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Developing the business model to increase the provided value

A case study of an exclusive importer of marine powertrains

Master's thesis in the Master's Program Management and Economics of Innovation

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SUMMARY
This master thesis has investigated what challenges an exclusive importer of marine commercial powertrains have regarding their business model and how to overcome them. The emphasis in the study has been on how the importer should add more value in the supply chain and how it should incorporate these activities into a coherent business model. Due to the exclusivity agreement with its powertrain manufacturer, this case study has focused on the importer itself and its resellers, as that is the domain in which the importer has the freedom of acting. The study has been conducted through qualitative interviews with key management personnel at the importer as well as people in managing positions at several of the importer's resellers. The data collected has been analyzed using relevant theoretical concepts such as resource-based view, business models, as well as theories on supply chain strategies. The analysis regards how and what value the importer should provide to its resellers to better help their businesses and to increase revenues. Lastly, the thesis concludes with a recommendation to the importer of closer collaboration and partnerships with its resellers, to mitigate the identified challenges and provide more value.

Keywords: business model, intermediary, marine powertrain importer, value, supply chain strategy

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Ludvig Lindell & Jesper Lundgren

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1.Introduction

The introduction will discuss the background to this thesis project. It will also discuss the aim, the research questions, and the delimitations of the study.

1.1 Background

This study is part of a thesis project conducted in collaboration with a Swedish exclusive importer of marine powertrains, focusing on the company's marine commercial operations. The company of concern is the exclusive importer of the supplier company for the Swedish and Norwegian market. It is responsible for the authorized resellers in the two countries, meaning that it provides training, technical support, and logistic services to them. The main source of revenue for the company stems from the sale of spare parts. This project aims to investigate what challenges the importer's business model is facing, how those can be overcome and how the company should provide value to the supply chain.

The importer is owned by its exclusive powertrain manufacturer, which holds a minority stake, and a company group, which also owns several shipyards in Sweden, that have a majority stake in the importer. The importer was founded in 2013 with the aim of managing and developing the powertrain manufacturer's reseller network in Sweden. In 2018, the importer expanded to Norway and took over the powertrain manufacturer's reseller network in Norway.

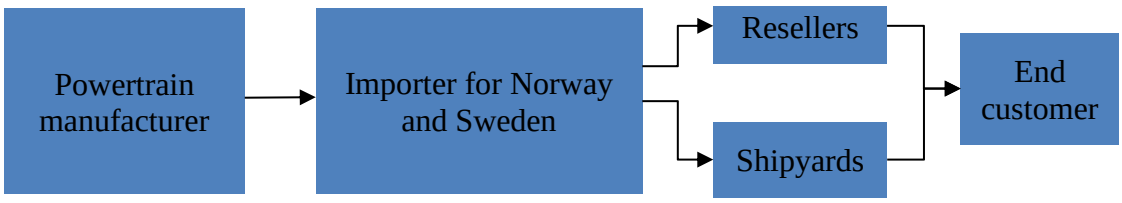
The marine commercial industry can be defined as vessels operating in a professional capacity. The users are either private or public organizations. Examples of common public marine commercial customers are operators of ferries, ambulance-boats, and pilot boats. Typical private operators include taxi boats, maritime search and rescue and fishing vessels.

The marine commercial industry is facing many challenges, especially with regards to the need of dealing with the environmental impact of the industry. To tackle these challenges Sweden has the aim of reducing the carbon intensity from domestic transports with 70% by 2030 compared to 2010 levels (Swedish Transport Agency, 2020) and Norway is aiming for a 50% reduction of emissions from the domestic fleet by 2030 compared to 2005 levels. (Norwegian Maritime Authority, 2022). The

electrification and the green transition of the industry will drastically lower the need for spare-parts and prolong service intervals (Candela Speed Boats, n.d.).

The importer's position in the supply chain is as a distributor within the Swedish and Norwegian market. The engines, the sterndrive, and spare parts are manufactured by the powertrain manufacturer and distributed to its exclusive importers in different regions globally, where the importer is the sole importer for the Swedish and Norwegian market. The importer in turn has over 30 marine commercial resellers and shipyards that are geographically spread over the two countries, that it distributes the powertrain manufacturer's products to. The resellers and shipyards then install and distribute the products to the end customers, within the marine commercial market segment.

Figure 1. The supply chain.



This project was initiated in light of the recent changes (electrification, servitization) in the mobility industry that have led to disintermediation, the removal of intermediaries in the supply chain, of many importers and resellers in the value chains. The American car manufacturer Tesla's value chain, for instance, is fully owned by the company and uses no importers or resellers (Musk, 2012). The Swedish car manufacturer Volvo Cars canceled its reseller contract with the reseller Bilia (Söderholm, 2020) to focus on direct sales to customers, fully owned resellers, and more online direct sales. Early signs of possible diminishing importance of the traditional role of the resellers and dealers can also be seen in the marine mobility industry. The Swedish electric boat manufacturer Candela Speed Boats are estimating the service cost for their public transportation boats to be 10% of a traditional diesel ferry (Candela Speed Boats, n.d.). Such a development could drastically affect the importer's revenue streams which heavily relies on the sale of spare parts. Due to these factors, the importer is especially interested in how it should provide value in the supply chain and justify its position.

As the company holds the position as an exclusive importer, the domain which within it can have an impact is limited to how it provides value and serves its reseller network. Hence, the focus of this study is on how the importer should provide value to and assist its resellers.

1.2 Aim

The aim is to investigate and analyze business model challenges and how to overcome them for an exclusive importer of powertrains in the marine commercial industry, through comparing the needs and perspectives of the company with its resellers.

1.3 Research questions

In order to understand and align the exclusive importers offer to the resellers, one must first understand what value is for the resellers and how this value is or can be offered by the exclusive importer. To understand how to better provide value is relevant as it legitimates the exclusive importer's intermediary position in the supply chain and opens up the possibility for further increased revenues. As an exclusive importer, responsible for a reseller network and with several restrictions from the manufacturer, it is important that the business model is shaped in a way that the added value that it provides is clearly aligned with its intended role in the supply chain and the needs of its resellers.

1. *How should an exclusive importer provide value in the supply chain?*

One of the main concerns for the importer is how it should provide value in the supply chain to remain a legitimate actor. This concern has become even more urgent in later years as many overarching industry challenges present themselves, such as electrification. The research question aims at understanding how the company should deliver value, both in terms of investigating how well it provides value within its current business domain as well as understanding if there is anything more that the company should do in order to provide value to its resellers.

2. *How should the business model of an exclusive importer be designed to fit their intermediary position?*

As an exclusive importer, the company has the two limiting constraints of both being tied to only one supplier as well as being an intermediary, limiting the possibility for direct sales.

When considering how value should be provided to the supply chain, these two constraints must be taken into account. Furthermore, any changes in the added value must be incorporated into the business model. In addition, any changes to the business model must be in line with the scope that company is obliged to fulfil, i.e., be an exclusive importer of the powertrain manufacturer's products in Norway and Sweden.

1.4 Delimitations

The scope of this study is limited to the Norwegian and Swedish maritime commercial market for the importer and its resellers. Furthermore, due to the position of the importer, being an exclusive intermediary, the business opportunities are drastically reduced. Hence, the options to provide value is limited in order to comply with the exclusivity agreement with the powertrain manufacturer.

2. Literature review

This chapter begins with describing the resource-based view of a firm and how it relates to the business model and sustainable competitive advantage. Thereafter the business model of a firm and the Business Model Canvas is presented, as well as an overview of the value-added reseller, the business logic often employed by intermediaries in the supply chain. Finally, literature regarding supply chain strategies, namely the Kraljic matrix, sourcing continuum and relationships in the supply chain are described. This literature is presented and reviewed as it is necessary in order to properly answer the research questions and understand the business model, what resources can be employed to create value, and the importers position in the supply chain.

2.1 Resource-based view

According to the resource-based view of the firm, the source of sustainable competitive advantage is argued to originate from the resources that a firm possesses (Barney, 1991). Furthermore, a strong linkage can be found between the business model and the competitive advantage of a firm (Ranjith, 2016). Therefore, in order to understand and develop the business model of a firm, it is relevant to explore the resources that the firm possesses. In light of the fact that the importer is in a very confined position, with limited impact on moving outside its supply chain position, the resource-based view is a suitable framework to answer the research questions of the thesis.

The resource-based view theory assumes that firms in a specific industry have access to different strategic resources, and that those resources are not easily moved across firms. The framework of the resource-based view is then used to determine which of the resources can be used as a source of sustained competitive advantage (Barney, 1991).

A firm's resources are defined as its productive assets and can be divided into tangible resources, intangible resources, and human resources according to Grant (2018). Tangible resources are such resources as financial resources and physical resources such as machines. Intangible resources can be divided into the three subcategories: technology, reputation, and culture. For most companies, intangible resources are more valuable than tangible resources and a main source to competitive advantage. Human resources stem from employee's know-how, their motivation and capacity to collaborate (Grant, 2018).

Grant (2019) describes the capabilities as what a firm can do with its resources and according to Teece (2018), a firm's capabilities can be divided into different sub-capabilities. Dynamic capabilities are about the firm's ability to "integrate, build, and reconfigure internal competences to address, or in some cases to bring about, changes in the business environment", and are essential for maintaining profitability over time (Teece, 2018). Furthermore, they are closely linked to the business model of a firm, and strong dynamic capabilities enable the creation of well-suited business models (Teece, 2018). Innovation capabilities are concerning a firm's ability to innovate, and Lawson and Samson (2001) propose that this is an organizational capability that can be supported and invested. Furthermore, the authors argue innovation capabilities are in fact the primary engine for value creation for a firm.

In order to understand which resources and capabilities can be used as a source of sustainable competitive advantage, Barney (1995) proposes the usage of the VRIO framework (Valuable, Rare, Imitable, and Organization). Unlike similar frameworks, such as the SWOT framework, it emphasizes the need for unique resources and capabilities to create sustained competitive advantage rather than through simply evaluating opportunities and threats in the business environment and exploiting them (Barney, 1995). The VRIO framework consists of four main questions:

1. **The question of value**

   This question regards whether the resource is adding value by enabling it to exploit opportunities or neutralizing threats. As customer preference changes over time together with the industry structure and technology, a resource value is not static.

2. **The question of rarity**

   The question of rareness regards how many competing firms are in control of a specific resource. If a resource is controlled by many competing firms, it is likely that the resource will provide little competitive advantage for any of them as many actors can exploit the advantage.

3. **The question of imitability**

   This question considers if a certain resource that is considered to be valuable and rare is easily imitable for competing firms. The more difficult a resource considered to be valuable and rare is to imitate, the more likely it is to provide a great competitive advantage.

4. **The question of organization**

   The success of a resource that is considered to be valuable, rare and difficult to imitate, also depends on if the firm is organized in a way so that the resource value can be fully exploited. To answer this question, it is important to investigate multiple aspects of the organization such as the organizational structure, and its way of managing and controlling.

2.2 Business model

The business model of a firm is the way a firm creates and delivers value to customers, and how part of that value is captured in the form of payments and eventually profit (Teece, 2018). Furthermore, Teece (2018) claims that it is essential that a business model is internally coherent, aligned with the management model of the firm and with the overall strategy. There are a lot of different ways to structure a business model, and Teece (2018) argues that designing a good business model is as much art and intuition as it is science. Christensen et al. (2007) argues that a business model consists of four elements that together create and deliver value, the most important element being the Customer Value Proposition. It contains the "job to be done", the important problem that a customer needs to solve.

2.2.1 The business model of a value-added reseller

A value-added reseller (VAR) is a company that adds value to a third-party product by adding services or customized products, which are in turn sold to the customer. VARs play an important role in many value chains as they provide an increased value for the customer through adding services or additional products. VARs also create value for the supplier of the goods as they can provide a higher value to the customer than what the supplier can do by itself (Kenton, 2021). The business model of VAR's focuses on enhancing the value for the final customers of the supplier's products.

From the supplier’s perspective, the main advantages of using VARs are related to the supply chain management and the increased coverage, specialization, close customer contacts and the lower costs that a VAR might provide. From the customer's perspective, a VAR adds value through offering one-stop-shipping, better service level, and improved communication links (Kenton, 2021).

It is common for producing firms to partner with resellers. As resellers tend to have good knowledge of the market, and an existing distribution network, they can bring the product to market in a more efficient and effective way than the producer can do alone. This has resulted in that a number of producers of goods and services have outsourced their sales activities to resellers (McQuiston, 2001). The main driver for companies to establish supplier-reseller partnerships is that it tends to add value. The value added usually takes form in terms of increased revenues for the company as resellers tend to extend a supplier's market reach (Weber, 2001).

2.2.2 Business Model Canvas

The Business Model Canvas is a commonly used concept for describing the business model of a firm (Osterwalder & Pigneur, 2010). It is especially useful in visually representing the business model, and it is a simple and effective way to facilitate business model development as well as facilitating discussions around it (Coes, 2014). There are some critiques towards the model, for example that it does not take external forces such as competition into account (Coes, 2014), but it is still a simple and easy concept to use.

The Business Model Canvas consists of nine building blocks (Osterwalder & Pigneur, 2010):

1. **Customer segments:**

   The block describes the different people and organizations that an organization wants to reach. Different customers are often segmented into larger groups wherein the customers show common behaviors, to enable easier handling.

2. **Value Propositions:**

   The value that a company create to a specific customer segment, through its products and services.

3. **Channels:**

   Channels describe the ways a company communicates with its customer segments to deliver their value proposition. For example, it could be through own stores, or through a reseller.

4. **Customer relationships:**

   A company needs to describe the types of relationship it has with its customer segments, and how those relationships should be formed and maintained.

5. **Revenue Streams:**

   From the customer segments, the company needs to connect revenue streams, considering how they prefer to pay and what pricing method is appropriate.

6. **Key Resources:**

   The key resource part of the Business Model Canvas describes the resources required to make the business model function, and can be physical, financial, intellectual, or human.

7. **Key Activities:**

   Key activities describe what activities need to be undertaken to make the business model work.

8. **Key Partnerships:**

   Key Partnerships concerns the network of suppliers and partners that enable the business model, and the different types of partnerships.

9. **Cost Structure:**

   Lastly, it is vital to understand what the important costs of the specific business model are.

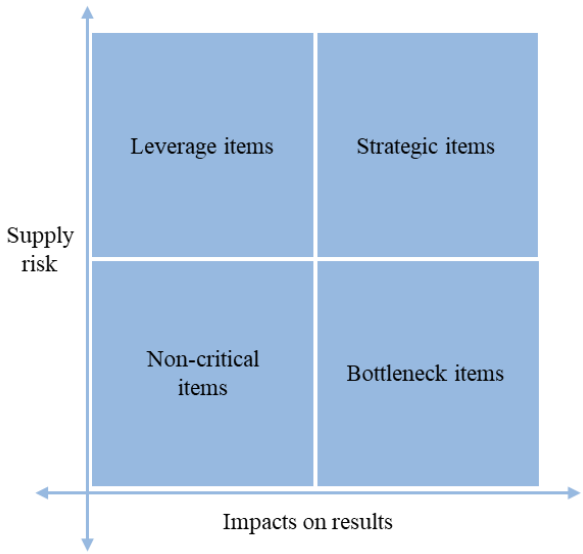
2.3 Supply chain strategies

In order to understand the intermediary position of the importer, and the possibilities and risks with managing a large network of resellers, different theories on supply chains will be reviewed. First, purchasing strategies will be discussed, in particular the Kraljic Matrix, to be able to classify the products provided by the importer and understand general supply chain strategies. The succeeding chapter will then focus on relationships in supply chains, and how trust and commitment impact them.

2.3.1 Purchasing strategy

The Kraljic Matrix is one of the most impactful frameworks for purchasing strategy and is a way of classifying items in order to identify appropriate supply strategies. The Kraljic Matrix has two axes: The strategic impact of the item for the business and the supply market complexity and risk (Kraljic, 1983). The 2x2 Matrix leads to four different categories of items: Strategic (high profit impact and risk), bottleneck (low profit impact but high risk), leverage (high profit impact but low risk) and finally non-critical (low profit impact as well as low supply risk).

Figure 2: The Kraljic Matrix. Adapted from Kraljic (1983).



While one strategy generally has been advocated for in each quadrant, Caniëls and Gelderman (2005) argue that there also are significant differences in strategy within

each quadrant. The authors present the following options and strategies for the different quadrants:

Strategic:

1. Maintain the partnership
2. Accept that the partnership is locked-in
3. End the partnership and find a new supplier

Bottleneck:

1. Accept the dependence and try to reduce the negative consequences
2. Reduce the dependence and look for other solutions and suppliers

Leverage:

1. Exploit your buying power
2. Develop a closer, strategic partnership

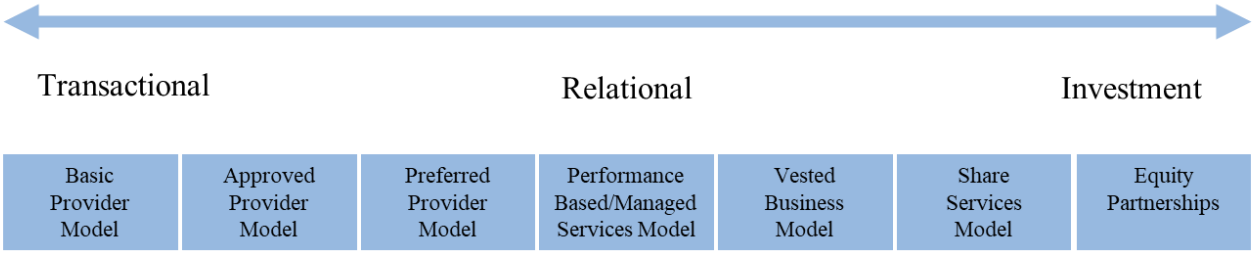
Non-critical:

1. Pool requirements and contract only a single supplier for several items
2. Individual ordering, only place an order when a product is needed

2.3.2 Sourcing continuum

Keith et al. (2016) describes a sourcing continuum, which classifies different types of buyer-supplier relationships, from transactional, to relational to a full investment. Keith et al. (2016) describes transactional as charging for every transaction, exemplifying with number of calls answered by an outsourced customer care center, or number of pallets stored. This approach is very efficient when dealing with low levels of complexity and when there is no mutual dependency. Relational contracts are rather based on the value created and include longer and closer relationships. The primary reason for not using relational contracts is that it does not make sense to collaborate closely with all suppliers as it consumes resources and not every supplier is strategic. Lastly, investment is when a company wants to insource instead of buying, and the common reason is that a specific competence is core to the business (Keith et al. 2016).

Figure 3. Sourcing Continuum. Adapted from Keith et al. (2016).



There are three different sourcing models in the sourcing continuum model that does not involve economic, or equity share between the seller and supplier (Keith et al., 2016). These three are the conceivable ones for this project as they are within the limitations of the supply chain due to the exclusivity agreement of the importer.

1. **Basic Provider:**
   A fully transactional model where the buyer procures products or services from the seller to a predetermined price. There are no partnerships between the seller and reseller and no agreements on future businesses, all purchases are usually handled individually. Typically, the preferred model is used for products and services related with low risk.
2. **Approved Provider Model:**
   Is a transaction-based model where the buyer acquires products or services from prequalified suppliers that fulfills the buyer's needs. Usually, the buyer uses a few prequalified resellers to keep a strong leverage position by consolidating volumes while at the same time having multiple supplier options in order to be able to switch to another supplier if for instance one supplier increases prices.
3. **Preferred Provider Model:**
   A similar sourcing model to basic provider and approved provider. However, the preferred provider model is characterized by more collaborative partnerships between the buyer and seller. The sourcing is often more long-term focused and includes repeated buys.

2.3.3 Relationships in supply chains

Geyskens et al. (1996) writes that having mutual commitment between exchange partners in a supply chain is essential for producing benefits for both firms and investigates two different types of commitment: affective commitment and calculative. Affective commitment regards to which extent the members of the supply chain like to maintain their relationship, while calculative concerns the degree to which the members have a need to maintain the relationship. Geyskens et al. (1996) concludes that trust is the deciding factor for which type of relationship develops and argues that a relationship based on affective commitment and trust is more effective than a calculative one, as affectively committed channel members will be more likely to invest in the relationship, perform better while at the same time be less prone to opportunistic behavior. Trusting one's supply chain partner is also positively associated with both sides' specific asset investment, while reducing the behavioral uncertainty (Suh & Kwon, 2004). As information sharing reduces the behavioral uncertainty, the authors argue that it can improve the levels of trust. Other important factors for building trust are a partner's reputation on the market and having a perceived conflict with one's partners is negative on the whole (Suh & Kwon, 2004).

3. Methodology

This section will present the method used in this study to answer the research questions through which the purpose of the study was fulfilled. In short, a qualitative case study with an inductive approach was taken, and the majority of data was collected through semi-structured interviews with the importer as well as with relevant resellers.

3.1 Qualitative research

Qualitative research is, first and foremost, inductive in nature, which means that theory is generated from the research (Bell et al. 2019). Furthermore, qualitative research has a view of social reality as constantly shifting and it aims to describe and understand it by providing the specific contexts. Bell et al. (2019) further describe that qualitative research is well suited when wanting to see through the eyes of the people being studied, and when context is highly important. It is a very flexible research method, and since hypotheses are not formed, it minimizes the risk of incorporating biases from the beginning.

There are four common criticisms of qualitative research presented by Bell et al. (2019). The first one is that it is too subjective, as researchers undertaking qualitative research often start open-ended and later narrow the scope down, without explaining which choices were made and why. Furthermore, due to the emphasis on context, qualitative research is almost impossible to replicate and also very difficult to generalize. On the other hand, the purpose of qualitative research is not to make empirical generalizations, rather it is used to make theoretical generalizations. Lastly, the lack of transparency is also commonly put forth as a criticism, claiming that qualitative data seldom discloses how participants were chosen nor how the data analysis was performed (Bell et al., 2019).

The qualitative research approach was taken due to the complex company and industry environment which needed to be investigated in depth. Furthermore, a flexible approach was important to have, as to allow for a broader initial scope that narrowed throughout the process. Lastly, there are few companies that are in the same position, and it would logistically be very challenging to perform a quantitative study on them.

3.1.1 Case study

The study was performed as a case study, as the aim was to understand the specific context of a firm, its business model and how it should provide value to the supply chain. This is in accordance with Bell et al. (2019) who describe case studies as an intensive analysis of a single case and an appropriate method when wanting to highlight the unique features of a case. In this instance, the unique features surround the importer's exclusivity and intermediary position and the constraints that follow, as well as their access and responsibility of a large network of resellers while not being a manufacturer themselves.

3.2 Literature review

The study started with reviewing literature on business models, value creation and services as well as relevant frameworks and theories connected to the topic. The main purpose of the literature review was to get a good theoretical understanding of the topic and the current state of the field as well as being a framework for the analysis. However, due to the inductive approach taken, the literature evolved as more data was collected and ended in a framework consisting of the resource-based view, business models and supply chain strategies. The search for relevant literature started with focusing on the following keywords: *dealer network, value-based reseller, importer, Kraljic matrix, changing role of the middleman, marine power solutions uptime, marine industry uptime, service provider interface* and evolved into including keywords such as: *competitive advantage, resource-based theory* and *supply chain relationships.* The articles were retrieved through Google Scholar and the Chalmers Library database.

3.3 Semi-structured interviews

As written by Bell at al. (2019), the interview is the most commonly used method in qualitative research, as it can provide a deep understanding, while being flexible. Qualitative interviewing is effective in investigating issues that are difficult to observe, which is the case in this study. Further advantages are that it enables observations of events that have already happened and that makes it easy to obtain consent from participants (Bell et al. 2019), which is useful when researching potentially sensitive issues such as business models. Specifically, semi-structured interviews were used in this study, as there are clear topics and questions that are to be discussed.

A problem with qualitative interviewing is that interviewing is always less naturalistic, as it is a formal and unnatural situation, which leads to problems such as interviewees censoring their language, providing over-rationalistic accounts, and providing only limited insight into real social behavior (Bell et al. 2019).

3.3.1 Purposive sampling

The selection of interviewees was done through purposive sampling, which means that the research participants were sampled in a strategic way, to ensure relevance to the research questions (Bell et al. 2019). For the interviews at the importer, that meant people who work with the business model and strategy and people responsible for sales in the marine commercial segment.

The interviewed resellers were also sampled through purposive sampling. The purposive sampling was done to answer the research questions, and specifically to ensure variety (Bell et al. 2019) of the resellers, as the aim is to develop the general business model and improve the value proposition. The expressed aim was to get a sample of Norwegian and Swedish resellers that are representative, with a geographical spread and different business focuses. As some resellers belong to the same company group, another criterion was to interview one sister company. These requests were taken to the different sales managers, who presented two resellers for each country.

3.3.2 Sample size

The importer is not a big company, and the marine commercial is only one of three segments, which meant that the number of potential interviewees at the company was limited.

The interviewed resellers were deemed by the importer as the more competent ones, with whom the importer has decent relations with, as well as representing a large part of the Marine Commercial Business. While smaller, less competent resellers also would have been relevant to interview, the interviewed ones were the most important according to the importer. Furthermore, due to the early emerging themes and similarities despite the clear differences between the resellers, it can be argued that the problems identified were large enough to warrant a stop in interviews. In addition, the

research questions concern the business model of the importer, and how it can be improved, not at understanding every unique dealer and why they act and think the way that they do. Therefore, a large sample of resellers is not required.

3.3.3 Interview guide

For the early management interviews, the business model canvas was used to map the current business model. For the specific marine commercial interviews, two different interview guides were used, one for internal interviews and one for reseller interviews. Being semi-structured interviews, the interview guide provided a starting point and follow up questions were asked. However, the themes were the same in interviews to the importer and the resellers:

- Needs and challenges
- The collaboration and relation between the importer and the resellers
- The importers value proposition
- Competitors
- Electrification
- Vision of the future

An excerpt of the interview guide used to interview resellers is provided below (translated to English):

- What does the main contact with the importer consist of?
- With what would you like more support from the importer?
- What are your views on electrification?

3.3.4 The interviews

During all interviews, the main questioning was done by one author, while the other took detailed notes. For the interviews at the importer, interviewees were asked if the interview could be recorded, and all agreed. After the interviews, transcriptions of the recordings were made.

The Norwegian resellers were first contacted through the Norwegian sales-division, while the Swedish were contacted directly by the authors, stating the overall aim of the interview. Every reseller agreed to be interviewed and three interviews were performed via Teams and one in person. The reseller interviews were not recorded, as to enable a

relaxed environment. The data collected therefore relied on the extensive, word for word, note-taking during the interviews.

3.3.4 Complementary data collection methods

In addition to the interviews, ethnographic elements were a part of the data collection as a considerable time was spent at the importer, being present in internal meetings and presentations, webinars as well as informal discussions in order to understand the culture and the company perspective. Furthermore, company documents and sales figures were accessed and taken into account, however, due to their confidential nature not included in this report.

3.4 Research procedure

The research began broadly with the use of a business model canvas to understand the business model of the marine commercial segment on a broader level. Combined with it were questions of what resources and capabilities were believed to exist in the company, what challenges they saw, where the company wants to be heading and what restrictions are in place. Furthermore, challenges and opportunities were discussed. Here, questions about the value proposition already rose, as a potential problem and important part to investigate. In this early stage, there were many talks about increasing the revenue through broadening the value proposition, adding new products to the product line or adding more services. At the same time, discussions about the current business also took place. After the initial interviews, more specific interviews about the commercial market were undertaken, with two directions, both about broadening through services or products, and about the current business and relationship with the reseller network. At this point in time the literature and data analysis were quite broad, and theories on servitization and diversification were also considered.

After the internal interviews had been conducted, interviews with the resellers started in order to compare the viewpoints and understand the resellers' real needs. A different story began to unfold, in that what the resellers were after was more akin to the current value proposition of the reseller, only performed more effectively. Due to the inductive approach of the report, the focus was changed to rather focus on supplier relations and resource-based theory. Lastly, a few complementary interviews and talks were made at

the importer, to discuss what the resellers had said, especially about technical competence.

3.5 Data analysis

The data was analyzed through a thematic analysis, which according to Bell et al (2019) is the most common way of performing qualitative data analysis. The authors reference several ways of searching for themes exemplifying with repetitions and similarities and differences.

First, themes were identified through interviews with the management team of the importer, discussing the overall business model. The themes from those interviews guided the narrower interviews at the importer regarding the marine commercial industry, and they in turn guided the reseller interviews. The data and the themes were constantly discussed, revised, and iterated over. For example, the study turned towards supply chain relations instead of services during the reseller interviews.

3.6 Research evaluation

Reliability and validity are terms commonly associated with evaluating research quality. In essence, reliability concerns if a study can be replicated and validity if a study really measures the concepts that it aims to measure (Bell et al. 2019). Bell et al. (2019) does however bring light to the debate on the relevance of the criteria's for qualitative studies, since for example qualitative research does not concern itself with measurements in the same way, and since it by nature is less absolutist and more about different social realities through the eyes of the participants. Therefore, the regular criterias needed to be adjusted to fit the epistemological position of qualitative research. Reliability and validity were still used as headlines in this section due to their popularity but are adjusted and combined with other qualitative criteria's, such as trustworthiness, a criterion recommended by Bell et al. (2019). Furthermore, they were divided into internal and external reliability and validity.

3.6.1 Reliability

External reliability concerns whether a study can be replicated, and since it is impossible to freeze a social setting, external reliability is a natural problem for

qualitative research (Bell et al. 2019). A parallel to reliability is dependability, and the suggested method for ensuring dependability is auditing the research through sharing notes and results and ensuring that peers agree and come to similar conclusions. Due to the nature of this report as a master thesis a full auditing has not been possible to do, but discussions have been had with the supervisors from the importer about the interviews, results and analysis, ensuring that they think that the findings are reasonable and logical.

Another important part of reliability is the internal reliability, if the research team agrees about what they see and hear (Bell et al. 2019). To ensure internal reliability, all interviews have been done together, the report has been discussed and written together and directly after all interviews, internal discussions and summaries were made to ensure agreement in what was said.

3.6.2 Validity

When discussing external validity or transferability, the degree to which findings can be generalized to other settings, Bell et al. (2019) brings up the general qualitative problem of using case studies and small sample sizes. On the other hand, they also bring up authors who argue that the most important thing to ensure transferability is by providing a "thick description" to ensure that there is enough context to a study so that other researchers can use their judgment to decide if a finding is generalizable to another other social context or not. Throughout this study, an attempt has been made to include as much context and description as possible, while staying on the subject and answering the research questions.

A parallel to internal validity, used when determining trustworthiness is credibility. It is an important aspect of qualitative research as qualitative research concerns the social reality through the eyes of the participants and without a credible account of their reality, the entire research falls apart. A popular method to improve credibility in qualitative research is triangulation, using more than one method in the study of social phenomena (Bell et al. 2019). In this study, triangulation is performed through the combination of semi-structured interviews, ethnographic data collection and internal

documents. Throughout the entire project, the different data collected has continuously been discussed and compared to each other, ensuring credibility.

4. Empirical findings

In this chapter, empirical findings are presented. The empirical findings stem from the data collected through the semi-structured interviews performed in this study as well as ethnographical data and the review documents from the importer. The chapter begins with explaining the management team of the importer's view on its own business model, divided into the different parts of the Business Model Canvas. Afterwards the chapter describes the resources and capabilities of the importer that were identified. Thereafter challenges identified in the interviews with both the importer and the resellers in the marine commercial powertrain industry are described. Second to last is the reseller's perspective and needs, and the empirical findings conclude with describing the relationship between the resellers and the importer. The empirical findings presented aim at helping to answer the research questions through understanding the current business model and resources available, the value provided, the reseller needs and challenges and the current relationships.

4.1 The company's perceived business model by its management team

The starting point in answering research question two: "How should the business model of an exclusive importer be designed to fit their intermediary position?" must be to understand the current business model, as well as the limitations present to the company due to its intermediary position. To gain an understanding, the Business Model Canvas was used and discussed together with the management of the company. The company's current business model as perceived by its management is relatively unanimous. This section will present the business model of the company according to the management's view divided according to the Business Model Canvas (Osterwalder & Pigneur, 2010).

4.1.1 Customer segments

The customer segments of the importer's marine commercial business are different for the two countries for which it operates in. In Norway it solely provides its products and services to resellers, while in Sweden, it sells to resellers, who sometimes are shipyards. The regular resellers provide a large variety of services to the end customers, including repowering of old vessels as well as spare parts and services. Resellers that are also

shipyards, does, in addition to the regular reseller business, also install engines into new boats that they build.

The end customers can at an aggregated level be divided into public and private customers. Within the public customer segment, a broad range of customers is found. Ambulance boats, military boats, pilot boats as well as passenger transports and ferries are common public customers. Common for all these are that they usually procure new equipment and service contracts through public procurement processes.

Among the private customers, fishing boats, taxi boats, and workboats are common customers. There are some national differences within the private customer segment. In Norway, the amount of customers among fishing boats is substantially larger due to Norway's large fleet of smaller fishing vessels unlike in Sweden where the boats tend to be substantially larger. The limited power range of engines that the importer provides, fits well for the Norwegian fishing boats, wherefore the market is considerably larger than in Sweden.

4.1.2 Value proposition

The value proposition of the company mainly consists of the supply of marine powertrains and spare parts. The company helps supply high-end marine powertrains to its resellers from the manufacturer. Additionally, to the physical supply of the engine, the company helps its resellers with technical support, technical knowledge on the powertrains, and designing propriate power solutions for new engine installations. Additionally, the importer does in some cases support the end customers directly with technical knowledge.

For the supply of marine powertrains and spare parts, it is vital that the reseller receives the correct product, a relatively complex task according to the importer due to a very high number of part numbers handled. To simplify the process of ordering parts for the resellers, the importer provides a website with exploded view drawings, as well as a support function that a reseller can call to consult. The products also need to be transported from the manufacturer to the reseller, which is done through the inventory of the importer. Due to the importer having their own inventory, delivery times can be

shortened which is part of their value proposition as delivery times are often critical for parts, especially for unplanned breakdowns within the marine commercial segment. The importer's own warehouses in Norway and Sweden also improves efficiency, according to the company, due to the ability to customize the stock for the Norwegian and Swedish markets.

As its marine commercial customers require highly customized solutions to fit their unique applications, the company’s product know-how and support in designing new adequate power trains poses a large part of the value proposition according to the importer. Furthermore, the user profile of the engines looks drastically different, consider for example a ferry versus a military vessel. A ferry is usually operated with lower engine loads for many hours a day while a military vessel is operated for fewer hours a day, but with a much higher engine load. Here, the importer contributes with knowledge about engine configuration and the products. Another important aspect to consider when selling a powertrain is the integration with other electronics and systems present on the boat. This is another area where the importer supports the resellers and end customers with support to find adequate solutions.

In addition to the overarching value proposition of the company, there are some differences to the company’s value proposition in the two markets it operates in regard to its marine commercial business. In the Swedish market, the importer supplies complete power solutions to its resellers. This is done through customization of engines by installing peripheral equipment such as additional filters. One common installation is emission control modules to make the engines compliant with local emissions standards in the vessel's operating areas. The installation of such equipment is carried out by the importer and the complete package is then delivered to the reseller. In the Norwegian market, no individual customization of the engine is done by the importer. Instead, the engine and drive is delivered as is to its resellers that makes the necessary customizations to the engines themselves.

4.1.3 Customer relations

According to the importer, the customer relations are dependent on the type of customer. As previously stated, the customers can be divided into resellers and end customers.

The customer relationship with most resellers is characterized by extensive partnerships and close collaboration according to the management team of the importer. The importer is responsible for ensuring that the resellers have adequate product knowledge and comply with general brand regulations. This is, according to the importer, done through extensive training courses provided as well as close monitoring of the reseller's compliance with the powertrain manufacturers standards.

According to the importer, for the end customers, the marine commercial segment of the business is characterized by complex products and need for many custom solutions. Due to the importer's extensive product knowledge, they are sometimes in direct contact with their end customers. This is not only true for technical support, but also to some extent for processing customers to choose products from the importer's product range. Events are usually held at the engine manufacturer's testing facility to raise awareness about and promote its product offer.

4.1.4 Channels

The management team of the importer described that there is a continuous communication between the importer and its resellers. According to the importer the relationships with the resellers are long-term focused and there is little change to the reseller network from year to year. Most communication is direct between the resellers and the importer. Due to the complex nature of the products, the importer regularly updates the reseller on new products in order to keep the technical competence level among the resellers high.

For key end customers, the importer stated that they sometimes establish direct relations. This is done both through regular contact with the key customers to try to understand their needs as well as through demonstrations of the products.

For the sale of spare parts, it is mainly handled through a website provided by the importer. For intricate issues, the resellers can also get support on spare parts and order them by calling the importer. Additionally, the website is also open for international sales of spare parts which contributes to a minor part of the importer's sales. Due to the complex nature of the powertrains, such sales are always made through close collaboration between the importer and the reseller, according to the importer. Usually, this type of sales also includes the end customer in the communication to better meet their demands.

4.1.5 Revenue streams

The revenue streams of the importer mainly consist of the sale of powertrains and spare parts, and its income stems from selling the products at a higher price than the buying price it has from the manufacturer. The sale of power solutions and spare parts makes up for roughly equal amounts of the importers total revenues. Additionally, there are some very limited revenues that stem from the sale of consulting services. However, most of the technical know-how and support that the company provides to its resellers and end customers are done free of direct charge. On rare occasions, the importer charges the customer for its services. The same is true for the trainings that importer provides, they are mainly held free of charge for the resellers.

4.1.6 Key activities

According to the management of the importer, the two main activities made are the physical supply of power solutions and spare parts and the technical support that it provides to its resellers. Another important activity is to be present on the market and strengthen the brand on the Swedish and Norwegian market. This is done through the participation of fairs as well as demonstrations of the products.

4.1.7 Partnerships

The importer has two partnerships with two main actors. Firstly, the importer has a long going partnership with the engine manufacturer. They collaborate both on technical issues and market information from the resellers. Secondly, they have direct partnerships with their strategic marine commercial customers. These partnerships are made to ensure close collaboration and to try to grow the business of the importer.

4.1.8 Cost structure

The main costs of the company stem from the purchase of powertrains and spare parts from its manufacturer which are in turn sold to the resellers. The second largest cost of the company is the staff. Additional costs stem from rent of facilities, transportation of goods, training for the staff, and costs related to the participation in fairs as well as customer events.

4.1.9 Key resources

The main resource of the company is its product and application competence through its personnel according to the interviewees. The product and application competence is necessary to be able to fulfill the value proposition of the company to supply spare parts and power solutions to its end customers. The importer also sees its extensive reseller network as a very valuable resource. Through the network, the reseller can reach almost all geographical regions in Sweden and Norway and access the vast majority of end customers.

4.1.10 The future business model

During the interviews with the importers management, questions were asked about how the management team wanted to change its current business, in the light of their view of the business model through the Business Model Canvas, and what their five-year vision for the company were.

The management of the importer stated that they want to explore services related to their technical knowledge and competence, as a way to grow the revenue and widen the business. At the same time, the company wishes to be a reliable, long-term partner for its resellers and customers. On a more specific level, for the marine commercial market, interviewees mostly discussed the need for gaining market shares from their competitors as the preferred way to grow the business.

4.2 The importer’s resources and capabilities

Since a firm’s capabilities are the organization's ability to effectively make use of its resources, the chapter begins with an overview of the key resources of the importer and ends with an overview of the capabilities. Through the interviews, three key resources of the importer were identified. The key resources that were identified were the reseller network, its warehouses, and the employees of the importer. Correspondingly, three main capabilities were identified: Firstly, the capability to integrate and design adequate propulsion systems. Secondly, the capability to provide the right part to anywhere in Sweden or Norway in a timely manner. Lastly, the company has the capability to adapt standardized products to fit custom installations.

The first key resource identified; the reseller network consists of the extensive network of resellers that the importer possesses. It is one of the most extensive reseller networks in Sweden and Norway for marine powertrains. The network is part tangible, and part intangible. Tangible due to the physical workshops of the resellers, and intangible due to the geographical coverage, the reputation that each individual reseller brings and the overall value of a strong support-network. The warehouses in Norway and Sweden were the second key resource identified. The warehouses are tangible resources that enable the importer to store powertrains and spare parts that it in turn can be distributed to its reseller network. The last key resource identified are the employees of the importer, a clear human resource. Through their combined knowledge of designing and servicing powertrain packages as well as their interpersonal relationships with employers at the resells, they are a key resource in the running of the business.

All three main capabilities that were identified bridges a gap between the powertrain manufacturer’s and the importers' resellers' capabilities. In regard to customizing and integrating appropriate powertrains, the resellers have a good understanding of the boats in which the powertrains are installed. The interviews revealed that the resellers are more technically skilled than the importer on everyday practical technical matters related to the powertrains. This is natural due to the fact that the resellers themselves operate on the engines much more in practice while the importer does not carry out as much work on the powertrains themselves. Furthermore, it was concluded that the importer needs technical support from the powertrain manufacturer for designing the

largest and most complex installations. The same is true for very complex technical questions. This is due to the fact that the importer lacks in-depth product knowledge compared to what the powertrain manufacturer possesses, because the importer does not possess the large development teams of the powertrain manufacturer that usually has this type of knowledge. From a technical support perspective, the capability allows the importer to provide value by playing an important role in combining product knowledge and application knowledge, to help its resellers customize the powertrains, the capability stems from the employee resource of the importer and their technical competence.

The second capability identified is the ability to provide the right physical part to all geographical areas of Norway and Sweden to end customers through its reseller network. This capability is performed through its extensive reseller network as well as the importers technical know-how on what parts fit what application. Hence, it can provide the right part anywhere in Sweden and Norway in a timely manner. This capability is enabled through the warehouse resource and the employee resource of the importer and their understanding of the products.

The last capability identified is the ability to adapt standardized products. The importer has both the necessary product knowledge and the possibility to make local adjustments to the engines. One main reason for customization of the powertrains is to comply with local emission standards. This is a valuable capability due to the fact that many resellers hesitate on doing such modifications to the engines as it requires detailed knowledge of the product and involves risk due to responsibility for potential future breakdowns. This capability also stems from the employee resource and their technical competence.

4.3 Marine commercial industry challenges in Norway and Sweden

As the project focuses on identifying challenges in the supply chain between the importer and its resellers for the marine commercial powertrains, a substantial part of the interviews with both responsible people at the importer as well as the resellers revolved around their view on challenges present. The identified challenges are presented in this subchapter.

During the interviews, it was explained that despite what one might be inclined to believe, the Norwegian and Swedish markets are quite different. The main reason is the geography, with Norway having fjords and more coastal activities and thereby more boats, including special boats such as ambulance- and firefighting boats. The Norwegian market is a lot larger, and for the importer, it is the market where they are expected to grow the most, as their market share in the Norwegian commercial market is only half of the Swedish. In the Swedish market, the powertrain manufacturer is already the largest player on the market and the importer does not expect the market to grow in the coming years.

4.3.1 Environmental demands and electrification

Reoccurring in all interviews, both internally and with resellers was the topic of electrification. With higher demands on emission standards, and more customers wanting electric propulsion systems, it is on top of everyone's minds. A clear consensus emerged, as both the importer and the resellers agreed that the market was moving toward electric power, starting with hybrid solutions. However, there are a lot of uncertainties and questions yet to be answered.

For both resellers and internally at the importer, the main concern to whether electrification will be a valid option in the future is the energy density of the batteries. Today's battery technology offers an energy density per weight of below one twentieth compared to diesel. For ferries operating in calm waters with short routes and the option to charge while docked, this was reported to not pose a severe problem. However, for planing boats, such as many military vessels, the energy density of the batteries would make the boat far too heavy if converted to battery electric drive. Worth to note, however, is that the energy density in lithium batteries has tripled since 2010.

Another concern among both resellers and the importer related to battery electric propulsion is the lack of charging infrastructure in the remote areas where many of the commercial vessels operate. For charging the vessels in a timely manner, high charging power is required. This is something that results in high load on the electric infrastructure, which rarely is dimensioned for the high-level charging loads required.

This constrains the possibility to operate electric vessels to areas with adequate electric infrastructure, which often exclude remote areas.

A final common concern is the fire hazard associated with the batteries. A fire aboard a boat poses an extreme danger. As battery electric vessels need to carry large amounts of lithium batteries, which are very hard to extinguish if they catch fire, there is a potent fire hazard that needs to be dealt with. Battery electric vessels therefore need special equipment and design choices related to the battery bank which further increases costs and makes it more difficult to convert old vessels with combustion propulsion to battery electric propulsion.

The importer raised some specific concerns, the first one being that since an electric engine has fewer moving parts than a combustion engine it will require fewer spare parts. In the light of spare parts constituting most of the today's revenue, this was perceived as a threat to the current business. Furthermore, today’s sale of marine power solutions is characterized by a comparatively small initial investment cost and large costs related to spare parts, operation, and upkeep of the engine. In contrast, the interviewees expect the electrified marine power solutions to have a substantially larger initial investment cost, but considerably lower costs related to operating the engine, including lower service frequencies. Due to the lower operating costs during the engine’s lifetime, it is considered likely that the manufacturers themselves want to sell the electric powertrains directly to not have to share the profit with their dealers.

As for solutions, the importer said that a company in the same group is highly competent in batteries and electric propulsion and are providing marine propulsion solutions that are either hybrid or fully electric. It was reported that talks of collaboration with that company had recently started, and a continued and deepened relationship was presented as an opportunity for the future. There are also shipyards in the company group that are proficient in electric and hybrid vessels already. The importer has been part of a limited number of collaborations on hybrid powertrains where it has provided the diesel genset in the hybrid solution. A recurring theme when talking about partnerships to deliver hybrid solutions was the fear and feeling that the profit share for the importer would become too low, as their share of the total business becomes smaller.

During the interviews, the resellers clearly stated their belief in the fact that the first company that produces a well-functioning hybrid electric propulsion system will get the entire market. For the importer, being a one-brand-importer, this is of course very troubling as long as their supplier is not first. The interviewees expressed a lack of agency in making sure that their supplier develops a good electric alternative quickly. Instead, they are forced to do business as usual and hope that their supplier comes up with an adequate product. However, it was mentioned that no powertrain manufacturer provides adequate hybrid electric powerpacks as of today and will not do so for the upcoming few years.

The overarching view on electrification among the resellers was that it is currently a hyped topic and something that is going to grow within the marine industry. However, there were divergent views on whether electrification actually is going to be the dominant propulsion system in the long term or if it is only going to be a valid option for niche applications. Likewise, the resellers had widely different views on the viability of battery electric propulsion for commercial boats. On the other hand, both resellers and the importer agreed that due to the aforementioned concerns, combustion engines will continue to operate for a long time, and they will continue to require repairs and services. In the short term, the existing fleet will still be needed to be taken care of, securing their business for upcoming years.

4.3.2 Spare parts

One challenge that characterizes the market is the usage of non-original spare parts. Here, the views of the interviewees differed somewhat. Some estimated that up to 50% of the sales of the spare parts were lost to third-party manufacturers during the lifetime of an engine, while others talked about a growing trend of seeing more non-original spare parts, arguing that it is only now starting to become a real problem. The use of non-original spare parts is especially present after the warranty expires (usually after half of the engines expected lifetime), and it is believed to be dependent on how well the local reseller performs and actively tries to sell original spare parts. The reasons for using non-original spare parts are twofold, both because third-party spare parts are generally cheaper, but one interviewee also described problem of convenience:

"Third party spare parts are especially a problem when dealing with a fleet of ships, because the procurement of spare parts is often centralized. There is a Volvo Penta engine in one boat, a Scania in another and Caterpillar in a third. It is much easier for the fleet owner to go to one place who has filters for all three, instead of three different sellers to get original spare parts."

In the interviews the resellers reported that boats seldom operate in the same area in which they were built, leading to the reseller missing out on the aftermarket and subsequent services on the engine. Some stated that the engines will be served either by another reseller, an unauthorized mechanic or by the operator themselves. Yet there are examples of the opposite, one dealer reported that they use service-cars, sending out their mechanics to take care of a boat farther away. One Norwegian reseller explained how they even sent service cars to Denmark in order to service a vessel. One Swedish reseller explained how a Norwegian customer sent their engines back to Sweden in order to get them repaired.

4.4 The marine commercial resellers' perspective and needs

There is a big variety among the reseller's businesses. This is true in terms of business size, market share, importance of the marine commercial business for the reseller, and level of competence on the importer's products. As few resellers are alike, there is a broad range of perspectives and needs among the resellers.

4.4.1 Customers

In terms of customer base, there are substantial differences both in terms of what type of commercial customers that the resellers serve and the share of marine commercial customers of the total customers. Regarding the types of commercial customers that the resellers serve, it varies primarily based on where the resellers are located as it often is difficult to transport the boats long distances for service and many operators prefer to use a nearby reseller. This is especially true for the maintenance and overhaul of engines. As downtime is often very costly for commercial operators, they often service their powertrains close to the location of operation. While the general sentiment of the resellers was that the importer provides the physical products in a satisfactory and

efficient way, the resellers also saw a potential in increasing the speed of deliveries for high priority customers when they have a breakdown in order to ensure uptime.
As a result of operators often preferring nearby resellers for maintenance and overhaul, the types of customers that the resellers work with depends on what type of vessels that operate in the proximity of their geographical location. In Gothenburg for instance, which has the largest port in Scandinavia, resellers in the area perform a lot of jobs on pilot vessels. In the middle part of Norway, there are plenty of fishing boats which is one of the main sources of work for resellers in that area.

For installation of new powertrains, the geographical aspect of the reseller's location tends to play a less important role. As repowering of old vessels and powering of new builds happens seldomly, the geographical location of the reseller is not as important as for maintenance and overhaul. Instead, the installation of powertrains is concentrated to a few highly skilled resellers in each country. It is also the case that some engines are installed in Sweden into boats that are later shipped to Norway and vice versa. Hence, resellers that focus their business on engine installations tend to have a larger geographical spread of its customers. Future maintenance and overhaul are often carried out by another reseller at a closer distance to the vessel's operating area.

4.4.2 Need for technical assistance

Some of the resellers work with directly competing engine manufacturers while others solely supply and maintain engines provided by the importer’s engine manufacturer. This results in differences in terms of how important the importer and its products are for the reseller's business. For the resellers where the importer’s engine manufacturer is an important part of the business, they often perform more complicated installations and maintenance and hence requires more advanced support from the importer. The resellers where the importer’s engine manufacturer only constitutes a minor part of the business, it is common that they only perform less complicated tasks. This often comes with low knowledge of the products and how to maintain them. Therefore, these resellers require another type of support from the importer, more focused on product knowledge. Most of the powertrain manufacturer’s products are rather similar and the main determinant for the supplier when choosing what brand to choose for new engine

installations is end customer preference, smoothness, supplier support, and in some cases technical specification.

However, during the interviews with the resellers, it was reported that the technical experts at the importer are very often on a similar technical level as the resellers, meaning that the benefit of contacting them is small. One reseller stated that it is reasonable that a person on the phone cannot solve a problem that a senior mechanic has not managed to solve while being able to look at the engine and perform tests, even though the person on the phone is an expert on the engine itself. Others reported that when they encounter highly complex problems that they do not manage to solve themselves, they need access to a product specialist at the manufacturer, which leads to the importer simply being an intermediary step who contacts the manufacturer on behalf of the reseller. In these cases, the overall opinion among the resellers were that the importer was only a delaying middleman. The intermediary step simply prolongs the process for the resellers.

4.4.3 The importer's role

The resellers also want the importer to be a general problem solver and help out the resellers in various ways. The marine commercial industry is an industry full of uncertainties, customization and demands. While the manufacturer needs to have a global perspective, the importer can customize offers and services to the Norwegian and Swedish market and focus on solving specific problems. One positive encounter that was reported during the interviews was how a reseller had an important customer with an engine breakdown, and they decided to order a new engine from the manufacturer. However, the manufacturer could not provide a delivery date for the engine, so the importer provided a full repair-kit to the reseller, so that if the engine could not be delivered in time, they could at least repair the old one, which meant that the customer did not lose uptime. The engine was delivered on time, the importer took the repair kit back, and the customer was pleased. During the interviews, resellers especially emphasized the importance of such assistance as it proved very valuable for them, while at the same time was very difficult to do themselves. It was taken notice that the more closely located the reseller that was interviewed where to the importer, the more frequent such stories were. When the resellers were asked about how the

importer could provide more value, in addition to what they already provide, the resellers did not have any clear ideas.

Common in the reseller interviews was the feeling that the resellers were happy to be asked about their perspective and their needs, and that it was an unusual occurrence for them. One reseller said, as something negative, that they have less contact with the importer now compared to prior years, and another wanted more physical visits from the importer in order to improve flexibility and ease of collaboration. In a similar vein, a Norwegian reseller requested that the importer should try to provide more value to the reseller's business and help them develop further.

4.4.4 Product trainings

Regarding the product training that the importer offers, the resellers have different preferences due to a varying degree of competence. A training that is perfect for one reseller might be on a level that is too elementary for a more competent reseller. The general quality of the training was deemed to be good, but some resellers requested specialized training on relevant concepts. One reseller brought up a positive example of having undergone training in new emission regulations, and later encountering a customer with a powertrain built in compliance with those regulations. Due to the training, the reseller could service the powertrain and therefore appreciated the training as a valuable investment of their time.

4.5 Reseller relationships

In the interviews with the importer, it became clear that the management of the company believed itself to have a deep and extensive relation with its resellers and that they were of great value to the resellers in supporting them with technical know-how and product knowledge. This was repeated several times during the interviews, especially when the interviews concerned the sale of new powertrains. At the same time, employees at the importer admitted that their relationship was quite varied with the different resellers. Furthermore, several managers of the importer expressed a want for deeper collaborations with the resellers, openly sharing data and discussing ideas. For example, one manager at the importer complained about many resellers only contacting them with finished ideas and specifications instead of discussing and developing optimal powertrain designs together, stating that:

"We should be the obvious choice for bouncing ideas about Marine Commercial solutions"

When the relation with the importer was discussed with the resellers, another view on the relation emerged. The resellers mainly spoke about their relationship with the importer as accessing their website to order spare parts themselves. Worth to be mentioned, however, is the fact that the resellers are having regular contact with the importer regarding topics that are of more elementary character, such as ordering spare parts, indicating that they are not completely independent.

4.5.1 Multi-brand dealers

Despite being authorized dealers, almost all resellers have several other, competing brands that they service. In Sweden, all of the resellers serve multiple brands and in Norway 78% do. There is a power imbalance between the resellers and the producers, as the resellers can choose between several different brands with similar product offerings, while the producers want a lot of resellers in order to ensure a good geographical coverage. Due to the similar product offerings, it also means that if a reseller does not want a particular brand, they can easily substitute it with another. The consequences are that it has historically been difficult to steer resellers in a direction, and some are more loyal than others. In Sweden, this problem is especially prominent, as the commercial market is quite small, and it is characterized by personal relationships between key actors.

5. Analysis

The analysis will center around answering the research questions, through combining the empirical findings with the presented literature. In the end, a discussion of the analysis, the methodology as well as potential future studies will be provided.

5.1 Research Question 1: Providing value

Research question 1 *"How should an exclusive importer provide value in the supply chain?"* seeks to answer how the importer can add more value to the resellers and claim its position in the supply chain. The three main themes identified in the empirical findings of the study were working closer with the resellers, providing the right technical competence as well as helping the resellers with the overarching industry movement towards electric powertrains.

5.1.1 Importer-reseller relationship

The first identified theme is the importer-reseller relationship, as the reseller network was presented by the importer as their most valuable resource. In the following paragraph, an analysis will be made through the VRIO framework, in order to investigate if the reseller network is or could be a source of sustainable competitive advantage. To further understand the relationship, the findings from the interviews will be put in relation to theory of the sourcing continuum, the Kraljic matrix as well as relationship commitment. The importers view on an ideal relationship with its resellers seems to be suggesting a preferred provider model in the sourcing continuum (Keith et al. 2016).

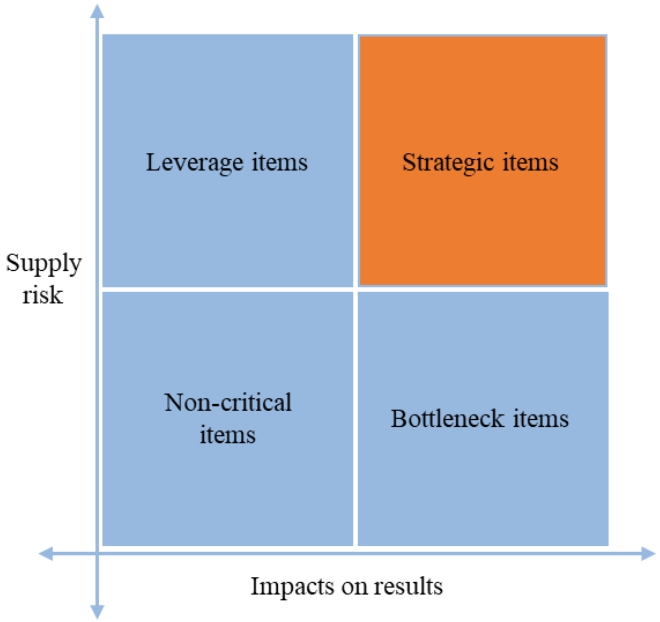
Regarding the question of value of the reseller network, it has shown to be highly valuable as it generates a substantial revenue stream to the importer through the sale of powertrains and spare parts through its reseller network. From a rarity perspective, there are competitors present on the market with similar reseller network configurations, but none of the competitors controls such an extensive reseller network. The resource is quite difficult, but not impossible to imitate, however, due to the limited number of marine powertrain manufacturers, there is a limit to how many importers there can be. Lastly, from an organizational perspective, the importers organization is capable of utilizing the reseller network today. However, despite the importer's management

team's emphasis on close collaborations and partnerships with their resellers, the resellers themselves, and especially the Norwegian resellers, stated that the importer does not add much more value than any other basic supplier. The marine commercial resellers view the importer as more of a warehouse than a true partner. Therefore, when analyzing the value of the importer's reseller network through the VRIO framework, it can be considered to be a valuable, rare, and inimitable resource but a resource that the organization as of today is not fully capable of exploiting. Hence, the reseller network should be considered to be an unexploited competitive advantage (Barney, 1995).

From the resellers' view, the relationship of today would rather be classified as purely transactional, and from a relational perspective have more of the characteristics of a basic provider model (Keith et al. 2016) as they pay for each order and perceive themselves to receive little more value than the products ordered. Consequently, there is little incentive for the reseller to deepen the relationship or to involve the importer further in their business. According to Geyskens et al. (1996), this is akin to a calculative relationship, in which the members have a need to maintain it, but do not "like" it. In contrast, a relationship with a committed partnership based on trust will likely lead to both parties investing in the relationship, as well as performing better (Geyskens et al. 1996).

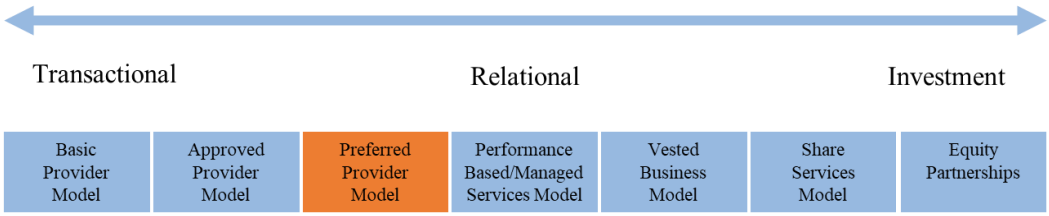
With background in the interviews, the products in the supply chain are characterized by high impact on results, as they constitute the main business of the resellers, without spare parts and powertrains, the resellers cannot sell services either. Supply risk is also relatively high, due to the limited number of powertrain manufacturers available, and the considerable investment needed in order to become an authorized reseller. This is further supported by the fact that once a powertrain is installed, the operator becomes dependent on the manufacturing company for many years to come. Therefore, the spare parts and powertrains should be considered strategic products in the Kraljic Matrix.

Figure 4. The importer's items in the Kraljic Matrix. Adapted from Kraljic (1983).



In regard to the sourcing continuum (Keith et al. 2016) and the clear fact that the products provided are to be viewed upon as strategic products by both the resellers as well as the importer (Kraljic, 1983) this suggests that for this supply chain to work efficiently, there needs to be a relational relationship between the reseller and the importer. The combined findings from the interviews with the importer and the resellers suggests that today's relation is to be described as an approved provider model, the resellers are often sourcing several powertrain brands and are approved resellers for those. The resellers have a shallow relationship with the importer, viewing it as more of a warehouse than a true collaborator.

Figure 5. The wanted position in the sourcing continuum. Adapted from Keith et al. (2016).



There is an interest expressed from the interviewees in the management team of the importer to become a preferred provider to its resellers and put more emphasis on providing value. What is interesting here is that the interviews with the resellers revealed that they have a need and a want for more close collaboration and support from the importer in order to further develop their business. Thus, there is a common interest present at both the resellers and the importer to transform the supply chain collaboration towards a preferred provider model. Much is therefore likely to be gained from a deepened relationship where the collaboration is more characterized by the preferred provider model (Keith et al. 2016).

The earlier in the process that the importer is involved, the better technical solutions can be configured which likely would increase the chance of the end customer and the multi-branded resellers selecting the powertrain manufacturer's solution. The resellers expressed a need and appreciation for the importer when they solved complex problems, such as when providing the repair-kit as described in 4.4.2, and a deepened relation will enable the importer to do so on a more fundamental level, rather than only solving problems ad hoc when they arise. It enables a partnership, and a possibility for working towards better long-term solutions together. The type of value that the resellers want from the importer is akin to how Kenton (2021) describes the typical value proposition of a VAR: adding value through better service levels and closer communications.

Hence, from the perspective of research question 1 *"How should an exclusive importer provide value in the supply chain?"*, the importer can add more value to the supply chain by deepening its relationship with its resellers, which in turn will increase the effectiveness of both parties' businesses. With closer collaborations with the entire reseller network, business opportunities can arise through the coordination available. As discussed in chapter 4, there are currently problems with vessels being built in one place but operated in another and therefore falling outside the reseller network. Through partnerships, the importer can take a larger responsibility for the overall business and coordinate so that vessels that are moved are picked up and serviced by another reseller in the new geographical area. Additionally, establishing closer relationships will help the importer in navigating trends and general problems that are applicable on many different resellers. With that information, they can also return back to the manufacturer

with valuable feedback. By providing more value, and having closer ties with the reseller, the risk of disintermediation also decreases.

5.1.2 Technical competence

The second challenge and theme identified is technical competence. The importer presented technical competence as another key resource, and one that has received a lot of development focus in recent years. From a combined view of the resellers and the importer, the importer is particularly good at system integration and general product knowledge for spare parts.

During the interviews it was revealed that the importer had been thinking about further expanding its technological competence through expanding into the domain of more specific technological knowledge on part level. However, due to the fact that the powertrain manufacturer already possesses the knowledge and has large units with both technical support staff as well as product development staff, it makes little sense for the importer to acquire this type of technological competence. From this perspective, it also makes little sense for the importer to try to acquire further technical knowledge either within the area of the more daily mechanical work or within product specific detailed knowledge. This competence is already available at the powertrain manufacturer and the problem raised by the resellers was that the importer was only seen as a delaying middleman.

The importer has a unique set of technical competence within system integrations, powertrain design, and technical support on spare parts where it enhances the value of the products through different services, similar to how Kenton (2021) describes a VAR and their value proposition. The importer should focus on deepening the level of knowledge within these areas rather than expanding its technical knowledge areas to overlap more with the resellers and the powertrain manufacturer. Regarding the resellers' request for quicker support with intricate technical questions, the importer should instead preferably focus on streamlining the process of forwarding the questions to the powertrain manufacturer and assist in the process to make sure that the responses get to the resellers quickly.

To utilize the potential value of technical competence and to answer research question 1 *"How should an exclusive importer provide value in the supply chain?"* The key to create and provide value in the supply chain is to support the parts of the processes where the importer is a strong player. The importers key strengths regarding technical competence, is system integration, and designing the powertrain itself. These are done in very early stages, and it is highly valuable to get them right from the beginning. Therefore, the importer can look to adding additional value to the supply chain by entering the process of new powertrain package designs early on and collaborating closer with its resellers during the entire process. The interviews with the resellers also supported the idea of early involvement since the reseller's strengths rather lie in the daily mechanical work. Through an earlier involvement in the product design, the importer will also better support the resellers in designing powertrain packages for public customers.

5.1.3 Electrification

The electrification of the marine propulsion industry was raised as one of the main concerns for the future among the resellers and by the importer itself. When watching the fast pace of transition within the automotive industry, questions about the future of the marine industry was quickly raised.

Regarding electrification, the importer has many circumstances to consider, not least the fact that it is an exclusive importer for Sweden and Norway for the powertrain manufacturer. Therefore, there are limitations to what the importer can offer in addition to the powertrain manufacturers product range, especially regarding competing brands. Since fully electric powertrains as of today only exist in niche markets (such as ferries operating on short hauls) due to the technical limitations of the batteries. Therefore, the threat of fully electric powertrains is not imminent. The powertrain manufacturer is also scheduled to provide electric powertrains within two to three years, which is when most of the main competitors are scheduled to introduce their electric powertrains on the market.

As previously stated, fully electric powertrains are mainly viable for vessels operating on short routes. For vessels that operate on longer routes, hybrid powertrains are the

only viable option. The increasing demand for such a solution can primarily be seen in Norway where stricter regulations on emissions in the fjords makes electrification the only viable option for most new vessels. All interviewees expressed the unanimous belief that the electric powertrains are likely to remain like this for the coming few years. Hence, the important market in the short term in regard to electric powertrains for the importer's main market is mainly the hybrid powertrains.
The demand for hybrid electric powertrains to vessels operating on short routes can be served through the sister companies which includes both highly skilled shipyards with experience of electrification as well as two smaller companies focusing solely on electric powertrains. The demand for electric powertrains is therefore likely to be best handled by directing such customers to the sister companies in the wait for the powertrain manufacturer to provide hybrid electric powertrains. Such an arrangement makes sure that the revenues stay within the group without infringing the exclusivity agreement as well as securing revenues for the importer as the combustion engine part of the hybrid system can still be provided by the importer.

From a capability perspective, the key capabilities connected to enable the sale of electric powertrains is technical competence on such systems and on the system integration into the vessel of such systems. Technical competence in electric systems is not one of the main capabilities of the importer, as it deals with combustion engines as of today. On the other hand, they are specialists in various kinds of system integration in regard to engines.

To answer research question 1: *"How should an exclusive importer provide value in the supply chain?",* while the most obvious way to add value in regard to electrification is to start providing hybrid powertrains, the exclusivity agreement puts a quick end to that discussion. Instead, the importer could work closer with partnerships, especially with its sister companies, in order to connect customers with competent shipyards that provide electric solutions. At the same time, the importer can contribute with their extensive capabilities in system integration to ensure that hybrid solutions are equipped with a genset from its powertrain manufacturer, and that the integration runs smoothly.

5.2 Research question 2: The business model

Research question 2: *"How should the business model of an exclusive importer be designed to fit their intermediary position?"* seeks to combine and evaluate the ways for the importer of adding more value discussed in RQ 1. together with the current business model of the company and the constraints that it is subject to. This is done in order to understand what changes should be carried out in the light of the context that the importer is in.

One of the main reasons for the existence of the importer is to be an enabler and facilitator between the manufacturer and the resellers and strengthening that position will be appreciated by all sides. In order to properly be an enabler and facilitator, the importer has to be closer to its resellers, understanding and acting whenever problems arise, or even better, before. To ensure that the business model is aligned with the goals and visions of the company, as recommended by Teece (2018), the resellers also need to be seen as key partners and as a key resource, neither of which were brought up when discussing the Business Model Canvas with the management team. Building closer relations with the individual resellers is a key part of the proposed business mode due to the numerous ways it provides more value to the reseller network. Closer relations are also connected with technical competence and becoming involved earlier in the process of designing a powertrain solution. The intermediary, exclusive position also comes with the fact that the importer cannot invent their own electric solution, which is why partnerships with sister companies is the key part of managing electrification before the manufacturer releases its solution.

The job to be done (Christensen et al. 2007), by the importer is to be an enabler in the supply chain and support the resellers business. To enable and unlock such a business model, especially in the marine commercial industry, which is characterized by interpersonal relations and connections, everything revolves around collaboration, and depends on deep inter-organizational trust. A key part in building trust with partners is having a good reputation, as pointed out by Suh and Kwon (2004). Reputation is also one of several intangible resources brought up by Grant (2019), and right now, as indicated in the interviews, the importers reputation is not in an ideal state, due to several resellers feeling that the importer does not add much value.

Other dangers of having a non-ideal reputation and low trust are how the resellers view the partnership. Looking at the resellers option in a strategic partnership, Caniëls and Gelderman (2005) present three different strategies: Maintaining the partnership, accepting that the partnership is locked in or ending the partnership. The importer must do everything it can so that the resellers do not want to end the partnership, and rather want to maintain it, which is why it is important for the importer to provide value to the resellers as well as improving the reputation.

As presented in 5.1, the closer collaborations will lead to several business opportunities, through increased coordination between resellers, through becoming a preferred partner and through better technical solutions. While several interviewees at the importer brought up concerns with partnerships in regard to electrification, mostly about getting a smaller cut of the business, having a part at all is preferable to the opposite. Furthermore, as indicated by the empirical findings, the large existing combustion engine fleet, in combination with combustion engines as part of hybrid solutions will ensure that spare parts will continue to be needed and sold in the near future, which will secure revenue streams for the years to come.

In regard to the cost of creating closer relationships, the organization currently is far larger than the closest competitors' counterparts and have most of the necessary resources in order to facilitate a closer relationship. By focusing on the importer's existing strengths and capabilities, system integration and product knowledge, costs will not increase substantially, and less changes are required overall, for example streamlining and forwarding complex problems to the manufacturer instead of building redundant technical competence itself.

Concluding research question two: The importer should focus the business model on collaborating with the resellers as well as electric partners and building trust and a good reputation with them. The company should not change nor broaden its value proposition, it should focus at doing what it is intended to do and does today, but in a more close and collaborative way with its reseller so it becomes the enabler and facilitator that it is intended to be in the supply chain. There also needs to be a shift in mindset, accepting that the resellers are key partners and resources at the company.

5.3 Discussion

This section discusses the overall business development in this thesis work as well as the methodology used. It also discusses the strengths and weaknesses of the methodology.

5.3.1 Business model development

In the early stages of the thesis project the importer did emphasize the want for new revenue streams, new business areas and decreasing the dependency on the powertrain manufacturer. However, as the project evolved and more and more interviews and other data collection actions were done, it became increasingly evident that those areas were not the real issues. Keeping in mind that the importer has an exclusivity agreement with the powertrain manufacturer and that its task is to manage the reseller network in Norway and Sweden and be responsible for the business, the key to further success is not to deviate from its purpose.

What became evident in the data collection, especially in the interviews with the resellers, was that the primary key to increase the value provided in the supply chain as well as further justifying its position in the supply chain was to start doing what it is intended to do. There certainly is a need in the supply chain for a problem fixer that makes the business run efficiently, and this is what the study concluded that the importer should focus on doing really well. Risks can then be mitigated by the importer having a position in the supply chain as an indispensable intermediary.

5.3.2 Methodology discussion

The study has heavily focused on the resellers and the importer itself and has had little focus on anything outside of this scope, despite many other actors present that the importer needs to take into consideration. This narrow focus was justified by the fact that the importer aims at creating value for the resellers. The fact that the importer is an exclusive middleman in the supply chain drastically reduces the strategic options for the importer since the exclusivity makes it very hard to introduce other brands into the product offer and the position as a middleman that manages the reseller network limits the possibility to do direct sales to the end customers. By limiting the study to this

scope, it was possible to focus on the areas where the importer has freedom of action and investigate how the value best should be delivered within that domain.

Regarding the number of interviews with the resellers, four were conducted, which can be thought of as a small number due to corresponding to about 15% of the total marine commercial resellers. This was partly done because several resellers belong to the same group, with the same owners which could answer for multiple resellers. It was also justified by the fact that the importer's responsible managers said these four resellers would give a good and thorough understanding of its reseller network as they together covered the varieties in the business adequately. Additionally, the interviews with the resellers were consistent and few deviant opinions were expressed. Therefore, it was decided after the four interviews that the data collected was enough to answer the research questions and fulfill the aim of the thesis in an adequate way.

5.3.3 Future studies

This report shed light on how one of three business areas of the importer should be designed, however, it did not take the other two into account. The position as an exclusive intermediary is an interesting and unexplored business form in academic literature. Relevant future research topics regards how the business model should be designed if the entire business of such a company should be designed. It is also relevant to investigate how the exclusive importers vary among industries, countries among others.

6. Conclusion

The aim of this thesis was to investigate and analyze challenges and how to overcome them in the business model of an exclusive importer of marine powertrains in the marine commercial industry through comparing the needs and perspectives of the company with its resellers. This was done through answering the two research questions "*How should an exclusive importer provide value in the supply chain?*" and "*How should the business model of an exclusive importer be designed to fit their intermediary position?*".

The study concluded that the main three challenges that the importer and its business model is facing are: relationship with the resellers, technical competence, and electrification. Taking into considerations the limitations of the importer due to its exclusivity agreements and the need to focus on providing value to the supply chain, the following conclusions were drawn.

This study has shown that as an intermediary in the supply chain for strategic products, the company should have the sole focus on supplying and supporting its current product offer and provide the close collaboration and support required to its resellers, rather than a horizontal broadening of its offer. In that, a key part is earning the trust of the partners and listening to their needs. Closer collaborations and a focus on partnerships should permeate the entire business model, and it is shown to have several potential benefits.

From a theoretical perspective, this research contributes with practical support to the linkage between strategic products and the need for sourcing strategies with relational elements. This was done through the classification of the powertrains as strategic products by both the resellers and the importer in combination with the identified want for a relational and close interorganizational relationship.

As for other implications of the study, managers in companies with a lot of restrictions, such as exclusive importers, will likely find success with improving the company's value proposition to its customers through making sure that the original purpose of the company is fulfilled. That being said, it is important to recognize the fact that fulfilling the original purpose is not necessarily taking the easy way out and might even be the more difficult path.

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