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Impact of Form Postponement on Channel Members' Performance in Paint Business: A Theoretical Approach

Recently, form postponement has attracted a great deal of interest because increased product variety and service requirements have led manufacturers to finding new product and process redesigns (see e.g. Feitzinger & Lee 1997). However, the concept of postponement was first introduced in marketing literature by Alderson (1950, cited by Lee 1994). In Finland, Inkiläinen (1996) discussed the possibilities of postponement.

Nevertheless, previous studies suffer from some serious limitations. First, there is little research that addresses the influence of different postponement types on channel members' performance. In addition, the focus of postponement discussion has been on logistical issues, whereas marketing values have not been taken into account. Moreover, there is little research related to postponement that addresses the crucial issue of interorganizational relationships in the distribution channel. Zinn (1990) briefly mentioned the importance of this issue, but other articles focus on manufacturers' own distribution outlets. For these reasons, a new definition for form postponement was formulated.

In contrast to the previous discussions, which concentrate on global solutions, this paper discusses solutions at the country level. Factors which describe the potential of form postponement were defined. The factors were divided into three groups: product, logistical and demand factors. Based on these market-related issues, the impact of postponement on channel members' performance was analyzed. Furthermore, the performance factors were divided into three categories: investments, cost economies and marketing values.

The present paper focuses on postponement solutions in the paint business, assembly and manufacturing postponement. The finding of applications was conducted in cooperation with a Finnish supplier of postponement systems for paint businesses, Tikkurila CPS Oy.

Based on the discussions, a normative framework for the analysis of form postponement solutions in the paint business was built. Nevertheless, by first defining the possible postponement solutions in the target business, the framework gives the tools for evaluating the suitability of postponement in addition to paint business in other business fields as well.