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THE SAD STORY OF REGULATED MARKETS

A study of relationships and networks on the Swedish
market of alcoholic beverages

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ABSTRACT

- Title:** The sad story of regulated markets – A study of relationships and networks on the Swedish market of alcoholic beverages
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- Authors:** Otto Andersson & Andreas Dahlström
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- Keywords:** Regulated markets, relationship quality, networks, power, monopoly
- Thesis purpose:** Create a greater understanding of relationships and networks on regulated markets.
- Methodology:** By the use of a deductive approach, a qualitative study was performed. This was carried out by interviewing different actors on the Swedish market of alcoholic beverages.
- Theoretical perspective:** The framework includes relationship quality, consisting of power and dependence, cooperation, adaptation and trust. Networks are also included and discuss aspects such as network positions and networking.
- Empirical data:** Seven in depth interviews with suppliers, restaurants, Systembolaget and manufacturers were performed regarding their thoughts on relationships and networks. The data and analyses are presented in themes that were developed from the theoretical framework.
- Conclusions:** The relationships involve some of the mentioned elements of relationship quality. Due to the regulation, Systembolaget possesses great amount of power and by this increases the pressure on other relationships on the market. This is therefore creating a rather unhealthy relationship atmosphere for other actors. Building relationships with Systembolaget is shown to have little effect and other means must be used in order to influence this actor. Some relationships between parties not involved with Systembolaget are shown to have greater quality. Networking is almost the only aspect of networks that is considered by the actors and also concluded to be most important.

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1 INTRODUCTION

We begin this chapter by giving a background of the area of interest. This is followed by a problem discussion that further illustrates the gap of research within the subject. Research questions and the purpose of the study are created from the gap and follow the problem discussion. The delimitations in the study are then acknowledged. We end the chapter by defining important concepts and explaining the disposition for this thesis.

1.1 Background

In most markets today competition is fierce. Companies therefore need to develop strategies to manage the competition and to be profitable. This is especially important for new ventures or already existing companies entering a new market. Different researchers have conducted research on strategies, how they should be developed, what they should be based upon and what to include.

Ansoff is for instance both emphasising the external and internal environment in the creation of a strategy. By analysing strengths and weaknesses of the market and furthermore company opportunities and threats an appropriate strategy can be chosen. (Baraldi et al, 2007; Hussey, 1999) Porter is instead referring to positioning when he talks about strategy. In this way he sees strategy as a way of defending oneself from competitive forces and to find a position in industries where competition is weak. He defines two main strategies to succeed with this. These are cost leadership and differentiation. (Baraldi et al, 2007; Nickerson et al, 2001) Barney has chosen to focus upon companies' resources instead and how these can be exploited. This means that he puts the centre of attention upon the internal environment and how this can become a competitive advantage. (Baraldi et al, 2007; Barney, 1995) Mintzberg has also contributed to the strategy discussion. Just like Barney he has foremost an internal focus. He is however viewing strategy as patterns of behaviour that emerge over time from any part of the organization. (Mintzberg & McHugh, 1985; Baraldi et al, 2007)

In recent years many researchers have also started to emphasize the importance of engaging in relationships and forming networks. The IMP group formed in 1976 were among the first ones to look deeper into this area. They agreed upon the importance of understanding dependency patterns between companies, the adaptations each actor did to meet the other company's expectations, how the relations evolved over time and how the contact between the parties took place.

The research was conducted in several countries in Europe, which lead to a framework called the interaction approach. (Turnbull et al, 1996) In conflict with Barney's view, the IMP group do not believe that companies can control their resources and instead claim that they are in control by other actors. This is since the resources partially are controlled by requirements and demands from other actors on the market. At the same way external resources that are owned by other actors are to some extent controlled by the firm. The only way the resources can be controlled is therefore by networks and relationships. This way, relationships become as important as the decisions created by top management. (Baraldi et al, 2007)

Ford & McDowell (1999) are in their study also stressing the value of relationships, although some are more valuable than others. Woo & Ennew, (2004) are referring to this as the level of relationship quality. This is dependent upon factors such as the atmosphere, adaptation and the level of cooperation. Although relationships are important, they can also be problematic and complex. They are most often simultaneously including conflicts and cooperation. They consist of different episodes that take place in an atmosphere affected by the relationship. Payments, deliveries, negotiations and personal contacts are furthermore examples of these episodes.

Within relationships, the investments made by the parties are also discussed. The investments firms make are specific for that particular relationship and could not easily be transferred or imitated by any other actors on the market. Ford and Håkansson (2006) are seeing this both as a challenge and an opportunity. The investments imply that the firms become dependent on the partners within the relationship. It is not as easy to conduct business with other actors outside the network or relationship. The relationships are however decreasing uncertainty, reducing search costs and are also increasing the predictability for the companies involved in their operations. Another challenge that Ford and Håkansson mention is the interaction process. They further argue that interaction is as important as action and no firm alone is self-sufficient. No company can in other words manage the relationship alone. Instead its evolvement and survival are dependent on the interaction between the participants in the relationship. This is as previously mentioned the opposite way towards the supposition that every company is responsible for its own achievements and it is their own actions and strategies that exclusively affect their success. (Ford & Håkansson, 2006)

When discussing relationships and the inability to control one's own achievements, networks also become important. These can primarily be defined by evaluating the organization's relationship when it comes to exchange. This refers to the exchange to other partners within the network (Johansson & Elg,

2002). This is based on the previous discussion on business relations and networks not controlled by a single firm. It is therefore impossible for a single firm to adapt, control and implement a network to maximize its own profits. Instead collaboration and a mutual understanding of the network are eminent. A firm instead has the possibilities to create a network position, forming a dependency of a possessed resource to develop and sustain a position within the network. (Wilkinson, 2006)

1.2 Problem discussion

The recent focus on thinking in terms of relationships and networks has been argued to be an important consideration for companies in forming effective strategies. Also influencing are the more obscure boundaries between markets because of the different trade unions around the world, such as NAFTA (North American Free Trade Association) (Maidment, 2003) and GATT (General Agreements of Tariffs and Trade) (Goldstein, 2007). This has increased the possibilities for domestic and foreign companies to establish and expand their businesses, but is also increasing competition from foreign companies. Many companies create alliances, such as the air industries, in order to become bigger actors on the markets. Others try joint ventures or franchising as a mean to expand and increase profits. A third possibility is to export. All these strategies cannot be implemented by a single company, but requires networks and relationships to be manageable. (Grant, 2005) Morgan and Hunt (1994) are confirming this by advising companies to cooperate in order to compete.

We have established the different possibilities for firms to compete globally. Some markets are however characterised by imposed rules, making it somewhat more difficult to develop and use different strategies. Relationship and network strategies, which otherwise are argued to be necessary, might be difficult to implement in the same way as usual. This means that in some markets and industries there are barriers creating difficulties for companies already on the market or for those willing to enter it. Government controls and restrictions are examples of these barriers and can either encourage or discourage companies' activities. In these cases the government is therefore the one who forms not only the political, but also the business environment.

The most commonly discussed restrictions mentioned in the literature are the barriers that foreign companies confront when expanding to new markets. It can for example be a matter of export controls, import restrictions, tariffs, exchange

permits or quotas. Standards are another restriction that exists, such as safety or quality standards. These are often imposed to protect the consumers. Similar restrictions can also exist on products such as drugs, medicine, alcohol and also possible harmful products. These regulations, except for being sold under supervision, often include packaging and labelling in order to inform the customers. (Ghuri and Cateora, 2006) Research literature also handles the climate of a restricted market for actors already on a market, not only from an internationalisation point of view. The heating and electricity market in Europe is an example of an area of frequent discussion, regarding the impact of regulations. Taking Sweden as an example, the electricity market reform has highly affected the pricing of heating. This market, previously regulated, is today forced to work according to strict commercial rules, affecting heating companies and also the end customer. (Westin & Lagergren, 2002)

The purposes of these restrictions that are set up on a market can be many, but common ones are to protect domestic companies or to maintain a price control. As mentioned, it can also be that the government is in the need to control products due to their influence on the population. Implications that follow governments' restrictions may differ; depending on the company and the market. Often there is a need to be able to customize and adapt one's products and strategies. The most worrying situation is when the political climate changes. When one adapts to the current situation it becomes problematic when the rules change, since the company may not have the resources available to adjust to the new situation again. (Ghuri and Cateora, 2006) When authorities somehow decide conditions on a market, as well as conditions to access the market, we refer to this as a regulated market. (<http://eur-lex.europa.eu>)

In order to further exemplify the case of a regulated market, a frequent discussed topic is Japan where foreign companies often face difficulties entering the market as well as doing everyday business there. This is due to a couple of different factors. First, there are both tariffs and non-tariff barriers imposed by the government. Along with this, the culture itself is also said to be a barrier for foreign companies. The existing long-term business relationships that exist are one example, which is not easy for foreign companies to establish, partly due to the lack of knowledge of the language. (Namiki, 1988)

Another one of the most discussed obstacles in establishing and developing a successful business in Japan is getting access to good distribution systems. Again, relationships between the distributors and the domestic companies are said to be the cause. (Min, 1996) The case with IBM is another example, illustrating a monopoly which at first was a positive situation from IBM's perspective. IBM enjoyed being the only large player selling hardware for a relatively long period

of time. The situation for other hardware companies were however not that fortunate. A major shift was however seen, with competition increasing from Dell, HP and others, putting pressure on IBM and their strategies. The key for them was to diversify, both through their inputs and outputs. This illustrates the effects of a controlled climate, like a monopoly, and the strategic challenges that is imposed through this. (Anonymous 1, 2005)

A business climate that is characterized by a regulation of some kind has previously been argued to involve pressure on strategic decisions. In the case of relationships within such markets, power and dependency are important factors. Research shows that these two factors are also shown to have great effect on relationships and networks. (Wilkinson, 2006). The unequal power created by a regulation might impose change in strategies concerning both networks and relationships. The creation of a network position and dependency on a possessed resource, which are by authors argued to be important in relationships (Zhuang & Zhou, 2004), are affected by the fact that some parties might have unlimited power based on the regulations. An example of a similar situation is the Swedish market for alcoholic beverages. On this market there is a monopoly regarding the sales of alcoholic beverages. This might have effects on other actors, among them the suppliers on the market. Regarding the relationships and networks on the market, the regulations put pressure on the suppliers to follow rules that are set up by the powerful actor. Despite the emerging focus on relationships and networks in recent research, the real effects of regulations are however not revealed. An insight in how the regulations affect the interaction between a supplier and a more powerful actor is partly what this paper will discuss.

Regarding the regulated situations in some markets, relationships are also argued to become especially eminent in order to get access to important actors. Johansson & Elg (2002) are also explaining this by arguing that relationships can become trade barriers to other actors in the industry. They furthermore argue for the importance of thinking of one's network and to create strong relationships. However, when a regulation is imposed, for example in a monopolistic situation, the importance of relationships and the quality of these could be questioned. The research on what characterizes the relationships and networks in regulated markets is yet to be examined. Furthermore, few studies have been made regarding the relevance of relationships in regulated markets and how these strategies are affected by an unbalanced situation. By revealing more about the influence from regulations on networks and relationships, the research regarding this area will be deepened. Using mainly the aspects of relationship quality and networks we will work towards answering the following questions.

1.3 Research question

What characterizes relationships and networks on a regulated market?

How are the different elements of relationship quality affected by the regulations?

1.4 Aim & Purpose

The purpose of this study was to create a greater understanding of relationships and networks on regulated markets. This includes what the climate is like on such a market and how different aspects within relationships and networks are affected by the regulations.

1.5 Delimitations

By studying a particular regulated market we will develop an understanding of the relationships and networks. We aim to comment on the situation for the different actors on the market, by describing the climate that these actors are faced with. The focus will be on different elements included in the concepts of relationships and networks. The results do furthermore not consider the impact from a regulation on any other strategy than relationships and networks.

The main focus on this study will be on the suppliers. This is due to the fact that they communicate and have relationships with all other actors on the market. The use of different sources in the collection of empirical data, apart from the suppliers, will also provide us with information about other actors on the market, the relationships among these and the networks that exist. A concrete result from the use of the different relationships and networks will not be provided. This means that the effect from the use of different relationships and networks on the companies' performance will not be included in this study. This would demand an extensive collection of data and comparisons between companies of many different sizes and goals. There will furthermore be no cross-collection of data from another, non-regulated market, included in this study.

1.6 Definitions

The Swedish market of alcoholic beverages – Containing mainly four businesses. These are manufacturers, suppliers, restaurants and Systembolaget. Another actor is the experts, which consist of journalists and tasters of beverages, such as wine journalists.

Restriction – An imposed rule, affecting the way to perform business on that particular market.

Regulated market – A market that is characterised by one or several restrictions.

Relationship quality – A concept describing the overall state of a relationship, including aspects such as adaptation, cooperation and atmosphere.

Adaptation – The change or alteration done by a party in a relationship in order to create a more efficient business climate or exchange between parties.

Atmosphere – The general climate that characterises the relationship. The atmosphere consists of different elements, such as power, dependence and trust.

Cooperation – Tasks that are done jointly in a relationship, with a common interest or goal.

IMP Group – A number of researchers embracing the importance of relationships and networks. These researches have conducted several studies on the subject of relationships and developed an understanding of the area.

Systembolaget – The only retailer in Sweden that is allowed to sell alcoholic beverages with an alcohol percentage above 3,5 percent, to end customers.

Manufacturer – In this case we refer to the original producers of the alcoholic beverages. Vineyards worldwide are examples of these.

Supplier – The suppliers of alcoholic beverages. They are the middlemen between the manufacturers on one hand and Systembolaget and the restaurants on the other.

Alcoholic beverage – In this paper we refer to beverages containing above 3,5 percentage of alcohol.

Purchasers – The staff responsible for the purchasing of alcoholic beverages at Systembolaget.

Launch plan – A plan issued by Systembolaget that specifies what products they plan to introduce in their assortment.

1.7 Disposition

The model presented in *figure 1.1* illustrates the different elements of the study that guided us through the process of answering our research questions. Below the following disposition for this paper is further presented.

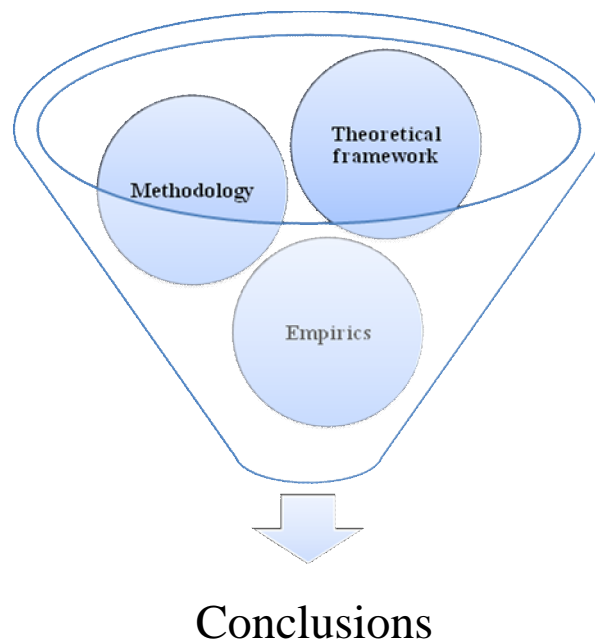


Figure 1.1 The three elements of research

2 Theoretical framework: In this chapter we clarify previous theory within relationships and networks. We have a primary focus within relationship quality, since it is our subject of interest. Three main elements are therefore presented called atmosphere, cooperation and adaptation. We end the chapter by summarizing the main elements of interest regarding relationships, networks and relationship quality and the key points within these.

3 Methodology: In this chapter we explain and motivate the different methodological choices made in this study. We discuss how the market of interest was chosen and how we have proceeded to conduct this study. Furthermore we

present the respondents and how they were chosen. At the end we acknowledge the limitations of the study and how they could be approved.

4 The market of study: In this chapter we explain what the Swedish market of alcoholic beverages looks like. We further discuss the actors that exists and how business is conducted on this particular market.

5 Empirics & Analysis: In this chapter we present the findings from our study. We separate these into different themes in order to facilitate the analysis. Each empirical theme is followed by an analysis where the findings are compared to the theoretical framework presented in chapter 2.

6 Conclusion: In this closing chapter we intend to tie all the different parts of the study together. We conclude our findings to answer the research questions presented in chapter 1.

7 Contribution and reflections: This chapter includes our theoretical contribution and suggestions for future research. The chapter furthermore reflects upon the possibilities to generalize our findings and their reliability and validity.

2 THEORETICAL FRAMEWORK

In order to analyze what the characteristics of relationships and networks are like on a regulated market, we needed to collect theory that discussed different aspects of the two concepts. These aspects are described in this chapter and are also divided into four parts. Alternative theories are also presented in this chapter, along with a summary and a motivation of why this particular theory was chosen.

2.1 Introduction

In this section we will introduce the concepts of relationships, networks and relationship quality. A more detailed description of these will be provided in a later phase of this chapter. Furthermore we will discuss what alternative theories that could have been included in this study.

2.1.1 Relationships & Networks

As we have mentioned in the previous chapter, researchers have discussed competitiveness by a firm's ability to establish and handle its relationships and network. (Easton & Araujo, 1994) Many aspects are argued to be of great importance regarding the concept of business to business (B-to-B) relationships and networks. We will further go into detail, describing many of these different aspects. First we will explain some constructs that explain the area in more general terms. As mentioned earlier in this paper, we have seen a shift over time from a more transactional-based business to a relational based business. Much of the research regarding this shift has been conducted by the IMP (International/Industrial Marketing and Purchasing) Group. The often used approach by this group was to study companies' dependency patterns over time. This was done by extensive case studies, which resulted in a framework for relationships in B-to-B markets. Instead of strategies like the 4Ps, the IMP Group views business marketing and purchasing through interaction between parties. The interaction is an ongoing process, which leads to the creation of relationships. For those not considering their relationships, the freedom to act is limited. This is due to the fact that the parties in their relationships are influencing their business to a great extent.

The network approach, which is regarded as a more complex view of relationships, is also of interest to us in this framework. The discussion of

networks is generally seen as a more realistic view of the situation for businesses today. Within research literature there is still a limited amount of material, with focus on B-to-B relationship. The marketing effort regarding consumer goods, which includes relationships, is often a relatively small part of all marketing. The importance of understanding and gaining knowledge of one's B-to-B network of relationships is namely increasing. Some researchers are also referring to "the network society", meaning the structure of organisations and society. What surround us citizens are networks of relationships where we all interact. A network is furthermore defined as a set of relationships. This means that all the relationships a business is involved in, are included in the network. The relationship and the network are also illustrated in *Figure 1.1*. This creates a somewhat higher level of relationships; a bigger picture of all actors that in some way are influencing a company's work. How simple it might sound, with a network being a set of relationships, these networks are often large and very complex. (Gummesson, 2003)

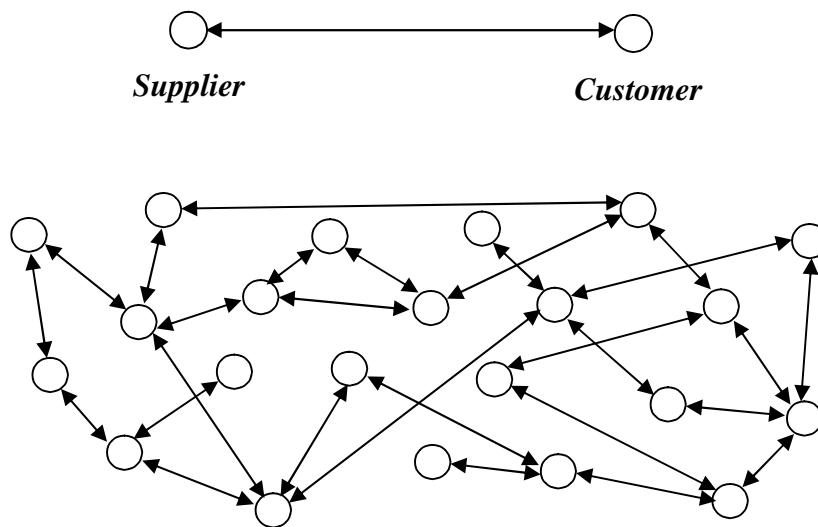


Figure 1.1. Illustration of a relationship and a network of relationships

The so called network perspective stressed by some authors refers to the access to as well as the building of one's network of relationships. This is closely connected to competition and partnership. When for example a market is deregulated, anyone can become an actor, which is creating new networks that are important to be aware of. The building of a new network gives an advantage, which in turn work as a barrier to others. (Johansson & Elg, 2002)

2.1.2 Alternative theories & our choice of theory

We have argued about the relevance of networks and relationships and are using aspects within these in order to develop successful strategies for a firm. Regarding the research on relationships and networks, the importance of these and what is to be included in those discussions, have in recent years been frequently handled by researchers. When putting together theory for fulfilling the purpose of this thesis, we aimed at creating a broad base with key constructs of relationships and networks. These constructs were based on extensive literature reviews and mind maps regarding the different aspects and their relevance in this thesis. All theories chosen are often referred to in previous literature and the opinions on what role these theories play are presented later in this chapter. We however believe that the parts included encompass the many important discussions of B-to-B relationships and networks. Our theory chapter comprises three themes included in what is referred to as relationship quality, along with network theories.

The theory chosen is not the only existing framework used by researchers in order to study B-to-B relationships. There are other areas that have drawn attention from researchers. One common approach is to focus all attention to a specific attribute of relationships, such as trust. The researchers often aim to provide effects of this phenomenon in a certain context, such as its impact on profit or service quality. Except for the different aspects of relationships already discussed, the examination of factors such as satisfaction, closeness and commitment are relatively common (Young & Wilkinson, 1997). Two other concept, which are rather broad in nature, and therefore not really a direct part of relationships quality, are relationship value and relationship portfolio management. These involve analysing the value from a relationship and based on the findings, the firm can make a choice of which relationships to be involved in. (Turnbull et al, 1996) Another common model that sometimes is employed by researcher is the actor-resource-activity model. The different parts included in this model are supposed to be considered simultaneously in a business network. (Huemer, 2004) Our study is however focused on studying specific characteristics of relationships and networks. This model are therefore not appropriate, since it is more often being used when trying to understand a whole network.

2.1.3 Relationship quality

Within B-to-B relationships, relationship quality is regarded as a central construct (Woo & Ennew, 2004). The term quality in this sense is not used by all researchers but we argue that it encompasses many of the studied parts of

relationship characteristics. There have however been studies conducted in order to create a better understanding of the relationship quality concept by defining what dimensions that are to be included. The aim of a major study by Woo & Ennew (2004) was to establish if the dimensions had an impact on service quality. As almost all terms, relationship quality is suggested to have several definitions. One short definition that is suggested by Johnson (1999, p. 6) is “*the overall depth and climate of the interfirm relationship*”. Smith (1998, p. 78) on the other hand defines it as “*an overall assessment of the strength of a relationship and the extent to which it meets the needs and expectations of the parties based on a history of successful or unsuccessful encounters or events*”. Despite the different definitions, aspects such as cooperation and trust are commonly discussed, along with commitment and power. The previously mentioned IMP Group has, compared to some other studies, a broader business focus. From various case studies mentioned, an interaction model was developed, describing three variables that influence the interaction when conducting business. These are *Institutionalisation/cooperation*, *adaptation* and *atmosphere* and are illustrated in *figure 2.1* below. (Woo & Ennew, 2004)

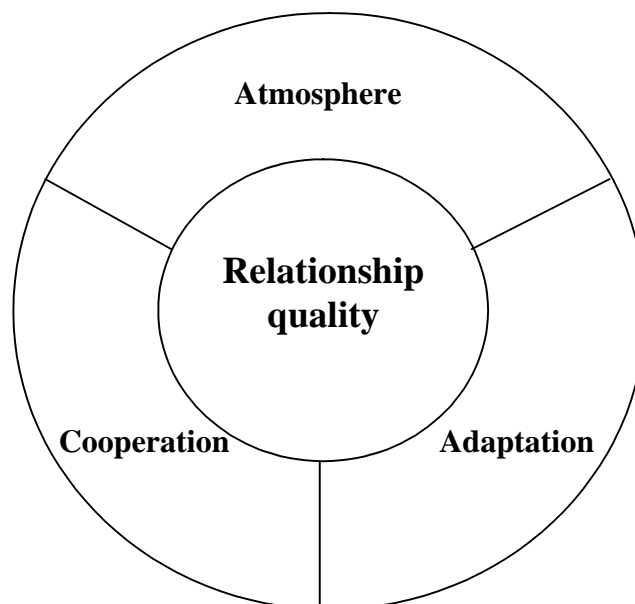


Figure 2.1 The elements of relationship quality

This research therefore played a part in forming the dimensions of relationship quality. We will regard these three dimensions as a base for the main part of this theory chapter. These will be further explained together with other factors connected to these later in this chapter. What is also to be shown is that these different elements are connected and often dependent upon each other.

2.2 Relationships

Due to the many dimensions of relationships quality that exist, they will as mentioned before be divided into three elements. These will now be explained.

2.2.1 Atmosphere

The general climate surrounding the parties, buyers and sellers, on a market is in relationship literature sometimes referred to as the atmosphere. As defined earlier, it has similarities with Johnson's (1999) explanation of the whole concept of relationship quality. In the discussion about atmosphere we will involve the aspects; power, dependence, trust, uncertainty and expectations.

Trust is a frequent discussed term when describing the climate of a relationship. By interacting with, and learning of the other party in a relationship, factors as uncertainty will be overcome and trust can be built up. Trust can be defined by the "*willingness to rely on an exchange partner in whom one has confidence.*" (Moorman et al, 1993, p. 82) The parties must determine if the other party is reliable or capable of conducting an agreed task. The expectations one party has on another therefore create the possibilities for building trust. It is a matter of ruling out the uncertainties involved, making sure that the other party can deliver what has been promised. When the task is done according to the expectations, the other party demand no less than the same result in the future, and trust has been created. (Moorman et al, 1993) An alternative way to create trust and rule out uncertainties is through writing contracts between parties in a relationship. However, the cost of negotiating and writing these contracts are high. Establishing contracts is also not in line with the usual belief in creating trust through interaction. If there is a healthy relationship atmosphere and enough social interaction, the need for contracts is lowered. (Brennan & Turnbull, 1999) Therefore the parties instead have to learn how both simple and complex issues are valued, for example what the counterparts' purpose is and what in fact they mean with certain things. The learning procedure cannot rule out all uncertainty and not even the willingness to learn always secures the trust. (Woo & Ennew, 2004) To be aware of one's efforts and objectives, especially if it is long-term or short-term, often reduces the uncertainty and helps to create trust. This means that the short-term goals are set aside to ensure the long-term success. The development of trust through long-term focus is also shown to have cost saving effects, this due to lower negotiation costs. (Ryu et al, 2007) An example of a long-term focus is a supplier who wants to know whether the buyer intends to switch supplier in the nearest future or wants to build on the relationship for a

longer period of time. This means that it is also a matter of commitment, which usually is something that steams from trust. (Ford et al, 2003)

As mentioned, trust is created between the parties. This does not rule out the possibilities of conflicts. Within the relationship atmosphere, we therefore introduce the concept of power and dependence. These two are namely proven to have a crucial impact on the whole climate of the relationships as well as being a possible source of tension and conflict. It is however argued that conflicts are a natural part in any relationship. (Zhuang & Zhou, 2004) Elg (2002) is also referring to the connection that exists between power and dependence. He explains this connection by arguing that when the dependency between actors on a market is high, the power is symmetrically distributed.

It is commonly discussed that a supplier's power over a buyer steams from the buyer's dependence on the supplier. The relation can however also be reversed, which results in the fact that power is the reason for dependence, not the other way around. (Zhuang & Zhou, 2004) Dependence is defined as "*the degree to which the target firm needs to maintain its relationship with the source in order to achieve its desired goals*" (Kale, 1986, p. 389). It is also explained as the necessity for parties to depend on each other to perform the given tasks in order to achieve a common goal. The tasks can be different, depending on the agreement, but the important thing is that one member performs them and that the other trust that they will be done. This is also a result from both parties wanting to benefit from the positive outcome of the relationship. Unbalanced benefits can furthermore be a source of conflict. (Johnson, 1999)

Power is something one party can possess that gives them the ability to influence the decisions taken in the relationship. It can be a matter of what strategies that are chosen or what party that gets the most out of the relationship. The power can have different origins, one just mentioned with one party being dependent on the other, and therefore possessing less power. (Zhuang & Zhou, 2004) The other discussion refers to what is called power bases, for example reward power, expert power and information power (Rawwas et al, 1997). The resource perspective explains the bases for the origins of power, this because a company is built up by different resources. It can be a matter of physical, natural or non-physical resources. The dependence or need of resources is therefore also an origin of power. Isolating one's resources, especially the irreplaceable ones, and offering them in a relationship can therefore be an effective strategy. (Zhuang & Zhou, 2004)

2.2.3 Adaptation

Another central feature of business strategies and of relationships is adaptation. Adaptation can include different things depending on the context. An example would be in the discussion of either adapting or standardizing one's products in international marketing. In the context of relationships, where different parties interact and share tasks and resources, adaptation is common. (Hallén et al, 1991) Adaptation is seen as an indication of a developed relation, therefore it is argued to be a necessity for the existence of a relationship. (Woo & Ennew, 2004) To exemplify this, the most common examples of firms adapting are suppliers adapting to important customers and customers adapting to the resources of the supplier. As mentioned above, there are of course different types of adaptations that can be made, depending on the market and the aim between the parties. Johansson & Mattsson (1987) mention five different adaptations. These are logistical, technical, knowledge, financial and administrative adaptations. The relationship perspective might include all of these, while perhaps it is more often the case that only one is current for a particular party.

Both suppliers and buyers tend to adapt in their own way or according to their own resources or capabilities. We have only yet mentioned the necessity to adapt, but the question remains why that is so. The main goal with adaptation is to make sure that the benefits from the established relationships are increased, whatever they might be (Hagberg-Andersson, 2001). The reason to adapt is highly dependent on the differences between the parties. It can be differences regarding their competencies or how the decision process looks like. It can also be a matter of cultural differences, which sometimes is a key factor behind adaptation. If the difference is greater, the reasons to adapt further also increase. (Gadde & Håkansson, 1993). However, the main reason behind adapting is to increase the quality of the relationship. (Woo & Ennew, 2004) If we embrace the idea of relationships as being a strategy in conducting successful business, the adaptation is a crucial factor to consider. The flexibility is also an aspect here, as the business climate between the firms change. Adaptation is therefore a continuous process. The adaptations also have their limitations. Too much adaptation is namely shown to create a strong dependence on one party. (Hagberg-Andersson, 2001) As mentioned before, dependence can lead to an unhealthy relationship. Regarding the dependence, this concept is also connected to what factors that are driving adaptation, except the clear strategic reason to do so. The exercise of one's power in a relationship can put pressure on the weaker part to make more sacrifices when it comes to adaptations. An example of this situation could be a smaller supplier that is demanded to adapt in order to deliver to a larger buyer. The larger buyer, possessing power over the supplier, is using his power situation by being able to switch supplier even if the seller tries to adapt. (Pfeffer & Salancik, 1978) Other

mentioned reasons to adapt between two parties are trust and commitment. (Brennan & Turnbull, 1999)

Companies choose to commit to adaptations at different levels. This is partly due to the investments involved in adapting to another party. There are of course investments involved in all relationship work, and there is always a question of getting something in return on those investments. Easton and Araujo (1994) are discussing three different types of investments that explain the level of commitment firms make to the relationship. The lowest investment is the minimal investment. It is just the investment necessary to conduct business. The second investment is relationship specific. This investment builds on trust and involves different adaptations. It could for instance involve adaptations in the production process, quality systems or delivery procedures. The last type of investment is the relationship development investment. These investments are often conducted by both parties and could for instance involve development of existing or new resources. (Easton & Araujo, 1994) Similar statements are made by Ford & Håkansson (2006), saying that the fact that investments and adaptations often are relationship specific are indeed increasing their importance. This means that investments and adaptations in a certain relationship are bound to a specific relationship and often not transferable to others.

2.2.3 Cooperation

Cooperation with another party is highly connected to previous mentioned factors, such as commitment and trust. However, there are also other aspects involved in the cooperation between firms. (Woo & Ennew, 2004) Cooperation is defined as “*all activity undertaken jointly or in collaboration with others, which is directed towards common interests or achieving rewards.*” (Young & Wilkinson, 1997, p.55). The institutionalisation is described as a part of the coordination process, which in turn is the framework for cooperation. (Woo & Ennew, 2004) The institutionalisation involves the rules and norms that are set up between parties in a relationship. These have strong links to earlier discussions of expectations as the parties are expected to fulfil these rules and norms. These rules therefore become standards that are jointly decided by the firms. (Cai & Yang, 2008) Customs is also a term, frequently used to explain the creation of agreements between firms, handling which party that is obliged to perform what task. The norms and rules are furthermore argued to be an especially important factor in creating long-term relationships (Ryu et al, 2007).

In the coordination of tasks that are set up by businesses, the common rewards and goals is what drives companies to cooperate. There are different examples of what activities that can be coordinated. It is often a matter of exchange between two or more parties. According to Håkansson (1982), there are four elements that can be exchanged. The first one is product or service exchange. This is often a base of the exchange, and has an effect on the relationship as a whole. Second, there is information exchange. This means that information is transferred between the parties, personal or impersonal. Third is financial exchange and is simply the exchange of money. Finally, there is social exchange. This is often seen as a necessity when dealing with problems and when negotiating. Social exchange is also especially important when there are greater cultural differences. These four elements give a picture of what can be focused upon when cooperating.

Young & Wilkinson (1997) also discuss cooperation as a common element even among competing firms. A relationship is established when two parties share common goals, which often is the case between competitors. The competitiveness is sometimes an issue, but in many cases not perceived as a problem. Competition is regarded as a common issue when conducting business and the situation of being in a relationship with a competitor is sometimes preferable. It is shown that high levels of competition often increase the level of cooperation. These relationships are however not often considered as unstable, even if competition and bargaining exist. The relationship can still be regarded as effective by the parties. (Young & Wilkinson, 1997)

2.4 Networks

Networks have been touched upon earlier in this paper. The relevance and focus on networks for businesses will be further discussed in this section. The creation and maintaining of relationships and interactions within networks have been argued to create business opportunities. (Håkansson & Snehota, 1995; Solberg & Durrieu, 2006; Ford & McDowell, 1999) By definition, networks are on the other hand “*a structure where a number of nodes are related to each other by specific threads*” (Ford et al, 2003, p. 18). The word nodes are somewhat vague but in the case of business relationships it can be a producer, customer or supplier. The firm is therefore acting as a connection point between other firms, linking them together. They form relationships with each other, which in their turn form a network. This means that it is not isolated transactions, but interactions between companies that form networks. A network does furthermore often go beyond the market one is active on. It could even include international contacts and

companies worldwide. This means that they become geographically distant, very complex and difficult to manage. If we aim to exemplify this, the relationship between two companies also depends on other relationships in the same network, which the two companies might not be directly involved in. This is due to the influence by the network on the two parties and can for example be based on knowledge from previous relationship experience with another party. (Ford et al, 2003) The discussions of networks are often to be found in research literature regarding market entry, but also for network strategies in general, there often as a mean to understand the market and identify crucial actors. The actors within the network interact and through this exchange of information they can be provided with a stronger position in the network. (Elg et al, 2007)

Various research are discussing the complexities of networks, especially how complex the business becomes when a company has to take the whole network into consideration. (Ford et al, 2003; Håkansson & Ford, 2002; Wilkinson, 2006) According to Ford et al (2003), issues can be summarized in three myths about business behaviour, these regarding *interaction, interdependence and incompleteness*. First there is the “Myth of Action”. This means that business is viewed as a process of action and reaction. Quite the opposite, the authors argues that companies are members of a network and solutions are found to problems by interacting in the network. The second, “Myth of independence”, is explained as the belief in existing possibilities for companies to analyse the market and then implement their strategies. Instead of this myth, the authors propose that there is an extensive interdependence between companies in a network. This results in limited possibilities for the companies to work independently. Last, there is the “Myth of Incompleteness”. This is similar to the Myth of independence, but this refers to companies being self-sufficient and therefore being able to develop unique resources on their own. This is described as a myth due to the fact that no company can develop skills or solve problems alone, they are therefore dependent on other parts of the network. (Ford et al, 2003)

There are also strategies to cope with the difficulties of engaging in business networks. One frequently discussed concept is network positions. The network position is described as the position one has gained in its network. This position is dependent upon the relationships with the other parties in the network. When trying to build this position, the factors mentioned above regarding relationship quality are often eminent. The position that a firm has established in a network must be maintained, but searching for new positions is also crucial. This can be done by creating dependency or by having certain resources. Establishing dependencies based on built up resources between firms in a network could namely help maintain and also to gain new positions in the future. However, the positions might not always be visible. They are often built into the existing

network, which sometimes makes them somewhat stable. This is often what companies strive to do in a network usually characterised by change. The creation of network positions creates incentives for not breaking a relationship, which secures the position in the network. What often indicates an effective network is firms establishing positions and influencing the other parties in order to create dependency. This is also often beneficial for all parties. That is however not always the case, since power can be created and is often not equally distributed which further might create an unhealthy network environment. (Low, 1997)

Ford et al (2003), also involve the network positions when discussing suggestions of how to manage in networks. This is divided into three parts. To start with, the model presents the *network pictures*, which refers to the views of the network from the different firms within that particular network. The main point here is that depending on whom you ask the picture of what the network looks like differs. This includes who is doing what and who is interacting with whom. The authors explain this in order to illustrate the importance of gaining knowledge on how other participants in the network views the network. Second in the model is *networking*. This simply means the interactions done within the network. This is however not all; there are also several choices to be made. Within the existing relationship, often part of everyday work, comes the question of either conform or confront. Are we either to accept or are we ready to discuss other ways of doing things? This is often a matter of deciding what actually is most important in a particular relationship. Network position, as we have already discussed, is another aspect. Here the question arises on how to change one's position or how to build new ones, or are the company happy with the created position? It is also a question of how to use a network, and trying to control what other parties are aiming to do. The high dependency of others results in difficulties, and the question of how to network depends on the abilities to concede in different situations. The last aspect refers to the *network outcome*, which is the individual result from networks. If understood that there are several difficulties with managing a network, trying to understand how the network works and what can be done in one's networks, is a necessity. (Ford et al, 2003)

2.5 Concluding discussion

In this chapter we have presented different aspects within the research area of relationships and networks. Regarding the purpose of this paper, we regard this framework to be important in revealing the characteristics of how the relationships are like on a regulated market. The theoretical framework that we

have gathered is however not connected to regulated markets in a particular way. They are merely parts that are picked out of relationship and network research in general. The theories are therefore yet to be tested in the contexts of a regulated market. We will in a later part in this thesis be able to tell the relevance of these theories on this particular market. The three parts; atmosphere, cooperation and adaptation, together with networks, plays a big role in this chapter. Regarding the quality of a relationship we have described how equally distributed power and dependence, large amount of cooperation, adaptation, and a high level of trust in one's partner are all increasing the quality of a relationship. The three elements, together with networks, will form the base for the interviews and analysis of the findings. The illustration below also summarizes the main parts in this chapter.

Relationship quality	
Cooperation	Coordination Common goals Norms
Atmosphere	Trust Power/Dependence
Adaptation	Need/level of adapting Benefits Flexibility
Networks	
Network position	Strengths & Resources Dependency
Myths about business behaviour	Interaction, interdependence and incompleteness
Managing in networks	Networking Network pictures Network outcome

Table 2.1 Main aspects of relationship quality and networks

3 METHODOLOGY

The purpose of this study was to create a greater understanding of relationships and networks on a regulated market. This chapter will describe the methodological choices regarding the collection of empirical data. The different respondents will also be presented. At the end of the chapter we acknowledge the limitations of this study and how we managed to deal with them.

3.1 The market of interest

The market of study is chosen to be the market for alcoholic beverages in Sweden. This market is frequently up for discussion from different angles and sources. On the market there is both a large B-to-B sector, including different actors growing in numbers. There is also an involved end consumer, gaining more and more knowledge of their consumption. This result in a market that the many people can connect to and many has an opinion about, either about the actors, or the products that exist. The market as such is characterised by a monopoly situation, which only enables one retailer to sell alcoholic beverages to the end consumer. These factors make this market a suitable case to study, since this regulation is affecting the business climate for many actors on the market, as well as the consumers.

Actors of different size exist and the monopoly situation has also influenced the different middlemen doing business on the market. The suppliers to the only retailer on the market, Systembolaget, are regarded as the actors with contact with almost all players on the market. This has in turn increased our focus on that particular actor. Another reason for choosing this market was the belief in that the actors did value and engage in relationships, which made it possible to study. The product that is traded with, demands interaction as well as it is a social product in itself, hopefully increasing the amount of relationships. The market is influenced in a number of ways from different sources and the actors are geographically spread out. This gave the network perspective more relevance. The choice of this market is also based on the possibilities of getting access to the right individuals in order to gather data. In recent years, all different actors are represented in Sweden, which also increased this possibility. The choice of market is also based on our interest in the system that is built up for selling these products. We were well aware of how the regulations affected the end consumer, but were interested in the business aspect. The products itself, especially wine, are also of interest to us.

Due to this restriction on the market, there has been some previous research done on the market, revealing different facts. Most of the research done is conducted by certain departments at the government, exploring the effects of this somewhat special system, along with issues connected to this. Examples of these are description and mapping of the rules, drinking habits, import, the alcohol related problems, opinions from the end consumer, marketing of alcohol (SOU 1998:8), the influences from the EU, prices and tax policy (SOU 2004:86) and packaging (SOU 2001:102). The research is also focusing on the situations in other countries, trying to evaluate their situations. Those studies mainly focus on the changing rules and the effects of those. The research is however focused on price-, consumption- and import changes. Various research have also been done on the pressure from the EU regarding the earlier monopoly of supply to Systembolaget and the change in marketing activities allowed (Olofsson & Karlsson, 2003). Our research problem has another focus, not previously considered, regarding the climate for relationships on this market.

3.2 Methodological choices

As was explained in the previous section there is not much written on how the Swedish market of alcoholic beverages functions. This made it difficult to familiarize ourselves with the complexity of the subject before the empirical study was conducted. This is one of the reasons why we found a qualitative study most appropriate. This way we could fulfil two goals, namely to get a better understanding of relationships and networks and also to understand the quality of these.

When choosing the best way to collect data in order to fulfil our purpose, there are several considerations that have to be made. The philosophical issues are aspects that influence the methods that are used. What is usually discussed in these contexts are the ontological and epistemological questions, which explain different standpoints of how one views nature and reality. (Easterby-Smith, 2004) Within these different philosophies there many positions, some reflecting our study and are therefore of importance here. We are aiming to create an understanding of the characteristics on a market, through studying explanations by individuals. Easterby-Smith (2004) is discussing the social constructionism, which focuses on people's thoughts and feeling and that the reality therefore is defined according to these thoughts. A similar epistemological position is interpretivism, which sees the world through the individuals understanding of the environment

(Bryman & Bell, 2003). These two views correspond with our study and were therefore undertaken.

With regards to our purpose, this study is based on a qualitative approach. The choice of such a study is often associated with the social constructionism position (Easterby-Smith, 2004). There is however other reasons why a qualitative approach was found to be the most appropriate one. By focusing on more in-depth studies we were able to reveal more detailed facts on what the characteristics of relationships and networks were like on the market. In line with this, we conducted what sometimes is referred to as a case study. This is when a single market is studied with conditions that differs from other markets and where one of the main purposes are to understand how a certain phenomena or theory work in these conditions (Bryman & Bell, 2003). Easterby-Smith (2004) is referring to this as a unique case. Bryman & Bell (2003) are furthermore discussing that a qualitative study most often is used during a case study. They are also mentioning that it is common to use a combination of both qualitative and quantitative studies in order to get a better validity. This is sometimes referred to as triangulation (Easterby-Smith, 2004). Due to the fact that the case is unique, the possibility to generalize the study is very limited, especially since we only used qualitative research. This was however not our main interest in this study. Instead we wanted to know what characterizes relationships and networks on a regulated market and by comparing this to our theoretical framework we strived to find certain aspects that differ from other market.

Due to the timeframe and the complexity of reaching a sufficient sample, we excluded the possibilities of conducting a quantitative study. The timeframe was partly based on the time available by the respondents, since they are executives with expert knowledge and therefore do not have much time available. Using a quantitative method is also connected to other positions, which is not undertaken in this study, namely the positivist epistemological orientation. This position views the reality as natural science, which stands unaffected by the environment. (Bryman & Bell, 2003) We also believe that a quantitative study would not be sufficient to use alone because we aimed to get an in depth understanding of relationships within the market. This is not possible with a quantitative study. Even though a quantitative study would give a higher reliability, since a greater sample is used, the qualitative approach makes it possible to probe and get depth in the answers. (Bryman & Bell, 2003)

The main parts of our qualitative study are conducted on relationship quality and networks. From the theoretical discussion in chapter three we acknowledged different themes that the interviews were based upon. These are relationships and cooperation, trust, power, adaptation and networks, these will be further discussed

in section 4.3.3 *Development of themes and questions*. Other researchers have used a similar framework in other circumstances and settings, but not on a regulated market. This way of conducting research, where a known theory is used in a new setting, is often referred to as a deductive approach (Bryman & Bell, 2003). Some researchers may however argue that this study is more in accordance with the abductive approach. This is since the problem lead to the choice of theory. The study furthermore aimed to create a greater understanding of the importance of relationships on a regulated market. Alvesson & Sköldbberg (2007) are for instance referring to an abductive approach when these two parameters are present. Bryman & Bell (2003) are furthermore saying that a qualitative study foremost is used to generate theory rather than testing it. We do however believe that this study foremost is deductive, since we are testing existing theory in a new setting, which also is what a deductive approach is all about (Bryman & Bell, 2003).

In an early phase we recognized the suppliers as the actors of main interest for our study. This was since they were the only actors that had direct contact with all other players on the market and who got access to most information. In order to get a more reliable study and to get many different views and opinions we did however decide to conduct interviews with at least one actor at every level. These were Systembolaget and the manufacturers. We then did interviews with three different suppliers and two restaurants.

3.3 Collection of empirical data

In this section the different respondents will be introduced, followed by how the interviews were performed.

3.3.1 Respondents

Due to the fact that there are not much secondary data available on how the Swedish alcohol market functions, we foremost had to lean on primary data. This can however be a limitation since the respondents are not objective (Bryman & Bell, 2003). By doing several interviews with different actors, we were however able to confirm many facts between the respondents. This is sometimes called an explorative approach, since we also tried to get a greater understanding of the market through our interviews (Björklund & Cederlind, 2008). We were however able to use the results from other papers such as Olofsson & Karlsson (2003), in

order to understand who the existing actors are and what role they have. Reports such as Alcoholic drinks in Sweden (2008) further provided us with information regarding sales and trends on the Swedish market. Governmental inquiries such as SOU 2004:86 were also revealing the previous research done regarding Systembolaget, their mission and the implications the monopoly on the market. Finally we used companies' web pages such as www.systembolaget.se, www.vinunic.se and www.godadrycker.com to get further depth in the subject and to the problem. This is according to Jacobsen (2002), who argues that a wide collection of information gives the study a greater reliability.

In the process of finding suitable respondents for the interviews we had certain preferences. First of all they had to conduct business with other actors on the market. They either needed to handle these themselves or to be well informed of how they were performed. The suppliers further needed to have business to all other actors, namely Systembolaget, restaurants and manufacturers. This is due to the main focus we had on the suppliers. Their relationships and networks were in focus and therefore they had to be engaged in several relationships. We also wanted the suppliers to be of varying size in order to get a more representative sample. This was also to see if there were any contradictory opinions between them. Half of the interviews were conducted in Stockholm. This was since Systembolaget's headquarter and most of the main suppliers are located in Stockholm. It was therefore easier to get better-informed and reliable respondents here. The remaining interviews were instead performed in Scania. Below the different respondents are presented.

Lennart Agen works as head of the information department at Systembolaget. He is responsible for all internal and external information except for product information and has been working at Systembolaget for 19 years.

Christian Havervall is product manager at Vinunic. He works as the link between wine manufacturers and Systembolaget. This means that he identifies, establishes and protects relationships with Systembolaget and manufacturers. He is also responsible for the assortment. Vinunic is part of a group of suppliers called Vingruppen. Vinunic is furthermore the fifth biggest wine supplier in Sweden. They are both selling wine to restaurants and Systembolaget.

Supplier 1 chose to be anonymous. She works as a manager at the company. The company is a medium sized supplier of wine and other alcoholic beverages and is especially focused upon products from the Italian market.

Jürgen Satz runs his own company called Jürgen Satz AB. He works as a supplier with focus on Slovenian wines. He has managed to get his wine both into

Systembolaget's exclusive assortment and temporary assortment. He has been working as a supplier for six years.

Murat Sofrakis is a wine manufacturer in Sweden. The company is called Nangijala and was started in 2001. He delivers wine both to restaurants and to Systembolaget, but due to his limited yearly harvest he can only deliver between 2- and 4000 bottles a year. Nangijala's primary focus is on qualitative and exclusive wines.

Dennis Brousales works as headwaiter at Scandic Hotel in Lund. He is responsible for ordering liquor and beverages from suppliers and to plan and perform feasts and banquets. He has had this position for six months.

Fredrik Kihlberg is local manager at Grand Hotel Lund. This means that he has an overall responsibility for all the different departments at Grand Hotel. Kihlberg is partly involved in all the purchasing conducted at Grand Hotel.

3.3.2 Interviews

As previously mentioned the study is qualitative, meaning that our analysis and conclusion is dependent on our interviews. These interviews were semi structured. This means that they started out with open questions, where the respondent could feel comfortable and talk freely (Bryman & Bell, 2003). We then gave more controlled and strict questions in order to get more in depth answers. It was also to cover all interesting aspects and to be able to compare the answers between the different respondents. By using an interview guide based on different themes, developed from theory, (see appendix 1) we managed to control that all aspects were covered. This way the respondents were able to influence the order. By using this kind of interview structure, where the respondents were able to narrate instead of answering a strict question, we were able to pinpoint other interesting aspects other than the ones included in the interview guide. If we felt that we did not get strong enough answers we could probe to get more fully ones. This means that we asked the respondents to give examples or to explain further in order to minimize bias effects. (Easterby-Smith et al, 2004). We could also rephrase the questions when we felt that the respondent needed further explanation to be able to answer. This is also an advantage compared to a quantitative study. We believe that this way of performing interviews was the best way due to the fact that we both used them to introduce the subject, but also to elucidate the problem. The interview guide helped us to control and direct the interviews in order to keep them within the subject. Bryman & Bell (2003) are further saying that an

interview guide facilitates comparison between the different respondents. This is also giving the study a higher validity. The interviews were conducted in Swedish, meaning that the interview guide in appendix 1 has been translated into English. All the interviews were performed with one respondent and two interviewers. One of the interviewers was however foremost focused on taking notes, while the other one was asking most of the questions. We found this way of performing interviews as advantageous, since it is difficult to take notes and hold a conversation at the same time. One's memory is also limited and when two interviewers are present both one's comprehension can be compared, which further increase the validity. Jacobsen (2002) is arguing the advantage of having several interviewers. If the interviewers are interpreting the answers in the same way, we can presume that the results are to be trusted. An option would have been to record the interviews, but we did not have the resources necessary. Another advantage with the second interviewer was that he could add questions when he thought that the answer needed more explanation and depth.

3.3.3 Development of themes and questions

When the theoretical framework had been chosen and were to be transformed into questions we needed to identify some key points. We acknowledged that the framework consisting of atmosphere, adaptation and cooperation was a bit too complex for the respondents to understand. This was especially for the section called atmosphere. This section did furthermore contain a couple of different key points that we separated into themes. The first theme was named trust and the second one power and dependence. Another section was named relationships and cooperation, since these two concepts often are connected to each other and involve similar discussions. The themes called networks and adaptation were however the same as the corresponding sections in chapter 2.

The themes were then transformed into questions. We therefore studied the different themes carefully to narrow down the most important aspects of each theme. This was partly done by examining other researchers' papers and reports such as Crosby et al (1990), Woo & Ennew (2004) and Fynes et al (2008). By studying the questions concerning the same themes as in this study, we could get inspiration to formulate our own questions. The influences were both collected from qualitative and quantitative research. In appendix 1 these questions are presented. It is however important to point out that these questions just were starting points for further discussions. This means that we tried to probe, make the respondent give examples and to give further explanations. The questions in

appendix 1 would in other words not be very successful in a quantitative study, since they do not give much depth alone.

During the first interview we discovered an interesting aspect that we had not managed to cover in our theoretical framework. This aspect included what the market would look like if it was deregulated and how it would affect their business. We then decided to include this question in all the interviews to see how these answers differed. An actor also included in this market but who we choose not to interview, is the one called experts. They include wine journalist and other knowledgeable persons. These are regarded as influential, but not being in direct relationship with any actor except from some suppliers. Therefore they are somewhat excluded, but still discussed as more of an external actor.

When the interviews were conducted we divided all the answers into their respective themes. After that, they were presented and analyzed according to this (See chapter 5). In the last chapter, discussing our conclusions, we are however combining themes together and presenting the major findings in a comprehensive discussion.

3.4 Delimitations & Reflections

This section is to explain the limitations of our methodological choices. Some of these have already shortly been explained, but are seen as central to this study and therefore worth mentioning again. The different methodological choices further affect the credibility. It is therefore important to be aware of how each choice affects the level of reliability and validity of the study.

3.4.1 Reflections of the methodological choices

The possibility to generalize and replicate a study is often issues brought into discussion. When this study was performed the intention was to get a better understanding of the relationships and networks on a regulated market. When we chose to use a qualitative study we did however limited the possibility to generalize the results. This is since we only interviewed a small sample of all the actors active on the market. The results and opinions collected from the respondents can therefore not be granted to be generalizable for all actors on the market. They could however give a greater understanding of the importance of relationships on a regulated market and how they differ from a non-regulated one.

The same discussion goes for the possibility to replicate the study. If the same respondents were used again one would probably get similar answers, but this does not necessary needs to be true if others are used. The interviews with the suppliers are however conducted with companies of different sizes, which therefore can give more representative answers for the market as a whole. The best solution would however been to complement this study with a quantitative one in order to get more reliable and distinct results. Because of the time limit this was however not an option.

There are many factors influencing the reliability of a qualitative study. Bryman & Bell (2003) are for instance discussing the problem of subjectivity, meaning that a study often is build upon the researchers' individual opinion and interpretation. By using two interviewers we have however tried to minimize this effect, since we then could help each other out directing the interviews in the right directions. Jacobsen (2002) is furthermore saying that the interviewers' presence affects the respondent's answers. We have tried to avoid this effect by conducting all the interviews at the respondents' natural environments. Furthermore we were starting with open and easy questions, such as questions regarding their working tasks, to make the respondents feel comfortable.

In order to assure that the conclusions drawn from the study were relevant and fit together, the validity was important. Bryman & Bell (2003) describe validity as how well one manages to identify, measure and observe what he or she intends to do. In order to assure a high level of validity we have interviewed people that are well familiar with the subject of interest. The ecological validity was also improved by the fact that all the interviews were conducted in the respondents' natural environment, namely their working place. We were also able to vary and adapt the interviews, since the semi structured approach was chosen.

Another factor influencing the possibility to generalize the study is that the Swedish market for alcoholic beverages is different from other markets both in Sweden and around the world. The possibilities to generalize are therefore strictly limited to other similar monopoly situations, where only one actor is allowed to sell one particular merchandise, or group of merchandises. The study is however illustrating the complexity and different rules that exist on a regulated market. It shows how new actors evolve and how companies need to tackle these to be on the market.

3.4.2 Reflections regarding the collection of data

During an interview there is always a risk that respondents are not telling the truth. They might say things that they think the interviewer wants to hear or things that the company wants the external people to hear, in order to view them in a positive light. (Merton, 1990) The latter is probably most truly in this study, since the respondents were executives high up in different organizations who are not willing to create bad public relations. As mentioned earlier probing and getting in depth answers have been central to get a high level of validity. This has however been problematic during some interviews, especially for the one at Systembolaget.

At Systembolaget we interviewed the head of the information department and he was more or less the only one that we were allowed to interview. The impression of this interview was that we only got promotional answers portrayed for external audiences. When a specific question was asked he answered to something else and this way we were not able to get much other information than the one published on Systembolaget's web page. Many of the questions asked might furthermore been sensitive in the sense that he would not tell any problems or negative experiences from the past. We only got very short and well-phrased answers and probing was furthermore difficult. An ideal situation would therefore have been to interview the purchasers who actually handle the communication to the suppliers and who could give a more personal view of the problem. During the other interviews we experienced a very different attitude from the respondents and willingness to talk and explain their story and experiences. Some of these interviews lasted for over two hours, while Systembolaget's was due after just thirty minutes. Due to the fact that we identified the suppliers as the most important actor on this market we do not believe that this misfortune have any significant effect on the validity of the study.

Another factor influencing the validity and reliability of this study was the amount of interviews conducted. During the time we were planning to conduct our interviews most of the Swedish suppliers were preparing for a big wine exhibition in Stockholm. This made it problematic to get access and time to conduct interviews with these. We did however manage to perform three interviews with different suppliers of varying size. We also managed to conduct one interview with Systembolaget and one with a wine manufacturer. Finally we conducted two interviews with restaurants. We do however believe that we managed to do enough interviews to answer the research questions in this study. This is since we managed to probe and get in depth interviews with all respondents except for Systembolaget and the restaurant at Scandic Hotel. The latter problem was due to the fact that the respondent did not have much personal contact with the suppliers. Instead most contacts, including negotiations and choice of suppliers, were

controlled centrally for the whole group of companies. Due to this we decided to do a complementary interview with Grand Hotel to get more reliable answers. This is since Grand Hotel handles many of their negotiations with the suppliers on their own.

A third issue that influences the validity of this study is the choice of wine manufacturer. Even though it is one of the biggest ones in Sweden it does only have a small part in Systembolaget's assortment. It would therefore be more favourable to include an international wine manufacturer in the study that also has a greater share of the sales of wine in Sweden. We did however find it problematic both to get in contact with a foreign wine yard and to perform an interview with one of these. The Swedish wine manufacturer did nevertheless manage to point out many issues for wine manufacturers in general.

4 THE MARKET OF STUDY

In this chapter we will introduce the market of study in order to understand the situation for all the actors. The market is the Swedish market for alcoholic beverages. The information is both based upon secondary and primary data and is to form a base for the understanding of the empirics and the analysis.

4.1 The Swedish market of alcoholic beverages

The Swedish market of alcoholic beverages is a growing sector. This is both when it comes to the amount of products handled and sold by the actors on the market, but also the amount of discussion that is drawn to the system of selling alcoholic beverages in Sweden. The rapidly increasing consumption of alcohol by the Swedish consumer is the main driver for its growth. The rainy summer last year in many places over the world held back the expected volume growth, especially when it comes to Rosé wine and beer, but the Swedish economy is strong, and forecasts a steadily increase in consumption the upcoming year. (www.euromonitor.com) The Swedish consumers are not only consuming more, they are also becoming more interested in what they buy. Wine is one example that has been growing in interest and Sweden nowadays possess not only many knowledgeable wine experts, but also the many consumers have knowledge and interest in the products. (Havervall, 2008)

Despite the increase in interest and consumption by Swedish consumers, restrictions are characterizing the market. The market is mainly characterized as a monopolistic one, with Systembolaget as the only retailer allowed to sell alcohol to end consumers. More precise, alcoholic beverages up to 3,5 % are sold by other grocery channels, but beverages containing alcohol above that level is only sold by Systembolaget. This affects the availability of alcoholic beverages, since the number of stores is limited and the opening hours are not comparable to a grocery store. The regulations are made by the government with the main purpose of controlling the amount of alcohol that is consumed by the Swedish end customers, this in order to minimize the alcohol related problems. It is not only done by allowing one retailer to sell, but also by putting taxes on alcohol to make it somewhat more expensive to buy. (www.systembolaget.se)

Sweden has the most restrictive alcohol policy in Europe. This is not always a popular regulation, especially not in a contemporary society. The citizens in Sweden today are often questioning rules that work as constraints to them. The

discussion has reached the European Union, which partly has put pressure on the Swedish government, but no rules against the monopoly have yet been set up. The critique has however continued, mostly regarding the methods Systembolaget are using to control the assortment. The market was however previously characterized by even more monopolies. Regarding the supply to Sweden and Systembolaget, there was previously only one actor on the market, Vin&Sprit. This monopoly was however deregulated in 1995 and today everyone can import and be a supplier to Systembolaget. (Olofsson & Karlsson, 2003)

There are also restrictions on the market, regarding the possibilities for marketing of alcoholic products. These restrictions involve alcoholic beverages with an alcohol percentage above 15. Before 2003, the restriction involved all alcoholic beverages, but following a verdict from the European Court of Justice saying that the Swedish law was not in line with EU law, the opportunity to advertise was given. (Olofsson & Karlsson, 2003) This relatively new deregulation has however implications that are not yet fully evaluated. There are however still many rules concerning the layout of the advertisement. For example, there is nothing allowed that might send signals to encourage buying intentions. This could for example be a picture with a hand offering a bottle or such. Around the time for the change in regulation regarding advertising of alcohol there were incidents with companies being accused to have paid store managers at Systembolaget for prioritising their wine when launching the new assortment. This was during the time when store managers at Systembolaget were allowed to control parts of their assortment on their own. This led to challenging times for Systembolaget, as well as for Vin&Sprit. Systembolaget was forced to dismiss some store managers that were proven guilty of receiving bribes. (Havervall, 2008)

The structure on the Swedish market for sales of alcohol is, partly due to the regulations, limited to a relative small number of players. We have already discussed Systembolaget and the main reason for its existence. Furthermore, Systembolaget is offering a wide variety of products, for example within wine, beer and whiskey. Twice a year, Systembolaget releases a launch plan which indicates what the assortment is to be like the upcoming period of time. The launch plan is based on influences from all over the world within the alcoholic beverages industry. When released, the content of the launch plan is final and not to be negotiated with. (www.systembolaget.se)

Below in *figure 4.1* Systembolaget's purchasing process is illustrated. This process takes place twice a year. The process starts with an analysis of new trends around the world and also of customers' wants. From their findings they form the launch plan consisting of different descriptions of alcoholic beverages that are

requested in their assortment. The suppliers then receive these and can start looking for products that match these requests. In a later phase Systembolaget requests tenders regarding these products from the suppliers. When the tenders are submitted, Systembolaget reviews them to see which best fit their requests. Then they pick the best ones for a tasting followed by a chemical analysis to make sure that the quality fulfils their standards. The winners of the tasting then get to deliver their products to Systembolaget. (www.systembolaget.se) A tasting of all new releases is then arranged for experts before the realization takes place (Havervall, 2008). The cycle ends with evaluating the products and how they have performed on the market. Systembolaget then decides whether they are going to continue selling the products, change the prices or stop selling the products. A new cycle then takes place. (www.systembolaget.se)

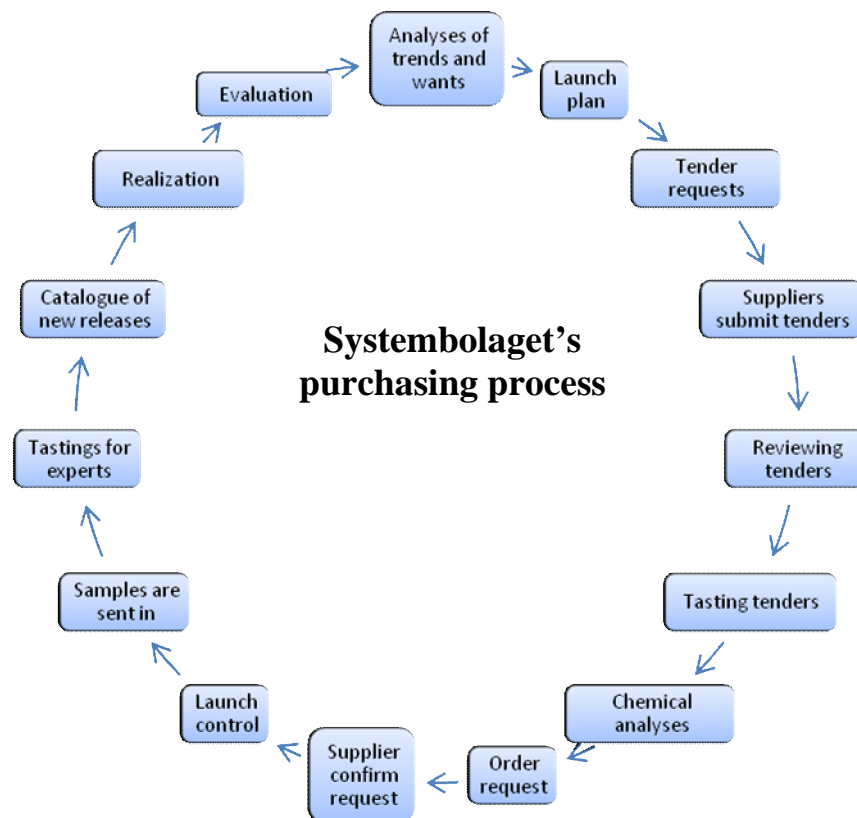


Figure 4.1 Systembolaget's purchasing process¹

Systembolaget's assortment is also divided into different parts. The two main ones are the ordinary assortment and the temporary assortment. The ordinary assortment is the attractive one, meaning that the products will be available in

¹ http://www.systembolaget.se/NR/rdonlyres/71379579-997F-48AB-BF96-24180B8C2FC2/0/SB_inkopsprocess.gif, 2008-05-21, 14:49

every store. Systembolaget also possesses knowledge on the beverages offered, including how the alcohol is produced and what particular beverage that goes with what food. Courses and tasting is also offered by Systembolaget. These takes place at their stores after opening hours. (www.systembolaget.se)

Another important actor on the market is the suppliers. After the previous mentioned deregulations of suppliers to Systembolaget, the suppliers have gained in numbers (Satz, 2008) and have larger possibilities to affect their own business. The launch plan that is released by Systembolaget is an important document in the everyday work for the suppliers. Sweden also has their own manufacturers, which also use the suppliers as middlemen between them and Systembolaget. The suppliers also conduct business with restaurants, in that sense they are not bound to go through Systembolaget. Restaurants are therefore also regarded as an actor and as an important customer to the suppliers. (Havervall, 2008) Some restaurants are large chains and therefore powerful customers. The negotiations are furthermore often done on a central level with big orders for better prices (Brousales, 2008). Another actor, which could be considered to have an influence, especially on some parts of the market, is the experts. This group consists of people writing or talking about alcoholic beverages, and thereby influencing the consumers. This can be done through for example wine tasting or TV-shows.

5 EMPIRICS AND ANALYSIS

In this chapter all information collected from the interviews will be presented. In the study we tried to create a greater understanding of the market and how it functions. We therefore chose to give a quite broad discussion of the empirics. This was also to enable the reader to better understand what the reasoning in the analytical parts were based upon. The chapter is following themes that were developed from theory. An analytical section will then follow each theme.

5.1 Relationships and cooperation

In this section the eminence of relationships will be discussed. In order to illustrate the importance of relationships between the different actors we will only discuss one relationship at a time. During our study we have realized that Systembolaget does not have any direct contact with neither restaurants nor manufacturers. Instead all information goes through the suppliers. (Havervall; Agen) Havervall did however mention that some purchasers at Systembolaget may have personal contacts with manufacturers. They may also meet them at different exhibitions that are arranged for manufacturers and suppliers worldwide. Both Agen and Havervall were however saying that all information should go through the suppliers and that Systembolaget is not allowed to favour any individual company. This fact will however be discussed more in detail in the following sections. Havervall was furthermore saying that the relationships that may exist between the purchasers at Systembolaget and manufacturers are just friendly and should not affect their work in any way.

As was mentioned in chapter two, Systembolaget is the only retailer in Sweden allowed selling alcoholic beverages to individual customers. These are furthermore their only customers and all sales to restaurants and other companies are done through the suppliers (Agen; Brousales). This means that Systembolaget does not have any direct contact to restaurants either. Due to the non-existence of relationships between Systembolaget and restaurants and between Systembolaget and manufacturers we will direct our focus to the other relationships that exists on the market. These will now be discussed.

5.1.1 The relationship between suppliers and Systembolaget

From Systembolaget's point of view personal relationships are not that important. Agen was saying that

“All relationships are product specific and we are not holding relationships with suppliers that are not offering products that fit into our assortment. We have received directions from the Swedish government, that among other things include being neutral and giving every supplier the same opportunities.”
(Agen)

Supplier 1 was further stating that *“Systembolaget do as they like, since they are the ones in charge.”* Havervall confirmed this by saying that *“it is Systembolaget who sets the rules and all others are the ones that need to follow”*. Agen was further saying that *“we do not contact suppliers; they are the ones that contact us”*.

As previously mentioned, Systembolaget strives to be neutral to all actors on the market, which foremost includes the suppliers (Agen). Just a couple of years ago there were however a large bribe problem where suppliers bribed store-owners in order to make sure that Systembolaget would choose them as a supplier. This led to an even stronger centrally controlled company, especially when it comes to purchases. This has changed the way relationships are conducted and to what part of Systembolaget's organization they are performed. (Havervall) Supplier 1 was however very sceptical to Systembolaget's neutrality even after the process of purchasing had been changed. This is since she expressed herself by saying that *“relationships to the purchasers are extremely important”*. All the suppliers in this study furthermore stressed the importance to be close to Systembolaget and that it is an advantage to be located in Stockholm where their head office is (Supplier 1; Havervall; Satz). The suppliers explained the importance of participating in regular meetings with Systembolaget and to keep a close contact, which is much easier when located in Stockholm. Agen did however state that *“Systembolaget only has two meetings each year with suppliers and only the ones in our ordinary assortment are allowed to participate.”* One supplier was also mentioning another possibility to affect Systembolaget and their work. He explained that they regularly arrange wine tastings for the purchasers at Systembolaget when they are about to introduce a new wine, which the purchasers are obliged to participate in. These are to inform and market their products to the purchasers. This way the supplier can influence what is requested in the next launch plan. Havervall further made the following statement; *“The purchasers are*

just ordinary people who we try to be a credit to. We do this, realising that they have their own feeling and likings and the key is to understand those.” One supplier, which is not located in Stockholm and therefore does not have the resources necessary to visit all meetings and to arrange wine tastings, saw this as a great disadvantage compared to competitors.

Supplier 1 was also stressing the disadvantage of being a small supplier in Sweden. Both when it comes to the previous discussion about influencing Systembolaget’s launch plan, but also when it comes to creating relationships. She explained the eminence of relationships with Systembolaget by saying that *“Systembolaget perceives unknown suppliers as bothersome rascals who only consume their time.”* Havervall was confirming this by the following statement; *“purchasers prefer suppliers they know, since they know that they can be trusted.”* He did however say that it is not affecting their choice of wine during the tastings before the next launch. Despite supplier 1’s scepticism towards Systembolaget she was also saying; *“Our goal is to grow and Systembolaget is a necessity in order to succeed with this.”*

5.1.2 The relationship between suppliers and manufacturers

All three suppliers did emphasize on the importance of engaging in relationships with the manufacturers. Havervall was for instance expressing this by saying;

“I travel more than 60 days a year in order to engage and protect relationships with wine manufacturers. All of these relationships have a long-term focus, where personal relationships and getting to know each other are vital aspects.”
(Havervall)

He further gave an example of when he went to Chile to participate in various social events together with one of the manufacturers just in order to getting to know each other and to engage in a positive relationship.

Havervall stated that they have a great deal of patience towards the manufacturers in the beginning, since it often takes a couple of years before the relationships mature and become effective. It does however happen that they end a relationship if the manufacturer does not behave or does not fulfil their demands, but it does not happen very often. He gave an example when a wine manufacturer that produces Rioja wine wanted to increase the price. Havervall further explained; *“Systembolaget does not accept increases in price without certain circumstances*

and they should be well motivated. We could therefore not come to an agreement with our supplier, which made us end the relationship.” Supplier 1 also explained how they had to end a relationship with a manufacturer. The relationship was considered healthy and they had a frequent contact, but the manufacturer started to produce wine of less quality. Supplier 1 did however explain that; *“manufacturers’ quality may differ a lot between different years. In this case the manufacturer had not been able to produce wine of good quality for quite a while, which also was the reason why we had to end the relationship.”* Another supplier confirmed the importance of long-term relationships by explaining that they even try to sustain relationships as long as possible, because it requires both time and resources to initiate new ones. They even try to keep up the relationships when the manufacturer’s wine has lost its position at Systembolaget. This is to have them available in the future or to try selling their wine to restaurants instead.

Manufacturers are often not satisfied with selling to Systembolaget alone. They would also like to sell their wines to restaurants in Sweden. This is something that the suppliers also try to supply. (Havervall) Supplier 1 did further say; *“by selling to restaurants we limit our dependence to Systembolaget.”* This is since businesses with restaurants consist of many small transactions, which gives a continuous income. Business with Systembolaget is instead usually only consisting of one big order for each product.

5.1.3 The relationship between restaurants and suppliers

Both the suppliers and the restaurants included in this study stressed the importance of engaging in relationships with each other. Brousales did however complain about how he could not be part of the decision making process. This was since all decisions were taken on a central level for all companies in the group. The headquartering was due to this deciding what alcoholic beverages that were to be included in all their restaurants’ assortment and did also handle all the negotiations regarding the prices. This way they could get big orders with lower prices, as well as to strive towards consistency between the different hotels. This supplier had been working in Greece before he started to work at Scandic Hotel. He explained how he preferred when he could negotiate with many different suppliers; *“In Greece I was able to influence the assortment and what I was offering to the customers. By negotiating I could also get much better prices than I get today.* Even though most negotiations at Scandic Hotel were taken on a central level, he still thought the prices were too high. He was the one who laid the orders of beverages that the central level had chosen. He explained how he could get a better price if he ordered big volumes, but then he had to order at least 500 bottles each time.

Another aspect that Brousales mentioned was that Scandic Hotel only uses three different suppliers. He explained this by saying;

“Scandic Hotel want to have big suppliers that have wide assortments to offer and that are having warehouses close by. We are a group of companies that are caring for the environment. Therefore we do not want the beverages to be transported longer than necessary. Another advantage with this is that we do not need to supply big volumes at the restaurants.”
(Brousales)

Scandic Hotel further demands that the bottles are recyclable and that the suppliers take them back after they have been used. By having few suppliers Brousales further explained that they can have a close relationship where the companies are able to get to know each other and understand each other's demands. There are however different circumstances for other restaurants. Kihlberg explained how they have contracts with a middleman who represents several restaurants and negotiate with suppliers; *“To get good prices we buy big quantities through this company, but to have a wide and interesting assortment, we are also free to use any other supplier as a complement.”* This way they can get lower prices, but not on the expense of losing the possibility to form their own assortment. He further explained that there is a constant dialogue, which is valued as highly important, with the negotiating firm that represents the many restaurants. The price is still of the essence, which results in him turning to his contacts when in the need of a new product. Kihlberg was also saying that he tells his contacts what products he wants and then the contact negotiate for the price with the supplier.

Supplier 1 was foremost focused on selling their alcoholic beverages to restaurants. She explained that they continuously try to be of assistance for the restaurants. They could for instance help them develop their wine list or arrange wine tastings. She also explained that it is as important to engage in relationships with the individual people as with the restaurant. This is since workers at restaurants quite often switch to other restaurants. This way the relationship can be sustained to the new restaurant and the supplier can start selling to this as well. Sofrakis confirmed this phenomenon as well and explained that *“creating relationships with the individuals are much more important than creating a relationship to the restaurant.”* His wine yard is namely managing the relationships to the restaurants themselves, while they use a supplier for the relationship with Systembolaget. Sofrakis further explained his respect to the individuals working at the restaurants. He gives an example where he sat down with a restaurant owner to introduce his wine. The owner had told him that he

earlier had been working at Systembolaget as a purchaser and during this time tried thousand of wines. Due to this, he discussed the importance of being humble and concrete when introducing his wine.

One supplier explained that some relationships have to be terminated. *“When the chemistry with other partners does not work out we have sometimes been forced to end the relationships”*. She further gave an example of a restaurant owner who she did not like, since he was only complaining even though everything was going well. This became so frustrating that they decided to end the relationship. Sofrakis explained that he did not feel dependent upon any of the restaurants; *“If my wine is not selling at a particular restaurant it should not be there, since it then has the wrong kind of customers.”* He further explained the importance of end customers and how he tries to adapt the price to make his wine possible for everyone to buy.

5.1.4 The relationship between competitors

Relationships to competitors have been a widely discussed subject during the interviews and its usage differs among the actors. Many of the actors stress the importance of analysing the market and looking at other actors and competitors' activities. Havervall further explained that; *“by analyzing the environment and competitors we can become even better on what we do.”* Sofrakis gave a similar explanation;

“By analysing what equipment the big and successful wine manufacturers are using we can reach a higher standard ourselves. By using the same wine processing equipment we can reach a higher quality and it is also a good sales argument when trying to sell our wine.” (Sofrakis)

All the suppliers included in the study stressed the importance of having sole right to manufacturers' products. In other words, they do not want to share their manufacturers with other suppliers. Havervall however explained that the manufacturers have the right to change supplier if they like, since no contracts are written. Supplier 1 further said that many manufacturers, by selling to many suppliers, try to maximize their sales. She gave an example when the manufacturer had gone behind their back and started to sell to another supplier in Sweden without their notice. *“When we found out we chose to end the relationship, since we were not willing to share the products with a competitor on the same market.”* Several suppliers explained that building a relationship to the manufacturer takes time. Supplier 1 did further state that

“It also takes time, efforts and resources to introduce and launch the wine to restaurants on the Swedish market. The risk of having a competitor stealing our market share because they are selling the same wine is therefore too big.” (Supplier 1)

Supplier 1 did further explain this by saying that they want their wine to be unique and different from their competitors, which also is why they only have relationships with small wine yards.

Havervall was however explaining that it happens quite often that they try to overtake another supplier’s manufacturer. He explained that it is up to the manufacturers if it is going to happen and if they like to change supplier the former supplier has to accept it. He further gave an example of when he recently went to Spain to meet a manufacturer that was dissatisfied with their current supplier. It resulted in a change of supplier.

Even though the suppliers in this study do not want to share manufacturers there still exist some who do. Satz explained how many different suppliers have contacted him; *“They have suggested that we could work together in order to reach a greater market. It did sound tempting, but I felt too unsure of the others intentions.”* He further stated that gigantic contracts would be necessary to prevent this, which he was not interested in signing. Supplier 1 did however explain that they have a relationship to a big supplier in Stockholm.

“We saw this as a perfect solution, since many of our customers want wine from other places than Europe, such as Australia and Africa. We do furthermore not have the resources or sales to order an entire container ourselves. Due to the fact that we are not competing on the same geographical market we also minimize the risk of disputes.”(Supplier 1)

Supplier 1 was also considering the prospects of joining in with another supplier to become bigger. She was however concerned that there might be a conflict of interest, which also is the reason why they have not done this before.

When it comes to the Swedish wine manufacturers, relationships between competitors are important. Sofrakis did for instance explain that he regularly was going on different meetings to discuss issues with other manufacturers. He also said that they often tried to help each other out both when it comes to governmental questions, but also when it comes to tips about how to grow and produce the wine. He was further explaining that they had been considering growing and producing wine together. This had however not been realized; *“If we*

chose to make our wine together the production would lose its handcraft. When the wine becomes mass-produced it would therefore also be more difficult to charge a higher price.” Sofrakis did further explain that their business today is not enough for surviving. “Our greatest revenue is rather realized by selling plants to other manufacturers.”

The relationships among restaurants have shown to be very limited. Brousales explained that;

“A restaurant’s assortment is one of the things that differs them from other restaurants and that makes them unique. They would therefore not be willing to share that information with any of their competitors.” (Brousales)

To combine their orders to the suppliers in order to get better deals would therefore not be an option. Kihlberg was however describing his use of other restaurants to coordinate the purchases of products. As described before, the restaurants were however not conducting this work themselves. The middleman did all the coordination and the restaurants could enjoy lower prices.

5.1.5 The relationship to experts and journalists

Almost every one of the actors interviewed in this study stressed the importance of wine experts and journalists. In this study we do not differ between these two concepts and they will further on just be called experts. Even though all of the other respondents emphasized the importance of experts, Agen said that; *“we do not specifically listen to what experts say and they do not affect our actions in anyway.”* This was also in accordance to Sofrakis’ statements. Havervall did however claim that Systembolaget regularly is arranging wine tastings for different journalists and experts. He did however say that he did not think these affected Systembolaget’s actions.

Havervall explained during the interview how they continuously work with experts. They even have a public relations executive responsible for creating and nursing the relationships to the experts. This work is partly consisting of arranging dinner parties and wine tastings for the experts. He further explained that;

“The purpose of these tastings is to inform, but also to provide support for other promotional activities, such as grades in newspaper advertising. When the wine is consumed with the right food it also gives a greater experience than just having the wine alone.” (Havervall)

Sofrakis agreed with this statement by saying that *“combining food and wine is the best marketing activity.”* Satz was also clarifying the importance of experts by saying that *“their statements create hysteria”*. He further explained that, *“when an expert recommend a certain wine it is sold out the day after.”* Supplier 1 did not have much contact with experts, but are however following their statements with interest. She did nevertheless say that, *“my husband writes much about wine and is often writing about our new releases”*. Sofrakis was also stressing the importance of experts. *“We agree to everyone that asks for an interview and see it as good publicity. The experts do besides this always get to try our wine when visiting.”* He further explained that they never had paid for an advertisement. Instead they get all public relations through the experts. He was also discussing how they often participate in different wine competitions in order to get publicity.

Even though experts seem to be important, Havervall discussed that experts' objectivity can be questioned. *“Journalists' statements are often affected by their notion of the supplier. Many experts are therefore doing blind tests in order to prevent this.”*

5.1.6 Analysis – Relationships and cooperation

We can see that the different actors on the market of study are in line with previous research (Håkansson & Snehota, 1995; Solberg & Durrieu, 2006; Ford & McDowell, 1999) regarding the relevance of creating and sustaining relationships. Nearly all the respondents are arguing that the creation of something more than just a transaction in order to be more successful in their business, is a part of everyday work. The characteristics of the relationship with Systembolaget is though somewhat special, based on the unique position that they hold. The position is in accordance to Ford et al (2003), important to find and maintain in one's network and in a relationship. The position possessed by Systembolaget is however not based on the knowledge and ability to work in terms of networks, but this unique position is merely based on the rights given by the regulation. In terms of relationships from Systembolaget it is therefore no need to engage in relationships from their side. This is also a visible power situation where the dependency is low between Systembolaget and the other actors. This stems from the power being asymmetrically distributed. It is therefore the reverse situation

according to Elg (2002), who argues that power stems from dependency. The fact that Systembolaget is acting independently no matter whom the actors are or what brand they are representing, also strengthens the argument that there is no need to focus on relationships with Systembolaget. This also rules out the different aspects of relationship quality that is discussed by Woo & Ennew (2004), especially cooperation, which in other cases often is eminent according to Young & Wilkinson (1997).

The statements by Systembolaget, regarding the unimportance of relationships and the neutrality are however not at all confirmed by the other actors, rather the opposite. Havervall stated for instance that relationships do exist with the purchasers at Systembolaget. Relationships with Systembolaget and their purchasers, is further argued to be of the essence when wanting to gain market share and grow in size. This is also based on the importance to get products in the ordinary assortment at Systembolaget. The neutrality can be questioned, since the different suppliers argue that they have revealed likings of the purchasers and are definitely trying to affect them as much as they can. The personal contacts with the purchasers become important, as are also argued by the smaller suppliers who often struggle with this because of lack of resources, to create relationships. As Havervall was mentioning, the purchasers are just people, and everyone prefers some products before others. This further shows how they believe that the purchasers can be affected by their efforts. Substantial adaptations are seen by the suppliers. This might partly be explained by the differences that exist between Systembolaget and them when it comes to their ways of working. (Gadde & Håkansson, 1993) Systembolaget has their ways of working and are not willing to do any changes unless they are forced. Again it is a matter of power where the suppliers are the ones who need to adapt in order to reveal the personal likings with the individual purchasers. This is however a time and resource consuming process, which also leads to difficulties for the smaller suppliers on the market.

Regarding the relationships between the suppliers and the manufacturers, the actors stressed the importance of a long-term focus. This is argued to be an important aspect when describing the relationship atmosphere (Ford et al, 2003). This is based on the fact that the cost and time invested in the relationship are bound to that specific relationship. It is furthermore a long process to establish them. The suppliers explain this by describing that it might take some time before the relationship is stable and the benefits from the relationship can be explored.

Conflicts, explained as being a natural part of any relationship (Zhuang & Zhou, 2004), are often seen and sometimes they also lead to an end of the relationship. These conflicts are somewhat even more common between suppliers and restaurants, and even here they can lead to an end of the relationships. The

conflict as a natural part of relationships is not explained by the actors as common, more often it is merely a source for ending the relationship. Again, adaptation is essential, but not always seen. This is furthermore the only sign we have seen, illustrating a contradicting view to long-term relationships. Even though the actors are stressing the importance of long-term relationships their fear of conflicts rather indicates a short-term perspective.

When a relationship is ended between the supplier and the manufacturer, and the place in the ordinary assortment is lost, the network position is also lost, especially for the manufacturer. The earlier positive position, when having both a supplier and even Systembolaget dependent on you to some extent, should be considered a great loss. (Low, 1997) Another interesting aspect is that all the actors are relying on their own possibility of creating unique resources. This by not always focusing on their networks and how these affect their possibilities, much like the “Myth of Incompleteness” explained by Ford et al (2003). The suppliers show this by unwillingly wanting to cooperate with competitors.

The task of locating attractive partners to build a relationship with is highly valued, especially among suppliers when locating restaurants. This is since there are many restaurants, representing different values and customer segments. Sofrakis explained how finding the right partner can both create good knowledge of what is to be demanded in the upcoming time and also how it enhances sales. This is in line with Elg et al (2007), where the authors describe that identification of crucial actors both can create an understanding of one’s market and create a more attractive position in the network. The sharing of knowledge between firms on this market is also done by competing manufacturers. This is similar to the discussion by Håkansson (1982). These small manufacturers see themselves as small players cooperating to become more powerful in their networks. The unique position on the market is also argued to be enhanced by providing knowledge of one’s products that is offered to the restaurants. Advice can be given to the restaurants when forming their wine offering to their customers. Again the long-term focus, also discussed by Ford et al, (2003) and Ryu et al (2007), is shown through the creation of relationships with the individual purchasers at the restaurants instead of the restaurants themselves. The price given to the restaurants is often adapted to the demands from the customers and the products have to be able to appeal to all customers visiting the restaurant.

Except for the case with the manufacturers, cooperation between the different actors is not seen to a large extent. What we can see, according to previous research (Håkansson, 1982), is the coordination of activities between the manufacturers and suppliers. One activity we found is the case when suppliers and manufacturers arrange social events such as tasting for experts and restaurants.

This is also beneficial for all parties involved, although this is regarded as a somewhat costly activity. The jointly development of suitable products for the Swedish market, is also a mentioned activity. This is done between the suppliers and the manufacturers. The discussion about this last activity will be further explained later in this chapter.

The result of this analysis creates this model shown in *figure 7.1* below. Here we illustrate what the market of alcoholic beverages in Sweden looks like. The illustration further explains the different actors that exist and how they interact with each other. The illustration focuses on the supplier and is based on their relationships and exchange of information. Similar illustrations could have been presented with another actor as the centre of attention, but due to earlier motivations, we chose to focus on the supplier.

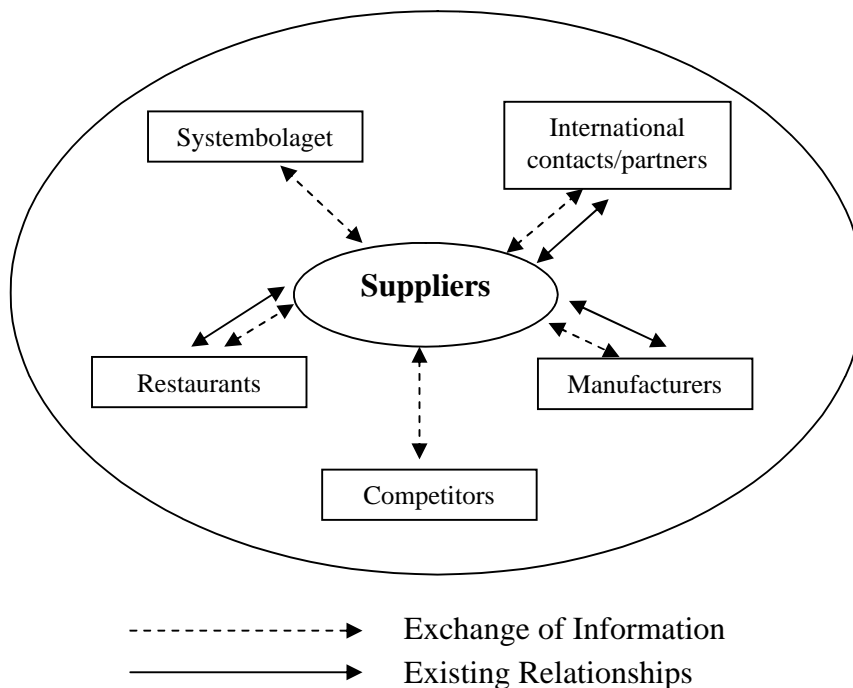


Figure 7.1 The market structure

5.2 Atmosphere

As been discussed throughout this paper atmosphere foremost consists of two elements. One of these is trust and the other is power and dependence. The different findings regarding these elements will now be presented separately followed by an analysis.

5.2.1 The level of trust

Overall there seems to be a great deal of trust within the relationships between the different actors. All the suppliers were for instance saying that they do not have any contracts written with any manufacturers or restaurants. Supplier 1 explained this by saying that, “*we believe in respect rather than contracts*”. As earlier mentioned in the relationship section supplier 1 had nevertheless experienced some problems with this when one of their manufacturers had started to sell their wine to another supplier in Sweden. Havervall was having a similar opinion and was saying that, “*we try to meet and socialise and this way gain trust in each other.*” He was also saying that they could convince the manufacturer that they are the best supplier by doing this. Havervall further explained that,

“None of the parties are motivated to end the relationship, since it creates a win-win situation. If the products are selling at Systembolaget they are doing well and neither Vinunic nor the manufacturer would like to change anything.” (Havervall)

All three suppliers were also discussing how contracts increase the complexity of the relationships. Havervall was for instance saying that,

“We would not like to be part of any legal disputes in the countries we are importing from. This would both be complex, time consuming and cost money. Now we can end the relationships whenever we like if we do not feel that they are working out.”(Havervall)

Supplier 1 was further saying that both manufacturers and restaurants would like something extra, such as a better deal when a contract is written. Restaurants would for instance demand a better price or predetermined quantities. “*This is problematic since we foremost work with small manufacturers that only can deliver a limited amount of wine and that could not be for certain*”. Supplier 1 did however say that many of the big suppliers, such as Spendrups and Carlsberg do write contracts with restaurants. This is since they try to become the only supplier and to rule out the competition. Sofrakis was confirming this by saying that “*many of the big suppliers are chasing margins and market share and therefore writing contracts.*” This is also the case at Scandic Hotel, where three different suppliers share all deliveries of alcoholic beverages to every Scandic Hotel in the world (Brousales).

Havervall was saying that the manufacturers do not like to write contracts either. He explained this by saying that, “*they can easily change to another supplier if*

they feel that the relationship with the current supplier is not working out.” The manufacturer in this study was also discussing the superfluity of contracts. He believed that if his wine is not selling at the restaurant it should furthermore not be there. He is therefore not writing any contracts to restaurants. As previously been mentioned in section 5.1.4, some suppliers were not willing to work with other suppliers in order to grow and gain a greater market share. This was because they were not sure of the other suppliers’ intentions and were afraid of becoming dependent upon the other party.

Even though most actors on the market do not write contracts between each other, there is still one who does. Agen explained for instance that Systembolaget always write contracts, including among other things demands of delivery, to their suppliers. These demands are then forwarded to the manufacturers. Kihlberg also described the increasing amount of contracts that are written, especially with larger suppliers. He refers to the importance of these and the will from their side to write contracts. He explained that they are also very strict if they are broken. For example *“when a delivery is delayed, we expect compensation of some kind”*.

5.2.2 Analysis – Trust

Due to the fact that relationships are argued to be part of everyday business, trust also becomes an important aspect. Connected to this is the importance of contracts in these contexts. Previous theory within relationship quality is not illustrating this to a great extent, especially not the tools used between the parties to conclude what is to be done by whom in the relationship. Theory is presumed to view trust as something that needs to be created instead of having contracts handling those issues. (Moorman et al, 1993) This however becomes widely discussed in this market. The making of contracts is as rare as they are popular between the members. The only actors that have contracts with their partners are Systembolaget and the two restaurants. The positive aspects, such as flexibility, by not having contracts are preferred and other ways are used to create expectations and making sure that there are results to be seen from these expectations. The actors are for example mentioning interaction with each other, through socialising or such, as an important tool instead of using contracts. This results in trust being more important when contracts do not exist.

The uncertainty sometimes described by the actors is often overcome with the discussion of a win-win situation, where both parties see no reason for not trusting the other party. The agreement of approaching a relationships as long-term is also described as increasing the level of trust, this described by Ford et al (2003). The willingness to switch partner send totally different signals and is not well

embraced by the other party. This is shown by the example of the suppliers wanting to have the sole right to one manufacturer's products, and the disappointment when this agreement was not fulfilled. The creation of mutual understanding is therefore regarded as eminent, since it is important for both parties to know what the expectations are in order to gain trust. We see the commitment for building trust especially visible in the case between the manufacturers and the suppliers. The trust is though somewhat weak between the competitors. Trust is argued to stem from reliability and to overcome uncertainty (Moorman et al, 1993). We have especially identified uncertainty between the competing actors on the market. It is argued that if the parties share the same goals, it might be easier to cooperate (Young & Wilkinson, 1997) and perhaps also to create trust. In this case it is not so. Instead there is an uncertainty of intentions, leading to fear from parties being exploited and the goals set up by the actors might be too alike. One example of this uncertainty of intentions from a competitor was earlier mentioned by Satz and Supplier 1.

5.2.3 Power and dependency

Because of the regulations that exist on the Swedish market of alcoholic beverages, Systembolaget is the actor with most power (Havervall). Agen was further saying that *"nothing in the world affects Systembolaget's ways of working."* He further explained that they have become much less dependent on other actors since Vin & Sprit's monopoly in import of alcoholic beverages was terminated. *"Now Systembolaget can pick and choose, but it has also changed their ways of working, since they now need their own purchasing department."* Havervall was further explaining that it is Systembolaget who decides the content in launch plans and what they would like to offer to Swedish consumers. The launch plans become the suppliers' working tool and they strive to locate suitable products. He was also saying that *"the only threat that Systembolaget is facing is the one that comes from the European Union, who are very sceptical to monopolistic markets."*

Havervall was discussing the problems of influencing Systembolaget's work and what products that is to be included in the launch plans because of the neutrality. As previously mentioned in section 5.1.1, suppliers can invite representatives from Systembolaget when they want to present a new product. He explained that *"Systembolaget is obliged to participate in these because they are not allowed to favour any supplier."* These presentations can then influence the upcoming launch plan. He gave an example of this when his company was presenting a wine called Washington State. The characteristics of the wine were later on included in the launch plan. Supplier 1 was also showing her scepticism regarding this when she

said that “Systembolaget usually knows what wine they want before the launch plan is released.” She further referred to Systembolaget as a “mafia, who give and take, as they like”. Supplier 1 did for instance discuss how Systembolaget did not allow any mistakes whatsoever from the suppliers. “It happens that Systembolaget make mistakes themselves. When this happens, they just correct them and do not really care.” One supplier was also stressing the positive aspects of working with Systembolaget. The situation is described as favourable as it is, and that Systembolaget is a good customer in many ways. “They are consistent with their rules, if you are able to get your wine in the assortment and got some attention from the purchasers, the situation is positive.” (Havervall)

To be a small supplier also seems to be problematic. Supplier 1 was for instance explaining how difficult it was to influence and to create relationships to Systembolaget when one’s company is small. This is especially when you are not located near Systembolaget’s headquartering. One supplier confirmed this and was also explaining how the big suppliers got much power because they got a big network of contacts, a wider assortment and more resources. Agen was however saying that “today’s system favours the small suppliers, since they do not need to have a huge sales organization. They reach the entire market by selling to Systembolaget.” Supplier 1 was also discussing the importance of selling to restaurants as well, since one does not become as dependent as if you only had business with Systembolaget. Agen explained this by saying that all their relationships to the suppliers are product specific, which means that when the product no longer is requested, the relationship ends. Supplier 1 further discussed that Systembolaget makes one big order, while restaurants make many small orders regularly.

There is also dependability between the supplier and the manufacturer. Satz was for instance explaining how he was dependent on that the manufacturer delivered wine as agreed and also with consistent quality. Systembolaget is for instance doing regular tests of the wine to assure that it fulfils the right standards (Havervall). The manufacturer was discussing his thoughts of the Swedish regulations. He was among other things saying that “the Swedish laws inhibit the business for Swedish wine manufacturers”. He was especially negative about the fact that he was not allowed to sell his wine on his wine yard, but instead had to sell it through Systembolaget. Due to the fact that he did not produce enough volumes of his wine he had difficulties being in the assortment at Systembolaget. This was since he was not allowed to send his wine through the post service, which for example foreign manufacturers are allowed to use. Instead he had to send the wine through express agencies, which was much more expensive. Sofrakis was further saying that “this makes it impossible to live up to the customers’ expectations because of the now much more expensive price”. He was

further discussing his discontentment towards Systembolaget and the Swedish regulations. He was for instance referring to Systembolaget's monopoly and how the non existence of competition gave them the opportunity to keep prices so low that they almost were the same as the one he offered to the restaurants.

The power and dependency allocation on the market between manufacturers, suppliers and restaurants is highly affected by the presence of Systembolaget on the market. For example, Supplier 1 argued that *"it takes a lot of time and money to work together with Systembolaget, and it is them who make the most money."* Supplier 1 was also saying that *"when Systembolaget is not involved, the supplier possesses most of the power. The suppliers are furthermore the ones who decide what is to be offered to the restaurants."* The supplier did however say that they try to adjust their offerings to their customer's requests. This phenomenon where the suppliers have a greater power than other actors has earlier shortly been discussed. Sofrakis did for instance mention how big suppliers try to write contracts to restaurant in order to secure and increase their market share. Supplier 1 did further say that; *"some of the big suppliers lend money to the restaurants to make restaurants dependent upon the supplier and in that way secure their sales."* By working together, the restaurants are also trying to become more important customers and hereby make the suppliers more dependent upon them. This is done mostly through buying large quantities of certain products, either as Scandic Hotel or as Grand Hotel. (Kihlberg; Brousales)

5.2.4 Analysis - Power and dependence

Due to the characteristics, which were described in chapter 4, of the Swedish market for alcoholic beverages it is only Systembolaget who are allowed to sell alcohol to the end consumer. When discussing the power and dependence in this market, one soon becomes aware of the importance that role plays regarding the decision of the assortment. This is where much of the power is seen and also where much of the focus lay for all players on the market. It is clear that it is Systembolaget that possesses all that power.

We have already had the discussion that power usually is a result of dependence (Elg, 2002), but here the dependence are perhaps also a source of power since the suppliers are highly dependent on Systembolaget. The will to influence the decision making is the foundation of the power discussion, and as mentioned, it is the decision of what to include in the assortment that are in focus. The suppliers are trying to do what they can, in accordance to their resources, to influence Systembolaget. We see examples of this when suppliers and manufacturers are arranging tasting for purchasers. The dependence on Systembolaget as the only

retailer is however lowered by the use of restaurants, and this way the suppliers can stay more independent. Contract also plays a part in this work since some suppliers are happy to sign contracts with restaurants to secure sales as a further step in decreasing the dependence to Systembolaget. Based on what Supplier 1 refers to, the restaurants are not only there for decreasing the dependence, but are also a highly valued customer. Another indication of the suppliers' will to stay independent is the reluctance to coordinate activities with other actors. The position on the market, as well as in one's network, is also regarded to be based on power and creating dependencies (Ford et al, 2003). The restaurants are furthermore doing what they can by joining in, with the help of a middleman, to order large quantities to lower prices and to become a dependent player. The previous discussion of the uneven distribution of power (Zhuang & Zhou, 2004) also leads to other interesting results on this particular market.

What can be seen is that the distributions of benefits are also often experienced as unequal and unfair. The work load is done by one actor, and the money stays with the other. This is mentioned by one supplier saying that they put a lot of work in creating tenders to Systembolaget. Due to the fact that they are small, they furthermore are not likely to be picked as the new supplier, since they have no power situation or relationships with the purchasers at Systembolaget. This results in unhappy suppliers and possible conflicts. One of the suppliers was for instance explaining how they felt unnoticed by Systembolaget and that their effort gave no response. However, the monopolistic situation puts no real pressure on Systembolaget, since they often are not dependent on one particular supplier or manufacturer. Even if the power situation is described as unfair and asymmetrical, the opinions go wide apart depending on what actor one asks. What is regarded difficult as a supplier, or for any company for that matter, is change in the climate. The consistency in the work done by Systembolaget is favourable, since it gives stability to the market. This results in that all the established actors, with strong financial resources, do not prefer any change in the monopoly situation.

Looking from the restaurants' perspective, they are also putting pressure on the suppliers by using power. They group together and therefore become crucial customers to the suppliers. By doing this, the pressure is also increasing on the existing relationships and ongoing negotiations between the parties. The suppliers are therefore situated in a somewhat difficult position, with both Systembolaget and the restaurants as powerful actors.

5.3 Adaptation

In the previous section the power and dependability among the actors were discussed. In this section we will discuss the third element within relationship quality, namely adaptation. We will then analyse the implication of these and how the actors are adapting in order to be successful on the market.

5.3.1 The level of adaptation

As mentioned in the previous section Systembolaget is the actor with most power. They can therefore set the rules and the demands on the market. Even though they do not have any direct contact to the manufacturers they do have a great deal of demands on them. These include different dimensions, such as quality demands, potential to deliver a certain quantity and also demands regarding the layout. They also need to be able to deliver in time, give samples and also to accept the mark ups. The latter is most problematic for manufacturers producing low priced products with a lower quality level, since it becomes more difficult to reach customers' expectations. All alcoholic beverages do further need to have a table of content on the back of the bottle. (Satz) Havervall was also saying that *"Systembolaget are extremely finicky when it comes to quality. A wine that they are selling for 65 SEK should taste like a wine costing 95 SEK"*. All these demands go through the supplier.

Two of the suppliers were mentioning that many manufacturers are even willing to adapt their way of storing and manufacturing their wines according to Systembolaget's demands. Havervall was also explaining how they quite often visit wine manufacturers and help them adapt their wine to the Swedish market.

"One of my colleagues has recently been to South Africa to visit a wine manufacturer called Kleine Salze who wanted input on how to satisfy the Swedish market. They then sat down together experimenting and blending different grapes until they got a satisfying result." (Havervall)

The suppliers were however both saying that not all wine manufacturers are willing to do these kinds of adaptations. Supplier 1 explained that; *"our manufacturers are too small to adapt their wines to Systembolaget's launch plans or to certain demands."* Havervall was also saying that

“Old manufacturers, like some in the Rioja district would not be willing to adapt. This is since they are selling to many different markets other than the Swedish one and also because they strongly believe in their ways and traditions of producing wine.” (Havervall)

Sofrakis did also say that they once had tried to adapt their wine to Systembolaget’s launch plans. *“This wine was supposed to be a cheap sort of rosé. Our other wines did however sell better than the wine that had been adapted. We now make our wine as we like, since it has been proved to give the best results.”* He did also mention that the Swedish customers want a consistency of the wine they are drinking, meaning that they want a brand to taste the same each time it is consumed. This is however not part of his strategy. Instead he believes that it is more exciting when the taste change between different vintages.

Even though Systembolaget set most of the demands, the suppliers are sometimes also trying to make the manufacturer adapt. These demands usually include adaptations regarding the layout and labelling of the bottles. (Havervall, Satz) Havervall was also discussing how Swedish consumers are much more selective when it comes to the wine bottles’ appearance compared to other consumers around the world and referred to England as an example. Furthermore he gave an example of a wine manufacturer who had been selling their wine to England for quite a while and now was going to sell their wine through his company on the Swedish market.

“The wine was called “Lazy lizard” and was showing a lizard sunbathing with a white background colour. The manufacturer then had to change the name and labelling to the Swedish market, since we did not believe that the old label would attract Swedish customers.” (Havervall)

Havervall was further saying that it is better the more flexible the manufacturer is. Supplier 1 was also mentioning an example showing how manufacturers need to adapt. She said that *“the Swedish market is quite unique, since the consumers sometimes prefer buying bag-in-box wine. This is very rare abroad and many of the manufacturers have never heard of it before.”* They therefore need to adapt and deliver wine in these boxes as well. Another supplier also explained that customers more and more start to request screw stoppers instead of corks on their wine bottles. He did also mention how customers are starting to demand ecological alternatives.

As was mentioned in previous sections, most of the actors that participated in this study adapt their work to the environment and to competitors. Sofrakis was for instance saying that he studied large and successful competitors and their ways of producing wine. He then imitated much of their work by purchasing the same equipment. All the suppliers were also discussing how they analysed the market and tried to identify trends that could be interesting to embrace in their work. Even Agen did say that; *“when we work with different suppliers, and conduct the purchasing of wine from the suppliers, we also needs to monitor the market and the activities within”*.

In the relationships between suppliers and restaurants, adaptations seem to occur. Brousales did for instance say that they demanded high ecological standards from the suppliers, which include that all bottles should be recyclable and the alcoholic beverages should not be freighted longer than necessary. Supplier 1 did also say that they tried to satisfy restaurants’ needs by listening to their demands. They have for instance imported wine from Australia and Africa because of this. Their ordinary assortment is otherwise foremost from manufacturers on the European market.

5.3.2 Analysis – Adaptation

There are several examples of the will to adapt in order to maintain a relationship on this market. Again, Systembolaget is mostly left out of the discussion, this because they are not interested in adapting to the market to a great extent. This has several implications for the rest of the actors on the market. It is up to them to negotiate who is going to adapt to the demands that are often set up by Systembolaget. (Hagberg-Andersson, 2001) Woo & Ennew (2004) see adaptations as the confirmation of an established relationship. No direct proof is seen of that in our market even though the necessity of adapting is not in question. As a result of the pressure that is put on the actors by Systembolaget, we see them adapting. This is often done through their will to understand and learn, but especially according to their resources. The market for sales of alcoholic beverages in Sweden is somewhat different for many foreign manufacturers, partly because of the cultural differences that exist. Viewed from the perspective of the suppliers, there is a great importance of making the manufacturers understand the differences and the rules set up by Systembolaget. The case with one manufacturer in South Africa, developing products especially for the Swedish market, is a good example of adaptation in order to make sure that the products are demanded. When developing products that might only fit one particular market, a dependency situation can however be created. The manufacturers then become dependent of the fact that the new product is accepted within the

assortment at Systembolaget. If this is not the case, resources have been put into product development and there is no return on the investment. Even if the new product is accepted, the manufacturer is still in a dependency situation towards Systembolaget. It is however a fact that if manufacturers are holding on to hard to their belief in their product as being the best, even if it is shown that it does not work on the Swedish market, will be the ones who loose in the competition.

The results of a relationship, the real outcome, are argued to be increased by the will of adapting to particular circumstances that are present on a market (Hagberg-Andersson, 2001). This is however proven to become difficult in this market due to the limited amount of actors with possibilities to adapt. Manufacturers are the ones who often complain on the system as a whole, as when not getting enough money for their products. This steams from Systembolaget and the suppliers being strict with their demands. This is partly due to the regulations and also to the fact that Systembolaget, as the powerful actor, sets the rules and are not showing any will to adapt their strategies. The launch plan that is developed is a powerful document, not easily influenced. One manufacturer even explains the importance of not adapting to these particular requests. The competencies developed over the years regarding the production of for example a good wine and should not be changed. The handcraft is of the essence and if the market does not buy the product, one should instead focus on trying to find a market where one's products do fit with the taste of the consumers. This could however be a specific characteristic for the types of products on this market. Even so, this is a direct critique against the theory stating the importance of adaptation. (Woo & Ennew, 2004)

The restaurants, being the other customers to the manufacturers and the suppliers are also increasing their demands on the sellers. The demand for more ecological and locally produced products are common. The restaurants are emphasising this and therefore putting pressure on the suppliers to adapt. These demands can in many cases be the reasons for ending a created relationship, since the manufacturers are not always willing to adapt.

5.4 Networks

We have earlier in the empirical discussion shown that the actors included in the study are working with relationships continuously. We will now take the discussion one step further by discussing the respondents' views regarding networks.

5.4.1 The different views of networks

As been demonstrated before, Systembolaget is an actor that tries to be independent from other actors on the market (Agen). Agen was also mentioning that all their relationships are product specific and due to this he does not regard them as being part of any network.

From the suppliers' point of view networking seems to be much more eminent. Havervall was for instance explaining how he had different contacts on markets around the world that could help him identify attractive wine manufacturers. He further gave an example of a contact he had on the Spanish market;

“when Systembolaget was requesting a Spanish wine in their assortment I used a contact in Spain. He has a wide network in Spain and plenty of contacts. He then helped me to find a skilful manufacturer that matched Systembolaget’s request.”

Supplier 1 was also mentioning the advantages of having a big network abroad. These relationships could often be shaped during different wine exhibition around the world, but also when visiting the countries. She further explained that these networks become very effective when searching for an attractive wine yard.

Supplier 1 was also mentioning how they sometimes join manufacturers and restaurants together. *“Sometimes we invite manufacturers to Sweden in order to arrange wine tasting at some of the restaurants that we sell to. This is usually a much appreciated event.”* Both manufacturers and suppliers did also explain the importance of creating relationships to the individuals working at the restaurants. When the individuals eventually start working at another restaurant these relationships can be used to get access to the new restaurants as well.

Supplier 1 explained that creating networks was most important abroad. Within Sweden she claimed that it is not as important. She was also saying that; *“it is both difficult and time-consuming to build networks. We therefore focus on having a unique assortment and relationships to small wine manufacturers.”* Sofrakis did also say that they had not started to think in terms of networks. He explained that they have just begun selling their products to Systembolaget and they therefore just been cooperating with a supplier for five months.

5.4.2 Analysis – Networks

Among the actors there seem to be a unity in the opinions about the importance of networks. The whole perspective, as seeing oneself as a part of a network (Ford et

al, 2003) is however not common among the firms. It is also partly regarded as too costly and therefore perhaps overrated. This is especially described by a supplier, arguing about the costly process of handling one's network. The firms focus more on a few important relationships than regarding the many players affecting them. They did however agree on the influences from the network and them being a part of a dynamic world with powerful forces surrounding them. When introducing the term networks in this business it is interpreted as the term networking, which by researchers also is described as a tool for managing in networks. (Ford et al, 2003) The use of this is especially visible when studying the suppliers. Here the network consists of contacts with individuals possessing knowledge of their regions. These individuals are used for identifying new manufacturers and also trends in the region. Here we can also identify strong relationships and could furthermore depend on favourable network positions strengthening the relationships. (Low, 1997) Again this is based on the power possessed by Systembolaget and their launch plan, which sets the trend for which products that is to be introduced. The networking is not only important for the suppliers, it is crucial. All the suppliers namely also argue that the key to growth is to succeed to get more products into the assortment at Systembolaget. The limitations of the networking that is performed, and note that these networks are worldwide, are resources.

Managing many attractive relationships at several geographical location demands both time and money. Beyond networking, using the already existing aspects of networks that are presented by previous researchers is not common. The myths presented by Ford et al (2003) are noticeable but instead believed. This means that the actors are for instance trying to create their own resources and solving their problems on their own. Note also that they still regard themselves as somewhat successful. The characteristics of the market, regarding Systembolaget, are though creating a somewhat different situation in the discussion of networks. This is due to that the biggest source of power affecting the market is not easily influenced or proven difficult to take into consideration when working with one's network. As discussed in previous parts, there are however different opinions about this. Furthermore, the symmetrical dependencies characterising many other markets, are said to create a healthy network environment. (Low, 1997) With Systembolaget as an actor as such, this is not the case. This is since they are not highly dependent on anyone, but many of the other actors are highly dependent on Systembolaget. This may have effects on the different views regarding the importance of networks, since the actors do not feel that the possibilities to influence one's networks are large.

5.5 An unregulated market

At the end of the interviews we asked the respondents what they thought the market would look like if there were no regulations. We believed this was interesting, since it showed how the respondents experience the regulations on the market. We will now present the findings from these discussions.

5.5.1 The different views of an unregulated market

Both Havervall and Agen discussed the problems if big wholesalers would start selling alcoholic beverages, such as ICA, COOP or Axfood. Havervall was further saying that; *“the wholesalers would probably have their own brands and also be tougher negotiators than Systembolaget when it comes to pricing the goods.”* He also believed that the product range would decrease rapidly. He explained that he was very satisfied with how things was being done today and further said that; *“as long as everything is kept the way it is our position on the market is secured.”*

Agen was also saying that it would be much harder for the small suppliers to survive if the market became deregulated. One supplier was confirming this by explaining that the big actors would become even bigger and take over the small ones. He further discussed that the bigger a supplier is the greater power, and networks they get. They can besides this much easier influence the market. Satz was also satisfied with Systembolaget and was verifying this by saying that; *“they let small actors such as us into the market.”* One supplier was however not at all agreeing to Satz and Agen. Instead she was saying that *“a deregulation would favour the small suppliers.”* She also compared to the deregulated Danish market in which the small actors are the ones that grow the most. She further said that these are the ones that can give the best service to the customers. She illustrated how they would open their own stores and be able to sell to the end customers. Brousales did also believe a deregulation would lead to many small suppliers and even local ones. This would be good for his business, since he believed this would lead to a greater competition between the suppliers and furthermore give restaurants better prices.

From previous discussions in section 5.5 we discussed Sofrakis' dissatisfaction towards the Swedish regulations and Systembolaget. He believed that a deregulation would improve the reputation of Swedish wine. He further said; *“it would lead to fabulous opportunities resulting in many small wine yards all over Sweden.”* He also said that wine manufacturers would be able to offer a better price to the end customers, since they now would be able to sell their wine

directly on their wine yards. He was however saying that *“the best solution probably would have been to keep Systembolaget, but allow wine manufacturers to sell their wines on the wine yards.”* He then referred to Finland where this is true. Sofrakis was also mentioning that he would not mind if ICA and other wholesalers would start selling wine and other alcoholic beverages. Instead he believed that it would make consumers more interested in wine and improve his business. He ended this discussion by saying that; *“all actors that have business with Systembolaget think it is good and all the ones outside believes the system is bad.”*

5.5.2 Analysis - Views of an unregulated market

The opinions go wide apart when discussing this issue with the actors on the market. This is mainly because the different actors are in different situations, viewing the market from their own perspectives. The actors are also of different size, and we have already discussed that differences exist depending on the size of your company. The bigger actors, with constant ongoing business with Systembolaget, are generally pleased with the situation that exists on the market. They have established a position, where they also have actors that are dependent upon them. Furthermore they have gained an understanding of how business is conducted with Systembolaget. This can be regarded as crucial knowledge, since doing business with this actor is the only way to really gain market share. The smaller actors are however not pleased with the system, arguing that it is too difficult to become a supplier to Systembolaget. A lot of efforts are put in, trying to develop tenders, and they are not often receiving anything in return. If no regulations would exist, and grocery stores like ICA would sell the products, the suppliers would be trying to build relationships with them instead. Some of the suppliers see this as a great possibility. However, there is no doubt that there is fear of ICA also becoming a large player in selling alcoholic beverages and therefore they would not conduct business with small suppliers at all. The small suppliers would have to concentrate on restaurants, hoping that they would not choose to buy from the grocery stores as well. Regarding the wine manufacturers, they are not always concerned with the monopoly as such. They are instead especially focusing on their possibilities to sell their own products from their wine yards. That is what the situations looks like in many other countries and the manufactures believe it could work in Sweden as well.

5.6 Concluding discussion

In this chapter, the empirics from our interviews have been presented and then analysed according to the different aspects of relationship quality and networks included in the theoretical framework presented in chapter two. Many of the theoretical aspects are often seen in our market of study, although not always in a way supporting relationship quality. The characteristics of the relationships can especially be compared to theory in the relationship between the suppliers and the restaurants. Interesting analysis can be drawn from the relationships that are affected by the monopoly, where the theory is somewhat more confronted. The different aspects within relationship quality and networks is however visible, only that the regulations affect them, resulting in pressure on some relationships between certain actors. We will however in the next chapter conclude what the real effects of the regulations are, and what the situation is like within the different relationships.

6 CONCLUSIONS

In this discussion we draw conclusions from the previous chapter. The two research questions in chapter 1 are answered and discussed throughout this chapter. We identify three main relationships that exist on our market, which further will be discussed. We are also concluding the findings regarding networks. In the end of this chapter we will also discuss the managerial implications of this study.

6.1 Relationship characteristics and relationship quality

In this first part of the chapter we draw conclusions on what is characterizing the different relationships that exist on the Swedish market of alcoholic beverages. We further explain how these affect the quality of the relationships. At the end we will conclude how the power is distributed between the actors, since we believe this is being of great importance in this particular market. This is since the power distribution is a direct effect from the regulations and influences the relationships on the market.

6.1.1 The relationships between Systembolaget and the suppliers

Systembolaget has shown to be the actor with most power on the market. They are the ones that set the rules and decide what is to be offered to the Swedish customers. Due to the fact that they are the only actor on the market allowed selling alcoholic beverages to end customers they further create a dependency from the suppliers. The regulations are in other words the reasons for their power. This has many consequences affecting the relationships to the suppliers. As been mentioned Systembolaget alone decides what is being offered through their launch plans. The suppliers then need to adapt their offerings to these in order to reach Systembolaget's assortment. The suppliers can furthermore not be sure of getting their products into the assortment even though they have fulfilled Systembolaget's requests. The only actor benefiting from the system therefore is Systembolaget.

Systembolaget has decided to be neutral to all actors on the market and therefore they are not willing to engage in any relationships. All businesses are therefore transactional and only based on the products. This further has consequences on the level of trust between the actors. Because of the lack of relationships there are

strict contracts written to assure that the suppliers are fulfilling their responsibilities, which proves the low level of trust. Despite these facts the suppliers were all saying that relationships with Systembolaget are of utmost importance. In this study we have however not found any evidence showing this to be true.

From these discussions we can draw the conclusion that the different elements characterizing a high level of relationship quality are nonexistent in this particular relationship and therefore not at all consistent with our theoretical framework. This is due to the regulations, but also because of Systembolaget's repulsion to relationships. Instead of engaging in relationships other strategies have shown to be effective. The suppliers were for instance trying to influence the purchasers at Systembolaget in different ways, either by arranging tastings or by experts. This is many times referred to as lobbying and is common within mega relationships (Gummesson, 2003). In these types of relationships the actor one tries to influence is outside the market, but this is not the case here. Instead Systembolaget is an active player, which also proves how lobbying can be important on a regulated market. The smaller suppliers are very unsatisfied with this fact, since it requires large resources in order to conduct business with Systembolaget in other ways than creating ordinary relationships. The larger suppliers are however more pleased. This is since they possess extensive resources and knowledge of how to cope with the demands that are set up by Systembolaget. Through this they can also keep many competitors at a distance.

6.1.2 The relationships between the suppliers and the manufacturers

Systembolagets' power is also affecting the manufacturers. This is since much of the demands regard the products. It is therefore the manufacturers who need to adapt. All these demands are however passing through the suppliers, giving them both information power and knowledge power. They are namely the ones that handle the businesses with Systembolaget and know how to conduct business with this actor. Furthermore they get all the information from Systembolaget that they are to forward to the manufacturers. This makes the manufacturers dependent upon the suppliers.

Most of the manufacturers that are having business with the suppliers are foreign actors. This means that they are active on markets that are very different from the Swedish one, as many markets are not characterized by a monopoly. The suppliers therefore need to engage in close relationships to the manufacturers in order to make them understand the different conditions on the market set by

Systembolaget. This is done through regular meetings and social interaction. The conditions can quite often result in conflicts between the two, since they cannot be negotiable. The relationships are usually long-term and are characterized by a high level of trust. It has however been shown that many of the suppliers are afraid of conflicts and were saying that they often are the reason for ending the relationships. This is contradicting to theory saying that conflicts are a natural part of relationships (Zhuang & Zhou, 2004). The fact that no contracts are written further proves the high level of trust, but it also makes it easier to escape the relationship when it becomes strained. Due to the fact that Systembolaget's launch plans control the other actors businesses, both the manufacturers and the suppliers gain in adapting to these. We have therefore found cases where the two are cooperating to create a product that match Systembolaget's request. This has however been shown to be possible only to the big manufacturers with enough resources.

Even though the relationships are characterized by both trust and cooperation to some extent, the quality is negatively affected by the regulations. The demands set up by Systembolaget cannot be negotiable, which inhibit further negotiations between the other actors and strain the relationships. This further makes it impossible for the manufacturers to influence the market.

6.1.3 The relationship between the suppliers and the restaurants

These relationships are much different from the previous two relationships described. This is since the restaurants are not directly affected by the regulations on the market and furthermore not are having any business with Systembolaget. There are also many different actors that the two can conduct business with, which also decreases the dependencies between the actors. We have however found examples of how different suppliers try to change this by writing contracts or lending money to the restaurants. This further shows that the suppliers do not fully trust the restaurants to be loyal.

Due to the fact that the regulations are not directly affecting the businesses the power between the actors has potential of being equal. This also means that both parties need to adapt and that close cooperation can be important to sustain the relationships, since they both easily can change partners. The study has shown that this particular relationship confirms many of the theories explained in our theoretical framework. This is since they are similar to other businesses and markets not affected by any regulations. We further conclude that this is the only

relationship in this study that has the potential of reaching a high level of relationship quality.

6.1.4 The allocation of power

We are summarizing the discussion of these three relationships by *figure 6.1*. Here we illustrate the distribution of power between the actors. Systembolaget is the only retailer selling alcoholic beverages to the end customers and are therefore controlling the assortment on the market. The suppliers and the manufacturers are therefore forced to follow Systembolaget's will if they want to have business with this actor. All information is further going through the suppliers and are giving them a higher power position than the manufacturers. As been explained, the restaurants are outside the relationship with Systembolaget and therefore not directly affected by the regulations. Because of this they have the potential of reaching the same amount of power as the suppliers. An example of this is for instance when they work together with competitors to make larger orders. Suppliers can also decrease their dependence to Systembolaget by conducting business with restaurants. This is especially the case for small manufacturers that are not having much business with Systembolaget. We have also included experts in this model, since many of the actors are using these to influence other actors' behaviour. The expert is used especially in marketing purposes, trying to influence and inform other actors.

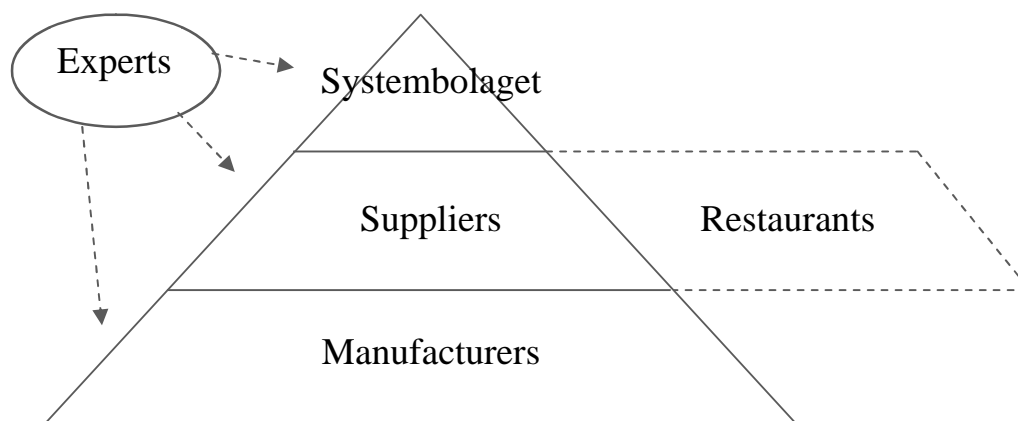


Figure 6.1 Distribution of power

6.2 Networks

In the previous chapter we discussed different views on networks that were presented by the actors. These thoughts partly resulted in the model that is illustrated below in *figure 6.2*.

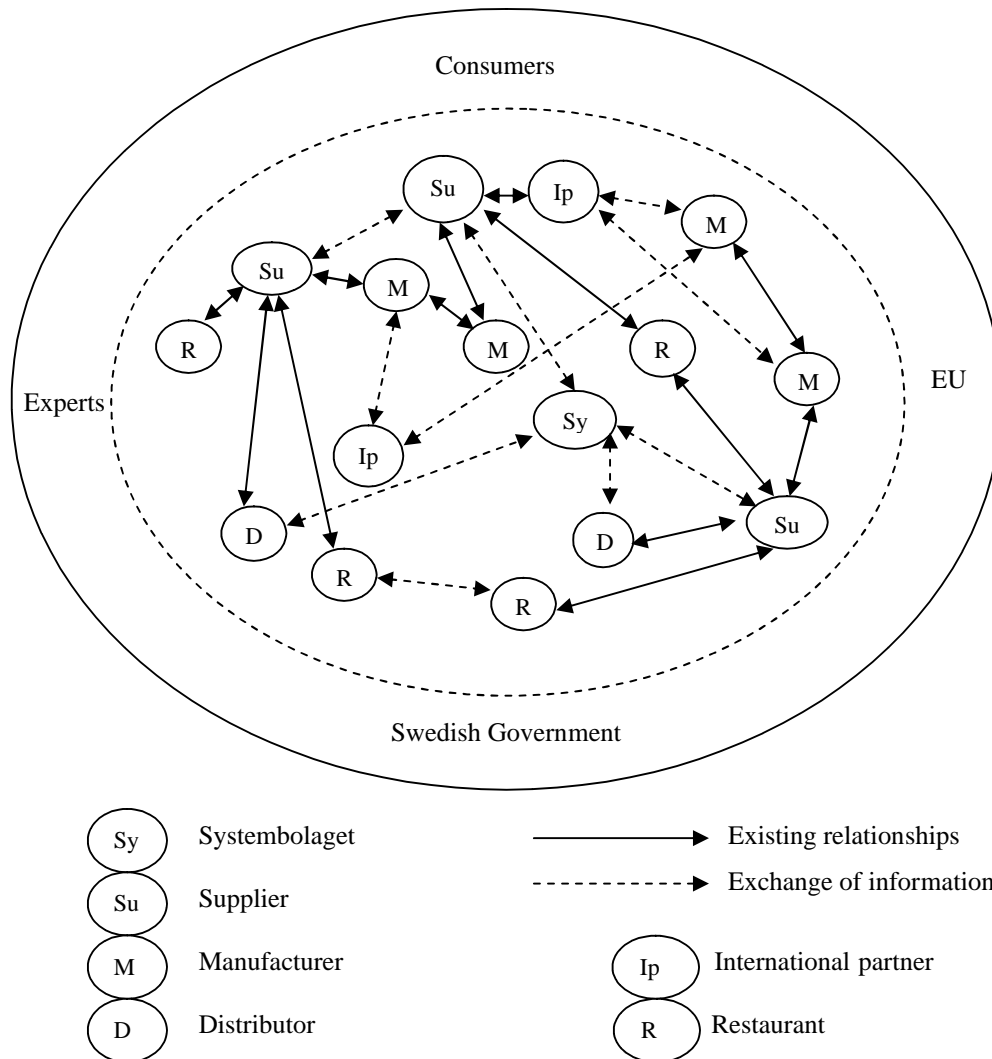


Figure 6.2: Networks within the Swedish market of alcoholic beverages

In the model we can see the different actors and how they are related to each other. We conclude that Systembolaget is not engaging in any relationships. Instead there is only information that steams from this actor. Between the suppliers we have identified a resistance towards cooperation and therefore relationships are almost nonexistent on the market. The suppliers are however engaging in relationships with the manufacturers and the restaurants. The circle outside the market in the model illustrates different factors that influence many of

the actors within the network. Regarding the regulations as such, the EU and the government are deciding the rules and therefore affect how Systembolaget is acting towards the other actors on the market. The consumers are another force, affecting trends that influence the market, such as the demands for more ecological alternatives.

The regulations that are present on this market are indeed changing the ways the different actors are working in terms of networks. The focus of regarding one's network in everyday work is only seen when it comes to networking. There are no resources that are, or should be, spent concerning networks on the Swedish market. This is due to the fact that the manufacturers almost solely are placed in other countries. The networking done internationally is crucial for the suppliers in order to locate products that fit the requests by Systembolaget. To create a network position, explained by Low (1997), is also a difficult task on this market. The asymmetrical dependence on the market, as a result of the monopoly, is challenging the suppliers' possibilities to be unique. The importance is once again in engaging and managing many international relationships in order to be able to offer the right products to the Swedish market. The creation of this network position is though somewhat costly and therefore it is only the relatively large suppliers that have the possibility to create a profitable position. Once a network position is created, it also has to be maintained. This is why it is of the essence to care for the many relationships to secure the sole right to particular manufacturers. From the manufacturers' perspective, the network position is found in creating products, and through a supplier reaching the assortment at Systembolaget.

Even though we have argued the importance of networks, and networking especially, there are still many actors on the market thinking that it is best to rely on oneself. This can partly be a result from limited resources, but also due to the difficulties in creating a position on this market. Many actors believe in their own possibilities to develop their strategies, create competencies and solve problems on their own. These are described as myths by Ford et al, and not how business today should be conducted. We also conclude that these strategies can only be successful when one is satisfied with being a small or medium sized actor. The reason for this is that Systembolaget is the way to growth and profitability.

6.3 Managerial implications

This section is to give a concluding discussion of how suppliers can work with their relationships and networks in order to be more successful. We will exclude

the relationships between suppliers and restaurants in this discussion, since these are very similar to ordinary relationships and therefore not influenced by the regulations. From our research we have concluded that having a qualitative relationship to Systembolaget is impossible. Instead suppliers would need to realize other ways to maximize their business. In this study we have identified three ways to do this. First of all suppliers would need to have business with restaurants in order to become less dependent on Systembolaget. We have realized that studying Systembolaget's launch plans and tenders are of outmost importance, especially if one would like to conduct business with Systembolaget. When suppliers are sustaining relationships with many manufacturers, and therefore having a wider assortment of products than the one they are offering to Systembolaget, they have the possibilities to include these remaining products to Systembolaget's upcoming launch plans. In the relationships with the manufacturers, it is crucial to inform them of the need to be flexible. If they are not ready to adapt to certain demands, the relationships have to end and new ones need to be engaged. Secondly, this discussion also elucidates the importance of networking and engaging in long-term relationships and forming networks with international manufacturers around the world in order to match them with Systembolaget's requests.

The third way for the suppliers to succeed and to be profitable is to engage in lobbying. This means that they should try to influence what the purchasers at Systembolaget are requesting in the launch plans. This is done by informing and trying to marketing their products in a way that make the purchasers having their products in mind when the launch plans are developed. This can be done by informing, through tasting and such, or by using experts.

These are our suggestions of how suppliers, through their relationships and network, should conduct business on this particular market. It has been shown that understanding and building networks are not easy, since it consumes both time and money. For the small suppliers we therefore suggest that they should start their business by selling to restaurants. If they will exist of becoming a larger actor on the market, we however believe that there are no shortcuts. As a supplier, one has to expand the network and take Systembolaget into consideration, since we believe that Systembolaget is the key to growth and market share. Only through them can larger volumes be reached and therefore they are the ones currently holding all the keys.

7 CONTRIBUTIONS AND REFLECTIONS

In this chapter we look back and reflect on our study. We consider how our research can contribute to theory and we also give suggestions of how it can be complemented with other studies in order to extend the research about relationships and networks on regulated markets. Finally we reflect on the possibilities to generalize the study and on its creditability.

7.1 Theoretical Contribution

In this section we will conclude the most important findings that are contributing to the theories of relationships, networks and regulated markets.

- The study has shown how the regulations affect relationships as a strategy. We have concluded that the regulations make the actor called Systembolaget extremely powerful. They are the ones setting all the rules, deciding what is to be offered and that makes all other actors to adapt to their will. They are further not valuing relationships and instead lay all their focus on the products. Relationships and cooperation is due to this not an option for the suppliers and the regulations inhibit them to conduct business with any other retailer. Focusing on relationships on a regulated market with the actor holding the monopoly are therefore not worth the efforts.
- Lobbying has instead become the suppliers' tool to influence their businesses with Systembolaget. Due to the fact that all decisions regarding the assortment are taken by Systembolaget and there is no ability to interact and negotiate these decisions, lobbying is the only way they can inform and persuade the purchasers. This is not in accordance to relationship quality and is a sad conclusion for regulated markets.
- As long as one has business with Systembolaget in some way the relationship quality is negatively affected. It has however been shown that the further one gets from the centre of the regulations, namely Systembolaget, the less this effect becomes. The relationship between the suppliers and the manufacturers are often very close and characterized by cooperation and trust. The quality is however affected by Systembolaget's rules making the manufacturers to adapt. All information are further going through the suppliers as a middleman making the manufacturers both dependent upon Systembolaget and the suppliers. We can

therefore conclude that actors influenced by the regulations never have the potential of reaching a high level of relationship quality on a regulated market.

- Networking has shown to be an important element on this market. This is especially on the international arena. We have also concluded that that one's network position is of importance when conducting business, especially with Systembolaget. What matters most when trying to reach a better position have however shown to be resources and having a wide international network. This in order to fulfil Systembolaget's different requests. Again the regulations steer the way the suppliers are working, which also makes the market very different to other non monopoly ones. Many aspects that are of outmost importance on other markets become worthless on this regulated market. This is due to the fact that the suppliers' work is dependent upon Systembolaget's requests.
- To consider one's network in Sweden has shown to be unimportant. This is due to the fact that all the networking conducted is about finding a manufacturer that match Systembolaget's requests. The manufacturers are furthermore foremost foreign. The suppliers would because of these facts not be willing to share a manufacturer with another supplier. The different myths, presented by Ford etl al (2003), are for instance becoming true on this market due to this. Suppliers are showing that they are unwilling to rely on other actors except the international partners. They instead try to create their own resources and capabilities.
- Due to the regulation, we can conclude that all the suppliers' work surrounds the satisfaction of Systembolaget and therefore large parts of the theoretical framework are useless.

7.2 Suggestions for future research

This study has lead to interesting suggestions for future research. As been discussed in the chapter called methodology, a quantitative approach would be a great complement to this study. The conclusions are namely forming a good starting point to study this subject further. One could for instance measure the consistency between different actors and see if they have the same values regarding relationship quality. We have also discovered a difference between the big and the small actors on this market. This is especially when it comes to the suppliers' possibilities, depending on the level of resources they possess. A study of how the suppliers' resources affect their prospects within this market could therefore be interesting.

As we have seen, creating relationships to Systembolaget seems to be an impossible quest. The field of research would therefore benefit from exploring what other strategies suppliers can use to be profitable on this market. Lobbying has shown to be one of these. In this study we have had a primary focus on the suppliers. We do however believe that further research from the manufacturers' perspectives would be of interest. This is since they are the ones who primarily need to adapt to all the demands from Systembolaget. It would furthermore be interesting to do a long-term case study of a particular company to be able to analyze how the communication to Systembolaget actually is conducted. Due to the fact that the results regarding this were a bit contradicting, that complimentary study would be a great contribution to this research.

This study is a case study, meaning that we only have focused on one particular market. It would however be interesting to study how this market differs from other regulated markets or markets in other countries within the same business. This way one could also tell more about whether the findings from this research are applicable to other regulated markets.

7.3 Reflections

We believe that we have managed to answer both our research questions in this study. This includes describing what is characterizing relationships and networks on a regulated market and also to gain an understanding of how the regulations affect relationship quality within these relationships. We also believe that it could be possible to generalize the results from this study to other regulated markets that are controlled by a single actor as in different monopolies. The neutrality from Systembolaget and also the fact that they are unwilling to engage in relationships, could however lower these possibilities. This is further due to the fact that the interviews were conducted with a limited amount of actors. This together with the reliability and the validity of this study could however been improved by using a greater sample. Due to the time limit and difficulties of getting in contact with additional respondents this was not an option. An international manufacturer that is having their products in Systembolaget's assortments would also have been preferable to include in the study. A greater sample would furthermore show a greater consistency between different actors, which also would lead to a higher validity. We did however get good and in depth interviews that we believe were representative for this particular market. We further conducted interviews with suppliers of different size to get a better representation.

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APPENDIX I - INTERVIEW GUIDE

Introducing questions

Company?

What are your main duties at the company?

How long have you been working for the company?

What are your company's overall strategy and position on the market?

Market share in Sweden?

Relationships & Cooperation

Do you believe relationships to other actors on the market are important?

Do you try to engage in long-term relationships with other actors or are you foremost trying to have short-term transaction-focused relationships?

Do you engage in relationships with

a Restaurants b Systembolaget c Suppliers d Manufacturers e Experts

What actions do you take in order to engage in these relationships?

Can you describe how these relationships work?

Do you coordinate any special activities with the actors, how do these work?

What do you do in order to sustain a relationship?

Do you regularly meet with other actors?

Do you engage in relationships with competitors?

Would you manage to do your business without relationships?

Trust

What expectations do you have on other actors on the market, that you have business with

a Restaurants b Systembolaget c Suppliers d Manufacturers e Experts

Do you experience that you can trust

a Restaurants b Systembolaget c Suppliers d Manufacturers

Can you refer to a good and a bad relationship that you have experienced?

Do you have certain rules that other actors must obey

How do you react when actors do not manage to obey these?

Do you write contracts with other actors on the market?

Do you feel that you can rely on

a Restaurants b Systembolaget c Suppliers d Manufacturers e Experts

Power and dependence

Who do you believe has most power on the market?

a Restaurants b Systembolaget c Suppliers d Manufacturers e Experts

Do you believe that you can do anything to affect this distribution of power?

Do you feel that you are highly dependent of anyone on the market, who, why?

How do the division of power affect your business?

Is there any way the power distribution have an effect on your relationships with actors on the market?

Do you believe there are certain problems or challenges concerning your position on the market?

Adaptation

Do you perceive other actors willing to adapt their business to you?

To what degrees do other actors need to adapt their business to you?

a Restaurants b Systembolaget c Suppliers d Manufacturers e competitors

Can you give an example of an adaptation that you or any partner to you have done recently?

Do you believe other actors are adapting their business to other actors on the market?

Do you need to adapt to other actors on the market?

What advantages and disadvantages does this have for your business?

Networks

How do you perceive your position on the market?

Do you have contact with your customers' customers?

What are the advantages of this?

Are there any actors influencing you that you find especially important?

Have you engaged in any relationship with a competitor?

Do you consider yourself as a part of a network of relationships? How does that affect you?

Do you use your relationships in order to get in contact to other actors?

Can you describe a situation when your relationships would be necessary?

An unregulated market

How would you think the market would be like if no regulation existed?