


**CHANNEL POWER, INFLUENCE STRATEGY, RELATIONSHIP CONTINUITY, AND CHANNEL PERFORMANCE: AN EXAMINATION OF SANITARY EQUIPMENT MANUFACTURERS**

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ARTICLE INFO	ABSTRACT
<p><b>Article history:</b></p> <p><b>Received</b> 15 August 2023</p> <p><b>Accepted</b> 13 November 2023</p>	<p><b>Purpose:</b> This study aims to examine the influence of channel power and influence strategy, in terms of non-coercive strategies, on sanitary equipment manufacturers' relationships with channel members and channel performance.</p> <p><b>Theoretical framework:</b> The study is based on the literature on channel relationships, which suggests that using an influence strategy can contribute to managing the relationship with the channel members and benefit organization performance.</p> <p><b>Design/Methodology/Approach:</b> In this study, we sampled from a sanitary equipment manufacturer's channel strategy. We used survey data to examine the effect of channel management strategies from sanitary equipment manufacturers on distributors.</p> <p><b>Findings:</b> The finding indicates that a supplier using economic power tends to adopt non-coercive strategies. In addition, economic power and non-coercive strategies positively affect the continuity of the relationship with distributors. Relationship continuity between manufacturers and distributors positively impacts whole channel performance.</p> <p><b>Originality/Value:</b> This study sampled the distributors in the sanitary equipment industry, a market in which the consumers are not knowledgeable about the products. Most consumers base their purchase decisions heavily on the channel member's recommendations. Therefore, how to manage the relationship with the channel members is critical to understand.</p> <p><b>Research, Practical &amp; Social implications:</b> Distributors are regarded as an extension of the company's sales capabilities. Channels have always held an essential position in the industry. Maintaining relationships between distributors and improving channel performance is a critical question in distribution management.</p> <p>Doi: <a href="https://doi.org/10.26668/businessreview/2023.v8i11.2246">https://doi.org/10.26668/businessreview/2023.v8i11.2246</a></p>
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**PODER DO CANAL, ESTRATÉGIA DE INFLUÊNCIA, CONTINUIDADE DO RELACIONAMENTO E DESEMPENHO DO CANAL: UM EXAME DOS FABRICANTES DE EQUIPAMENTOS SANITÁRIOS**

**RESUMO**

**Objetivo:** Este estudo visa examinar a influência do poder do canal e da estratégia de influência, em termos de estratégias não coercitivas, nas relações dos fabricantes de equipamentos sanitários com os membros do canal e no desempenho do canal.

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**Referencial teórico:** O estudo baseia-se na literatura sobre relacionamentos de canais, que sugere que o uso de uma estratégia de influência pode contribuir para gerenciar o relacionamento com os membros do canal e beneficiar o desempenho da organização.

**Design/Methodologia/Abordagem:** Neste estudo, coletamos amostras da estratégia de canal de um fabricante de equipamentos sanitários. Utilizamos dados de pesquisa para examinar o efeito das estratégias de gestão de canais dos fabricantes de equipamentos sanitários sobre os distribuidores.

**Constatações:** A constatação indica que um fornecedor que utiliza poder econômico tende a adotar estratégias não coercitivas. Além disso, o poder econômico e as estratégias não coercitivas afetam positivamente a continuidade do relacionamento com os distribuidores. A continuidade do relacionamento entre fabricantes e distribuidores impacta positivamente o desempenho de todo o canal.

**Originalidade/Valor:** Este estudo amostrou os distribuidores do setor de equipamentos sanitários, mercado em que os consumidores não conhecem os produtos. A maioria dos consumidores baseia suas decisões de compra fortemente nas recomendações dos membros do canal. Portanto, é fundamental entender como gerenciar o relacionamento com os membros do canal.

**Implicações de pesquisa, Práticas e Sociais:** Os distribuidores são considerados uma extensão da capacidade de vendas da empresa. Os canais sempre ocuparam uma posição essencial na indústria. Manter relacionamentos entre distribuidores e melhorar o desempenho do canal é uma questão crítica na gestão da distribuição.

**Palavras-chave:** Poder Econômico, Estratégia de Gestão de Distribuição, Continuidade de Relacionamento, Desempenho de Canal.

## PODER DEL CANAL, ESTRATEGIA DE INFLUENCIA, CONTINUIDAD DE LAS RELACIONES Y DESEMPEÑO DEL CANAL: UN EXAMEN DE LOS FABRICANTES DE EQUIPOS SANITARIOS

### RESUMEN

**Propósito:** Este estudio tiene como objetivo examinar la influencia del poder del canal y la estrategia de influencia, en términos de estrategias no coercitivas, en las relaciones de los fabricantes de equipos sanitarios con los miembros del canal y el desempeño del canal.

**Marco teórico:** El estudio se basa en la literatura sobre relaciones de canal, que sugiere que el uso de una estrategia de influencia puede contribuir a gestionar la relación con los miembros del canal y beneficiar el desempeño de la organización.

**Diseño/Methodología/Enfoque:** En este estudio, tomamos una muestra de la estrategia de canal de un fabricante de equipos sanitarios. Utilizamos datos de encuestas para examinar el efecto de las estrategias de gestión de canales de los fabricantes de equipos sanitarios en los distribuidores.

**Hallazgos:** El hallazgo indica que un proveedor que utiliza el poder económico tiende a adoptar estrategias no coercitivas. Además, el poder económico y las estrategias no coercitivas inciden positivamente en la continuidad de la relación con los distribuidores. La continuidad de la relación entre fabricantes y distribuidores impacta positivamente el rendimiento de todo el canal.

**Originalidad/Valor:** Este estudio tomó una muestra de los distribuidores de la industria de equipos sanitarios, un mercado en el que los consumidores no conocen los productos. La mayoría de los consumidores basan sus decisiones de compra en gran medida en las recomendaciones de los miembros del canal. Por lo tanto, es fundamental comprender cómo gestionar la relación con los miembros del canal.

**Implicaciones de investigación, Prácticas y Sociales:** los distribuidores se consideran una extensión de las capacidades de ventas de la empresa. Los canales siempre han ocupado una posición fundamental en la industria. Mantener las relaciones entre distribuidores y mejorar el rendimiento del canal es una cuestión crítica en la gestión de la distribución.

**Palabras clave:** Poder Económico, Estrategia de Gestión de la Distribución, Continuidad de las Relaciones, Desempeño del Canal.

### INTRODUCTION

As companies face a fiercely competitive environment, managing the channel relationships with the distributors to achieve sustainable competitive advantages is vital to firms. Manufacturers' products cannot be successfully delivered to consumers without a

cooperative relationship with channel members. The literature pointed out that developing relationship with channel members, such as distributors, is one of the most critical issues for manufacturers. Through a cooperative relationship with channel members, the goods and services can be sold effectively (Stern, El-Ansary, & Coughlan, 1996). The manufacturers would use influence strategies, such as coercive and non-coercive strategies, to influence the channel members' behavior to achieve the desired performance (Bandyopadhyay, 2004). Prior studies have addressed the fact that trust and commitment between channel members are critical to maintaining the channel relationship (i.e., Goodman & Dion, 2001; Luo, Liu, & Xue, 2009). Maintaining continuity of the relationship between channel members may be influenced by the manufacturers' influence strategy and power sources (Anderson & Weitz, 1992; Miller, Munoz, & Mallin, 2020).

In addition, manufacturers and channel members, such as distributors, may have conflicts or misunderstandings due to their different goals, which negatively affect manufacturers' performance (Brown, Lusch, & Nicholson, 1995). Prior research suggests that effective channel strategies are highly associated with performance. (Jain, Khalil, Johnston, & Cheng, 2014). Scholars also suggest that coercive and non-coercive strategies could be helpful to manage the relationship with channel members and contribute to channel performance (Hausman & Johnston, 2010; Huo, Tian, Tian, & Zhang, 2018). Through well channel relationships with the distributors, developing mutual understanding and sharing of goals with channel members is critical to a manufacturer's performance.

Theoretically, we emphasize the importance of building and maintaining long-term, mutually beneficial relationships with distributors. By investigating factors of economic power and non-coercive strategy, this research can contribute to understanding what factors affect manufacturers' relationship continuity with distributors and manufacturers' channel performance. This research also contributes to understanding how to maintain relationships with distributors and the role of relationships with distributors in driving firm performance. In practice, from the survey of sanitary equipment suppliers, we contribute to understanding effective ways to maintain relationships with distributors in the context of customers lacking product knowledge but needing distributors' recommendations. Influencing the distributors' behavior through economic power and using non-coercive strategies, leading to the establishment of channel relationships, is essential. The cooperative relationship with the distributors is beneficial to sales and performance.

This study sampled sanitary equipment distributors in Taiwan. Sanitary equipment is durable and not a regular purchase. The consumers are not knowledgeable about the products, and most consumers base their purchase decisions on the company's brand and reputation (Porto, Watanabe, Barrozo, & Souza Júnior, 2022). Therefore, trust in the service provider is also important for consumers to make purchase decisions (Abarna, Vijayalakshmi, & Andal, 2023). In addition, sanitary equipment purchasing is associated with professional product knowledge. Consumers prefer to buy items through professional channel members. The distributors' service highly affects the consumer's purchase intention and satisfaction. Thus, in this situation, the manufacturers' performance heavily relies on the distributors' services and sales to recommend products to the consumer. Managing a good relationship with the distributors will contribute to the manufacturer's performance.

Accordingly, this research aims to examine what factors affect sanitary manufacturers' relationship continuity with distributors and how the relationship continuity contributes to channel performance. We propose that economic power is positively related to non-coercive strategies and relationship continuity with distributors. Non-coercive strategies are positively related to relationship continuity. In addition, using non-coercive strategies and maintaining relationship continuity are positively related to the whole channel performance.

## **LITERATURE REVIEW**

### **Economic Power and Non-coercive Strategy**

Developing channels requires members who share a common goal. Using channel power is critical to managing the relationship with the channel members (Duarte & Davies, 2004). Coughlan, Anderson, Stern, & El-Ansary (2001) pointed out that channel power is the ability of one channel member to persuade another member to perform a specific activity. Companies could utilize the power of referent power, expert power, legal power, reward power, and coercive power to manage the partner relationship (French & Raven, 1959). Companies use economic power sources such as rewards and coercive rights to encourage channel members to behave as expected (Etgar, 1978). Linking incentives and performance can effectively motivate channel members and improve channel member satisfaction (Mohr & Nevin, 1990; Hammond, Brown, & Harmon, 1996). Non-economic power is less economically based but is linked to experts and information.

Exercising power reflect the ability of one channel member to assert control or authority over another channel member to achieve integration, adaptation, and goal attainment (Stern,

1969). The use of power enables manufacturers to improve their relationships with channel members (Frazier & Summers, 1986). Past research has pointed out that powerful manufacturers could achieve the purpose of establishing a cooperative relationship between the two parties in a friendly way. Therefore, manufacturers with more power tend to use non-coercive strategies to help channel members, making the relationship between the two parties closer.

Prior research found evidence of adopting different channel strategies when using other economic powers. For example, when a manufacturer provides economic power, it can provide incentives conducive to improving mutual trust among channel members and enhancing mutual trust and commitment among channel members (Brown, Crosno, & Tong, 2019). Therefore, channel members can be encouraged to make relevant suggestions or decisions, or manufacturers can be given more information about the channel when the manufacturers use a non-coercive strategy.

H1 : A manufacturer with greater economic power is more likely to use a non-coercive strategy.

### **Economic Power and Channel Relationship Continuity**

Organizational climate is critical to shaping organizational member performance (Silva, Santos, Lima, & Oliveira, 2021). Interorganizational climate is also critical to channel relationships and channel members' transactions (Kim, 2000). Trust and mutual commitment are identified in the prior studies as factors that facilitate cooperation between manufacturers and distributors. Channel strategies enable the organization to develop smooth and harmonious relationships with channel members. For example, establish a trusting relationship and maintain a long-term trust relationship through good communication, which helps improve the whole channel's performance (Nicholson, Compeau, & Sethi, 2001).

The manufacturers could utilize their economic power to show their commitment to maintaining the relationship with the distributor. When a manufacturer uses economic power, providing performance links and incentives can effectively motivate channel members, which is beneficial to increasing the channel members' trust in and reliance on manufacturers (Brown, Lusch, & Nicholson, 1995). Studies found mutual commitment could enhance relationship continuity (Gao, Sirgy, & Bird, 2005). Trust is important in establishing long-term channel relationships. The long-term maintenance of cooperative relationships requires mutual trust among channel members. The trust between channel members will increase the quality and

maintenance of the relationships (Kadir, Paly, & Abdullah, 2023). Trust can also reduce conflict between channel members. Mutual trust could lower suspicion between manufacturers and distributors. Empirical studies also show evidence of trust and channel relationships. (Geyskens, Steenkamp, & Kumar, 1998).

H2: A manufacturer's economic power positively relates to the continuity of their relationship with distributors.

### **Non-coercive Strategy and Relationship Continuity**

The prior study pointed out that a company using a non-coercive strategy encourages channel members to maintain a cooperative relationship. Frazier and Summers (1984) pointed out that building relationships with channel members requires communication so that persuasive information can be shared, and sales activities can be coordinated and kept under control. Such joint action could contribute to relationship development (Heide & George, 1990). Studies suggest considering different buying situations to adopt different influence strategies (Leonidou, 2005). Some manufacturers rely on formal contracts to advise or ask their distributors to take action toward their goals. However, only informing and requesting the distributor to take a specific action without providing additional information would create misunderstandings between the two parties. According to research, manufacturers provide promises or guarantees as incentives to distributors in order to encourage them to meet the expected goals.

In addition, some manufacturers provide rewards for encouraging distributors to follow their instructions to achieve their goals. Some information exchange about how to improve performance more favorably could affect distributors' abilities by creating mutual trust and specific relationship assets. Studies suggest that such non-coercive strategies, requirements, information exchanges, and suggestions, influence distributor behaviors to achieve their goals (Gundlach & Cadotte, 1994). When a manufacturer adopts a non-coercive strategy, mutual trust increases the willingness to continue the cooperative relationship and affects the solidarity of the reciprocal relationship. Therefore, the distributor could have a higher willingness to develop long-term relationships.

H3 : A manufacturer's non-coercive strategy positively relates to the continuity of their relationship with distributors.

### **Non-coercive Strategy and Performance**

Channel members would have more opportunities to communicate with one another if a non-coercive strategy were used. Information exchange and intensive interaction enable manufacturers to understand the market environment and customer responses, contributing to channel performance (Siguaw, Simpson, & Baker, 1998). The channel's performance could be viewed from different perspectives. Stern and El-Ansary (1992) suggested that channel performance could be reflected by efficiency, utility, and fairness. Members' satisfaction, willingness to cooperate, and commitment to continuing cooperation are relevant to channel performance (Mohr, Fisher, & Nevin, 1996; Narayandas & Rangan, 2004). Rosenbloom and Anderson (1985) stated that the performance of channel members is determined by their sales capacity, inventory level, and product quantity.

The effective non-coercive strategy allows the distributor to make resource allocation more efficient, thereby enabling an improvement in the distributor's performance. In addition, non-coercive incentives motivate distributors to rely on their manufacturers more and commit more to the relationship (Andaleeb, 1996). Morgan and Hunt (1994) pointed out that relationship marketing has become one of the critical factors in developing channel relationships. High-commitment channel partners could create competitive advantages and benefit overall performance.

H4: A manufacturer's non-coercive strategy is positively related to channel performance.

### **Relationship Continuity and Channel Performance**

Past research has pointed out that trust can produce an interactive reciprocation effect (Johnson, Cullen, Sakano, & Takeuchi, 1996). Mutual trust enables members to fulfill their responsibilities and obligations in developing relationships (Hu & Sheu, 2005; Kim, 2000; Morgan & Hunt, 1994). A trust relationship is a basis for continuing distribution relationship. Jackson (1985) found that the longer the relationship is maintained, the more opportunities the seller has to show his ability to the buyer and establish a relationship. When channel members are willing to maintain the continuity of the relationship, they will improve cooperation and performance. The long-term relationship also contributes to improving the service quality and facilitating the customer's satisfaction (Shanmugam, & Chandran, 2022).

The cooperative relationship can be maintained for a long time, and the partners would work hard for both parties' best interests to improve the channel's performance. To sum up, the

relationship between channel members can be maintained because of trust, which has positive developmental significance impact for the whole channel. Therefore, by establishing a good relationship, it is possible to find partners with shared values and to make transaction information transparent. This will help improve the whole channel's performance.

H5: Continuity of relationship with distributors is positively related to channel performance.

## **METHODOLOGY**

### **Sample and Data**

The sanitary equipment distributors' information in this study was collected through questionnaires. Sanitary equipment distributors include those for electrical materials, water and electricity materials, building materials, sanitary boutiques, and water and electricity projects. This research takes place at a sanitary equipment company in the north of Taiwan. We chose its sanitary equipment manufacturers, who have been established for more than 30 years, as the objective. We used questionnaires to survey the sales managers of the distributors. A total of 200 questionnaires were sent out in this study: 90 in the north, 50 in the central area, and 60 in the south. 29 invalid questionnaires were removed, and 171 valid questionnaires were obtained, so the effective questionnaire response rate was 85.5%. In addition, 73% of distributors are in the water and electricity materials industry, 16% are in the sanitary ware boutique industry, 5% are providing water and electricity engineering services, 3% are selling electrical materials, and 3% are in the construction industry.

### **Measurements**

Channel power refers to the ability of a channel member to influence a channel member's decision. As a result, channel power reflects the dominance of other channel members' sales strategy variables. Channel power is measured on a seven-point scale from "strongly agree" (7 points) to "strongly disagree" (1 point), with higher scores showing that the source of channel power for the supplier is stronger (see Table 1).

The non-coercive strategy is that the supplier emphasizes changing the attitude and beliefs of the dealer, and the supplier hardly or rarely exerts pressure on the dealer. The non-coercive strategy includes items such as requirements, suggestions, and information exchange from "strongly agree" (7 points) to "strongly disagree" (1 point) (Frazier & Rody, 1991). The higher the score, the better the effectiveness of the supplier's channel strategy.



The members who encourage each other in the interdependence relationship can maintain a long-term relationship and develop trust with each other, which makes the cooperative relationship closer and more stable (Mohr and Neivn, 1990). This research refers to the item of relationship countunity, which is measured from "strongly agree" (7 points) to "strongly disagree" (1 point). The higher the score, the longer the cooperative relationship between manufacturers and distributors. In this research, we apply Rosenbloom and Anderson's (1985) approach to measuring channel performance. This study examines the proposed framework and hypotheses relationship using partial least squares (PLS). The advantage of using PLS is to investigate the direct and indirect influence of each variable and the cause-effect relationship using the latent variables. It is also beneficial for examining the causal model between variables.

## RESULTS AND DISCUSSION

In our sample, sanitary equipment distributors have been established for between 21 and 30 years (30%), which is the largest percentage of the sampled distributors. Furthermore, over 74% of distributors have been established for more than 11 years, indicating that our sampled distributors have abundant industry experience. More than half of the distributors have fewer than five employees. In addition, the majority of sampled companies are sanitary materials distributors, and 66% of sampled companies' sales are less than seven hundred thousand dollars annually, which reflects they are small businesses. Therefore, the basic description indicates that most sanitary distributors are small-sized companies.

In this study, we eliminated the items "the supplier will reduce or cancel the discount, the supplier decreases my profit, and brand and reputation contribute to the sales" because the loading factor is less than 0.7. The correlation coefficient between constructs is less than 0.7, and each construct's factor loading is greater than the other constructs, indicating good discrimination validity (Hair et al., 1990). Cornbach's alpha is more significant than 0.7 for all constructs, meaning adequate reliability (Robison, Shaver, & Wrightsman, 1991; Nunaly, 1978). On the other hand, the average variance extracted (AVE) is larger than 0.5, and the composite reliability (CR) is above 0.6, suggesting that the validity meets the suggested requirement (Fornell & Larcker, 1981).

Table 1 measurements and validity

Constructs	Question items	Items	Cronbach's Alpha	CR	AVE
Economic power	1. This supplier provides advertiemnet and sponse for me	PoA1	0.754	0.859	0.672
	2. Following this supplier's poicy can get better reward	PoA2			
	3. This supplier will eliminate my disclount	PoA3			
	4. We will get punishment if we do not follow this supplier's regulation	PoA4			
	5. My profits were significantly suppressed by this supplier	PoA5			
Non-coercive strategy	1. We have to cooperate with the supplier's propomtion activities	StB1	0.829	0.898	0.745
	2. This supplier provides advice for us and suggests the benefits if we follow the advice	StB2			
	3. This supplier provides market information for us	StB3			
Relationship continuity	1. There is a long-term relationship between us and this supplier.	La1	0.895	0.927	0.762
	2. It is beneficial to develop a long tern relatonsph with our supplier	La2			
	3. This supplier is an importner bueisns partner for us.	La3			
	4. We share the benefit and profit with this supplier	La4			
Channel performance	1. We satisfy our market share	Ma1	0.896	0.921	0.660
	2. This supplier brand is helpful for our sales	Br1			
	3. Our supplier has a good reputation	Br2			
	4. We have a stable sale growth	Sa1			
	5. We satisfy our sales	Sa2			
	6. We satisfy the supplier's products and services	SaT1			
	7. We satisfy the cooperartion with the supplier	SaT2			

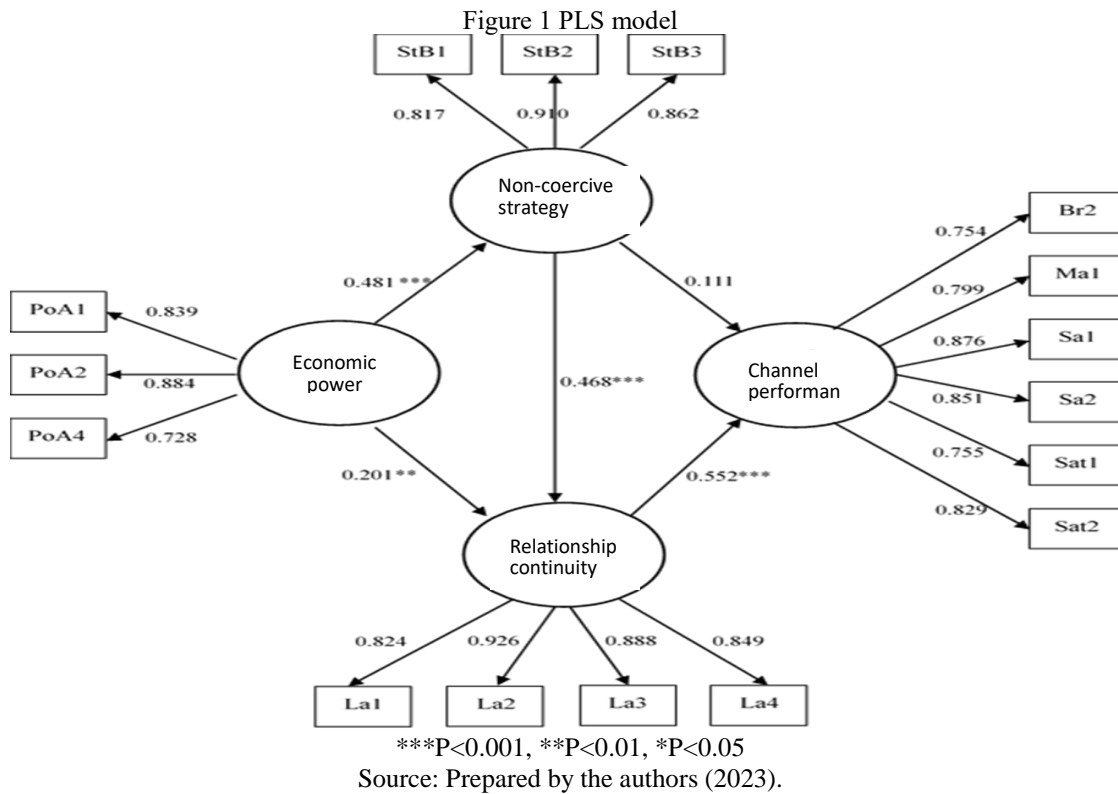
Source: Prepared by the authors (2023).

Table 2 Correction Table

	1.	2.	3.	4.
1. Economic power source	1.000			
2. Non-coercive strategy	0.481	1.000		
3. Relationship continuity	0.426	0.565	1.000	
4. Channel performance	0.471	0.422	0.614	1.000

\*\*\*P&lt;0.001, \*\*P&lt;0.01, \*P&lt;0.05;

Source: Prepared by the authors (2023).



The results show that the relationship between economic power is positively related to non-coercive strategies ( $\beta=0.481$ ,  $t=6.418$ ). Therefore, Hypothesis 1 is supported. It shows that manufacturers tend to use non-coercive strategies when using economic power. The results indicate that when manufacturers use economic power, using positive incentives can motivate distributors to achieve their goals. In addition, the finding shows that using economic power positively impacts the continuity of the relationship ( $\beta=0.201$ ,  $t=2.725$ ). As a result, Hypothesis 2 is supported. It shows that using economic power benefits the manufacturers by helping them develop and share common values with their channel partners, which helps maintain their relationship with them. Furthermore, the non-coercive strategy positively impacts the continuity of relationships ( $\beta=0.468$ ,  $t=7.636$ ), representing a supported result of Hypothesis 3. It means that when the manufacturer adopts a non-coercive strategy, it improves the level of trust among channel members. Therefore, both parties have a higher willingness to maintain long-term cooperative relations. However, the proposed non-coercive strategy has no significant impact on channel performance ( $\beta= 0.11$ ,  $t = 1.245$ ). Therefore, Hypothesis 4 is not supported. Moreover, the finding indicates that the proposed relationship continuity with the channel members positively related to channel performance ( $\beta= 0.55$ ,  $t = 7.457$ ). Therefore, Hypothesis 5 is supported.

Table 3 Path analysis results

Path relationship	$\beta$	T-value	P-value
H1: Economic power $\rightarrow$ Non-coercive strategy	0.481	6.418	0.000
H2: Economic power $\rightarrow$ Relationship continuity	0.201	2.725	0.007
H3: Non-coercive strategy $\rightarrow$ Relationship continuity	0.468	7.636	0.000
H4: Non-coercive strategy $\rightarrow$ Channel performance	0.111	1.245	0.214
H5: Relationship continuity $\rightarrow$ Channel performance	0.552	7.457	0.000

Source: Prepared by the authors (2023).

The research results show that manufacturers' economic power positively influence non-coercive strategies. The manufacturers provide advertisements for the distributors to guide what distributors should do to contribute to better profits. On the other hand, violating requirements will be punished. The source of access power will enable non-coercive access strategies to achieve a significant positive impact. When the manufacturer uses economic power to affect the distributors' behavior with the same values, and then establishes a good cooperative relationship through trust, it can maintain the continuity of the relationship with the channel members and can strengthen the relationship between the two parties. It is helpful to improve the whole channel performance, so the manufacturer's economic power has a positive impact on the channel climate and the relationship continuity.

In addition, manufacturers require distributors to provide promotions for consumers; distributors could get reward from manufacturers' recommendations if they follow them, and manufacturers will provide information regarding market trends and new product development. The non-coercive strategy significantly impacts the continuity of the relationship between channel members. Therefore, when a manufacturer adopts a non-coercive strategy, it is a great help to enhance trust among channel members and can increase mutual solidarity, thereby strengthening the willingness to maintain a long-term cooperative relationship. When distributors adopt a non-coercive strategy, it will positively impact the continuity of relationships among channel members.

Prior research has also found that non-coercive strategies include suggestions, requirements, and information exchange. Manufacturers adopting such strategies with distributors can enhance mutual trust and strengthen their willingness to maintain cooperative relationships, but they have no effect on improving channel performance. Finally, non-coercive strategy adopted by manufacturers is grateful for channel members to establish mutual trust and enhance their willingness to maintain long-term cooperative relationships. Through positive incentives, channel members will be more willing to reach the manufacturers' goal, which is conducive to improving channel performance and continuing to make profits. Therefore, it shows the continuity of the relationship positively impact on the performance.

## CONCLUSION

In this study, we aim to answer what factors affect manufacturers' relationship continuity with distributors and contribute to channel performance. Our findings indicate that economic power is positively related to non-coercive strategies and relationships with distributors. Using non-coercive strategies can benefit relationship continuity. In addition, relationship continuity is positively related to channel performance.

When manufacturers use economic power, they tend to adopt non-coercive strategies. With higher economic power, the manufacturers' non-coercive strategies could enhance their relationship with the distributors. The manufacturers are working to help the distributors identify goals and improve performance. Therefore, when the manufacturer uses economic power effectively, they provide rewards and punishment mechanisms that help distributors reach the marketing goal. Such strategies sharpen mutual trust and strengthen long-term cooperative relations. The willingness to further cooperate with each other strengthens the cooperative relationship and helps to improve the whole channel's performance.

To achieve the goal of survival and long-term profit, manufacturers' and channel members' strategic goals need to be consistently aligned. As a result, manufacturers should strive for harmony by maintaining a good cooperative relationship with distributors and promoting a stable relationship between the two parties. Stable relationships with channel members are highly related to a firm's effectiveness in implementing strategy. Many manufacturers struggle with how to effectively manage and develop a close relationship with distributors. Our result shows that economic power and non-coercive strategies adopted by manufacturers can facilitate the relationship with channel members. The interactive relationship contributes to a long-term and stable development between the manufacturers and the distributors. Trust is developed through such interaction in a harmonious and cooperative inter-organization climate, which motivates the channel members and has a favorable impact on channel performance.

There are several research limitations in this study. First, we only sampled the first-tier distributors in this study. To analyze the factors that influence the manufacturers' relationship with channel members and channel performance, future research may broaden its focus and include other types of channel members. Additionally, to provide a more comprehensive model for describing the factors affecting relationship continuity and channel performance, future research may take into account the impact of the manufacturer's market orientation and competitive environment on channel performance include other types of channel members.

Additionally, to provide a more comprehensive model for describing the factors affecting relationship continuity and channel performance, future research may take into account the impact of the manufacturer's market orientation and competitive environment on channel performance. Third, future studies can explore other factors that may moderate the relationship between power, influence strategies, and the relationship with the distributors.

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