



**CHALMERS**  
UNIVERSITY OF TECHNOLOGY



# **The Penetration of Multi-Sided Digital Retail Platforms on the European Market**

A Case Study in the Personal Care Electronics  
Manufacturing Industry

Master's thesis in Management and Economics of Innovation

HAMPUS LARSSON  
HAMPUS SÖRBY

DEPARTMENT OF TECHNOLOGY MANAGEMENT AND ECONOMICS  
DIVISION OF ENTREPRENEURSHIP AND STRATEGY

---

CHALMERS UNIVERSITY OF TECHNOLOGY  
Gothenburg, Sweden 2020  
[www.chalmers.se](http://www.chalmers.se)  
Report No. E2020:008



REPORT NO. E2020:008

# The Penetration of Multi-Sided Digital Retail Platforms on the European Market

A Case Study in the Personal Care Electronics  
Manufacturing Industry

HAMPUS LARSSON  
HAMPUS SÖRBY

Department of Technology Management and Economics  
Division of Entrepreneurship and Strategy  
CHALMERS UNIVERSITY OF TECHNOLOGY  
Gothenburg, Sweden 2020

The Penetration of Multi-Sided Digital Retail Platforms on the European Market  
A Case Study in the Personal Care Electronics Manufacturing Industry  
HAMPUS LARSSON  
HAMPUS SÖRBY

© HAMPUS LARSSON, 2020.  
© HAMPUS SÖRBY, 2020.

Report no. E2020:008  
Department of Technology Management and Economics  
Chalmers University of Technology  
SE-412 96 Göteborg  
Sweden  
Telephone + 46 (0)31-772 1000

Gothenburg, Sweden 2020

# The Penetration of Multi-Sided Digital Retail Platforms on the European Market

## A Case Study in the Personal Care Electronics Manufacturing Industry

HAMPUS LARSSON  
HAMPUS SÖRBY

Department of Technology Management and Economics  
Chalmers University of Technology

### SUMMARY

Multi-sided digital retail platforms (MSDRPs) are increasingly challenging the European retail landscape and changing the dynamics for all actors within it. Existing literature has developed a basic understanding of MSDRPs' capabilities and resources while it lacks an understanding of the implications that those have for an industry and for the actors within that industry, especially regarding manufacturing organizations supplying the platforms. This paper extends the research on digital retail platforms by investigating how incumbent personal care electronics manufacturers adapt to global MSDRPs emerging and penetrating the European retail market.

Through a qualitative case study on an incumbent personal care electronics manufacturer referred to as Global Star, the study identifies several resources and capabilities that MSDRPs are using to penetrate the European retail market. A consolidation of these resources and capabilities showed that the MSDRPs are utilizing (1) size in consumer reach and product availability, (2) unique technological capabilities, and (3) innovation in marketing, product and consumer activation.

From these resources and capabilities, the study recognized six ways for how incumbent personal care electronics manufacturers are adapting to the entrance and emergence of multi-sided digital retail platforms on the European retail market. They are (1) adjusting to a more consolidated marketplace, (2) increasing multi-national management of distribution and pricing, (3) applying higher flexibility in internal operations, (4) strengthening of technological and data capabilities, (5) taking opportunity of new co-creation and marketing opportunities, and (6) securing balance between offline and online go-to-market channel.

Keywords: Business strategy, Retailing, Business model, Platforms, Industry transformation, Multi-sided platforms.



## Acknowledgements

The authors would like to give our sincere gratitude to our supervisor at Chalmers University of Technology, Adrian Bumann for your constant guidance and constructive feedback throughout the study.

Further, a thank you Global Star with employees for making this study possible. Not only have you been incredibly positive and open to participate in interviews, but also willing to providing large amounts of insights and knowledge.

Lastly, thank you Chalmers University of Technology, including its professors, staff, and students, for the educating support over the past five years.

---

Hampus Larsson

---

Hampus Sörby



# Contents

<b>List of Figures</b>	<b>iii</b>
<b>List of Tables</b>	<b>iii</b>
<b>1 Introduction</b>	<b>1</b>
1.1 Background . . . . .	1
1.2 Purpose and Research Questions . . . . .	4
1.3 Delimitations . . . . .	4
1.4 Outline of the Report . . . . .	4
<b>2 Literature Review</b>	<b>5</b>
2.1 Strategy as Utilization of Resources and Capabilities to Meet Competitive Driver . . . . .	5
2.1.1 The Role of Resources and Capabilities . . . . .	6
2.1.2 Industry Environment Evolution & Managing Through Change . . . . .	7
2.2 Competitive Drivers in the European Retail Industry . . . . .	7
2.2.1 Consumer-Centric Retail Models . . . . .	8
2.2.2 Multinational Retailers Establishing a Large Competitive Consumer Reach . . . . .	8
2.2.3 Usage of ICT and Innovation Capabilities . . . . .	8
2.2.4 A Growing Interest in Establishing Omnichannel Business Models . . . . .	9
2.2.5 Offering Combinations of Product and Service Propositions . . . . .	9
2.2.6 Retailers as Brands, Offering Holistic Multifaceted Concepts Combining Product, Store and Consumer Loyalty . . . . .	10
2.2.7 Usage of Time as a Competitive Tool . . . . .	10
2.3 Retail Go-to-Market Strategy . . . . .	11
2.4 Multi-Sided Digital Retail Platforms . . . . .	11
2.4.1 Defining MSDRPs and Their Related Concepts . . . . .	12
2.4.2 Key Success Factors to the MSDRPs' Growth . . . . .	13
<b>3 Methodology</b>	<b>17</b>
3.1 Research Strategy . . . . .	17
3.2 Research Approach . . . . .	18
3.3 Research Process . . . . .	18
3.3.1 Literature Review . . . . .	19

3.3.2	Data Collection . . . . .	19
3.3.3	Analysis of Results . . . . .	21
3.4	Research Quality . . . . .	23
<b>4</b>	<b>Results</b>	<b>25</b>
4.1	Size in Consumer Reach and Product Availability . . . . .	25
4.1.1	Economies of Scale . . . . .	26
4.1.2	Bargaining Power . . . . .	26
4.1.3	Product Availability . . . . .	28
4.1.4	Cross Border Behaviour . . . . .	30
4.2	Unique Technological Capabilities . . . . .	31
4.2.1	Supply Chain and Forecasting . . . . .	31
4.2.2	Advanced Algorithms . . . . .	33
4.2.3	Data Gathering and Data Ownership . . . . .	35
4.3	Innovation in Marketing, Product and Consumer Activation . . . . .	37
4.3.1	Co-Creation . . . . .	37
4.3.2	Innovative Marketing . . . . .	39
4.3.3	Ecosystems . . . . .	40
4.3.4	Consumer-Centric Marketing Models . . . . .	41
4.3.5	Pure Online Retail Models . . . . .	43
<b>5</b>	<b>Discussion</b>	<b>47</b>
5.1	Appraising the MSDRPs' Resources and Capabilities on the Euro- pean Retail Market . . . . .	47
5.2	Analyzing Global Star's Adaptation to the Presence of MSDRPs . . . . .	50
5.2.1	Adjusting to a More Consolidated Marketplace . . . . .	52
5.2.2	Increasing Multinational Management of Distribution and Pric- ing . . . . .	53
5.2.3	Applying Higher Flexibility in Internal Operations . . . . .	54
5.2.4	Strengthening of Technological and Data Capabilities . . . . .	54
5.2.5	Taking Opportunity of New Co-Creation and Marketing Op- portunities . . . . .	55
5.2.6	Securing Balance Between Offline and Online Go-to-Market Channels . . . . .	56
5.3	Managerial Implications . . . . .	57
<b>6</b>	<b>Conclusion</b>	<b>59</b>
6.1	Recommendations for Future Research . . . . .	60
<b>A</b>	<b>Appendix</b>	<b>I</b>
A.1	Interview Guide . . . . .	I
A.2	Assessments on MSDRPs' Resources and Capabilities . . . . .	II

# List of Figures

2.1	The Strategy Framework, adopted from Grant (2016). . . . .	5
2.2	The Framework for Appraising Resources and Capabilities, adopted from Grant (2016). . . . .	6
2.3	Go-to-Market Strategy, an adaptation of information from Dumrongsiri et al. (2008). . . . .	11
3.1	The Thematic Coding Scheme . . . . .	22
5.1	European MSDRPs' Resource and Capability Profile . . . . .	48
5.2	Mapping of Resources and Capabilities, and Caused Adaptions . . . .	51

# List of Tables

2.1	Resources and Capabilities from the Literature Review . . . . .	15
3.1	Interviewees Role, Location of Employment and Scope of Role . . . .	20
A.1	Assessment on Size in Consumer Reach and Product Availability . . .	II
A.2	Assessment on Unique Technological Capabilities . . . . .	III
A.3	Assessment on Innovation in Marketing, Product and Consumer Activation . . . . .	IV



# 1

## Introduction

This chapter provides the reader with the background to the study and the gap it aims to fill in current research. Further, it presents the research questions and the delimitations of the study.

### 1.1 Background

Digital platforms are transforming almost every industry today. Facebook changed the way people interact and share their lives. Android Play Store and Apple App Store have increasingly managed to become the centre of gravity in the mobile industry. Apple Pay and Alipay are changing the way we make financial transactions. As a research subject, these digital platforms are a challenging object because of their distributed nature and how they are intertwined with institutions, markets and technologies. There is an exponential growth of platform innovations and an increasing spread of digital platforms to cross over many different industries (de Reuver et al., 2018). Furthermore, trends of globalization and digitalization are driving the change of the e-commerce markets in all of its categories, through new business models that help retailers and suppliers meet the ever-changing needs of the consumer (Hänninen et al., 2018).

In e-commerce, multi-sided digital retail platforms such as Amazon, Alibaba and Jingdong are binding together suppliers, producers, intermediaries, and customers, thus cutting transaction costs and creating network effects (Armstrong, 2006; Tan et al., 2009). The advances in information technology and the increasing speed of innovation have accelerated the shift from products to service-based business models (Suarez et al., 2013), where for example Van Alstyne et al. (2016) declare digital platforms as having used this to create new standards for strategy altogether. Further, the emergence of digital retail platforms has changed the logic for value creation (Smedlund, 2012). In platform ecosystems, the platform, the parties supplying complements, and the end-consumers are all included in the value creation process (McIntyre & Srinivasan, 2017), as opposed to traditional retail. In a multi-sided platform, the value creation takes place over time in the interaction between independent actors, due to internal competition and cooperation between the involved parties (Pierce, 2009; Van der Borgh et al., 2012).

Multi-sided digital retail platforms (hereinafter referred to as “MSDRP”) are substituting traditional retailers as the middleman in the manufacturer-to-consumer channel. Traditional retail includes brick-and-mortar retailers and online retailers, where MSDRPs differ as the MSDRP acts solely as an enabler of the interaction between manufacturers and consumers (Hänninen et al., 2018). Further, the digital aspect of MSDRPs allows for deeper analysis of purchase history, consumer preference, geographic and demographic data to further differentiate these platforms from the traditional way of retailing. Similar digital enablers also exist in traditional retailing, but for an MSDRP they are at the centre of the business model by allowing for easier collection of data and on a much larger scale. In turn, they can customize and adapt the consumer experience more thoroughly than a traditional retailer would be able to (Hänninen et al., 2018).

A majority of the large consumer electronics manufacturers are currently exhibiting business models working in symbiosis with the trends changing their marketplace. Understanding these trends as a part of the organization’s dynamic external environment is key in detecting changes, trends, threats and opportunities (Aaker & Adler, 2001). The importance of this became evident when Amazon entered the European retail market. In 2018, Amazon was the most visited online marketplace in Europe (Ecommerce News, 2018) and has thus become increasingly important for manufacturers and brands as a retailer. Another example is Alibaba, one of the largest multi-sided digital B2B and B2C platforms in the world, who recently entered the European market.

Given the fast growth of these MSDRPs, a likely next step for them is to further expand their business in Europe. Hence, they will keep on affecting the European market and the manufacturers in it, making the current situation an interesting case for further research on the area. Additionally, dealing with the fast growth of MSDRPs will prove to continuously be a challenge for incumbent manufacturers trying to efficiently reach their consumers (Dobbs et al., 2015). The status quo is disrupted as the multiple old, traditional partnerships are exchanged with fewer agreements with large actors (Dawson, 2006).

As argued by de Reuver et al. (2018), the emergence and growth of digital platforms require research into their transformative and disruptive impact on organizations and the business environment as a whole. The research on digital retail platforms has during the past decades focused primarily on the management of the underlying technologies (Armstrong, 2006; Eisenmann, 2006), the impact on the consumers’ shopping behaviour (Mukhopadhyay et al., 2016), and establish a set definition of multi-sided digital retail platforms (Hagiu & Wright, 2015; Hänninen et al., 2018). Thus, existing literature has developed a basic understanding of MSDRPs’ capabilities and resources while it lacks an understanding of the implications that those have for an industry and for the actors within that industry, especially regarding manufacturing organizations supplying the platforms. One of the unanswered questions de Reuver et al. (2018) ask is “How do various organizations adapt to emerging digital platforms?”, which is what this study aims to tackle.

The personal care electronics industry is one of the industries currently being transformed by growing MSDRPs. Investigating the effects on incumbent personal care electronics manufacturers when an MSDRP becomes the centre of the manufacturer-consumer channel is of interest because predominantly, the consumers of personal care electronics manufacturers are still found through a traditional online or brick-and-mortar retailer, although the consumers increasingly interact with the manufacturers through MSDRPs (Abhishek et al., 2016). The transition imposes new requirements on the manufacturers, such as stricter supply chain agreements (since e.g. Amazon often offer next-day-delivery) and changed margin requirements (due to the economies of scale adopted by the MSDRPs). Additionally, personal care electronics are interesting as they are arguably more affected by the mentioned digital retail trends than fast-moving consumer goods and large domestic appliances.

Another gap is on the effects that established platforms have on a geographical market when entering, whereas it already exists research on the emergence and growth of these platforms in their home market. The world's largest MSDRPs such as Amazon and Alibaba were founded and grew in the American and Chinese retail markets respectively. Those markets have allowed the MSDRPs to emerge and grow, also raising the question of how an already strong retail market acts upon the entrance of large MSDRPs penetrating and challenging already established manufacturer-consumer structures.

The European retail market is such a geographical region, with a growing e-commerce market structure (*E-commerce 2020*, 2020). Large MSDRPs are penetrating the market and European manufacturers and their brands are constantly challenged with adapting to the changes that appear on the market. The consumer is now effortlessly moving between purchasing offline and online, and different business models are utilized to attract the end-users.

To investigate this research gap, this study uses a qualitative inductive single case study on a major European manufacturer which will be referred to as Global Star. Global Star is one of the larger personal care electronics manufacturers, selling their products through channels such as retailers, wholesalers, their own Direct-to-Consumer channel and now MSDRPs. They are to a large extent affected by the emergence of the new retail trends such as MSDRPs, having to adapt internal operations, go-to-market strategies and product propositions. Their customers include both genders spread across young consumers, middle-aged individuals, and the geriatric population, making the results applicable on a larger consumer group and thus potentially applicable to other actors and industries.

## 1.2 Purpose and Research Questions

The purpose of this study is to extend the research on digital platforms by investigating how incumbent personal care electronics manufacturers adapt to global MSDRPs emerging and penetrating the European retail market.

To fulfil its purpose, this study seeks to answer the following research questions:

- RQ1. What resources and capabilities are global MSDRPs using to penetrate the manufacturer-consumer channel on the European retail market?
- RQ2. How are incumbent European personal care electronics manufacturers adapting to the presence of MSDRPs in the retail landscape?

## 1.3 Delimitations

The study is centred on the interactions between an incumbent personal care electronics manufacturer referred to as Global Star and global MSDRPs. Hence, the study is not aimed to recommend new go-to-market strategies, but to understand how the growth of MSDRPs is impacting the business environment, manufacturers' go-to-market strategies and the challenges and opportunities this brings.

To avoid sensitive information to be presented in the thesis, all interviewees have been anonymised and any clear reference to Global Star and its offerings has been removed. Additionally, no business frameworks and/or sensitive inside data are presented.

## 1.4 Outline of the Report

The report is structured in a way which first introduces the reader to necessary background and theory, followed by an elaboration on the chosen methodology. Thereafter, the results of the conducted data collection is consolidated, followed by a discussion and answering of the research questions. The report then ends with a conclusion on the main findings.

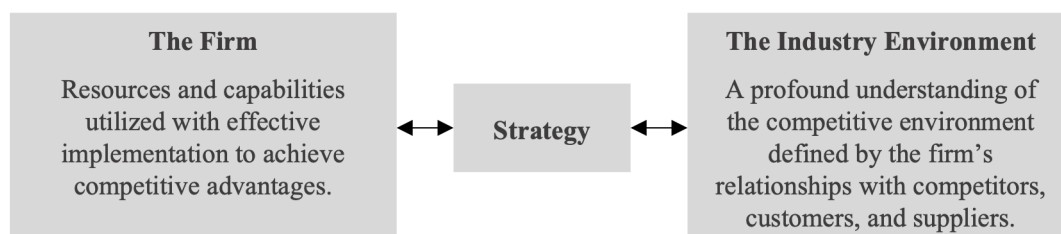
# 2

## Literature Review

This chapter describes the fundamental topics used throughout the study. It also provides the reader with an understanding of where the research on multi-sided digital retail platforms currently stands. As such, the purpose of this chapter is to serve as a foundation for elaborations and discussions in the following sections. The chapter starts with defining strategy, needed resources, capabilities and the evolution of the industry environment. It is followed by a walkthrough of the European retail industry where the main sources for change and competition are identified. The chapter ends with setting the definitions of MSDRPs and a review of current literature on the MSDRPs' resources and capabilities.

### 2.1 Strategy as Utilization of Resources and Capabilities to Meet Competitive Drivers

Firms always have to make strategic decisions and those successful in their strategic implementation are more likely to outgrow or outperform their competitors (Grant, 2016). Additionally, success being defined as reaching set out goals, Grant (2016) continues with determining a strategy as a link between the firm and its environment (See Figure 2.1).



**Figure 2.1:** The Strategy Framework, adopted from Grant (2016).

This way of defining strategy aligns well with other famous management frameworks such as the SWOT-analysis (Humphrey, 2005) and McKinsey's 7s Model (de Ven et al., 1983). It further fulfils Porter (1996) definition of strategy as "the creation of a unique and differentiated position involving a different set of activities" as the key being how these activities fit together, forming a mutual system. Porter (1996) continues: "strategic positioning means performing different activities from rivals", which Grant (2016) method for strategy analysis aims to identify.

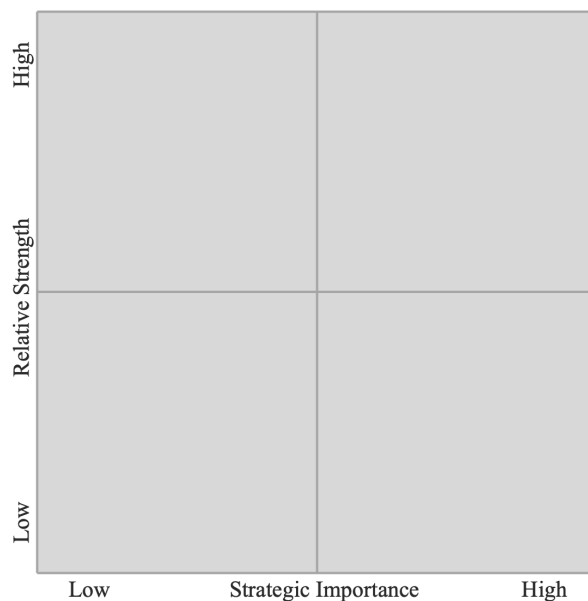
Two key activities in said methodology are “Analysis of resources and capabilities” and “Industry Analysis”, focusing on the organization’s internal setup and the external environment respectively. To summarize, strategy is here defined as the fit between the firm and the industry environment, meaning the activities carried out and the capabilities utilized to achieve a specific set of goals.

### 2.1.1 The Role of Resources and Capabilities

The basis of analysing a firm’s competitive advantage is derived from its resources and capabilities. Grant (2016) suggests following a two-step process of first identifying the resources and capabilities of a firm, and then evaluating the potential of them to confer a sustainable competitive advantage. Grant (2016) continues:

“As firms’ industry environments have become more unstable, so internal resources and capabilities rather than external market focus have been viewed as comprising a more secure base for formulating strategy”

It has therefore been increasingly apparent that a firm’s resources and capabilities are the primary sources of superior profitability. Grant (2016) suggests appraising a firm’s resources and capabilities in a matrix with “Strategic Importance” and “Relative Strength” (See Figure 2.2). Making an objective appraisal of relative strength is difficult although methods such as benchmarking and interviewing industry experts can help to guide the assessment. Strategic importance requires an understanding of how well the resources and capabilities fulfil what the customers want and how the firm survives the competition. This means building an understanding of an industry’s competitive drivers.



**Figure 2.2:** The Framework for Appraising Resources and Capabilities, adopted from Grant (2016).

Resources are the assets owned by the firm, while a firm's capabilities are the actions it can take to improve its market position. Competitive advantage does not come from individual resources, but instead the collection of resources and actions taken which creates organizational capability (Grant, 2016). This was first formulated by Ricardo (1891) who saw Ricardian rents (profits) derived from superior usage of resources and capabilities.

### **2.1.2 Industry Environment Evolution & Managing Through Change**

The fundamentals of an industry analysis by Grant (2016) contain the identification of key success factors as an analysis of both the demand and the competition. The goal of this analysis is to identify which parts of a firm's strategy that are different from other actors on the market and how well these parts fulfil the needs of the customers. Understanding the competitive drivers in an industry thus help to identify a firm's key resources and capabilities. Additionally, in a retail industry, the environment for a manufacturer is primarily focused around the customers and how to reach them, while a retailer need to align their resources and capabilities towards the requirements of both the manufacturer and the customers.

Another part of strategic management is to handle and adapt to changes in the environment. This means handling the ambidexterity of both optimizing for the current state while at the same time building up capabilities to grow in the future (Gibson & Birkinshaw, 2004). Whatever approach adopted to manage the changes in the industry environment, strategic change management requires building new capabilities. This can be especially challenging as an organization's current capabilities are path-dependent, a product of its entire history (Grant, 2016). The drivers of change and competition arise from forces such as technology, consumer needs, politics, and economic development. The competitive drives are also affected by how forms in an industry react and adapt to the changes in their surroundings, "industries are being continually recreated by competition" (Grant, 2016).

## **2.2 Competitive Drivers in the European Retail Industry**

Europe is often represented by the European Union (EU), and consists of 27 nations with a joint population of just below 500 million. The EU is diverse in terms of the number of inhabitants, consumer culture, economic power and business practices. Thus, according to Grewal and Dharwadkar (2002), the European retail market should be considered a collection of multiple sub-markets, with each sub-market exhibiting "different social and societal contexts" (Burt, 2010). The literature on European retail trends in Europe indicates multiple key changes and competitive drivers. These have been aggregated into seven themes, recurrently highlighted by literature as being the primary drivers of change and competition, both for the more successful actors but also for the market as a whole.

These seven themes are not unique to Europe, but they do underpin the most mentioned consolidated changes and the sources of these changes on the European retail market. The large actors today display business models working in symbiosis with these trends as understanding the organization's dynamic external environment is key to detect changes, trends, threats, opportunities (Aaker & Adler, 2001). The seven themes are described in detail in the following sections.

### **2.2.1 Consumer-Centric Retail Models**

Managerial developments from America have had a large influence in the European retail sector and more consumer efficient business models have been growing, which can be seen from e.g. the recent trend of self-service being put into use in the food sector. Sources of competitive advantage have thus been rising from understanding how to make the retail experience smoother for the consumer (Dawson, 2001, 2006). More and more retailers are tracking consumer focused metrics such as on-time deliveries and consumer satisfaction, while at the same time adjusting their services to create more value for the consumer. Examples of this is improved warranty handling and extended delivery services (Dufek & Schuster, 2011).

### **2.2.2 Multinational Retailers Establishing a Large Competitive Consumer Reach**

Small outlets and local organizations have seen themselves become increasingly out-competed by large corporations taking more and more substantial market shares. While the size of each actor has increased, the number of actors has decreased (Dawson, 2006; Knezevic et al., 2011). Thus, the bigger the better has proven to be true as the largest firms have for the past decades managed to grow the top-line through "entering new markets, diversifying their retail offer, acquisition and, importantly, like-for-like sales growth" (Dawson, 2006). Smaller firms are struggling and data shows a long period of structural decrease in the number of small firms (Eurostat, 2001). One of the fundamental reasons for this competitive change is local stores not being able to offer the same wide product portfolio while maintaining their margin requirements (Dawson, 2006). What smaller local actors now do to survive is to focus on their local presence and their location dependent service offerings such as face-to-face support (Abramowicz & Corchuelo, 2019).

### **2.2.3 Usage of ICT and Innovation Capabilities**

In the mid-1980s, Information and Communications Technologies (ICT), e.g. RFID, increased heavily all over the value chain, and the retail sector started playing an even bigger role in the overall European economy (Dawson, 2001). Digitalization allows for the integration of digital technologies in the products, which in turn changes the nature of the offerings (Porter & Heppelmann, 2014). Digitalization is not something entirely new to European retailing, as it has played an important role for the last decades through the use of barcodes, EDIs and electronic cash systems (Saura et al., 2014; Watson, 2011).

However many of these changes were not directly catered to the consumers, unlike the changes of today where the use of digital devices, mobile devices and the internet has changed the way retailers and consumers interact (Hagberg et al., 2016). The communication between the retailers and the consumers has thus changed to become seamless, enabled by social media, mobile apps and other ways of third party communication (Zhou & Duan, 2015).

As digital technologies are combined with the human elements, there is a blurring of the boundaries between what is a retailer and what is a consumer. According to Sorescu et al. (2011), "there are many examples of activities performed by the consumer that were previously, or in other settings, performed by the retailer and vice versa". One example of this is the data creation done by users of search engines such as Google.

#### **2.2.4 A Growing Interest in Establishing Omnichannel Business Models**

As retail chains have started establishing their own e-commerce sites, e-commerce companies have created their own brick-and-mortar stores, thus introducing the concept of multi-channel and hypermarket retailing (Ashworth et al., 2006; Burt & Sparks, 2003; Reynolds, 2000, 2002; Schoenbachler & Gordon, 2002). As a further development of this, omnichannel retailing has been growing as a competitive driver (Brynjolfsson et al., 2013). The focal point of omnichannel retailing is to provide the consumer with the choice of moving seamlessly between channels (Piotrowicz & Cuthbertson, 2014). Today, orders can be placed online and collected physically at the store, which has led the way to e.g. the click-and-collect, click-and-mortar concepts (Herhausen et al., 2015). Further, pure-play online sellers start to open up their own physical stores through so called "showrooming" (Gu & Kumar Tayi, 2016). Thus, it has allowed for distribution to change through the combination of in-store purchase and home delivery (Colla & Lapoule, 2012). According to Bhatnagar and Syam (2014), combining brick-and-mortar stores with online stores can provide opportunities for profitability by offering a different range of products in different channels.

#### **2.2.5 Offering Combinations of Product and Service Propositions**

European retail has seen a burst of financial service offerings with insurance, loans, and savings options providing one illustration of the expansion of services (Alexander & Pollard, 2000; Alexander & Colgate, 2000; Colgate & Alexander, 2002) together with "retail services" supporting the consumers' experience also expanding. Dawson (2001) mentions in-store shopping advice, distribution and home installation pioneered by e.g. IKEA. Another example of how this blurring between products and services opens up opportunities is pricing, which can now be conducted through different subscription models and data-driven dynamic pricing (Grewal et al., 2010).

### **2.2.6 Retailers as Brands, Offering Holistic Multifaceted Concepts Combining Product, Store and Consumer Loyalty**

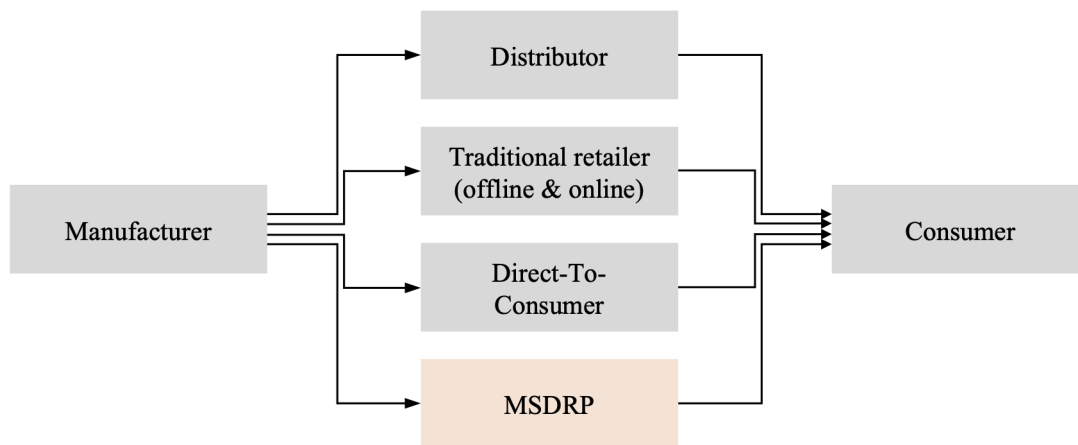
More and more homogeneous retail offerings and close consumer interfaces together with digital technologies have made operations more visible and made them easily copied by competitors, (product ranges, selling techniques, promotional offers) (Burt & Sparks, 2003). This has put branding and conceptualizing unique retailing offers as enablers for protection, either through legal procedures or by increased consumer loyalty. The stores have become parts of the brands, while retailers have taken more control of the branding of their offered merchandise (Dawson, 2006). Additionally, as the retailer landscape has become more consolidated with fewer large actors, consumer loyalty and brand development have been growing as important concepts (Burt, 2010). The successful European retailers have proven to excel in the development of new relationships through their business areas. Literature mentions customer loyalty and reward systems, global sourcing arrangements and cooperative brand development with suppliers and team-based bonus systems to boost employee performance as a few examples (Burt, 2010; Dawson, 2006). Lock-in and network effects are utilized to drive consumers through desired channels and consumer journeys.

### **2.2.7 Usage of Time as a Competitive Tool**

Retailers have had to adapt (and some have managed to excel) to consumers' need for less time spent in shops, impatience for instant fulfilment from the retail offer and high flexibility of when to engage with the retailer. Due to this, most European retail markets are seeing an increased network density of individual retailers, and opening hours are lengthened (Burt, 2010). All this is done by retailers to support the consumer's time saving and flexibility needs. The retail sector remains focused on perfecting the distribution channel, lowering costs and becoming more responsive to consumers. Lastly, time has also been connected to a strategic perspective by increasing the speed of action and implementation. The pace of expansion and the rollout of new formats or innovations are increasing to meet more dynamic and fast-paced technological and social changes (Burt, 2010). To reach this level, retailers are more involved in coordinating the relationships with suppliers, thus extending their reach of value creation in the value chain (Dawson, 2006).

## 2.3 Retail Go-to-Market Strategy

Go-to-market or Go-to-market strategy is the organization's plan of how to utilize their internal and external resources (e.g. sales staff, retailers, distributors etc.), to reach the end-consumer with their value proposition (Friedman, 2002). Figure 2.3 is an exemplification of a manufacturer's potential Go-to-market setup, including the channels Direct-To-Consumer, Traditional retailing, Distributors and the potentially new channel MSDRPs. This is not an exhaustive illustration, although a good representation of where in the Manufacturer-consumer channels the MSDRPs interact and penetrate. Below figure shows how an MSDRP can penetrate and become part of a manufacturer's Go-to-market by adding enough value as an intermediate to challenge already existing channels.



**Figure 2.3:** Go-to-Market Strategy, an adaptation of information from Dumrongsiri et al. (2008).

## 2.4 Multi-Sided Digital Retail Platforms

The above-described trends of competitive drivers together with an ongoing globalization and digitalization have laid the groundwork to, and are still affecting, the retail markets in all of their categories, through new business models that help retailers and suppliers meet the always-changing needs of the consumer (Hänninen et al., 2018). The advances in information technology and the increasing speed of innovation have accelerated the shift from products to service-based business models. Hänninen et al. (2018), citing (Suarez et al., 2013) and (Van Alstyne et al., 2016) declare multi-sided digital retail platforms as having used this to create new standards for strategy altogether.

### 2.4.1 Defining MSDRPs and Their Related Concepts

In this study, the researchers draw on Teece (2010), defining business models as “how a firm creates and delivers value to its consumers and then converts payments received to profits”. With this definition as an underlying assumption, Hagiu and Wright (2015) define multi-sided platform as having two key features:

- “They enable direct interactions between two or more distinct sides”
- “Each side is affiliated with the platform”

This definition is followed throughout the study as it first sets the boundaries from intermediaries. Direct interaction means that “two or more distinct sides retain control over the key terms of the interaction, as opposed to the intermediary taking control of those terms” (Hagiu & Wright, 2015). Second, this definition also sets the multi-sided platform apart from resellers and fully vertically integrated firms since the authors also specify the need for both sides to be affiliated with the platform. Affiliation means “that users on each side consciously make platform-specific investments that are necessary for them to be able to directly interact with each other” (Hagiu & Wright, 2015). The distinction of all sides being affiliated also differentiates the multi-sided platform from a supplier.

Furthermore, this study focuses on multi-sided digital retail platforms, an extension of the work pioneered by (Hänninen et al., 2018). An MSDRP is a multi-sided platform utilizing the mentioned trends of digitalization and globalization to “connect consumers with suppliers from around the world with a large ecosystem to support the retail platform” (Hänninen et al., 2018). This definition aligns with previous research done on platforms (Adner & Kapoor, 2010; Gawer, 2014; Kijima & Arai, 2016; Smedlund & Faghankhani, 2015; Thomas & Autio, 2014), defining them as dynamic, inter- or intra-dependent networks of actors co-creating value through complementary products, services and technologies.

The MSDRPs utilize network effects, vertical integration, horizontal integration, switching costs and lock-in effects to both create value for the consumer and to ensure that the consumer stays at the platform. Network Effects is the phenomenon of where an additional user of a product or a service affects the value of that particular product or service to other users. The presence of a network effect implicates that the value of a product or a service increases with each additional user (Katz & Shapiro, 1994). Vertical integration refers to the consolidation of upstream or downstream activities between business units to supply e.g. raw materials, components or services to each other (Harrigan, 1986) while horizontal integration, on the other hand, refers to the process of increasing the number of products or services a company provides. This can be done through e.g. mergers and acquisitions, or expanding internal operations (Grant, 2016). Switching costs include transaction costs, learning costs and artificial costs, which affect whether a consumer changes from its current supplier or provider to another one (Klemperer, 1987). One example of this is the cost to change bank, including e.g. “the closing of one set of accounts and the opening of another set in the other bank” (Nilssen, 1992).

Lock-in effects consist of “a consumer’s decreased propensity to search and switch after an initial investment” (Zauberman, 2003). One cause of lock-in effects is that of network effects, where the value of the specific goods or service has increased to such an amount that it is not worth switching providers (Grant, 2016). Another cause of lock-in effects is that of mentioned switching costs (Katz & Shapiro, 1994).

Another relevant concept to MSDRPs is multihoming (Hänninen et al., 2018), which means that the consumers of the platform use a range of platforms simultaneously, rather than only one preferred outlet as per traditional brand loyalty logic (Oliver, 1999). Additionally, what makes the MSDRPs different from traditional retailing is that they extend from including the platform owner, parties supplying complements and the end-consumers “to include competitors that may form secondary or complementary platforms and ecosystems” (Thomas & Autio, 2014). One example of this how brick-and-mortar retailers are being present on multi-sided digital platforms such as Amazon, even though they may be competing in other parts of the retail landscape (Ritala et al., 2014).

The emergence of MSDRPs has changed the logic for value creation (Smedlund, 2012). In platform ecosystems, the platform owner, parties supplying complements and the end-consumers are all included in the value creation (McIntyre & Srinivasan, 2017). The creation takes place in the interaction between “independent actors with evolutionary processes due to the internal competition and cooperation between the participants” (Pierce, 2009; Van der Borgh et al., 2012). Finally, the digital aspect of the multi-sided digital platforms allows for analysis of purchase history, consumer preference, geographic and demographic data to further differentiate these platforms from the traditional way of retailing.

### **2.4.2 Key Success Factors to the MSDRPs’ Growth**

Amazon and Alibaba are the worlds’ two largest MSDRPs in terms of revenues, transactions on the platform and consumer visits. They are also the only two MS-DRPs which are actively growing outside of their home market. A specific literature review has been conducted to identify resources and capabilities that are currently seen as key success factors to the MSDRPs’ growth. The resources and capabilities are listed in Table 2.1 and descriptions are presented in the following paragraphs.

The MSDRPs’ enterprise agility is exemplified with Alibaba’s ability to move beyond simply responding to expressed consumer needs, to advanced monitoring and analysis to both anticipate and identify future unexpressed needs. Literature also mentions Amazon’s success throughout Europe and India arising from their flexibility and willingness to try new business models (Anwar, 2017; Tan et al., 2009). Additionally, innovativeness is a capability which has fueled the MSDRPs’ enterprise agility with new marketing and sales perspectives. This has also contributed to stronger trial-and-error mentalities within the organizations (Anwar, 2017; Mel-lahi & Johnson, 2000).

The overall technological capabilities of MSDRPs, derived from, their data resources and innovative approach have enabled scalability and efficiency (Anwar, 2017; Kha, 2000; Mellahi & Johnson, 2000). As an example, Tan et al. (2009) mention how Alibaba managed to “exploit its superior technical capabilities, developed from its experience in operating in China” to differentiate itself. Alibaba has also been able to create and tap into large ecosystems, giving them access to the Chinese consumers’ online activities. Further, being interconnected within these ecosystems has enabled Alibaba to more efficiently target their marketing and generate massive amounts of data-insights (Anwar, 2017; Tan et al., 2009).

Local market and consumer knowledge is by literature derived from Alibaba’s insight of the unmet needs of Chinese small and medium enterprises with a structured value creation towards meeting them. Both MSDRPs have a strong data gathering and utilization. This enables them to generate large amounts of knowledge and insights about their consumers (Barczyk et al., 2011; Mellahi & Johnson, 2000; Tan et al., 2009). Additionally, the MSDRPs have a high focus on consumer relationships by providing consumers with superior shopping experiences (Mellahi & Johnson, 2000). Alibaba managed to utilize this to successfully compete against eBay in China (Qing, 2008).

Economies of scale have been achieved by the MSDRPs due to their efficiency combined with massive sales volume. Both Qing (2008) and Kha (2000) highlight this characteristic of Alibaba and Amazon as having had a fundamental effect on their success. Economies of scale, large consumer reach and first mover advantages combined with an adoption of third-party marketplaces has shifted the power structures towards the MSDRPs favour and thus contributed to their success (Kha, 2000; Mantin et al., 2014). Consumer reach is a key success factor as it enables the MS-DRPs to fully utilize their network effects and economies of scale. It further makes them attractive as a retailer and increases their bargaining power (Hamilton et al., 2011; Kha, 2000).

The brand is mentioned by Qing (2008), and Mellahi and Johnson (2000) as one of the key success factors for Amazon and Alibaba as it weighs up for low switching costs, which is one of the characteristics of an MSDRP. Additionally, the Amazon brand is number four in Forbes list of “The World’s Most Valuable Brands” (Forbes, 2019).

<b>Resources and Capabilities</b>	<b>MSDRP</b>	<b>Sources</b>
Enterprise agility	Alibaba, Amazon	(Anwar, 2017; Garner, 2018; Kha, 2000; LIU, 2012; Tan et al., 2009)
Innovativeness	Alibaba, Amazon	(Anwar, 2017; Mellahi & Johnson, 2000)
Technological capabilities	Alibaba, Amazon	(Anwar, 2017; Kha, 2000; Mellahi & Johnson, 2000; Tan et al., 2009)
Ecosystem relationships/networks	Alibaba	(Anwar, 2017; LIU, 2012; Tan et al., 2009)
Local market/consumer knowledge	Alibaba, Amazon	(Barczyk et al., 2011; Mellahi & Johnson, 2000; Tan et al., 2009)
Focus on consumer relationship	Alibaba, Amazon	(Mellahi & Johnson, 2000; Qing, 2008)
Economies of scale	Alibaba, Amazon	(Kha, 2000; Qing, 2008)
Consumer reach	Alibaba, Amazon	(Hamilton et al., 2011; Kha, 2000)
Bargaining power	Amazon	(Kha, 2000; Mantin et al., 2014)
Brand	Alibaba, Amazon	(Kha, 2000; Mellahi & Johnson, 2000; Qing, 2008)

**Table 2.1:** Resources and Capabilities from the Literature Review



# 3

## Methodology

This chapter presents the chosen methodology, and thus entails its theoretical reasoning. The chapter includes a description of the research design, the collection of the qualitative and quantitative data as well as the analytical methods. The chapter ends with a note on the quality and trustworthiness of the research.

### 3.1 Research Strategy

According to Bryman and Bell (2015), it is important to choose a research strategy to establish the general orientation of the study. It is most commonly clustered into either quantitative or qualitative research strategies. A quantitative research strategy emphasizes the use of quantifiable data and is appropriate for research demanding a large amount of measurable data. This study has been conducted as a qualitative study on the personal care electronics manufacturing industry by examining the interactions between MSDRPs and an incumbent personal care electronics manufacturer. The advantage of this qualitative research methodology is that it can generate results which were not expected beforehand (Kuada, 2012) and provide a more comprehensive view of the topic of research (Dyer & Wilkins, 1991; Miles, 1979). Additionally, the focus of this study was on exploring a manufacturer's perceived needs and impressions of working with an MSDRP. Therefore, as the research project is about building theory and new insights rather than confirming existing theories, a qualitative research strategy was chosen (Edmondson & Mcmanus, 2007; Kuada, 2012).

The study is primarily based on a case study of Global Star as an incumbent personal care electronics manufacturer. Global Star is one of the larger personal care electronics manufacturers which sell their products through both MSDRPs and in traditional retail channels. Their customers include both genders spread across young consumers, middle-aged individuals, and the geriatric population, making the results applicable on a larger consumer group and thus potentially applicable to other actors and industries. The personal care electronics industry is primarily segmented into hair care appliances, hair removal appliances, oral care appliances, and other personal care products. This industry is an interesting case as it is arguably more affected by the large digital trends than fast-moving consumer goods and large domestic appliances.

As examples of MSDRPs, Amazon and Alibaba are primarily used with additional MSDRPs being introduced by the interviewees. Amazon and Alibaba are, as mentioned in Section 2.4.2, the worlds' two largest MSDRPs in terms of revenues, transactions on the platform and consumer visits. They are also the only two MSDRPs which are actively growing outside their home market. These are likely the reasons why they are the MSDRPs mostly discussed in current literature.

Amazon is mainly a B2C MSDRP, active and market leader in several countries. Amazon's value proposition is convenience, vast selection, fast shipping and low prices on its online platform. Additionally, they offer Amazon Prime which is a subscription program giving access to faster deliveries and value adding services. Amazon is complementing its own inventory with a third-party marketplace, from which the majority of their revenues is generated from. Amazon has also extended their ecosystem with cloud computing, on-demand music and video streaming, Amazon Echo and Amazon Kindle. Alibaba Group is the world's largest MSDRP in gross merchandise value, with several sub-platforms for B2B (Alibaba.com), B2C (Tmall, Taobao and Aliexpress) and C2C sales. The largest share of Alibaba's revenue comes from China. The Alibaba Group is a transaction facilitator, without vertical integration, own inventory or in-house supply chain processes, where they instead rely on partners. Alibaba's earnings come primarily from commissions and sales from additional services such as digital marketing and data analytics.

## 3.2 Research Approach

Bryman and Bell (2015) continue to highlight the importance of choosing a research approach. This refers to the role of theory in the research which is commonly distinguished between deductive or inductive research approaches. A deductive research approach aims to test a hypothesis based existing theory, while an inductive research approach attempts to create entirely new theory. As previous studies and collected data within the studied subject is limited, and this study aspired to enrich the knowledge about how incumbent personal care electronics manufacturers adapt to global MSDRPs, an inductive research approach was chosen.

## 3.3 Research Process

This section further describes the methods for collecting and analyzing the data that have been used in the thesis. After reviewing pertinent literature to create a theoretical background, data was collected through interviews with employees at Global Star. This was then analysed using a thematic coding to derive common perceptions of MSDRPs within the organization.

### 3.3.1 Literature Review

The literature review was conducted to generate an understanding of the current state of research on digital retail platforms and to formulate questions for the interviews. Additionally, as mentioned by Bryman and Bell (2015) and Easterby-Smith et al. (2015), the literature review helped to justify the research questions, strategy, approach and process. The topics of the literature study include e.g. research on strategy frameworks, multi-sided platforms and retail trends/competitive drivers in Europe such as globalization and digitalization.

Since Alibaba and Amazon are so relevant, specifically to the research topic and as they have been the focus of different previous studies, relevant key success factors have been compiled in Section 2.4.2. This was conducted by using the search strings; “Amazon success”, “Alibaba success”, “Amazon resources”, “Alibaba resources”, “Amazon capabilities” and “Alibaba capabilities” within the research areas management, technology and innovation. The available literature on the topic was scarce, and detailed descriptions of how the factors have contributed to Amazon and Alibaba’s success were for the most part missing. This further contributes to the relevance of this study and its assessment of “RQ1. What resources and capabilities are global MSDRPs using to penetrate the manufacturer-consumer channel on the European retail market?”.

### 3.3.2 Data Collection

Primary data is collected through either interviews or observations (Bryman & Bell, 2015). As the study focuses on exploring a manufacturer’s perceived needs and impressions of working with an MSDRP and not to understand a process flow, interviews were chosen. Further, interviews can be conducted structured, semi-structured, or unstructured. In a structured interview, the interviewees’ opinions and beliefs tend to be limited (Bryman & Bell, 2015), which made it unsuitable for the qualitative strategy and inductive approach of this study. In an unstructured interview, the interviewee will only get introduced to the subject without an underlying questionnaire, thus making it unsuitable for the broadness of the topic and the following needed comparison and data analysis. The semi-structured approach was chosen, as it provided a similar structure between the different interviews while still allowing for follow-up questions to identify and collect interesting unpredicted insights.

The interviews allowed the researchers to collect first-hand information about the environment in which MSDRPs and incumbent European personal care electronics manufacturers operate in. The interview questions were generated based on the literature review and a pilot interview was conducted to ensure that the data collected would provide sufficient answers. See Appendix A.1 for the applied interview structure. In total 13 interviews were conducted at Global Star, displayed in Table 3.1 and carried out through video calls. Interviewees both within and outside Europe were interviewed to generate an understanding of the characteristics between different MSDRPs and the European retail market.

Additionally, given the size of Global Star and the high diversity of the interviewees' roles and locations, many opportunities arose to triangulate the collected data. Additionally, the scope of the interviewees' roles differed, from only working with specific customer accounts, to managing processes and products impacting either specific markets or the entire global organization.

<b>Role</b>	<b>Location of Employment</b>	<b>Scope of Role</b>
Business Development Manager Products	Europe	Global
Strategic Key Account Manager	North America	Account
Head of Commercial OPS	Europe	Global
Innovation Marketing Director	China	Market
Consumer Marketing Director	North America	Market
Pricing Manager	Europe	Global
Pricing Manager	Europe	Global
E-commerce Lead	Europe	Account
Market Leader	Asia-Pacific	Market
Business Development Manager Products	Europe	Global
Pricing Manager	Japan	Account
Commercial Team member	China	Account
Head of Internat. Business Development	Europe	Market

**Table 3.1:** Interviewees Role, Location of Employment and Scope of Role

The interviewees were chosen through theory-guided sampling followed by snowball sampling. This means that the first interviewees were chosen on the criteria that they “meet certain theoretical characteristics/embody specific theoretical constructs” (Easterby-Smith et al., 2015), followed by interviewees recommending additional participants. The initial selection was made based on role and market followed by discussions with Global Star representatives. The selection criteria were based on those roles and markets deemed to have the greatest knowledge of the specific area to be studied. In snowball sampling, all of the resultant participants risk being from, for example, similar socioeconomic statuses, ethnic backgrounds and geographical areas. If all the participants are similar on one or more factor, it risks skewing the results of the study, which is best mitigated by random sampling. Random sampling is, however, generally to resource dependent and thus not desirable for this study. Snowball sampling was selected as it provides both an effective sampling process, but also as it allows reaching a broader number of participants (Emerson, 2015). The scheduling of new interviews was done until theoretical saturation was reached, meaning that generation of new nuanced insights to reach the research purpose ended.

### 3.3.3 Analysis of Results

As the majority of the interview questions were open-ended, the collected data was rather complex. Thus thematic analysis was used to analyse the data, as it is a flexible approach that can provide structure and familiarity to qualitative data (Braun & Clarke, 2013). First, the interviews were transcribed, from which the researchers read the transcript multiple times in order to familiarize themselves with the entire dataset. The second step involved the coding and grouping of quotes reflecting the most important aspects of each interviewee's answers, by highlighting these into themes. Here, each theme represented important pieces that related to our research theory (Boyatzis, 1998). Then, the themes were merged into higher order themes, which are presented in Table 3.1. This way, the themes could be redefined and reassessed to "confirm that they fit logically into the pattern serving as the basis of the theme" (Guest et al., 2014). Once validated that there were no inconsistencies in the data, the relationships between themes were assessed followed by generating descriptions and definitions. The first order themes are the crucial capabilities and resources of MSDRPs as perceived by the interviewees. It shows the subjective view of the personal care electronics manufacturer Global Star, thus extending the conducted literature review of MSDRPs success factors in Section 2.4.2. Each resource and capability with relating quotes are presented under the respective organizing theme in Section 4.

### 3. Methodology

<b>Code</b>	<b>First Order Themes</b>	<b>Organizing Themes</b>	
Size Established channel Amplified advertisement	Consumer Reach	Size in Consumer Reach and Product Availability	
Large volumes Low-cost structure	Economies of Scale		
Data utilization Consolidation Imbalance of power Dependency Manufacturer's brand	Bargaining Power		
Unlimited shelf space Third-party actors Copycats	Product Availability		
Information leveraging Cross border pricing	Cross Border Behavior		
Continuous order flow Forecasting accuracy Information processing Promotional events Increasing clock speed	Supply Chain & Forecasting		Unique Technological Capabilities
Automated evaluation Optimize MSDRP offer Ratings and reviews	Advanced Algorithms		
Data availability Data sharing Cost of data Data-driven insights	Data Gathering and Data Ownership		
Integration of platform Campaign co-creation Cooperation in launches Trail-n-error Partnership	Co-Creation		
Promotional days Live shopping AMS and AMG	Innovative Marketing		
Connected services Integrate communication	Ecosystems	Innovation in Marketing, Product and Consumer Activation	
Search engine behavior Price comparison Consumer journey Consumer education Consumer expectations Purchase simplification	Consumer-Centric Marketing Models		
Touch-n-feel Product experience Online vs offline Adapting to digital Increased transportation	Pure Online Retail Models		

**Figure 3.1:** The Thematic Coding Scheme

### 3.4 Research Quality

According to Bryman and Bell (2015), the quality of qualitative research can be appraised based on its trustworthiness and authenticity. The trustworthiness and authenticity of a research study consist of four dimensions: credibility, transferability, dependability and confirmability.

Credibility is evaluated on the basis of whether appropriate research practices have been put to use during the study, and that the objects of study have validated that the researchers correctly understood the findings (Bryman & Bell, 2015). To adhere to the dimension of credibility, the researchers sent the transcripts and quotes of each interview to the interviewee for validation, which by Kuada (2012) increases the credibility of the research. Additionally, as outlined in section 3.1 and 3.2, the current literature on qualitative research was used to select the most appropriate research practices.

To attain a high level of transferability, the researcher needs to do a thorough description of the research context and the underlying assumptions that were in place during the research project. This allows for future researchers to compare their results and draw conclusions to if the findings can be applied to different contexts as well (Kuada, 2012). Thus, a description of the case company Global Star and its business context is found in Section 1 as well as in this section.

Further, each phase of the research has been documented in this methodology section, which is required to attain a high level of dependability. A transparent description of how the chosen method was conducted in practice is outlined in section 3.3 for anyone to replicate the study.

The final dimension, confirmability, refers to the extent one can ensure that personal values have not influenced the results and findings of the research project (Bryman & Bell, 2015). To comply with this, transcripts of the interviews are available upon request and numerous interviews were conducted to decrease the subjective variable in the result. Additionally, the researchers analyzed the interview data individually and consolidated separate interpretations. In this way, the conclusions in the study are less subjective which further ensured a higher confirmability. Lastly, answers to follow-up questions which in retrospect were considered too leading, have been excluded from the data set.



# 4

## Results

In this chapter, the resource and capabilities from Figure 3.1 are presented. See Appendix A.1 for the interview structure that was put to use. These are the resources and capabilities of MSDRPs identified by employees at Global Star and how they create both opportunities and challenges for an incumbent personal care electronics manufacturer to adapt to. The chapter is divided into the three organizing themes (Size in Consumer Reach and Product Availability, Unique Technological Capabilities, and Innovation in Marketing, Product and Consumer Activation) together with their related resource and capabilities, and quotes.

### 4.1 Size in Consumer Reach and Product Availability

According to a majority of the interviewees, one of the most important factors that MSDRPs can bring compared to traditional retailers is their size as it brings a high consumer reach. This size in consumer reach paired with their online capabilities have according to a Global Business Development Manager implicated several positive aspects for a personal care electronics manufacturer, including scalability, consumer insights and brand awareness:

*“Good things is that if you have a tight relationship with the MSDRPs they can absorb much more volume, they have a better understanding of the market, they understand the consumers way better than other retailers, their forecasting is better. You can even co-create with them certain parts of portfolios if needed. They have scalability, they help you enter new regions when they go there and they offer you a very established channel. They also offer you awareness, so people go directly to them and find your products.”*

Another Global Business Development Manager concurred to this statement, and added that manufacturers can also extract benefits from a finance and marketing perspective:

*“It does save you a bit of money on advertisement and promotion if I’m available on Amazon. [...] My point is that it is amplifying your advertising investments”*

### 4.1.1 Economies of Scale

As mentioned, the MSDRPs can absorb large volumes. Elaborating on this, the Account E-Commerce Lead highlighted the economies of scale as a difference between MSDRPs and traditional retailers' business models since it allows the MSDRPs to demand lower margins:

*“From a business perspective, what is happening right now, the cost-serve model on Amazon is much cheaper than any other retailer. So an offline store demands very high margins since they have thousands of stores and associated staff. And right now Amazon is increasing more and more per year, but is still more efficient than offline retailers that need investment to run their stores.”*

A challenge with these economies of scale and lower margin requirements was highlighted when discussing how the two largest MSDRPs on the Chinese market (Alibaba and Jingdong) can enter into price wars if they are offered the exact same products. These price wars drive the prices down, and while it drives the sold volume up, it is also destroying value in the process. In order to adapt to this, the Head of International Business Development said that Global Star needs to differentiate its offers and build a solution towards each platform. Thus, they have to build several special offers during peak promotional seasons (e.g. Single's day and Alibaba's Mid-Year Shopping Festival). Furthermore it was stated that Amazon does the same thing, i.e. that they look at the pricing of everybody else in the market, what Global Star does in their D2C channel, and position themselves slightly below.

### 4.1.2 Bargaining Power

As an effect of the MSDRPs being large with high economies of scale, the power structure shifts towards the MSDRPs' favour. This was brought up on multiple occasions, where all interviewees discussing the topic were of the opinion that the bargaining power of the MSDRPs towards their suppliers was strong. This was as an example acknowledged by a Global Pricing Manager, who identified the negotiation power as one factor when discussing the challenges that come with the MSDRPs. According to the Global Pricing Manager, challenges arise from the large amount of data that the MSDRPs possess and are able to make use of:

*“The negotiation powers of the platforms. They have a lot of data about consumers, consumer behaviour but also about the supply chain. They even have our competitor brands, and they are really good at utilizing that data. At our company, we are not as good. We have a lot of data, but sometimes we are not as good at utilizing it. And then you have a pushback when you have a negotiation with the platform [Amazon].”*

When the MSDRPs grow into new regions, they consolidate multiple small customers. This on one hand is seen as a positive thing as it simplifies processes and prioritization decisions for the manufacturer. However, it also poses a problem in terms of negotiating power as the platforms grow in size. A Global Pricing Manager stated:

*“It’s good as you have fewer customers you need to talk to. As they consolidate the smaller customers. But as they get really big, they have a stronger negotiation power compared to the manufacturer such as Global Star. And of course, I have only been in Global Star when working with Amazon but as to be transparent I think Amazon is getting too big. And it’s a threat, it’s quite scary”*

According to the Account E-Commerce Lead, the effects of this was that the manufacturer could lose out on margins and be unable to extract the full value of their propositions. Further, a Global Business Development Manager elaborated on this unbalance of power, stating that Global Star is more dependant on the platforms than the other way around:

*“We need them more than they need us at least that’s my view at the moment. Because there are a lot of competitors out there, and if we are not on the website it will be some other competitor.”*

Not only the negotiation power and dependency gets shifted as the MSDRPs grow larger, but also the investment balance for Global Star. The E-Commerce Lead identified that the risk of getting too invested into Amazon is that Global Star’s risk increases if they concentrate too much efforts and resources towards only one account:

*“On a one for one basis you are always gonna invest on Amazon, but then the risk is if you always look on a one-to-one level and your business becomes 80 % Amazon there is a point where they will take us to the cleaners because the balance of power is more in their favour than ours.”*

On the topic of being dependent on a few MSDRPs, The Commercial Team Member in China highlighted that there is an emergence of new platform business models in China providing niche propositions. This is thus something which can potentially balance out the marketplace and challenge the currently few and large MSDRPs:

*“In China, besides these big platforms, some new platforms are growing very fast, for example, one platform specializing in group purchase titles, named PINDUODUO (PDD), which means they are targeting low tier cities where people then get offers with very lower prices. So these kinds of platforms are growing very fast because they are positioning themselves towards different kinds of propositions”*

As to handle this unbalance of power, it was discussed how a manufacturer can strengthen their own D2C channel. On the question of leaving Amazon and instead focus on D2C, the Consumer Marketing Director marked out a strong brand awareness and recognition as prerequisites for doing this. This posed as a challenge, as the strength in Global Star's brand in the US does not lie in the name itself, but rather in sub-brands. Another supplier (Nike) was used as an example of a company having a brand strong enough, since Nike have made the decision to pull their products from Amazon:

*“Only if we're big enough. Our brand and strength of our brand are sub-brands in the US. It depends on what measures you have as a business, is it revenues, is it profitability or top-line. You need an outlet like Amazon. But I think Nike has established such a powerful brand image among consumers, and their platform is strong enough. Their awareness of the brand is strong enough and I don't think they need Amazon.”*

The Business Development Manager added to the discussion of the strength of the manufacturers brand by stating that the characteristics of Global Stars products also play a significant role, as mentioned in below quote:

*“We make products that sometimes are the best, but they are commodities... So our brand is not as powerful as other brands, our leverage there is smaller and can easily be replaced.”*

Additionally, a Global Pricing Manager perceived that the brand strength differed depending on the region:

*“To be honest, brand reputation really comes down to the country. Being us, looking at China we have really high brand recognition, and people perceive it as a high-brand.”*

### 4.1.3 Product Availability

Another aspect of the MSDRPs' size and scalability is their large product availability. This means that they can list a wider selection of the manufacturer's product than a traditional retailer. Where the traditional retailers are limited by shelf space, the MSDRPs are not, mentioned as something positive by one of the Global Business Development Managers:

*“Now talking from the manufacturers perspective is that you're not limited by the shelf space, so your range that you can offer is pretty wide. You can offer 15 machines and there's nothing limiting you to offer five more.”*

However, when discussing challenges with this near-unlimited shelf-space with the Account E-Commerce Lead, it was mentioned how it also increases the challenges of a larger amount of third-party actors being present on the MSDRPs' marketplaces:

*“Yeah, it’s why Amazon is a very clever organization, they take the best deal, don’t care whether it’s Bob down the road, whether it’s someone selling 10 units from his garage or a global partnership with Global Star or whoever else that might be. As far as they are concerned that is our problems, which it is fair to a degree, but at the same time we need to be able to sell at other places as well.”*

When asked why this is a challenge, the Consumer Marketing Director described that third-party sellers acting on the MSDRP take advantage of the promotional periods (in this case every 13th week) by buying up a stock at a low price and reselling once the promotional period is over and the prices has returned to normal:

*“But there is also a different kind of 3rd party business in Amazon, connected to the promotional cycle of 13 weeks. Every 13 weeks products are discounted. Someone buy 1000s of products during those periods and when our prices go back up they go ahead and sell them for a lower price. So that’s the terminology of “lost buy box” in North America for Amazon as well. These smaller businesses that have cash, they come to our business in different cycles when they know our brand goes on promotion, they buy the bulk of it and two weeks later when the promotion is done they sell it to the rest of the market.”*

According to the Consumer Market Director, the third-party actors as well as non-branded imitators (copycats) have a negative effect on Global Star and its brand in that they impose unnecessary losses for Global Star:

*“With such a big platform as Amazon that grew big so fast, it did not put control measures of non-branded participants of for example third-party sellers that create a lot of disruption in our business because they can just go ahead and list a lot of propositions similar to ours. When a brand is putting so much efforts and investments into AMS we don’t necessarily get the credit because of the disruption from third-party sellers, which creates a loss for our business model. As important as Amazon is, not just for a search engine and transaction and sells, it’s just a lot of work that adds more resources. And that is costly, so it’s also a negative impact.”*

However, a Global Pricing Manager discussed that low-priced third-party actors could potentially be caused by Global Star’s distribution strategy:

*“It also comes down to the distribution strategy of Global Star. They [low priced Global Star products sold by third-parties] end up there because we make some strange deals, maybe with a smaller retailer. Or maybe it was because of some special deals, a Key Account Manager having their own KPI [Key Performance Indicator]. And then that value leakage happens.”*

Further on the non-branded imitators available on MSDRPs, multiple interviewees raised the topic of ratings-and-reviews. The interviewees saw the ratings-and-reviews as a guide for the consumer, but also mentioned the challenges of copycats being able to take large amounts of a category sales with potentially fake reviews, which is shown in the following two quotes by two Global Pricing Managers:

*“We also have an issue with copycats. The platforms are a really good place to increase sales, but at the same time, copycats are eating so much of the sales. Offline the retailers don’t really have it. Because then the retailer might risk the relationship with the brand. But Amazon doesn’t care, the Amazon team are trying to push back of cleaning this up, but the copycats are so smart. They just come back with different ways of working. That’s triggering me, that’s a challenge.”*

*“We also saw that new companies that are just shipping from China, when the product is just launched, they already have several thousand 5-star reviews, but those are generated by an algorithm, not real consumers right. So that is really a challenge for Amazon, “Is this a real review?”. I don’t see that they are really checking right now if it’s real or fake reviews? And when consumers find out that this product is not working well, then there is already a new product launched. Whereas as Global Star, you are an established company so you either get de-listed or don’t have the possibility to really sell your innovation, which you spent a lot of money on developing. These are challenges that really won’t go away so we need to deal with it. And consumers need to learn it as well, a lot of stuff on privacy, and so far the big platforms kind of respect it.”*

### 4.1.4 Cross Border Behaviour

When it comes to pricing of products, the emergence of large MSDRPs has brought on some additional challenges for Global Star as some MSDRPs show strong cross border behaviour. Due to the international nature of the MSDRPs, not bound to any geographical areas, they can for example pick the lowest price in one region and span it over the entire platform. Global Star, on the other hand, would rather work with emotional price points in different regions to extract more value. The Strategic Key Account Manager gave the data MSDRPs are gathering as a reason for this:

---

*“A component of cross-border behaviour is cross-border-pricing and influence on negotiation because AMZ get data from one country and leverage it in another country”*

## 4.2 Unique Technological Capabilities

The second theme combines the effects of the MSDRPs’ unique technological capabilities and how this impacts Global Star. The Account Pricing Manager raised how the data gathering and usage of the MSDRPs’ insights provide multiple opportunities for the personal care electronics manufacturer in that they can improve their product portfolio:

*“[Amazon insights] are really enabling us to drive product propositions, but also our long-term product portfolio. It means that we do not only have local insights from the data that we get, but Amazon is so big as a retail platform that the insights we get are kind of representative for whole populations”*

### 4.2.1 Supply Chain and Forecasting

Continuing on the topic of data capabilities of MSDRPs, the Strategic Key Account Manager hypothesised that there are differences between traditional retailers and MSDRPs in regards to ordering and forecasting. The hypothesis was that, while traditional retailers are to a large extent ordering in batches, the MSDRPs applies a more continuous order flow:

*“Suppose you are a traditional retailer now: [...] You agree on a pallet, you sell a pallet. With Amazon it is much more based on sell-out, so they look at what are we going to sell when, when do we need to order that amount, when it’s all sold out when do we order next amount. Instead of a batch process it is a more continuous flow. It’s still a batch process but you know they want to go more continuous and that they don’t take a lot of stock and try to manage a constant stock level if you do not take into account deals and what not.”*

The data availability and the analytic capabilities of the platforms thus have an impact on the manufacturer’s supply chain. In a relating discussion, one of the Global Pricing Managers stated the positive flexibility in the logistics solutions which Amazon offers compared to that of a traditional retailer:

*“They offer different models, e.g. it can be direct drop shipments where we can directly deliver to consumer from warehouses or a marketplace setup where we can directly deliver to the consumer, and these are things where they are super flexible. They know these different ways of working, and we can based on the turnover of different products and the life cycle be flexible about what we’re proposing without having stock issue, whereas with typical brick and mortar would always think about stock positions and they’re very rarely just in time”*

Further on along the topic of the supply chain, the accuracy of the MSDRPs forecasting was perceived differently among the interviewees. A Business Development Manager in Europe was of the opinion that the forecasting of the platforms are good, while the Consumer Marketing Director in North America saw the forecasting accuracy as one of the biggest challenges of working with Amazon as it was less accurate than its competitor’s:

*“It forces you to have more safety stock and tougher allocation decisions. Their forecast accuracy is the lowest in the industry right now, as they depend on a lot of different algorithms and consumer behaviours, which spike during promotion and flattens during off-promotional periods. We know those spikes and the promotions we play with are quite mature, but their forecast accuracy puts a lot of pressure on our business. As a result of their inefficiencies we 1) airship more and 2) carry more inventory and it becomes kind of a pay-to-play business model instead of a partnership.”*

The Head of International Business perceived that platforms give scale and velocity of sales to manufacturers, and that they operate at a faster clock speed than traditional retailers. Thus, it was explained that this forces manufacturers to run a much more compressed supply chain and carry less inventory. To cope with this, the Head of International Business highlighted manufacturers needs to be more tuned to sell what sells and manage its stock more tightly. Further, manufacturers also need to add flexibility to their operations, including the supply chain.

Additionally, the Consumer Marketing Director speculated that, while Amazon does have great systems and algorithms that help guide the forecasting process, the data used is not taking into account all micro and macro trends. He added there’s not a lot of human elements to bring it together. As an example of this, the Covid-19 situation was highlighted has having immediate effects on stock levels, while the algorithm needs some time to adapt:

*“People starting to hoard things, which is not captured by the algorithms until after the fact that supply goes down”*

Also discussing the algorithms impact on the MSDRPs forecasting capabilities, the Strategic Key Account Manager added the challenge of having an algorithm on the platform side being able to process information much faster than a human on the supplier side. Having a portfolio setup with changing SKUs (product numbers) from country to country was used as an illustrative example:

*“Every country has its own language, every country has its own SKUs. These SKUs are all being ordered in batches, so all line items, the granularity of stock, how will all that be managed if you have an algorithm at the buying side, and a person at the selling side. It is never going to work because this side (the platform) has much more processing power than the other side. So you get a catch-up game. Plus, Amazon is not super transparent on the level of safety stock, so even if you try to build a system here you will need to guess those metrics that they push into the system.”*

Lastly, the promotional events were a recurring topic in regards to the supply chain. The Head of Commercial Operations raised this subject with the promotional events of the platforms, e.g. Prime day for Amazon and Single’s day (11/11) for Alibaba, bringing in a huge amount of sales for Global Star. Dealing with that, from not only a commercial angle but also from a supply chain were seen as big challenges as a manufacturer does not want to either oversupply nor undersupply:

*“You need to get your products out, available and then it can also be that your promotion fails. So if you plan to sell 500 000 pieces and you only sell 100 000, then you have massive extra stock and probably have to dump it. So you’re losing out massively, and it’s about finding that balance.”*

## 4.2.2 Advanced Algorithms

Not only forecasting was discussed in regards to the MSDRPs’ algorithms. The Strategic Key Account Manager stated that Amazon’s business is highly dependant on data and the automatic processing of it, which in turn forces the manufacturers to be more data-oriented:

*“There are also upsides, as they present good opportunities for scalability. Another aspect to be aware of is that platforms have “rules of engagement”, requiring the manufacturers to be more data-driven. Amazon is extremely automated, with metrics on which they evaluate the manufacturers on e.g. profitability, star rating and easiness to ship. Part of Amazon is just a robot, and you need to understand in detail how this all works to be successful. These rules make it possible for a super small manufacturer to leverage their propositions. A potentially negative aspect is that Global Star’s dependency increases since Amazon owns almost the full consumer landscape.”*

The products available and promoted on an MSDRP are thus to a degree controlled by an algorithm. The following quote by one of the Global Business Development Managers highlights a challenge with this when Global Star wants to put more emphasis on doing something less certain:

*“The cons from my point of view is that they already have a way of working, which is not easy to change [...] so if you want to do something special it is not easy with them. That is why a smaller retailer could have an advantage there to do something custom or do trial-and-error. Amazon wants good products that sell and that you invest in them with marketing campaigns and so on. They want a winner, they work with that. If you want to try something you are not sure on, they are maybe not the best choice.”*

A Global Pricing Manager, when discussing the MSDRPs’ algorithms versus traditional retailers, highlighted the personal nature of doing business as being more important when working with a traditional retailer:

*“The traditional relationship is that you have a sales force that goes and talks to the retailer, and you would find synergies, brainstorm with important key accounts about ‘Where do you see yourselves in the future?’, then how can we create a strategic outlook together and what do we need?”*

Which was then followed up by the same with a view on MSDRPs, where there is less emphasis on the personal side:

*“With a platform, you also have top talk meetings, however everything is automated so you need to be there on important touchpoints in the algorithms. [...] if we put in a lot of innovation and we want to try high end products, but they get more from low-end products then we are totally not visible on the platform. And you can’t talk to key platform accounts to explain how we are going to get the value together, because their idea is that they want to grow basket size. A lot of people buy low-value items, and the platforms just want to have more customers that come to their platform to buy things. So that might be different, you are pushed back by an algorithm.”*

As mentioned, the algorithms impact the products promoted on an MSDRP. Therefore, The Account E-Commerce Lead raised the topic of new product introductions (NPI) being a challenge on Amazon:

*“We’re having a debate on NPI, is Amazon the place to launch first or not? I think what we have seen is that Amazon is a slow burn on NPI, it takes a very long time to get the algorithm working in your favour with ratings and reviews. We are looking at a minimum of 6 months, realistically 12 months depending on what you phase out. Each time we do this the new product sells 50% of what the earlier one did, which could be due to ratings and reviews, traffic associated with the old product, placement on sales ranking etc, that means lost sales. Which is a difference, if you’re an offline retailer you can have it in the sales windows and deals to display it better.”*

The Head of International Business Development recognized that the algorithms used by Amazon are quite brand agnostic, and that most of Amazon’s growth comes from their marketplace platform. It was then added that they don’t really care where they get their business from, and as such when a manufacturer tries to play in the algorithm, their brand does not have a role.

However, the algorithms are not the same on all MSDRPs. For example, the Market Leader stated that the Asian platforms are different from Amazon in that they do not emphasise the user ratings and reviews as much, but rather focuses on the offering itself and how it stands against competing offerings:

*“They use different algorithms that are less focused on the rating itself, it’s less prominent in the user experience and is more focused on what is it that is being offered and how does it compare to competition?”*

### 4.2.3 Data Gathering and Data Ownership

The MSDRPs were as mentioned seen by the interviewees as having access to a lot of data and being able to make use of it to create market knowledge and gain consumer insights. There were various views on to which extent the MSDRPs share this data and insights with Global Star, of which one of the Global Business Development Managers expressed negatively towards Amazons data sharing:

*“They have all the data, which they are not sharing. Or if they are sharing it’s for a specific reason. I mean it’s online, so they know exactly the consumer journey; when they enter the site, where do they go, what do they click on, what do they add to cart, what do they add as favourites, what they buy after half and if they buy competitors or just your products. All that information for a manufacturer like Global Star is gold, that is market information, consumer insights that you pay a lot of money to companies like JFK to provide you with.”*

## 4. Results

---

Naturally, there is a cost to getting access to the insights owned by the MSDRPs, to which The Account Pricing Manager added:

*“I can tell you that of course none of this is for free. This is, of course, a service that Amazon is rendering to us by sharing this data and if there is service there also have to be a certain payment for this and this is, of course, something where Amazon is in a very good position because they have all this infrastructure set up.”*

The Market Leader in Asia-Pacific was of the opinion that the market’s MSDRPs are somewhat restrictive in sharing insights, but that what they share is better than Global Star can get from their other customers:

*“Lazada [owned by Alibaba Group] has the data and they do the analytics and share it with us. They are very protective of it. Say it’s proprietary information. They give us insight around the campaign window, did we perform better in terms of market share compared to the last campaign day? They say these products were better and these were worse. It gives us a bit of a flavour but not more than that. Still, it is better than we get from any other customer.”*

Another Pricing Manager also perceived that the platforms provide more insights on the customers than Brick and Mortar (offline) retailers do:

*“The insights we get from platforms is a big plus versus Brick and Mortar. This should not be ignored, as in terms of conversion rates or traffic it’s much more insightful for us, whereas Brick and Mortar remains more or less a black box”*

The same interviewee continued further explaining that the insights created an opportunity to directly track price positions on the product portfolio, which would allow the manufacturer to take faster action from a portfolio management point of view:

*“A point some might consider this to be a threat, but I regard this as a big opportunity is the visibility on price developments in the market. we directly see if prices are going down we have price matching happening between Amazon and of course this can also be regarded as a challenge because this is bringing down prices on the other hand we started to completely change our mindset saying: OK if this price is going down there’s typically reason and we start to take countermeasures. I think really as a manufacturer we can learn from this and improve our product with direct feedback in that sense.”*

### 4.3 Innovation in Marketing, Product and Consumer Activation

The process of launching new products and activating the consumer was seen as being different between traditional retailers and platforms. One of the identified key differences was that launching a new product is easier on a platform since data points and insights from the platform itself could help steer the product setup to be well received by the consumer.

#### 4.3.1 Co-Creation

According to the Innovation Marketing Director, a so-called co-creation process of the platforms further assisted portfolio steering by allowing Global Star to “segment better and be more specific on which offers to include, and then follow each offer along the development and evaluation process”. By working together, Global Star also saw future opportunity to partake in the platforms own business models, e.g. using Amazon’s Alexa to leverage their own propositions.

Taking advantage of the platforms business models were also mentioned by a Pricing Manager, who added that there is a possibility to increase the easiness for consumer to find replacement products when working with a platform:

*“You have to replace [a product part] every three months, even though we know the consumer only does it every 6 months. Some consumers don’t even know about the three months. We know it’s one of the key drivers if they cannot find the part of the product easily, so that’s when online is good to reach out. And at Amazon we have a replenishment system. So, an app can trigger a purchase of the product when needed. We could never do that with traditional retailers.”*

The platforms in the Asia-pacific region were seen as more innovative than their European counterpart, which could be seen in the co-creation processes. Global Star works closely with the Chinese MSDRPs Tmall (Alibaba Group) and Jingdong, where they co-create based on data and innovation insights. Further the interviewee explained that this process, compared to working with a traditional retailer, is less lengthy, less costly and added that working with platforms made it easier to perform real-time marketing. The implications of this were according to the Innovation Marketing Director that one can do better testing of campaigns and products in real-time at every point of the consumer decision journey, shown in the two following quotes:

*“You can test your products and campaigns with product pages to see how a real consumer responds to it. And you can do that in a real ecosystem too, it’s not a few customers you need to recruit and a campaign you need to set up and spend a lot of money on in order to draw them to a fake page.”*

*“Because the platforms have that whole ecosystem, where you can through WeChat to develop a very concrete segment of consumers, e.g. young men aged 18-21 and first-time users. You can be very specific on the demographic based on the data they have and have a very targeted campaign to see if they are interested in your products, or to do iterations like A/B testing to distinct target groups and optimize your marketing mix real-time through the use of their platforms. That is something that normally wasn’t at hands. Digital marketing is also in the process of being able to do this directly on the platforms if you have partnerships, such that you can go full stream, get consumer insights and optimize the go-to-market. Since the platforms are so big, have so much data and are fully integrated with the ecosystems in the whole consumer decision journey, they basically play in every touchpoint from advertising to conversion. So you can simulate each touch point with them.”*

The Market Leader further reinforced the above statement on the pros of working with a platform, stating that the real-time feedback of one’s own products paired with the ratings and reviews of competing products allow for an easier way of gathering knowledge on what the consumer likes and dislikes than what was previously possible:

*“Back in the days when you launched a product, you would need to conduct quite intense shopper and post-purchase surveys to know what they liked and disliked. Now you have real-time feedback with a big sample size to see what the consumer likes about the product, and why they would recommend it. The same is true for competitive products, if you want to understand how and why a consumer rates your product towards a competitor’s, you can also read the same ratings and reviews. Another positive thing is the speed of implementation. You can in a very short time introduce a new product and do promotion around it, whereas traditional offline retail has a fragmented approach to this, it is a different level of ownership and decision power in the shops.”*

Further on co-creation, the interviewees who were working with platforms in China, Southeast Asia and the Pacific were of the impression that their relationship with the platforms was more of a partnership than what was the case in Europe and North America. The Innovation Marketing Director working with a lot of new product developments in China stated:

*“But I see that Alibaba Group are more in partnerships where for example we have co-creation partnerships with them and as innovation leaders with them and Jingdong to also share data and to co-create product propositions with them based on those insights, and also validate them.”*

This was further reinstated by the Market Lead in the Asia-Pacific region who also added that these partnerships were a learning opportunity for the manufacturer:

*“It doesn’t feel like two parties, a buyer and a seller, it’s more like a partnership [...] We also have a strong engagement and sharing with our e-commerce customer what went well, what didn’t go well, why something is selling etc. So there is a rich engagement and learning opportunity for us to work hand-in-hand with these e-commerce customers.”*

### 4.3.2 Innovative Marketing

Shedding more light on the differences between the Chinese and Asia-pacific MS-DRPs versus their western counterparts from a marketing perspective, the Innovation Marketing Director had the impression that the former were more trendsetters:

*“From what I observe, they are much more aggressive and entrepreneurial than say Amazon. From the innovation part to go-to-market they offer a lot of development tools and also marketing tools. They are more trend-setters than followers, they don’t follow Amazon, Amazon follows them.”*

The Market Leader in the Asia-Pacific region used Lazada, a platform in the Philippines whose majority shareholder is Alibaba Group, as an example of this difference. During Global Star’s promotional day on the platform, they basically take over Lazada’s platform, which leads to a lot of sales in a single day. Moreover, the market leader added that these platforms offer new ways for manufacturers to market themselves through e.g. live shopping:

*“One of the interesting innovations that you see here in South-East Asia is live shopping, which comes from China. In the old world, we would call this home-TV-shopping, where they explained a new product. What is interesting is that platforms now have that approach, called live shopping, where you get push notifications that in this moment, this brand is talking live about this product. It’s entertainment at the same time. In South-East Asia there are a lot of people living in rural areas where they only have access to their phones. So there can be 10-15 minutes where someone from Global Star can sit down and explain how a shaver, blender or whatever works and can change a consumer’s life. And it is also a very cheap way for us to do TV-home shopping. You get direct feedback, and it changes how us as a brand can interact with our customers.”*

Amazon was perceived as offering less innovative marketing opportunities, but still having strong propositions in AMS (Amazon Marketing Services), a search advertising solution for vendors and AMG (Amazon Media Group) which enables brands to target Amazon shopper audiences on Amazon.com. It was suggested by one of the Business Development Managers that the allocation of marketing spending would potentially change for manufacturers from offline to online channels:

*“It’s just you would put more money into it and scale it. The go-to-market plan and strategy for online will not change, you will just reduce the amount of money you invest in offline and you will increase the online part. Maybe you would reduce even some parts that you do offline, points-of-sale activation, some ATL activation, you would reduce depending on the market. And you would increase digital, maybe reach into more markets, put more money in Amazon search. For example, they don’t have a way of activating, you have AMS and AMG. And then the product description page, that is more manufacturer than Amazon, you upload it and Amazon has a template/guideline that if you follow it you’ll get more hits.”*

The Consumer Marketing Director added that these marketing capabilities bring a pay-to-play environment, as they are funded by the manufacturers themselves:

*“I mentioned pay-to-play, which is that they expect certain brands at the end of contracts to fund their media and their .com infrastructure. So we have a long time partnership with Amazon, but due to their P&L (challenges or financial objectives and KPIs), two years ago they came to us and said “you need to put money on the table to play”, and we chose not to. As we also have to balance our investments across our different channels and retailers there is a threshold on what makes our RoI most successful due to our brand and P&L. Brands like us and top brands in the industry do fuel a lot of enablers for them to be such a big platform. And that’s where AMS and AMG (Amazon Media Group) funding comes in. Every banner and pop up we pay for at the end of the day, they are basically a big advertisement company.”*

### 4.3.3 Ecosystems

Those interviewed who had been working within the Asian markets, and most notably the Chinese, mentioned that one difference between a traditional retailer and the platforms is that the platforms function as an ecosystem. This was particularly true for the Alibaba and Jingdong platforms while being less true for the Amazon platform according to the Innovation Marketing Director:

*“In the Chinese ecosystem you have Jingdong and Alibaba as platforms. Basically, Alibaba has different platforms; B2B, B2C, TMall and Alipay, they are fully integrated ecosystems. It is much more integrated than say Amazon who still mostly is e-commerce, data and providing back-end networks. What I think is unique to China is that they have such a big ecosystem with two competing giants in China. The other one, Jingdong, also have WeChat payment fulfilment divisions, social platforms, a search platform, so a full ecosystem almost.”*

Additionally, the Head of International Business Development elaborated further on the differences between the European and the Chinese market, suggesting that the penetration on a consumer level is further gone on the Chinese market within the ecosystems that the Chinese MSDRPs have. Further, in the Chinese ecosystems people use WeChat to order food, get taxis and request all sorts of services, which connects the ecosystem to shopping experiences and shopping platforms. Lastly it was added that the consumers in China are more willing to share data.

#### 4.3.4 Consumer-Centric Marketing Models

When looking for products, the Market Leader argued that the platforms are substituting search engines such as Google:

*“Do you go to google to search if you want an iron or do you go to Amazon? Lazada or Shopee have all products from all brands, so what you might do is to compare between the platforms, but you don’t go first to google and search for hair dryer, you go first to platforms and compare between the two of them. In the sense of value creation, they simplify consumer’s life and decision.”*

For which the Market Leader then added that consumers are able to keep themselves informed at all times:

*“In a highly digitally connected world, consumers will be in the shops on their phones, comparing prices. From that perspective online retailing gives consumers confidence to know they are getting a fair offer, they keep them honest.”*

One of the Pricing Managers brought up some negative aspects of this, indicating that sometimes there is too much information available, which forces consumers to rely on the algorithm that e.g. Amazon run on:

*“On the other hand, this [the massive product selection] can also be like an overload sometimes I see in the marketplace there are so many different players and I can never as a consumer really navigate and never catch the full scope. I’m super dependent on algorithms and I feel also sometimes that these algorithms, and it’s not only feeling as a pricing manager for the Amazon organization, that they are highly influenced through sponsored content from manufacturers, so kind of automated marketing. It’s kind of manipulation as well so this is one of the downsides I’m perceiving”*

The capability of the platforms to do consumer education was a topic that was considered by the interviewees to be different from that of a traditional retailer. One example of this was made by the Head of Commercial Operations, who stated that the MSDRPs are able to educate the consumer throughout entire consumer journey:

*“From a search point of view and exploring, when you do your search most often nowadays you start at home and these platforms have a first educational piece as well. So they are the first place you would go to to say ‘Hey I would like a new toothbrush, let’s see what is there’. So you would go to Amazon or another platform because they already have everything and it becomes the first part of the customer decision journey. So the online players have almost all taken the opportunity to be at the start of the customer decision journey.”*

The Head of Commercial Operations added that the platforms help explain the context of the product on the product page to educate the consumer. Conversely, offline retail stores were perceived to not have the same capabilities:

*“And the great things with the platforms is that we can determine the context of the product. Amazon has a structure that says what good looks, but we can determine what is mentioned there, what pictures should be shown, influence directly and it has all the documents. You can do small videos and enrich it to help educate the consumer. So I think that is the big difference now because in a store the product is on a shelf and needs to explain itself. Of course, you have people walking around in the stores trying to explain something about a product (but often they don’t have a clue, some are good some are bad) so it can sometimes be an explanation on the box or the small price tag beneath, displaying what are the key features and that is it. So you can see people in the store going online to see what are the features of the product. And they still end up on the platform, so really the online platforms are really getting the drag on.”*

From the consumer’s point of view, the interviewees stated that the platforms have added simplification and convenience to the purchasing process, which the following quote from the Head of Commercial Operations show:

*“What these platforms offer is simplification of the buying process. You can go to one place and search for categories of products you are interested in and find offers by many retailers and compare at price or buying conditions, delivery to this and other sell-ons that the seller offers”*

The E-commerce Lead mentioned the ability of the platforms to ship goods quickly to consumers as another benefit:

*“And I think what Amazon offers is that level of trust, convenience and speed that especially for lighter prime members when people want something now and cheap you can, thanks to the algorithm, get almost the lowest price in the market delivered at your convenience and it’s two clicks to get there.”*

According to the Head of Commercial Operations, relating to these delivery services, platforms are changing consumer expectations in that they are e.g. wanting faster and faster deliveries:

*“Now it’s even more about the consumer setting the rules of engagement. Because they can decide now if they want to buy with Amazon or Alibaba. Even if Amazon is now, to let it slip slightly, consumers will go to somebody else. And the consumer is used to that I can get the products tomorrow, so customer expectation is also changing. In Sweden people are still ok with it taking 4-5 days, it’s reasonable. You go to the UK, it’s completely different, people expect it by tomorrow. And preferably even the same day, an option of click-and-collect. And that is becoming the new norm, of course, it will take some time before it settles, but that is something that we see.”*

### 4.3.5 Pure Online Retail Models

The Market Leader in the Asia-Pacific region perceived that the speed of introducing new products and doing promotion around them was quicker on an online MSDRP than at a traditional offline retailer:

*“You can in a very short time introduce a new product and do promotion around it, whereas traditional retail they have a fragmented approach, that is a different level of ownership and decision power in the shops. So it’s very difficult to have one customer, one decision and to execute fast.”*

This was further reinforced by the Head of Commercial Operations in Europe who stated, in regards to the speed of penetration of new products on an online MSDRP, that going through an offline retailer is slower due to the organizational structure of the offline retailers and online platforms respectively:

*“Your penetration is a lot easier than an offline retailer because then you have to go through headquarters, and if you’re unlucky the store owners will still decide what to do in their stores.. So it’s much slower, the speed of your penetration is so much slower compared to online. So online is one entry and it’s there, maybe you have to do some translation but even that is automated with AI and ML so it’s also no that complicated anymore. So in that sense, it is easier and you can manage it essentially and it’s much cheaper.”*

Although the online platforms enable faster and more centralized decision making, the importance of consumers being able to touch and feel the product was discussed at multiple times during the interviews. A Pricing Manager exemplified this with the purchase of one of Global Star’s electric products:

*“We always see that the consumer wants to feel the texture or the vibration. The traditional retailers always have a working sample to hold it in your hand to feel the vibration. That kind of experience you really only get in the offline setting.”*

This sentiment was shared by one of the Business Development Managers who stated that this touch and feel experience is something that only the traditional, offline retailer can offer:

*“Whenever you’re buying a machine or any big electronic stuff you want to touch the product, you want to see the product live. If I tell you that my machine has titanium detailing, the titanium front is perceived quite differently. Some might perceive it as really heavy metal, some might say it’s just a nice looking front of the machine. That’s kind of a disadvantage of the online platform because you can read a lot but you cannot see and you cannot touch the machine. But the benefit of the offline store is that if you go to Media Markt you can see the machine.”*

A common view amongst the interview participants was that one way for MSDRPs to incorporate this into their business was through showrooming.

According to numerous interviewees, the emergence of the online MSDRPs has brought on changes to the way the company works, in comparison to how they used to work with traditional retailers. One example of this was in regards to the resources and capabilities that were needed when working with an online platform compared to a traditional retailer. The Strategic Key Account Manager brought up the topic of the analytical capabilities of Amazon as an example of this. These were seen as high and had, as mentioned, together with size led to Amazon dictating the rules of engagement, forcing manufacturers to be more data-driven. It was further stated that this had brought on a need to revisit the culture of the manufacturer and that e.g. a person with 10 years of sales experience needs to adapt his way of working, by combining the sales and negotiation experience with analytical experiences. One of the Business Development Managers identified that the resources needed to perform in a channel were very important. As the Business Development Manager put it:

*“The entire product organization is skewed to offline, which means that you are developing ways of selling offline, which means that you have all the people needed to create the research in those parts. Now if you switch to online you need more designers, more web designers, graphic artist [...] you need less salesforce in the shops, you need more Key Account Managers in order to sell online. So it’s all about resources, if you don’t have the proper resources to compete online you’re not really gonna have the capabilities to compete with other bands that sell mostly online. And I see this as a big and difficult gap.”*

Additionally, the Head of Commercial Operations also suggested that there was a difference in mindset between the company and the MSDRPs, in that the platforms are more accepting of failure:

*“They do a lot of test and learns, so they try it and continue to roll it out rapidly. And that is something that you see in their approach, they are willing to fail. It is a completely different mindset then if you go e.g. us. We find it difficult to fail, and therefore we are always blueprinting us to death because we want to be 100% certain that what we do is a success. If you do that, your pace of moving forward is slower, so the willingness to fail is a key difference in what they do and what we do. And that’s when you talk about mindset shifts, when we need to get into it more when you try something and if it works we continue. And if it works we also need to be able to roll out fast and not get stuck in the internal politics. Same as a kid that wants to learn something, you have to fall because if you don’t fall you don’t learn.”*

A Pricing Manager described Global Star as a traditional kind of manufacturer and clarified that it is in a good way, as they have a solid foundation to build upon. At the same time it was expressed that they are thus slower, and rely on working with well-defined processes.

Lastly, as an effect of the consumer moving online, two things were highlighted during the interviews. First, the Head of Commercial Operations discussed the platforms from a sustainability point of view, expressing the negative impact, of increasing delivery and returns of goods, on the environment:

*“If you think about the number of ways being created in bringing goods to the consumer you get a lot of products with an overbox, and there, suppliers are already having products which are not e-commerce savvy and needs to have a box around it and shipped to the consumer in way to large boxes which is not good for the carbon footprint. And another thing is also the returns, then you get it two ways. In a lot of streets today in the city you get so many small vans going through the street and it’s crazy cause they only come for one parcel. In that sense it is very inefficient. So from a sustainability point of view, we can do it smarter and more efficient.”*

Second, the Head of International Business Development put the MSDRPs into the context of Covid-19, acknowledging that it has sped up the development of moving shares of sales from offline to online in Europe. It was added that even traditional offline retailers have to transform or squeeze down their offline formats and move their sales online.



# 5

## Discussion

This chapter contains an elaboration of the results, and the answering of the research questions. First, the MSDRPs' resources and capabilities are appraised using the framework from Grant (2016) to answer RQ1. Second, the incumbent European personal care electronics manufacturer Global Star's adaptation to the presence of MSDRPs in the retail landscape is discussed to guide the answering of RQ2. The chapter ends with a discussion on managerial implications and recommendations for future research.

### 5.1 Appraising the MSDRPs' Resources and Capabilities on the European Retail Market

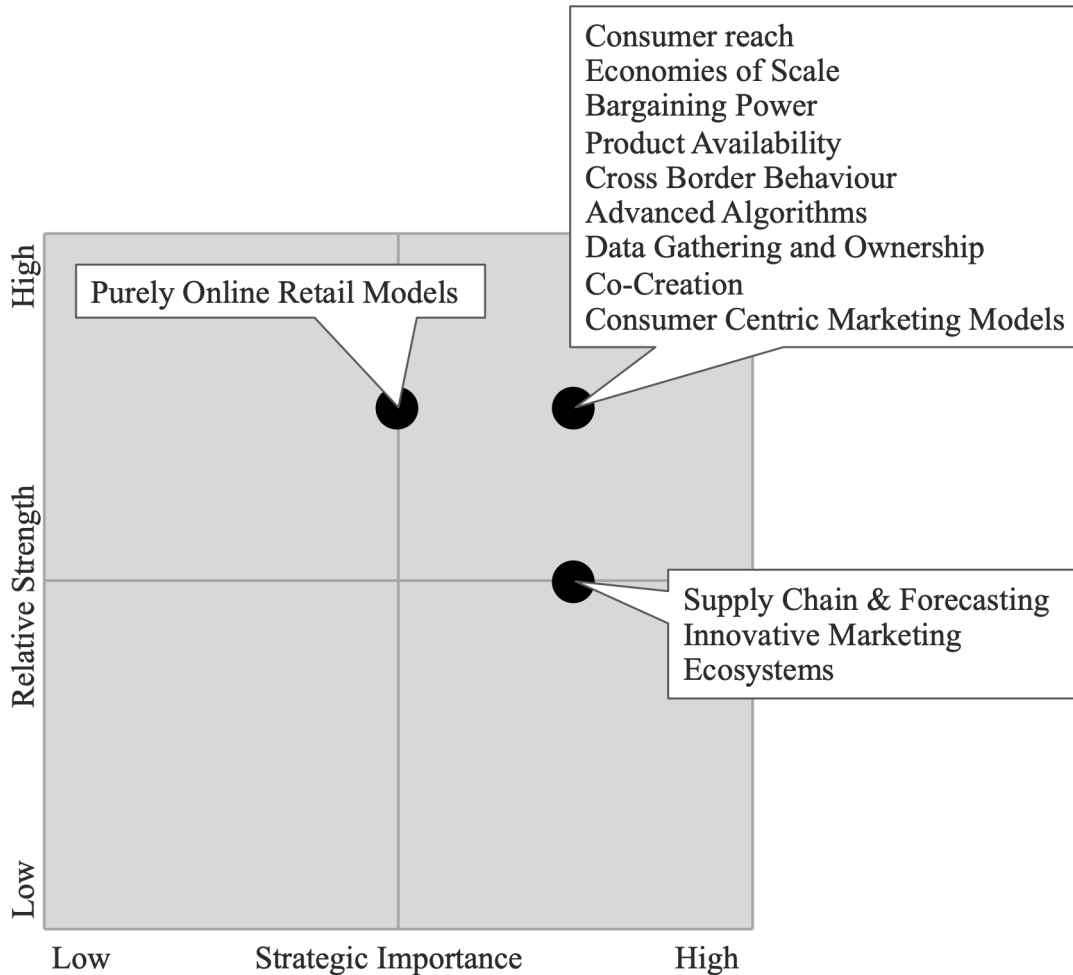
This section aims to answer the first research question, and thus assess:

*RQ1. What resources and capabilities are global MSDRPs using to penetrate the manufacturer-consumer channel on the European retail market?*

The assessment of this was done by applying the framework for appraising resources and capabilities, adopted from Grant (2016), as it allows for a determination of the resources and capabilities' relative strength and strategic importance. As suggested by Grant (2016), relative strength can be appraised by letting industry experts guide the assessment. Thus, relative strength has been assessed by consolidating the information collected from the interviews with employees at Global Star (see Chapter 4) and the literature review on key success factors for the MSDRPs' growth (see Section 2.4.2). Second, strategic importance was assessed by applying the key competitive drivers in the European retail industry (described in Section 2.2 and listed below) onto the MSDRPs' resources and capabilities.

- 2.2.1 Consumer-centric retail models.
- 2.2.2 Multinational retailers establishing a large competitive consumer reach.
- 2.2.3 Usage of ICT and innovation capabilities.
- 2.2.4 A growing interest in establishing Omnichannel business models.
- 2.2.5 Offering combinations of product and service propositions.
- 2.2.6 Retailers as brands, offering holistic multifaceted concepts combining product, store and consumer loyalty.
- 2.2.7 Usage of time as a competitive tool.

In Figure 5.1 below, the MSDRPs resources and capabilities (the first order themes in Figure 3.1) are placed in the grid depending on their level of relative strength and strategic importance. They are then discussed further in the following paragraphs. The related tables with underlying reasoning are available in Appendix A.2.



**Figure 5.1:** European MSDRPs’ Resource and Capability Profile

Figure 5.1 clearly shows how the MSDRPs are utilizing business models in symbiosis with the competitive drivers on the European retail market. They are highly scalable organizations with wide product portfolios that are outcompeting smaller outlets and local organizations. They are also adapting consumer-centric retail models by often being the first and last destination in the consumer journey. Their strengths are, as shown in their Resource and Capability Profile, primarily coming from unique technological capabilities and size. This can further be seen with the MSDRPs having scalability derived from their strong usage of ICT and innovation capabilities, which e.g. Dawson (2001) and Saura et al. (2014) note to be one of the main drivers for competitive growth.

While highlighted as a success factor for MSDRPs in previous literature, the brand of the MSDRPs was not a topic that was identified in the empirical data collection. Brand can still be of overall market importance but the data rather indicate that manufacturers are less focused on a retailers brand as they are on reaching and activating the largest number of consumers.

The lowest graded strategically important factor (Pure Online Retail Models) brings an interesting discussion on the future of European retail and MSDRPs' presence on it. Both literature (e.g. Brynjolfsson et al. (2013), Bhatnagar and Syam (2014)) and the collected data suggest that adopting omnichannel retail structures is a key to future competitive advantages, as the consumer of today is seamlessly interacting with retailers both online and offline. This can be a way for traditional retailers to protect their market shares against MSDRPs, but also a next step for MSDRPs to further extend their presence in the consumer journey. Hence, the success of omnichannel retail models is one of the main arguments to the low strategic importance of pure online retail models. For the personal care electronics industry, drawing upon the interview participants suggesting MSDRP showrooms in Section 4.3.5 and combining it with Herhausen et al. (2015) and Gu and Kumar Tayi (2016), the concepts of "click-and-collect" and "showrooming" have potential to be the new normal in a consumers' shopping experience. This would allow an online retailer to include a haptic experience and an offline retailer to widen their online presence, without fundamentally changing their core structures.

A resource and capability which was not mentioned in the collected dataset, but which we find interesting to discuss is "local presence". This factor is assumed to be of high strategic importance as it enables high consumer activation through consumer loyalty and customized offerings to targeted consumers. It can also provide the manufacturers supplying the MSDRPs with high quality consumer reach to more rural areas. The MSDRPs are further argued to score low on local presence, as their market presence is of a much more multinational characteristic. This shows that even though MSDRPs are built up by high strategically important resources and capabilities, they are not the perfect retailer, fulfilling all needs of all consumers and manufacturers.

The lowest graded relative strength factors are Supply Chain & Forecasting, Innovative Marketing and Ecosystems. Interestingly, the results on the forecasting accuracy from the interviews were inconclusive. It was both perceived as very high and very low, which can potentially be due to the MSDRPs acting in different regions where the industry standard differ. The innovative marketing and ecosystems brings a discussion on MSDRPs within and outside of Europe. Adding the insights gathered on MSDRPs outside of Europe, questions can be raised on if, how or when other established MSDRPs will penetrate the manufacturer-consumer channel on the European retail market. The Chinese MSDRPs Alibaba and Jingdong have complex resources in ecosystems (shown to also generate higher innovative marketing) within the Chinese society, something that is perhaps not easily transferable to the European retail market.

One barrier for this is the Chinese population's willingness to share their personal data to a larger extent than the European. More probable, MSDRPs will penetrate through differentiation and specialized offering, thus utilizing resources and capabilities which separate them, from a consumer perspective. We do believe that Amazon's success on the European retail market is making it an attractive market to enter for competition. As such, we have generated the hypothesis that a European consumer will in the future use a range of MSDRPs to maximize their retail experience. This means that the European retail market will be populated by multiple competing MSDRPs, which the consumers will be multi-homing at, in order to find the best possible propositions.

In summary, the MSDRPs are able to improve the consumers shopping experience with strategies fitting well to the industry environment they are present on, both in Europe and in other parts of the world. Their business models are consumer-centric, highly technological and scalable which has fueled their growth on the European retail market.

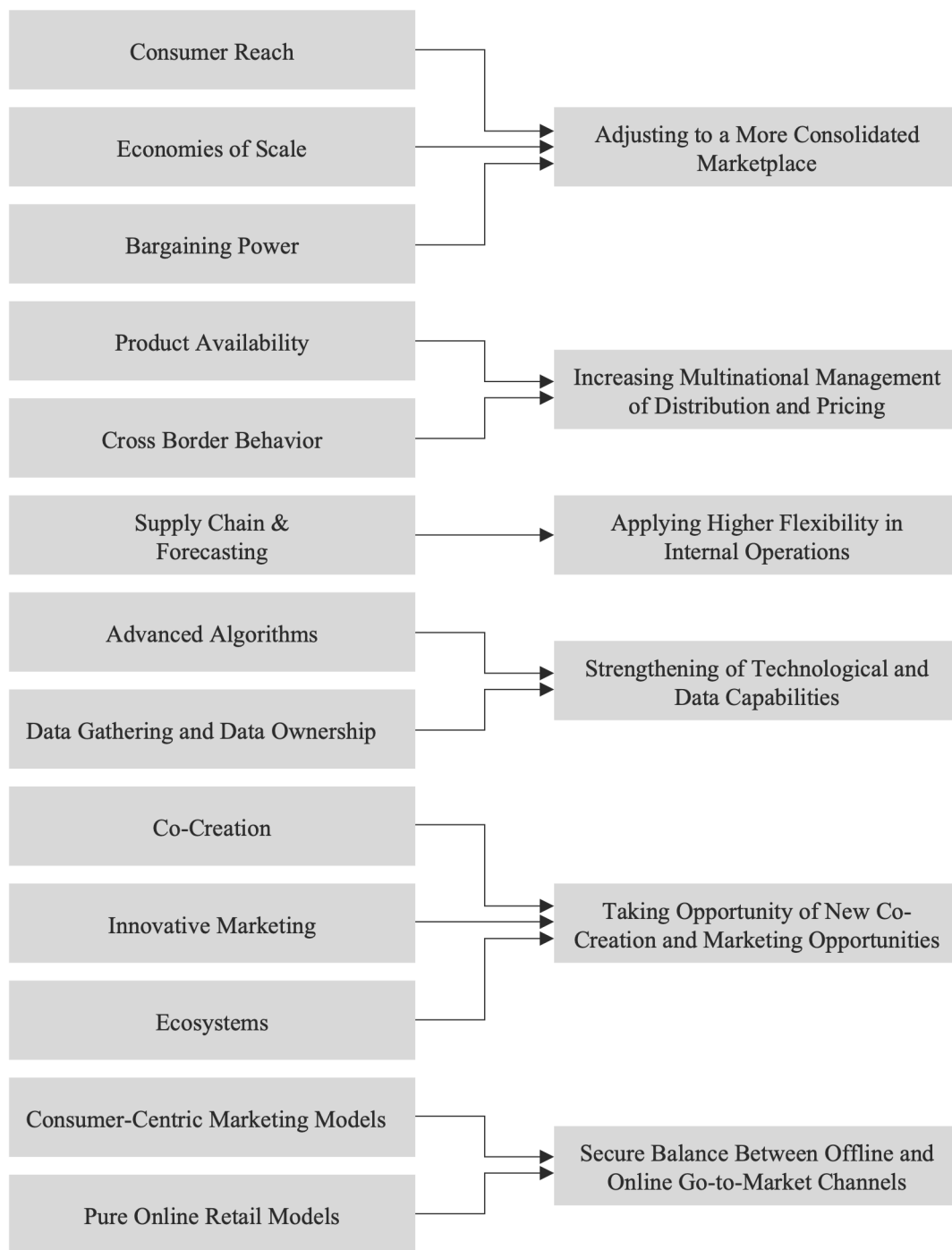
### 5.2 Analyzing Global Star's Adaptation to the Presence of MSDRPs

This section aims to answer the second research question, and thus assess:

*RQ2. How are incumbent European personal care electronics manufacturers adapting to the presence of MSDRPs in the retail landscape?*

The resources and capabilities used by the MSDRPs have not only made it possible for them to penetrate the manufacturer-consumer channel, but have also meant changes for the organizations they interact with. While interviewing the incumbent personal care manufacturer Global Star, multiple adaptations caused by the characteristics of the MSDRPs were identified, which are presented in Figure 5.2 and discussed below.

The discussion is centered around these adaptations, as a link between the appraisal of the MSDRPs' resources and capabilities, and their impact on the business environment. As this discussion highlights, the resources and capabilities of the MSDRPs are all driving adaptations for Global Star with some meaning more substantial changes than others. Interestingly, the data suggests that the presence of MSDRPs has not rendered a forced, but rather a voluntary change in Global Star's business strategies. Instead it has opened up new opportunities, creating incentives for the manufacturer to adapt and to shift risks across the different go-to-market channels. The manufacturer still has the option of not using the MSDRP channel, although the potential growth and attractive consumer reach are logical reasons to do so.



**Figure 5.2:** Mapping of Resources and Capabilities, and Caused Adaptions

### 5.2.1 Adjusting to a More Consolidated Marketplace

As Dawson (2006) identifies, the consolidation of retailers is one of the large competitive trends in European retail. Judging from the empirical data, this trend seems to still be ongoing, and it might even have accelerated following the growth of MSDRPs. For an incumbent manufacturer, this has brought on the need to adapt, which has been made apparent in this study. The manufacturer Global Star has been adapting by increasing the share of sales going through MSDRPs, in order to benefit from the large consumer reach and scalability that the MSDRPs can offer. Although this could be seen as a logical move, the findings of this study indicate how the manufacturer is at the same time giving up some of their bargaining power. This does not necessarily mean something negative as the data is not showing clear signs of MSDRPs over-abusing this unbalance of power, but it does give the manufacturer less ability to maximize value from their products. On the other hand, this needs to be compared to the MSDRPs ability to amplify the advertisement investments. By adjusting to the more consolidated marketplace, the data suggests that personal care electronics manufacturers are slimming down the number of retailers they work with. They do this to focus their investments and resources where they can maximize the returns, and to take advantage of their retailers growth. In return they achieve size and scalability, while from a Porter's five forces perspective they increase their dependency on those retailers. Thus, by shifting to fewer channels to reach their consumers, the manufacturers are putting more trust in larger and attractive accounts while actively shifting the markets' power structure.

Furthermore, potentially as an effect of this dependency, interest was seen from the manufacturer to strengthen the D2C channel. The data does not indicate that this would substitute the MSDRPs, but rather work as a complement to further drive traffic to the manufacturers' direct touchpoints with the consumer. According to the results presented in Section 4.1.2, a successful D2C channel requires resources and a high level of brand recognition. For a manufacturer such as Global Star, which might need to invest resources to increase the brand recognition in certain markets, a balance needs to be found as to maximize the returns on the investment. Additionally, the characteristics of the products belonging to the personal care industry are interesting. The products are not of high technological complexity, which means that competitors are able to provide offerings with similar functions. This implies that a personal care electronics manufacturer needs to be visible where the consumers are, not the other way around. Since the MSDRPs are able to capture the largest number of consumers, they are a great channel to do exactly this. Hence, by combining the insights of the needed investments in brand and the product characteristics of Global Star an additional conclusion can be made: A personal care electronics manufacturer is, at this point in time, not interested in substituting the MSDRPs with their own D2C channel. Rather, they are interested in strengthening it to reduce dependency and to further increase their market position.

Both literature (e.g. Knezevic et al. (2011)) and interviews indicate that smaller firms are struggling from the trend of consolidation, but some firms are able to differentiate themselves enough to capture the attractive part of the go-to-market. This can be seen in the data collected in the Chinese and APEC markets and suggests that a manufacturer such as Global Star now has a position to pick winners of the future. As an adjustment to the more consolidated marketplace, we suggest adding a higher focus on identifying these future winners with specialized offerings to both maximize the usage of the retailer landscape, but also to drive a balance and increased competition amongst the large retailers such as MSDRPs. Additionally, as previously mentioned, MSDRPs are not able to have a strong local presence in smaller regions. This implies that local players can be attractive complementary partners for a personal care electronics manufacturer working with large MSDRPs.

### **5.2.2 Increasing Multinational Management of Distribution and Pricing**

Further linked to the consolidation of large retailers and growth of MSDRPs, a higher cross border behaviour is evident. MSDRPs are typically not limited by national borders and more traditional retailers are geographically expanding their sourcing. Different pricing in different countries is becoming more and more challenging without deteriorating the value extraction. Both retailers and consumers are finding the lowest price, even if it is outside the region they are active in.

Moreover, one of the competitive changes in the retail landscape is that local stores are unable to offer the same width in their product portfolio compared to larger corporations (Dawson, 2006). This sentiment is shared by the interviewees, who highlight it as one of the keys to the success of MSDRPs. However, the wide product portfolio of MSDRPs has invited third-party actors to opportunistically take advantage of the manufacturer's business decisions, which can be seen in e.g. the re-selling of promotional goods.

Following this, Global Star sees an increasing need as a manufacturer to exert a higher level of control on its global distribution. The manufacturer can challenge the MSDRPs to prohibit the manufacturers' products to be resold, but as this is a strong source of revenue for the MSDRPs, a positive outcome of such a proposal is unlikely. The level of global control also needs to be applied to the pricing of products for retailers that are acting across multiple markets. Then, which products are sold to which retailers at which prices? As mentioned in Section 4.1.3, if strange deals are made in a region, other regions see the impact of it. This is visible from products either appearing at third-party vendors on the MSDRPs' marketplaces, or an overall erosion of the product's price. A negative impact is how this lessens the ability to utilize emotional pricing, although the benefits are perceived to be larger as structure and control can set boundaries for your flexibility.

### 5.2.3 Applying Higher Flexibility in Internal Operations

Both literature (Burt, 2010) and the empirical data analysis have identified time as an important factor in today's retail landscape. As has been highlighted throughout the study, time is for example used by MSDRPs as a competitive tool to increase the consumer satisfaction through fast deliveries and to lower stock levels with innovative and automated supply chain solutions. As retailers (and MSDRPs in particular) are perfecting the distribution channel, they are challenging the speed and flexibility of their suppliers. Being able to deliver in a continuous flow with high ability to adjust to changes is increasingly important for manufacturers.

As stated in Section 4.2.1, a faster industry clockspeed (speed of industry change) and an increasing velocity of sales compress the supply chain, to which the manufacturer is adapting its operations accordingly. Being able to quickly scale up can mean driving more value from promotional periods and the ability to handle late changes in the supply chain mean faster adjustments to consumer needs and expectations. Hence, the manufacturer is not only applying higher flexibility in internal operations as an effect of MSDRPs, but also improving time to market and other important factors determining success. Nevertheless, the difference in processing speed and technological capabilities between Global Star and the MSDRPs shed light on how shopping behaviors are becoming faster and that there is a need to adapt. Further, a traditional manufacturer built around longer production cycles might see challenges in increasing its flexibility without deteriorating current capabilities. It is still important, but the change process might thus be longer.

In the Covid-19 situation, online retailers have been growing faster and been able to take advantage of the consumers being quarantined at home. This shows a good example of how having high flexibility within the manufacturing organization is beneficial. Being able to quickly shift towards a larger online focus and scale up those investments do not only mean surviving such crisis, but also to use it as a source for growth.

### 5.2.4 Strengthening of Technological and Data Capabilities

Today consumers are generating large quantities of data in their online shopping and Section 4.2.3 highlights how MSDRPs are able to efficiently extract insights from it. These are insights that are very valuable to a manufacturer, which have resulted in an increased interest in two areas. First, the manufacturers are still dependent on MSDRPs generating the data for them which today is not flagged as a problem, but something which further deepens the manufacturers' dependency. Thus, building data generation abilities (for example by driving more traffic through the D2C channel) can reduce this dependency. Second, due to the continuous flow of insights from MSDRPs and Global Star being a large global organization, an increasing interest in building capabilities for data and insights sharing was visible.

Moreover, the emergence of MSDRPs is challenging traditional manufacturers with their superior processing power and usage of advanced algorithms to drive the decision making. The personal nature of their business is changing, and more and more focus is put on adapting to the data-driven decision making of MSDRPs. This is exemplified by the brand agnosticism of Amazon's algorithms, where the algorithms value the tangible factors (such as ratings and reviews) over the intangible concept of brand strength. While there is still a human element to the interactions with an MSDRP, the boundaries of interaction are now more extensively set by data insights. As a consequence, Global Star has adapted by accepting the nature of the algorithms. Then, they have been trying to understand and maneuver the algorithms, resulting in for example focusing on having certain price points in addition to good ratings and reviews.

So to conclude, as a personal care electronics manufacturer, Global Star is strengthening its technological and data capabilities, both within data gathering and generation, to improve interaction with highly data-driven retailers.

### **5.2.5 Taking Opportunity of New Co-Creation and Marketing Opportunities**

The expansion of retail services and the opportunities to cooperate within these, highlighted in literature by e.g. Dawson (2001) and Alexander and Colgate (2000), has not gone unnoticed by Global Star. In Europe, servitization in form of e.g. subscription models are already being put to use by Global Star to leverage the capabilities of Amazon, thus increasing the co-created value between the two parties. Outside of Europe, Global Star is adapting and leveraging the platforms' ecosystems to target specific consumer groups and conduct live marketing.

As is suggested by both Burt (2010) and Dawson (2006) a cooperative brand development between retailers and their suppliers can be highly beneficial. This was shown throughout the entire data collection where multiple discussions circulated around the different ways for Global Star to co-create with the MSDRPs. The data suggests that the Chinese and APEC platforms have moved further in their innovative marketing abilities, whereas the marketing with Amazon in Europe is primarily built around search optimization and brand visualization. As such, in Europe the ways to have a co-create brand development are fewer, which was also seen in the data in Section 4.3.2 on innovative marketing.

In product innovation, additional benefits have been identified by Global Star, who are now able to utilize the data insights from MSDRPs to build more attractive propositions. The MSDRPs also offer an attractive testing environment, such as the A/B testing in Section 4.3.1, that can be targeted to specific consumer groups. However, increasing flexibility in internal operations is desirable to fully take advantage of these opportunities.

There is a common sentiment that by increasingly utilizing the MSDRPs' marketing opportunities, other marketing investments (such as in offline) needs to be decreased. This is further reinforced by the view that to be visible on marketing platforms such as AMS or AMG, a manufacturer needs to invest heavily. Consequently, a manufacturer such as Global Star needs to balance their marketing investments between offline and online channels carefully. Additionally, as attractive as these new co-creation and marketing opportunities are, they are push centered. It is for the most part better to invest in marketing activities that create pull, but the MSDRPs' offerings are great enablers to complement pull marketing with activities that create push.

### **5.2.6 Securing Balance Between Offline and Online Go-to-Market Channels**

It appears that the investments, as well as product offerings between offline and online go-to-market channels, need to be balanced. As the empirical data shows, MSDRPs can provide size, reach and data insights while the haptic touch and feel experience can only be found in an offline setting.

Two of the major competitive drivers on the European retail industry are consumer-centric retail models and a growing interest in establishing omnichannel business models. Both of these trends are centred around maximizing the value created for the consumer, and to make the consumer experience as attractive as possible. Since MSDRPs are primarily online retailers, putting all investments there can prove to be a big mistake for a manufacturer. This would invite competing manufacturers to differentiate themselves more easily and secure a higher consumer reach than Global Star. Instead it needs to be balanced from the manufacturer side on the investments divided between offline and online go-to-market channels. Again, the MSDRPs have lower local presence than smaller local offline actors. Thus, for Global Star it is fundamental to remain active on those areas, where consumers have loyalty and to not put all investments towards big multinational MSDRPs.

What the omnichannels do is enabling access to the consumers throughout the consumer journey, as they constantly move between online and offline. Hence, Global Star is adopting this mindset by being present on all these touchpoints. Further, suggested by us, the manufacturers should adapt towards the consumer's journey through their investments. This means on its extreme that if the consumer only shops online, then all investments should be made towards the online retailers. Instead of finding the perfect retailer, the goal for a manufacturer in the personal care electronics industry is to build an omni-presence. All things considered, for Global Star it is about following the consumers and combining Global Star's incumbency with the digital capabilities of MSDRPs.

### 5.3 Managerial Implications

The above adaptations are not to be seen as a generic recipe for success when interacting with MSDRPs, although they do provide business leaders within the personal care electronics industry with actions and ways of adapting that enable value extraction from the trends of globalization and digitalization. The characteristics of the MSDRPs are in many ways interlinked with these trends and different from other go-to-market channels, thus implying that different mindsets and activities are needed.

The adaptations made by Global Star has improved its overall go-to-market strategy, meaning that an organization in a similar setting can benefit from doing the same. Businesses are constantly in change, and as the speed and amount of transactions are increasing, being fast at adapting to changes are necessary from a competitive perspective. We recommend understanding above adaptations as they create a foundation for assessing the manufacturer's fit in the retail landscape as well as a guide to their strategic decision-making.



# 6

## Conclusion

In this study, the entrance and emergence of multi-sided digital retail platforms on the European retail market have been studied from a personal care electronics manufacturer perspective. The study has been focused on identifying the MSDRPs' resources and capabilities, and subsequently used those as a foundation for investigations what adaptations these bring for a personal care electronics manufacturer.

*RQ1. What resources and capabilities are global MSDRPs using to penetrate the manufacturer-consumer channel on the European retail market?*

The study has identified several resources and capabilities of high strategic importance and relative strength that MSDRPs are utilizing on the European retail market. These resources and capabilities were then consolidated into (1) size in consumer reach and product availability, (2) unique technological capabilities, and (3) innovation in marketing, product and consumer activation.

*RQ2. How are incumbent European personal care electronics manufacturers adapting to the presence of MSDRPs in the retail landscape?*

Organizations are constantly in change, which shows in the adaptations made by personal care electronics manufacturers to the presence of MSDRPs. These adaptations were identified as (1) adjusting to a more consolidated marketplace, (2) increasing multinational management of distribution and pricing, (3) applying higher flexibility in internal operations, (4) strengthening of technological and data capabilities, (5) taking opportunity of new co-creation and marketing opportunities, and (6) securing balance between offline and online go-to-market channels.

## 6.1 Recommendations for Future Research

The study aimed to contribute to the research on the transformative and disruptive impact digital platforms have on organizations and the business environment as a whole. Conclusively, this study adds to the literature of digital platforms in three ways. First, it has provided an overview of these impacts and thus established a guide for future research. Second, it also contributes to existing definitions of multi-sided digital retail platforms by consolidating the key characteristics of MSDRPs from a manufacturers perspective. Lastly, it has provided an answer to “How do various organizations adapt to emerging digital platforms?” by applying the question on the European personal care electronics industry.

This study has been conducted as a qualitative inductive single case study. This enabled the generation of a wide and overarching data set, but limited the possibilities for focused analysis of specific sub-topics. Therefore, the researchers suggest applying more quantitative or deductive methods to confirm the validity of the results. Further, the researchers recommend assessing the generic applicability by studying other geographical regions or industries with other product characteristics and supplier structures to understand how they have been impacted.

# Bibliography

- Aaker, D. A., & Adler, D. A. (2001). *Developing business strategies*. New York, NY, John Wiley & Sons.
- Abhishek, V., Jerath, K., & Zhang, Z. J. (2016). Agency selling or reselling? Channel structures in electronic retailing. *Management Science*, *62*(8), 2259–2280.
- Abramowicz, W., & Corchuelo, R. (2019). *Business Information Systems Workshops: BIS 2019 International Workshops*. Springer International Publishing.
- Adner, R., & Kapoor, R. (2010). Value creation in innovation ecosystems: How the structure of technological interdependence affects firm performance in new technology generations. *Strategic Management Journal*, *31*(3), 306–333.
- Alexander, A., & Pollard, J. (2000). Banks, grocers and the changing retailing of financial services in Britain. *Journal of Retailing and Consumer Services*, *7*(3), 137–147.
- Alexander, N., & Colgate, M. (2000). Retail financial services: transaction to relationship marketing. *European Journal of Marketing*, *34*(8), 938–953.
- Anwar, S. T. (2017). Alibaba: Entrepreneurial growth and global expansion in B2B/B2C markets. *Journal of International Entrepreneurship*, *15*(4), 366–389.
- Armstrong, M. (2006). Competition in two-sided markets. *RAND Journal of Economics*, *37*(3), 668–691.
- Ashworth, C., Schmidt, R., & Pioch, E. (2006). An approach to sustainable 'fashion' e-retail: A five-stage evolutionary strategy for 'Clicks-and-Mortar' and 'Pure-Play' enterprises. *Journal of retailing and consumer services*, *13*(4), 289–299.
- Barczyk, C., Falk, G., Feldman, L., & Rarick, C. (2011). Alibaba: Changing the way business is conducted in the information economy. *Journal of the International Academy for Case Studies*, *17*(7), 127.
- Bhatnagar, A., & Syam, S. S. (2014). Allocating a hybrid retailer's assortment across retail stores: Bricks-and-mortar vs online. *Journal of Business Research*, *67*(6), 1293–1302.
- Boyatzis, R. (1998). *Thematic Analysis and Code Development* (Vol. x-xi). Thousand Oaks, SAGE.
- Braun, V., & Clarke, V. (2013). *Successful Qualitative Research: A Practical Guide for Beginners*. SAGE.
- Bryman, A., & Bell, E. (2015). *Business Research Methods*.
- Brynjolfsson, E., Hu, Y. J., & Rahman, M. S. (2013). *Competing in the age of omnichannel retailing* (tech. rep. No. 4).
- Burt, S. (2010). Retailing in Europe: 20 years on. *International Review of Retail, Distribution and Consumer Research*, *20*(1), 9–27.

- Burt, S., & Sparks, L. (2003). *E-commerce and the retail process: A review* (tech. rep. No. 5).
- Colgate, M., & Alexander, N. (2002). Benefits and Barriers of Product Augmentation: Retailers and Financial Services. *Journal of Marketing Management*, 18(1-2), 105–123.
- Colla, E., & Lapoule, P. (2012). E-commerce: Exploring the critical success factors. *International Journal of Retail and Distribution Management*, 40(11), 842–864.
- Dawson, J. (2001). Strategy and Opportunism in European Retail Internationalization. *British Journal of Management*, 12(4), 253–266.
- Dawson, J. (2006). Retail trends in Europe, In *Retailing in the 21st century: Current and future trends*. Berlin, Heidelberg, Springer.
- de Reuver, M., Sørensen, C., & Basole, R. C. (2018). The digital platform: a research agenda. *Journal of Information Technology*, 33, 124–135.
- de Ven, A. H. V., Peters, T. J., & Waterman, R. H. (1983). In Search of Excellence: Lessons from America's Best-Run Companies., In *Administrative science quarterly*.
- Dobbs, R., Manyika, J., & Woetzel, J. (2015). The Four Global Forces Breaking All the Trends. *McKinsey Global Institute*, (April), 1–5.
- Dufek, D. F., & Schuster, C. P. (2011). *The consumer... or else!: consumer-centric business paradigms*. Routledge.
- Dumrongsiri, A., Fan, M., Jain, A., & Moin-zadeh, K. (2008). A supply chain model with direct and retail channels. *European Journal of Operational Research*, 187(3), 691–718.
- Dyer, W. G., & Wilkins, A. L. (1991). Better Stories, Not Better Constructs, To Generate Better Theory: A Rejoinder to Eisenhardt. *Academy of Management Review*, 16(3), 613–619.
- E-commerce 2020* (tech. rep.). (2020). Statista. <https://www.statista.com/study/42335/ecommerce-report/>
- Easterby-Smith, M., Thorpe, R., & Jackson, P. (2015). *Management and business research* (5th). Thousand Oaks, California, SAGE Publications.
- Ecommerce News. (2018). The most visited online marketplaces by country.
- Edmondson, A. C., & Mcmanus, S. E. (2007). Methodological fit in management field research. *Academy of Management Review*, 32(4), 1155–1179.
- Eisenmann, T. R. (2006). Winner-Take-All in Networked Markets. *Harvard Business School Cases*, (October 2015), 1.
- Emerson, R. W. (2015). Convenience sampling, random sampling, and snowball sampling: How does sampling affect the validity of research? *Journal of Visual Impairment & Blindness*, 109(2), 164–168.
- Eurostat. (2001). *Distributive trades in Europe* (tech. rep.). European Communities.
- Forbes. (2019). The World's Most Valuable Brands.
- Friedman, L. G. (2002). *Go-to-market Strategy: Advanced Techniques and Tools for Selling More Products, to More Customers, More Profitably*. Routledge.
- Garner, B. A. (2018). Amazon in the Global Market. *Journal of Marketing & Management*, 9(2).

- Gawer, A. (2014). Bridging differing perspectives on technological platforms: Toward an integrative framework. *74th Annual Meeting of the Academy of Management, AOM 2014*, 43(7), 423–428.
- Gibson, C. B., & Birkinshaw, J. (2004). The antecedents, consequences, and mediating role of organizational ambidexterity. *Academy of Management Journal*, 47(2), 209–226.
- Grant, R. M. (2016). *Contemporary Strategy Analysis: Text and Cases Edition*. John Wiley & Sons.
- Grewal, D., Janakiraman, R., Kalyanam, K., Kannan, P. K., Ratchford, B., Song, R., & Tolerico, S. (2010). Strategic online and offline retail pricing: A review and research agenda. *Journal of Interactive Marketing*, 24(2), 138–154.
- Grewal, R., & Dharwadkar, R. (2002). *The role of the institutional environment in marketing channels* (tech. rep. No. 3).
- Gu, J. Z., & Kumar Tayi, G. (2016). Consumer Pseudo-Showrooming and Omni-Channel Product Placement Strategies. *Management Information Systems Quarterly, Forthcoming*.
- Guest, G., MacQueen, K., & Namey, E. (2014). Applied Thematic Analysis. *Applied Thematic Analysis*, 3(20).
- Hagberg, J., Sundstrom, M., & Egels-Zandén, N. (2016). The digitalization of retailing: an exploratory framework. *International Journal of Retail and Distribution Management*, 44(7), 694–712.
- Hagiu, A., & Wright, J. (2015). *Multi-Sided Platforms* (tech. rep.).
- Hamilton, G. G., Senauer, B., & Petrovic, M. (2011). *The market makers: How retailers are reshaping the global economy*. Oxford University Press.
- Hänninen, M., Smedlund, A., & Mitronen, L. (2018). Digitalization in retailing: multi-sided platforms as drivers of industry transformation. *Baltic Journal of Management*, 13(2), 152–168.
- Harrigan, K. R. (1986). Matching vertical integration strategies to competitive conditions. *Strategic Management Journal*, 7(6), 535–555.
- Herhausen, D., Binder, J., Schoegel, M., & Herrmann, A. (2015). Integrating Bricks with Clicks: Retailer-Level and Channel-Level Outcomes of Online-Offline Channel Integration. *Journal of Retailing*, 91(2), 309–325.
- Humphrey, A. S. (2005). SWOT Analysis for Management Consulting.
- Katz, M. L., & Shapiro, C. (1994). *Systems Competition and Network Effects* (tech. rep. No. 2).
- Kha, L. (2000). Critical success factors for business-to-commerce E-business: lessons from Amazon and Dell. Doctoral dissertation, Massachusetts Institute of Technology.
- Kijima, K., & Arai, Y. (2016). Value Co-creation Process and Value Orchestration Platform. *Global Perspectives on Service Science: Japan*, 137–154.
- Klemperer, P. (1987). Markets with Consumer Switching Costs. *The Quarterly Journal of Economics*, 102(2), 375.
- Knezevic, B., Renko, S., & Knego, N. (2011). Changes in Retail Industry in the EU. *Business, Management and Education*, 9(1), 34–49.
- Kuada, J. (2012). *Research Methodology A Project Guide for University Students* (1st). Frederiksberg, Samdunds litteratur.

- LIU, Z. (2012). Management by values: a case study. *International Business and Management*, 4(2), 75–91.
- Mantin, B., Krishnan, H., & Dhar, T. (2014). The strategic role of third-party marketplaces in retailing. *Production and Operations Management*, 23(11), 1937–1949.
- McIntyre, D. P., & Srinivasan, A. (2017). Networks, platforms, and strategy: Emerging views and next steps, In *Strategic management journal*, John Wiley; Sons Ltd.
- Mellahi, K., & Johnson, M. (2000). Does it pay to be a first mover in e. commerce? The case of Amazon.com. *Management Decision*, 38(7), 445–452.
- Miles, M. B. (1979). Qualitative Data as an Attractive Nuisance: The Problem of Analysis. *Administrative Science Quarterly*, 24(4), 590.
- Mukhopadhyay, S., De Reuver, M., & Bouwman, H. (2016). Effectiveness of control mechanisms in mobile platform ecosystem. *Telematics and Informatics*, 33(3), 848–859.
- Nilssen, T. (1992). Two Kinds of Consumer Switching Costs. *The RAND Journal of Economics*, 23(4), 579.
- Oliver, R. L. (1999). Whence Consumer Loyalty? *Journal of Marketing*, 63(4\_suppl1), 33–44.
- Pierce, L. (2009). Big losses in ecosystem niches: How core firm decisions drive complementary product shakeouts.
- Piotrowicz, W., & Cuthbertson, R. (2014). Introduction to the special issue information technology in retail: Toward omnichannel retailing. *International Journal of Electronic Commerce*, 18(4), 5–16.
- Porter, M. E. (1996). What Is Strategy? *Harvard business review*, 74(6), 61–78.
- Porter, M. E., & Heppelmann, J. E. (2014). *How smart, connected products are transforming companies* (tech. rep. October).
- Qing, H. (2008). A model for value-added e-market provisioning: Case Study from Alibaba.com, In *2008 second international conference on future generation communication and networking symposia*.
- Reynolds, J. (2000). eCommerce: A critical review. *International Journal of Retail & Distribution Management*, 28(10), 417–444.
- Reynolds, J. (2002). Charting the multi-channel future: Retail choices and constraints.
- Ricardo, D. (1891). *Principles of political economy and taxation*. G. Bell; sons.
- Ritala, P., Golnam, A., & Wegmann, A. (2014). Coopetition-based business models: The case of Amazon. com. *Industrial Marketing*, 43(2), 236–249.
- Saura, I. G., Molina, M. E. R., & Contrí, G. B. (2014). Retail Innovativeness: Importance of ICT and Impact on Consumer Behaviour. *Handbook of research on retailer-consumer relationship development*, 384–403.
- Schoenbachler, D. D., & Gordon, G. L. (2002). Multi-channel shopping: Understanding what drives channel choice.
- Smedlund, A. (2012). Value Cocreation in Service Platform Business Models. *Service Science*, 4(1), 79–88.

- 
- Smedlund, A., & Faghankhani, H. (2015). Platform orchestration for efficiency, development, and innovation. *Proceedings of the Annual Hawaii International Conference on System Sciences, 2015-March*, 1380–1388.
- Sorescu, A., Frambach, R. T., Singh, J., Rangaswamy, A., & Bridges, C. (2011). Innovations in retail business models. *Journal of Retailing*, 87(SUPPL. 1), S3–S16.
- Suarez, F. F., Cusumano, M. A., & Kahl, S. J. (2013). Services and the business models of product firms: An empirical analysis of the software industry. *Management Science*, 59(2), 420–435.
- Tan, B., Pan, S. L., Lu, X., & Huang, L. (2009). Leveraging digital business ecosystems for enterprise agility: The tri-logic development strategy of alibaba.com. *ICIS 2009 Proceedings - Thirtieth International Conference on Information Systems*, (JANUARY).
- Teece, D. J. (2010). Business models, business strategy and innovation. *Long Range Planning*, 43(2-3), 172–194.
- Thomas, L. D. W., & Autio, E. (2014). Innovation ecosystems. *The Oxford handbook of innovation management*, 204–288.
- Van Alstyne, M. W., Parker, G. G., & Paul Choudary, S. (2016). Pipelines, platforms, and the new rules of strategy. *Harvard Business Review*, 2016(April), 54–62.
- Van der Borgh, M., Cloudt, M., & Romme, A. G. L. (2012). Value creation by knowledge-based ecosystems: Evidence from a field study. *R and D Management*, 42(2), 150–169.
- Watson, B. C. (2011). Barcode Empires: Politics, Digital technology, and Comparative retail Firm strategies. *Journal of Industry, Competition and Trade*, 11(3), 309–324.
- Zauberman, G. (2003). The Intertemporal Dynamics of Consumer Lock-in. *SSRN Electronic Journal*, 30(3), 405–419.
- Zhou, W., & Duan, W. (2015). An empirical study of how third-party websites influence the feedback mechanism between online Word-of-Mouth and retail sales. *Decision Support Systems*, 76, 14–23.



# A

## Appendix

### A.1 Interview Guide

Total time: 45min

Background to the thesis presented, MSDRPs vs traditional retailers defined and consent asked to record the interview. Clarification made that the transcript will be shared to give the interviewee a chance to adjust, clarify and/or exclude previous statements.

#### Introduction (10min)

- How long (approx.) have your work included working with/about a platform (such as Amazon and/or Alibaba)?
- Is the emergence of large retail platforms perceived (by you) as positive or negative?

#### The characteristics of a retail platform (15min)

- Are there (in your view) differences in the perceived value creation from a retail platform compared to traditional retailers? Are retail platforms utilizing their resources and capabilities differently? If yes, what, why?
- Are there benefits for Global Star when working with a retail platform compared to traditional retailers? If yes, which?
- Are there any and if so, what are the main challenges for Global Star when working with a platform compared to traditional retailers?

#### Changes in the retail landscape (15min)

- (If applicable) Has/How has your role/responsibilities changed as retail platforms enter/entered the retail landscape?
- (If applicable) Has/How has (in your view) Global Star's go-to-market strategy changed as retail platforms enter/entered the retail landscape?
- Where do you see the retail landscape in 5-10 years?

#### Closing (5min)

- Do you know anyone else you would suggest us to reach out to?
- Any final additional information you wish to share?

## A.2 Assessments on MSDRPs' Resources and Capabilities

	Resources and Capabilities	Strategic Importance [Low/Avg/High]	Relative Strength [Low/Avg/High]
a	Consumer Reach	The size of the platforms and their ability to reach many consumers is important as it has been a success factor in the European retail industry [High].	Currently in the European retail industry, no other retailer is reaching the same amount of targeted consumers as the MSDRPs are able to do [High].
b	Economies of Scale	The MSDRPs scalability has allowed them to expand and grow bigger, while out-competing incumbent retailers' cost-structures [High].	Supported by the data, the volumes and scalability that the global MSDRPs are able to drive efficiently are not matched by the traditional retailers [High].
c	Bargaining Power	The bargaining power of the MSDRPs allows them to set the rules of engagement and create a dependency from manufacturers [High]	The bargaining power of the large MSDRPs have during the interviews been highlighted as very high compared to other retailers [High].
d	Product Availability	A high availability of products and offerings, including those from manufacturers, third party vendors and copy cats enable MSDRPs to be consumers primary shopping location [High].	This allows the MSDRPs to keep a more exhaustive range available for the consumer, although the third parties and copycats lower the interest from strong brands [High].
e	Cross Border Behaviour	MSDRPs are utilizing a cross-border behavior as a way to increase their competitive power and negotiation power in a local environment [High].	The cross-border behaviour was highlighted by the interviewees as a strength compared to other retailers [High].

**Table A.1:** Assessment on Size in Consumer Reach and Product Availability

	<b>Resources and Capabilities</b>	<b>Strategic Importance [Low/Avg/High]</b>	<b>Relative Strength [Low/Avg/High]</b>
f	Supply Chain & Forecasting	By having an efficient supply chain and an accurate forecasting, MSDRPs can extend their delivery services and make sure that products are available at purchase, without carrying high stock levels [High].	As the data is inconclusive on the MSDRPs forecasting capabilities, both perceived as very high and very low, it is in this assessment valued as average [Avg].
g	Advanced Algorithms	The algorithms are enablers for a more accurate prediction of consumer behaviours, while at the same time maximizing the value extracted on the supply side [High]	The bargaining power, stock forecasting and consumer knowledge generated by the algorithms were in the interviews highlighted as very high compared to other retailers [High].
h	Data Gathering and Ownership	The MSDRPs are able to generate large amounts of insights from their data gathering, while restricting the manufacturers' access, giving them a high competitive advantage [High]	The MSDRPs data gathering is an enabler for the algorithms' accuracy. The interviews indicated a very high MSDRP data gathering in Europe, especially compared to Brick and Mortar retailers [High].

**Table A.2:** Assessment on Unique Technological Capabilities

	<b>Resources and Capabilities</b>	<b>Strategic Importance [Low/Avg/High]</b>	<b>Relative Strength [Low/Avg/High]</b>
i	Co-Creation	Co-creation opportunities allow for MSDRPs to make their suppliers more successful, hence increasing the mutual value creation [High].	The interviews highlighted good but limited co-creation opportunities with MSDRPs in Europe, compared to other retailers and their Chinese counterparts [High].
j	Innovative Marketing	An innovative marketing approach allows MSDRPs to connect their manufacturers with targeted customer group which is highly important in today's retail landscape [High].	The interviews highlighted how the MSDRPs innovative marketing was lower in Europe than other MS-DRPs, but very efficient [Avg].
k	Ecosystems	The relationships and networks of an ecosystem creates opportunities for consolidating product and service propositions to more specific consumer groups while reaching very high awareness [High].	In Europe, the characteristic of being interconnected in an ecosystem was not as strong compared to the for the Chinese MSDRPs, thus showing more similar characteristics to traditional online retailers [Avg].
l	Consumer-Centric Marketing Models	Easily accessible information across the entire consumer journey simplifies the purchasing process, keeps the consumers engaged and can increase the consumer loyalty [High]	All of the discussed MS-DRPs are showing a very high focus on reaching and activating consumers throughout their different marketing models and added services [High].
m	Purely Online Retail Models	Having an online model is enabling high volumes and lowering cost structures, although having to wait for delivery and the inability to present a haptic product experience cannot be disregarded for some product types [Avg]	Amazon (the only major MSDRP in Europe) is the largest online retailer in Europe [High]

**Table A.3:** Assessment on Innovation in Marketing, Product and Consumer Activation



DEPARTMENT OF TECHNOLOGY MANAGEMENT AND ECONOMIC  
DIVISION OF ENTREPRENEURSHIP AND STRATEGY  
CHALMERS UNIVERSITY OF TECHNOLOGY

Gothenburg, Sweden  
[www.chalmers.se](http://www.chalmers.se)



**CHALMERS**  
UNIVERSITY OF TECHNOLOGY