

Integrating relationship maintenance into the multiplexity of channel ties: a theoretical framework

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Abstract

Relationships between buyers and sellers are a topic of enduring interest in marketing studies. Maintaining relationships with key business partners has several positive implications, in that it can allow to access knowledge (Grant and Baden-Fuller 2004), to combine and expand strategic opportunities (Dyer 1996; Dyer and Singh 1998), to support joint value creation (Jap 1999) and value sharing (Jap 2001).

Yet, maintaining relationships over time is not a straightforward task. Relationships are idiosyncratic for a given counterpart and time-specific: they evolve through stages on the basis of the history of interactions between actors (Dwyer, Schurr, and Oh 1987), and are governed by different relational constructs along their lifecycle (Wilson 1995). Hence, relationship maintenance requires an ad hoc and dynamic approach.

Surprisingly, however, little research so far has deepened the implications of the processual nature of relationship maintenance between buyers and sellers.

Yet investigating such a perspective seems relevant at least for two reasons.

First, because the nature of relational constructs which are crucial in maintaining and developing relationships vary along the lifecycle. Previous research on trust (Lewicki and Bunker 1996) and loyalty (Oliver 1997; 1999) already suggested that relationship development stages are reflected in variance of content and antecedents of relational constructs, showing how maintenance and recovery mechanisms changes over time (Lewicki and Bunker 1996; Jap and Ganesan 2000). However, few studies have deepened how relational constructs interact throughout the maintenance process (Harris, Goode 2004).

Second, because relational constructs have a dual nature. As scholars already acknowledged, actors can trust their counterpart when displaying distrust (Lewicki, McAllister, and Bies 1998) or behave loyally while cognitive loyalty is absent or low (Dick and Basu 1994). Such a duality emerges in particular when relationships deviate from their ideal development path, requiring actors to recover from a downturn or crisis in the relation. Here the process of maintaining and recovering relationships become even less clear. What factors, actions, and contexts support recovery at different stages and how these factors, actions and contexts differ from those enabling maintenance and development?

Still, we do not know much about how trust or loyalty development processes differ from distrust and disloyalty recovery processes. Yet, research in marketing services shows that the ability to winback relationships and re-conduce them in their mainstream path has several positive implications (e.g. Zeithalm and Bitner 2000).

In this paper, we build on previous research on the relationship lifecycle (e.g. Dwyer, Schurr, and Oh 1987) and the duality of relationships (e.g. Gargiulo and Benassi 2000) to propose a dynamic model of relationship maintenance and development suitable of application in channel settings. We focus on the

distribution channel research context in order to capture the joint presence of the conflict and the collaboration dimension which emphasize duality (Nalebuff and Brandenburger 1996).

Our framework is developed through two steps. First, we point on the processual nature of relationships (e.g. Dwyer et al. 1987; Harris and Goode 2004; Lewicki and Bunker 1996; Oliver 1995; 1997; Wilson 1995), to separate the “life” cycle of a relationship from its “quality” cycle, and we discuss how relationship maintenance antecedents vary according to both such dimensions throughout their life. Second, we point on the duality of channel relationships (e.g. Anderson and Narus 1990; Stern and Reve 1980), and identify alternative relationship maintenance strategies, according to the component that prevail in a given relational state. We discuss then the pivotal role of trust for governing duality.

Our framework is intended to provide two main contributions. First, it aims to integrate existing models on relationship lifecycles by suggesting alternative paths of development based on the recovery of deviances from trustworthy and loyal relationships. More specifically, we explicitly include distrust and disloyalty containment mechanisms allowing re-conducting relationships from the “pathological” to the “physiological” process, and we discuss their specificities against trust and loyalty development mechanisms. Second, it aims to further refine the conceptualization of trust and loyalty according to a longitudinal perspective, and to provide further insights about interdependencies between these constructs as well as between them and their antecedents along different phases of the lifecycle.

Implications for practice are discussed in the final part of the paper. As far as relationships are idiosyncratic and time-specific, organizations need to differentiate relationship maintenance, development and recovery. A model for segmenting customer relationships for stages, quality, and deviation potential is developed, which include a comprehensive set of drivers for relationship management.

Keywords: channel relationship, relationship maintenance, relationship recovery, multiplexity, trust

Introduction

A renewed interest in the management of relationship between organizations has been showed recently in marketing as well as organization studies (e.g. call for papers issued by Academy of Management Review).

So far, consistent efforts have been devoted to assess what drivers firms may activate in order to be effective in maintaining successful relationships (e.g. Morgan and Hunt 1994), what outcomes derive from the maintenance as well as the repair of relationships (e.g. Hunt 1997; Reichheld 1996; Zeithalm and Bitner 2000), and to explain how firms can build successful relationship with partners over time (e.g. Dwyer et al. 1987; Oliver 1999; Lewicki and Bunker 1996).

However, scholars recently started to question if the maintenance of relationships with strategic partners may entail an obscure side, binding organizational actors in ties that inhibit the firm's success (e.g. Gargiulo and Benassi 2000). According to some, it may be argued that optimal structures of collaboration and strategies for relationship management should be contingent to industry and relationship specific contexts (e.g. Krackardt 1992; Rowley et al. 2000). As well, the management of collaborative relationships for a given purpose such as the development of trust may show downwards when considering other purposes, such as the access to novel knowledge (Granovetter 1973; Uzzi 1999). Relationships are de facto multidimensional and the one wants to manage them has to take into account their multiplexity when activating specific drivers for modifying their stage of development. The issue of multiplexity becomes even more relevant when addressing the management of relationships in exchange settings and particularly when dealing with channel relationships.

Channel relationships intrinsically embody multiplexity both in terms of collaborative and antagonistic behaviors (e.g. Anderson and Narus 1990; Stern and Reve 1980) and in terms of the economic and a social content of exchanges between organizations along the channel (Bagozzi 1974; 1975). Moreover, they are naturally inclined toward a long-term orientation (Ganesan 1994), and therefore they are subjected to a lifecycle (Dwyer, Schurr and Oh 1987; Wilson 1995) including different stages of development, each one featured by different multiplexity dimensions.

Interestingly, albeit acknowledging the multifaceted nature of channel relationships (Gattorna 1978) as well as its evolutionary feature (Dwyer, Schurr and Oh 1987), scholars have long neglected the implications of dynamic multiplexity for maintenance and repairing purposes.

Yet research on the lifecycle of business relationships endorses the hypothesis that key drivers of relationship maintenance and development vary over time between the economic and the social content and that the intensity of cooperation and competition are subjected to changes over time as well (Iacobucci and Zerrillo 1997; Wilson 1995). Unfortunately, the few efforts in this direction typically focused on the variation of a specific mechanism of relationship management over time (e.g. Heide and John 1992; Jap and Ganesan 2000), and we still lack integrative framework for bringing back the multifaceted nature of channel relationships into a dynamic approach to relationship management.

This seems somehow surprising when looking at the actual reality of channel of distribution.

Channel relationships have been subjected to radical changes over the last decade, since globalization and saturation of domestic markets started to increase the competitive pressure (Siguaw, Simpson and Baker 1998). On the one hand, the increase of concentration in the retailing industry has modified the distribution of power between channel actors in favour of the downstream buyers, and the level of conflict among channel members has grown, demanding channel members to align their own efforts into the creation of value for the end-user of the supplying system (Siguaw, Simpson and Baker 1998), and therefore urging for relationship management strategies accounting for the contemporary presence of countervailing and different forces inside the relationship. On the other hand, the growing uncertainty in the competitive environment increasingly demands for innovative solutions (e.g. Christensen and Tedlow 2000) and for flexibility and continuous adaptation of the management of relationships between business partners.

In this study, we attempt to link the evolutionary nature of relationships between manufacturers and distributors with their intrinsic multiplexity, in order to provide a framework allowing channel members to understand and manage the countervailing forces through flexible strategies of relationship maintenance, development and recovery.

More specifically, we point on the pivotal role of trust for explaining the dynamics of the evolution of channel relationships along their different dimensions, and identify key differences in trust antecedents across phases of the relationship lifecycle.

The remaining of this paper is organized as follows.

Firstly, we review previous literature on the different dimensions of channel relationships and emphasize the gap of research on their multiplexity. Secondly, we analyze previous research on buyer-seller relationship evolution, and more specifically on channel relationships, focusing on the

macro-level of the relationship lifecycle, and we highlight key phases in the development of the relationships and the underlying determinants. We move then at a micro-level pointing on the evolution of key relational constructs (satisfaction, loyalty trust) during the relationship life. Thirdly, we present a framework which integrates the dynamics of multiplexity in channel relationships with the evolution of trust and its drivers over the lifecycle. Finally, we discuss our framework against current literature on channel and more generally buyer-seller relationship management.

The multifaceted nature of channel relationships

Originally, studies on distribution channels were focused mainly on economic dimension of the manufacturer-distributor relationship. The commodity approach, the institutionalism, the functionalism, the management science stream and the industrial organization perspective were all aimed to study the economic elements of distributive relationships. From the beginning the commodity approach was mainly aimed to describe the distribution channels structure, its flow, its functions and costs for some specific goods (e.g. Cox & Goodman, 1956; Clewett, 1954; Palamountain, 1955; Aspinwall, 1962). These studies, such as the well known contribution about the channel structure in house-building material (Cox & Goodman, 1956), highlighted that the distribution activities, functions, and costs were not negligible in the economic systems. An improvement in distribution functions efficiency could result as a benefit for customers and for the whole economic system. This was the main reason why distribution channels studies originated. The institutionalism, which immediately followed the commodity approach, was mainly aimed to explain the economic reason why the intermediaries were born, demonstrating the specialization economies and the efficiency associated to the existence of wholesalers and retailers (Balderson, 1959; Alderson, 1954; 1957; Artle & Berglund, 1959). The distribution channels has been considered as the "creature of the competitive pressure and the specialization of labor. It develops from the division of marketing tasks among a variety of closely interlocking entities" (Bucklin, 1966: xi). The institutionalism defined the distribution institutions - those which bought the property of goods bearing the related commercial risk - and its functions, too. Distribution functions were defined as "a distinct type of task found in the product and/or title flows and whose components activities are so interrelated that they are generally performed, or closely controlled, by a single institution" (Bucklin, 1966, p.12).

Functionalism, following the institutionalism, tried to define conceptual models aimed to optimize the economic dimension of channel structure. They were mainly based on cost associated to distribution functions and utilities produced by channels for customers. The normative channel, considered as a form of economic-based equilibrium in the channels structure, has been one of the main models of the functionalism (Bucklin, 1966; Mallen, 1973). Some attempts to optimize channel structure, functions and margin sharing were made by quantitative studies within the management science stream (Bucklin, 1970; Richartz, 1970; Corstjens & Doyle, 1979; McGuire & Staelin, 1983; Zusman & Etgar, 1981). They tried to implement the functionalistic approach using quantitative approach, game theory and agency theory principles.

The industrial organization paradigm applied to distribution channel tried to explain that company performances at each stage of the channel are determined by industry's structure and firm conduct of the other stages. The dual stage approach permitted, as an example, to correlate manufacturers' performance to retail industry's structure (Porter, 1974; 1976; Albion, 1983).

The research streams considered up to this point were focused mainly on the economic dimension of channels. The definition of the channel as a social system was the originating point of the research on the social dimension of distribution channels, permitting to apply sociological and organizational theories and principles to channels. The behaviorism was mainly aimed to explain the conduct of intermediaries and manufacturers within the channel, that was neglected by structuralism studies mainly focused, within the S-C-P paradigm, on industry structure and performance. On the contrary behaviorism tried to explain channel performance on the base of role theory, power asymmetry, conflict level and satisfaction. An high level of exercised of coercive power in channel was defined as one of the main antecedents of high level of dysfunctional conflict, low level of satisfaction and low economic performance (El Ansary & Stern, 1972; Etgar, 1976; Brown & Day, 1981; Eliashberg & Michie, 1984; Perry, 1991). Many reasarches tried to measures the correlation amongst these variables (Gaski, 1984). Some other researches tried to draw general models to interpret channels in a behavioral perspective (e.g. Robicheaux & El Anary, 1976; El Ansary, 1979; Stern & El Ansary, 1988).

During the 80s some first attempts to introduce models aimed to synthesize the economic and social dimension of channel relationship were done. The political economy model (Stern & Reve, 1980) tried

to apply the Zald (1970) organization theory to channels. The model considered both the economic (through TCA theory) and the social (considering behavioral variables) dimension at a process and structure level. Many researches were focused on internal structural and process variables. Some others tried to explain the effect of external variables – such as environmental uncertainty – on the internal variables of channel relationships (Etgar, 1977; Achrol, Reve & Stern, 1983; Dwyer & Welch, 1985; Achrol & Stern, 1988). Also the TCA principles (Williamson, 1975; 1986) have been applied to the channel relationship trying to figure out the best channel structure (market or hierarchy) in a transactional cost perspective (Anderson & Coughlan, 1987; Dwyer & Oh, 1988; Heide & John, 1988; Klein, Frazier & Roth, 1990).

Recently the value of partnerships in channel has been recognized. In particular many studies showed a direct relationship between the ability to enact working partnership between channels actors and their performances. For this reason research have focused on main partnership antecedents: mainly trust and commitment. Recently these two variables have been very central in the distribution channel literature with the aim to define them, to measure, and to understand their main antecedents. Channel relationships are increasingly featured by the co-existence, within the same inter-organizational relationship, of a competitive dimension regarding the sharing of functions (and margins) as well as a collaborative one that permits to trigger collaborative and partnerships actions aiming at “pie expansion” (Jap, 1999). The fundamental prerequisite to trigger channel working partnerships was proved to be defined by trust and commitment among the parties involved in the relationship. Commitment to a relationship has been defined as “a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship” (Anderson & Weitz, 1991, p.19). With reference to trust construct, many studies have been found in literature that can be grouped as follows: first of all, some basic contributions that specifically aim at affirming the centrality of the role played by trust within distributive relationships and define its meaning. Later, an attempt was made to carry out more in-depth studies on the relationships between trust and the other variables (e.g. power, competencies, values, commitment, etc.) by formulating models aiming at isolating the main antecedents and the most relevant consequences of trust (e.g. Anderson and Narus, 1984;1990; Ganesan 1994; Geyskens, Steenkamp and Kumar, 1998). More recently, a further level of in-depth studies has been reached by analyzing very specific aspects of relationships, such as, for instance, the level of inter-dependence between the personal and inter-organizational scopes of trust (e.g. Jap, 1999; 2000) together with an understanding of its longitudinal scope (Jap, 2000).

In sum, such prominent research streams have deepened our understanding about the structuring and functioning of channel relationships with regards to two main dimensions of analysis.

On the one hand, they have pointed on the main interaction mechanisms governing the manufacturer-retailer relationships, focusing alternatively on the competition-based interaction as well as the collaboration-based interaction. Among the first ones are the functionalism body of research (e.,g. Bucklin, 1966), as well as the institutionalism (e.g. Balderson, 1959), the behaviorism (e.g. El Ansary and Stern, 1972; Lusch, 1976), and the earlier development of the management science research stream (e..g Corstjens and Doyle, 1979). Among the second ones are the later development of the management science research stream (e.g. Jeuland and Shugan, 1983; Shugan, 1985), as well as the studies on the partnership view of channel relationship (e.g. Jap, 2001).

On the other hand, they have pointed on the main content of exchange between manufacturer and distributors, distinguishing between the economic content and the social content. As well, among the first ones the functionalism body of research (e.,g. Bucklin, 1966), the institutionalism (e.g. Balderson, 1959), and the whole management science research stream (e..g Corstjens and Doyle, 1979; Jeuland and Shugan, 1983; Shugan, 1985) can be included. Among the second ones are the behaviorism (e.g. El Ansary and Stern, 1972; Lusch, 1976) as well as the partnership view (Jap, 2001, Ganesan, 1994).

The multifaceted nature of channel relationships can be drawn therefore from the joint analysis of these two dimensions, focusing on the contribution of each research stream to the identification and interpretation of separate components of the manufacturer-distributor tie.

INSERT TABLE 1 ABOUT HERE

However, this analysis also reveals a need for further integration between difference research streams that focus on a given dimension, as evidence as well as theoretical argumentations admit that different exchange contents and interaction mechanisms frequently cohabit inside the same manufacturer-distributor tie (e.g. Jap, 1999; 2001).

The evolutionary nature of channel relationships

The multifaceted nature of channel relationships has given room to the development of a wide body of researches analyzing how different contents of exchanges (economic vs. social) and different mechanisms of interaction (cooperation vs. competition) support the success of the channel system at different level of analysis (dyad, manufacturer, distributor) at a given moment in time.

Exchange relationships, however, are not crystallized entities, but evolve over time on the basis of their history and accordingly to the expectations about future interactions (e.g. Dwyer, Schurr and Oh 1987).

At a macro-level, past research has focused on the different stages of the relationship lifecycle, arguing that such stages are heterogeneous both in terms of the dominant motivations underlying actors' behavior and in terms of the key constructs supporting the development of the relationship (e.g. Ford 1980; Dwyer, Schurr and Oh 1987; Wilson 1995).

At a micro-level, have deepened how pivotal constructs evolve throughout relationships in various research settings, ranging from interpersonal relationships (e.g. Lewicki and Bunker 1996) to relationships between organizations and individuals (e.g. Oliver 1999), claiming for a nexus between the level of development of the relationship and the type of relational construct characterizing the relationship.

The macro-level of relationships life-cycle: relationship stages

In his seminal work on the evolution of buyer-seller relationships, Ford (1980; 1998) posits that relationships evolve through five main phases: the pre-relationship phase, where actors are mainly focused on collecting information for evaluating the relationship potential, the initiation phase, where actors begin to undertake relationship-specific investments under uncertainty conditions, the development, where actors undertake progressive adaptation efforts and the relationship is characterized by reciprocity in investments and commitment, the stability, where progressively routinization takes place, leading to a final stage of institutionalization of the relationship.

A further development of this longitudinal model has been developed later by Dwyer and colleagues (1987), who point on the growth of interdependence among actors as the key driver, which allows relationships to evolve from an initial stage of awareness to exploration, expansion, commitment and finally dissolution. Interdependence among actors is a function of the mutual motivational investments sustained by the buyer and the seller in the relationship, which lead to different relational outcomes according to the stage of development of the relationship.

In the exploration phase, actors are first motivated to enter the relationship by an economic-based evaluation of convenience, which results in a state of attraction. They negotiate the reciprocal obligations and define eventual enforcing norms. Power is exerted in order to define standards of behavior and to shape future interactions. In this phase, actors invest in testing and evaluating the benefits deriving from developing the relationship, and form expectations about partners' future behavior. In the expansion phase, trust and satisfaction let to experience the counterpart's willingness to keep promises and fulfill obligations; then, once past experience of satisfaction have been cumulated and mutual satisfaction persists, the counterparts begin to perceive an increasing goal congruence and reciprocity, that lead to a commitment phase, where contractual mechanisms and shared value systems are needed in order to maintain the relationships.

Hence, according to Dwyer and colleagues (1987), relationships begin on an economic basis and require partners to activate collaborative behavior; then, social competition intervenes setting the rules for having stability in the relationships and allows to move towards the expansion phase. In the long term, however relationships are maintained through social exchanges and cooperation, as trust and satisfaction support the consolidation of the buyer-seller relationship.

INSERT FIGURE 1 ABOUT HERE

Such relationship lifecycle models provide a comprehensive description of the phases through which relationships evolve over time. However, they leave largely unanswered the question of what key variables determine the shift of the relationship from one phase to the subsequent ones. Such an issue has been discussed by subsequent works by Wilson (1995) and further deepened by Iacobucci

and Zerrillo (1997), by observing that the realm of buyer-seller relationships is the exchange of value for the counterpart, and that therefore relationship dynamics should be reinterpreted by looking at the underlying value creation and value sharing processes.

More specifically, the Wilson's (1995) framework deepens the initial stages of development of a relationship, distinguishing between the search and selection of the partnering supplier, the definition of the scope of the relationship and the specification of the interaction boundaries, the value creation and finally the maintenance of the relationship. According to this perspective, the development of a relationship from its initiation to the maintenance can be explained by a progressive shift of the focus in the actor's goals from value creation to value sharing, which is supported by relational constructs specific for different phases.

Here satisfaction and trust in the supplier as well as goal congruence support the initial phases of the relationship, while power and influence acquire greater importance when it comes to the central phase of value creation. In this phase, the value generated in the relationship is distributed according to the degree of power and dependence among actors. Relationships then become stable and are maintained when previous phases have been successfully completed, and when cooperation and mutual involvement are maintained by actors over time.

Hence, according to Wilson (1995), the dimension of the social collaboration supports both the beginning of the relationship and the maintenance over time, while social competition becomes critical in the central stages of development, when value creation and appropriation need to be assessed by the counterparts.

By focusing on value creation and value sharing as the key processes supporting relationship lifecycles, such a framework provides a significant contribution for advancing from descriptive to interpretative models of relationship dynamics. However, as it grounds relationship initiation onto social collaboration, it creates a paradox of relationship initiation, since both trust and satisfaction requires previous experiences with the supplier and, by the matter of fact, a pre-existing relationship.

INSERT FIGURE 2 ABOUT HERE

Subsequent efforts in analyzing the relationship lifecycle endorse a value-based explanation about how buyer-seller relationships evolve over time (e.g. Deighton and Grayson 1995; Fontenot and Wilson 1997). By drawing from social psychology studies, Iacobucci and Zerrillo (1997) further emphasizes that transitions between stages occurs in occasion of "critical accidents" where value assessment is performed in order to verify the equitableness of the exchange relationship over time. However, also this work leaves largely unanswered the question of how social collaboration can be developed in the initiation phases of the relationship lifecycle.

Moreover, when comparing the sequence through which relationships evolve according to the two perspective hereby presented, it emerges that current literature did not come to a shared view about what dimension of the buyer-seller relationship prevails when a new relationship begins, albeit converging at the level of the maturity stage of the relationship lifecycle.

The micro-level of the lifecycle: satisfaction, loyalty and trust dynamics

A further area of research related to relationship lifecycle deals with the dynamics that shape the content of key relational constructs over time.

While little effort has been devoted into this direction by previous research on channel relationships, with few exceptions mainly focusing on the specific impact of different relationship stages as moderators of relational outcomes in cross-sectional analyses (e.g. Jap and Ganesan 2000), such an approach has been independently developed both by marketing scholars, who focused on satisfaction and loyalty in buyer-seller relationships (Oliver 1999; Harris and Goode 2004) and by organizational theory scholars, who focused on trust in interpersonal relationships (Lewicki and Bunker 1996).

More specifically, grounding on previous research on satisfaction and loyalty (Tse and Wilton 1988; Oliver 1980; Reichheld 1990; Reichheld and Sasser 1990), Oliver (1999) emphasizes the lack of specification of the satisfaction-loyalty relationship and proposes that satisfaction is "the beginning of a transitioning sequence that culminates in a separate loyalty state" (Oliver 1999, p.34), which is at the end separated from the original satisfaction stage. Such a dynamic connection between the two constructs has been further deepened in Oliver's work by disentangling an evolutionary sequence of satisfaction into loyalty, which is based upon three stages of relationship development, or "loyalty phases": the cognitive loyalty, which is based on a set of beliefs regarding the supplier; the affective

loyalty, which is based on cumulative satisfaction and implies a degree of affect to the supplier; the conative loyalty, which is grounded on multiple confirmations of affective loyalty during the relationship, and expresses a behavioral intention; finally the action loyalty, which is displayed in an engagement with the supplier, and is reflected in a behavior that overcomes possible obstacles preventing it.

Oliver's work has been subsequently developed by Harris and Goode (2004), who applied through a qualitative study the theoretical model in an online setting of relationships between retailers and their customers. Such analysis has provided further support in favour of a reinforcement of loyalty throughout the lifecycle. According to this perspective, relational constructs are reinforced over time and translate progressively from perceptions into attitudes and repetitive behavior by the extent to which subsequent interactions among actors have a positive outcome over time. However, it does not say much about relationship failure, i.e. about deviation of relational constructs from the mainstream cycle of development.

In the setting of inter-personal relationships, Lewicki and Bunker (1996) have grounded on the research tradition on the multi-dimensionality of trust (Shapiro, Sheppard and Cheraski 1992), and proposed a similar approach to read trust consolidation throughout the lifecycle. They have identified in the calculus-based trust (Shapiro, Sheppard, and Cheraskin 1992) a first-type construct typical of the initial phases of the relationship. Under calculus-based trust conditions, actors behave according to economic convenience, comparing costs and benefits of relationship maintenance. This stage is therefore characterized by high instability and eventual failure situations may have dramatic consequences for the maintenance of the relationship. The next stage is defined by knowledge-based trust (Lindskold 1978), which implies the actor's ability to forecast the counterpart's behavior in force of the information cumulated over repeated interactions. Knowledge-based trust implies higher stability in the relationships, because also eventual inconsistent behaviors by the counterpart are acceptable whenever such behavior could be explained on the basis of the available information. Finally, the ultimate stage of trust consolidation is described by identification-based trust (e.g. Kramer 1993), which characterizes relationships when mutual understanding is developed and the trustor is confident that its own interest is monitored and protected by the trustee.

The Lewicki and Bunker's framework represents a first interpretation of trust's evolution over the lifecycle that allows to identify a precise sequence between different sides of a trustworthy relationship. However it also share a main limitation with other studies on the relationship lifecycle, in that it does not allow to focus on the forces leading to transition between different trust-development stages.

An alternative perspective to trust evolution has been subsequently proposed by Jones and George (1998), who pointed on the joint definition of a social situation to explain the evolution from initial absence of trust to conditional and unconditional trust. Their research is grounded on symbolic interactionism (Blumer 1962; Mead 1934), where it is assumed that people behave according to the meanings they have associated to social situations on the basis of previous interactions with other people. Drawing from this research stream, Jones and George proposes that parties begin the relationships suspending their evaluation, and develop trust through collective sense making, progressively removing their prejudices on the counterpart. Hence, in this model, collective sense making determines the success of a given interaction between parties, and cumulative trust experiences determine the transition towards higher-order levels of trust.

Theoretical framework: maintaining, developing and recovering multifaceted relationships along the lifecycle

Current literature gives several hints for understanding the dynamics of the multi-faceted nature of channel relationships.

On the one hand, previous research that focused on the macro-level of the lifecycle implicitly acknowledges that relationships are not homogeneous over time in terms of the content as well as the underlying mechanism governing the exchange, and emphasizes that subsequent phases of the relationship evolve over time, moving from an economic-based competition towards a social-based cooperation (e.g. Dwyer, Schurr and Oh, 1987; Ford, 1980; Wilson, 1995). However, such prominent body of studies has mainly focused on the description of the relationship lifecycle, while it has left largely unanswered the question of what causes the transition from one phase to the other.

On the other hand, scholars who investigated the micro-level dynamics of relationship lifecycles pointed on the key role of experience cumulated over subsequent interactions to set each party's expectations and to form each party's knowledge, establishing the baseline conditions to develop

satisfaction, loyalty and trust in the relationship, and allowing therefore to shift the relationships towards higher-order levers of interaction, interdependence and value co-generation (e.g. Oliver, 1997; 1999; Lewicki and Bunker, 1996). By focusing on the evolution of key relational constructs to explain transition between phases of the lifecycle, such second body of research has further deepened our understanding of the functioning of relationship dynamics over time. However, because of its specific focus, limited to a single construct, such stream of research has not been fully exploited so far with reference to its implication for explaining the transition of channel relationships throughout their content and interaction mechanism dimensions over time.

In order to capture the causes of such multi-dimensional transition and to identify maintenance as well as development and failure conditions, we need to further integrate the micro and macro-level of analysis of the relationship lifecycle into the research stream on the multi-faceted nature of channel relationships, identifying specific causes leading relationships to evolve across stages both in the content and in the interaction mechanism dimensions.

Relationship lifecycle models, albeit developed with some variants, tend to converge onto a four-stage sequence mirroring traditional product lifecycle models, involving an initiation, growth, maturity and decline phase (e.g. Jap and Ganesan, 2000).

In the initiation or exploration stage, actors search for information about counterparts for assessing the balance between efforts and benefits as well as the potential obligations over time (e.g. Brickman, 1987; Dywer, Schurr and Oh, 1987; Eidelson, 1980) and for reducing uncertainty related to the exchange (Berger and Bradac, 1982; Kent, Davis and Shapiro, 1981). Interaction is mainly based onto a bargaining logic (Dwyer, Schurr and Oh, 1987; Scanzoni, 1979), and the content of the transaction is typically limited to the economic dimension. Hence, relationships are characterized by low stability and expectations of future interactions (Weitz, 1981), and interdependence among actors is limited to the set of norms established during this phase (Scanzoni, 1979). When looking at the micro-level of the focal relational constructs characterizing such stage of the relationship, the low stability of this phase is intrinsically linked to the absence of trust (Jones and George, 1998). At this stage, actors may overcome such instability and cope with the absence of trust, through stimulus engendering trusts such as brands and trademarks (Dwyer, Schurr and Oh, 1987) or explicit guarantees (Schurr and Ozanne, 1985), and by comparing the perceptions of the counterpart behavior after the exchange with the expectation formed through the preliminary information collected when exploring alternative partners (Oliver, 1999). Whenever expectations of conflict of interest and opportunistic behavior are confirmed, the initial absence of trust remains unresolved and the relationship get through failure conditions. However, whenever an actor reveals itself willing to satisfy the counterpart, expectations are overcome and conditions for calculus based-trust are established.

The reiteration of exchanges between parties which characterized the following growth stage derives then from an accumulation of initial trust, based on calculus about the counterpart's gains from betrayal, i.e. on the development of expectations (Dwyer, Schurr and Oh, 1987) about the convenience of future interactions. In the reiteration sub-phase of the growth stage actors aim at preserving the pay-off of the exchange relationships and therefore become willing to juxtapose a cooperative attitude to a bargaining behavior. The relationship is then characterized by an increasing stability which reduces the risk and by the accumulation of experience about past interactions which further support the expectations development. At a micro-level, whenever a mismatch between previous expectations and current perceptions exists, the relationship is under pressure to evolve, while whenever expectations are confirmed a tendency toward stabilization is further stabilized. More specifically, the betrayal of calculus-based trust instead erodes the trust cumulated after the initiation stage, discarding the relational stability and leading to a failure in the relationship.

The overcoming of expectations increases the predictability of the actors' future behavior and nurtures the knowledge-based trust of the counterpart (Lewicki and Bunker, 1996), allowing a reinforcement of the relationship.

The growth stage then evolves in this case into a second sub-phase, where actors' goals increasingly are characterized by a knowledge-based trust supporting the willingness to increase the mutual dependence and the assumption of higher level of risks (Frazier, 1983; Jap and Ganesan, 2000), in order to fully exploit the value in the relationship (Wilson, 1995). While cooperation and competition continue to coexist, the content of the exchange is progressively enlarged because of the emerging goal congruence between counterparts, which pushes actors to bring intangible inputs into the relationship (Blau, 1964; Jap and Ganesan, 2000). Interdependence and stability are then reinforced by the mutual benefits gained from the relationship. Successful relationships at this stage can be identified by a systematic overcoming of expectations, supporting growing goal congruence and the social construction of reality through collective sense making (Jones and George, 1998). On the other hand, a disconfirmation of expectations may erode the previously cumulated trust, progressively

lowering the stability of the relationship and increasing the likelihood of a relationship failure. However, the stickiness of the relationship is higher as even an event of trust betrayal can be accepted by a party whenever traceable into the domain of knowledge that engendered trust at this stage (Lewicki and Bunker, 1996).

Whenever relationships succeed in the reinforcement sub-phase of the growth stage, conditions for exploring further partnering opportunities upon the relational platforms are settled. In the extension sub-phase cooperativeness and high interdependence support the exploration of novel value exploration strategy (Dwyer, Schurr and Oh, 1987). More specifically, at a micro-level, actors' relationships are governed by an identification-based trust mechanism (Lewicki and Bunker, 1996), which fosters both parties' willingness to increase risk taking (Frazier, 1983; Jap and Ganesan, 2000). Successful relationships at this stage are maintained throughout a systematic confirmation of actors' expectations, which further reinforces actors' identification in the counterpart. On the other hand, relationship failure is engendered mainly by subsequent betrayal acting at the lever of identification, while eventual inconsistent behavior in contrast with the actor's knowledge capital should be absorbed by the existing stock of knowledge-based trust.

The micro-level dynamics of trust underlying different phases of the growth stage emphasize that the further transition towards the maturity stage as well as towards the failure stage may occur per different phases of growth – i.e. per different levers of trust.

The maturity stage of a relationship, namely, is intrinsically intertwined with the stabilization of the relationship between actors, who agree to continue the relationship on a regular basis (Dwyer, Schurr and Oh, 1987; Jap and Ganesan, 2000). Stability hence is the perpetuation of a given stage of relationship development over time, which occurs whenever constant expectation are continuously matched, revealing the saturation of the relationship's potential as well as its ability to avoid failure conditions.

Hence, maturity stages for different relationships are potentially heterogeneous in terms of the key underlying construct, as well as in terms of the content of exchange and interaction mechanism characterizing parties' relationship, as they depend upon the lever where the relationship has suspended its evolution. Maturity deriving from a simple reiteration of interactions defines exchanges mainly based on an economic content, while actors are aimed at the maintenance of the actual pay-off accordingly to which develop a calculus-based trust. Instead, maturity deriving from a stabilization of relationship reinforcement draws heavily from the social dimension of exchange, allowing a larger exploitation of partners' value potential accordingly to a stronger trust which is based upon the knowledge cumulated into the relationship. Finally, maturity deriving from a consolidation of relationship extensions benefits from goal congruence development and high interdependence among actors, allowing to develop a stronger platform to expand each partners' business through risk and value sharing.

Similarly, the declining stage takes peculiar facets and is therefore heterogeneous per different relationships according to the specific stage where failure conditions are verified.

Relationship decline following exchange reiterations is mainly determined by preceding failure in calculus-based trust, which leads to a quick truncation of the relationship because of the inconvenient payoff; on the contrary, relationship decline stemming from reinforced ties is slowed down by the stickiness of relationships having developed over time high interdependence and knowledge-based trust, which prevents isolated failure situations from relationships abandoning (Lewicki and Bunker, 1996) but at the same time bind actors to their partners, acting in a lock-in direction. Finally, decline takes the longest path when following an expansion-growth stage, as relationship to be terminated requires to discard trust from the highest-order levers of consolidation.

INSERT TABLE 2 AND FIGURE 3 ABOUT HERE

Implications for the management of channel relationships

Relationship management strategies have been proved to support the competitive and economic success of the firm (e.g. Hunt 1997; Reichheld 1996). However, maintaining, developing and recovering business relationships is not a straightforward task, and few firms over-perform their competitors by managing successfully buyer-seller relationships (e.g. Day 2003). While consistent efforts have been devoted to understand how to increase satisfaction, loyalty and trust of business

partners and final customers, little emphasis has been putted so far in differentiating relationship management strategies according to the specific lifecycle stage of the relationship.

In the case of distribution channel such an approach is even more important when considering that the relationship between the manufacturer and its distributors is multiplex in that it embodies often both cooperative and competitive facets and it may entails a social content besides the standard economic transaction, and that such dimensions of the relationships vary in terms of intensity according to the specific stage of the lifecycle.

Hence maintaining, developing and recovering channel relationships requires an ad hoc approach.

More specifically the maintenance strategy of a relationship varies accordingly to the pre-existing stage of growth. Maintaining reiterated relationships implies to nurture a calculus-based trust, focusing on economic collaboration strategies aimed at preserving the pay-off of the relational exchange, as parties are mainly interested in the perpetuation over time of the balance between economic benefits and efforts sustained in the exchange. Maintaining reinforced relationships implies instead to feed knowledge-based trust with continuous experiences confirming the party's willingness to fulfil obligations, extending the content of the relationship onto the social dimension of trust. Maintaining extended relationships requires then a further effort by parties, as social competition needs to be coupled with social cooperation, nurturing identification-based trust with continuous confirmation of goal congruence and organizational citizenship behavior.

Similarly, the development of a relationship requires to target the relevant dimensions of interaction between parties and the specific content of exchange in order to fulfil and overcome the counterpart's expectations. Developing relationships at their initial stage requires to cope with the initial absence of trust through stimulus soliciting trust and the management of customer satisfaction, acting on the perceived value in the exchange; instead, developing relationships for shifting the party's knowledge-based trust towards mutual identification implies to support with collaborative strategies the non-monetary dimension of exchanges, focusing on goal congruence and collective sense making.

Finally, the recovery of relationships follows completely different rationales when targeting relational failures at the initiation stages as opposed to relational failures at the reinforcement stages, as failure regards different contents and transaction mechanism. In each phase, recovery management should target the lack of maintenance conditions and the specific key construct, defining re-balancing strategies targeting the multifaceted nature of channel relationships in their critical dimensions pro-tempore.

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Annexes

Table 1 - The multifaceted nature of channel relationships: a review of previous research

		INTERACTION MECHANISM BETWEEN PARTNERS	
		COMPETITION	COLLABORATION
CONTENT OF EXCHANGE	ECONOMIC	<p>1 <i>ECONOMIC COMPETITION: MARKET POWER & PRICE</i></p> <p>Functionalism (e.g. Bucklin, 1966) Institutionalism (e.g. Balderson, 1959) Management Science – early studies on the competitive approach (e.g. Corstjens and Doyle, 1979)</p>	<p>2 <i>ECONOMIC COLLABORATION: GAME THEORY & PAY-OFF FOR COLLABORATION</i></p> <p>Management Science – late studies on the collaborative approach (e.g. Jeuland and Shugan, 1983a; Shugan, 1985).</p>
	SOCIAL	<p>3 <i>SOCIAL COMPETITION: SOCIAL POWER & CONFLICT</i></p> <p>Behaviorism (e.g. El Ansary and Stern; Lusch, 1976, 1977; Rosenberg and Stern, 1971)</p>	<p>4 <i>SOCIAL COLLABORATION: SOCIAL CAPITAL & TRUST</i></p> <p>Partnership approach (e.g. Anderson and Weitz, 1991; Ganesan, 1994; Jap, 2001)</p>

Figure 1 – A re-examination of the Dwyer et al.' (1987) model according to the multi-faceted nature of channel relationships

Prevailing nature of relationship and exchange content

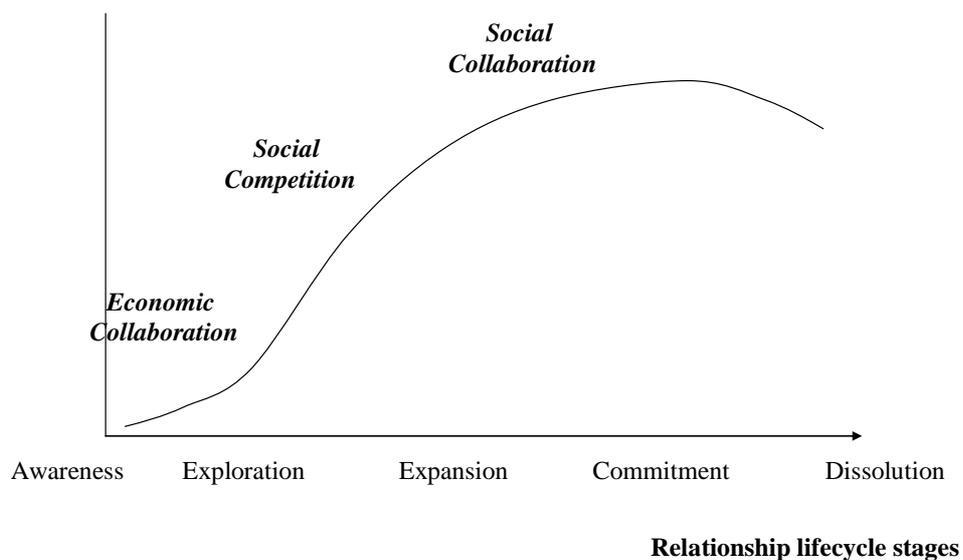


Figure 2 – A re-examination of the Wilson’s (1995) model according to the multi-faceted nature of channel relationships

Prevailing nature of relationship and exchange content

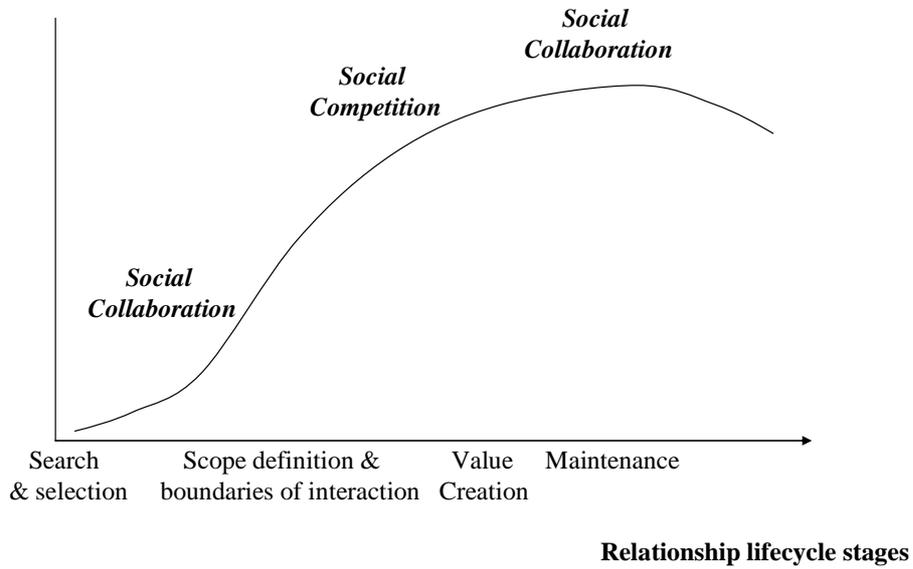


Figure 3 – Trust layers in the lifecycle of channel relationships

Trust layers

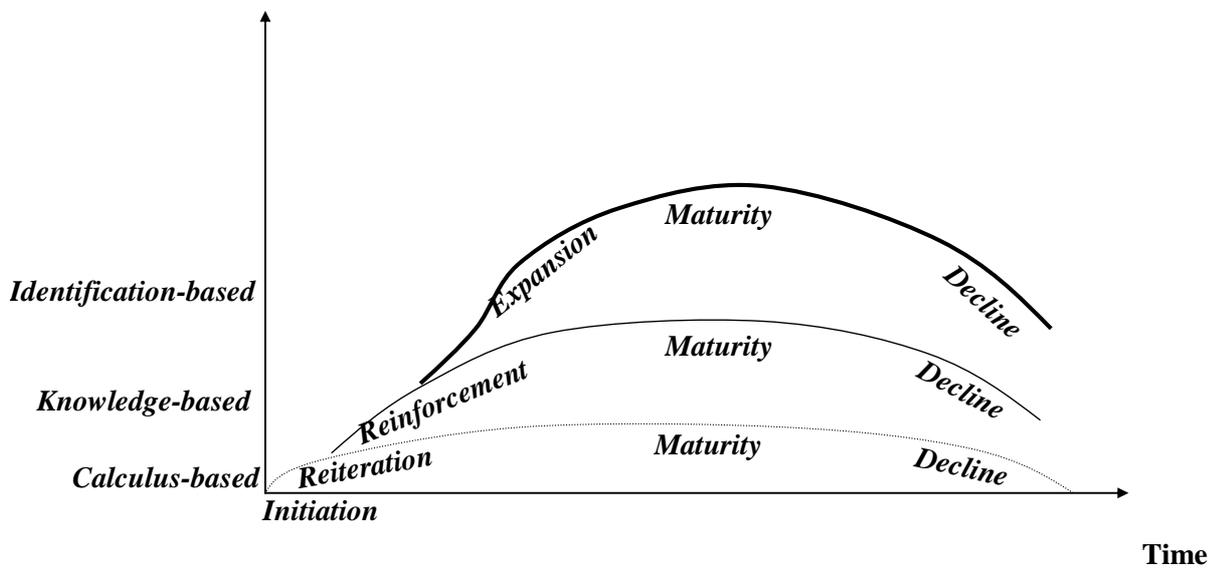


Table 2 – The lifecycle of channel relationships

#	Phase	Key construct	Content of exchange	Interaction mechanism	Goals of actors	Antecedents of relationship state	Relationship features	Maintenance conditions	Development conditions	Failure conditions
0	Initiation	Satisfaction	Economic	Competitive	-Convenience -Information seeking -risk reduction	Value acquisition	- Low stability - Low interdependence	-	Expectations overcoming: satisfaction	Expectations confirmation: lasting dissatisfaction
1a	Growth - Reiteration	Calculus based trust	Economic	Competitive + Cooperative	-Convenience -information seeking -risk reduction	Value maintenance	- Increasing stability - Low interdependence	Expectations confirmation: calculus-based trust maintenance	Expectations overcoming: increasing predictability (knowledge-based trust formation)	Expectation disconfirmation: trust betrayal
1b	Growth - Reinforcement	Knowledge based trust	Economic + Social	Competitive + Cooperative	-Convenience -Goal congruence -information updating -risk increase (task specific)	Value exploitation	- Increasing stability - Increasing interdependence -Increasing safeguards	Expectations confirmation: knowledge-based trust maintenance	Expectations overcoming: goal congruence, social construction through collective sense making (identification-based trust formation)	Reiteration of expectation disconfirmation: trust betrayal

#	Phase	Key construct	Content of exchange	Interaction mechanism	Goals of actors	Antecedents of relationship state	Relationship features	Maintenance conditions	Development conditions	Failure conditions
1c	Growth - Extension	Identification based trust	Economic + Social	Competitive + Cooperative	-Convenience -information updating -risk expansion (new tasks)	Value exploration	- Increasing stability - Increasing interdependence -Goal congruence -Decreasing safeguards	Expectations confirmation: identification-based trust maintenance	-	Reiteration of expectation disconfirmation: trust betrayal
2	Maturity	Trust stability	Same as in the growth stage	Same as in the growth stage	Same as in the growth stage	Trust stability	- High stability - Same as in the growth stage - Same as in the growth stage	Expectations confirmation: trust maintenance	-	Reiteration of expectation disconfirmation: trust betrayal
3	Decline	Trust betrayal	Same as in the maturity stage	Same as in the maturity stage	Avoiding revision of expectations/ perceptions	Value loss	- Stickiness - Same as in the maturity stage - Same as in the maturity stage	-	Expectations revision: trust reduction	-