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Marketing channel management and the sales manager

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Abstract

For years, the *channel manager* remained an organizational position found mainly in textbooks and the literature and seldom on company organization charts. Recently, however, persuasive evidence has revealed that marketing channel management comes chiefly under the purview of the sales manager. Accepting this new reality, sales management training will need to be dramatically expanded to include these new channel management responsibilities. But, are all levels of sales managers involved or equally involved in channel management? If not, channel manager training must be tailored for specific levels of sales management in order to achieve desired channel effectiveness and efficiency. To date, no published research has explored whether channel management involvement varies at different levels in the sales manager hierarchy. In this age of channel dynamism, successful companies must determine the specific involvement of each sales management level in channel management so that appropriate training and support can be provided to optimize performance in this critical area of market competition. To address the foregoing issues, data were drawn from a random national sample of sales managers. Results indicate that sales managers at all hierarchical levels participate in administering various aspects of marketing channel management. The degree of involvement, however, varies significantly by sales manager level. Sales management implications are discussed, and areas for future research are suggested.

Keywords: Marketing; Channel marketing; Channel captain; Sales management; Sales manager level; Sales manager tasks

1. Introduction

Sales managers play integral, multifarious roles in organizations. They are trainers, motivators, coaches, evaluators, and counselors for their salespeople. They also serve as the organization's information nexus between their higher- and lower-level sales manager colleagues. In addition, they provide strategic and tactical input on sales- and marketing-related issues and often have customer account responsibilities. In an era of increased emphasis on customer relationship management across hybrid marketing channels, there has been growing concern regarding who has the organizational responsibility for managing channel relationships [3,5]. For years, the channel manager or "captain" discussed in textbooks and articles remained largely unconnected or unidentified with any real-world organizational position. Few organizational charts included a position called "channel manager." Recently, however, Mehta et al. [21] have provided empirical evidence that administering the firm's marketing channels resides largely with sales managers. Other recent research has found that some companies are now training sales managers to deal with issues related to channel management [5].

For most manufacturers, success or failure is determined by how effectively and efficiently their products are sold through their marketing channel members (e.g., agents, wholesalers, distributors, and retailers). Given this situation, considerable marketing channel research has focused on how interrelationships among a firm and its channel members can be managed better [1,2]. Although the sales management literature (subsequently cited) suggests that sales managers at different hierarchical levels have dissimilar responsibilities, *no* published empirical studies have examined the nature of channel management tasks performed vis-à-vis sales manager hierarchical level. This oversight is curious because of the critical impact that the sales/channel manager can have on the success of channel members and on the sales manager's firm [24,28].

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Steep sales management hierarchies are pervasive in many firms, with sales managers assigned to different organizational levels. The combination of supervisory, managerial, administrative, and leadership skills required for superior performance at lower sales management levels seemingly is not consonant with that needed at higher levels [4]. In fact, prior work has discerned that sales managers' perceptions of their role vary by sales management level [22]. This finding, in concert with the paucity of research on and importance of the sales manager/channel management connection, begs the following question: "Do channel management activities performed by sales managers vary across the sales management hierarchy?" We seek to address this issue in the present work.

Exploring the influence of sales management hierarchical level on channel management activities is important for several reasons. First, conventional wisdom and sales management and marketing textbooks suggest that sales managers play a critical role in planning, organizing, managing, directing, and controlling the *sales department*. If their efforts, however, also focus on channel management (as recent conceptual and empirical work implies), then expansion and revision of the traditional role of sales managers will be necessary. Many sales manager training programs have yet to recognize and address their sales managers' involvement in channel management [5]. Second, if channel management activities performed by sales managers vary by managerial level, then companies need to redesign their development and training programs to adjust to the unique requirements of each sales management level. An important objective of the present research is to obtain useful information that organizations can utilize to provide appropriate channel management training to sales managers at different hierarchical levels congruent with the nature of the tasks performed. Otherwise, companies may waste large amounts of time, money, and resources in providing inappropriate training to their sales managers. Third, Czinkota et al. [11] opine that the sales manager's responsibility for managing the entire interface with the customer is possibly the most crucial ingredient necessary for sustained company success. This phenomenon has become particularly evident in recent years as the number and types of marketing channels used to interact with customers (e.g., the Internet and extranets) has proliferated, and the job of channel manager becomes increasingly complex and important for competitive advantage. Before appropriate training can be offered to prepare sales managers for this channel complicacy, companies must determine which levels of sales management are most involved in channel management and thus require the most extensive and intensive training. Are lower-level sales managers who are generally tactically oriented and in daily contact with customers more involved, or are higher-level sales managers with their strategic concerns more involved [4,8,14]? Identifying *whether* and specifically *how* the performance of channel management activities varies by sales management level could, through more effective and efficient channel training, lead to a highly positive impact on the company's relationships with their channel member customers and ultimately greater profitability.

We begin by providing an overview on marketing channel management. Next, the paper discusses sales manager hierarchical levels and proffers hypotheses. Then, the research method is discussed, followed by the findings of the study. Finally, managerial implications and directions for future research are suggested.

2. Marketing channel management

Marketing channels can be defined as the set of external organizations that a firm uses to achieve its distribution objectives. Essentially, a channel is the route, path, or conduit through which products or things of value flow, as they move from the manufacturer to the ultimate user of the product [28]. The marketing channel (interorganizational network of institutions comprised of agents, wholesalers, and retailers), by performing a variety of distribution tasks, plays a significant role in the flow of products from producers to consumers and on company profitability. Thus, manufacturers are increasingly concerned about the level of performance their channel institutions provide [24].

Like other areas of business, marketing channels require careful administration, as superior channel management policies and strategies help a firm attain a differential advantage but concomitantly are difficult to duplicate [16]. Marketing channel management refers to the process of analyzing, planning, organizing, and controlling a firm's marketing channels [28]. As discussed in numerous articles and textbooks, it comprises seven decision areas: (1) formulating channel strategy, (2) designing marketing channels, (3) selecting channel members, (4) motivating channel members, (5) coordinating channel strategy with channel members, (6) assessing channel member performance, and (7) managing channel conflict [24,25]. All seven areas are critical to superior market performance and long-term customer loyalty [21]. Consequently, the linkage of these seven channel functions with sales management is the focus of our investigation. Although viable companies must skillfully manage all of their channel activities, which sales managers are doing which of the seven areas is unclear [21,26]. Ambiguity surrounding the responsibility for and performance of any of these important channel functions can adversely affect customer relationships and company profits.

2.1. Formulating marketing channel strategy

Channel strategy refers to the broad set of principles by which a firm seeks to achieve its distribution objectives [24]. It focuses on devising channel tactics pertaining to issues such as the role that distribution should play in the firm's overall *corporate* objectives and strategies, the role distribution should play in the firm's *marketing* objectives and strategies, and the congruency that exists between channel strategy and the marketing mix. Locating new markets in which the firm's products can be marketed and suggesting new technologies that can make marketing channels more efficient are examples of channel strategy decisions.

2.2. Designing marketing channels

Channel design refers to the development of new channels or the modification of existing channel structures. Anderson et al. [2] note that marketing channels must be aligned with the firm's overall objectives and competitive strategy. Devising the structure or "architecture" of the marketing channel system entails four key channel design dimensions: (a) number of levels in the channel, i.e., the number of intermediary levels between the manufacturer and ultimate users, (b) intensity at the various levels, i.e., the number of intermediaries at each level, (c) types of intermediaries, i.e., particular kinds of middlemen, and (d) number of channels, viz., single, dual, or multiple marketing channels.

The foregoing dimensions typically produce a number of possible channel alternatives. These alternatives must be evaluated in light of an array of variables, such as served markets, product types, and germane environmental and behavioral factors. Analyzing the channel alternates can be extremely complex because several approaches and quantitative models may be utilized in identifying and then implementing the optimal channel structure [25].

2.3. Selecting marketing channel members

Once the marketing channel has been designed, channel members are selected to represent a firm and resell its products to final customers. Initially, prospective channel members are found and assessed for "fit." To do this, a prospective channel member's credentials (e.g., credit history, reputation, number of product lines, market coverage, and number of salespeople) need to be examined for congruency with the manufacturer's marketing objectives. Ultimately, the producer secures and converts prospects to formal channel members by offering them various motivational inducements [28].

2.4. Motivating marketing channel members

As independent institutions, channel members are not under the direct control of the firms they represent; as a result, they do not automatically cooperate and comply with manufacturer requests. Thus, producers need to take administrative actions to secure channel intermediaries' cooperation as well as to maintain and improve channel effectiveness. So, motivating channel members plays a strategic role. In essence, a manufacturer devises various motivational programs to induce channel intermediaries to exert higher levels of effort in serving the firm's target market [24,29]. Some motivational strategies commonly used by firms to induce channel member cooperation include paying higher slotting allowances, offering higher trade discounts, providing strong advertising and promotional support, training channel members' salespeople, and offering superior logistical support [25].

2.5. Coordinating marketing channel strategy

Marketing channels have conventionally been viewed as a network of dissimilar but interdependent institutions that have coalesced together for purposes of trade. Marketing channel scholars have long promulgated the need for coordinating and integrating channel activities with other departments of a firm. Coordination in an interorganizational setting of marketing channels includes relaying information on new channel policies or communicating the launch of sales promotion programs to its channel members. Such efforts are undertaken to ensure that all channel participants are cognizant of the manufacturer's marketing activities with respect to channel members. Despite the differing goals of independent channel participants, coordination of the channel is necessary to reduce the redundancy of work effort and the inefficient allocation of distribution tasks among channel members [24].

2.6. Assessing marketing channel member performance

Channel member performance represents the degree to which the channel member engages in behavior that contributes to the fulfillment of the channel leader's objectives [25]. As previously noted, firms have become increasingly reliant upon channel members for the efficient and effective performance of marketing functions. Moreover, the level of performance attained by channel members is pivotal for a firm's achieving a competitive advantage [16]. Thus, by assaying the performance of channel members, manufacturers can discern how successful they have been in implementing channel strategies as well as achieving their distribution objectives.

2.7. Managing marketing channel conflict

Marketing channels can be viewed as social systems influenced by behavioral dynamics (such as channel conflict) that are associated with all social systems [29]. Conflict in marketing channels, which has been the focus of numerous channel investigations (see review by Gaski [15]), refers to goal-impeding behavior by one or more channel members. Thus, when one channel member takes actions that another channel participant believes will reduce its ability to achieve its objectives, conflict is present. As conflict can have an adverse effect on channel member performance [15], channel managers must make conscious efforts to detect and resolve it.

3. Hypotheses

Organizational hierarchy is a key facet of firms. As with other types of personnel, managers are usually assigned to their positions based on their area of expertise and thus perform activities and tasks that are divergent from those of their lower- and higher-level managerial counterparts. For example, Gomez-Mejia et al. [17] indicate that lower-level managers focus on supervising subordinates, whereas higher-level managers concentrate on activities such as strategic planning, monitoring business indicators, evaluating organizational performance, and coordinating tasks among the different functional areas of business. As they are promoted to more senior positions, managers become less involved with managing *line* workers. Furthermore, at lower levels of the organizational hierarchy, jobs are more clearly defined and have shorter-term objectives; jobs in the higher hierarchical levels, though, are less clearly defined, with more emphasis placed on the attainment of long-term strategic goals [20].

These descriptions are analogous to positions in an organization's sales management hierarchy. Futrell [14] categorizes sales management positions into lower, intermediate, and higher levels. He maintains that as sales managers ascend the hierarchy, conceptual and decision-making skills become more critical while technical skills become less important. Anderson et al. [4] state that lower-level sales managers require "supervisory ability," intermediate-level managers "managerial ability," and higher-level managers "administrative and leadership ability." They further posit that at the higher levels of the sales management hierarchy, the requirements of the managerial position change markedly. For example, *higher-level sales managers* (national or general) communicate overall corporate strategy to mid- and lower-level sales managers, who are responsible for executing the sales plans in their respective geographical areas. Additionally, higher-level sales managers participate in strategic and tactical planning and direct and communicate top-level decisions regarding marketing and sales objectives to district or regional sales managers. *Intermediate-level sales managers* (district or regional) are responsible for managing sales operations in relatively smaller geographical zones. Responsible for monitoring daily operations of sales personnel, *lower-level sales managers* (field or branch), are first-line managers who report to district and regional sales managers. When compared to their higher-level counterparts, field and branch sales managers preside over the management of relatively smaller salesforce subdivisions.

One recent study provides support for the foregoing suppositions. Mehta et al. [22] examined sales managers' perceptions of their role orientations at lower, intermediate, and upper levels. They found that upper-level sales managers believe that having a profit focus is more important than do their intermediate- and lower-level counterparts. Also, they observed that upper-level sales managers perceive that having a cost focus is more critical than do their lower-level subalterns. In addition, upper-level sales managers believe that the ability to integrate sales and marketing has greater significance than do intermediate-level sales managers. These financial and integrative emphases of upper-level sales managers compared to their lower-level counterparts are clearly indicative of strategic issues and concerns.

Managing a channel of distribution arguably is a strategy-related issue holding great significance for many manufacturers. The management of a channel will have a dramatic impact on channel member satisfaction and performance, customer satisfaction, and company profitability. The previous dialectic implies that as sales managers ascend the organizational hierarchy, they become increasingly focused on strategy-related issues. As such, then, sales managers in higher organizational levels are more likely to engage in the seven channel management decision areas (discussed earlier) than are sales managers in lower organizational levels. In investigating the different hierarchical levels of sales management, we have adopted the classification categories typically used in the literature (e.g., Refs. [4,8,14,22]). Specifically, the following hypotheses are posited:

> *Hypothesis 1: Intermediate-level sales managers* are more likely to engage in (a) formulating channel strategy, (b) designing marketing channels, (c) selecting channel members, (d) motivating channel members, (e) coordinating channel strategy, (f) assessing channel member performance, and (g) managing channel conflict than are *lower-level sales managers*.

> *Hypothesis 2: Upper-level sales managers* are more likely to engage in (a) formulating channel strategy, (b) designing marketing channels, (c) selecting channel members, (d) motivating channel members, (e) coordinating channel strategy, (f) assessing channel member performance, and (g) managing channel conflict than are *lower-level sales managers*.

> *Hypothesis 3: Upper-level sales managers* are more likely to engage in (a) formulating channel strategy, (b) designing marketing channels, (c) selecting channel members, (d) motivating channel members, (e) coordinating channel strategy, (f) assessing channel member performance, and (g) managing channel conflict than are *intermediate-level sales managers*.

4. Research methodology

4.1. Sample

A national sample of 500 sales managers representing manufacturing firms was randomly selected from the internal databases of a commercial mailing list company. An introductory letter was mailed to all sample members. It elicited their participation in the study, explained the intent of the investigation, and informed them to expect a survey in the mail the following week. Then, a packet containing a cover letter, the survey, and a preaddressed, postage-paid reply envelope was mailed to all sample members. After 1 week had elapsed, a follow-up letter was mailed reminding survey respondents to complete and return the survey within the prespecified time period.

A total of 158 usable questionnaires was received for an effective response rate of 32%. This figure compares favorably with those reported in other studies in sales management (e.g., Refs. [13,30]) and marketing channel management (e.g., Refs. [1,18,19]). Reported in Table 1 is a summary of the sample demographic and organizational information.

Nonresponse bias was assessed using two procedures. First, as suggested by Churchill [7], 30 randomly selected nonrespondents were contacted by telephone and asked to provide information about organizational and personal characteristics. χ^2 and t tests were calculated to determine whether any differences existed between respondents and nonrespondents with regard to key respondent and organizational characteristics. No statistically significant differences ($p < .05$) were discerned. As advocated by Armstrong and Overton [6], the second test for nonresponse bias examined the difference between early and late respondents on the same set of factors. Again, nonsignificant results were obtained. Consequently, nonresponse bias does not appear to pose a significant problem in the present investigation.

Table 1
Organizational and demographic characteristics of respondents

Characteristics	Percentage
Primary activity of firm	
Manufacturing consumer products	53.2
Manufacturing industrial products	46.8
Annual sales volume	
Below US$10 million	55.1
US$10–49 million	30.4
US$50–99 million	7.6
US$100 million and above	6.9
Number of employees	
Under 50 employees	38.0
50–99 employees	19.6
100–499 employees	33.5
500 employees and above	8.9
Number of wholesalers	
Under 10 wholesalers	48.7
10–49 wholesalers	23.4
50–99 wholesalers	8.9
100 or more wholesalers	19.0
Number of retailers	
Under 10 retailers	57.0
10–49 retailers	11.4
50–99 retailers	3.5
100 or more retailers	28.1
Level of sales managers	
Lower-level (field or branch)	29.7 ($n = 47$)
Intermediate-level (district or regional)	31.7 ($n = 50$)
Higher-level (general or national)	38.6 ($n = 61$)
Experience	
Number of years a sales manager	8.86 (average in years)
Number of years with current firm	9.70 (average in years)

4.2. Measures

Existing scales were unavailable to assess the channel management constructs of interest in this study. Thus, measures employed in this investigation were developed after a review of relevant literature in various marketing, channel management, and sales management *textbooks* (e.g., Refs. [4,14,25,28]), *articles* on marketing channels management (e.g., Refs. [1,2,15,18]), and *articles* on sales management (e.g., Refs. [5,9,12,13]).

After a preliminary questionnaire was devised, two steps were taken to enhance *content validity* of the scales. First, 15 sales managers employed by major corporations located in a large metropolitan city were asked to assess whether the items were tapping the major constructs of interest in this study. Following a few minor editorial changes, the survey was subsequently pretested using a convenience sample of 30 sales managers. Responses from the pretest necessitated no further changes to the questionnaire.

4.2.1. Channel management items

The questionnaire was devised to assess the sales manager's *involvement* in marketing channel management practices. Specifically, sales managers were asked to indicate the *extent* to which they performed tasks pertaining to the following (previously discussed) seven areas of channel management: (1) formulating channel strategy, (2) designing marketing channels, (3) selecting channel members, (4) motivating channel members, (5) coordinating channel strategy with channel members, (6) assessing channel member performance, and (7) managing channel conflict. In addition, the survey sought information on general company characteristics and personal data of respondents.

A total of 42 items was used to tap the seven areas of marketing channel management. Each item began with the phrase "I am involved in . . ."; the response format for all the scales ranged from "strongly disagree" (1) to "strongly agree" (5). It was deemed that self-reporting by responding sales managers would yield the most accurate information as to whether and to what extent they were involved in a particular channel activity. Perceptions of superiors, subordinates, or customers likely would not be as accurate since their focus is on their own activities. Moreover, each completed survey was carefully checked to make sure that respondents were differentiating across each channel management activity regarding their level of involvement. The composite value for *each* construct was computed by summing and then averaging the rating score for all items that displayed factor loadings above 0.50 (discussed subsequently). Measures for each channel management construct are shown in the Appendix A.

4.2.2. Sales management hierarchical level

Consistent with Leigh and Futrell [20] and Mehta et al. [22], hierarchical (or managerial) level was operationalized using the position of the respondent sales manager. Respondents reported whether they were a field, branch, district, regional, general, or national sales manager. As Anderson et al. [4] promulgate, *lower-level sales managers* can be considered field or branch supervisors ($n = 47$); *intermediate-level*, district or regional sales managers, ($n = 50$); and *higher-level*, general or national sales managers ($n = 61$). As with any organizational hierarchy, job titles and responsibilities assigned tend to vary somewhat across companies, but respondents generally reported titles and associated responsibilities that could readily be classified into lower-, intermediate-, or higher-level sales management. If there was doubt about the hierarchical category to which a responding sales manager belonged, in-depth review of the types of sales management (not channel management) activities in which he or she was most involved resolved the classification issue.

4.2.3. Construct validity and reliability

As recommended by Churchill [7], the *construct validity* of the various measurement items that tapped each of the seven constructs was assessed via principal components factor analysis with varimax rotation. A factor loading of 0.50 was employed as a cutoff for item selection. All items exhibited factor loadings of 0.54 and above. The statistics reported in Table 2 reveal that a one-factor solution emerged for *each* of the seven constructs. More specifically, the items explained 51.5% of the variation for formulating channel strategy (eigenvalue = 3.74), 49.9% of the variation for designing marketing channels (eigenvalue = 4.49), 71.2% of the variation for selecting channel members (eigenvalue = 2.85), 56.9% of the variation for motivating channel members (eigenvalue = 4.55), 65.1% of the variation for coordinating channel strategy (eigenvalue = 1.95), 60.6% of the variation for assessing channel member performance (eigenvalue = 3.64), and 67.8% of the variation for managing conflict (eigenvalue = 2.03).

Reliability of the multiitem scales was assessed using Cronbach's coefficient α [10]. As reported in Table 2, the reliability estimates were .80 for formulating channel strategy, .85 for designing marketing channels, .86 for selecting channel members, .89 for motivating channel members, .73 for coordinating channel strategy with channel members, .85 for assessing channel member performance, and .76 for managing conflict. Thus, these scales possess sufficient reliability [23].

4.3. Data analysis

Data were analyzed using three statistical procedures. First, the data were subjected to multivariate analysis of variance (MANOVA) to examine the *overall* influence of sales manager hierarchical level on *all* seven marketing channel management activities. This analysis yielded a statistically significant finding (Wilks' λ F-value = 2.67, $p < .001$), thus indicating that sales manager hierarchical level has an *overall* impact on the channel management factors considered in the study.

Second, analysis of covariance (ANCOVA) was conducted (see Table 3) to determine whether the perceptions regarding *each* of the channel management activities were affected by sales management level (lower, intermediate, and higher level). Respondents' job tenure as a sales manager was treated as a covariate because prior work has found that this variable is related to sales organization members' perceptions of the job (see review by Comer and Dubinsky [9]). Additionally, company sales revenue, primary activity (manufacturing consumer or industrial products), number of wholesalers, and number of retailers were included as covariates because these organizational factors may be associated with the nature of channel management activities the manufacturer performs [29].

Third, Scheffe's [27] contrasts were computed on those channel management activities evidencing a significant sales management level effect. These were computed to

Table 2
Factor analysis and reliability results

Marketing channel management activities	Number of items	Number of factors extracted	Percent of total variance explained	Eigenvalue	Coefficient α
Formulating channel strategy	9	1	51.5	3.74	.80
Designing marketing channels	9	1	49.9	4.49	.85
Selecting channel members	4	1	71.2	2.85	.86
Motivating channel members	8	1	56.9	4.55	.89
Coordinating channel strategy	3	1	65.1	1.95	.73
Assessing channel member performance	6	1	60.6	3.64	.85
Managing channel conflict	3	1	67.8	2.03	.76

Table 3
ANCOVA results: influence of hierarchical level on sales manager channel management activities

Marketing channel management activities	Overall sample mean (S.D.) [Rank]	LL sales managers mean (S.D.) [Rank]	IL sales managers mean (S.D.) [Rank]	HL sales managers mean (S.D.) [Rank]	ANCOVA results *F*-value	Significant contrasts
Selecting channel members	4.54 (0.71) [1]	4.29 (0.92) [1]	4.60 (0.41) [1]	4.70 (0.68) [1]	5.76[a]	HL > LL
Designing marketing channels	4.44 (0.63) [2]	4.17 (0.70) [3]	4.55 (0.57) [2]	4.59 (0.51) [2]	7.20[a]	HL>LL, IL>LL
Coordinating channel strategy	4.35 (0.81) [3]	4.22 (0.79) [2]	4.42 (0.79) [3]	4.42 (0.86) [5]	1.51[a]	– –
Assessing channel member performance	4.32 (0.78) [4]	4.05 (0.86) [4]	4.41 (0.71) [4]	4.43 (0.71) [4]	4.60[a]	HL>LL
Managing channel conflict	4.30 (0.83) [5]	3.57 (1.11) [7]	4.10 (0.87) [7]	4.33 (0.70) [6]	8.22[a]	HL>LL
Formulating channel strategy	4.27 (0.63) [6]	3.95 (0.67) [5]	4.38 (0.52) [5]	4.47 (0.59) [3]	10.05[a]	IL>LL, HL>LL
Motivating channel members	4.16 (0.86) [7]	3.90 (0.89) [6]	4.25 (0.77) [6]	4.30 (0.90) [7]	3.39[a]	– –

Scheffe contrasts were calculated to determine statistically significant differences between each group of sales managers: LL = lower-level sales managers; IL = intermediate-level sales managers; HL = higher-level sales managers. Only statistically significant contrasts ($p < .05$) are reported.

[a] $p < .05$.

identify whether there were any significant differences in channel management activities between *each pair* of sales management levels.

5. Results

Reported in Table 3 are descriptive statistics (mean, standard deviation, and rank based on the mean score) for *each* of the marketing channel management practices for the *overall* sample and for *each* sales management level as well as the results for the ANCOVA and Scheffe tests. Findings are arranged in descending order based on the *overall* sample's mean score for each channel management practice.

In assessing the *overall* impact of sales management level on *each* of the marketing channel management practices, the ANCOVA findings in Table 3 reveal that six of the seven factors exhibit statistically significant differences ($P < .05$). More specifically, sales manager hierarchical level is related to perceptions of sales manager involvement in selecting channel members, designing marketing channels, assessing channel member performance, managing channel conflict, formulating channel strategy, and motivating channel members. Sales manager hierarchical level, however, does not appear to be associated with one construct– coordinating channel strategy (so it was omitted from subsequent analysis).

Scheffe tests for contrasts between *pairs* of each sales management group's involvement in marketing channel management practices were also computed. As reported in Table 3, seven significant contrasts ($p < .05$) were discerned. More specifically, *higher-level* sales managers feel more strongly about their involvement in formulating channel strategy, designing marketing channels, selecting channel members, assessing channel member performance, and managing channel conflict than do *lower-level* sales managers. Thus, Hypothesis 2a–c, f, and g receive empirical support. In addition, relative to *lower-level* sales managers, *intermediate-level* sales managers feel more strongly about their involvement in formulating channel strategy and designing channels; so, Hypothesis 1a and b are supported. *No* significant contrasts ($p > .05$) were manifested between higher- and intermediate-level sales managers' perceptions vis-à-vis the seven channel management activities. Therefore, Hypothesis 3a–g are rejected. Also, no statistically significant contrasts ($p > .05$) were observed for motivating channel members.

6. Discussion

Mean scores reported in Table 3 suggest that, irrespective of hierarchical level, sales managers generally are actively involved with channel management activities. With few exceptions, sales managers at lower, intermediate, and upper levels participate relatively actively in seven key facets of channel management. The seven are formulating channel strategy, designing marketing channels, selecting channel members, motivating channel members, coordinating channel strategy, assessing channel member performance, and managing channel conflict. Although the mean scores are illuminating vis-à-vis the sales manager/channel management interface, ANCOVA findings indicate some major differences with respect to the degree of involvement in various channel management activities across the sales manager hierarchy.

In assessing the impact of sales manager hierarchical level, six statistically significant differences in channel management were found. These ANCOVA findings suggest that there is a dissimilitude in the level of participation of sales managers at different management levels with regard to formulating channel strategy, designing marketing channel, selecting channel members, motivating channel members, assessing channel member performance, and managing channel conflict. An examination of the mean scores suggests that as sales managers ascend to more senior levels, they tend to increasingly administer these six facets of marketing channels as compared to their lower-level subalterns. Scheffe test results denote precisely where the level of participation differs.

The findings of the Scheffe tests indicate that *higher-level* sales managers participate more in formulating channel strategy, designing marketing channels, selecting channel members, assessing channel member performance, and managing channel conflict than *lower-level* managers. Also, *intermediate-level* sales managers participate more in formulating channel strategy and designing marketing channels relative to *lower-level* sales managers. These results seemingly suggest that the foregoing channel management activities require more careful attention owing to their *strategic* nature and thus are assumed chiefly by upper-level sales managers.

The process of developing a channel of distribution is a major undertaking incurring substantial resources, both personal and financial. Also, major commitments are made as efforts are directed at securing and establishing enduring relationships between the manufacturer and channel intermediaries. Then, once the channel is established, initiatives for attending to channel participant needs are ongoing as is monitoring channel effectiveness. This entire process focuses on maintaining both customer and channel member satisfaction while attaining manufacturer organizational and marketing objectives. A deficiency in performing any of the above activities will likely lead to channel underperformance and, hence, manufacturer underperformance.

Essentially, channel design and implementation is a molar (''big picture'') issue. Decisions pertaining to channel development are made in light of the firm's organizational and marketing strategy. Given this situation and the resulting dramatic impact the distribution channel will have on the effectiveness, efficiency, and ultimate profitability of the manufacturer, empowering upper-level sales managers to be responsible for channel management activities (rather than their lower-level counterparts) is logical. After all, their position in the management hierarchy tends to make them privy to information about the direction of the firm and the efforts it (or will) undertake to attain its goals. Also, they have the final accountability for the firm's revenue generation. The inextricable linkage between the distribution channel, firm success, and financial accountability then leads naturally to the involvement in channel design by senior sales management. Simply stated, lower-level sales managers would most likely not possess sufficient personal or organizational means to be effective with such high-level decisions as channel design and implementation.

At least three plausible explanations exist for the finding that coordinating channel strategy is not affected by sales manager hierarchical level. First, lower-level sales managers typically concentrate on leading, managing, and controlling the *sales department* as well as focusing on revenue generation. When channel decisions, strategies, and company-wide policies are formulated by senior-level management, lower-level sales managers (as well as higher-level counterparts) play an important role in relaying that tactical information to their firm's channel members for deployment. In other words, all sales managers consider coordinating channel strategy to be important because they serve as critical conduits of information. Imparting critical information increases the chances that the producer and its channel participants will have a mutual cognizance and synchronicity. Second, as the number of channel members representing a firm increases, communicating changes in channel policies and coordinating channel strategies become increasingly difficult (owing to the increased number of information exchanges). Consequently, sales managers at all levels of the firms are needed for effective communication across channel members. As firms use more and more intermediaries, sales managers at all levels thus expend effort in coordinating channels-related tasks, thereby reducing the redundancies in work effort among channel participants. Third, perhaps coordinating channel strategy is not affected by sales manager hierarchical level because there is no sufficient coordination being accomplished at any sales management level. Logically, higher-level sales management should seemingly be coordinating channel strategy. If not, this may be an important area of training needed by upper-level sales managers.

6.1. Sales and marketing channel management implications

The results obtained from this study offer useful sales and marketing channel management implications. Companies no longer have any excuse for not assigning clear-cut responsibility and appropriate channel management training to sales managers at each hierarchical level. With fierce global competition, a complex hybrid of channels, and the consequent growing need for skillful channel management in this age of telecommunications, the job of channel manager has become far too important and costly in terms of customer relationships to remain ambiguous or diffused. Failure in any of the important functions of channel management is too potentially deleterious for any company to risk. Sales managers, especially those at the intermediate and higher levels, are now doing the channel management jobs. Whether they do them well or poorly will depend largely on the quality of the people hired for sales management positions and the ongoing training they receive.

In the context of recruiting sales managers, minimum requirements for a person selected for a management position are suitable expertise, interpersonal relationship skills, and well-rounded ability to undertake the increasingly complex and eclectic nature of this job. The ''traditional'' sales manager job requires management expertise, leadership, motivational skills, analytical ability for sales forecasting, profitability analysis by market segments, and assessment of salesperson performance. Also, though, a superior ability to strategically manage and operate marketing channels is now required. Thus, screening criteria should include the possession of requisite skills and potential for administering all facets of the firm's marketing channels in developing, maintaining, and furthering loyal customer relationships. In short, only individuals who manifest additional skills in marketing channel management should be recruited, selected, and trained for this expanded role of the sales manager.

According to Anderson [3], the current business environment requires sales managers to be "supermarketers." As such, both newly selected and incumbent sales managers should be provided training that helps them integrate sales with broader marketing functions. In a recent study, Anderson et al. [5] found that although newly recruited sales managers recognize that sales management training is necessary for them to perform effectively, they also perceive that their past skills are insufficient to succeed in their new jobs without receiving further training. Sales management training becomes increasingly urgent as traditional sales manager roles and duties are dramatically changed through automation, salesperson empowerment, and buyer behavior dynamism. Too often, however, sales managers receive little training subsequent to that provided upon their initial appointment to sales manager [5]. In the context of the present investigation, sales managers should receive rigorous, regularly updated training in the following areas of channel management: formulating channel strategy, designing marketing channels, selecting channel members, motivating channel members, coordinating channel strategy with channel members, assessing channel member performance, and managing conflict. Further, sales manager training should emphasize particularly the careful design of marketing channels as this is an extremely intricate process that requires superior quantitative statistical skills and knowledge that can be used to develop the "architecture" of the firm's marketing channel system. Moreover, this training should be continuous as the conventional "sink-or-swim" attitude to sales manager education is neither cost-effective nor appropriate in the current-day supercompetitive markets. In short, the study's findings point to the growing need for sales managers at all hierarchically levels (but especially intermediate and higher) to develop expertise in channel management through ongoing training beyond that provided for traditional sales management duties.

Emerging and rapidly proliferating electronic sales/marketing channels, such as the Internet, extranets, e-mails, faxes, direct mail, television home shopping, and teleselling, are making channel management increasingly difficult and important. But, at the same time, electronic communication channels, such as intranets, are helping sales managers in their more traditional functions through use of empowered salespeople with virtual, mobile sales offices that dramatically lessen their dependence on the flow of communication from sales management. Overseeing a hybrid sales force operating in diverse electronic and field channels and managing ongoing customer and channel member relationships are activities that are combining to shift the job of sales management toward that of channel management. Sales managers at each hierarchical level will require specific training for their channel management roles if their companies are to succeed in the new market competition. Every company should review their current sales training practices to ensure that they are entering the twenty-first century reality with respect to channel management.

6.2. Limitations and directions for future research

This investigation augments our understanding of the interface between sales and channel management by empirically verifying the important role sales managers at different hierarchical levels play in marketing channel management. Its findings, however, should be considered tentative owing to some limitations. First, primary market offering (product vs. service) was not controlled in this study. Because marketing channels for services tend to be relatively short, channel management practices may be significantly different from industrial and consumer products manufacturing firms. So, research is needed to determine if channel management activities are influenced by type of offering marketed.

Second, sales manager span of control was not considered in this study. Conceivably, as the number of subordinates assigned to a sales manager increases, the individual's efforts will be increasingly diffused; this phenomenon may lead to the manager's allocating less time to channel management tasks. Therefore, empirical efforts should seek to ascertain if there is a difference in channel management tasks owing to sales manager span of control.

Hopefully, the current work will spawn future research studies to increase our knowledge of sales management positions as they change with the times. For instance, subsequent studies could examine whether channel management training increases sales manager performance as well as channel performance. Furthermore, inquiry might be directed toward how sales managers can more efficiently and effectively manage the interrelationships between a company and its marketing channel members to create greater value for their ultimate customers.

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Appendix A. Multi-item marketing channel management scales

All items begin with "I am involved in":
Formulating channel strategy:

1. Monitoring competitive factors that may influence the structure of my firm's marketing channels.
2. Suggesting new technologies that can make my firm's marketing channels more efficient.
3. Determining the distribution objectives and policies for my firm.

4. Determining the role that distribution will play in achieving my firm's overall marketing objectives.
5. Developing sales volume projections (quotas) that intermediaries representing my firm are expected to meet.
6. Locating new markets in which my firm's products can be distributed.
7. Determining pricing policies (markups) for products that are sold through intermediaries representing my firm.
8. Setting up an alternative trade discount structure when the one used by my firm needs to be changed.
9. Specifying the inventory levels that intermediaries representing my firm are expected to maintain.

Designing marketing channels:
1. Determining which different types of intermediaries my firm's products should be sold through.
2. Determining the number of each different type of intermediary my firm's products should be sold through.
3. Recommending adding and dropping intermediaries representing my firm.
4. Modifying my firm's marketing channels due to changing demographic or market conditions.
5. Specifying the activities and functions that need to be performed by the intermediaries representing my firm.
6. Setting up an alternative distribution structure if my firm's existing distribution network needs to be changed.
7. Determining the number of intermediaries needed to cover each territory.
8. Assessing alternative methods of distribution for my firm's existing products.
9. Assessing alternative methods of distributing new products developed by my firm.

Selecting channel members:
1. Selecting new types of intermediaries to represent my firm.
2. Helping find prospective intermediaries to represent my firm.
3. Determining the criteria that are to be used in selecting intermediaries to represent my firm.
4. Inviting potential intermediaries to represent my firm.

Motivating channel members:
1. Promoting cooperation among the different intermediaries that represent my firm.
2. Motivating the intermediaries who represent my firm.
3. Finding out the needs and problems of the intermediaries who represent my firm.
4. Developing sales training programs to educate intermediaries to sell my firm's products.
5. Developing special price deals to assist intermediaries in selling my firm's products.
6. Devising cooperative promotional programs with intermediaries representing my firm.
7. Developing special merchandising campaigns to assist intermediaries in selling my firm's products.
8. Developing displays and selling aids to assist intermediaries in selling my firm's products.

Coordinating channel strategy:
1. Coordinating promotional programs to assist intermediaries in selling my firm's products.
2. Communicating changes in my firm's distribution policies to the intermediaries who represent us.
3. Providing information on new products developed by my firm for my firm's intermediaries.

Assessing channel member performance:
1. Evaluating the performance of intermediaries representing my firm.
2. Recommending corrective measures to help poorly performing intermediaries do a better job.
3. Calculating the costs my firm incurs in distributing products to its intermediaries.
4. Assessing the attitudes of our intermediaries towards my firm's products vs. our competitors' products.
5. Assessing the attitudes of our intermediaries towards the effectiveness of my firm's promotional programs.
6. Assessing the attitudes of our intermediaries towards the pricing policies of my firm.

Managing channel conflict:
1. Detecting conflict between independent intermediaries representing my firm.
2. Resolving conflicts and misunderstandings between intermediaries representing my firm.
3. Suggesting solutions to conflicts stemming from the sale of products through my firm's marketing channels.

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