



## Summer 2007 AMA Educators' Conference High Impact Sessions

### Session 8.7 Behavioral and Modeling Approaches to Marketing Channels Research: Bridging the Divide

#### Session Chairs

Eugene Sivadas, University of Washington  
Yuchuan Lui, University of Illinois-Urbana Champaign

#### The Impact of Supplier-Deployed Product Information Systems on Reseller Personnel's Sales Performance

Kersi D. Antia, University of Wisconsin-Madison  
Elliot Maltz, Willamette University  
Shantanu Dutta, University of Southern California

#### Fairness and Channel Coordination

Tony H. Cui, University of Minnesota  
Jagmohan S. Raju, University of Pennsylvania  
Z. John Zhang, University of Pennsylvania

#### Electronic vs. Physical Market Mechanisms: Testing Multiple Theories in the Wholesale Automotive Market

Eric M. Overby, Emory University  
Sandy D. Jap, Emory University

#### Managing Active and Passive Opportunism

Jody Crosno, West Virginia University  
Robert Dalhstrom, University of Kentucky

**Session Summary Writer:** *Edward Ramirez, Florida State University*

Channels researchers leverage both behavioral and modeling approaches to investigate and characterize the actions and reactions of channel members. In essence, they argue that a balance between the profit imperative and a desire to propagate the perception of fairness among members guides behaviors. This session featured research that used these two lenses to explore these phenomena and implied similar conclusions. In addition, studies that considered the role of technology in both expanding an alternative channel of distribution and invigorating salesperson performance in a well-established one were discussed.

Dr. Cui and his research team used a modeling approach to assess the relationship between perceived fairness and profit maximization on decisions made by channel members. Distributive fairness, advantageous inequality, disadvantageous inequality, and reference payoff were variables included in their formulation. Their model indicated several strategic implications for "fair-minded" channel members to implement in order to facilitate effective channel coordination, such as the insinuation that retailers should--counter to the objective of short-term profit maximization--charge a low retail price to reduce the disutility that can occur due to advantageous inequality. In such a channel where channel members are concerned about fairness, the manufacturer can use a simple wholesale price above her marginal cost to coordinate the channel both in terms of achieving the maximum channel profit and in terms of attaining the maximum channel utility. Consequently, both manufacturer and retailer can benefit from the facilitated coordination.

Drs. Crosno and Dalhstrom on the other hand, adopted a purely behavioral approach in their research. Drawing on transactions costs economics and justice theories, they considered the effects of relationship specific investments on the longevity of channel partnerships. To this end, they proposed an equity ratio, with perceptions of fairness and the profit seeking motive as forces impinging on the behaviors of channel members. They concluded that opportunism in supplier relationships exists as a mechanism to restore equilibrium; that is, perceived injustice results in a disequilibrating alteration of elements in the equity ratio and, hence, has consequences on member satisfaction with their arrangements.

Dr. Antia's and his team's work bridged the divide between not only levels of operative theory, but also between methods of data collection, as they explored both archival and survey data in this study. In particular they investigated the effects of the implementation of Product Information Systems (PIS) in the retailing environment on salesperson performance over time. Making allowances for the heterogeneity of performance inherent in multi-unit retailing operations, as well as that of individual salespersons, they demonstrated that PIS implementation had a marked effect on performance.

Finally, Drs. Jap and Overby examined electronic B2B channels. More specifically, they studied the impact of digital presentation on sales and profits in online automotive auctions. They hypothesized and confirmed that product prices and revenues decline over time in a web-based milieu, which they attributed to information asymmetry. Furthermore, they concluded that buyers tend to use online auctions to sell rare products, while sellers do so to liquidate undifferentiated ones.