

MANAGING CONFLICT IN RETAIL



From disputes to relationship renewal.

By University of Technology Sydney lecturer Dr Nigel Bairstow.

Conflict is inevitable in retail supplier relationships. Conflict occurs when two parties disagree over a particular issue, which results in separation and a lack of common ground to resolve that issue. Conflict can be seen as unfavourable and to be avoided. However, it can also develop growth in relationships, by addressing and resolving the dispute in question it can renew a previous damaged relationship.

In retail supplier relationships, retail buyers and manufacturers are confronted with various daily conflicts that need to be resolved and managed for the benefit of both parties. If left unresolved, conflicts tend to grow in intensity from a temporary conflict to a more permanent ones that can jeopardise relationship continuity.

The nature and type of conflicts in retail supplier relationships can be viewed as temporary, permanent, or imaginary. Let me explore each type from a business perspective.

Temporary conflicts

If addressed early, temporary conflicts, such as disagreements over pricing, rebates, discounts, payment terms, back orders, or product quality, can be resolved. There is a need to adopt a proactive approach to temporary conflict resolution is critical to maintaining healthy business relationships.

Permanent conflicts

On the other hand, permanent conflicts are more challenging to resolve and require a higher degree of communication frequency. Permanent conflicts can relate to overdistribution,

personality conflict between buyers and manufacture representatives, relationship neglect, or manufacturers selling directly and bypassing their retailers.

Imaginary conflicts

Imaginary conflicts are difficult to detect. They involve one party in the conflict, believing the other party is scheming against them. The conflict can be real or imaginary. For example, a retailer might feel a supplier is showing favouritism to another retailer when the supplier is not. The retailer in question is imagining the worst-case scenario.

Strategies for managing conflict

Conflict needs to be managed carefully between retail partners. If you are managing key retail supplier relationships, it is necessary to:

1. Classify the conflict as temporary, permanent, or imaginary. Remember, conflict needs to be resolved expediently before it becomes problematic.
 2. Ensure regular and frequent communication to discuss and resolve differences. Communication skills, including good listening and problem-solving skills, are essential.
 3. Make sure your salespeople and buyers are trained in identifying and resolving conflicts.
 4. See conflict as a way of resolving pending issues that can help revitalise and reboot damaged relationships.
- Permanent conflicts, if left unresolved, can often lead to the termination of the retail relationship; this is best avoided because finding new customers or retailers or suppliers is costly for both parties. It is five times more expensive

to find a new retailer or supplier than to retain an existing retail relationship. Exhausting all avenues of conflict resolution before we terminate a relationship is essential.

Key takeaway

Recognise that conflict is inevitable in retail relationships and that the key is to identify, manage, and resolve disputes.

Your salespeople and buyers must build strong collaborative relationship and be trained in conflict-resolution skills.

Lastly, conflict can lead to a revitalised relationship and clearer expectations, or it can lead to relationship termination.



About Dr Nigel Bairstow

Dr Nigel Bairstow is an academic practitioner with experience working in a variety of marketing roles for large multinational companies such as Alcan Aluminium,

Komatsu, Atlas Copco, and 3M. He completed his PhD in Marketing in 2012. His research focus is on b2b and b2c marketing channels.

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