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1. Introduction

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Distribution channels are arguably the most complex element of the marketing mix. Every level of a channel has pricing, product, place and (often) promotional considerations that must be integrated for a channel to perform at its optimal level. A single distribution channel may have several tiers, often with multiple, independent owners (e.g., a manufacturer distributing through a handful of geographically disbursed wholesalers who deliver to resellers in their territories). Moreover, independent owners may place their own short-term interests ahead of their channels' long-term welfare. Thus, it is clear that even a single distribution channel is difficult to manage profitably, or for academicians to conceptualize completely. Yet a single channel is intellectual child's play compared to the intricacies of managing a multi-channel supply chain, while the subtleties of multi-channel organizations can seem all but impenetrable from an academic perspective. Nonetheless, reality is what it is, so as researchers we seek insights into the inner workings and outward manifestations of distribution channels.

Toward that end, it would be advantageous to have a general theory so that scholars can envision where their research fits into an overall picture of distribution. We sketch some ideas toward such a theory in the concluding chapter of this *Handbook* (Chapter 23: "Conceptualizing a comprehensive theory of distribution channels"). Our sketch is merely a stepping stone toward our ultimate, collective objective: creating an empirically validated theory of distribution channels that incorporates all channel forms, everywhen and everywhere, and does so while reflecting the exogenous conditions within which channels operate. In brief, a truly comprehensive theory should encompass distribution channels that range from simple to complex, that provide credible insights over time (i.e., over different stages of technological sophistication), and that are valid in all socio-economic, demographic, cultural, and governmental environments.

While our ultimate, overarching objective is currently beyond our collective reach, each chapter in this volume is a step on the road toward a comprehensive theory of distribution channels. This *Handbook* contains 20 research chapters written by 50 co-authors, plus this Introduction and two conceptual, concluding chapters by the co-editors. Each chapter presents cutting-edge research from analytical, conceptual, or empirical perspectives. The chapters range from enlightened surveys of the literature to tightly reasoned investigations that would merit publication in high-quality academic journals. As such, the breadth of this *Handbook* makes it appropriate for use in a doctoral course on distribution channels, or as a knowledge-broadening resource for faculty who wish to understand types of channels research that are outside the scope of their own approach to distribution.

While each chapter stands alone, in combination they form an integrated mosaic of several central issues associated with distribution channels, as well as laying a basis for

future research avenues. Indeed, each chapter sets out multiple research suggestions, as do the co-editors in Chapters 22 and 23.

The first study addresses where various functions should be located in the value chain. Conceptually, this “where” question is sufficiently broad in scope to include short-run actions like how and when to apply the marketing mix, as well as long-term decisions such as whether a manufacturer should vertically integrate or employ intermediaries, or if a retailer should only sell what it buys, or if a retailer should permit producers to sell direct to end-users on a platform (i.e., through its store or website). These channel design decisions affect channel structure – the number, size, and locations of downstream channel distributors and upstream producers, and whether a channel ought to be vertically integrated or decentralized. All these considerations impact the nature and extent of competition among firms and across channels; they also affect prices paid by end-users and the divvying of rewards between channel members.

Other chapters examine the nature of organizational learning, organizational control, and relationship dynamics. We instinctively know that in a dynamic world there is change, sometimes continuous and sometimes discontinuous; either way, modifying the optimal location for a function in the value chain could be as simple as redesigning a channel contract, often with asymmetric information (e.g., franchising), or as comprehensive as expanding distribution to new market segments – locally, regionally, nationally, or even internationally.

An important, and often overlooked, aspect of both channel management and channel structure is the impact of governmental intervention. One chapter reports on resale price maintenance (RPM: manufacturer-dictated prices for final goods) while another chapter addresses Geographic Indication (GI); to illustrate, in many countries the term *Champagne* is restricted to sparkling wine fermented in its eponymous French province. Both RPM and GI have implications for competition, pricing, and channel performance.

The goal of most channels is maximal performance, but attaining this objective can be eased, or complicated, by the relations between buyers and sellers – relations that are affected by how they react to each other as people, as well as by their professional responsibilities. At the firm level, battles over profit sharing are a major source of dispute. In extreme cases, the resultant channel conflict can lead to counterproductive behavior: the dark side of channel relationships. To minimize conflict, a considerable game-theoretic literature has been devoted to determining how to achieve channel coordination, or even if it is in a channel leader’s interest to have a coordinated channel. If it is not, then conflict may be an inevitable outcome of individual firms’ efforts to maximize their own performance at the expense of other channel members. Counter to this dismal deduction, one chapter argues that if channel members have at least some desire to treat their channel partners fairly – if greed is tempered by concern – then the prognosis for channel cooperation, and even coordination, is not as grim as it may appear at first blush.

Another chapter details “hidden assumptions” that are often overlooked in game-theoretic analyses. More broadly, the generalizability of any research method – analytical, conceptual, or empirical – pivots on (respectively) properly specified demands and costs, rigorously logical arguments, or appropriateness of survey questions and statistical techniques. We must guard against conclusions that are less generalizable than they seem,

no matter the research method, since “hidden assumptions” can take us down superficially appealing, but ultimately misleading, paths.

Overall, no matter one’s research predilection, there is much in this *Handbook* to motivate richer, more insightful, and more astute research on distribution channels.