

## **Mediated category management: understanding how third parties enable value creation by fostering integration between sellers and buyers\***

### **Abstract**

In the past, scholars convincingly argued that integrating manufacturers and distributors facilitates value creation. Various techniques have been proved to suit this integration purpose. Among them, Category management (CM) has raised growing interest in scholarly research as well as practice, becoming one of the most diffused and controversial.

In this paper, we tackle the issue of the integration of manufacturers' and distributors' CM activities by pointing out the conditions that facilitate CM implementation. In doing so, we focus on the intervention of third parties – which we label CM mediators – that facilitate the integration process and allow the coordination of CM strategies. We present an in-depth case analysis of an under-performing dyad in which, despite the existence prior relationships between the manufacturer and the distributor, CM was only realized through the intervention of a third party. The integration of CM is analyzed in respect of its key mechanisms and process phases. Crucial steps are indicated in which the intervening CM mediator identified failure in value exploitation, brought together the exchanging organizations, geared the knowledge sharing processes, moderated relational conflicts, and allowed the parties' strategies to be coordinated in the marketplace. A framework for CM-mediated integration is developed from the case analysis, and discussed in the light of current theory and practice. The emerging framework is presented with regard to two main dimensions of integration in CM: the mediated CM architecture and the mediated CM process.

### **Keywords**

buyer-seller relationships, marketing/purchase integration, category management, third party mediation.

\* The authors would like to thank the two anonymous reviewers for their insights. Beside their usefulness for the refinement of this work, some of them will be worth in the future development of our work.

## 1. Introduction

Organizing supply chains is one of the most critical and long-lasting issues in management research (e.g. Bromberger and Hoover, 2003; Magee, 1960). Scholars investigating vertical relationships convincingly argued that suppliers' and buyers' collaboration facilitates value creation for both parties, thus identifying the ability to integrate value chain activities as a powerful source of competitive advantage (Porter, 1985). Various techniques have been proved to suit this integration purpose. Among them, Category management (CM) i.e. 'the practice of employing a single decision maker who is responsible for a firm's product line' (Zenor, 1994: 202) – has raised growing interest in scholarly research as well as practice, becoming one of the most diffused and controversial.

The relevance of a collaborative interaction between sellers and buyers becomes clear if we consider that in many industries, the costs of mismanaging vertical relationships are massive (Slone, Mentzer and Dittman, 2007). It's not surprising then that supply chain management (SCM) has top priority on today's executives' agenda and generates one of the fastest growing markets of related business services. Indeed, supply chain management professionals (e.g., software houses, marketing analysts, and business consultants) who are capable of coordinating and integrating flows of information, goods, and capabilities across the chain are predicted to have bright growth prospects. In 2006, the supply chain management service industry was worth \$6.5 bn, which is projected to grow to \$11.64 bn in 2013. Such growth will be mostly driven by the quest for 'supply chain solutions that integrate planning, execution, and coordination of the entire supply chain network' (Frost and Sullivan Report, on PR Newswire, July 11, 2007).

However, questions arise for manufacturers and distributors: what will be the returns of such massive investments in SCM services. More importantly: why should companies rely on third parties to manage such critical activities? These issues have been mostly investigated by scholars with a view to allaying executives' concerns, a pioneering contribution being the interaction approach developed by the IMP group (e.g. Cunningham, 1980; Ford, 1980; Anderson and Narus, 1990). Despite the large number of studies on these topics, they are still highly debated in literature and the focus has shifted to networks (e.g., Gadde and Håkansson, 2001) and the integration of buyers' and sellers' activities. Specifically, the *Industrial Marketing Management Journal*, which is publishing a special issue on "Organizing and Integrating Marketing and Purchasing in Business Markets," has recently stressed the relevance of developing close and collaborative buyer-seller relationships.

In line with Ford and Håkansson's (2006) concern that much work remains to be done on these topics, our review of the literature reveals some relevant gaps that we try to address in this paper. Firstly, despite the massive growth of the SCM industry, this issue is poorly reflected in marketing research, which only envisages interactions between buyers and sellers within the dyadic coordination domain (e.g., Anderson and Narus, 1990, Gadde and Snehota, 2000; Raju and Zhang, 2005), while neglecting the role of third parties as service providers in the core relationship. Furthermore, studies on the role of third parties do not only focus more on organizational disciplines rather than on marketing ones, but also mostly assume a third party perspective, ignoring that of mediated actors.

Secondly, although the notion of buyer-seller integration has rarely been formalized in past research, it finds notable antecedents in the body of studies on distribution channel coordination and collaboration (e.g., Anderson and Weitz, 1992; Ganesan, 1994; Donaldson and O'Toole, 2000; Gadde and Snehota, 2000; Lambert and Cooper, 2000). These include contributions that have pointed out the conditions facilitating closeness in buyer-seller relationships – such as trust, commitment, and social norms (e.g., Gundlach, Achrol and Mentzer, 1995; Morgan and Hunt, 1994) – as well those conditions that allow parties to be aligned for on value generation (Jap, 1999; Cannon and Homburg, 2001; Hewitt, Money and Sharma, 2002), and allow both sides to gear such value appropriation (Jap, 2001). However, these studies have mostly maintained a static focus, while they have not said much about the process through which the parties gradually integrate. The few exceptions to this tendency have mostly focused on dyadic interaction's evolution over time (e.g., Jap and Anderson, 2005), but have left the process through which the interacting parties attain integration largely unexplored.

Finally, although the problem of marketing/purchasing integration is quite debated in business to business markets, it is nevertheless an innovative way of examining channel relationships in the fast-moving consumer goods industry. In this context, the challenge of developing collaborative marketing relationships is perhaps more apparent than in pure business markets (Corsten and Kumar, 2005).

The remainder of this paper is structured as follows. First, we review relevant studies on the integration of manufacturers with distributors, as well as those on category management and third parties' role within the

manufacturer-distributor dyad. Thereafter, we describe the qualitative methodology used to explore our research problem and examine an in-depth case study. Finally, we present our analysis results, discussing them and their implication for theory and practice, along with the research limitations.

## **2. Literature review**

The role of third parties in integrating manufacturers' and distributors' marketing and purchasing functions within the supply chain has not been exhaustively explored in the marketing channels field. To frame our research problem, we begin by reviewing the broader body of research on integration within distribution channels, and demonstrating that little attention has been paid to the integration issue and the role of third parties within it. Subsequently, we restrict our focus to CM, whose results are strongly influenced by the manufacturer and distributor integration process. We reveal that the integration issue is mostly raised implicitly within studies on this topic, when they discuss asymmetries between parties as the main cause of CM failure (e.g., Morgan, Kaleka and Gooner, 2007). Finally, we review recent efforts in respect of marketing integration and mediation in marketing processes (e.g., Corsten and Kumar, 2005; Rindfleisch and Moorman, 2003), thus identifying relevant gaps, which our study addresses.

### ***Integration in distribution channel relationships***

Supply chain integration is a well-known research domain in operations (Bitran, Gurumurthi and Lin, 2007). In marketing studies, most closely related research has focused on the concept of strategic integration, i.e. “a progressive involvement between two firms in a relationship that implies combined resources, expanded joint capabilities, and enhanced competitive positions for the firms involved; in addition, it results in explicit and acknowledged strategic consequences for the individual firm and a strategic role for the relationship formally specified by the individual firm” (Johnson, 1999: 5). Strategic integration begins when the exchange relationship becomes important (Johnson, 1999); that is, when it can be viewed as core, or essential, for the firm’s activity, rather than peripheral (Anderson, Håkansson and Johansson, 1994). Strategic integration is therefore a hybrid solution to managing channels, although the latter has largely been neglected within the institutional theories framework where the concept of integration first arose (Barney and Ouchi, 1986).

While the notion of manufacturer-distributor integration has rarely been formalized in prior research, it finds notable antecedents in the body of studies on distribution channel coordination and collaboration (e.g., Anderson and Weitz, 1992; Ganesan, 1994; Donaldson and O’Toole, 2000; Gadde and Snehota, 2000; Lambert and Cooper, 2000). These studies include contributions which have pointed out the conditions facilitating closeness in manufacturers-distributors relationships – such as trust, commitment, and social norms (e.g., Gundlach, Achrol and Mentzer, 1995; Morgan and Hunt, 1994) – as well those conditions that allow parties to align in respect of value generation (Jap 1999; Cannon and Homburg, 2001; Hewitt, Money and Sharma, 2002) and to gear its appropriation by both sides (Jap, 2001). However, these studies have mostly maintained a static focus, while they have not said much about the process through which parties progressively integrate within the supply chain. The few exceptions to this tendency have furthermore mostly focused on dyadic interaction’s evolution over time (e.g., Jap and Anderson, 2005), but have left the process through which the interacting parties attain integration largely unexplored.

Moreover, previous studies have looked at the direct collaboration and coordination within the dyad (e.g., Anderson and Narus, 1990), while they have not really examined how third parties could intervene within the existing relationship to foster its closeness and integrate the parties' activity. This is surprising, as there are several hints from other research bodies suggesting that mediators may be key in closing the gap between actors, both in social (e.g., Burt, 1992; 1997) as well as market relationships (e.g., Sawhney, Prandelli and Verona, 2003; Verona, Prandelli and Sawhney, 2006).

### ***Integration in CM relationships***

The issue of manufacturer-distributor integration is embedded but also not explicitly addressed in the more specific field of category management, where the quest for integration is most relevant (e.g., Dussart, 1998).

Prior research indeed refers to category management (CM) as a practice calling for supply chain integration, thus requiring the coordination and alignment of a manufacturer’s and a distributor’s marketing strategies to converge within one single decision unit (e.g., Zenor, 1994).

Various conceptualizations have been offered on CM thus far. These include (1) narrow conceptualizations of a method that will allow coordination (Zenor, 1994; Basuroy, Mantrala and Walters, 2001) and the improvement of assortment decisions (Cachon and Kok, 2007; Gajanan, Basuroy and Beldona, 2007); as well as (2) broad conceptualizations of an orientation aimed at relationship strategies (Morgan, Kaleka and Gooner, 2007) and collaboration-based value creation (Corsten and Kumar, 2005). Whatever the case, the literature is quite implicit that CM processes require the integration of the knowledge and capabilities traditionally owned by actors operating at different levels of the supply chain (Drupe and Gruen, 2004; Gruen and Shah, 2000). Indeed, CM requires integration both at the intra and at the inter-organizational levels (Harris, 1993).

At the intra-organizational level, CM projects require the combination of the retailer's marketing, sales, and purchasing functions to better satisfy customers' needs. The integration involved at the inter-organizational level is twofold, since it needs a constant interaction between (1) the manufacturer's marketing and sales functions and the retailer's purchasing function to better design the store assortment, as well as between (2) the marketing and sales functions of the two actors to plan more effective selling and promotion strategies. This because firms that linked by vertical relationships show low levels of knowledge overlap and their alliances are likely to be exposed to a comprehensive set of information (Rindfleisch and Moorman, 2001).

However, since the capabilities, expectations, perceptions, and preferences of the actors operating in the supply chain are typically heterogeneous, latent conflicts (Dwyer and Walker, 1981) and the risk of opportunism (Morgan, Kaleka and Gooner, 2007) threaten the entire process's success. Indeed, some studies have shown that the promise of CM has failed to materialize (Kotbaz, 1999), although past studies convincingly argued that distributors and manufacturers enjoy significant improvements in their interaction whenever they abandon their mutual suspicion and streamline the CM processes (Corsten and Kumar, 2003).

Hence, even though collaboration creates a unique value that neither partner can reproduce independently, there is a specific tension between maximizing such value and distributing it between the parties (Zajac and Olsen, 1993), particularly due to the parties' asymmetric perceptions of unfairness (Corsten and Kumar, 2005). At the manufacturer level, CM is often regarded as used by distributors to effectively outsource the cost of data crunching and market research to manufacturers (Corsten and Kumar, 2003). At the retailer level, there is a similar dissatisfaction with CM, (Gruen and Shah, 2000). as retailers fear that manufacturers will opportunistically use the private information that they have obtained from retailers to manipulate their assortments and increase their contractual power.

There are therefore critical issues which make CM relationships challenging to implement in practice (Gruen and Shah, 2000; Corsten and Kumar, 2005). However, prior research has paid little attention to how this could be done, mostly shifting attention to the antecedents of CM failure, such as conflict and asymmetries, and neglecting those conditions that may help supply chain members to cope with CM integration issues. The intervention of a third party within the dyadic relationships could be helpful to this end, as suggested by studies on mediators' role in bridging the gap between actors in market relationships (e.g., Sawhney, Prandelli and Verona, 2003; Verona, Prandelli and Sawhney, 2006).

### ***Mediation in distribution channel relationships***

The notion of mediation is not new in distribution channels, and draws from a large body of studies in the field of management sciences. Mediators have been investigated in a variety of settings as financial intermediaries (Allen and Santomero, 2001; Mishkin and Eakins, 2006) in finance; brokers, knowledge brokers (Pisaniyas and Wilcocks, 1999) and infomediaries (Hagel and Rayport, 1997) in knowledge management; as well as cybermediaries (De Laat, 2001) and innomediaries (Sawhney, Prandelli and Verona, 2003) in innovation. Studies on distribution channels seem in line with more general findings on mediation and emphasize the need to analyze the context within which dyadic business relationships are embedded (Anderson, Håkansson and Johansson, 1994; Kenneth and Heide, 2004), since mediation expands the unit of analysis to a third actor outside the focal manufacturer-distributor dyad.

Notwithstanding these efforts, in the literature, the role of third parties in bridging vertical relationships is mostly confined to that of an intermediary, which is a transaction facilitator, as well as a gatekeeper of goods and information flows, which probes into the commercial and logistic functions of vertical relationships (e.g., Alderson, 1954, Stern and El-Ansary, 1988; Kotler, 1991; Artle and Berglund, 1959). There has been less emphasis on how mediators allow the integration of market-based processes (Srivastava, Shervani and Fahey, 1999) along the supply chain. In this respect, a few exceptions can be found in the literature which indirectly address the integration issue in specific fields. Of these exceptions, Efficient Consumer Response

(ECR)<sup>1</sup> is the most prominent. ECR has been studied as an institution allowing the integration of manufacturers and distributors within the FMCG industry (Corsten and Kumar, 2005). ECR acts as a third-party organization in which industrial and trading entities cooperate to develop standards aimed at re-engineering their interaction processes. Despite the diffusion of ECR initiatives worldwide and the high number of associated firms, studies on this topic focus mainly on ECR's project adoption and outcomes and hold to largely controversial (e.g., Corsten and Kumar, 2003; 2005). A direct investigation of the mediated integration process and the mechanisms that the mediator activates to foster integration is still lacking.

We present the methods and findings of an explorative analysis aimed at filling this gap. The way in which third parties enable and gear the integration process between manufacturers and distributors is described within the domain of a CM project, which, as previously illustrated, requires high levels of integration, although it has never been researched as a potential area for mediator activities.

### **3. Methodology**

In accordance with the exploratory aim of our study, we followed a qualitative research design based on a single case study. This approach is consistent with attaining a thorough understanding of research issues (e.g., Yin, 1984); consequently, this approach is well suited to the goal of this paper to disentangle the process through which third parties enable the marketing-purchasing integration that the development of a CM project requires.

The CM project we investigated was focused on the coffee category and involved a regional division of the Italian retailer, Sisa, and the leading Italian manufacturer in the coffee industry, Lavazza. The intervening third party is a leader in the provision of data and consultation services, ACNielsen.

#### ***Case selection***

The purpose of this study required a CM project to be identified in which a firm, outside the focal dyad, intervened to allow CM to be implemented. In particular, we looked for a mediator that is an acknowledged expert in these techniques. IRI-Infoscan and ACNielsen, as well as ECR are among the best known mediators within the European market. Our choice of ACNielsen was based on the possibility to access key managers and relevant data, as well as on manufacturers and distributors' endorsements.

The first step in our study was the identification of a dyad for our analysis. A preliminary and unstructured interview was therefore held with the head of the ACNielsen category management team. During this meeting, we screened various projects that his team had undertaken. The project that we would choose had to be characterized by (1) a relevant opportunity to create value, thus supporting the parties' commitment to enhancing the project, as well as an opportunity to highlight the failure of the dyad to reach the latter objective; and (2) a balanced competitive position of the two parties, so that the relationship failure could not be prescribed to the presence of a more powerful party that had inhibited the collaborative process. The project that satisfied these conditions involved Sisa Calabria and Lavazza. Consequently, we conducted a second unstructured interview with the head of the ACNielsen category management team to identify the key informants within the selected dyad.

#### ***Data collection and analysis***

Data were collected through semi-structured, in-depth interviews and archival data documenting the decision process and results<sup>2</sup>. We adopted a triadic perspective that allowed us to obtain richer insights into the phenomenon than previous studies on mediation, which had only examined the mediator's perspective. The key respondents were those persons who were most knowledgeable about the project, i.e. the project leaders and those in charge of the appropriate functions (category manager, marketing manager, and category management services). The interviews were open-ended and discovery oriented. We developed a discussion protocol that broadly outlined the topic of interest to guide the interview and avoid loss of focus (Beverland, Farrelly and Woodhatch, 2004). Questions were phrased in a general, non-directive manner which enabled

---

<sup>1</sup> ECR is a worldwide association of suppliers and retailers specialized in the development and diffusion of interaction models and tools to improve channel relationships' quality and performance. It is a reality diffused worldwide with 44 different independent national initiatives. To have an idea of ECR relevance in channel management, consider that ECR Italy associates 73 firms (57 manufacturer and 16 retailers) and, thanks to a recent merger with Indicod, it counts more than 30,000 firms orbiting around it.

<sup>2</sup> In particular, archival data were the reporting documents of the meetings that have been performed during the project and the final presentation of the results.

the key respondents to tell their own story. Respondents could therefore concentrate on the facts and events rather than on their interpretations of these. In particular, grand tour questions focused on: the project, development, the results obtained, the descriptions of the subjects involved, their roles, and their interactions in terms of meetings atmosphere, conflicts, and consensus. These questions resulted in rich descriptions of the process of managing relationships and provided the basis for more direct questions focusing on the buyer-seller relationship and the role of the mediator in favoring the buyer-seller integration.

The direct questions were meant to investigate the parties' relationship prior to the start of the project, as well as during each phase of the CM process. These questions also had to establish the status of the parties' current relationship and if any future changes are planned.

Each interview was conducted by at least two investigators, with one primarily responsible for conducting the interview while the other filled the gaps in the questions. During each interview, we followed our line of inquiry as it emerged from our case protocol. We also asked actual/conversational questions, which proved useful in providing further information in an unbiased manner (Yin, 1984). The interviews lasted one-and-a-half hours on average; they were recorded and a verbatim transcription was made of an average of about 12 single-spaced pages.

The preliminary analysis consisted of a triangulation of the collected data, comparing the retailer, manufacturer, and data provider's point of view. During the analysis, we considered all the available data and added our own impressions, which we separated from each respondent's story (Bourgeois and Eisenhardt 1988). Furthermore, we asked ourselves open-ended questions to generate richer intuitions (Bourgeois and Eisenhardt 1988). Each author independently analyzed the transcripts to draw an individual conclusion. Thereafter we compared our explanations to ensure consistency and explored different interpretations to gain richer insights into the data (Strauss and Corbin, 1998).

A major challenge in case study research is to ensure that the data collection and analysis satisfy reliability, construct validity, and external and internal validity tests (Yin, 1984). Reliability was nurtured by using a case study protocol in which all the informants were subjected to the same sequence of entry and exit procedures and similar questions. Construct validity was enhanced by using multiple sources of evidence, interviews and documentation, and by establishing a chain of evidence as we concluded each interview (Yin, 1984). Finally, internal validity was addressed through data triangulation (Creswell, 2003), the definition and evaluation of rival explanations, and by using the pattern matching logic during the data analysis (Yin 1984). As a further validation strategy, the identified key informants served as a check throughout the analysis process to verify our interpretations of the phenomenon (Creswell, 2003). By definition, the study lacks external validity, but this is justified by its exploratory aim.

#### **4. Case Presentation**

Before describing the development of the CM project we analyzed, we briefly describe the peculiarities of the coffee category that was the core focus of the project.

##### ***The category***

Coffee is a very interesting category for many reasons. The turnover of the coffee market in Italy exceeds 700 m Euros per year, with almost 95,000 tons of the product sold per year (Information Resources-Food, 2001-2002).

The interviewees described coffee as a very peculiar category in Italy, as it is characterized by a mature market lacking innovation, but showing interesting trends in consumption growth – both in value (+3,5%) and in volume (+5,2%). The most relevant criticisms of this category is due to important geographic localisms. Indeed, beyond the three leaders at the national level (Illy, Lavazza, and Segafredo Zanetti), the Italian coffee market is characterized by the many, usually small, local manufacturers. Hence coffee consumption in Italy is based on families' tradition, which even differs at the local level, especially in the South where even towns situated close to one another consume different types of coffee.

Furthermore, the coffee category has been characterized by a shift in consumer habits over the last decades, as it is increasingly considered a fashionable beverage. This is particularly true in respect of Italian 'espresso,' which is viewed as a status product worldwide as it is sharply differentiated from the regular coffee consumed in North Europe and the US. Indeed, the three largest Italian coffee makers are recognized worldwide for their top-quality coffee. These three firms are challenging the worldwide market by expanding on the international scene. Lavazza operates cafes in Europe under the Cafe de Roma brand, and acquired Barista, the second-largest Indian coffee shop chain in terms of outlets, with its 150 coffee shops in March 2007. Illy has expanded internationally through the professional food trade, like hotels and restaurants, and a

bar chain (Espressamente), which had 140 stores in 2006. The firm is present in 140 countries and generates 55 percent of its revenue outside Italy (data 2006). At the beginning of 2006, Segafredo completed the takeover of the American coffee brands of the Sara Lee Corporation, including Chase and Sanborn, Chock Full o'Nuts and Hills Brothers. Earlier, Segafredo acquired one of Poland's best known cafe chains and coffee companies, Cafe Mag, of Krakow.

Consequently, owing to the market dimension and the heterogeneity in demand, coffee was an interesting and challenging category for a CM project.

### *The parties*

Sisa is a chain retailer which, since 1975, has generally operated in a convenience store channel, which had 2,093 stores in 2006, owned by both associated and affiliated companies. In 2006 the group turnover was 4,010 m Euros. The firm has five different formats in the market, all aimed at attracting customers in densely populated neighborhoods. Sisa's strategy is based on offering both recognized national brands and regional products. Sisa Calabria is a retailer's division that had 153 stores in 2006 and, hence, a 15% marketshare. Sisa Calabria is therefore the regional retail leader.

With its turnover of around 867 m Euros and 1,700 employees, Lavazza is the Italian leader in the roasting and selling of coffee (source: [www.lavazza.com](http://www.lavazza.com)). The firm's strategic plan for the future is to expand beyond its Italian market leadership to become the world leader as an espresso manufacturer, thus establishing its identity as a quality Italian brand.

ACNielsen is one of the biggest players in the marketing information system sector, operating in more than an hundred countries worldwide. In Italy the firm, with its more than 75 m Euros turnover and 500 employees in 2006, is an important player in the market research segment. It offers measures for, analysis of, and consultancies on markets and consumer behaviors.

### *The CM process*

Sisa Calabria and Lavazza maintained a stable relationship, although mostly on a transactional basis, through the manufacturer's key account manager and the retailer's buyers. These people's daily activities avoided typical channel conflicts and the manufacturer could always satisfy Sisa Calabria's requests. Based on this stable relationship, the manufacturer's category manager proposed a joint CM project to Sisa Calabria in the first semester of 2005. The retailer was unwilling to undertake such a project unless its provider of data analysis services, ACNielsen, was also involved. The principal reason for the retailer's reluctance was due to Lavazza having had much experience in developing CM projects, while Sisa Calabria prior CM experiences were far less complex. Furthermore, the manufacturer's absolute dimension was significantly larger than the retailer's.

Since ACNielsen was also Lavazza's primary provider of data and services, and the manufacturers' category manager already knew its category management team, it agreed to having the data supplier involved in the project. ACNielsen was initially charged with providing evidence that would support the undertaking of the CM project. Consequently, its category management team analyzed the retailer's selling data, revealing an opportunity to increase both parties' returns. The performance of the retailer's coffee category even proved to be below the average across the Italian marketplace. Similarly, the manufacturer's market share was underperforming in that region when compared with its national positioning.

In June 2005, the CM project started officially with a twofold objective: the growth of the category and a consolidation of the dyadic relationship. The retailer was specifically more interested in the economic results, while the supplier's interest lay in strengthening its relationship with the retailer. The data analysis and decisional moment lasted until November 2005, while the category management revision was implemented between November 2005 and March 2006.

The first phase consisted of an assessment of Sisa Calabria's management of its coffee category with respect to its benchmark market (the Calabria region), as measured by an analysis and comparison of data on sales, assortment composition, price, and promotional policy. The aim was to identify the causes of the retailer's underperformance and to address these with specific corrective actions that would be conjointly defined. The data analysis was undertaken through a task division of operative activities whose results were shared in regular meetings involving all three parties so that strategic choices could be made. The task division was planned to suit each firm's capability and knowledge to maximize efficacy and reduce the waste of time. The decisional moment was supported by data on consumer habits provided by Lavazza. Very many people were involved in the decisional moments to ensure a deep insight into the category problems and that the proposed solutions would be of maximum effectiveness. These meetings were characterized by a

tranquil atmosphere due to both parties' full commitment. This allowed an immediate solution of problems that emerged in the decision making process, thus avoiding tensions between the manufacturer and the retailer.

The second phase of the project consisted of testing the jointly defined corrective actions in a sample of stores monitored and compared in terms of dimension, positioning, and shoppers' habits with comparable stores where the CM revision was not implemented. The objective of the test was to verify the efficacy of the category revision before implementing it on a larger scale. In this phase, the role of those people who had an impact on the in-store implementation of decisions – such as store managers and merchandisers – was particularly critical. These people had to be convinced of the CM project's relevance and trained in respect of the new category characteristics. The pilot test data were available in June 2006, indicating an increase in coffee sales of 6% vs. the 2% in stores with the traditional category. After a couple of months spent on analyzing the data and jointly defining corrective actions, the new category was eventually implemented in all stores owned directly by the retailer at the end of 2006. In 2007 the firms tried to implement the category in as many of the retail chain's associated stores as possible; this is a long-term, still ongoing activity since each owner has to be convinced of the opportunities emerging from the new category's implementation in his/her store. Both parties agreed that the project's results were positive, both in terms of relationship improvement and value sharing.

## 5. Case Presentation

The Sisa-Lavazza case was built by taking a broad view of CM as a relationship strategy (e.g., Morgan, Kaleka and Gooner, 2007), and reports on the key issue of the parties' alignment into (Corsten and Kumar, 2005), and integration within a single decision unit (Zenor, 1994) to foster category management efficacy (Basuroy, Mantrala and Walters, 2001). More specifically, the Sisa-Lavazza case deepens the CM process dimension, emphasizing that actors outside the dyad - whom we label 'CM mediators' - facilitate the manufacturer-retailer interaction within their CM relationship. The results of our analysis thus show that a CM mediator enables the integration of the marketing, purchasing, and sales functions around the CM activity, both along (Sisa, Lavazza) and aside (AC Nielsen) the supply chain. Such functions would otherwise work separately in the manufacturer-retailer dyad, even though their coordination is the crux of CM approaches (Corsten and Kumar, 2005).

The framework that emerged from our analysis is presented in respect of the two main dimensions of CM integration:

The first dimension is the *mediated CM architecture*, which we assess with respect to the parties integration along two key features. One feature is the multi-dimensionality of the relationship between the manufacturer and the retailer, which the CM mediator gears by acting as a link<sup>3</sup>. The second feature is the multilayered nature of the inter-personal interactions that the CM relationship entails. Indeed, CM involves very many different functions and roles, such as purchase managers, sales managers, category managers, and marketing managers. All these functions and roles are geared by the mediator through the selective activation of the parties during the different phases of the project, which is aimed at avoiding functional conflict.

The second dimension is the *mediated CM process*, which can be observed throughout the main phases – from the proposal to the implementation – of the parties' integration within the project. In this dimension, we identify the role of the third parties, report on their ability to overcome the initial mistrust between the dyad relationship, as well as their reluctance to undertake the project, and illustrate the mediators' particular functions of (1) knowledge filtering, which facilitates the parties' control over the degree of information sharing and the integration of information flows, and (2) trust bridging, which enhances the parties' commitment in the key phases of the CM project.

### *Mediated CM architecture*

Contrary to most accepted theories' predictions, mediation in respect of category management does not occur in a vacuum. Prior research finds the rationale for mediation in its bridging function: mediators exist wherever two or more parties lack direct contact with each other and rely on third parties to access resources and relationships in that part of the world where they would not otherwise be present (Burt, 1992; 1997). Interestingly, our data suggest that CM mediation is developed by parties with (a) prior expertise in CM and (b) well-established, inter-organizational relationships. Whereas one would expect such conditions to have

---

<sup>3</sup> This happens when the exchange-based interaction dimension, which is based on a bargaining logic, is split from the CM-based interaction dimension, which is based on a collaborative purpose.

enabled the manufacturer and the distributor to jointly develop a CM process, this did not occur, as the parties revert to a third organization. The following quotations are very apt in this respect:

*'We began to work on all these projects, because the parties did not object....Sisa and Lavazza maintained good relationships, which were regular and longstanding  
(Interview with ACNielsen CM division manager)*

*'We already had exchange relationships with the customer, as well as interaction on marketing, meaning that joint promotions had already been undertaken. From these and other activities, collaboration was born, both at the request of Lavazza's local sales representative and that of Sisa...It wasn't a new thing for us, because we have undertaken category projects since 2000/2001'  
(Interview with Lavazza project leader)*

*'It was important to draw the supplier's attention to the need for local data....the supplier often comes with data aggregated on iper+super [cross-format aggregation]. In the coffee category, which is a difficult one, this is not productive. Lavazza therefore made its proposal, but we delayed taking a decision. Then an opportunity arose to, together with ACNielsen, share a method. Thus, the three of us decided that it was possible precisely because the supplier had identified the possibility of...positive outcomes...many greater benefits... Consequently we decided to begin a three-party project'  
(Interview with Sisa project leader)*

A possible explanation for the recourse to a mediator in this context is offered by recent research on the multidimensionality of vertical relationships (Bengtsson and Kock, 2000; Håkansson and Ford, 2002; Zerbini and Castaldo, 2007). This view suggests that CM relationships exceed the domain of arm's length exchanges, thus requiring multiple interactions at the same time, which is typical of cooperative and socio-economic relationships. Accordingly, it can be argued that, notwithstanding a partial equilibrium due to long-standing exchange relationships, expectations of divergences and opportunistic behaviors (e.g., Morgan, Kaleka and Gooner, 2007) nevertheless inhibit the project from the beginning. Consequently, the intervention of an independent third actor, which determines the rules of interaction and bonds the parties' interaction, is functional for strategic integration (Johnson, 1999) as it allows all parties to focus on value co-creation (Zajac and Olsen, 1993) and to insulate the project domain from conflicting behaviors. The following quotations are important in this regard:

*'[At the beginning we maintained] the usual relationships between manufacturers and distributors – cold, distant, and largely based on exchanges – based on the logic that if a buyer is not satisfied, it becomes very hard that a great collaboration stands. But when you enter into a more strategic context and you start speaking a different language that is no longer based on the fact that I obtained a discount due to volumes X instead of Y, then things change...because you anyway managed a method and obtained concrete results. Such a [third party] figure - Nielsen - allowed us to establish a link'  
(Interview with Sisa project leader)*

*'Lavazza intended to develop a project with Sisa...We own the marketing information system operated by the distributor...It is an entry barrier for both competitors and the manufacturer...because the distributor wants someone to act as a certifying entity'  
(Interview with ACNielsen CM division manager)*

In such circumstances, a mediated CM offers an architectural solution –a triadic relationship – with the mediator enabling the parties' integration through a splitting function, which disentangles the interaction domain. This disentangling is based on a bargaining mechanism from the interaction domain, which in turn is based on collaboration and the co-development of value through CM (Zerbini and Castaldo, 2007)

Moreover, the Sisa-Lavazza case underlines that the parties' interaction is not only multi-dimensional, but also multi-layered, because it simultaneously embodies inter-personal relationships. These relationships include diverse functions and roles, and people who may have personal and institutional goals that are very difficult to combine. Our interviewees observed that:

*'The main issue is often this one, in the sense that you develop the project with the purchasing function, the buyer, or the so-called category... sales and store managers are perhaps not involved, but they are at the point of sale. Then you arrive at the point of sale and the process stops. Precisely to avoid such issues later in the project, we involve these figures beforehand. If there is something to argue about, you can do that early in the project. All the functions were operationally involved at different stages ...because there are many relationships between many people.'*

(Interview with Lavazza project leader)

*'At the beginning, we met the sales director and the category manager of Lavazza for the first time. I was there, along with the loyalty manager, the data analysis manager, the buyer, the buying center manager, the display manager, who later had to implement the shelf because we had asked Lavazza to include a shelf architect ... Later, the relationship was restricted to me, the category manager, and ACNielsen's CM division manager...In the final meeting where we had to decide about implementation, the relationship was widened again even if all these procedures had always been implicitly endorsed by our top management team.'*

(Interview with Sisa project leader)

It follows that the CM mediator thus plays an additional role, acting as a gatekeeper that disentangles the inter-organizational relationship along its different inter-personal layers, bridging the holes *within* the manufacturer-distributor inter-organizational relationship, and in supporting individual interactions in the inter-organizational setting of the CM project. Our interviewees observed that:

*'We tried to involve all those people who would have an influence on the new category in-store implementation in the decision process, since the main problem of such projects is that sometimes you cooperate with the purchasing function without involving the sales function, in other words those people who are in the stores... Consequently, we have no idea of what really happens in-store... which local brands each store's shoppers prefer ... whether shoppers move from right to left or vice versa [through the store]'*

(Interview with Lavazza project leader)

The Sisa-Lavazza case suggests that the architecture of mediated CM is geared by the mediator at both the inter-organizational and inter-personal level of analysis throughout the moderation and integration of the inter-personal interactions within the scope of the CM project. This integration is undertaken through the selective involvement of the different organizational figures, which varies across the project phases and is aimed at minimizing functional conflicts.

Accordingly, the analysis shows that two main functions are exploited by the CM mediator at the architectural level. The first is integration through *interaction splitting*, which disentangles the dual interaction dimensions that co-exist within the manufacturer-distributor dyad (e.g., Bengtsson and Kock, 2000) and insulates collaboration on value creation (Jap, 1999) from bargaining on value sharing (Jap, 2001). The second main function is integration by *enactment of individuals*, which allows the combination of inter-personal patterns of interaction within the overall relationships maintained at the inter-organizational level. Figures 1a and 1b describe the architectural nature of mediated CM.

-----  
Please insert Figures 1a and 1b about here  
-----

### ***Mediated CM process***

Mediated CM follows a process sequence which is typical of project marketing activities (Cova, Ghauri and Salle, 2002; Cova and Salle, 2007), thus entangling a proposal definition and approval, a data analysis, and an implementation phase. In the Sisa-Lavazza case, the mediator's role is prominent across these phases and, at times, crucial in enabling the uniting of the parties' interests, their integration into the project activity, and the continuation of the CM project.

First, in the *proposal definition and approval* phase, a mediator intervention allows all actors to deal with their counterparts' lack of willingness to endorse the project and thus supports the integration of their CM activity. Indeed, category management is an interaction domain that exposes the manufacturer and the distributor to process misalignment (Drupe and Gruen, 2004; Gruen and Shah, 2000), asymmetrical outcomes, and opportunistic behavior by their counterparties (e.g., Morgan, Kaleka and Gooner, 2007; Zajac and Olsen, 1993). Our analysis shows that because the parties know the risks associated with CM, they lack the willingness to rely on their counterparties and undertake joint efforts with them. Our interviewees reported that:

*'We needed someone to certificate this method, this exchange of data, as well as the project objectivity ... Often the retailer has its own methodology, which is still at an embryonic stage, while the supplier has an explicit methodology, which has already been implemented ... [The supplier] regards the category as a strategic business unit, but defines goals that are merely based on extending its own benefits. [Such thinking] does not work, or the payoffs are balanced.'*

*In other words, both [parties] should obtain benefits, or we aren't able to undertake a project... We therefore needed an interface [entity] that would be objective and neutral in its activities'*  
(Interview with Sisa project leader)

Consistent with prior research (Burt, 2001), the Sisa-Lavazza case shows that the mediator is able to bridge the relational distance between the manufacturer and the distributor, and can represent each party's interests, basically in force of its trustworthiness according to both sides of the dyad. More specifically, in this case, the CM mediator's trustworthiness appears to be based on two main conditions: its reputation as a competent player in the marketplace providing reliable CM methods and the prior relationships that the mediator, as a professional service provider, had maintained with the parties. The mediator thus displays a knowledge-based trustworthiness (Lewicki and Bunker, 1996), as is clear from the following interview excerpts:

*'We needed someone to certify this methodology, this exchange of information, and, more importantly, the objectivity of the process... We had some problems at the beginning, before ACNielsen's involvement... but the situation was immediately appeased once we were at three negotiating parties...'*  
(Interview with Sisa Project leader)

*'I had known the ACNielsen category team chief for 7 or 8 years... I also already knew his staff, because we had cooperated on activities regarding space allocation'*  
(Interview with Lavazza project leader)

*'There are pre-existing daily service relationships that concern [business] data and inside such a service relationship, the opportunity to develop projects emerges'*  
(Interview with ACNielsen project leader)

Second, in the *data analysis* phase, a CM mediator's intervention appears to be crucial to allow knowledge management integration. Manufacturers and distributors' collaboration on CM leads to a high embeddedness and low redundancy context, in which the utilization of information is extremely valuable, but may be constrained (Rindfleisch and Moorman, 2001). Indeed, actors that bring confidential information into the CM relationship are exposed to their counterparts' opportunistic behaviors and may therefore suffer outcomes asymmetries (e.g., Corsten and Kumar, 2005; Morgan, Kaleka and Gooner, 2007). In such a context, the integration of manufacturers and distributors within the CM project assumes a strategic focus (Johnson, 1999), which calls therefore for ad hoc mechanisms. Our analysis shows that CM mediation may be a suitable mechanism to apply to vertical relationships, since mediation enhances the utilization of information, also under conditions of limited acquisition of information. The following is applicable in this context:

*'As a supplier, you can also see what I am doing; you can provide me with merchandising supports, but I am the one who enters the store. And they [the supplier's managers] have been very comfortable with this, because a reciprocal information exchange relationship has been established. Confidential information has most certainly been encrypted by both us and them. but we cannot provide them with data on our margins ... It's ACNielsen that has to guarantee that those data are only used in the specific project. That's why this role seems so important for us...ACNielsen allowed us to establish a linkage'*  
(Interview with Sisa project leader)

*'If we need data from the distributor, we ask them to produce these data, the encrypted margins, for instance'*  
(Interview with Lavazza project leader)

The encrypting activity that the mediator undertakes, recalls an information filtering function, which is original in respect of the acquisition/utilization balance that is typical of vertical dyadic relationships (Rindfleisch and Moorman, 2001). Moreover, prior research considers this information filtering and the controlled release of information activities as a source of power for the mediator, which is derived from the ex-ante condition of information asymmetries (e.g., Burt, 1992; 1997; Sawhney, Prandelli and Verona, 2003). The two organizations are therefore aware that their counterpart owns the knowledge resources needed to develop and complete the CM project, but lack the willingness to share such information. Thus, it's the CM mediator's ability to control the release of strategic information which allows the integration of information flows within the triad, and the execution of the CM project. The following quotation is very apt in this respect:

*'We have an interface between the parties that actually works as a mediator, allowing the distributor to disentangle all the aspects related to the analysis... We decide the pricing policies, the promotion, but we don't obtain the information on the market segmentation or the targeting from the supplier ... Together we discuss, sharing the information on a 360 degree basis, but we need someone to certify this'*  
(Interview with Sisa Project leader)

It follows that mediated CM offers a novel view of the embeddedness paradox, which highlights that a relationship's strength may make information sharing possible, but nevertheless inhibits access to novel and valuable information (e.g., Granovetter, 1973; Krackhardt, 1990; Rindfleisch and Moorman, 2001). The mediated CM view suggests that dyads integrated through a mediator may be a solution to the trade-off between information relevance and information sharing. Accordingly, the extension of the knowledge sharing domain when information is strategic but the relationship lacks tie-strength seems consistent with business network research, which recalls the critical role of the broader network in which dyads are embedded (e.g., Anderson, Håkansson and Johansson, 1994; Kenneth and Heide, 2004).

Third, in respect of the *implementation* phase, we observed that the CM mediator integrates the parties' decisions by arbitrating in respect of those CM solutions that may conflict with the parties' interests. On the strength of an established and shared data processing methodology, the mediator adds objectivity to the parties' CM methods, and acts as a clearing house, supporting the operational nature of the project's activities. The following quotations are interesting in this regard:

*'If my sales representative quarrels with the Sisa buyer, then ACNielsen can be the one who says: 'that's fine, but the project has to carry on because everyone is committed, there are investments'. If I were to get there with my sales representatives, then they would quarrel [with the Sisa buyers] again. It won't be the first time that this has occurred, because we cannot pressurize them. If I am the one pressurizing... it is different... It's safer to invest more in such complex project, [especially] if someone guarantees that the project will come to an end... There is, moreover, someone acting as a stimulus, meaning that if Sisa doesn't respond to my local representative [calls] it will to the third party that both have officially identified'*  
(Interview with Lavazza project leader)

*'[Implementation] was always operationalized and undertaken together. Proposals were arriving already defined, but were then approved together. They were very operational meetings. At the end, a written report was drafted, explicating the joint decisions'*  
(Interview with Sisa project leader)

Although such a function is not new in prior research on mediation (e.g., Hagel and Rayport, 1997; Pisanias and Wilcocks, 1999; Sawhney, Prandelli and Verona, 2003), there is one important corollary of the moderating role performed by the CM mediator in the implementation phase. By relying on the objectivity of the CM analytics and the parties' trust, the mediator is able to solve critical conflicts in the manufacturer-distributor relationship, which are related to strategic decisions regarding assortment and product line management. The following quotation exemplifies this well:

*'At the end, Lavazza found that some of its products were not represented in some stores' assortment. But they knew this, and it was interesting to see that this caused no problems, because we had the objectivity of the figures, there were data. If a product is not performing it's useless to leave it in a shop, even if you are my partner'*  
(Interview with Sisa project leader)

Consequently, the CM mediator becomes pivotal for the counterparties' bargaining and does not merely serves as a repository of trust for the two parties. The mediator also has a halo effect on the dyadic relationship, which is the basis for its shift in strength. Our interviewees reported:

*'When you enter into a strategic context....you start to speak a different language that is no longer based on the amount of discount for an amount of sales. Then things change, relationships start to change and become easier, almost like those you have with people whom you invite to dinner....The presence of ACNielsen allowed us to reinforce the link.'*  
(Interview with Sisa project leader)

*'With regard to the relationship and the project implementation, it has been a satisfying project ... the relationships has been consolidated....we have worked well.. indeed we are now implementing another project with a different division of Sisa.'*

*(Interview with Lavazza project leader)*

*'We liked this project...We had a great improvement in the stores in which we implemented it... with a category growth of 6% versus 2%... We particularly liked this project for its neutrality, we expected it from ACNielsen, but not from our supplier... At the beginning, we were reluctant because the distributor-manufacturer relationship is always a conflicting one, but it has been transformed into a more flexible one by the intervention of this third party. Now...it may be normal, but we now call each other to exchange Christmas greetings.'*

*(Interview with Sisa project leader)*

This shift from a bypassing function of hole span to one of incubator of dyadic trust is original with respect to prior research. Indeed, while the relevance of the business network surrounding dyadic relationships has been well established (Anderson, Håkansson and Johansson, 1994; Kenneth and Heide, 2004), the feedback effect that network actors may have on the dyadic interaction is far less explored. In this respect, the Sisa-Lavazza case demonstrates that in the CM field there may be third parties that not only integrate the revision process of the marketing policies on the category, but also allow the other parties to positively solve conflicts and develop tighter interactions and trust in each other through such an experience. Figure 2 summarizes the overall process dimension of the mediated CM framework.

-----  
Please insert Figure 2 about here  
-----

## **6. Discussion and conclusions**

This study offers a richness of insight that advances extant research. In respect of the main issue of actor integration within supply chains (Bromberger and Hoover, 2003; Slone, Mentzer and Dittman, 2007), this study underlines the prior debate on the role of third parties by (1) extending this debate from the operations (Bitran, Gurumurthi and Lin, 2007) to the marketing domain, and (2) directly tackling the issue of strategic integration, which has thus far been mostly considered in dyadic ties (Johnson, 1999).

In this respect, insights emerge from the Sisa-Lavazza case. First, at the structural level, our study acknowledges the multidimensionality of CM relationships, emphasizing the co-existence of the dualistic tensions of collaboration and competition. In this respect, it contributes to former research (Gimeno and Woo, 1996; Bengtsson and Kock, 2000; Håkansson and Ford, 2002; Zerbini and Castaldo, 2007) by showing how multidimensional interaction is geared in mediated environments. In particular, it shows that the mediator is successful in combining the collaboration and bargaining tendencies embedded in the dyad, due to its ability to split these contrasting modalities and gear them towards a separated interaction environment, albeit within the same project context.

Furthermore, the Sisa-Lavazza case offers an in-depth view of how inter-organizational relationships are integrated at the interpersonal level. Our analysis illustrates an integration architecture based on the selective activation and moderated involvement of functions and people. These people may be key for the CM project success, but previously they would have been outside the relationship already maintained between the manufacturer and the distributor. The study thus contributes to prior research on boundary spanners (e.g., Lian and Laing, 2007; Lovett, Harrison and Virick, 1997) by showing how mediators can help exchanging organizations to leverage their employees' working relationships without, however, being constrained and limited to them.

Second, at the process level, this study offers insights into how integration is obtained and maintained along the phases of a collaboration project. More specifically, this study identifies two key mechanisms that advance our understanding of how strategic integration (Johnson 1999) can be implemented in a mediated environment.

The first of these mechanisms is knowledge filtering, which acts at the data analysis level and offers a novel view of how information acquisition can be fostered in vertical relationships in which embeddedness is high but redundancy low (Rindfleisch and Moorman, 2001). Indeed, our study suggests that vertical relationships may overcome their intrinsic constraints regarding knowledge sharing by reverting to trusted mediators that are responsible for controlling the release of strategic information during the collaboration's data analysis phase. This study consequently also offers a third answer - i.e. a mediated dyad view - to the embeddedness paradox of strong vs. weak ties (e.g., Granovetter, 1973; Krackhardt, 1990).

A second mechanism is trust bridging, which is mostly required in the implementation phase and probes deeper into the relevance of the larger business network in which dyads are embedded (e.g., Anderson, Håkansson and Johansson, 1994; Kenneth and Heide, 2004). Indeed, the Sisa-Lavazza case suggests that third parties do not only bridge weak ties in supply chains (Bitran, Gurumurthi and Lin, 2007), but also allow dyads to experience a shift in relationship strength, due to the halo effect exerted by the mediator on the dyad. This study thus shifts attention from the mediation effects at the mediator level (e.g., Burt, 1992; 1997), to the less investigated effects at the mediated parties (e.g., Verona, Prandelli and Sawhney, 2003).

Additionally, this study makes a specific contribution to prior research on category management (e.g., Zenor, 1994; Corsten and Kumar, 2005; Morgan, Kaleka and Gooner, 2007) in that it first offers a novel view of CM implementation issues (e.g., Gruen and Shah, 2000; Corsten and Kumar, 2005) by suggesting that a mediated approach may constitute a viable alternative to solve manufacturers and distributors' initial reluctance to collaborate. Indeed, this study shows that past histories of well-working relationships may not be sufficient to allow the manufacturer and the distributor undertake a CM project. Conversely, when manufacturers and distributors involve third parties that benefit from the first two parties' knowledge-based trust (Lewicki and Bunker, 1996), these mediators can act as brokers (Burt, 1992; 1997) by filling in the relational gap in a first stage, thus allowing the parties to interact to a greater degree, which increases the relationship strength of the dyad.

Second, this study provides insights into the debate on coordination (Zenor, 1994; Basuroy, Mantrala and Walters, 2001) and value-sharing in CM (Corsten and Kumar, 2005; Zajac and Olsen, 1993). More specifically, the Sisa-Lavazza case suggests that third parties with a reputation as competent CM players add objectivity to the parties' views on the coordination of pie-enhancing actions and pie-sharing methods (Jap, 1999; 2001), thus reinforcing their perceptions of the rationality and fairness of the category management decisions derived from the joint analysis.

These insights should nevertheless be carefully considered with respect to the study's limitations. Our research is based on a single case study approach, which requires significant data collection efforts, but is also highly reliable regarding the interpretation of its results (e.g., Bourgeois and Eisenhardt, 1988; Yin, 1984). This research design has been identified as the most suitable in the light of the lack of research on mediation in CM. The benefits in terms of richness of insights should, however, be considered in the light of the limits of our findings' generalization. We managed to find third-party organizations that have established mediation practices, as well as manufacturers and distributors with longstanding reputations as competent players in their market that coordinate on a primary category in the geographic market that is our research topic. However, variations in the project context - i.e. the product category - or in the characteristics of the actors and their relationships may result in variations in the mediated CM architecture and process. Further research could address such limitations by developing causal models and testing them on statistically valid data samples.

Moreover, our analysis has mostly focused on the process of mediation in CM, providing few insights into the competitive and economic outcomes of such a process. Although we were mainly interested in the integration of the parties and the relational outcomes, the provided quotations do attest to the actors' satisfaction with the project as well as providing some economic and competitive outcomes that our data sources allowed us to divulge. The focus on outcomes is nevertheless central in CM projects; we thus expect further research to follow this avenue of analysis, relying on more detailed data to assess the mediated CM's economic and competitive performance.

Finally, our description spans an ongoing project from its beginnings until its implementation in a large sample of stores. Although this has the benefit of providing more precise data, since the informants' mnemonic efforts to recall past experiences were minimized, we can only infer the long-term consequences of mediated CM. Further research might want to extend the duration of the observation window, developing longitudinal studies to observe the extent to which the integration process is maintained over time and to which third parties contribute to long-term relationships and CM functioning.

Despite such limitations, there are, nevertheless, a few important implications for managers to be drawn from our analysis. First, from the manufacturers' and distributors' perspective, our analysis suggests that marketing and supply chain managers' investments in CM mediators might be helpful in overcoming constraints to the exploitation of value creation opportunities, also when business relationships are already in place. Indeed, a lack of trust in counterparties and the willingness to share strategic information appear to restrict the parties' ability to collaborate and fill in value gaps. A CM mediator may, on the other hand, facilitate the integration of parties, filtering sensitive information, and filling relational gaps, thus

constituting a viable medium that allows manufacturers and distributors to pursue collaboration strategies of growth.

In this respect, our study suggests that marketing and supply chain managers should not only select third parties on the basis of their hard skills such as data analysis and CM implementation techniques, but also on the basis of the relationship that the service provider maintains with the targeted counterpart of the CM action. Indeed, such a prior relationship seems critical in generating the counterpart's commitment to the project, which is not only key for succeeding in the proposal phase, but also in that of data analysis, during which confidential information has to be shared. Furthermore, it is also key in the implementation phase, during which strategic decisions have to be taken with respect to the sharing of the generated value.

Second, our study also suggests that investments in CM mediators should not only be motivated by the quest for economic performance, but could also be key in respect of a relationship management focus. Third-party interventions are also very valuable in the soft domain of relationship quality and may be central in allowing the overall manufacturer-distributor relationship to evolve towards stronger collaboration.

Finally, an implication from our data also concerns the mediator's activity. While rivalry appears growing in the data analysis and information system segments of supply chain management, there is little development of professional services carried over according to a relational intent. In this respect, mediation activities appear to be a viable differentiation path, which also provides significant opportunities for growth for SCM service companies.

## References

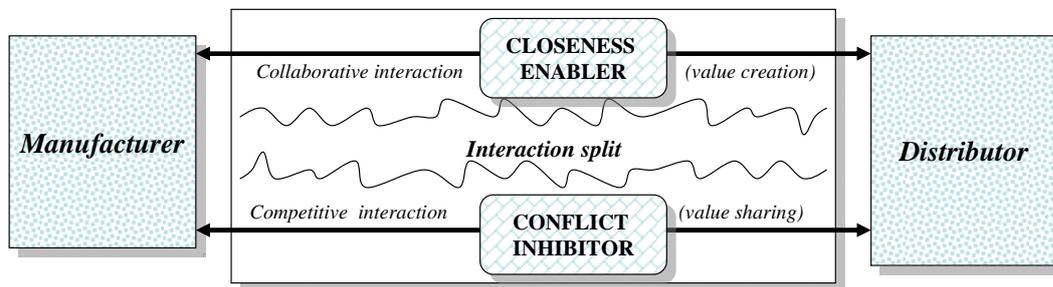
- Alderson, W. (1954), **Factors Governing the Development of Marketing Channel, in Marketing Channel for Manufactured Products**, Clewett, ed., Homewood, Ill., Irwin.
- Allen, F. and Santomero, A. M. (2001) "What do financial intermediaries do?", **Journal of Banking & Finance**, Vol 25 No 2, pp. 271-294.
- Anderson, J.C., Hakåsson, H. and Johansson, J. (1994) "Dyadic Business Relationship Within a Business Network Context", **Journal of Marketing**, Vol 58 No 4, pp. 1-15.
- Anderson, J.C. and Narus, J.A. (1990) "A Model of Distributor Firm and Manufacturer Firm Working Partnerships", **Journal of Marketing**, Vol 54 No 1, pp. 42-58.
- Anderson, E. and Weitz, B. (1992) "The use of pledges to build and sustain commitment in distribution channels", **Journal of Marketing Research**, Vol 29 No 1, pp. 13-34.
- Artle, R. and Berglund, S. (1959) "A Note On Manufacturers' Choice of Distribution Channels", **Management Science**, Vol 5 No 4, pp. 460-471.
- Barney, J.B. and Ouchi, W.G. (Eds.) (1986), **Organizational Economics**, San Francisco: Jossey-Bass.
- Basuroy, S., Mantrala, M.K. and Walters, R.G. (2001) "The Impact of Category Management on Retailer Prices and Performance: Theory and Evidence", **Journal of Marketing**, Vol 65 No 4, pp. 16-32.
- Bengtsson, M. and Kock, S. (2000) "Cooperation" in Business Networks-to Cooperate and Compete Simultaneously", **Industrial Marketing Management**, Vol 29 No 5, pp. 411-427.
- Beverland, M., Farrelly, F. and Woodhatch, Z. (2004) "The Role of Value Change Management in Relationship Dissolution: Hygiene and Motivational Factors", **Journal of Marketing Management**, Vol 20 No 9/10, pp. 927-939.
- Bitran, G.R., Gurumurthi, S. and Lin, S.S. (2007) "The Need for Third-Party Coordination in Supply Chain Governance", **MIT Sloan Management Review**, Vol 48 No 3, pp. 30-37.
- Bromberger, S. and Hoover, S. (2007) "Supply Chain Challenges: Building Relationships", **Harvard Business Review**, Vol 85 No 7/8, pp. 64-73.
- Bourgeois III, L.J. and Eisenhardt, K. (1988) "Strategic Decision Processes in High Velocity Environments: Four Cases in the Microcomputer Industry", **Management Science**, Vol 34 No 7, pp. 816-835.
- Burt, R. (1992), **Structural Holes: The Social Structure of Competition**, Harvard University Press, Cambridge: MA.
- Burt, R.S. (1997) "The Contingent Value of Social Capital", **Administrative Science Quarterly**, Vol 42 No 2, pp. 339-365.
- Burt, R.S. (2001), Structural Holes versus Network Closure as Social Capital, in Lin, N., Cook, K.S. and Burt, R.S. (Eds.), **Social Capital: Theory and Research**, Aldine de Gruyter.
- Cachon, G.P. and Kok, A.G. (2007) "Category Management and Coordination in Retail Assortment Planning in the Presence of Basket Shopping Consumers", **Management Science**, Vol 58 No 6, pp. 934-951.
- Cannon, J.P. and Homburg, C. (2001) "Buyer-Supplier Relationships and Customer Firm Costs", **Journal of Marketing**, Vol 65 No 1, pp. 29-43.
- Corsten, D. and Kumar, N. (2003), "Profits in the Pie of the Beholder", **Harvard Business Review**, Vol 81 No 5, pp. 22-23.
- Corsten, D. and Kumar, N. (2005) "Do Suppliers Benefit from Collaborative Relationships with Large Retailers? An Empirical Investigation of Efficient Consumer Response Adoption", **Journal of Marketing**, Vol 69 No 3, pp. 80-94.
- Cova, B., Ghauri, P., and Salle, R. (2002), **Project Marketing - beyond competitive bidding**, Chichester: John Wiley & Sons.
- Cova, B. and Salle, R. (2007) "Introduction to the IMM special issue on 'Project marketing and the marketing of solutions' A comprehensive approach to project marketing and the marketing of solutions", **Industrial Marketing Management**, Vol 36 No 2, pp. 138-146.
- Creswell, J.W. (2003), **Research design. Qualitative, quantitative and mixed methods approaches**, Sage Publications, London.
- Cunningham, M. T. (1980), "International marketing and purchasing of industrial goods – Features of a European research project", **European Journal of Marketing**, Vol 14 No 5/6, pp. 322-338.
- De Laat, T.B. (2001) "Emerging roles for third parties in cyberspace", **Ethics and Information Technology**, Vol 3, pp. 267-276.
- Dewsnap, B. and Hart, C. (2004) "Category management: a new approach for fashion marketing?", **European Journal of Marketing**, Vol 38 No 7, pp. 809-834.

- Donaldson, B. and O'Toole, T. (2000) "Classifying relationship structures: relationship strength in industrial markets", **The Journal of Business & Industrial Marketing**, Vol 15 No 7, pp. 491-506.
- Dussart, C. (1998) "Category Management: Strengths, Limits and Development", **European Management Journal**, Vol 16 No 1, pp. 50-62.
- Drupe, K. and Gruen, T.W. (2004), "The use of category management practices to obtain a sustainable competitive advantage in the fast-moving-consumer- goods industry", **Journal of Business and Industrial Marketing**, Vol 19 No 7, pp. 444-459.
- Dwyer, F.R. and Walker, O.C. Jr. (1981) "Bargaining in an Asymmetrical Power Structure", **Journal of Marketing**, Vol 45 No 1, pp. 104-115.
- Ford, D. (1980), "The development of buyer-seller relationships in industrial markets", **European Journal of Marketing**, Vol 14 No 5/6, pp. 339-353.
- Ford, D. and Håkansson H. (2006) "IMP - some things achieved: much more to do", **European Journal of Marketing**, Vol 40 No 3/4, pp. 248-258.
- Gadde, L.E. and Håkansson, H. (2001), **Supply Chain Network**, John Wiley & Sons.
- Gadde, L.E. and Snehota, I. (2000) "Making the most of supplier relationships", **Industrial Marketing Management**, Vol 29 No 4, pp. 305-16.
- Gajanan, S., Basuroy, S. and Beldona, S. (2007), "Category management, product assortment, and consumer welfare", **Marketing Letters**, Vol 18 No 3, pp. 135-148.
- Ganesan, S. (1994) "Determinants of Long-Term Orientation in Buyer-Seller Relationships", **Journal of Marketing**, Vol 58 No 2, pp. 1-19.
- Gimeno, J. and Woo, C. J. (1996), "Economic multiplexity: The structural embeddedness of cooperation in multiple relations of interdependence", in Baum, J.A.C. and Dutton, J. E. (Eds.), **The embeddedness of strategy Advances in Strategic Management**, Vol. 13.
- Granovetter, M. (1973) "The strength of weak ties", **American Journal of Sociology**, Vol 78 No 6, pp. 1360-80.
- Gruen, T.W. and Shah, R.H. (2000) "Determinants and Outcomes of Plan Objectivity and Implementation in Category Management Relationships", **Journal of Retailing**, Vol 76 No 4, pp. 483-510.
- Gundlach, G.T., Achrol, R.S. and Mentzer, J.T. (1995) "The structure of commitment in exchange", **Journal of Marketing**, Vol 59 No 1, pp. 78-84.
- Hagel, J. and Rayport, J.F. (1997), "The Coming Battle for Customer Interaction", **Harvard Business Review**, Vol 75 No 1, pp. 53-65.
- Håkansson, H. and Ford, D. (2002) "How should companies interact in business networks?", **Journal of Business Research**, Vol 55 No 2, pp. 133-139.
- Harris, B. (1993), **Category Management: The Concept and Its Implementation**, CIES Seminary, Retail Directions Inc.
- Hewitt, K.R., Money, B. and Sharma, S. (2002) "An Exploration of the Moderating Role of Buyer Corporate Culture in Industrial Buyer-Seller Relationships", **Journal of the Academy of Marketing Science**, Vol 30 No 3, pp. 229-39.
- Jap, S.D. (1999) "Pie-Expansion Efforts: Collaboration Processes in Buyer-Seller Relationships", **Journal of Marketing Research**, Vol 26 No 4, pp. 461-475.
- Jap, S.D. (2001) "Pie-Sharing' in Complex Collaboration Contexts", **Journal of Marketing Research**, Vol 28 No 2, pp. 86-99.
- Jap, S.D. and Anderson, E. (2004) "Safeguarding Interorganizational Performance and Continuity Under Ex Post Opportunism", **Management Science**, Vol 49 No 2, pp. 1684-1701.
- Johnson, J.L. (1999) "Strategic Integration in Industrial Distribution Channels: Managing the Interfirm Relationship as a Strategic Asset", **Journal of the Academy of Marketing Science**, Vol 27 No 4, pp. 5-20.
- Kennet, H.B. and Heide, J.B. (2004) "Relationship Governance in a Supply Chain Network", **Journal of Marketing**, Vol 78 No 1, pp. 73-89.
- Kotbaz, H. (1999) "Improving supply chain performance by efficient consumer response? A critical comparison of existing ECR approaches", **Journal of Business & Industrial Marketing**, Vol 14 No 5/6, pp. 364-377.
- Kotler, P. (1991), "Marketing Channels", in Kotler, P. (Ed.), **Marketing Management**, Prentice Hall, London.
- Krackhardt, D. (1990) "Assessing the Political Landscape: Structure, Cognition, and Power in Organizations", **Administrative Science Quarterly**, Vol 35 No 2, pp. 342-369.

- Lambert, D. and Cooper, M. (2000) "Issues in supply chain management", **Industrial Marketing Management**, Vol 29 No 1, pp. 65-83.
- Lewicki, R.J., and Bunker, B.B. (1996), "Developing and Maintaining Trust in Work Relationships", in Kramer, R.M. and Tyler, T.R. (Eds.), **Trust in Organizations: Frontiers of Theory and Research**, Thousand Oaks, Sage, pp. 114-139.
- Lian, P.C.S. and Laing, A.W. (2007) "Relationships in the purchasing of business to business professional services: The role of personal relationships", **Industrial Marketing Management**, Vol 36 No 6, pp. 709-718.
- Lovett, S., Harrison, D. and Virick, M. (1997) "Managing the boundary spanner-customer turnover connection", **Human Resource Management Review**, Vol 7 No 4, pp. 405-424.
- Magee, J.F (1960) "Operations Research in Making Marketing Decisions", **Journal of Marketing**, Vol 25 No 2, pp. 18-23.
- Mishkin, F.S. and Eakins, S.G. (2006), **Financial Markets & Institutions**, Pearson International Edition.
- Morgan, N.A., Kaleka A. and Gooner, R.A. (2007) "Focal supplier opportunism in supermarket retailer category management", **Journal of Operations Management**, Vol 25 No 2, pp. 512-527.
- Morgan, R.M., and Hunt, S.D. (1994) "The Commitment-Trust Theory of Relationship Marketing", **Journal of Marketing**, Vol 58 No 3, pp. 20-38.
- Pisaniyas, N. and Willcocks, L. (1999) "Understanding Slow Internet Adoption: 'Infomediation' in Ship-Broking Markets", **Journal of Information Technology**, Vol 15 No 4, pp. 399-413.
- Porter, Michael, (1985), **Competitive Advantage**, New York: Free Press.
- Raju, J., and Zhang, Z.J. (2005) "Channel Coordination in the Presence of a Dominant Retailer", **Marketing Science**, Vol 24 No 2, pp. 254-262.
- Rindfleisch, A. and Moorman, C. (2001) "The Acquisition and Utilization of Information in New Product Alliances: A Strength-of-Ties Perspective", **Journal of Marketing**, Vol 65 No 2, pp. 1-18.
- Rindfleisch, A. and Moorman, C. (2003) "Interfirm Cooperation and Customer Orientation", **Journal of Marketing Research**, Vol 40 No 4, pp. 421-436.
- Sawhney, M., Prandelli, E. and Verona, G. (2003) "The Power of Innomediation", **MIT Sloan Management Review**, Vol 45 No 2, pp. 77-82.
- Slone, R.E., Mentzer J.T. and Dittman, J.P. (2007) "Are You the Weakest Link in Your Company's Supply Chain?", **Harvard Business Review**, Vol 85 No 9, pp. 116-127.
- Srivastava, R.K., Shervani, T.A. and Fahey, L. (1998) "Market-based assets and shareholder value: a framework for analysis", **Journal of Marketing**, Vol 62 No 1, pp. 2-18.
- Strauss, A.L. and Corbin, J.(1998), **Basic of Qualitative Research: Techniques and Procedures for developing Grounded Theory**, Thousand Oaks CA, Sage Publications, 1998.
- Stern, L.W. and El-Ansary, A. (1988), **Marketing Channel. Englewood Cliffs, N.J.**, Prentice-Hall.
- Verona, G., Prandelli, E. and Sawhney, M. (2006) "Innovation and Virtual Environments: Towards Virtual Knowledge Brokers", **Organization Studies**, Vol 27 No 6, pp. 755-788.
- Yin, R. (1984), **Case study research: Design and method**, Beverly Hills, CA: Sage.
- Zajac, E.J. and Olsen, C. P. (1993) "From Transaction Cost to Transactional Value Analysis: Implications for the Study of Interorganizational Strategies", **Journal of Management Studies**, Vol 30 No 1, pp. 131-45.
- Zaheer, A., McEvily, B. and Perrone, V. (1998) "Does Trust Matter - Exploring the Effects of Interorganizational and Interpersonal-Trust on Performance", **Organization Science**, Vol 9 No 2, pp. 141-159.
- Zerbini, F. and Castaldo, S. (2007) "Stay in or get out the Janus? The maintenance of multiplex relationships between buyers and sellers", **Industrial Marketing Management**, Vol 36 No 7, pp. 941-954.
- Zenor, M.J. (1994) "The profit benefits of category management", **Journal of Marketing Research**, Vol 31 No 2, pp. 202-213.

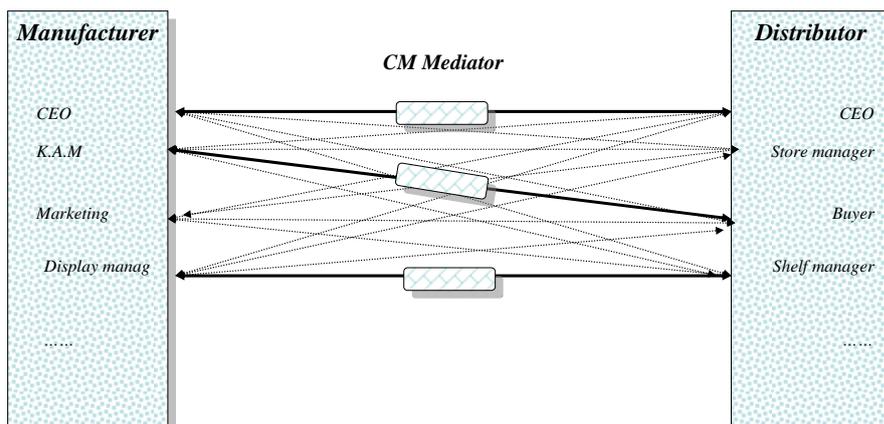
**Figures**

**Figure 1a - Mediated CM architecture: integration by interaction splitting function**  
*CM Mediator*



- Dyad actors
- CM mediated interaction context

**Figure 1b - Mediated CM architecture: integration by inter-personal relationship selective enactment function**



- Interaction at the interpersonal level (potential)
- Interaction at the interpersonal level (enacted)
- CM Mediator selective enacting function

**Figure 2 - Mediated CM process: key mechanisms of integration**

