In recent years, retailers have placed greater emphasis on developing long-term relationships to obtain sustainable benefits on issues such as product quality, price, and markdown allowances. The author examines the impact of situational factors such as the time orientation of a relationship and the importance of the issues to be resolved on the use of various negotiation strategies (problem solving, compromise, and aggressive) in channel relationships. He also investigates the impact of different strategies on channel member outcomes and satisfaction. The data used to test the model were obtained in a mail survey of 124 retail buyers in six regional department store chains. The study results indicate that when retailers are long-term oriented, problem-solving and passive aggressive strategies are used for resolving conflicts on major issues. The use of problem-solving strategy to resolve major conflicts resulted in higher outcomes and greater satisfaction than either compromise or aggressive strategies. The findings also provide insights on the use of various negotiation strategies by retailers to resolve conflicts on important and relatively unimportant issues.

Negotiation Strategies and the Nature of Channel Relationships

Conflict management in channels of distribution continues to be a major theme in the marketing literature. In a retailing context, conflicts between retailers and vendors occur over numerous issues such as markup and gross margin, terms of payment, transportation costs, delivery, advertising allowances, and markdown money. A retailer's (vendor's) profitability is affected by the quality and effectiveness of mechanisms employed to resolve such conflicts. Further, a satisfactory resolution of conflicts can help a retailer develop a long-term relationship with critical vendors. Retailers with a long-term vendor relationship can achieve a sustainable competitive advantage by receiving merchandise in short supply, information on new and best selling products, information on competitive activity, best allowable prices, and advertising and markdown allowances. Similarly, vendors with long-term relationships can obtain information on best selling products and competitive activity, better cooperative advertising, and special displays for their merchandise. Thus, both retailers and vendors can benefit from long-term relationships.

Conflicts between retailers and vendors can be resolved either through institutional mechanisms that focus on structural changes such as joint membership in trade organizations, executive exchanges, co-opiation, distributor councils, and development of superordinate goals, or through interpersonal and third-party mechanisms such as negotiations, arbitration, and mediation (Dant and Schui 1992; Stem and El-Ansary 1988). Negotiation is a unique form of conflict management whereby participants develop mutually shared rules and then cooperate within those rules to gain a competitive advantage over their
opponents (Schelling 1960). Research in industrial buyer-seller and manufacturer-retailer (distributor) relationships has indicated that negotiations are an important mechanism of conflict resolution (Perdue and Summers 1991; Stern and El-Ansary 1988).

The research reported in this article examined several features of negotiations in channel relationships. First, it investigated the nature of the retailer-vendor relationship (time orientation) and its effect on the use of different negotiation strategies. Research in marital relationships (e.g., Rusult et al. 1991) and bargaining (e.g., Ben-Yoav and Pruitt 1984) has indicated that individuals participating in long-term or close relationships react to and resolve conflicts differently than individuals in short-term relationships. Second, the study investigated the effect of issue importance on the use of negotiation strategies in the context of multiple-issue bargaining. Previous research in bargaining has shown that bargainers use a different strategy for high priority or important issues than they do for low priority or less important issues (Pruitt 1981; Rubin and Brown 1975). Third, the study examined both antecedents of negotiation strategies and their consequences in terms of channel members’ outcomes and satisfaction. Previous studies in bargaining have concentrated on negotiation strategy rather than looking at both the antecedents and consequences of various negotiation strategies (Day, Michaels, and Perdue 1988; Perdue and Summer 1991). Though these studies afford interesting insights into the type of negotiation strategy employed by bargainers, they do not include the consequences of such negotiation strategies. Fourth, the channel context examined in the study is quite different from those studied in the past because the retailing environment reflects a wide variety of dependence levels between channel members. For example, retailers carry certain product lines for which they are highly dependent on their vendors and other product lines for which multiple alternatives result in low dependence on their vendors. Much of the previous research on channel conflict has addressed franchise relationships in which downstream channel members (franchisees) are highly dependent on upstream channel members (franchisors).

The conceptual framework specifying the use of negotiation strategies and resulting outcomes is shown in Figure 1.

**Confrontation and Negotiation Strategies**

**Nature of conflict.** Researchers in the area of channels of distribution and organizational behavior have identified four distinct forms of conflict: latent (cognitive), overt (affective), and manifest (Pondy 1967). These four forms of conflict suggest a process in which conflict starts with a latent stage of incompatibility (latent conflict) and progresses through perceived and affective stages to manifest conflict (Brown and Day 1981). Manifest conflict includes overt behaviors ranging from mild disagreements to violent behaviors that take place when one channel member impedes another channel member’s attempts to reach its goals (Brown and Day 1981; Gaski 1984). Stern and Gorman (1969) indicate that disagreements in channel situations tend to arise over the policies and procedures used to achieve a channel member’s goals rather than over incompatible goals. Manifest conflict is further classified into major and minor conflict, major conflict being a high level of disagreement on important issues and minor conflict being a high level of disagreement on unimportant issues. Research in bargaining indicates that a negotiator’s bargaining strategy is affected by the importance attached to various conflict issues (Dant and Schul 1992).

**Negotiation strategies.** Negotiation strategies are interaction patterns used by parties in conflict to achieve resolution. Research in conflict resolution refers to five styles of negotiation: (1) competing or aggressive, (2) collaborating or problem solving, (3) compromising, (4) avoiding, and (5) accommodating (Thomas 1976; Thomas and Kilmann 1974). The five negotiation styles can be displayed on a two-dimensional map, the dimensions being concern for own outcome (assertiveness) and concern for other party’s outcome (cooperativeness). Research in buyer-seller relationships (Day, Michaels, and Perdue 1988), however, has indicated that a majority of purchasing agents (97% of the buyers surveyed) used only three styles when dealing with external constituents such as salespeople: problem solving, compromising, and aggressive.

**Problem-solving strategy** is the resolution of conflicts by developing solutions that integrate the requirements of both parties (Walton and McKersie 1965). This strategy entails searching for alternative solutions and assessing the outcomes to both parties from all such alternative actions. One problem-solving strategy is "logrolling," whereby both parties identify their priori-

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1 The perspective adopted in this article is that negotiation is one of the many approaches to conflict management (Dant and Schul 1992; March and Simon 1958; Thomas 1976). The assumption is that some level of conflict is a prerequisite for negotiations to occur. Some researchers, however, have argued that conflict is not essential for negotiations to occur in interfirm relationships. Their view is that negotiation is necessary to get deals cut and business done in interfirm relationships even when conflict is not involved between the two parties. The difference in the two perspectives emerges from the view of conflict. In this article, conflict is differences in interests between two parties and includes overt behaviors ranging from mild to strong disagreements. Thus, conflict occurs when two parties have opposing sets of interests and goals on an issue or set of issues. In the other view, conflict includes a strong emotional component along with the opposing sets of interests and goals.

2 Low levels of disagreement on important and unimportant issues are not considered as determinants of negotiation strategy or outcomes in this article.
**Figure 1**

CONCEPTUAL MODEL OF NEGOTIATION PROCESS AND OUTCOMES

- **Relative Power**
  - H5
  - H4
  - H1

- **Retailer's long-term orientation**
  - H2
  - H3

- **Level of conflict on important and unimportant issues**

- **Retailer's use of problem solving strategy**
  - H5

- **Retailer's use of compromise strategy**
  - H7

- **Retailer's use of aggressive strategy**

- **Retailer's concessions on important issues**
  - H6

- **Retailer's concessions on unimportant issues**
  - H6

- **Retailer's satisfaction with negotiations**

*** indicates full support of the hypothesis
** indicates partial support
* indicates no support
ties and make concessions on their lower priority issues (Pruitt 1981). For example, for two parties to trade concessions (i.e., use logrolling) on price and delivery, both parties need to know the priority accorded by each party to both price and delivery. Further, such tradeoffs can occur only if the priorities of the parties on price and delivery are negatively correlated. **Compromise strategy** is the resolution of conflicts by developing a middle ground on a set of issues based on the initial positions of both parties (Froman and Cohen 1970). This strategy differs from a problem-solving strategy in that the parties need not exchange information about their needs, goals, and priorities. A compromise strategy is based on equal or reciprocal concessions by both parties on the same issue from their initial positions. Finally, **aggressive strategy** is the attempt to resolve conflicts through the implicit or explicit use of threats, persuasive arguments, and punishments. The objective is to elicit unilateral concessions from the other party (Pruitt 1981).

The term "strategy" as used here refers to a plan of action (an intention) based on a bargainer's goals and analysis of a situation. The negotiation strategies adopted by bargainers are shaped by a variety of factors and therefore are not considered stable traits or personality orientations (Putnam and Wilson 1982). Finally, an assumption is made here that in complex, multiple-issue bargaining situations, multiple strategies could be used by a bargainer to resolve conflicts in a single negotiation encounter.

### Factors Affecting Negotiation Strategies

**Retailer's long-term orientation.** Pruitt and Kimel (1977) reviewed 20 years of experimental gaming literature and concluded that a critical factor determining the behavior of a bargainer at a given point in a negotiation is the bargainer's short-term or long-term orientation. Bargainers with a short-term orientation are concerned only with the options and outcomes of the current negotiation whereas bargainers with a long-term orientation focus on achieving future goals and are concerned with current and future outcomes. According to Kelley and Thibaut (1978, p. 139–140), a retailer's long-term orientation is a retailer's perception of interdependence of outcomes in which a vendor's outcomes and joint outcomes are both expected to benefit the retailer in the long run.

The difference between short-term and long-term orientations also can be explained by the nature of interfirm exchange adopted by channel members. Firms with a short-term orientation rely on the efficiencies of market exchanges to maximize their profits during a negotiation whereas firms with a long-term orientation rely on relational exchanges to maximize their profits over a series of negotiations. Relational exchanges obtain efficiencies through joint synergies resulting from investment in and exploitation of idiosyncratic assets and risk sharing. Both orientations have the ultimate objective of maximizing the outcomes obtained by channel members and do not imply any altruistic motives on the part of channel members.

Researchers in organizational theory and economics (Williamson 1979) have suggested that governance structures can be arrayed on a continuum of relationalism, which ranges from market to relational exchanges (Macneil 1980). In the marketing literature, recent research has attempted to define the characteristics of relationalism (Dwyer, Schurr, and Oh 1987; Kauffman and Stern 1988; Noordewier, John, and Nevin 1990). One characteristic of relationalism proposed by Noordewier, John, and Nevin (1990) is "expectations of continuity of a relationship," which captures the probability of a future interaction between a retailer and vendor. The long-term orientation proposed in this article is different because it goes beyond the mere probability to capture both the desire and utility of a retailer for having a long-term relationship.

Finally, a retailer's long-term orientation is distinct from the longevity of a relationship. Though duration of a relationship is likely to affect a retailer's long-term orientation, longevity in itself is not sufficient to capture the retailer's long-term orientation. Research in close relationships has indicated that longevity is one dimension of closeness in a relationship (Kelley 1983), though recent research in romantic relationships (Berscheid, Snyder, and Omoto 1989) has shown that longevity is not significantly related to various measures of closeness (emotional tone, relationship closeness inventory, etc.). In other words, a retailer's long-term orientation in a relationship rather than the length of the relationship seems to be the better indicator of closeness in the relationship. Long-term and short-term orientations are conceptualized as polar opposites on a single dimension.

**Retailer's long-term orientation and level of conflict.** Previous research in marital conflict (Gottman 1979), labor-management (Putnam and Jones 1988), negotiations (Pruitt 1981), and channels of distribution (Anderson and Weitz 1989; Frazier and Summers 1984) has indicated that the nature of a relationship affects the communication between the parties. Because negotiation strategies involve communications during conflicts, they also are likely to be affected by the nature of the relationship (e.g., long-term orientation).

Walton and McKersie (1965) have stressed that integrative agreements (agreements that satisfy both parties) can be achieved only if the bargainers explicitly communicate the real needs underlying their proposals. Pruitt (1981) supports that position and suggests that explicit information about the other party's goals, values, and constraints leads to the development of integrative solutions. Such an exchange of priority information is possible in long-term relationships because the participating retailers and vendors believe any short-term inequities will be corrected in the long run (Kronman 1985). Kimmel et al. (1980) found that bargainers having high limits (i.e., the minimum expected benefits from a negotiation) and concern for the needs of each person are likely to
NEGOTIATION STRATEGIES

exchange more priority information than bargainers interested solely in self-gain. Hence, retailers (and vendors) who are long-term oriented are likely to exchange priority information and use problem-solving strategy in the search for alternative solutions that satisfy both parties.

Even when both parties are long-term oriented, however, not all conflicts are resolved by a problem-solving strategy because the exchange of priority information is an effortful process, justified only when potential benefits are high. Such an effort is likely to have high payoffs only when the conflicts between retailers and vendors are major—that is, both parties believe the issue or set of issues will affect their outcomes drastically and therefore have strong positions about their offers. Hence, when the level of disagreement is high on an important issue (major conflict), use of problem-solving strategy is likely to provide greater benefits to retailers and vendors who are long-term oriented.

In contrast, when conflicts between retailers and vendors are minor, the costs associated with the search for and development of integrative solutions may outweigh the benefits from the use of a problem-solving strategy. Hence, minor conflicts would result in the use of compromise strategy when both parties are long-term oriented. A middle ground solution would require less effort and lead to solutions that are agreeable to both parties.

H1: Major conflicts between long-term-oriented retailers and vendors lead to the adoption of problem-solving strategy.

H2: Minor conflicts between long-term-oriented retailers and vendors lead to the adoption of compromise strategy.

Short-term orientation and level of conflict. Research in bargaining has suggested that aggressive or coercive behaviors are likely when parties have little stake in a continuing relationship or have low trust (Anderson and Weitz 1989; Ben-Yoav and Pruitt 1984; Kimmel et al. 1980). Further, research in distribution channels has indicated that aggressive strategies are used in relationships characterized by incompatibility in shared beliefs (Dwyer, Schurr, and Oh 1987)). Because short-term orientation in a retailing relationship reflects some degree of incompatibility between the two parties, use of an aggressive strategy is likely. Further, major conflicts that signify higher stakes (or higher limits) between retailers and vendors are likely to increase the use of aggressive strategy when retailers are short-term oriented.

H3: When a retailer is short-term oriented, major conflicts increase the use of an aggressive strategy.

Relative power of the retailer. Relative power of the retailer is the extent to which a retailer has power over a vendor in a relationship. Power in this context is the ability of one channel member (retailer) to influence decision variables and behaviors of another channel member (vendor) (El-Ansary and Stern 1972). Emerson (1962) proposed that a retailer’s power is based on the extent of dependence of the two parties in their relationship. In a retailing context, availability of alternative vendors would reduce a retailer’s dependence on a vendor and thus increase the retailer’s power. Conversely, availability of alternative retailers and a strong consumer franchise would reduce a vendor’s dependence on a retailer and thus reduce the retailer’s power.

Relative power and negotiation strategies. Previous research in bargaining has indicated that relative power affects the negotiation process and outcomes. Research in bargaining has shown that when power is unbalanced, the more powerful negotiators are able to obtain higher profits and make fewer concessions, and are more satisfied with their outcomes (Dwyer and Walker 1981; McAlister, Bazerman, and Fader 1986; Neslin and Greenhalgh 1983). In such situations, bargainers concentrate on identifying the extent to which they can benefit from the power imbalance rather than focusing their attention on a problem-solving strategy. Typically, influence attempts of bargainers with greater power are coercive, involving the use of aggressive tactics such as threats, punishments, and persuasive arguments (Pruiitt 1981). This finding has also been supported in various studies on channels of distribution (Frazier, Gill, and Kale 1989; Kale 1986; Roering 1977).

In contrast to the preceding position, some researchers have emphasized the role of power in providing for effective coordination of exchange relationships (Stern and Heskett 1969). Frazier and Summers (1986) found that within a franchise channel system, a manufacturer's power was related positively to the use of noncoercive influence strategies and negatively to coercive influence strategies. Frazier and Rody (1991) obtained similar results and argued that contextual factors such as dependence levels and interfirm cooperation levels affect the use of influence strategies. Specifically, a high level of mutual dependence and high interfirm cooperation levels result in the use of noncoercive influence strategies. The context of the current study involves negotiations between retailers and vendors with prior relationships and possible future relationships. In such contexts, the powerful party’s desire to exploit its power through a coercive strategy is likely to be tempered by the realization that such an action might spark later retaliation and that relative power could shift over time. Further, boundary personnel representing powerful retailers are able to employ noncoercive means to achieve their influence objectives. Thus, the powerful retailer is likely to use power to focus on problem-solving strategies to resolve conflicts.

H4: When a retailer has more power than a vendor, the retailer is not likely to use an aggressive strategy.

H5: When a retailer has more power than a vendor, the retailer is likely to use a problem-solving strategy.

Retailer Outcomes and Satisfaction

Each negotiation episode is one of a sequence of episodes that constitute the relationship between a retailer
and vendor. The outcomes from a specific negotiation involve not only the agreement and related consequences such as total concessions and profits, but also residual emotions such as satisfaction or frustration with the outcomes.

In this study, retailers' outcomes from a negotiation are related negatively to the overall concession made by a retailer in a negotiation. A retailer's overall concession is the total of the concessions made by a retailer from the start to the conclusion of a negotiation on all the issues discussed. If a retailer starts a negotiation with an offer of $30 on price and settles for an offer of $40 after a series of concessions, the overall concession made by the buyer in this single-issue negotiation is $10. This definition of overall concession is different from common usage in bargaining (cf. Pruitt 1981; Raiffa 1982), where the term "concessions" indicates either the rate change of offers over time (concession rate) or the extent to which offers differ from previous offers with the aspiration level remaining the same (systematic concession making, Kelley and Schenitzki 1972). Thus, a retailer's overall concession in the current context is the net change between the first offer and the final offer on all issues discussed in a negotiation. 3

Satisfaction with the negotiation is a positive affective state based on an appraisal of all aspects of a retailer's negotiation with a vendor. The affective assessment is influenced by the evaluation of outcomes obtained by a retailer in a negotiation and the negotiation process. Research in consumer satisfaction has indicated that outcomes play an important role in influencing the satisfaction of a consumer (e.g., Churchill and Surprenant 1982). Kelley and Thibaut (1978) also suggest that the satisfaction obtained from an exchange is based on the outcomes (payoff matrices).

Effects of problem-solving strategy on the retailer's overall concession. The effect of problem-solving strategy on overall concession depends on the importance of the issues discussed. Pruitt and Lewis (1975) have shown that when bargainers have high limits (high minimum profit requirements as found in important issues such as price), use of problem-solving strategy leads to successful agreements. High limits force bargainers to search extensively for alternative solutions by systematically varying their proposals (heuristic trial and error) and exchanging information about their priorities and profit structures (information exchange). Such extensive search provides opportunities for the use of logrolling, which is part of a problem-solving strategy whereby bargainers offer concessions on unimportant issues and obtain concessions on important issues. In many situations, an unimportant issue for one party is an important issue for the other party. The use of logrolling technique will result in greater concessions on unimportant issues and fewer concessions on important issues.

H4: A retailer's use of problem-solving strategy is related negatively to overall concession by the retailer on important issues and positively to overall concession on unimportant issues.

Use of compromise strategy and concessions. The objective of a retailer's compromise strategy is to arrive at a solution that represents an intermediate position for both parties on issues such as price, delivery, and markdown money. Because a compromise strategy does not involve expanding the amount of resources, concessions must be made by both parties on the same or similar issues to achieve agreements. Thus, a retailer's use of a compromise strategy is related positively to concessions on various issues.

The effect of compromise strategy on a retailer's concessions is likely to be significant when the issues negotiated are unimportant. Compromise strategies are used when potential benefits from using a problem-solving or aggressive strategy are much smaller than the costs incurred in the implementation of those strategies. Hence, compromise strategies are likely to be used to settle conflicts on unimportant (minor) issues, resulting in greater overall concession on unimportant issues. In contrast, long-term-oriented retailers are likely to use a problem-solving strategy to resolve major conflicts whereas short-term-oriented retailers are likely to resort to an aggressive strategy to resolve major conflicts. However, when problem-solving or aggressive strategies do not produce agreements and retailers resort to compromise strategy as a final solution, a compromise strategy is also likely to lead to greater concessions on important issues.

H5: When a retailer uses a compromise strategy, it is related positively to the retailer's concessions on both important and unimportant issues.

Use of aggressive strategy and concessions. A retailer's aggressive strategy is based on the use of threats, phony arguments, and positional commitments to elicit concessions from a vendor without making reciprocal concessions. Because an aggressive strategy is based on

3This definition of overall concession indirectly captures the profits accrued to each party from the negotiation. However, one can argue that a retailer may start with a very low initial bid of $10 and settle for $40, thus making an overall concession of $30. This suggests that the retailer in this situation obtained a lower outcome (concession of $30) than the retailer in the first case (initial offer of $30, settlement at $40, and concession of $10). The second situation assumes that a retailer could make inflated bids (such as $10). This is probably true in relationships that have no prior history. However, in existing relationships, such inflated initial bids are almost impossible to carry out as prior negotiations affect and define the range of initial offers. In other words, initial offers made in existing relationships are likely to be more realistic and thus the overall concession made by the retailer or vendor would accurately reflect the profits or losses from a negotiation. Unlike experimental studies, a field negotiation almost precludes the determination of the profits made by a retailer or vendor. A settlement of $50,000 on cooperative advertising for a product might not reveal anything about the outcomes unless the effect of such a settlement on profits is revealed by the retailer. Because this information on actual settlements on various issues and their impact on profits was not available, a measure of overall concessions was developed.
maximizing self-gain at the expense of an opponent, a retailer’s successful execution of an aggressive strategy will result in fewer concessions by the retailer. However, successful execution of an aggressive strategy is affected by the relative power between retailer and vendor. Specifically, bargainers with high power are able to use an aggressive strategy more successfully than bargainers with low power. Previous research in bargaining (Dwyer and Walker 1981) has shown that bargainers with greater power sent more aggressive messages than bargainers with less power. Further, the use of such demand threatening (aggressive) messages by bargainers with greater power resulted in fewer concessions and higher overall outcomes in the negotiation.

H₆: A retailer’s use of an aggressive strategy is related negatively to a retailer’s concessions on important issues when the retailer has more power than the vendor.

Concessions and satisfaction with the negotiations. Previous research in consumer satisfaction, channel relationships, sales transactions, and bargaining (Churchill and Surprenant 1982; Dwyer 1980; Lusch 1977; Oliver and Swan 1989) has indicated that outcomes obtained by a party in a transaction affect that party’s overall satisfaction. In the current context, outcomes obtained by a retailer are affected by the overall concession made by the retailer (i.e., as concessions increase, outcomes decrease).

The effect of concessions on satisfaction, however, is likely to be different for important and unimportant issues. Concessions on important issues such as gross margin and price directly affect the retailer’s profitability. In ongoing relationships, retailers and vendors do not have an opportunity to make extreme initial offers and thus concessions on important issues reflect poor outcomes and have a negative impact on satisfaction. In contrast, a retailer’s concessions on unimportant issues are likely to have a much lower impact on the retailer’s overall profitability. Further, research in bargaining has shown that bargainers often use concessions on low priority issues to obtain higher outcomes on important issues. As a result, concessions on unimportant issues are likely to be correlated positively with satisfaction.

H₇: A retailer’s concessions on important issues are related to the retailer’s satisfaction, whereas a retailer’s concessions on unimportant issues are related positively to the retailer’s satisfaction.

Negotiation strategy and satisfaction with the negotiations. Another factor that affects a retailer’s satisfaction with a negotiation is the extent to which the retailer uses various negotiation strategies. Previous research in distribution channels has found that the use of coercive strategies (aggressive strategy) is likely to be viewed by associated channel members as exploitive (Frazier and Summers 1984). Cadotte and Stern (1979) argue that channel members facing coercion are likely to become more rigid in their views, which leads to more problems and reduces the hope of eliminating the underlying cause of conflict. Even though powerful retailers may eventually obtain greater concessions on important issues, use of an aggressive strategy exacerbates the conflict rather than solving it. Such conflicts create impediments to the achievement of a retailer’s goals and lead to feelings of frustration and unpleasantness about the entire negotiation encounter, thus reducing the overall satisfaction with the negotiation.

In contrast, when retailers use noncoercive strategies such as problem-solving or compromise, the vendor is likely to perceive the retailer as being accommodative, responsive to its concerns, and willing to work toward solving the problem. Problem-solving and compromise strategies enable retailers and vendors to accommodate each other’s concerns, resulting in a positive affective state and thus greater satisfaction with the negotiation.

H₈: A retailer’s use of aggressive strategy is related negatively to the retailer’s satisfaction with the negotiations whereas a retailer’s use of problem-solving and compromise strategies is related positively to the retailer’s satisfaction with the negotiation.

METHOD

The data used to test the model were collected in a mail survey of retail buyers in six regional department store chains with annual sales ranging from $200 million to $800 million in 1990. The retail buyers who responded to the survey were responsible for and led the negotiations for their firms. These buyers purchased a wide variety of products such as men’s and women’s clothing and accessories, silverware, perfumes, and jewelry. Every retail buyer taking part in the survey was above the rank of a “buyer” and was solely responsible for the purchase and profitability of the products purchased. Most of the retail buyers in the department store chains handle merchandise worth $15 to 30 million, indicating significant fiscal responsibility for the purchase of the product line. Thus, key informant bias (Phillips 1981) is not a major problem in this study.

Negotiations between retail buyers and vendors usually take place in either “retail markets” or retail store headquarters after the visit of retail buyers. Retail markets are similar to trade fairs where vendors display their merchandise and are held across the United States. The survey was done in two phases. In the first phase, retail buyers selected a vendor and answered questions about that specific vendor. The questions centered on antecedent factors and characteristics of the specific relationship with the vendor. The second phase addressed a subsequent negotiation between the retail buyer and vendor and captured all aspects of the negotiation.

Pretest

Pretests were done with retail buyers in two department store chains. Exploratory interviews with retail buyers were conducted to ascertain whether the issues to
be considered in the study were important to them. The interviews indicated considerable interest in the issues and revealed substantial diversity (short term and long term) in buyer-vendor relationships. The pretests also involved sending a draft of the questionnaire to 14 retail buyers in two department stores and a follow-up interview with them for their feedback on the appropriateness and answerability of the questions. The findings resulted in several improvements that incorporated negotiation issues not included by the researcher. The final survey instrument encompassed a set of 14 major negotiation issues discussed in a retail setting.

Finally, the pretests revealed retail buyers' proclivity for selecting vendors with whom they had long-term relationships. To overcome this selection bias, buyers in the main survey were assigned randomly to conditions in which they were asked to select a vendor from whom they had been purchasing a moderately important product or a very important product for a relatively short or long period of time. This design resulted in a 2 x 2 matrix with two factors, duration of the relationship (short time or long time) and importance of the product (moderately important or very important). The random assignment of the retail buyers to one of these four cells overcame the selection bias of the retail buyers and resulted in a diverse group of retailer-vendor relationships involving a wide variety of product categories.

Respondent Solicitation and Response Rate

Eight retail department store chains were sent a letter of solicitation that included a brief description of the study and its purpose, as well as a sample copy of the questionnaire to be completed by retail buyers. A total of five retailing firms agreed to participate in the study. Each participating retailing firm was sent 30 questionnaires to be distributed throughout the buying department by a coordinator in each department store. The final sample consisted of 150 retail buyers.

All retail buyers who responded to the first survey received a second questionnaire immediately after the actual date of the retail buyer's market visit. The purpose was to facilitate recall of the negotiation conducted during and after the market visit by the retail buyer. The maximum time between the response to the first survey and the response to the second survey was four months.

A total of 124 retail buyers responded to the first survey (response rate of 83%). All respondents who participated in the first survey were sent the second survey. A total of 104 retail buyers responded to the second survey (response rate of 84%). The response rates for both surveys compare favorably with those reported in recent articles on channels of distribution (Anderson and Narus 1990; Frazier and Rody 1991). The second survey also contained self-report scales on the respondent's difficulty with recalling information about the negotiation process and outcomes. The scale was composed of seven items that captured the respondent's ability to recall all aspects of the negotiation, such as the initial offers made by both parties, the conflicts in the negotiation, their resolution, and the final outcome for both parties. Respondents who scored less than an average of four on the multi-item 7-point scale were eliminated from subsequent analysis. Four respondents were eliminated, resulting in a final sample of 100. Of the 100 respondents, 39 retail buyers responded for short-term relationships and 61 responded for long-term relationships with their vendors. Descriptive data on the negotiation are provided in Appendix A. MANOVA was used to compare the first-wave and second-wave respondents on several variables (experience in the retailing industry, experience in the particular retailing organization, number of vendors, number of products handled, and current position in the buying organization) and no significant differences were identified ($F = 0.83, p > .10$).

Development of Measures

The first step in item analysis and assessment of unidimensionality was exploratory factor analysis. In this step, a set of items representing related but different constructs were factor analyzed to obtain a preliminary assessment of the dimensionality of each construct. If the exploratory factor analysis indicated a multiple-factor solution, the factors were rotated by an orthogonal or oblique rotation procedure to obtain the best factor pattern. An oblique rotation pattern rather than an orthogonal rotation was used to specify correlated constructs such as the negotiation strategies. Factors that accounted for a substantial portion of the total variance, with loadings greater than .4, were retained for further analysis. The items showing low factor loadings or loading on multiple factors were dropped. The resulting set of items was tested for unidimensionality and convergent and discriminant validity by a confirmatory factor analytic procedure (LISREL 7.16). The goodness-of-fit indices and the $t$-values associated with individual items were used to identify the final set of items representing the construct. Once unidimensionality was established, internal consistency was calculated by Cronbach's alpha.

Retailers' long-term orientation and relative power were measured in the first survey whereas level of conflict, retailer's use of negotiation strategies, retailer's concessions, and retailer's satisfaction with negotiations were obtained in the second survey. The details of the exploratory factor analysis for various measures are provided in Appendix B. Appendix C is a list of the items used for each measure.
Retailer's long-term orientation. This scale captures the orientation of retailers toward developing long-term relationships with their vendors. As scales for this construct were not available, items were generated through interviews with retail buyers. The seven items (based on the results of an exploratory factor analysis of 10 items) represent retailers' focus on long-term goals, long-run concessions, long-run profitability of the relationship, and concern of both own and vendor outcomes. The internal consistency as indicated by coefficient alpha is .94.

Level of conflict. On the basis of previous studies of conflict (Elashberg and Mitchie 1984), level of channel conflict was conceptualized as a multiple-issue construct. Retailers were asked to indicate the issues that were discussed (of the 14 issues) and the extent of conflict on those issues. The anchors were "no disagreement" (1) and "intense disagreement" (7).

The issues discussed in the negotiation were categorized as important or unimportant for each respondent rather than across respondents. All issues above the mean importance for a particular respondent were classified as important and all issues below that level were categorized as unimportant. For example, if the retailer discussed three issues (price, delivery, and cooperative advertising) in a negotiation and rated their importance as 7, 3, and 2 (higher number indicating a more important issue), the importance rating of 7 is above the mean (4) and price would be classified as an important issue whereas ratings of 3 and 2 are below the mean and both delivery and cooperative advertising would be classified as unimportant issues.

After the issues were categorized as important or unimportant, a conflict measure was obtained for important and unimportant issues. In the preceding example, if the levels of conflict on price, delivery, and cooperative advertising were 6, 2, and 4, the score for major conflict would be 6 (level of conflict on price) and the score for minor conflict would be 3 (mean of 2 and 4), the conflict levels for delivery and cooperative advertising.

Relative power of the retailer. This scale captures the extent to which the retailer has more power than the vendor. Appendix C gives the items used to measure relative power. The coefficient alpha for this scale is .70.

Retailer's use of negotiation strategies. Items representing the three negotiation strategies (problem solving, compromising, and aggressive) were subjected to an exploratory factor analysis, resulting in four factors rather than three. The first three factors corresponded to the problem-solving, compromising, and aggressive strategies proposed by other researchers (Thomas 1976; Thomas and Kilmann 1974). The fourth factor, however, did not correspond to any of the strategies proposed previously. Close inspection of the four items loading on the fourth factor indicated a passive aggressive strategy, where the focus was on appearing firm by making positional commitments and trying to get the vendor to agree to the retailer's position. Pruitt (1981) includes such positional commitments as a part of an aggressive strategy. In contrast, the third factor suggested an active aggressive strategy, where the focus was on active behaviors potentially designed to deliver negative outcomes to the opposite party. As a result, two aggressive strategies were proposed and are referred to here as active and passive aggressive strategies. The notion of active and passive aggressive strategies developed here is based on active and passive aggression in social psychology (Gergen and Gergen 1986). Items used to assess retailers' use of various negotiation strategies are listed in Appendix C.

All the items that loaded highly (greater than .40) on the four factors were analyzed further through a confirmatory factor analytic procedure (LISREL VII; Jöreskog and Sörbom 1988). The overall chi square test of the model, which included the four negotiation strategies, was statistically nonsignificant ($\chi^2(29) = 27.43$), suggesting a good model fit. The goodness-of-fit index (GFI) was .95 and the root mean square residual was .05, also suggesting a good model fit. Coefficient alpha for retailers' use of problem-solving, compromising, passive aggressive, and active aggressive strategies is .68, .82, .90, and .69, respectively.

Retailer outcomes. The outcomes obtained by retailers in a negotiation context are based on the total concession made by each party on all issues discussed throughout the negotiation. Retailers were asked to indicate the issues that were discussed (of the 14 issues) and the extent of concessions made by the retailer on those issues. The anchors were "made very few concessions" (1) and "made a lot of concessions" (7). After the issues were categorized as important or unimportant, a concession measure was obtained for both types of issues. If concessions were made on multiple issues, a mean concession level was calculated for both types of issues.

Retailer's satisfaction with the negotiation. Retailer's satisfaction with the negotiation was measured on a 2-item semantic differential scale with anchors "very dissatisfied—very satisfied" and "very little—a lot." Both items loaded highly on this factor and the scale had high internal consistency ($\alpha = .91$).
ANALYSIS AND RESULTS

Table 1 reports the pairwise zero-order correlations between the constructs of interest. All hypotheses were tested with multiple regression procedures. The following discussion is organized by dependent variables, starting with various negotiation strategies.

Factors Affecting the Use of Negotiation Strategies

All hypotheses on the use of negotiation strategies involve four independent variables: retailer's long-term orientation, level of conflict on important issues, level of conflict on unimportant issues, and relative power. Therefore, hypothesis testing involved forming multiplicative terms of the independent variables and regressing the interaction terms (e.g., retailer's long-term orientation × level of conflict on important issues) on the dependent variables. The independent variables were mean centered before forming the multiplicative term to avoid multicollinearity problems (Cronbach 1987). A statistically significant two-way interaction suggests further analysis to understand the nature of the interaction (Jaccard, Turrisi, and Wan 1990). This analysis was done by looking at the simple main effect of one variable (e.g., retailer's long-term orientation) at different levels of the moderator variable (level of conflict). The level of conflict was chosen as a moderator variable as the hypotheses pertain to the differential effect of low and high levels of conflict on retailers' use of various negotiation strategies. The level of conflict was defined at two levels: high conflict was defined as one standard deviation above the mean and low conflict was defined as one standard deviation below the mean. These analyses were done separately for retailers' important and unimportant issues (Table 2). Typically, an interaction term with all three variables (level of conflict on important issues, level of conflict on unimportant issues, and long-term orientation) would be regressed on the dependent variable. However, in the present context, most negotiators bargained on important issues rather than unimportant issues (see Appendix A for more details); only 52 respondents indicated a discussion on unimportant issues. A regression procedure including an interaction term with all three variables would reduce the sample size by half and reduce the power of the statistical tests. Further, this process would eliminate meaningful information about negotiations on important issues and reduce the stability of the correlations between variables. Therefore, separate analyses were done for important and unimportant issues by incorporating two-way interactions (e.g., level of conflict on important issues × long-term orientation, level of conflict on unimportant issues × long-term orientation).

Problem-solving strategy. The effect of the two-way interaction of a retailer's long-term orientation and level of conflict on important issues on the retailer's use of problem-solving strategy is significant (a31 = .231, p < .05).7 The results of the simple main effect support H2 between a retailer's long-term orientation and use of problem-solving strategy during major conflicts. The effect of a retailer's long-term orientation on problem-solving strategy is significant at high level of conflict and not significant at low level of conflict (high conflict = .553, p < .01, low conflict = .119, ns). The results indicate that retailers who are long-term oriented adopt a problem-solving strategy during major conflicts.

Compromise strategy. The effect of the two-way interaction of a retailer's long-term orientation and level of conflict on unimportant issues on the retailer's use of compromise strategy is not significant (b32 = -.142, ns). However, the results show a significant main effect of retailer's long-term orientation (b12 = .325, p < .05) on the use of compromise strategy for unimportant issues. This result partially supports H2. Because the interaction term (retailer's long-term orientation × level of conflict on unimportant issues) is not significant, the results indicate the use of compromise strategy for both high and low levels of conflict on unimportant issues.

Active aggressive strategy. The effect of the two-way interaction of a retailer's long-term orientation and level of conflict on important issues on the retailer's use of active aggressive strategy is marginally significant (a34 = -.19, p < .1). The simple main effect indicates a significant negative relationship between the retailer's long-term orientation and use of active aggressive strategy at a high level of conflict (high conflict = -.46, p < .01) and a nonsignificant relationship at a low level of conflict (low conflict = -.104, ns). These results support H3 and suggest that as a retailer's long-term orientation increases, the use of active aggressive strategy decreases.

Passive aggressive strategy. Though an explicit hypothesis was not formulated for the use of a passive aggressive strategy because of the post hoc nature of the construct, regression analysis similar to the preceding ones was performed. The effect of the two-way interaction of a retailer's long-term orientation and level of conflict on important issues on the retailer's use of passive aggressive strategy is marginally significant (a33 = .173, p < .1). The simple main effect indicates a significant relationship between the retailer's long-term orientation and use of passive aggressive strategy at a high level of conflict on important issues and a nonsignificant relationship at a low level of conflict (high conflict = .324, p < .05, low conflict = -.002, ns). The results indicate that retailers who are long-term oriented adopt a passive aggressive strategy during major conflicts.

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7The legend for the regression coefficients represents the rows and columns in Table 2. For example, coefficient a31 represents the coefficient for section A (important issues), row 3 (interaction of RLTO × DIMP), and column 1 (problem-solving strategy as the dependent variable).
Table 1
MEANS, STANDARD DEVIATIONS, AND CORRELATIONS

|   | No  | Mean | SD  | RLTO | PIMB | DIMP | DRON | PROBSOL | COMPRO | PASAGR | ACTAGR | CONIMP | CONUN | SATNEG |
|---|-----|------|-----|------|------|------|------|---------|--------|--------|--------|--------|-------|-------|-------|
| 1 | Retailer's long-term orientation | 99  | 5.49 | .93  | 1.0  |      |      |         |        |        |        |        |       |       |
| 2 | Relative power                  | 100 | 4.64 | 1.15 | .86  | 1.0  |      |         |        |        |        |        |       |       |
| 3 | Level of conflicts on important issues | 94  | 2.93 | 1.16 | -.14 | .11  | 1.0  |         |        |        |        |        |       |       |
| 4 | Level of conflicts on unimportant issues | 52  | 2.70 | 1.35 | -.21 | .00  | .50*** | 1.0    |        |        |        |        |       |       |
| 5 | Retailer's use of problem-solving strategy | 100 | 6.02 | .80  | .39*** | .26** | -.14 | -.25* | 1.0    |        |        |        |       |       |
| 6 | Retailer's use of compromise strategy | 100 | 4.88 | 1.00 | .26*** | .02  | -.08 | .07    | .40*** | 1.0    |        |        |       |       |
| 7 | Retailer's use of passive aggressive strategy | 100 | 5.45 | 1.03 | .21** | .18* | .09  | .12    | .52*** | .28*** | 1.0    |        |       |       |
| 8 | Retailer's use of active aggressive strategy | 99  | 1.90 | .91  | -.29*** | .12  | .21** | .36*** | -.05   | -.05   | .03     | 1.0    |       |       |
| 9 | Retailer's concessions on important issues | 93  | 2.95 | 1.17 | -.16 | -.06 | .40*** | .18    | -.10   | .20**  | .04     | .24**  | 1.0    |       |
| 10| Retailer's concessions on unimportant issues | 44  | 2.47 | 1.35 | -.25 | -.14 | .21  | .30**  | -.01   | .27*   | -.06   | .20    | .46*** | 1.0    |
| 11| Retailer's satisfaction with the negotiations | 99  | 5.11 | 1.34 | .43*** | .03  | -.16 | -.08*** | .26*** | .03    | -.04   | -.17*  | -.22*** | .21    |

*p < .10
**p < .05
***p < .01

The correlation matrix is pairwise.
Total number of respondents = 100.
Table 2
ANALYSIS OF RETAILER’S USE OF VARIOUS NEGOTIATION STRATEGIES

<table>
<thead>
<tr>
<th></th>
<th>(1) PROBOSL</th>
<th>(2) COMPRO</th>
<th>(3) PASAGR</th>
<th>(4) ACTAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Important issues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retailer’s long-term orientation (RTLO)</td>
<td>.336***</td>
<td>.170</td>
<td>.190</td>
<td>-.281***</td>
</tr>
<tr>
<td></td>
<td>(3.668)</td>
<td>(1.614)</td>
<td>(1.533)</td>
<td>(-2.843)</td>
</tr>
<tr>
<td>Level of conflict on important issues (DIMP)</td>
<td>-.102</td>
<td>-.043</td>
<td>.163</td>
<td>1.34</td>
</tr>
<tr>
<td></td>
<td>(-1.112)</td>
<td>(-.408)</td>
<td>(1.002)</td>
<td>(1.359)</td>
</tr>
<tr>
<td>Long-term orientation × level of conflict (RLTO × DIMP)</td>
<td>.231**</td>
<td>.109</td>
<td>.173*</td>
<td>-.189*</td>
</tr>
<tr>
<td></td>
<td>(2.546)</td>
<td>(1.043)</td>
<td>(1.695)</td>
<td>(-1.922)</td>
</tr>
<tr>
<td>Relative power (POW)</td>
<td>.303***</td>
<td>.017</td>
<td>.183*</td>
<td>.075</td>
</tr>
<tr>
<td></td>
<td>(3.363)</td>
<td>(.161)</td>
<td>(1.800)</td>
<td>(.769)</td>
</tr>
<tr>
<td>(F_{xx})</td>
<td>9.09***</td>
<td>1.175</td>
<td>2.473**</td>
<td>4.487***</td>
</tr>
<tr>
<td>(R^2)</td>
<td>.292</td>
<td>.06</td>
<td>.101</td>
<td>.169</td>
</tr>
<tr>
<td>Adj. (R^2)</td>
<td>.260</td>
<td>.001</td>
<td>.06</td>
<td>.132</td>
</tr>
</tbody>
</table>

|                  |             |            |            |            |
| **B. Unimportant issues** |             |            |            |            |
| Retailer’s long-term orientation (RTLO) | .41***     | .325**     | .32**      | -.241*     |
|                  | (3.353)     | (2.275)    | (2.295)    | (-1.749)   |
| Level of conflict on unimportant issues (DNON) | -.136     | .176       | .196       | .279*      |
|                  | (-1.26)     | (.211)     | (1.385)    | (1.995)    |
| Long-term orientation × level of conflict (RLTO × DNON) | .713      | -.142      | -.033      | .083       |
|                  | (.926)      | (-.997)    | (-.236)    | (.604)     |
| Relative power (POW) | .290***     | .002       | .216       | .014       |
|                  | (2.771)     | (-.019)    | (1.597)    | (.308)     |
| \(F_{xx}\)       | 6.275***    | 1.512      | 2.17*      | 2.497*     |
| \(R^2\)          | .353        | .116       | .16        | .178       |
| Adj. \(R^2\)     | .297        | .04        | .09        | .107       |

\*The regression coefficients are standardized coefficients with t-values in parentheses.
\*\*p < .05.
\*\*\*p < .01.

Taken together, the results on the use of active and passive aggressive strategies suggest that retailers’ long-term orientation reduces the use of active aggressive strategy in resolving major conflicts while increasing the use of passive aggressive strategy in resolving similar conflicts.

**Relative power and negotiation strategies.** The results from the regression analysis indicate that relative power significantly affects the negotiation strategy used by the retailer. Specifically, when the retailer has more power, relative power is related positively to the use of problem-solving strategy for both important and unimportant issues (a41 = .303, p < .01; b41 = .329, p < .01), providing support for H3. Further, relative power does not significantly affect the use of compromise strategy for either important and unimportant issues (a42 = .017, ns; b42 = -.002, ns).

\(H_4\) predicts a positive relationship between relative power and the use of aggressive strategy. The results from the regression analysis indicate that relative power is not significantly related to the use of aggressive strategy for either important and unimportant issues (a44 = .075, ns; b44 = .041, ns). However, relative power is related significantly to the use of passive aggressive strategy for important issues (a43 = .183, p < .1), but not for unimportant issues (b43 = .216, ns). These results provide partial support for \(H_4\).

**Factors Affecting Concessions and Satisfaction**

**Retailer concessions.** Table 3 provides the results of the regression analyses. Retailers’ use of problem-solving strategy significantly reduces their concessions on important items (c12 = -.249, p < .01) and is not related significantly to concessions on unimportant items (c22 = .037, ns), providing partial support for \(H_4\).

The use of compromise strategy significantly increases the concessions made by the retailer on important (c13 = .289 p < .01) and unimportant items (c23 = .303, p < .1). The results fully support \(H_4\). These results are consistent with the notion of compromise, where the focus is on reaching a middle-ground solution based on the initial position on an issue or a set of issues. Thus, irrespective of the importance of the issue, compromise strategy increases the concessions made by the retailer.

The interaction of the retailer’s use of active aggressive strategy and relative power is not related significantly to concessions on important items (c17 = .05, ns). However, the retailer’s use of aggressive strategy has a significant positive effect on concessions on im-
Table 3

REGRESSION EQUATIONS AND STANDARDIZED COEFFICIENTS FOR RETAILER’S CONCESSIONS AND SATISFACTION WITH THE NEGOTIATION*

<table>
<thead>
<tr>
<th>Problem-solving strategy (PROBSOL)</th>
<th>A priori model</th>
<th>Respecified model</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CONIMP)</td>
<td>-2.49**</td>
<td>-1.69 (1.45)</td>
</tr>
<tr>
<td>(CONUN)</td>
<td>0.37 (1.155)</td>
<td>0.18 (1.181)</td>
</tr>
<tr>
<td>(SATNEG)</td>
<td>5.36***</td>
<td>5.34***</td>
</tr>
<tr>
<td>(SATNEG)</td>
<td>(3.076)</td>
<td>(3.164)</td>
</tr>
<tr>
<td>Compromise strategy (COMPRO)</td>
<td>-0.75</td>
<td>0.25*</td>
</tr>
<tr>
<td>(PASAGR)</td>
<td>0.303*</td>
<td>1.72 (1.684)</td>
</tr>
<tr>
<td>(ACTAGR)</td>
<td>-0.294*</td>
<td>(-1.983)</td>
</tr>
<tr>
<td>Active aggressive strategy (ACTAGR)</td>
<td>0.092</td>
<td>0.012</td>
</tr>
<tr>
<td>(PASAGR)</td>
<td>-1.03</td>
<td>(-1.426)</td>
</tr>
<tr>
<td>(SATNEG)</td>
<td>-0.294*</td>
<td>-0.276*</td>
</tr>
<tr>
<td>(SATNEG)</td>
<td>(-1.797)</td>
<td>(-1.739)</td>
</tr>
<tr>
<td>Retailer concessions on important issues (CONIMP)</td>
<td>-2.18 (1.214)</td>
<td>-0.05 (1.253)</td>
</tr>
<tr>
<td>Retailer concessions on unimportant issues (CONUN)</td>
<td>0.332* (1.982)</td>
<td>0.332** (2.109)</td>
</tr>
<tr>
<td>Level of conflict on important issues (DIMP)</td>
<td>0.358*** (3.597)</td>
<td>-0.292* (1.819)</td>
</tr>
<tr>
<td>Level of conflict on unimportant issues (DNON)</td>
<td>0.315* (1.808)</td>
<td>0.315* (1.808)</td>
</tr>
<tr>
<td>F (dfn, dfd)</td>
<td>3.67*** (4.88, 439)</td>
<td>2.640*** (4.39, 6.35)</td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.143</td>
<td>0.432</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>0.05</td>
<td>0.156</td>
</tr>
</tbody>
</table>

*Regression coefficients are standardized coefficients with $t$-values in parentheses.

**$p < .10$  
***$p < .05$  
****$p < .01$

Important issues ($c_{15} = .228$, $p < .05$), but has no effect on concessions on unimportant issues ($c_{25} = .257$, ns). These results provide no support for $H_6$. Contrary to the predictions, these results suggest a dysfunctional use of aggressive strategy, even under conditions of power in favor of a retailer.

The use of a passive aggressive strategy by a retailer has no significant effect on the retailer’s concession on important issues ($c_{14} = .092$, ns) or concessions on unimportant issues ($c_{24} = -.103$, ns).

**Satisfaction with the negotiation**. The estimated parameters of equation 3 indicate that retailers’ satisfaction is affected by the process and outcomes of negotiation. Retailers’ use of problem-solving strategy is related positively to their satisfaction ($c_{32} = .536$, $p < .01$). Neither active aggressive strategy nor compromise strategy is significantly related to retailers’ satisfaction. These results provide only partial support to $H_6$, as the predicted positive relationship between compromise strategy and satisfaction and the negative relationship between active aggressive strategy and satisfaction are not supported. However, retailers’ use of passive aggressive strategy is related negatively to their satisfaction ($c_{34} = -.294$, $p < .1$).

Finally, concessions made by a retailer on important as well as unimportant issues affect the retailer’s satisfaction with the negotiations. Concessions made by a retailer on important issues are related negatively though not significantly to the retailer’s satisfaction with the negotiations ($c_{36} = -.218$, ns). The concessions made by a retailer on unimportant issues are related positively to the retailer’s satisfaction ($c_{37} = .322$, $p < .10$). These
results partially support $H_2$, as the predicted relationship between concessions on important issues and retailers' satisfaction is not significant. All of the hypotheses tested are summarized in Figure 1.

**Test of mediating assumptions.** The conceptual model indicates that the effect of retailers' long-term orientation, relative power, and level of conflict on their satisfaction is completely mediated through negotiation strategies and outcomes. To test the assumption that negotiation strategies and outcomes are mediating variables, all antecedent (retailer's long-term orientation, relative power, and level of conflict) and mediating variables were regressed on satisfaction with the negotiation. The results support the notion that a retailer’s satisfaction with the negotiation is based on outcomes and strategies used in the negotiation and not on relative power or the retailer’s long-term orientation. However, the results also indicate a significant effect of level of conflict on important issues on satisfaction (conflict on important issues = -2.92, $p < .1$). This finding suggests both a direct and indirect (through the mediating variables) effect of level of conflict on important issues on satisfaction. This negative relationship between conflict and satisfaction supports previous findings in channels of distribution (Dwyer 1980; Frazier, Gill, and Kale 1990). The results of a restricted regression model that included conflict on important issues as a predictor variable are reported in Table 3. A comparison of the a priori and restricted models shows no changes in terms of the significant effects of problem-solving strategy, concessions on unimportant issues, and passive aggressive strategy on retailers' satisfaction with the negotiation.

A similar test was performed for the effect of retailers’ long-term orientation, relative power, and level of conflict on their concessions on important and unimportant issues. The results do not completely support the assumptions about the mediating effects of negotiation strategies on concessions. Specifically, level of conflict on important issues has a significant effect on concessions on important issues (conflict on important issues = .358, $p < .01$) and level of conflict on unimportant issues has a significant effect on concessions on unimportant issues (conflict on unimportant issues = .315, $p < .10$). The results of the restricted model are reported in Table 3. A comparison of the a priori and restricted models shows no changes in terms of the significant effects of compromise strategy and active aggressive strategy on important issues. Problem-solving strategy, which has a significant effect on concessions in the a priori model is not significant in the restricted model, though the parameter estimate is consistent in sign and magnitude. The effect of compromise strategy on concessions on unimportant issues is significant in both the a priori and restricted models.

**Power of the statistical tests.** One of the limitations of this study is the small sample size associated with discussion on unimportant issues. As indicated previously, most negotiation focused on important issues such as gross margin, price, and delivery. Nevertheless, power associated with all the statistical tests used in the analysis was calculated (Cohen 1988). Under an assumption of large effect sizes ($f^2 = .35$, or a population $R^2 = .26$), the power for various dependent variables is: satisfaction with negotiations $= .72$, concession on important issues $= .98$, concessions on unimportant issues $= .78$. These results indicate sufficient power to detect statistically significant effects.

**DISCUSSION**

**Conflict, Negotiation, and Satisfaction in Channel Negotiations**

The study findings show that negotiations in a channel context may be more complex than a bipolar integrative/distributive perspective seems to suggest (cf. Angelmar and Stern 1978). The results indicate that even when retailers are long-term oriented, use of various negotiation strategies depends on the level of conflict (high vs. low) and the importance of the issues discussed (important vs. unimportant).

The findings indicate that the use of problem-solving, aggressive (active and passive), and compromise strategies is moderated by the level of conflict. The use of problem-solving strategy in resolving major conflicts and the use of compromise strategy in resolving minor conflicts reflect a successful heuristic on the part of retailers. A problem-solving strategy is worthwhile to use in spite of its high costs because of the potential benefits available from a successful resolution of the conflict. These results support findings by Perdue and Summers (1991) that cooperative orientation (in contrast to long-term orientation used in this study) leads to problem-solving strategy. The lack of significant results for the use of compromise strategy in conflicts on important issues is consistent with a cost-benefit explanation for the use of negotiation strategies in resolving major conflicts.

The results also indicate a negative relationship between the use of active aggressive strategy to resolve major conflicts and long-term orientation, but a positive relationship between the use of passive aggressive strategy and long-term orientation. This finding suggests that channel members who have a vested interest in the other’s welfare and in maintaining the relationship are likely to refrain from the use of active aggressive strategies, but are likely to use problem-solving strategy as a means of settling disputes. It does not preclude the use of passive aggressive strategies, where the focus is on commitment to one’s position and not easily capitulating to the offers made by the other party. Ben-Yoav and Pruitt (1984) found that such positional commitments in long-term relationships led to the discovery and implementation of integrative solutions.

*A large effect size was chosen on the basis of the $R^2$ obtained in previous studies on negotiations (e.g., Perdue and Summers 1991 obtained $R^2$ of about .25 for various negotiation tactics).*
NEGOTIATION STRATEGIES

The positive effect of relative power on the use of problem-solving strategies provides support for findings in distribution channels (Frazier and Rody 1991; Frazier and Summers 1986) that emphasize the positive role of power in resolving channel conflicts. Other studies (Owen and Walker 1981; Frazier, Gill, and Kale 1989) have found greater use of aggressive strategy under conditions of high power. These contradictory findings emphasize the need to consider the role of the context in determining the type of strategy used by a channel member. Specifically, in contexts that involve current and/or future relationships, channel members are reluctant to use aggressive strategies; instead, they focus on problem-solving strategy.

The results also provide some support for the effect of problem-solving strategy on retailers' outcomes. Only the use of a problem-solving strategy reduces retailers' concessions on important issues. Both compromise and active aggressive strategies are associated with an increase in the concessions made by a retailer during negotiation. Further, the use of an active aggressive strategy, even under conditions of greater relative power, reduces retailers' outcomes.

Though retailers use both passive aggressive and problem-solving strategies to resolve major conflicts, the use of problem-solving strategy alone is related positively to the retailer's satisfaction with the negotiation. This finding suggests that a retail buyer might want to encourage problem solving early in a negotiation by developing specific proposals for consideration, such as ideas for increasing store displays and cooperative advertising.

The level of conflict on both important and unimportant issues has a significant effect on retailers' satisfaction and concessions. Presumably, as the level of conflict increases, both parties make more concessions and are less satisfied with the negotiation. This finding supports those in channels of distribution linking conflict to satisfaction (Dwyer 1980; Frazier, Gill, and Kale 1989).

Limitations

The results and the implications of the study are somewhat constrained by the research method employed. Though the tests of the models yield several results that are consistent with the proposed hypotheses, the fact that a cross-sectional design was used limits the ability to rule out alternative causal inferences.

For instance, the model used is predicated on the assumption that long-term orientation plays a major role in the negotiation process and outcomes. Though the results support this general hypothesis, a reverse sequence of events is also conceivable. Specifically, the outcomes from the current negotiation affect the response on the negotiation process and long-term orientation of the retailer. Attempts were made to minimize the effect of this problem in two ways. First, the surveys were done in two phases. Retailers' long-term orientation was measured in the first phase and the behaviors of retailers in actual negotiations were measured in the second phase.

Thus, the problem with reverse causality of outcomes on antecedent constructs is minimized. Second, the retail buyer was asked questions in the same sequence as the negotiations would have occurred. In other words, the first part of the questionnaire focused on the level and intensity of disagreements, the second part on negotiation strategy, and the final part on the concessions made by the retailer. Presumably, this sequence would have eliminated the effect of outcomes on retailers' response to process measures. However, reverse causation of a construct in previous negotiation on the current negotiation cannot be eliminated without longitudinal data.

Furthermore, the study examined only one dimension of long-term relationship—the long-term orientation. In particular, the study did not include measures of relational norms (Dwyer, Shurr, and Oh 1987; Kaufmann and Stern 1988; Macneil 1980). An interesting extension of the conceptual framework would include multiple dimensions of long-term relationships.

Another limitation of the study is the restricted focus on a retail buyer's perspective of the whole negotiation process. In spite of the problems created by a one-sided perspective, the study is consistent with previous research in channels of distribution that has examined negotiations from a buyer's or a seller's viewpoint by using an experimental setup (Dwyer and Walker 1981; McAlister, Bazerman, and Fader 1986; Schurr and Ozanne 1985). The study extended this viewpoint through the introduction of actual retail buyers responding to questions about issues found in retailing.

The study utilized a single source (retailers) for all measures of process, outcomes, and satisfaction. As a result, it did not eliminate the possibility of a common method bias resulting from the use of a single source. Taking a dyadic perspective in the data collection would improve the measures and increase the confidence in the results.

Another limitation relates to the results on the use of different strategies for resolving conflicts on important and unimportant issues. The study did not explicitly measure the type of strategy employed for resolving conflicts on important and unimportant issues. In contrast, the study used the information provided by the retailers to classify issues as important or unimportant. Future research should clearly measure the type of strategies used for resolving conflicts on a set of important and unimportant issues.

Finally, the measurement of relative power in the study has some limitations. Researchers in distribution channels (e.g., Frazier 1983) have developed in-depth measures of power by incorporating the notion of role performance. Future studies should include these in-depth power measures and test the robustness of the results reported here.

Directions for Future Research

The study results indicate that when retailers are long-term oriented, the use of problem-solving and passive
aggressive negotiation strategies seems to predominate, especially in addressing major conflicts. In contrast, when retailers are long-term oriented but the conflicts are over unimportant issues, there is no clear evidence for the preference of one strategy over another. Therefore, one important issue yet to be addressed is the extent to which different strategies (problem solving, passive and active aggressive, and compromise) are used by retailers in a particular negotiation.

Another research issue is the timing of different strategies in a single negotiation encounter (Perdue and Summers 1991). One could argue that during the initial part of a negotiation, a more aggressive posture is adopted by negotiators even in a long-term relationship simply because the outcomes of the current bargaining would affect future bargaining between the two parties. In other words, the use of a passive aggressive bargaining strategy in the initial stages may be a strategic posture on the part of the bargainers. Alternatively, retailers may tend to rely on a problem-solving strategy in the initial phase of the negotiations to establish potential benefits available in the relationship before using aggressive strategies to determine how the benefits should be distributed. Pruitt's (1981) studies seem to provide more support for the former position (passive aggressive strategy in the beginning) whereas Walton and McKersie (1965) appear to favor the latter view (problem-solving strategy in the beginning). Research is needed to clarify the use of multiple strategies at different points in time in a single negotiation encounter. Future research also should investigate the reasons for the use of aggressive and compromise strategies in long-term relationships even though these are not clearly the optimal strategies for such relationships. Some possible reasons are specific company policies (which concentrate mainly on gross margin and profits) and lack of experience and proper training of buyers. However, researchers should identify variables that better explain the use of different strategies in long-term relationships.

A third issue is alternative conceptualizations of the proposed model. The conceptual model suggests that the level of conflict determines the use of negotiation strategies, which in turn affects satisfaction. Alternatively, the negotiation strategy selected to resolve conflicts could affect the level of conflict and subsequent long-term orientation of the retailer. A cross-sectional study such as the current one cannot address such a dynamic perspective. Researchers should try to develop such dynamic models of conflict and conflict resolution.

Another issue is the development of a coding scheme for capturing the negotiation interaction between retailers and vendors. Very few studies have developed suitable means of coding negotiation interaction to determine the use of various communication tactics by negotiators. Donohue (1981) has done preliminary work in this area, but the validity of his negotiation interaction category scheme should be tested in retail situations.

Finally, future research should investigate the effects of transaction-specific assets acquired by both parties in a relationship and the effects of the amount of risk sharing on the use of different negotiation strategies. When conflicts involve issues related to transaction-specific assets and amount of risk sharing between the retailer and vendor, the issues might be perceived by both parties as very important. Resolving conflicts on such issues might involve the use of problem solving strategies and compromise strategies. Thus, an attempt should be made to bring into the negotiation literature more economics-based work (e.g., Noordewier, John, and Nevin 1990) on various governance mechanisms.
Appendix A

DESCRIPTIVE DATA ON THE NEGOTIATIONS

<table>
<thead>
<tr>
<th>Issue</th>
<th>No. of respondents</th>
<th>Mean importance rating (SE)</th>
<th>No. of respondents who discussed the issue</th>
<th>% of respondents who discussed the issue</th>
<th>No. of respondents who discussed the issue and had disagreement</th>
<th>% of respondents who had disagreement</th>
<th>Mean level of disagreement on the issue (SE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>99</td>
<td>6.51 (.09)</td>
<td>66</td>
<td>67</td>
<td>29</td>
<td>29</td>
<td>1.86 (.149)</td>
</tr>
<tr>
<td>Price and markup</td>
<td>99</td>
<td>6.41 (.086)</td>
<td>79</td>
<td>80</td>
<td>62</td>
<td>63</td>
<td>3.16 (.177)</td>
</tr>
<tr>
<td>Delivery</td>
<td>99</td>
<td>6.30 (.1)</td>
<td>82</td>
<td>83</td>
<td>60</td>
<td>61</td>
<td>2.98 (.188)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>99</td>
<td>6.52 (.078)</td>
<td>68</td>
<td>69</td>
<td>49</td>
<td>49</td>
<td>2.96 (.197)</td>
</tr>
<tr>
<td>Exclusive selling rights</td>
<td>98</td>
<td>3.86 (.177)</td>
<td>32</td>
<td>33</td>
<td>27</td>
<td>28</td>
<td>2.88 (.219)</td>
</tr>
<tr>
<td>Freight expenses</td>
<td>98</td>
<td>4.19 (.17)</td>
<td>24</td>
<td>24</td>
<td>15</td>
<td>15</td>
<td>2.54 (.282)</td>
</tr>
<tr>
<td>Training</td>
<td>97</td>
<td>3.61 (.221)</td>
<td>38</td>
<td>39</td>
<td>20</td>
<td>21</td>
<td>2.32 (.230)</td>
</tr>
<tr>
<td>In-store promotion</td>
<td>97</td>
<td>3.66 (.217)</td>
<td>46</td>
<td>47</td>
<td>26</td>
<td>27</td>
<td>2.30 (.211)</td>
</tr>
<tr>
<td>Cooperative advertising</td>
<td>96</td>
<td>5.01 (.202)</td>
<td>54</td>
<td>56</td>
<td>42</td>
<td>44</td>
<td>3.31 (.251)</td>
</tr>
<tr>
<td>Markdown money</td>
<td>95</td>
<td>5.27 (.193)</td>
<td>51</td>
<td>54</td>
<td>45</td>
<td>47</td>
<td>3.96 (.236)</td>
</tr>
<tr>
<td>Full guarantee</td>
<td>96</td>
<td>4.42 (.212)</td>
<td>27</td>
<td>28</td>
<td>19</td>
<td>20</td>
<td>2.93 (.329)</td>
</tr>
<tr>
<td>Quantity discounts</td>
<td>97</td>
<td>4.64 (.188)</td>
<td>41</td>
<td>42</td>
<td>36</td>
<td>37</td>
<td>3.05 (.234)</td>
</tr>
<tr>
<td>Returns</td>
<td>97</td>
<td>5.14 (.176)</td>
<td>47</td>
<td>49</td>
<td>35</td>
<td>36</td>
<td>2.94 (.242)</td>
</tr>
<tr>
<td>Preparing and packing</td>
<td>95</td>
<td>3.80 (.208)</td>
<td>26</td>
<td>27</td>
<td>17</td>
<td>18</td>
<td>2.27 (.232)</td>
</tr>
</tbody>
</table>

Average number of issues discussed = 6.81
Average number of issues discussed on which there was at least some disagreement (disagreement > 1 on a scale of 1 to 7, with 1 representing no disagreement) = 4.56

Appendix B

FACTOR ANALYSIS OF MEASUREMENT ITEMS

<table>
<thead>
<tr>
<th>Factor analysis of retailer's long-term orientation (RLTO), relative power (POW), and satisfaction with the negotiation (SATNEG) Items</th>
<th>RLTO</th>
<th>SATNEG</th>
<th>POW</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. We expect this resource to be working with us for a long time</td>
<td>.91</td>
<td>.08</td>
<td>-.09</td>
</tr>
<tr>
<td>2. Maintaining a long-term relationship with this resource is important to us</td>
<td>.90</td>
<td>.06</td>
<td>-.18</td>
</tr>
<tr>
<td>3. We believe that over the long-run this relationship will be profitable</td>
<td>.87</td>
<td>.19</td>
<td>-.14</td>
</tr>
<tr>
<td>4. We focus on long-term goals in this relationship</td>
<td>.84</td>
<td>.21</td>
<td>-.06</td>
</tr>
<tr>
<td>5. Any concessions we make to help out this resource will even out in the long-run</td>
<td>.71</td>
<td>.26</td>
<td>-.19</td>
</tr>
<tr>
<td>6. We are willing to make sacrifices to help this resource from time to time</td>
<td>.70</td>
<td>.28</td>
<td>-.13</td>
</tr>
<tr>
<td>7. We are more concerned with our outcomes in this relationship (R)</td>
<td>.42</td>
<td>.27</td>
<td>-.13</td>
</tr>
<tr>
<td>8. How satisfied are you with this negotiation? very little—a lot (R)</td>
<td>.10</td>
<td>.95</td>
<td>-.04</td>
</tr>
<tr>
<td>9. How satisfied are you with this negotiation? very satisfied—very dissatisfied</td>
<td>.72</td>
<td>.92</td>
<td>.07</td>
</tr>
<tr>
<td>10. We possess more power than this resource in our relationship.</td>
<td>-.08</td>
<td>-.09</td>
<td>.87</td>
</tr>
<tr>
<td>11. This resource is more powerful than us (R)</td>
<td>-.01</td>
<td>.02</td>
<td>.87</td>
</tr>
</tbody>
</table>

Note: Varimax rotated factor pattern

Factor analysis of problem-solving (PROBSOL), compromise (COMPRO), passive aggressive (PASAGR), and active aggressive (ACTAGR) strategies

<table>
<thead>
<tr>
<th>Factor analysis</th>
<th>PROBSOL</th>
<th>COMPRO</th>
<th>ACTAGR</th>
<th>PASAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. We tell the resource our ideas and ask them for their ideas</td>
<td>.79</td>
<td>-.02</td>
<td>-.03</td>
<td>.04</td>
</tr>
<tr>
<td>2. We attempt to get all our concerns and issues in the open</td>
<td>.77</td>
<td>.00</td>
<td>.05</td>
<td>.05</td>
</tr>
<tr>
<td>3. We share the problem with the resource so that we can work it out</td>
<td>.76</td>
<td>.11</td>
<td>.18</td>
<td>-.13</td>
</tr>
<tr>
<td>4. We try to show this resource the logic and benefits of our position</td>
<td>.66</td>
<td>.04</td>
<td>-.10</td>
<td>.15</td>
</tr>
<tr>
<td>5. We lean toward a direct discussion of the problem with this resource</td>
<td>.43</td>
<td>-.12</td>
<td>-.12</td>
<td>.23</td>
</tr>
<tr>
<td>6. We communicate our priorities clearly to the resource</td>
<td>.40</td>
<td>.13</td>
<td>-.07</td>
<td>.13</td>
</tr>
<tr>
<td>7. We try to find a position that is intermediate between their position and our position</td>
<td>-.11</td>
<td>.74</td>
<td>.08</td>
<td>-.01</td>
</tr>
<tr>
<td>8. We will let this resource have some of their positions if they let us have some of ours</td>
<td>-.14</td>
<td>.66</td>
<td>-.09</td>
<td>.28</td>
</tr>
<tr>
<td>9. We try to soothe the resource's feelings and preserve our relationship</td>
<td>.07</td>
<td>.65</td>
<td>-.04</td>
<td>0</td>
</tr>
<tr>
<td>10. We try to find a fair combination of gains and losses for both of us</td>
<td>.23</td>
<td>.63</td>
<td>-.01</td>
<td>-.14</td>
</tr>
<tr>
<td>11. We propose a middle ground</td>
<td>-.02</td>
<td>.62</td>
<td>.01</td>
<td>.09</td>
</tr>
<tr>
<td>12. We try to find a compromise solution</td>
<td>.10</td>
<td>.61</td>
<td>-.03</td>
<td>.01</td>
</tr>
</tbody>
</table>
Appendix B (Continued)

<table>
<thead>
<tr>
<th>Items</th>
<th>PROBSOL</th>
<th>COMPRO</th>
<th>ACTAGR</th>
<th>PASAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. We try to do what is necessary to avoid tension</td>
<td>.09</td>
<td>.60</td>
<td>0</td>
<td>-.16</td>
</tr>
<tr>
<td>14. We threatened to break off negotiations with this resource</td>
<td>0</td>
<td>-.04</td>
<td>.79</td>
<td>.0</td>
</tr>
<tr>
<td>15. We indicated that we wanted to deal with other resources</td>
<td>.01</td>
<td>.06</td>
<td>.75</td>
<td>.09</td>
</tr>
<tr>
<td>16. We made implicit threats to the resource</td>
<td>.13</td>
<td>.03</td>
<td>.77</td>
<td>.14</td>
</tr>
<tr>
<td>17. We expressed displeasure with the resource’s behavior</td>
<td>.13</td>
<td>-.05</td>
<td>.59</td>
<td>-.15</td>
</tr>
<tr>
<td>18. We press to get our points made</td>
<td>-.12</td>
<td>.12</td>
<td>-.03</td>
<td>.83</td>
</tr>
<tr>
<td>19. We make effort to get our way</td>
<td>-.01</td>
<td>-.07</td>
<td>.07</td>
<td>.82</td>
</tr>
<tr>
<td>20. We were committed to our initial position during the negotiation</td>
<td>-.01</td>
<td>-.01</td>
<td>.02</td>
<td>.77</td>
</tr>
<tr>
<td>21. We try to win our position</td>
<td>.14</td>
<td>-.1</td>
<td>.05</td>
<td>.59</td>
</tr>
</tbody>
</table>

Note: Promax rotated factor pattern

Appendix C
MEASURES USED IN THE STUDY

Retailer’s long-term orientation
1. We believe that over the long-run this relationship will be profitable.
2. Maintaining a long-term relationship with this resource is important to us.
3. Any concessions we make to help out this resource will even out in the long-run.
4. We focus on long-term goals in this relationship.
5. We are only concerned with our outcomes in this relationship. (R)
6. We expect this resource to be working with us for a long time.
7. We are willing to make sacrifices to help this resource from time to time.
Cronbach’s alpha = .94
All items in this scale are Likert items anchored by strongly disagree (1) and strongly agree (7).
R indicates reverse worded.

Relative power
1. This resource is more powerful than us. (R)
2. We possess more power than this resource in our relationship.
Cronbach’s alpha = .70
All items in this scale are Likert items anchored by strongly disagree (1) and strongly agree (7).
R indicates reverse worded.

Retailer’s use of problem-solving strategy
1. We lean toward a direct discussion of the problem with this resource.
2. We try to show this resource the logic and benefits of our position.
3. We communicate our priorities clearly to the resource.
4. We attempt to get all our concerns and issues in the open.
5. We tell the resource our ideas and ask them for their ideas.
6. We share the problem with the resource so that we can work it out.
Cronbach’s alpha = .88
All items in this scale are Likert items anchored by strongly disagree (1) and strongly agree (7).

Retailer’s use of compromise strategy
1. We try to find a compromise solution.
2. We try to find a position that is intermediate between their position and our position.
3. We try to soothe the resource’s feelings and preserve our relationship.
4. We try to find a fair combination of gains and losses for both of us.
5. We propose a middle ground.
6. We try to do what is necessary to avoid tension.
7. We will let this resource have some of their positions if they let us have some of ours.
Cronbach’s alpha = .82
All items in this scale are Likert items anchored by strongly disagree (1) and strongly agree (7).

Retailer’s use of passive aggressive strategy
1. We press to get our points made.
2. We make effort to get our way.
3. We were committed to our initial position during the negotiation.
4. We try to win our position.
Total number of items = 4
Cronbach’s alpha = .90
All items in this scale are Likert items anchored by strongly disagree (1) and strongly agree (7).

Retailer’s use of active aggressive strategy
1. We threatened to break off negotiations with the resource.
2. We indicated that we wanted to deal with other resources.
3. We made implicit threats to the resource.
4. We expressed displeasure with the resource’s behavior.
Total number of items = 4
Cronbach’s alpha = .69
All items in this scale are Likert items anchored by strongly disagree (1) and strongly agree (7).

Retailer’s satisfaction with the negotiations
How satisfied are you with this negotiation?
1. Very satisfied--very dissatisfied.
APPENDIX C (Continued)

2. Very little—a lot (R)
   Total number of items = 2
   Cronbach’s alpha = .91
   All items in this scale are semantic differential items anchored by 1 and 7.
   R indicates reversed item.

Level of conflict
The level of conflict was measured by averaging the score on all the important and unimportant issues discussed by the retailer (see Method section for a discussion on the classification of issues as important and unimportant). As the measure for the level of conflict is a single score, no reliability estimate was calculated.

1. Please rate the discussion between you and the resource on the issues that were negotiated in terms of the amount of disagreement
   [If you did not discuss a particular issue, circle “ND” (not discussed) and skip the issue.]

<table>
<thead>
<tr>
<th></th>
<th>Not discussed</th>
<th>No disagreement</th>
<th>Intense disagreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Quality of the product</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>2. Price and markup</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>3. Delivery</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>4. Gross margin</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>5. Exclusive selling rights</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>6. Freight expenses</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>7. Training</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>8. In-store promotion</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>9. Cooperative advertising</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>10. Markdown money</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>11. Full guarantee</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>12. Quantity discounts</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>13. Returns</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>14. Promarketing and packing</td>
<td>ND</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

Retailer concessions
Retailer concession was the average of the concessions made by the retailer on all the important and unimportant issues. As the measure for retailer’s concessions on important and unimportant issues is a single score, no reliability estimate was calculated.

Please indicate the nature of concessions you made to the resource on the following issues and the concessions made by the resource to you. [If you did not discuss a particular issue, circle “ND” (not discussed) and skip the issue.]

Concessions made by you

<table>
<thead>
<tr>
<th></th>
<th>Made very few concessions</th>
<th>Made a lot of concessions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All 14 issues mentioned under “level of conflict” are anchored on a 1 to 7 scale.

APPENDIX C (Continued)

Importance of the issues
Please rate each of the following issues in terms of their importance to you. (Even if the issue was not negotiated, please respond to the question)

Importance to you

<table>
<thead>
<tr>
<th></th>
<th>Unimportant</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All 14 issues mentioned under “level of conflict” are anchored on a 1 to 7 scale.

REFERENCES


