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마케팅채널 관점에서 본 공급사슬관리

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Supply Chain Management: The Channel Theory Perspective

Abstract

1980년대 중반 이후로 선도 기업들은 공급사슬관리(Supply Chain Management)의 혜택을 깨닫기 시작했고 경쟁우위 요소로 공급사슬관리를 전략적으로 사용하여왔다. 지금과 같은 무한경쟁 시대에는 공급사슬관리 개념의 적용은 매우 중요하다. 공급사슬관리란 고객에게 가치를 극대화하기 위하여 제품, 서비스, 정보를 제공하는 공급사슬의 전 구성원의 비즈니스 프로세스를 통합하는 것을 의미한다(Cooper et al., 1997). 공급사슬관리는 기존의 채널의 개념과는 다른 독특한 특성을 내포하고 있다. 첫째로 SCM은 공급사슬 구성원간의 장기적인 관계유지를 기본으로 삼고 있다. 둘째로 기존의 채널에서는 구성원간의 경쟁을 가정하지만 SCM에서는 공급사슬망간의 경쟁을 가정하고 있다. 셋째로 공급사슬 안에서 구성원간의 조율과 통제를 위하여 한 구성원의 리더쉽이 필요하다. 넷째로 공급사슬구성원 간의 상호정보교환이 필요하다. 다섯째 공급사슬 전체의 윈-윈 전략(win-win strategy)을 실현하기 위하여 공급사슬전체의 비용을 줄이도록 상호협동 하여야 한다.

이러한 공급사슬관리는 공급사슬 구성원 간에 다음과 같은 프로세스를 통합 할 수 있다. Cooper et al.(1997)에 의하면 공급사슬안에서는 마케팅 조사, 프로모션, 매출정보, R&D, 신제품 개발 및 디자인, 가치분석 등의 프로세스의 통합이 가능하다는 것이다. 이러한 경영 및 마케팅 활동은 로지스틱스 뿐만 아니라 마케팅 채널의 범위를 넘어선다. 즉, 공급사슬관리는 공급사슬구성원들 간에 여러 가지 마케팅활동을 통합할 수 있다는 측면에서 마케팅 채널의 범위를 넘어선다. 그러나 공급사슬관리는 마케팅 채널의 패러다임 변화 중 경제적 접근, 행동주의 접근, 정치경제 접근, 관계적 접근등에 영향을 받아왔다. 따라서 공급사슬관리는 새로운 이름이지 아주 새로운 개념은 아닌 것이다.

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마케팅 채널의 패러다임 변화 중, 경제적 접근 측면에서 본다면 비용을 줄이고 효율성을 증가시킨다는 면에서 SCM은 공통점을 지니고 있다. 20세기 초기의 마케팅 연구는 채널 안에서의 비용절감과 효율성 증대를 목적으로 진행되었다. 이러한 개념은 점차 진화하여 채널 안에서 채널 구성원간의 비용절감과 효율성 증대는 고객의 만족을 증가시키는 방향으로 이루어져야 한다고 주장이 제기 되었다. 전통적인 채널에서의 경제적 접근과 SCM의 개념의 큰 차이는 SCM의 개념에서는 채널 구성원 중 양자 간의 비용을 절감하려는 협조가 아니라 채널 전체의 비용을 줄이려는 노력과 통제라는 것이다. 즉 최종소비자부터 생산자에게 공급하는 협력업체에 이르기까지 모든 채널 구성원이 채널 전체의 비용을 줄이기 위하려, 앞에서 언급한 프로세스를 통합할 수 있다는 것이다. 그런데, 채널 안에서 양자 간의 관계를 넘어서는 경우에는 이론적으로는 가능하지만 현실적으로는 실천 가능성이 높지 않은 실정이다.

행동주의적 접근에서의 패러다임의 변화에 있어서 중요한 점은 채널에서는 채널 구성원간의 파워(power), 갈등(conflict)에 관한 연구가 활발하게 진행되어 왔는데 비교하여 SCM에서는 협동(cooperation)이 핵심이 되고 있다. 특히, 협동을 기반으로 하고 있는 관계마케팅(relationship marketing)은 SCM의 등장에 큰 영향을 미쳐왔다. 행동주의적 접근이라는 측면에서 관계마케팅이 SCM에 영향을 크게 미쳤왔지만 채널 안에서 양자간(dyad)이라는 관계를 벗어나는 관계마케팅에 관한 연구과 실행은 어려움에 봉착해 있다. 정치 경제적 접근(political economies approach) 측면에서 볼 때 SCM에 관한 연구는 많이 이루어져 있지 않지만 기업의 환경이 불확실하고 경쟁이 심하다면 공급사슬구성원간의 통합과 협동이 잘 이루어져 윈-윈 전략을 실천할 수 있다는 것이다.

결론적으로 공급사슬관리의 범위는 계속 확장되고 있고 이미 로지스틱스와 마케팅 채널의 범위를 넘어서고 있다. 그러나 공급사슬관리의 개념적 시작은 마케팅채널에서의 패러다임 변화에 따라 등장한 새로운 개념과 이론에 크게 영향을 받고 있다. 특히 행동주의적 접근에서 관계마케팅은 SCM의 등장에 큰 역할을 해 왔다. 그런데 SCM의 핵심개념인 공급사슬 전체의 비용절감과 효율성 증대를 위한 관계형성과 협동은 양자 간의 관계일 경우에는 기존의 이론과 개념을 적용할 수 있으나 양자 간의 범위를 넘어 설 경우에는 아직 이론적 토대가 만들어지지 않고 있다. 이러한 새로운 개념과 이론적 토대를 세우고 연구하는 일이야말로 마케팅 학자들의 책임이자 의무이다.

Ⅰ. Introduction

Since the middle of 1980s, leading organizations have realized the benefits from supply chain management and began applying to manage themselves to be more competitive. In today's competitive business environment the concept of supply chain management becomes very important. The concept of supply chain management has been broadening since the term "supply chain management" appeared first in 1982 (Cooper et al., 1997). Cooper et al. (1997) asserted that SCM includes more level of business processes within and between organizations than logistics.

Even though the concept of SCM is still evolving, supply chain perspective has influenced marketing channels including channel structure, channel operations, channel leadership, and channel communications and vice versa. Marketing channels have been altered since the emergence of the supply chain concept. However, assuming that SCM is included in the scope of marketing channels, marketing channels have led to the emergence of SCM. Accordingly SCM encompasses the effect of paradigm shifts in marketing channels. Supply chain competitiveness depends upon interfirm cooperation for product development, production, and distribution that lead to cost advantages and product innovation (Cavinato, 1992). Cooperation between channel members is a necessary condition for success. One of critical issues in SCM is the use of cooperative relationships and partnerships. Such cooperative relationships represent a paradigm shift in marketing channels. As a result, it is very interesting to research the following questions:

- What is the origin of supply chain management?
- What is the impact of paradigm shifts in marketing channels on SCM?
- Is the concept of SCM really new?

To answer the questions, it is better to start with the emergence of marketing channel and then briefly review the paradigm shifts in marketing channel. In addition, a conceptual framework that is proposed is important to develop theories on SCM. Accordingly, the purpose of the paper is to identify the emergence of marketing channel and supply chain management, to explain paradigm shifts in marketing channels including the important concepts such as channel power, conflict, cooperation and relationship, and to investigate the impact of paradigm shifts in marketing channels on SCM.

Ⅱ. Channel Evolution

Mentzer (1993) defined channels as "the

series of exchanges (both discrete and relational) between organizations and individuals through which the strategic logistics goals of satisfying the customers' time, place, quantity, form, and possession utilities are achieved." Over the past three decades, channel theory has been developed on the basis of disciplinary orientations (Stern and Reve, 1980). For about the first decade an economic approach applied microeconomic theory and industrial organization analysis to the study of distribution systems, focusing on "efficiency" and "cost." A behavioral approach from social psychology and organization theory also dominated channel theory, focusing on channel power and conflict. The firms realized that cooperation with suppliers and customers to be a competitive edge.

Since Hunt (1983) concluded, "the primary focus of marketing is the exchange relationship," marketing research has begun focusing on buyer-seller exchange relationship. In recent years, distribution research has been advanced by contributions based on the political economy paradigm, transaction cost analysis, and relationship marketing. Arndt (1983) applied the political economy framework to marketing channel, introducing the concept of "relations to the environment." Later more complex relationship structure such as alliance, just-in-time distribution, partnerships appeared in channel (Cooper et al., 1997). Since the middle of 1980s, many practitioner and academics have focused on supply chain management.

1. The Emergence of Channels of Distribution

In addition to the brief history of marketing channels until 1960, it is also important to investigate the evolution of the definitions of marketing channels. As mentioned earlier, marketing started with channels of distribution. There are numerous issues and problems in developing a meaningful definition of the marketing channel. During the years between 1920 and 1930, "marketing channel" gained a place in marketing thought as "the course taken in transfer of title." This is very simple definition because such a concept as "wholesaler," as distinguished from "retailer," was still attempted to precisely define. Vale, Grether, and Cox (1952) proposed that "a channel of distribution may be thought of as the combination and sequence of [institutions] through which one or more of the marketing flows [potentially or actually] moves. The channel includes all combinations and sequences of all the institutions and consumers in all the [actual or potential] flows [right from the raw materials and back to the business sector from the consumer sector]."

Nystrom (1958) said "the channel of distribution for a product refers to the course of ownership taken in the transfer of title to it as it moves from manufacturer or producer to final consumer." This definition includes only those institutions involved with the flow of title in the channel. In addition, a term, product is not clear because it typically refers to a combination of goods and services. Revzan (1961) defined a channel as "a pathway taken by goods as they flow from point of production to point of intermediate and final use." This definition neglects those institutions making up the channel and de-emphasizes the movement of services or the combination of goods and services. The definitions committee of the American Marketing Association (1960) said that a channel is "the structure of intracompany organization units and extracompany agents and dealers, wholesale and retail, through which a commodity, product, or service is marketed." This definition is broader than the previous two. However, it cannot be helpful in identifying what the relationship between the institutions.

Walters (1977) defined a channel as "a team of merchant and agent business institutions that combine physical movement and title movement of products in order to create useful assortments for specified markets." According to Rosenbloom (1978), the marketing channel may be defined as "the external contractual organization which management operates to achieve its distribution objectives." Bowersox et al. (1980) defined a marketing channel as "a system of relationships that exists among institutions involved in the process of buying and selling." Benette (1988) defined marketing channel as "an organized network (system) of agencies and institutions which, in combination, performs all the activities required to link producers with users to accomplish the marketing task." Both definitions by Bowersox et al. and Benette emphasize on the channel network as a system.

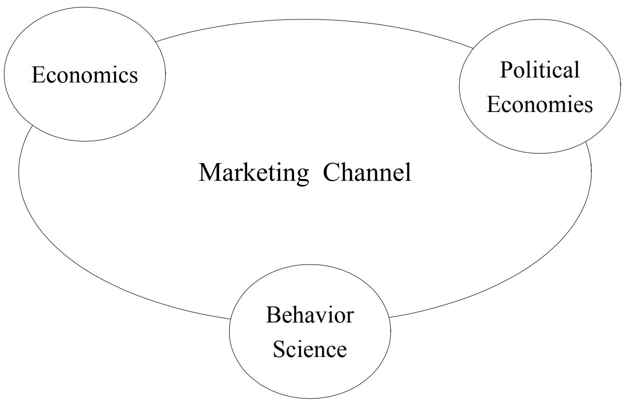
Mentzer (1993) defined channels as "the series of exchanges (both discrete and relational) between organizations and individuals through which the strategic logistics goals of satisfying the customers' time, place, quantity, form, and possession utilities are achieved." This definition includes customer satisfaction as a channel's goal and definite relationships between channel members.

In summary, the definition of channels of distribution has been evolved, being influenced by other disciplinary orientations. Before 1950s, the concepts of marketing were not well developed. During the 1950s, transactional flows as well as physical flows were focused. After 1960s, relationship and system approach appeared in the definitions. Mentzer (1993) added a customer-oriented concept into a channel of distribution.

2. Paradigm Shifts

Thomas Kuhn (1972) proposed the framework on which is built the concept of a scientific paradigm and of its evolution through time. According to Kuhn, a paradigm is "a set of linked assumptions about the world which is shared by a community of scientists investigating that world." In addition, this set of assumptions provides a conceptual and philosophical framework for the organized study of the world (Deshpande, 1983). In other words, a paradigm is "a scientific umbrella which at once unifies and reconciles several preceding theories which have appeared to be contradictory" (Ansoff 1987). Marketing theorists attempted to explain paradigms and paradigm shifts in marketing in terms of Kuhn's framework.

Using the concepts such as micro-macro, normative-positive and profit-nonprofit sectors, Hunt (1978) proposed



[Figure 1] A Perspective of Channel

the three-dichotomies model of marketing. He divided the scope of marketing into eight classes. Each cell stands for a paradigm in marketing. On the other hand, Sheth et al. (1988) classified marketing schools of thought based on economic versus noneconomic perspectives and interactive versus noninteractive perspectives. As a result, they divided the scope of marketing into four categories.

In this paper, I propose three paradigm shifts in the marketing channel on a basis of the work of Sheth et al., Economics, behavioral science, and political economies have heavily influenced the evolution of channels of distribution. Even though the relational approach originated from behavioral science, I want to explain it beyond behavioral approach because this approach has definitely affected the origin of supply chain management. [Figure 1] shows a perspective of channel from disciplinary orientations.

2.1 Economic Approach

As mentioned earlier, economics has influenced the emergence of channels of distribution. Both the functional school of marketing thought and the institutional school of thought originated from the disciplines of economics. Both schools focused on efficiency and cost reduction in a channel of distribution. During the years between 1930～1950, a great deal has been written and said about the need for increased distribution efficiency and the techniques of reducing distribution costs because distribution costs absorbed about 50 cents of every consumer's dollar at that time (Smith 1953).

Distribution includes the storage of merchandise, its transportation, financing necessary to its movement in the channels of trade, the insuring of finished goods inventories and all of the buying, merchandising, advertising, and selling activities in the marketing process because distribution is defined as synonymous with the term "marketing." There are two perspectives on distribution efficiency. According to Vaile (1941) and Engle (1941), marketing efficiency is enhanced merely by a reduction in the cost of marketing based on economic efficiency. Engle (1941) measured marketing efficiency such as wholesaling, retailing, and manufacturing efficiency on a basis of the definition of economic efficiency as "the proportion of output of wealth or income to input of economic factors of production." Vaile (1941) considered the measurement of efficiency with respect to two aspects: (1) Efficiency in the physical aspects of marketing, and (2) Efficiency with respect to measuring changes in ownership.

On the other hand, Phillips (1941) proposed a different approach to marketing efficiency based on social efficiency. He asserted that "one marketing institution is more efficient than another, only if it provides greater consumer satisfaction per unit of economic resources than does the other marketing institution." Low cost does not mean high efficiency because reducing costs with customer dissatisfaction has customers left. Cost alone is no measure of marketing efficiency. Thus, any studies of marketing efficiency should begin with consumer's satisfaction as fundamental. This approach explains distribution efficiency originated from social science, focusing on customer behavior, which explains better marketing efficiency.

Although transaction cost analysis (TCA) originated from neoclassical economics, it evolved with organizational behavior science (Rindfleisch and Heide 1997; Robicheaux and Coleman 1994). In the original TCA work, Coase (1937) proposed that the firm would internalize those activities which are able to perform at lower cost and will rely on the market for those activities in which other providers have an advantage. In his work, transaction costs are considered the "costs of running system" including such costs as drafting, and negotiating contracts, and monitoring and enforcing agreement. Williamson (1975, 1985) expanded Coase's study to suggest transaction costs including both the direct cost of managing relationships and the possible opportunity costs of making inferior governance decision. His framework depends on two assumptions of bounded rationality and opportunism and two characteristics of asset specificity and uncertainty. Scholars in marketing have employed TCA to investigate a broad range of exchange related issues such as vertical integration, vertical interorganizational relationships, horizontal interorganizational relationships, and tests of TCA's assumptions (Rindfleisch and Heide, 1997).

Although the transactional cost analysis framework offers a wealth of insight into the organization of vertical relationships, there are limitations of TCA (Weitz and Jap, 1995). TCA focuses on one firm making decisions to maximize its profits (unilateral control) rather than two firms working together to maximize the profit generated by relationship as well as their individual profits. TCA takes not the transaction cost incurred by both firms in the transaction, but the perspective of minimizing transaction costs incurred by a single firm. TCA ignores additional factors that serve to preserve relationships such as trust, commitment, contractual terms, relationship history, and reputation.

2.2 Behavioral Approach

Since 1960s, such noneconomic domains of human behavior as politics, psychology, behavioral science, and public services were considered appropriate for marketing. Marketing scholars began to apply behavioral principles to explain the behavior of organizations. The channel of distribution came to be regarded as an organization which all the organizations in a channel are dependent on the channel (Sheth and Gardner, 1982). Accordingly, the behavioral aspects such as power, conflict, cooperation, and interdependence among channels of distribution have been focused. During the years between 1960 and 1980, channel power and conflict theories have been major themes in the marketing channel literature (Frazier and Summers, 1986), even though Gaski (1984) said that "channel power and conflict theory is merely approaching maturity."

Many scholars tried to define "power" in marketing channels. Wilemon (1972) defined power as "the ability of one channel member to induce another channel member to change its behavior in favor of the objectives of the channel member exerting influence." Power can be regarded as "the ability of a firm to affect another's decision making and/or overt behavior" (Wilkinson, 1974). According to El-Ansary and Stern (1972), "the power of a channel member is his ability to control the decision variables in the marketing strategy of another member in a given channel at a different level of distribution." Those three definitions have a considerable agreement that power is the ability to evoke a change in another's behavior.

Based on the work of French and Raven (1959), Hunt and Nevin (1974) asserted that the various power sources dichotomize into coercive and noncoercive sources. Coercive power is based on the ability of one channel member to punish another channel member. In reward power, a channel member can reward to another member based on another member's performance. Referent power exists when one channel member confers another member based on the first channel member's overall image or prestige. Expert power exists when one channel member has superior knowledge to another member. Legitimate power is present when one channel member must monitor another member's performance as a result of their contract. In addition, Eyuboglu and Atac (1991) suggested information power is based on the ability access to factual data. A small retailer's access to scanner data that can refute a manufacturer's claim that a major manufacturer-sponsored promotion increased the amount of retailer's sales can be an example of information power.

According to Raven and Kruglanski (1970), conflict is "tension between two or more social entities (individuals, groups, or larger organizations) which arises from incompatibility of actual or desired responses." Lusch (1976) provided definition of conflict in a marketing channel. Channel conflict is a situation in which one channel member perceives another channel member to be engaged in behavior that is preventing or impeding him from achieving his goals. Stern and Gorman (1969) and Etgar (1979) said that channel conflict exists: When a component (channel member) perceives the behavior of another component to be impeding the attainment of its goals or the effective performance of its instrumental behavior patterns. Conflict is virtually inevitable in marketing channel because of the functional interdependence between channels (Gaski 1984). Mallen (1963) pointed out that conflict occurs due to relational exchange between channel members.

The theory of power has developed with the theory of conflict because of the assumption that power is the causative factor with respect to conflict, as well as other variables (Lusch 1976, Frazier and Summers 1986, and Gaski 1984). A number of empirical works were attempted to find out the relationship among power, conflict, sources of power, dependence, satisfaction, performance, and countervailing power. There are some arguments between empirical evidence concerning the direction of some relationship between them.

Even though their study failed to establish a relationship between a channel member's power and dependence and sources of power, El-Ansary and Stern (1972) provided some guidance in terms of hypotheses and measures for further research (Gaski 1984). Hunt and Nevin (1974) researched the relationship between noncoercive sources of power and satisfaction. They reported that franchisee satisfaction is increased when noncoercive sources of power, as opposed to coercive power are used. This result was supported by Lusch (1977), Brown and Fraiser (1978), and Wilkinson (1981). There is an argument in the relationship between power and sources of power. Wilkinson (1974) and Etgar (1978) show a positive relationship between channel power and sources of power, whereas Brown and Fraizier (1978) argue that the more manufacturer power is perceived by dealer, the less those power sources need to be used. They also observe that the use of particular power sources by manufacturers that they called influence strategies were positively correlated with channel conflict and inversely related to dealer satisfaction. On the subject of the sources of power, Wilkinson and Kipnis (1978) found using noncoercive sources of power is more powerful than using coercive sources of power in a wide variety of business organizations. There is a different view on channel conflict that "the greater one member's dissatisfaction with another's performance, the higher the conflict level between them" by Rosenberg and Stern (1971).

Unlike usual power and conflict theory, two empirical studies indicated important aspects of power in marketing channels. Dwyer's experimental results (1980) show that a channel member's satisfaction is strongly correlated with its perception of a channel partner's cooperativeness. In addition, he recognized the commonality between cooperativeness and noncoercive power sources, indicating that there is a positive relationship between the use of such power sources and the satisfaction of a channel member. Guiltinan, Rejab, and Rogers (1980) have touched on important aspects of power in marketing channels. They reported that helpful information like uncertainty reduction by a franchiser explains a significant amount of channel work coordination.

Channel cooperation is defined as "the joint striving of channel members toward individual and mutual goals" (Berman 1996). Alderson (1965) set forth the foundation of a theory of marketing cooperation based on his belief that marketing needs development of such a theory of cooperation to match theories of competition and conflict. Mallen (1967) concluded that "the channel must cooperate and act as a unit for the maximization of channel profits." Bowersox et al. (1980) asserted that channel cooperation is necessary and vital behavior because each channel member depends on the others in the channel to operate efficiently and to achieve their goals.

Channel cooperation is considered the opposite of conflict (Pearson and Monoky, 1976). Researchers have investigated the relationship between cooperation and conflict, performance, and communication (Hunt et al., 1985). Even though much of literature dealing with channels of distribution has concentrated on the aspect of conflict within channels, they state that the answer to this problem is cooperation within channels (Gill and Allerheiligen, 1983). Pearson and Monoky (1976) found that high performance resulted in channel cooperation, while low performance channels exhibited conflict dimension.

Channel cooperation enhances the competitive advantage of channel members linked to quality improvements, cost reductions, enhanced product differentiation, maintenance of technology trends, and strengthened service capabilities. However, according to Pilling and Zhang (1992), significant resistance toward cooperative relationships in the aerospace, defense, and electronics industries were detected in their research because of the potential concerns of opportunistic behavior.

2.3 Political Economy Approach

Since the late 1970s, the theme of cooperation has been recognized in a variety of conceptual frameworks (Day and Klein, 1987). The political economy approach to distribution channel provides insight into cooperative behavior. The political economy paradigm represents the most recent attempt to integrate economic and sociopolitical constructs in to a useful framework to analyze marketing channel (Hunt et al., 1985).

Stern and Reve (1980) first proposed the political economy paradigm as a framework to integrate the economic and sociopolitical determinants of channel member structure and behavior for the study of distribution channels. The essence of political economy framework is the characteristics of marketing channel dyads in terms of their internal structure and external environment (Day and Klein, 1987). The PEP suggests economic and political factors that might be relevant to the study of a channel phenomenon: (1) internal economy (the economic forces within the channel such as transaction form or vertical economic arrangement and decision mechanisms used to decide the terms of trade), (2) internal polity (the sociopolitical forces within the channel such as the power/dependence balance, cooperation, and conflict), (3) external economy (the prevailing and prospective economic environment in which the channel exists), and (4) external polity (the external sociopolitical system in which the channel operates).

The most important limitations of the political economy paradigm relate to the methodological problems and the vagueness and incompleteness of the framework (Arndt, 1983). Hunt et al. (1985) said, “without future empirical work, the political economy approach will remain dormant in terms of explaining and predicting channel performance and efficiency.” Even though this paradigm has received wide attention as a conceptual model for channel research, this limitation remains a question.

2.4 Relational Approach

Marketing scholars believe that a paradigm shift in marketing is undergoing from transaction marketing to relationship marketing (Sharma and Sheth, 1997). Relationship marketing is an old idea but it becomes a popular buzzword in both the academic and business press (Berry, 1995). Berry (1983) used the phrase “relationship marketing” in the service marketing literature for the first time (Gronroos, 1994).

What is relationship marketing? Although no single definition of relationship marketing is universally accepted (Robicheaux and Coleman, 1994), Gronroos (1990) answered that relationship marketing is “to establish, maintain, enhance, and commercialize customer relationships (often but not necessarily always long term relationships) so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfillment of promises.” Shani and Chalasani (1992) offer a similar definition as “an integrated effort to identify, maintain, and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides, through interactive, individualized and value added contacts over a long period of time.” Although the two definitions differ somewhat, they both indicate that relationship marketing focuses on the individual customer-seller relationship, that both parties in the relationship benefit, and that the relationship is longitudinal in nature.

The concept of relationship marketing

that is most relevant to channel research is known as relational exchange (Robicheaux and Coleman, 1994). Hunt and Morgan (1994) states "relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchange," which is broadening beyond relationships dealing with one's customer. Parvatiyar and Sheth (1994) view relationship marketing as "seeking to develop close interactions with selected customers, suppliers and competitors for value creation through cooperative and collaborative efforts." Firms realize that value creation through supplier partnering, alliance partnering, and customer partnering will provide them with sustainable competitive advantage (Sharma and Sheth, 1997). Juttner and Wehrli (1995) suggested the two main objectives of relationship marketing: (1) the design of long-term relationships with customers to enhance value shares for both parties and (2) the extension of the long-term relationship idea to vertical and horizontal cooperation partners.

In conclusion, at the beginning of emergence, relationship marketing encompassed only customer relationships. After Morgan and Hunt (1994) offered the broadened definition of relationship marketing, relationship marketing included attempts by firms to develop long-term relationships with channel members (e.g., wholesalers and retailers) (Nevin, 1995). It is important for firms to recognize that developing successful long-term relationships with channel members creates superior customer value and leads to very satisfied customers.

Ⅲ. The Origin of Supply Chain Management

1. Supply Chain Management

Before identifying the origin of supply chain management, it is better to review the definitions, attributes, and benefits of supply chain management. Supply chain management (SCM) is a relatively new concept that still lacks a clear definition because its definition is still broadening. The supply chain concept originated in the logistics literature and logistics has continued to have a significant impact on the concept (Bechtel and Jayaram, 1997). At the beginning of supply chain management, it was significant how to gain competitive advantage through SCM. As a result, researchers have focused on cost reduction (e.g., low inventory cost) through SCM. Jones and Riley (1985) states "the objective of integrating the supply chain is to lower the total amount of resources required to provide the necessary level of customer service to a specific segment." Stevens (1990) said, "the objective of managing the supply chain is to synchronize the requirements of the customer with the flow of material from suppliers in order to effect a balance between what are often seen as the conflicting goals of high customer service, low inventory investment and low unit cost."

Scott and Westbrook (1990) referred the term supply chain as "the chain linking each element of the production and supply process from materials through to the end customer." Cooke (1997) defined SCM as "successful coordination and integration of all those activities associated with moving goods from the raw materials stage through to the end user, for sustainable competitive advantage." Those activities refer to systems management, sourcing and procurement, production scheduling, order processing, inventory management, transportation, warehousing, and customer service. Those definitions indicate that the goal is to gain as much as efficiency as possible from this sequence of functions or activities. On the other hand, the following definitions emphasize on customer satisfaction regardless of the configuration of the functional areas in the supply chain. Members of The International Center for Competitive Excellence in 1994 defined supply chain management as "the integration of business processes from end users through original suppliers that provides products, services and information that add value for customers." Cooper et al. (1997) asserted that SCM is "integration of business processes from end user through original suppliers that provides products, services and information that add value for customers."

Supply chain management takes several basic attributes that are very different from the traditional ones. First, SCM involves a long-term relationship. Second, supply chains compete against each other, whereas the traditional approach assumes that companies compete one on one. Third, channel leadership is needed for channel coordination. Fourth, information flows are bilateral and compatible. Fifth, channel members cooperate to reduce total channel cost to gain a win-win strategy.

Why would all channel members endeavor to pursue a SCM approach? Because the entire outcome of the channel is improved by a synergistic SCM approach. One of the major benefits is cost reduction through reduced inventory level, productivity improvement and reduced transportation cost (Stuart and Mueller, 1994). Davies and Brito (1996) analyzed the cost structure in grocery supply chains. They found that significant cost could be reduced by reducing the internal costs of both retailer and manufacturer rather than the transaction and logistics costs between them.

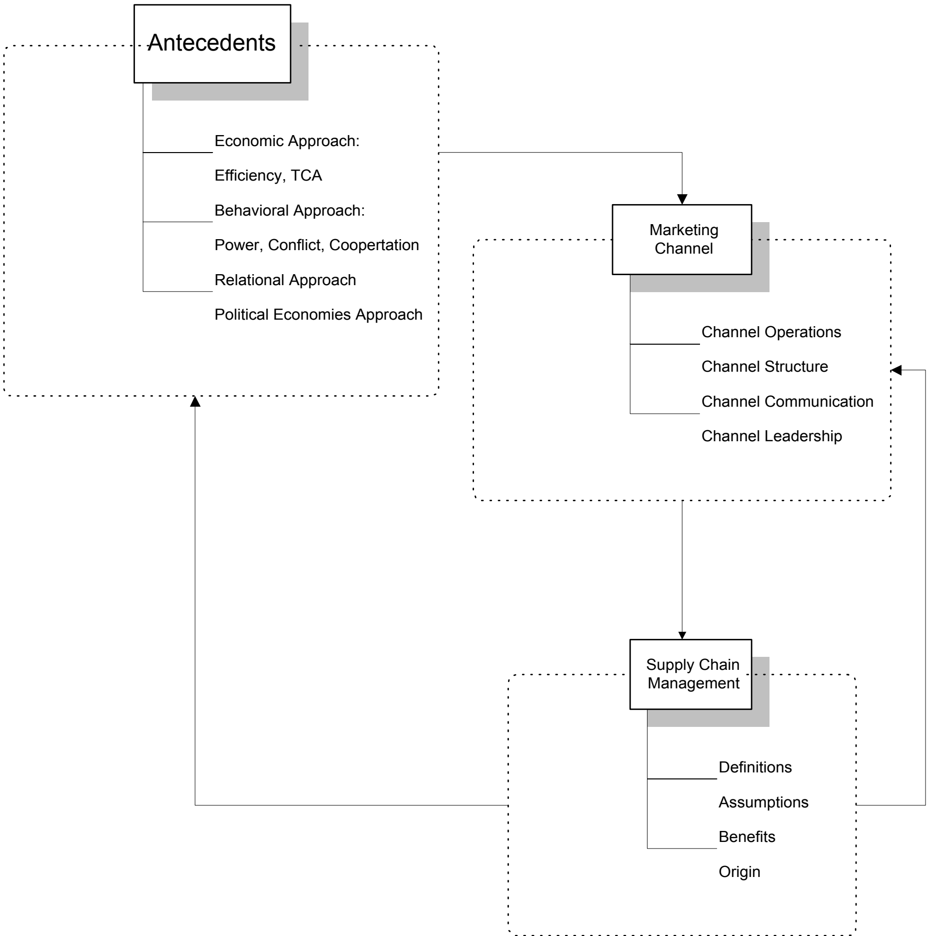
In a competitive environment, effective integration of supplier into new product development can be a competitive advantage (Birou and Fawcett, 1994; Sharma and Sheth, 1997). It yields such benefits as reduced cost, reduced product development time resulted from concurrent engineering (O'Neal, 1993), and improved quality. A number of articles have discussed successful cases for integrating suppliers into new product development (Clark, 1989; Helper, 1990; Birou and Fawcett, 1994; Lipparini and Sobrero, 1994). Early supplier involvement and early supplier selection offers performance benefits in design (Landeros and Monczka, 1989; Cutts, 1992; Wasti and Loker, 1997). Bonaccorsi and Lipparini (1994) suggest that partnering with supplier in the new product development process provides a shorter product cycle, led to better products, and increased the firm's ability to compete.

2. Logistics vs. Marketing Channel

Although the term "supply chain management" appeared first in 1982 by Keith and Webber (Cooper et al., 1997), the concept of supply chain management is not new. According to Coyle et al. (1996), the concept of supply chain management has been developed first from "physical distribution" to "integrated logistics management." Before the 1970s, many companies attempted to manage a set of interrelated activities including transportation, distribution, warehousing, finished goods, inventory levels, packaging, and material handling to ensure the efficient delivery of goods to customer. During the 1970s and 1980s, the combining of the inbound side (material management) with the outbound side (physical distribution) which is called "integrated logistics management" provided potential savings to companies. During the 1980s and 1990s, the third step, supply chain management appeared, changing its name.

Are "physical distribution" and "integrated logistics management" belonging to marketing channel? According the definition of channels by Mentzer (1993), logistics is one of the major subsystems of marketing channel. Walters (1977) also considered them as a part of channel operations because all of the logistics activities and functions occur related to channels of distribution.

Does the scope of marketing channel encompass "supply chain management"?



[Figure 2] A Conceptual Framework

According to Cavinato (1992), the concept of supply chain is the ultimate extension of the distribution channel. SCM is one of the complex channel relationships (Lassar and Zinn, 1995). However, Cooper et al. (1997) indicate that SCM may include marketing research, promotion, sales and information gathering, research and development, product design and development, and total system/value analysis. These functions and activities are beyond "integrated logistics management" as well as marketing channels. Accordingly the entire scope of SCM can't be covered by marketing channels. But most parts of SCM rely on marketing channel.

Thus, paradigm shifts in marketing channels have influenced the emergence and development of SCM [Figure 2]. A Conceptual Framework explains how paradigm shifts in marketing channel affect constituting supply chain management as a part of marketing channels.

3. Economic Approach

Early marketing researchers and economists emphasized efficiency and cost reduction within a channel member. They recognized that the cost reduction due to improved efficiency without customer satisfaction results in lost sales (Phillips, 1941). Like this approach, SCM has been focused on channel efficiency and cost reduction between channel members as well as within a channel member. The difference is that early economists focus on a unit of channel member, whereas SCM views a channel as a system or a pipeline. Early definitions of SCM only emphasize on the integration of channel member's activities to gain competitive edges (Scott and Westbrook, 1991), while the latest definition of SCM includes customer satisfaction (Cooper et al., 1997).

SCM has been solving the limitations of total cost analysis, which is mentioned earlier. Transaction costs that occur between suppliers and manufacturers can be reduced, if the number of suppliers can be decreased. This is risky due to supplier's opportunistic behavior. However, such relationships as trust and commitment can overcome this risk.

In conclusion, from the view of early economic approach, the same rules that reduce cost and improve efficiency are recognized in the concept of SCM. Only the point of view to a distribution channel is different. The concept of SCM represents an effort to surmount the limitations of total cost analysis like relationship marketing did.

4. Behavioral Approach

Power and conflict have not played a great role in SCM, while cooperation has. Still power and conflicts are working in SCM because conflicts are always existing between interdependent organizations (Gaski 1984). According to Lalonde and Pohlen (1996), power from a channel member is the driving force to set a supply chain relationship. The power and leadership influence what to determine the form of SCM (Cooper et al., 1997). In most chains studied to date, there are one or two strong leaders among firms. As a result, channel leadership more focused than before.

Like other areas of marketing channels, channel operations had ample opportunities to develop and maintain long-term relationships, which might be an initial emergence of SCM. However, there are different prospects but almost the same outcomes. Although SCM indicates multiple alliance relationships (Cooper et al., 1997) beyond a dyad relationship, only supplier-buyer relationships have been reported and focused. This is almost the same impact of relationship marketing on marketing channels, which is called cooperative buyer-seller relationships. According to Landeros and Monezka (1989), there are the following five attributes in a cooperative buyer-seller relationship: (1) a supply pool consisting of one or a preferred few suppliers, (2) an alliance incorporating a credible commitment between the buying and selling firms, (3) joint problem-solving activities, (4) an exchange of information between the firms, and (5) joint adjustments to marketplace conditions. Those characteristics are exactly compatible with those of SCM's.

Thus, relationship marketing has heavily influenced the emergence of SCM. Conceptually SCM is somewhat different from a cooperative buyer-seller relationship. However, practically it is almost the same as a cooperative buyer-seller relationship because the majority of relationships performed in marketing channels is a dyad, a buyer-seller relationship.

5. Political Economies Approach

Cooper et al. (1997a) proposed the four multiple paths to supply chain integration: dyadic, channel integrator, analytic optimization, and Keiretsu. Among them, a dyadic approach to SCM is very popular. All of the successful cases in SCM are a dyadic relationship based on partnerships. Achrol et al. (1993) extends the political economy framework by indicating how environmental factors might influence and affect the structure and processes of the dyad. One of the propositions proposed by them is “the higher the uncertainty in the competitive sector of the task environment of marketing channel dyads, the higher is the level of cooperation within the dyad.” This proposition also can apply adequately to explain SCM. The higher level of relationship, partnerships dominate SCM phenomena for a win-win strategy to protect against outside competitors. Thus, although there is few articles mentioned the relationship between political economy in channels and SCM, dyad characteristics is common and similar.

Ⅳ. Conclusion

I regarded SCM as a part of channel operations, but SCM is broadening beyond marketing channels. Like other areas of channel such as channel structure, channel communications, and channel leaderships, channel operations, in particular, logistics have been influenced by paradigm shifts in marketing channel. The concept of SCM, if looking closely, has influenced by economy approach, behavior approach (including relational approach), and political economies approach. Among them, relational approach has a great role in the emergence of SCM.

SCM is not a new concept but a new name. Efficiency and cost reduction mechanisms in SCM are from economic approach. Dyad attributes come from political economies approach. Other relational characteristics rely firmly on relationship marketing. According to Bechtel and Jayaram (1997), the majority of articles on SCM have been case studies or conceptual. Only Ellram (1991) attempted to provide a theoretical development through the use of transaction cost analysis. It is believed that it is mature to build SCM theories avoiding to be diluted and unimportant. Based on Figure 2. A Conceptual Framework, those theories such as power and conflict theories, total cost theory, relationship marketing theory, and political economy theory can be mixed and applied to build a SCM theory. Also, we can research the impact of SCM on those theories. If bilaterally and carefully review their paths, a great theory on SCM will emerge and be developed. This effort is marketing scholars' responsibility.

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