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THE UNIVERSITY OF OKLAHOMA

GRADUATE COLLEGE

AN ANALYSIS OF THE FOOD BROKER - FOOD MANUFACTURER MARKETING CHANNEL INTERFACE

A DISSERTATION

SUBMITTED TO THE GRADUATE FACULTY

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ROY KENNETH TEAS

Norman, Oklahoma

1975

AN ANALYSIS OF THE FOOD BROKER -

FOOD MANUFACTURER MARKETING

CHANNEL INTERFACE

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CHAPTER I

INTRODUCTION

A critical component of a manufacturer's marketing organization is the channel of distribution for the products produced by the manufacturer. This marketing channel, which often consists of a number of relatively independent organizational units, provides the link between the manufacturers of goods and the ultimate buyers and users of them.

If possible, the individual members of a marketing channel should form a cooperative system to enable effective division of tasks, adequate communication, coordination of effort, and ultimate profitability for each member of the system. This cooperative system, however, is not likely to exist unless each channel member has adequate knowledge of other channel members' functions, needs, attitudes and expectations concerning the operation of a channel.[1] According to Wroe Alderson, a marketing system such as a channel of distribution can constitute an "organized behavioral system" which he defines as ". . . a group taken in conjunction with the environment in which it has being." This group is

---

[1]James A. Constantin, Rodney E. Evans, and Malcolm L. Morris, Planning and Managing the Marketing Function (an unpublished manuscript), Chapter 11, p. 15.

perpetuated by the members' belief that they have more to gain through group membership than through independent action.[1] The organizing element of this system is the expectations of the system members concerning the benefits they can derive from the system.[2] Although not all channels of distribution are organized behavioral systems, greater system effectiveness and mutual cooperation are more likely to exist in those channels that are organized behavioral systems.

The purpose of this research was the study of one aspect of marketing channels of distribution--the interface between canned food manufacturers and food brokers. The results of the study provided answers to questions concerning the perceived interface between food manufacturers and food brokers. First, descriptive information was generated concerning the strategic purposes of food manufacturers which underlie their decisions to use food brokers to sell nationally branded canned food products and concerning the role definitions of the food broker and food manufacturer in the food broker - food manufacturer interface. Second, hypotheses were tested concerning food manufacturer and food broker perceptions of the food manufacturer - food broker interface.

---

[1]Wroe Alderson, Marketing Behavior and Executive Action (Homewood, Illinois: Richard D. Irwin, Inc., 1957), p. 25.

[2]Wroe Alderson, Dynamic Marketing Behavior (Homewood, Illinois: Richard D. Irwin, Inc., 1965), p. 37.

Background and Need for the Study

A marketing channel can be defined as:

> . . . a set of institutions which performs all of the activities utilized to move the product and its title from production to consumption.[1]

Each of these channel institutions has life cycles consisting of an inception stage, a rapid growth stage, a maturity stage, and a decline stage. The life cycles of many channel institutional categories are becoming shorter, primarily because marketing channels exist in an environment of accelerating change.[2] In order to exploit opportunities afforded by this changing environment and accelerated institutional life cycles, the firm must be adaptive when establishing and maintaining its operating niche.

Bert C. McCammon states that marketing channels and marketing institutions must either continuously adapt to environmental changes or face "economic obsolescence." He describes this process of change as one in which individual firms, as well as channel systems, seek short run advantages and in which they react to disturbances in the environment.[3]

---

[1]Louis Bucklin, A Theory of Distribution Channel Structure (Berkely: University of California Press, 1966), p. 5.

[2]William R. Davidson, "Changes in Distribution Institutions," Journal of Marketing 34 (January 1970): 9.

[3]Bert C. McCammon, Jr., "Alternative Explanations of Institutional Change and Channel Evolution," in Bruce E. Mallen, ed., The Marketing Channel: A Conceptual Viewpoint (New York: John Wiley and Sons, 1967), p. 75. Wroe Alderson conceptualizes this competitive environment in terms of competition among members of the marketing system in the creation

In this adaptation process, the intermediary seeks to change his operating methods to correspond more closely with the "clients' requirements" in order to avoid being "integrated out" of the channel.[1] This integration-out can result from integration by a source of supply as well as by a firm being supplied.[2]

William P. Dommermuth and R. Clifton Anderson discuss change processes within marketing channels in terms of a functional systems approach in which the functions of (1) inventory management, (2) transportation, (3) promotion, and (4) transaction are the links between users and producers of goods. Based upon this functional approach to channel efficiency, Dommermuth and Anderson mention four sources of efficiency in which the middleman - manufacturer interface is affected by a change in the method of task performance or by a shift in the division of tasks among channel participants.[3]

The following relationships describe these basic sources of increased channel efficiency:[4]

---

of a differential advantage. The basic premise underlying the concept of the differential advantage is that each firm is assumed to be seeking a function that will establish the firm in the market system. Alderson, Marketing Behavior and Executive Action, p. 102.

[1]McCammon, Jr., "Alternative Explanations of Institutions," p. 76.

[2]Alderson, Marketing Behavior and Executive Action, p. 212.

[3]William P. Dommermuth and Clifton Anderson, "Distribution Systems--Firms, Functions, and Efficiencies," MSU Business Topics 17 (Spring 1969): 51-56.

[4]Ibid.

1. Intrafunctional - Intrafirm--This efficiency can be achieved by a specific channel member performing a function with less cost.
2. Intrafunctional - Interfirm--This efficiency can be obtained through the delegation of the responsibility of a function to another firm such as a food broker.
3. Interfunctional - Intrafirm--Increased efficiency is achieved by changing the "functional mix" of one firm. For example, using air freight (which may increase transportation costs) may decrease costs of another function (such as inventory).
4. Interfunctional - Interfirm--Efficiency can be increased by changing the "functional mix" among several firms.

One major source of pressure for increased channel efficiency in food industry marketing channels is inflation. From 1967 through 1973, grocery industry sales grew 56 percent ($40 billion). Over 80 percent of the growth, however, was due to inflation.[1] Grocery sales in 1974 increased by 15.65 percent totaling more than $130.8 billion. This growth was due almost entirely to price increases (the "food-at-home" portion of the consumer price index rose 14.9 percent).[2]

---

[1]"41st Annual Report of the Grocery Industry," Progressive Grocer 53 (April 1973): 68.

[2]"42nd Annual Report of the Grocery Industry," Progressive Grocer 54 (April 1974): 64.

The effective management of change, either in terms of McCammon's adaptation process or Dommermuth's and Anderson's channel efficiency concepts, is unlikely to occur without communication among channel members. Unfortunately the channel literature tends to ignore the communication functions of channels of distribution and assumes the manufacturer automatically provides for a network for the data flow in the channel.[1]

An important aspect of channel communication is the concept of role prescriptions. According to Lynn E. Gill and Louis Stern:

> To the extent that different organizations have the same prescriptions for a role, that their prescriptions are the same as the channel member's conception of his own role, and that the channel member's performance is consistent with the prescriptions, consensus exists in the system. Consensus enables the members of the channel system to anticipate each other's behavior, and therefore to function collectively as an integrated unit.[2]

Kotler emphasizes this need for "consensus" when he states that there is a need for explicit agreement on the responsibilities of middlemen concerning such channel activities as inventory levels, intensity and coverage of sales, customer delivery time, treatment of damaged or lost goods, customer services provided by middlemen, and cooperation in company

---

[1]Walter Gross, "Profitable Listening for Manufacturers and Dealers: How to Use a Communication System," Business Horizons 11 (December 1968): 35-44.

[2]Lynn E. Gill and Louis W. Stern, "Roles and Role Theory in Distribution Channel Systems," in Louis W. Stern, ed., Distribution Channels: Behavioral Dimensions (Boston: Houghton Mifflin Company, 1969), p. 44.

promotional and training programs.[1] Without this explicit agreement channel objectives cannot be formed, selection from among alternatives cannot be made, and evaluation of performance cannot be obtained.

In his summarization of the results of a conference held for food packers and food distributors, LaLonde stressed the need for increased communication between the two groups concerning channel participant roles and responsibilities. LaLonde concluded:[2]

1. A dialogue must be established within the food industry in which the roles of the participants in the food distribution process are clarified for all channel members.
2. The distributor must become a partner in an efficient and integrated channel system.
3. The food packer must view the distributor as a "marketing partner" in an expanding and complex relationship. The distributor, on the other hand, should advise other channel members concerning his plans and expectations concerning their "role" in his marketing program.

This study provides a basis for a dialogue between two food industry channel institutions--food brokers and food

---

[1]Philip Kotler, Marketing Management: Analysis Planning and Control (Englewood Cliffs, N.J.: Prenctice-Hall, Inc., 1972), p. 582.

[2]Bernard J. LaLonde, "Industry Dialogue: A Foundation for Industry Growth," Frozen Food Factbook (1972): 34.

manufacturers--which will facilitate increased understanding of the needs and expectations of food brokers and food manufacturers and will promote more effective channel development in the following ways:

1. Contributing to the marketing channel literature
2. Providing information to the classroom teacher
3. Contributing to the working knowledge of businessmen
4. Identifying present and potential problem areas in existing channel relationships and providing information for developing solutions to these problems
5. Leading to further research in the area

Research Model

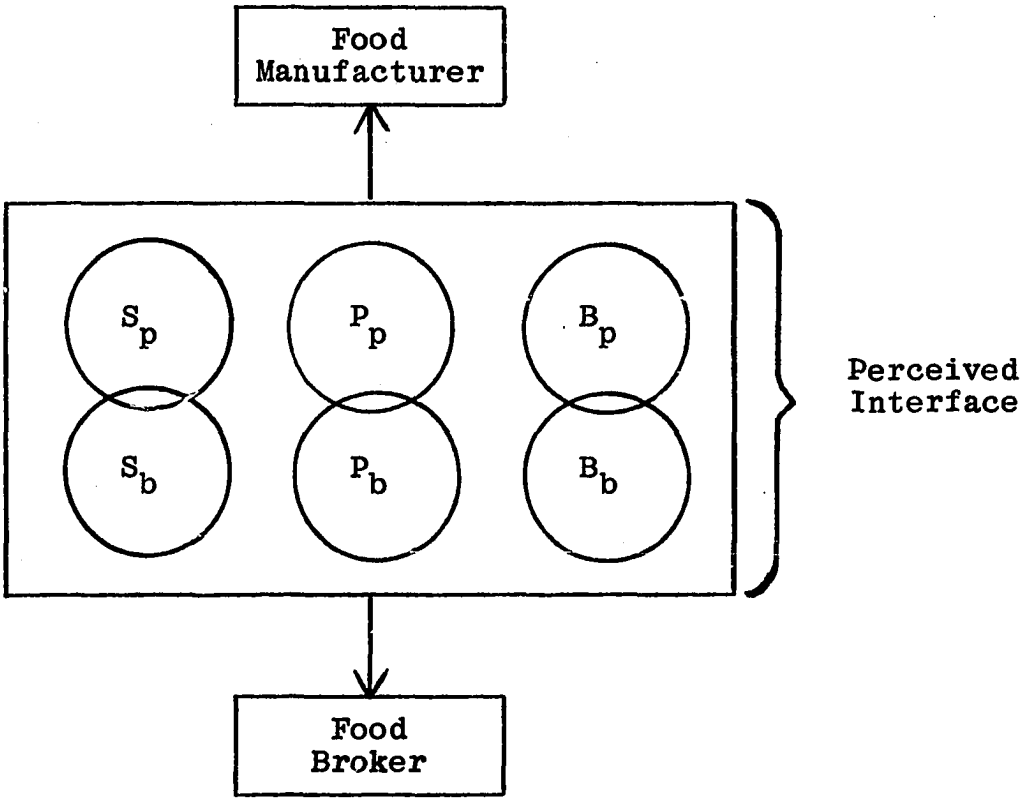
Figure 1-1 represents a conceptualization of the specific channel interface situation examined in this research. The focal point of this model is the linkage between food manufacturers and food brokers as perceived by food manufacturers and food brokers. This perceived linkage is subdivided into three elements which include:

1. Perceived purposes underlying the linkage
2. Perceived role of the food manufacturer in the linkage
3. Perceived role of the food broker in the linkage

The perceptions of these three elements of the interface situation are conceptualized by the three pairs of circles in the "perceived interface" portion of the model. The over-lap of each circle pair represents the degree of congruity of the

FIGURE 1-1

The Food Manufacturer - Food Broker Dyad



S_p = Strategic purposes of the food manufacturer (as perceived by the food manufacturer) which underlie his decision to use food brokers to distribute nationally branded canned food products

S_b = Strategic purposes of the food manufacturer (as perceived by the food broker) which underlie his decision to use food brokers to distribute nationally branded canned food products

P_p = Role definition of the food manufacturer as perceived by the food manufacturer

P_b = Role definition of the food manufacturer as perceived by the food broker

B_p = Role definition of the food broker as perceived by the food manufacturer

B_b = Role definition of the food broker as perceived by the food broker

perceptions of food manufacturers and food brokers concerning each intrachannel element. Perfect congruence of perceptions would be represented by two sets of concentric circles while incongruence would be reflected in a lack of complete over-lap of circles (statistical location differences) and in circles of different sizes and shapes (statistical dispersion differences).

Definitions of the various components of the model are:

1. Food Manufacturers--The food manufacturers component of the model is defined as the 100 largest food product processors listed in Dun and Bradstreet's Million Dollar Directory that produce canned food products.[1]

2. Food Brokers--The food brokers component of the model is defined as those food brokerage firms that are members of the National Food Brokers Association and who sell canned food products. The Association defines a food broker as:

> . . . an independent sales agent acting for and on account of sellers of food, grocery or related products, that is neither employed by, nor affiliated with a trade buyer, and does not act for or on behalf of a trade buyer, and is not subject to such buyer's direct or indirect control.[2]

---

[1]The terms "food processor" and "food manufacturer" are assumed to be synonymous terms and are used interchangeably throughout this research.

[2]National Food Brokers Association, National Food Brokers Association Directory of Members 1974-1975 (Washington, D.C.: National Food Brokers Association), p. 5.

3. Perception--Perception is defined as ". . . what the individual sees within a perceptual field--his mental impression of a stimulus object."[1] In this model the stimulus object is the perceived interface between food manufacturers and food brokers.
4. Interface--Interface is defined as ". . . the contact point between relatively autonomous organizations which are independent and interacting as they seek to cooperate in the achievement of some larger system objective."[2]
5. Purpose--Purpose is defined as the strategic reasons that underlie manufacturers' decisions to use the services of food brokers to market nationally branded canned food products.
6. Role--Role is defined as ". . . a normative model of conduct which defines the expected contribution of the unit occupying the position to the achievement of the task."[3] The roles included in this model are the role of the food broker and the role of the food manufacturer.

---

[1]Thomas S. Robertson, Consumer Behavior (Glenview, Illinois: Scott Foresman and Company, 1970), p. 14.

[2]Daniel A. Wren, "Interface and Interorganizational Coordination," Academy of Management Journal 10 (March 1967): 69.

[3]Louis W. Stern and Ronald H. Gorman, "Conflict in Distribution Channels: An Exploration," in Louis W. Stern, ed., Distribution Channels: Behavioral Dimensions (Boston: Houghton Mifflin Company, 1969), p. 156.

Research Questions

The research question of this study was: Do food manufacturers and food brokers have congruent perceptions concerning the food manufacturer - food broker dyad relative to the marketing of nationally branded canned food products?[1]

This research question was investigated by examining three components of the food manufacturer - food broker interface: (1) strategic purposes of food manufacturers relative to the food manufacturer - food broker linkage, (2) the role definition of the food manufacturer, and (3) the role definition of the food broker.

Strategic Purposes

The research question about the strategic purposes of food manufacturers was:

> Do food manufacturers and food brokers have congruent perceptions concerning the strategic purposes of food manufacturers which underlie their decisions to use food brokers to distribute nationally branded canned food products?

This research question was investigated by analyzing the food broker and food manufacturer responses to 18 questions about the reasons manufacturers use food brokers.

---

[1]For this research, nationally branded canned food products are defined as:

> Food of any kind that is in a can or jar backed with national advertising such as: canned fruits, vegetables and jams; pet food; shortening; canned sea foods; pickled fruits and vegetables; sauces, seasonings and salad dressings; condensed and evaporated milk; roasted coffee; and canned specialties.

Food Broker and Food Manufacturer Role Structures

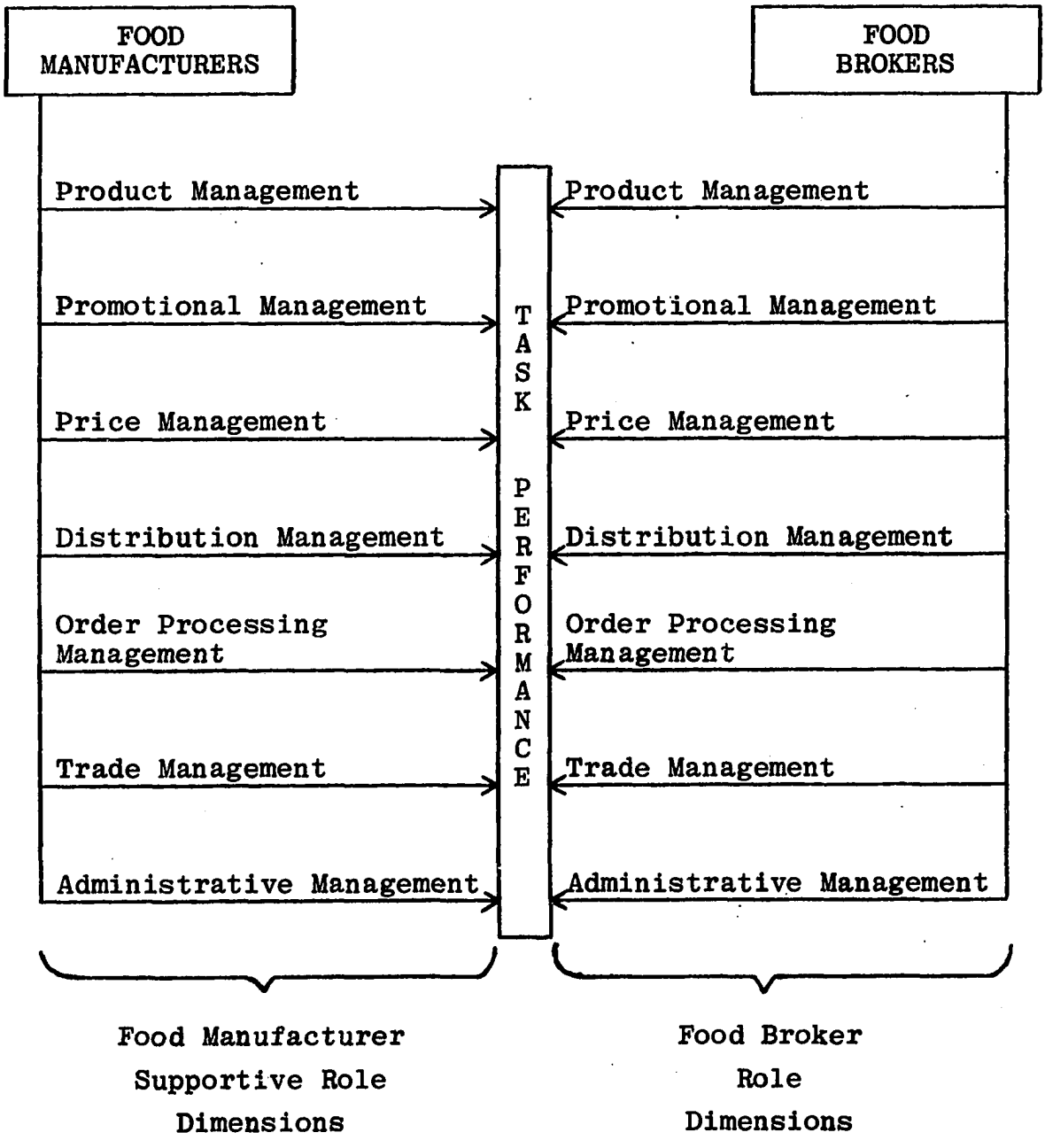
Based upon pre-survey research, a model was developed describing the dimensions of the food broker and food manufacturer roles relative to the distribution of nationally branded canned food products. This model, which is illustrated in Figure 1-2, depicts a seven dimensional role structure for both food brokers and food manufacturers. Because these seven dimensions include most marketing activities the two channel participants are conceptualized as complementary marketing managers, focusing on all of the basic marketing activities.

The seven role dimension categories include the management of (1) product, (2) promotion, (3) price, (4) distribution, (5) order processing, (6) trade, and (7) administration activities. The definitions of these dimensions are as follows:

1. Product Management--Product management activities include those activities that enable the production of utility generating, competitive product assortments.
2. Promotional Management--Promotional management activities include those activities that facilitate the design and successful implementation of marketing communication strategies.
3. Price Management--Price management activities include those activities that produce competitive

FIGURE 1-2

A Proposed Model of the Dimensions of the Complementary Role Structures of Food Brokers and Food Manufacturers



price decisions and control the implementation of those price decisions.

4. Distribution Management--Distribution management activities include the planning and management of the physical movement of the product from producers to consumers.
5. Order Processing Management--Order processing activities include the management of purchase transactions throughout the marketing channel.
6. Trade Management--Trade management includes those activities designed to facilitate the successful marketing operations of the wholesale, retail, and chain members of the marketing channel.
7. Administrative Management--Administrative management concerns the development of goals, operating plans, and operating procedures for the effective functioning of the food brokerage firm.

A complete categorization of specific questionnaire items included in each of these role dimension categories is presented in Appendix E.

The research question concerning the food broker role definition was:

> Do food manufacturers and food brokers have congruent perceptions concerning the role definition of the food broker in the food manufacturer - food broker dyad relative to the distribution of nationally branded canned food products?

This research question was investigated by analyzing the food broker and food manufacturer responses to 91 questions about the food broker role.

The research question concerning the food manufacturer role definition was:

> Do food manufacturers and food brokers have congruent perceptions concerning the role definitions of the food manufacturer in the food manufacturer - food broker dyad relative to the distribution of nationally branded canned food products?

This research question was investigated by analyzing the food broker and food manufacturer responses to 57 questions about the food manufacturer role.

Research Hypotheses

The following hypotheses, which correspond to the research questions, were tested in this study:

Ho_1: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the statements about the food manufacturer's strategic purposes which underlie his decision to use food brokers to market nationally branded canned food products.

Ho_2: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the product management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_3: There is no statistically significant difference between the food broker and food manufacturer

important/unimportant responses concerning the promotion management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_4: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the price management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_5: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the distribution management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_6: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the order processing management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_7: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the trade management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_8: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the administrative management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_9: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the product management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_{10}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the promotion management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_{11}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the price management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_{12}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the distribution management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_{13}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the order processing management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_{14}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the trade management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Ho_{15}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the administrative management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

Research Limitations

This study is limited by the population and product parameters, the research questions, and the research methodology.

First, the research is limited to an examination of the interface between food manufacturers and food brokers relative to the distribution of nationally branded canned food products. The food manufacturer population examined was limited to the 100 largest food manufacturers that produce canned food products and are listed in Dun and Bradstreet's Million Dollar Directory. The food broker population examined was limited to food brokerage firms that are members of the American Food Brokers Association that sell retail products. This population was further limited by the exclusion of branch food broker operations that have individual listings in the National Food Brokers Association Directory of Members.

Second, this study is limited in scope to an analysis of the strategic purposes underlying the food manufacturers' decision to use food brokers and the role definitions of the food broker and manufacturer. This analysis is further limited by focusing on the strategic purposes and roles relative to the distribution of nationally branded canned food products.

Third, the research methodology used in the study includes the use of secondary information and data obtained from a mail survey. The study is therefore subject to the limitations associated with mail surveys. Because of the

ordinal and non-normal structure of the data the statistical tools of analysis are limited almost entirely to non-parametric techniques.

This research, therefore, is exploratory and descriptive. As exploratory research, the purpose of the study is to identify problems, identify relevant variables and relationships among variables, and formulate hypotheses. As a descriptive study, answers are sought to specific research questions.[1]

Organization of the Study

This study includes five chapters. Chapter One has served to introduce the research by focusing upon the need for intrachannel communication. In addition, the purpose of the research was discussed, a conceptual model of the research questions was developed, and the limitations of the study were outlined. Chapter Two provides a review of related literature and a conceptual framework for the study. Chapter Three outlines the research design for the study. The discussion includes the pre-survey procedures and questionnaire construction, the selection and definition of populations and samples,

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[1]According to Green and Tull, exploratory research is research that focuses upon the identification of problems, relevant variables, the development of alternative courses of action, and the formulation of hypotheses. Descriptive research, on the other hand, is characterized by the prior development of research questions to be answered by primary data. Paul E. Green and Donald S. Tull, Research for Marketing Decisions (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1970), pp. 73-77.

the administration of the survey, and the statistical methodology used in analyzing the survey data. Chapter Four presents the results of the data analysis and an interpretation of the findings. Chapter Five contains a summary of the research project, a discussion of the managerial implications of the research findings, and recommendations for further research.

CHAPTER II

MARKETING CHANNELS--A CONCEPTUAL FRAMEWORK

The purpose of this chapter is to provide a conceptual framework upon which this study is based. First, various elements of channel theory are explored. Second, previous research concerning channel member role perceptions is surveyed. Third, a brief discussion of the system of food distribution is developed with special emphasis on the channel interface between food manufacturers and food brokers.

Channel Theory

Several channel theory concepts were used in this research as a justification for the exploration of the roles of channel members, and as a basic framework for the research design. The elements of channel theory used in this research include role theory, the concept of the intermediary, and channel conflict.

Role Theory and Channel Analysis

Role theory can be used to study the interrelations among channel members. By using a framework based upon role theory a single channel position can be conceptualized as having a role set that consists of a group of roles, with

each role determined by the prescriptions of one of the organizations with which the channel position interacts.[1] The fundamental concepts which underlie an application of role theory to channel analysis include the conceptualization of channels as systems of exchange with the unit of analysis being the firm, and the concepts of role and organizational set.

Channels as Systems of Exchange

A marketing channel consists of a network of firms occupying a number of different channel positions. Each of these firms is an open system that engages in "exchange activities" with organizations in its environment. At least four types of exchange configurations exist (see Figure 2-1).[2]

1. Dyad--A dyad configuration is one ". . . in which focal organization A interacts with B, an individual organization or class of organizations . . ."
2. Wheel--A wheel configuration is a system in which the ". . . focal organization interacts with one or more than one organization of a particular type but where there are not mutual interactions among the members of the set."
3. All Channel Network--An all channel network is a configuration in which ". . . all members of the set interact with each other and each interacts with the focal organization."
4. Chain--A chain configuration exists when ". . . the members of a set are linked in series."

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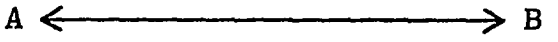
[1]Gill and Stern, "Roles and Role Theory in Distribution Channel Systems," p. 27.

[2]William R. Evan, "An Organization-Set Model of Interorganizational Relations," in Matthew Tuite, Roger Chisholm, and Michael Radnor, eds., Interorganizational Decision Making (Chicago, Illinois: Adine Publishing Company, 1972), pp. 182-184.

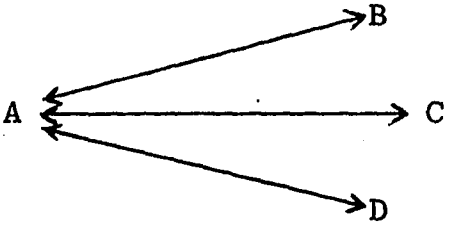
FIGURE 2-1*

Organizational Set Configurations

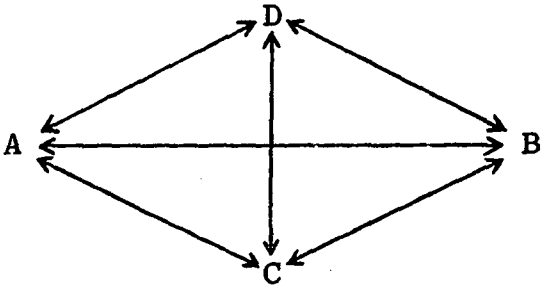
Ia
Dyad



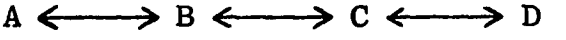
Ib
Wheel



Ic
All Channel Network



Id
Chain



*William M. Evan, "An Organization-Set Model of Inter-organizational Relations," p. 186.

When focusing upon this suprasystem of exchange, the unit of analysis is the individual channel system member which is a firm. Organizations that are conceptualized as channel system members can then be delineated as individual actors with observable characteristics.[1,2]

Role and the Organizational Set

The methodology of this research is based upon role theory in that the respective roles of food brokers and food manufacturers in the distribution of nationally branded canned food products were examined. These roles represent a set of prescriptions which form a model of behavior for the channel member to which the channel member adjusts.[3]

Role. A channel member's role describes the interfirm relationships between the channel member and other firms within the channel suprasystem. According to Ronald Michman:

> The channel system is made up of firms in an intricate network of positions. The role of each channel member demonstrates the relationship between the positions of the firms in the channel system. The relationship of

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[1]Larry J. Rosenberg and Louis W. Stern, "Toward the Analysis of Conflict in Distribution Channels: A Descriptive Model," Journal of Marketing 34 (October 1970): 43.

[2]This framework is described by Sturdivant and Granbois as the "institutional approach" in which the ". . . unit of analysis is the firm or set of firms that interacts within an environmental context." Sturdivant and Granbois, "Channel Interaction: An Institutional-Behavioral View," in Bruce J. Walker and Joel B. Haynes, eds., Marketing Channels and Institutions: Readings on Distribution Concepts and Practices (Columbus, Ohio: Grid Inc., 1973), p. 164.

[3]Gill and Stern, "Roles and Role Theory in Distribution Channel Systems," p. 36.

> the channel members builds from norms and eventually defines the role of the firm which interacts with other members of the channel system.[1]

Organizational Set. The group of firms with which the individual channel member interacts and obtains a role definition is the channel member's organizational set. Evan defines an organizational set as:

> . . . the group of organizations in the focal organization's environment with which the focal organization interacts. The organizational-set in analysis of organizations is similar to the role-set in analysis of individuals.[2]

Evan subdivides organizational sets into input and output organizational sets which he defines as follows:[3]

1. Input Organizational Set--An input organizational set is " . . . a compliment of organizations . . . that provides resources to the focal organization."
2. Output Organizational Set--An output organizational set includes ". . . all organizations which receive the goods and or services, including organizational decisions, generated by the focal organization."

Evan then incorporates these organizational-set concepts into a system model which is illustrated in Figure 2-2.

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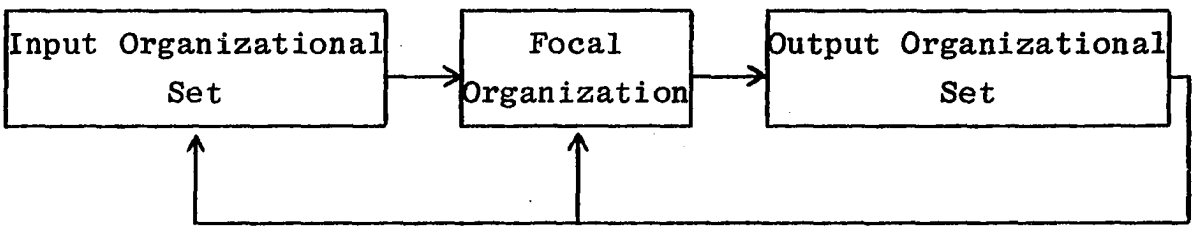
[1]Ronald D. Michman, Marketing Channels (Columbus, Ohio: Grid Inc., 1972), p. 198.

[2]Evan, "An Organization-Set Model of Interorganizational Relations," p. 183.

[3]Ibid.

FIGURE 2-2*

Evan's Organizational Set



*William M. Evan, "An Organizational Set Model of Interorganizational Relations," p. 184.

The elements of the research model for this study are based upon these role theory concepts with the following adjustments:

1. Dyad--Although a typical channel of distribution generally corresponds to Evan's "chain model," the focus of this research is on the interface between two elements of this chain, food manufacturers and food brokers. The appropriate model to use, therefore, is the dyad.
2. Complex Input-Output System--The Evan input-output system is an oversimplification of the nature of the organization sets of food brokers and food manufacturers. Channel interactions are characterized by exchanges, or two-way flows. Therefore, a member of the focal organization's organization set is likely to be a member of both an input-organization-set and an output-organization-set. For example, if the food broker is defined as the focal organization; the manufacturer, one member of the food broker's organizational set, supplies inputs to the food broker (such as products, information, security, promotional support, and money) and receives outputs from the food broker (such as sales effort, market information, promotional ideas and new product ideas).

   On the other hand, if the manufacturer is considered the focal organization; the food broker,

a member of the manufacturer's organizational set, supplies inputs to the food manufacturer (such as sales support, market information, and new product ideas) and receives outputs from the manufacturer (such as products, information, security, promotional support, and commissions).

3. Multiple Focal Organizations--This research focuses upon both the manufacturer and broker roles in the manufacturer-broker dyad. The manufacturer is the focal organization when the manufacturer's role is being examined with the broker being one member of the manufacturer's organization set. The broker, on the other hand, is the focal organization when the broker's role is being examined with the manufacturer being one member of the broker's organization set. Consequently, two focal organizations are being studied.

4. Partial Organizational Set--The food broker's role and the food manufacturer's role are analyzed only from the point of view of food brokers and food manufacturers. The total organizational set, which would include broker and manufacturer role prescriptions from wholesalers, retailers, the transportation industry, government, and other members of the manufacturer and broker organizational sets, are not analyzed. The research model, therefore, is a partial or limited organizational set model.

By employing this framework of role theory, marketing channels can be analyzed with respect to "how the position-occupants should interact (prescriptions), or how they do interact (performance)."[1] This research focuses upon the degree of consensus among channel members concerning role set prescriptions.

Concept of the Intermediary

Channel intermediaries such as wholesalers, retailers and food brokers have emerged because of the advantages they obtain by specializing in certain channel functions. Several justifications for the use of autonomous channel intermediaries have been developed including "functional spin-off," lack of financial resources, need for complimentary products, non-channel investment opportunities, transactional efficiency, and disadvantages of vertical integration.

Functional Spin-Off. The concept of "functional spin-off" was developed by Mallen to describe the tendency of manufacturers to "spin-off" channel functions to channel intermediaries in order to obtain distribution cost reductions.[2] Mallen formulates three hypotheses concerning the relationship between the "functional spin-off" concept and the emergence of a channel intermediary. First, a producer will "spin-off" those channel functions which can be performed more efficiently

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[1]Gill and Stern, "Roles and Role Theory in Distribution Channel Systems," p. 29.

[2]Bruce Mallen, "Functional Spin-Off: A Key to Anticipating Change in Distribution Structure," Journal of Marketing 37 (July 1973): 18.

by a middleman. Second, a producer will "spin-off" channel functions in those markets in which a channel middleman can operate more efficiently. Third, the nature of marketing channel members will be determined by the functional mix (role set) "spun-off" to them.[1]

Lack of Financial Resources. A channel of distribution for most products needs to be extensive in covering many markets. Many manufacturers are financially unable to develop a program of direct marketing.[2]

Need for Complimentary Products. Many products require complimentary products of other producers to obtain mass distribution effectiveness. Middlemen, through their activities of building assortments, enable manufacturers to obtain these complimentary products.[3]

Non-Channel Investment Opportunities. Rates of return to manufacturers from investments such as plant expansion, new product development, the purchase of additional manufacturing firms, and other non-channel oriented investments are often greater than the rates of return to manufacturers from investments in channel oriented investments such as vertical integration.[4]

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[1]Ibid., p. 24.

[2]Kotler, Marketing Management: Analysis, Planning and Control, p. 555.

[3]Ibid.

[4]Ibid.

Transactional Efficiency. Fewer individual transactions are required to link a group of producers with a group of consumers when an intermediary is used than when each producer contacts each consumer individually.[1]

Disadvantages of Vertical Integration. Vertical integration can create advantages such as increased profit margins, reduced costs, operating stability, certainty of supply, increased control, prompt policy revision, better inventory control, increased branding ability, and stronger buying power.[2] This strategy, however, is associated with certain problems which include managerial limitations, inflexibility, disparity between stages of operation, difficulty of entering into new fields of operation, increased inventories, government action, and lack of specialization. Because of these problems vertical integration via ownership control may be inappropriate, consequently independent operating units must be organized into an effective channel system.[3]

Channel Conflict

In this section the concept of channel conflict is explored in relation to (1) the causes of channel conflict, (2) the consequences of channel conflict, and (3) the management of channel conflict.

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[1]Alderson, Marketing Behavior and Executive Action, p. 213.

[2]Robert Cole, "Vertical Integration in Marketing," in Bruce E. Mallen, ed., The Marketing Channel: A Conceptual Viewpoint (New York: John Wiley and Sons, 1967), p. 156.

[3]Ibid., p. 157.

The Causes of Channel Conflict

Interorganizational conflict is the inevitable result of functional interdependence and resource scarcity.[1] In these dependency relationships, conflict may emerge in the form of (1) conflicting goals among channel members, (2) the incongruity of channel members' roles, and (3) conflicting solutions to problems resulting from differences among channel members in their perceptions of reality.

Goal Conflict. Channel conflict can develop when the activities of one channel member impedes the objectives of another channel member.[2] This impediment to goal achievement can result from goal incompatibility, which occurs when two or more channel members have opposing interests, or from misunderstandings held by channel members concerning other channel members' goals.

Bruce Mallen conceptualizes conflict resulting from goal incompatibility among channel members. Mallen states that the act of exchange is a major source of conflict because during the negotiation process the principals have opposing objectives. The opposing objectives among channel members

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[1]Henry Assail, "Constructive Role of Interorganizational Conflict," Administrative Science Quarterly 14, Number 4 (December 1969): 573.

[2]Louis W. Stern and J. L. Heskett, "Conflict Management in Interorganizational Relations: A Conceptual Framework," in Stern, ed., Distribution Channels: Behavioral Dimensions, p. 292.

result in conflict characterized by tension and disagreement among channel members.[1]

McVey, on the other hand, conceptualizes conflict between manufacturers and channel middlemen that results from manufacturers' misunderstandings about the objectives of channel intermediaries. According to McVey, these misunderstandings are the underlying causes of manufacturers' dissatisfaction with middlemen. For example, manufacturers often criticize middlemen for not using advertising materials provided by the manufacturer, the neglect of certain customers, not stressing a particular brand, a lack of product knowledge, and poor record keeping.[2] These criticisms are evidence of conflict and result from the manufacturers' misconceptions about certain facts concerning marketing channels such as:[3]

1. Some channels just evolve and are not finely tuned systems.
2. There is not always an "abundant reservoir" of middlemen in all markets.
3. Channel members, although excellent information sources, are not used as information sources. Manufacturers tend to force decisions upon them.

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[1]Bruce Mallen, "Conflict and Cooperation in Marketing Channels," in Mallen, ed., The Marketing Channel: A Conceptual Viewpoint, p. 125.

[2]Phillip McVey, "Are Channels of Distribution What the Text Books Say," Journal of Marketing 25 (January 1960): 65.

[3]Ibid., pp. 61-64.

4. The middleman's orientation is often toward the buyer rather than the supplier of his goods.
5. The middleman is assortment oriented rather than brand name oriented and therefore emphasizes the development of markets for product assortments rather than specific products of a particular manufacturer.

McVey concludes:

> The middleman is not a hired link in a chain forged by a manufacturer, but rather an independent market, the focus of a large group of customers for whom he buys.[1]

Role Incongruity. Conflict in marketing channels can result from divergent interpretations of a channel member's economic role.[2] Failure to perform obligations injures those channel members with rights. These injured channel members will normally respond by exerting pressure for conformity to the prescribed role. This pressure can result in channel conflict.[3] Examples of conflict within distribution channels caused from role conflict are conflicts over promotional methods, extensive versus exclusive distribution tactics, the use of loss leaders, the manufacturer's forcing

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[1]Ibid., p. 65.

[2]Henry Assail, "The Political Role of Trade Associations in Distributive Conflict Resolution," Journal of Marketing 32 (April 1968): 22.

[3]Stern and Gorman, "Conflict in Distribution Channels: An Exploration," p. 157.

products on channel members, and attempts to eliminate middlemen.[1]

Perceptions of Reality. Perception is ". . . the process by which an individual selects and interprets environmental stimuli.[2] Executives within marketing channels often perceive reality differently because they have different frames of reference. These incongruent perceptions of environmental phenomena will result in different response behavior which is likely to produce conflict.[3]

Results of Channel Conflict

Many authors stress the negative aspects of channel conflict while others indicate conflict can have both positive and negative effects.

Bruce Mallen emphasizes the dysfunctional aspects of conflict and suggests that the elimination of as much conflict as possible will benefit the system:

> . . . the firm will be better off if departmental cooperation is maximized and conflict minimized . . . firms standing vertically to each other . . . will be best off under conditions of maximum cooperation.[4]

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[1]Bruce Mallen, "A Theory of Retailer-Supplier Conflict, Control, and Cooperation," Journal of Retailing 36 (Summer 1963): 26.

[2]Stern and Gorman, "Conflict in Distribution Channels: An Exploration," p. 159.

[3]Ibid.

[4]Mallen, "Conflict and Cooperation in Marketing Channels," p. 133. For additional discussions concerning the dysfunctional aspects of conflict see: Ronald Michman, Marketing Channels (Columbus, Ohio: Grid Inc., 1974), p. 197; Louis W. Stern, "The Interorganizational Management of Distribution Channels: Prerequisites and Prescriptions," in George

Gill and Stern indicate that excessive conflict within marketing channels is generally undesirable because it usurps energy that could be used to make a distribution channel system perform more effectively.[1]

Stern and Heskett, on the other hand, stress the positive aspect of conflict which results from the consequences of the pressure to eliminate the conflict situation. This elimination process may produce new forms of distribution systems which compete with the old and result in intertype competition. If the intertype competition produces performance improvement, the conflict episode is beneficial.[2]

If channel conflict is acknowledged to have both positive and negative effects on channel performance, channel conflict can be conceptualized in terms of a conflict threshold. Boulding suggests a threshold level of conflict exists below which conflict may be beneficial and above which conflict may be detrimental. When below the conflict threshold, a lack of conflict may result in complacency, however, above a minimum level of conflict that is necessary to reduce complacency, vertical relationships should minimize struggle

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Fisk, ed., New Essays in Marketing Theory (Boston: Allyn and Bacon, Inc., 1971), p. 314; Donald F. Dixon and Roger A. Layton, "Initiating Change in Channel Systems," in George Fisk, ed., New Essays in Marketing Theory, p. 315; and Michael M. Pearson, "The Conflict-Performance Assumption," Journal of Purchasing (February 1973): 83.

[1]Gill and Stern, "Roles and Role Theory in Distribution Channel Systems," p. 22.

[2]Stern and Heskett, "Conflict Management in Interorganization Relations: A Conceptual Framework," p. 292.

among the system members if cooperation is required for the development of efficient channel structures.[1]

Rosenberg and Stern apply this threshold concept in describing the relationship between conflict and performance. They propose the following hypotheses based upon the "conflict threshold."[2]

1. "Below the conflict threshold, the higher the level of conflict registered by a given member of a channel dyad, the higher will be the financial performance indicators for that member.

2. Above the conflict threshold, the higher the level of conflict registered by any given member of a channel dyad, the lower will be the financial performance for that member."

Conflict Management

Because social conflict is not inherently evil, the appropriate reaction to conflict is to focus upon the management of conflict rather than the elimination of conflict.[3] Henry Assail suggests five conditions are necessary before this conflict management process can achieve constructive results:

1. Continuous Reappraisal--Organizations should continually reappraise policies to maintain

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[1]Kenneth E. Boulding, "The Economics of Human Conflict," in Elton B. McNeil, ed., The Nature of Human Conflict (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1965), p. 175.

[2]Rosenberg and Stern, "Toward the Analysis of Conflict in Distribution Channels," p. 46. This concept is also discussed in Bert Rosenbloom, "Conflict and Channel Efficiency: Some Conceptual Models for the Decision Maker," Journal of Marketing 37 (July 1973): 27.

[3]Boulding, "The Economics of Human Conflict," p. 174.

flexibility in identifying and achieving the organizational and economic requirements of the system.[1]

2. Communicate Objectives--Organizations should communicate their objectives to other organizations of the system and should insure constant feedback. A lack of communication tends to produce misunderstandings of organizational objectives.[2]

3. Long-term Outlook--The organizations within the system should be willing to redefine the division of labor and the allocation of resources relative to long run system benefits rather than short run organizational benefits.[3]

4. Systematic Conflict Resolution--Conflict resolution should be achieved within the system rather

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[1]Assail, "Constructive Role of Interorganizational Conflict," p. 581.

[2]Ibid. Stern and Heskett discuss the concept of "super-ordinate goal" as a means of achieving goal congruity. A super-ordinate goal is a goal of the total channel as opposed to individual channel member goals. Stern and Heskett, therefore, move beyond Assail's requirement of a mutual understanding of each other's goals to a situation of overriding goals for all channel members. Stern and Heskett, "Conflict Management in Interorganization Relations: A Conceptual Framework," p. 194.

[3]Ibid. Stern and Heskett describe this condition in terms of "Role and Domain Consensus" where:

> Roles constitute the functions and the degree of functional performance expected by a channel member by other system members. Well defined roles and close adherence to role expectations facilitate routinization of vertical relationships. When roles are unclear or not performed as expected, conflict is inevitable.

Stern and Heskett, "Conflict Management in Interorganization Relations: A Conceptual Framework," p. 194.

than through appeals to outside institutions such as the government. Attempts should be made to reduce conflict by exchanging views among the system members.[1]

5. Restrained Power Utilization--Organizational interaction should be characterized by restraint in power utilization by dominant organizations.[2]

In this conflict management process the identification of conflict is clearly an important managerial function. In this identification process, the manager should focus on covert conflict as well as on overt channel conflict. Covert conflict is conflict in which the frustrated channel member may do nothing to reduce the conflict situation. This form of conflict should be identified because it is capable of being escalated and becoming disruptive.[3] Overt conflict, on the other hand, occurs when the frustrated channel member exhibits a behavioral change such as modifying its goals or operations or attempting to modify the behavior of other channel members with whom it interacts.[4] One of the purposes of this research was the identification of covert conflict in the form of perceptual incongruities.

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[1]Ibid.

[2]Ibid.

[3]Rosenberg and Stern, "Toward the Analysis of Conflict in Distribution Channels: A Descriptive Model," p. 43.

[4]Stern and Heskett, "Conflict Management in Interorganizational Relations: A Conceptual Framework," p. 192.

Previous Research

Previous research which explores channel member roles or functions include studies by Ronald L. Schill; A. I. El-Ansary and Louis W. Stern; Charles L. Hilton; Bernard J. LaLonde; Rodney E. Evans and William R. Southard; Larry J. Rosenberg and Louis W. Stern; Louis W. Stern, Brian Sternthal, and Samuel C. Craig; and Valentine F. Ridgway.

Ronald L. Schill's study was concerned with identifying channel conflict with respect to channel member goals, roles, perceptions of reality, and information exchange.[1] Personal interviews were conducted with selected manufacturers and their respective distributors. A Likert type five point scale was used to determine the respondents' agreement/disagreement with various statements about channel member goals, role expectations, the nature of the market and channel systems relations, and the information acquisition and exchange.[2] An "interorganizational opinion differential" for each statement was then formulated by determining the differences between the mean responses of the two groups. An "agreement/conflict continuum" was developed by ranking the opinion differentials from those with the largest difference (relatively high conflict) to those with the smallest difference (relatively high

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[1]Ronald L. Schill, "A Study of Interorganizational Conflict in Four Selected Areas of Relations in Marketing Channel Systems" (unpublished Ph.D. Dissertation, University of Oregon, 1971), p. 80.

[2]Ibid., p. 83.

agreement).[1] Tests of the differences between responses were also conducted using the Mann-Whitney U Statistic.

The results of the study indicate that there are significant areas of agreement and disagreement between the two groups of respondents in all four categories examined. In the analysis of conflict concerning respondents' perceptions of the respective manufacturer and distributor roles in the marketing channel, significant differences in perception were found in the following areas:[2]

1. Manufacturer respondents considered product innovation to be a very important element of the manufacturer's role. Channel respondents rated this function as being considerably less important.
2. The manufacturers believed they should plan and direct marketing strategies for the channel system. The channel members were neutral on this point.
3. The manufacturers believed they should try to establish list prices and attempt to maintain compliance with these prices. Channel members were neutral on this point.
4. Manufacturers strongly favored a policy of excellence in product quality and were of the opinion that all product lines are to be the highest in quality for the industry. The channel members perceived this as less important.

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[1]Ibid.

[2]Ibid., pp. 120-129.

5. The manufacturers attached significantly greater importance to the channel member's responsibility concerning market development for new innovations than did the channel members.
6. The manufacturers attached greater importance to the role of the channel in providing market feedback information than did the channel members.
7. Manufacturers attached greater importance than distributors concerning the distributor's role in aggressively soliciting new business for new products than did the channel members.

In a study concerning the perception of power in a channel of distribution, El-Ansary and Stern discovered conflicting perceptions held by dealers and wholesalers in a marketing channel:[1]

1. Dealers perceived wholesalers as having greater power in the marketing channel than wholesalers perceived themselves as having.
2. Wholesalers perceived dealers as having greater power in the marketing channel than dealers perceived themselves as having.

Each channel member group tended to view the other channel member group as having greater power than the other channel member group perceived itself as having.

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[1]A. I. El-Ansary and Louis W. Stern, "Power Measurement in the Distribution Channel," Journal of Marketing Research 9 (February 1972): 50.

Hilton examined common carrier services from the point of view of common carriers and users of common carriers' services. A sample of motor common carriers was drawn from those common carriers located in Ohio, Indiana, Michigan, and Illinois. A sample of users of common carrier services was selected from industrial and retail firms who have establishments in the same four states.[1] A five-point scale was used to solicit evaluations of common carrier services from the two samples. The services examined were categorized as follows:[2]

1. Line haul services
2. Pick up and delivery services
3. Services requiring special equipment
4. Terminal services
5. Advisory services

One of the findings of the study was that motor common carriers considerably overestimate the usefulness of their services to transport users. Although more than 18 percent of the motor common carrier services received user ratings below the "moderately useful level," none of the services received a rating below this level by motor common carrier respondents.[3]

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[1]Charles L. Hilton, "An Evaluation of Motor Common Carrier Services" (unpublished Ph.D. Dissertation, Michigan State University, 1973), p. 37.

[2]Ibid., p. 35.

[3]Ibid.

In a study conducted at Ohio State University, B. J. LaLonde, J. R. Grabner. Max Densmore and F. Saleh investigated what factors users of public warehousing use in the decision process relative to the use of public warehousing. The topics investigated in this study were (1) reasons for selecting the public warehousing alternative, (2) key decision elements in the selection decision, and (3) a comparison of the attitudes of public warehousemen and users of public warehousing services toward key decision process factors and future requirements of the warehousing industry.[1]

The research instrument for this study was a twelve page questionnaire which was sent to public warehouse users and public warehouse managers. The results indicate that there is considerable disagreement between what public warehousemen believe they are doing and what their customers believe they are doing. The fundamental findings included the following:[2]

1. Pressures (from customers, agents, brokers, and shippers' salesforce), as a reason for using public warehouses, received significantly higher importance ratings by public warehousemen than by shippers.
2. Public warehousemen assigned significantly greater importance to facility and equipment characteristics than shippers assigned.

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[1]Bernard J. LaLonde, "New Marketing Strategies," Distribution World Wide (May 1974), p. 38.

[2]Ibid., pp. 40-41.

3. Users of public warehousing services assigned greater importance to the cost of warehousing and services provided by public warehousemen than the public warehousemen assigned.

In a study of the common carrier choice decision process, Evans and Southard investigated the decision variables affecting the shipper's carrier choice decision. Using a five-point scale, carriers and shippers (manufacturers, wholesalers, and retailers) of Oklahoma were surveyed concerning their perceptions of the relative importance of twenty-three decision variables concerning the shipper's selection of a carrier.[1]

The results of the analysis revealed relatively few discrepancies between the perceptions of the carriers and shippers. Some differences which were discovered included:[2]

1. Shippers rated the nearness of offices of carriers as being more important than carriers rated the variable.
2. "The responsiveness of carriers to shipper's routing requests . . ." was rated by carriers as being more important than it was rated by shippers.
3. Shippers assigned less importance to "vehicle operator courtesy" in their carrier selection process than the carriers assigned.

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[1]Rodney E. Evans and William R. Southard, "Carriers and Shippers: Different Perceptions of the Carrier Choice Decision," Transportation and Logistic Review, Vol. 10, No. 2, 1974, p. 145.

[2]Ibid., p. 146.

4. Shippers rated the practice of having carrier salesmen make regular sales calls as being less important than the carriers rated the practice.

In a second part of Evans' and Southard's study of the common carrier choice decision, Evans and Southard investigated decision variables affecting consignees' carrier choice decision. By means of the same methodology that was used in the shipper-carrier analysis, statistically significant differences between consignees and motor common carriers were discovered on eight of twenty-three variables:[1]

1. Three variables dealing with the relationship between carrier and consignee personnel received higher ratings by carriers than by consignees.
2. Two variables dealing with the carrier's participation in rate adjustment proceedings received higher ratings by consignees than by carriers.
3. Scheduling flexibility was deemed less important by consignees than by carriers.
4. Consignees rated freight damage as less important than the carriers rated freight damage.

The authors concluded:[2]

> Carriers may be devoting resources to areas of their operation, the importance of which at least to consignees is marginal compared with other parts . . . . The expenditure of greater effort in those areas deemed very important by consignees should result in increased business.

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[1]Rodney E. Evans and William R. Southard, "The Carrier Choice Decision: Carriers VS Consignees" (a paper presented at the Third Annual Transportation and Logistics Educators Conference, San Francisco, September, 1973), p. 6.

[2]Ibid., p. 9.

Stern and Rosenberg analyzed conflicting perceptions in distribution channels for household durables. They hypothesized that the level of conflict varies directly with the disparity between channel members' individual goals, dissension relative to domain conceptions between channel members, and differences between channel members' perceptions of reality.[1]

Three populations were examined relative to the distribution channel for household durables including durable good manufacturers, independent distributors, and independent dealers.[2] Each class of respondents responded to sets of conflict issues via a five-point Likert type scale in relation to three dyads: manufacturer-distributor dyad, manufacturer-dealer dyad, and distributor-dealer dyad.

The conflict issues were categorized according to the following conflict causes plus a miscellaneous category:[3]

1. Goals of channel members
2. Domain--Domain refers to a channel member's claims in terms of range of products, population served, and services rendered.
3. Perceptions of reality
4. Miscellaneous

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[1]Larry J. Rosenberg and Louis W. Stern, "Conflict Measurement in the Distribution Channel," Journal of Marketing Research 8 (November 1971): 437.

[2]Ibid., p. 431.

[3]Ibid., p. 438.

Discrepancies in the agree/disagree responses to various statements about the above issues were assumed to be symptomatic of conflict.

The questionnaire also included questions concerning general identification data, performance evaluation of channel members, and performance evaluation of the total channel as compared to rival channel systems.

The results of the study indicate significant levels of conflict in the specific dyads:[1]

1. The manufacturer-distributor dyad was characterized by conflict symptoms in the form of goal incongruity and perceptual differences of reality.
2. The distributor-dealer dyad was characterized by conflict symptoms in the form of domain incongruities and differences in perceptions of reality.
3. The manufacturer-dealer dyad was characterized by conflict symptoms in the area of goal incongruity and domain incongruity.

By using correlation analysis, significant positive coefficients of correlation were found between the length of time the respondents had been with either distributors or dealers and the level of conflict with the manufacturers, and between the level of one member's dissatisfaction with another's performance and the level of conflict between the two channel members.[2]

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[1]Ibid., p. 440.

[2]Ibid., p. 444.

In a laboratory experiment using 282 subjects, Stern, Sternthal, and Craig analyzed the effect on channel conflict of a "superordinate goal" and an "exchange-of-persons" program. Using a semantic differential to measure conflict levels, the findings indicate that conflict may be more effectively managed by employing an "exchange-of-persons" program strategy than by promoting a "superordinate goal."[1]

The authors concluded that an "exchange-of-persons" program used in marketing channels may increase the congruency of the various channel members' perceptions of reality, which in turn will reduce conflict.[2]

A study by Valentine F. Ridgway revealed that retail dealers' conceptions of their roles in the channel and the manufacturers' expectations concerning retail dealer roles were incongruent. Ridgway states that the typical dealer conceives of himself as an independent businessman who wants to "be his own boss." The manufacturer, however, views the dealer as a retail outlet and tries to dictate behavior to him which is designed to maximize sales. Consequently, conflicts tend to arise between the dealers and manufacturers because dealers seek a small volume, large margin, operation

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[1]Louis W. Stern, Brian Sternthal, and Samuel C. Craig, "Managing Conflict in Distribution Channels: A Laboratory Study," Journal of Marketing Research 10 (May 1973): 177.

[2]Ibid.

while the manufacturers seek large volume, small margin, performance.[1]

Warren L. Wittreich discusses this manufacturer-dealer confusion when he states:

> The people who manufacture the goods and the people who move the goods into the hands of the ultimate consumer do not share the same business philosophy and do not talk the same language.[2]

First, cross purposes concerning business philosophy cause confusion. These cross purposes arise from the fact that large manufacturers tend to be growth oriented while the small retailer tends to be status quo or staticly oriented. Second, large manufacturers and small retailers cannot understand each other because of language confusion. "Corporate management tends to talk in a language comprehensible only to itself."[3]

These studies reveal the fact that conflicting perceptions exist among channel members concerning their respective roles and role expectations. Each of the studies, however, is characterized by one or a combination of the following limitations:

1. Case study approach
2. Geographical limitations
3. Role dimension limitations--the number of role factors examined is limited.

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[1]Valentine F. Ridgway, "Administration of Manufacturer-Dealer Systems," Administrative Science Quarterly I (March 1957): 464-483.

[2]Warren L. Wittreich, "Misunderstanding the Retailer," Harvard Business Review 40 (May-June 1962): 147.

[3]Ibid.

This study represents an effort to overcome some of these limitations. First, the examination of generic categories of channel members (food manufacturers and food brokers) throughout the United States enables greater generalization. Second, the expansion of the number of role factors studied enables greater depth in the analysis of role variables and the relationships among role variables.

The System of Food Distribution Channels

The primary channel of distribution in the grocery industry consists of manufacturers, wholesalers, chain distribution centers, retailers and food brokers. This channel is further characterized by unified organizations in the form of chain organizations and affiliated stores. The wholesale, chain distribution center, and retailer portion of the food distribution channel accounts for approximately 20 percent of the retail value of food products.[1] Figure 2-3 represents this system of food distribution.

The Manufacturer-Wholesaler-Retailer Channel Members

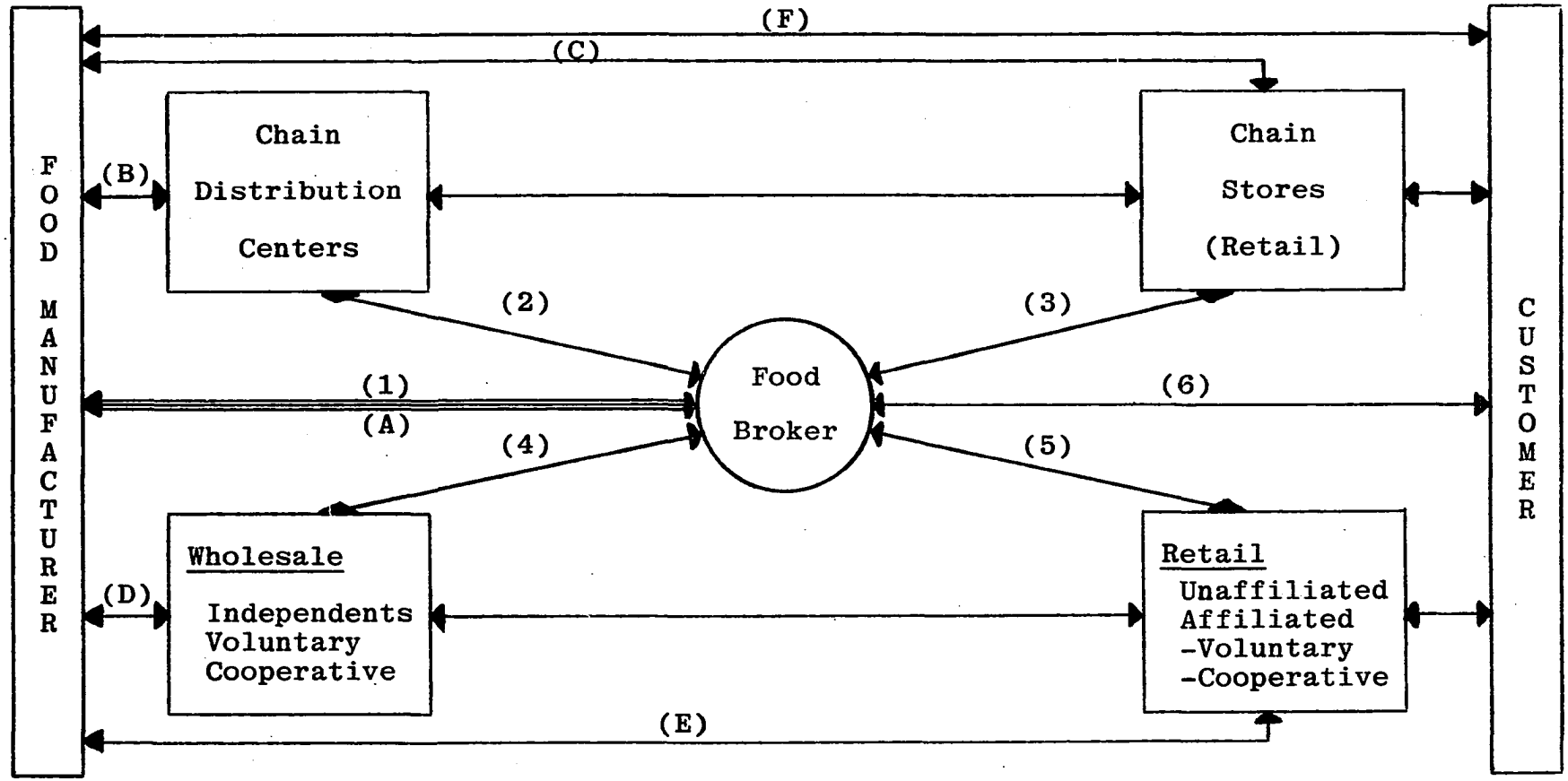
The institutions in food marketing channels with which food brokers interact include (1) food manufacturers, (2) customers, (3) chains--chain distribution centers and chain stores, (4) unaffiliated retailers, (5) affiliated retailers,

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[1]Daniel I. Padberg, Today's Food Broker: Vital Link in the Distribution Cycle (New York: Chain Store Publishing Company, 1971), p. 4.

FIGURE 2-3

Food Marketing Channels



(6) unaffiliated wholesalers, (7) voluntary wholesalers, and (8) cooperative wholesalers.

Food Manufacturer. A food manufacturer is any institution whose major function is to process and (or) package food products. This study focuses upon the 100 largest food manufacturers, listed in Dun and Bradstreet's Million Dollar Directory, who produce canned food products.

Customers. The ultimate customers of food channels of distribution include the consuming public (households) and various institutional markets. The focus of this study is upon the channel for household consumer food products.

Chains (Chain Distribution Centers and Chain Stores). Chains are defined as ". . . a group of 11 or more stores owned and operated by the same firm."[1] In 1973, there were 40,960 chain stores, more than twice the number operating in 1958.[2] Although these chain stores represent only 20.5 percent of the total number of retail grocery stores they accounted for 49.9 percent of the total retail food sales in 1973 with sales of $56.39 billion. The percentage of total retail food sales accounted for by chains has increased steadily from 37.6 percent in 1958 (see Figure 2-4).

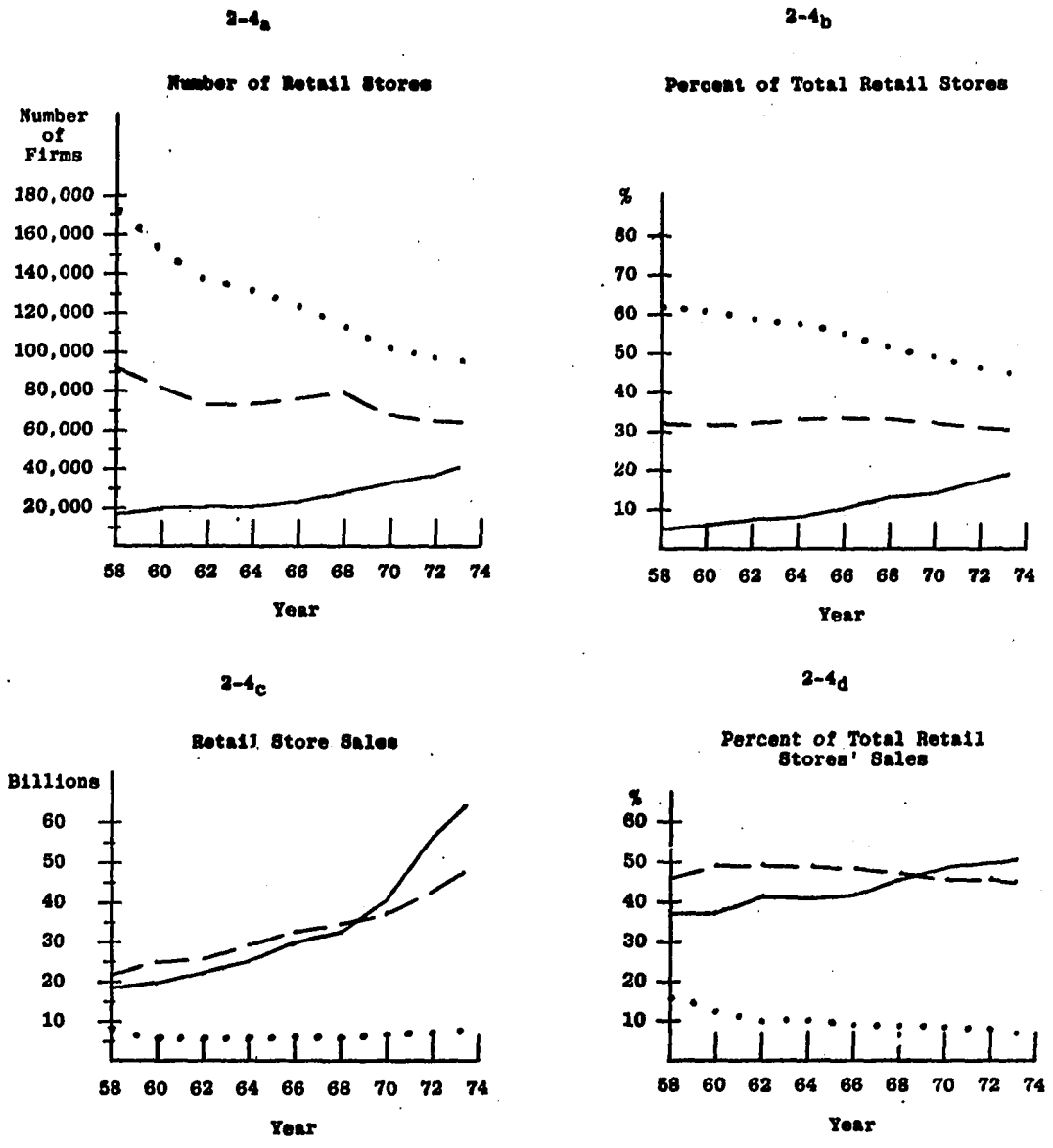
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[1]"41st Annual Report of the Grocery Industry," p. 68.

[2]Because of a change in category definitions of the data concerning the number of retail stores and sales volume of retail stores (classified by chain, affiliated, and unaffiliated), the 1974 data published by Progressive Grocer are not compatible with the data of previous years. Consequently, the data used in this and the following discussion of retail industry trends does not include 1974 data. Estimates of the 1974 data are presented in Appendix A.

FIGURE 2-4*

The Retail Industry



Chain Stores ————————————

Affiliated — — — — — — — —

Unaffiliated . . . . . .

*See Appendix A for the data underlying these exhibits.

Affiliated Retailers. There are two kinds of affiliated retailers--cooperative group retailers and voluntary group retailers. Cooperative group retailers are ". . . retailers (generally independents) who are stockholder members of cooperative wholesale buying groups, such as Certified Grocers and Associated Grocers."[1] Voluntary group retailers are ". . . retailers who belong to merchandise groups sponsored under a common name, such as IGA, Red and White, Spartan, Supervalue, and Clover Farm."[2] The number of affiliated retail stores has declined steadily from 92,000 stores in 1958 to 64,000 stores in 1973 (33 percent of the total number of retail food stores). Although total sales by affiliated stores has steadily increased from $21.65 billion in 1958 to more than $50 billion in 1973, their percent of total sales has remained relatively stable and was 43 percent of total retail food sales in 1973 (see Figure 2-4).

Unaffiliated Retailers. Unaffiliated retailers are retailers that are not affiliated (cooperative or voluntary) with wholesale organizations and are not chains.[3] Unaffiliated retail stores have declined in numbers from 173,600 stores (60.9 percent of total stores) in 1958 to 94,530 stores (47.1 percent of total stores) in 1973. Total dollar sales volume of unaffiliated retailers has remained relatively

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[1]Ibid.

[2]Ibid.

[3]Ibid.

constant and totaled $7.950 billion in 1973. The percent of total sales volume claimed by unaffiliated retailers, however, has declined from 16.8 percent in 1958 to 7.0 percent in 1973 (see Figure 2-4).

Unaffiliated (Independent) Wholesalers. Unaffiliated wholesalers are wholesalers that are not affiliated (cooperative or voluntary affiliation) with retail stores.[1] The number of unaffiliated wholesale firms has declined from 1,900 firms in 1958 to 997 firms in 1974 and currently represents 66 percent of all wholesale firms. This 66 percent, however, accounts for only 21.6 percent of total wholesale sales, down from 36.1 percent in 1958 (see Figure 2-5).

Voluntary Wholesalers. Voluntary wholesalers are the buying and distribution centers that are affiliated with voluntary retailer groups.[2] Voluntary wholesalers currently number 347 firms, 198 fewer firms than in 1958. These firms represent almost 24 percent of the total wholesale firms and 49.3 percent of total wholesale sales (see Figure 2-5).

Cooperative Wholesalers. Cooperative wholesalers are the buying and distribution centers that are owned by cooperative retailer groups.[3] Cooperative wholesale firms have decreased in number from 195 firms in 1958 to 41 firms in 1974. They presently represent 10.1 percent of the total

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[1]Padberg, Today's Food Broker: Vital Link in the Distribution Cycle, p. 74.

[2]Ibid.

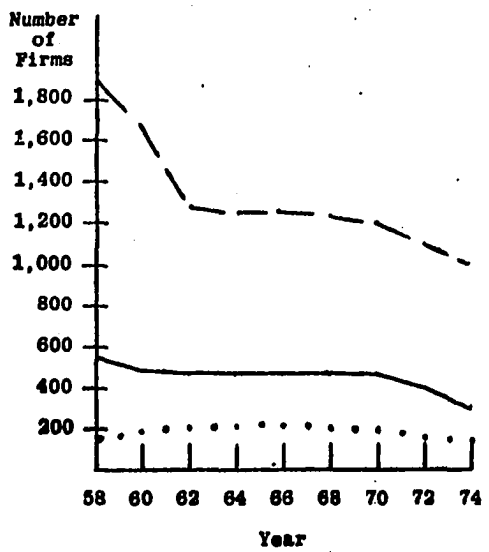
[3]Ibid.

FIGURE 2-5*

The Wholesale Industry

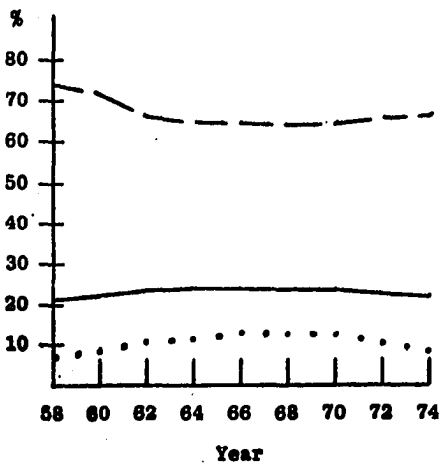
2-5a.

Number of Wholesale Firms



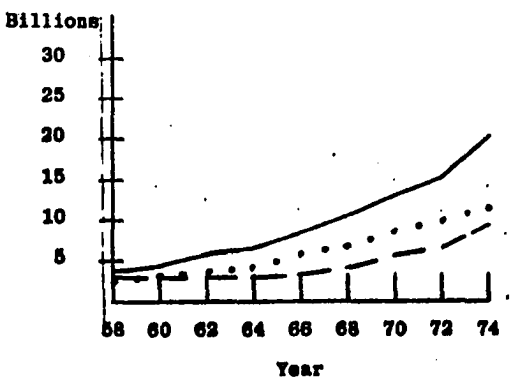
2-5b

Percent of Total Wholesale Firms



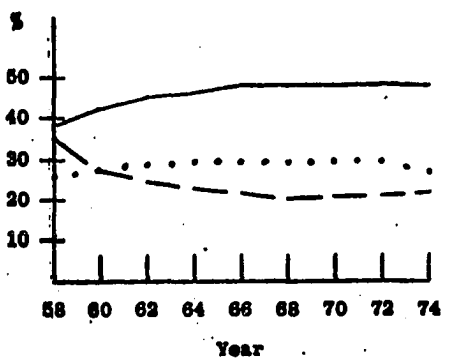
2-5c

Wholesale Firm Sales



2-5d

Percent of Total Wholesale Firm Sales



Voluntary ————————————

Cooperatives . . . . . .

Unaffiliated — — — — — —

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*See Appendix A for the data underlying these exhibits.

wholesale firms, and account for 29.1 percent of total wholesale sales (see Figure 2-5).

Food Broker

The National Food Brokers Association defines a food broker as:

> . . . an independent sales agent acting for and on account of sellers of food, grocery or related products, that is neither employed by, nor affiliated with a trade buyer, and does not act for or on behalf of a trade buyer, and is not subject to buyers' direct or indirect control.[1]

As an independent sales agent, the broker sells food products and some non-food products for the grocery retail trade, restaurants, and other food service industries.[2]

The food broker's present function is the result of an evolutionary process. During the early part of this century food brokers were not a well defined channel institution and the food broker category of food distribution channel institutions included middlemen who performed functions such as: buying and selling goods for a profit, acting as buyer representatives, acting as seller representatives, and consolidating small shipments into large shipments.[3]

The environment in which these early brokers existed was characterized by a disorganized wholesale market structure,

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[1]National Food Brokers Association, National Food Brokers Directory of Members, 1974-1975, p. 5.

[2]Padberg, Today's Food Broker: Vital Link in the Distribution Cycle, p. 5.

[3]Ibid., p. 17.

consequently the food broker's basic contribution to food distribution was to provide a communication link in the food distribution channel system.[1]

By the end of World War II, however, the food industry was undergoing rapid change:[2]

1. The chain movement was creating changes in wholesaling by consolidating purchases into large volumes.
2. Cooperative wholesalers and voluntary group retailers emerged to enable the independent wholesalers and retailers to compete with the chains.
3. The supermarket became a dominant retail establishment.
4. Communication and transportation systems improved.
5. Modernization of warehouse operations created cost and time savings.
6. Processed food increased in importance for the household consumer.
7. Wholesale and retail integration resulted in increased use of private labels which expanded competition for shelf space.

In this environment the food broker's function changed from communication specialist to merchandiser. As a merchandiser the food broker's role became one of illustrating the useful and valuable aspects of his principals' products and teaching retail store employees how to make products attractive to consumers.[3] In addition to these merchandising functions,

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[1]Padberg, Today's Food Broker: Vital Link in the Distribution Cycle, p. 17.

[2]Ibid., p. 26.

[3]Ibid., p. 31.

however, the food broker has remained a valuable communication link for all channel members with whom he interacts and is involved in many channel management activities (see Appendix E for examples of elements of food broker functions).

Today most food brokers are companies consisting of many employees including salesmen, administrators, and clerical personnel.[1] They operate in specific market areas and function as their principals' (manufacturers that brokers represent) sales forces in those areas. Food brokers currently sell grocery stores approximately 60 percent of their processed food and grocery products and by 1980 this may exceed 70 percent.[2]

Food Distribution Channel Linkages

The roles of food brokers in selling nationally branded canned food products and the roles of manufacturers in support of food brokers' selling efforts are the central issues in this research. These roles can be described in terms of channel functions, performed by brokers and manufacturers, which are designed to create consumer satisfactions in an efficient manner. These channel functions form the linkages which, if performed effectively, tie the channel together into a working system.

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[1]Padberg, Today's Food Broker: Vital Link in the Distribution Cycle, p. 120.

[2]Babson's Reports Washington Forecast Letter 65, Number 43 (October 28, 1974).

According to Wroe Alderson, marketing is defined as "exchange behavior" in that every organization engaged in marketing receives inputs and discharges outputs through transactions with the environment.[1] For example, the food broker - food manufacturer linkage is characterized by exchanges such as: the manufacturer providing the broker with selling support, money, and market information, and the broker providing the manufacturer with selling expertise, income from sales, and market information.

Figure 2-3 (page 53) illustrates the relevant linkages in the food distribution channel that are characterized by exchanges between the channel members. The food broker channel linkages include:

1. Food Broker - Manufacturer linkage
2. Food Broker - Chain Distribution Center and Chain Store linkage
3. Food Broker - Wholesaler linkage
4. Food Broker - Retailer linkage
5. Food Broker - Customer linkage

The food manufacturer channel linkages include:

1. Manufacturer - Food Broker linkage
2. Manufacturer - Chain Distribution Center and Chain Store linkage
3. Manufacturer - Wholesaler linkage
4. Manufacturer - Retailer linkage
5. Manufacturer - Customer linkage

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[1]Alderson, Marketing Behavior and Executive Action, p. 66.

The food broker and food manufacturer functions that underlie these linkages are presented in Appendix E. The relative importance of these multiple exchange functions, as perceived by food manufacturers and food brokers, are the focal point of this study.

The conceptual framework for this study was based upon channel theory, previous research concerning channel member role perceptions, and the contemporary system of food distribution. First, the concepts of role theory, organizational set, channel exchanges, the channel intermediary, and channel conflict, provide the theoretical constructs for the research model. Second, previous research concerning channel institutional functions provides insight into potential areas of conflicting perceptions among channel members. Third, the contemporary system of food distribution channels provides the structure for the analysis of the interface between food brokers and food manufacturers.

CHAPTER III

RESEARCH DESIGN AND METHODOLOGY

Two mail survey questionnaires were sent to one hundred (N=100) food manufacturers and to three hundred fifty (N=350) food brokers in the United States. The survey instruments were designed to measure the perceptions of food manufacturers and food brokers concerning the distribution of nationally branded canned food products. The data collection process involved two mailings of the questionnaire to each population category. The data obtained in the survey were used to test hypotheses and to develop descriptive information about food marketing channels.

The procedures used to design and implement the research methodology included pre-survey procedures and questionnaire construction, survey administration, and statistical analysis.

Pre-Survey Procedures

Population Definitions and Sample Selection

The primary data used in this study were obtained from two population categories: (1) processors of nationally branded canned food products and (2) food brokers. These populations were defined as follows:

1. Manufacturers--The population of processors of nationally branded canned food products was defined as the 100 largest manufacturers who are listed in Dun and Bradstreet's Million Dollar Directory and who are classified under at least one of the following Standard Industrial Classification Numbers:

   20 32 Canned specialties

   20 33 Canned fruits, vegetables, preserves, jams and jellies

   20 23 Condensed and evaporated milk

   20 35 Pickled fruits and vegetables, vegetable sauces and seasonings, and salad dressings

   20 47 Dog, cat and other pet food

   20 79 Shortening, table oils, margarine and other edible fats and oils

   20 91 Canned and cured fish and sea foods

   20 95 Roasted coffee

2. Food Brokers--The food broker population was defined as those food brokerage firms that are members of the National Food Brokers Association and correspond to the following population parameters:

   a. The food brokerage firm must be listed in the 1974-1975 Directory of Members of the National Food Brokers Association.

b. The food brokerage firm must sell goods for the retail trade.

c. The food brokerage firm must not be a branch operation whose parent company has a separate listing in the 1974-1975 Directory of Members of the National Food Brokers Association.

The population corresponding to these parameters included 1,445 food brokerage firms.

The entire food manufacturer population was surveyed (N=100) and a random sample of 350 (N=350) food brokers was surveyed.[1] The food broker sample size was determined by the following procedures:

1. The sample size was determined from the following formula:[2]

$$N = \left[\frac{Z\ \hat{\sigma}}{E}\right]^2$$

where:

N = The sample size

Z = The Z - statistic corresponding to the desired confidence level

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[1]A random number table was used to select the random sample. Each member of the population was numbered consecutively from 1 to 1,406 and the following random number table was used to select the sample: The Rand Corporation, A Million Random Digits With 100,000 Normal Deviates (New York: The Free Press, 1973).

[2]Walter B. Wentz, Marketing Research: Management and Methods (New York: Harper and Row Publishers, 1972), p. 145.

$\hat{\sigma}$ = The estimated value of the standard deviation of the population parameter

E = The maximum acceptable magnitude of error

2. Standard Deviation Estimate ($\hat{\sigma}$)--Because a five point scale was used in the research instrument, the maximum variance would occur if the probability of a 1 response equals 0.5 and the probability of a 5 response equals 0.5. Under the assumptions of these response probabilities, the estimated population mean $\hat{\mu}$ was calculated as follows:

$$\hat{\mu} = .5\ (1) + .5\ (5)$$

$$\hat{\mu} = 3$$

The conservative standard deviation estimate ($\hat{\sigma}$) was calculated as follows:

$$\hat{\sigma} = \sqrt{(.5)\ (1-3)^2 + (.5)\ (5-3)^2}$$

$$\hat{\sigma} = 2$$

3. Acceptable Magnitude of Error--The maximum acceptable magnitude of error (E) chosen was 0.4.

4. Z-Statistic--The Z - statistic ($Z_{\alpha/2}$) corresponding to a desired confidence level (α=.01) is 2.57.

5. Necessary Usable Responses (Post-Survey Sample Size)--The number of necessary usable responses (N) was calculated as follows:

$$N = \left[\frac{(Z_{\alpha/2})(2)}{E}\right]^2$$

$$N = \left[\frac{(2.57)(2)}{0.4}\right]^2$$

N = 165 (rounded to nearest whole integer)

6. Sample Size Calculation--Sample size (N^*) necessary to achieve the desired number of usable responses (assuming a 50 percent usable response rate) was calculated as follows:

$$N^* = \frac{165}{.5}$$

$$N^* = 330$$

Because adequate financial resources were available the sample size was increased to 350.

Construction of the Survey Instrument

The data used in this study were generated from field data obtained by mail questionnaires. Although the use of mail questionnaires is associated with the problem of non-response and other limitations, this technique was selected because the use of personal interviews was economically infeasible due to the number of responses required and to the geographical scope of the survey.

Decisions concerning structure, size, and content of the questionnaire were based upon the following objectives:

1. A sufficient number of items should be included in Part I (Reasons Manufacturers Use Brokers) to

determine manufacturers' and brokers' perceptions of the advantages of using brokers.

2. A sufficient number of items should be included in Parts II and III to enable assessment of the perceived role dimensions of the food broker and food manufacturer. For example, food brokers have been described as brokers, sales agents, information specialists, distribution managers, local market experts, and merchandisers. By obtaining the perceptions of brokers and manufacturers concerning the food broker role functions and the food manufacturer support role functions, a clearer definition of the respective roles can be obtained. Therefore, 91 items were included in Part II (Food Broker Functions) and 57 items were included in Part III (Food Manufacturer Functions) of the questionnaire.
3. Information about the characteristics of the respondents was needed for the tests of sample validity. Therefore, eight questions were used to obtain descriptive and attitudinal information from individual respondents.

The format of the questionnaire and specific questions were developed following a survey of the literature concerning marketing channels of distribution, a survey of the literature concerning the use of food brokers in the distribution of food products, discussions with research committee members,

and a series of in-depth interviews with food industry executives. The questionnaire was then tested via additional interviews to eliminate vocabulary problems and redundant questions, and to facilitate the selection of the most effective questionnaire format.

The final food manufacturer and food broker questionnaires were printed in booklet form with seven printed surfaces including (1) a cover page with the University of Oklahoma Emblem and the researcher's return address, (2) a set of instructions and key definitions, (3) four sections containing 174 questions, (4) space for "other comments," and (5) a code number for respondent identification. The food broker and food manufacturer questionnaires were identical with the exception of general questions about the respondents' firms. These research instruments are included in Appendices B and C.

Parts I, II, and III of the food broker questionnaire are identical to Parts I, II, and III of the food manufacturer questionnaire. The respondents were asked to answer the questions in these sections by rating a series of statements on a five point scale ranging from very important to very unimportant. As noted in Chapter II, this kind of scaling technique is often used in attitudinal and opinion research.[1] Because of the length of the questionnaire, the

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[1]For examples of uses of scaling devices in research similar to this study see: Schill, "A Study of Interorganizational Conflict in Four Selected Areas of Relations in

five point scale (which is characterized by a fast response process) appeared to be most appropriate for this study.

Part I of the research instrument contains 18 questions about the reasons why manufacturers use food brokers to sell nationally branded canned food products. The data obtained in this section were used to develop descriptive information about the reasons food brokers are used. In addition, by comparing food broker and food manufacturer responses to the 18 questions, the following research question was investigated:

> Do food manufacturers and food brokers have congruent perceptions concerning the strategic purposes of food manufacturers which underlie their decisions to use food brokers to distribute nationally branded canned food products?

Part II of the research instrument contains 91 questions about the food broker's role in selling nationally branded canned food products. The data obtained in this section were used to develop descriptive information about functions performed by food brokers and, by comparing food broker and food manufacturer responses to the 91 questions, the data were used to answer the following research question:

Marketing"; Hilton, "An Evaluation of Motor Common Carrier Services"; LaLonde, "New Marketing Strategies"; Evans and Southard, "Carriers and Shippers: Different Perceptions of the Carrier Choice Decision"; Evans and Southard, "The Carrier Choice Decision: Carriers VS Consignees"; and Rosenberg and Stern, "Conflict Measurement in the Distribution Channel."

Do food manufacturers and food brokers have congruent perceptions concerning the role definition of the food broker in the food manufacturer - food broker dyad relative to the distribution of nationally branded canned food products?

The 91 questions were designed to determine perceptions concerning the following potential dimensions of the food broker role:

1. Product Management
2. Promotional Management
3. Price Management
4. Distribution Management
5. Order Processing Management
6. Trade Management
7. Administrative Management

Appendix E contains a categorization of the 91 factors into each of these potential food broker role dimensions.

Part III of the research instrument contains 57 questions about the food manufacturer's role in support of the food broker. The data obtained in this section were used to develop descriptive information about the functions performed by food processors and, by comparing food broker and food manufacturer responses to the 57 questions, the data were used to answer the following research question:

Do food manufacturers and food brokers have congruent perceptions concerning the role definition of the food manufacturer in the food manufacturer -

food broker dyad relative to the distribution of nationally branded canned food products?

The 57 questions were designed to determine perceptions concerning the following potential dimensions of the food manufacturer support role:

1. Product Management
2. Promotional Management
3. Price Management
4. Distribution Management
5. Order Processing Management
6. Trade Management
7. Administrative Management

Appendix E contains a categorization of the 57 factors into each of these potential food manufacturer role dimensions.

Part IV of the research instrument contains questions concerning general information about the respondents' firms. The questions in the food broker questionnaire include questions about:

1. Number of employees in the food brokerage firm
2. Sales volume
3. The percent of sales volume consisting of nationally branded canned food products
4. Whether or not the brokerage firm sells to wholesalers
5. Whether or not the brokerage firm sells to retailers
6. Whether or not the brokerage firm sells to chains
7. Evaluation of principals

8. Number of principals the brokerage firm represents

The general information questions in the food processor questionnaire include questions about:

1. The company's annual sales volume
2. The percent of sales volume consisting of canned food products
3. The percent of canned food products that are marketed under the company's brand name
4. The company's use of food brokers to distribute branded canned food products
5. The geographical scope of canned food product sales
6. The number of food brokerage firms used
7. Evaluation of food broker performance
8. The number of food brokers the company would replace with other food brokers if replacement were possible

Survey Administration

The president of each of the 350 food brokerage firms and the highest ranking marketing executive of each of the 100 food manufacturing firms were surveyed by a mail questionnaire. The mailing procedures consisted of an initial mailing and a follow-up mailing.

Initial Mailing

The initial mailings to both food manufacturers and food brokers took place January 6, 1975. The materials sent included:

1. An accompanying letter, separately typed, personally addressed, and signed by both the researcher and the chairman of the research committee was included in the package. This letter briefly explained the study, requested the respondent's assistance, and assured the confidentiality of the respondent's answers (See Appendix D).
2. An unfolded questionnaire booklet, which contained a number code identifying the company surveyed, was included in the package.
3. An addressed return envelope (7½ inches by 10 inches) was provided for returning the completed questionnaire. One half of the return envelopes were first class postage paid business reply envelopes. The other half were stamped with $.20 postage. The address on the return envelope was:

   Center for Economic and Management Research
   307 West Brooks Street, Room 4
   Norman, Oklahoma 73069

4. The mailing envelopes (9 inches by 12 inches) were personally addressed to each respondent.

Follow-Up Mailing

Four weeks after the initial mailing (February 3, 1975) the follow-up mailing took place. In this mailing, all non-respondents to the initial mailing received the contents of

the first mailing and a new letter of transmittal (see Appendix D) that was personally signed by the researcher.

An additional seven weeks were allowed for responses. On March 24, 1975, eleven weeks following the initial mailing, the data gathering portion of this research project was brought to a close.

Analysis Methodology

The research hypotheses concerned the degree of similarity between food broker and food manufacturer responses to a series of questions about the food broker - food manufacturer dyad. The basic structure of the research questions was, therefore, to test two independent samples from two multivariate distributions to determine if the multivariate distributions have identical locations in an N-dimensional space.

A parametric methodology for testing hypotheses of this type is a one-way multivariate analysis of variance (MANOVA). A one-way multivariate analysis of variance test, however, is based upon two fundamental assumptions about the sample vector measurements:[1]

1. ". . . the distribution of the vectors of each sample is multivariate normal. (This assumption

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[1]James F. Horrell and V. Parker Lessig, "A Note on a Multivariate Generalization of the Kruskal-Wallis Test," 6 Decision Sciences (January 1975): 137.

implies the measurements of the vectors are at least interval scaled.)"

2. ". . . the vectors of each sample are independently and identically distributed."

The data used in this research was obtained via a five point scale which is not interval scaled. In addition, preliminary analysis revealed the vector distributions were not normal. Because of these violations of the basic assumptions underlying the one-way multivariate analysis of variance, a multivariate version of the Kruskal-Wallis test was employed. The Kruskal-Wallis test is a nonparametric alternative to the one-way MANOVA.[1]

In addition to the multivariate analysis of the data, a follow-up univariate analysis of the difference between the food manufacturer and food broker ratings of individual factors was employed. This univariate analysis consisted of a Chi Square test in which food broker and food manufacturer response patterns for individual questions were compared.

The Kruskal-Wallis Multivariate Analysis of Variance

The Kruskal-Wallis multivariate analysis methodology involves the following notation and procedures:[2]

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[1]James F. Horrell, "Some Comments on Recent Developments in Multivariate Nonparametric Statistics," New Marketing for Social and Economic Progress and Marketing's Contributions to the Firm and to the Society, Ronald C. Curfan, ed., 1974 Combined Proceedings of the American Marketing Association, 1975, p. 195.

[2]This discussion of the methodology of the Kruskal-Wallis Nonparametric Multivariate Analysis is developed from:

1. Let $X_{i\alpha}^{(k)}$ = The score of respondent (α), who is from sample category (k), relative to variable (i)

   where:

   k = 1 : Broker Category

   k = 2 : Manufacturer Category

2. Arrange respondent scores into an N by p matrix where:

   $N = n_1 + n_2$

   n_1 = number of food broker respondents

   n_2 = number of food manufacturer respondents

   p = number of variables considered

   This matrix of respondent scores takes the following form:

$$\underline{X}_N = \left[\begin{array}{cccc|cccc} X_{1,1}^{(1)} & X_{1,2}^{(1)} & \cdots & X_{1,n_1}^{(1)} & X_{1,1}^{(2)} & X_{1,2}^{(2)} & \cdots & X_{1,n_2}^{(2)} \\ X_{2,1}^{(1)} & X_{2,2}^{(1)} & \cdots & X_{2,n_1}^{(1)} & X_{2,1}^{(2)} & X_{2,2}^{(2)} & \cdots & X_{2,n_2}^{(2)} \\ \cdot & \cdot & & \cdot & \cdot & \cdot & & \cdot \\ \cdot & \cdot & & \cdot & \cdot & \cdot & & \cdot \\ \cdot & \cdot & & \cdot & \cdot & \cdot & & \cdot \\ X_{p,1}^{(1)} & X_{p,2}^{(1)} & \cdots & X_{p,n_1}^{(1)} & X_{p,1}^{(2)} & X_{p,2}^{(2)} & \cdots & X_{p,n_2}^{(2)} \end{array}\right]$$

Horrell and Lessig, "A Note on a Multivariate Generalization of the Kruskal-Wallis Test," pp. 135-141.

3. Convert the respondents' score matrix into a rank order matrix where:

$R_{i\alpha}^{(k)}$ = The rank of the score of respondent (α), who is from sample category (k), relative to variable (i)

4. Arrange respondent rank scores into an N by p matrix. This matrix takes the following form:

$$\underline{R}_N = \left[\begin{array}{cccc|cccc} R_{1,1}^{(1)} & R_{1,2}^{(1)} & \cdots & R_{1,n_1}^{(1)} & R_{1,1}^{(2)} & R_{1,2}^{(2)} & \cdots & R_{1,n_2}^{(2)} \\ R_{2,1}^{(1)} & R_{2,2}^{(1)} & \cdots & R_{2,n_1}^{(1)} & R_{2,1}^{(2)} & R_{2,2}^{(2)} & \cdots & R_{2,n_2}^{(2)} \\ \cdot & \cdot & & \cdot & \cdot & \cdot & & \cdot \\ \cdot & \cdot & & \cdot & \cdot & \cdot & & \cdot \\ \cdot & \cdot & & \cdot & \cdot & \cdot & & \cdot \\ R_{p,1}^{(1)} & R_{p,2}^{(1)} & \cdots & R_{p,n_1}^{(1)} & R_{p,1}^{(2)} & R_{p,2}^{(2)} & \cdots & R_{p,n_2}^{(2)} \end{array}\right]$$

5. Develop an average rank score vector corresponding to each of the submatrices partitioned in the rank order matrix where:

$T_{Ni}^{(k)}$ = The average rank score for each of the respondents in category (k), relative to variable (i)

$$T_{Ni}^{(k)} = \frac{1}{N+1} \cdot \frac{1}{n_k} \sum_{\alpha=1}^{n_k} R_{i\alpha}^{(k)}$$

The two average rank order vectors take the following form:

$$\underline{T}_N^{(1)} = \begin{bmatrix} T_{N_1}^{(1)} \\ T_{N_2}^{(1)} \\ \cdot \\ \cdot \\ \cdot \\ T_{N_p}^{(1)} \end{bmatrix} = \text{The average rank order vector for food broker respondents}$$

$$\underline{T}_N^{(2)} = \begin{bmatrix} T_{N_1}^{(2)} \\ T_{N_2}^{(2)} \\ T_{N_3}^{(2)} \\ \cdot \\ \cdot \\ \cdot \\ T_{N_p}^{(2)} \end{bmatrix} = \text{The average rank order vector for food manufacturer respondents}$$

6. Develop a covariance matrix where:

$V_{ij}\ (\underline{R}_N^*)$ = The covariance structure between variable i and variable j

$$V_{ij}\ (\underline{R}_N^*) = \frac{1}{N(N+1)^2} \sum_{k=1}^{2} \sum_{\alpha=1}^{n_k} R_{i\alpha}^{(k)}\ R_{j\alpha}^{(k)} - 1/4$$

$$N = n_1 + n_2$$

This covariance matrix takes the following form:

$$\underline{V}(\underline{R}_N^*) = \begin{bmatrix} V_{11}(\underline{R}_N^*) & V_{12}(\underline{R}_N^*) & \cdots & V_{1p}(\underline{R}_N^*) \\ V_{21}(\underline{R}_N^*) & V_{22}(\underline{R}_N^*) & \cdots & V_{2p}(\underline{R}_N^*) \\ \vdots & \vdots & & \vdots \\ V_{p1}(\underline{R}_N^*) & V_{p2}(\underline{R}_N^*) & \cdots & V_{pp}(\underline{R}_N^*) \end{bmatrix}$$

7. The test statistic for the Kruskal-Wallis non-parametric multivariate analysis is:

$$L_N = \sum_{k=1}^{2} n_k \left[\underline{T}_N^{(k)} - (1/2)\underline{j}\right] \underline{V}^{-1}(\underline{R}_N^*) \left[\underline{T}_N^{(k)} - (1/2)\underline{j}\right]$$

where:

$\underline{j}$ = A vector of ones

$\underline{V}^{-1}(\underline{R}_N^*)$ = The inverse of matrix $\underline{V}(\underline{R}_N^*)$

This test statistic (L_N) is approximately Chi Square distributed.

The Kruskal-Wallis Tests of the Fifteen Null Hypotheses

The Kruskal-Wallis Multivariate Analysis of Variance was used to test the 15 null hypotheses discussed in Chapter I. The testing of these hypotheses involved the comparison of 224 (n_1 = 224) food broker responses with 53 (n_2 = 53) food manufacturer responses to 166 (p = 166) questions. The number of observations in the study, therefore, equaled 277

$(n_1 + n_2)$ and the number of variables obtained on each observation equaled 166 (p = 166). Consequently, the data can be expressed in the following partitioned matrix form:

$$\underset{\sim}{X}_{166 \times 277} = \left[\begin{array}{cccc|cccc} X^{(1)}_{1,1} & X^{(1)}_{1,2} & \cdots & X^{(1)}_{1,224} & X^{(2)}_{1,1} & X^{(2)}_{1,2} & \cdots & X^{(2)}_{1,53} \\ X^{(1)}_{2,1} & X^{(1)}_{2,2} & \cdots & X^{(1)}_{2,224} & X^{(2)}_{2,1} & X^{(2)}_{2,2} & \cdots & X^{(2)}_{2,53} \\ \cdot & \cdot & & \cdot & \cdot & \cdot & & \cdot \\ \cdot & \cdot & & \cdot & \cdot & \cdot & & \cdot \\ \cdot & \cdot & & \cdot & \cdot & \cdot & & \cdot \\ X^{(1)}_{166,1} & X^{(1)}_{166,2} & \cdots & X^{(1)}_{166,224} & X^{(2)}_{166,1} & X^{(2)}_{166,2} & \cdots & X^{(2)}_{166,53} \end{array}\right]$$

where:

$X^{(1)}_{i\alpha}$ = Observation (i) for food broker (α)

$X^{(2)}_{i\alpha}$ = Observation (i) for food manufacturer (α)

This matrix was then further partitioned in the following manner:

Let: ${}_qB_{r_q} \times 224$ = An r_q x 224 submatrix of the 224 food broker responses to the (r_q) questions concerning topic (q)

${}_qM_{r_q} \times 53$ = An r_q x 53 submatrix of the 53 food manufacturer responses to the (r_q) questions concerning topic (q)

where:

q=1: Reasons food manufacturers use food brokers

q=2: Product dimension of the food broker role functions

q=3: Promotion dimension of the food broker role functions

q=4: Price dimension of the food broker role functions

q=5: Physical distribution dimension of the food broker role functions

q=6: Order processing dimension of the food broker role functions

q=7: Trade management dimension of the food broker role functions

q=8: Administrative management dimension of the food broker role functions

q=9: Product dimension of the food manufacturer role functions

q=10: Promotion dimension of the food manufacturer role functions

q=11: Price dimension of the food manufacturer role functions

q=12: Physical distribution dimension of the food manufacturer role functions

q=13: Order processing dimension of the food manufacturer role functions

q=14: Trade management dimension of the food manufacturer role functions

q=15: Administrative management dimension of the food manufacturer role functions

The resulting partitioned matrix is:

$$\underset{=}{X}_{166 \times 277} = \left[\begin{array}{c|c} {}^{1}B_{18x224} & {}^{1}M_{18x53} \\ {}^{2}B_{15x224} & {}^{2}M_{15x53} \\ {}^{3}B_{12x224} & {}^{3}M_{12x53} \\ {}^{4}B_{9x224} & {}^{4}M_{9x53} \\ {}^{5}B_{12x224} & {}^{5}M_{12x53} \\ {}^{6}B_{13x224} & {}^{6}M_{13x53} \\ {}^{7}B_{17x224} & {}^{7}M_{17x53} \\ {}^{8}B_{13x224} & {}^{8}M_{13x53} \\ {}^{9}B_{9x224} & {}^{9}M_{9x53} \\ {}^{10}B_{12x224} & {}^{10}M_{12x53} \\ {}^{11}B_{9x224} & {}^{11}M_{9x53} \\ {}^{12}B_{5x224} & {}^{12}M_{5x53} \\ {}^{13}B_{6x224} & {}^{13}M_{6x53} \\ {}^{14}B_{7x224} & {}^{14}M_{7x53} \\ {}^{15}B_{9x224} & {}^{15}M_{9x53} \end{array}\right]$$

The fifteen null hypotheses (as defined in Chapter 1) were tested by means of the Kruskal-Wallis Multivariate Analysis of Variance in the following manner:

1. Let: ${}_{q}{}^{MB}r_{q}x1$ = The median response vector corresponding to submatrix ${}_{q}{}^{B}r_{q}x224$

$_{q}MM_{r_q}x1$ = The median response vector corresponding to submatrix $_{q}M_{r_q}x53$

2. The null hypotheses tested, therefore, were as follows:

$Ho_1: {}_1MB_{18x1}$ and $_1MM_{18x1}$ have identical locations

$Ho_2: {}_2MB_{15x1}$ and $_2MM_{15x1}$ have identical locations

$Ho_3: {}_3MB_{12x1}$ and $_3MM_{12x1}$ have identical locations

$Ho_4: {}_4MB_{9x1}$ and $_4MM_{9x1}$ have identical locations

$Ho_5: {}_5MB_{12x1}$ and $_5MM_{12x1}$ have identical locations

$Ho_6: {}_6MB_{13x1}$ and $_6MM_{13x1}$ have identical locations

$Ho_7: {}_7MB_{17x1}$ and $_7MM_{17x1}$ have identical locations

$Ho_8: {}_8MB_{13x1}$ and $_8MM_{13x1}$ have identical locations

$Ho_9: {}_9MB_{9x1}$ and $_9MM_{9x1}$ have identical locations

$Ho_{10}: {}_{10}MB_{12x1}$ and $_{10}MM_{12x1}$ have identical locations

$Ho_{11}: {}_{11}MB_{9x1}$ and $_{11}MM_{9x1}$ have identical locations

$Ho_{12}: {}_{12}MB_{5x1}$ and $_{12}MM_{5x1}$ have identical locations

$Ho_{13}: {}_{13}MB_{6x1}$ and $_{13}MM_{6x1}$ have identical locations

$Ho_{14}: {}_{14}MB_{7x1}$ and $_{14}MM_{7x1}$ have identical locations

$Ho_{15}: {}_{15}MB_{9x1}$ and $_{15}MM_{9x1}$ have identical locations

CHAPTER IV

STATISTICAL ANALYSIS AND FINDINGS

The statistical and qualitative findings generated in this research are presented in this chapter. First, the survey response patterns to the initial and follow-up mailings are presented. Second, the general characteristics of the food broker and food manufacturer respondents are summarized. Third, a discussion of sample validity is presented. Fourth, food manufacturer respondents' evaluations of food broker performances and food broker respondents' evaluations of food manufacturer performances are summarized. Fifth, the results of testing the null hypotheses, which correspond to the research questions, are presented.

Survey Response Patterns

A summary of the food broker and food manufacturer response patterns to the survey questionnaire are presented in Table 4-1. Fifty-one of the 100 manufacturers surveyed responded to the initial mailing. Of these responses, 40 were usable. The follow-up mailing resulted in 20 additional responses, 13 of which were usable. Seventy-one of the 100 food manufacturers, therefore, responded to the survey with 53 (53% of the food manufacturers surveyed) being usable

TABLE 4-1

SUMMARY OF RESPONSES OF FOOD BROKERS AND FOOD MANUFACTURERS TO THE FIRST AND SECOND MAILINGS OF THE RESEARCH INSTRUMENT

Categories	First Mailing			Second Mailing			Total Usable Responses	Total Unusable Responses	Total Responses
	Usable Responses	Unusable Responses	Reason for Unusability*	Usable Responses	Unusable Responses	Reason for Unusability*			
Manufacturers	40	12	1 (4) 2 (5) 3 (3)	13	8	1 (4) 2 (2) 3 (2)	53	20	73
Brokers	161	5	3 (2) 4 (0) 5 (2) 6 (1)	63	3	3 (0) 4 (2) 5 (0) 6 (1)	224	8	232
Totals	201	17		76	11		277	28	305

*Reasons for Unusability:

1. The respondent's company does not use food brokers, therefore the respondent declined to participate in the survey.
2. The respondent's company does not produce nationally branded canned food products, therefore the respondent declined to participate in the survey.
3. The respondent refused to fill out the questionnaire for personal reason or because of company policy.
4. The respondent's firm only has institutional accounts, therefore the respondent declined to participate in the survey.
5. An excessive number of questions were unanswered.
6. The respondent's firm does not sell nationally branded canned food products, therefore the respondent declined to participate in the survey.

responses. The reasons for unusability included (a) a decline to answer the questionnaire because the respondent's company does not use food brokers or does not produce nationally branded canned food products, and (b) a refusal to answer because of personal reasons or because of company policy.

One hundred sixty-six of the 350 food brokers surveyed responded to the initial mailing. These responses included 161 usable and 5 unusable responses. The follow-up mailing resulted in an additional 67 food broker responses including 63 usable and 4 unusable responses. The survey of 350 food brokers, therefore, resulted in 224 (63%) usable responses. The reasons for the unusable food broker responses included (a) the respondent declined to fill out the questionnaire because his firm specializes in institutional accounts or does not sell nationally branded canned food products, (b) the respondent's questionnaire contained an excessive number of unanswered questions, and (c) the respondent refused to answer the questionnaire because of personal reasons or company policy.

Characteristics of Respondent Firms

A portion of the research instrument was devoted to questions concerning general information about the respondent's firm. This information was collected to obtain descriptive industry information and to determine the representativeness of the sample information.

Food Brokerage Firm Characteristics

Tables summarizing the food brokerage firms that responded to the survey include:

Table 4-2: Annual Sales Volume of Food Brokerage Firms

Table 4-3: Number of Employees in the Food Brokerage Firms

Table 4-4: Number of Manufacturers Represented by the Food Brokerage Firms

Table 4-5: Percent of Food Brokerage Firm Sales That Consist of Nationally Branded Canned Food Products

The annual sales volume of the food brokerage firms that responded to the survey ranged from less than $500,000 to more than $10 million. Although the median food brokerage firm sales volume reported was in the "$4 Million to $5.9 Million" interval the modal sales volume was the "$10 Million or More" interval with 73 firms (32.59%) reporting sales of this magnitude.

The number of employees in the responding food brokerage firms ranged from less than 10 to more than 90 employees. One hundred fifty-two (67.86%) of the respondents indicated their firms have 20 or fewer employees and only 7 (3.13%) indicated their firms have 90 or more employees. The median category of food brokerage firm employees was "11 to 20" employees.

The median and modal category concerning the food brokerage firm respondents' answers to the question about the number of manufacturers represented by the food brokerage

TABLE 4-2

ANNUAL SALES VOLUME OF FOOD BROKERAGE FIRMS

SALES VOLUME	FREQUENCY	PERCENT OF TOTAL
Less Than $500,000	6	2.68
$500,000 to $999,999	13	5.80
$ 1 Million to $1.9 Million	26	11.61
$ 2 Million to $3.9 Million	41	18.30
$ 4 Million to $5.9 Million	23	10.27
$ 6 Million to $7.9 Million	22	9.82
$ 8 Million to $9.9 Million	13	5.80
$10 Million or More	73	32.59
Did Not Answer	7	3.13
TOTAL	224	100.00

TABLE 4-3

NUMBER OF EMPLOYEES IN FOOD BROKERAGE FIRMS

NUMBER OF EMPLOYEES	FREQUENCY	PERCENT OF TOTAL
10 or Less	104	46.43
11 to 20	48	21.43
21 to 30	22	9.82
31 to 40	16	7.14
41 to 50	6	2.67
51 to 60	6	2.67
61 to 70	3	1.34
71 to 80	1	0.45
81 to 90	4	1.79
91 or More	7	3.13
Did Not Answer	7	3.13
TOTAL	224	100.00

TABLE 4-4

NUMBER OF MANUFACTURERS REPRESENTED
BY THE FOOD BROKERAGE FIRMS

NUMBER OF MANUFACTURERS	FREQUENCY	PERCENT OF TOTAL
10 or Less	18	8.03
11 to 20	73	32.59
21 to 30	93	41.52
31 to 40	18	8.03
41 to 50	12	5.36
51 to 60	1	0.45
61 to 70	0	0.00
71 to 80	0	0.00
81 to 90	0	0.00
91 or More	0	0.00
Did Not Answer	9	4.02
TOTAL	224	100.00

TABLE 4-5

PERCENT OF FOOD BROKERAGE FIRM SALES THAT CONSIST OF NATIONALLY BRANDED CANNED FOOD PRODUCTS

PERCENT OF SALES	FREQUENCY	PERCENT OF TOTAL
0% to 10%	34	15.17
11% to 20%	28	12.50
21% to 30%	21	9.38
31% to 40%	11	4.91
41% to 50%	18	8.04
51% to 60%	19	8.48
61% to 70%	22	9.82
71% to 80%	29	12.95
81% to 90%	20	8.93
91% to 100%	16	7.14
Did Not Answer	6	2.68
TOTAL	224	100.00

firms was "21 to 30" manufacturers. Ninety-three (41.52%) of the brokerage firm respondents indicated their firm represented from 21 to 30 principals. Only 1 responding food brokerage firm represented more than 50 manufacturers.

The responding food brokerage firms included companies with wide differences in involvement in sales of nationally branded canned goods. The modal category, "0% to 10%" of sales consisting of nationally branded canned goods, contained only 54 (15.8%) of the respondents. The median interval was "41% to 50%" of the firm's sales consisting of nationally branded canned food products.

Food Manufacturing Firm Characteristics

Tables summarizing the responding food manufacturing companies include:

Table 4-6: Annual Sales Volume of Food Manufacturing Firms

Table 4-7: Geographical Scope of Food Manufacturer Sales

Table 4-8: Number of Food Brokerage Firms Used by Manufacturers

Table 4-9: Percent of Food Manufacturer Sales Consisting of Canned Food Product Sales

Table 4-10: Percent of the Food Manufacturers' Canned Food Products That Are Sold Through Food Brokers

The annual sales volume of the responding food manufacturers ranged from less than $100 million to more than $1 billion. The modal and median category of sales volume was the "$100 million to $499 million" category which included

TABLE 4-6

ANNUAL SALES VOLUME OF FOOD MANUFACTURING FIRMS

SALES VOLUME	FREQUENCY	PERCENT OF TOTAL
Less Than $100 Million	15	28.30
$ 100 Million to $499 Million	26	49.05
$ 500 Million to $999 Million	7	13.21
$1,000 Million or More	5	9.44
Did Not Answer	0	0.00
TOTAL	53	100.00

TABLE 4-7

GEOGRAPHICAL SCOPE OF FOOD MANUFACTURER SALES
(NUMBER OF STATES)

NUMBER OF STATES	FREQUENCY	PERCENT OF TOTAL
0 to 10	1	1.89
11 to 20	7	13.21
21 to 30	5	9.43
31 to 40	4	7.55
41 to 50	35	66.03
Did Not Answer	1	1.89
TOTAL	53	100.00

TABLE 4-8

NUMBER OF FOOD BROKERAGE FIRMS
USED BY MANUFACTURERS

NUMBER OF FIRMS	FREQUENCY	PERCENT OF TOTAL
0 to 5	4	7.55
6 to 10	2	3.77
11 to 20	5	9.44
21 to 30	6	11.32
31 to 40	2	3.77
41 to 50	5	9.44
51 to 60	2	3.77
61 to 70	7	13.21
Greater Than 70	18	33.96
Did Not Answer	2	3.77
TOTAL	53	100.00

TABLE 4-9

PERCENT OF FOOD MANUFACTURER SALES CONSISTING OF CANNED FOOD PRODUCT SALES

PERCENT OF SALES	FREQUENCY	PERCENT OF TOTAL
0% to 10%	12	22.64
11% to 20%	4	7.55
21% to 30%	0	0.00
31% to 40%	3	5.66
41% to 50%	3	5.66
51% to 60%	2	3.77
61% to 70%	7	13.21
71% to 80%	5	9.43
81% to 90%	2	3.77
91% to 100%	14	26.42
Did Not Answer	1	1.89
TOTAL	53	100.00

TABLE 4-10

PERCENT OF THE MANUFACTURERS' CANNED FOOD PRODUCTS THAT ARE SOLD THROUGH FOOD BROKERS

PERCENT OF CANNED GOODS	FREQUENCY	PERCENT OF TOTAL
0% to 10%	8	15.90
11% to 20%	6	11.32
21% to 30%	5	9.43
31% to 40%	1	1.89
41% to 50%	1	1.89
51% to 60%	0	0.00
61% to 70%	2	3.77
71% to 80%	5	9.43
81% to 90%	3	5.66
91% to 100%	20	37.74
Did Not Answer	2	3.77
TOTAL	53	100.00

26 (49.05%) of the responding firms. Only 12 (22.64%) of the food manufacturers indicated a sales volume in excess of $500 million. Most of the food manufacturing companies (74.48%) indicated these sales resulted from sales of products in 31 or more states.

The extent to which the responding food manufacturing firms use food brokers to sell nationally branded canned food products ranged from the use of 5 or fewer food brokerage firms to more than 70 food brokerage firms. The modal category, "greater than 70" food brokerage firms, contained 18 (33.96%) of the 53 respondents.

The food manufacturer responses to the question concerning the percent of food manufacturer sales consisting of canned food product sales were bimodal. Twelve (22.6%) of the respondents indicated a canned food product sales volume that was less than 10 percent of the company's total annual sales volume while 14 (26.42%) of the respondents indicated a canned food product sales volume in excess of 90 percent of the company's total annual sales volume.

The manufacturer responses to the question concerning the extent to which food brokers are used to sell the manufacturer's canned food products were also bimodal. Twenty (37.74%) of the manufacturer respondents indicated that more than 90 percent of their canned food products were sold through food brokers while 8 (15.90%) indicated that less than 11 percent of their canned food products were sold through food brokers.

Sample Validity

The total number of usable food brokerage firm responses to the questionnaire was 224 (63% usable response rate), and the total number of usable food manufacturing firm responses to the questionnaire was 53 (53% usable response rate). Although these numbers represent adequate response rates, a critical factor that must be examined is sample bias. The method used for testing for sample bias in this study was to compare information about respondents with known information about the total universes. The comparisons used included (a) food brokerage firm comparisons of geographical locations, average number of principals, and sales volume; and (b) food manufacturing firm comparisons of geographical location and sales volume.

Food Broker Geographical Location

A comparison of food broker location category frequency distributions with total food broker population location category frequency distributions revealed little difference between the sample data and total population data. The only discrepancies are (1) the sample slightly underrepresents the "North East" section of the United States, and (2) the sample slightly overrepresents the "South" section of the United States (see Table 4-11).

TABLE 4-11

FOOD BROKER GEOGRAPHICAL LOCATION CATEGORY FREQUENCY DISTRIBUTIONS: RESPONDENTS AND TOTAL POPULATION CHARACTERISTICS

Geographical Areas	Usable Responses		Total Food Broker Population	
	Number	%	Number	%
North East	35	15.7	276	19.1
South	104	46.7	629	43.5
Mid West	61	27.3	387	26.8
Mountain and Pacific	23	10.3	153	10.6
TOTAL	223*	100.0	1445	100.0

SOURCE: Addresses of the food brokerage firms were obtained from: National Food Brokers Association Directory of Members 1974-1975.

*One returned questionnaire was unidentifiable, and therefore, is not included in this table.

Average Number of Principals of Food Brokers

The average number of principals reported by the food broker respondents to this survey were nearly identical to the average number of principals reported by the food broker respondents to a 1969 survey conducted by the National Food Brokers Association (see Table 4-12).

Food Brokerage Firm Sales Volume

A comparison of the sales volume reported by the food broker respondents in this survey with sales volumes reported in surveys conducted in 1964 and 1969 indicated some possible sample bias toward large firms (see Table 4-13). However, examination of trends in the data (viewing rows individually) indicated the population may be changing. The proportion of small food brokerage firms appears to be declining while the proportion of larger food brokerage firms appears to be increasing. This conclusion seems logical, especially when much of the growth can be explained by the rapid rate of inflation in recent years.

Food Manufacturer Geographical Location

With the possible exception of a slight underrepresentation of the South, the food manufacturer sample is geographically representative of the food manufacturer population (see Table 4-14). When explained unusable responses are combined with usable responses (resulting in a combined 68% response rate) the sample category frequency percentages

TABLE 4-12

AVERAGE NUMBER OF PRINCIPALS: INFORMATION OBTAINED FROM TWO INDEPENDENT SURVEYS OF FOOD BROKERS

Survey	Average Number of Principals Represented by Responding Food Brokers
1969	23.5
1975*	23.1

SOURCE: National Food Brokers Association Survey of National Food Brokers Association Members: "Food Brokers: A Comprehensive Study of Their Growing Role in Marketing," p. 3.

*Information obtained in this research.

TABLE 4-13

FOOD BROKER SALES VOLUME DATA OBTAINED IN THREE SEPARATE SURVEYS OF FOOD BROKERS

Sales (Millions)	Grocery Manufacturer Survey 1964	Grocery Manufacturer Survey 1969	Present Survey 1975*
Less Than 1.0	19%	12%	8.5%
1.0 - 1.9	20%	11%	11.5%
2.0 - 3.9	27%	25%	18.3%
4.0 - 5.9	13%	15%	10.7%
6.0 or More	21%	37%	48.0%

SOURCE: The summary of the 1964 and 1969 surveys were obtained from "Food Brokers: A Comprehensive Study of Their Growing Role in Marketing," Grocery Manufacturer, December, 1969, pp. 1-19. The surveys were conducted by:

(1) 1964: Progressive Grocer Survey of National Food Brokers Association Members

(2) 1969: National Food Brokers Association Survey of National Food Brokers Association Members

*Data obtained in this study.

TABLE 4-14

FOOD MANUFACTURER GEOGRAPHICAL LOCATION CATEGORY FREQUENCY DISTRIBUTIONS: RESPONDENTS AND TOTAL POPULATION CHARACTERISTICS

Geographical Areas	Usable Responses		Usable Responses Plus Unusable Responses With Explanations (1)Do Not Produce National Brands (2)Do Not Use Food Brokers		Total Manufacturer Population	
	Number	%	Number	%	Number	%
North East	21	39.8	26	38.2	38	38.0
South	7	13.2	11	16.2	17	17.0
Mid West	14	26.6	20	29.4	27	27.0
Mountain and Pacific	11	20.4	11	16.2	18	18.0
TOTALS	53	100.0	68	100.0	100	100.0

SOURCE: Addresses of the food manufacturer population were obtained from Dun and Bradstreet's Million Dollar Directory.

are nearly identical to the population category frequency percentages.

Food Manufacturer Sales Volume

A comparison of food manufacturer sample and population sales volume information indicated that the sample may slightly overrepresent the smaller food manufacturing companies. When the explained unusable responses are combined with the usable responses, however, the discrepancy is decreased (see Table 4-15).

Based upon the above information the conclusion was made that the samples were relatively free of biases with the possible exceptions of (a) slight underrepresentations of small food brokerage firms, the largest food manufacturing firms, and Southern food manufacturing firms, and (b) slight overrepresentations of Southern food brokerage firms.

Evaluations of Food Brokers and Food Manufacturers

Two questions on the food manufacturer questionnaire were designed to obtain a general evaluation of food brokers from food manufacturers. The first question asked the manufacturers to rate the performance of food brokers who market the manufacturer's nationally branded canned food products. A five point scale ranging from very satisfied to very unsatisfied was used to solicit these evaluations. The modal response to this question was 2 (satisfied). Over 80 percent

TABLE 4-15

FOOD MANUFACTURER SALES VOLUME CATEGORY FREQUENCY DISTRIBUTIONS: RESPONDENTS AND TOTAL POPULATION CHARACTERISTICS

Sales Volume ($ Millions)	Usable Responses		Usable Responses Plus Unusable Responses With Explanations (1)Do Not Produce National Brands (2)Do Not Use Food Brokers		Total Manufacturer Population	
	Number	%	Number	%	Number	%
Less Than 100	18	33.9	22	32.3	28	28.0
100 - 499	23	43.4	29	42.7	41	41.0
500 - 999	4	7.5	5	7.4	9	9.0
1000 - 1999	6	11.4	6	8.8	12	12.0
2000 - 2999	2	3.8	3	4.4	6	6.0
3000 - 3999	0	0.0	3	4.4	3	3.0
4000 or More	0	0.0	0	0.0	1	1.0
TOTALS	53	100.0	68	100.0	100	100.0

SOURCE: The sales volume data were obtained from Dun and Bradstreet's Million Dollar Directory.

of the respondents indicated that they were either very satisfied or satisfied with food broker performances.

The second question asked food manufacturers to indicate how many food brokers they would replace if replacement were possible. The responses were obtained via a five point scale with points labeled: (1) none, (2) a few, (3) half, (4) many, (5) all. The modal response to this question was 2 (a few) with more than 80 percent of the respondents stating they would replace either none or a few.

The food broker questionnaire contained one question designed to obtain food broker evaluations of food manufacturers. A five point scale ranging from very satisfied to very unsatisfied was used to solicit these evaluations. The modal response was 2 (satisfied) with more than 80 percent of the food brokers indicating they were either very satisfied or satisfied with food manufacturer performances.

The responses to these questions indicate that most of the food brokers surveyed are satisfied with the food manufacturers whose products they market, and that most food manufacturer executives surveyed are satisfied with the performances of food brokers used to market their company's products.

Tests of Hypotheses

Fifteen null hypotheses were tested. The first hypothesis concerns the reasons manufacturers use food

brokers. The second through eighth hypotheses concern the food broker role functions and the ninth through fifteenth hypotheses concern the manufacturer support role functions.

These hypotheses were tested by means of the Kruskal-Wallis Nonparametric Multivariate Analysis of Variance. This test was used to determine the overall or macro level of conflict concerning the perceptions of food brokers and food manufacturers. When this multivariate analysis indicated statistically significant perceptual conflict existed, a follow-up univariate analysis consisting of a Chi Square test was employed to obtain a micro view of the degree of perceptual conflict for individual factors. The significance level selected for both tests is the .05 level of significance.

Null Hypothesis One - Reasons for Using Food Brokers

The first null hypothesis concerned the reasons food manufacturers use food brokers to sell nationally branded canned food products and was stated as follows:

> Ho_1: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the statements about the food manufacturer's strategic purposes which underlie his decision to use food brokers to market nationally branded canned food products.

The result of the multivariate Kruskal-Wallis test indicated a statistically significant difference ($P < .001$) between the food broker and food manufacturer perceptions of the reasons

manufacturers use food brokers.[1] Therefore, the first null hypothesis was rejected.

The results of a Chi Square analyses on each of the 18 individual factors concerning the reasons manufacturers use food brokers indicated a statistically significant difference between the manufacturer and food broker perceptions in all but 3 of the factors (see Table 4-17). Analysis of the modal values and modal frequency percentages in Table 4-17 revealed the fact that food brokers consistently rated the items as being of greater importance than manufacturers rated the items.

Table 4-18 presents a relative importance ranking of the factors as perceived by food brokers and food manufacturers. These rankings of the combined very important and important rating frequency percentages further illustrate the tendency of food broker ratings to be higher than food manufacturer ratings across all items. For example, while 10 of the items received either very important or important ratings by 70 percent or more of the food brokers, only 6 of the items received either very important or important ratings by 70 percent or more of the food manufacturers.

The food broker and food manufacturer rankings of several items indicated that the respondents were in agreement concerning the five most important reasons manufacturers use brokers which included:

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[1]The results of this and the remaining 14 Kruskal-Wallis tests are summarized in Table 4-16.

TABLE 4-16

RESULTS OF THE KRUSKAL-WALLIS NONPARAMETRIC
MULTIVARIATE ANALYSIS OF VARIANCE

Hypotheses	L_n	d.f.	P	Sign.
1. Reasons Manufacturers Use Brokers	94.794307	18	P<.001	S
2. Food Broker: Product Management	49.997792	15	P<.001	S
3. Food Broker: Promotion Management	40.133248	12	P<.001	S
4. Food Broker: Price Management	30.699516	9	P<.001	S
5. Food Broker: Physical Distribution Management	27.671756	12	P<.01	S
6. Food Broker: Order Processing Management	6.0685416	14	P<.98	NS
7. Food Broker: Trade Management	26.184385	17	P<.10	NS
8. Food Broker: Administrative Management	38.232422	12	P<.001	S
9. Food Manufacturer: Product Management	19.404262	9	P<.05	S
10. Food Manufacturer: Promotion Management	44.363352	12	P<.001	S
11. Food Manufacturer: Price Management	90.484355	9	P<.001	S
12. Food Manufacturer: Physical Distribution Management	11.022389	5	P<.10	NS
13. Food Manufacturer: Order Processing Management	6.3791895	6	P<.50	NS
14. Food Manufacturer: Trade Management	23.656530	7	P<.01	S
15. Food Manufacturer: Administrative Management	41.385975	9	P<.001	S

TABLE 4-17

REASONS FOOD MANUFACTURERS USE FOOD BROKERS

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. To reduce marketing costs	40.7645	1	P<.001	S	1	83.5	2	47.2
B. Because chains prefer food brokers to manufacturer salesmen	56.0745	3	P<.001	S	2	87.0	5	21.0
C. Because wholesalers prefer food brokers to manufacturer salesmen	64.7053	3	P<.001	S	2	42.8	5	38.5
D. Because retailers prefer food brokers to manufacturer salesmen	44.1691	4	P<.001	S	2	33.3	5	38.5
E. To enter new markets	13.7343	2	P<.01	S	1	48.9	2/5	41.5/15.1
F. To get an established marketing network	14.7247	1	P<.001	S	1	62.9	2	52.8
G. To take advantage of the broker's knowledge and expertise about a specific market area	17.4050	1	P<.001	S	1	79.0	1	50.9
H. To replace unprofitable manufacturer sales offices	12.6723	2	P<.01	S	1	41.3	2	41.5
I. To reduce the manufacturers involvement in channel management	52.1683	3	P<.001	S	3	32.6	5	39.6
J. To get temporary market coverage	2.6954	3	P<.30	NS	5	29.1	5	35.8
K. To get a sales force for small towns	9.9302	4	P<.05	S	2	43.2	2	53.8
L. To reduce his (manufacturer's) sales force work load	3.7087	3	P<.30	NS	2	43.2	2	34.6
M. To get an immediately available, trained sales force	12.1290	1	P<.001	S	1	70.5	1	45.3
N. To get better servicing of accounts	24.6814	2	P<.001	S	1	52.9	2	50.9
O. To increase the frequency of sales calls	10.5194	2	P<.01	S	1	45.5	2	41.5
P. Because brokers are experts in new product introductions	62.4621	3	P<.001	S	2	45.9	3	35.3
Q. To reduce the high cost of maintaining a direct sales force	19.0001	1	P<.001	S	1	77.2	1	47.2
R. The closing of small super markets and their replacement with fewer but larger super stores	3.5782	3	P<.50	NS	4	36.5	4	30.2

TABLE 4-18

A RANKING OF THE REASONS FOOD MANUFACTURERS USE FOOD BROKERS

Item	Food Brokers				Food Manufacturers			
	Frequency Percentages				Frequency Percentages			
	(1) Very Important	(2) Important	Important and Very Important	Ranking*	(1) Very Important	(2) Important	Important and Very Important	Ranking*
A. To reduce marketing costs	85.3	15.6	99.1	2	45.5	47.2	88.7	1
B. Because chains prefer food brokers to manufacturer salesmen	7.2	39.0	46.2	14	2.0	9.8	11.8	16
C. Because wholesalers prefer food brokers to manufacturer salesmen	11.3	42.8	54.1	13	1.9	9.6	11.5	17
D. Because retailers prefer food brokers to manufacturer salesmen	11.7	33.3	45.0	15	1.9	13.5	14.6	18
E. To enter new markets	48.9	37.7	86.5	8	26.4	41.5	67.9	8
F. To get an established marketing network	62.9	32.6	95.5	5	34.0	52.8	86.8	3
G. To take advantage of the broker's knowledge and expertise about a specific market area	70.0	20.5	99.5	1	50.9	34.0	84.9	4
H. To replace unprofitable manufacturer sales offices	41.3	38.6	79.9	9	18.9	41.5	60.4	10
I. To reduce the manufacturers involvement in channel management	10.6	28.9	39.5	16	1.9	13.2	15.1	15
J. To get temporary market coverage	4.5	13.2	17.7	18	9.4	13.2	22.6	12
K. To get a sales force for small towns	16.4	43.2	59.6	12	15.4	53.8	69.2	7
L. To reduce his (manufacturer's) sales force work load	20.9	43.2	64.1	11	17.3	34.6	51.9	11
M. To get an immediately available, trained sales force	70.5	25.9	96.4	3	45.3	39.6	84.9	4
N. To get better servicing of accounts	52.9	38.6	91.5	6	20.8	50.9	71.7	6
O. To increase the frequency of sales calls	45.5	37.3	82.8	7	24.5	41.5	66.0	9
P. Because brokers are experts in new product introduction	26.1	45.9	72.0	10	3.9	15.7	19.6	13
Q. To reduce the high cost of maintaining a direct sales force	77.2	19.2	96.4	3	47.2	41.5	88.7	1
R. The closing of small super markets and their replacement with fewer but larger super stores	5.9	13.5	19.4	17	3.8	15.1	18.9	14

*Rankings are based upon the sum totals of "Important" and "Very Important" ratings.

1. To reduce marketing costs
2. To get an established marketing network
3. To take advantage of the broker's knowledge and expertise about a specific market area
4. To get an immediately available trained sales force
5. To reduce the high costs of maintaining a direct sales force

In addition, modal values and modal frequency percentages of food broker and food manufacturer responses indicated that the two groups were in agreement that 3 of the factors are relatively unimportant reasons for food manufacturers' use of food brokers. These items were:

1. To reduce the food manufacturer's involvement in channel management
2. To get temporary market coverage
3. The closing of small supermarkets and their replacement with fewer but larger super stores

On the other hand, large differences between food broker and food manufacturer perceptions occurred on the following 3 factors (see Table 4-17):

1. Because chains prefer food brokers to manufacturer salesmen
2. Because wholesalers prefer food brokers to manufacturer salesmen
3. Because retailers prefer food brokers to manufacturer salesmen

Null Hypothesis Two - Product Dimension of the Food Broker Role Functions

The second null hypothesis, which concerned the product management dimension of the food brokers' role function, was:

Ho_2: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the product management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The result of the multivariate Kruskal-Wallis test indicated a statistically significant difference existed ($P < .001$) between the food brokers and food manufacturers in their perceptions of the product management dimension of the food broker role functions. Therefore, the second null hypothesis was rejected.

The Chi Square tests on each of the 15 product management role dimension items indicated statistically significant differences between food broker and food manufacturer perceptions on 3 items which were (see Table 4-19):

1. Introduces new products to retailers ($P < .05$)
2. Insures that products in the broker's line do not compete with each other ($P < .05$)
3. Provides special progress reports to the manufacturer on new product introductions ($P < .01$)

An examination of the modal values and modal frequency percentages in Table 4-19 revealed the fact that more brokers than manufacturers considered the introduction of new products to retailers as a very important food broker function. The modal value for both groups, however, was 1, indicating both groups considered the function to be very important. Manufacturers, on the other hand, assigned higher ratings than food brokers on the other two significant items (Manufacturer modal values = 1; Broker modal values = 2).

TABLE 4-19

FOOD BROKER ROLE FUNCTIONS: PRODUCT MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Introduces new products to retailers	5.2193	1	P<.05	S	1	79.0	1	64.2
B. Introduces new products to wholesalers	.7806	1	P<.50	NS	1	82.6	1	77.4
C. Introduces new products to chains	1.4977	1	P<.30	NS	1	84.4	1	77.4
D. Pinpoints key factors hurting sales of particular items	.3445	1	P<.70	NS	1	57.8	1	62.3
E. Insures that products in his (broker's) line don't compete with each other	9.0361		P<.05	S	2	30.9	1	34.0
F. Maintains a high quality product assortment	4.0061	3	P<.30	NS	2	44.5	2	37.7
G. Refuses to sell goods for private branding	3.9453	2	P<.20	NS	5	53.9	5	39.6
H. Helps in test marketing new products	.2919	1	P<.20	NS	2	60.4	2	67.9
I. Gives new product ideas to the manufacturer	7.1685	3	P<.10	NS	2	48.2	2	45.3
Sees that products are rotated... J. Sees that products are rotated in retail stores	.4618	1	P<.50	NS	2	49.1	2	50.9
K. Sees that products are rotated in wholesale warehouses	1.6796	3	P<.70	NS	2	42.0	2	49.1
L. Sees that products are rotated in chain warehouses	1.0694	2	P<.70	NS	2	43.0	2	47.2
M. Advises the manufacturer about the marketability of a product still in the development stage	.3182	2	P<.90	NS	2	57.8	2	60.4
N. Provides special progress reports to the manufacturer on new product introductions	7.5793	1	P<.01	S	2	57.6	1	52.8
O. Provides special reports on the sales of items in test markets	.9944	1	P<.50	NS	2	52.7	2	49.1

The modal values indicated congruence between manufacturer and broker perceptions concerning the relative importance of each item. Both groups considered the function (a) introducing new products to channel members (retailers, wholesalers, and chains) and (b) identifying factors that are damaging the sales of products as being very important food broker functions. The only item that received a modal rating of less than very important or important was the broker's refusal to sell goods for private branding.

Null Hypothesis Three - Promotion Dimension of the Food Broker Role Functions

Null hypothesis three pertained to the promotion management dimension of the food broker role function. The hypothesis was:

> Ho_3: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the promotion management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The multivariate Kruskal-Wallis test of this hypothesis revealed a statistically significant difference ($P < .001$) between food broker and food manufacturer perceptions of the promotion management dimension of the food broker role functions. Consequently, the third null hypothesis was rejected.

The results of the Chi Square tests on the 12 individual role function items exposed statistically significant differences on the following three factors (see Table 4-20):

TABLE 4-20

FOOD BROKER ROLE FUNCTIONS: PROMOTION MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Helps retailers set up displays	2.514	2	P<.30	NS	2	55.6	2	60.4
B. Helps wholesalers set up displays	3.5403	4	P<.50	NS	2/4	32.9/20.1	2/4	42.3/15.4
C. Gives the manufacturer ideas on how to promote products	7.6400	1	P<.01	S	1	49.3	2	58.5
D. Sees that his (the broker's) customers use the displays, etc., the manufacturer provides	5.7100	2	P<.10	NS	2	56.3	1	50.9
E. Assists in coordinating national advertising with retail operations	2.4135	1	P<.20	NS	2	53.6	1	52.8
F. Assists in coordinating national advertising with wholesale operations	2.5462	2	P<.30	NS	2	50.2	1	50.9
G. Assists in coordinating national advertising with chain operations	1.7373	1	P<.20	NS	1	52.2	1	62.3
H. Helps retailers with promotional efforts not tied in with the manufacturer's promotional efforts	7.2047	2	P<.05	S	2	57.7	2	37.7
I. Tells the manufacturer how well his promotional efforts are doing	1.4738	1	P<.30	NS	2	52.0	1	49.1
J. Tells the manufacturer how well his competition's promotion is doing	.7248	1	P<.50	NS	2	50.2	1	49.1
K. Places point of purchase material in retail stores	3.7887	2	P<.20	NS	2	64.0	2	52.8
L. Advises the manufacturer about local advertising media	48.8389	2	P<.001	S	2	67.9	2/4	39.6/28.3

1. Providing ideas on how to promote products ($P < .01$)
2. Helping retailers with promotional efforts not tied in with the manufacturer's promotional efforts ($P < .05$)
3. Advising the manufacturer about local advertising media ($P < .001$)

Analysis of the modal values and modal frequency percentages indicated the reason for the statistically significant difference in perceptions was that the food brokers rated these items as being more important than the food manufacturers rated the items. Furthermore, manufacturer modal rating values of 1 (very important) occurred on 6 of the promotion management functions while food broker modal values of 1 (very important) occurred on only 2 of the functions. The items that received modal ratings of very important by manufacturers included:

1. Sees that broker's customers use displays, etc., the manufacturer supplies
2. Assists in coordinating national advertising with retailer, wholesaler and chain operations (3 separate questions)
3. Advises the manufacturer concerning the effectiveness of the manufacturer's promotional efforts
4. Advises the manufacturer concerning the effectiveness of the competitors' promotional efforts

Items that received very important modal ratings by brokers included:

1. Advises manufacturers on product promotional strategies
2. Assists in the coordination of national advertising with chain operations

Null Hypothesis Four - Price Dimension of the Food Broker Role Functions

The fourth null hypothesis pertained to the price management dimension of the food broker role function and was stated as follows:

> Ho_4: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the price management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The multivariate Kruskal-Wallis test resulted in a significant Chi Square value ($P < .001$), therefore, the null hypothesis was rejected.

A Chi Square analysis on each of the 9 price management dimension items resulted in statistically significant differences on 3 issues (see Table 4-21):

1. The broker should reduce his commissions when a product obtains market acceptance ($P < .001$)
2. Advising the manufacturer about pricing policies ($P < .01$)
3. Providing the manufacturer with customer credit information ($P < .05$)

The modal values and modal frequency percentages indicated that brokers rated these factors higher than manufacturers rated the factors. In addition, although the reduction of commissions by brokers when a product obtains market acceptance received statistically significant different important/unimportant ratings, both groups considered this factor to be of little importance.

TABLE 4-21

FOOD BROKER ROLE FUNCTIONS: PRICE MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Gives notice about upcoming special allowances to retailers	0.8170	1	P<.95	NS	1	58.6	1	65.4
B. Gives notice about upcoming special allowances to wholesalers	0.5017	1	P<.50	NS	1	77.7	1	73.1
C. Gives notice about upcoming special allowances to chains	.7089	1	P<.50	NS	1	78.9	1	73.6
D. Reduces his commissions when a new product obtains market acceptance	30.5170	2	P<.001	S	5	52.9	3	40.4
E. Tells the manufacturer about the competition's pricing tactics	.1818	1	P<.70	NS	1/2	48.6/48.6	1	51.9
F. Advises the manufacturer about pricing policies	11.4394	2	P<.01	S	2	60.7	2	45.3
G. Checks on retail price accuracy	.0697	1	P<.80	NS	2	49.5	2	49.1
H. Checks on wholesale price accuracy	.0033	1	P<.98	NS	2	49.8	2	49.1
I. Gives credit information on customers to the manufacturer	7.4394	2	P<.05	S	2	54.3	2	43.4

Food brokers and food manufacturers revealed congruent perceptions concerning the most important price management factors with both groups having modal values of 1 (very important) on the following price management functions:

1. Gives advance notice about upcoming special allowances to retailers, wholesalers, and chains (3 questions on the questionnaire)
2. Tells the manufacturer about competitor pricing tactics

Null Hypothesis Five - Physical Distribution Dimension of the Food Broker Role Functions

The fifth null hypothesis concerned the physical distribution management dimension of the food broker role functions and was stated as follows:

Ho_5: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the distribution management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The result of the multivariate Kruskal-Wallis test was a significant Chi Square value ($P < .01$). The fifth hypothesis was, therefore, rejected.

The Chi Square tests for the 12 individual items revealed statistically significant differences on the following role factors (see Table 4-22):

1. Checking to see that only products ordered are delivered to wholesalers ($P < .05$) and to chains ($P < .05$)
2. Seeing that goods have been properly handled while in transit ($P < .05$)

TABLE 4-22

FOOD BROKER ROLE FUNCTIONS: PHYSICAL DISTRIBUTION MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Checks on delayed shipments	3.0040	1	p<.10	NS	1	54.8	2	47.2
B. Checks to see that only products ordered are delivered to retailers	4.4023	3	p<.30	NS	2	42.9	2	35.8
C. Checks to see that only products ordered are delivered to wholesalers	6.4528	2	p<.05	S	1	43.9	2	41.5
D. Checks to see that only products ordered are delivered to chains	7.0049	2	p<.05	S	1	45.7	2	43.4
E. Gives advance notice of late shipments to retailers	4.6889	3	p<.20	NS	2	42.5	2/4	34.6/17.3
F. Gives advance notice of late shipments to wholesalers	0.1749	1	p<.70	NS	1	52.3	1	49.1
G. Gives advance notice of late shipments to chains	0.6813	1	p<.50	NS	1	57.2	1	50.9
H. Stocks shelves in retail stores	0.8722	3	p<.90	NS	2	36.5	2	37.7
I. Sees that goods have been properly handled while in transit	6.8441	2	p<.05	S	2	38.2	2/4	31.4/29.4
J. Tells the manufacturer about the performance of the carriers of the goods	3.3950	3	p<.50	NS	2	59.0	2	60.4
K. Advises the manufacturer about local warehousing facilities	40.6247	2	p<.001	S	2	69.6	2/4	41.5/30.2
L. Advises the manufacturer about alternative means of transporting products	16.4342	3	p<.001	S	2	62.8	2/4	41.5

3. Advising the manufacturer about local warehousing facilities ($P < .001$), and about alternative means of transporting products ($P < .001$)

The modal values and modal frequency percentages indicated that the cause of the significant difference in perceptions was that food brokers rated these factors as being more important than manufacturers rated the factors. Only two physical distribution management activities had 1 (very important) modal values--giving advance notice of late shipments to wholesalers and to chains.

Null Hypothesis Six - Order Processing Dimension of the Food Broker Role Definitions

The null hypothesis concerning the order processing management activities of food brokers was:

Ho_6: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the order processing management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The multivariate Kruskal-Wallis test resulted in an insignificant Chi Square value ($P < .98$). Consequently, the null hypothesis could not be rejected. Observation of the modal values and modal frequency percentages substantiated this conclusion and revealed the fact that modal values of 1 (very important) occurred for three functions; controlling the number of "out of stocks" by (a) retail customers, (b) wholesale customers, and (c) chain customers (see Table 4-23).

TABLE 4-23

FOOD BROKER ROLE FUNCTIONS: ORDER PROCESSING MANAGEMENT

Item	Brokers		Manufacturers	
	Mode	Mode Frequency %	Mode	Mode Frequency %
A. Relays to the manufacturer special requests from retailers	2	57.3	2	56.6
B. Relays to the manufacturer special requests from wholesalers	2	48.4	2	49.1
C. Relays to the manufacturer special requests from chains	2	47.8	2	49.1
D. Processes special orders	2	51.4	2	51.9
E. Sees that his retail customers pay their bills on time	2	26.3	2	26.9
F. Sees that his wholesale customers pay their bills on time	2	48.9	2	46.2
G. Sees that his chain customers pay their bills on time	2	46.4	2	49.0
H. Controls the number of "out of stocks" of his retail customers	1	51.4	1	67.9
I. Controls the number of "out of stocks" of his wholesale customers	1	61.3	1	73.6
J. Controls the number of "out of stocks" of his chain customers	1	62.9	1	77.4
K. Controls the amount of returned merchandise by his retail customers	2	47.5	2	49.1
L. Controls the amount of returned merchandise by his wholesale customers	2	48.9	2	43.4
M. Controls the amount of returned merchandise by his chain customers	2	49.3	2	45.3

Null Hypothesis Seven - Trade Management Dimension of the Food Broker Role Dimension

The seventh null hypothesis, which was related to the trade management dimension of the food broker role function, was:

> Ho_7: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the trade management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The multivariate Kruskal-Wallis test of this null hypothesis resulted in an insignificant Chi Square value ($P < .10$), thus the null hypothesis could not be rejected.

The modal values and modal frequency percentages indicated both food brokers and food manufacturers attached great importance to the trade management activities of food brokers (see Table 4-24). Of the 17 trade management items, food broker modal values of 1 (very important) occurred on 12 items while food manufacturer modal values of 1 (very important) occurred on 11 items. Particularly important food broker trade management activites, as perceived by food brokers and food manufacturers, were:

1. Coordinating wholesale and retail activities
2. Relaying complaints from channel members and the consuming public to manufacturers
3. Responding to complaints from channel members and the consuming public
4. Informing the manufacturer about infringements on the manufacturer's labels and trademarks
5. Locating potential customers

TABLE 4-24

FOOD BROKER ROLE FUNCTIONS: TRADE MANAGEMENT

Item	Brokers		Manufacturers	
	Mode	Mode Frequency %	Mode	Mode Frequency %
A. Coordinates wholesale activities with retail activities	1	79.9	1	69.8
B. Relays complaints to the manufacturer from retailers	1	44.4	1	45.3
C. Relays complaints to the manufacturer from wholesalers	1	49.5	1	49.1
D. Relays complaints to the manufacturer from chains	1	52.9	1	49.1
E. Relays complaints to the manufacturer from the consuming public	1	45.2	1	39.6
F. Responds to complaints from retailers	1	49.3	1	47.2
G. Responds to complaints from wholesalers	1	53.4	2	49.1
H. Responds to complaints from chains	1	55.6	2	49.1
I. Responds to complaints from the consuming public	1	45.5	1	30.8
J. Helps retailers decide how to position the products	1	48.7	1	45.3
K. Gets maximum shelf space for the manufacturer's products in retail stores	1	70.4	1	69.9
L. Tells the manufacturer about retailers' performance in marketing his (manufacturer's) products	2	60.6	2	58.5
M. Tells the manufacturer about wholesalers' performance in marketing his (manufacturer's) products	2	57.9	2	54.7
N. Tells the manufacturer about chains' performance in marketing his (manufacturer's) products	2	52.9	2	52.8
O. Provides in-store demonstrations of the manufacturer's products	4	31.1	3/4	30.8/30.8
P. Informs the manufacturer about infringements on his (manufacturer's) labels and trademarks	2	42.9	1	45.3
Q. Locates potential customers	1	56.1	1	52.8

Null Hypothesis Eight - Administrative Dimension of the Food Broker Role Functions

Null hypothesis eight pertained to the administrative management activities of the broker and was stated as follows:

> Ho_8: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the administrative management role prescriptions of food brokers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The multivariate Kruskal-Wallis analysis revealed a statistically significant difference between food brokers and food manufacturers concerning the eighth null hypothesis ($P < .001$). Consequently, the null hypothesis was rejected.

The Chi Square tests of the 13 administrative management factors indicated significant differences in food broker and food manufacturer perceptions of the following issues (see Table 4-25):

1. The food broker's avoidance of having an excessive number of principals ($P < .01$)
2. Insuring that each salesman has no more products than he can handle ($P < .01$)
3. Informing the manufacturer about new principals the broker is representing ($P < .001$)
4. Informing the manufacturer when the broker ceases to represent a principal ($P < .01$)
5. Informing the manufacturer about sales personnel changes in the broker's organization ($P < .01$)

Observation of modal values and modal frequency percentages revealed the fact that the manufacturers attached greater

TABLE 4-25

FOOD BROKER ROLE FUNCTIONS: ADMINISTRATIVE MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Maximizes the geographical scope of his own market coverage	1.5634	3	P<.70	NS	2	46.1	2	37.7
B. Channels more selling effort to high volume accounts than to low volume accounts	3.3794	2	P<.20	NS	2	52.7	2	52.8
C. Files reports on time	1.0267	2	P<.70	NS	2	62.1	2	62.3
D. Makes his selling efforts for a manufacturer's products proportional to his (broker's) income from those products	1.6228	3	P<.70	NS	2	43.8	2	41.5
E. Has manpower development programs to insure the continuity of his (broker's) operations	0.1840	1	P<.70	NS	1	50.4	1	47.2
F. Participates in education programs sponsored by the manufacturer	1.5847	2	P<.30	NS	2	59.0	2	67.3
G. Does not take on more manufacturers than he can handle	6.8120	1	P<.01	S	2	46.6	1	65.4
H. Sees that each of his salesmen has no more products than he can handle	12.3487	2	P<.01	S	2	55.9	1	59.6
I. Emphasizes long run profits more than short run profits	3.7797	3	P<.30	NS	2	39.4	2	49.1
J. Tells the manufacturer about new principals he (broker) is representing	24.4983	3	P<.001	S	2/4	41.1/26.3	2	54.7
K. Tells the manufacturer when he (broker) ceases to represent a principal	14.1516	3	P<.01	S	2/4	32.1/30.8	2	56.6
L. Tells the manufacturer about his (broker's) sales personnel changes	13.5897	3	P<.01	S	2	54.0	2	59.6
M. Tells the manufacturer about administrative personnel changes in his (broker's) organization	0.4831	3	P<.95	NS	2	47.3	2	44.2

importance than brokers attached to these factors. The only factor with a modal value of 1 (very important) for both food brokers and food manufacturers was the broker's use of manpower development programs to insure the continuity of the food broker's operations.

Null Hypothesis Nine - Product Dimension of the Food Manufacturer Role Functions

Null hypothesis nine concerned the product management dimension of the food manufacturer role function. The hypothesis was:

> Ho_9: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the product management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The Kruskal-Wallis multivariate test resulted in a significant test statistic ($P < .05$). Therefore, the null hypothesis was rejected.

Chi Square tests on each of the 9 product management items resulted in significant Chi Square values on the following items (see Table 4-26):

1. Advising brokers on rotating goods ($P < .02$)
2. Providing the broker with sales performance reports on each item the broker sells ($P < .02$)

The modal values and modal frequency percentages indicated the broker respondents rated the function of advising brokers on product rotation higher than manufacturers rated the function. Manufacturers, on the other hand,

TABLE 4-26

FOOD MANUFACTURER ROLE FUNCTIONS: PRODUCT MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Develop new products	1.1288	1	P<.30	NS	1	52.3	1	60.4
B. Pinpoint key factors hurting the sales of particular items	0.5294	1	P<.50	NS	1	49.1	1	52.8
C. Produce high quality goods	0.6816	1	P<.50	NS	1	78.8	1	73.6
D. Refuse to sell goods for private branding	4.5468	2	P<.80	NS	5	42.0	4	34.0
E. Test market new products before having the food broker sell them	2.6583	2	P<.30	NS	1	51.4	1	41.5
F. Tell the broker about competitor's new product introductions	1.5756	2	P<.50	NS	2	51.6	2	58.5
G. Advise brokers on rotating goods	11.0612	3	P<.02	S	2	52.3	2	47.2
H. Provide the broker with product fact sheets	0.0593	1	P<.90	NS	1	65.9	1	64.2
I. Provide the broker with sales performance reports on each item he (broker) sells	5.5270	1	P<.02	S	2	47.1	1	64.2

rated the function of supplying sales performance reports to brokers considerably higher than brokers rated the function.

Further observation of the modal values revealed the fact that, with the exception of the item concerning sales reports, food broker and food manufacturer perceptions concerning the very important product management functions were congruent. Both groups' responses resulted in modal values of 1 (very important) for the following functions:

1. Developing new products
2. Determining factors damaging the sales performance of individual products
3. Producing high quality products
4. Test marketing products prior to having the food broker sell them
5. Providing the food broker with product fact sheets

On the other hand, both groups of respondents indicated the refusal by manufacturers to sell goods for private branding is an unimportant factor.

Null Hypothesis Ten - Promotion Dimension of the Food Manufacturer Role Function

The tenth null hypothesis pertained to promotion management activities of the food manufacturer and was stated as follows:

Ho_{10}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the promotion management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The multivariate Kruskal-Wallis test resulted in a significant Chi Square value ($P < .001$), thus indicating a statistically significant difference existed between manufacturer and broker perceptions of the importance of the 12 promotion management items. Consequently, the tenth null hypothesis was rejected.

The Chi Square tests of the respective perceptions of individual items resulted in significant Chi Square values for the following role factors (see Table 4-27):

1. Providing cooperative advertising opportunities for the food broker's:
    a. Retail customers ($P < .001$)
    b. Wholesale customers ($P < .001$)
    c. Chain customers ($P < .001$)
2. Advising the broker on setting up displays ($P < .001$)

The modal values and modal frequency percentages indicated that the food manufacturer's provision of cooperative advertising opportunities is considered to be more important by the food broker respondents than by the food manufacturer respondents. On the other hand, advising the broker on setting up displays received higher ratings from food manufacturers than from food brokers.

Both food broker and food manufacturer responses resulted in modal values of 1 (very important) for the following promotional role activities:

TABLE 4-27

FOOD MANUFACTURER ROLE FUNCTIONS: PROMOTION MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Give the broker promotional ideas	0.0368	1	P<.90	NS	1	63.7	1	62.3
B. Provide effective in-store promotional material	0.8947	1	P<.50	NS	2	49.1	1	49.1
Coordinate national advertising...								
C. —with wholesale operations	0.1201	2	P<.95	NS	1	45.7	1	43.4
D. —with retail operations	2.6734	2	P<.30	NS	1	44.4	1	49.1
E. —with chain operations	0.7074	2	P<.80	NS	1	53.8	1	52.8
F. Provide reports to the broker on the results of promotional programs	1.7199	2	P<.20	NS	2	50.9	2	58.5
G. Provide cooperative advertising opportunities for the broker's retail customers	19.6273	3	P<.001	S	2	51.8	2	30.2
H. Provide cooperative advertising opportunities for the broker's wholesale customers	36.3434	3	P<.001	S	2	55.9	2	30.2
I. Provide cooperative advertising opportunities for the broker's chain customers	46.7842	2	P<.001	S	2	50.0	2	28.3
J. Provide national advertising	1.1427	2	P<.70	NS	1	52.7	1	49.1
K. Tell the broker about the competition's promotional efforts	0.0027	1	P<.99	NS	2	57.3	2	48.1
L. Advise the broker on setting up displays	24.0688	3	P<.001	S	2	51.1	2	58.5

1. Providing the broker with promotional ideas
2. Coordinating national advertising with:
    a. Retail operations
    b. Wholesale operations
    c. Chain operations
3. Providing national advertising

Null Hypothesis Eleven - Price Dimension of the Food Manufacturer Role Functions

The eleventh null hypothesis concerned the price management dimension of the food manufacturer role functions and was stated as follows:

Ho_{11}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the price management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The multivariate Kruskal-Wallis test resulted in a significant test statistic ($P < .001$), thus the null hypothesis was rejected.

Six significant Chi Square values were obtained from the Chi Square tests on the 9 price issues (see Table 4-28). These price management role factors were:

1. Helping the broker control:
    a. Wholesale price accuracy ($P < .001$)
    b. Retail price accuracy ($P < .001$)
    c. Chain price accuracy ($P < .001$)
2. Adjusting brokerage commissions to the amount of detail work the broker must do ($P < .001$)

TABLE 4-28

FOOD MANUFACTURER ROLE FUNCTIONS: PRICE MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Help the broker control wholesale price accuracy	30.6476	3	P<.001	S	2/4	44.8/19.0	1	51.9
B. Help the broker control retail price accuracy	32.0833	3	P<.001	S	2/4	48.0/18.1	1	49.1
C. Help the broker control chain price accuracy	27.8908	3	P<.001	S	2/4	47.1/16.3	1	52.6
D. Pay brokerage commissions on time	0.5723	1	P<.50	NS	1	74.9	1	69.5
E. Tell the broker about competitor's pricing tactics	0.0374	1	P<.98	NS	1	48.6	1	47.2
F. Adjust brokerage commissions to the amount of detail work the broker must do	51.5308	2	P<.001	S	1	58.7	2	52.8
G. Maintain brokerage commissions when a new product gets market acceptance	26.7500	1	P<.001	S	1	70.3	2	45.3
H. Outline his (manufacturer's) credit policy to the food broker	2.3092	1	P<.20	NS	1	50.7	1	62.3
I. Give brokers plenty of advance notice about upcoming special allowances	10.0	1	P<.001	S	1	91.0	1	71.7

3. Maintaining brokerage commissions when a new product reaches market acceptance ($P < .001$)

4. Giving brokers advance notice about upcoming special allowances ($P < .001$)

The modal values and modal frequencies indicated the manufacturer respondent ratings were higher than broker respondent ratings on the statements concerning controling price accuracy within the channel. Broker respondent ratings were higher than manufacturer ratings on the remaining items.

Null Hypothesis Twelve - Physical Distribution Dimension of the Food Manufacturer Role Functions

The twelfth null hypothesis, which pertained to the food manufacturer's physical distribution management activities, was:

Ho_{12}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the distribution management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The test statistic of the Kruskal-Wallis multivariate analysis was insignificant ($P < .10$), consequently, the null hypothesis could not be rejected. Observations of the modal values and frequency percentages indicated that both groups perceived the following factors as being very important (see Table 4-29):

1. Checking on delayed shipments

2. Giving advance notice to the food broker of:
   a. Short shipments
   b. Late shipments

TABLE 4-29

FOOD MANUFACTURER ROLE FUNCTIONS: PHYSICAL DISTRIBUTION MANAGEMENT

Item	Brokers		Manufacturers	
	Mode	Mode Frequency %	Mode	Mode Frequency %
A. See that goods have been handled properly while in transit	2	57.9	2	49.1
B. See that goods have been stored properly	2	57.5	2	48.1
C. Check on delayed shipments	1	58.1	1	50.9
D. Give advance notice of short shipments to the food broker	1	67.1	1	56.6
E. Give advance notice of late shipments to the food broker	1	70.7	1	58.5

Null Hypothesis Thirteen - Order Processing Dimension of the Food Manufacturer Role Functions

Null hypothesis thirteen concerns the order processing management functions of food manufacturers and was stated as follows:

Ho_{13}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the order processing management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

The test statistic resulting from the Kruskal-Wallis test of this hypothesis was insignificant ($P < .50$). The null hypothesis, therefore, could not be rejected. Modal values of 1 (very important) occurred on three items: (a) minimizing order processing time, (b) mailing invoices to the food broker and to the customer at the same time, and (c) paying claims and credit invoices on time (see Table 4-30).

Null Hypothesis Fourteen - Trade Management Dimension of the Food Manufacturer Role Functions

Null hypothesis fourteen, which was concerned with the food manufacturer's trade management activities, was:

Ho_{14}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the trade management role prescriptions of food manufacturers relative to the food broker - food manufacturer linkage in the marketing of nationally branded canned food products.

TABLE 4-30

FOOD MANUFACTURER ROLE FUNCTIONS: ORDER PROCESSING MANAGEMENT

Item	Brokers		Manufacturers	
	Mode	Mode Frequency %	Mode	Mode Frequency %
A. Fill special orders by the broker's retail customers	2	45.7	2	40.4
B. Fill special orders by the broker's wholesale customers	2	56.2	2	52.8
C. Fill special orders by the broker's chain customers	2	55.3	2	52.8
D. Minimize order processing time	1	55.2	1/2	49.1/49.1
E. Mail invoices to the broker and the customer at the same time	1	66.4	1	45.3
F. Pay claims and credit invoices promptly	1	69.1	1	52.8

A significant test statistic resulted from the multivariate Kruskal-Wallis test ($P < .01$). Consequently, the null hypothesis was rejected.

The Chi Square tests for individual factors resulted in significant Chi Square values for 4 of the 7 trade management issues (see Table 4-31). The modal values and modal frequency percentages indicated that food manufacturer ratings were higher for each of the items for which significant Chi Square values were obtained. These trade management activities included:

1. Advising the broker on positioning the item in retail stores ($P < .01$)
2. Answering complaints by the:
    a. Retail customers ($P < .05$)
    b. Chain customers ($P < .05$)
    c. Consuming public ($P < .01$)

The modal values of the responses indicated that answering complaints was considered to be a very important food manufacturer function.

Null Hypothesis Fifteen - Administrative Management Dimension of the Food Manufacturer Role Functions

The fifteenth null hypothesis pertained to the administrative management activities of the food manufacturer. The hypothesis was:

TABLE 4-31

FOOD MANUFACTURER ROLE FUNCTIONS: TRADE MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Advise the broker on positioning the product in retail stores	12.5988	2	P<.01	S	2	55.9	1	56.6
B. Answer complaints by the broker's retail customers	4.3401	1	P<.05	S	2	53.8	1	56.6
C. Answer complaints by the broker's wholesale customers	3.8356	1	P<.10	NS	1	51.1	1	66.0
D. Answer complaints by the broker's chain customers	3.9116	1	P<.05	S	1	52.9	1	67.9
E. Answer complaints by the broker's consuming public	9.6590	1	P<.01	S	1	48.0	1	71.7
F. Locate potential customers	6.2360	3	P<.20	NS	2	35.9	2	44.2
G. Provide the broker with sales performance reports on each of the broker's customers	1.2483	1	P<.30	NS	2	47.1	1	54.7

Ho_{15}: There is no statistically significant difference between the food broker and food manufacturer important/unimportant responses concerning the administrative management role prescriptions of food manufacturers relative to the food broker-food manufacturer linkage in the marketing of nationally branded canned food products.

The multivariate Kruskal-Wallis test resulted in a significant Chi Square value ($P < .001$). The null hypothesis was, consequently, rejected.

The Chi Square analysis of each of the 9 factors resulted in significant Chi Square values for the following 4 administrative management functions (see Table 4-32):

1. Constructively criticizing the food broker's performance shortcomings ($P < .001$)
2. Giving advance notice of visits to the food broker's facilities by manufacturer personnel ($P < .001$)
3. Maintaining accurate sales records ($P < .001$)
4. Providing sales meetings for food brokers ($P < .01$)

The modal values and modal frequency percentages indicated that manufacturer ratings were higher than broker ratings on each of these functions except one, giving advance notice of visits by manufacturer personnel. In addition, the modal values and modal frequency percentages indicated agreement between food brokers and food manufacturers that emphasizing long run profits, avoiding the use of an excessive number of brokers in a given market area, and specifying manufacturer objectives to the broker are very important functions.

TABLE 4-32

FOOD MANUFACTURER ROLE FUNCTIONS: ADMINISTRATIVE MANAGEMENT

Item	X^2	d.f.	P	Sign.	Brokers		Manufacturers	
					Mode	Mode Frequency %	Mode	Mode Frequency %
A. Emphasize long run profits more than short run profits	0.9143	2	P<.70	NS	1	44.1	1/2	42.3/42.3
B. Constructively criticize the broker's performance shortcomings	11.6583	1	P<.001	S	2	58.1	1	64.2
C. Give advance notice of visits to the broker's facilities by manufacturer personnel	13.1041	1	P<.001	S	1	77.5	1	52.8
D. Offer awards to broker personnel as incentives	0.8556	3	P<.90	NS	2	40.7	2	39.6
E. Maintain accurate sales records	9.3861	1	P<.01	S	2	49.1	1	69.8
F. Avoid the use of too many food brokers to serve a given market area	3.5629	2	P<.20	NS	1	61.1	1	54.7
G. Sponsor education programs for the food broker	3.9475	3	P<.30	NS	2	61.3	2	50.9
H. Provide sales meetings for food brokers	10.559	2	P<.01	S	2	54.1	1	54.7
I. Clearly specify the objectives the manufacturer wants the broker to carry out	0.9480	1	P<.50	NS	1	74.8	1	81.1

In summary, the statistical tests of the 15 null hypotheses resulted in the rejection of 11 null hypotheses. The conclusion made, therefore, was that considerable incongruence exists between food broker and food manufacturer perceptions of the reasons food manufacturers use food brokers and of the role prescriptions of food brokers and food manufacturers pertaining to the food broker - food manufacturer dyad.

First, the analysis of the perceptions of food brokers and food manufacturers concerning the reasons manufacturers use food brokers revealed considerable perceptual conflict. This conflict resulted primarily from the fact that the food brokers' ratings of the items were higher than the manufacturers' ratings. In addition, the food brokers considered a wide range of factors as being important reasons why manufacturers use food brokers while manufacturers considered a somewhat narrower range of factors as being important.

Second, food brokers and food manufacturers expressed statistically significant different perceptions of 5 of the 7 food broker role dimensions; product management, promotion management, price management, physical distribution management, and administrative management. With the exception of administrative management (on which food manufacturer ratings were higher than food broker ratings) the primary cause of the statistically significant differences was that food broker ratings were higher than food manufacturer ratings.

Food brokers and food manufacturers expressed statistically congruent perceptions of order processing management and trade management activities of food brokers.

Third, food broker and food manufacturer perceptions of 5 of the 7 food manufacturer role dimensions were statistically incongruent. These dimensions were product management, promotion management, price management, trade management, and administrative management. The causes of the statistically significant differences varied among categories. In two categories (trade and administrative management) food manufacturer ratings were consistently higher than food broker ratings. On the other hand, food broker ratings were higher than food manufacturer ratings of the importance of food manufacturer promotion management activities. In two other food manufacturer role categories (product and price management) food broker ratings were higher than manufacturer ratings for some issues while food manufacturer ratings were higher than food broker ratings for other issues.

CHAPTER V

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

This research has been focused upon the channel interface between food brokers and food manufacturers. The purpose of the research was twofold. First, descriptive information was generated concerning the reasons food manufacturers use food brokers to market nationally branded canned food products and concerning the respective food broker and food manufacturer role definitions in the food broker - food manufacturer dyad. Second, hypotheses were tested concerning food broker and food manufacturer perceptions of the food broker - food manufacturer dyad.

The theoretical foundations of the research included interorganizational role theory, marketing channel conflict, marketing channel exchange functions, and the concept of the channel intermediary. These theoretical foundations were used to develop a research model conceptualizing the degree of perceptual congruity between food brokers and food manufacturers in the food broker - food manufacturer interface.

The research methodology consisted of the following steps:

1. Population Definition and Sample Selection: The populations surveyed were (1) the 100 largest food

manufacturers listed in Dun and Bradstreet's Million Dollar Directory who produce canned food products and (2) food brokerage firms that are members of the National Food Brokers Association. All 100 food manufacturing firms and a sample of 350 food brokerage firms were surveyed.

2. Construction of the Research Instrument: The research questionnaire was developed following a series of interviews with food industry executives and a review of the relevant literature. The resulting questionnaire consisted of 4 parts including questions about (1) reasons food manufacturers use food brokers, (2) the food broker role definition, (3) the food manufacturer role definition, and (4) general information.
3. Survey Administration: Two mailings of the research instruments and cover letters were sent to executives of the food brokerage and food manufacturing firms selected for the survey. The resulting usable response rates were 53 percent food manufacturer responses and 63 percent food broker responses.
4. Statistical Analysis: Fifteen null hypotheses were tested via the Kruskal-Wallis Nonparametric Multivariate Analysis of Variance. In those instances in which multivariate perceptual

differences were revealed, follow-up Chi Square tests were used to analyze univariate perceptual differences.

Summary of the Research Findings

Reasons Food Manufacturers Use Food Brokers

A portion of this study focused upon the reasons food manufacturers use food brokers in the marketing of nationally branded canned food products. A comparison of food broker and food manufacturer responses to questions concerning these reasons indicated food brokers and food manufacturers agreed that the most important manufacturer incentive is to obtain distribution efficiencies.[1] First, efficiencies in the form of cost reductions were emphasized in that the reduction of marketing costs and the reduction of the costs of maintaining a sales force were rated by both the food broker and the food manufacturer respondents as being very important reasons for using food brokers. Second, efficiencies in the form of time

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[1]The terms efficiency and effectiveness are defined as follows:

> Efficiency: Efficiency refers to the costs associated with task accomplishment. A change in efficiency, therefore, is associated with a change in the cost structure of the firm or marketing channel system.
>
> Effectiveness: Effectiveness refers to the task accomplishment. A change in effectiveness, therefore, is associated with a change in the production function of the firm (with the term production used broadly so as to include such activities as the production of a marketing effort).

savings were emphasized in that the respective respondents rated obtaining an established marketing network and obtaining an immediately available trained sales force as being very important reasons why food manufacturers use food brokers.

Another important reason for using food brokers, as perceived by food brokers and food manufacturers, was to take advantage of the food broker's knowledge and expertise about a specific market area. This reason has effectiveness implications in that the specialized knowledge of food brokers was acknowledged as being of value.

Efficiencies resulting from a reduction of the food manufacturer's involvement in channel management activities, however, was rejected by both food brokers and food manufacturers as a reason food manufacturers use food brokers. Apparently the use of food brokers changes, rather than eliminates, the food manufacturer's channel management involvement. Obtaining temporary market coverage was also rejected by food brokers and food manufacturers as a reason for using food brokers. This indicates that both food manufacturers and food brokers consider the food broker - food manufacturer linkage to be a relatively permanent channel configuration.

Several of the questions implied an effectiveness dimension to the reasons food manufacturers use food brokers. The greatest perceptual conflict occurred on these questions in that food brokers perceived the reasons as being considerably more important than food manufacturers perceived the

reasons. These effectiveness oriented factors included (a) because channel members (retailers, wholesalers, and chains) prefer to deal with food broker rather than food manufacturer salesmen, (b) to get better servicing of accounts, (c) to replace unprofitable sales offices, (d) to increase the frequency of sales calls, and (e) because food brokers are experts in new product introductions. Food brokers have apparently failed to convince manufacturers that marketing through food brokers may be a source of increased marketing effectiveness as well as distribution channel efficiency.

Considerable perceptual conflict, therefore, was revealed in this research concerning the food brokers' and food manufacturers' perceptions of the reasons food manufacturers use food brokers in the marketing of nationally branded canned food products. Food broker ratings were consistently higher than food manufacturer ratings of the statements about the reasons manufacturers use food brokers. In addition, food brokers considered a wide range of factors to be important, including obtaining both increased channel efficiency and increased marketing effectiveness. Food manufacturers, however, emphasized obtaining channel efficiencies as being important and indicated that the effectiveness factors were relatively unimportant reasons. Both food brokers and food manufacturers agreed, however, that the food broker - food manufacturer linkage is not a temporary arrangement and that the food manufacturer does not eliminate his involvement

in channel management activities through the utilization of food brokers.

Food Broker Role Functions

Ninety-one questions in the survey instrument were used to examine the food broker role functions in the marketing of nationally branded canned food products. For analysis purposes, these 91 factors were grouped into 7 categories which represented potential food broker role dimensions. The analysis of the food broker and food manufacturer responses revealed areas of both perceptual congruity and perceptual incongruity concerning these food broker role issues.

First, the food broker's role functions in the marketing of nationally branded canned food products include the management of product, promotion, price, physical distribution, order processing, trade, and administrative activities. Each of these categories contained at least one role factor with a modal rating of 1 (very important) by both food brokers and food manufacturers. These very important food broker role functions included the following:

1. Introducing new products to retailers, wholesalers, and chains
2. Identifying key factors that are hurting the sales of particular products
3. Assisting in the coordination of national advertising with chain operations
4. Giving advance notice of upcoming special allowances to retailers, wholesalers, and chains
5. Informing the manufacturer of competitor pricing tactics

6. Giving advance notice of late shipments to wholesalers and chains

7. Controling the number of "out of stocks" of retailer, wholesaler, and chain customers

8. Utilizing manpower development programs to insure the continuity of the food broker's operations

9. Coordinating wholesale activities with retail activities

10. Relaying complaints to the manufacturer from retailers, wholesalers, chains, and the consuming public

11. Responding to complaints from retailers and the consuming public

12. Helping retailers to decide how to position products

13. Obtaining maximum shelf space for the manufacturer's products

14. Locating potential customers

Food brokers, therefore, have wide areas of responsibilities and the terms, broker, merchandiser, and communication specialist are too limited to adequately describe the food brokerage function. Food brokers are, in fact, manufacturers' agents, which is a channel intermediary defined as follows:

> An agent who generally operates on an extended contractual basis; often sells within an exclusive territory; handles noncompeting but related lines of goods; and possesses limited authority with regard to prices and terms of sale. He may be authorized to sell a definite portion of his principal's output.[1]

Second, many of the above food broker activities are communication functions. The food broker has important

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[1]American Marketing Association, A Glossary of Terms (Chicago: American Marketing Association, 1960).

communication responsibilities in communication from the manufacturer to the channel members which include (a) new product introductions, (b) coordination of advertising operations, (c) informing channel members of special allowances, and (d) giving advance notice of late and short shipments. On the other hand, the food broker has important communication responsibilities in communication from the channel and ultimate consumers to the manufacturer. These communication activities include (a) identifying factors hurting the sales of products, (b) informing the manufacturer of competitor pricing tactics, and (c) relaying complaints to the manufacturer from channel members and from the consuming public.

Third, except for providing the manufacturer with information, none of these activities that are considered very important by both food brokers and food manufacturers represent functions in which the broker is a participant in the manufacturer's decision making process.

In addition to these broad areas of perceptual consensus, considerable perceptual incongruity was revealed in the study. Statistically significant perceptual differences between food brokers and food manufacturers were found in the product management, promotion management, price management, physical distribution management, and administrative management role categories. With the exception of administrative management, the primary source of the perceptual conflict was that the food brokers rated the importance of several food

broker role activities as being more important than food manufacturers rated the activities.

First, food broker modal importance ratings were significantly higher than the food manufacturer modal importance ratings for the following role functions:

1. Introducing new products to retailers
2. Giving the manufacturer ideas on how to promote products
3. Assisting retailers in promotional efforts that are independent of the manufacturer's promotional efforts
4. Advising the manufacturer about pricing policies
5. Providing the manufacturer with customer credit information
6. Advising the manufacturer about local advertising media
7. Checking to see that only products ordered are delivered to wholesalers and to chains
8. Seeing that products are properly handled while in transit
9. Advising the manufacturer about local warehousing facilities
10. Advising the manufacturer about alternative means of transporting products

Several of these factors, which were rated as being more important by food brokers than by food manufacturers, pertain to the food brokers' participation in the food manufacturers' decision making processes. Apparently food brokers overestimate the perceived importance of their functions as advisors to their principals.

Second, food manufacturer importance ratings were significantly higher than food broker importance ratings of the following functions:

1. Avoiding having an excessive number of principals
2. Seeing that no salesman is responsible for an excessive number of products
3. Providing special progress reports to the manufacturer on new product introductions
4. Insuring that products in the broker's line do not compete with one another
5. Informing the manufacturer about new principals the food broker is representing and when the food broker ceases to represent a principal
6. Informing the manufacturer of sales personnel changes

Examination of this list reveals the fact that manufacturer ratings were higher than broker ratings of the factors pertaining to the control of the food broker's operation, especially those control functions that directly affect the food broker's ability to allocate sufficient marketing effort to the manufacturer's products.

The analysis of the food broker role functions, therefore, revealed perceptual congruity as well as incongruity between food brokers and food manufacturers concerning the importance of the functions. First, food manufacturers and food brokers perceived the food broker role functions to include a wide range of activities with trade management and communication activities being particularly important functions. Second, food brokers and food manufacturers revealed

incongruity in their perceptions of other aspects of the food broker role functions. The food broker's role as an advisor in the manufacturer decision making processes was perceived as being a more important role function by food brokers than by food manufacturers. On the other hand, the food broker's control of factors impinging directly upon the food broker's ability to devote sufficient marketing effort to the manufacturer's products was perceived as being more important by manufacturers than by brokers.

Food Manufacturer Support Role Functions

Fifty-seven questions in the survey instrument were used to examine the food manufacturer role functions in support of the food broker's marketing of nationally branded canned food products. These 57 role factors were grouped into 7 categories thus forming a 7-dimensional model of the food manufacturer support role functions.

An evaluation of the important/unimportant ratings of food brokers and food manufacturers resulted in the conclusion that the food manufacturer support role functions can be described in terms of the proposed 7-dimensional model. More than 40 percent of the role factors in each dimension received 1 (very important) ratings by both food brokers and food manufacturers. These role factors were:

1. Developing new products
2. Identifying factors hurting sales of products
3. Producing high quality products

4. Test marketing products before having the food broker sell them
5. Providing the broker with product fact sheets
6. Providing the broker with promotional ideas
7. Coordinating national advertising with wholesale, retail, and chain operations
8. Providing national advertising
9. Paying brokerage commissions on time
10. Informing the broker of competitor pricing tactics
11. Outlining the manufacturer's credit policy for the food broker
12. Giving the broker sufficient advance notice about upcoming special allowances
13. Checking on delayed shipments
14. Giving advance notice of short and late shipments to the food broker
15. Minimizing order processing time
16. Mailing invoices to the broker and the customer at the same time
17. Promptly paying credit invoices and claims
18. Answering complaints by the broker's wholesale and chain customers and by the consuming public
19. Emphasizing long run profits more than short run profits
20. Giving advance notice of visits to the food broker's facilities by manufacturer personnel
21. Avoiding the use of an excessive number of food brokers in a given market area
22. Clearly specifying the objectives the manufacturer wants the food broker to carry out

This list of "very important" food manufacturer support role functions includes strategic and operational

support functions. The strategic functions include (a) developing new products, (b) identifying factors hurting sales of products, (c) providing high quality products, (d) test marketing products, (e) providing promotional ideas, (f) informing the broker of competitor pricing tactics, (g) emphasizing long run profits, (h) specifying manufacturer objectives to the broker, and (i) avoiding the use of an excessive number of brokers in a given marketing area. The remaining items are functions characterized by the accomplishment of day-to-day operations (operational factors). The most significant element of these factors is the element of time. The brokers and manufacturers agreed that promptness is of considerable importance in (a) paying brokerage commissions, (b) giving notice of special allowances and short and late shipments, (c) order processing, (d) mailing invoices to the food broker, (e) paying credit invoices and claims, and (f) giving the broker notice of visits to the broker's facility by manufacturer personnel.

In addition to this perceptual agreement between food broker and food manufacturer perceptions, considerable perceptual disagreement was revealed in the study. First, broker ratings were higher than manufacturer ratings on several food manufacturer support role functions. These functions include:

1. Informing the food broker of competitors' new product introductions
2. Providing cooperative advertising for the broker's retail, wholesale, and chain customers

3. Adjusting brokerage commissions to the amount of detail work required of the food broker

4. Maintaining brokerage commissions when a new product obtains market acceptance

5. Giving the food broker sufficient advance notice of upcoming special allowances

6. Mailing invoices to the broker and the customer at the same time

7. Promptly paying claims and credit invoices

8. Giving advance notice of visits to the food broker's facilities by manufacturer personnel

9. Advising the food broker on product rotation

Some of these items appear in the group of those factors rated as very important by both groups of respondents. The significant difference in perceptions, although modal values for most of the factors were 1 (very important) for both groups, resulted from the fact that the food broker modal frequency percentages were significantly greater than the manufacturer modal frequency percentages. The primary characteristic of these manufacturer support activities is that they represent support the manufacturer provides that enables the broker to accomplish his task without the manufacturer being actively involved in the food broker's decision making or control processes.

Second, food manufacturer ratings were higher than food broker ratings on a number of food manufacturer role functions. These items include:

1. Providing the food broker with sales performance reports on each item sold by the broker

2. Advising the broker on setting up displays

3. Helping the broker control retail, wholesale, and chain price accuracy
4. Advising the food broker on positioning the product in retail stores
5. Answering complaints from the broker's retail and chain customers and from the consuming public
6. Constructively criticizing the food broker's performance shortcomings.
7. Maintaining accurate sales records
8. Providing sales meetings for food brokers

The food broker and food manufacturer ratings of the importance of these factors indicate that the manufacturers attach greater importance than brokers attach to the manufacturer's provision of operating assistance and advice. In contrast to the functions to which brokers attached greater importance than manufacturers (enabling the food broker to accomplish the task), these factors are characterized by the manufacturer's provision of operational assistance in the broker's decision making and control processes.

The analysis of food manufacturer support role functions, therefore, revealed both congruity and incongruity between the food broker and food manufacturer perceptions of the relative importance of these functions. First, each of the proposed food manufacturer role dimensions included a large number of role activities considered to be very important by both food brokers and food manufacturers. Second, both strategic and operational marketing support are apparently very important food manufacturer role functions. In addition, the timing of this support is of great importance.

Third, perceptual incongruity was discovered for a number of role factors. Broker importance ratings were higher than manufacturer importance ratings of the manufacturer's role in providing assistance to the broker without the manufacturer being involved with the actual broker activities. Food manufacturer importance ratings, however, were higher than food broker ratings of the manufacturer role activities in which the manufacturer actively participates in the planning and operational activities of the food brokerage firm. This perceptual conflict represents potential overt channel conflict concerning the degree of the food broker's operating autonomy.

Implications of the Study

The results of this research indicate the existence of both congruity and incongruity between food broker and food manufacturer perceptions of the food broker - food manufacturer dyad. These findings suggest several recommendations for food distribution decision makers.

The Food Broker Service Mix

Food brokers and food manufacturers perceive the food broker's role as encompassing several activities including the management of product, promotion, price, distribution, order processing, trade, and administrative activities. Food brokers, therefore, can be conceptualized as producers of a service mix that is designed to assist food manufacturers in the creation of time, place, form, and ownership utilities.

The design of this service mix, which can be compared to a manufacturer's product mix, should be based upon a thorough understanding of the service needs of the food manufacturer and of the cost and profit implications for the food brokerage firm.

The results of this study indicate food brokers have an accurate understanding of food manufacturer perceived needs for some food broker functions and misconceptions of food manufacturer perceived needs for others.

First, food brokers and food manufacturers were in agreement that food brokers provide a wide range of useful functions, particularly in channel communication and trade management activities. These functions are likely to continue to be critical food broker functions and, therefore, food brokers must continue to develop their expertise in performing these functions.

Second, food brokers overestimated the perceived importance to food manufacturers of the food broker's role in participating in the food manufacturer's decision making processes. However, because food brokers are likely to be knowledgeable about local market factors, a quality considered important by both food brokers and food manufacturers, they are potentially valuable sources of information concerning local promotion, price, credit, and physical distribution decisions. The difference between food broker and food manufacturer perceptions of the importance of these advisory functions indicates food manufacturers are not obtaining full

advantage of this unique food broker expertise and suggests the following:

1. Food brokers should determine the information needs of food manufacturers (in terms of timing, quantity, report format, and other parameters) and begin to develop market information systems that will enable the effective generation and communication of the needed information.
2. Food manufacturers should formally incorporate food brokers into their management information systems and provide the necessary training and financial compensation for this incorporation. For example, because of their continual contact with specific market areas, food brokers are in a position to provide valuable assistance in the food manufacturer's marketing research activities such as controlled experiments and surveys concerning market potential, product performance, competitor activities, and consumer needs for new products.

The added costs of developing this communicative relationship are justified by the potential of a more effective total marketing effort. To the extent that local market differences exist and to the extent that these differences justify unique marketing strategies, the exchange of information will benefit both the food broker and food manufacturer via the formulation of more effective channel strategies.

Third, food brokers underestimated the perceived importance to food manufacturers of the food broker's efforts to insure the allocation of sufficient resources to the marketing of individual principal's products. Although food broker respondents acknowledged the importance of the food broker's ability to devote adequate marketing effort to principals' products, their importance ratings were significantly lower than the manufacturer importance ratings of these issues.

In order to avoid conflict over these issues, food brokers and food manufacturers must establish guidelines concerning the following issues:

1. What is a proper number of principals that a food broker should represent? Is this number a constant or a variable depending upon such factors as size of the brokerage firm, kind of products marketed, and size of the food broker's principals?
2. How many individual products or product categories can a food broker salesman adequately manage? Is this number a constant or a variable depending upon such factors as product characteristics, amount of promotional support, and salesman ability?
3. Because of the proliferation of product lines, conflicting items in the food broker's product assortment are unavoidable. How should a food broker manage conflicting items? And what factors

should be considered when determining whether or not conflicting items are dysfunctional?

Promoting the Food Broker Function

The food broker function is in the maturity stage of the institutional life cycle. Consequently, there will be increasing pressure on food brokers to promote increased use of the food brokerage function by present users, obtain new users, and possibly develop more varied uses of food brokers. The results of this research offer clues concerning how the food brokerage industry might react to this pressure.

First, both the food brokers and food manufacturers surveyed agreed that an important reason for using food brokers is to obtain distribution efficiencies in the form of time and dollar savings. Because of the rapid rise of retail food prices in recent years and the resulting increased consumer sensitivity to price levels, the issue of distribution efficiency is of considerable importance. The fact that the food broker is a potential source of increased marketing channel efficiency has significant managerial implications for both food brokers and food manufacturers.

Food brokers, in their efforts to promote the food brokerage function should stress the efficiency issue to present as well as potential principals. In order to properly exploit this efficiency issue, however, individual food brokerage firms and the National Food Brokers Association should develop quantitative evidence of the sources of

increased efficiency. Quantitative evidence should be generated, for example, of the comparative cost functions of marketing through food brokers and through food manufacturer sales forces.

On the other hand, food manufacturers, in their efforts to create a differential advantage, should consider the use of food brokers in situations in which (a) the size of the market does not justify a manufacturer's sales office, (b) pricing and speed of market entry are important competitive considerations, and (c) the food broker's knowledge and expertise about a specific market area are of value and can be utilized in the manufacturer's marketing program.

Second, although food brokers and food manufacturers are in relative agreement on the efficiency issues, considerable perceptual conflict exists between food brokers and food manufacturers concerning whether or not the obtaining of increased marketing effectiveness is a reason why food manufacturers use food brokers. Food brokers perceive the effectiveness issues as being important reasons while food manufacturers perceive the effectiveness issues as being relatively unimportant reasons.

The existence of this perceptual conflict suggests individual food brokerage firms and the National Food Brokers Association have not successfully marketed this effectiveness aspect of the food broker's function. Food manufacturers are not convinced that food brokers can be used as an offensive competitive weapon in the manufacturer's efforts to obtain a

more effective marketing program, rather than merely a means of obtaining a more efficient distribution system. These effectiveness factors, however, will become increasingly important in food brokers' efforts to increase the use of food brokers in food distribution as the food brokerage function continues to move through the institutional life cycle.

Presently sufficient documented evidence of these effectiveness oriented advantages of using food brokers has not been developed. This evidence must be developed before these effectiveness oriented advantages of using food brokers can be successfully promoted. Documented evidence, for example, must be developed concerning (a) other channel members' perceptions of the relative effectiveness of food broker and food manufacturer salesmen, and (b) comparative profit information for sales through food brokerage organizations and through manufacturer sales forces in relation to size of market, short run and long run factors, product characteristic, and competitive environment.

Third, the survey of the literature concerning food distribution, interviews with food industry executives, and respondent comments on returned questionnaires, revealed the fact that individuals outside the food industry have little understanding of the food broker's role in food distribution. However, increased effects of consumer activist groups on government policy formulation, increased consumer and government interest in controling food costs, the potentially

devastating effects of government policy decisions based upon insufficient information, and the need for food brokerage firms to attract competent employees into the food brokerage profession, suggest a need for this information gap to be filled. The National Food Brokers Association, therefore, should increase their efforts to educate these elements of their external environment concerning the role of the food broker in food distribution.

The Food Manufacturer Support Role

The results of the analysis of the food manufacturer role in support of the food broker's marketing efforts indicate that the food manufacturer has important functions in the management of product, promotion, price, distribution, trade, order processing, and administrative activities. In addition, both food brokers and food manufacturers agree that the reduction of the manufacturer's channel management involvement is not a reason for using food brokers. Those food manufacturers considering the use of food brokers, therefore, must be aware of this fact in order to avoid basing the decision to use food brokers on erroneous reasons. In addition, if a food manufacturer elects to use a food broker, that food manufacturer should be prepared to support the food broker in both strategic and operational activities.

Although food brokers and food manufacturers agree that the food manufacturer has an important role in supporting the food broker's marketing effort, considerable conflict

in perceptions exists concerning the kind of support that is most needed. On the one hand, food broker importance ratings were higher than food manufacturer importance ratings of the manufacturer support role functions that are provided without the manufacturer being actively involved with actual brokerage operations. On the other hand, food manufacturer importance ratings were higher than food broker importance ratings of the manufacturer role in assisting the broker with active manufacturer involvement in brokerage operations.

In order to avoid potential overt conflict resulting from these differing perceptions the precise nature of the food manufacturer support role function should be clarified. Without this clarification conflict is likely to emerge in the form of (a) food broker dissatisfaction with perceived food manufacturer interference with food broker operations, or (b) food manufacturer dissatisfaction with perceived food broker nonresponsiveness to food manufacturer assistance.

Another potential source of conflict, which was revealed by food industry executive comments in the personal interviews and on the returned questionnaires, concerns the traditional 30 day termination provision in the food broker - food manufacturer contract. The potential conflict results from incompatible food manufacturer expectations about the food manufacturer - food broker dyad. First, food manufacturers expect long term commitment of food broker resources to the marketing of the manufacturers' products. For example, food brokers are expected to participate in

developing markets for new products, improving the marketability of old products, locating potential customers, acting as marketing intelligence agents, strengthening trade performance in marketing the manufacturer's products, and insuring the long term operation of the food brokerage firm. Second, food manufacturers expect food brokers to accept a standard clause in the food broker's representation contract that provides for a 30 day notice of contract termination. Clearly, the long term commitment of food broker resources to the marketing of his principals' products is necessary for an on-going marketing program. Consequently, the 30 day termination provision should be eliminated and replaced with one or a combination of the following:

1. A 90 to 180 day termination clause
2. A variable termination clause that is a function of the length of time the broker represents a manufacturer
3. Severance payment provisions

Suggestions for Additional Research

A considerable amount of data were generated in this study. The author intends to use this data for further analysis and to make the data available to those researchers who are interested in studying marketing channels of distribution. For example, considerable classification data were obtained from individual respondents which can be used for cross classification analysis. Also, analysis of the

dependent structures within the data may reveal significant relationships and lead to additional questions.

In addition to further analysis of the data collected in this study, however, the findings of the research suggest needs for further research. First, a continuation of the analysis of the food broker's interface with other food channel institutions should be explored. This analysis may include additional dyad analyses, or the analysis of the food broker's relationship with his entire organizational set.

Second, research is needed concerning the relationship between channel conflict and channel effectiveness. Research is lacking, for example, in developing an operational definition of channel effectiveness. Once this definition is developed, researchers will be able to study the effect of channel conflict upon channel performance and practitioners will be able to more effectively evaluate alternative channel strategies and control channel operations. The following are examples of questions that should be explored:

1. What are the effects of different kinds of channel conflict (such as overt and covert conflict) upon channel effectiveness?
2. What are the effects of different levels of channel conflict upon channel effectiveness?
3. Are there short run and long run effects of channel conflict upon channel effectiveness? What are the characteristics of these effects?

4. What are effective methods of reducing harmful channel conflict?

Third, role analysis techniques can be employed to study other channels of distribution structures in an effort to identify problems, to develop descriptive information, and to provide a data base from which theoretical generalizations may emerge.

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APPENDIX A

GROCERY INDUSTRY DATA: WHOLESALERS AND RETAILERS

TABLE A-1

NUMBER OF RETAIL STORES

Year	Independent			Chain	Grand Total
	affil'd	unaffil	total		
1974			156,120*	42,010*	198,130
1973	64,070	94,530	158,600	40,960	199,560
1972	65,600	96,600	162,200	38,850	201,050
1971	66,430	101,800	168,230	36,670	204,900
1970	69,400	104,700	174,100	34,200	208,300
1969	74,480	114,000	188,480	30,850	219,330
1968	80,500	117,400	197,900	28,800	226,700
1967	79,000	119,500	198,500	27,670	226,170
1966	77,000	124,800	201,800	25,205	227,005
1965	76,000	128,200	204,200	22,850	227,050
1964	75,500	131,400	206,900	21,700	228,600
1963	75,000	135,000	210,000	21,000	231,000
1962	75,500	138,955	214,455	20,420	234,870
1961	78,000	152,000	230,000	18,800	248,800
1960	84,000	156,000	240,000	20,050	260,050
1959	95,000	165,800	260,800	19,700	280,500
1958	92,000	173,600	265,600	19,400	285,000

SOURCE: "42nd Annual Report of the Grocery Industry," Progressive Grocer 54 (April 1975): 68.

*Estimates made by the researcher

TABLE A-2

PERCENT OF TOTAL RETAIL STORES

Year	Independent			Chain	Grand Total
	affil'd	unaffil	total		
1974			78.8*	21.2*	100%
1973	32.1	47.4	79.5	20.5	100
1972	32.6	48.1	80.7	19.3	100
1971	32.4	49.7	82.1	17.9	100
1970	33.3	50.3	83.6	16.4	100
1969	34.0	52.0	86.0	14.0	100
1968	35.5	51.8	87.3	12.7	100
1967	34.9	52.8	87.7	12.3	100
1966	33.9	55.0	88.9	11.1	100
1965	33.5	56.5	90.0	10.0	100
1964	33.0	57.5	90.5	9.5	100
1963	32.5	58.4	90.9	9.1	100
1962	32.1	59.2	91.3	8.7	100
1961	31.4	61.1	92.5	7.5	100
1960	32.3	60.0	92.3	7.7	100
1959	33.9	59.1	93.0	7.0	100
1958	32.3	60.9	93.2	6.8	100

*Estimates made by the researcher

TABLE A-3

DOLLAR RETAIL STORE SALES (BILLIONS)

Year	Independent			Chain	Total
	affil'd	unaffil	total		
1974			65.445*	65.390*	130.835
1973	48.790	7.950	56.740	56.390	113.130
1972	44.670	7.300	51.970	49.730	101.700
1971	41.170	7.040	48.210	46.260	94.470
1970	39.390	6.950	46.340	42.075	88.415
1969	37.220	6.480	43.700	38.125	81.825
1968	35.220	6.215	41.435	34.500	75.935
1967	35.275	6.225	41.500	30.935	72.435
1966	32.725	5.775	38.500	29.350	67.850
1965	31.800	6.100	37.900	27.205	65.105
1964	29.800	6.200	36.000	25.600	61.600
1963	27.800	6.275	34.075	24.125	58.200
1962	27.475	5.575	33.050	23.150	56.200
1961	26.250	6.150	32.400	21.050	53.450
1960	25.400	6.750	32.150	19.550	51.700
1959	23.650	7.200	30.850	18.625	49.475
1958	21.650	8.000	29.650	17.875	47.525

SOURCE: "42nd Annual Report of the Grocery Industry," Progressive Grocer 54 (April 1975): 68.

*Estimates made by the researcher

TABLE A-4

PERCENT OF TOTAL RETAIL STORE SALES

Year	Independent			Chain	Grand Total
	affil'd	unaffil	total		
1974			50.0*	50.0*	100%
1973	43.1	7.0	50.1	49.9	100
1972	43.9	7.2	51.1	48.9	100
1971	43.6	7.5	51.1	48.9	100
1970	44.5	7.9	52.4	47.6	100
1969	45.5	7.9	53.4	46.6	100
1968	46.4	8.2	54.6	45.4	100
1967	48.7	8.6	57.3	42.7	100
1966	48.2	8.5	56.7	43.3	100
1965	48.8	9.4	58.2	41.8	100
1964	48.4	10.1	58.5	41.5	100
1963	47.8	10.8	58.6	41.4	100
1962	48.9	9.9	58.8	41.2	100
1961	49.1	11.5	60.6	39.4	100
1960	49.1	13.1	62.2	37.8	100
1959	47.8	14.6	62.4	37.6	100
1958	45.6	16.8	62.4	37.6	100

*Estimates made by the researcher

TABLE A-5

NUMBER OF WHOLESALE FIRMS

Year	Voluntary	Cooperative	Unaffiliated	Total
1974	347	141	997	1,485
1973	370	155	1,020	1,545
1972	410	173	1,150	1,733
1971	471	233	1,225	1,929
1970	469	231	1,230	1,930
1969	469	231	1,230	1,930
1968	466	228	1,233	1,927
1967	468	230	1,239	1,937
1966	470	232	1,246	1,948
1965	463	228	1,252	1,943
1964	472	221	1,266	1,959
1963	480	213	1,340	2,033
1962	488	216	1,380	2,084
1961	525	200	1,550	2,275
1960	525	200	1,760	2,485
1959	525	197	1,850	2,572
1958	545	195	1,900	2,640

SOURCE: Annual reports of the grocery industry, April issues of Progressive Grocer, 1959-1975.

TABLE A-6

PERCENT OF NUMBER OF WHOLESALE FIRMS

Year	Voluntary	Cooperative	Unaffiliated	Total
1974	23.4	9.5	67.1	100
1973	23.9	10.1	66.0	100
1972	23.6	10.0	66.4	100
1971	24.4	12.1	63.5	100
1970	24.3	12.0	63.7	100
1969	24.3	12.0	63.7	100
1968	24.2	11.8	64.0	100
1967	24.2	11.9	63.9	100
1966	24.1	11.9	64.0	100
1965	23.8	11.7	64.5	100
1964	24.1	11.3	64.6	100
1963	23.6	10.5	65.9	100
1962	23.4	10.4	66.2	100
1961	23.1	8.8	68.1	100
1960	21.1	8.1	70.8	100
1959	20.4	7.7	71.9	100
1958	20.6	7.4	72.0	100

TABLE A-7

DOLLAR WHOLESALE FIRM SALES (BILLIONS)

Year	Voluntary	Cooperative	Unaffiliated	Total
1974	20.849	12.278	9.170	42.297
1973	17.520	10.640	7.660	35.820
1972	15.130	9.450	6.720	31.300
1971	13.380	8.490	6.180	28.050
1970	12.820	8.115	5.660	26.595
1969	11.940	7.500	5.290	24.730
1968	10.955	6.900	4.680	22.535
1967	9.980	6.210	4.490	20.680
1966	9.215	5.635	4.220	19.070
1965	8.230	5.105	3.795	17.130
1964	7.315	4.660	3.720	15.695
1963	6.550	4.190	3.575	14.315
1962	5.800	3.300	3.540	13.140
1961	5.330	3.530	3.540	12.400
1960	4.950	3.240	3.440	11.630
1959	4.400	2.850	3.600	10.850
1958	3.950	2.300	3.700	10.250

SOURCE: Annual reports of the grocery industry, April issues of Progressive Grocer, 1959-1975.

TABLE A-8

PERCENT OF TOTAL RETAIL STORE SALES

Year	Voluntary	Cooperative	Unaffiliated	Total
1974	49.0	29.0	22.0	100%
1973	48.9	29.7	21.4	100
1972	48.3	30.2	21.5	100
1971	47.7	30.3	22.0	100
1970	48.2	30.5	21.3	100
1969	48.3	30.3	21.4	100
1968	48.6	30.6	20.8	100
1967	48.3	30.0	21.7	100
1966	48.3	29.6	22.1	100
1965	48.0	29.8	22.2	100
1964	46.6	29.7	23.7	100
1963	45.8	29.3	24.9	100
1962	44.1	28.9	27.0	100
1961	43.0	28.5	28.5	100
1960	42.6	27.9	29.5	100
1959	40.6	26.2	33.2	100
1958	38.5	25.4	36.1	100

APPENDIX B

FOOD BROKER QUESTIONNAIRE

THE UNIVERSITY OF OKLAHOMA
FOOD MARKETING QUESTIONNAIRE



CENTER FOR ECONOMIC AND MANAGEMENT RESEARCH
307 West Brooks Street, Room 4
Norman, Oklahoma 73069

COLLEGE OF BUSINESS ADMINISTRATION
UNIVERSITY OF OKLAHOMA

Because certain terms have more than one definition, we have adopted a standard set of terms for this research. We ask that you use the following definitions when completing your questionnaire:

1. **Nationally Branded Canned Food Products:** Food of any kind that is in a *can* or *jar* backed with *national advertising* such as: canned fruits, vegetables and jams; pet food; shortening; canned sea foods; pickled fruits and vegetables; sauces, seasonings and salad dressings; condensed and evaporated milk; roasted coffee; and canned specialties.
2. **Wholesaler:** The total group of wholesalers including *independents, cooperatives* or *voluntary* distribution centers.
3. **Chains:** The *central decision making unit* of chain organizations.
4. **Retailer:** The total group of retailers including independents, individual chain stores, wholesaler affiliated stores.

The questionnaire is divided into four parts. The first three parts concern your perceptions of the importance of:

I Reasons food manufacturers use food brokers.
II Various *activities* which are performed by *food brokers* in selling nationally branded canned food products.
III Various *activities* which are performed by *food manufacturers* in support of the broker's selling effort.
Part IV Concerns general information about your firm.

Please answer all questions. Use the enclosed envelope to return your questionnaire directly to us. Your personal answers are the important thing to us. Thank you very much.

I. REASONS MANUFACTURERS USE BROKERS

Following is a set of factors that may or may not be important *reasons why food manufacturers use food brokers* to sell nationally branded canned food products. Please circle the number which best reflects your perception of the importance of these factors.

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

1	2	3	4	5	To reduce marketing costs
1	2	3	4	5	Because chains prefer food brokers to manufacturer salesmen
1	2	3	4	5	Because wholesalers prefer food brokers to manufacturer salesmen
1	2	3	4	5	Because retailers prefer food brokers to manufacturer salesmen
1	2	3	4	5	To enter new markets
1	2	3	4	5	To get an established marketing network
1	2	3	4	5	To take advantage of the broker's knowledge and expertise about a specific market area
1	2	3	4	5	To replace unprofitable manufacturer sales offices
1	2	3	4	5	To reduce the manufacturers involvement in channel management
1	2	3	4	5	To get temporary market coverage
1	2	3	4	5	To get a sales force for small towns
1	2	3	4	5	To reduce his (manufacturer's) sales force work load
1	2	3	4	5	To get an immediately available, trained sales force
1	2	3	4	5	To get better servicing of accounts
1	2	3	4	5	To increase the frequency of sales calls
1	2	3	4	5	Because brokers are experts in new product introductions
1	2	3	4	5	To reduce the high cost of maintaining a direct sales force
1	2	3	4	5	The closing of small super markets and their replacement with fewer but larger super stores

II. FOOD BROKER FUNCTIONS

Food brokers **have several *functions*. In the marketing of *nationally branded canned food products* how important do you think it is that the food broker:**

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

1	2	3	4	5	Coordinates wholesale activities with retail activities
1	2	3	4	5	Helps retailers set up displays
1	2	3	4	5	Helps wholesalers set up displays
					Gives notice about upcoming special allowances . . .
1	2	3	4	5	—to retailers
1	2	3	4	5	—to wholesalers
1	2	3	4	5	—to chains
					Relays to the manufacturer special requests . . .
1	2	3	4	5	—from retailers
1	2	3	4	5	—from wholesalers
1	2	3	4	5	—from chains
					Relays complaints to the manufacturer . . .
1	2	3	4	5	—from retailers
1	2	3	4	5	—from wholesalers
1	2	3	4	5	—from chains
1	2	3	4	5	—from the consuming public
					Responds to complaints . . .
1	2	3	4	5	—from retailers
1	2	3	4	5	—from wholesalers
1	2	3	4	5	—from chains
1	2	3	4	5	—from the consuming public
1	2	3	4	5	Gives the manufacturer ideas on how to promote products
1	2	3	4	5	Helps retailers decide how to position the products
1	2	3	4	5	Sees that his (the broker's) customers use the displays, etc., the manufacturer provides
					Assists in coordinating national advertising with . . .
1	2	3	4	5	—retailer operations
1	2	3	4	5	—wholesaler operations
1	2	3	4	5	—chain operations
1	2	3	4	5	Helps retailers with promotional efforts not tied in with the manufacturer's promotional efforts
1	2	3	4	5	Tells the manufacturer how well his promotional efforts are doing
1	2	3	4	5	Tells the manufacturer how well his competition's promotion is doing
1	2	3	4	5	Checks on delayed shipments
					Checks to see that only products ordered are delivered to . . .
1	2	3	4	5	—retailers
1	2	3	4	5	—wholesalers
1	2	3	4	5	—chains
					Gives advance notice of late shipments . . .
1	2	3	4	5	—to retailers
1	2	3	4	5	—to wholesalers
1	2	3	4	5	—to chains
1	2	3	4	5	Processes special orders
1	2	3	4	5	Sees that his retail customers pay their bills on time
1	2	3	4	5	Sees that his wholesale customers pay their bills on time
1	2	3	4	5	Sees that his chain customers pay their bills on time
					Introduces new products . . .
1	2	3	4	5	—to retailers
1	2	3	4	5	—to wholesalers
1	2	3	4	5	—to chains

II. Food Broker Functions (cont'd.)

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

1	2	3	4	5	Pinpoints key factors hurting sales of particular items
1	2	3	4	5	Gets maximum shelf space for the manufacturer's products in retail stores
					Tells the manufacturer about . . .
1	2	3	4	5	—retailers' performance in marketing his (manufacturer's) products
1	2	3	4	5	—wholesalers' performance in marketing his (manufacturer's) products
1	2	3	4	5	—chains' performance in marketing his (manufacturer's) products
1	2	3	4	5	Helps retailers decide how to position the products
1	2	3	4	5	Stocks shelves in retail stores
1	2	3	4	5	Places point of purchase material in retail stores
1	2	3	4	5	Insures that products in his (broker's) line don't compete with each other
1	2	3	4	5	Maintains a high quality product assortment
1	2	3	4	5	Refuses to sell goods for private branding
1	2	3	4	5	Maximizes the geographical scope of his own market coverage
1	2	3	4	5	Channels more selling effort to high volume accounts than to low volume accounts
1	2	3	4	5	Files reports on time
1	2	3	4	5	Provides in-store demonstrations of the manufacturer's products
1	2	3	4	5	Makes his selling efforts for a manufacturer's products proportional to his (broker's) income from those products
1	2	3	4	5	Has manpower development programs to insure the continuity of his (broker's) operations
1	2	3	4	5	Participates in education programs sponsored by the manufacturer
1	2	3	4	5	Does not take on more manufacturers than he can handle
1	2	3	4	5	Sees that each of his salesmen has no more products than he can handle
1	2	3	4	5	Helps in test marketing new products
1	2	3	4	5	Gives new product ideas to the manufacturer
					Controls the number of "out of stocks" . . .
1	2	3	4	5	—of his retail customers
1	2	3	4	5	—of his wholesale customers
1	2	3	4	5	—of his chain customers
					Sees that products are rotated . . .
1	2	3	4	5	—in retail stores
1	2	3	4	5	—in wholesale warehouses
1	2	3	4	5	—in chain warehouses
					Controls the amount of returned merchandise . . .
1	2	3	4	5	—by his retail customers
1	2	3	4	5	—by his wholesale customers
1	2	3	4	5	—by his chain customers
1	2	3	4	5	Sees that goods have been properly handled while in transit
1	2	3	4	5	Tells the manufacturer about the performance of the carriers of the goods
1	2	3	4	5	Reduces his commissions when a new product obtains market acceptance
1	2	3	4	5	Tells the manufacturer about the competition's pricing tactics
					Advises the manufacturer . . .
1	2	3	4	5	—about local advertising media
1	2	3	4	5	—about local warehousing facilities
1	2	3	4	5	—about the marketability of a product still in the development stage
1	2	3	4	5	—about alternative means of transporting products
1	2	3	4	5	—about pricing policies
1	2	3	4	5	Emphasizes long run profits more than short run profits
1	2	3	4	5	Provides special progress reports to the manufacturer on new product introductions
1	2	3	4	5	Provides special reports on the sales of items in test markets
1	2	3	4	5	Tells the manufacturer about new principals he (broker) is representing
1	2	3	4	5	Tells the manufacturer when he (broker) ceases to represent a principal
1	2	3	4	5	Tells the manufacturer about his (broker's) sales personnel changes
1	2	3	4	5	Tells the manufacturer about administrative personnel changes in his (broker's) organization

1 2 3 4 5 Informs the manufacturer about infringements on his (manufacturer's) labels and trademarks
1 2 3 4 5 Checks on retail price accuracy
1 2 3 4 5 Checks on wholesale price accuracy
1 2 3 4 5 Locates potential customers
1 2 3 4 5 Gives credit information on customers to the manufacturer

III. FOOD MANUFACTURER FUNCTIONS

When a food *manufacturer* sells nationally branded canned food products through food brokers, he must still perform *certain functions to support his broker's selling efforts.* How important do you think it is that manufacturers:

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

1 2 3 4 5 Advise the broker on setting up displays
1 2 3 4 5 Advise the broker on positioning the product in retail stores
Answer complaints . . .
1 2 3 4 5 —by the broker's retail customers
1 2 3 4 5 —by the broker's wholesale customers
1 2 3 4 5 —by the broker's chain customers
1 2 3 4 5 —by the consuming public
Fill special orders . . .
1 2 3 4 5 —by the broker's retail customers
1 2 3 4 5 —by the broker's wholesale customers
1 2 3 4 5 —by the broker's chain customers
1 2 3 4 5 Give brokers plenty of advance notice about upcoming special allowances
1 2 3 4 5 Give the broker promotional ideas
1 2 3 4 5 Provide effective in-store promotional material
Coordinate national advertising . . .
1 2 3 4 5 —with wholesale operations
1 2 3 4 5 —with retail operations
1 2 3 4 5 —with chain operations
Help the broker control . . .
1 2 3 4 5 —wholesale price accuracy
1 2 3 4 5 —retail price accuracy
1 2 3 4 5 —chain price accuracy
1 2 3 4 5 Pay brokerage commissions on time
1 2 3 4 5 Tell the broker about competitors' pricing tactics
1 2 3 4 5 Emphasize long run profits more than short run profits
1 2 3 4 5 Constructively criticize the broker's performance shortcomings
1 2 3 4 5 Give advance notice of visits to the broker's facilities by manufacturer personnel
1 2 3 4 5 Offer awards to broker personnel as incentives
Provide the broker with . . .
1 2 3 4 5 —product fact sheets
1 2 3 4 5 —sales performance reports on each item he (broker) sells
1 2 3 4 5 —sales performance reports on each of the broker's customers
1 2 3 4 5 Mail invoices to the broker and the customer at the same time
1 2 3 4 5 Outline his (manufacturer's) credit policy to the food broker
1 2 3 4 5 Provide reports to the broker on the results of promotional programs
1 2 3 4 5 Locate potential customers
1 2 3 4 5 Adjust brokerage commissions to the amount of detail work the broker must do
1 2 3 4 5 Pay claims and credit invoices promptly
1 2 3 4 5 Clearly specify the objectives the manufacturer wants the broker to carry out

III. Food Manufacturer Functions (cont'd.)

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

					Provide cooperative advertising opportunities for the broker's . . .
1	2	3	4	5	—retail customers
1	2	3	4	5	—wholesale customers
1	2	3	4	5	—chain customers
1	2	3	4	5	Provide national advertising
1	2	3	4	5	Tell the broker about the competition's promotional efforts
1	2	3	4	5	Minimize order processing time
1	2	3	4	5	Check on delayed shipments
1	2	3	4	5	Give advance notice of short shipments to the food broker
1	2	3	4	5	Give advance notice of late shipments to the food broker
1	2	3	4	5	Develop new products
1	2	3	4	5	Pinpoint key factors hurting the sales of particular items
1	2	3	4	5	Produce high quality goods
1	2	3	4	5	Refuse to sell goods for private branding
1	2	3	4	5	Maintain accurate sales records
1	2	3	4	5	Avoid the use of too many food brokers to serve a given market area
1	2	3	4	5	Sponsor education programs for the food broker
1	2	3	4	5	Provide sales meetings for food brokers
1	2	3	4	5	Test market new products before having the food broker sell them
1	2	3	4	5	Tell the broker about competitors' new product introductions
1	2	3	4	5	Advise brokers on rotating goods
1	2	3	4	5	See that goods have been handled properly while in transit
1	2	3	4	5	See that goods have been stored properly
1	2	3	4	5	Maintain brokerage commissions when a new product gets market acceptance

IV. GENERAL INFORMATION

1. About how many employees are there in your entire company or firm—that is, the total number of employees including all divisions and branches? Total _____

2. Indicate your company's annual sales volume (the total dollar volume you do for your principals).

   _____ Less than $500,000
   _____ $500,000 to $999,999
   _____ $1million to $1.9 million
   _____ $2 million to 3.9 million
   _____ $4 million to $5.9 million
   _____ $6 million to $7.9 million
   _____ $8 million to $9.9 million
   _____ Greater than $10 million

3. What per cent of your company's sales consist of sales of nationally branded canned food products?

   _____ 0% to 10%
   _____ 11% to 20%
   _____ 21% to 30%
   _____ 31% to 40%
   _____ 41% to 50%
   _____ 51% to 60%
   _____ 61% to 70%
   _____ 71% to 80%
   _____ 81% to 90%
   _____ 91% to 100%

4. Does your company sell to wholesale distributors? _____ Yes _____ No
5. Does your company sell to retailers? _____ Yes _____ No
6. Does your company sell to chains? _____ Yes _____ No
7. Evaluating the performance of the food processors who supply the nationally branded canned food products you sell, you are:

   _____ Very Satisfied _____ Satisfied _____ Neutral _____ Unsatisfied _____ Very Unsatisfied

8. How many manufacturers does your company represent? _____

Thank you for providing us with the answers to these questions. The space below is provided for any additional comments or suggestions you wish to make.

Number for research control purposes only.

APPENDIX C

FOOD MANUFACTURER QUESTIONNAIRE

THE UNIVERSITY OF OKLAHOMA
FOOD MARKETING QUESTIONNAIRE



CENTER FOR ECONOMIC AND MANAGEMENT RESEARCH
307 West Brooks Street, Room 4
Norman, Oklahoma 73069

COLLEGE OF BUSINESS ADMINISTRATION
UNIVERSITY OF OKLAHOMA

Because certain terms have more than one definition, we have adopted a standard set of terms for this research. We ask that you use the following definitions when completing your questionnaire:

1. **Nationally Branded Canned Food Products:** Food of any kind that is in a *can* or *jar* backed with *national advertising* such as: canned fruits, vegetables and jams; pet food; shortening; canned sea foods; pickled fruits and vegetables; sauces, seasonings and salad dressings; condensed and evaporated milk; roasted coffee; and canned specialties.
2. **Wholesaler:** The total group of wholesalers including *independents, cooperatives* or *voluntary* distribution centers.
3. **Chains:** The *central decision making unit* of chain organizations.
4. **Retailer:** The total group of retailers including independents, individual chain stores, wholesaler affiliated stores.

The questionnaire is divided into four parts. The first three parts concern your perceptions of the importance of:

I Reasons food manufacturers use food brokers.

II Various *activities* which are performed by *food brokers* in selling nationally branded canned food products.

III Various *activities* which are performed by *food manufacturers* in support of the broker's selling effort.

Part IV Concerns general information about your firm.

Please answer all questions. Use the enclosed envelope to return your questionnaire directly to us. Your personal answers are the important thing to us. Thank you very much.

I. REASONS MANUFACTURERS USE BROKERS

Following is a set of factors that may or may not be important *reasons why food manufacturers use food brokers* to sell nationally branded canned food products. Please circle the number which best reflects your perception of the importance of these factors.

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

1	2	3	4	5	To reduce marketing costs
1	2	3	4	5	Because chains prefer food brokers to manufacturer salesmen
1	2	3	4	5	Because wholesalers prefer food brokers to manufacturer salesmen
1	2	3	4	5	Because retailers prefer food brokers to manufacturer salesmen
1	2	3	4	5	To enter new markets
1	2	3	4	5	To get an established marketing network
1	2	3	4	5	To take advantage of the broker's knowledge and expertise about a specific market area
1	2	3	4	5	To replace unprofitable manufacturer sales offices
1	2	3	4	5	To reduce the manufacturers involvement in channel management
1	2	3	4	5	To get temporary market coverage
1	2	3	4	5	To get a sales force for small towns
1	2	3	4	5	To reduce his (manufacturer's) sales force work load
1	2	3	4	5	To get an immediately available, trained sales force
1	2	3	4	5	To get better servicing of accounts
1	2	3	4	5	To increase the frequency of sales calls
1	2	3	4	5	Because brokers are experts in new product introductions
1	2	3	4	5	To reduce the high cost of maintaining a direct sales force
1	2	3	4	5	The closing of small super markets and their replacement with fewer but larger super stores

II. FOOD BROKER FUNCTIONS

Food brokers **have several** ***functions.*** **In the marketing of** ***nationally branded canned food products*** **how important do you think it is that the food broker:**

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

1	2	3	4	5	Coordinates wholesale activities with retail activities
1	2	3	4	5	Helps retailers set up displays
1	2	3	4	5	Helps wholesalers set up displays
					Gives notice about upcoming special allowances . . .
1	2	3	4	5	—to retailers
1	2	3	4	5	—to wholesalers
1	2	3	4	5	—to chains
					Relays to the manufacturer special requests . . .
1	2	3	4	5	—from retailers
1	2	3	4	5	—from wholesalers
1	2	3	4	5	—from chains
					Relays complaints to the manufacturer . . .
1	2	3	4	5	—from retailers
1	2	3	4	5	—from wholesalers
1	2	3	4	5	—from chains
1	2	3	4	5	—from the consuming public
					Responds to complaints . . .
1	2	3	4	5	—from retailers
1	2	3	4	5	—from wholesalers
1	2	3	4	5	—from chains
1	2	3	4	5	—from the consuming public
1	2	3	4	5	Gives the manufacturer ideas on how to promote products
1	2	3	4	5	Helps retailers decide how to position the products
1	2	3	4	5	Sees that his (the broker's) customers use the displays, etc., the manufacturer provides
					Assists in coordinating national advertising with . . .
1	2	3	4	5	—retailer operations
1	2	3	4	5	—wholesaler operations
1	2	3	4	5	—chain operations
1	2	3	4	5	Helps retailers with promotional efforts not tied in with the manufacturer's promotional efforts
1	2	3	4	5	Tells the manufacturer how well his promotional efforts are doing
1	2	3	4	5	Tells the manufacturer how well his competition's promotion is doing
1	2	3	4	5	Checks on delayed shipments
					Checks to see that only products ordered are delivered to . . .
1	2	3	4	5	—retailers
1	2	3	4	5	—wholesalers
1	2	3	4	5	—chains
					Gives advance notice of late shipments . . .
1	2	3	4	5	—to retailers
1	2	3	4	5	—to wholesalers
1	2	3	4	5	—to chains
1	2	3	4	5	Processes special orders
1	2	3	4	5	Sees that his retail customers pay their bills on time
1	2	3	4	5	Sees that his wholesale customers pay their bills on time
1	2	3	4	5	Sees that his chain customers pay their bills on time
					Introduces new products . . .
1	2	3	4	5	—to retailers
1	2	3	4	5	—to wholesalers
1	2	3	4	5	—to chains

II. Food Broker Functions (cont'd.)

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

1	2	3	4	5	Pinpoints key factors hurting sales of particular items
1	2	3	4	5	Gets maximum shelf space for the manufacturer's products in retail stores
					Tells the manufacturer about . . .
1	2	3	4	5	--retailers' performance in marketing his (manufacturer's) products
1	2	3	4	5	--wholesalers' performance in marketing his (manufacturer's) products
1	2	3	4	5	--chains' performance in marketing his (manufacturer's) products
1	2	3	4	5	Helps retailers decide how to position the products
1	2	3	4	5	Stocks shelves in retail stores
1	2	3	4	5	Places point of purchase material in retail stores
1	2	3	4	5	Insures that products in his (broker's) line don't compete with each other
1	2	3	4	5	Maintains a high quality product assortment
1	2	3	4	5	Refuses to sell goods for private branding
1	2	3	4	5	Maximizes the geographical scope of his own market coverage
1	2	3	4	5	Channels more selling effort to high volume accounts than to low volume accounts
1	2	3	4	5	Files reports on time
1	2	3	4	5	Provides in-store demonstrations of the manufacturer's products
1	2	3	4	5	Makes his selling efforts for a manufacturer's products proportional to his (broker's) income from those products
1	2	3	4	5	Has manpower development programs to insure the continuity of his (broker's) operations
1	2	3	4	5	Participates in education programs sponsored by the manufacturer
1	2	3	4	5	Does not take on more manufacturers than he can handle
1	2	3	4	5	Sees that each of his salesmen has no more products than he can handle
1	2	3	4	5	Helps in test marketing new products
1	2	3	4	5	Gives new product ideas to the manufacturer
					Controls the number of "out of stocks" . . .
1	2	3	4	5	--of his retail customers
1	2	3	4	5	--of his wholesale customers
1	2	3	4	5	--of his chain customers
					Sees that products are rotated . . .
1	2	3	4	5	--in retail stores
1	2	3	4	5	--in wholesale warehouses
1	2	3	4	5	--in chain warehouses
					Controls the amount of returned merchandise . . .
1	2	3	4	5	--by his retail customers
1	2	3	4	5	--by his wholesale customers
1	2	3	4	5	--by his chain customers
1	2	3	4	5	Sees that goods have been properly handled while in transit
1	2	3	4	5	Tells the manufacturer about the performance of the carriers of the goods
1	2	3	4	5	Reduces his commissions when a new product obtains market acceptance
1	2	3	4	5	Tells the manufacturer about the competition's pricing tactics
					Advises the manufacturer . . .
1	2	3	4	5	--about local advertising media
1	2	3	4	5	--about local warehousing facilities
1	2	3	4	5	--about the marketability of a product still in the development stage
1	2	3	4	5	--about alternative means of transporting products
1	2	3	4	5	--about pricing policies
1	2	3	4	5	Emphasizes long run profits more than short run profits
1	2	3	4	5	Provides special progress reports to the manufacturer on new product introductions
1	2	3	4	5	Provides special reports on the sales of items in test markets
1	2	3	4	5	Tells the manufacturer about new principals he (broker) is representing
1	2	3	4	5	Tells the manufacturer when he (broker) ceases to represent a principal
1	2	3	4	5	Tells the manufacturer about his (broker's) sales personnel changes
1	2	3	4	5	Tells the manufacturer about administrative personnel changes in his (broker's) organization

1 2 3 4 5 Informs the manufacturer about infringements on his (manufacturer's) labels and trademarks
1 2 3 4 5 Checks on retail price accuracy
1 2 3 4 5 Checks on wholesale price accuracy
1 2 3 4 5 Locates potential customers
1 2 3 4 5 Gives credit information on customers to the manufacturer

III. FOOD MANUFACTURER FUNCTIONS

When a food *manufacturer* sells nationally branded canned food products through food brokers, he must still perform *certain functions to support his broker's selling efforts*. How important do you think it is that manufacturers:

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

1 2 3 4 5 Advise the broker on setting up displays
1 2 3 4 5 Advise the broker on positioning the product in retail stores
Answer complaints . . .
1 2 3 4 5 —by the broker's retail customers
1 2 3 4 5 —by the broker's wholesale customers
1 2 3 4 5 —by the broker's chain customers
1 2 3 4 5 —by the consuming public
Fill special orders . . .
1 2 3 4 5 —by the broker's retail customers
1 2 3 4 5 —by the broker's wholesale customers
1 2 3 4 5 —by the broker's chain customers
1 2 3 4 5 Give brokers plenty of advance notice about upcoming special allowances
1 2 3 4 5 Give the broker promotional ideas
1 2 3 4 5 Provide effective in-store promotional material
Coordinate national advertising . . .
1 2 3 4 5 —with wholesale operations
1 2 3 4 5 —with retail operations
1 2 3 4 5 —with chain operations
Help the broker control . . .
1 2 3 4 5 —wholesale price accuracy
1 2 3 4 5 —retail price accuracy
1 2 3 4 5 —chain price accuracy
1 2 3 4 5 Pay brokerage commissions on time
1 2 3 4 5 Tell the broker about competitors' pricing tactics
1 2 3 4 5 Emphasize long run profits more than short run profits
1 2 3 4 5 Constructively criticize the broker's performance shortcomings
1 2 3 4 5 Give advance notice of visits to the broker's facilities by manufacturer personnel
1 2 3 4 5 Offer awards to broker personnel as incentives
Provide the broker with . . .
1 2 3 4 5 —product fact sheets
1 2 3 4 5 —sales performance reports on each item he (broker) sells
1 2 3 4 5 —sales performance reports on each of the broker's customers
1 2 3 4 5 Mail invoices to the broker and the customer at the same time
1 2 3 4 5 Outline his (manufacturer's) credit policy to the food broker
1 2 3 4 5 Provide reports to the broker on the results of promotional programs
1 2 3 4 5 Locate potential customers
1 2 3 4 5 Adjust brokerage commissions to the amount of detail work the broker must do
1 2 3 4 5 Pay claims and credit invoices promptly
1 2 3 4 5 Clearly specify the objectives the manufacturer wants the broker to carry out

1 = Very Important
2 = Important
3 = Uncertain
4 = Unimportant
5 = Very Unimportant

Provide cooperative advertising opportunities for the broker's . . .

1 2 3 4 5 —retail customers
1 2 3 4 5 —wholesale customers
1 2 3 4 5 —chain customers
1 2 3 4 5 Provide national advertising
1 2 3 4 5 Tell the broker about the competition's promotional efforts
1 2 3 4 5 Minimize order processing time
1 2 3 4 5 Check on delayed shipments
1 2 3 4 5 Give advance notice of short shipments to the food broker
1 2 3 4 5 Give advance notice of late shipments to the food broker
1 2 3 4 5 Develop new products
1 2 3 4 5 Pinpoint key factors hurting the sales of particular items
1 2 3 4 5 Produce high quality goods
1 2 3 4 5 Refuse to sell goods for private branding
1 2 3 4 5 Maintain accurate sales records
1 2 3 4 5 Avoid the use of too many food brokers to serve a given market area
1 2 3 4 5 Sponsor education programs for the food broker
1 2 3 4 5 Provide sales meetings for food brokers
1 2 3 4 5 Test market new products before having the food broker sell them
1 2 3 4 5 Tell the broker about competitors' new product introductions
1 2 3 4 5 Advise brokers on rotating goods
1 2 3 4 5 See that goods have been handled properly while in transit
1 2 3 4 5 See that goods have been stored properly
1 2 3 4 5 Maintain brokerage commissions when a new product gets market acceptance

IV. GENERAL INFORMATION

1. Indicate your company's approximate annual sales' volume (including all plants, divisions and branches):
_____ $ Million

2. Estimate the approximate per cent of your company's sales that consist of sales of canned food products.

_____ 0% to 10%	_____ 41% to 50%	_____ 71% to 80%
_____ 11% to 20%	_____ 51% to 60%	_____ 81% to 90%
_____ 21% to 30%	_____ 61% to 70%	_____ 91% to 100%
_____ 31% to 40%		

3. Estimate the approximate per cent of your company's canned food products sales that are marketed under your own brand name.

_____ 0% to 10%	_____ 41% to 50%	_____ 71% to 80%
_____ 11% to 20%	_____ 51% to 60%	_____ 81% to 90%
_____ 21% to 30%	_____ 61% to 70%	_____ 91% to 100%
_____ 31% to 40%		

4. Estimate the approximate per cent of the canned goods sold under your own brand name that are sold through independent food brokers.

_____ 0% to 10%	_____ 41% to 50%	_____ 71% to 80%
_____ 11% to 20%	_____ 51% to 60%	_____ 81% to 90%
_____ 21% to 30%	_____ 61% to 70%	_____ 91% to 100%
_____ 31% to 40%		

IV. General Information (cont'd.)

5. What is the geographical scope of sales of canned food products marketed under your own brand name?

_____ 0 to 10 states
_____ 11 to 20 states
_____ 21 to 30 states
_____ 31 to 40 states
_____ 41 to 50 states

6. How many food brokerage firms does your company use to distribute your branded canned food products?

_____ 0 to 5
_____ 6 to 10
_____ 11 to 20
_____ 21 to 30
_____ 31 to 40
_____ 41 to 50
_____ 51 to 60
_____ 61 to 70
_____ Greater than 70

7. Evaluating the performance of the food brokers who distribute your branded canned food products, you are:

_____ Very Satisfied _____ Satisfied _____ Neutral _____ Unsatisfied _____ Very Unsatisfied

8. If you could replace with other food brokers the food brokers currently distributing your branded canned food products, you would replace:

_____ None _____ A Few _____ About Half _____ Many _____ All

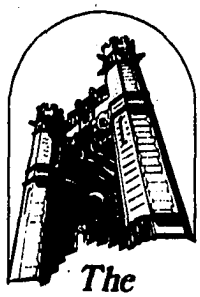
Thank you for providing us with the answers to these questions. The space below is provided for any additional comments or suggestions you wish to make.

Number for research control purposes only.

APPENDIX D

COVER LETTERS

1. First Mailing: Food Broker Cover Letter
2. First Mailing: Food Manufacturer Cover Letter
3. Second Mailing: Food Broker and Food Manufacturer Cover Letter



The University of Oklahoma 307 West Brooks Street, Room 4 Norman, Oklahoma 73069

Center for Economic and Management Research
College of Business Administration
(405) 325-2931

January 6, 1975

Mr. John Smith
LMN Co., Inc.
ABC Street
Oklahoma City, Oklahoma 73102

Dear Mr. Smith:

As part of our continuing research into marketing channels of distribution, we are studying the role of the food broker and his relationship with food manufacturers. As a food broker your ideas and opinions are the focal point of our study. The enclosed questionnaire, which we ask that you complete and return to us, enables us to get your ideas in a number of specific areas.

We want to be frank with you. Because of the importance and complexity of food marketing, this questionnaire will take more than five or ten minutes of your time. To ask a few superficial questions would not aid our understanding of this activity.

Of course all answers are confidential. Any information you provide will be used only by the research director and will be held in strictest confidence.

Because we are contacting only a small number of men in positions such as yours, your completed questionnaire is very important to us. A return envelope is enclosed for your convenience.

Your cooperation is very much appreciated.

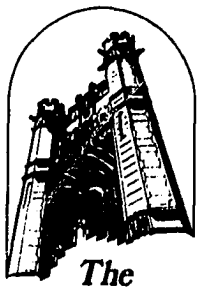
Sincerely yours,

Roy K. Teas
Research Director

Dr. Rodney E. Evans
Chairman, Research Committee

RKT/st

Enclosure



The University of Oklahoma 307 West Brooks Street, Room 4 Norman, Oklahoma 73069

Center for Economic and Management Research
College of Business Administration
(405) 325-2931

January 6, 1975

Mr. John Smith
LMN Co. Inc.
ABC Street
Oklahoma City, Oklahoma 73102

Dear Mr. Smith:

As part of our continuing research into marketing channels of distribution, we are studying the role of the food broker and his relationship with food manufacturers. As an executive of a major food manufacturing company your ideas and opinions are the focal point of our study. The enclosed questionnaire, which we ask that you complete and return to us, enables us to get your ideas in a number of specific areas.

We want to be frank with you. Because of the importance and complexity of food marketing, this questionnaire will take more than five or ten minutes of your time. To ask a few superficial questions would not aid our understanding of this activity.

Of course all answers are confidential. Any information you provide will be used only by the research director and will be held in strictest confidence.

Because we are contacting only a small number of men in positions such as yours, your completed questionnaire is very important to us. A return envelope is enclosed for your convenience.

Your cooperation is very much appreciated.

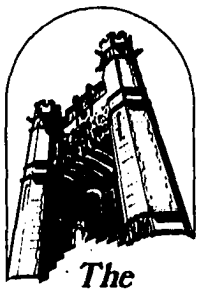
Sincerely yours,

Roy K. Teas
Research Director

Dr. Rodney E. Evans
Chairman, Research Committee

RKT/st

Enclosure



The University of Oklahoma 307 West Brooks Street, Room 4 Norman, Oklahoma 73069

Center for Economic and Management Research
College of Business Administration
(405) 325-2931

February 2, 1975

Mr. John Smith
LMN Co., Inc.
ABC Street
Norman, Oklahoma 73069

Dear Mr. Smith:

Recently we requested your help in our research concerning the role of the food broker and his relationship with food manufacturers. Preliminary analysis of responses is providing us with valuable information about food marketing.

We hope to begin our final analysis by the end of February and would like to include your views. If, by chance, the earlier questionnaire did not reach you or was misplaced, a duplicate is enclosed.

Dr. Evans and I want to reemphasize that this research project is conducted only by the University and that all individual responses are confidential.

Your response is important and, if possible, we would appreciate your cooperation in helping us with this survey by giving us an early reply. A return envelope is enclosed for your convenience.

Thank you.

Sincerely yours,

Roy K. Teas
Research Director

RKT/st

Enclosure

APPENDIX E

A CATEGORIZATION OF FOOD MANUFACTURER AND FOOD BROKER ROLE DIMENSIONS

FOOD BROKER AND FOOD MANUFACTURER

ROLE DIMENSIONS

Food Broker Role Dimensions

I. Product Management

- A. Introduces new products to retailers
- B. Introduces new products to wholesalers
- C. Introduces new products to chains
- D. Pinpoints key factors hurting sales of particular items
- E. Insures that products in his (broker's) line don't compete with each other
- F. Maintains a high quality product assortment
- G. Refuses to sell goods for private branding
- H. Helps in test marketing new products
- I. Gives new product ideas to the manufacturer
- J. Sees that products are rotated in retail stores
- K. Sees that products are rotated in wholesale warehouses
- L. Sees that products are rotated in chain warehouses
- M. Advises the manufacturer about the marketability of a product still in the development stage
- N. Provides special progress reports to the manufacturer on new product introductions
- O. Provides special reports on the sales of items in test markets

II. Promotion Management

- A. Helps retailers set up displays
- B. Helps wholesalers set up displays
- C. Gives the manufacturer ideas on how to promote products

D. Sees that his (the broker's) customers use the displays, etc., the manufacturer provides

E. Assists in coordinating national advertising with retail operations

F. Assists in coordinating national advertising with wholesale operations

G. Assists in coordinating national advertising with chain operations

H. Helps retailers with promotional efforts not tied in with the manufacturer's promotional efforts

I. Tells the manufacturer how well his promotional efforts are doing

J. Tells the manufacturer how well his competition's promotion is doing

K. Places point of purchase material in retail stores

L. Advises the manufacturer about local advertising media

III. Price Management

A. Gives notice about upcoming special allowances to retailers

B. Gives notice about upcoming special allowances to wholesalers

C. Gives notice about upcoming special allowances to chains

D. Reduces his commissions when a new product obtains market acceptance

E. Tells the manufacturer about the competition's pricing tactics

F. Advises the manufacturer about pricing policies

G. Checks on retail price accuracy

H. Checks on wholesale price accuracy

I. Gives credit information on customers to the manufacturer

IV. Physical Distribution Management

A. Checks on delayed shipments

B. Checks to see that only products ordered are delivered to retailers

C. Checks to see that only products ordered are delivered to wholesalers

D. Checks to see that only products ordered are delivered to chains

E. Gives advance notice of late shipments to retailers

F. Gives advance notice of late shipments to wholesalers

G. Gives advance notice of late shipments to chains

H. Stocks shelves in retail stores

I. Sees that goods have been properly handled while in transit

J. Tells the manufacturer about the performance of the carriers of the goods

K. Advises the manufacturer about local warehousing facilities

L. Advises the manufacturer about alternative means of transporting products

V. Order Processing

A. Relays to the manufacturer special requests from retailers

B. Relays to the manufacturer special requests from wholesalers

C. Relays to the manufacturer special requests from chains

D. Processes special orders

E. Sees that his retail customers pay their bills on time

F. Sees that his wholesale customers pay their bills on time

G. Sees that his chain customers pay their bills on time

H. Controls the number of "out of stocks" of his retail customers

I. Controls the number of "out of stocks" of his wholesale customers

J. Controls the number of "out of stocks" of his chain customers

K. Controls the amount of returned merchandise by his retail customers

L. Controls the amount of returned merchandise by his wholesale customers

M. Controls the amount of returned merchandise by his chain customers

VI. Trade Management

A. Coordinates wholesale activities with retail activities

B. Relays complaints to the manufacturer from retailers

C. Relays complaints to the manufacturer from wholesalers

D. Relays complaints to the manufacturer from chains

E. Relays complaints to the manufacturer from the consuming public

F. Responds to complaints from retailers

G. Responds to complaints from wholesalers

H. Responds to complaints from chains

I. Responds to complaints from the consuming public

J. Helps retailers decide how to position the products

K. Gets maximum shelf space for the manufacturer's products in retail stores

L. Tells the manufacturer about retailers' performance in marketing his (manufacturer's) products

M. Tells the manufacturer about wholesalers' performance in marketing his (manufacturer's) products

N. Tells the manufacturer about chains' performance in marketing his (manufacturer's) products

O. Provides in-store demonstrations of the manufacturer's products

P. Informs the manufacturer about infringements on his (manufacturer's) labels and trademarks

Q. Locates potential customers

VII. Administrative Management

A. Maximizes the geographical scope of his own market coverage

B. Channels more selling effort to high volume accounts than to low volume accounts

C. Files reports on time

D. Makes his selling efforts for a manufacturer's products proportional to his (broker's) income from those products

E. Has manpower development programs to insure the continuity of his (broker's) operations

F. Participates in education programs sponsored by the manufacturer

G. Does not take on more manufacturers than he can handle

H. Sees that each of his salesmen has no more products than he can handle

I. Emphasizes long run profits more than short run profits

J. Tells the manufacturer about new principals he (broker) is representing

K. Tells the manufacturer when he (broker) ceases to represent a principal

L. Tells the manufacturer about his (broker's) sales personnel changes

M. Tells the manufacturer about administrative personnel changes in his (broker's) organization

Food Manufacturer Role Dimensions

I. Product Management

- A. Develop new products
- B. Pinpoint key factors hurting the sales of particular items
- C. Produce high quality goods
- D. Refuse to sell goods for private branding
- E. Test market new products before having the food broker sell them
- F. Tell the broker about competitors' new product introductions
- G. Advise brokers on rotating goods
- H. Provide the broker with product fact sheets
- I. Provide the broker with sales performance reports on each item he (broker) sells

II. Promotion Management

- A. Give the broker promotional ideas
- B. Provide effective in-store promotional material
- C. Coordinate national advertising with wholesale operations
- D. Coordinate national advertising with retail operations
- E. Coordinate national advertising with chain operations
- F. Provide reports to the broker on the results of promotional programs
- G. Provide cooperative advertising opportunities for the broker's retail customers
- H. Provide cooperative advertising opportunities for the broker's wholesale customers
- I. Provide cooperative advertising opportunities for the broker's chain customers
- J. Provide national advertising
- K. Tell the broker about the competition's promotional efforts
- L. Advise the broker on setting up displays

III. Price Management

A. Help the broker control wholesale price accuracy

B. Help the broker control retail price accuracy

C. Help the broker control chain price accuracy

D. Pay brokerage commissions on time

E. Tell the broker about competitors' pricing tactics

F. Adjust brokerage commissions to the amount of detail work the broker must do

G. Maintain brokerage commissions when a new product gets market acceptance

H. Outline his (manufacturer's) credit policy to the food broker

I. Give broker plenty of advance notice about upcoming special allowances

IV. Physical Distribution Management

A. See that goods have been handled properly while in transit

B. See that goods have been stored properly

C. Check on delayed shipments

D. Give advance notice of short shipments to the food broker

E. Give advance notice of late shipments to the food broker

V. Order Processing Management

A. Fill special orders by the broker's retail customers

B. Fill special orders by the broker's wholesale customers

C. Fill special orders by the broker's chain customers

D. Minimize order processing time

E. Mail invoices to the broker and the customer at the same time

F. Pay claims and credit invoices promptly

VI. Trade Management

A. Advise the broker on positioning the product in retail stores

B. Answer complaints by the broker's retail customers

C. Answer complaints by the broker's wholesale customers

D. Answer complaints by the broker's chain customers

E. Answer complaints by the broker's consuming public

F. Locate potential customers

G. Provide the broker with sales performance reports on each of the broker's customers

VII. Administrative Management

A. Emphasize long run profits more than short run profits

B. Constructively criticize the broker's performance shortcomings

C. Give advance notice of visits to the broker's facilities by manufacturer personnel

D. Offer awards to broker personnel as incentives

E. Maintain accurate sales records

F. Avoid the use of too many food brokers to serve a given market area

G. Sponsor education programs for the food broker

H. Provide sales meetings for food brokers

I. Clearly specify the objectives the manufacturer wants the broker to carry out