

“An innovative bargaining solution analysis for vertical cooperative promotion management decisions”

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An innovative bargaining solution analysis for vertical cooperative promotion management decisions

Abstract

The paper examined the possibility of an extension of the win-win-win papakonstantinidis conceptualization, as an innovative bargaining solution analysis for vertical cooperative promotion management decisions between marketing channel members. This conceptualization was approached as an alternative pricing and promotion strategy to fixed prices. Our organized literature review led us on an initial judgmental sample of one-hundred (100) published research works (selected at the first stage of the literature review), in order to be scanned and reached at one to fifty-six (56) published research works, which were processed to offer some valuable findings. Our research intention was to categorize the constructs of the following fundamental concept: “vertical cooperative promotion management decision”. A critical hermeneutics approach was adopted for the present study. Our proposition was an extension of the win-win-win papakonstantinidis conceptualization, which led us to “win-win-win spais-papakonstantinidis-papakonstantinidis model”, an innovative bargaining solution analysis for vertical cooperative promotion management decisions applied to a paradigm of a hotel, including three (3) adjusted utility functions.

Keywords: win-win-win papakonstantinidis model, innovative bargaining solution analysis, hotel, operator and vertical cooperative promotion management decisions.

Introduction

According to Lipovetsky (2007), game theory approaches seem to be very convenient and can substantially enrich both theoretical and practical applications of game theory in marketing and advertising research, as Nash solutions are extensively presented in recent empirical studies for marketing channel research (see, for example, Xie and Wei, 2009; Huang, Li and Mahajan, 2002; Huang and Li, 2001; Jørgensen and Zaccour, 1999).

Research aim

The paper will examine the possibility of an extension of the win-win-win papakonstantinidis conceptualization regarding the bargaining games theory analyzing individual winning strategies, through the utilities/shares possible combinations among three “poles” in vertical cooperative promotion management decisions applied to a paradigm of a hotel.

Dant and Schul (1992) stressed the need for a third-party intervention for conflict resolution processes in marketing channels, for the first time in the marketing literature. The Papakonstantinidis conceptualization will be approached as an alternative pricing and promotion strategy to fixed prices. Buhalis (2000) presented evidence about the phenomena of conflict, experienced in the distribution channel between hoteliers and tour operators in the Mediterranean summer/seaside resort context. We believe that conflict phenomena will become more and more intense because of the

economic recession. According to the National Bank of Greece, there is a fall about 11% regarding the revenue from tourists for the first trimester of 2009.

The importance of this try is arisen from the transfer of the pure trust theory to a tourism-marketing context, which can be achieved in order to analyze marketing phenomena of bargaining in tourism marketing alliances characterized by conflict and mistrust (Palmer and Bejou, 1995) and especially in cooperative promotion management decisions of hoteliers and tourism operators. Marketing phenomena are related to understanding of the bargaining problem resolution and the types of negotiation in which the tourism operator and the hotelier dispute the price, which will be communicated and the exact nature of the transaction that will take place, and eventually come to an agreement in terms of a promotion management strategy.

Understanding the nature of the bargaining problem and the behavioral dimensions of dependence and cooperation in the marketing channels of tourism organizations

In order to understand the nature of the bargaining problem in hotels' marketing channels for promotion management decisions, we considered: a) the parameters influencing the bargaining power (according to Porter, 1980) and b) the dependence and cooperation concepts (based on the systemic approach and the behavioral dimension in marketing channels in the tourism context, according to Buhalis and Laws, 2001: 1) sales and profit approach', 2) 'role performance approach', 3) 'specific assets – offsetting investment approach, 4) 'trust approach').

Many years ago, the term "win-win" was made popular in text-books and seminars, as a business model in marketing channels (i.e. Lemeilleur and Tozanli, 2006; Drèze and Bell, 2003; Gummesson, 1997; Cespedes and Corey, 1990). The concept of both people in an agreement "winning" was, at the time, a forward-thinking way of doing business. However, in today's rapidly changing environment of marketing channels, "win-win" simply seems to be not enough (Klein, 2006).

Entering a much more modern concept such as the "win-win-win" or "triple win" seems to address the missing factor in the "win-win" model. The old "win-win" model, while it worked extremely well in the past, only addresses the two parties entering an agreement, for example: a) the buyer and the seller or b) the supplier and the agent. However, where is the customer? Could be the missing link?

Assumptions of the paper

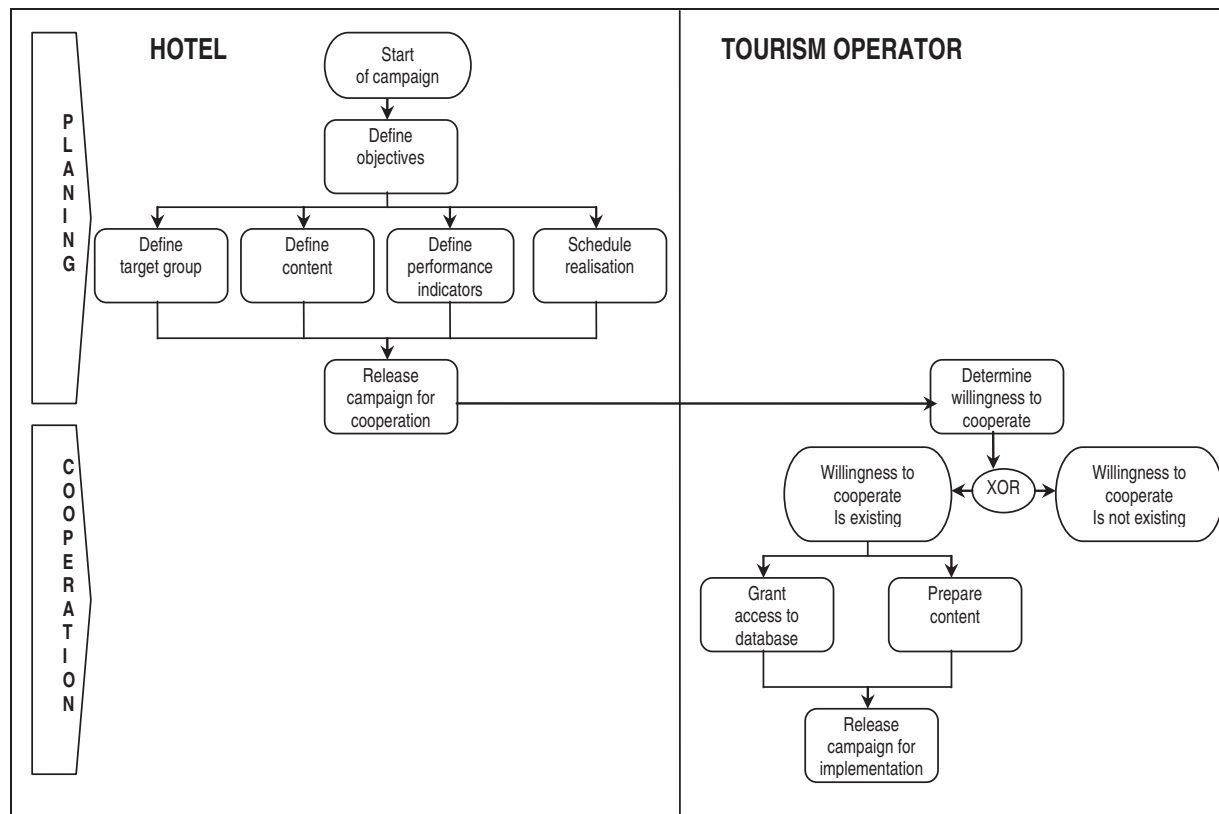
1. Approaching the win-win-win papakonstantinidis model from a marketing aspect, the contribution of the conceptualization in Marketing can be realized if bargaining can be approached as an alternative pricing and promotion strategy to fixed prices. Optimally, if it costs the tourism operator nothing to engage and allow bargaining, he can divine the customers' willingness to spend. It allows for capturing more consumer surplus as it allows price

discrimination, a process whereby a retailer can charge a higher price to one customer who is more eager (by being richer or more desperate).

2. Based on the recent market trends, there is a shift in power from hotels to tourism operators. Tourism operators, as a result, may now possess equal or even greater power than a supplier in some instances regarding advertising and promotion management strategies and expenditures. This could be considered as a source of conflict. Despite the shift of the power to the tourism operators, there is an inability of the tourism operators to influence the hotel's decisions and achieving full coordination between the hotel and the tourism operator in cooperative advertising and promotion management is of great importance.

Introducing the win-win-win conceptualization for vertical cooperative promotion management decisions among three "poles" – reasoning the focus of the paper

In accordance with the framework of a cooperative marketing campaign process as presented by Fux, Mathieu and Myrach (2007), Merzenich (2005), Schumacher and Meyer (2004), a cooperative promotion management campaign process between a hotel and a tourism operator (on both planning and cooperation levels) can be presented as follows (see Fig.1).



Sources: Fux, Mathieu and Myrach (2007), Merzenich (2005), Schumacher and Meyer (2004).

Fig. 1. An adjusted framework of a cooperative promotion management campaign process between a hotel and a tourism operator in accordance with the cooperative marketing campaign process

The win-win-win papakonstantinidis model is a methodological tool for conflict resolution, especially in the case of decision-making, or in forming "instant reflection winning strategies" the BARGAIN (which is the frame). For the needs of the study, we adjust the conceptualization, in order to deal with the development of vertical cooperative promotion management decisions. It has to prove that building a strong competitive advantage in a market mainly depends on the trust links among the partnerships in the vertical marketing channels. Cohesion in partnership in the supply chain may be

measured by the diversification Rate (R^*) from strict rules: from this point of view, customers intervention should be useful, so as to diversify these "rules" at customized level adjusting them to their needs, wants, consuming identity, including communication codes, customs, ethics, culture. The win-win-win methodology, as a marketing channels' development model, should facilitate customers to "readjust" bargaining rules in each market, through a sensitization process: Community of customers is defined as a discrete spatial/cultural entity at its sensitization process' limit.

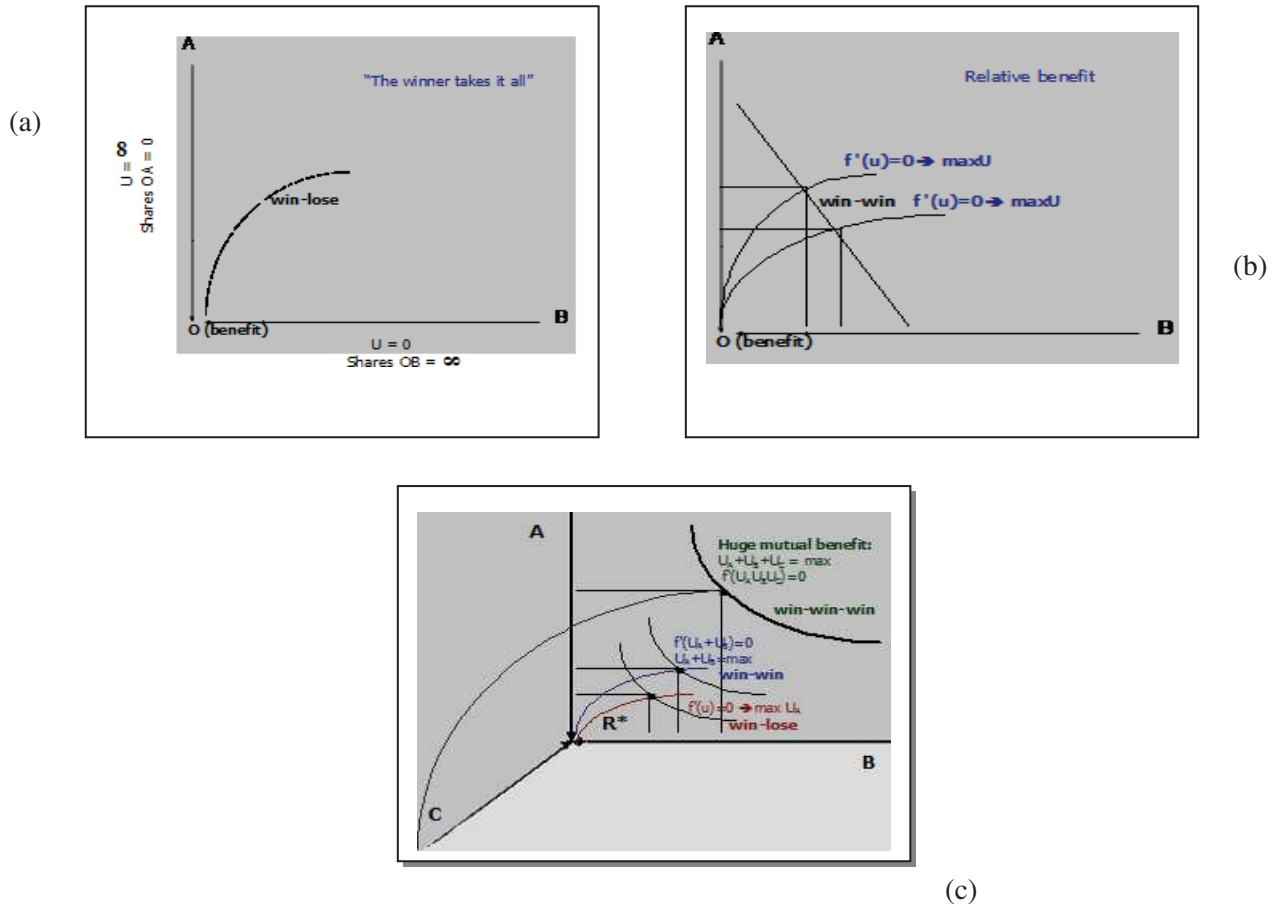


Fig. 2. Conceptual framework – the “win-win-win papakonstantinidis conceptualization” (c) compared to “win-lose” (a) and “win-win” (b) approaches

The knowledge of the win-win-win Papakonstantinidis analysis, as a bargaining solution analysis for vertical cooperative promotion management decisions, will guide the collection and the analysis of the data.

Based on the above, we will present the research themes that we aim to investigate in this paper.

Research question

Can the ‘win-win-win papakonstantinidis’ model be extended as a bargaining solution analysis for vertical cooperative promotion management decisions?

Previous research

Recently, Xie and Wei (2009) addressed channel coordination by seeking optimal cooperative

advertising strategies and equilibrium pricing in a two-member distribution channel. They established and compared two (2) models: a non-cooperative, leader-follower game and a cooperative game. The authors developed propositions and insights based on the comparison of these models. According to the authors, cooperative advertising was a practice when a manufacturer pays retailers a portion of the local advertising cost in order to induce sales.

Huang, Li and Mahajan (2002), based on their remark that the relationship between a manufacturer and a retailer implies the dominance of the manufacturer over retailers regarding cooperative advertising, discussed how manufacturer and its retailers interact in order to adjust cooperative

advertising. The authors explored the role of cooperative advertising in a manufacturer-retailer supply chain through brand name investments, local advertising expenditures, and sharing rules of advertising expenses. They developed and compared two (2) cooperative advertising models. The first cooperative advertising model was based on the traditional leader-follower relationship of a manufacturer and a retailer. The second model incorporated partnership into cooperative advertising coordination.

Based on beggar-thy-neighbor aspect of commodity advertising (which means that benefits to one commodity from advertising come at the expense of other commodities), Crespi and James (2007) offered a bargaining solution, which was an extension of the Nash model.

Yue, Austin, Wang and Huang (2006) studied the coordination of cooperative advertisement in a manufacturer-retailer supply chain when the manufacturer offered price deductions to customers. The authors obtained the necessary and sufficient condition for the price deduction to ensure an increase of manufacturer's profit, and a search procedure for determining such an optimal price deduction was provided as well. When the manufacturer and the retailer were partners, the authors obtained the optimal national brand name investment and local advertisement. For any given price deduction, the total profit for the supply chain with cooperative scheme was always higher than that with the non-cooperative scheme. When price elasticity of demand was larger than one, the resulting closed form optimal price deduction with partnership was also obtained. To increase profits for both parties in a supply chain, the authors recommended that coordination in local and national cooperative advertising with a partnership relationship between manufacturer and retailer was the best solution.

Research & epistemological approach

Vertical cooperative promotion management in marketing channels, through the utilities/shares possible combinations among three "poles", is a very new research field. The conceptual character of the win-win-win papakonstantinidis model is structural for the ontological approach (Ticehurst and Veal, 2000) that we will adopt in this paper. The critical-hermeneutic approach will allow discovering concepts and broader connections in this research framework.

Originality of the paper – contribution to knowledge

Bargaining seems to be critical for marketing channel coordination, e.g., for vertical co-op

advertising (Ailawadi, Beauchamp, Donthu, Gauri and Shankar, 2009; Huang, Li and Mahajan, 2002) or resolving channel member conflicts and for setting trade terms such as transfer special prices and margins, according to Coughlan, Anderson, Stern and El-Ansary (2001). There is a significant literature on constructs such as bargaining problem (Xie and Wei, 2009) and tendency to conflict (Zhuang, Herndon and Zhou, 2005). In contrast, the normative and behavioral principles governing marketing channel dependency and coordination regarding the tendency to sovereignty, tendency to improvement and mistrust are relatively unexplored. Encouragingly, the literature reaffirms the critical role of bargaining in marketing channels (Coughlan, Anderson, Stern and El-Ansary, 2001).

Based on Table 2, the research activity until 1987 was quite low. Only a few research works were presented in the leading marketing journals (Journal of Marketing and Journal of the Academy of Marketing Science). Quite impressive, research activity was over-tripled in the following decade (1988-1998) and the research interest remained on the same level in the first decade of 2000.

No study, till now, has offered new bargaining solution analysis conceptualizations and especially regarding the bargaining games theory analyzing individual winning strategies, through the utilities/shares possible combinations among three "poles" in vertical cooperative promotion management decisions.

We strongly believe that the win-win-win papakonstantinidis model (a model that was first applied in order to examine local and regional development issues (Papakonstantinidis, 2002, 2004a, 2004b, 2007), can be proven as an innovative and valuable methodological tool for bargaining problems in vertical marketing channels regarding cooperative promotion management decisions and will receive a significant attention in the marketing literature in the nearest future.

1. Theoretical framework: "win-win-win papakonstantinidis model"

1.1. Definitions. *1.1.2. Win-win perception:* It's based on when each side of a dispute feels they have won. Since both sides benefit from such a scenario, any resolutions to the conflict are likely to be accepted voluntarily. The process of integrative bargaining aims to achieve, through cooperation, win-win outcomes.

It is necessary to analyze the Nash "non-cooperative-instant reflection game" /or a "win-win perception" as follows: Non-co-operative game is a game between two (2) players/individuals who have

opposite interests (Aumann, 1987). Each player makes his own choices, based on instant reflections' rational movements and his physical cleverness. The game (bargain) is determined by the result (pay-off) and not by player's expectations. It presupposes best choices by both players towards meeting individual interests ("winning strategies" – Harsanyi, 1973). Players (negotiators) do not regret, a posteriori, for their own decision taken, based on personal choices, during the bargain. Each of the players knows a priori that the other negotiator (or player) is as clever as he is. During the bargain, "mutual respect" between the two bargainers to each other's best choices is necessary. It is recognized that the more DETERMINED the breakdown of the negotiation (= less utility), the more satisfied (=better shares) – the more risk, the more profit.

Social behavior is not recognized as an acceptable one in the bargain, thus deriving unfair results: That means, "who needs the agreement as the result of a bargain, has to loose in shares, by accepting any result". Information may be the "link" between knowledge creation and the bargaining process. In particular, "Information" is a power factor in pure individuals winning strategies (Aumann, 1987). The more information, the better winning strategy, the more profit. Each of the players (negotiators), starting negotiations with the other, expects to gain the maximum profit. Interaction, based on instant reflection individual winning strategies, is the base of the Nash Non Cooperative Games Theory.

1.1.2. Win-win-win perception: It's based on the assumptions of information accessibility and diffusion that characterize the modern globalized societies as well as the complexity in the decision-making values that the "third win" (the "C" factor) could unlock a series of obstacles. Another assumption is that the individual (although his/her doubts) must believe that there is a "third" distinguishable part in the bargain (based on behaviorist analysis through the "neural networks").

Sensitization is introduced (regarding the integrated information) as a main variable of the bargain (the "third invisible part of the negotiation"/ the "C" factor). It is about an encephalic hard process in the bargain, which smoothes the angles of conflict or the shares/utilities (according to Nash).

The "third win" functions as an umbrella, which conjoins different "dipolar relationships". Especially, in the business context, it must be understood that the existence of a "distinguishable entity", depends upon the degree of understanding and sensitization of knowing better the other polar (the partnerships in a supply chain), even through pecuniary values.

1.1.3. Bargaining. It's defined as a form of energy between two distinguishable entities with different

expectations and controversial interests, where each part intends to sovereign. Practically, the social relationship "imitates" the natural relation, which is by nature conflictive; in order, the distinguishable entity acquires independent presence and action. This action is directed by the motive of gaining an individual profit. (Nash, Nasar and Kuhn, 2001).

1.1.4. Bargaining problem. A two-person bargaining situation involves two individuals (Neuman and Morgenstern, 1947), who have the opportunity, either to be competitors to each - other (win-lose), or to make coalitions, or even to create pure individual strategies, based on bargainers' instant reflection behavior (win-win) (Nash, 1950; Arrow and Debreu, 1954; Aumann, 1987; Crawford, 1997). Nash (1951) focused on payoff shares/utilities combination. Bargain may result in either agreement or disagreement (Nash, Nasar and Kuhn, 2001). Utility expresses the constraint or the "fear factor" of disagreement for the negotiator who desires negotiations to be led in agreement more than the other one. Who needs more, negotiation leading to an agreement expects more utility, but – probably there is a loss in terms of "shares", due to lack of risk. On the contrary, who is indifferent about "agreement" or expects less utility per unit, has- to win in "shares" under the dogma "the more risk, the more profit" (Crawford, 1997).

So, bargaining problem is mainly based on "Utility Theory" – a mathematical theory of the Neo-classical School of Thought, able to explain (satisfactory) the individual expectations/anticipations, of a possible outcome. Usually, it is expressed in the form of a mathematical function: $f(u) = u^{1/2}$. Individual winning strategies are corresponding 1-1 to utilities $U(A)$ and $U(B)$ (Chun and Thomson, 1990). Utility theory of the individual is mainly based on the "concept of anticipation". In the "two-person utility theory", two (2) individuals in a bargain have the opportunity to collaborate for mutual benefit in more than one way. In its simple/initial version, no action, taken by one of the two individuals without the consent of the other can affect the well-being of the other one, but in real terms, there is only ONE decision, taken by the individual involved in a bargain.

1.1.5. Tendency to conflict. Refers to the tendency to competition between the two parts of the bargain with different expectations and controversial interests, results from the combination of: a) the case of the distinguishable entity, b) mistrust of each distinguishable entity, and c) the tendency to improvement. Based on the above, the motive of individual benefit leads with mathematic precision to the conflict, the tendency to sovereignty and from there to a competition climate, which is the corner stone of our economic system.

1.1.6. Tendency to sovereignty. The reason for which it is repeated is stressing the importance of “the need” for sovereignty which finally “shapes” the expectations. Therefore, we have the following paradox: the expectation determines the motive (individual benefit, sovereignty, competition etc.) and simultaneously “is determined” by the internal need of dominance-sovereignty, something that characterizes our natural world.

1.1.7. Tendency to improvement. Constitutes the core requirement of the above tendency to conflict.

1.1.8. Mistrust of each distinguishable entity. Deals with the intentions of the other. Two distinguishable entities have different expectations; otherwise, the expectation of each one would be identified with the expectation of the other. Therefore, there would not be a bargaining and, of course, no “conflict” and no “distinguishable entities”. If we had two “players” with precisely opposite interests and expectations, then the (A) would doubt the intentions of (B) and (B) would doubt the intentions of (A). We would have thus a “never-ending circle of expectations” (Varoufakis, 2001).

1.2. Assumptions. According to Papakonstantinidis (2002, 2004a, 2004b, 2007), the conditions describing the bargaining situations of the win-win-win papakonstantinidis model are as follows:

1. In a bargaining situation, there are two distinguishable entities with opposite expectations and opposite interests.
2. These distinguishable entities, with the precisely opposite expectations, should be motivated (for individual benefit), so that they are activated and they transform the opposite expectations in opposite interests and from there in opposite “strategies of victory, or sovereignty”.
3. Since we accept the existence of the “distinguishable entity” and the motive of individual profit, we must accept the following condition: the mistrust of each pole of the bargaining situation, regarding the intentions of other. Two distinguishable entities have different expectations, otherwise the expectation of each one would be identified with the expectation of other.
4. The natural tendency of individuals to improve continuously their position, results as basic consequence of the above assumptions, but simultaneously recommends the reason for all above. This natural tendency is permanent. It does not have upper barrier, while on the contrary it has a lower one.
5. Tendency to conflict, which refers to the tendency to competition between the two parts of the bargain with different expectations and controversial interests, results from the combination of: a) the case of the

distinguishable entity, b) mistrust of each distinguishable entity and c) tendency to improvement.

6. Tendency to sovereignty, which refers to the reason for which it is repeated, is in order to stress the importance of “need” for sovereignty which finally “shapes” the expectations.
7. The strategic choice, the decision and the strategic plan: If all the above aim to achieve the strategic goal of sovereignty, then the strategic plan is the means for accomplishing such a goal.
8. The respect of each one of the two poles, in the rationalism of the other, without moral or other extensions. This is essential and necessary condition for the establishment of the bargaining (in opposite case, there is no negotiation, but simply a “sovereignty” of the one pole to the other). Each one from the two opposite poles just simply respects the “bargaining power of the other”, or the “rationalism of the other”, which is about “a better organized strategic plan for the achievement of sovereignty”.
9. The two “opposite” poles are involved in a bargaining situation through the STRICT choices (that have resulted from rationalism and strategies for sovereignty that shape their final decisions), they never regret for their choices and for their final decisions.

2. Literature review

Bargaining seems to be critical for marketing channel coordination, e.g., for vertical co-op advertising (Ailawadi, Beauchamp, Donthu, Gauri and Shankar, 2009; Huang, Li and Mahajan, 2002) or resolving channel member conflicts as well as for setting trade terms such as transfer special prices and margins, according to Coughlan, Anderson, Stern and El-Ansary (2001). There is a significant literature on constructs such as bargaining problem (Xie and Wei, 2009) and tendency to conflict (Zhuang, Herndon and Zhou, 2005). In contrast, the normative and behavioral principles governing marketing channel dependency and coordination regarding the tendency to sovereignty, tendency to improvement and mistrust are relatively unexplored. Encouragingly, as the literature reaffirms the critical role of bargaining in marketing channels (Coughlan, Anderson, Stern and El-Ansary, 2001), we strongly believe that the Papakonstantinidis win-win-win conceptualization as a bargaining solution analysis will receive a significant attention in the marketing literature in the nearest future.

An organized research on the literature, based on the process as it follows, will allow us to understand how critical is bargaining in marketing channels regarding vertical cooperative promotion management decisions and to discover which of the

key concepts of the win-win-win Papakonstantinidis conceptualization are over- and unexplored in the marketing literature. Such a literature review will allow us to map new concepts based on a very new conceptualization (such as win-win-win Papakonstantinidis model) and discover broader connections in this research framework.

2.1. Literature review process. The literature review process is developed through the following three (3) stages:

1. Bibliography collection and search strategy: For the needs of the search, we have adopted: “brief search” and “citation pearl growing” search strategies. The first strategy helped us to collect a series of research works (quite fast). In order to achieve an adding value in the search process, a second search strategy is adopted, which helped us to identify some key research works in order to adopt the existing terminology and concepts, quite useful for the search of other research works. We believe that it was the most suitable approach in order to investigate a research topic almost unsearchable.

2. Based on the first stage, an extension of the literature review will be achieved progressively.

3. Abstractive synopsis and homogenization based on the key words, will allow us to categorize the research works. We believe that the G.I.S.T. principle will provide us with a safe guide in order to identify broader groups arisen from the research question.

2.2. Conceptual mapping. Based on the win-win-win model and the research themes, the following conceptual mapping figure will help us to: a) deepen our understanding of the research themes, b) identify significant concepts, and c) recognize and identify the research activity for each conceptual category of the bargaining solution analysis for vertical cooperative promotion management decision.

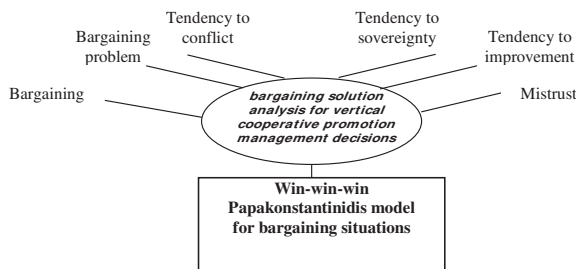


Fig. 3. Conceptual mapping

The above conceptual mapping was introduced based on the keywords of the research aim, the theoretical framework and on the findings of the first stage of the literature review.

Based on the above, the literature review is structured as follows:

1. Categorizing the concepts.
2. Research activity for each conceptual category.
3. Classifying empirical evidence in chronological order.
4. Summary of the literature findings.

2.3. Bargaining and vertical cooperative promotion management decisions.

2.3.1. Categorizing the concepts. In terms of the investigation of the research question, we will categorize the concepts linked to the basic concept of the “bargaining solution analysis for vertical cooperative promotion management decisions”.

Table 1. Categorization of the concepts linked to “bargaining solution analysis for vertical cooperative promotion management decisions”

Category \ Basic concept	“Bargaining solution analysis for vertical cooperative promotion management decisions”
A.	a. Bargaining
B.	b. Bargaining problem
C.	c. Tendency to conflict
D.	d. Tendency to sovereignty
E.	e. Tendency to improvement
F.	f. Mistrust

2.3.2. Research activity for each conceptual category. In this subsection we will present the relative research activity for each conceptual category of the examined concept of “bargaining solution analysis for vertical cooperative promotion management decisions”, according to the categorization of the above subsection. In Table 2 we will present the research works (presented in international academic journals and proceedings of international academic conferences), based on the keywords of the conceptual mapping and the G.I.S.T. literature review principle.

Based on an initial judgmental sample of 100 published research works (selected at the first stage of the literature review, using the above conceptual categories as keywords), we have scanned, and reached at one to the following fifty-six (56) research works (see Table 3), as an indicative research activity for the basic concept of this study. The search and process stage took place from April 30 – June 17, 2009.

The table illustrates some descriptive statistics for the fifty-six (56) published research works related to the topic of “bargaining solution analysis for vertical cooperative promotion management decisions”.

Table 2. Descriptive statistics characteristics of the fifty-six (56) published research works related to the topic of “bargaining solution analysis for vertical cooperative promotion management decisions”

Academic journals & conferences (N=56) Periods (number of published works)	Marketing (publications)	Management (publications)	Production/ operations management (publications)	Other fields (publications)
a) -1987	4 (Journal of Marketing and Journal of the Academy of Marketing Science)	0	0	0
b) 1988-1998	15 (Journal of Retailing, Journal of the Academy of Marketing Science, Journal of Business & Industrial Marketing, International Journal of Research in Marketing, International Journal of Retail and Distribution Management, International Review of Retail, Distribution & Consumer Research, Journal of Marketing Channels)	1 (Management Science)	2 (Journal of the Operational Research Society, Computers & Operations Research)	4 (Annals of Tourism Research, Marine Resource Economics)
c) 1999-2009	15 (Journal of Marketing Research, Journal of Retailing, Journal of the Academy of Marketing Science, Marketing Science, Journal of Business Research, Industrial Marketing Management, International Journal of Research in Marketing, European Journal of Marketing, International Journal of Retail & Distribution Management, Qualitative Market Research, ANZMAC Proceedings)	4 (Omega, Review of Industrial Organization, Decision Sciences)	6 (European Journal of Operational Research, Computers & Industrial Engineering, IEEE Proceedings)	5 (Journal of Optimal Theory & Applications, Electronic Journal of Business Ethics and Organization Studies, Tourism, Australian Journal of Agricultural and Resource Economics, Competitiveness Review, Anti-Trust Bulletin)

Based on the above table, the research activity until 1987 was quite low. Only a few research works were presented in the leading marketing journals (Journal of Marketing and Journal of the Academy of Marketing Science). Quite impressive, research activity was over-tripled in the following decade (1988-1998) and the research interest remained on

the same level in the first decade of 2000.

The research activity for each of the conceptual categories of “bargaining solution analysis for vertical cooperative promotion management decisions” is based on the win-win-win papakonstantinidis theoretical framework and presented in a chronological order (newest to oldest).

Table 3. A short description of the published research works

Categories of concepts linked to “bargaining solution analysis for vertical cooperative promotion management decisions”		Empirical evidence	Description	N=56
A.	Bargaining	Ailawadi, Beauchamp, Donthu, Gauri and Shankar (2009)	This paper addressed two key questions from a retailer's perspective: (1) what have we learned from prior research about promotion, advertising, and other forms of communication, and (2) what major issues should future research address in this area. In addressing these questions, the authors proposed and followed a framework that captures the interrelationships among manufacturer and retailer communication and promotion decisions and retailer performance. They have examined these questions under four (4) major topics: determination and allocation of promotion budget, trade promotions, consumer promotions and communication and promotion through the new media.	10
		Yue, Austin, Wang and Huang (2006)	This paper addressed the coordination of cooperative advertisement in a manufacturer-retailer supply chain when the manufacturer offered price deductions to customers. With a price sensitive market, the expected demand with cooperative advertising and price deduction was demonstrated. To increase profits for both parties in a supply chain, the authors recommended that coordination in local and national cooperative advertising with a partnership relationship between manufacturer and retailer was the best solution. The bargaining results showed how to share the profit gain between the manufacturer and the retailer, and determine the associated pricing and advertising policies for both parties.	

Table 3 (cont.). A short description of the published research works

Categories of concepts linked to "bargaining solution analysis for vertical cooperative promotion management decisions"		Empirical evidence	Description	N=56
		Richards and Patterson (2005)	This paper addressed if a non-cooperative equilibrium can emerge that produces margins above the competitive level. Supermarket pricing results from tacitly collusive equilibria supported by trigger price strategies played in upstream markets. Upstream activities were, in turn, driven by periodic retail price promotions. The results supported the existence of tacitly collusive non-cooperative equilibria in upstream and downstream markets.	
		Iyer and Villas-Boas (2003)	This paper addressed a framework to examine bargaining between channel members and demonstrate that the bargaining process actually affected the degree of coordination and that two-part tariffs would not be part of the market contract even in a simple one manufacturer-one retailer channel. To establish the institutional and theoretical bases for these results, the authors relaxed the conventional assumption that the product being exchanged was completely specifiable in a contract. They showed that the institution of bargaining has forced, and it affected channel coordination when the complexity of nonspecifiability of the product exchange was present. The authors found that greater retailer power promoted channel coordination.	
		Li, Huang, Zhu and Chau (2002)	This paper addressed three strategic models for determining equilibrium marketing and investment effort levels for a manufacturer and a retailer in a two-member supply chain. Especially, it addressed the impact of brand name investments, local advertising, and sharing policy on co-op advertising programs in these models. The authors have examined the effect of supply chain on the differences in profits resulting from following coordinated strategies as opposed to leader-follower strategies. A cooperative bargaining approach was utilized to determine the best co-op advertising scheme for achieving full coordination in the supply chain.	
		Huang (1997)	This paper addressed coordinating relationships between the franchiser and the franchisee. It was demonstrated that the franchisee's risk aversion plays an important role in the franchising coordination. The analyzes showed that the channel coordination could be achieved utilizing well-known bargaining models.	
		Kinnucan, Nelson and Xiao (1995)	This paper addressed a rent-dissipation model applied to the U.S. catfish industry, which suggested that the quasi-rents generated by increased advertising were more than sufficient to cover incremental costs over any reasonable time horizon. According to the authors, fish producers used generic advertising to accelerate demand growth to alleviate temporary surpluses. Whether this cooperative promotional venture was profitable depends on a number of factors including industry supply response and bargaining.	
		Strutton, Petton and Lumpkin (1993)	This paper addressed the overall differences that were observed in the psychological climate perceptions held by franchisees who were engaged in problem-solving, persuasion, bargaining, and politicking conflict-resolution strategies.	
		Gupta (1989)	This paper addressed a mathematical model specifically appropriate to integrative, multiple issue bargaining situations such as the decision-making situations in marketing. The central features of the model were: (I) the close relation of the model structure to integrative, multiple issue bargaining, (II) the importance of the reference point as a determinant of the outcome, and (III) the property of the solution, which implies that the balance of overall power was maintained at the outcome. The equivalence of this model to an axiomatic model of cooperative bargaining was also shown.	
		Dwyer and Walker Jr. (1981)	This paper addressed a gaming experiment to compare the bargaining processes and outcomes in an asymmetrical power structure against those of a more balanced setting. Bargaining in the unbalanced condition was more "efficient", but the terms of agreement were much less predictable, and some weak members failed to obtain the valued resources.	
B.	Bargaining problem	Xie and Neyret (2009)	This paper addressed co-op advertising and pricing strategies in distribution channels consisting of a manufacturer and a retailer. Four (4) different models were discussed which were based on three (3) non-cooperative games (i.e., Nash, Stackelberg retailer and Stackelberg manufacturer) and one cooperative game. The authors identified optimal co-op advertising and pricing strategies for both firms mostly analytically but they had to resort to numerical simulations in one case. Comparisons were then made about various outcomes, especially the profits, for all cases. This led to considering more specifically the cooperation case in which profits were the highest for both the retailer and the manufacturer, and how they should share the extra joint profit achieved by moving to cooperation. The authors solved this bargaining problem using the Nash bargaining model.	11
		Xie and Wei (2009)	This paper addressed channel coordination by seeking optimal cooperative advertising strategies and equilibrium pricing in a two-member distribution channel. They have identified the feasible solutions to a bargaining problem where the channel members could determine how to divide the extra profits.	

Table 3 (cont.). A short description of the published research works

Categories of concepts linked to "bargaining solution analysis for vertical cooperative promotion management decisions"		Empirical evidence	Description	N=56
		Wang, Dai and Yu (2006)	This paper addressed a distribution system including a manufacturer and two independent retailers, who used advertisement to compete for end customers. According to the authors, the retailer's commodity demand volume was influenced by competitor's advertising input as well as by his own. Then in the new situation, what was the retailers's advertising input policy? How did manufacturers make the replenishing policy to different retailers? Which factors influenced the choice of marketing channel? These questions were the main research contents of this paper.	
		Banks, Hutchinson and Meyer (2002)	This paper addressed what type of reputation is best for a buyer or seller to take to the bargaining table in a marketing channel interaction. The authors answered that question by incorporating each of the characteristics that typify channel interactions in a formal game-theoretic bargaining model. They determined how the reputations that buyers and sellers bring to the bargaining table affect their equilibrium strategies and payoffs.	
		Huang, Li and Mahajan (2002)	This paper addressed the exploration of the role of co-op advertising in a manufacturer-retailer supply chain through brand name investments, local advertising expenditures, and sharing rules of advertising expenses. This relationship implied the dominance of the manufacturer over retailers, although that evidence showed that there was dominance of the retailers over the manufacturers. Two (2) co-op advertising models were developed and compared. The first co-op advertising model was based on the traditional leader-follower relationship of a manufacturer and a retailer. The second model incorporated partnership into co-op advertising coordination. Business examples and managerial implications of the models have been discussed. A cooperative bargaining technique was utilized to implement the partnership co-op advertising model.	
		Huang and Li (2001)	This paper addressed the role of vertical co-op advertising efficiency with respect to transactions between a manufacturer and a retailer through brand name investments, local advertising expenditures, and sharing rules of advertising expenses. This relationship implied the dominance of the manufacturer over retailers. Three (3) co-op advertising models were discussed, which were based on two noncooperative games and one cooperative game. In a leader-follower noncooperative game, the manufacturer was assumed to be a leader who first specifies the brand name investment and the co-op subsidization policy. The retailer, as a follower, then decides on the local advertising level. In a noncooperative simultaneous move game, the manufacturer and the retailer were assumed to act simultaneously and independently. In a cooperative game, the system profit was maximized for every Pareto efficient co-op advertising scheme, but <i>not</i> for any other schemes. All Pareto efficient co-op advertising schemes were associated with a single local advertising level and a single brand name investment level, but with variable sharing policies of advertising expenses.	
		Srivastava, Chakravarti and Rapoport (2000)	This paper, based on game-theoretic model addressed bargaining behavior and outcomes in this channel negotiation scenario. The authors derived both point predictions and directional implications from this sequential equilibrium (SE) bargaining model regarding how manufacturer uncertainty about distributor value (consumers' reservation price), opportunity cost of delay, and the actual reservation price (total surplus) should influence bargaining outcomes. The predictions were tested in two experiments. The point predictions served as benchmarks against which they have evaluated the observed bargaining outcomes, as they have focused on testing the model's directional implications. They have also explored the underlying bargaining process to assess the extent to which subjects conform to the SE signaling rationale in optimizing channel profits. Both experiments showed that the point predictions of the SE model fall considerably short in describing bargaining behavior and outcomes.	
		Jorgensen and Zaccour (1999)	This paper addressed conflict and coordination in a two-member channel of distribution. Authors proposed a differential game model that included carryover effects of advertising, expressed by a retailer-specific stock of advertising goodwill. Pricing and advertising strategies for both firms were identified under channel conflict as well as coordination.	
		Kasulis, Morgan, Griffith and Kenderdine (1999)	This paper addressed the complex issue of trade promotion use from both long-term and short-term perspectives. Different trade promotions can produce dissimilar types of channel cooperation, consumer responses, and postpromotion channel member behavior, resulting in differences in distribution-programming preferences between suppliers and retailers. The authors argued that the adjudication of these different preference structures is addressed through the market power of the channel participants.	

Table 3 (cont.). A short description of the published research works

Categories of concepts linked to "bargaining solution analysis for vertical cooperative promotion management decisions"		Empirical evidence	Description	N=56
		Murray and Mentzer (1993)	This paper addressed the relationship between the critical source of perceived environmental uncertainty (vertical vs. lateral) and the political processes of channel dyads. The authors used a dyadic bargaining simulation. A number of hypotheses, as suggested by this framework, were empirically tested. Political processes were defined as the dominant sentiments or relations of conflict and cooperation which characterized the negotiation process. It was found that uncertainty as perceived in the lateral environment (competitive sector) affected dyadic sentiments as hypothesized. Uncertainty as perceived in the vertical environment (input-output sectors) had no effect on the dominant sentiments of bargainers. The authors' interpretation suggested that perceived environmental uncertainty affected the dominant sentiments of bargaining dyads differently, depending upon the critical source (lateral vs. vertical) and magnitude (degree of uncertainty as perceived in the total environment).	
		Berger and Magliozzi (1992)	This paper addressed optimization of vertical co-operative promotion decisions in a direct mail operation. The authors demonstrated that it is likely that a vertical co-operative direct mail promotional effort can result in a situation in which both the direct mailer and the manufacturer increase profits, compared with the situation where the direct mailer makes 'optimal' direct mail decisions without regard to any involvement with the manufacturer. They have shown that the manufacturer can optimize the profitability by agreeing to a specific (quantitatively determined) contribution to mail order costs. It is illustrated how the manufacturer and direct mailer can co-operate (move away from their individual optimal decision variables), reaching an integrative, rather than a distributive solution, and jointly set the values of these decision variables, so that the total profit generated by the operation is higher than the sum of the individual profits of the two parties.	
C.	tendency to conflict	Zhuang, Herndon and Zhou (2005)	This paper addressed the impact of channel members' power on their uses of power in two distinct conditions: in power advantage and in power disadvantage. The study found that channel members' power has a positive impact on their uses of no coercive power regardless of their relative position in channel dyads. Their uses of coercive power were sensitive negatively to their own power in the condition that they were in power advantage, and sensitive negatively to the target members' power in the condition that they were in power disadvantage.	19
		Ikeda, Veludo-de-Oliveira and Campomar (2005)	This paper addressed the conflict phenomenon and examined some strategies to overcome it. Results showed that conflicts are more felt in the marketing area itself and in near and related areas. Communication was the main source of conflict, followed by different expectations and organizational structure.	
		Sahadev (2005)	This paper addressed the impact of expert power on certain channel relationship variables. The behavioral variables considered in the study are the use of behavior-based coordination strategy, use of problem-solving approach for conflict resolution, collaborative communication, cooperation and trust.	
		Pennings (2004)	This paper addressed that one of the drivers for this dynamism in a channel contract relations was the firm's strive for shareholder value. Using channel contract relationships as market-based assets, firms are managing a portfolio of spot and forward contract relationships. By exclusively focusing on the cash flow consequences of contract relationships, in the context of an industrial marketing channel, the author introduced a decision-oriented, normative, multichannel dyadic model that showed how channel contract relationships interact, thereby explaining the various contract relationships that exist and the dynamics within these relationships. The model transformed top management's financial objectives into marketing management decisions and guided the decision process of channel members in optimizing the cash flow consequences of channel contract relationships.	
		Moore, Birtwistle and Burt (2004)	This paper addressed the problems that may arise from fashion retailers' international relationships. It was found that these relationships face significant tensions, specifically with respect to strategy non-compliance, perceptual disagreements, and arguments concerning the demarcation of decision-making responsibility.	
		Zhou, Lv and Zhao (2004)	This paper addressed the conflict causes in channel of Chinese telecom industry (TI), based on a survey. The results indicated that there were four (4) causes of channel conflict: <i>goal divergence, roles unclarity, expectations divergence and relationship disharmony</i> . Three of these causes studied here were found to be similar to those in western channels, but the other conflict cause relationship disharmony – was the particular conflict caused in Chinese TI.	

Table 3 (cont.). A short description of the published research works

Categories of concepts linked to "bargaining solution analysis for vertical cooperative promotion management decisions"		Empirical evidence	Description	N=56
		Wooten (2003)	This paper addressed a situation where marketing channels became lengthened, not shortened, because of the ability of Internet users to overcome knowledge gaps and demolish established channel barriers. The complexity and problems of control in a vertical marketing system (VMS) when it crosses borders and cultures were presented. The example of the motor car was used as a familiar high involvement purchase. The several sources of conflict in the channel were identified and the motivations of the channel partners were understood. The historical holders of power in the channel come under pressure to release their hold and face the new changes that the Internet has brought.	
		Buhalis (2000)	This paper addressed industrial relationships in the distribution channel of tourism. The author concentrated on the conflict experienced in the distribution channel between hoteliers and tour operators in the Mediterranean summer/seaside resort context. Research in Greece demonstrated that Mediterranean hoteliers increasingly find the power of tour operators from Northern European countries very challenging. Similarly, with other intermediaries, in order for tour operators to remain competitive in the marketplace they have reduced the profit margins of their suppliers at destinations and thus reduce the profitability levels of enterprises and the economic impacts at destinations.	
		Menon, Bharadwaj and Howell (1996)	This paper addressed a systematic look at the antecedents and consequences of both functional and dysfunctional conflicts in intraorganizational relationships. The authors developed and empirically tested a causal model for key organizational antecedents of new product strategy quality and market performance. They found that dysfunctional conflict in the decision-making process has deleterious consequences for quality of strategy and market performance, whereas functional conflict improved both quality of strategy and performance. Specifically, organizational design characteristics such as formalization, interdepartmental interconnectedness, low communication barriers, and team spirit improved new product performance by enhancing functional conflict, whereas centralization and high communication barriers lower new product performance by increasing dysfunctional conflict.	
		Hunt (1995)	This paper addressed information processing to the channel literature to explain how channel members form schema against which new information about a specific channel member was compared. The comparison of new information against an existing schema influences whether a specific conflict episode has the potential of being viewed as functional or dysfunctional. The author developed the notion that both individual boundary personnel and the organization form schema. In addition, it was contended that the organization's schema was a "superordinate" schema that was conveyed to the individual boundary personnel, and acted as the primary mechanism used to compare incoming information.	
		Roslow, Laskey and Nicholls, (1993)	This paper addressed cooperative advertising as a mutual benefit of channel partners. They have shown that manufacturers and dealers/distributors in the boating industry viewed this marketing activity very differently. Manufacturers saw no connection between cooperative advertising and other aspects of the relationships with their dealers. On the other hand, dealers related their views of cooperative advertising to other facets of their relationships with manufacturers. Consequently, when there was a conflict over cooperative advertising, it was liable to have a negative effect on other arrangements that dealers have with manufacturers.	
		Nicholls, Roslow and Laskey (1993)	This paper addressed relationships between perceptions and behaviors of channel members in an industry embroiled in conflict. The authors scrutinized these relationships from the perspective of the retailers. They have utilized realistic perceptual and behavioral constructs, which were meaningful to retailers. The results suggested that the relationships between perceptions and behaviors might be bi-directional.	
		Brown and Fern (1992)	This paper addressed a quasi-experiment using simulation gaming in a classroom setting aimed at determining the impact of dual distribution upon marketing channel conflict. While the results uncovered no differences in conflict perceptions between two experimental groups a single channel control group and a dual channel treatment group they did indicate that channel structure moderated the longitudinal nature of conflict in marketing channels.	
		Dant and Schul (1992)	This paper, based on power theory, addressed the overall incidence of the integrative problem-solving approach, but a preference for third-party intervention when the disputed issues involve high stakes, complexity, and policy connotations and when the franchisee dependency was rated high.	

Table 3 (cont.). A short description of the published research works

Categories of concepts linked to "bargaining solution analysis for vertical cooperative promotion management decisions"		Empirical evidence	Description	N=56
		Hammond Ketilson (1991)	This paper addressed the relationship between channel conflict and channel structure. In order to provide the focus for an in-depth research effort, this investigation was restricted to one type of channel structure, a retailer-owned co-operative wholesaling-retailing system, and to an examination of the role and importance of legitimate power as it contributed to channel conflict. A cross-sectional study was conducted of management and boards of directors of the wholesaler and 165 member-retailers of the Co-operative Retailing System. Results from correlational analysis of the aggregated data from sixty-four (64) retail outlets indicated that a co-operative retailing-wholesaling system offered a model of distribution where the benefits of independence and co-ordination have been melded.	
		Perry (1991)	This paper addressed the literature on conflict, performance, and their relationships (theoretical and empirical). A modified model of the conflict-performance assumption was proposed by the author, which offered insights and premises for future testing. According to the author, empirical research to date has failed to uncover the most appropriate model specification of the functional relationship between conflict and performance in marketing channels.	
		Gaski (1984)	This paper addressed the status of the theory of power and conflict in marketing channels. The author included a presentation of the conceptual foundation provided by behavioral science and a report on empirical contributions of the marketing literature.	
		Zikmund and Catalanello (1976)	This paper addressed the channel development as a fresh approach to channel management, in terms of the argument that channel conflict should not be unmanaged as the actual practice of handling conflict is a problem.	
		Rosenbloom (1973)	This paper addressed some simple conceptual models, which illustrated possible relationships of conflict to channel efficiency. According to the author, these models could provide the decision maker with a useful framework for utilization of the findings of empirical studies of conflict in the marketing channels.	
D.	Tendency to sovereignty	Geylani, Dukes and Srinivasan (2007)	This paper addressed the growing dominance of large retailers, which has altered traditional channel incentives for manufacturers. The authors presented a theoretical model to illustrate a strategic manufacturer response to a dominant retailer. In the model, a dominant and a weak retailer compete for the sale of a single product supplied by a single manufacturer. The dominant retailer has the power to dictate the wholesale price, but the manufacturers have set the wholesale price for the weak retailer. The manufacturer also had partial ability to transfer demand between retailers. In the strategic manufacturer response, the manufacturer began by raising the wholesale price for the weak retailer over that for the dominant retailer. This made the weak retailer the high-margin channel. The manufacturer then transferred demand to the weak retailer by engaging in joint promotions and advertising.	11
		Dukes, Gal-Or and Srinivasan (2006)	This paper addressed an analytical model of competing manufacturers and competing multiproduct retailers, where the authors showed that manufacturers might actually experience increased profits when a retailer gained an exogenous cost advantage over its rival retailer. Potential channel efficiencies existed when retailing costs were reduced. The authors illustrated that channel transactions based on bilateral bargaining capture these efficiencies by transferring market share to the more efficient retailer, thus increasing channel profits. In a bargaining relationship between a manufacturer and a retailer, the manufacturer realized some of these enhanced efficiencies. The authors discussed the managerial implications for pricing in channels.	
		Kim and Hsieh (2006)	This paper addressed theoretical and methodological hurdles for explicating that link and developed a set of hypotheses about the asymmetric effect of power on locus of control with new theoretical perspectives. The authors introduced an analytical tool to capture both linear and nonlinear effects of power on locus of control on a response surface and test the hypotheses with data collected through a national survey of industrial distributors. The analysis results supported the prediction that a distributor's own power and supplier power as is perceived by the distributor had asymmetric effects on locus of control and provide more fine-grained accounts on the relationships among distributor power, supplier power, and locus of control in an interfirm dyad.	
		Bonet and Paché (2005)	This paper addressed whether decision-makers in the manufacturing and retailing industry really wish to implement cooperative logistical relationships in the long term. The authors have resorted to studying decision-makers' private speech and to trying to discover the real meaning of their declarations. An original content analysis technique was implemented, which makes identifying hindrances to collaborative practices in the logistics channel possible. From the main results, it could be concluded that logistical relationships still tend to lead to vertical competition. According to the authors, this finding was surprising when confronted with the development of academic literature on the so-called foreseeable evolution of food marketing channels	

Table 3 (cont.). A short description of the published research works

Categories of concepts linked to "bargaining solution analysis for vertical cooperative promotion management decisions"		Empirical evidence	Description	N=56
		Zhuang and Zhou (2004)	This paper addressed the causal relationship between dependence and power in the context of marketing channels in China in the setting of department stores and their suppliers. The hypothesized relationship that a channel member's power was derived from the other's dependence in the channel dyad, which was based on existing Western literature on channel behavior, did not fit well with our data. Some dimensions of dependence did not have a significant influence on channel members' perception of power. The empirical data fit better with a reversed relationship inferred from the Chinese psychoculture.	
		Matanda, Schroder and Mavondo (2000)	This paper addressed the relationship between attitudinal and behavioral relational constructs and channel member satisfaction. The relationships investigated were those between the retailers of fresh produce in Zimbabwe with their suppliers. There were two types of retailers: formal (larger retailers usually operating in a supermarket format), and informal (small, traditional retailers usually operating in open markets). There was a high degree of vertical integration in the formal sector and a few horticultural suppliers/distributors control most formal retail outlets. The most profitable outlet for suppliers of fresh produce was exporting and the domestic market was viewed as a residual market. In this situation, retailers have limited influence on the product range or quality as overseas importers drive this. Retailers in the informal sector were also concerned with the maintenance of good buyer-seller relationships with their suppliers to ensure continuity of supply especially during the dry periods. While there was a positive association between overall satisfaction with the relationship and attitudinal variables such as power and trust, there was no relationship between these attitudinal variables and satisfaction with the product/service offering probably because retailers in both sectors feel that they lack power to influence the quality and type of produce they receive.	
		Howe (1998)	This paper addressed the trends in the market power relationship between UK grocery manufacturers and retailers over the past 10-15 years. It identified the underlying causes of trends in this area, the implications for consumer welfare, and the legislative framework relating to these relations. According to the author, contributory factors to the changed market-power relationship are relative manufacturer and retailer firm size and market share, individual manufacturing firm market dependence upon particular retailers, information technology, private label merchandise and product development activities, logistics arrangements and other vertical links between manufacturers and retailers.	
		Weitz and Jap (1995)	This paper addressed several factors leading to this change of interest, proposed a scheme for classifying channel relationship research based on control mechanisms, and suggested areas for future research involving the use of contractual and normative control mechanisms in conventional channel relationships. According to the authors, the interest of practitioners and academics in channel relationship management has shifted from corporate channel structures and relationships in conventional channels governed by use of power to relationships between independent firms involving contractual and normative control mechanisms.	
		Brown, Lusch and Nicholson (1995)	This paper addressed the impact of the supplier's use of power on two key outcomes: (1) the retailer's commitment to the channel relationship, and (2) both supplier and retailer performance within the channel. The authors also investigated how retailer commitment affects performance in the channel. They have argued that key linkages are moderated by the symmetry of power within the channel (i.e., whether the retailer is more powerful, power is somewhat balanced between the two channel members, or the supplier is more powerful).	
E.	Tendency to improvement	Crespy and James (2007)	This paper addressed a bargaining solution as an alternative to cooperation in the case where cooperative side payments would be needed. The authors showed that while bargaining without side payments was not as effective as cooperation at reducing beggar-thy-neighbor effects, it was a welfare-improving alternative to non-cooperation and was likely more practical in many situations.	1
F.	Mistrust	Fulconis and Paché (2005)	This paper addressed questions regarding supply chain management (SCM) as a source of competitive advantage if, and only if, firms that participate in it formalized a strategic partnership between each other beforehand, given that the corporate cultures currently in place were largely founded on a tradition of adversarial relationships, the creation of large groups and the development of vertical concentrations. According to the authors, the majority of studies on SCM emphasized the importance of cooperative relationships for improving the integration of business processes into a supply chain facing the predominance of mistrust.	8
		Sahadev (2005)	This paper addressed the impact of expert power on certain channel relationship variables. The behavioral variables considered in the study are the use of behavior-based coordination strategy, use of problem-solving approach for conflict resolution, collaborative communication, cooperation and trust.	
		Weitz and Wang (2004)	This paper addressed a review of the academic marketing research that developed and tested theories involving the vertical relationships between manufacturers and retailers in a distribution channel.	

Table 3 (cont.). A short description of the published research works

Categories of concepts linked to "bargaining solution analysis for vertical cooperative promotion management decisions"		Empirical evidence	Description	N=56
		Andaleeb (1995)	This paper addressed how the behavioral intentions of channel members were likely to be moderated by trust perceptions when dependence was high or low. An experimental research methodology using a 2 × 2 factorial design was employed in a contrived marketing channel. Data were collected in two stages; first from business-school students in a behavioral laboratory and subsequently from managers representing an array of firms. The results indicated the important role of trust in explaining intentions to cooperate, exert controls, and adopted a strong influence stance in a buyer-seller dyad. Dependence also influenced intent to corporate and willingness to adopt a strong stance but had no effect on intentions to exert controls.	
		Palmer and Bejou (1995)	This paper addressed a model describing the coverage, form, mode, and motivation of tourism marketing alliances, which involved many stakeholders and a complex product offer. Cooperative marketing campaigns were characterized by high level of complexity and interdependency. According to the authors, the nature of their environments influences the domain over which they have authority. The complexity of the above relationships was determined also by a high level of mistrust especially among potential alliance partners. Based on UK and USA tourism marketing alliances, the authors claimed that prescriptions for local tourism marketing alliances should not be made without understanding the needs of stakeholders and the constraints of their environments.	
		Morgan and Hunt (1994)	This paper addressed success factors of relationship marketing such as commitment and trust, using data from automobile tire retailers.	
		John and Weitz (1988)	This paper addressed the link between internal uncertainty and transaction cost. The question of the appropriate degree of vertical integration in the distribution channel has occupied the authors. They have used data from several industrial-product industries. They used key informants in each firm and analyzed the resulting data through multiple regression and multinomial logit analysis. They have also found that firms were less likely to use reseller channels when specific asset levels were higher.	

2.3.3. *Classifying empirical evidence according to chronological order.* Based on Table 3 we will present the chronological order of the fifty-six (56) research works. Given that the bargaining solution analysis for vertical cooperative promotion management decisions based on the win-win-win papakonstantinidis conceptualization is a totally new research field and the concept of the win-win-win bargaining solution for vertical cooperative promotion management is presented for the first time in the marketing literature, the chronological order of the above conceptual categories will allow us to identify: I) the level of research activity; II)

the research priorities for each time period; III) the research gaps, and IV) valuable research directions and suggestions for further research.

The above research works were classified into six (6) categories according to the conceptual categories of the "bargaining solution analysis for vertical cooperative promotion management decisions". We have decided to present the chronological order according to the following three (3) periods: a)-1987, b) 1988-1998, and c) 1999-2009. In Figure 4 the fifty-six (56) publications are presented, with some interesting remark.

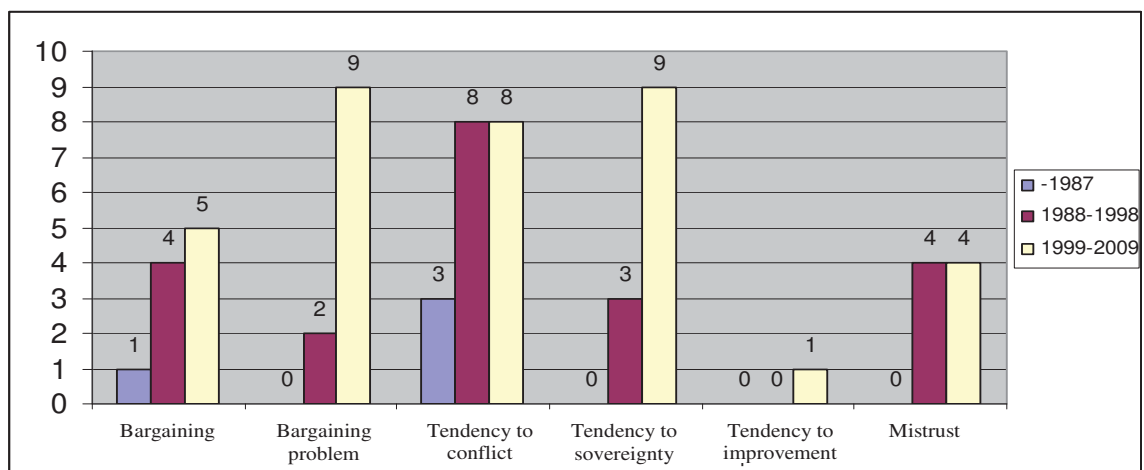


Fig. 4. The research activity for each of the conceptual categories of "bargaining solution analysis for vertical cooperative promotion management decisions"

Remarks based on the above diagram

1. Bargaining in marketing channels is proven as a very significant research field of this decade. Compared to the other periods, we can state that “bargaining solution analysis in vertical marketing channels” is a research topic, which seems to gain a significant research interesting the recent years.

2. It's quite impressive that in the decade of 2000, there is an explosion of a research activity in bargaining concepts such as the tendency to sovereignty and the bargaining problem in vertical marketing channels. As the bargaining concepts, such as tendency to conflict and mistrust in vertical marketing channels, the research interest seems to be stable.

3. The concept of tendency to improvement seems to remain undervalued.

2.3.4. Summary of the literature findings. The findings of the literature review are summarized as follows:

- ◆ As the bargaining for vertical cooperative promotion management decisions: it seems that cooperative bargaining solution analysis results based on mathematical models can show us how to share the profit gain between the two parties in a vertical marketing channel and determine the associated pricing and advertising policies for both parties. In addition, cooperative bargaining approaches can be utilized for determining the best cooperative promotion management scheme for achieving full coordination in a vertical marketing channel.
- ◆ Regarding the bargaining problems for vertical cooperative promotion management decisions: it seems that some of the bargaining problems are: a) the complex issue of promotion activities, as different promotion activities can produce dissimilar types of channel cooperation, customer responses and post-promotion channel member behavior, resulting in differences in promotion-programming preferences between the two parties; b) the reputation that both parties bring to the bargaining table, which affect their equilibrium promotion strategies and payoffs, and c) the perceived uncertainty in the lateral environment (competitive sector).
- ◆ Regarding the tendency to conflict in vertical marketing channels: it seems that communication is the main source of conflict followed by different expectations and organizational structure. Other significant causes of vertical marketing channel conflict are: a) goal divergence, b) roles unclarity, c) expectations divergence, and d) relationship disharmony. Empirical evidence showed us that dysfunctional conflict in the decision-making process has deleterious consequences for quality of strategy and market performance, whereas functional conflict improved quality of strategy and market performance. In conclusion, it seems that there is a strong relationship between conflict and the structure of the vertical marketing channel.
- ◆ Regarding the tendency to sovereignty in vertical marketing channels: it seems that the most recent empirical evidence shows the growing dominance of large retailers, which alter the traditional channel incentives. Evidence also supports the prediction that a distributor's own power and a supplier power as is perceived by the distributor have asymmetric effects on locus of control and provide more fine-grained accounts on the relationships among distributor power, supplier power and locus of control in an interfirm dyad. The contributory factors in order for the tendency to sovereignty to be changed are: a) change of the size of the two members of the vertical marketing channel, b) market share, c) company's dependence upon particular retailers, d) information technology, e) private label merchandise, f) product development activities, and g) logistics arrangements.
- ◆ Regarding the tendency to improvement for each member of the vertical marketing channel: it seems that bargaining without side payments is not effective as cooperation at reducing beggar-thy-neighbor effects, it is a welfare-improving alternative to non-cooperation and is likely more practical in many situations.
- ◆ Regarding the mistrust between the members of the vertical marketing channels: it seems that the cooperative relationships for improving business process, such as promotion management decisions, into vertical marketing channels face the predominance of mistrust. Evidence showed us that the complexity and the interdependency level characterizing cooperative marketing campaigns determine the high level of mistrust, especially among potential alliance partners. In addition, we have indicated the important role of trust in explaining intention and a strong positive relationship between trust and channel member satisfaction.

Based on the theoretical framework of the present study, we can interpret the above findings as follows:

- ◆ There are bargaining situations between two members of a vertical marketing channel, as distinguishable entities, with opposite expectations and opposite interests with regard to cooperative promotion campaigns, who are motivated for individual benefit, so that they are activated and they transform the opposite expectations in opposite interests and from there in opposite “strategies of victory, or sovereignty”.
- ◆ There is a tendency to conflict because of the different expectations and controversial interests of the two parts of the bargain for the cooperative promotion campaign.
- ◆ There is a tendency to sovereignty, which refers to the reason, which still exists in vertical marketing channels and which finally “shapes” the expectations of the members of the vertical marketing channel for the cooperative promotion campaign. The expectations of the members of the vertical marketing channel determine their motive (for achieving individual benefit and sovereignty) and simultaneously are determined by the internal need for dominance and sovereignty.
- ◆ There is a tendency among members of the vertical marketing channel to improve their position continuously. This tendency to continuous improvement of the marketing channel member (through bargaining) can be achieved directly by strengthening the position of the member (i.e. through the personality of the member) or indirectly by the so-called process “beggar-thy-neighbor”, included in member’s strategies for victory.
- ◆ There is a mistrust between the members of the vertical marketing channels (of each pole of the bargaining situation), regarding the intentions of other for the cooperative promotion campaign. Because of the high level of complexity and interdependency in cooperative marketing campaigns in vertical marketing channels, the level of mistrust is very high.

As a conclusion, the findings based on the study of international empirical evidence and their interpretation (based on the theoretical framework), have led us to a better understanding of the bargaining situations in vertical marketing channels for cooperative promotion campaigns and it seems that the win-win-win papakonstantinidis model can

provide a more effective bargaining solution analysis than the ‘win-win’ model.

3. Proposition: The utility functions for the “win-win-win spais-papakonstantinidis-papakonstantinidis model” bargaining solution analysis for vertical cooperative promotion management decisions

In order to answer the research question of the present study, we will introduce the following three (3) adjusted utility functions, based on the literature review findings and Sriram’s and Kalwani’s work (2007), which will allow us to respond effectively to the needs of the extended ‘win-win-win papakonstantinidis’ analyses:

A factor – Hotel (expected profits model for A factor):

We consider the hotel as the A factor, with utility maximizing the profits $\acute{e}$ in a given period t ($t=0, 1, 2, \dots, T$) for the hotels services s ($s=1, 2, \dots, S$). We can compute the per period profit for hotel’s services as:

$$\begin{aligned} \text{Max } U_{\acute{e}st} = (W_{st} - c_s - Pr_{st}) * ms_{st} (MD_t, SO_t, AD_t, PR_t, \xi_{st}) - AD_t \\ s = 0, 1, 2, \dots, S, t = 0, 1, 2, \dots, T \end{aligned} \quad (1)$$

where $\acute{e}st$ – is the per period profit; $\acute{e}$ for the hotel’s service s at period t ; W_{st} – is the wholesale price W of hotel’s service s for the operator at period t ; c_s – the marginal cost of hotel’s service s ; Pr_{st} – is the promotion, respectively of hotel’s service s at period t ; ms_{st} – is the hotel’s market share for period t ; MD_t – is the marketing decision for period t ; SO_t – is the sales objective for period t ; AD_t – is the total advertising budget at period t ; PR_t – is the total promotion budget at period t ; t – is the mean utility to hotel’s customers from services s at period t due to unobserved variables.

B factor – Tourism operator (expected profits model from the partnership with the hotel for B factor):

We consider the tourism operator as the B factor, with utility maximizing the profits $\acute{e}$ for the tourism operator from the partnership with the hotel in a given period t ($t=0, 1, 2, \dots, T$) for the tourism operator (mediating, facilitating and sales) services to the hotel s_{op} ($s_{op}=1, 2, \dots, S$). We can compute the per period profit for the tourism operator services as:

$$\text{max } U_{\acute{e}st} = (c_s - Pr_{st}) * ms_{st} (MD_t, SO_t, AD_t, PR_t, \xi_{st}) - AD_{st}$$

$$s_{op} = 0, 1, 2, \dots, S_{op}, s = 0, 1, 2, \dots, S, t = 0, 1, 2, \dots, T \quad (2)$$

where $\acute{e}st$ – is the per period profit $\acute{e}$ for the tourism operator service s_{op} from the partnership at period t ; c_s – the marginal cost of tourism operator’s service

s_{op} from the partnership; Pr_{st} – is the promotion, respectively of hotel's service s at period t ; ms_{st} – is the tourism operator's market share at period t ; MD_t – is the tourism operator's marketing decision cost for period t ; SO_t – is the tourism operator's sales objective for period t ; AD_t – is the total advertising budget at period t ; PR_t – is the total promotion budget at period t ; ξ_{st} – is the mean utility to hotel's customers from services s at period t due to unobserved variables.

C factor (demand model):

We consider a market with utility-maximizing hotel's customers c who while visiting the hotel in a given period t ($t=0, 1, 2, \dots, T$) may choose to purchase the hotel services s ($s=1, 2, \dots, S$) within a category or may purchase an outside good (equivalent to not purchasing in the category, denoted by $s = 0$). The presence of the outside alternative in our model allows for the potential market expansion and contraction. We represent the utility that customer c derives from hotel services s , at period t .

$$maxUc_t = \beta_{0cst} + \alpha_c P_{st} + \beta X_{st} + \gamma_c Pr_{st} + \xi_{st} + \varepsilon_{cst}, \\ s = 0, 1, 2, \dots, S, t = 0, 1, 2, \dots, T \quad (3)$$

where β_{0cst} – is the utility that hotel customer c derives from hotel services s at period t ; P_{st} – is the regular price, respectively of hotel's service s at period t ; X_{st} – is a vector of factors that influence the hotel's customer's utility including demand drivers such as seasonal factors at period t ; Pr_{st} – is the promotion, respectively of hotel's service s at period t ; ξ_{st} – is the mean utility to hotel's customers from services s at period t due to unobserved variables; ε_{cst} – is the loyalty of customer c to the hotel's service s at period t .

In Equation (3), we assume that the hotel's customers in each period will choose to purchase one of the hotel's services S or settle for the outside good depending on the utility that they expect to derive from each choice alternative. So, their purchase choice is based on a consideration of the: a) characteristics of alternative services, b) regular prices of alternative services, c) promotional deals, d) seasonality, and e) hotel's brand name.

4. Discussion

The research aim of the paper was to examine the possibility of an extension of the win-win-win papakonstantinidis conceptualization regarding the bargaining games theory analyzing individual winning strategies, through the utilities/shares possible combinations among three “poles” in vertical cooperative promotion management decisions applied to a paradigm of a hotel.

4.1. Degree of answering the research question and the support of the initial assumptions. Our organized literature review has led us on an initial judgmental sample of one-hundred (100) published research works (selected at the first stage of the literature review), in order to be scanned and reached at one to fifty-six (56) published research works. The findings showed us that:

- ◆ There are bargaining situations between two members of a vertical marketing channel, as distinguishable entities, with opposite expectations and opposite interests regarding to cooperative promotion campaigns, who are motivated for individual benefit, so that they are activated and they transform the opposite expectations in opposite interests and from there in opposite “strategies of victory, or sovereignty”.
- ◆ There is a tendency to conflict because of the different expectations and controversial interests of the two parts of the bargain for the cooperative promotion campaign.
- ◆ There is a tendency to sovereignty, which refers to the reason, which still exists in vertical marketing channels and which finally “shapes” the expectations of the members of the vertical marketing channel for the cooperative promotion campaign. The expectations of the members of the vertical marketing channel determine their motive (for achieving individual benefit and sovereignty) and simultaneously are determined by the internal need for dominance and sovereignty.
- ◆ There is a tendency among the members of the vertical marketing channel to improve continuously their position. This tendency to continuous improvement of the marketing channel member (through bargaining) can be achieved directly by strengthening the position of the member (i.e. through the personality of the member) or indirectly by the so-called process “beggar-thy-neighbor”, included in member's strategies for victory.
- ◆ There is a mistrust between the members of the vertical marketing channels (of each pole of the bargaining situation), regarding to the intentions of other for the cooperative promotion campaign. Because of the high level of complexity and interdependency in cooperative marketing campaigns in vertical marketing channels, the level of mistrust is very high.

As a conclusion, the findings based on the study of international empirical evidence and their interpretation (based on the theoretical framework), have led us to a better understanding of the bargaining situations in vertical marketing channels for cooperative promotion campaigns and it seems that the win-win-win papakonstantinidis model can provide an effective bargaining solution analysis.

Based on the above, we can accept the initial assumptions that: a) approaching the win-win-win papakonstantinidis model from a marketing aspect, the contribution of the conceptualization in Marketing can be realized if bargaining can be approached as an alternative pricing and promotion strategy to fixed prices, b) there is a shift in power from hotels to tourism operators. Tourism operators, as a result, may now possess equal or even greater power than a supplier in some instances regarding advertising and promotion management strategies and expenditures. This could be considered as a source of conflict. Although the shift of the power to the tourism operators, there is an inability of the tourism operators to influence and discuss the hotel's decisions, and full coordination between the hotel and the tourism operator in cooperative advertising and promotion management is of particular importance.

4.2. Relation of the findings to early work. Bargaining seems to be critical for marketing channel coordination, e.g., for vertical co-op advertising (Ailawadi, Beauchamp, Donthu, Gauri and Shankar, 2009; Huang, Li and Mahajan, 2002) or resolving channel member conflicts as well as for setting trade terms such as transfer special prices and margins, according to Coughlan, Anderson, Stern and El-Ansary (2001). There is a significant literature on constructs such as bargaining problem (Xie and Wei, 2009) and tendency to conflict (Zhuang, Herndon and Zhou, 2005). In contrast, the normative and behavioral principles governing marketing channel dependency and coordination regarding tendency to sovereignty, tendency to improvement and mistrust are relatively unexplored. The literature reaffirms the critical role of bargaining in marketing channels (Coughlan, Anderson, Stern and El-Ansary, 2001).

The research activity until 1987 was quite low. Only a few research works were presented in the leading marketing journals (*Journal of Marketing* and *Journal of the Academy of Marketing Science*). Quite impressive, research activity was over-triplining during the following decade (1988-1998) and the research interest remained on the same level in the first decade of 2000.

No study, till now, has offered new bargaining solution analysis conceptualizations and especially the bargaining games theory analyzing

individual winning strategies, through the utilities/shares possible combinations among three "poles" in vertical cooperative promotion management decisions.

We strongly believe that the win-win-win papakonstantinidis model can be extended and as an innovative and valuable methodological tool for bargaining problems in vertical marketing channels regarding cooperative promotion management decisions and will receive a significant attention in the marketing literature in the following years. The importance of this try is arisen from the transfer of the pure trust theory to a tourism-marketing context, which can be achieved in order to analyze marketing phenomena of bargaining in tourism marketing alliances characterized by conflict and mistrust and especially in cooperative promotion management decisions of hoteliers and tourism operators.

4.3. Theoretical implications. Based on the assumptions of the 'win-win-win papakonstantinidis' conceptualization we could summarize some implications of the underlined theory to our proposed model (the 'Spais-Papakonstantinidis-Papakonstantinidis' model):

- ◆ The importance of this try is arisen from the transfer of the pure trust theory to a tourism-marketing context, which can be achieved in order to analyze marketing phenomena of bargaining in tourism marketing alliances characterized by conflict and mistrust and especially in cooperative promotion management decisions of hoteliers and tourism operators. Marketing phenomena refer to understanding of the bargaining problem resolution and the types of negotiation in which the tourism operator and the hotelier dispute the price, which will be communicated and the exact nature of the transaction that will take place and eventually come to an agreement in terms of a promotion management strategy.
- ◆ The theory considers the information accessibility and diffusion that characterize the modern marketing environment, and also the complexity in the decision-making of marketing channel members values that the "third win" (the "C" factor: the customer) could unlock a series of obstacles. The individual (although his/her doubts) must believe that there is a "third" distinguishable part in the bargain.
- ◆ The 'win-win-win papakonstantinidis' theory supports the significance of the tendency to sovereignty, the tendency of conflict, which results from the combination of: a) the case of the

distinguishable entity, b) mistrust of each distinguishable entity, and c) tendency to improvement in a vertical marketing channel.

Based on the assumptions of the 'win-win-win papakonstantinidis' conceptualization, we can identify some limitations of the above theory to our new proposed model:

- ◆ Utility assessment and cost-utility analyses such as costs/quality-adjusted expected profits model from the partnership for A and B factors and the demand model for C factor are frequently presented to demonstrate the value of many utility options in the marketing literature. However, utility indicators require various methods that introduce significant methodological challenges, which directly influence the results and ensuing cooperative promotion management decisions in vertical marketing channels.

4.4. Practical implications. The 'win-win-win spais-papakonstantinidis-papakonstantinidis model' is a methodological tool for conflict resolution, especially in the case of decision-making, or in forming "instant reflection winning strategies" the BARGAIN (which is the frame) in vertical marketing channels for cooperative promotion management decisions. Marketing managers must realize that building a strong competitive advantage in a market mainly depends on the trust links among the partnerships in vertical marketing channels. Cohesion in the vertical marketing partnership in the marketing channel may be measured by the diversification Rate (R^*) from strict rules: From this point of view, customers intervention is useful, so as to diversify these "rules" at customized level adjusting them to their needs, wants, consuming identity, including communication codes, customs, ethics, culture. The 'win-win-win spais-papakonstantinidis-papakonstantinidis model', as a vertical marketing channels' bargaining solution analysis for cooperative promotion management decisions can facilitate customers to "readjust" bargaining rules in each market, through a sensitization process: Community of customers is defined as a discrete spatial/cultural entity at its sensitization process' limit.

4.5. Recommendations for further research. Based on the interpretation of the literature review findings, the discussion of the theoretical and practical implications of this paper, we will present our thoughts for further research for the research themes (see the conceptual categories).

Bargaining in marketing channels is proven as a very significant research field of this decade. Compared to the other periods, we can state that "bargaining solution analyzes in vertical

marketing channels" is a research topic, which seems to gain a significant research interest in the recent years. It's quite impressive that in the decade of 2000, there is an explosion of a research activity in bargaining concepts such as the tendency to sovereignty and the bargaining problem in vertical marketing channels. As to bargaining concepts, such as tendency to conflict and mistrust in vertical marketing channels, it seems that the research interest is stable. As to the concept of tendency to improvement, it seems that it remains undervalued.

In order to deepen our understanding of more dimensions of the bargaining solution analyzes, we would strongly recommend:

- ◆ further theoretical examination of our proposed model under the parameters influencing the bargaining power (according to Porter, 1980) and the dependence and cooperation concepts in vertical marketing channels (according to the typology of Buhalis and Laws, 2001);
- ◆ test of our proposed model under real circumstances, so real-life case studies are warmly welcome.

Conclusion

The research aim of the paper was to examine the possibility of an extension of the win-win-win papakonstantinidis conceptualization regarding the bargaining games theory analyzing individual winning strategies, through the utilities/shares possible combinations among three "poles" in vertical cooperative promotion management decisions applied to a paradigm of a hotel. This conceptualization was approached as an alternative pricing and promotion strategy to fixed prices. The above discussion allowed us to confirm the: a) degree of answering the research question and the support of the initial assumptions, b) relation of the findings to earlier work, c) theoretical implications, d) practical implications, and e) further research.

Based on the answer of the research question, we can accept the initial assumptions that: a) approaching the win-win-win papakonstantinidis model from a marketing aspect, the contribution of the conceptualization in Marketing can be realized if bargaining can be approached as an alternative pricing and promotion strategy to fixed prices, b) there is a shift in power from hotels to tourism operators. Tourism operators, as a result, may now possess equal or even greater power than a supplier in some instances regarding advertising and promotion management strategies and expenditures. This could be considered as a source of conflict. Although the

shift of the power to the tourism operators, there is an inability of the tourism operators to influence the hotel's decisions and full coordination between the hotel and the tourism operator on cooperative advertising and promotion management is important.

Bargaining seems to be critical for marketing channel coordination or resolving channel member conflicts as well as setting trade terms such as transfer special prices and margins. There was a significant literature on constructs such as bargaining problem and tendency to conflict. In contrast, the normative and behavioral principles governing marketing channel dependency and coordination with regard to tendency to sovereignty, tendency to improvement and mistrust are relatively unexplored. No study, till now, has offered new bargaining solution analysis conceptualizations and especially regarding the bargaining games theory analyzing individual winning strategies, through the utilities/shares possible combinations among three "poles" in vertical cooperative promotion management decisions.

Our organized literature review has led us on an initial judgmental sample of 100 published research works (selected at the first stage of the literature review), in order to be scanned and reached at one to fifty-six (56) published research works, which were processed for offering some valuable findings. Our research intention was to categorize the constructs of the following fundamental concept: "vertical cooperative promotion management decision". With regard to the epistemological approach, we adopted a critical hermeneutics approach.

Our proposition was to extend the win-win-win papakonstantinidis conceptualization, which led us to "win-win-win spais papakonstantinidis–papakonstantinidis model", an innovative bargaining solution analysis for vertical cooperative promotion management decisions applied to a paradigm of a hotel, including three (3) adjusted utility functions.

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