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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.

Keywords: Marketing channels; Retailers; Wholesalers; Franchisors; Distributors

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).

For each perspective, we summarize illustrative research examples in a table, to provide a quick reference for channel researchers interested in a specific perspective. Although not a definitive measure of scholarly influence, we identify the topics with the greatest impact on channel research according to the annual, relative citation percentage for that topic. To determine the *annual, relative citation percentage* for a given topic, we divide the number of citations about that topic published in a given year by the total number of citations for all topics listed within its perspective, similar to the procedure employed in Mela, Roos, and Deng (2013). The number of citations reflects the relevant keywords within each perspective, obtained from Reuter's Web of Science database and coded using the keywords, titles, and abstracts provided by the authors. In addition, for each perspective, we provide a visual representation of the most frequently cited topics and how they change over time. Our analyses are restricted to 556 papers that listed "marketing channel" as a keyword and were published in *Journal of Retailing*, *Journal of Marketing*, *Journal of Marketing Research*, *Marketing Science*, *Journal of Consumer Research*, or *Journal of the Academy of Marketing Science*.

Perspective 1: Marketing Channel Theories and Constructs

Marketing channels have been studied using different theoretical frameworks, which we group parsimoniously into two major schools of thought in Table 1 (Gattorna 1978; Stern and Reve 1980). Economics-based, theoretical approaches tend to emphasize economic efficiency or functional optimization as means to reconcile situational constraints and costs through channel design, as well as profits. Behavioral-based theoretical approaches incorporate theories from sociology, social psychology, and organizational behavior to explain inconsistencies that result from the rational actor assumptions made in economic-based approaches.

Economic-Based Approaches

Transaction cost economics. The roots of transaction cost economics (TCE) are traceable to Coase's (1937) examination of the reason for the existence of firms; they differ from neoclassical economics, in that TCE regards the firm as a governance structure rather than a production function (Rindfleisch and Heide 1997). Exchanges among channel partners in markets are costless, unless market failures cause the costs of the market-sourcing business functions ("buy" decision) to exceed the costs of organizing that function within the firm ("make" decision) (Williamson 1985). Unlike neoclassical economics, TCE suggests that managers are constrained by bounded rationality, so their decision making may be hindered by their lack of cognitive abilities or information (Simon 1972), and they can be exploited by opportunistic exchange partners. Opportunism is "self-interest seeking with guile" (Williamson 1985, p. 47), and it can jeopardize assets specific to any ongoing exchange (i.e., assets that are difficult to redeploy for other purposes), whether due to the uncertainty associated with ex ante defining every exchange transaction or to the challenge of verifying performance concerns ex post. The strategies for defining an optimal governance structure prescribed by TCE (i.e., degree of market vs. hierarchy) rely principally on concerns about safeguarding exchanges and relationship-specific assets. In channels research, TCE explicates interactions among suppliers, distributors, and retailers by citing the influences on the channel structure of the "make-or-buy" decision. However, recent TCE-based research has expanded the scope of related constructs to include not just opportunism (Jap et al. 2013; Wang, Gu, and Dong 2013) but also contexts (Kim et al. 2011), culture (Steenkamp and Geyskens 2012), and online business environments (Chintagunta, Chu, and Cebollada 2012).

Agency theory. Agency theory focuses on situations in which one entity (the principal, such as a manufacturer) delegates responsibility for an action to another entity (the agent, such as a retailer) (Jensen and Meckling 1976). It rests on three main assumptions: Both the principal and the agent operate according to their self-interest and risk preferences, as neither party has perfect information and both must deal with environmental uncertainty (Eisenhardt 1989). Agency theory seeks to determine the most efficient contract to govern their arrangement, in light of both hidden information (pre-contractual, adverse selection) and hidden actions (post-contractual, moral hazard) (Eisenhardt 1989; Gu, Kim, and Tse 2010). Hidden information problems arise due to information asymmetries between the principal and the agent, prior to entering into a contract. The principal does not know whether the agent possesses the capacity required to execute a desired task. The hidden action problem instead describes post-contractual issues, such that principals must determine how to evaluate and compensate agents to ensure that the delegated tasks get completed in their best interest (Kashyap, Antia, and Frazier 2012). However, the self-interest of the agent may lead him or her to neglect or shirk the delegated task, which is difficult for the principal to discover. Similar to TCE, agency theory often serves to explain channel selection decisions and channel structures when firms operate in environments with limited information. Expanding on the principal–agent interactions that occur in supplier–distributor contexts, recent research also examines channel interactions across external intermediaries, such as in multi-unit franchise arrangements (Dant et al. 2013) or internal interactions within channels (Kumar, Heide, and Wathne 2011).

Game theory. Derived from Von Neumann and Morgenstern's (1944) classic formalization, this research uses interactive exchange situations (games) to explicate various problems that arise between exchange partners (Chatterjee and Lilien 1986). Game theory relies on mathematical models to describe competition and cooperation among intelligent, rational decision makers. It seeks to determine the optimal strategies of decision makers (players) by defining other players in the game, the information and actions available to each decision maker at each decision point, and the payoffs of each outcome. Within these constraints, game theorists mathematically deduce player strategies. These are the optimal decisions, given the payoffs and expectations of the other players' strategies that result in one outcome or set of outcomes with specified probabilities (i.e., equilibria) (Watson 2013). In channels research, decentralized channels tend to result in

Table 1
Marketing channel key theories and constructs.

Key theories	Derived from	Key constructs	Definitions	Key findings	Illustrative studies
Economic-based approaches					
Transaction cost	Micro-economics (Williamson 1985)	Transaction-specific assets, opportunism	Transaction-specific assets (TSAs) are tangible and intangible assets specialized to the exchange relationship and non-recoverable in the event of termination (Heide and John 1988). Opportunism is seeking self-interests, using guile (Williamson 1985).	Helps explain channel ownership decisions and subsequently channel structure as partner attempt to safeguard TSAs from opportunism when free markets experience specific governance problems (Rindfleisch and Heide 1997).	Jap et al. (2013); Rindfleisch and Heide (1997); Wang, Gu, and Dong (2013).
Agency theory	Micro-economics (Eisenhardt 1989)	Hidden information problem, hidden action problem, moral hazard, efficient contract	"An efficient contract is one that brings about the best possible outcome for the principal given the constraints imposed by the situation" (Bergen, Dutta, and Walker 1992, p. 3). Hidden information refers to agent knowledge that is potentially beneficial to the agent that principal does not know (Eisenhardt 1989). Moral hazard problems arise typically after a contract is set, if one party has incentive to take risky actions because the other party will bear those risks (Hart and Holstrom 1987). Hidden action concerns involve how to evaluate and reward an agent's behavior to align the agent's goals with the principal's (Bergen, Dutta, and Walker 1992).	Describes relationships in which one entity delegates work to another. Focuses on selecting the most efficient contract to govern a channel relationship considering the characteristics of both channel members as well as environmental uncertainty and the costs of information that make monitoring of the agent, such as a distributor or retailer, difficult (Jensen and Meckling 1976).	Bergen, Dutta, and Walker (1992); Dant et al. (2013); Gu, Kim, and Tse (2010); Kashyap, Antia, and Frazier (2012).
Game theory	Von Neumann and Morgenstern (1944)	Players, information, payoffs, strategy	Players are one or more decision makers (i.e., channel members). Information sets contain all the possible moves in a game, given what a player has observed (Von Neumann and Morgenstern 1944). Payoffs are the rewards for making a particular decision. Strategy refers to the decision options available, given the payoffs and expectations of other players' actions (Watson 2013).	Given constraints, game theorists mathematically deduce channel member strategies that result in one outcome or a set of outcomes with identified probabilities (i.e., equilibria) (Watson 2013). Within marketing channels research, a key focus is that decentralized channels result in inefficiencies (i.e., sub-optimal profit/utility maximization), and channel partners are responsible for structuring contracts and incentives to repair these inefficiencies.	Coughlan (1985); Jeuland and Shugan (1988); Kuksov and Xie (2010); Liu and Cui (2010); Nasser, Turcic, and Narasimhan (2013).
Resource-based view	Economics (Penrose 1959), management (Wernerfelt 1984)	VRIO resources, sustainable competitive advantage	Firm resources that are valuable, rare, and imperfectly imitable (VRIO), deployed by an organization that can exploit those resources' potential, are able to generate sustainable competitive advantage (Barney and Clark 2007). Sustainable competitive advantage occurs when firms can extract greater rents than its current or potential competitors.	Explains and predicts the basis of a channel member's competitive advantage and performance based on how they are able to gain access to and utilize VRIO resources (Kozlenkova, Samaha, and Palmatier 2014; Slotegraaf et al. 2003).	Barney and Clark (2007); Guo and Iyer (2010); Kozlenkova, Samaha, and Palmatier (2014); Wernerfelt (1984).

Table 1 (*Continued*)

Key theories	Derived from	Key constructs	Definitions	Key findings	Illustrative studies
Behavioral-based approaches					
Power-conflict and dependence	Social exchange theory (Cook and Emerson 1978), social psychology (French and Raven 1959), sociology (Emerson 1962)	Power, conflict, exchange dependence structure (interdependence or dependence asymmetry)	Power is the ability of one channel member to affect the decisions of other channel institutions, in direction they otherwise would not have undertaken (El-Ansary and Stern 1972). Conflict is an "interactive process manifested in incompatibility, disagreement, or dissonance within or between social entities (i.e., individual, group, organization, etc.)," whereby partners consider each other adversaries (Rahim 2002, p. 207). Dependence on another is "(1) directly proportional to the motivational investment in goals mediated by the other, and (2) inversely proportional to the availability of those goals outside of the relationship" (Emerson 1962, p. 32).	Power is thought to be distributed unevenly among channel members, which can cause conflict. The use of and response to these constructs are useful in explaining channel outcomes such as structure and performance (El-Ansary and Stern 1972; Gaski and Nevin 1985). Precedes the influence of power in that interdependence promotes partners to work together while dependence asymmetry can undermine channel performance through coercive actions (Kumar, Scheer, and Steenkamp 1998).	Antia, Zheng, and Frazier (2013); Draganska, Klapper, and Villas-Boas (2010); Gaski (1984); Samaha, Palmatier and Dant (2011).
Relational norms	Social psychology (Thibaut and Kelley 1959), contract law (Macneil 1980)	Flexibility, information exchange, cooperation	Norms are "expectations about attitudes and behaviors parties have in working cooperatively together to achieve mutual and individual goals" (Cannon, Achrol, and Gundlach 2000, p. 183).	Norms "guide and regulate the standards of trade and conduct," emphasize long-term concerns about a channel partner's prosperity, ensure equitable sharing of benefits and costs and serve to reduce opportunism (Gundlach, Achrol, and Mentzer 1995, p. 81). This promotes mutually beneficial, cooperative behavior between channel partners.	Cannon, Achrol, and Gundlach (2000); Heide and John (1992); Kumar, Heide, and Wathne (2011); Palmatier, Dant, and Grewal (2007).
Commitment–Trust	Social exchange theory (Cook and Emerson 1978)	Commitment, trust	Commitment is the "enduring desire to maintain a valued relationship" (Moorman, Deshpandé, and Zaltman 1993, p. 316). Trust is "confidence in an exchange partner's integrity" (Morgan and Hunt 1994, p. 23).	Commitment and trust, not power or dependence, are the keys to interorganizational relational performance. Both constructs help to foster mutual goals and mitigate each channel member from acting entirely in their own self interest (Morgan and Hunt 1994).	Morgan and Hunt (1994); Palmatier et al. (2013); Zhang, Netzer, and Ansari (2014).
Network	Sociology (Macneil 1980)	Embeddedness, density, authority	Embeddedness is the degree to which individuals or firms are enmeshed in a social network, involving the overlap between social and economic ties that lead to repeat transactions over time (Granovetter 1985). Density is the level of interconnectedness among network members, centrality is the number of direct ties between a specific member and other network members, and authority is power in decision making (Houston et al. 2004).	Managed networks of channel partners can offer superior information processing, knowledge creation, and adaptive properties to conventional, vertically integrated organizations. Rather than hinging on pure self-interest as the primary determinant of behavior, network theory emphasizes the normative and social structure in which exchanges are embedded (Baron and Hannan 1994) and provides an excellent framework for understanding how changes in one part of channel eco-systems affect other parts.	Achrol and Kotler (1999); McFarland, Bloodgood, and Payan (2008); Palmatier (2008); Wang, Gu, and Dong (2013).

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inefficiencies, and channel partners are responsible for structuring contracts and incentives to repair these inefficiencies (Coughlan 1985). Similar to TCE and agency theory, game theory in channels research provides a means to understand interactions among potentially adversarial channel entities, but unlike these theories, it explicitly models *potential* strategic actions to predict channel structure, given a set of constraints. Building on prior works that have modeled two-player games (e.g., Jeuland and Shugan 1988), modern game theoretic approaches investigate downstream channel research topics spanning multiple players, such as private-label brands (Nasser, Turcic, and Narasimhan 2013), platform-based retailing (Jiang, Jerath, and Srinivasan 2011), pricing, and customer ratings (Kuksov and Xie 2010), as well as upstream channel issues, such as product line length (Liu and Cui 2010) and information transparency in e-commerce (Zhou and Zhu 2010).

Resource-based theory. Prior to the emergence of the resource-based theory (RBT), firm performance was often viewed as a function of industry-level factors. The RBT argues instead that firms develop, augment, and leverage resources that are valuable, rare, and imperfectly imitable (referred to as VRIO), because they have the organizational capacity to exploit these resources for sustainable competitive advantages (Wernerfelt 1984). Resources (physical, financial, human, or organizational) are assets that an organization can exploit to accomplish its objectives (Barney and Clark 2007). A sustainable competitive advantage arises when a firm creates greater economic value from its inimitable strategy than its marginal competitors can. Marketing theory cites market-based assets, which may have a relational (e.g., relationships with distributors, retailers, end customers) or an intellectual (e.g., knowledge about market conditions, competitors, customers, channels) nature. These assets satisfy the VRIO criteria and can be leveraged to create sustainable competitive advantages (Kozlenkova, Samaha, and Palmatier 2014). The RBT lends itself to examining marketing channels, because firms do not always own the VRIO resources they need to implement a competitive strategy. Access to, acquisition of, and maintenance of these resources depend on the firm's boundaries and its strategies for interacting with other channel members. Consequently, the RBT can inform various channel actions, including the adoption of a valuable new sales channel (Lee and Grewal 2004), distributor acquisitions of rare information (Guo and Iyer 2010), inimitable supply chain service technologies (Richey, Tokman, and Dalela 2010), and the augmentation of organizational capabilities by using retail category captains (Nijs, Misra, and Hansen 2013).

Behavioral-Based Approaches

Power-dependence and conflict. Power is unevenly distributed in any interorganizational system. The way organizations gain and use their power, and balance asymmetrical dependence, determines channel structures and performance (Antia, Zheng, and Frazier 2013; El-Ansary and Stern 1972). As social exchange theory in sociology suggests (Emerson 1962), power refers to the ability to influence channel partners to take actions they otherwise would not take (Draganska, Klapper, and Villas-Boas 2010; Gaski 1984). Power is based on dependence, which arises when one channel member can offer its exchange partner benefits that are difficult to procure from other sources. An example of a powerful entity is a monopolist. *Interdependent* channel members typically work harmoniously to maintain mutually beneficial relationships and the performance benefits from those relationships, whereas *asymmetrically dependent* channel members are at greater risk of being subjected to uses of coercive power (Kumar, Scheer, and Steenkamp 1998). Power uses or the exploitation of dependence often leads to conflict, because one exchange partner perceives the other as an obstacle to its own goal achievement, which becomes manifest as discord, hostility, or disagreement (Koza and Dant 2007). Although power does not necessarily induce conflict (Geyskens, Steenkamp, and Kumar 1999), the nature and sources of power can aggravate the negative effects of conflict on channel performance by increasing perceived unfairness (Samaha, Palmatier and Dant 2011). Low levels of conflict potentially increase performance (Gundlach and Cadotte 1994), but increasing conflict within an exchange can hasten the demise of the relationship and damage channel performance. In particular, it undermines cooperative actions and prompts the damaged party to seek other trade partners.

Relational norms theory. In line with previous examinations of the nature of relational business exchanges (Macneil 1980), relational norms refer to expectations about transaction behavior that exchange partners share (Kaufmann and Rangan 1990). Unlike contracting or legal theory, relational norm theory assumes that transactions exist in the context of the relationship, rather than in terms of discrete or independent events (Heide and John 1992). Different types of norms exist, including mutuality, solidarity, and flexibility, and each has a slightly different influence on the relationship (Palmatier, Dant, and Grewal 2007). In general though, norms promote cooperation and reduce conflict, help exchange partners respond to environmental uncertainty, and foster channel performance by reducing opportunism and other relationship-damaging behaviors (Kaufmann and Rangan 1990; Kumar, Heide, and Wathne 2011).

Commitment–trust theory. Derived from social exchange theory (Cook and Emerson 1978), commitment–trust theory holds that the two main determinants of exchange performance are commitment to and trust in an exchange partner (Morgan and Hunt 1994). Rather than focus on the exchange's power or dependence structure, commitment–trust theory describes positive relationships between channel members. Instead of positioning channel members as potential competitors in a micro-economic sense, it holds that successful channel members cooperate and leverage their commitment and trust to enhance their performance. Commitment is defined as one channel member's desire to continue a valued relationship (Moorman, Zaltman, and Deshpandé 1992), and trust is one channel member's confidence in the other partner's reliability and integrity (Doney and Cannon 1997; Ganesan 1994). Both constructs improve performance by curtailing relationship-damaging behaviors, leading the partners to eschew short-term gains for long-term benefits, and mitigating the risk of opportunism by encouraging the channel partners to work in each other's interests (Anderson and Weitz 1992). Recent research

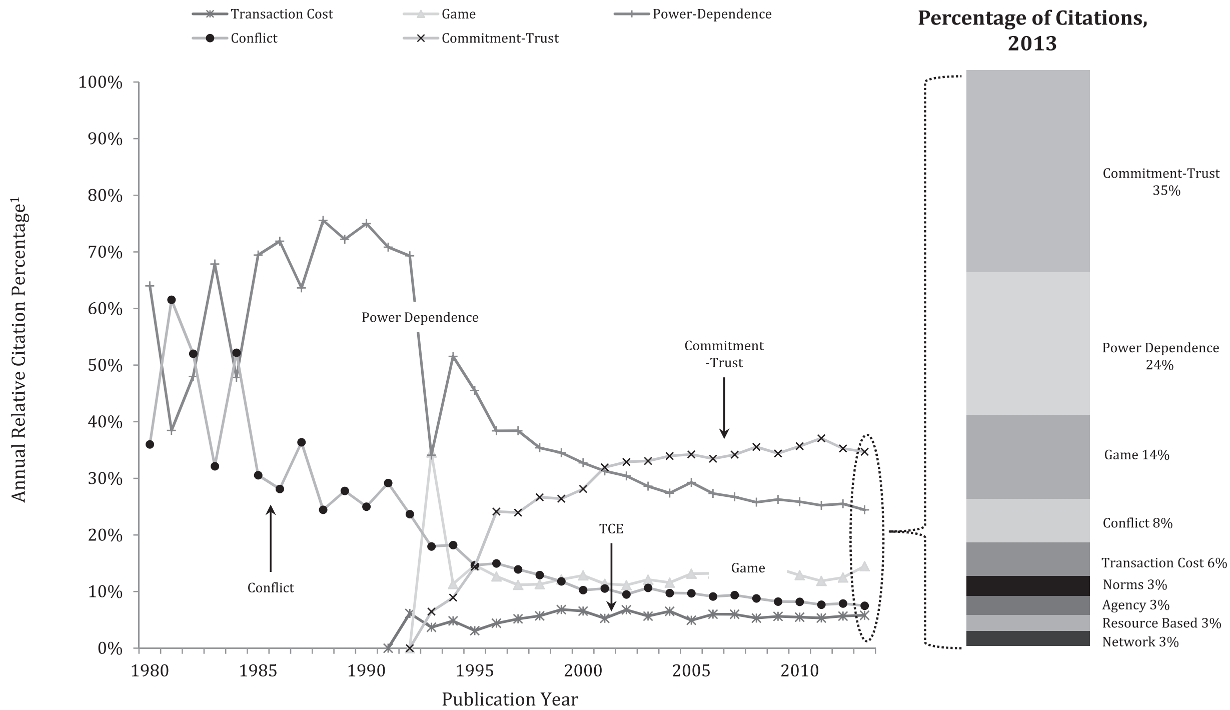

Fig. 1. Results: Dynamic contents analysis of marketing theories and constructs. [1]The annual relative citation percentage for a given topic (e.g., TCE, Norms) is determined by dividing the number of citations for channels papers published in a given year for that topic by the total number of citations for all topics listed in a given perspective. Theories and constructs with less than 5% annual relative citation percentages were removed from the line graph, to enhance readability. Total citations from 1980 to 2012 across Perspective 1 is 73,270.

moves the commitment–trust framework beyond descriptions of channel relationships by focusing on a dynamic perspective. For example, velocity—or the rate and direction of change—of relationship commitment has a strong and significant impact on performance, beyond the impact of any static level of commitment (Palmatier et al. 2013). Advances in statistical methods also allow researchers to distinguish between "vigilant" and "relaxed" states of trust and thereby suggest dynamic, targeted pricing methods (Zhang, Netzer, and Ansari 2014).

Network theory. Channel exchanges often include multiple relationships among decision makers who represent many firms and levels within a firm. Network theory goes beyond a dyadic interaction to describe channel situations that reflect actual business practices (Palmatier 2008). Rather than hinging on pure self-interest as the primary determinant of behavior, network theory emphasizes the normative and social structures in which exchanges are embedded (Baron and Hannan 1994). At its core, a channel network contains a focal organization that integrates upstream and downstream firms, such as a major technological firm (e.g., Hewlett-Packard) or marketing specialist (e.g., Nike). Whereas social exchange theory suggests that constructs such as commitment, trust, and relational drivers affect performance, social network theory examines the broader context in which channel members operate and emphasizes the importance of constructs such as contact density, contact authority, and network centrality for channel performance (Palmatier 2008). In this sense, network theory provides an excellent framework within which to understand how changes in one part of the channel ecosystem affect other parts, such as the propagation of interfirm behaviors from one channel relationship to an adjacent one (i.e., contagion; McFarland, Bloodgood, and Payan 2008). Likewise, the punishment of one member in a distribution network can reduce opportunism by intermediaries that observe that punishment, through both a deterrent effect and a trust-building process (Wang, Gu, and Dong 2013).

Trends and Future Research in Marketing Channel Theories and Constructs

As Fig. 1 reveals, a dramatic shift has marked the specific theories and constructs in marketing channels that have had the greatest impact over the past 30 years. Overall, channels research has shifted toward a focus on more positive relational constructs (trust, commitment), whereas studies of conflict (>40% in the 1980s to <10% in 2000s) and power dependence (>60% in the 1980s to <30% in 2000s) have dropped off significantly. Behavioral-based theories and constructs have become more important than economic-based theories and constructs. This shift mirrors the emergence of a general view among academics and practitioners that channel systems are interconnected networks of relationally bounded social entities, for whom long-term cooperation is critical to success (Yang, Su, and Fam 2012). However, this view contrasts with the arm's-length, often anonymous transactions that occur online, in which price is the primary consideration for exchanges of commodity products (Palmatier et al. 2014). Thus, there are still important topics in the domains of power-dependence and conflict that warrant attention.

There are several avenues for research in marketing channel theories and constructs. First, work on the integration of the various theoretical approaches is still in its infancy. Conceptual and empirical research could examine how existing theoretical approaches can be integrated into a more comprehensive framework to explain relationship performance. As the meta-analysis by Palmatier et al. (2006) shows, no single relational mediator completely captures the nature of a relationship. Palmatier, Dant, and Grewal (2007) find that only trust, commitment, and relationship-specific investments exert a direct effect on relationship outcomes when various theories are included simultaneously. Second, we lack understanding of whether and how the effectiveness of the different theoretical approaches and constructs for explaining relationship outcomes might be contingent on the channel context. Third, additional research is needed to determine the appropriate measurement level for the relevant constructs. A channel relationship between two firms could be analyzed according to the relationships between two employees, between two organizations, or between an individual and a firm, for example. Fourth, research should provide insights on how other constructs relevant to channel settings—such as supplier brands (Ghosh and John 2009; Worm and Srivastava 2014), customer-perceived value (Ulaga and Eggert 2006), and customer engagement (Brodie et al. 2011; Verhoef, Reinartz, and Krafft 2010)—might be integrated in existing nomological networks. Fifth, with the emergence of social media, a vast range of web-based metrics have become available to channel marketers and researchers. Studies should look at the relationship between these metrics and the key constructs from channels literature. For example, are Facebook "Likes" or online product reviews suitable proxies for measuring a customer's commitment to a brand?

Perspective 2: Marketing Channel Strategies

Two key decisions are central to marketing channel strategies. First, a firm must decide which channel functions to execute internally (i.e., channel selection; Lilien 1979). Second, it needs to determine how to manage exchanges with partners (i.e., channel governance; Heide 1994). We examine both decisions, in accordance with our review of major theories (e.g., TCE and vertical integration, power-dependence and coercion, etc.), and summarize the outcomes in Table 2.

Channel Selection Strategies

Determining the appropriate channels to go to market is fundamental to the marketing mix (Jeuland and Shugan 1988). In its most basic form, the decision involves whether to sell directly to customers and assume all channel responsibilities or to use channel intermediaries. Researchers investigating this channel selection decision generally adopt four main viewpoints: (1) vertical integration, (2) signaling and screening, (3) franchising, and (4) resource expansion–acquisition.

Vertical integration. When market failures create excessive costs, vertical integration, rather than using marketing channels to source or sell, is the preferred strategy (Anderson and Coughlan 2002; Rindfleisch and Heide 1997). With vertical integration, the firm owns various elements in the value chain. It might vertically integrate through ownership of its suppliers (upstream integration), ownership of its distributors and retailers (downstream integration), or both. Different theoretical lenses indicate distinct advantages of this strategy, but typically, the benefit hinges on lowering the costs associated with channel exchanges. According to the TCE, a vertically integrated firm can reduce the costs incurred by bottlenecks in production and increase efficiencies, even in the presence of a market failure (Arya and Mittendorf 2011). Vertical integration also alleviates the agency problem to some extent, because the firm gains more direct control over key value chain responsibilities, such as production, distribution, and customer service, and decreases information asymmetry, though it still must contend with the agency problem internally (Dutta, Heide, and Bergen 1999). Likewise, game theory suggests that vertical integration can help the firm avoid the double marginalization problem, which occurs when downstream channel members mark up their retail prices to levels higher than would be optimal for a vertically integrated producer (Jeuland and Shugan 2008). Recent research also addresses actions within vertical relationships, such as multilateral bargaining across channel intermediaries (Guo and Iyer 2013) or retailer-driven bundling and its effect on upstream channel members (Bhargava 2012). As more firms move to hybrid structures to deliver offerings to end users, research has followed suit and begun to examine partially integrated vertical channels (Kim et al. 2011).

Screening and signaling. In a marketing channel selection context, *screening* refers to the process by which a firm attempts to uncover information (e.g., competency, trustworthiness) about potential channel partners; *signaling* refers to the actions potential channel partners take to reveal their own characteristics to others (Chu 1992). Both screening and signaling can mitigate information asymmetries in the marketplace (Soberman 2003) and facilitate channel selection. The channel selection decision also provides investors with a signal, such as when a firm publicly "buys" another firm to gain access to its innovations, loyal customer base, or trusted channel relationships. This act can signal to investors that the purchasing firm is likely to resolve some significant strategic shortcoming (Borah and Tellis 2014).

Franchising. Rather than assume all channel responsibilities, another channel selection strategy relies on franchise arrangements. *Franchising* exists when a firm (franchisor) sells the right to use a business model to an independent party (franchisee). The franchisee typically uses its own capital and pays a fee to operate retail locations representing the franchisor (Kashyap, Antia, and Frazier 2012). Several advantages accrue from a franchise agreement, compared with market sourcing or vertical integration. From an agency perspective, franchising is advantageous in the face of high environmental uncertainty or when monitoring vertically owned agents is difficult (Wang, Gu, and Dong 2013). Because franchisees use their own start-up capital and share substantially in the profits of the franchise, they have strong incentives to operate efficiently, to the benefit of the entire channel (Lal 1990). Likewise, franchising is appealing when the increase in margins gained from direct ownership is not enough to outweigh the efficiency obtained through franchisee operations. This strategy allows the firm to achieve economies of scale and increase both production and organizational development, while also capitalizing on shared profit incentivization,

Table 2
Marketing channel strategies.

Key strategies	Derived from	Definitions	Key findings	Illustrative studies
Channel selection strategies				
Vertical integration	Transaction cost economics	The combination of two or more stages of production within a single firm.	Vertical integration through ownership of suppliers (upstream integration) or of distributors and retailers (downstream integration) can provide cost efficiencies by rectifying market failures.	Jeuland and Shugan (2008); Kim et al. (2011); Bhargava (2012).
Screening and signaling	Game theory	Screening is the process by which a firm seeking to select channel partners attempts to uncover information (e.g., competency, trustworthiness) about the potential partners. Signaling refers to actions that a potential channel partner takes to reveal its own characteristics to others (Chu 1992).	Both screening and signaling are ways to mitigate information asymmetries in the marketplace (Soberman 2003) and thus aid in channel selection by decreasing the pool of potential channel members, as well as increase the likelihood of successful partnerships though better matching.	Coughlan (1985); Soberman (2003); Li, Gilbert, and Lai (2014).
Franchising	Agency theory	An arrangement where a firm (the franchisor) sells the right to use its business model to an independent party (the franchisee), typically in return for a fee and royalties.	Franchising allows an upstream channel member to achieve economies of scale and growth in both production and organizational development while capitalizing on shared profit incentivization, assumed risks, and the effort of local ownership of downstream intermediaries.	Grace and Weaven (2011); Kashyap, Antia, and Frazier (2012); Grace et al. (2013).
Resource expansion-acquisition	Resource-based theory	Channel selection strategy used to gain valuable, rare, inimitable, or organizationally exploitable (VRIO) resources.	Firms expand channels into new markets to exploit the advantages of existing firm resources or to develop new channel resources to exploit in current or new markets, such that they develop a sustainable competitive advantage through multiple tactics, including mergers, partnerships, or direct acquisitions.	Petina, Pelton, and Hasty (2009); Richey, Tokman, and Dalela (2010);Cui (2013).
Channel governance strategies				
Coercion	Power dependence	The ability to threaten or punish an exchange partner for non-compliance.	Coercive strategies are advantageous, in that they allow a firm to attain its goals, regardless of the goals of the other channel member.	John (1984); Antia et al. (2006); Gilliland, Bello, and Gundlach (2010).
Incentives-monitoring	Agency theory	Incentivization is an agreement to reward favorable input behaviors or realized outcomes of a channel intermediary. Monitoring is the direct observation of the behavior of a channel intermediary.	Incentive or monitoring strategies are used when different risk preferences or conflicting goals lead channel partners to prefer different courses of channel action. They are used to motivate a channel intermediary to engage in desired behavior and to reduce the likelihood of non-compliance. The latter is preferred when the costs of directly monitoring the channel intermediary are low, whereas incentives are preferred when monitoring is difficult or costly.	Bergen, Dutta, and Walker (1992); Gu, Kim, and Tse (2010); Gundlach and Cannon (2010); Gilliland and Kim (2014).
Relational governance	Relationship marketing	Relational governance entails informal, social control over the channel exchange and refers to the manner of which channel partners (1) initiate, (2) maintain, and (3) terminate their exchange (Heide 1994).	Relational governance demonstrates that channel interactions rely on constructs such as trust, commitment, and social rapport to create shared behavioral expectations (i.e., norms), such as flexibility, mutuality, and solidarity that result in cooperation, and thus improved performance among channel partners (Heide and John 1992; Palmatier et al. 2006).	Palmatier et al. (2006); Hoppner and Griffith (2011); Samaha, Beck, and Palmatier (2014).

Table 2 (*Continued*)

Key strategies	Derived from	Definitions	Key findings	Illustrative studies
Idiosyncratic investments	Transaction cost, commitment–trust, agency	Time, effort, and assets that are specialized to a relationship and that are not easily redeployed in other settings.	Idiosyncratic investments can enhance channel performance by raising interdependence and switching costs, signal positive firm intentions, reduce opportunistic motivation, and consequently lessen an exchange partner's costs to monitor performance or safeguard assets.	Kim and Frazier (1997); Jap and Ganesan (2000); Chiou, Wu, and Chuang (2010); Pick and Eisend (2014).

assumed risks, and effort by local ownership. Franchise research details the increasing use of multi-unit franchise arrangements (Dant et al. 2013), as well as the role of regulation in conflict management (Antia, Zheng, and Frazier 2013). Recent research focuses on the bilateral nature of franchising by investigating franchisees' perceptions of franchising value (Grace and Weaven 2011).

Resource expansion–acquisition. Channel selection strategies focus on the effective management of the firm's VRIO resources. From a RBT perspective, channel selection can provide a means for the firm to expand into new markets to exploit the advantages of its existing resources, or it can enable the firm to develop new resources that it will exploit in current or new markets (Barney and Clark 2007). Firms might secure valuable resources directly through acquisition or indirectly through selective partnerships with channel members. Unique channel structures or capabilities can be sources of competitive advantage, in that they provide superior delivery of the firm offering and potentially exclude competitors from the market (Petina, Pelton, and Hasty 2009). Successful alliance formation depends not only on the resources shared among firms but also on the extent of resource dissimilarity across the portfolio of alliances that a firm maintains (Cui 2013).

Channel Governance Strategies

Given its selected channel structure, the firm must decide how to govern its exchanges. Governance options range from formal, explicitly defined contractual obligations to informal, verbal agreements (Heide 1994). The difficulty is in defining the right balance between formality and informality, after considering the difficulty associated with planning for every contingency.

Coercion. When power (or dependence) is unevenly distributed in a channel, the more powerful party can engage in coercion, threatening or punishing an exchange partner for its non-compliance (Gaski and Nevin 1985). Such strategies are advantageous in the sense that they enable the firm to attain its goals, regardless of the goals of the other channel member. In contrast, sources of non-coercive power, such as expertise or rewards, imply that one exchange partner willingly yields to its partner. A firm that is willing to use coercive strategies also must manage the conflict that frequently results (Gilliland, Bello, and Gundlach 2010). If other viable alternatives exist for both channel members, governing channels through coercive strategies is risky, because it may damage partners' attitudinal orientations, shared beliefs, and willingness to cooperate, resulting in relationship-ending conflict (Kumar, Scheer, and Steenkamp 1998). Recent research that examines coercive settings from new perspectives and in new contexts shows that this governance form not only flows downstream, from supplier to reseller, but also can move upstream when resellers gain power relative to their suppliers (Gilliland, Bello, and Gundlach 2010). With greater diversification of delivery channels and greater global customer demand for offerings facilitated through new avenues, firms face the increasing threat of gray market activities. Accordingly, researchers examine the performance implications of enforcement severity, certainty, and speed as tactics to discourage gray markets (Antia et al. 2006).

Incentives and monitoring. Rather than force the hand of a trade partner, channel governance strategies might structure incentives to induce appropriate channel member behavior, or else directly monitor another channel member's behavior to ensure its compliance (Kashyap, Antia, and Frazier 2012). When channel partners have different risk preferences and conflicting goals, relationship problems tend to arise, because each party prefers a different course of action (Gu, Kim, and Tse 2010). To motivate an intermediary to engage in desired actions and reduce the likelihood of non-compliance, a firm might structure an agreement to *incentivize* behavior by rewarding either the input or the realized outcomes of behaviors (Gilliland and Kim 2014). The former method is preferable if the costs of directly monitoring the channel intermediary are low; the latter works better when such detailed monitoring is difficult or costly. *Monitoring* involves the direct observation of behaviors to ensure compliance and can be quite costly (Brickley and Dark 1987). Both incentives and monitoring are nuanced in their deployment and influence. For example, research shows that a firm's approach can include engaging in trust-but-verify monitoring strategies (Gundlach and Cannon 2010).

Relational governance. When they make channel decisions, firms might not interact with upstream or downstream channel partners purely through classical market contracts or purely by using vertical integration through the distribution chain (Arnold and Palmatier 2012). Instead, many channel arrangements fall somewhere on the governance continuum, between a transactional and a relational exchange, in conjunction with formal contracts (Jap and Ganesan 2000). Relational governance implies informal, social controls over the exchange and describes the manner in which channel partners initiate, maintain, and terminate their exchanges (Heide 1994). This form of governance relies on trust, commitment, and social rapport,

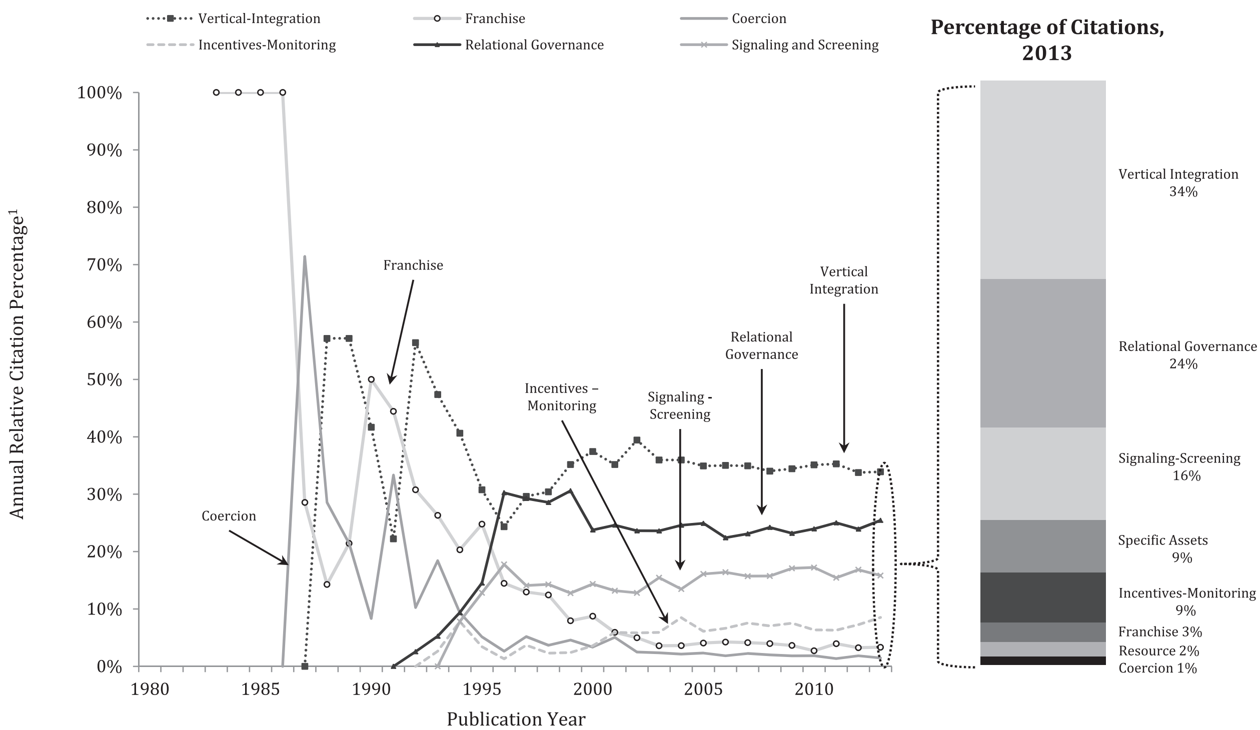

Fig. 2. Results: Dynamic contents analysis of marketing channel strategies. [1]The annual relative citation percentage for a given topic (e.g., Coercion, Vertical Integration) is determined by dividing the number of citations for channels papers published in a given year for that topic by the total number of citations for all topics listed in a given perspective. Strategies with less than 5% annual relative citation percentages were removed from the line graph, to enhance readability. Total citations from 1980 to 2012 across Perspective 2 is 19,547.

which create shared behavioral expectations (i.e., norms), such as flexibility, mutuality, or solidarity, which in turn result in cooperation among partners (Heide and John 1992). Recent research has focused on factors such as gratitude (Palmatier et al. 2009) or reciprocity (Hoppner and Griffith 2011), as well as the influence of relational governance on international (Samaha, Beck, and Palmatier 2014) and political (Sheng, Zhou, and Li 2011) channel performance. As more retailers and end users bypass traditional channel intermediaries (e.g., wholesalers) due to disintermediation, research has examined how consolidations might affect downstream relationships with upstream suppliers (Lusch, Brown, and O'Brien 2011).

Idiosyncratic investments. A firm can govern a channel relationship by investing in specific or idiosyncratic assets. *Idiosyncratic investments* are resources specialized to a relationship, such that they cannot be redeployed easily in other settings (Ganesan 1994). These investments can enhance channel performance by increasing commitment to a seller (Anderson and Weitz 1992). When channel partners expend more time, effort, or other resources on the relationship, each party becomes increasingly dependent on the other, and switching threats grow less credible (Jap and Ganesan 2000). From a TCE perspective, idiosyncratic investments signal positive firm intentions but also create the need to safeguard these assets. Because idiosyncratic investments would incur future costs if they were to be abandoned, they reduce opportunistic motives and lessen the exchange partner's costs of monitoring performance and safeguarding its assets. Exchanges governed in this manner therefore should be more efficient and prone to cooperation (Smith and Barclay 1997). Reflecting on the use of channel partner idiosyncratic investments as a viable strategy, a recent meta-analysis of 170 studies shows that seller relational investments have a stronger effect on switching costs in goods (vs. services) markets, in contractual (vs. non-contractual) settings, and in collectivist (vs. individualist) cultures, because they increase the perceived quality of the relationship (Pick and Eisend 2014). Recent research has investigated the effects of channel issues at multiple levels, including the role of end-user asset specificity for a manufacturer's brand on the retailer's loyalty to the manufacturer (Chiou, Wu, and Chuang 2010).

Trends and Future Research in Marketing Channel Strategies

Vertical integration and relational governance have grown in their impacts on channels research in the past 30 years (>25%), while research on coercion- and franchise-based strategies has decreased significantly (>30% in the 1980s to <5% in 2000s) (Fig. 2). Incentives and monitoring research appear to be increasing in impact, perhaps because channel partners are responding to increased turbulence in their environments (e.g., e-commerce, consolation, disintermediation) by offering more incentives and rewards, as well as exhibiting greater vigilance. Resource acquisition and expansion strategies represent a relatively small research area, but they offer promising routes for understanding firms' future efforts to execute their channel strategies quickly.

Various domains in marketing channel strategies offer new opportunities for research. First, the increasing trend toward

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vertical integration in some industries, such as apparel and consumer-packaged goods retailing, creates new questions about optimal channel selection. In the apparel market, vertically integrated manufacturers such as Zara and H&M have gained a competitive advantage over non-vertical retailers and brand manufacturers. By investing heavily in their private-label product lines, which compete directly with manufacturer brands, grocery retailers have backward integrated successfully (Lamey et al. 2007). However, limited knowledge exists about the drivers of this phenomenon. Anecdotal evidence suggests that vertically integrated competitors benefit from greater control over the channel and various touch points with the customer, as well as enhanced proximity to customers. Additional studies could examine the mechanisms that drive the success of these vertical integration strategies and identify the firm-level and contextual factors that favor its success. Second, it is crucial to understand how growing reliance on big data in the marketing channel affects channel selection and the effectiveness of channel governance strategies. If we view customer intimacy and the access to customer insights gained through big data as VRIO resources, then marketing channels are no longer just a means of distribution of goods but also a method for acquiring strategic resources. This change poses many novel challenges in a channel strategy context (please also see our discussion of big data as a source of disruption). Third, opportunities for research arise from the new, emerging forms of economic value creation that stem from peer-to-peer electronic sharing platforms, such as Airbnb and other two-sided markets. Studies could shed light on the effectiveness of different governance strategies on these platforms (please also see our discussion of two-sided markets as a unit of analysis). For example, we know little about which signaling mechanisms and incentives work best on such platforms.

Perspective 3: Marketing Channel Unit of Analysis

Fundamental to the study of marketing channels is a consideration of the unit of analysis, which represents the "level" or "viewpoint" for evaluating both theories and strategies. The channel *dyad*, or interaction between two channel entities, is the most commonly studied unit of analysis. The channel *network* expands this unit of analysis to consider interactions among broader channel actor structures; entities are distinguished by their position in the network and the characteristics of their ties with other actors, rather than in a simple chain of dyadic links. Recent research also includes two-sided markets, such as technology and online market platforms (e.g., Alibaba). In Table 3, we provide definitions and research adopting each of these three views.

Channel Dyads

Studies of channel dyads use both economic- and behavioral-based theoretical approaches. For example, a substantial amount of early work, developed using game theory and analytical models (e.g., Jeuland and Shugan 1988), examines the interaction of two players and describes courses of action for each player, according to the actions of the other. Likewise, agency theory, TCE, and other economic-based perspectives were developed at the dyadic level. Behavioral-based approaches use the dyad as a primary unit of analysis for theoretical development. For example, classic works examine the levels of commitment and trust between a manufacturer and distributor (Morgan and Hunt 1994), the lifecycle of a relationship (Jap and Ganesan 2000), or the dependence structure between a manufacturer and its representative agents (Heide and John 1988). Theory developed at the dyadic level attempts to understand exchange characteristics, then describe the interactions between the exchange partners to devise performance-enhancing strategies. However, a dyadic approach is limited, in that it fails to account for alternative communication, power, and cooperative pathways that operate outside of a direct dyadic interaction (Kumar, Heide, and Wathne 2011; Palmatier 2008).

Recent research that uses the dyad as a primary unit of analysis indicates that interfirm relationships are influenced by other relationships in the distribution chain. For example, an upstream component supplier may choose a strategy to allocate its marketing investments between a dyad that is one step downstream, and another dyad that is two steps downstream, to create brand differentiation and increased profits (Dahlquist and Griffith 2014). Other researchers consider supply chain contagion of social media usage, such that the interfirm behaviors in one dyadic relationship spread to an adjacent dyad (McFarland, Bloodgood, and Payan 2008).

Channel Networks

Research in marketing channels examines the networks in which partner firms operate (Fig. 3). Channel structures such a Japanese *keiretsu* or Korean *chaebol* do not fit neatly into dyadic frameworks and thus necessitate alternative theoretical and empirical approaches. The analysis of a network in which a focal firm operates is important in rapidly changing business environments that demand flexible, associative networks of functionally specialized firms, fused by cooperative relationships that provide access to unique knowledge and resources (Wang, Gu, and Dong 2013). Similar to dyads, channel networks have been examined from economic-based (i.e., investments in relationships, resource acquisition) and behavioral-based (i.e., normative expectations) perspectives, to understand the types of resource ties and organizational bonds that connect network actors and lead to optimal performance (Håkansson and Ford 2002). Contemporary research also examines the role of Internet-based communication systems that promote cooperation among employees or help build relational capital in interfirm distribution networks (Spralls, Hunt, and Wilcox 2011). Communication systems can build more integrated networks by increasing trust and communication quality, which in turn helps drive exchange performance. Thus, examining only a dyadic channel partnership can miss the influence of the overall network of relational ties in which that dyad is embedded (Wang, Gu, and Dong 2013; Wathne and Heide 2004).

Two-Sided Market Platforms

As e-commerce technology advances, firms alter their supply chains and turn to independent, two-sided market platforms (Chakravarty, Kumar, and Grewal 2014). A *two-sided platform*

Table 3
Marketing channel units of analysis.

Key unit of analysis	Definitions	Key findings	Illustrative studies
Dyad	The basic link between two channel actors within the context of an exchange.	The structural form of the dyadic interaction, consisting of the extent of interactions, their level of formalization, and the centralization of decision making, influences collective sentiments and behaviors (John and Reve 1982). It is important, in that this variable is controllable by the manager though various strategies (Stern and Reve 1980).	Achrol, Reve, and Stern (1983); McFarland, Bloodgood, and Payan (2008); Dahlquist and Griffith (2014).
Network	The group of associated suppliers, distributors, and retailers defined by the density, multiplicity, and reciprocity ties that deliver to end-users an offering, brought about by the coordinated channel efforts of the focal firm.	Marketing channel networks emphasize the normative and social structure in which channel activities are embedded, acknowledging that increasing levels of environmental turbulence has created greater numbers of specified firms that can adapt to these changes because they are closer to the core processes or technology that provides a competitive advantage (Achrol 1997). As such, understanding the network in which the firm operates gives greater understanding of the sources of its competitive advantage.	Anderson, Håkansson, and Johansson (1994); Håkansson and Ford (2002); Spralls, Hunt, and Wilcox (2011); Wang, Gu, and Dong (2013).
Two-sided market platforms	An electronic market-making intermediary that facilitates transactions and negotiations between selling and buying firms, whether within a single industry or across multiple industries.	The two-sided market platform is differentiated from a traditional channel intermediary in that it does not take ownership or "title" of the offering, but instead matches buyer-seller to facilitate channel processes for firms that may be unfamiliar to one another. Buying firms and selling firms rely on the platform to screen, recruit, and manage a pool of participants (Pavlou and Majchrzak 2002), rather than on internal capabilities to do the same for traditional upstream and downstream channel partners.	Pavlou and Majchrzak (2002); Chakravarty, Kumar, and Grewal (2014).

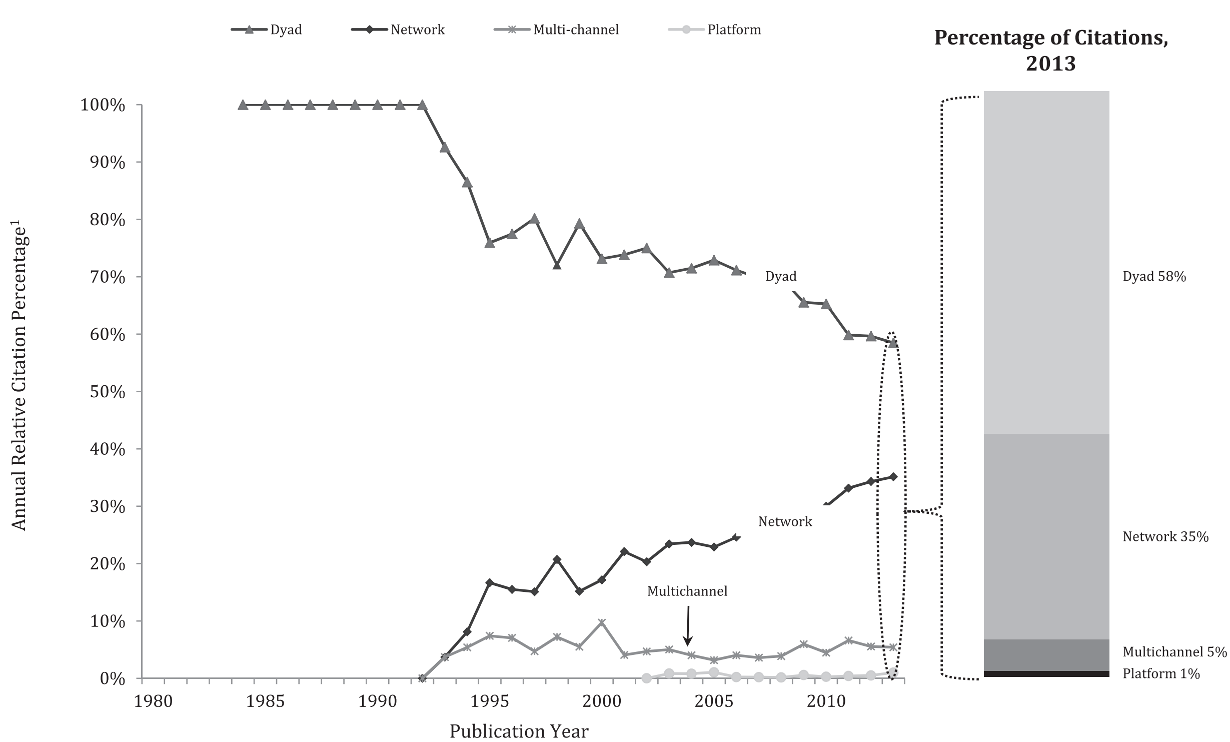

Fig. 3. Results: Dynamic contents analysis of marketing channel units of analysis. [1]The annual relative citation percentage for a given topic (e.g., Dyad, Network) is determined by dividing the number of citations for channels papers published in a given year for that topic by the total number of citations for all topics listed in a given perspective. Total citations from 1980 to 2012 across Perspective 3 is 7,110.

is a market-making intermediary that facilitates transactions and negotiations between selling and buying firms, whether in a single industry or across multiple industries. Although it is a type of triadic relationship, the two-sided market platform differs from a traditional channel intermediary, in that it does not take ownership or "title" to the offering. Instead, it matches buyers and sellers and facilitates the channel processes for firms that may be unfamiliar with each other. Because these platforms lack any common buyer or seller, research has investigated how the buying firm, the selling firm, and the platform interact and balance their relationships and economic interests (Chakravarty, Kumar, and Grewal 2014). For example, buyers and sellers rely on the platform to screen, recruit, and manage pools of participants (Pavlou and Majchrzak 2002), rather than developing their own internal capabilities to do so, as they might for traditional upstream and downstream channel partners. Recognizing that more than half of the $5.8 trillion in manufacturers' shipments in 2012 occurred online (U.S. Census Bureau 2012), we suggest the need for research that can better explain the unique properties and performance characteristics of these Internet-based, two-sided platforms.

Trends and Future Research in Marketing Channel Units of Analysis

The impact of the dyadic viewpoint of channels continues to drop, from a peak of more than 95% in the 1980s to less than 60% in 2013, as researchers have adopted more complex units of analysis to investigate marketing channels (Fig. 3). During this same period, network-based channel research has grown in its impact, from being nonexistent in the 1980s to 35% in 2013. Advances in network modeling and analysis capabilities enable researchers to investigate channel problems and phenomena in ways that were not viable with a dyadic approach. If the present trends continue, networks will become the predominant approach in the next decade. Research focusing on multichannel settings (5% in 2013) and two-sided platforms (1% in 2013) is still relatively rare, especially considering the increasing influence of e-commerce, perhaps due to data collection challenges and the complexity of analyzing these channel systems.

Considering the strong focus of past channel research on dyadic exchanges as the unit of analysis, many opportunities exist for research on channel networks, multiple channels, and two-sided market platforms. First, more research needs to take a network perspective. Wuyts et al. (2004) and Wathne and Heide (2004) find initial evidence that channel outcomes result from the network of channel relationships. For example, buyers' evaluation of a network structure depends on the extent to which it enhances their ability to mobilize resources (Wuyts et al. 2004). However, this research is still in its infancy. We do not know how channel network effects depend on situational context variables, such as buying and installation cycles, the seller's ties with competitors, buying complexity, or buyer expertise. Nor are the ways in which constructs from channels literature, such as trust or specific investments, mediate or moderate this network effect clear (Wuyts et al. 2004). Second, many questions exist for multichannel marketing. Multichannel firms need to ensure smooth customer experiences across various channels (e.g., website, retail, online store, mobile apps, social media, a product's built-in user interface, customer service staff, call centers), across the purchase and usage cycles of any offering. Research should investigate how firms can manage customer relationships simultaneously across multiple channels to provide a consistent brand experience. Third, the emergence of two-sided market platforms as a novel distribution channel opens many potential research questions. For example, the industry conditions in which a two-sided market is likely to replace traditional buy–seller contracting are not obvious. What factors are necessary for third-party platforms to become and remain attractive to both sides of the market? How efficient are various signaling and screening approaches in two-sided markets for facilitating exchanges? The relevant cases of Airbnb and Uber highlight that there are regulatory issues that may require a better understanding of how two-sided markets work.

Perspective 4: Marketing Channel Substantive Domains

In addition to theoretical and methodological domains, we can gain insights by understanding the substantive domain and thus the specific contexts and problems associated with marketing channels. In Table 4, we list the seven most commonly studied substantive topics, and we chart the progression of marketing channel thought over the past 30 years in Fig. 4. We examine how the field's substantive domains have evolved over time, noting that some topics maintain a relatively high share of attention, whereas others peak and then mostly disappear from the research dialogue. To highlight the impact of these topics over the past 30 years, we discuss them according to our long-term versus temporary framework.

Long-Term, Substantive Domains

The two most influential substantive topics (according to annual citation percentages) are examinations of relationships within and the structure of marketing channels. These topics reflect analyses of two fundamental aspects of marketing channels, namely, interpersonal interactions between channel actors and the physical organization of channel systems. Relationships within marketing channels arise when two or more channel actors, through legal, economic, or interpersonal connections, work together to pursue a single interest (Palmatier et al. 2014). Members in a relationship alter their behaviors to match relationship goals, rather than pursue their own self-interest. This substantive topic relies on behavioral-based theories, such as commitment–trust and power dependence (Palmatier, Dant, and Grewal 2007), and encompasses vast research on outcomes, including cooperation (Luo et al. 2011) and conflict (Antia, Zheng, and Frazier 2013; Samaha, Palmatier and Dant 2011), as well as conceptual frameworks that describe the relationship lifecycle (Jap and Ganesan 2000). More recent research also addresses the dynamics of channel relationships and the capacity that relationships at and across multiple levels of analysis have for understanding channel phenomena (Palmatier et al. 2013). Because of the fundamental role of cross-organizational human interactions in marketing channels, research on buyer–seller relationships is likely to remain a persistent research area.

Table 4
Marketing channel substantive domains.

Key domains	Key constructs	Definitions	Key findings	Illustrative studies
Relationships	Relationship quality, breadth, composition, strength, and efficacy	Relationships as a domain refer to the study of social exchanges between buyer and seller firms engaged in non-discrete transactions. Quality refers to the caliber of the relational bonds with a channel partner, breadth refers to the number of bonds, strength refers to the relationship's ability to withstand stress, and efficacy refers to the relationship's ability to achieve desired objectives.	Because the relative costs of generating a new customer versus retaining an existing one are higher (Fornell and Wernerfelt 1988), actions that promote exchange continuity (i.e., relationships) are associated with greater firm performance, including greater customer lifetime value, reductions to excessive price pressures, and increases in the survival of B2B firms (Gupta and Zeithaml 2006), among other benefits.	Morgan and Hunt (1994); Luo et al. (2011); Palmatier et al. (2013).
Channel structure	Offering characteristics, intermediary choice, channel intensity	Channel structure is the composition of interdependent organizations necessary to transfer the ownership of goods or services from the point of production to the point of consumption. The choice of intermediary is the selection of a wholesaler, retailer, franchise, or broker. Channel intensity if the number and levels of the intermediaries.	Theory links channel structure with offering characteristics (Frazier and Lassar 1996), which influence the choice of intermediary and that choice's channel intensity. Channel intensity is a key variable in channel strategy (Palmatier et al. 2014) and often determines the type of intermediary, market coverage, and distribution.	Ansari, Mela, and Neslin (2008); Ingene, Taboubi, and Zaccour (2012); Grewal, Kumar, and Mallapragada (2013).
Pricing	Double marginalization, pass-through, pricing contracts	Double marginalization is the practice of downstream resellers placing an additional markup on offerings, leading to suboptimal total channel profits. Pass-though is the effect of a change in upstream pricing on downstream prices. Pricing contracts set the pricing policies of resellers in an attempt to rectify double marginalization and other suboptimal intermediary practices.	As a managerially controllable marketing mix variable, pricing has significant implications for the quantity sold, market competitiveness, total profits, and so forth. Therefore, its study is critical for understanding firm and total channel performance. Pricing research has predominantly centered on price contracts, conditional on the channel structure, within a game theory context, which serve to determine optimal (i.e., profit maximizing) price policies for channel intermediaries.	Jeuland and Shugan (1988); Nijs, Misra, and Hansen (2013); Zhang, Netzer, and Ansari (2014).
Franchising	Franchisor, franchisee	Franchising is an agreement in which one entity (the franchisor) lends the rights to use its business format to a separate entity (the franchisee), which operate together under the deliberate loss of a separate identity. The franchisor provides consolidated supply, branding, and expertise in return for a fee and, often, royalty payments.	The external business environment is rife with risk and uncertainty. Franchising provides a method that can alleviate the mutual uncertainty for both the franchisor and the franchisee. For the franchisor, this arrangement provides a way to grow quickly, using local ownership and third-party capital. For the franchisee, it provides a proven business model, along with corporate expertise to allow the business owner to focus on efficient management. The practice works best for easily codifiable business formats, but it must rely on extensive contracts to clarify the rules of the channel interaction.	Kaufmann and Rangan (1990); Grace et al. (2013); Grace and Weaven (2011); Kashyap, Antia, and Frazier (2012).

Table 4 (*Continued*)

Key domains	Key constructs	Definitions	Key findings	Illustrative studies
Market entry	Joint ventures, acquisitions, foreign production, licensing, disintermediation, channel introduction	Market entry refers to the activities associated with bringing a firm offering to a new market, be it geographical, through channel introduction, or with other distinguishing features. Firms can enter new markets directly though the use of sales forces, distributors, online channels, physical retail locations, or wholly owned subsidiaries. Indirect methods include trading companies, export management companies, online affiliates, two-sided electronic platforms, and other methods.	Market entry complicates channel decision making though additional risk and associated transaction costs due to different regulatory systems or currency fluctuations, as well as new competitive forces such channel specific competitors with specialized skills and learning costs associated with channel introductions. Similar to more general channel structure topics, this domain focuses on the unique issues of bringing offerings to market across borders, into new industries, and within branded categories while needing to compete with existing competitors in the market place.	Anderson and Coughlan (1987); Yoo and Lee (2010); Nasser, Turcic, and Narasimhan (2013); Homburg, Vollmayr, and Hahn (2014).
Product	Attributes	A bundle of attributes (features, functions, benefits, and uses) capable of exchange or use (American Marketing Association), delivered to end-users via a marketing channel and the channel functions necessary to complete delivery.	As the basic unit of economic output of the focal firm, products have been examined from a multitude of theoretical bases. They largely determine the decisions that lead to optimal pricing, overall channel structure, ownership and transport issues, and the firm's market competitiveness, based on the ability of the product to fulfill customer needs.	Bhargava (2012); Girju, Prasad, and Ratchford (2013); Guemues, Ray, and Yin (2013).
Service	Intangibility, heterogeneity, co-production and consumption, perishability	Services are economic activities whose output is not a physical construction, is produced and consumed simultaneously, and provides added value in forms that are predominantly intangible. Intangibility is the lack of physical presence of the offering, heterogeneity reflects that service delivery is not consistent for each customer in the same way a product may be, co-production and consumption of services happen at the exact time of service delivery, and perishability means that services cannot be inventoried beyond the time of delivery.	Services provide a way for firms to create a sustainable competitive advantage because of the difficulty of duplicating service provision, the opportunity to build ongoing channel relationships, and the relative geographic exclusion of competitors, due to the necessity of co-production. Service provision within channels has been less researched than other substantive domains, despite the overall prevalence of the role of services in modern economies.	Montoya-Weiss, Voss, and Grewal (2003); Kleijnen, de Ruyter, and Wetzels (2007); Kim, Park, and Ryoo (2010); Tuli, Bharadwaj, and Kohli (2007).

The organization of the channel system or channel structure is another topic of interest. It is a fundamental determinant of how a market offering moves from the producer to the end user, so this structure influences not just the value provided but also the performance of all the interdependent organizations that help deliver the offering. Because channel structures can take various forms, from simple, direct-to-user sales to complex, multichannel intermediaries tailored to local business conditions (Ansari, Mela, and Neslin 2008; Grewal, Kumar, and Mallapragada 2013), channel structures research offers vast possibilities for advancing marketing thought. Research on the channel structure mostly aims to understand the most efficient or optimal structures for a given environment (Ingene, Taboubi, and Zaccour 2012; Palmatier et al. 2014); because of the complexities of most marketing environments, it has developed into a fruitful body of literature.

Temporary Substantive Domains

Not all research areas related to marketing channels have garnered consistent attention. For example, market entry and franchise research both attracted substantial attention for some period of time but have since largely dissipated. Unlike studies

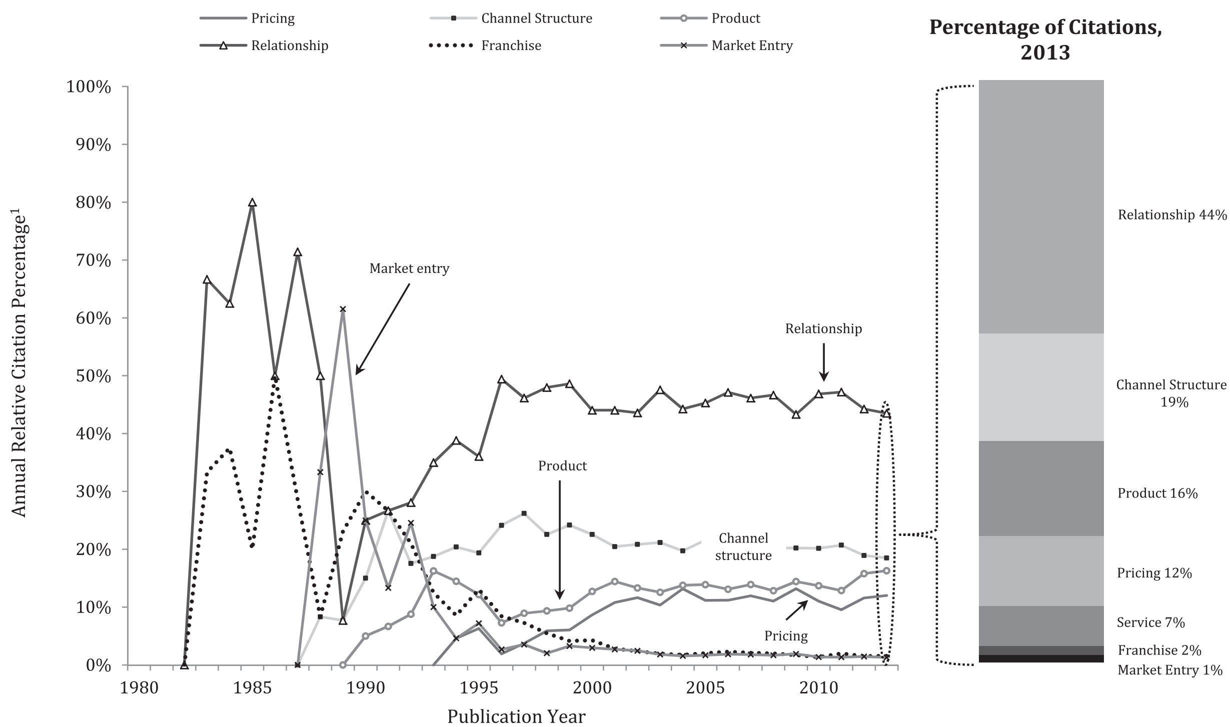

Fig. 4. Results: Dynamic contents analysis of marketing channel substantive domains. [1]The annual relative citation percentage for a given topic (e.g., Relationship, Pricing) is determined by dividing the number of citations for channels papers published in a given year for that topic by the total number of citations for all topics listed in a given perspective. Total citations from 1980 to 2012 across Perspective 4 is 50,776.

of relationships and channel structure, market entry and franchise research are narrower in context and do not embody the core of marketing channels, so the breadth of research that can fall within their scope is constrained. Market entry, for example, gained popularity when firms in the United States were undergoing dramatic foreign expansion and competition in the late 1980s (Anderson and Coughlan 1987). In the modern market, with its ubiquitous global competition, foreign market entry is just one hurdle associated with designing marketing channels for worldwide markets. Modern developments enable advanced research on market entry, including examinations of firm success through Internet channels and multichannel expansions (Homburg, Vollmayr, and Hahn 2014; Yoo and Lee 2010). The strong growth of store brands in the past decade (e.g., 40% in supermarkets and 96% in drugstores; Private Label Manufacturers Association 2011) helps retailers capture a higher share of channel profits (Du, Lee, and Staelin 2005), thus promulgating increased research on national brand strategies to help them respond to competition from store brands (Nasser, Turcic, and Narasimhan 2013).

Although franchises confront unique marketing channel problems, they also provide contexts for studying more general marketing channel topics. For example, recent franchise research has examined conflict management (Antia, Zheng, and Frazier 2013), normative expectations (Grace et al. 2013), and shared values (Kashyap and Sivadas 2012) and thus created a subset of relationship research. Compared with research on relationships or channel structures, the franchise domain purposefully constrains the scope, focusing on a specific form of channel organization, which limits its potential reach. Other substantive topics (e.g., slotting allowances) also have experienced trends of popularity and decline, through which they add breadth and insights to the marketing channels domain.

Trends and Future Research in Marketing Channel Substantive Domains

Fig. 4 shows the relative share of citations across seven commonly studied substantive topics in marketing channels. Research in the 1980s was dominated by one long-term and one temporary topic, namely, relationships and franchising, respectively. Each followed a substantially different trend in subsequent decades: Relationships remained a popular area of research (∼40% of citations), but franchising has accounted for less than 3% of relative citations since 2000. The substantive topics studied in channels research also diversified in the early 1990s, and topics such as channel structure, product, and pricing research have maintained a low, consistent level of activity (∼10–20%.) Service research remains relatively understudied; it appears to be on an upward trend.

We have identified four important substantive domains based on larger business trends over the past few decades that continue to disrupt existing channel systems: (1) the shift to service economies, (2) market globalization, (3) increasing uses of e-commerce technologies (e.g., Internet retailing, mobile devices, cloud computing), and (4) the expanding role of big data in channel decisions. We evaluate each of these business trends to predict their effects on marketing channels and outline corresponding research opportunities in substantive domains of marketing channels.

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Transition to services. Services are not primarily physical in nature, are consumed at the time of production, and are essentially intangible (Fang, Palmatier, and Steenkamp 2008). Their intangible nature is fundamental to the disruptive effect that services have on marketing channels. With physical goods, the key functions of channel members consist of taking title, inventory, and selling products to the right customer at the right time. Services instead require marketing channels to perform much more complex sets of tasks, involving both coproduction and customization. Although channel partners have more influence on the value created for customers when they deliver services, this shift incurs additional governance issues (Tuli, Bharadwaj, and Kohli 2007). For example, suppliers that want more control over the service experience might prefer to work directly with end users, cutting out downstream channel members, such that former partners become competitors (Bailey and Bakos 1997). As the shift to services continues, channel members need to exploit new opportunities that arise while simultaneously managing any associated conflict. This area is ripe for research. Questions that remain to be answered include: Does increased reliance on service-based revenues disrupt product-centered channel structures? What are the performance implications of adding services at multiple supply chain levels? Which channel structures and governance strategies are most effective and efficient in supply chains with more service content? What are the best service transition strategies for upstream or downstream channel members?

Market globalization. A second disruption arises from the globalization of markets. International trade accounts for roughly 20% of global GDP and has continued to rise in the past 20 years (World Trade Organization 2012). Firms have various options when pursuing new market opportunities, including direct market entry, joint ventures, partnerships, and acquisitions (Wang and Lestari 2013). Depending on market, regulatory, and competitive factors, firms need an appropriate strategy that will enable them to overcome both their lack of local knowledge and the difficulty of executing channel functions (Grewal, Kumar, and Mallapragada 2013). Because knowledge gained from one market might not transfer directly to a new market, due to cultural, market, legal, or political differences, firms also must take care when adapting their existing strategy to local conditions. This point was reinforced by the failures of the market leaders Walmart and Home Depot in Germany and China, respectively (Landler and Barbaro 2006). Several studies of marketing channels examine market entry and channel expansion (e.g., Homburg, Vollmayr, and Hahn 2014; Johnson and Tellis 2008), yet the area features unanswered questions, especially in light of the growing influence of firms from developing countries. For example, Indian software companies such as Wipro, Infosys, and Tata Consultancy Services have significantly enhanced their footprint in the United States, Europe, and Pacific Rim countries. Prior research has not examined how the threat of market entry by upstream channel members from emerging economies might disrupt the business of domestic firms; it remains an excellent area for potential research.

E-commerce technology. A third key disruption results from the development and widespread use of e-commerce technology. The ease of use and continued penetration of Internet and mobile platforms has drastically increased the capability of upstream channel members to sell directly to customers (Kozinets et al. 2010). The expanded uses of e-commerce technologies also result from increased market reach, lower selling costs, and the associated promise of greater profits (Yoo and Lee 2010). However, these technologies can increase competition, because entry costs fall low enough that new entrants enter the market and sell directly to consumers, with reduced temporal, geographic, or information barriers (Avery et al. 2012). The flexibility afforded to online-only retailers also puts price pressure on retailers that maintain physical locations (Ofek, Katona, and Savary 2010); in response, many firms implement multichannel strategies to leverage the benefits of e-commerce technologies (Kushwaha and Shankar 2013). In terms of channel management, e-commerce has enabled the creation of a new type of channel intermediary, the Internet affiliate, which introduces many unresolved channel governance issues (Gilliland and Rudd 2013). Global mobile phone traffic as a percentage of total Internet traffic increased from .9% in 2009 to 25% of all Internet usage (Meeker 2014), which means more end users are able to view product offerings simultaneously in-store and online, using their mobile devices. Price comparisons, reviews, and one-click mobile purchasing are commonplace, increasing the competitive forces. From a marketer's perspective, the availability of customer data, including usage, geophysical presence, and direct communication data, has great potential for creating integrated, multichannel customer experiences that may generate competitive advantages. The continued progress of e-commerce technologies, perhaps more than any other disruption, is likely to exert drastic, long-lasting impacts on marketing channel structures and strategies. Further research thus should attempt to answer several questions: How does a firm's online sales ratio affect its performance? What are the most effective strategies for managing hierarchical multichannel structures? How have mobile platforms disrupted the first wave of e-commerce-enabled channel structures?

Big data. The increase of e-commerce technologies also has brought about a related disruption, namely, the exponential growth of customer data. As firms confront increasing demands to differentiate their offers, the use of information technology to generate customer intelligence and develop more intimate customer relationships, and thus better service provision, has strong promise for improved management of marketing channels (Rust and Huang 2013). Firms can capture customer interactions across a wide range of marketing channels (e.g., store, website, social media, mobile) and combine them into an integrated database (Sun 2006). They also can move closer to customers by leveraging data from multiple touch points, learning their individual preferences and behaviors, and ultimately developing more intimate and direct customer relationships. Effective uses of customer data could enable channel members to become more customer centric, which benefits their long-term financial performance (Lee et al. 2015). Customer data that span shopping venues, times, geographic locations, and channel partners also offer opportunities for research that seeks to understand effective channel structures and strategies, as well as some threats.

For example: How will customers respond to invasions of their privacy, especially if firms' efforts to collect their data come to resemble customer stalking? What is the right balance of customization versus privacy? How can firms exploit their wealth of data to optimize their channel strategies?

Conclusion

To help academics and managers sort through growing and fragmented literature, this article *reviews and synthesizes the past 30 years of channel literature to understand the evolution of the research field, identify its underlying drivers, and outline research directions*. To accomplish this goal, we analyze extant marketing channel literature in accordance with four key perspectives that explicate this body of research: (1) theories and constructs, (2) strategies, (3) units of analyses, and (4) substantive domains. Perspective 1 delineates the field's two main theoretical bases, economic and behavioral, and reveals that in general, channel research has shifted over time to the study of more positive relational constructs (e.g., trust, commitment), whereas the impact of research on conflict and power dependence—once among the most studied theories—has dropped by more than 50%. Additional research could look into the integration of the different theoretical approaches, contingency of the explanatory power of constructs and theories on contextual factors, role of other constructs, and integration of web-based relationship metrics. Perspective 2 considers the two main strategic decisions of channel managers, selection and governance, and demonstrates that vertical integration as a selection strategy and relational governance as a governance strategy consistently remain the most studied topics; franchising as a channel selection strategy and coercion as a governance strategy instead have decayed by roughly 80% in the past 30 years. We suggest that further research would be needed to explicate the current trend of vertical integration in some industries, as well as the channel strategy implications of big data and two-sided market platforms. Perspective 3 evaluates the unit of analysis; in channels research, the focus on dyadic relationships has ceded ground to more research on channel networks, and emerging research examines the disruptive developments of multichannel strategies and two-sided market platforms. Finally, Perspective 4 provides insights into the evolution of the field by examining major, substantive topics. Our findings suggest that subjects such as franchising and market entry once enjoyed greater attention but have waned, likely because they impose constraints on the scope of research available, more so than do persistent topics such as channel relationships and channel structure. Although these four perspectives do not represent an exhaustive list of the many theories and topics that have contributed to the development of marketing channels literature, they provide a synthesis of the field's evolution and context, to identify substantive topics for further research. In light of the greater shift to services, the continued globalization of markets, the development of e-commerce technologies, and the potential use of big data to inform channel decisions, we expect that marketing channels will continue to be a critical area for academic research and managerial interest.

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