ARE WE BETTER OFF ALONE?

A QUALITATIVE STUDY ON WHICH WAYS DIGITALIZATION HAS IMPACTED THE DISINTERMEDIATION IN THE VEHICLE INDUSTRY

SOFIA LERM

SOFIA STÅHLFORS

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Are We Better off Alone? : A Qualitative Study on How Digitalization has Impacted the Disintermediation in the Traditional Vehicle Industry

Abstract:

The paradigm shift in the vehicle industry, partly caused by digitalization and the conversion to electric alternatives, has pressured traditional manufacturers to reconsider pre-existing practices and distribution methods to align with market developments. By investigating digitalization's impact on disintermediation in the vehicle industry, and which considerations a firm should make when contemplating disintermediation, the purpose of the study is to provide a model proposition, suitable to use when considering disintermediation and integration of value-creating activities into the firm. The qualitative and explorative methodology provides the study with an understanding of the developing industry, while it clarifies possible long-term implications. Through in-depth interviews with employees of European-based vehicle companies with operations in the global arena, combined with existing theories regarding disintermediation (Shunk et al., 2007) and strategic models by Porter (1985), interesting arguments in favor of and against disintermediation are found. Firms are evidently affected by this paradigm shift and questioning their distribution channels. The empirical results laid the foundation to the model proposition grasping which value drivers are more prone to internalization versus externalization.

Keywords:

Disintermediation, internalization, vehicle industry, digitalization, supply chain

Authors:

Sofia Lerm (24866)
Sofia Ståhlfors (24868)

Tutors:

Dr. Henrik Glimstedt, Associate Professor, Department of Marketing and Strategy
Patric Andersson, Assistant Professor, Department of Marketing and Strategy

Examiner:

Daniel Tolstoy, Assistant Professor, Department of Marketing and Strategy

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Stockholm School of Economics

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Sofia x 2

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Definitions

Disintermediation: the process of eliminating intermediaries, i.e., distributors or agents, from a supply chain (Sunk et al., 2007).

Supply chain: the journey a product makes through different actors who add value to the product before reaching the end customer. Normally defined as a supplier who sends it to a manufacturer, who sends the product to a distributor, who sells it to the end-consumer (Kozlenkova et al., 2015).

Vehicle industry: companies and organizations designing, developing, manufacturing, marketing, and selling means of transportation, used for the carriage of goods and/or humans and other living beings, including but not limited to cars, boats, trucks, and buses (Rae, 2020).

B2C: business to consumer sales.

B2B: business to business sales.

B2G: business to government sales, usually characterized by rigorous procurement processes.

Wholly owned subsidiary: a smaller subsidiary in a different market that is fully owned by the parent company.

The Tesla-way: a complete dismissal of the traditional distribution methods of selling through local dealerships present in the automotive industry, and instead fully integrated the distribution and service into their own company, as done by Tesla (Musk, 2012).

Traditional automotive industry: Automotive manufacturers that have been in business since before the 1990s.

1. Introduction

Digitalization has driven change in many industries. Since the dot-com boom around the millennial shift, many industries have undergone radical modifications ranging from internal changes to distribution methods. The vehicle industry, a traditional industry in terms of adopting new technologies, remained relatively spared from the rapid changes caused by digitalization. However, industry experts are talking about an automotive paradigm shift as new entrants, like Tesla, have incorporated advanced technologies into their cars (Guard Knox, 2022).

Simultaneously, with societal pressure to convert from fossil fuel dependence for means of transportation, and electric vehicles still being comparably costly to produce, vehicle manufacturers are urged to cut costs. This stresses the need for thorough evaluations of internal value creation and current supply chains. As a result, the necessity of intermediaries in global markets is questioned.

1.1. Background of the Problem Area

In the following section, background underlying the ongoing changes in the automotive industry will be presented. The section seeks to introduce the topic further and lay the foundation upon why the development of the model in section 5.2 is necessary.

1.1.1. The Paradigm Shift in the Automotive Industry

In the automotive industry, experts are discussing a paradigm shift, deriving from technological developments and societal pressure to find environmentally sustainable options for combustion engines (Autocrypt, 2021). Cars are no longer considered a mere product for transportation, but technological advancements have enabled manufacturers to incorporate technology to enhance comfort and entertainment. The pressure to find environmental substitutes has radically enhanced the demand for electric vehicles (Autocrypt, 2021). This is evident in Tesla's success (Dans, 2020).

Tesla, being a key driver in the paradigm shift, has completely dismissed the traditional dealership strategy and instead owns all its showrooms and service centers. One argument presented by founder Elon Musk is primarily the misalignment in incentives from traditional distributors that traditionally sell several brands. Another is the fact that modern vehicle customers gather information about the vehicle and decide which model they are interested in prior to entering the dealership, which undermines the value of knowledgeable sales representatives (Musk, 2012).

An additional big criticism of a dealership strategy is the high margins requested per unit sold, along with missing out on valuable insights into changes in customer preferences due to the lack of direct contact. In this era of digitalization and big data,

there is plenty of information to be gained from owning the entire supply chain, from production to distribution, to the end customer. Simultaneously, digital marketing has made it increasingly cheap to reach out to new customers.

The paradigm shift has pressured traditional car manufacturers to change pre-existing practices and distribution methods, which will be analyzed in this empirical study.

1.1.2. The Boating Industry and its Similarities to the Automotive Industry

To broaden the analysis, making it applicable to industries outside the car industry, the researchers of this thesis gathered empirical data from several industries. Many similarities can be found between the boating industry and the automotive industry; leisure, commercial and public boats can be compared with cars, trucks, and busses respectively, as their pre-requirements in terms of sales, manufacturing, shipping, service, and maintenance are comparable. Table 1 further explains the connections.

Table 1. Different types of sales and their industry comparable.

Type of Sale	Automotive Comparable	Boating Comparable	Example of Customer
B2C	Cars	Leisure boats	Recreational customers, private persons, daily commuters
B2B	Trucks, transfer buses	Commercial boats	Logistics businesses, transfer businesses
B2G	City buses	Public boats	Government bodies, municipalities

1.2. Purpose and Research Question

Tesla has proven that even bigger purchases can be considered online after they entered the vehicle industry with a radically new way of selling, mainly online and through some strategically placed showrooms. The pioneering strategy of Tesla's is raising questions among competitors who traditionally use intermediaries to sell vehicles. Therefore, this essay seeks to answer the following:

- *R1: In which ways have digitalization impacted the disintermediation in the vehicle industry?*
- *R2: Which considerations should a firm make when contemplating disintermediation?*

The purpose of this essay is to provide the reader with a model proposition that is suitable to use when contemplating disintermediation along with presenting crucial reasoning in favor of and against internalization. Evidently, there is a need for vehicle manufacturers to reconsider their current positioning internally and externally to follow along in the developments in the market. By conducting a study in several industries, the model proposition presented in section 5.2 will be more general and less industry-specific, targeting a broader application.

1.3. Expected Contribution

This study will investigate internalization arguments present in the empirical data to grasp which value drivers are more prone to internalization versus externalization. Through existing theories used as a framework for the analysis of the empirical data, a model proposition will be presented. The model consists of a proposed rule of thumb that should be considered when contemplating disintermediation and integration of certain value-creating activities into the firm.

By studying the vehicle industry, which currently is undergoing changes comparable to what other industries experienced following the dot-com boom, there are plenty of valuable observations to be made in terms of real-time considerations and decisive factors in their argumentation. A pressure to re-evaluate current practices puts employees in the vehicle industry in a position where they are actively contemplating their future strategy in terms of disintermediation and internalization. Therefore, they are more familiar with relevant reasoning.

1.4. Delimitations and Scope

A set of delimitations have been purposed for the study to thoroughly address the research questions. The scope has been narrowed down to correspond to the format and the timeframe for the bachelor thesis at hand.

The first limitation concerns the geographical territory observed. The participating companies are delimited to originate from Europe for practical reasons in terms of access. However, even though the companies are European, they are operating globally, allowing for reasoning about their internationalization strategies.

Secondly, the study limits the vehicles examined: cars, boats, buses, and trucks. The selection was made based on the similar purpose of the four segments and their connection to B2C, B2B, and B2G respectively. Including other means of transportation, such as traveling by airplane or train, would require a wider scope, making the analysis vastly more complicated and too broad.

The third limitation concerns the interviewed companies and people. Only privately-owned companies are being investigated to ensure similarity in means of motivation and other factors. The interview objects are limited to individuals with positions with insights within the fields of marketing, strategy, or sales. The choice of positions eliminates those that would not be able to provide the study with valuable or reliable information. However, as Rousseau et al., (2018) emphasize, the time the respondents have been working at the company is another important consideration when finding appropriate participants. Therefore, one requirement has been that all participants must have worked at the company for six months or more. Thus, the validity and accuracy are maximized for the purpose of the study.

The resulting scope is limited to companies based in Europe, with a global presence and thus, international supply chains as well as networks. Moreover, the scope is limited to companies within the cars, boats, buses, and trucking industries, with respondents in relevant positions, allowing for a scope which is appropriate for the study.

1.5. Moving Forward

In the next section, the theoretical framework is presented to lay the foundation of the thesis. Section 3 presents the research method to deliver reasoning of chosen research methods. In section 4, the empirical data from the interviews are presented, and finally in section 5.1, analyzed intertwined with the theory presented in section 2. The theoretical framework combined with the empirical data analyzed pave the way for the model proposition presented in 5.2, that summarizes the take aways of the entire study. Finally, conclusions and contributions are presented in section 6.

2. Theoretical Framework

This section presents a theoretical framework, used to structure, and analyze the empirical data gathered. Together with the empirical data presented in section 4, it will be intertwined in section 5.1 to lay the foundation for the model proposition presented in section 5.2.

Database searches have been conducted to assess theories. A selection of keywords used is disintermediation, internalization, vehicle industry, principal-agent theory, digitalization, supply chain, competitive advantage.

2.1. Current Sales Processes

The following section presents relevant theory on current sales processes in terms of disintermediation, as well as theoretical characteristics in B2C and B2B sales.

2.1.1. Disintermediation

A company's operation and relations can be described through a supply chain (figure 1), which explains external actors' interplay with the firm. Each step adds value to the product but comes at a cost that the customer will have to compensate for (Kozlenkova et al., 2015). Every actor is subject to a personal value chain in which activities are divided into support functions, such as human relations, necessary to enable the value creation activities, i.e., primary activities (Porter, 1985). In highly competitive markets, such costly steps need to be considered carefully to ensure that the price for the end-customer matches competitive levels. It is then crucial to conduct a thorough analysis of the supply chain to ensure the necessity of each step (Shunk et al., 2007).

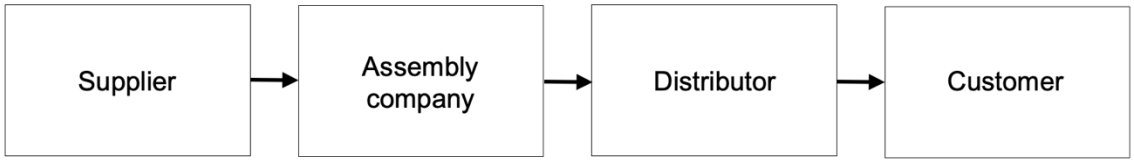

Figure 1. Illustration of the traditional supply chain.

This poses the question of disintermediation, which in this essay concretely is defined as the "elimination of intermediary in a business process whose cost exceeds the value they provide" (Pinto, 2000a,b). However, Shunk et al., (2007) further explain disintermediation as a complex matter that could be harmful if conducted incorrectly, as it does not come without additional costs. Removing an intermediary in the supply chain implies that the value provided must be integrated into the firm's operations. This presumes the development of new capabilities internally.

A manufacturing firm selling through a distribution network and contemplating the removal of intermediaries must allocate resources toward building a local presence where it is deemed necessary, employ a customer support department, develop return policies, etc. – all of which require capital bindings and thus pose an increased risk. With intermediaries, the manufacturing firm must still establish and maintain relationships with its partners, but they are considerably few compared to the customers in case of disintermediation (Shunk et al., 2007).

Some industries require physical presence. For instance, customers in the automotive industry often request test drives before deciding. EY's study on the matter showed that 61% of all car buyers requested a test drive upon decision (Miller et al., 2021). Shunk et al. (2007) suggest that this might change. The authors predict that the current process – where automotive dealerships own all steps in the purchasing process – will be replaced with the following supply chain:

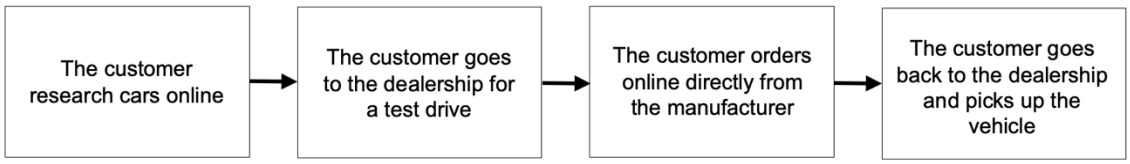

Figure 2. Illustration of the predicted supply chain that will replace the traditional (Shunk et al., 2007).

Shunk et al.'s disintermediation theory is used to empirically investigate if such reasoning is present in the real world. Along with Porter's value chain theory, it will be used as a central building block in the creation of the model proposition in section 5.2.

Digitalization and Globalization

Digitalization has opened businesses to various opportunities on a global scale. Technical advancements, along with surging global political interest in foreign markets, have enabled global communication and provided a demand for logistics (Brun et al., 2014). That companies are using digital tools to reach customers is evident in the surge of market value for CRM[1] systems (Poulter, 2016). Via the internet, companies can reach a global market, which reduces the need for intermediaries that earlier played a key role in reaching customers in local markets (Kozinets et al., 2010).

In their article, Pavlou and Fygerson (2006) focus on digitalization's impact on the purchasing process and emphasize the difference between gathering information pre-purchase and purchasing. This will be used in this essay to better distinguish and focus on respective parts that are radically different.

[1] Customer Relationship Management

Choudhury and Karahanna (2008) argue that customers in online settings experience multiple limits compared to those consuming physically. The constraints include, but are not limited to, an environment with low to non-existent personal interactions. This reasoning will be used in the essay to criticize a fully online distribution channel and the limitation such a solution would have on the value provided to the end customer.

Due to digitalization, price transparency has become increasingly important. By purchasing price data being stored online, combined with websites structured to compare prices from different online stores (Pooley, 2022), digital customers can easily compare offerings. This creates expectations from the customer for increased transparency, and for the transaction process to work smoothly (Pinto, 2000a,b). In the essay, this connects to industry reasoning, justifying disintermediation and instead replacing steps in the supply chain with the use of digital tools to make the purchasing process seamless.

2.1.2. Business to Consumer Sales

In a competitive market, there are three main strategies to gain market share (Porter, 1985):

- *Cost-leadership strategy*: characterized by competitive pricing and seeks to cut the costs to face a greater demand and attract price-sensitive customers.
- *Differentiation strategy*: finding improvement areas in the offering to attract customers who value such features and thus are willing to pay more.
- *Focus strategy*: developing a niche product for a very selected market with limited demand but highly specific requirements.

Companies seeking to pursue a cost-leadership strategy will be keener to evaluate the possibility of disintermediation to ensure competitive prices (Shunk et al., 2007), whereas the firms pursuing a differentiation strategy are less pressured to conduct cost cuts (Porter, 1985). The focus strategy will not be assessed in this study as the interviewees were employed by companies seeking bigger market shares.

2.1.3. Business to Business Sales

Many vehicle manufacturers sell to recreational and professional segments. However, there are certain things that make B2B sales more complex than B2C. The sales representative no longer meets an individual seeking to buy on irrational terms, like identity or a dream. Instead, the sales representative encounters someone with the ambition to make a rational decision to maximize the profitability of their firm. The purchaser has an entirely different questionnaire and different requirements. Therefore, it is crucial to understand the customers' business and develop the B2B sales function as a central business skill (Anderson et al., 2006).

Keränen et al. (2021) present core capabilities that firms seeking to sell to businesses must develop. They need to develop a thorough understanding of the customer's business model to identify value drivers which should be quantified and compared to the next best alternative. Further, the firm must develop its ability to communicate the thought impact and follow up that the promised value is realized to create legitimacy.

In this essay, the above theories will be used to shed light on the difference present in B2B and B2C sales in terms of value creation. Furthermore, it will be used to explain differences in evaluating the integration of sales functions into the manufacturing firm.

2.2. Internalization Strategies

Internalization strategies are a profound business aspect, and thus, this section discusses drivers of internalization and entry strategies.

2.2.1. Drivers of Internalization

Buckley and Casson (1985) discuss drivers of internalization compared to those of externalization in their *Transaction Cost Theory on Foreign Direct Investment,* with transaction cost defined as the total expense of finding and negotiating with a potential partner, and the total expense of monitoring the enactment of that companion firm (Brouthers, 2002). Internalization occurs when a transaction is handled in-house by the entity self, rather than by a third party. Externalization on the other hand refers to sharing resources with other parties, like suppliers, partners, or clients.

Hånell et al. (2020) identify eight aspects on a continuum, determining the drivers for respectively internalization and externalization strategy. These are business potential, relevant institutions, quality of distributors or agents, previous experience, need to protect intellectual property, risk related to competition in a foreign market, and lastly, service content and trade barriers. This logic thus conveys that if the transaction cost exceeds the control cost, foreign direct investment should be implemented. If opposed, an agent or direct export is preferred. This will be used to investigate such reasoning present in the vehicle industry and will then be used as a fundamental logic in the construction of the model proposition.

The theory *Liability of Foreignness* states that a foreigner will never be completely fluent in another country's culture, even if they live there for several years (Zaheer, 1995). Not being completely fluent in another culture impedes employees' abilities to understand local marketing, trends, etc. The theory will be used to emphasize the value created by having local representation in certain markets and the complexity surrounding cultures that must be considered.

2.2.2. Entry Strategies

Watson et al. (2018) highlight two parameters of international market entry; the digital, measuring the use of modern technology; and the relational, indicating the use of partnerships. From the parameters, four types of international market entry strategies surface, see table 2. The digital international market entry strategy focuses on using internet technology to sell directly to foreign countries without physical involvement in the market. The relational equivalent seeks to establish long-term relationships with key actors in the foreign market. The article will be used as a framework in the analysis for presenting the different internationalization strategies in the vehicle industries.

Table 2. International market entry strategies, contingent on their level of digital and relational measures.

Strategies	Digital	Relational
Traditional	Low	Low
Relational	Low	High
Digital	High	Low
Hybrid	High	High

2.3. Agency Theory

The Agency Theory sheds light on the agency problem, occurring when goals and/or perceptions concerning the division of labor alter among cooperating parties. (Eisenhardt 1989). The ubiquitous agency relationship has further been defined by Jensen and Meckling (1976): “one party (principal) delegates work to another (the agent), who performs that work.”

Moreover, Eisenhardt (1989) discusses how agency relationships have the potential to cause problems. There is an issue regarding the agent’s behavior, impossible for the principal to verify whether it is appropriate for the situation or not. This *Agency Problem* can arise in two scenarios; when there is a principal-agent conflict considering desires or goals, or when the principal perceives it costly or difficult to verify the tasks the agent performs.

This is of importance in this thesis as it sheds light on the self-interest that much of organizational life is based on (Eisenhardt, 1989). The theory will be used to assess conflicts of interest between manufacturers (principals) and intermediaries (agents) as an argument against intermediation, as explained by Elon Musk (Musk, 2012).

3. Method

This section outlines the study's methodology, to provide the reader with insights behind choices made by the authors. An evaluation of the study's qualitative nature will be made, followed by a four-parameter critical assessment of the method.

3.1. Research Approach

To create the basis for reasoning about whether digitalization has impacted disintermediation in the vehicle industry, and thus explore this field to build the foundation of a common framework, the research approach is of a qualitative and explorative approach. As argued by Bell et al. (2019), the explorative design provides the study with an understanding of the developing industry, while it clarifies its possible implications from a long-term perspective. Moreover, the qualitative approach, in an inductive, constructive, and interpretive manner, allows for deep analysis of the complex issues of areas like this with little pre-existing data. In accordance with Bell et al.'s (2019) reasoning of the interpretive paradigm, in combination with the inductive method, the fashion of the theory is built on research and empirics. Finally, the prevailing position implies that neither rules nor structures define reality, but rather, that reality is a matter of change.

3.1.1. Ontology

The research process is influenced by the choice of ontology, "concerned with theorizing about the nature of reality" (Bell et al., 2019). The ontological position in the thesis is studied from the objectivist view, indicating the social phenomena as being understood to exist objectively, in an external manner to observers. Thus, the aim of the study can be perceived as an undiscovered object, that independently is waiting for its discovery. Implications of the assumed ontological objectivist view are that the respondents' outspoken strategies are present in reality, and not post-constructed during the interview. Thus, the wording of the interview questions has been cautiously formulated by asking questions like "do you have an outspoken strategy?", rather than "which strategies do you use?".

3.2. Data Collection

Primary and secondary methods of data collection have been applied (Hox & Boeije, 2005). The primary data execution, i.e., interviews with individuals in positions that are connected to strategical and marketing decisions within the vehicle industry, was initiated by email (Appendix 1). Due to the specificness of topics covered, an interview guide of the semi-structured approach was applicable (Appendix 2). The secondary data

collection was made through wide-ranging research online, including scientific articles, information from business websites, and reports.

3.2.1. Interview Guide

The nature of the interview guide (Appendix 2) allowed for flexibility while functioning as an outline. Findings from the literature analysis, and conversations with experts within the field, allowed for a gradual development of the questions, aligning with the grounded theory and its unbiased manner without preconceptions (Bell et al., 2019). The mix of probing, direct, and follow-up questions allowed for elaboration.

All interviews were conducted and processed in compliance with the prevailing GDPR rules. The interviews were recorded with written consent from the participants and were thereafter transcribed.

3.2.2. Interview Place

All interviews took place digitally via Microsoft Teams. While synchronous online interviewing allows for flexibility compared to face-to-face interviews, it also saves both parties time and money, making the threshold to participate smaller (Deakin & Wakefield, 2014; Hanna, 2012; Weinman et al., 2012). However, the drawbacks of lagging and interruptions might worsen the quality (Lipnack & Stamps, 2000), as the asynchronous communication can cause communicative or cultural misinterpretations (Gudykunst, 1997).

3.3. Data Analysis

3.3.1. Grounded Theory

The qualitative method of *Grounded Theory* is explained by Strauss and Corbin (1998) as a "theory that was derived from data, systematically gathered and analyzed through the research process". Moreover, Bell et al. (2019) emphasize the method's main features: the development of theory out of data, and an iterative or recursive approach where data collection and analysis "proceed in tandem, repeatedly referring back to each other". Further, they highlight four tools characterizing the process:

- *Theoretical sampling*: the circular, reoccurring process of collecting, analyzing, conceptualizing, and questioning data until a point of saturation is reached. The merging theory controls the data collection (Glaser & Strauss, 1967) and has cumulative features in especially unchartered areas (Corbin & Strauss, 2012). For this study, the literature review aligning with theoretical sampling has allowed for the primary research objectives and areas to emerge, maximizing accuracy and objectivity.
- *Coding*: the constant and ongoing process when determining and labeling pieces of information from the transcription of the unstructured raw data with theoretical

significance (Charmaz, 1986; Bell et al., 2019). Strauss and Corbin (1990) further split coding as applied in the thesis into three levels: *open coding*, the primary phase alienating data into smaller branches that are compared and categorized yielding concepts; *axial coding*, the development of associations between concepts to find theoretical value; and, *selective coding*, "the procedure of selecting the core category, systematically relating it to other categories, validating those relationships, and filling in categories that need further refinement and development."

- *Theoretical saturation*: the point when all concepts are defined and explained thoroughly enough that no new categories or relevant themes emerge (Corbin & Strauss, 2012). This has implications in two grounded theory-phases: coding and collection of data, as discussed by Bell et al. (2019).
- *Constant comparison*: the importance of having ongoing comparison, adjusting, and making additions, between actual data and conceptualization (Corbin & Strauss, 2012). Thus, the researcher should "compare the phenomena being coded such that theoretical elaboration of that category can begin to emerge" (Bell et al., 2019).

3.3.2. Practical Aspects of Grounded Theory

Coding was performed to grasp a prodigious understanding of the gathered empirical information once the interviews were finalized. Transcripts and memos have facilitated the uncovering of concepts and re-occurring themes with key significance for respondents. The identified concepts have in turn constituted the pillars for the theoretical framework. The revision of empirical raw data and coding material was further executed constantly by both authors to assure that the material was analogously understood, a fully coverage of the subjects and theories presented. Lastly, theoretical saturation was accomplished after 16 interviews with respondents from various companies, with different insights into the industries. Although the number of participants, for instance in the trucking industry, was lower than in other automotive industries, saturation could be accomplished as the participants work in entirely different departments and all participants being asked about general strategies within the whole industry, which strategies are most common, etc. Thus, sensemaking could be accomplished between theory and empirics. To validate the results, empirics were compared to theory further, and it was concluded that additional interviews would not contribute to additional understanding.

3.3.3. Criticisms of Grounded Theory

Although grounded theory is widely used in qualitative research, disapproval does exist. Bulmer (1979) criticizes authors' regard for previous knowledge and claims that biases by researchers skew data towards initial thoughts and prior knowledge. The degree of conditioning has in this study been limited as the authors have conducted the thesis

based on curiosity and interest, rather than prior knowledge, due to limited prior insights into the topic (Bell et al., 2019).

Moreover, Coffey and Atkinson (1996) criticize coding, claiming that it divides data by forming discrete chunks, reducing the sense of narrative flow, and erasing important environmental factors or context. To avoid the issues, coding has been conducted on a case-to-case basis. However, Cornelissen (2017) has also presented criticism towards a loss in the prosperity of data and claims that the procedure of theorizing can be diminished by including checks of quality. Moreover, he argues that the qualitative methods of research are changing towards more quantitative methods. To elude these drawbacks, the coding has been characterized by a high degree of reflection and comparison with previous theories.

3.4. Quality of Research

While many writers suggest research quality should be evaluated accordingly to validity and reliability processes, Lincoln and Guba (1985), and Guba and Lincoln (1994) suggest that it should be assessed on two main criteria: trustworthiness and authenticity (Bell et al., 2019), further split up into:

- *Credibility*: the extent to which the findings are believable, assessing the level of correctness of the information, likewise if the information from participants is interpreted correctly. In the study, this was ensured by constantly checking with participants so that the information they provided was perceived correctly by the authors, and additional information was requested to fill breaches.
- *Transferability*: the applicability of the findings in other contexts, and whether they are perceived similarly by others. This is enhanced by the authors by rigidly describing the context and related assumptions and making sure all participants fit a particular profile related to the topic, so-called purposive sampling.
- *Dependability*: how likely the discoveries of the study are to apply at all other times, which in the study was accomplished by auditing, where the researchers warrant that all accounts from each phase of the research process are recorded completely.
- *Conformability*: whether the values of the investigator have been intruding to a remarkable degree. While objectivity impossibly can be completely fulfilled, confirmability emphasizes the importance that “the researcher can be shown to have acted in good faith”, thus eliminating the influence of personal values. The properly transcribed data, and the tracked progress of the data collection, warrant that all used material, citations, and references are correctly understood.

4. Empirical Results

This section aims to display the empirical results generated. Initially, information about the collected data will be provided in a descriptive manner. The data and its results will then be presented, followed by the next section's theory proposal.

4.1. Data Description

16 interviews were conducted with representation from ten different companies. The interviewees were specialists at vehicle industry companies with responsibilities applicable mainly to the internationalization strategies of those companies, see appendix 3. None of the participants' names or company names are disclosed as such was guaranteed to the participants in compliance with GDPR. The key for coding all respondents is found in appendix 4. Table 3 provides an indication of revenue and the number of employees within these companies. The duration of the interviews was circa 30 min, and in terms of data, generated 103 pages worth of transcribed material.

Table 3. Size of respondent companies in terms of revenue and number of employees during the year 2020.

Variable	Mean	Median
Revenue (million SEK)	51 350	32 048
Number of employees	17 979	436
N=16		

Note: Two of the companies had disclosed non-public information about revenue and number of employees.

The interviews were conducted so that each participant could answer every question on behalf of their own interpretation and professionality, or on behalf of the company they are working at. This allowed the explorative nature of the study to flourish as the respondents could answer more spontaneously and expressively. Further, this was enhanced by the nature of the open-ended questions. Subsequently, categories more frequently mentioned indicate that they were not necessarily more relevant, but adequately, at top-of-mind for respondents.

4.2. Data Presentation

The empirical data, i.e., transcribed material from the interviews, is presented in this section. Data regarding current strategies adopted in the industries is first presented, followed by speculations of future strategies. The division is made to give a clear understanding of what the current reality is like, versus what is either currently being discussed as a viable option moving forward, or mere speculations from the interviewees.

4.2.1. Current Situation

Current Situation in the Car Industry

The traditional car industry has high consensus on current distribution lines. CaC6*A claims that "there is a manufacturer, a national importer, local dealerships, and then the end-customer" when asked to explain their current supply chain (figure 3). Interviewees in the car industry (CaC5A; CaC6*A; CaC2A) agree that this is the strategy that most traditional manufacturers use.

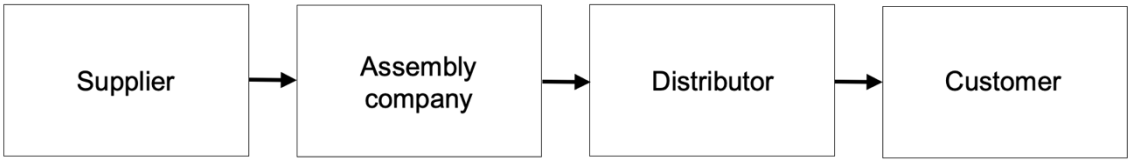

Figure 3. The standard supply chain for vehicles (CaC6*A).

As CaC5A concludes,

> The customer never has direct contact with us. The dealership places an order from us [importer] as the customer buys a car. Then, our order department handles the contact with the manufacturer to ensure that the cars receive a production slot and then communicates this to the dealers again. (CaC5A)

Today, their cars can be purchased online, according to CaC5A. However, "the reseller will still be the counterpart" of such an affair.

CaC6*A, employed by a premium car manufacturer, stresses that they only sell a limited number of cars and that the dealerships decide who can buy a car and not. This emphasizes the personal relationship between the dealers and end customers. CaC2A, further stresses the complexity of premium cars as there is endless customization available, which requires more involvement and better contact between dealership and manufacturer. Simultaneously, premium-car customers tend to be more connected to the brand itself, which adds pressure on the dealership to be strongly associated with the manufacturer (CaC2A; CaC6*A).

Current Situation in the Boating Industry

Most boat manufacturers' (Bo3, Bo4, Bo7, Bo9) distribution line is similar to that of the traditional car industry. In some cases, there is a national importer with a sub-dealer network. Otherwise, dealerships are directly connected to the manufacturer. The importers, or bigger dealers, are usually offered exclusivity in their operating region or nation (BoC1A).

It is not possible to buy a boat directly from Bo4, Bo3, Bo7, or Bo9. Online presence works as a digital showroom, but from there, the customer must reach out to local dealers. Most brands have a different approach to B2Bs inquiries, as they usually have specific requirements on the configuration of the boats.

There are some requirements that concern boat manufacturers when evaluating resellers. Many oblige the dealer to order a certain number of demo boats to enable test drives. Further, resellers must often market the manufacturer's brand according to guidelines, represent them at fairs and have access to necessary service facilities to provide regular maintenance and warranty issues (BoC7A; BoC2A; BoC4A; BoC1A; BoC1B; BoC9A).

However, different requirements are set for different regions, as stated:

> I would expect way more from a dealership in France or Germany than from a dealer in Dubai or Thailand because in [Dubai and Thailand] I would only expect one or two orders per year. (BoC7A)

The same goes for the number of dealers sought to have in each country or region (BoC9A; BoC7A).

Bo1 sells directly to end customers online in some markets. However, the company still has some regions with dealers (BoC1B). They use a universal marketing strategy but do local pushes in certain markets (BoC1A).

Current Situation in the Trucking and Bus Industries

In the trucking and bus industry, many companies operate with the same distribution line as the car industry (TrB8A). However, TrBu8 owns approximately half of its distributors globally (TrB8A; TrB8B; BuB8C). The main driver is to maintain high-quality service. If local actors are unable to deliver at a certain standard, TrBu8 will start its own facility (TrB8B). Similar reasoning is presented in the bus industry (BuB8C). However, since buses are often subject to public procurement processes (B2G), contracts usually last for a significant amount of time, which justifies the establishment of local service centers (TrB8A).

Justified for certain reasons with special configurations or large volumes it is also possible to buy trucks or buses directly from TrBu8 (TrB8A; TrB8B). TrBu8 aims at having one wholly-owned organization per country as most countries require rigorous approval processes.

Sales

In the boating industry, BoC7A stresses the loyalty many people sense towards their dealer, to the extent that "the hassle for changing the dealer is probably much higher than the hassle of changing the brand". BoC7A sees a good dealer as a point of differentiation to attract customers for mainstream brands. The opinion that customers tend to be loyal to their local dealer in the B2C segment is shared by BoC9A, BoC7A, BoC1B and BoC3A. Simultaneously, the brands that sold boats that could also be used for commercial means have a different strategy for B2B and B2G boats (Bo1; Bo3). This partly is because the process is more complex, and the end customer often has specific requests, as when selling to the police (BoC3A), or more generally (BoB1E). BoC1A emphasizes:

> The partners [they] have today, have a strong B2C customer base. Requiring [the partners] to enter B2B sales would require an entirely different strategy. (BoC1A)

For B2C sales in the car industry, CaC6*A emphasizes the connection between brand and customer which is best conveyed through an on-brand dealership. CaC5A and CaC2A share the opinion that the most crucial point in a recreational customer's journey is when entering the dealership.

For trucking and bus B2B sales, it is stressed that:

> You sometimes need to understand the business of the customer better than they do, and you probably need to detect opportunities that the end customer fails to see in their daily work. (BuB8C)

The normal customer journey consists of collaborating with the customer to enhance their business profitability and shed light on how that is possible with the offering in question (BuB8C; TrB8B). Still, most sales are conducted through dealerships – either wholly-owned or partner-owned companies (TrB8A; TrB8B; BuB8C).

BoB1C points out that B2B sales are normally subject to more regulatory risks. This is confirmed by TrBu8, who purposely does not sell in certain markets for regulatory reasons (TrB8B; TrB8A).

All industries emphasized the differentiation in service availability depending on the customer type. Although recreational customers also require service and maintenance for their vehicles to ensure daily logistics, a broken commercial vehicle will account for lost profit for each hour it is halted from operations (BoB1E; BoB1C; TrB8A, TrB8B, BuB8C; CaC5A): "Every hour the car stands still costs money. Therefore, it is essential that you have a good presence when it comes to service." (CaC5A).

As BoB1E states, company size is crucial when determining how to approach the customer. BoB1E sees the difference between B2C, B2B, and B2G customers as a spectrum, dependent on the size of the company. When the B2B customer is a one-man operation, there are many similarities to a B2C customer, as more irrational factors such

as brand association play a bigger role. Bigger B2B customers usually have many decision-makers involved and can in some cases even be comparable to procurement processes. Then, the decision-makers are less attracted to selling an emotional product, and more concerned about cost, operation guarantees, etc.

According to BoB1C, this enhances the risk in these affairs as the company might put much time and effort into the deal, without there ever being a contract signed at the end. BoB1C further stresses that:

> I think that B2B sales require a different kind of long-term thinking as it is subject to longer processes. It is therefore crucial that you convey credibility and live up to the promise made. (BoB1C)

CaC2A states that the B2B customers are less loyal to the brand, explaining that most customers have their car for two to three years before changing, further confirming the lesser significance of marketing emotional aspects to B2B customers (BoB1E).

Service

A similarity closely aligning with the strategies of all studied industries, is the local service need. The complexity of the products in nature requires larger service facilities that are locally stationed, as it is expensive to ship broken vehicles back and forth from the manufacturer. As BoB1E claims, “it’s not enough to merely sell a boat. It needs to work for a long time.”

Service is evidently a factor pushing firms to use intermediaries, as many dealerships also offer services. Partly, it is to ensure the best possible customer experience (BoC3A), or simply a requirement for B2B customers to even consider the purchase (TrB8A; TrB8B; BoB1E; BoB1C; BuB8C). Building a service organization internally is expensive and must be justified with a belief in the market in terms of anticipated sales volume. If not justified, many seek local partners instead (TrB8A; TrB8B; BoB1E; BoB1C; BoC1D; BoC1B).

The boating industry is unique in the sense that almost any boat workshop could fix most boats, as “most boats are merely a plastic tub with one of the four big engine manufacturers attached to it” (BoC1D), and “every small service shipyard in the world can repair your boat” (BoC9A). Therefore, some manufacturers aim to ensure that the boats are standardized enough for anybody to serve them (BoC7A).

For the other industries and some boat manufacturers, educating local service technicians is necessary (BoB1E, BuB8C, TrB8B, TrB8A). TrBu8 has global training centers to which they send mechanics to ensure in-depth knowledge about their products and how to fix them (BuB8C). This is necessary to obtain the certification required to conduct service on their vehicles (TrB8B).

With new technology and the electric vehicle boom, traditional service and maintenance have changed. In the automotive industry, electric cars require radically less maintenance, as they do not require oil filters-changes, etc. (CaC2A; CaC5A), which pushes down service revenues 30% (CaC2A). Simultaneously, many electric vehicles are technically advanced enough for remote diagnostics, over-the-air software updates, etc. (BoC1D; CaC10A).

Comparison Between Industries

The boating interviewees evidently believe their strategies are copied from the car industry, for instance, "The boating industry is 25 years behind the car industry" (BoC4A), and "I do not think that we will be selling online for the next ten years. Let's say that the yachting industry is always ten years behind everything" (BoC9A). Furthermore, experiments have been made to test new car manufacturers' success to sell online. Bo3 attempted to sell online and managed successfully. However, they stopped the experiment as they realized they did not have the internal capabilities required to process the online orders (BoC3A).

4.2.2. Thoughts About the Future

Digitalization and Globalization

Digitalization and globalization are evidently aspects interviewees consider in their strategic reasoning. Some are of the opinion that it has presented new global opportunities (BoB1E), whereas others see that it has not had much effect yet, but certainly will in the future (TrB8B).

The pandemic has partly driven the establishment of digital meeting tools, which enables the possibility of having personal meetings without traveling (BoB1E). In the boating industry, the pandemic has increased sales radically due to increased demand for staycations despite the cancellation of physical fairs which was considered a crucial event to drive sales (BoC9A; BoC1A; BoC1B).

Interviewees in the car industry emphasize the demand for transparency, driven by digitalization (CaC5A; CaC2A). With current processes, dealerships can set different prices on the same product – something interviewees believe will have to change in the future (CaC5A; CaC2A). Digitalization has driven access to information online, which makes customers increasingly knowledgeable before visiting a dealer (TrB8B; CaC10A; CaC2A).

Interviewees agree that digitalization has made sales processes easier and faster (TrB8B; BoB1C; BoB1E; CaC10A). Regional differences are also stressed, as some cultures are considerably behind in digitalization advancements and still prefer physical meetings (TrB8B; CaC2A).

The Future of the Car Industry

When asked about the future of the car industry, all respondents agreed that much will change in the future. “Within the coming 5 years, more will happen than has happened in the previous 20 years” (CaC2A). With newcomers to the industry, like Tesla, completely abandoning established practices and owning the entire supply chain, traditional manufacturers are pressured to adapt. Electric cars are high in demand but still relatively expensive to manufacture, which urges actors to reconsider their supply chains to enable competitive prices (CaC6*A; CaC5A). Most interviewees agree that the industry will move more into a “Tesla-way”, but that “everyone is going to do it in their own way – there is no black or white.” (CaC2A).

However, CaC6*A, sees that they will continue with the traditional supply chain as their products are less price-sensitive, and concerned with selling a premium brand. CaC6*A also claims that they are looking into further establishing a physical presence by opening experience centers that can act as an exclusive meeting place for customers. However, CaC6*A agrees that the digital presence will be enhanced as some customers demand it.

Many interviewees highlights the issue of online configurations. For Ca6*, there are endless configurations to be made, down to a detail level of which stitching is preferred. Their customers often request things that are previously not made. As a premium brand, they want to be able to allow for such customization and uniqueness (CaC6*A).

Interviewees in the traditional car industry discuss a new intermediary strategy that is expected to become more common, the agent model, implying that the purchase is made directly from the manufacturer (CaC2A; CaC5A). The complexity of the industry makes it difficult to fully disintermediate as it still requires physical locations for demos, deliveries, and service (CaC5A). Therefore, the new strategy proposes to keep the current dealers as partners but change their role to agents. The agent is compensated with a commission (CaC5A), which is less profitable to the dealer (CaC2A). CaC6*A confirms that this trend is on the rise and likely will be the new norm. However, CaC6*A furthermore stresses that they do not have any plans to move in that direction, as CaC6*A believes their premium customers would not appreciate such journey.

The Future of the Boating Industry

Boating industry interviewees were restrictive about their future thoughts, as many stressed the importance of having a local presence (BoC1B; BoC1A; BoC7A; BoC4A; BoC9A). With relatively low sales volumes compared to the automotive industry, establishing local presence in each country is economically unsustainable (BoC7A).

Many respondents share the opinion that a combination of the two is preferred, namely having a strong online presence, and seeking to find solutions to enable physical experiences (BoC1B; BoC4A). BoC7A stresses that accomplishing this “will be

possible faster for some brands than for others". BoC1B plays with the idea of having a strong online presence and then having demo boats on tours to satisfy local demand without having to set up fixed locations. BoC1B stresses that, despite their company achieving great success in selling boats online, to reach a broader customer segment, they need to allow customers to physically inspect the boat.

The Future in the Trucking and Bus Industries

BuB8C's thoughts about the future of the bus industry are summarized as:

> I think that you can optimize the sales organization in the best way, where you do not need to have so many sales representatives on the field, but rather process the inquiries that you get online. In turn, you can encourage hot leads to meet and deepen the discussion. (BuB8C)

BuB8C believes that digital tools should be seen as a cost-efficient complement, rather than a substitute to current practices.

Reasoning Concerning International Market Entry Strategies

Interviewees were asked about pros and cons of a dealership. In the car industry, understanding the local market and professionalism are presented as main benefits of pursuing a dealership strategy; "There is one strategy applicable when you're selling in Stockholm, and an entirely different strategy when you are selling cars in Mora" (CaC2A). CaC2A further emphasizes the importance of local entrepreneurship and customer insights. CaC6*A explains that premium customers still perceive attending the dealership and receiving professional assistance in configuring their car a crucial step in the customer journey. CaC5A claims "I don't want to talk about cons at all" since much of their success is owed to their local presence and strong distributor network. CaC10A, further emphasizes the cost of establishing wholly-owned subsidiaries instead. It is cheaper to use pre-existing infrastructure through a dealership network.

In the trucking industry, TrB8B mentions having partners pressures the organization to develop. TrB8A comments the risk assessment of the market considered: "It's about minimizing the risk exposure. If we take Iraq as an example, it is preferred to have somewhat arms-length to the venture.", implying that in less stable markets it is preferred to use intermediaries.

BuB8C explains that in deciding whether to pursue a wholly-owned or a dealership strategy for the bus industry, it is normally a question of volume. When large sales volumes are anticipated, they are keen to establish wholly-owned ventures. However, in markets where there is demand present and the company wants to supply buses, they deem it more profitable to go through a dealership to avoid large initial investments. The same arguments are presented by TrB8A, exemplifying:

> If we take Africa as an example, we can start selling to new markets directly. Usually, we go with temporary service solutions until we see fit to build something more permanent. (TrB8A)

Similarly, BoC7A agrees:

> Due to the size of our company and the small volume we produce, we go with a dealership structure. So, we must rely on dealers who mostly sell several brands to be able to survive. (BoC7A)

In the boating industry, a variety of positives are associated with dealership strategy. As BoC7A claims:

> The benefit of a dealership structure is that they create a brand for you in that country. We do not have the financial power to ensure that the human, cultural, and linguistic competencies are brought into our company. (BoC7A)

BoC7A, and BoC9A stress that every country has different cultures and languages, and that a dealer has the competence to develop an appropriate marketing approach. However, BoC1A argues that marketing-wise, they are not necessarily reliant on their dealers' marketing strategy as their online strategies and PR resulted in a vast majority of sales. BoC1A does agree that linguistic barriers could be a crucial factor as "in some countries, customers prefer to purchase from someone local", and that this is essential in conveying trust in terms of quality.

Bo3 has used a rather interesting strategy selling through a dealership network but has recently purchased dealerships. As a *House of Brands*, they offer a portfolio of several boats which satisfies a broad variety of customers' demands. By finding a local distributor in a local market, they can test the demand for the country in question. If appropriate, they then evaluate potentially buying the distributor. "It's essentially about risk-minimizing. If we own all distribution and the market suddenly turns, then we are stuck with enormous capital bindings around the world." Similarly, one of the biggest dealer networks in the US is conducting backward integration by purchasing boating brands they see fit in their markets (BoC3A).

BoC3A further emphasizes the importance of local entrepreneurship. Another significant aspect that BoC3A emphasizes is the contractual implications of selling directly from the factory: "We do not want a legal process against Bo3, but preferably to a smaller distributor, either partner-owned or fully owned."

The arguments against intermediation are mainly the cost as dealerships require margins to finance their market activities, etc. (BoC1B; CaC2A; BoC3A; BoC1A; CaC6*A; CaC10A; TrB8B).

Another prevalent argument against intermediaries is the loss of understanding of the customer, as contact is not necessarily established between manufacturer and end-customer (BoC1B; CaC2A; BoC1A; BuB8C). This is particularly stressed by the employees working in B2B markets:

> When you outsource, you lose vital control of valuable information. It enables the affair to finish faster and avoids turning into a guessing game of what the end-customer demands. (BoB1C)

Furthermore, many respondents stress the fact that the manufacturing company cannot control the distributor's selling methods. "Dealers are like a piece of soap – You can never really get a good grip on them." (BoC9A). Many distributors have portfolios offering products from several brands and will likely push customers to buy the most profitable brand, which necessarily does not align with the interests of the manufacturer (BoC1B; BoC3A). It is further evident that a common problem manufacturing companies have is to ensure that dealerships follow updated brand guidelines (BoC1A; BoC9A; TrB8A). "[The dealers] don't look on, nor understand our marketing strategies. They just look on the very local market." (BoC9A).

Bo1 is unique in the boating industry as it has managed to sell globally online, recognized by customers contacting the manufacturer directly. BoC1A explains that the company has experienced enormous success in the US, although selling there was not part of the initial strategy. Therefore, they have opened a wholly-owned subsidiary with local employees to saturate the market demand. To ensure service, partnerships with local workshops are established.

When asked about the "Tesla-way", many interviewees were inspired but critical. "Maybe it's different if you start from scratch today, but I believe that a big part of our success is due to our dealership network." (CaC5A).

When the interviews were asked about the necessity of distributors in the supply chain, some interesting arguments surfaced. BoC1A emphasized the resources allocated to maintaining relationships: "The information we're communicating must also be conveyed to partners. It's a relationship that requires maintenance". TrB8B emphasized that to sell to new markets, they must ensure that service is available, and in such cases, it can be suitable to use an intermediary to ensure fast time to market.

Reasoning Concerning a Full-Scale Online Disintermediation

In the car industry, the customer meeting is emphasized as a crucial step in the customer journey – particularly by the interviewee employed by the premium brand (CaC6*A), and the employee at a car dealership (CaC2A). CaC2A emphasizes that "there are many cases in which the customer is better informed about the product than we are", due to digitalization. CaC2A further claims that:

> I am convinced that many customers want contact with the sales rep at the local dealership. That is when we create connections to the brand, brand preferences, and target audiences of the brand. If we remove that part in the customer journey, the car loses identity and is instead seen as a mere mobility tool. (CaC2A)

Moreover, CaC2A explains that brands aiming at reaching high sales volumes are less concerned about brand association, and that it in that case makes sense to sell the cars directly from manufacturer to customer. This is further emphasized by CaC10A: "I

believe that lower cost brands will face fewer difficulties selling online, as a price-sensitive customer tends to care less about the actual test drive."

CaC6*A further emphasizes this, as they contractionary are a premium brand concerned with brand-building.

> We see customers today make a big digital journey online even with our brand; they come more prepared to the car dealership. But from there you cannot order a car online, as we want to work with driven-by-dreams, which requires professional interaction with a sales representative. (CaC6*A)

CaC5A explains that it is possible today to order online, but with the local dealer as the counterpart, and that this is something that has become increasingly popular during the pandemic. However, CaC5A stresses to believe that it is "crucial to have a local presence, as it is important for customers to test drive a car and have someone to talk to." CaC5A dismisses the idea of full-scale disintermediation as CaC5A believes local shops to be a key part in reaching the accomplished volumes. CaC5A further stresses the importance of a local presence as: "A car purchase is often the second-largest purchase after housing. Having a local presence communicates trust in case anything would break."

Similarly, interviewees in the boating industry agree: "You cannot really talk about a digital distribution channel as it's incredibly physical. At the end, there's a boat that is supposed to be delivered somewhere" (BoC1B). BoC9A further stresses the complexity of delivering a boat. It is not merely to arrange freight. Upon arrival, the boat must be launched into the water, equipment must be installed, the product explained, and keys handed over to the owner. The pandemic halted many previously highly regarded distribution channels, such as boating fairs. As demand for boats surged, many turned to online solutions (BoC1A). BoC1A further emphasizes that to reach a broader audience, physical and local presence will be necessary as it creates trust, enables test drives, etc.

BoC7A states that in many cases, boating customers are still more loyal to their local broker than the brand they sell, "because this is a guy who on Sunday afternoon answers the phone and comes with a boat to rescue them on the bay".

In the trucking industry, interviewees predicted full-scale disintermediation: "In the future, I believe that the majority of customer cases will be online in terms of a fully digital order booking system" (TrB8B). TrB8B claims that this will be doable in the foreseeable future, partly as there is a shift in generations in the trucking industry, and more truckers are adopting a more professional persona in their business ventures. BuB8C further emphasizes the generational shift:

> We will see more online buyers, especially as new generations come in. The old customer used to visit once a week, face-to-face, and have dinner together to form a personal relationship and be heard. (BuB8C)

This is mainly true for standardized trucks and buses. More customized vehicles will require more attention (TrB8B; TrB8A).

4.3. Empirical Deviations

Most respondents shared similar industry-specific views. Many boat manufacturers shared a consensus on ways in which they differed from the car industry, and many car manufacturers shared an intrigue towards the “Tesla-way”. However, Ca6*’s strategy moving forward differed from the others, seeking to increase their digital presence and integrate further steps in the value chain, by evaluating a process of increasing the physical presence and focusing on the physical experience. This is considered to be a result of Ca6* being a premium brand focusing on a differentiation strategy, compared to the other studied car manufacturers, who are operating with a cost-leadership strategy.

5. Theory Proposition and Implications

In this section, an analysis founding the answers to the research questions will be conducted, and the model proposition will be built upon the empirical data and theory, in line with the outlined methodology.

5.1. Discussion of Results

The analysis is dedicated to connecting the empirical results presented in the previous section with the theory presented in section 2. It will summarize the reasoning when contemplating disintermediation which will be used in the model proposition.

The companies in this study concerned with B2C sales show evidence of adopting either a cost-leadership or differentiation strategy in accordance with *Porter's Competitive Advantage Strategies.* Ca2, Bo4, Bo3, Bo5, Bo7, Bo1, Bo4, and Ca10 share the strategy of offering the highest possible quality at the lowest possible cost to increase sales volumes, thus pursuing a cost-leadership strategy. Ca6* is unique in the matter as volume is not its main objective, but rather focusing on a differentiation strategy – selling a premium brand. The difference in strategies lays the foundation of choices that are made in producing value to the end-customer. Whereas the low-cost strategy urges cost cuts, the differentiation strategy in Ca6*'s case is most concerned with maximizing the perceived value to the end customer.

The implications of pursuing a cost-leadership strategy are further challenged by the societal conversion to electric vehicles (Autocrypt, 2021). Being comparably expensive to make, with new car manufacturers, such as Tesla releasing budget versions with relatively low prices pressures traditional carmakers to oversee their lines of operations and supply chains to eliminate unnecessary costs (CaC6*A, CaC5A, CaC2A).

BoB1E describes the differences in sales as a spectrum, where small one-man ventures can be considered very similar to the B2C sales, as softer aspects, such as driver comfort, and driver-specific preferences play a bigger role. Processes in bigger businesses can be comparable to a B2G sales as they have rigorous approval processes. The key difference between B2C and B2B sales is the complexity of selling to a highly rational customer that does not act in self-interest, but for the profitability of a company (Anderson et al., 2006). This is evident throughout the interviews with respondents in positions specializing in B2B sales. The claim, "you sometimes need to understand the business of the customer better than they do, you probably need to detect opportunities that the customer fails to see in their daily work" aligns with Anderson et al.'s and Keränen et al.'s (2008) theoretical proposals. Furthermore, the theories suggest that this creates a situation in which it is crucial to develop internal capabilities to manage the complexity of each affair. This aligns with the strategies of companies who operate in

both B2C and B2B sales (BoC3A, Bo1), who handle B2B sales internally due to case-specific configurations, capabilities that would be complicated to develop at external partners.

However, some B2B sales can be standardized business cases, facilitating the process to teach resellers the method of sales, and thus, making it easy to sell with limited capabilities required (TrB8B, TrB8A). TrBu8, for instance, sells only to the B2B market through an established network of either wholly owned subsidiaries or partner distributors. Only bigger, global affairs are handled centrally, as they are considered too complex to be handled by the smaller organizations (BuB8C). However, in the boating industry, more customer-unique specifications exist, making the process difficult to handle through distributors (BoC3A, BoB1C, BoB1E).

Simultaneously, companies across industries are pressured to enable smoother customer journeys as digital tools have emerged (Pinto, 2000a,b). Using digital tools as a substitute for physical processes is both welcomed and criticized. Earlier research from Choudhury and Karahanna (2008) stressed that online substitutes will lack crucial customer experiences. This is partly emphasized by CAC2A, who claims that the customer visit to the distributor is the most important step in the customer journey, as a car is normally one of the biggest purchases in a lifetime. Physical sales representatives can further provide soothing support and convey comfort in terms of establishing a relationship, and a point of contact that the customer can turn to in case something breaks. This aspect provides value to the end-customer.

However, the emergence of new technology, combined with the pressure to digitalize caused by the pandemic, has forced customers to learn how to use digital tools, and thus realize its comfort and stability. The usage of digital video conference calls has provided firms with tools to conduct sales meetings without having to physically travel, which is particularly well greeted by interviewees in B2B businesses (BoB1E, TrB8A, TrB8B, BuB8C). Furthermore, interviewees concerned with B2C sales speculate about future digital experiences that could potentially replace physical experiences, such as virtual reality rides (CaC6*A), and digital baggage-space comparisons (CaC10A). Many interviewees have previously recognized a shift in customers preferring the comfort of ordering at home over the experiences gained from physically appearing at a dealership or shop (CaC2A, CaC5A, BoC3A), which opposes the matters presented in Choudhury and Karahanna (2008) and thus undermines the value created through physical experiences.

The demand for lower costs and smoother customer journeys further stresses the question of overseeing cost items, both internally, and externally in the supply chain. Advancements in digitalization and technology allow value to be provided at a lower cost globally, that today is provided by physical alternatives, such as marketing activities. With current supply chains in the vehicle industry being a copy of what most

companies had before the emergence of e-commerce (Kozlenkova et al., 2015), this essay will assess what the vehicle industry deems appropriate in an era where digital tools offer global opportunities.

5.1.1. Disintermediation

The definition of disintermediation by Pinto (2000a,b) poses the question of which value compared to cost that is actually provided by intermediaries' activities in the vehicle industry. In the light of disintermediation, another dimension of complexity is unlocked when considering international strategies. Compliant with Watson's framework of international entry mode strategies, three considered alternatives will be assessed through reasoning presented in the empirical data: the relational strategy, evident in current dealership strategies; the digital strategy, working entirely without partners; and the hybrid strategy, using both dealerships and digital tools as complementary units.

Relational International Entry Strategy

Most vehicle companies use *relational international entry strategies* in terms of local dealers (Bo1, Bo3, Bo4, Ca5, Ca6*, Bo7, TrBu8). The main arguments presented in favor of the dealership strategy are that they offer necessary physical presence, such as service facilities or demonstration centers, in markets where it otherwise would be economically unsustainable for the firm to do so itself. It minimizes the manufacturing company's risk exposure in terms of capital bindings. Furthermore, local partners have unique insights into regulatory and homologation processes required to get a vehicle approved for the market (BoC1B).

More soft qualities are also presented, such as dealerships' local market insights, cultural and linguistic understanding, and entrepreneurship (BoC9A, BOC7A, BOC9A, CAC2A, BoC1B). Many customers form personal relationships with their dealers and can in cases be more loyal to the dealer than the brand itself. Thus, it can be considered a point of differentiation between seemingly similar brands (BoC7A). When selling a premium brand, some customers consider a professional meeting to be a crucial part of their journey (CaC6*A). TrB8B further emphasizes that partners challenge the firm to improve. Finally, many boat manufacturers emphasize that the dealerships conduct local marketing activities, such as physical fairs.

However, with the pandemic halting such local activities while sales in the boating industry surged in correlation to "staycations", suggest that such activities earlier considered crucial might not provide the desired value anymore. "We have proven to be able to sell copious amounts of boats online" (BoC1B) proposes that there are alternative strategies emerging. Furthermore, the relational strategy has proven to be flawed. The main issue is that a dealer is costly, requiring a pre-determined margin per vehicle sold (BoC1B, CaC2A, BoC3A, BoC1A, CaC6*A, CaC10A, TrB8B). Many

dealers are granted exclusivity for their region of operation, which implies that margins on sales generated by the manufacturing company's sales activities must go to the regional dealer (TrB8A, TrB8B, BuB8C, BoC1A). Furthermore, the partnership "is a relationship that requires maintenance" (BoC1A), which stresses the need to develop internal capabilities to do so. This questions if the value provided by dealers in terms of marketing might not be worth the cost anymore as digital channels have allowed for new opportunities to reach out to customers globally.

Furthermore, the empirical data reveals evidence of an agent-principal problem with intermediaries. Understandably so, in markets where the sales volumes for one brand are too small to be profitable, dealerships create a portfolio with several brands to reach a broader target audience and ensure profitability. As different manufacturing brands have different strategies and margin levels for their products, it creates a difference in profitability depending on the vehicle. In that way, dealerships might be incentivized to recommend one brand over the other, which might not align with the manufacturing company's interests. This problem is highlighted by BoC9A's previously stated "Dealers are like a piece of soap – you can never truly get a grip on them". To incentivize the dealership to favor their own brands, manufacturers must increase margin levels relative to competitors. However, this would push up prices for end customers which could result in a loss in market share.

Digital International Entry Strategy

A fully *digital international entry strategy* would enable disintermediation. Recent developments in technology have enabled digital experiences previously not anticipated. Information gathering has become a step that customers are comfortable doing online. As evident from the interviews, many customers are already knowledgeable and know which vehicle they are interested in upon entering the dealership. Communicating practical information was earlier an important role of local sales representatives (CaC2A, CaC5A, TrB8A). CRM systems have enabled global customer management and processing at radically cheaper costs (Poulter, 2016). Simultaneously, political globalization and logistics have welcomed trade on a global scale (Brun et al., 2014; Kozinets, et al., 2010), thus undermining another factor of value that partners provide. Simultaneously, more people are seeking to buy vehicles online (BoC3A, CaC5A). Digital video conference tools have further enabled personal meetings without the need for physical stores.

However, the vehicle industry is highly physical by nature. As evident in EY's study, 61% of customers still demand a test drive before purchasing a car (Miller et al., 2021). Their size makes them expensive to transport which presumes local service and a need for a physical delivery location. As previously stated, there is still a need for a physical workshop to fully resolve the issue, despite developments in technology and over-the-air updates. Simultaneously, vehicles are relatively expensive, which implies that

customers are more careful in assessing their purchases. This emphasizes the requirements on physical locations to enable test drives. Additionally, less tech-savvy generations or different cultures, still prefer a physical meeting over a digital alternative (BuB8C, TrB8B). Digital tools are also limited when it comes to customization (CaC6*A, CaC10A). Moreover, there is a contractual risk in being a counterpart to an agreement, which is why many companies prefer subsidiaries over handling sales centrally.

Full disintermediation further poses a requirement for the firm to develop value-driving capabilities internally (Shunk et al., 2007). Bo3 attempted to sell boats online and managed successfully. However, after realizing that they lacked the internal capacity to handle the orders, they paused the option (BoC3A). While this demonstrates that some customers might be ready to move towards a digital distribution channel, some firms might not.

Although globalization has pushed global trends, there are still linguistic and cultural barriers that might prohibit the manufacturer from reaching its full market potential. Even if the company decides to pursue the expensive alternative of hiring competence with linguistic capabilities, the firm will always be subject to the liability of foreignness. It is structurally impossible to incorporate all cultures into the organization (Zaheer, 1995).

Hybrid International Entry Strategy

Relational international entry strategies are something many companies have applied. Using a fully digital strategy would imply a break-up between an earlier mutually prosperous relationship. Using a *hybrid strategy* would instead redefine the relationship. There is a risk of conflict and opposition as the relationship would be less profitable for the dealership. Nonetheless, such a strategy would require fewer sales representatives and less spending on marketing activities. Whereas the digital strategy is not even considered by many, the hybrid strategy is. It emphasizes the evaluation of which value the dealerships realize, and thus, which compensation is suitable. A hybrid strategy combines the positives of the digital strategy and avoids the negatives by using a physical presence. However, it poses the question of providing physical presence through partners or by a wholly-owned subsidiary.

Some manufacturing companies appear keen to redefine their relationship with their established dealer network in a proposed agent model. However, other than risking straining the relationship, all customers might not appreciate it. Furthermore, it would imply that the manufacturing companies are unable to reach customers that are extremely loyal to their dealers.

To deepen the analysis of which considerations manufacturers make in deciding to adopt a partner strategy over wholly-owned subsidiaries, the Hånell et al. (2020)

Transaction Cost Theory on Foreign Direct Investments is used. Some of the eight factors that should be considered when choosing between internalization and externalization are evident in empirical data. Many assess the business potential in each market before deciding on internalization. Only where certain quantities are anticipated, it is regarded. Relevant institutions are assessed in terms of local regulations and homologation processes which in the boating industry poses arguments in favor of externalization, whereas in the trucking industry makes companies keener to establishing wholly-owned subsidiaries. The quality of distributors and agents is assessed by all studied companies. Previous experience is another factor that influences most respondents as CaC5A states that they owe a lot of their success to their intermediaries, and BoC1A states that they rather accidentally found themselves obtaining success by using a digital distribution channel. Risk related to the competition is evident in the candidate's thoughts on the agent-principal problem mentioned earlier. Service content is also considered among all respondents. However, trade barriers are not mentioned in the empirical data as a driver in their strategic choices.

Buckley and Casson further argue that the biggest argument provided in favor of owning the facility is that the transaction costs exceed the control cost. In the empirical data, aligning with the Brouthers (2002) definition of transaction cost, evidence of transaction costs are the margins required by partners, the cost of maintaining the relationship, and the agent-principal issues. Mainly in the boating industry, respondents appear bothered by the inability to affect their dealers in terms of marketing strategies. Control costs are evident in large, required capital spending related to opening a new facility in another country. However, such investments are justified when sales volumes are anticipated to exceed the break-even point. Nevertheless, in many countries transaction costs are relatively low in the vehicle industry as the established supply chain has historically looked very similar, creating many dealerships keen on contracting with manufacturing companies. This presents a rule of thumb: Firms should choose to internalize when the transaction cost exceeds the control cost.

However, few companies consider adopting a pervading wholly-owned strategy, like Tesla has. For the boating industry, the main argument is the sales volumes anticipated. Per market, there are seldom enough boats being sold to justify the capital spending. Another argument is the risk in capital bindings if a particular market recedes. The main arguments for the traditional car industry are that they already have a network of established relationships to which they owe much of their previous success. Simultaneously, they realize the incredible capital spending required to construct a wholly owned alternative. The trucking industry emphasized legal – and investment risks in unstable markets, in which they chose to pursue a partner-owned solution instead.

5.2. Model Proposition

The analysis reveals that there are many factors which require careful attention when determining a suitable strategy for internalization or disintermediation. In order to fully understand the impact such decisions have on the value generated to the end customer, the firms must map out their current supply chain and each actor's value chain and core activities, see figure 1.

In the vehicle industry, a standardized value chain of a manufacturing firm is assumed to look corresponding to the following:

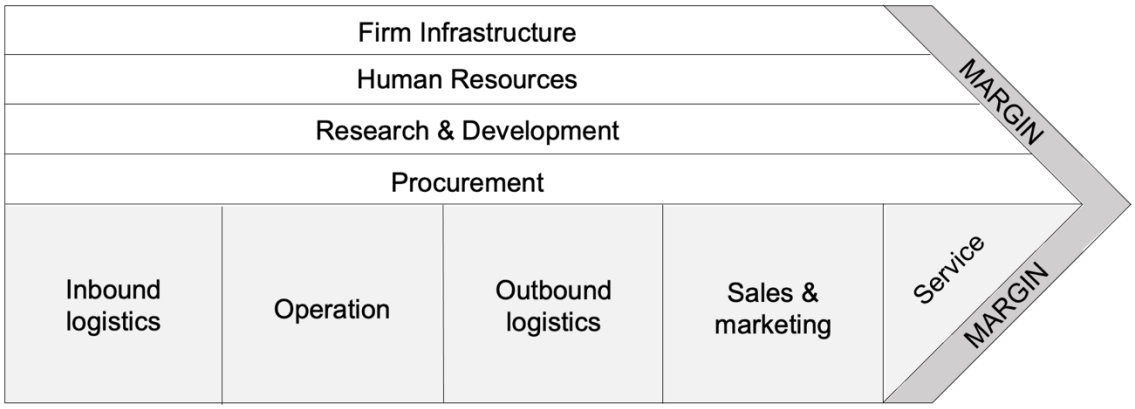

Figure 4. The value chain for a manufacturing firm.

The value chain of a distributor generally looks as follows:

Figure 5. The value chain for a distributor.

Evidently, departments are divided into support activities and primary activities. Whereas support activities are crucial to ensure each actor's success in the supply chain. The primary activities are what adds value to the product for the end customer and justify the adding of a margin. However, the margin must cover up for the support functions to ensure profitability. The lucrative reason for disintermediation is that when removing an actor in the supply chain, the support functions must not be counted twice.

Manufacturing firms must carefully assess which primary functions are cost-wise better made by the distributor and which are economically better to integrate into their own firm's line of operations.

For the vehicle industry, this produces four items that should be considered, namely sales, marketing, delivery, and service. Sales further include the entire customer journey, which further produces the items information gathering, test drive or demo, and purchasing.

The authors thus propose the following model, by which the value provided from each individual item should be questioned in the framework of the questions:

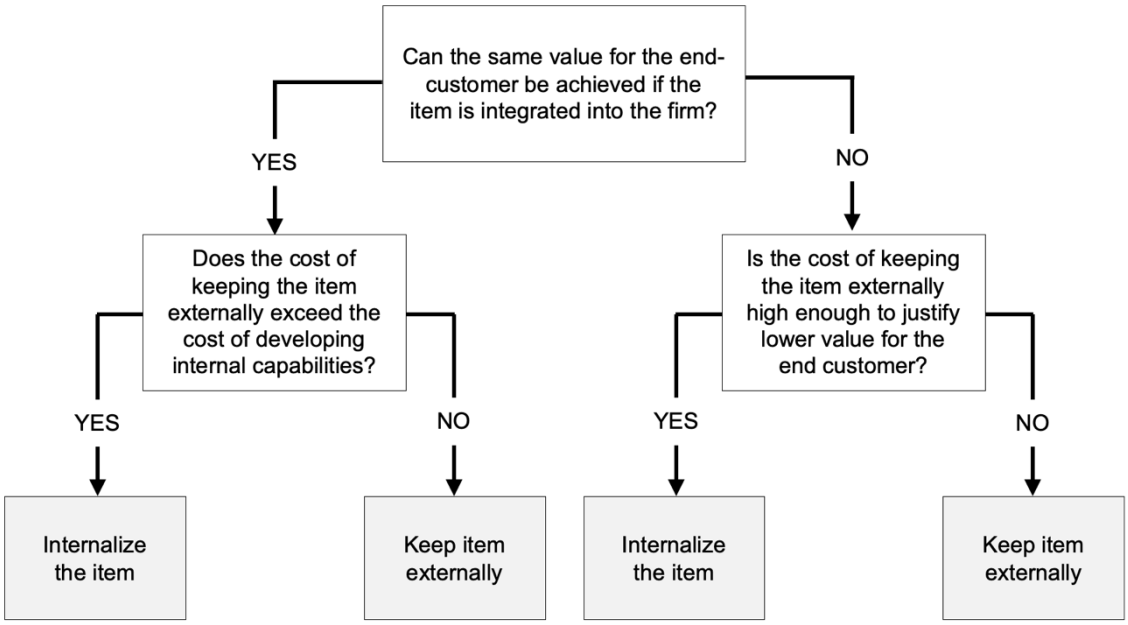

Figure 6. Model proposition when considering internalization of items.

5.3. Practical Implications

The practical implication of the model proposition is that it proposes a framework to consider when manufacturing firms question their supply chain. The same questions in Figure 6 are standardized to be applicable across industries with the exception that different functions and activities might be offered by the distributor.

To exemplify the practical use of the model proposition, a vehicle manufacturer’s common considerations will be presented. The items that should be considered are sales, marketing, delivery, and service.

The sales function can be divided into sub-items, which each represent a step in the typical customer journey, as seen in figure 7.

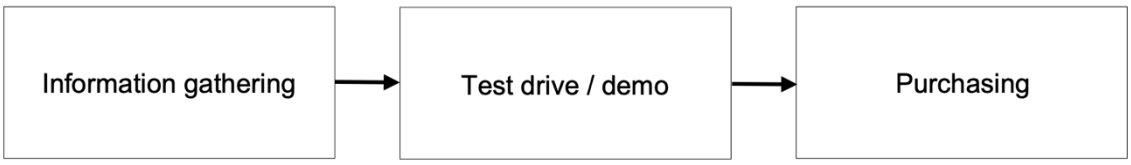

Figure 7. Sub-items of the sales function, which each represent a step in the typical customer journey.

Information gathering has become increasingly accessible through internet technology and virtual demos, relieving the distributors of developing knowledge capabilities. Empirical data suggests that many customers still are very keen on physically testing the product as part of their decision process. The perceived value provided during the purchasing step differs greatly between respondents. In firms that pursue cost-leadership strategies, the value of the physical meeting is undermined, and many are positive about adopting a digital solution instead. For the respondent working with a premium brand, it is perceived as a step that provides immense value in terms of building a brand and providing the customer with a truly premium experience and enabling customization. There are also further contractual implications that increase the value provided by keeping the sales process externally. That is, some respondents argue that to minimize the risk of legal disputes, they prefer that the contractual counterpart in the purchase is an intermediary.

For larger B2B sales in the vehicle industry, empirical data shows that customers are less concerned with experiencing the product in person, which undermines the value a local distributor can provide in terms of test drives.

Through globalization and digitalization, it has become increasingly easy to reach customers through marketing activities centrally and the need for local pushes has decreased. Simultaneously, important factors such as culture and language should be considered in assessing which value a local partner would provide.

Delivery and service are two other factors that uniquely complexify the logistics of the vehicle industry. Due to the size of vehicles, it is economically unsustainable to ship the vehicle back to the manufacturer for service. This pressures firms to establish a physical presence. Simultaneously, opening a wholly-owned local subsidiary creates synergies between different functions that are required to be physical, such as test drives, etc.

Even if the model proposed is concluded from the perspective of the manufacturing firm, the model is applicable for firms seeking to backward integrate as well. For instance, the example of the US boat distributor that is currently purchasing manufacturing companies and integrating backwards. For horizontal integration, such as BoC3A buying other boating brands, it is about assessing synergies in the support functions of the items.

6. Discussion

6.1. Conclusions

The thesis at hand has aimed to analyze and answer the two proposed research questions from the first section. A conclusion of the thesis' takes on these questions is found below.

R1: In which ways have digitalization impacted the disintermediation in the vehicle industry?

The emergence of new technology has impacted vehicle manufacturers. However, due to the highly practical nature of the vehicle industry, few consider full disintermediation, as done by Tesla. However, advancements in internet technology have made respondents question which functions should be integrated into their firm's operations, and which are deemed appropriate to keep with a local partner. Many respondents are intrigued by the idea of cutting out intermediaries to secure larger margins internally and are pursuing plans of integrating forward by purchasing dealers or opening wholly-owned subsidiaries in perceived lucrative regions. It is evident that digitalization has stressed respondents to re-evaluate practices that have been unchanged for the previous 20 years and many changes are expected shortly. Respondents evaluate the value intermediaries provide against the cost of them, which has become relevant due to low-cost digital tools.

R2: Which considerations should a firm make when contemplating disintermediation?

As presented in the model proposition in 5.2, firms contemplating disintermediation should understand the complexity of such actions and thus with care use the question map presented in Figure 6 to evaluate such actions. It could be harmful to merely consider full disintermediation without first mapping which activities the intermediary in question is doing and the value this provides for the end customer. If value is provided, then internalization of the activity requires that internal capabilities are developed to provide equivalent value to the end customer. Therefore, firms seeking to make cost-cuts in their supply chain must first establish the value chain of each customer. Support activities will indeed be present an additional time for each actor in the value chain, which presents potentially large cost reductions in disintermediation if conducted correctly.

6.2. Contribution

In combination with empirics and previous theory, a theoretical model is procured for an in-depth understanding of how tools of digitalization can drive disintermediation if so, only a few functions. In the proposed model, the authors tie theory together, to

concretize questions that should be asked when considering disintermediation. Through the empirical data, the authors have understood the complexity of disintermediation, and thus that it should not only be a question of whether one should have an intermediary or not. Rather, all value-creating activities of every player in the supply chain should be mapped. In such a way, disintermediation initially becomes a matter of internalization of individual activities, rather than the removal of an intermediary.

The proposed model will contribute to a framework for those who contemplate disintermediation, as it concretizes the complex process as each actor needs to consider performing before the decision of intermediation is being made.

6.3. Limitations

The study was limited to investigating fairly similar vehicle manufacturers, which narrows the industries to which the model proposition is knowingly applicable to. Although the researchers believe that the model could be used for other industries, this is not investigated in the scope of the study.

Due to the Swedish origin of several of the participating companies, some interviews were conducted in Swedish, and thus, later translated to English. The translation was controlled by both authors to ensure correct translation without losing meaning. However, many of the interviewed companies are seemingly similar in their nature, for instance, only one of the interviewed companies is portrayed as a premium brand, and additionally, all companies are Europe based because of the chosen scope from the basis of the grounded theory. The geographical aspects limit the insights into other cultures, for instance in Asia. Although, many of the participating companies operate even on other continents. As the interviewees to a large extent only worked with the Swedish or European market, limited insights regarding how the processes differ between continents exist, and thus, limiting the empirical application of the model.

6.4. Future Research Areas

The limitations to the study are first and foremost interesting for potential further research. For instance, similar research could be applied in other sectors as well to strengthen the applicability of the model and verify that it is appropriate to use outside the vehicle industry. A complementary study could be to conduct the same procedure but with companies originating from other continents than Europe. It could also be interesting to conduct a quantitative study to investigate whether usage of the model proposition would enhance firms considering disintermediation or internalization's long-term profitability.

Further, interesting insights, boosting the model, could have been reached by following companies that are contemplating disintermediation and internalization over a longer

period, which could not be conducted in the current study due to the limited time frame of the thesis. This could give further insights into how digital means are being used along the way and affects the views of the companies in question.

Another interesting research question is to investigate if the paradigm shift in the automotive industry presumes faster customer contacts and better insights into changing customer preferences than previously made. If confirmed, an additional parameter to consider in the light of disintermediation.

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8. Appendix

8.1. Appendix 1 – Email to Participants

Hi, employees at [Company name],

We are two students from the Stockholm School of Economics, who are writing our bachelor's thesis in international marketing during this spring. The thesis aims to investigate the established internationalization strategies in the vehicle industry to analyze how digitalization can be seen to drive changes in the supply chain.

Do you possibly have the opportunity to participate in a shorter interview? Alternatively, do you know someone suitable to be interviewed at [Company name]? Of course, the study is anonymous, for both the participant and the company at hand. The interview process is GDPR-compliant, and you will of course gain access to the finalized essay as a thank you for participating.

Thank you very much in advance.

Best regards,

Sofia Lerm & Sofia Ståhlfors

8.2. Appendix 2 – Interview Guide

Ethical Aspects

1) Participating in the academic study is voluntary.
2) In the bachelor's thesis we are writing, you as a participant and your employee will be anonymized.
3) We will not reveal which individuals that participate, either employees or other participants.
4) As a participant, you can at any time interrupt the interview, or skip answering questions we ask, and you do not need to explain why.
5) All the collected information will be used as means of research.
6) Do we get your permission to record the interview, so that we can transcribe it?
7) Do you have any questions for us before we start?

The Purpose of the Study

- We investigate how digitalization has impacted the disintermediation in the traditional vehicle industry
- Evidence exists that this is happening, but no qualitative research has been made on this topic.
- Therefore, we conduct in-depth interviews with individuals who possibly have experience and knowledge in the field.
- As for the means of the study, internationalization strategy refers to what strategy a company chooses when it enters a new market. For instance, joint venture, wholly owned, reseller, etc.

Personal Introduction

- What is your role in [company name]?
- How long have you been working there?

General Questions

- Do you work with a pronounced strategy internationally?
- Which internationalization strategy does [company name] have for respective continents?
- Where are your [mean of transportation] manufactured?
- What are the pros of a dealership strategy?
- What are the cons of a dealership strategy?
- Can a customer buy a [mean of transportation] directly from you, without the involvement of a dealer?
- Tesla has revolutionized its supply chain by owning the entire distribution chain (wholly owned solution). Could you see a similar change happen in the [mean of transportation] industry?

- What is the service structure like at [company name]? Can any service center fix your [means of transportation]?
- How do you think that globalization and digitalization affect the possibility to sell a [mean of transportation] online? Is this something you are considering doing in the future?

Note: in cases where interviewees mentioned something out of the ordinary or interesting, we asked them to expand or asked suitable follow-up questions to get further depth into the subject.

8.3. Appendix 3 – Respondents in the Study

Respondent	Company Code	Industry	Position	Date
BoC1A	Bo1	Boating	Marketing Manager	2022-02-21
BoC1B	Bo1	Boating	Chief Revenue Officer	2022-02-22
BoB1C	Bo1	Boating	Commercial Manager	2022-02-23
BoC1D	Bo1	Boating	Service Manager	2022-02-25
BoB1B	Bo1	Boating	Chief of Commercial	2022-03-01
CaC2A	Ca2	Car	Region Director	2022-03-17
BoC3A	Bo3	Boating	Chief Marketing Officer	2022-03-18
BoC4A	Bo4	Boating	Strategic Digital Intern	2022-03-24
CaC5A	Ca5	Car	Head of Communications	2022-03-24
CaC6*A	Ca6*	Car	Sales Manager	2022-03-29
BoC7A	Bo7	Boating	Head of Marketing	2022-03-30
TrB8A	TrBu8	Trucking	Strategic Manager	2022-04-01
BoC9A	Bo9	Boating	PR/Marketing Manager	2022-04-01
TrB8B	TrBu8	Trucking	Strategic Director	2022-04-11
BuB8C	TrBu8	Bus	Global Sales Director	2022-04-21
CaC10A	Ca10	Car	Former Sales Rep.	2022-04-25

Note: company codes are explained further in Appendix 4.

8.4. Appendix 4 – Code Key for Respondents

Industry

Code	Industry
Bo	Boating industry
Ca	Car industry
Tr	Trucking industry
Bu	Bus industry

Type of Sales

Code	Type of Sales
B	B2B
C	B2C

Company

Code	Company Number
1	Company 1
2	Company 2
3	Company 3
4	Company 4
5	Company 5
6*	Company 6
7	Company 7
8	Company 8
9	Company 9
10	Company 10

** Premium brand*

Participant Number

Code	Participant Number
A	Participant 1
B	Participant 2
C	Participant 3
D	Participant 4
E	Participant 5

Example of Code Key for Respondents

Each interviewed person has been given a code to not reveal their identities and keep the respondents as well as companies anonymous. The code is broken up into four parts and thus reveals the following:

1) Industry
2) Type of sales
3) Company
4) Participant number

The order of each part of the code is crucial to what it reveals. For instance:

BoC1A is a company in the boating industry, it concerns B2C, it is the first company, and the first participant.