

Review

# The Evolution of Marketing Channels: Trends and Research Directions

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## Abstract

Despite the vast increase in marketing channels research published in the past decade, few contemporary analyses review or synthesize the domain. This article provides a comprehensive review of marketing channels research from 1980 to 2014. To present a multidimensional view of marketing channels, the authors evaluate extant literature from four perspectives: (1) key theories and constructs, (2) marketing channel strategies, (3) units of analyses, and (4) substantive topics in channels research. A content analysis of the relevant topics within each perspective that have had the greatest impact on channel research provides insights into research trends. This multidimensional analysis offers an integrated guide to extant literature, as well as an outline of promising directions for research, in light of the most significant trends.

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As a fundamental avenue for delivering offerings to end users, sales through marketing channels (e.g., wholesalers, retailers, franchisors) account for approximately one-third of worldwide gross domestic product (GDP) (Hyman 2012). To achieve this share of global sales, channel systems have had to adapt to significant changes in the business environment, such as the shift to service-based economies, consolidation of channel intermediaries, development of new channel formats, increased online shopping, and the globalization of business (Palmatier et al. 2014). Paralleling these transformations in channel practice, channel researchers offer numerous theories (Hoppner and Griffith 2011; Palmatier et al. 2013; Wang, Gu, and Dong 2013), constructs (Jap et al. 2013; Kim et al. 2011), and strategies (Girju, Prasad, and Ratchford 2013; Guo and Iyer 2013; Nijs, Misra, and Hansen 2013) to describe and explain the evolution of channel systems. In just the past decade, the number of publications focused on marketing channels has grown by more than 150%.

Thus, academics and managers must sort through an ever growing, fragmented, and often conflicting body of knowledge to find the latest trends and insights to guide their channel research and practice. To help address this state of affairs, this article offers a *review and synthesis of the past 30 years of channel literature, to parsimoniously explicate the evolution of channel research, identify the underlying drivers of ongoing change, and outline research directions.*

We start by briefly describing the evolution of marketing channel thought, from its early inception to the beginning of the modern era (i.e., post-1980). Next, we analyze extant marketing channel literature according to four key perspectives that exemplify the overall body of channel research: (1) theories and constructs, (2) strategies, (3) units of analysis, and (4) substantive domains. Specifically, Perspective 1 delineates the two main theoretical bases used in research the past 30 years, economic-based and behavioral-based, and examines primary topics of study within each theoretical base. Perspective 2 investigates marketing channels by focusing on the domains relevant to strategic decisions, channel selection, and channel governance, outlining major bodies of research within each topic. Perspective 3 evaluates the most studied units of analysis: the channel dyad, the channel network, and, more recently, multichannel and

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two-sided market platforms. Finally, Perspective 4 provides insights into key domains in marketing channels research, including substantive topics, such as marketing channel relationships and channel structures, as well as popular topics, such as market entry strategies, that have waned over time. From this review, we derive four trends that appear vital to understanding how channels are changing and will evolve in the foreseeable future: (1) the shift to service economies, (2) globalization, (3) reliance on e-commerce technologies, and (4) the role of big data in channel decisions.

For each of the four perspectives, we first highlight representative research, which appears in a series of four tables, to provide a one-stop reference for channel researchers. Then we conduct a content analysis of the relevant topics with the greatest impact on channel research and identify the trends within each perspective. We track the number of citations attributed to each topic within a particular perspective, using the authors' provided keywords, titles, and abstracts, and we visually represent the annual frequency and change over time. Finally, we provide research directions based in each perspective, reflecting the context of pertinent trends over the past 30 years of marketing. With its broad scope, this research thus provides a comprehensive, citation-based synthesis of the major components of marketing channels research, a concise reference to the evolution of the most studied marketing channel perspectives, and suggestions for the continued development of research on marketing channels.

## Evolution of Marketing Channels

### Pre-1980

Studies of marketing channels have adopted varied approaches to understand these fundamental avenues of economic activity. A *marketing channel* refers to “a set of interdependent organizations involved in the process of making a product or service available for use or consumption” (Palmatier et al. 2014, p. 3). Early research on marketing channels derived predominantly from work in economics (Coase 1937), which views channels of distribution as flows of goods or services. Research in the early twentieth century tended to regard interactions between firms as optimization or cost minimization problems and vertical marketing systems as extensions of the firm; other, non-economic factors largely were ignored (Gattorna 1978). Mid-century work specific to marketing channels was more prescriptive, designing management decision models that accounted simultaneously for cost functions, revenue opportunities, and information, despite the difficulty of measuring real situations (Bucklin 1966). Related schools of thought included institutional, functional, organizational, and systems approaches to understanding marketing channels (Anderson and Coughlan 2002).

Around the middle of the century, research more directly acknowledged the non-economic factors present in marketing channels. Two books were influential in promoting this change: Bucklin's (1966) *A Theory of Distribution Structure* and Stern's (1969) *Distribution Channels: Behavioral Dimensions*, which

brought into focus other channel functions, such as the organizational patterns of distribution systems, and behavioral factors that affected channels. A wealth of new research opportunities thus emerged for delineating the relations among channel partners and integrating theories pertaining to roles, communication, and conflict, as well as linking prior work (e.g., Wittreich 1962) with subsequent studies of power (El-Ansary and Stern 1972), channels strategy (Frazier and Summers 1984), channel and distribution structures (Bucklin 1966; Bucklin and Sengupta 1993), conflict management (Kaufmann and Rangan 1990), and opportunism (John 1984).

### Modern Developments

Bucklin (1966) and Stern (1969) provided new theoretical approaches for investigating interfirm relations in marketing channels; they also helped kick off empirical investigations of these theories (Gaski and Nevin 1985). Many new constructs for explaining channel functions and performance emerged from these works. This stream of literature also laid the foundation for research that moved beyond previous, economics-dominated approaches and began to use theories from sociology (Emerson 1962), social psychology (Thibaut and Kelley 1959), or political science (Zald 1970). Transaction cost theory and agency theory made substantial strides (e.g., Anderson and Weitz 1992; Heide and John 1988), complementing behavioral-based research (Palmatier, Dant, and Grewal 2007; Stern and Reve 1980) while also showcasing the benefits of integrating economic and behavioral theories in a channels domain. This is reflected in the current literature stream utilizing structural economic models. Similarly, as more dynamic models of interfirm relationships emerged (Jap and Ganesan 2000; Palmatier et al. 2013), they helped spur a new era of relationship marketing in channels (Palmatier et al. 2006). Recent channel research reflects the diversification and maturation of the domain, as well as the significant disruption caused by e-commerce and internationalization (Grewal, Kumar, and Mallapragada 2013).

## Multi-Perspective Analysis of Marketing Channels

We assess 30 years of marketing channels research and theory, according to four perspectives, to provide a multifaceted analysis of the field. In Perspective 1, we identify the core disciplines of channel theory according to two predominant approaches: economic-based and behavioral-based. In Perspective 2, we examine strategies derived from these theories to explain selection and governance decisions related to the practice of marketing channels. In Perspective 3, we examine the different units of analysis to compare and contrast implications across the theoretical and empirical scopes of channels research. Finally, with Perspective 4, we discuss substantive domains that reflect the collective interests and directions for research as the discipline evolves over time. Taken together, these four perspective synthesize the diversity and trajectory of research within the channels domain, as other papers have done for retailing theory (Grewal and Levy 2007) and methodology (Brown and Dant 2008).

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