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Preface

EUROPEAN RETAIL RESEARCH is a new bi-annual that is in the tradition of the reputable book series “Handelsforschung” (Retail Research) which has been published by Prof. Dr. Volker Trommsdorff in Germany for more than two decades. Since 2008, this publication is edited by a team of five retail researchers from Austria, Germany, and Switzerland.

The aim of this book series is to publish interesting and innovative manuscripts of high quality. The target audience consists of retail researchers, retail lecturers, retail students and retail executives. Retail executives are an important part of the target group and the knowledge transfer between retail research and retail management remains a crucial part of the publication’s concept.

EUROPEAN RETAIL RESEARCH is published in two books per year, Issue I in spring and Issue II in fall. The publication is in English. All manuscripts are double-blind reviewed and the book invites manuscripts from a wide regional context but with a focus on Europe. We respect the fact that for many topics, non-English literature may be useful to be referred to and that retail phenomena from areas different from the US may be highly interesting. The review process supports the authors in enhancing the quality of their work and offers the authors a refereed book as a publication outlet. Part of the concept of EUROPEAN RETAIL RESEARCH is an only short delay between manuscript submission and final publication, so the book is – in the case of acceptance – a quick publication platform.

EUROPEAN RETAIL RESEARCH welcomes manuscripts on original theoretical or conceptual contributions as well as empirical research – based either on large-scale empirical data or on case study analysis. Following the state of the art in retail research, articles on any major issue that concerns the general field of retailing and distribution are welcome, e.g.

- *different institutions in the value chain*, like customers, retailers, wholesalers, service companies (e.g. logistics service providers), but also manufacturers’ distribution networks;
- *different value chain processes*, esp. marketing-orientated retail processes, supply chain processes (e.g. purchasing, logistics), organisational processes, informational, or financial management processes;
- *different aspects of retail management and retail marketing*, e.g. retail corporate and competitive strategies, incl. internationalisation, retail formats, e-commerce, customer behaviour, branding and store image, retail location, assortment, pricing, service, communication, in-store marketing, human resource management;
- *different aspects of distribution systems*, e.g. strategies, sales management, key account management, vertical integration, channel conflicts, power, and multichannel strategies.

Basically, we seek two types of papers for publication in the book:

- *Research articles* should provide a relevant and significant contribution to theory and practice; they are theoretically well grounded and methodologically on a high level. Purely theoretical papers are invited as well as studies based on large-scale empirical data or on case-study research.
- Manuscripts submitted as more *practice-oriented* articles show new concepts, questions, issues, solutions and contributions out of the retail practice. These papers are selected based on relevance and continuing importance to the future retail research community as well as originality.

In addition, the editors will invite articles from specific authors, which will also be double blind reviewed, but address the retailing situation in a specific country.

Manuscripts are reviewed with the understanding that they are substantially new, have not been previously published in English and in whole, have not been previously accepted for publication, are not under consideration by any other publisher, and will not be submitted elsewhere until a decision is reached regarding their publication in EUROPEAN RETAIL RESEARCH. An exception are papers in conference proceedings that we treat as work-in-progress.

Contributions should be submitted in English language in Microsoft Word format by e-mail to the current EUROPEAN RETAIL RESEARCH managing editor or to info@european-retail-research.org. Questions or comments regarding this publication are very welcome. They may be sent to anyone of the editors or to the above mentioned e-mail-address.

Full information for prospective contributors is available at <http://www.european-retail-research.org>. For ordering an issue please contact the German publisher “Gabler Research” (www.gabler.de) or a bookstore.

We are very grateful for editorial assistance provided by Marcus Aschenbrenner.

St. Gallen, Siegen, Trier, Vienna and Fribourg, Fall 2010

*Thomas Rudolph, Hanna Schramm-Klein, Peter Schnedlitz, Bernhard Swoboda
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The Classic Conceptualisation and Classification of Distribution Service Outputs – Time for a Revision?

Walter van Waterschoot, Piyush Kumar Sinha, Steve Burt, Joeri De Haes, Thomas Foscht and Annouk Lievens

Abstract

Distribution service outputs structurally play a pivotal role in retail and channel management. This paper critically assesses the nature of Bucklin's classic formulation, which is concerned with numerically expressible economic benefits resulting from the execution of the distribution function within a perfectly operating economic channel. It is distinguished from post-classic extensions, which provide alternative multi-functional or institutional approaches. The paper captures both approaches in a generic higher-order customer value scheme, which also redefines and broadens the traditional economic benefits. The proposed generic framework also extends to any marketing sub-field and provides the potential for more focused theoretical and empirical research.

Keywords

Distribution Service Outputs, Retail(ing) Services, Consumer Benefits

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1. Cause for Concern over a Classic Concept?

To this very day, distribution service output discussions are as prominent in almost any channel management or retailing textbook – or in any corresponding chapter in general marketing textbooks – as they were during previous decades. Distribution service outputs (DO) are typically considered to be one of the cornerstones of our discipline, fostering an understanding of distribution in general, as well as a means of conveying conceptual channel insights and empirical knowledge in particular. The common denominator in these discussions is the conceptualisation and vocabulary summarised by Bucklin in the second half of the 1960s (1966, 1972). Bucklin identified four main DO categories: market decentralisation, delivery time, lot size, and variety. Bucklin's authoritative summary has become a classic conceptualisation within the discipline. Yet, in spite of its classical status and general acceptance, questions can be raised about its current applicability and relevance. Indeed, although pertinent in earlier decades, one may question the suitability of this traditional classification in the current channel environment and wonder whether, and how, it might have to be revisited.

The subject matter covered by DO is structurally, and even unavoidably, central to the discipline. A relevant conceptualisation and classification of utilities, values, and/or benefits enjoyed by customers as a consequence of distribution efforts is quintessential for both academics and managers. It is helpful in addressing channel management issues such as customer preferences and segmentation; performance and efficiency analyses of the channel and/or of individual channel members; the development of (multiple) channel strategies and of vertical and horizontal distribution systems; and the delineation of strategic groups of channel agents and competition among them.

In itself, therefore, there can be no discussion about the relevance of the conceptual and empirical field covered by distribution outputs. However, the 'classic' DO can now be challenged with respect to their capacity (and actual role) to serve as the unquestioned representative conceptualisation, in terms of both suitability and representativeness. Questions can be raised as to whether the classic DO needs to be revisited, and if so, how this might be achieved. These questions are what this paper aims to address.

The aim of this paper is to critically assess the current relevance of the 'classic' DO concept. We start by reviewing and interpreting the 'classic' and 'post-classic' DO conceptualisations and continue by analysing the corresponding content of channel management and similar textbooks. We then consider whether the DO concept should be broadened beyond the traditional considerations of economic benefits and financial price elements, and of physical goods and physical channels. Consequently, a revised generic DO concept is proposed, along with a generic customer value framework, to capture both specific and related DO concepts. Finally, we conclude with suggestions for a further research agenda.

2. The ‘Classic’ Distribution Service Outputs Concept

The ‘classic’ distribution service outputs are a traditional set of (typically) numerically expressible operational concepts, providing specific economic benefits for the customer, following from the execution of the distribution function, by whoever assumes that function partly or completely (Bucklin 1966; 1972).

2.1. Historical Roots

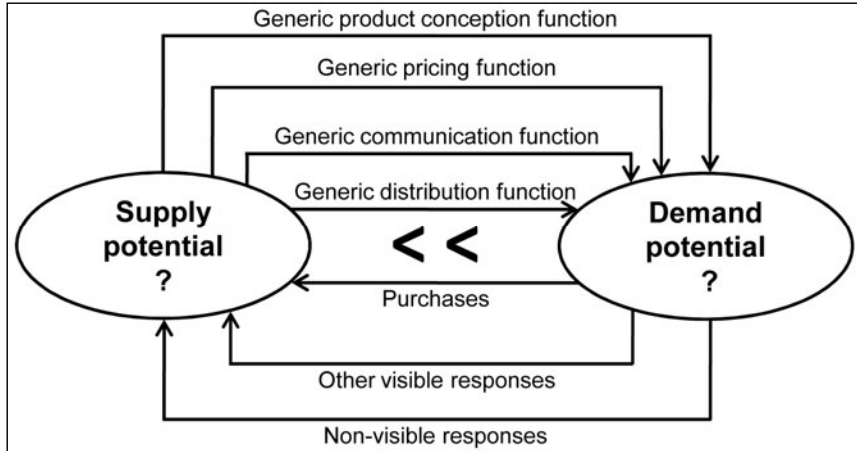
The historical roots of the classic DO go back to the emergence, mainly by the end of the 19th century, of a new exchange model resulting from substantially changing market circumstances in the Western world, (Fullerton 1988; van Waterschoot et al. 2006; van Waterschoot and De Haes 2008). This emerging exchange model was literally new at the time, even if today it is either implicitly or intuitively assumed by marketing researchers and practitioners and to some extent also by economists. This new exchange model differed dramatically from the one traditionally assumed by economists at the time. The new model implied heterogeneous, more or less non-transparent (actual as well as potential) buyers markets, structurally necessitating four generic exchange functions: a product conception function, a pricing function, a communication function, and a distribution function (see Figure 1).

The new exchange model broke away from traditional economics and gave rise to a new discipline called marketing. In its early days, however, the new discipline – in spite of its dissident nature – was still greatly influenced by traditional economics before becoming a truly multidisciplinary body of thought. It was therefore rightly called marketing economics by some (Alderson 1954, p. 37). Traditional economics, for its part, reacted conservatively, slowly, and reluctantly to the emergence of the new exchange framework. Consequently, marketing (economics) and traditional economics mainly developed in parallel to each other, but with some interaction. The classic distribution service outputs are the crystallisation of (distribution) evolutions within marketing (economics), but also result from the cross-fertilisation with evolving traditional economics.

Figure 2 provides a chronological overview of the major contributions to the classic DO conceptualisation and classification. The first explicit date on the time axis is 1902 when the term marketing was formally used for the first time as a course title by the Harvard Business School (Bartels 1962). Other dates refer to the year of publication of major DO ideas. The first half of the 20th century was influenced by two schools of marketing thought. The institutional school focused on the activities of typical channel participants, such as wholesalers or retailers, while the functional school focused on the functions that were carried out within the channel, such as sorting or accumulating merchandise (Sheth et al. 1988). The conceptual development of DO in the latter part of the century was influenced primarily by a functionalist

school that approached the topic from a systems or interactive perspective, addressing issues such as the optimal allocation of distribution activities among participants within a channel. The upper part of figure 2 identifies contributions from general economics and the lower part contains the contributions and less abstract definitions derived from marketing economics (Alderson 1954, p. 37). The figure also shows the interaction between general economics and marketing economics, leading to Bucklin's integration.

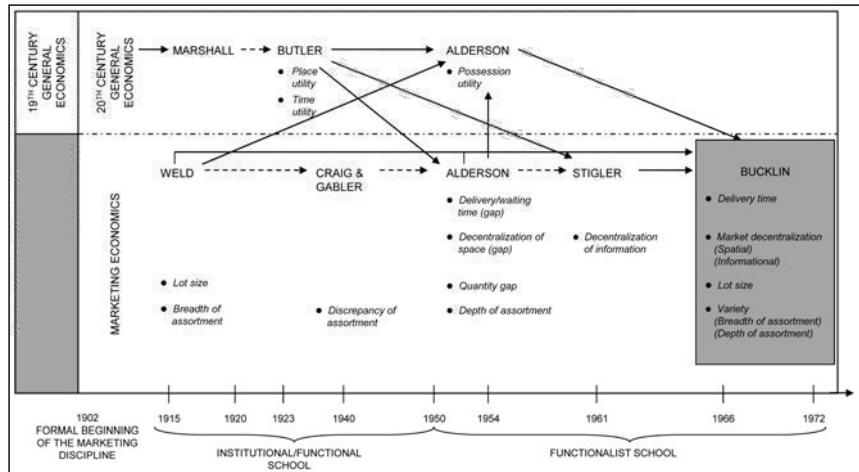
Figure 1: The New Exchange Model



Source: van Waterschoot et al. (2009).

Bucklin's (1966) publication provided a clear definition of the DO concept and its four main classes: market decentralisation, lot size, waiting time, and variety. Although Bucklin (1966; 1972) did not explicitly name or discuss the subclasses of market decentralisation and variety, which had been proposed by earlier authors, his texts and modelling imply these dual ideas. Bucklin's (1966) typology contains by far the most representative traditional DO integration and has become the classic reference based on its enduring popularity in textbooks (see Table 1).

Figure 2: The Historical Evolution of the Classic Distribution Service Output Concept and Classification



2.2. Interpretation of the ‘Classic’ Distribution Service Outputs Framework

Bucklin’s framework is concerned with the translation of non-traditional forms of economic utility viz. time, place, and possession utility (Alderson 1954). These forms of utility become relevant once the 19th century economists assumption of the coincidence of production and consumption in time and space is relaxed. Non-traditional forms of economic utility require less abstract, more operational, constructs. However, as these constructs remain essentially economic in nature, they fit best within the discipline of marketing economics (Alderson 1954), which represented a transition stage between 19th century general economics and modern multidisciplinary marketing. The interpretation of marketing economics differed however from that of general economics because of the important role distribution began to play. In marketing economics, the distribution function was performed by one or more channel participants and was governed by channel mechanisms of a strictly economic nature within a normative channel (Bucklin 1966). The pricing function remained unaffected, since channel participants were still price takers. The communication function became more important, to the extent that information gaps existed. However, its role was not to persuade customers on subjective, perceptual grounds, as their behaviour was still viewed as rational and economic. Similarly, product differentiation was still largely regarded as being objective and functional. From the 1950s, marketing thinking became genuinely multidisciplinary; therefore the underlying nature of the classic DO concept may have become anachronistic.

In spite of some similarities between the abstract utility concepts from general economics and the operational concepts of marketing economics, there is no one-to-one correspondence between them. “Delivery time, for example, is related to both time and place utility. Place affects the service because greater distance typically imposes more costly means for providing fast delivery. Market decentralisation is related most closely to ownership utility, but may play a role in time utility as well” (Bucklin 1966, p. 8). Market decentralisation consists of two sub-classes. The first is a benefit offered to the customer by bridging a geographic gap (Alderson 1954), termed spatial decentralisation (or spatial convenience) by Coughlan et al. (2006). The second is a benefit offered to the customer by bridging an information gap (Stigler 1961). Furthermore, time-utility may be delivered by the financial function or by the production function. Variety also consists of two sub-classes. The traditional sub-class is one of breadth of assortment, referring to the number of product-categories being distributed together (Weld 1915). Depth of assortment, seen as the availability of several alternatives within a product category, is the second sub-class and is also recognisable in the discussions on sorting by Alderson (1954) and Bucklin (1966).

In terms of functionality, the classic outputs have a rather strong – even if imperfect – commonality. With respect to their primary origin, five of the six DO classes and sub-classes result from the distribution function. This should not exclude, however, secondary functionality interacting with the primary function. A comparison can be made with marketing mix instruments, which typically serve one primary marketing mix function, next to several secondary ones (van Waterschoot/Van den Bulte 1992; van Waterschoot/De Haes 2001). The sixth DO sub-class, informational decentralisation, does, however, have a different origin, as it is a primary output of the communication function and is only linked to the distribution function in a secondary fashion.

The historical and conceptual relationship between non-traditional utility forms and classic DO interpretations suggests that the outputs themselves are of a multi-conceptual nature. As stated earlier, classic DO in their traditional descriptions typically fit the assumptions of the marketing economics discipline. They are concerned with economic benefits, with barely any perceptual or subjective interpretation. The exception is the sub-class depth of assortment, which logically fits a differentiated, heterogeneous market. In contrast to most of the other classic DO, depth of assortment is a service output that is closely aligned to multidisciplinary marketing assumptions. Even when objectively differentiated markets exist, subjective differentiation naturally follows – especially in consumer markets. The sub-class depth of assortment is, therefore, an outlier in terms of assumed market background. As argued above, the subclass information decentralisation is an outlier in terms of functional origin. But these two nuances notwithstanding, we may logically accept that the different classic DO categories

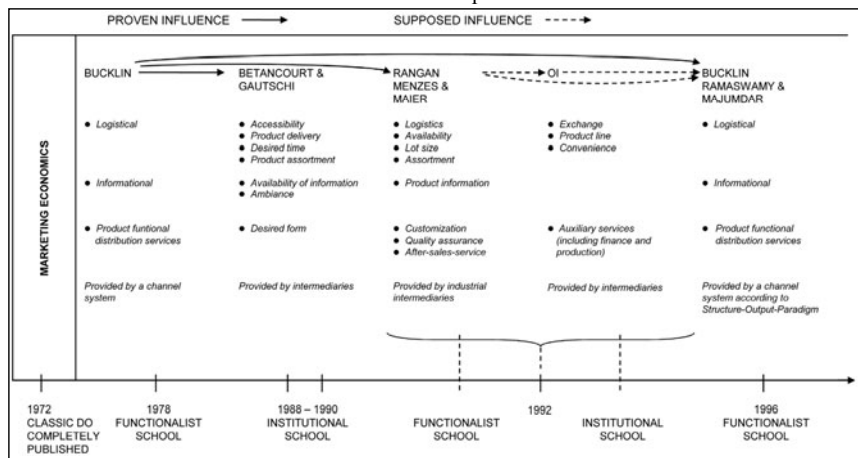
basically belong to the same family, are part of the same concept, and consist of four related core classes.

The discussions leading to the classic integration typically make use of illustrations taken from the field of consumer goods, usually physical goods of a relatively elementary nature, at the (brick and mortar) retail stage of the distribution channel. The original sources contain no explicit arguments about the applicability of the concept to subfields of marketing, such as service marketing, non-profit marketing, and e-marketing. The limitations of the original setting may explain the choice of the expression distribution service outputs, suggesting intangible distribution values added to tangible goods.

3. Post-classic Distribution Service Outputs Frameworks

A number of frameworks have followed from the original conceptualisation, which have implications for how the DO concept is interpreted and applied (see Figure 3). In comparison to classic DO, most post-classic DO frameworks take a fundamentally different stance. They no longer consider DO as the benefits resulting from the execution of the distribution function alone. Instead, they look at DO as the benefits resulting from a broader set of related functions. Post-classic DO models typically add communication and production functions, in various forms, to the distribution function.

Figure 3: The Historical Evolution of the Post-Classic Distribution Service Output Frameworks



By adding communication, subjective issues like product and channel differentiation should theoretically become important. However, the only explicitly subjective element is ambiance,

as proposed by Betancourt and Gautschi (1988). In all other instances communication is still considered to be objective. The post-classic DO frameworks simply extend the classic normative channel view of marketing economics. Through the addition of elements like installation and warranties, post-classic DO-frameworks also incorporate production functions. These shifts are conceptually so enormous that the resulting typologies should be seen not merely as adaptations or improvements, but as different, albeit related, schemes. In addition, the institutional interpretation (who performs these activities) that was sporadically evident in the first half of the 20th century, is present in some of these contributions.

These shifts from the traditional viewpoint are important in the sense that they reflect distinct but related concepts and classifications. Post-classic DO-models do not, however, solve the questions raised by the classic conceptualisation and classification, but rather confirm and extend them to related viewpoints. Customer values are still essentially confined to economic motivation. Furthermore, it is also doubtful whether the post-classic typologies (as with classic DO) successfully meet the desirable classificatory properties identified by Hunt (1991). The requirements of collective exhaustiveness, mutual exclusiveness, positive definition of the classificatory dimensions, and resulting types seem not to be fully present in all instances. On the positive side, the applicability to industrial marketing is much more explicitly made in the post-classic models than in the classic conceptualisation, but other marketing sub-fields are still not explicitly dealt with. Post-classic frameworks, therefore, only serve to make the earlier questions more pertinent and complex. However, before attempting to answer them, it is important to establish which particular view of DO is taken and to identify the appropriate terminology to be used. The four DO-views that seem most relevant are:

- distribution-function (service) outputs (DFO) – the classic view
- exchange-function (service) outputs (EFO)
- exchange- and production-functions (service) outputs (EPFO)
- distribution-specialist (service) outputs (DSO) – the institutional approach.

We shall return to this typology later in the paper.

4. Time for a Revision?

Part of the answer to the question of whether it is time for a revision of the classic DO can be found in the way the classic concept and classification is being conveyed to end users via channel management (and similar) textbooks. Textbooks typically contain crystallised knowledge (van Waterschoot/Gijsbrechts 2003). They are typical of the retail stage of the communication of knowledge. Textbooks are generally indicative of what belongs to the accepted body of thought of the discipline. They may report or reflect shortcomings in that body of thought (for which textbook authors are not necessarily to blame). They may suggest

new directions of thought; they may provide inspiration as to which ideas seem more relevant and which seem less relevant.

Table 1: Categorical Summary of Textbook Content Analysis

Discussion of Classic DO Concepts & Classifications	Largely Explicit/ Literal/ Identical/Identified	Somewhat Explicit/ Literal/ Identical/Identified	Implicit/ Not Literal/ Not Identical/Not Identified
Limited to classic DO without any extended concepts	Stern et al. 1996, pp. 16-17 (DFO)	Bradley 1995 (DSO); McCarthy and Perrault 1993 (DSO/DFO); Pride and Ferrell 1991 (DSO/DFO)	Lambin 2000 (EFO)
Somewhat extended beyond classic DO in number or nature of concepts	Baker 2000a (EPFO); Berman 1996 (EPFO/DSO); Coughlan et al. 2006 p. 43 (DFO); Kotler 2000 (EPFO/DFO); Pelton et al. 2002 (EPFO); Stern et al. 1996, p. 196 (EPFO)	Doyle 2002 (EPFO); Jobber 1995 (DSO/EPFO); Jobber 2001 (DSO/EPFO); Levy and Weitz 1992 (DSO/EPFO); Pelton et al. 2001 (DSO/EPFO); Rosenbloom 1999 (EPFO); Shaw and Ennis 2000 (EPFO/DSO)	Armstrong and Kotler 2005 (EPFO); Baker 2007 (EFO); Boyd et al. 1995 (EPFO/DSO); Bradley 2003 (EPFO); Bradley 2003 (DSO); Coughlan et al. 2006 p.58 (EPFO); Davidson et al. 1988 (DSO/EPFO); Jobber 2006 (EPFO); Kotler and Armstrong 2005 (EPFO); Kotler et al. 1996 (EPFO); Lambin 2007 (EFO); Levy and Weitz 2007 (EPFO/DSO); Lucas et al. 1994 (DSO); Mason et al. 1993 (DSO); Mullins et al. 2006 (DSO/EPFO); Newman and Cullen 2002 (DSO); Peter and Donnelly 1995 (EPFO); Peter and Donnelly 2004 (EPFO); Rosenbloom 2004 (DSO/EPFO); Sullivan and Adcock 2002 (DSO)
Substantially extended beyond classic DO in number and nature of concepts	Kotler and Keller 2006 (EPFO)		Bearden et al. 1995 (DSO/EPFO); Bearden et al. 2005 (DSO/EPFO); Best 2000, pp. 204-205 (EPFO); Best 2005 (EPFO); Berman and Evans 2007 (EPFO); Brassington and Petit 1997 (DSO/EPFO); Brassington and Petit 2003 (DSO); Doyle and Stern 2006 (EPFO); Levy and Weitz 1995 (DSO); Perrault and McCarthy 2005 (EPFO); Pride and Ferrell 2007 (EPFO); Stern et al. 1996, pp. 196-218 (DSO); Urban and Star 1991 (EPFO/DSO); Zikmund and dAmico 1996 (EPFO/DSO)

Note: DFO = Distribution-function (service) outputs; DSO = Distribution-specialist (service) outputs; EFO = Exchange-functions (service) outputs; EPFO = Exchange-and-production-functions (service) outputs.

Textbook authors can be seen as experts situated close to end users – skilled and well informed about the body of thought being published and also orientated towards the needs of the end users of knowledge. Their wisdom, expertise, and insight are available on paper. In brief, studying textbook discussions is similar to making use of the knowledge of textbook authors in the form of a virtual think tank. We therefore carried out a content analysis of some 60 international textbooks on channel management and retailing and, additionally, also of some textbooks on general marketing management which contained a substantial DO-discussion. In view of the subject matter, a relatively wide time span is called for, which

might even cover a whole century. However, it is arguably more feasible and relevant to choose a more recent period. By focusing on textbooks published during the last two decades, recent shifts could be studied. Practically speaking, the textbooks were taken from the university library of two of the authors, who also served as judges for the content analysis. Next to a convenience element, the sample also implies a major judgment element, since the budget constraint of that library requires a deliberate selection of only the highest quality textbooks. The judges are educators, researchers and authors of papers and textbooks in the area studied and also academic advisors for library orders in the same field. The DO discussions were *critically* analysed in terms of how closely they matched the original Bucklin publication. The basic interpretation of the textbook authors was studied in terms of institutional versus functional views. In addition, the added elements, if any, were studied together with possible explicit comments on the classic conceptualisation. Finally, attention was paid as to how DO were generally communicated e.g. in terms of origin, background, relevance, completeness and field of application.

The summary of the results of the textbook content analysis is available in Tables 1 and 2 and reflect the following main conclusions:

- Textbooks, almost without exception, include at least the core elements of the classic summary provided by Bucklin. Bucklin's summary has become traditional subject matter of textbooks, apparently belonging to the accepted and unquestioned heritage of the discipline. Textbooks also very often include the classification (or elements thereof) of Alderson, which is closely akin to Bucklin – be it in micro-economic jargon. The Bucklin and Alderson concepts and terminology are often blended by textbook authors.
- Most textbooks, however, reproduce the classic distribution service outputs in a relatively improvised way. The reproduction typically does not take place in a very precise, literal, identical, and identified way. The discussions of classic distribution outputs are, instead, of a more or less implicit, not literal, nature – not completely identical and not identified. For example, no literal quotes are used and only seldom is a literature reference added. A comparison of the textbook sub sample from this decade, with the one belonging to the previous decade, reveals that the direct link with the original Bucklin publications weakens over time, in spite of the apparently permanent popularity of the classic classification.
- At first glance, textbook discussions and definitions look quite similar. However, when they are given a closer look, they are seen to contain deviant viewpoints in terms of the fundamental origin of distribution service outputs. Some textbooks rely on a functional origin, in line with Bucklin's view or with post-classical views, whereas others predominantly describe an institutional background. Sometimes text excerpts within the same textbook may mutually differ in this respect.
- As is the case with post-classical academic publications, the (growing) majority of textbooks often add different types of functions and outputs to the classic ones – albeit in an

informal way. There appears to be a similarity among textbooks in the sense that they typically expand beyond the classic DO. But, in this respect, a closer look reveals that this is not true. The content is far from identical, even if there is some common theme, which is not formally identified or discussed. The added functions and outputs are not systematically based on any standard conceptual or empirical framework. Textbook discussions represent many variations on a theme. They are typically intelligent improvisations, which do have commonalities, but which are not formally based on any common framework and have not yet been summarised in any common framework.

Table 2: Numerical Summary of Textbook Content Analysis

Explicit Reproduction Classic DO		Reliabilities	
Largely explicit	15 %	No hesitation ¹	59 %
Somewhat explicit	19 %	Hesitation 1 expert	37 %
Implicit	66 %	Hesitation 2 experts	4 %
Extensions of classic DO			
No extensions	9 %		
Somewhat extended	63 %		
Substantially extended	28 %	Perfect match ²	61 %
		Partial match	35 %
		No match	3 %
(Multi-)functional vs. Institutional View		Reliabilities	
Dominant view only			
DFO	3 %	Both experts 1 interpretation ³	44 %
EFO	6 %	One expert 2 interpretations	37 %
EPFO	50 %	Both experts 2 interpretations	19 %
DSO	41 %		
Dominant or secondary view			
DFO	7 %	Perfect match ⁴	54 %
EFO	4 %	Partial match	31 %
EPFO	51 %	No match	15 %
DSO	38 %		

Note: ¹ No hesitation means that both experts were certain about their judgment. Hesitation means that one expert (both experts) found it difficult to draw a conclusion. ² Perfect match means that both experts agree on both dimensions. A partial match means they agreed on only one of the two dimensions. ³ Reflects the number of DO-interpretations the experts recognized in the textbook excerpts. ⁴ A perfect match means that both experts agree on both dimensions. A partial match means that in case of multiple interpretations at least one of the views matched.

- Whereas classical distributions service outputs – in line with their background in marketing economics – focus on functional customer needs, textbook discussions often also include benefits which are other than functional. For example, emotional benefits (such as store

atmospherics) are discussed. There is no common framework, but again textbooks contain intelligent, more or less similar variations on a theme.

- Some of the textbooks explicitly underscore the relevance of DO for less traditional applications such as service distribution. Most of them, however, remain silent in this respect. Textbooks also remain silent with respect to the explicit integration of DO into a more encompassing framework, and about any explicit delineation of the field of application. By reading between the lines of the discussions, the necessity of an embracing framework becomes apparent.

Overall, although the classic conceptualisation enjoys an enduring popularity, closer investigation of textbook descriptions confirms that this typology (increasingly) suffers from different types of sclerosis, pressure, and confusion. It is clear that textbook authors struggle with the anachronisms of the classic concept, and they combine it with related concepts. This blurring of the original concept suggests that its current value and applicability urgently requires further examination and revision. The content analysis of textbooks also suggests some concrete directions for any revision.

The earlier review showed that the classic DO concept was originally developed for physical goods sold in physical stores. It was concerned with numerically expressible economic benefits to the customer, resulting from the execution of the distribution function. The emphasis was therefore typically more on quantifiable benefits and less on possible qualitative aspects. The price paid for these benefits was expressed in financial terms, resulting from pure market forces (within the so-called normative channel). One outcome is that the classic concept remains underutilised outside its original field. It is rarely applied to other sub-fields such as service marketing, even when there does not seem to be any objective grounds for this. Another issue is that its grounding in marketing economics makes it anachronistic from the perspective of the current multidisciplinary body of marketing thought. Any revisions to the classic concept so far have not tackled these fundamental issues – they merely extend the debate to related concepts. Even Bucklin et al. (1996) mention the lack of integration of relevant theory in the context of industrial markets.

Despite these shortcomings, DO represent a structurally central concept within the marketing discipline. As such, the area requires a clear conceptualisation; and the absence of any generally accepted core framework is a hallucinating, objectionable idea. Any alternative concept, denoting the benefits delivered by a major exchange function, would also be structurally central to the discipline. There is, therefore, a clear justification for a revision of the classic conception. Thus we propose a revision agenda comprised of four stages.

5. Revision Agenda Stage I: Broadening the Classic Conceptualisation of Distribution Service Outputs

The first stage in the revision agenda requires the classic concept to be explicitly enlarged and made compatible with the general assumptions of the overall marketing field (e.g., by the inclusion of non-economic, emotional benefits) and with the peculiarities of any specific sub-field (e.g., service marketing).

5.1. Beyond Economic Utilities and Monetary Price Elements

Wilkie and Moore (1999), in their extensive deliberation on the scope of marketing and its contributions to society, concluded that marketing not only produces economic benefits for consumers, but also provides a whole range of social and psychological benefits: “Marketing encompasses more than [...] the economic calculus that reports on the system as if it were a relentless machine spewing out streams of utilities. Instead we examine briefly the aggregate marketing system as a human institution composed of people living their lives on a variety of fronts” (Wilkie/Moore 1999, p. 198). They argued that the overall marketing system generated identifiable non-economic benefits in a whole range of situations. Skipper and Hyman (1990) suggest that this perspective can be extended to the major subsystems and functions of marketing, including distribution.

The previous, predominantly deductive, reasoning underlying theory can be compared to the inductive results from studies. Tauber (1972), for example, asked, “Why do people shop?” as opposed to, “Why do people shop in more than one store?” (Comparison-shopping) and, “Why do people shop where they do?” (Store patronage). The question considers the satisfactions that shopping activities *per se* provide, in addition to those obtained from the merchandise purchased. The implication is that DO concepts should be broadened beyond purely economic utilities to reflect reality.

Just as the benefits of the distribution function extend beyond economic utilities, the disadvantages or costs following from it will also extend beyond financial costs. Baker et al. (2002) indicate that even within an abstract framework of economic behaviour, modern economists incorporate more than just the financial price of a transaction and emphasise considerations other than time/effort costs in retail settings. Environmental psychologists such as Mehrabian and Russell (1974) regard these costs “as consumers negative affective reactions to a store and/or its environment”. Although these considerations have arisen from the context of retailing consumer goods, it is likely they hold – to a differing extent – in other channel settings and at other channel levels. Thus, it is important to allow for non-monetary price elements in a more comprehensive DO-concept.

5.2. Beyond Physical Consumer Goods in Physical Stores

The typical channel descriptions of Bucklin (1966) and his predecessors only concerned physical goods sold in physical stores. However, as part of the process of attaining economic equilibrium in a channel, other DO occur at channel levels preceding the retail level (Breyer 1964). The organisation of any trade is characterised by the extent to which the functions are divided among middlemen. Yet this aspect of within-channel interaction is seldom discussed, especially in connection with DO aspects at the retail level. Although economic service outputs will predominate at these intermediate levels, non-economic service outputs also exist. It is logical that they might also appear in other marketing settings (Skipper/Hyman 1990).

Service marketing is a situation where distribution, production, and communication coincide (Berry 1980; Zeithaml/Bitner 1996). As a result, concepts derived from the (separate) execution of such functions – a classical DO concept – would be non-applicable. However, we propose that the production of a service and its distribution are not conceptually identical. The execution of the respective functions delivers distinct utilities or benefits, even in the situations where there is overlap. Lovelock (1983) argues that the methods of service delivery differ in the case of the customer coming to the service organisation or vice versa, and also between the availability of a single service outlet versus a multiple set (see also Rosenbloom 2004, p. 497). If the production and distribution of services were identical and coincidental from every point of view, they would be strategically and tactically inseparable. Hence one would not be able to vary the distribution elements while keeping the service product constant. Similarly, the production of the service product and its communication are not identical. In situations where production and communication of the service product do coincide, different combinations of the two can be planned and implemented. Thus, there is no reason to doubt the applicability of the classic DO concept to service marketing. Lovelock's paper provides no explicit discussion of non-economic DO, yet many of his examples illustrate a range of non-economic satisfactions or dissatisfactions.

The emergence of e-marketing also represents a challenge for the DO concept. Bucklin and his predecessors developed the concept when physical distribution and the dissemination of information largely coincided. Information followed “the linear flow of the physical value chain” (Evans/Wurster 1997, p. 73). An earlier discussion of that issue was conducted by English (1985). The widespread connectivity between almost all market parties irrespective of size and location changed the rules of value creation, questioning the relevance of the traditional DO concept. The Internet is simply a means of communication between consumers, marketers, and millions of other organisations within a channel structure that allows the diversion of all or part of distribution activity to other channel members (Coupey 2001; Bello et al. 2002). On one hand an additional challenge in e-commerce-environments is the aspect of disintermediation which is emphasised strongly in one part of the discussion (Peterson et al.