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Abstract

With the increasing ubiquity of the Internet, organizations are using the Internet channel to increase overall performance, consolidate existing markets, and expand into new markets. The literature, however, contends that the overarching benefits realized through the Internet oftentimes come at the expense of perceived job insecurity among individuals in the organization. This study explores perceptions of sales agents that develop because of the potential for the Internet to cannibalize their business and jeopardize relationships and their jobs. Results suggest that sales agents' perception of cannibalization negatively influences their trust and commitment. Furthermore, environmental munificence moderates the influence of PC on trust and commitment. Additionally, Trust and Commitment mediate the impact of PC on Relational Capital, Job Satisfaction and Job Performance of a salesperson.

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The dawn of the Internet era has lead several companies to explore new and radical channels. "The use of multiple channels of distribution is now becoming the rule rather than the exception" Frazier (1999, p232). Companies add a direct or an indirect channel to consolidate and capture new market (Geyskens, Gielens, and Dekimpe, 2002). By adding Internet channels to their existing channels, companies hope to increase their overall performance. Despite the proliferation of Internet usage both by marketers and the customers, little is known about the impact of the Internet on the salesperson's performance outcomes. Although expansion using the Internet channel may increase a firm's penetration level and decrease their distribution cost, lowered levels of support in the entrenched channels such as existing agencies may reduce the effectiveness of this expansion.

Geyskens, Gielens, and Dekimpe (2002) note that the ubiquity of the Internet results in uncertainty in the channel members, as is typified by most market discontinuities. The uncertainty associated with the Internet may be detrimental to the performance of channel members (Geyskens, Gielens, and Dekimpe, 2002). This uncertainty arises from the perceived cannibalistic tendency of Internet channel. Geyskens et al. (2002) posits that the Internet channel may be disruptive as it is perceived to cannibalize the entrenched channel. Porter (2001, p73) promulgates that "It is widely assume that the Internet is cannibalistic [and] will replace all conventional ways of doing business". Deleersnyder, Geyskens, Gielens and Dekimpe (2002) demonstrate that in spite of the low of economic magnitude of incidence of cannibalism there are psychological implications of cannibalism, which may influence marketer's performance outcomes. Salespeople fear the Internet as they perceive the Internet cannibalizes their sales (Deleersnyer et al. 2002). Also, salespeople fear that Internet channel will make them outmoded and eventually replace them. Research indicates that perception of cannibalism may be source of channel conflict that may cause salesperson to provide lower support for his/her firm's offerings (Frazier, 1999). Lower support for firm's offering may result in lower performance.

Research in channels domain recognizes the importance of performance implications of channel decisions. Seminal work of Jeuland and Shugan (1983) and McGuire and Staelin (1983) Gerstner and Hess (1995) and Lal, Little, and Villas-Boas (1996), purports the strong influence of channels decisions on the channel member performance. The current study develops a framework for conceptualizing the performance effects of adding an Internet channel on the channel member and provides empirical tests on the impact of a variety of moderating variables.

Researchers in marketing (Deleersnyer et al. 2002; Geyskens et al., 2002; Ward and Morganosky, 2000) have previously measured cannibalism and its effects in economic terms. An extension of the concept by measuring the psychographic nature of cannibalism will not only augment the diagnostic ability of cannibalism but also provide a more comprehensive view of the effects of cannibalism. We develop scales for the cannibalism and explicitly test the validity of scale in personnel selling context. Furthermore, we investigate various consequences of cannibalism in a principal-agent relationship. This research study identifies and discusses how the perceived cannibalism, arising from the addition of Internet channel potentially limits the agent's trust and commitment; and diminishing his/her satisfaction, performance and relational capital.

THEORETICAL FRAMEWORK

Cannibalism

Although there is surprisingly limited empirical work on channel cannibalization, several researchers have expressed their concern about the cannibalization hazards companies face when they add an Internet channel to their entrenched channels (e.g., Alba et al., 1997; Brynjolfsson and Smith, 2000; Coughlan et al., 2001). Both the academic and the trade press typically proclaim cannibalization effects to be present, as is reflected in the following quote:

> "Established businesses that over decades have carefully built brands and physical distribution relationships risk damaging all they have created when they pursue commerce in cyberspace." (Ghosh, 1998, p. 126)

Past research presents that online channel cannibalization is exacerbated by four major observations (Deleersnyer et al. 2002; Geyskens et al., 2002). First, sales may shift from the entrenched channels to the new Internet channel when the latter provides more appealing features to the target audience, such as a quasi-unlimited amount of information on product attributes, increased customization, time savings, etc. (Alba et al., 1997). Second, the Internet is likely to increase the power of the consumer, as price comparisons across firms can be performed quickly and easily. The resulting increase in price competition may explain why online prices for homogenous products are often found to be lower than those in conventional outlets (Brynjolfsson and Smith, 2000), which may cause sales to shift even further. Third, total sales may also decrease when consumers buy less through the new channel than through their old channel, e.g. when there are less impulse purchases through the Internet (Machlis, 1998). Fourth, existing channels may view the new Internet channel as unwelcome competition. When this happens, the firm's entrenched channels may lose motivation, and can reduce their support for the firm's products. This may, in turn, result in more brand switching towards the firm's competitors, and hence decreased total sales (Coughlan et al., 2001).

In spite of the above theoretical observations, and at a time when there is much debate about Internet channel additions in the financial service industry (Mattila, 2002; McDonald, 1999; Useem, 1999) empirical evidence on the performance effects of Internet channel additions is still lacking, with the exception of Geyskens et al. (2002), Ward and Morganosky (2000) Deleersnyder et al. (2002). However, the first study, focuses on the total value implications of Internet channel additions (as measured by stock market returns), while the separate impact of cannibalization on the specific distribution agent is not assessed. In the second multiple-industry study by Ward and Morganosky (2000), cannibalization is proxied by relating consumer's self-reported channel usage to information search in particular product categories. Specifically, consumers were asked to check whether or not they (a) bought and (b) searched for information on the product within the past six months from online outlets, catalogs, and/or retail stores. Since online product information search generated offline sales but not vice versa, the authors conclude that online channels do not cannibalize offline sales. Unfortunately, their cannibalization measures were not fully developed and make abstraction of the magnitude of the cannibalization effect. Moreover, the above two studies approach cannibalization solely as a short-run phenomenon and measure the overall financial value of adding the Internet channel in the short-run. The third study by Deleersnyder et al. (2002), again measure only economic magnitude of the effects of cannibalism resulting from addition of Internet channel in newspaper industry. Although, the results indicate that the addition of Internet channel affects the circulation of only a few newspapers but the study recognizes the other strong implications of cannibalism, where the new channel may appear to be a substitute for the entrenched channels. Also, Deleersnyder et al. (2002), suggests that the Internet cannibalism is higher where the differences between the groups of consumer of online versus offline are less.

Extant literature on cannibalism and its impact examines cannibalism from the firm's perspective only. The present study extends concept of cannibalism by examining its influence on attitude of entrenched channels towards the firm. The overarching objective of this exploratory study is to proffer and empirically test a model of cannibalism as it relates to performance outcomes of the entrenched channels. Specifically, the study empirically develops psychographic scale for cannibalism, tests it affects on agent's trust, relationship commitment, relational capital, job satisfaction and job performance.

We posit that the perceived cannibalism may be detrimental to the overall performance of the firm because the addition of Internet channel influences the motivation level of the entrenched channels (Geyskens et al., 2002). We tender a long-term view of the affects of cannibalism as there may be a potential lag between perception of cannibalism and its economic effect (Dekimpe and Hanssens, 1999). In order to avoid the short-term view, empirical studies that investigate the long-run influence of Internet-channel addition on the individual salesperson performance are critical. Or, as Frazier pointedly put it: "Models need to be developed to help determine when multiple channels need to be relied on [since] the ultimate effect on long-term product sales is […] unclear" (1999, p232). To this extent, we hypothesize whether the addition of Internet channel influences the incumbent channel member performance.

MUNIFICENCE

Firm's environment can be elucidated in terms of the three fundamental dimensions of dynamism, munificence, and complexity (Dess and Beard, 1984). Munificence refers to an environment's ability to support sustained growth of a firm (Aldrich, 1979). Munificence is a measure of the facility for firm's growth (Tannenbaum and Dupuree-Bruno, 1994). In other words, munificence refers to the "richness" or "leanness" of the environment with respect to resources available to the organization. Low munificence, according to Aldrich (1979), promotes very competitive pricing, competition and opportunism. On the other hand, high munificence is characterized by relatively less competition, rivalry and more cooperation (Aldrich, 1979).

Research indicates that environmental munificence is one of the most important aspects for explaining fim's behaviors and outcomes (Castrogiovanni, 1991). Also, past researchers have empirically demonstrated that munificence influences exit rate, organizational structure, stakeholder satisfaction, firm's performance, and decision making (e.g., Goll and Rasheed, 1997; Yasai-Ardekani, 1989). Economists and organization theorists have investigated how munificence is linked to understand the relationship between a firm and its partners (Tannenbaum and Dupuree-Bruno, 1994, Goll and Rasheed, 1997). A firm can deal with different levels of munificence and in doing so its relationship with its partners may be influenced (Goll and Rasheed, 1997). High-involvement practices, participative strategies for improving organizational performance, are to some extent influenced by munificence (Katz and Kahn, 1978; Keats and Hitt, 1988; Schuler and Jackson, 1987). Also, munificence is thought to provide the leeway needed to undertake ventures that encourage co-operation and trust (Johns, 1993; Kossek, 1987). Consistent with the notion that environmental munificence is associated with firm performance is the notion that firm's perception of performance of its agents in colored by degree of munificence.

Research indicates a key role played munificence in reducing business risk and variability in profit and sales (Veliyath, 1996). In other words, business risk decreases and industry performance increases with increase in the industry munificence (Veliyath, 1996). Munificence offers opportunities to enhance organizational performance through the slack resources that could be applied towards this end. Superior performance owing to greater munificence can hide inefficiencies by offering the opportunity to build up slack resources (Veliyath, 1996). The level of trust between principal and the agent may be greater in high munificent environment compared to a low munificent environment. High environmental munificence allows firms to fully utilize the available factors and channels in the environment for improving its competitiveness (Wan and Hoskisson, 2003) and the channels are less strained may lead to greater trust. The higher trust may be attributed to agent's perception that his/her service more needed by the principal to capitalize on the munificent environment. Low munificent environment puts greater performance demands on the agents (Sappington, 1991) as the firms may be constrained to conserve resources in low munificent environment. Greater performance demand may cause stress, which has negative impact on trust (Weick, 1983). Hence, the agent's perception of distrust arising from perceived cannibalism due to addition of Internet channel may be mitigated by the degree of perceived munificence in the industry.

TRUST

Trust has been identified as one of the central constructs in relationship marketing theory (Morgan and Hunt 1994). Trust is the willingness to rely on an exchange partner in whom one has confidence (Moorman, Zaltman, and Deshpande 1992). An important aspect of this definition is the notion of trust as a belief, a sentiment, or an expectation about an exchange partner that results from the partner's capability, reliability, and intentionality. In much of the growing literature on trust the concept is intimately tied in with vulnerability (Baier, 1986; Coleman, 1990; Deutsch, 1962; Giddens, 1990; Hardin, 1992; Lorenz, 1993). Trust involves action in which there is vulnerability or a risk of adverse consequences. Following Sabel (1992) trust can be defined as the confidence that the other party to an exchange will not exploit one's vulnerabilities. The traditional insurance agents are very vulnerable due to proliferation of Internet channel in the insurance industry. The Insurance industry has witnessed most startling change in recent years with the array of new distributors that are appearing, especially in the online insurance market (Cincom Financial Services Solutions, 2004). The insurance companies have been encouraged to employ Internet to market insurance, making the traditional agent vulnerable, thereby influencing trust between agent and principal.

Since agency theorists regard principals as having a more neutral attitude toward risk than agents, the impact of munificence may be higher for the agents (Fama, 1980; Fama and Jensen, 1983; Jensen and Meckling, 1976). For agents, higher munificence should produce perceptions of lower risk and greater willingness to accept contingent compensation agreements. In high munificent environment, there is greater cooperation and trust between principals and agents (Dwyer and Oh, 1987). High levels of cooperation associated with high munificence may lead principals to be more willing to share dyadic revenues with agents. Since agency theory stresses the entitlement of principals to earnings (Arrington and Francis, 1989), cooperation should foster higher agent earnings. Agency theory contains no predictions about the effect of munificence on the relative distribution of dyadic earnings. The collaborative perspective suggests that when principals and agents collaborate, they are likely to be more egalitarian in their perceptions of their roles and thus more prone to share revenues equally. This perspective may hold in high munificence environment and promote trust between agent and principle. In contrast, if the principal, in an effort to maximize returns in low munificence environment, employs more diverse channels and increases the number of entrenched channels; the environment may not provides ample opportunity for all channel members (Barney 1996; Macneil, 1981; Sabel 1993; Parks, 1995). Such, strategic actions may negatively influence trust. Conceivably, the influence of perceived cannibalism arising from Internet channel on the agent's trust may be mitigated by the environmental munificence. Consequently, H1: Perceived cannibalism negatively influences agent's trust but the relationship is moderated by environmental munificence

RELATIONSHIP COMMITMENT

Commitment is defined as "a desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship, and a confidence in the stability of the relationship" (Anderson and Weitz 1992, p. 19). This definition concurs with Morgan and Hunt (1994), who define relationship commitment as the channel member's belief that the ongoing relationship with organization warrants maximum efforts to maintain and endure it.

Research indicates that the agent's perceptions of the cooperative effort of the principal results in a greater commitment to maintain the relationship with principal (Siguaw, Simpson, and, Baker, 1998). Extending this perspective, the agent's commitment will be augmented if there is consistency and compatibility in the nature of exchange (Siguaw, Simpson and Baker, 1998). When the principal introduces a new marketing channel, uncertainty puts additional strain on relationships (Williamson 1979, Crocker and Masten 1996), which may influence agent's commitment to the principal (Moorman, Zaltman, and Deshpande, 1992).

An agent commitment is influenced by the several environmental factors (Davis, 2004). Past research indicates that agents may low control on any expected losses in an environment characterized by low munificence (Singh, 1986). Plausibly, an agent may explore opportunities to make up for less business due to low munificence in the environment. Dollinger (1990) suggests that if environment is characterized by low munificence agents may exhibit less cooperation with the principle because the agent may be engaged in effort to stay in business. Also, Goll and Rasheed (1997) suggest that firm's exit rate is higher in an environment characterized by low munificence. Furthermore, firms may be less committed to the relationship in a low munificence environment. Extending this proposition to agent-principle relationship; environmental munificence may moderate relationship between cannibalism and commitment.

$H2_a$: Perceived cannibalism negatively influences the agent's relationship commitment but the relationship is moderated by environmental munificence.

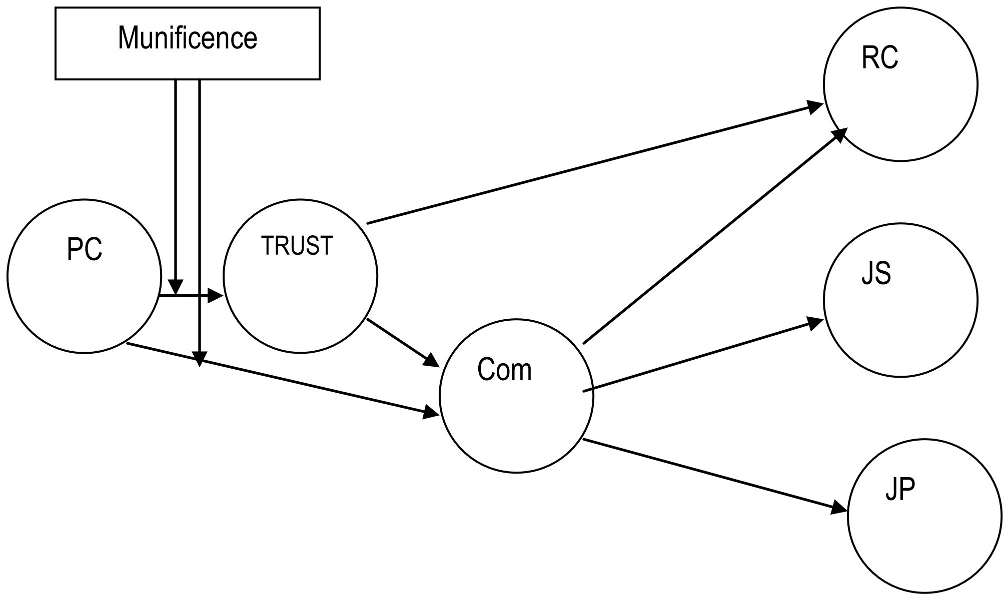
Research indicates that trust in the principal may augment relationship commitment as the agent may perceive greater value in maintenance of long term relationship (Moorman, Zaltman, and Deshpande, 1992). This notion concurs with Morgan and Hunt (1994); suggesting that the firm's partners shall commit themselves to firms that emphasize trust in work relationships. In other words, relationships characterized by trust are very highly valued by firm's partners resulting in increased commitment to such relationships (Hrebiniak, 1974). According to Social exchange theory the relationship between various parties is predicated on principle of generalized reciprocity. The principle of generalized reciprocity holds that "mistrust breeds mistrust and as such would also serve to decrease commitment in the relationship and shift the transaction to one of more direct short-term exchanges" (McDonald 1981, p. 834). Therefore, we posit, that trust positively influences relationship commitment. Corroborating our hypothesis, Moorman, Zaltman, and Deshpande (1992) and Morgan and Hunt (1994) find that trust between channel members significantly influences the relationship commitment. Consequently:

$H2_b$: Trust positively influences the agent's relationship commitment

TRUST AND COMMITMENT AS MEDIATING VARIABLES

Morgan and Hunt (1994) theorize that trust and commitment are key mediating constructs in successful relational exchanges. On the basis of this theory, we hypothesize that trust and commitment, are focal intermediate constructs in the latent structure models of perceived cannibalism and various outcome measures namely relational capital, job performance and job satisfaction (Model 1).

MODEL 1



(***PC: Perceived Cannibalization; COM: Relationship Commitment; RC: Relational Capital; JS: Job Satisfaction; JP: Job Performance)

RELATIONAL CAPITAL

Relational outcomes are best explained by relational properties and the dynamics of the interaction between parties (e.g., Morgan and Hunt, 1994; Seabright, Levinthal, and Fichman, 1992). The notion of relational capital for this study is predicated on Kale, Singh and Perlmutter's (2000) conception of relational capital to include not only mutual reliance but also levels of understanding and collaboration. Relational capital is conceptualized to incorporate strong levels of understanding, reliance, relationship, and collaboration among alliance partners (Kale et.al, 2000). Relational Capital may be defined as the measure of generalized reciprocity between firm and its partners (Kale et al., 2000). It is an assessment of the firm's relationships with its network of strategic partners.

The relational capital of the firm dwells in all of the firm's relationships. Developing relational capital will be critical for the success of partnership (Kale et al., 2000). The nature of these relationships depends on the channel levels of the parties involved, their competitive environment and the nature of the material being exchanged (Mackenzie, 1996). Relationships at individual level in organizations are particularly important contributory to relational capital (Kale et al. 2000). Research indicates that trust enhances alliance performance (Zaheer, McEvily and Perrone, 1998) by increasing understanding between the alliance partners. Extending the same perspective to agent-principal relationship, perception of greater trust by the agent may augment relational capital.

$H3_a$: Agent’s trust positively influences relational capital between agent and principal

Exchange relationships include resource dependence (Pfeffer and Salancik, 1978) and lower transaction costs (Williamson, 1979). In a principal-agent relationship, the principal is dependent on agent to provide sales revenue and agent is dependent on principal to provide marketable products and other support. Greater dependence between the principal and agent will lead to increase in cooperation between them (Mankenzie, 1996). Relationship commitment fosters cooperation (Morgan and Hunt, 1994). If the agent is committed to the principal, he/she shall exhibit stronger cooperation. Stronger commitment also increases understanding between the parties. Strong commitment enables one party to view the strategic actions of the other party in a more favorable manner (Morgan and Hunt, 1994). Plausibly, when the principle introduces a new channel (Internet channel in this case) the agent may not view it skeptically and may exhibit more understanding of the reasons of introduction of new channel. Overall, higher commitment may enhance degree of reliance, cooperation and understanding between the agent and principal. Hence,

$H3_b$: Agent’s relationship commitment positively influences relational capital between agent and principal

JOB SATISFACTION

Job satisfaction is an emotional and cognitive state resulting from evaluating one's task, activity, job, or other related experiences (Locke, 1976). Job satisfaction may be defined as the extent to which one feels positively or negatively about the intrinsic and/or extrinsic aspects of one's job (Hunt, Chonko and Wood 1985). Also, it refers to the degree to which the employee is contented and happy with the job (Boonzaier, Ficker and Rust, 2001, p2).

According to the job characteristic model autonomy is the major source of job satisfaction (Hackman and Oldham, 1976). Spector's (1986) meta-analysis showed that perceived autonomy and participation at work were related to job satisfaction and other measures of well-being. Scholars have theorized and empirically established the linear and direct effects organizational commitment on job satisfaction (Hunt, Chonko, and Wood 1985; Singh 1998; Tyagi and Wotruba 1993). It has also been empirically supported that there is a significant positive influence of organizational commitment and employee's level of job satisfaction (Brown and Peterson, 1993). Plausibly:

H4: Relationship commitment positively influences individual's Job Satisfaction

JOB PERFORMANCE

Scholars have investigated the implications of employee attitudes on work outcomes such as job performance (Angle and Perry, 1981; Becker, Billings, Eveleth, and Gilbert, 1996; Wallace, 1995). One of the critical issues concerns the conceptualization of job performance. In complex organizations, it is often difficult to measure individual performance, as work outcomes are a result of multiple interdependent work processes (Borman, 1991). Consequently, job performance has been conceptualized as an individual's overall performance/task proficiency or as performance on specific dimensions, such as the quality and quantity of work (Meyer et al., 1989; Steers, 1977). When researchers study overall performance, they often tend to use subjective self-ratings or perceptions of individual performance (Meyer et al., 1993).

Past researcher have explored relationship between commitment and decreased turnover (Porter et al., 1974), higher motivation (Farrell and Rusbult, 1981), and increased organizational citizenship behaviors (Williams and Anderson, 1991). Also, relationship commitment is key indicator of channel member performance (Brown, Lusch and Nicholson, 1995). According to goal theory individuals who are more committed exhibit greater performance compared to those who are less committed (Wright, 1992). Extending the same perspective to agent-principal relationship, agent's commitment to relationship with the principal may influence his/her performance. Substantiating our hypothesis, Brown et al. (1995) and Morgan and Hunt (1994) posit that relationship commitment augments the channel member's performance. Hence,

H5: Relationship commitment positively influences individual's Job performance

METHOD

The effect of the Internet on channel relations has been evident across sectors. Particularly, visible is the presence of the Internet in the insurance industry; an industry that represents a significant portion of household expenditures. The average American household spends thirteen percent of its budget on insurance, which is exceeded only by food and shelter spending (McLean 2000). Stucker (1999a) suggests that Internet insurance sales are estimated to grow $6.3 billion by 2006, which is approximately 1.6% of the total insurance premiums. In the online auto insurance market alone, sales grew from $21 million in 1997 to over $850 million in 2001 (Eastman et al. 2002).

SAMPLE

A list of all insurance agents in North Texas was obtained from a private vendor. This list was then compared with the list available in the yellow pages of the greater Dallas-Fort Worth (DFW) area and other yellow pages of the major towns in North Texas. From the preceding step, a contact pool consisting of 2,108 insurance agents was developed. Thereafter, attempts were made to contact all the insurance agents over the phone with a request for participation in the survey.

Fifteen students were hired to administer questionnaires to insurance agents. Each student was provided a sub-set of insurance agents from the pool to avoid duplication. The students were paid $5 for collecting a completed questionnaire. The questionnaire was accompanied by a letter elucidating the nature and purpose of the study, from the primary researcher of this study. The respondents were informed that the study was conducted to examine their feelings and perception about the addition of an Internet channel by their primary insurance company. A total of 578 completed questionnaires were received of which 67 were incomplete. Thus, 511 usable questionnaires were available for analysis. The students were asked to attach the business card of the insurance agent to the completed questionnaires. Using these business cards, we selected 100 respondents and contacted them to confirm their actual participation in the study. Overall, the response rate was 24.2 percent. There were 370 males and 141 female respondents. On average, respondents had worked as insurance agents for seven years. This suggests that the respondents have sufficient experience in the insurance industry to respond to the survey. Respondent age ranges from 19 to 65 and 97.3% of the respondents had income above $25,000. Participation was completely voluntary. The respondent characteristics are reported in

ANALYSIS AND RESULTS

In order to test the hypotheses, a structural model using the purified scales was estimated using the statistical package AMOS (Byrne 2001). The structural model was estimated with six constructs: SPC, the interaction of SPC and environmental munificence, effort, job satisfaction, job performance, and relational capital. The model includes direct paths from SPC to effort, job satisfaction, job performance, and relational capital and, also, direct paths from the interaction term (SPC*EM) to effort, job satisfaction, job performance and relational capital were also specified. In other words, SPC had both direct and indirect effects, as environmental munificence served as a moderator between SPC and effort, job satisfaction, job performance, and relational capital (see Figure 1).

For the interaction term, the procedure for analysis of interaction terms in structural equation models recommended by Ping (1995) was employed. First, the items of SPC and Munificence were mean-centered. Then the mean-centered items were cross-multiplied to create the interaction term. A model with the combined sample of 511 cases was analyzed. The fit indices demonstrated a reasonable fit. All hypotheses were supported.

IMPLICATIONS

The Implications for Insurance Agent

Agents may feel limited with reference to the nature of service they can extend to the customers. Internet provides the customers easy access to the core business processes such as quotations, policy issuance, claims etc., thereby rendering the agent to secondary role. Insurance agent should be able to respond to requests—for instance, from brokers for a quote—and make requests—for instance, to reinsurers for a confirmation of cover, electronically. Insurers that don't acquire this capability risk being sidelined in favor of competitors who can, and who will more easily link up with distributors and partners. Although, past researchers have exhibited that Internet cannibalism may not actually cannibalize revenues of entrenched channels (Deleersnyder et al., 2002) but the perception of the cannibalism influences the nature of relationship between agent and principal.

One logical assumption about the agent's response to Internet channels is that those agents who have made sizeable commitment to an existing business format may respond in a more defensive manner to a radical and new channel such as Internet (Leonard-Barton 1995). However, agents can allow consumers to use Internet as a search option but develop a strong repertoire services that Internet can not offer such as personalized attention and prompt response to queries.

IMPLICATION FOR INSURANCE COMPANIES

Among the broader issues, important one is consider long term perspective to introduction of new channel. For example, a firm must design channels and incentive systems that are not perceived as cannibalistic by the agents. One way of effectively introducing Internet-channel with low perception of cannibalism, is to train the entrenched channels on how Internet can be beneficial to their operations.

Under circumstances when the change is rapid and the firms must train the salespeople so that they are capable of transitioning between selling products using the existing means and using the new means (in this case Internet). Since, change often necessitates the acquisition of new skills, alteration in the salesperson's repertoire and adaptability to cope (Ingram and LaForge 1992; Schuler and Huber 1993). Therefore, training the salespeople to be more adept to change can be critical to overall success of new and entrenched channels. Hence, firms must emphasize on training of entrenched channels to enhance their performance and productivity, which remains critical organizational goals.

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