

Marketing Channel Structure and Shareholder Value

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Abstract

Changes in marketing channel structures are major strategic decisions and can have a significant impact on firm value. Yet, the financial performance impact of such decisions has not been as extensively investigated as has the effect of changes in other elements of a firm's marketing mix. In this study, we examine the effects of changes in the governance structure of a firm's marketing channels on its financial market value. We conduct the study in a franchising context and use the event study methodology to specifically examine (a) the effects of changes in the governance structure of marketing channels on shareholder value and (b) the factors that drive the magnitude of these effects. Our empirical analyses reveal that shifts in the governance structure of marketing channels have a significant positive impact on shareholder value. We identify and empirically assess theoretically-driven factors that influence the magnitude of these effects of channel governance changes on shareholder value.

Speaker Profile

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