

Business to business governance structure and marketing strategy

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ABSTRACT

This study tries to find an answer to the question: Are different marketing channel governance structural dimensions equally conducive for different marketing strategies? The results from an empirical study suggest that different dimensions of channel governance structure may not be equally conducive for different marketing strategies. Specifically, a high level of centralization in channel governance has no significant association with any of the marketing strategies; whereas a high level of formalization is positively associated only with a focus strategy. In comparison, participation is positively associated with both differentiation and price leadership strategies, but negatively associated with a focus strategy. Furthermore, a post hoc analysis was conducted to get more clarity of these relationships. A discussion of the findings along with their implications and limitations are also presented.

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1. Introduction

While the importance of matching strategy and structure for the success of any organization is amply acknowledged in strategy literature (cf. Des & Davis, 1984; Galbraith & Kazanjian, 1986; Miller, 1987; Powell, 1992; Slater & Olson, 2000, 2001; White, 1986; Yin & Zajac, 2004; Zheng, Yang, & McLean, 2010), most authors examine this relationship within an intra-organizational context. Some exceptions include Lassar and Kerr (1996); Li and Dant (1997, 1999); Homburg, Workman, and Krohmer (1999); and Mentzer and Williams (2001); however, most authors take the stance that strategy influences channel governance. While, this directionality—i.e., first formulating a strategy and then designing and implementing an appropriate inter-organizational structure—may hold true for firms starting with no pre-existing channel network structure, this may be problematic for firms operating in or entering an ongoing marketing channel network with a pre-existing inter-organizational structure. While most authors acknowledge that a firm's relationship with others in the network influences implementation of marketing programs and strategy (Heide, 1994; Reukert, Walker, & Roering, 1985), to the best of our knowledge no one has empirically investigated the relationship between existing channel governance structure and the strategic dimension of marketing—a blueprint of how a firm competes in the marketplace (e.g., Porter, 1980; Slater & Olson, 2000, 2001). To that end, this study investigates the relationship between an existing marketing channel governance structure (i.e., Hage & Aiken, 1967; Hall,

1962, 1977) and the firm's marketing strategy (i.e., Porter, 1980). Specifically, this descriptive study empirically examines the relationships between existing channel governance mechanisms—centralization, formalization, and participation—and different marketing strategies—cost leadership, differentiation, and focus strategies.

The impetus for this study stems from the fact that firms often have to function and make the best of an existing channel network without the possibility of changing the channel network with every change in marketing strategy. Under these conditions, firms need to be cognizant of the unique characteristics of channel governance structure dimensions and how they may impact different marketing strategies. Sometimes, firms may be able to fine-tune the governance structure of an existing channel system in terms of de/emphasizing some of its dimensions—centralization, formalization, and participation—to capitalize on the benefits that accrue from the strategy–structure synergy. This is critical in a changing marketplace where firms often form and operate within a complex network of supply chain partners (Achrol, 1997; Achrol & Kotler, 1999) to attain greater efficiency and effectiveness. Moreover, in view of the fact that competition is between one network and another network, when firms enter or operate in an existing channel network, understanding the relationship between the existing network's characteristics (e.g., governance structure) and a firm's strategy is critical for the firm's success. In this study, we focus on the nature of compatibility between channel network governance structure and firm marketing strategies. We then empirically test a descriptive model capturing the relationships between dimensions of existing channel network governance structure and firm marketing strategy types. We acknowledge that when firms have the luxury of starting from scratch, they would be guided by the existing knowledge base, and will first develop a strategy that will determine the channel network governance structure. However, when firms enter an existing channel network or formulate a strategy within an existing channel

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network, they must take the existing channel network governance structure into consideration while formulating and implementing their marketing strategies.

Another driving force behind this study stems from the writings which assert that the interrelationship between marketing and supply chain management (SCM) provides the foundation for enhancing customer value and competitive advantages for the firm (cf. Davis & Mentzer, 2006; Ellinger, 2000; Jüttner, Christopher, & Baker, 2007; Kahn & Mentzer, 1996, 1998; Kotzab, 1999). According to Kahn and Mentzer (1996), integration between different functional areas of a firm improves performance in terms of better customer service, better management of inventory levels, higher forecast accuracy, and greater customer and employee satisfaction. Further, Pfeffer (1993) and Alvarado and Kotzab (2001) encourage new research into effective ways to manage the supply chain network and its relationship with marketing as a whole. Apart from the importance of integration and collaboration between various functional units of the firm, the exact nature of integration that exists between marketing and supply chain networks is fuzzy (see Kahn & Mentzer, 1998). However, in view of the fact that the primary goal of both supply chain networks and marketing is to satisfy the needs and requirements of consumers (cf. Alvarado & Kotzab, 2001; Mentzer et al., 2001), it is logical to expect supply chain and marketing activities to complement each other.

The major contribution of this study to the industrial marketing literature is that it enhances our knowledge about the complementary relationship between existing channel governance structure and marketing strategies—an important agenda for both marketing scholars and practitioners. This investigation is timely because ‘good’ integration between strategy and channels enhances customer value and superior competitive advantages (Olson, Walker, & Ruekert, 1995; Srivastava, Shervani, & Fahey, 1999; Urban & Hauser, 1993). Further, this study investigates the exact nature of the relationship between different channel governance mechanisms and different marketing strategies. We believe that this level of specificity will help channel, supply chain, and marketing managers compete effectively in the marketplace by aligning their marketing strategies with the existing channel governance mechanisms.

To achieve these goals, first, the literature on the channel governance structure is examined (Section 2). This is followed by a discussion on marketing strategy (Section 3) and the theoretical rationale for the research hypotheses (Section 4). The method section (Section 5) is presented next. The last sections of this paper include the discussion of the findings, their implications (Section 6), and the limitations of the study (Section 7).

2. Channel governance structure

As noted by Fugate, Sahin, and Mentzer (2006), academic research on governance mechanisms presents economic and/or normative models that help predict what should happen when applying particular coordination mechanisms. Governance mechanisms are applied to eliminate supply chain sub-optimization (Stern, El-Ansary, & Coughlan, 1996) and achieve desirable performance outcomes (Kumar & Seth, 1998). Extant studies on marketing channels (cf. Dwyer & Oh, 1987, 1988; Dwyer & Welsh, 1985; Paswan, Dant, & Lumpkin, 1998) identify two aspects of managing a network of organizations. The first one deals with the instituted governance structure, while the second one deals with the emergent relational norm based governance structure of a supply chain. While a relational norm based governance structure has been proposed as an effective governance mechanism, relational norms are said to evolve over a period of time (cf. Dwyer & Oh, 1987, 1988; Dwyer & Welsh, 1985; Williamson, 1999). In this study, we focus on the instituted form of governance structure, because, we believe that managers may have more control over its design, implementation, and management [this in no way undermines the importance of relational norm based governance structure]. For conceptualizing the

instituted inter-firm governance structure, extant studies have relied on the works by Hall (1962, 1977) and Hage and Aiken (1967). Moreover, extant studies on channel governance within the political economy framework (Achrol, Reve, & Stern, 1983; Arndt, 1983; Stern & Reve, 1980) have also relied on these seminal works on governance structure and have alluded to this as the economic structure of the political economy framework.

This stream of research proposes that the instituted governance structure (also referred to as bureaucratization) is multidimensional, with its dimensions being formalization, centralization, and participation (Dwyer & Welsh, 1985; Paswan et al., 1998). Formalization captures the degree to which the explicit rules and procedures are used by decision makers within a firm or the network of firms; centralization is the extent to which the decision making is concentrated in the hands of few individuals; participation captures the degree to which other firms are involved in the decision making. The literature also indicates that the higher order of bureaucratization is positively affected by centralization, and negatively by formalization and participation (Dwyer & Welsh, 1985; Paswan et al., 1998). However, further scrutiny of the dimensions of centralization and participation shows that centralization and participation are in fact negatively correlated (Paswan et al., 1998). Consistent with the extant literature in organizational structure (cf. Dwyer & Welsh, 1985; Hage & Aiken, 1967; and Hall, 1962, 1977), we use the dimensions of *centralization*, *formalization*, and *participation* as distinct dimensions of supply chain governance structure.

Centralization is one of the basic dimensions of organizational structure and captures the extent to which decision making is concentrated in the hands of the few, often people at the top of the power hierarchy. Jaworski and Kohli (1993) define centralization as the “inverse of the amount of delegation of decision-making authority throughout an organization and the extent of participation by organizational members in decision-making” (p. 56). *Formalization* has been defined as “the degree to which rules define roles, authority, relations, communications, norms, sanctions, and procedures” (Jaworski & Kohli, 1993, p. 56). Firms high on formalization seek to control behaviors and processes by setting rules and standards. It provides control and guidelines to problem solving, and enhances organizational commitment by reducing role ambiguity and conflict, and enhancing transparency in the work environment (Auh & Menguc, 2007). Finally, *participation* is defined as the extent to which everyone in the organization is free to participate and be involved in the decision making process. Consistent with the existing literature (Dwyer & Welsh, 1985; Hage & Aiken, 1967; Hall, 1962, 1977; Paswan et al., 1998), we conceptualize participation as the degree of actual decision making involving members of an organization from all levels. However, we argue that unlike centralization and formalization, it may be difficult, if not impossible, to implement participation as part of the organizational structure. We argue that participation is likely to be an outcome of efforts on the part of channel leaders to make its members trust and feel comfortable with one another. Similar sentiments have been alluded to in emergent structure and relationalism literature (cf. Dant & Schul, 1992; Li & Dant, 1997, 1999; Paswan et al., 1998). Based on this evidence, we use the dimensions of *centralization*, *formalization* and *participation* as dimensions of emergent governance structure in an ongoing channel network—i.e., the extent to which channel members perceive the presence of centralization, formalization, and participation in the channel network.

This study deviates from the majority of extant strategy–structure literature and argues that the perception of centralization, formalization, and participation in a channel network will either aid or abate the implementation of a strategy—i.e., we treat these as exogenous constructs. This is particularly true for channel networks that are already existing and ongoing, where it may be difficult to adapt to suit the needs of every product marketed by multiproduct firms. This is in line with the thinking presented in recent works such as Yin and Zajac (2004). Furthermore, SCM literature suggests that

supply chain and channel relationships are typically long-term in orientation and require considerable strategic coordination. Thus, it is worthy to examine the antecedents and consequences of supply chain management at the strategic level (Mentzer et al., 2001). Based on these writings, we take the stance that in a stable channel context firms may use different marketing strategies for different products and even at different points in time. However, they need to ensure that their strategy is congruent with the existing emergent governance structure in the channel network. We next focus our attention on the decisions and actions through which firms achieve their marketing objective—i.e., the employment of marketing strategy (Cravens, 1999; Varadarajan & Clark, 1994).

3. Marketing strategy

Two dominant typologies have emerged in the strategy literature—Miles and Snow's (1978) typology [Prospector, Defender, Analyzer, and Reactor] and Porter's (1980) typology [Cost leadership, Differentiation, and Focus]. While both typologies have been used extensively and found to be robust (cf. Kotha & Vadlamani, 1995; Segev, 1989; Slater & Olson, 2000, 2001), Porter's (1980) typology has found greater acceptance in marketing literature because it captures how the firm creates value—i.e., differentiation or low cost—and how firms define their scope of market coverage—i.e., focused or market-wide (Slater & Olson, 2001). However, Slater and Olson (2001) state that little work has been done to develop a comprehensive marketing strategy typology (with the exception of Murphy & Enis, 1986). Slater and Olson (2001) go on to develop a taxonomy of marketing strategy—aggressive marketers, mass marketers, marketing minimizers, and value marketers. The aggressive marketer resembles Murphy and Enis's (1986) specialty product marketers. They market high quality, innovative products with high prices, and adopt selective distribution strategies. In contrast, mass marketers offer a broad product range, use intensive distribution, and charge low prices. Marketing minimizers put the lowest emphasis on marketing, while value marketers lower prices but offer high customer service. Slater and Olson (2001) find significant congruence between the marketing strategy typology and the business strategy typologies of Mintzberg (1988), Miles and Snow (1978), and Porter (1980).

This study relies on the work of Porter (1980) and subsequent investigations such as Finney, Campbell, and Powell (2005), Miller (1988), Slater and Olson (2000), Solberg and Durrieu (2008), and Voola and O'Cass (2010), and conceptualizes marketing strategy as the mechanism used to compete in the marketplace. We specifically use three strategy types—*focus strategy* (firm focuses on a limited and specialized product range; this can be achieved either with a product or service advantage or with a narrow cost focus; they service a narrow segment of the market; and other business functions driven by this narrow focus), *differentiation strategy* (firms seeks to cover larger markets using differentiated products aimed at different segments; their competitive advantage lies in the brand/product; demonstrates high levels of market orientation), and *price leadership strategy* (these firms seek to cover larger markets and capitalize on their economies of scale; they offer price discounts; will not be under-priced; they let the price consideration drive other functions such as purchase and cost reduction; and are very sensitive of the market conditions, especially when it comes to the price element of market dynamics). For the purposes of this research, we use the term price leadership to include cost leadership and translation of this cost leadership into a price leadership strategy to compete in the marketplace (cf. Ward, Bickford, & Leong, 1996). Further, while extant literature suggests that differentiation strategy could be based on both products and markets (Miller, 1988), in this study, we do not distinguish between these two bases. We next integrate these two streams of literature—i.e., channel governance structure (*centralization, formalization and participation dimensions*) and marketing strategy (*focus, differentiation, and price leadership*

strategies)—and then develop the hypothesized relationship between these constructs.

4. Channel governance structure and marketing strategy

Extant literature in strategy emphasizes the importance of aligning an organization's strategy and governance structure for the success of any organization (cf. Galbraith & Kazanjian, 1986; Miller, 1987; Powell, 1992; Slater & Olson, 2000, 2001). This is supported by Yin and Zajac (2004, p. 365) who state that “the importance of matching an organization's strategy and structure is one of the fundamental insights in the strategic management literature. This stream of research shows that while strategy or structure alone may have some influence on organizational performance, differences across firms are better predicted by considering the nature of the strategy/structure fit.” In this study, the notion of strategy–structure congruence is extended from a firm level to a channel network level. This line of thinking is consistent with the writings in the channel network (Achrol, 1997; Achrol & Kotler, 1999) and the SCM literature (Mentzer et al., 2001) which suggest that in today's complex and highly networked marketplace, the competition is really between one network and another network of firms. Further, firms operating in a particular network may find it difficult to change the network governance and hence may have to tailor their strategies to suit the channel network. Thus, we argue that as firms adopt one or the other of the three distinct marketing strategies—focus, differentiation, and price leadership strategies—they may find that the existing channel network governance structure—centralization, formalization, and/or participation—may either enhance or hinder the adoption and/or implementation of these three strategies.

4.1. Centralization and strategy types

Channel literature suggests that centralized channel networks tend to have high level of control in the hands of channel leaders (Dwyer & Welsh, 1985; Paswan et al., 1998). However, too much centralization may lead to network partners feeling alienated, a sentiment expressed in channels literature on control mechanisms and its negative consequences (Brown, Cobb, & Lusch, 2006; John, 1984). Several studies find evidence of such a negative outcome. For example, Zheng et al. (2010) find centralization to be negatively associated with strategic orientation (e.g., analysis, defensive, futurity, and proactiveness), knowledge management effectiveness, and organization effectiveness. Pertusa-Ortega, Zaragoza-Saez, and Claver-Cortes (2010) find a negative relationship between centralization and knowledge performance. As well, Auh and Menguc (2007) find that centralization is negatively associated with customer orientation. Jaworski and Kohli (1993) find a negative relationship between centralization and market orientation, information dissemination, and responsiveness. Reukert et al. (1985) argue that while a centralized structure is highly effective and efficient, it is less adaptive; whereas a decentralized structure is highly adaptive, less efficient, but effective for non-routine tasks. Walker and Reukert (1987) suggest that a low cost strategy is positively associated with centralization, whereas differentiators (and prospectors) are negatively associated with centralization. Ward et al. (1996) also suggest that centralization is associated with cost leadership.

Relying on the evidence from the extant literature regarding the relationship between governance structure and strategy, some of which seems contradicting, we argue that a channel network that is highly centralized in terms of governance and decision making structure is likely to be very inward looking, and less market and customer oriented. Decision making is likely to be in the hands of one or few decision makers. This highly centralized decision making structure may be conducive for a focus strategy which has been suggested to be low on manufacturer coordination, dealer support, distribution intensity, and customer orientation. In comparison, both differentiation and cost leadership require a high level of customer orientation and market

knowledge, whereas a channel network that is highly centralized is not likely to encourage participation from its channel partners—a key conduit for market and customer oriented intelligence. Thus we argue that centralization in a channel network is likely to be negatively associated with both differentiation and price leadership strategies, but positively associated with a focus strategy. Therefore:

H1. Centralization in a channel will be positively associated with a focus strategy.

H2. Centralization in a channel will be negatively associated with a differentiation strategy.

H3. Centralization in a channel will be negatively associated with a price leadership strategy.

4.2. Formalization and strategy types

Channel networks that have a highly formalized governance structure are likely to have well laid out rules, regulations, and procedures for almost all aspects of channel management, including strategy formulation and implementation (Auh & Menguc, 2007; Jaworski & Kohli, 1993). Clearly, a highly formalized governance structure makes things somewhat transparent. Moreover, in the strategy literature, Love, Priem, and Lumpkin (2002) find that in firms with high levels of decentralization, explicit articulation of strategy is essential for successful implementation, thus alluding to the importance of formal rules and regulations in strategy implementation. In the same vein, Lassar and Kerr (1996) find that firms with a focus strategy have high behavioral control and low contractual restrictions, whereas cost leaders have the lowest behavioral control and lower contractual restriction. Differentiators have the highest score on contractual restrictiveness. Walker and Reukert (1987) suggest that a low cost strategy is positively associated with formalization. Reukert, Walker and Roering (1985) suggest that formalization leads to enhanced efficiency by routinizing repetitive activities and transactions.

Based on this evidence, we argue that formalization articulates strategy implementation, and hence clarifies everyone's roles, behaviors, expectations, and reduces some of the interpersonal misunderstandings and conflicts. Channel networks with some degree of formalization may actually benefit from the established policies and procedures, and thus can lead to the development and the implementation of strategies in an efficient and effective manner, irrespective of the type of strategies pursued. Since all strategies are blueprints for how firms compete in the marketplace, existing governance and behavioral control policies and procedures can go a long way in strategy formulation and implementation. Thus, the existence of formalization in the channel network is likely to help in the formulation and implementation of all three strategy types:

H4. Formalization in a channel will be positively associated with a focus strategy.

H5. Formalization in a channel will be positively associated with a differentiation strategy.

H6. Formalization in a channel will be positively associated with a price leadership strategy.

4.3. Participation and strategy types

Strategy literature suggests that both differentiation and price leadership strategies require a high level of market orientation and channel member participation (Auh & Menguc, 2007). Jaworski and Kohli (1993) find a positive relationship between connectedness and market orientation. Lassar and Kerr (1996) find a positive relationship between a differentiated strategy and a highly involved

relationship among network partners. They also find cost leaders to be lowest on behavioral orientation, contractual restriction, and manufacturer coordination; and with medium levels of manufacturer support. Li and Dant (1999) find that differentiators are associated with higher levels of channel relationalism. Reukert et al. (1985) argue that a relational structure, often high on participation, is highly adaptive and effective for non-routine tasks.

In other words, participation among channel members is likely to create a strong sense of openness and a feeling of 'we' rather than 'us versus them' in the case of centralization. We argue that a closer and more open participative relationship among channel members is likely to help with differentiation and price leadership strategies. Both of these strategies require significant market and customer orientation. On the other hand, a highly participative channel may not be conducive for a focus strategy because channel members may see this as detrimental to their interest (cf. Ward et al., 1996). More specifically, too much participation by channel members may in fact create decision making and implementation inefficiencies which might be detrimental for the focus strategy which is, essentially, an efficiency driven strategy. Hence:

H7. Participation in a channel will be negatively associated with a focus strategy.

H8. Participation in a channel will be positively associated with a differentiation strategy.

H9. Participation in a channel will be positively associated with a price leadership strategy.

The hypothesized relationships are presented in Fig. 1. We next present the research method used for testing these hypotheses, analyses and the results (Section 5), followed by the discussion of the results (Section 6).

5. Research method

The data to test the hypotheses were collected using a nationwide self-administered mail survey of pharmaceutical industry managers. The pharmaceutical industry was selected for various reasons. Many pharmaceutical firms market specialty products or prescription drugs, while several others in this industry sell generic, 'me too', and over the counter (OTC) products. Furthermore, firms selling OTC and basic 'me too' products may require little detailing at the transaction point, and hence could get away with an arms-length transactional relationship with their channel partners. Moreover, because of the technical and scientific nature of their products and the importance associated with their dosage and consumption, pharmaceutical firms need to have strong relationships with their supply chain partners (both upstream and downstream). The industry also faces a turbulent environment in terms of frequent innovation, regulatory constraints, and global competition. These suggest that the pharmaceutical industry is an appropriate setting for testing the hypothesized relationships, at least from the variance perspective. We focus on the demand side of the supply chain network within the pharmaceutical industry.

The mailing list of 500 pharmaceutical firms (selected randomly) was obtained from a commercial listing company. The target respondents were managers responsible for marketing and channel management functions within their respective firms. A pilot study involving telephone conversations with some twenty managers from the firms indicated that managers in these organizational roles were well qualified to answer questions regarding the focal constructs (pertaining to marketing strategy and instituted supply chain governance structure) used in this research.

The data were collected in two waves to reach a satisfactory level of response. This resulted in a total of 137 completed questionnaires (28% response rate). The non-response error was assessed by

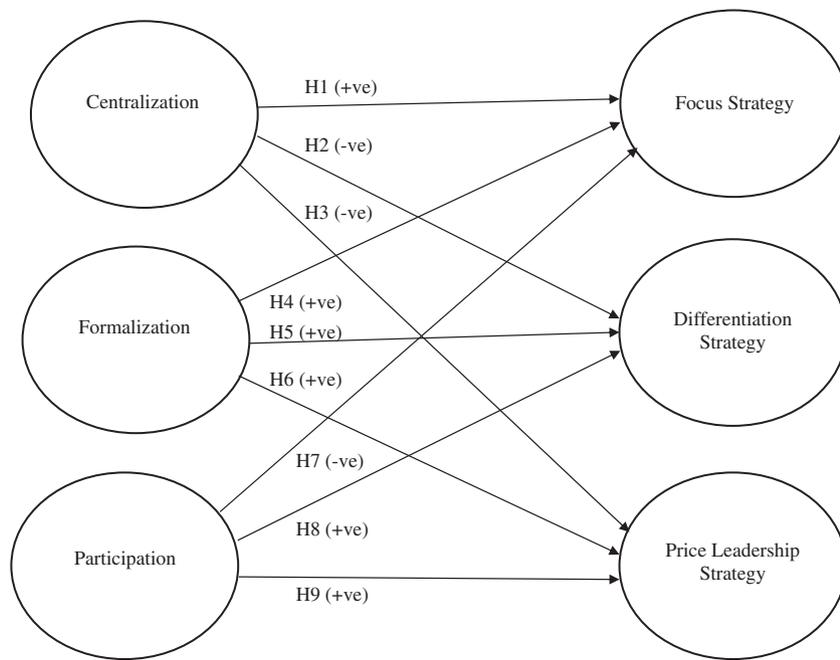


Fig. 1. Structural model: governance structure (centralization, formalization and participation) and marketing strategy (focus, differentiation and price leadership).

comparing the early respondents with late respondents (Armstrong & Overton, 1977). No significant statistical differences were observed on the level of distribution channel (multi versus single level), the title of the respondents, total sales, number of employees, and percentage of product line in the prescription drug category. In comparison, the firms in the second wave were somewhat older and marketed more products (see Appendix I). They also had a greater percentage of their product line in the OTC category, but less in the other product categories. However, the two waves were statistically similar on all of the focal constructs used in the proposed hypotheses. In summary, since no theoretically relevant differences were found between the first and the second wave of respondents, the data from the two waves were combined for subsequent inferential analyses.

5.1. Measurements

Measures for the dimensions of existing channel governance structure—i.e., extent of *centralization*, *formalization*, and *participation* in the demand side of the supply chain—were measured using scales developed by Dwyer and Oh (1987, 1988), and Dwyer and Welsh (1985). Respondents were asked to respond to the scale items (see Table 1 for the scale items) keeping in mind the statement—“Thinking about your relationship with your wholesaler/dealer.” Responses to all the governance structure scale items were measured on a 5-point Likert type scale anchored between always (1) and never (5). Measures for *focus*, *differentiation*, and *price leadership* strategies are motivated by Finney et al. (2005), Frambach, Prabhu, and Verhallen (2003), and Solberg and Durrieu (2008). Respondents were asked to respond to the scale items (see Table 1 for the scale items) keeping in mind the statement—“Please react to the following statements about your organization’s marketing strategies.” Responses to the marketing strategy scale items were measured on a 5-point Likert type scale anchored between strongly agree (1) and strongly disagree (5). Here we would like to acknowledge that differentiation could involve both products and markets (Miller, 1988). However, the measures for differentiation strategy used in this study do not distinguish between products and markets and include items that reflect both (e.g., new product development, new market development,

dynamic and aggressive marketing policies, and quick reaction to the competitor’s actions).

The scale items measuring strategic typologies and dimensions of instituted governance structure were first subjected to exploratory factor analysis (EFA). We examined the scale items for each factor for internal consistency. The results of the EFA (factor structure with varimax rotation) are presented in Table 1. The scale items for the dimensions of governance structure and the three strategic typologies were next examined for internal consistency (using Alpha scores), and convergent and discriminant validity using inter-item correlation scores (see Table 2). All inter-factor correlations within factors were higher than the correlations across factors. This satisfies the essential criteria for discriminant validity (Churchill, 1979). All the Alpha scores were above 0.75 indicating acceptable levels of internal consistency (Nunnally, 1978).

The data were next subjected to confirmatory factor analysis using a structural equation modeling procedure (LISREL) using a variance-covariance matrix (Bagozzi & Yi, 1988; Bollen, 1989; Jöreskog & Sörbom 1996). The fit indices for the six factor structures ($\chi^2 = 168.30$, $df = 137$, $p\text{-value} = 0.036$; $NFI = 0.90$, $NNFI = 0.97$, $CFI = 0.98$, $IFI = 0.98$, $RMR = 0.062$, and $RMSEA = 0.042$) were acceptable (Anderson & Gerbing, 1988; Bagozzi & Yi, 1988). The critical N for this analysis was 133, which is below the sample size of 137 used in this study. Construct validity for the scale items measuring all six focal constructs were assessed using ρ^2 , AVE (average variance extracted), and construct reliability (CR). All the AVE estimates were higher than 0.53, and the square root of all AVEs are higher than the inter-construct correlations (ρ) while all the CRs were above 0.76 (Fornell & Larcker, 1981; Hair, Black, Babin, Anderson, & Tatham, 2006). This evidence provides indication of acceptable internal consistency, convergent and discriminant validity, and construct validity for the scale items used in this study (see Table 3). The CFA path estimates (using SEM) along with global fit indices are presented in Table 4.

5.2. Hypotheses testing

The hypothesized relationships were tested using a structural equation modeling (LISREL) procedure using variance-covariance matrix (Anderson & Gerbing, 1988; Bagozzi & Yi, 1988; Bentler & Chou, 1987; Bollen, 1989; Jöreskog & Sörbom 1996). Fig. 1 presents

Table 1
Rotated factor structure.

	6	3	1	5	2	4
<i>Centralization</i>						
s14 Your wholesalers/dealers are not involved in marketing decisions	0.90					
s15 Decisions are made without consulting your wholesalers/dealers	0.79					
<i>Formalization</i>						
s9 You follow strict operating procedures		0.89				
s10 You have high regard for existing rules and procedures		0.82				
s8 There are standard procedures to be followed in marketing products in your organization		0.76				
<i>Participation</i>						
s11 Your wholesalers/dealers play an active part in decision making			0.88			
s12 You participate in marketing decisions with your wholesalers/dealers			0.84			
s4 You refer marketing matters to your wholesaler/dealer			0.74			
s2 You rely on your wholesaler/dealer for an answer			0.70			
<i>Focus strategy</i>						
st5 We deal with only specialized products				0.82		
ms3x We're more of a specialty manufacturing company				0.80		
st2 Our product range is limited				0.70		
<i>Differentiation strategy</i>						
st9 We put a lot of emphasis on new product development					0.81	
st10 We always try to develop new markets					0.81	
st11 Our marketing policies are very dynamic/aggressive					0.80	
st18 We respond to our competitor's actions fairly quickly					0.75	
<i>Price leadership strategy</i>						
ms5 We're the discount price leader						0.85
ms4 We will not be under priced						0.80
ms6 We give a lot of attention to buying to give our customers the lowest price						0.72
% of variance (total = 72.747%)	8.74	11.69	15.84	10.91	14.46	11.11
Alpha Score	0.79	0.80	0.87	0.75	0.82	0.77

Scale items for measuring Governance Structure (formalization and participation) were anchored by Always (1) and Never (5). Scale items for measuring Strategy (differentiation, focus, and price leadership) were anchored by Strongly Agree (1) and Strongly Disagree (5).

the SEM Model tested without the error terms (ϵ and δ). The estimates of structural relationships using the SEM analysis are presented in Table 5.

First we tested the hypothesized model (Fig. 1) and the results are presented in Table 4 under Model1. On the measurement side of the model, all the λ s are significant and above 0.58. The global fit indices of the model (Anderson & Gerbing, 1988; Bagozzi & Yi, 1988; Bentler

& Chou, 1987) are within acceptable range ($\chi^2 = 177.73$, $df = 140$, p -value = 0.017; RMSEA = 0.046; RMR = 0.07; NFI = 0.89; NNFI = 0.97; CFI = 0.97; IFI = 0.97). Thus, the structural path estimates (γ) provide support for H4, H7, H8, and H9, but not for H1, H2, H3, H5, and H6:

H1. Centralization in a channel will be positively associated with a focus strategy. Not supported.

Table 2
Inter-item correlation.

	s14	s15	s8	s9	s10	s2	s4	s11	s12	st2	st5	ms3x	st9	st10	st11	st18	ms4	ms5	ms6
s14	1.0	0.7	-0.1	0.0	0.0	-0.2	-0.3	-0.2	-0.4	0.1	0.2	0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.3
s15	0.7	1.0	-0.1	-0.1	-0.1	-0.3	-0.5	-0.5	-0.5	0.1	0.2	0.2	-0.2	-0.1	-0.1	-0.1	-0.2	-0.1	-0.2
s8	-0.2	-0.1	1.0	0.4	0.4	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
s9	0.0	-0.1	0.6	1.0	0.5	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.1	0.0	0.2
s10	0.0	-0.1	0.5	0.7	1.0	0.2	0.2	0.4	0.3	0.1	0.0	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.2
s2	-0.3	-0.4	0.1	0.2	0.2	1.0	0.4	0.5	0.5	-0.2	-0.3	-0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.2
s4	-0.3	-0.5	0.2	0.1	0.2	0.5	1.0	0.7	0.7	-0.2	-0.3	-0.3	0.1	0.1	0.1	0.1	0.4	0.2	0.3
s11	-0.2	-0.4	0.2	0.3	0.4	0.6	0.6	1.0	0.9	-0.1	-0.3	-0.2	0.3	0.2	0.2	0.2	0.4	0.2	0.2
s12	-0.3	-0.4	0.2	0.3	0.3	0.6	0.6	0.8	1.0	-0.2	-0.3	-0.2	0.3	0.2	0.1	0.2	0.4	0.2	0.3
st2	0.1	0.0	0.2	0.2	0.1	-0.2	-0.2	-0.1	-0.1	1.0	0.6	0.5	-0.4	-0.3	-0.2	-0.3	-0.1	-0.1	-0.4
st5	0.2	0.2	0.1	0.1	0.0	-0.3	-0.3	-0.3	-0.3	0.5	1.0	0.7	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2	-0.4
ms3x	0.2	0.2	0.1	0.1	0.1	-0.3	-0.3	-0.2	-0.2	0.4	0.6	1.0	0.0	-0.1	0.0	-0.1	0.0	-0.1	-0.2
st9	-0.2	-0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	-0.3	-0.1	0.0	1.0	0.6	0.5	0.5	0.2	0.0	0.2
st10	-0.1	-0.1	0.2	0.1	0.1	0.2	0.2	0.3	0.2	-0.3	-0.1	-0.1	0.6	1.0	0.5	0.4	0.1	0.0	0.2
st11	-0.1	-0.1	0.1	0.0	0.1	0.1	0.1	0.2	0.1	-0.2	-0.1	-0.1	0.5	0.6	1.0	0.5	0.1	0.1	0.2
st18	-0.2	-0.1	0.1	0.1	0.2	0.2	0.1	0.2	0.2	-0.3	-0.2	-0.1	0.5	0.5	0.5	1.0	0.1	0.1	0.3
ms4	-0.1	-0.2	0.1	0.1	0.2	0.2	0.4	0.4	0.4	-0.1	-0.2	0.0	0.2	0.1	0.1	0.1	1.0	0.4	0.5
ms5	-0.1	-0.2	-0.1	0.0	0.1	0.1	0.3	0.2	0.2	-0.1	-0.2	-0.2	0.1	0.0	0.2	0.1	0.6	1.0	0.5
ms6	-0.3	-0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	-0.3	-0.3	-0.1	0.2	0.2	0.2	0.3	0.5	0.5	1.0
Mean	3.2	3.0	2.1	2.1	2.1	2.7	3.2	3.0	2.9	2.9	2.6	2.6	2.4	2.1	2.5	2.4	3.7	4.1	2.9
SD	1.0	1.0	0.9	0.8	0.9	0.8	1.0	1.1	1.1	1.2	1.1	1.0	1.1	0.9	0.9	0.9	0.9	0.8	1.1

Figures in bold are significant at p-values < 0.05. Lower diagonal contain correlation and upper diagonal covariance estimates.

Table 3
Assessment of construct validity: correlation among latent constructs (Φ); AVE and CR.

	CENT	FORM	PART	FOCUS	DIFF	PRICE	TR	AVE
Centralization	0.83						0.82	0.69
Formalization	-0.13	0.77					0.81	0.59
Participation	-0.53	0.36	0.80				0.88	0.64
Focus	0.24	0.10	-0.38	0.72			0.76	0.52
Differentiation	-0.18	0.17	0.30	-0.21	0.74		0.82	0.54
Price Leadership	-0.28	0.21	0.42	-0.35	0.25	0.73	0.77	0.53

Notes: The numbers in diagonal cells are $\sqrt{\text{AVE}}$; lower diagonal numbers are inter-factor correlation (Φ).... (Hair et al., 2006). CENT = Centralization, FORM = Formalization, PART = Participation, FOCUS = Focus Strategy, DIFF = Differentiation Strategy, PRICE = Price Leadership Strategy. Figures in bold are significant at p-values < .05.

H2. Centralization in a channel will be negatively associated with a differentiation strategy. Not supported.

H3. Centralization in a channel will be negatively associated with a price leadership strategy. Not supported.

H4. Formalization in a channel will be positively associated with a focus strategy. Supported.

H5. Formalization in a channel will be positively associated with a differentiation strategy. Not supported.

H6. Formalization in a channel will be positively associated with a price leadership strategy. Not supported.

H7. Participation in a channel will be negatively associated with a focus strategy. Supported.

H8. Participation in a channel will be positively associated with a differentiation strategy. Supported.

H9. Participation in a channel will be positively associated with a price leadership strategy. Supported.

Table 4
CFA-measurement model: structural equation model (LISREL) estimates.

CFA-six factor model		
	Std. λ estimates.	t-stats
<i>Focus</i>		
ST2	0.57	5.58
ST5	0.85	λ set to 1
MS3A	0.72	6.39
<i>Differentiation</i>		
ST9	0.77	λ set to 1
ST10	0.76	7.85
ST11	0.72	7.56
ST18	0.68	7.14
<i>Price leadership</i>		
MS4	0.76	6.42
MS5	0.75	6.42
MS6	0.68	λ set to 1
<i>Centralization</i>		
S14	0.68	5.2
S15	0.97	λ set to 1
<i>Formalization</i>		
S8	0.62	6.84
S9	0.89	8.13
S10	0.78	λ set to 1
<i>Participation</i>		
S2	0.69	8.92
S4	0.73	9.72
S11	0.89	13.03
S12	0.88	λ set to 1

Global fit indices: $\chi^2 = 168.30$, $df = 137$, p-value = 0.036; NFI = 0.90, NNFI = 0.97, CFI = 0.98, IFI = 0.98, RMR = 0.062, and RMSEA = 0.042.

The results of the SEM analysis suggest that participation has the strongest effect on marketing strategy formulation and implementation. To that end, relying on the extant literature on channel partnership and relational norm (cf. Dant & Schul, 1992; Li & Dant, 1997, 1999; Paswan et al., 1998), we speculate that a high level of channel member participation, and a strong relational norm among channel partners, may in fact mitigate the undesirable effects of channel bureaucratization (characterized by high levels of centralization and formalization). In order to get a better picture of the critical role played by channel member participation in the relationship between channel structure and marketing strategy, we conducted a post hoc analysis with participation mediating the relationship between channel structure (*centralization* and *formalization*) and the three focal strategy types (*focus*, *differentiation*, and *price leadership*). The results of the SEM analysis are presented in Table 4 under Model 2. The global fit indices of the model (Anderson & Gerbing, 1988; Bagozzi & Yi, 1988; Bentler & Chou, 1987) are the same as the ones found for Model 1 ($\chi^2 = 177.73$, $df = 140$, p-value = 0.017; RMSEA = 0.046; RMR = 0.07; NFI = 0.89; NNFI = 0.97; CFI = 0.97; IFI = 0.97). However, the results, especially the indirect path (mediated by participation) indicate some interesting findings. Participation is negatively associated with centralization, but positively associated with formalization. The direct path (γ and β) estimates still provide support for only H4, H7, H8, and H9. Thus,

H4. Formalization in a channel will be positively associated with a focus strategy. Supported in models 1 and 2.

H7. Participation in a channel will be negatively associated with a focus strategy. Supported in models 1 and 2.

H8. Participation in a channel will be positively associated with a differentiation strategy. Supported in models 1 and 2.

H9. Participation in a channel will be positively associated with a price leadership strategy. Supported in models 1 and 2.

However, when we look at the indirect path (mediated by or in the presence of participation) we find that the LISREL estimates for the indirect path and the associated t-statistics provide clear support for H1, H3, and H6 (and marginally for H2 and H5) with mediation by channel participation. The mediated relationship was also verified by using the Sobel test (Baron & Kenny, 1986; Iacobucci, Saldanha, & Xiaoyan, 2007; Sobel, 1982).

H1: Centralization in a channel is still positively associated with the focus strategy, with channel member participation. Thus, H1 is supported with channel member participation as a mediator (LISREL t-statistics = 2.85; Sobel test statistics = 2.78, p-value = 0.01).

H2: Centralization in a channel is still negatively associated with the differentiation strategy, even with channel member participation. However, H2 is only marginally supported with channel member participation as a mediator (LISREL t-statistics = -1.90; Sobel test statistics = 1.88, p-value < 0.06).

H3: Centralization in a channel is still negatively associated with the price leadership strategy, even with channel member participation. Thus H3 is supported with channel member participation as a mediator (LISREL t-statistics = -2.43; Sobel test statistics = 2.35, p-value = 0.02).

H4: Interestingly, formalization in a channel is now negatively associated with the focus strategy, with channel member participation. In other words, with channel member participation as a mediator, the direction of H4 is inverted and the indirect effect is significant. (LISREL t-statistics = -2.47; Sobel test statistics = 2.49, p-value = 0.01).

H5: Formalization in a channel is still positively associated with the differentiation strategy, with channel member support. However,

Table 5
Test of hypotheses–structural paths: structural equation model (LISREL) estimates.

Model 1			Model 2		
γ estimates			γ estimates		
Centralization → Focus	0.02	0.19	Centralization → Focus	0.02	0.19
Centralization → Differentiation	−0.02	−0.21	Centralization → Differentiation	−0.02	−0.21
Centralization → Price Leadership	−0.08	−0.65	Centralization → Price Leadership	−0.08	−0.65
Formalization → Focus	0.28	2.54	Centralization → Participation	−0.49	−4.27
Formalization → Differentiation	0.07	0.62	Formalization → Focus	0.28	2.54
Formalization → Price Leadership	0.05	0.44	Formalization → Differentiation	0.07	0.62
			Formalization → Price Leadership	0.05	0.44
			Formalization → Participation	0.3	3.40
β estimates			β estimates		
Participation → Focus	−0.48	−3.67	Participation → Focus	−0.48	−3.67
Participation → Differentiation	0.27	2.09	Participation → Differentiation	0.27	2.09
Participation → Price Leadership	0.38	2.81	Participation → Price Leadership	0.38	2.81
Indirect (mediated) effects			Indirect (mediated) effects		
			Centralization → Focus	0.24	2.85
			Centralization → Differentiation	−0.13	−1.90
			Centralization → Price Leadership	−0.19	−2.43
			Formalization → Focus	−0.15	−2.47
			Formalization → Differentiation	0.08	1.79
			Formalization → Price Leadership	0.11	2.18

Global fit indices: $\chi^2 = 177.73$, $df = 140$, p -value = 0.017; RMSEA = 0.046; RMR = 0.07; NFI = 0.89; NNFI = 0.97; CFI = 0.97; IFI = 0.97. Tests for mediation (Sobel tests) were consistent with the effects reflected in the LISREL estimates of indirect effects in terms of significance. Figures in bold are significant at p -values < .05.

H5 is only marginally supported ($0.05 < p$ -value < 0.10) in the presence of channel member participation. (LISREL t -statistics = 1.79; Sobel test statistics = 1.78, p -value < 0.07).

H6. Formalization in a channel is still positively associated with the price leadership strategy, with channel member participation. Thus H6 is supported with channel member participation as a mediator (LISREL t -statistics = 2.18; Sobel test statistics = 2.17, p -value = 0.03).

In summary, H4, H7, H8, and H9 are supported in both unmediated and mediated models. The relationships captured by H1, H3, and H6 become significant (H2 and H5 only at p -value < 0.10) in the presence of channel member participation. Finally, the relationship captured in H4 becomes reversed (+ve to −ve) in the presence of channel member participation. We next discuss these findings along with their implications and limitations.

6. Discussion

This paper aimed to empirically investigate the effect of marketing channel governance structure and marketing strategy typologies. As noted earlier, this study contributes to the industrial marketing literature by responding to calls for more research on the relationship between different functional areas (e.g., Fugate, Mentzer, & Flint, 2008; Mentzer & Gundlach, 2010; Mentzer, Stank, & Esper, 2008). In addition, the research complements earlier work linking strategy and internal processes (cf. Galbraith & Kazanjian, 1986; Powell, 1992; Slater & Olson, 2000; Yin & Zajac, 2004). However, this study differs from the earlier studies by treating channel governance structure as an exogenous variable and strategy typology as an endogenous variable to reflect the reality of firms operating in existing and well established marketing channels. The results suggest that different dimensions of marketing channel governance structure may not be equally congruent with different marketing strategies.

Specifically, the results indicate that a highly centralized channel structure has no significant relationship with any of the marketing strategies studied in this research, whereas marketing channels with high levels of formalization have a possible effect only on focus strategy. In contrast, marketing channels with high levels of channel member participation have a negative effect on focus strategy and positive effect on both differentiation and price leadership marketing

strategies. Finally, participation is positively associated with both differentiation and price leadership strategies, but negatively associated with a focus strategy. We find that the three dimensions of marketing channel governance structure are not equally conducive to different strategic typologies. In fact, the relationships seem to be conflicting, especially for a focus strategy. What is also interesting is the insignificant relationships between the centralization dimension of channel structure and all three strategic typologies; and the insignificant relationship between the formalization dimension and both differentiation and price leadership strategies.

Intuitively, these findings make sense. When channel members are not involved in marketing decision making, they are likely to be indifferent to marketing strategies adopted by the channel leader, hence the insignificant effect of centralization on all strategic typologies. Regarding formalization, it clarifies channel members' roles and responsibilities, removes role ambiguity, and should thus enhance the successful implementation of all marketing strategies. This is likely to be especially true for a focus strategy where wholesalers may see their business shrinking in terms of volume without a commensurate reduction in effort. Thus, consistent with Love et al.'s (2002) suggestions, clarity of responsibilities and roles within a channel's context should be particularly beneficial for strategy implementation.

A possible explanation for the insignificant relationship between formalization and differentiation and price leadership strategies could be that both of these strategies may benefit from high levels of channel member participation. Our study corroborates the findings in other studies which found mixed support for relationship between structure and differentiated strategies (Miller, 1988). Our study finds that participation is positively associated with both differentiation and price leadership strategies. Finally, the negative relationship between participation and a focus strategy may be explained by the fact that high participation by channel members might create confusion and ultimately eliminate the positive effect of formalization on a focus strategy.

The findings of our research suggest that participation plays a significant role in marketing strategy formulation and implementation. The post hoc (SEM) analysis with participation mediating the relationship between channel structure dimensions and strategy types provides support for the crucial role of participation. The results indicate that the direct effects found in the unmediated model also hold true in the mediated model. However, the indirect relationship (mediated by

participation) between centralization and a focus strategy (+ve relationship) and a price leadership strategy (–ve relationship) is significant at p -value < 0.05; and the negative relationship between centralization and differentiation is significant at p -value < 0.10. It thus shows that channel member participation accentuates the relationship between centralization and strategy types. Finally, the indirect effect of formalization on a focus strategy is negative—compared to the positive direct effect—whereas the indirect effect of formalization on a price leadership strategy is significant—compared to the insignificant direct effect. This finding reveals that participation enhances the positive effect of formalization on a price leadership strategy, but nullifies the positive effect of formalization on a focus strategy.

Overall, these findings have important managerial and research implications. Apart from managing business to business (i.e., independent firms in a marketing channel) networks, developing and implementing strategies to gain competitive advantage is pivotal for business managers. This is particularly critical in an existing channels context where managers may not have much freedom to change the channel governance structure already in place. Managers must strike a balance between the unique characteristics of different dimensions of channel governance structure and the demands of different marketing strategies. Our suggestion is consistent with the extant literature which suggests that “... while strategy alone or structure alone may have some influence on organizational performance, differences across firms are better predicted by considering the nature of the strategy/structure fit.” (Yin & Zajac, 2004, p. 365) More importantly, the findings of this study indicate that different strategic typologies—focus, differentiation, and price leadership—call for a different channel governance structure in terms of centralization, formalization, and participation. In other words, while the formalization dimension may aid in the implementation of a focus strategy, a high level of participation in the supply chain governance structure is likely to hinder the implementation of a focus strategy. In contrast, a highly participative channel governance structure may aid with the implementation of both differentiation and price leadership strategies. Moreover, the presence of participation may enhance the effect of centralization on focus and price leadership strategies, and the effect of formalization on a price leadership strategy; but completely counter the positive effect of formalization on a focus strategy.

From a normative perspective, if one wants to adopt a focus strategy in a centralized channel network, it is better to have good channel member participation. However, the presence of participation in a centralized channel network may be detrimental for adoption of both differentiation and price leadership strategies. On the other hand, while a formalized channel structure is conducive for the adoption of a focus strategy, presence of channel member participation may hinder its adoption. As well, a high level of channel member participation is likely to enhance the positive effect of formalization on a price leadership strategy. Finally, participation per se has a significant positive effect on both differentiation and price leadership strategies.

In summary, any one marketing channel governance structure may not work for all marketing strategies. The findings of this study provide direction to managers faced with the responsibility of managing a marketing channel network as well as developing and implementing a marketing strategy. Obviously, it is tempting to lean towards a highly centralized structure for greater control over the channel, high levels of formalization to reduce the impact of individual quirks, and/or institute a governance structure that encourages high levels of participation among network members. However, our study indicates that managers must be cognizant of the fact that these channel governance structure dimensions have very different effects on the adoption of different marketing strategies—they may have positive synergies with one marketing strategy and negative with another.

7. Limitations and future research directions

Despite the due diligence given to the theoretical development, the research design, the choice of the measures, the reliability and validity assessments, and the analyses procedures employed, we acknowledge that this study has some of the same limitations as other cross sectional studies. The first one deals with causal versus associative inferences using a cross sectional research design. We acknowledge that given the cross sectional nature of our study, we can only draw conclusions that reflect association and not causal relationships. In other words, as stated earlier, the model tested in this study is descriptive in nature. To obtain a true assessment of cause and effect relationship between network governance structure and strategy, future researchers should use longitudinal data. Further, given the fact that strategies and governance structures have a long term orientation, a longitudinal research design would be a worthwhile goal for future studies. The second limitation deals with the conceptualization of the key constructs and the relationship amongst them. In line with extant works in strategy–structure literature (Miller, 1988), future studies may delineate the differentiation strategy on the basis of products and markets. Another limitation of our study is the non-inclusion of business success or the performance outcome as a terminal objective of the structure–strategy congruence, and hence would encourage future researchers to incorporate the performance outcome dimensions while investigating the structure–strategy congruence. It would be useful to know how different strategies are related to firm performance under different network governance structure. Another limitation deals with the research context. Given the focus of this study—i.e., relationship between marketing strategy and channel governance structure—we opted to use the demand side of the supply chain network as our research context. Future researchers may want to examine the relationships investigated in this study in the context of the entire supply chain network, with multiple respondents responsible for the different business functions—e.g., marketing, distribution, and purchasing. Finally, we relied on a single industry (pharmaceutical) as our research context. While this provided us with a context that is conducive for a clean test of hypotheses, it would be worthwhile to replicate the relationships found in this study in other industries. We hope that this study paves the way for the beginning of a rich stream of research focusing on different aspects of cross-functional business integration.

Appendix I. Sample demographic

Variables	Descriptive value
Sales	\$134.2 m
Number of employees	379.5
Age ^a	42.91 yrs (1st wave = 36.3 yrs; 2nd wave = 51.3 yrs)
Number of products marketed by the firm ^a	541.2 (1st wave = 264.5; 2nd wave = 927.6)
% of products in prescription drug category	34.6%
% of products in OTC category ^a	31.2% (1st wave = 25.8%; 2nd wave = 38.9%)
% of products in other category ^a	30.69% (1st wave = 38.18%; 2nd wave = 19.9%)
Levels of distribution	
Manufacturer–dealer–retailer	63.7%
Manufacturer–retailer	3.7%
Other	32.6%
Respondent business title	
Owner	8.2%
VP-Marketing	18.8%
Marketing Manager	40.3%
Other (responsible for marketing and distribution)	32.8%

^a These variables differed across first and second waves. All others were similar across the two waves of data collection.

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