td>0.182</td><td>0.074</td><td>2.471</td><td>0.013</td><td>yes</td></rcom<>	0.182	0.074	2.471	0.013	yes
H4	RCC <rct< td=""><td>0.510</td><td>0.073</td><td>7.018</td><td>***</td><td>yes</td></rct<>	0.510	0.073	7.018	***	yes
H5A	Sales Growth <rct< td=""><td>-0.165</td><td>2.476</td><td>-0.067</td><td>0.947</td><td>not</td></rct<>	-0.165	2.476	-0.067	0.947	not
H5B	RPF <rct< td=""><td>-0.223</td><td>0.093</td><td>-2.387</td><td>0.017</td><td>yes</td></rct<>	-0.223	0.093	-2.387	0.017	yes
H5C	RCO <rct< td=""><td>0.190</td><td>0.074</td><td>2.560</td><td>0.010</td><td>yes</td></rct<>	0.190	0.074	2.560	0.010	yes
H5D	RCL <rct< td=""><td>-0.401</td><td>0.094</td><td>-4.259</td><td>***</td><td>yes</td></rct<>	-0.401	0.094	-4.259	***	yes
H6A	Sales Growth <rcc< td=""><td>-2.527</td><td>1.873</td><td>-1.349</td><td>0.177</td><td>not</td></rcc<>	-2.527	1.873	-1.349	0.177	not
Н6В	RPF <rcc< td=""><td>0.253</td><td>0.073</td><td>3.456</td><td>***</td><td>yes</td></rcc<>	0.253	0.073	3.456	***	yes
H6C	RCO <rcc< td=""><td>0.155</td><td>0.057</td><td>2.731</td><td>0.006</td><td>yes</td></rcc<>	0.155	0.057	2.731	0.006	yes
H6D	RCL <rcc< td=""><td>-0.145</td><td>0.071</td><td>-2.049</td><td>0.040</td><td>yes</td></rcc<>	-0.145	0.071	-2.049	0.040	yes
H7A	Sales Growth <rsis< td=""><td>6.704</td><td>1.419</td><td>4.725</td><td>***</td><td>yes</td></rsis<>	6.704	1.419	4.725	***	yes
H7B	RPF <rsis< td=""><td>0.329</td><td>0.054</td><td>6.603</td><td>***</td><td>yes</td></rsis<>	0.329	0.054	6.603	***	yes
H7C	RCO <rsis< td=""><td>0.293</td><td>0.043</td><td>6.799</td><td>***</td><td>yes</td></rsis<>	0.293	0.043	6.799	***	yes
H7D	RCL <rsis< td=""><td>0.056</td><td>0.052</td><td>1.066</td><td>0.287</td><td>not</td></rsis<>	0.056	0.052	1.066	0.287	not

Based on the above analysis, it is found that:

1. Dependence asymmetry has a significant influence on the seller's RSIs, but has no significant influence on trust and commitment.

With the increased dependence on downstream channel members, the seller needs to make more RSIs. In this thesis, the dependence asymmetry is defined as the seller dependence perceived by retailer. Greater dependence indicates greater control by retailers on local sales channels, and greater importance of retailer itself. In channel relationship, the dependence on the retailer means that the retailer plays a leading role, and need not to think too much about maintaining the long-term relationship with the seller through trust or commitment. Seller hopes to maintain the long-term relationship by increasing RSIs. This means that retailers will ask for more RSIs from manufacturer in China's truck and bus tyre replacement market, which would not increase trust and

commitment by retailer. This indicates that manufacturers need more diversified sales channels to avoid one leading retailer.

2. The relational norms have significant influence on the trust and commitment of the channel members and will affect the seller's RSIs.

Relational norms have a significant positive influence on the trust of channel members. Stronger relational norms bring more trust from the channel members. The relational norms can effectively reduce and solve the problems faced by the company, improve expectations of continuing exchange and cooperation, and stimulate RSIs. Trust brought by long-term cooperation enable partners to pay more attention to long-term interests, rather than short-term performance evaluation.

Relational norms have a significant positive influence on commitment by channel members. The stronger the relational norms, the higher the commitment by upstream and downstream channel members, which is consistent with discovery in research on influence of relational norms on inter-organizational relationship by Jap. Relational norms are correlated with high commitment perception(Jap and Ganesan, 2000, Gundlach et al., 1995, Siguaw et al., 1998).

Relational norms have a significant positive influence on the seller's RSIs, the stronger the relationship specification. The stronger the relational norms, the higher the expectation of continuing exchange and cooperation to stimulate RSIs.

The influence of the relational norms on trust, commitment and RSIs suggests that China's truck and bus tyre market should further institutionalize the relationship of upstream and downstream channels, which provides guidance for tyre manufacturers to improve their channels and facilitates the development of channel members' relationship, which is important to improve the quality of channel relations.

3. Channel members' trust will influence commitment and channel performance.

The trust of the channel members has a positive influence on the commitment. The higher the trust, the stronger the commitment. When honesty and goodwill exist between retailers and manufacturers, the two sides will have a positive interaction, and therefore in-depth information sharing and communication. Mutual trust in each other's honesty and goodwill remove the concern about the partner's unfavorable opportunistic

behavior, and cost for monitoring each other's activities due to lack of trust. The benefits of trust give the two sides intention to continue long-term cooperation with great commitment.

Channel members' trust can reduce conflicts. In the process of product circulation, some channel members will be tempted by short-term interests and damage the interests of other channel members, leading to channel conflict. Mutual trust enable channel members to exchange trade information, reducing the likelihood of friction, thereby reducing the conflict.

Channel members' trust has a significant positive influence on channel cooperation. Trust reduces complexity and uncertainty, reduces conflicts, and facilitates cooperation by removing barriers.

Channel members' trust has a significant positive influence on channel financial performance. Strong trust between the channel members makes the two sides focus on cooperation, thus increasing their competitiveness, enhance the profitability, reduce transaction costs, increase trading opportunities, which makes it more likely to achieve better financial performance.

The above hypothesis test results show the importance of trust among members in the channel. On one hand, the trust between the channel members will directly affect the channel performance, and on the other hand, it has indirect influence on channel performance through the commitment.

#### 4. Channel members' commitments affects channel performance.

The commitment of channel members has a positive influence on conflict and cooperation. Commitment means that the two sides should actively establish a stable business relationship, reducing conflict and friction. As a result of the commitment, partners have less tendency to leave, thereby enhancing the willingness to maintain long-term relationship, reduce the possibility of conflict, increase the future of exchange expectations and willingness to cooperate.

Channel members' commitments have a significant positive influence on channel financial performance. If all the channel members are regarded as one organization, and each company the channel is the individual entity within the organization, the commitment is the degree of recognition and input by each individual to this specific organization. Members with strong organizational commitment will be determined to achieve the organizational goals and value, while willing to make more efforts to improve cooperation performance for the organization. Therefore, commitments enable cooperative organizations to achieve common goals and improve financial performance. Yet commitments would not bring significant sales growth, which is due to many reasons, such as intensified competition in truck and bus tyre market, leading to tyre price war, thereby reducing the sales revenue, or the market is relatively saturated.

#### 5. The seller's RSIs affect channel performance.

The results of positive research 1 show that the seller's RSI has a significant positive influence on channel sales growth, and the seller's RSI on retailer would affect the retailer's sales growth. As the seller's RSI increases, the retailer's resources and policy benefits would stimulate the sales of the product, so that retailers get more sales revenue, resulting in better financial performance and sales growth, enhancing retailers' willingness to cooperate. This suggests that seller RSIs can improve channel performance.

# 4.5.2 Moderating effect analysis

#### 1)Moderating Effect of Market Diversity

Baron and Kenny(1986) suggest that the moderating effect of a variable can be verified by examining the effect of the interaction terms on the dependent variable. In the multiple regression equation of the independent variable and interaction terms to the dependent variable, the regression coefficient of the interaction terms to the dependent variable is significant, then moderating effect of the variable is significant. This thesis assumes that Market Diversity has a moderating effect on three variables (Customer Commitment, Customer Trust and seller RSIs) and performance (sales growth, overall financial performance, cooperation and conflict). Analysis on the moderating effect of Market Diversity on the three variables on four types of performances is as below.

(1) Moderating effect of Market Diversity on the influence of Customer Commitment, Customer Trust and seller RSIs on sales growth

Firstly, we standardize the four variables of Market Diversity and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized Market Diversity by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Sales Growth is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 4-10. The results show that although Market Diversity affects the Sales Growth of the channel members (see model 1,  $\beta$  = -4.313, P <0.05), there is no significant interaction effect among Customer Commitment, Customer Trust, Seller RSIs and Market Diversity (see model 2,  $\beta$  values are-0.379, -2.631 and -3.680 respectively, P> 0.05) for channel members. Therefore, the hypothesis H8a, H9a and H10a are not supported. This indicates that Market Diversity does not have a significant moderating effect on the influence of Customer Commitment, Customer Trust, and seller RSIs on Sales Growth.

Table 4-10 Moderating effect of Market Diversity on the influence of Customer Commitment, Customer Trust, and seller RSIs on Sales Growth

		Sales Growth	
		Model 1	Model 2
Independen	Customer Commitment	-3.693	-4.436
t Variables	Customer Trust	0.454	0.944
	Seller RSIs	9.749***	10.206***
Moderation	Market Diversity	-4.313*	-4.356*
Variable			
Interaction	Market Diversity*Customer Commitment		-0.379
	Market Diversity*Customer Trust		-2.631
	Market Diversity*Seller RSIs		-3.680
$\Delta R^2$		0.061***	0.024*
F Change		6.376***	3.352*

\*p<.05; \*\*p<0.01; \*\*\*p<0.001

Although we expect Market Diversity to moderate the influence of Customer Commitment, Customer Trust, and seller RSIs on Sales Growth, the data does not support this conclusion (H8A, H9A, and H10A). As it is mentioned earlier, this may be related to economic environment. With the staggering global economy and the downward trend in Chinese economic growth since 2008, the entire engineering machinery industry is not promising, resulting in the declined demand for engineering tyres. Data of only one year may not reflect the moderating effect of Market Diversity.

(2) Moderating effect of Market Diversity on the influence of Customer Commitment, Customer Trust and seller RSIs on Overall Financial performance

Firstly, we standardize the four variables of Market Diversity and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized Market Diversity by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Overall Financial Performance is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 4-11. The results show that Market Diversity itself affects the Overall Financial performance of the channel members (see in Model 1,  $\beta = 0.178$ , P < 0.05). It is also shown that there is interaction between Customer Commitment and Market Diversity of the channel members, which affects the Overall Financial performance of the channel members (see Model 2,  $\beta$  = 0.222, P < 0.05); but the interactions of Market Diversity and the other two variables of Customer Trust, seller RSIs are not significant (see in model 2,  $\beta$ = -0.139 and -0.066 respectively, P> 0.05). Therefore, the hypothesis H9b is supported while hypotheses H8b and H10b are not supported. This indicates that Market Diversity has played a significant moderating role on Customer Commitment's influence on Overall Financial performance, and influences of Customer Trust and Seller RSIs on Overall Financial performance have not been significantly affected by Market Diversity.

Table 4-11 Moderating effect of Market Diversity on the influence of Customer

Commitment, Customer Trust and seller RSIs on Overall Financial performance

		Overall Finar	icial performance
		Model 1	Model 2
Independent	Customer Commitment	0.405***	0.358***
Variables	Customer Trust	-0.253*	-0.208*
	Seller RSIs	0.423***	0.439***
Moderation	Market Diversity	0.178*	0.179*
Variable			
Interaction	Market Diversity*Customer Commitment		0.222*
	Market Diversity*Customer Trust		-0.139
	Market Diversity*Seller RSIs		-0.066
$\Delta R^2$		0.182***	0.011
F Change		21.947***	1.819

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

(3)Moderating effect of Market Diversity on the influence of Customer Commitment, Customer Trust and seller RSIs on Cooperation

Firstly, we standardize the four variables of Market Diversity and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized Market Diversity by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Cooperation is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 4-12. The results show that the Market Diversity itself affects the Cooperation of the channel members (see Model 1,  $\beta = 0.278$ , P < 0.001). On the other hand, there is interaction between Market Diversity and Customer Trust, which affects Cooperation of channel members (Model 2,  $\beta = -0.153$ , P <0.05). The interactions of Market Diversity and the other two variables of Customer Commitment and seller RSIs are not significant (see Model 2,  $\beta$  = -0.057 and 0.032, P> 0.05). Therefore, the hypothesis H8c is supported while H9c and H10c are not supported. This indicates that Market Diversity has a significant moderating effect on the Customer Trust's influence on Cooperation, and the greater market diversity, the better cooperation of channel members. The influences of the Customer Commitment and the seller RSIs on Cooperation are significantly affected by Market Diversity.

Table 4-12 Moderating effect of Market Diversity on the influence of Customer Commitment, Customer Trust and seller RSIs on Cooperation

		Cooperation	
		Model 1	Model 2
Independent	Customer Commitment	0.277***	0.259***
Variables	Customer Trust	0.156*	0.157*
	Seller RSIs	0.384***	0.398***
Moderation	Market Diversity	0.278***	0.277***
Variable			
Interaction	Market Diversity*Customer Commitment		-0.057
	Market Diversity*Customer Trust		-0.153*
	Market Diversity*Seller RSIs		0.032
$\Delta R^2$		0.376***	0.026**
F Change		59.381***	5.556**

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

(4)Moderating effect of Market Diversity on the influence of Customer Commitment, Customer Trust and seller RSIs on Conflict

Firstly, we standardize the four variables of Market Diversity and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized Market Diversity by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Conflict is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 4-13. The results show that Market Diversity itself will not affect Conflict of the channel members (see model 1,  $\beta$  = -0.047, P> 0.05). There is no interaction between Market Diversity and Customer Commitment, Customer Trust and seller RSIs (see Model 2,  $\beta$  values are 0.019, -0.102 and 0.052, P> 0.05). Therefore, hypotheses H8d, H9d and H10d are not supported. This indicates that Market Diversity does not have a significant moderating effect on the influence of Customer Commitment, Customer Trust, seller RSIs on Conflict.

Table 4-13 Moderating effect of Market Diversity on the influence of Customer

#### Commitment, Customer Trust and seller RSIs on Conflict

		Conflict	
		Model1	Model 2
Independent	Customer Commitment	-0.280**	-0.294**
Variables	Customer Trust	-0.479***	-0.474***
	Seller RSIs	0.067	0.074
Moderation	Market Diversity	-0.047	-0.047
Variable			
Interaction	Market Diversity*Customer Commitment		0.019
	Market Diversity*Customer Trust		-0.102
	Market Diversity*Seller RSIs		0.052
$\Delta R^2$		0.212***	0.004
F Change		26.433***	0.669

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

Based on the above analysis, we can find that market diversification has a moderating effect on channel performance.

The moderating effect of market diversification on the influence of trust on channel performance is mainly reflected in the influence of trust on channel cooperation. In addition, market diversification also affects channel cooperation. The influence of trust on channel performance is strong when the market diversity is lower and the influence is weak when the market diversity is higher.

The moderating effect of market diversification on channel performance is mainly reflected in the influence on financial performance. The influence of commitment on financial performance is less when the market diversity is low compared to that when the market diversity is high. When there is greater change in customers, the influence of commitment from channel members on the financial performance is greater.

While studying the moderating effect of market diversity, it is found that although market diversity does not moderate the influence of trust, commitment and seller RSIs on sales growth, market diversity itself has a significant negative influence on sales growth. Increase in market diversity will reduce retailer's sales growth.

#### 2) The moderating effect of Environmental Dynamism

Similar to the previous section, in the multiple regression equation of the independent variables, the interaction terms and the dependent variable, if the

regression coefficient of the interaction term to the dependent variable is significant, then the moderating effect of the variable is significant. Hypothesis is that Environmental Dynamism has a moderating effect between performance and the three variables of Customer Commitment, Customer Trust, seller RSIs. Performance can be divided into Sales Growth, Overall Financial Performance, Cooperation and Conflict. Analysis on the moderating effect of Environmental Dynamism on the influence of the three variables on four performances is conducted as below.

(1) Moderating effect of Environmental Dynamism on the influence of Customer Commitment, Customer Trust and seller RSIs on Sales Growth

Firstly, we standardize the four variables of Environmental Dynamism and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized Environmental Dynamism by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Sales Growth is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 4-14. The results show that Environmental Dynamism does not affect the Sales Growth of the channel members (see model 1,  $\beta$  = 3.096, P> 0.05). There is no significant interaction between Environmental Dynamism and Customer Commitment, Customer Trust and seller RSIs (See Model 2,  $\beta$  = -5.245, 3.64 and 0.635, P> 0.05). Therefore, hypotheses H11a, H12a and H13a are not supported. This indicates that Environmental Dynamism has no significant moderating effect on influence of Customer Commitment, Customer Trust, and seller RSIs on Sales Growth.

Table 4-14 Moderating effect of Environmental Dynamism on the influence of Customer Commitment, Customer Trust and seller RSIs on Sales Growth

Sales Growth	
 Model 1	Model 2

Independ	Customer Commitment	-3.670	-3.227
ent	Customer Trust	0.503	0.119
Variables	Seller RSIs	8.204***	7.433**
Moderati	Environmental Dynamism	3.096	4.037*
on			
Variable			
Interactio	Environmental Dynamism*Customer Commitment		-5.245
n	Environmental Dynamism*Customer Trust		3.604
	Environmental Dynamism*Seller RSIs		0.635
$\Delta R^2$		0.054***	0.008
F Change		5.639***	1.141

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

(2)E Moderating effect of Environmental Dynamism on the influence of Customer Commitment, Customer Trust and seller RSIs on Overall Financial Performance

Firstly, we standardize the four variables of Environmental Dynamism and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized Environmental Dynamism by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Overall Financial Performance is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 4-15. The results show that Environmental Dynamism itself does not affect the Overall Financial Performance of the channel members (see Model 1,  $\beta$  = 0.014, P> 0.05). There is no significant interaction between Environmental Dynamism and Customer Commitment, Customer Trust and seller RSIs (See Model 2,  $\beta$  = -0.104, 0.033 and 0.074, P> 0.05). Therefore, hypotheses H11b, H12b and H13b are not supported. This indicates that Environmental Dynamism has no significant moderating effect on the influence of Customer Commitment, Customer Trust and seller RSIs on Overall Financial performance.

Table 4-15 Moderating effect of Environmental Dynamism on the influence of Customer Commitment, Customer Trust and seller RSIs on Overall Financial Performance

		Overall Financial performance		
		Model 1	Model 2	
Independ	Customer Commitment	0.398***	0.411***	
ent	Customer Trust	-0.240*	-0.252*	

Variables	Seller RSIs	0.457***	0.450***
Moderati	Environmental Dynamism	0.014	0.008
on			
Variable			
Interactio	Environmental Dynamism*Customer Commitment		-0.104
n	Environmental Dynamism*Customer Trust		0.033
	Environmental Dynamism*Seller RSIs		0.074
$\Delta R^2$		0.168***	0.003
F Change		19.959***	0.527

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

(3)Moderating effect of Environmental Dynamism on the influence of Customer Commitment, Customer Trust and seller RSIs on Cooperation

Firstly, we standardize the four variables of Environmental Dynamism and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized Environmental Dynamism by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Cooperation is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 4-16. The results show that Environmental Dynamism itself does not affect the Cooperation of the channel members (see Model 1,  $\beta = 0.055$ , P> 0.05). There are interactions between Environmental Dynamism and Customer Trust and seller RSIs (See Model 2,  $\beta = -0.207$ , P<0.01 and  $\beta$  = 0.139, P<0.05), which affect Cooperation. Therefore, hypotheses H11c and H13c are supported. There is no significant interaction between Environmental Dynamism and Customer Commitment. Hypothesis H12c is not supported. This indicates that Environmental Dynamism has significant moderating effect on the influence of Customer Trust and seller RSIs on Cooperation, and Environmental Dynamism has no significant moderating effect on the influence of Customer Commitment on Cooperation.

Table 4-16 Moderating effect of Environmental Dynamism on the influence of Customer Commitment, Customer Trust and seller RSIs on Cooperation

Cooperation

		Model 1	Model 2
Independent	Customer Commitment	0.261**	0.252**
Variables	Customer Trust	0.185*	0.179*
	Seller RSIs	0.415***	0.415***
Moderation	Environmental Dynamism	0.055	0.060
Variable			
Interaction	Environmental Dynamism*Customer Commitment		-0.148
	Environmental Dynamism*Customer Trust		-0.207**
	Environmental Dynamism*Seller RSIs		0.139*
$\Delta R^2$		0.330***	0.066***
F Change		48.506***	14.245***

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

(4)Moderating effect of Environmental Dynamism on the influence of Customer Commitment, Customer Trust and seller RSIs on Conflict

Firstly, we standardize the four variables of Environmental Dynamism and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized Environmental Dynamism by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Conflict is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 4-17. The results show that Environmental Dynamism affects the Cooperation of the channel members (see Model 1,  $\beta = 0.302$ , P< 0.001). There is significant interaction between Environmental Dynamism and Customer Commitment. Hypothesis H12c is not supported. There is no interaction between Environmental Dynamism and Customer Trust and seller RSIs (See Model 2,  $\beta$  = -0.053, 0.112, P> 0.05). Therefore, hypothesis H12d is supported while hypotheses H11d and H13d are not supported. This indicates that Environmental Dynamism has significant moderating effect on the influence of Customer Commitment on Cooperation, and Environmental Dynamism has no significant moderating effect on the influences of Customer Trust and seller RSIs on Cooperation.

Table 4-17 Moderating effect of Environmental Dynamism on the influence of Customer Commitment, Customer Trust and seller RSIs on Conflict

|--|

		Model 1	Model 2
Independent	Customer Commitment	-0.296**	-0.277**
Variables	Customer Trust	-0.444***	-0.463***
	Seller RSIs	-0.022	-0.039
Moderation	Environmental Dynamism	0.302***	0.340***
Variable			
Interaction	Environmental Dynamism*Customer Commitment		-0.203*
	Environmental Dynamism*Customer Trust		0.053
	Environmental Dynamism*Seller RSIs		0.112
$\Delta R^2$		0.249***	0.011
F Change		32.670***	1.934

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

In summary, the moderating effect of environmental dynamics on channel performance is mainly reflected in the conflict and cooperation of channel members.

Environmental dynamics also moderate the influence of Customer Trust and Seller RSIs on channel cooperation. In terms of Customer Trust, the influence of trust on the channel cooperation under stable environment dynamism exceeds that under changing environment dynamism. When environment dynamism is changing, influence of trust of channel members on cooperation is smaller. When environment dynamism is stable, influence of trust of channel members on cooperation is larger. In terms of Seller RSIs, the greater change in environment dynamism, the larger influence of the Seller RSIs on channel cooperation.

Environmental dynamics also moderate the relationship between commitment and channel conflict. The influence of commitment on the channel cooperation under stable environment dynamism exceeds that under changing environment dynamism. When environment dynamism is changing, influence of commitment of channel members on cooperation is smaller.

In addition, the environmental dynamism also affect the conflict of channel members. The greater environment dynamism, the more intensified channel conflicts.

#### 4.6 Summary

In positive research 1, firstly, descriptive statistical features of the samples are

provided. Secondly, the possible common method biases of the samples are tested. Thirdly, the correlation analysis, collinearity test, and the reliability and validity test of the key variables are carried out. Fourthly, the overall model proposed in this thesis is tested using SEM method. Finally, the moderating effects of the variables in the research model are analyzed.

Based on all the previous analysis, the related hypotheses testing of the channel relationship are shown in Table 4-18.

Table 4-18 Hypotheses testing

Hypothesis	Content	Support
H1A	Dependence asymmetry has significant negative effect on commitment of	No
	channel members.	
H1B	Dependence asymmetry has significant negative effect on trust of channel	No
	members.	
H1C	Dependence asymmetry has significant negative effect on seller RSIs of	Yes
	channel members.	
H2A	Relational norm has significant positive effect on commitment of channel	Yes
	members.	
H2B	Relational norm has significant positive effect on trust of channel members.	Yes
H2C	Relational norm has significant positive effect on seller RSIs of channel	Yes
	members.	
НЗА	Communication has significant positive effect on commitment of channel	No
	members.	
НЗВ	Communication has significant positive effect on trust of channel members.	Yes
Н3С	Communication has significant positive effect on seller RSIs of channel	Yes
	members.	
H4	Trust of channel members has significant positive effect on commitment.	Yes
H5	Trust of channel members has significant positive effect on channel	Partial
	performance.	
H5A	Trust of channel members has significant positive effect on channel sales	No
	growth.	
H5B	Trust of channel members has significant positive effect on overall financial	Yes
	performance.	
H5C	Trust of channel members has significant positive effect on cooperation.	Yes
H5D	Trust of channel members has significant positive effect on reducing channel	Yes
	conflict.	
Н6	Commitment of channel members has significant positive effect on channel	Partial
	performance.	
H6A	Commitment of channel members has significant positive effect on channel	No
	sales growth.	_
Н6В	Commitment of channel members has significant positive effect on overall	Yes

	financial performance.	
Н6С	Commitment of channel members has significant positive effect on cooperation.	Yes
H6D	Commitment of channel members has significant positive effect on reducing channel conflict.	Yes
H7	Seller RSIs have significant positive effect on channel performance.	Partial
H7A	Seller RSIs have significant positive effect on channel sales growth.	Yes
Н7В	Seller RSIs have significant positive effect on overall financial performance.	Yes
H7C	Seller RSIs have significant positive effect on cooperation.	Yes
H7D	Seller RSIs have significant positive effect on reducing channel conflict.	No
Н8	Market diversity moderates relationship between trust and channel performance.	Partial
H8A	Market diversity moderates relationship between trust and channel sales performance.	No
H8B	Market diversity moderates relationship between trust and overall financial performance.	No
H8C	Market diversity moderates relationship between trust and channel cooperation.	Yes
H8D	Market diversity moderates relationship between trust and channel conflict.	No
Н9	Market diversity moderates relationship between commitment and channel performance.	Partial
Н9А	Market diversity moderates relationship between commitment and channel sales performance.	No
Н9В	Market diversity moderates relationship between commitment and overall financial performance.	Yes
Н9С	Market diversity moderates relationship between commitment and channel cooperation.	No
H9D	Market diversity moderates relationship between commitment and channel conflict.	No
H10	Market diversity moderates relationship between Seller RSIs and channel performance.	No
H10A	Market diversity moderates relationship between Seller RSIs and channel sales performance.	No
H10B	Market diversity moderates relationship between Seller RSIs and overall financial performance.	No
H10C	Market diversity moderates relationship between Seller RSIs and channel cooperation.	No
H10D	Market diversity moderates relationship between Seller RSIs and channel conflict.	No
H11	Environmental dynamism moderates relationship between trust and channel performance.	Partial
H11A	Environmental dynamism moderates relationship between trust and channel sales performance.	No

H11B	Environmental dynamism moderates relationship between trust and overall	No
	financial performance.	
H11C	Environmental dynamism moderates relationship between trust and channel	Yes
	cooperation.	
H11D	Environmental dynamism moderates relationship between trust and channel	No
	conflict.	
H12	Environmental dynamism moderates relationship between commitment and	Partial
	channel performance.	
H12A	Market diversity moderates relationship between commitment and channel	No
	sales performance.	
H12B	Environmental dynamism moderates relationship between commitment and	No
	overall financial performance.	
H12C	Environmental dynamism moderates relationship between commitment and	No
	channel cooperation.	
H12D	Environmental dynamism moderates relationship between commitment and	Yes
	channel conflict.	
H13	Environmental dynamism moderates relationship between Seller RSIs and	Partial
	channel performance.	
H13A	Environmental dynamism moderates relationship between Seller RSIs and	No
	channel sales performance.	
H13B	Environmental dynamism moderates relationship between Seller RSIs and	No
	overall financial performance.	
H13C	Environmental dynamism moderates relationship between Seller RSIs and	Yes
	channel cooperation.	
H13D	Environmental dynamism moderates relationship between Seller RSIs and	No
	channel conflict.	
	-	

# Chapter 5. Study 2: influence of customer relationship marketing and brand community integration on channel performance

#### 5.1 Introduction

To verify the influence of end-users relationship marketing on channel performance, this chapter will adopt the research method in Chapter 3 to study tyre customers in China. A formal research questionnaire is formed after pre-test, and reliability test, validity test and confirmatory factor analysis are conducted on the research data, using the structural equation model and the moderating effect test to verify the research hypothesis proposed previously.

#### **5.2 Questionnaire pretest**

Questionnaires and scales are used to measure the variables. The questionnaires used in the study are derived from the mature scales used by various scholars and modified based on the feature of the research subjects. To make the questionnaire and scale more suitable to measure and reflect real thoughts of respondents and to reduce the ambiguity by certain expression in questionnaire, this thesis conducts a pre-test of scale and questionnaire related to the end user variables in a small scale.

#### 5.2.1 Pilot study

1) Survey subject and data collection

To test the accuracy of the questionnaire, this study first conducted a pilot study to remove and modify the question items based on questionnaire analysis results (reliability validity test) and feedbacks from survey respondents on the question item expression and understanding. Then a formal survey questionnaire is proposed. The time difference between pilot study and formal survey is more than two months. To ensure that these survey respondents are not involved in the formal survey, they avoid those who may be the respondents in formal survey with related survey explanation.

#### 2) Target survey subjects

In this thesis, the research subjects are the end users of truck and bus tyre industry. Considering the distribution of truck and bus tyre end users, the distribution of questionnaires in this thesis adopts convenience sampling by region.

#### 3) Pilot study

The pilot study questionnaires were used to predict the accuracy and applicability of the measurements. Questionnaire mainly focuses on the features of respondents for the measurement of backgrounds. The measurement of end users includes the end users' gender, age, educational background, occupation, family income, ownership and purpose. The main part of the study is to measure relevant variables regarding research model. The end users include the following aspects: trust, commitment, non-direct-profiting RSIs, and brand community integration. To ensure the accuracy of the measurement, the respondents were informed at the beginning of the survey that the study was for academic purposes. There were no right or wrong answers in the selected question items and encouraged respondents to complete the questionnaire anonymously to ensure objectivity. The questionnaires were evaluated using the internationally accepted 7-point Likert Scale, which uses 1,2,3,4,5,6,7 point to represent from "entirely disagree", "mostly disagree", "somewhat disagree", "neither agree nor disagree", "somewhat agree", "neither agree nor disagree", "somewhat agree", "mostly agree", "entirely agree". The respondents are asked to select from these options to measure the variables.

The pilot study of this thesis was conducted in March 2014 which lasted for one month, which mainly end users. During the pilot study, the questionnaires are issued on a one-on-one basis to enhance the accuracy of the study. Convenience sampling is adopted for the study. End users are invited to conduct pre-test questionnaires in the city of Jiaozuo, Henan Province using snowball method. Excluding the questionnaires that were filled carelessly and missing data, ultimately 30 copies were collected. The

sample features and the basic information are shown in Table 5-1.

Table 5-1 Feature and statistics of pilot study samples

	End users	1	1	
Basic features	Category	Number of samples	percentage	
1	male	30	100%	
gender	female			
	18-24			
	25-34	7	23.3%	
Age	35-44	11	36.7%	
	45-54	12	40.0%	
	>55			
	Married	30	100%	
Mamia an atatan	Single			
Marriage status	Widowed			
	Divorced			
	No high school diploma	10	33.3%	
Educational	High school diploma	18	60.0%	
background	College diploma	2	6.7%	
background	Bachelor's degree			
	Master's degree			
Annual family	<36,000	3	10.0%	
income(RMB)	36,000-59,999	22	73.3%	
	60,000-99,999	3	10.0%	
	100,000-150,000	1	3.3%	
	150,000-250,000	1	3.3%	
	>250,000			

#### 4)Items Analysis

Firstly, the independent sample T test is carried out on the measurement items of the variables regarding end users in this study, including trust, commitment, non-direct-profiting RSIs, and brand community integration to determine whether there is a difference between the high score group and low score group of each question item. The total score of each variable are ranked. Since the number of samples is small, the median is used to divide the samples into low score group and high score group, rather than the commonly used proportion of 27% is not used as the high and low grouping percentage ratio. Subjects in the title of the mean to do independent sample T test. The T test result for pre-test is shown in Table 5-2. At the same time, the test of homogeneity is used in the items analysis. Test of homogeneity includes the correlation between the

item and the scale score, and the internal consistency reliability test value. If all the items in the scale are measuring the same construct or some potential feature, the individual item should have strong correlation with the potential feature. The analysis can be done using Pearson product-moment correlation coefficient. If correlation coefficient is less than 0.4, it means that the individual item is not closely correlated to scale construct, thus, this Item can be removed. The correlation coefficient and internal consistency reliability of pre-test results for this questionnaire are shown in Table 5-2.

Table 5-2 Pre-test items analysis

Variable/Dim	ension	Item	F	Sig	Т	Sig(2 tailed)		Cronbach's	Cronbach's α
							coefficient of	α	if Item
							item and scale		Deleted
Commitment		ECC1	2.800	0.105	-7.135	0.000	0.979**	0.959	0.928
		ECC2	0.013	0.911	-5.265	0.000	0.927**		0.954
		ECC3	2.574	0.120	-6.247	0.000	0.937**		0.951
		ECC4	2.220	0.147	-6.925	0.000	0.934**		0.952
Trust		ECT1	1.410	0.245	-4.205	0.000	0.874**	0.819	0.733
		ECT2	0.127	0.724	-5.529	0.000	0.879**		0.730
		ECT3	0.022	0.883	-5.254	0.000	0.765**		0.779
		ECT4	4.239	0.049	-7.150	0.000	0.893**		0.721
		ECT5	0.953	0.337	-1.101	0.281	0.430*		0.909
non-direct-pro	ofiting	ENP1	2.390	0.133	-2.491	0.022	0.614**	0.804	0.826
RSIs		ENP2	0.009	0.924	-4.150	0.000	0.782**		0.749
		ENP3	7.963	0.009	-4.616	0.000	0.718**		0.772
		ENP4	10.324	0.003	-5.702	0.000	0.852**		0.720
		ENP5	0.077	0.783	-3.786	0.001	0.803**		0.750
Brand	Product	EBP1	0.811	0.376	-4.427	0.000	0.830**	0.927	0.917
community		EBP2	0.991	0.328	-4.308	0.000	0.872**		0.910
integration		EBP3	0.296	0.591	-7.804	0.000	0.886**		0.907
		EBP4	0.746	0.395	-6.563	0.000	0.931**		0.898
		EBP5	6.179	0.019	-6.573	0.000	0.922**		0.901
		EBP6	0.425	0.520	-2.842	0.010	0.663**		0.939
	Brand	EBB1	0.426	0.519	-5.276	0.000	0.907**	0.951	0.940
		EBB2	6.656	0.015	-5.486	0.000	0.878**		0.945
		EBB3	6.713	0.015	-5.650	0.000	0.917**		0.938
		EBB4	0.655	0.425	-5.714	0.000	0.902**		0.941
		EBB5	2.510	0.124	-7.479	0.000	0.942**		0.934
		EBB6	3.322	0.079	-6.806	0.000	0.842**		0.951

<sup>\*.</sup> Correlation is significant at the 0.05 level (2-tailed).

 $<sup>\</sup>ensuremath{^{**}}.$  Correlation is significant at the 0.01 level (2-tailed).

The results of the independent sample T test, the correlation coefficient between the item and the total score of the scale and the reliability of the scale show that all the items have good discrimination.

Based on the above analysis, this thesis developed a formal questionnaire for research.

#### 5.3 Sample, Data collection and Profile

According to the results of the pre-test, the formal research questionnaire is divided into two parts. The main part is the measurement of the relevant variables of the research model, including trust, commitment, non-direct-profiting RSIs, and brand community integration. Background part includes items regarding features of surveyed end users. Measurement for end users includes the gender, age, marriage status, educational background and annual family income. In addition, the expression of each item is further revised based on pilot study, and certain question items are modified or removed according to the result of the items analysis to form the formal questionnaire.

In the formal study, the survey is targeting end users of the same tyre brands in Chapter 4. As the tyre customers and retailers are geographically related, formal research selected transparent areas in 错误!未找到引用源。 for research, same as that in Chapter 4, covering most customers and channel members of xx brand tyres.

#### **5.3.1.1** Sample Profile

As the samples are widely distributed, convenience sampling is adopted in actual questionnaire with interviewer having direct access to the respondents. In this study, 626 end user questionnaires were distributed and 617 valid retailer questionnaires were collected. The features and statistics of the sample respondents in the formal questionnaire are shown in Table 5-3.

Table 5-3 Features and basic information of samples

End user							
Basic features	Category	Number of samples	Percentage				
gender		9	1.5%				
gender	female	606	98.2%				
	18-24	14	2.3%				
	25-34	176	28.5%				
Age	35-44	278	45.1%				
	45-54	139	22.5%				
	>55	10	1.6%				
	Married	574	93.0%				
Marriage	Single	36	5.8%				
status	Widowed	1	0.2%				
	Divorced	4	0.6%				
	No high school	368	59.6%				
	diploma						
Educational	High school	196	31.8%				
background	diploma						
background	College diploma	36	5.8%				
	Bachelor's degree	16	2.6%				
	Master's degree	1	0.2%				
Annual family	<36,000	16	2.6%				
income(RMB)	36,000-59,999	149	24.1%				
	60,000-99,999	223	36.1%				
	100,000-150,000	187	30.3%				
	150,000-250,000	38	6.2%				
	>250,000	2	0.3%				
Occupation	Technician	6	1.0%				
	Clerk/sales	6	1.0%				
	Manager/admin	9	1.5%				
	Expert	5	0.8%				
	Chauffeur	202	32.7%				
	Driver	360	58.3%				
	Others	28	4.5%				

#### **5.3.1.2** Sample descriptive statistics

It is generally believed that if the absolute value of skewness for each item data is less than 3 and the absolute value of kurtosis is less than 10, the samples have normal distribution. As shown in Table 5-4, all the variables can meet this requirement. Therefore,

the sample data have normal distribution (Kline, 1998, Fangming Huang, 2005), which satisfies the basic requirement for the following data analysis and processing.

Table 5-4 End users descriptive statistics

		Tabl	e 5-4 End	l users desc	riptive st	atistics		ı	
7 ' 11		T.	Mean		Standard deviation	Skewness		Kurtosis	
Variables		Item	Statistics	Standard deviation	Statistics	Statistics	Standard deviation	Statistics	Standard deviation
Commitment		ECC1	4.69	0.069	1.715	-0.332	0.098	-0.841	0.19
		ECC2	4.66	0.066	1.635	-0.443	0.098	-0.521	0.19
		ECC3	4.84	0.065	1.624	-0.501	0.098	-0.5	0.19
		ECC4	4.64	0.068	1.685	-0.405	0.098	-0.514	0.19
Trust		ECT1	4.43	0.062	1.533	-0.13	0.098	-0.531	0.190
		ECT2	4.29	0.061	1.508	-0.076	0.098	-0.58	0.190
		ECT3	4.71	0.06	1.481	-0.374	0.098	-0.315	0.190
		ECT4	4.64	0.063	1.565	-0.25	0.098	-0.677	0.190
		ECT5	4.11	0.064	1.597	0.17	0.098	-0.623	0.190
non-direct-prof	iting	ENP1	4.68	0.065	1.603	-0.371	0.098	-0.341	0.190
RSIs		ENP2	4.56	0.065	1.621	-0.258	0.098	-0.487	0.190
		ENP3	4.56	0.062	1.546	-0.386	0.098	-0.299	0.19
		ENP4	4.31	0.075	1.855	-0.093	0.098	-0.954	0.190
		ENP5	4.31	0.068	1.685	-0.209	0.098	-0.59	0.190
Brand	Product	EBP1	4.64	0.06	1.478	-0.445	0.098	-0.113	0.196
community		EBP2	4.64	0.059	1.454	-0.356	0.098	-0.298	0.190
integration		EBP3	4.29	0.059	1.464	-0.11	0.098	-0.397	0.190
		EBP4	4.47	0.058	1.433	-0.049	0.098	-0.519	0.190
		EBP5	4.52	0.062	1.532	-0.106	0.098	-0.481	0.190
		EBP6	4.8	0.063	1.556	-0.274	0.098	-0.547	0.190
	Brand	EBB1	4.86	0.056	1.38	-0.476	0.098	-0.089	0.190
		EBB2	4.9	0.06	1.478	-0.537	0.098	-0.26	0.19
		EBB3	4.38	0.063	1.57	-0.024	0.098	-0.699	0.196
		EBB4	4.09	0.064	1.591	0.179	0.098	-0.772	0.190
		EBB5	4.21	0.064	1.588	0.091	0.098	-0.581	0.190
		EBB6	4.51	0.061	1.519	-0.084	0.098	-0.542	0.19

#### 5.4 Data Purification

To ensure that convincing research conclusion can be drawn based on the analysis of questionnaire data, correlation analysis, collinearity test, reliability test, validity test and confirmatory factor analysis of the sample data are conducted first.

#### 5.4.1 Correlation analysis and collinearity test

The correlation analysis is the measure of co-relatedness between variables, which is the basic step of quantitative analysis. In this thesis, Pearson correlation analysis is used. In addition, mean value, standard deviation and correlation coefficient of each variable are analyzed (see Table 5-5).

Table 5-5 Pearson correlation analysis of channel variables

	1	2	3	4
1. Commitment	1			
2. Trust	.650**	1		
3. Non-Direct-Profit RSIs	.623**	.781**	1	
4. Brand community integration	.470**	.606**	.581**	1
Mean	4.706	4.435	4.526	4.482
Std. Deviation	1.437	1.260	1.116	1.441

<sup>\*\*</sup> Correlation is significant at the 0.01 level (2-tailed).

The results show that there is a significant correlation among the key variables with a few exceptions, and the correlation coefficient of the variables is within 0.2-0.5. The correlation is neither too strong nor too weak which implies that collinearity of the variables is not significant. Using the variance inflation factor (VIF) to further diagnose the collinearity of the variables, we found that the variance inflation factor of all variables is less than 5(John Wiley,1980). It can be concluded that the collinearity of variables is acceptable.

#### 5.4.2 Reliability analysis

In this thesis, corrected items total correlation (CITC) and the internal consistency reliability method are used to further purify, screen and correct the items of research variables to ensure the consistency of the variables items in the respective factors. The use of correlation coefficient assessment method can reduce the multi-factor loading of the items, identify the inappropriate items that can be removed, and improve the internal consistency of the scale (Churchill,1979). It is generally believed that if CITC  $\leq 0.5$ , the item should be removed (Yang Zhirong, 2005). If the reliability coefficient of internal consistency is more than 0.7 after the item is removed, then the reliability meets

the requirements (Nunnally, 1978). Therefore, this study set CITC less than 0.5 and the Cronbach's  $\alpha$  coefficient greater than 0.7 as the standard for screening items. The item shall be removed if the Cronbach's  $\alpha$  coefficient of the scale for the variable is significantly improved after the item is removed. The specific values of the Cronbach's  $\alpha$  reliability of the scale are shown in Table 5-6.

Table 5-6 Scale reliability

Variable		Itam	Corrected Item-Total	Alpho If Itam Dalatad	Cronbach's α	
		Item	Correlation	Alpha If Item Deleted		
Commitment		ECC1	0.732	0.861	0.886	
		ECC2	0.804	0.833		
		ECC3	0.81	0.831		
		ECC4	0.663	0.886		
Trust		ECT1	0.7	0.854	0.878	
		ECT2	0.797	0.831		
		ЕСТ3	0.696	0.855		
		ECT4	0.681	0.859		
		ECT5	0.678	0.86		
non-direct-prof	ting	ENP1	0.7	0.914	0.916	
RSIs		ENP2	0.802	0.894		
		ENP3	0.779	0.899		
		ENP4	0.824	0.89		
		ENP5	0.829	0.888		
Brand	Product	EBP1	0.707	0.864	0.885	
community		EBP2	0.744	0.858		
integration		EBP3	0.664	0.871		
		EBP4	0.745	0.858		
		EBP5	0.739	0.858		
		EBP6	0.597	0.882		
	Brand	EBB1	0.555	0.86	0.865	
		EBB2	0.633	0.847		
		EBB3	0.729	0.83		
		EBB4	0.643	0.846		
		EBB5	0.732	0.829		
		EBB6	0.671	0.841		

In this study, the CITC of all variables is greater than 0.5, thus the items selected are appropriate.

According to the test standard proposed by Fornell(1982), combined reliability of

each latent variable is composed of all observable variables, and its value shall be above 0.6. As can be seen from Table 5-7, the CR values of the key variables in this thesis are greater than 0.8, so the reliability of the scale is good.

#### 5.4.3 Validity analysis

Validity includes content validity, convergence validity and discriminant validity. In this thesis, two-way translation is used in the items of the key variables measured, and experts in the field were invited to fill in the items after the completion of the translation. The items in this thesis are well deliberated in terms of the research context and expression, which reflect the original content and fit the context of this research. As for convergence validity, this thesis uses the AVE indicator. To measure the discriminant validity, the AVE of each variable and the square of the correlation coefficient are compared (Fornell and Larcker, 1981). The results are shown in Table 5-7. As in Table 5-7, the AVE values of all variables in this thesis are above 0.5 with a few exceptions (End User Trust Item 3 is 0.696, Brand community integration Brand Sub-variable is 0.679), and the factor loading coefficients are above 0.7, which shows that the scales of this thesis has good convergence validity.

Table 5-7 Reliability and validity analysis of scale

Variable	Item	Load	Alpha	CR	AVE	Percent of variance explained
Commitment	ECC1	0.787***	0.886	0.8887	0.6665	74.753%
	ECC2	0.817***				
	ECC3	0.869***				
	ECC4	0.79***				
Trust	ECT1	0.802***	0.878	0.8801	0.5959	67.399%
	ECT2	0.849***				
	ЕСТ3	0.696***				
	ECT4	0.74***	1			
	ECT5	0.764***				
Non-Direct-Profit RSIs	ENP1	0.737***	0.916	0.9182	0.6926	75.086%
	ENP2	0.856***	1			
	ENP3	0.827***	1			

		ENP4	0.863***				
		ENP5	0.871***				
Brand	Product	EBP1	0.806***	0.885	0.9136	0.6386	63.853%
community		EBP2	0.838***				
integration		EBP3	0.773***				
(EBC)		EBP4	0.835***				
		EBP5	0.827***				
		EBP6	0.708***				
	Brand	EBB1	0.679***	0.865	0.899	0.5984	59.818%
		EBB2	0.750***				
		EBB3	0.828***				
		EBB4	0.762***				
		EBB5	0.830***				
		EBB6	0.782***				

Note: "\*\*\*" suggests significance below 0.000

This thesis uses the method of comparing root mean square of AVE and square of correlation coefficient proposed by Fornell and Larcker(1981) to analyze the discriminant validity of key variables, as shown in Table 5-8. Results suggest the discriminant validity is good.

Table 5-8 Discriminant validity analysis of key end user variables

	EUC	EUT	EBC	ECRSI
ECC <sup>1</sup>	0.8164	-	-	-
ECT <sup>2</sup>	.650**	0.7719	-	-
EBC <sup>3</sup>	.623**	.781**	0.886	-
ECRSI <sup>4</sup>	.470**	.606**	.581**	0.8322

<sup>\*\*</sup> Correlation is significant at the 0.01 level (2-tailed).

Note: The value of diagonal is Rms of AVE, the rest is correlation coefficient

Terms:

1:ECC--Commitment

2:ECT--Trust

3:EBC--Brand community integration

4:ECSRI--Non-Direct-Profit RSIs

#### **5.4.4** Confirmatory factor analysis

To ensure that this study has sufficient convergence validity, this thesis carries out the confirmatory factor analysis (CFA) of the variables in the basic model. Based on the two-step method to test the structural equation model proposed by Anderson and Gerbing(1988), firstly, the measurement model is analyzed and examined, together with the reliability and validity of the scale. Then the structural model is analyzed and the model hypothesis is tested. The analysis results of the confirmatory factor in the channel model are shown in Figure 5-1.

#### CMIN/DF=4.371 RMSEA=.074 GFI=.924 AGFI=.885 CFI=.959 NFI=.948

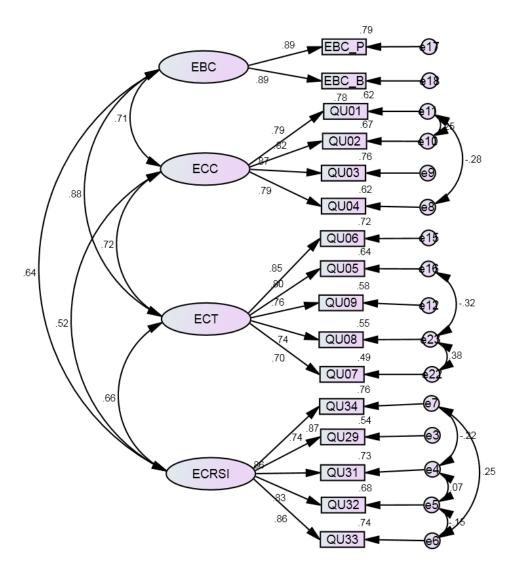


Figure 5-1 Confirmatory factor analysis for end user model

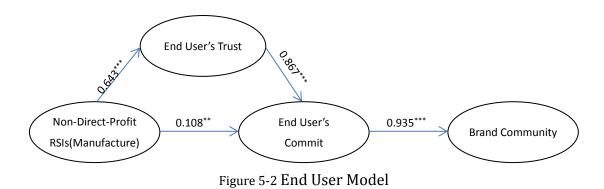
The results of channel model show that the goodness of fit index is  $\chi^2$  / df = 4.371, GFI = 0.924, CFI =0.959, NFI = 0.948, RMSEA =.074. Overall speaking, the measurement model has goodness of fit. Therefore, the channel scale has a sound

convergence validity.

#### 5.5 Hypotheses test and data analysis

#### 5.5.1 End user relationship model hypothesis test

Bagozzi and Yi(1988) argue that the ideal numerical range for measuring the degree of fit of the structural equation model is GFI, CFI is greater than 0.9, 0.8 and above are acceptable levels, and RMSEA values below 0.1 are acceptable (Bollen, 1986, Bentler, 1990). In this thesis, the channel model analysis results are shown in Figure 5-3. Goodness-of-fit indices are:  $\chi 2$  / df = 4.272, GFI =0.924, CFI =0.960, NFI =0.948, RMSEA=0.073. The goodness of fit indices for the model are acceptable.



less than 0.05. It indicates that the original hypothesis is valid, which is consistent with our anticipation.

Table 5-9 Path Coefficient Estimates for Channel Model Variables

Нуро	Path	Path	S.E.	C.R.	P	support
thesis		coefficient				
H15	ECT <ecrsi< td=""><td>0.643</td><td>0.051</td><td>13.383</td><td>***</td><td>yes</td></ecrsi<>	0.643	0.051	13.383	***	yes
A						
H15	ECC <ecrsi< td=""><td>0.108</td><td>0.039</td><td>2.803</td><td>0.005</td><td>yes</td></ecrsi<>	0.108	0.039	2.803	0.005	yes
В						
H14	ECC <ect< td=""><td>0.867</td><td>0.057</td><td>14.447</td><td>***</td><td>yes</td></ect<>	0.867	0.057	14.447	***	yes
H16	EBC <ecc< td=""><td>0.935</td><td>0.047</td><td>18.033</td><td>***</td><td>yes</td></ecc<>	0.935	0.047	18.033	***	yes

Manufacturer's non-direct-profit RSIs would affect trust from end users. The larger RSI, the more end users trust manufacturer. By investing money, efforts, time and other resources, manufacturer try to win customers' trust by setting up stable

long-term relationship. The investment to improve and facilitate relationship by one side can be regarded as a promise by the other side. Therefore, the more non-direct-profit RSIs by manufacturer, the less risk perceived by customer when buying product or service from this company, thus stronger trust. RSI also tighten the business relationship between company and customer, enabling both side to trust each other more.

The manufacturer's non-direct-profit RSIs will affect the end user's commitment, The larger RSI, the more end users commitment to manufacturer. The higher RSI, the higher end users' emotional dependence, thus affecting commitment. And if the establishment of customer relationship is achieved through non-promotion strategy, more investment in customer relations brings closer relationship, stronger trust, and stronger commitment to company.

Trust brings relationship interest to the customer, which helps customers to have satisfactory shopping experience and emotions. When the customer highly trust the company, the customer will automatically safeguard the company's reputation and form emotional dependence, thereby affecting the commitment to the company. Since trust is the results of past behavior and allows them to assess future expectations and thus generate a commitment relationship. After the customer grows trust to the company or brand, the customer is ready to sacrifice short-term interests and grow confidence in long-term potential benefits, thereby generate commitment. In a highly trustworthy relationship, the customer maintains the relationship and voluntarily purchases the product or service from the company or brand because they have a strong affection for the company or the brand – commitment, which will be strengthened with the deepening of trust.

User commitment affects the individual's brand community integration consciousness. The stronger the customer's commitment to the company, the stronger the brand's community consciousness. Trust and commitment bring customer relationship benefit, which helps produce a satisfactory product experience. When customers have strong trust and commitment to the company, they will consciously safeguard the company's reputation, and tolerate the occasional mistakes made by the

company. They really care about the present and future of the business and want to form a formal or informal organization or group to exchange ideas on products or services, as well as the planning for company's future, provide suggestions to further improve the products and services. With stronger commitment, the customers have stronger desire to form a brand community integration. In addition, commitment makes customers to trust enterprises or brands, to recognize psychologically, to form emotional and sensible dependence. Due to such trust and recognition, they are willing to repeat the purchase or recommend it to friends and family. Such social interaction will gradually form a brand community consciousness.

# 5.5.2 Moderating effect analysis of brand community integration

Similar to the analysis on moderating effect in Chapter 4, in the multiple regression equation of the independent variable and interaction terms to the dependent variable, if the regression coefficient of the interaction terms to the dependent variable is significant, then moderating effect of the variable is significant. This thesis assumes that brand community integration has a moderating effect on three variables (Customer Commitment, Customer Trust and seller RSIs) and performance (sales growth, overall financial performance, cooperation and conflict). Analysis on the moderating effect of brand community integration on the three variables on four types of performances is as below.

1) Moderating effect of brand community integration on the influence of Customer Commitment, Customer Trust and seller RSIs on sales growth

Firstly, we standardize the four variables of brand community integration and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized brand community integration by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Sales Growth is used as the dependent variable for regression analysis.

Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 5-10. The results show that brand community integration has no influence on the Sales Growth of the channel members (see Model 1,  $\beta$ =2.756, P>0.05), and there is no significant interaction effect among Customer Commitment, Customer Trust, Seller RSIs and Brand community integration (see Model 2,  $\beta$  values are-3.767, 2.735 and 0.882, P>0.05) for channel members. Therefore, hypotheses H17a, H18a and H19a are not supported. This indicates that Brand community integration does not have a significant moderating effect on the influence of Customer Commitment, Customer Trust, and seller RSIs on Sales Growth.

Table 5-10 Moderating effect of Brand community integration on the influence of Customer Commitment, Customer Trust, and seller RSIs on Sales Growth

		Sales Growth	
		Model 1	Model 2
Independ	Customer Commitment	-3.736	-4.642
ent	Customer Trust	0.396	1.180
Variables	Seller RSIs	8.631***	8.676***
Moderati	Brand community integration	2.756	2.788
on			
Variable			
Interactio	Brand community integration *Customer		-3.767
n	Commitment		
	Brand community integration *Customer Trust		2.735
	Brand community integration *Seller RSIs		0.882
$\Delta R^2$		0.053***	0.004
F Change		5.516***	0.521

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

2)Moderating effect of Brand community integration on the influence of Customer Commitment, Customer Trust and seller RSIs on Overall Financial performance

Firstly, we standardize the four variables of Brand community integration and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized brand community integration by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as

independent variables, and Overall Financial Performance is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 5-11. The results show that brand community integration itself has no influence on the Overall Financial performance of the channel members (see in Model 1,  $\beta$ =0.085, P>0.05). There are interactions between Brand community integration and Customer Commitment and Customer Trust (see Model 2,  $\beta$  = -0.243 and 0.229, P<0.05). Therefore, hypothesis H17b, H18b are supported while hypotheses H19b is not supported. This indicates that Brand community integration has a significant moderating effect on influence of Customer Commitment and Customer Trust on Overall Financial performance, yet influence of Seller RSIs on Overall Financial performance has not been significantly affected by Brand community integration.

Table 5-11 Moderating effect of Brand community integration on the influence of Customer Commitment, Customer Trust and seller RSIs on Overall Financial performance

		Overall Financial performance	
		Model 1	Model 2
Independ	Customer Commitment	0.389***	0.328**
ent	Customer Trust	-0.229*	-0.172
Variables	Seller RSIs	0.440***	0.446***
Moderati	Brand community integration	0.085	0.078
on			
Variable			
Interactio	Brand community integration *Customer		-0.243*
n	Commitment		
	Brand community integration *Customer Trust		0.229*
	Brand community integration *Seller RSIs		0.093
$\Delta R^2$		0.172***	0.014
F Change		20.398***	2.259

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

3)Moderating effect of brand community integration on the influence of
Customer Commitment, Customer Trust and seller RSIs on Cooperation
Firstly, we standardize the four variables of Brand community integration and
Customer Commitment, Customer Trust and seller RSIs, and then multiply the

standardized brand community integration by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Cooperation is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 5-12. The results show that the Brand community integration itself has no influence on the Cooperation of the channel members (see Model 1,  $\beta$ =0.045, P>0.05). There are interactions between Brand community integration and Customer Commitment and Customer Trust, thereby affecting cooperation of channel members (Model 2,  $\beta$  =0.208, P<0.01,  $\beta$  = -0.324, P<0.001). The interaction of Brand community integration and seller RSIs is not significant (see Model 2,  $\beta$  =0.086, P>0.05). Therefore, hypothesis H17c and H18c are supported while H19c is not supported. This indicates that Brand community integration has a significant moderating effect on the influence of Customer Commitment and Customer Trust on Cooperation. The influences of seller RSIs on Cooperation is significantly affected by Brand community integration.

Table 5-12 Moderating effect of brand community integration on the influence of Customer Commitment, Customer Trust and seller RSIs on Cooperation

		Cooperation	
		Model 1	Model 2
Independent	Customer Commitment	0.260**	0.329***
Variables	Customer Trust	0.183*	0.100
	Seller RSIs	0.423***	0.445***
Moderation	Brand community integration	0.045	0.035
Variable			
Interaction	Brand community integration *Customer		0.208**
	Commitment		
	Brand community integration *Customer Trust		-0.324***
	Brand community integration *Seller RSIs		0.086
$\Delta R^2$	·	0.329***	0.037***
F Change		48.388***	7.690***

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

4)Moderating effect of brand community integration on the influence of Customer Commitment, Customer Trust and seller RSIs on Conflict

Firstly, we standardize the four variables of Brand community integration and Customer Commitment, Customer Trust and seller RSIs, and then multiply the standardized brand community integration by the standardized Customer Commitment, Customer Trust and seller RSIs to form interaction terms, which brings three new variables. Model 1 include the four standardized variables as independent variables, and Conflict is used as the dependent variable for regression analysis. Model 2 includes three interactive items for regression analysis on the basis of Model 1. The results of the Model 1 and 2 are shown in Table 5-13. The results show that Brand community integration itself affects Conflict of the channel members (see Model 1,  $\beta$ =0.136, P<0.05). There are interactions between Brand community integration and Customer Commitment and seller RSIs (see Model 2, β values are -0.228 and -0.154, P<0.05). There is no interaction between Brand community integration and Customer Trust (see Model 2,  $\beta = 0.067, P > 0.05$ ). Therefore, hypotheses H18d and H19d are supported while H17d is not supported. This indicates that Brand community integration has a significant moderating effect on the influence of Customer Commitment and seller RSIs on Conflict. Brand community integration would affect conflict. The influence of Customer Trust on conflict is affected by brand community integration.

Table 5-13 Moderating effect of brand community on the influence of Customer Commitment,

Customer Trust and seller RSIs on Conflict

		Conflict	
		Model1	Model 2
Independent	Customer Commitment	-0.290**	-0.349***
Variables	Customer Trust	-0.469***	-0.412***
	Seller RSIs	0.039	0.017
Moderation	Brand community integration	0.136*	0.173**
Variable			
Interaction	Brand community integration *Customer		-0.228*
	Commitment		
	Brand community integration *Customer Trust		0.067
	Brand community integration *Seller RSIs		-0.154*
$\Delta R^2$		0.219***	0.037***
F Change		27.585***	6.510***

<sup>\*</sup>p<.05; \*\*p<0.01; \*\*\*p<0.001

## 5.6 Summary

In positive research 2, firstly, descriptive statistical features of the samples are provided. Secondly, the possible common method biases of the samples are tested. Thirdly, the correlation analysis, collinearity test, and the reliability and validity test of the key variables are carried out. Fourthly, the overall model proposed in this thesis is tested using SEM method. Finally, the moderating effects of the variables in the research model are analyzed.

Based on all the previous analysis, the related hypotheses testing of the channel relationship are shown in Table 5-14.

Table 5-14 Hypotheses testing

Hypothesis	Content	Support
H14	End user trust has significant positive effect on commitment.	yes
H15A	Manufacturer's non-direct-profit RSI has significant positive effect on end user trust.	yes
H15B	Manufacturer's non-direct-profit RSI has significant positive effect on end user	yes
	commitment.	
H16	end user commitment has significant positive effect on brand community consciousness.	yes
H17	Brand community integration moderates relationship between trust and channel performance.	partial
H17A	Brand community integration moderates relationship between trust and channel sales performance.	no
H17B	Brand community integration moderates relationship between trust and overall financial performance.	yes
H17C	Brand community integration moderates relationship between trust and channel cooperation.	yes
H17D	Brand community integration moderates relationship between trust and channel conflict.	no
H18	Brand community integration moderates relationship between commitment and channel performance.	partial
H18A	Brand community integration moderates relationship between commitment and channel sales performance.	no
H18B	Brand community integration moderates relationship between commitment and overall financial performance.	yes
H18C	Brand community integration moderates relationship between commitment and channel cooperation.	yes
H18D	Brand community integration moderates relationship between commitment and channel conflict.	yes
H19	Brand community integration moderates relationship between Seller RSIs and	partial

	channel performance.	
H19A	Brand community integration moderates relationship between Seller RSIs and	no
	channel sales performance.	
H19B	Brand community integration moderates relationship between Seller RSIs and	no
	overall financial performance.	
H19C	Brand community integration moderates relationship between Seller RSIs and	no
	channel cooperation.	
H19D	Brand community integration moderates relationship between Seller RSIs and	yes
	channel conflict.	

# **Chapter 6. Discussion**

#### 6.1 Main Effect of Channel Relationship Model

This paper firstly studies the retailers in the tire industry through questionnaires in the channel relationship model, and through the empirical research methods such as reliability analysis, validity analysis, confirmatory factor analysis and structural equation model, studies the dependence on asymmetry The relationship between commitment, trust and vendor-specific proprietary investment, and further studies on the impact of commitment, trust and vendor-specific proprietary investment on the four dimensions of channel performance (Overall performance, cooperation, conflict, and sales growth) .

## 6.1.1 The main effect of Channel relationship model

- 1. The main effect of the channel relationship model is as following:
- (1) Reliance asymmetry has a significant positive impact on seller's relationship-specific investment (H1C, supported), but has no significant effect on trust and commitment (H1A and H1B, not supported).
- (2) The trust of relationship members to channel members has a significant positive impact on the commitment and seller's relationship-specific investment, and will negatively affect the seller's relationship-specific investment (H2A, H2B, and H2C).
- (3) Communication between channel members has no significant effect on channel members' commitment (H3A, not supported), but has a significant positive impact on trust and seller's private relationship investment (H3B and H3C, supported).
- (4) The trust of channel members will positively affect the commitment and channel performance: The trust between channel members will significantly improve the H4, supported, reduce the conflicts among members and increase the cooperation

(H5C and H5D, supported but does not affect financial performance and increase sales (H5A and H5B, not supported).

- (5) Channel members' commitment has affected channel performance: increased financial performance, increased cooperation and reduced conflict (H6B, H6D, supported), but did not affect sales (H6A, not supported).
- (6) The seller's relationship-specific investment has affected channel performance: increased financial performance, increased sales, and also promoted cooperation between the two parties (H7A, H7B, and H7C, but not H7D).

Among the above major findings, the following findings were inconsistent with expectations:

First, it is expected that there is a significant relationship between the degree of dependence on trust and commitment, but the analysis does not support (H1A, H1B). The possible reason is due to the characteristics of China's tire sales channels: In China, as retailers generally belong to multi-brand agents (more than three brands), tire retailers rely less on channel agents, but rather agents or manufacturers more dependent on retailers. This is also in line with Kumar et al. (1995), where the dominant firm does not need to consider the trust and commitment of its peers and can exercise its strong position to forge the partner's trust or commitment because it can use its relative power to obtain that partner's compliance or cooperation).

Second, the expected communication will significantly affect the outcome of the commitment of relationship (H3A) does not support this conclusion, the following may be the reason: the relationship between trust completely mediated the impact of communication on the relationship commitment, data analysis shows that communication has a significant impact on the relationship between trust, and relationship trust also significantly affected the relationship commitment. We further analyzed the relationship between communication, trust and commitment. We found that H3A did indirectly prove the communication commitment significantly affected the relationship trust when the relationship was removed.

Then, as expected, trust and commitment are expected to increase retailer sales (H5A and H6A), and trust is also expected to impact retailer financial performance

(H6B), but the survey data do not support this conclusion, In recent years, the domestic economic growth slowed down. The downturn in the commercial vehicle industry led to a drop in the demand for commercial vehicle tires. On the other hand, a large part of the cost of tire costs was a drop in natural rubber and natural rubber prices making the price of tires into the decline cycle, tire sales or financial performance will be difficult to achieve greater growth.

Finally, suppose seller-specific investment will reduce the conflict between the two parties (H7D) but without support. There are two possible explanations: On the one hand, in the Chinese tire market, proprietary investment is more about investing in long-term relationships, while the conflict between the two parties is more of a short-term conflict. On the other hand, retailers can utilize market resources to require agents or manufacturers to give greater support, even if the suppliers or agents are not willing to obey only some retailers' arrangements. These proprietary investments cannot help to resolve or reduce the level of conflict between the two parties if the retailer feels that agents or manufacturers can increase their exposure to retailers.

Other major findings are consistent with the existing findings:

The above four points are also consistent with the findings of Palmatier et al. (2007) and Jap and Ganesan (2000). In the channel relationship, if the retailer plays a leading role in the channel relationship between the two parties, they do not need to think too much about maintaining the long-term relationship with the seller through trust or commitment. The seller may hope that by increasing the corresponding relationship investment Maintain and enhance the long-term relationship between the two parties. However, if there are rules that regulate buyers and sellers, we can effectively reduce and solve the problems facing business cooperation, promote expectations of continued trading and cooperation and encourage proprietary investment. The trust brought by long-term cooperation has given traders more attention Long-term benefits, not short-term performance measures. This means that retailers will demand more relationship-specific investment from manufacturers as manufacturers recuperate from retailers in China's truck-tire replacement market, but this will not give retailers more confidence in themselves And more commitment; and

with the increase of the relationship constraints, promote the clear relationship between channel members, which is of great significance to improve the quality of channel relations.

- (4) The trust of channel members will affect the commitment and channel performance: The trust between channel members will significantly improve the commitment among members, reduce the conflicts among members and increase the cooperation.
- (5) Channel members' commitment has affected channel performance: increase financial performance, increase cooperation and reduce conflicts.
- (6) The seller's relationship-specific investment has affected channel performance: increased financial performance, increased sales, and also promoted cooperation between the two parties.

Second, that is, the trust of channel members has a positive and positive effect on commitment (H4): The higher the trust, the stronger the commitment. Channel members' trust and commitment can reduce conflict (H5D and H6D), reduce the likelihood of friction and facilitate cooperation (H5C and H6C), which in turn has a significant positive impact on channel financial performance (H6B). This is also consistent with Ferro et al. (2016), Morgan and Hunt (1994), Palmatier et al. (2007), Jap and Ganesan (2000), Gundlach et al. (1995) and Siguaw et al. The conclusion of this paper is consistent with the trend of the existing research. On the one hand, it shows that the research hypothesis proposed in this paper is consistent with the existing theory; on the other hand, it also shows that even in the more complicated tire market in China, Key Factors Trust and commitment still play an important role.

Third, the seller's relationship-specific investment has a significant positive impact on channel sales growth (H7A and H7B), and the vendor-specific investment in retailers will affect the retailer's sales growth. Studies by Dyer and Ouchi (1998) point out that seller-specific investment improves performance and that Smith and Aldrich (1991) and Parkhe (1993) consider this effect more stable and efficient for non-recoverable firms and vice versa Reduce speculation and conflict, increase willingness to cooperate (H7C), reduce transaction costs and improve the efficiency

of relations. For China's tire industry, as manufacturers invest more in retail-specific relationships, retailers will receive more resources and preferential policies that will stimulate product sales, giving retailers more sales revenue and more financial Performance and sales growth have increased retailers' willingness to cooperate.

#### 6.1.2 Moderating Effect of Channel Relationship Model

- (1) Moderating impact of market diversity on trust and channel performance is mainly reflected in the influence of trust on channel cooperation (H8C). In addition, market diversity also affects channel cooperation. The impact of trust on channel performance is greater when market diversity is low, but less when market diversity is high.
- (2) Market diversification also moderate the effect of commitment on channel performance (H9B) mainly on financial performance; the impact of commitment on financial performance is less when the market diversity is lower than when the market diversity is high, That is, promises between channel members have a greater impact on financial performance when there is a large change in customers in the market. In addition, market diversity does not have any moderate effect on other relations. There are two possible causes for these insignificant effects of adjustment that are not in line with expectations: First, these may be related to the general context of China's economic development and the development of the automotive industry. Since 2008, the global economy has been sluggish and the domestic economic growth has obviously shown a downward trend. The sluggish business climate in the entire commercial vehicle industry has led to a drop in the demand for commercial vehicle tires. On the other hand, there is no long-term data collection or data tracking as the receipt data in this paper is only limited to one year. The data of one year cannot reflect the moderator role of Market Diversity.
- (3) Although market diversity does not moderate e the impact of investment in trust, commitment and seller relationship on sales growth, market diversity itself has a significant negative impact on sales growth; increased market diversity will reduce

retailer sales growth.

(4) The moderator role of environmental dynamics only moderate the relationship between trust, vendor-specific investment and channel cooperation (H11C and H13C), and commitment and channel conflict (H12D). The dynamics of the environment do not have a regulatory effect on the rest of the population, which stems from the mismatch of expectations. Possible explanation is that the relationship between the commercial tire industry channel is more about the relationship between manufacturers and agents, manufacturers and retailers, belong to the B2B industry, most of the channels used in the management of the contract and the relationship between governance The way to combine. Under the circumstance of high environmental dynamic, the contractual binding power still exists, so the trust and commitment to exclusive investment have little effect on the financial performance and sales volume. However, under the governance of trust, the commitment of proprietary investment to cooperation and conflict The greater the impact of the relationship, so there is only trust, the seller of proprietary relationship investment and channel cooperation, and commitment and channel conflict between the regulatory role.

At the same time moderate the trust, Seller RSIs on channel cooperation;

- (5) Environmental dynamics also moderate the relationship between commitment and channel conflict;
- (6) Environmental dynamics also affect the conflict among channel members. When the environment is dynamic, channel conflicts will also intensify.

By adding Market Diversity and Environmental Dynamism to the models related to the main effects, they studied their moderating effects on the channel relational model. Empirical results show that Market Diversity does not significantly influence the relationship between Customer Commitment, Customer Trust, seller RSIs and Sales Growth, cooperation and conflict, but has a significant regulatory effect on Overall Financial performance. At the same time, this paper finds that the regulatory effect of environmental dynamics on the regulation of Customer Commitment, Customer Trust, seller RSIs and channel performance is mainly reflected in the two

aspects of reducing the conflict between channel members and increasing the cooperation between channel members.

#### **6.2** User relationship model

Similar to the study of channel relationship model, this paper investigates the endusers of truck and bus tires by questionnaire, and through the empirical analysis of reliability and validity analysis, confirmatory factor analysis and structural equation model, The relationship investment will affect the end user's commitment, and it should be the user's trust in the brand indirectly affect the end user's commitment. The user's commitment has affected the individual brand awareness of the community, the stronger the commitment of customers to the business, the stronger their brand community awareness.

#### **6.2.1** Main Effect of User relationship model

- (1) Manufacturer's nonprofit-specific relationship investment positively affects end-user trust. The greater the investment in this relationship, the more end-user trusts the manufacturer (H15A, supported); and the user's trust will affect the user's commitment (H14, supported).
- (2) Manufacturer's nonprofit-specific relationship investments affect end-user commitment. The greater the investment in this relationship, the more end-user commitment to the manufacturer (H15B, supported).
- (3) The user's commitment has an impact on the brand awareness of the individual community. The stronger the commitment of the customer to the enterprise, the stronger the brand awareness of the community (H16, supported).

The main findings above are consistent with our expectation:

First, the manufacturer's nonprofit-specific investment will directly affect the enduser's commitment, and the manufacturer's nonprofit-specific investment will affect end-user trust, which ultimately affects the user's commitment. On the one hand, the more private relationship investment, the deeper the customer's emotions, thus affecting commitment (De Wulf et al., 2001; Smith, 1998; Hibbard et al., 2001). On the other hand, enterprises can gain consumer trust by investing resources such as money, energy and time in order to establish long-term and stable relationships with their customers. When customers highly trust the enterprise, they will consciously maintain the reputation of the enterprise and form an emotional dependence, thereby affecting their commitment to the enterprise (Poppo, Zhou, and Li, 2016; Wang, Wang, Liu, 2016; Garbarino and Johnson, and Hunt, 1994, Josee and Odekerken-Schroder, 2002).

Second, the user's commitment affects the individual's brand community awareness, the stronger the customer's commitment to the business, and the stronger the brand's community awareness. Trust and commitment to the customer relationship interests help customers produce a satisfying product experience (Arnould et al., 2002). When customers have a high degree of trust and commitment to the enterprise, they will consciously defend the reputation of the enterprise and tolerate the occasional mistakes of the enterprise so as to truly care about the present and future of the enterprise. They hope to form a formal or informal organization or group to jointly exchange their products or services As well as planning for the future of the business, advising on further product and service improvements (Thompson and Sinha, 2008); and as commitments grow, customers are more conscious of forming this brand community. In addition, the commitment to enable customers to trust the business or brand, psychologically agree, emotional and emotional dependence; out of such trust and recognition, they are willing to repeat the purchase or recommend to friends and family; this social interaction will gradually form a brand community Consciousness (Stokburger Sauer, 2010).

#### **6.2.2** Moderating Effect of User relationship model

In the moderating effect of brand community integration, the main findings of this study are as follows:

(1) Brand community integration Sales Growth does not affect channel members, and Customer Commitment, Customer Trust (H17A, not supported), Customer

Commitment (H18A, not supported), and seller RSIs (H19A, not supported) There is no significant interaction effect;

- (2) Brand community integration played a significant moderator role in the Overall Financial performance (H17B and H18B, not supported), and the influence of seller RSIs on Overall Financial performance was not significantly affected by brand community integration (H19B, not supported).
- (3) Brand community integration plays significant moderator role in the Customer trust and Commitment (H1C and H18C, supported), but the influence of seller RSIs on cooperation is not significantly affected by Brand community (H19C, not supported).
- (4) Brand community integration played significant moderator role in the customer Commitment and seller RSIs influencing Conflict (H18D and H19D, supported). Meanwhile, Brand community integration also affects conflict. The influence of Customer Trust on conflict is not affected by Brand The significant impact of community (H17D, not supported).

In the above findings, the part in which Brand community integration moderates the trust and channel performance exists partly, and the impact of Brand community integration on the relationship between trust and sales growth and channel conflict (H17A and H17D) is not inconsistent with the expectation. The possible explanation is that end-user perception of brand community integration in China's truck and bus tire market is a maintenance-related perception, i.e., a long-term perception. This long-term relationship is difficult to reflect in the short-term sales growth or conflict reduction.

In addition, Brand community integration did not moderates the relationship between RSI and sales growth did not match expectations (H8A, H19A, H19B, and H19C). This may be related to the uniqueness of the tire industry, unlike fast moving consumer goods. Tires are durable and have a longer lifespan. The user's commitment to sales volume, RSI sales, financial performance and cooperation due to Brand community integration Need to be reflected by multiple durable goods cycles. However, this study conducted a one-year survey without any follow-up survey of end-users for up to 3-5 years of consumer behavior, unable to track changes in long-term performance, and therefore unresponsive. As a result of the long-term effects of Brand community

integration Part of the regulatory role in the user relationship model comes.

Therefore, this paper verifies the moderator role of brand community integration between three antecedents such as Customer Commitment, Customer Trust, seller RSIs and performance. Although Brand community integration did not play a significant role in moderating Customer Commitment, Customer Trust, and seller RSIs, it also regulates the impact of Customer Commitment and Customer Trust on Overall Financial performance and Cooperation. For conflict, Brand community integration played a significant role in moderating Customer Commitment and seller RSIs to Conflict, but it does not address the impact of Customer Trust on conflict.

Although Chinese tire manufacturers have enjoyed rapid expansion in the past 20 years, the price of Chinese tires is the lowest, their production capacity varies greatly, and the price competition is fierce. At the same time, a large number of hundreds of local tire companies act as market followers. As a result, end-user confidence in, commitment to, and professional investment by end-users do not rapidly increase sales, even as the brand community is built in the context of the overall business environment. However, through the brand community, developing interaction with users, increasing brand awareness and customer loyalty (Amegbe, Boateng, and Mensah, 2017) can strengthen cooperation between buyers and sellers as well as enhance consumer-brand collaboration, Reduce conflict, resulting in a combination of brand community and channel integration effect (Jiang Yan and Dong Dahai, 2008), to promote the rapid growth of enterprises. This study of brand community integration, on the one hand, is consistent with the findings of existing research on the relationship between brand trust in brand communities and customers (Kim, 2007; Habibi, Laroche and Richard, 2014; Bruhn, Schnebelen and Schafer, 2014), found that brand community will enhance the quality of trust and interaction between consumers; on the other hand, it also makes up for the impact of brand community's own perceived characteristics.

# Chapter 7. Conclusion and Future reseach

#### 7.1 Introduction

In 1983, Berry proposed the theory of relationship marketing (Berry, 1983) Since the 1990s, some European and American marketing management experts have introduced the theory of relationship marketing into the study of channel relationship. The research on marketing channels has gradually shifted the focus to the relationship. Such as the Commitment-Trust model, the Dependence Perspective model, the Transaction Cost Economics Perspective model, the Relational Norms Perspective model, and the resource-based view (RBV) model(Palmatier et al., 2007, Kumar et al., 1995). There are also many scholars using the relationship marketing theory to study the relationship between the company and the end user (or consumer). It is mentioned in the Chapter 1 that the literatures on channel relations rarely include the influence of end users on channel performance. The literatures on end users often exclude channel relationship. In Chinese tyre replacement market, although channel relationship marketing is in practice, but related researches are qualitative research. Most of the researches only theoretically argue that channel relationship marketing should be suitable for the Chinese tyre replacement market, but there is no positive research about its effect and whether it can improve channel performance based on quantitative analysis. Since tyre manufacturers do not sell tyres to end users. As for tyre manufacturers' investment in end user, whether and how it influences customer relationships, as well as how it affects channel performance, there are few researches on this regard. This is also the main objective of this thesis.

Chapter 2 of this thesis has conducted a thorough research on the existing interorganizational relationship marketing theory and the customer relationship marketing theory. On this basis, the concept of brand community integration is introduced to form the theoretical framework of this thesis. Theoretical hypotheses are proposed according to this framework. The literature review shows that the resource-based inter-company relationship marketing theory can better explain the influence of the channel relationship on channel performance. Therefore, this thesis modifies the RBV model based on features of the channel relationship of the Chinese truck and bus tyre replacement market and makes it more appropriate for Chinese tyre replacement market. In the end user market, a more mature commitment - trust model is adopted, and the brand community integration is introduced based on the relationship marketing, to study the influence of customer relationship on channel performance from the perspective of brand community integration.

To test the theoretical model and the hypotheses proposed in this thesis, qualitative analysis and quantitative analysis are integrated to implement the two positive researches in Chapter 4 and 5 using the statistical method. Through the literature review, we find the measurement scales for model variable, which are translated three times into Chinese versions and modified based on China' reality. Questionnaire were revised again for pre-test according to the respondents' understanding. The data of the formal questionnaire are verified in terms of reliability and validity. The research model and the proposed hypotheses are validated using structural equation models and regression equations. The Chapter 6 summarizes this thesis and draw a conclusion, and points out the theoretical contributions and practical suggestions of the research, states the limitations of this thesis and the future research direction.

#### 7.2 Conclusions

This article combines channel relationship, end user relationship and channel performance through brand community integration. Specifically, by introducing the brand community integration and manufacturer's non-profit investment for end-users, and choosing China's tire market as the research object, this paper studies the influence of channel relationship on channel performance and at the same time studies the relationship between brand community integration Regulatory effect. The main conclusions of this paper are as follows:

Firstly, for the first time, the influence of end-users is introduced into the research of enterprise level. From the perspective of channel integration, the role of

end users in the relationship between channel relationship and channel performance is considered. Although B2B business practice has proved to be more and more important to customers, most of the customer relationship literature is still concentrated in the B2C field. Few studies have incorporated customer relationship into the field of B2B research. At present, there is no intersection of customer relationship research and channel relationship marketing research, but the two should interact with each other. The poor channel will affect the perception of the end user by the product or service, and the end user's view on the product or service and the purchase Will affect the performance of channel members; two studies in this article prove that the two can be well combined. Therefore, this paper presents and verifies by empirical data that the relationship with end-users should be considered when studying the influence of channel relationship on channel performance.

Second, through empirical analysis, this paper verifies that brand community integration plays an important role in the channel performance impact. Customer relationship has not been given enough attention in channel research. In fact, enterprises can influence the brand awareness in the B2B market through the brand community (Wang et al., 2016), which can reduce end-user uncertainty and increase end-user repeat purchase Chance of eventually affecting channel performance. The empirical results in this paper also confirm that brand community can affect channel performance. Specifically, the end-user brand awareness of community integration affects three aspects of channel performance: channel conflict, cooperation and financial performance. First of all, the entire awareness of the brand community can not only directly affect the channel conflict, but also regulate the relationship between promises and seller-specific investment and channel conflict. Secondly, the end-user brand awareness of community integration regulates the impact of trust and commitment on channel cooperation: Increasing the end-user brand awareness of the community can improve mutual cooperation and cooperation between the two parties, but reduce the trust and cooperation between the two sides. Finally, the user's brand community awareness regulates the impact of trust and commitment on financial performance.

Third, the paper validates the role of manufacturers in investing in nonprofit, private relationships. Because one party's investment in promotion and promotion can be viewed by the other as a guarantee, the more the manufacturer's investment in a nonprofit-specific relationship, the less risk the customer perceives when purchasing the company's product or service, The trust of the company will be higher. Using 682 end-user questionnaires and 612 copies, we verified the role of nonprofit proprietary relationships in channel governance. The results show that the greater the manufacturer's investment in nonprofit-specific relationships, the more end-user commitment to the manufacturer. On the other hand, if the establishment of customer relationship is achieved through non-promotion strategy, the more investment in customer relationship, the deeper friendship, the stronger trust and the stronger commitment to the enterprise.

#### 7.3 Theoretical contributions

On the basis of relationship marketing, this paper integrates the relationship between manufacturer and end-user in B2C and the channel relationship in B2B, and studies the influence of B2C on B2B performance from a holistic perspective to achieve the integration of the two. At the same time, this article incorporates the brand community into the research framework of corporate channel governance and verifies the regulatory role of brand community integration in the relationship between trust and channel performance, commitment and channel performance, relationship-specific investment and channel performance. Starting from the integration of brand community, combining the research of end-user level and corporate channel governance, this paper provides ideas for further in-depth study of relationship marketing and enriches the literature of relationship marketing. On the other hand, combining individual level with enterprise level, also expanded the paradigm of marketing research. Specifically, this article has the following theoretical contributions:

First, relational marketing research needs to take into account not only the

interaction of stakeholders at the enterprise channel level in B2B, but also the impact of end users in the B2C environment. However, research on channel relations under the new perspective of the corporate level and the customer level has not been given much attention. This paper puts forward the theoretical model of integrated channel relationship marketing and customer relationship marketing, and integrates the research of end users and channel research through brand community integration, which complements the existing deficiencies in the relationship between man-made and fragmented research. This study also verifies the role of customer relationship in the study of channel relationship through empirical data analysis. The results of empirical analysis also show that the combination of customer level can make up for the vacancy in the first chapter of the proposed customer relationship into the field of B2B research.

Second, for most businesses, manufacturers do not interact directly with customers or have too much contact with their customers. Therefore, existing channel relationship studies rarely pay attention to the relationship between end users and manufacturers. With the advent of the Big Data era, even though manufacturers generally do not sell their products directly to the end user, the use of the product connects the manufacturer to their relationship and the manufacturer invests in the end user (Document 3). However, less attention has been paid to whether the manufacturer's investment in end-users will affect the customer relationship and ultimately affect the channel performance. In the empirical research, this paper analyzes the impact of end-users on the enterprise level from two levels of manufacturers and distributors, filling in the blank of research on the relationship between end-users and manufacturers in the past.

Thirdly, from the perspective of brand community integration, this article explores how end-users' perceptions about the integration of brand community in real enterprises have an impact. Historically, research on brand communities has focused on consumers in the virtual branding community, concerned with their social interactions, their participation in motivations, and behavioral changes without studying the behavior of firms in the community. Based on the brand community in

the Chinese tire market, this paper studies how an enterprise manages a brand community from both the end-user and the level perspective, and can enrich the literature on brand community management. Also shows that there are other research directions can be more perfect integration of brand community research, but also in the theoretical research level that the research issues of this paper is necessary to explore.

Fourthly, this paper clarifies the mechanism of the manufacturer's influence on the performance of retailers and other channel members through the non-direct profit-making investment. In the past, non-direct profit-making investments of manufacturers mainly focused on the relationship between manufacturers and distributors (literature), and less resources would be invested in end-users. This study finds that, even if the manufacturer does not directly face the end user, the manufacturer's indirect profitability investment will affect the end user's trust and commitment to the enterprise or brand, further affecting their brand community awareness and ultimately affecting channel members Performance. Therefore, the paper in this paper fills the past literature about the performance impact mechanism of non-direct profit-making investment of manufacturer retailers.

Finally, this paper explores the applicability of the relationship marketing theory in China's truck tire replacement market through empirical research. In theory, relational marketing theory should apply to all the relationships between enterprises and be validated in several industries in many countries and regions. However, unlike the developed countries in the west, where China belongs to the emerging markets and most of the existing researches are based on the western developed countries and the tire industry also has different characteristics in other industries, the applicability of the empirical relation marketing theory in China's tire industry can further enrich the relationship Marketing theory to provide more empirical evidence.

#### 7.4 Practical significance

#### 7.4.1 Enlightenment to Enterprise Channel Management

Traditional marketing strategy, not too much emphasis on B2B push strategy, or over-emphasize B2C pull strategy. In the current intense competition, any single strategy may not enable manufacturers to gain a competitive edge over their competitors. How to combine these two kinds of strategies organically to further improve the channel performance is a very worthy problem to be studied. The findings and perspectives of this article provide theoretical guidance and practical advice for companies in developing marketing strategies that do not directly sell their products. Specifically, in the formulation of corporate marketing strategy, it is necessary to consider B2B push strategy, but also consider the B2C pull strategy, the final customer relationship should be integrated into the channel relationship.

In addition, for enterprise channel management, a large amount of resources invested in maintaining relationships with dealers and less investment in end-user brand community integration. The results of this study illustrate the role of brand community integration in brand building and the impact of brand community integration on channel performance by combining brand community integration, customer commitment, trust research and business channel performance. Therefore, enterprises in the process of channel management, on the one hand to pay attention to the relationship with the dealer or end-user input; the other hand, but also through the integration of brand community, improve channel performance.

## 7.4.2 Inspiration to the manufacturer

First of all, this study found that brand community awareness can adjust the performance of retailers and other channel members, therefore, investment brand community can directly affect the performance. For manufacturers, regardless of whether the manufacturer is directly facing the end user, they should provide end-users

with a variety of support to establish a brand community to further expand the impact of the brand community. Such as establishing a dedicated fleet / group user micro-signal or building various online / offline communities to provide a platform for end-user communication to form a brand community maintained and managed by the manufacturer, as well as an end-user brand community platform The establishment and maintenance of help. At the same time, tire selection / use knowledge can be regularly pushed in the brand community to carry out award-winning quizzes and enhance community participation by fleet / group users to maintain the brand community's vitality and attract non-company brands while retaining the brand's fans User participation, but also increase the social concern about the company.

Second, manufacturers should also increase their investment in end-user relationships and strengthen their relationship with end users. Such as sorting out existing member files, regular phone calls and members to communicate, collect customer comments. Send a blessing SMS in the month of birthday of the member and send a birthday present (fuel card / promotion). Draw a lucky draw every holiday, a number of randomly selected members lucky star (published in WeChat), not only can increase customer viscosity, but also can increase the company's WeChat public number of concern and brand awareness. At the same time, we can also set up various funds for our clients, such as emergency funds, to pay the end-user of the enterprise brand a certain amount of expenses in various emergency situations and bring a good reputation effect to the brand.

Thirdly, from the perspective of channel relationship, the trust, commitment and relationship investment between channel members have a significant impact on channel members' performance. Therefore, manufacturers should actively communicate with agents, retailers, etc., increase the frequency of visits to retail stores, understand real situations of each other in real time, grasp the dynamics of retail stores and take the initiative to solve the problems within its capabilities in order to increase channel members Trust and commitment

Finally, manufacturers and their agents should pay more attention to retailers, especially strong retailers, to increase their operational training and conduct regular

regular training on core stores, specialty shops / AC stores, etc. to make more relationship investments and increase channels Performance. As the dependence on asymmetry will affect the relationship between the seller and the investment, therefore, manufacturers or agents, if the dependence on the core retailer is too high, you should try to reduce such dependence asymmetry. At the same time, attention should also be paid to nurturing specific and explicit trading practices among channel members such as retailers. For example, it is appropriate for all parties to deal with some exceptional events, making them a common rule This will help enhance mutual trust and commitment.

## 7.4.3 Enlightenment to agents

First of all, as the external environment has a regulatory effect on channel performance, manufacturers should pay close attention to the external environment, especially the development of market diversity and market dynamics, and adjust their response strategies in a timely manner. When the external environment changes greatly, the two sides should strengthen their cooperation, Handle contradictions and conflicts.

Secondly, agents should also adopt a variety of combination strategies to invest indirect non-for-profit investment in end-users and develop interaction with end-users while providing convenient or financial support for end-users to form brand community and brand community activities. So that manufacturers and end-users, brand community members to communicate between members of the brand community can exchange a variety of product knowledge, product manufacturers to exchange suggestions for improvement, potential customers word of mouth to enhance brand awareness and customer loyalty, To provide users with better products and after-sales service support.

## 7.4.4 Xx tire company's practical enlightenment

In this paper, China xx tire company's truck tire market as the research object of

empirical research, the conclusions of xx tire company's existing marketing strategy evaluation and future marketing strategy formulation has important implications.

First, China's tire manufacturers have a history of more than 70 years and have enjoyed rapid expansion in the past 20 years with the total output and export volume among the highest in the world. However, the "big and weak" industrial structure poses a number of problems for local manufacturers. China's tires have the lowest prices in the global market and the manufacturers have different production capacities. Only 300 manufacturers (nearly 600 tire manufacturers in China) have obtained the 3C certification. Among them, nearly 20 state-owned enterprises and over 20 foreign enterprises Is a private company, the price competition is very fierce. The three most famous foreign brands (Michelin, Bridgestone and Goodyear) dominate the market, accounting for about 70% of the PCR market share. However, local companies have about 70% market share in the TBR market, covering most of the high-end markets. At the same time, hundreds of local tire companies act as market followers. China's tire manufacturing industry is still at the lower end of the value chain and is involved in low value-added activities.

Second, as the first echelon of Chinese domestic truck and bus tires, xx Tire Company adopted a new marketing strategy and further strengthened its investment in end-users while learning from leading enterprises to step up channel construction. The empirical results show that xx tire company through the channel construction, the relationship between the channel members to invest in and channel members to establish a variety of norms to help channel members to improve competitiveness; the other hand, xx tire company by strengthening the end-user Of the investment to help end users build a community of user brands, has gained good reputation among the end users and increased end user trust and commitment to xx tires, resulting in a substantial increase in retail revenue and boosting xx tire sales.

Finally, empirical studies show that in China's truck tire replacement market, tire manufacturers in the development of marketing strategy, focusing on channel construction at the same time, to further strengthen the non-end-users of non-profit-making investment through the brand community, development and users The

interaction between, improve brand awareness and customer loyalty. Through the promotion of both strategies, it can produce the combined effect of integration between brand community and channel construction and promote the rapid growth of enterprises.

### 7.5 Research Limitations and Prospects

Although this thesis tries to be accurate and precise in the positive researches, there are exist the following limitations due to the complexity of the sample collection and limited resources.

In terms of theory, this thesis proposes that customer relationship marketing affects channel relationship marketing. The influence of end user on channel performance should be taken into account in the study of channel relationship. On top of that, this thesis integrates channel relationship and end user relationship in the study through brand community integration, studies on the influence of channel member relationship on channel performance by introducing brand community integration and manufacturers' non-direct-profit RSIs on end users, as well as the moderating effect of end user brand community integration. The brand community-oriented channel relationship model is built. Future researches can further explore other variables to study the relationship between these two.

In terms of research method, this thesis adopts the questionnaire research method and self-presented report method. Other research methods can be explored in future researches, such as case study as supplementary method. In terms of sampling, due to the objective conditions, the relevant survey was conducted only for one year, thus the data used in this thesis is only for one year. Although the results in line with theoretical expectations also have practical significance, the practical dynamic effect of the existing model needs to be further verified. Future research can work on the continuous data of many years, and then explore the dynamic impact of channel governance and brand community integration. Since the tyre industry has different features compared with other industries, and different types of tyre manufacturers have different marketing features. Thus, evidences from more companies and industries are necessary to prove

whether this model is applicable to other companies and other industries.

This thesis focuses on the influence of the brand, yet the industrial product marketing is affected by more factors. Many end users in the truck and bus tyre replacement market are individuals, but different from other consumer products, truck and bus tyre are primarily used for production or transportation as part of a product or service. The end users of truck and bus tyre not only care about the brand, but also take into account the operating costs. The fleet would consider product costs, product quality and road conditions and other factors. The regular consumers care about whether the tyre brand fits their identity and social status, price and other factors while purchasing tyres for buss.

Lastly, some e-commerce platforms emerge in the market. With the advent of e-commerce websites and the popularity of the tire sales industry, more and more users begin to buy tires online and participate in the interaction with the enterprises to form a virtual brand community. In this case, the relationship between buyers and sellers as well as the consumer brand community marketing for channel governance and channel performance also need further consideration. Therefore, new e-marketing channel appears, which can also be studied in the further researches.

## 7.6 Summary

With the intensification of competition in China's truck and bus tyre replacement market, the profits of tyre products will be further diluted, which will lead to declining revenue in tyre channel. If the channel income can't be improved, vicious competition would emerge among channel members, resulting in distortions and even damages to channel relationships which last for many years. Therefore, manufacturers must consider how to improve channel relationships and channel performance.

Based on literature review, this thesis proposes the research framework of integrating customer relationship and brand relationship, as well as corresponding hypotheses. The research model includes the customer relationships and channel relationships improved by non-direct-profit RSIs from manufacturers to end users

through brand community integration, so that both serve to improve the performance of the channels built by the manufacturers. The thesis adopts both qualitative analysis and quantitative analysis and other methods, tests proposed hypotheses through two positive researches, and verify the research model. The results show that customer relationship does affect the channel performance through the brand community integration, RBV-based relationship marketing theory is basically applicable to China's truck and bus tyre replacement market. Manufacturers' non-direct-profit RSIs on end users affect relationship between manufacturers and end users. Although this thesis studies China's truck and bus tyre replacement market, but its conclusions should be applicable to other similar industries. Manufacturers can leverage customer relationship in channel relationship marketing while operating their channels, to further improve channel performance.

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