

MARKETING ALLIANCE DYNAMICS – A STUDY OF TRADING PARTNERS IN THE INDIAN CONTEXT

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Abstract

The purpose of the paper is to understand marketing channel alliance dynamics in the context of Indian micro, small and medium enterprises (MSMEs). It is based on the literature on alliances from various disciplines followed by descriptive research based on the construct that evolved from the extant literature review.

Appropriate frameworks were selected to develop a syncretic approach to understanding alliance relationships of trading firms. The study suggests that repeat transactions as well as information sharing with existing business partners contribute positively towards a trading firm's synergy creation. This is borne out by the overall data analysis as well as sectoral analysis of textiles trading firms. To a lesser extent, strategic fit also plays a role in synergy creation as revealed in the overall analysis. Interestingly, the analysis of textiles trading firms did not show this up as a significant variable, whereas it revealed transaction uncertainty as significant to synergy creation.

The cross-sectional study has corroborated constructs of synergy creation that were developed in other cultural and economic contexts.

The results imply a need for marketers to emphasize on dimensions of greater involvement with their trading partners and put in place the necessary infrastructure and processes that can enable greater information sharing between the two parties. It also underscores the need to cultivate longer-term relationships with the trading partners rather than looking at other modes of market expansion. The study corroborates the robustness of the integrative approach based on transaction cost theory and social capital theory in the study of alliance dynamics. It addresses the dearth of literature on marketing channel alliance dynamics in the Indian MSME context.

Keywords: Marketing channels, Distribution alliance, Transaction cost theory, Social capital theory, Syncretic approach, Trading partners in India.