

Network Change as a Battle of Ideas? Analysing the Interplay Between Idea Structures and Activated Structures

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Abstract:

How should a network be organised? In what direction should it change? In networks actors have distinct network positions which are defined by their connected relationships. If an actor wants to change this network position by altering his connected relationships or respond to the actions of others, he will most likely face differing and perhaps conflicting views and ideas about how the network should be organised. This “battle of ideas” will arguably have an effect on the resulting network reconfiguration. To understand network dynamics we therefore need to understand how interaction reflects the actors’ perceptions, ideas and knowledge of their network. This interplay between ideas and action is the focal point of this paper. After expanding on a theoretical framework provided by Håkansson and Waluszewski (2002) which highlights this interplay, we apply it to an empirical study of the Japanese distribution networks of Norwegian fresh salmon. Here, traditional fish distribution is undergoing increasing pressure to change by actors questioning its efficiency.

Keywords: Network change, network dynamics, network pictures, idea structures, activated structures, salmon, seafood distribution, Norway, Japan,

1. Introduction

Business networks are never stable. They are dynamic entities, because “actors are constantly looking for opportunities to improve their position in relation to important counterparts and are therefore looking for opportunities to create changes in the relationships” (Håkansson and Snehota, 1995, p. 275). Although in recent years network dynamics have received increasing attention amongst researchers using the Industrial Network Approach, more understanding of the time and space dimensions of interaction have been called for (Elo et al., 2010; Ford and Håkansson, 2006). The time dimension is related to past, present and future aspects (Medlin, 2004), whereas the space dimension is related to the connectedness of business relationships in terms of resources and activities between actors (Håkansson et al., 2009). In these terms, network changes are seen as transmitted through connected business relationships with identifiable parties, rather than in response to changes in a faceless, exogenous environment (Ford, et al., 2003; Håkansson and Snehota, 1995). In networks, companies interact based on their perceptions of the relevant network environment and their subjective interpretations or sensemaking of the network (Ford et al., 2003;

Henneberg et al., 2006a; Holmen and Pedersen, 2003). Network change may therefore be studied in terms of how actors perceive changes in their related network, and consequently how they act on the basis of these perceptions (termed networking by Ford et al., 2003).

This relationship between cognition and action has been noted by several authors: for instance, Halinen et al. (1999, p. 786) conclude that “the mental process of enactment can be regarded as a key explanation for stability and change in networks”; and (Hertz, 1992, p. 121) states that “...the perceptions of integration might cause greater effects than otherwise might be expected from the actual change.” Similar arguments are also found in other theoretical approaches, such as in the strategy and marketing channel literature. Guiltinan (1974) for instance emphasises that it is not the market forces in themselves that represent the change, but the actor’s perception of them. Similarly, Achrol et al. (1983) argue that organisations do not simply perceive their environment, they enact it. In the Industrial Network Approach, the concept of network pictures has recently been proposed as an important theoretical development in analysing how actors understand their network. This concept suggests that an actor interacts with the network on the basis of his personal interpretation

of the network or his 'reality' (Henneberg et al., 2006b; Henneberg et al., 2010; Mouzas et al., 2008). Network pictures are seen as a way of representing actors' knowledge of their network, or managers' network theories (Mattsson, 1984, 1987) helping them not only to make sense of their complex environment, but also to guide their decision-making and influence their managerial behaviour (Cornelissen, 2002; Welch and Wilkinson, 2002). Network pictures are influenced by Weick's concept of sensemaking (Weick, 1995) which "...literally, it means making sense. Active agents construct sensible, sensible events. They structure the unknown" (p. 4). Network pictures have also been promoted as a research tool, but the concept is still a novel research method (Corsaro et al., 2011; Ramos and Ford, 2011).

Network pictures are by nature idiosyncratic, meaning that they are individual to the actor. If an actor wants to change his network position, alter his connected relationships or respond to the actions of others, we may assume that he will face differing and perhaps conflicting views and ideas about how the network should be organised. This "battle of ideas" will arguably have an effect on the resulting network reconfiguration. To understand network dynamics we therefore need to understand how interaction reflects the actors' perceptions and ideas of their network. One way of understanding the interplay between cognition and action is the framework proposed by Håkansson and Waluszewski (2002) who distinguish between an idea structure and an activated structure, where the idea structure represents actors' ideas about how the network can be organised, and where the activated structure represents the network as it is. The interplay between ideas structures and activated structures is the focal point for this paper. After expanding this theoretical framework, we apply it to an empirical study of the Japanese distribution networks of Norwegian fresh salmon. Here, traditional fish distribution is undergoing increasing pressure to change by actors questioning its efficiency.

2. Network change, activated structures and idea structures

In this study, network change is related to the space dimension (Håkansson et al., 2009), here seen as the interplay between the strength of bonds between the relevant actors, the utilisation of resource ties, as well as the linkages between activities (the so-called ARA-model). Network changes are manifested in, as well as transmitted through, connected business relationships with identifiable parties and unique counterparts rather than in response to changes in a faceless market environment (Ford, et al., 2003; Håkansson and Snehota, 1995). Based on the literature on industrial networks, change can be located at three levels; the actor level (within the company), the dyad level (in a relationship/dyad) or the network level (between connected relationships/dyads). Change may ap-

pear at any level of the network at any point in time; it does not necessarily start at the actor level or the network level. It may well start, for instance, as a shift in resource ties. But this shift is a response to another shift in the network, and it becomes difficult to ultimately say which factors cause which changes; change is an ever recurring and recursive process as a consequence of interactions, and it is difficult to establish closed cause-and-effect relationships in empirical terms. Nevertheless actors will have an opinion about which factors or forces causing change, eventhough the change may be the result of someone else's interactions, perhaps not visible or identifiable to the single actor. Following this logic, we must therefore look at the interplay between actual network changes and the perception of these changes.

Håkansson and Waluszewski (2002) present a way of looking at the interplay between network changes and perceptions of changes by introducing the terms activated structures and idea structures. The activated structure is the set of actor bonds, activity links and resource ties which exist in the physical network. Different from the activated structure is the idea structure, defined as "the pattern of different logic, includes knowledge of different technical possibilities as well as actors' problems, goals and ambitions" (Håkansson and Waluszewski, 2002, p. 820). Similar distinctions have been given by Brunsson (1998) who says that "the idea system defines what is handled in mental and communicative processes, and the action system what is handled in material processed" (Håkansson and Waluszewski, 2002, p. 168). Ford and Håkansson (2006) make a similar distinction: "All interaction is concerned with the physical world. The economic effects of interaction appear in the physical world and the outcomes of interaction are within the constraints of that physical world. Interaction can be seen as the interplay between different actors, but also as the interplay between the abstract ideas of those actors and the physical constraints that surround them." (Ford and Håkansson, 2006, p. 7). It is easier to create changes in the idea structure than in the activated structure. As Håkansson and Waluszewski (2002, p. 74) argue "...as with all of us, it is much easier to talk about changes than to carry them through." Changes in the activated structure imply physical changes; new resource ties, activity links and actor bonds. Change in the idea structure is easier, ideas travel effortlessly in time and space; they can be changed constantly. The key issue, however, is the interplay between these two representations of the network, i.e. the activated structure and the idea structure. According to Håkansson and Waluszewski (2002, p. 82) "...the adaptation of an activated structure to meet the new idea is probably only one side of the coin. Another way for an idea to materialize is that the idea structure is adapted to existing problems and opportunities in the activated structure." The resulting scheme is shown in Figure 1, exemplifying the interplay.

The framework illustrates the interrelations between established and new structures on the one hand, and changes in

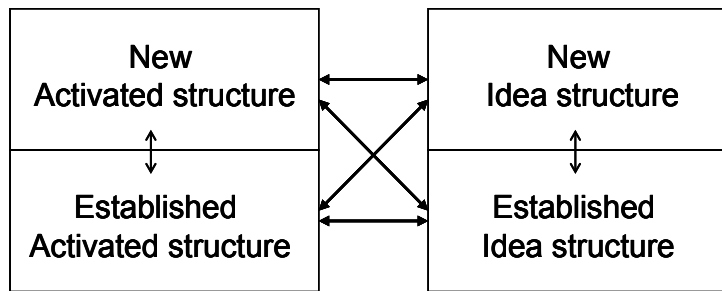


Figure 1: Connection between ideas and activities (based on Håkansson and Waluszewski, 2002)

the activated structure and the idea structure on the other. This framework suggests that there is an ever-changing interplay between the activated and idea structure: New ideas challenge established ideas. New activated structures replace established idea structures. New ideas challenge established activated structures. New structures challenge established ideas, and so on. This resembles Ford et al.'s (2002) concept of the interplay between network pictures, networking and network outcomes. They suggest that there exists a connection between the cognitive understanding an actor has of the network (network pictures), the interaction process (networking), and resulting new pictures and new network structure (network outcomes). In other words, pictures or beliefs about the network are challenged through interactions (interplays), thereby creating new network outcomes. This discussion also highlight another important facet of interaction: because actors are mutually interdependent, they shape, exchange, develop and question their ideas in relationship with other actors: "Adapting an existing idea structure and an existing activated structure is again something that no single actor can carry out independently, but something that all affected actors need to be involved in." (Håkansson and Waluszewski, 2002, p. 82). Thus, the exchange of ideas has a vital impact on how a network develops.

3. Research methodology

Using this framework to understand network change, an empirical study of buyer-seller relationships between Norwegian fresh salmon exporters and Japanese buyers was undertaken. The case described here is part of a larger study (Abrahamsen, 2011). The particular setting was selected because the traditional Japanese distribution system, based around wholesale fish-markets like the Tsukiji-market in downtown Tokyo, is facing considerable pressure to change by foreign exporters on the one hand and Japanese retailers on the other. These actors see traditional distribution as inefficient and costly and demand a more direct route to market, whereas primary and secondary wholesalers related to the fish-market defend its role (Bestor, 2004). Our sample of respondents was identified by crosschecking information from preliminary discussions with key actors in the seafood industry and official Norwegi-

an export statistics (see Appendix 1 for a presentation of the sample). The Norwegian exporters were asked to name their main customers in Japan. These Japanese importers were in turn approached and asked to identify their main customers, and so on. Ultimately, we were able to follow the distribution flow of the salmon from exporters in Norway to restaurants and retailers in Japan. Figure 2 presents the main actors in the network selected for our study.

The data collection was a three-stage process: first, we located the main actors by following the route of the fish. This method resembles a data collection method called tracer studies, where an object is traced throughout its journey, such as documents within an organisation (Symon, 1994). In this study, the object is the resource (i.e. the fish), and how it is transformed. Secondly, using this information we could conduct multiple in-depth interviews with the relevant actors along the traced route. Semi-structured interviews were selected as the main data collection method because if one wants to understand how actors perceive and respond to changes, a good way to get their opinion is to interact with them (Bryman and Bell, 2003). Semi-structured interviews further allow the interviewer to take different directions and depart from initial interview guides depending on the progress of the interview. This approach was found to be particularly useful for our purpose of understanding how the actors perceived and explained network changes. Finally, conducting interviews allowed us to ask the respondents to draw network pictures of what their network looked like five years ago, what it looks like today, and what it will look in five years' time. This past-present-future distinction was made as we believe that actors base their current decisions on their interpretation of the past and their expectations about the future. We decided to use network pictures as a research tool because we posit that by understanding managers' network pictures of past, present and future changes in their network (their cognitions), we can also capture something about the changes in their activated structure (their actions).

These network pictures were then used as a basis for discussions about how the respondents understood and explained changes in their company (the actor level), within their immediate relationships (the dyad level), and in multiple connected relationships (the network level). Each interview

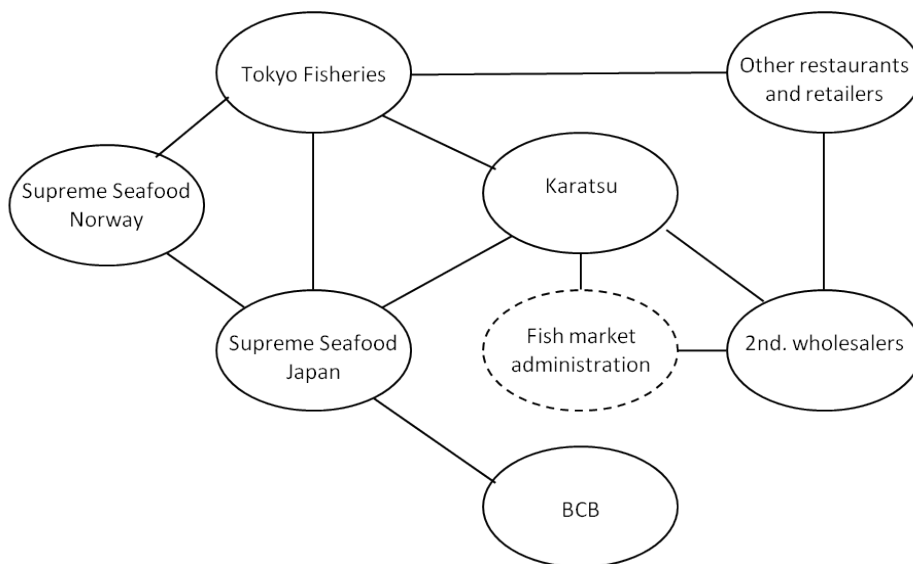


Figure 2: Norwegian/Japanese salmon distribution network

lasted between 1.5 and two hours. The interviews in Norway were conducted in Norwegian and interviews in Japan were conducted mainly in English. An interpreter was used for some of the interviews in Japan. To increase confirmability (Guba and Lincoln, 1994) all the interviews were taped and written notes were taken. Transcriptions were made immediately after each interview to ensure the ‘freshness’ of the data. In some instances respondents were contacted a second time to clarify content and meaning.

To operationalise the collected data, template analysis (King, 2004) was used to relate empirical findings (i.e. the respondent’s description of changes) to actor, dyad and network levels (space), in past, present and future (time). We arrived at the following template (see fig. 3) which may also serve as a conceptual model for locating changes in terms of whether they are from the past to the present, or from the

present to the future (y-axis), and whether they appear at the actor, dyad and network level (x-axis).

Using this template we were able to turn the interview transcripts into meaningful data. (Appendix 2 presents all the final templates). Our analysis is primarily based on the changes observed in the past-to-present dimension, as this dimension enables us to say something about the present activated structure and the interplay between the ideas and actions. The present-to-future dimension is used mainly to highlight current ideas of actors that may have implications for the future activated structure.

4. The case

4.1. The actors involved

The presentation of the empirical case will start with a des-

	Actor level	Dyad level	Network level
From present to future			
From past to present			

Figure 3: Template used for data analysis

cription of the main actors involved (see Appendix 1 for an overview of the respondents interviewed):

Exporter: Supreme Seafood Norway

In 2007 Supreme Seafood merged with two other large Norwegian exporters, Global Salmon and Rocky Coast, and became the world's leading seafood company and largest producer of farmed salmon. Supreme Seafood has operations in locations where salmon is produced such as fillet production and processing in Norway, Scotland, Ireland, Chile and Canada, and extensive value-added processing activities in the US, France, Belgium, Poland and Netherlands. The product range is wide and includes processed seafood, ready-to-eat meals, finger food, and a variety of smoked seafood. In addition to salmon farming, the company produces halibut.

Importer: Supreme Seafood Japan

This importer/subsidiary in Japan was also a result of the merger, combining the former Global Salmon Japan subsidiary and Supreme Seafood Japan. Its sales activities focus on Atlantic salmon and trout, but it also sells other products such as Coho (Pacific salmon) and sells various value-added products of fish such as fresh, frozen, head-on gutted, head-off gutted and filleted fish.

Importer/licensed buyer: Tokyo Fisheries

Tokyo Fisheries is a medium sized Japanese seafood importer. It was originally a small licensed buyer at the fishmarket, but started to import seafood directly from producers, and volumes increased accordingly. Today it acts as an importer, buying salmon from Norwegian and Chilean exporters and selling to primary wholesalers at Tsukiji or to retailers. It also acts as a licensed buyer, buying seafood from the primary wholesalers. It may even be characterised as a producer because it operates a large fishing fleet.

Fishmarket Primary wholesaler: Karatsu

Founded in 1947, Karatsu is one of seven licensed primary wholesalers at Tsukiji. It is also a licensed importer. In addition to its Tsukiji operations, Karatsu is present at four other fishmarkets in the Greater Tokyo area. It is owned by the Maruha Group which is the world's largest group of companies in the fishing industry, vertically integrated into fishing vessels, wholesalers and supermarket chains. It buys seafood from all over the world, including fresh and frozen salmon from Norway, Chile, New Zealand and Canada. In 2007 Karatsu imported 900 tons of fresh salmon. Of this, 80% comes from Norway, the rest is from Canada. As a comparison, Karatsu imports 20,000 tons of Chilean salmon.

Fishmarket Secondary wholesalers at Tsukiji

The intermediate wholesalers (also called secondary wholesalers or middle wholesalers) purchase salmon from the primary wholesalers and sell it to buyers who come to the

market, such as small retailers or restaurants in the Tokyo area. In order to trade as intermediate wholesalers, a company must get a license from the authorities. This case includes two small secondary wholesalers at Tsukiji.

Fishmarket Administration

The Tsukiji Director General is the senior administrative official for the Tokyo fishmarket. He was included in the case because he holds important views on the Japanese fish distribution from a regulatory perspective. The fishmarket in downtown Tokyo is of special interest as it is regarded as the largest fishmarket in the world (Bestor, 2004). It handles approximately 2,400 tons of fish worth about US\$20m every day, of which one third is fresh, one third is frozen and one third is dried or in similar forms. It contains more than 450 species of fish, and represents around 15% of Japan's tonnage of fresh and frozen fish. Around 14,000 people work at the market and the market attracts 35,000 buyers daily. There are 7 authorised wholesalers or auction houses at Tsukiji. Five handle all kinds of seafood, and two specialise in dried and salted products. All of these are licensed wholesalers receiving their permission from the Ministry of Agriculture, Forestry and Fisheries. There are additionally around 1,500 intermediate wholesaler and several processors and distributors.

Retailer: BCB

BCB is the mother company of 200 retail companies and 3,000 stores representing one of Japan's largest retail chains. Their turnover is 3 trillion yen which accounts for 14% of food consumption in Japan. They trade under a variety of names depending on the geographical area. The respondent interviewed is responsible for 20% of the purchases made by this retail chain. BCB buy all their fresh salmon from Supreme Seafood at stable volumes. They buy some smoked salmon from another Norwegian exporter, Coast Seafood. Norwegian salmon volumes are small (3-5%) compared to Chilean salmon (60 – 67%) in the portfolio of BCB. They also sell considerable volumes of Japanese salmon (15 – 15%) and US salmon (20%).

4.2. Activated structure in Japanese distribution: The traditional fishmarket

The traditional distribution of fresh salmon in Japan serves as a good example of an established activated structure. Here, fresh salmon is normally distributed through the main fishmarkets, such as the Tsukiji fishmarket in down-town Tokyo. The salmon typically arrives from Norway at Narita Airport outside Tokyo in the afternoon. It is transported to the customs clearance section of the airport, and thereafter it takes two routes depending on whether it is distributed via the traditional fishmarket network, or whether it is distributed directly to the retailers. In the former case, the salmon is transported to a distribution centre for re-icing as some

of the ice melts during the flight. The distribution centre at Narita is outside the premises of the airport, but the drive is only about five minutes. There is also a storage facility at the airport that the importer can use if they wish. The temperature is between zero and five degrees. At the distribution centre the fish is re-iced and re-straped. It is then sorted and placed on pallets depending on its destination. All the boxes destined for Tsukiji are driven to this fishmarket during the night. Some boxes are transported directly to processors, licensed buyers and supermarkets. The fish arrives at about 2pm at the Tsukiji fishmarket. The boxes are received by Karatsu's staff who check the consignment and place the boxes in the wholesaler section of the market together with consignments bought from other suppliers. The secondary wholesalers then come and buy the fish. Normally they have placed their orders the day before. They buy small volumes, normally one or two pieces and rarely more than three pieces at a time. They also buy a range of other kinds of seafood from the primary wholesalers. Some secondary wholesalers shop around, but most of them buy from wholesalers that they have known for a very long time. Small trucks ship their purchases to their stalls located in the secondary wholesaler section of the Tsukiji market. The fish is then filleted by the secondary wholesaler, and put into smaller boxes ready to be picked up by the customers. Typical customers are small retailers and sushi restaurants, sometimes small chains with only three to four outlets, but never larger chains. The retailers buying from the secondary wholesalers at the Tsukiji are small fish shops, 'mom and pop shops' or tenant outlets in supermarkets and department stores. Sometimes retailers will come to the Tsukiji to pick up the fish themselves, but normally it is handled by distributors or licensed buyers who collect the fish from several secondary wholesalers and ship it off to the various retailers or restaurants.

4.3. The idea structure: How actors perceive and explain the fishmarket

How do the actors explain the logic of the fishmarket? It seems that the actors heavily involved in traditional Japanese distribution, most notably the actors located at the fishmarket such as Karatsu (wholesaler) and the fishmarket administration, have an idea structure that largely supports the activated structures. Karatsu for instance argues that the fishmarket performs distinct functions because it ensures variety. This is important particularly to the retailers because at the fishmarket they can buy from a wide range of secondary wholesalers: "Usually the final customers [retailers] have to buy a lot of fish, not just fresh salmon. They prefer to buy from middle wholesalers because Karatsu cannot supply them a great variety in small volumes. Usually the final customer has their own delivery system, and they have their own trucks. So they come here with their

car and they just buy their food from the middle wholesalers, and they take it to its final destinations." The fishmarket also ensures freshness, as the secondary wholesalers are open for business longer hours compared to the primary wholesalers. In this way restaurants and retailers get their supplies of fresh fish throughout the day: "Another reason for using the middle wholesaler is that we as primary wholesalers start our business early in the morning, around 2 AM, and we close our office earlier than the rest of the market. This means we cannot ourselves deliver to the final destination, and that's why we use intermediate wholesalers. They can keep the fish fresh longer than we can." Trust is also an important facet here. Norwegian suppliers are regarded as trustworthy and dependable. As the Tokyo Fisheries respondent explains: "They know the fish business industry well, better than others. They are an honest company. We trust them, both the company and the people who work there. We need to be open with them and share information." Other actors such as Tokyo fisheries (importer) and Supreme Seafood Norway (exporter) also have arguments in support of this structure. For instance, Supreme Seafood Japan says that "We sell 40% or 50% to the wholesaler level and the rest to what we call the downstream customers." To explain traditional distribution, the Supreme Seafood respondent says that small retailers are dependent on the fishmarket and the fishmarket performs vital functions such as filleting. This is normally done by secondary wholesalers at the fishmarket: "At the fishmarket, the middle sellers process themselves at low cost. If we have to do the filleting, we have to ask a re-processor, and they have to charge a margin." The Supreme Seafood respondent also talks about the strong cultural traditions of the fishmarket to explain its continued presence: "...That's the mystery of the Japanese market", he argues. Multiple layers further means sharing profit and loss: "Sometimes, if you import fresh fish at 1 000 yen per kilo, but then the end customer only pays 900 yen, I have to take 100 yen as a loss if I sell directly to end user. But if you have five layers, each one can take 20 yen each to share the loss." For some actors, the fishmarket may actually be cheaper: "The fishmarket people don't really care about the labour cost, so we can't compete with them." Company size also plays a role. For instance, Supreme Seafood is dependent on the fishmarket as it is not big enough yet to be fully engaged in direct sales to retailers. "We are not big enough yet to sell all our fish through this system, and we are still very dependent on the traditional importers and the fishmarket." The Norwegian exporters also see the Japanese as loyal customers and have over the years invested a great deal in the Japanese market.

4.4. A new idea structure is introduced

However, recently the traditional distribution has faced growing pressure to change. The fishmarket is seen as inefficient, costly and rigid. This pressure is coming mainly from

the exporters and the retailers. For instance, Supreme Seafood Norway argues that “Things are developing at the retail level. What we have waited to happen in Japan for 15 years is happening now, but very slowly. The distribution channel becomes shorter and levels are bypassed.” This respondent raises a number of arguments such as a) the system is ineffective: “In a way the traditional system would be perfect for us, because there are no dominant actors like the retailers in Europe. But at the same time it limits our operations and it is not effective;” b) the Japanese importers are too expensive: “It is also a matter of price. If we are to develop our ties with the retailers, the Japanese importer level becomes too expensive; and c) Japanese intermediaries are too small: “Some of the middlemen are small companies, they live as they breathe. They don’t have the financial resources or the people to take on the large retailers. Some are just a few people. We cannot place our entire strategy in the hands of these people. They can’t plan for the future. We can’t discuss campaigns and discuss retailers with them. They don’t know what we’re talking about. They feel their position threatened and have nothing to gain by changing the system.” Hence, Supreme Seafood has increased its activity directed towards the retailers. This has implied a change in relationship atmosphere: Supreme Seafood now experiences a better dialogue with retailers compared to when they were using Japanese importers: “Suddenly we are in a position where we are in dialogue with the retailers that traditionally have used the fishmarket. Previously we were unable to discuss directly with these retailers, but now as the channel is shortened...”; The main explanation for this change is an international trend toward direct distribution: “What has happened in the rest of the world is that the “forces” of change is coming from the retailer.” This is mainly to do with increased need for food traceability and reduced costs.

This view is shared by Supreme Seafood Japan. This respondent also points to a changing trend: “Now importers and the wholesalers are trying to reduce the sale channels, having more direct contact with the end user. Some importers are actually selling the fish to directly the end user.” As a result, they have established closer ties directly with the retailers and have become more powerful: “It used to be importer just selling to the wholesaler at the fishmarket, almost 100%. We could not control the price. But now we are talking with the end user and discussing long-time deals, three months to one year ahead. We are very close.” To explain these changes the respondent says that traditional distribution and its many layers are very costly: “As you know, there are so many layers in Japan, there are so many people working and that means lots of costs, and there is global competition. That’s why everybody tries to reduce distribution costs“. We also find similar arguments from the retailer, BCB: “We think that direct distribution is the best way...The fishmarket people are really annoyed because they’re losing their market. They don’t get the best fish, and the wholesalers don’t know how much fish

the customer wants. So there’s no point in using the fishmarket anymore. We want the freshest fish possible. We don’t want to buy from the fishmarket where we don’t really know when it is packed or when it arrived in Japan. Secondly, it’s the case of traceability. If we buy from fishmarket, we don’t know which producers they buy from. Buying directly from Supreme Seafood, we can get assurance about safety and control.” This trend is slow in coming to Japan, but Japanese distribution will resemble European distribution in the end: “In the Japanese case, there’s lots of small changes, so it’s not like in Europe, but it will be like that eventually.”

4.5. Accepting or rejecting the idea structure: “The battle of ideas”

Clearly, this change creates pressure on the other actors concerned. Some actors are easily persuaded, such as the Japanese retailer described above. Other actors are more doubtful. The respondent from Karatsu, one of the primary wholesalers at the Tsukiji market, acknowledges that there is a trend in bypassing the fishmarket (the company even sells directly to retailers itself) but at the same time he opposes the change by highlighting the necessary functions the fishmarket performs. He argues that the fishmarket plays a role in relation to the small retailers: “Small-sized retailers can buy some small volumes from the middle wholesalers or Karatsu, but the final customer [large retailer] has to have some big-sized order volume from Norway...Usually the biggest one, like the Wal-Mart do not use Karatsu for their supplies, because they buy directly buy from Norway or directly from another importer.” As a consequence, less volume is sold through the traditional wholesalers and it is increasingly difficult for him to compete: “For supermarkets it doesn’t matter so much, but for us I think it’s a very competitive market situation.” Facing these challenges, Karatsu is also increasingly selling directly to retailers. Ten percent of their sales are directly to retail customers, but these are mainly small-sized restaurants in the Tokyo area. An economic downturn in Japan adds to this: “The final customer, such as Tesco and big-sized supermarkets, have to reduce their selling price towards their end users because the Japanese economy is in decline.” For the middlemen at the fishmarket, the situation is even gloomier. One of the secondary wholesalers argues that the fishmarket has lost its importance: “A long time ago there were many advantages to using the fishmarket market, but not anymore. There are too many buyers and the buying price and selling price is almost equal...There are so many customers who buy the fish directly from the wholesalers, and it’s very difficult for me to deal with this kind of competition ... My expectations are that in five years time I may have to close down.”

A striking account of this “battle of ideas” is the discussion around the new business model set up by Supreme Seafood after the merger with Rocky Coast and Global Salmon. This merger resulted in a new business model where

Japanese importers were now forced to buy from a Japanese subsidiary (Supreme Seafood Japan), and not directly from Supreme Seafood Norway as they were used to previously. It also implied a more focused attention to direct distribution. This approach resembles European distribution, and is the favoured model of Supreme Seafood worldwide: "Previously we were unable to discuss directly with the retailer, but now as the channel is shortened, we are in a position to do so. Just like in Europe. This was difficult in the old system; we didn't know what was happening. Now the system has become more transparent." Rolling out the new business model, Supreme Seafood sought external advice and McKinsey was one of the contributors. The respondent additionally defends the new model on basis of Supreme Seafood's size: "Our new corporate strategy is to get closer to our customers. We have a 30% market share of farmed salmon worldwide, and we have to take responsibility to develop the market further. We are so big now; we need to act accordingly."

As a result of this dispute over different business models, a number of key employees left the company. This new structure was resisted by several of the Japanese customers, used to buying directly from Norway: "Several said no to this model. Others were in doubt. Could we do something together? ... This was tried, but it didn't work well. They soon came into conflict with us." At first, Supreme Seafood tried to maintain relationships to its old customers: "For a while we tried to keep the ball rolling by selling to the old importers just to maintain volume, but the importers told us that the day you change your distribution system, you are no longer our supplier." Eventually some customers left: "We had a range of discussions regarding our new strategy with our old and new customers. We tried to explain why we opted for this solution, not the other. This was very deliberate. But we lost several of our old customers. They did not want to buy from an office in Japan." Today, volumes to these customers are considerably reduced and some of these former customers have turned to other Norwegian salmon exporters: "What has happened now, when we changed our business model in Japan, is that a number of competing Norwegian exporters have got new customers!"

This idea was also opposed by Tokyo Fisheries, one of the customers that previously dealt directly with Supreme Seafood in Norway. The marketing manager disapproved of the new business model: "If we can buy fish from Supreme Seafood Norway, that's fine, no problem. But how come we have to talk with the Japan office? We don't need that!" The merger created conflicts and mistrust in the relationship between him and Supreme Seafood: "The Norwegian companies have got a special strategy to occupy the Japanese market right now." The respondent thinks Supreme Seafood Norway is out of touch with the Japanese market and he feels neglected. He sees Supreme Seafood Japan as a competitor who gets favourable treatment: "We are in an equal situation on price, that's fine. If Supreme Seafood Japan is buying at the same price

as we do, that's fine. But they are getting a lower price now." Accordingly, Supreme Seafood's new business model was not well received by the other importers in Japan: "All Japanese importers have rejected the business model except us..." He has decided to stay with them because Supreme Seafood is an important supplier to Tokyo Fisheries. He also refers to Japanese cultural values to explain his opposition to the new ideas. Japanese importers feel that business is based on trust, and it is difficult to break relationships: "In a Japanese culture these kinds of things are not accepted. This is not part of our culture. We believe that our business relations are built on trust."

The fishmarket officials also discussed how to respond to the increased tendency to bypass the fishmarket. The Director General of the Tsukiji fishmarket explained that the fishmarket is used for its ability to supply a great variety of species, whereas for large orders the actors prefer to bypass it. But he acknowledged that the fishmarket needs to change its strategy if it is to survive. Today, the lower market volume means less business particularly for the secondary wholesalers. They have difficulties making a profit, and several are out of business. As a response to the threat, the fishmarket administration is now considering a move to a new market location outside Tokyo. New facilities mean improved hygiene conditions, and this will offer better processing, packaging and storage facilities for the all the actors involved: "We are addressing the needs of the major retailers as well as supermarkets, and we are trying to convince them to use our market. For example, supermarkets have many retail outlets, and they have to sort out the produce that they have procured. They need space, and previously we have not had space here at the market which allows them to sort the goods before transportation. In the future, we will provide space for the retailers. This will be like a distribution centre within the market. The retailers can use this space in order to sort out their purchase before shipping out to their outlets." This he believes will improve seafood quality and traceability which the retailers are particularly concerned about: "The current facilities represent a sanitary problem. It is very difficult now, almost critical. It is already 70 years since the Tsukiji Market was established ... The building conditions are poor and there are space shortages. If we get more space we will be able to improve on sanitation. When we move to Toyosu we will have 1.7 times this space."

This planning process has been going on for a while. One of the challenges of the administration is to convince the 1500 intermediaries currently operating at Tsukiji that this will be successful. A smaller number of wholesalers resist the move, but the process becomes easier as new generations are taking over. With these steps taken, the Director General believes that the fishmarket will have a role to play in the future.

5. Discussion of results

This case is an excellent illustration of how a network changes and becomes restructured. It shows that one of the key drivers for such changes is conflicting ideas about how the network should be structured. In our case we see a rather coherent system – the traditional fishmarket – where there is little discrepancy between the idea structures and the activated structures. This idea structure is notably rooted in antecedents of Japanese culture for several reasons. First, Japan is traditionally characterized by its multilayered, many-faceted distribution system with dominant wholesalers and a large number of small retailers. Japanese distribution has historically been controlled by wholesalers, and Japanese wholesalers traditionally have exerted control of distribution channels through “vertical integration, financial linkage and reciprocity dealings” (Min, 1995, p. 23). It has not been uncommon to find four levels of wholesalers such as trading companies (also called *sogo soshas*), primary wholesalers, secondary wholesalers and even tertiary wholesalers. As an example, in 1998 wholesaler sales volumes in Japan were estimated to be over three times the total retail volume, while in comparison US wholesaler sales volumes equaled retail volume (Min, 1995). Similarly, 41,9 percent of Japanese wholesalers purchased their merchandise from other wholesalers, whereas only 24,8 percent of US trade originated from other wholesalers (Maruyama, 2005). This has also been one of the criticisms of Japanese distribution: “Coming under much criticism are the many layers of wholesalers who stand between producers and consumers. These tiers of enterprises include vast numbers of presumably inefficient small scale (often family-run) wholesale and retail outlets. By the same token, the apparently more efficient large scale specialty stores, supermarkets, and department stores are relatively few.” (Bestor, 2004, p. 35). A second antecedent of the traditional system is that it was once believed to be a major improvement of Japanese distribution. According to one of the respondents covered in the larger study (Abrahamsen, 2011) the fishmarket in its present form was set up as a way to restructure Japanese distribution after the Second World War. Finally, the Japanese food culture in itself, with its great variety of dishes, is a common way of explaining the existence of the fishmarket (Nakamoto, 2000).

At some stage, some of the actors involved apparently get new ideas about how this system should be organized. These ideas are rooted in a different idea structure, mainly recent “Western” or European/American distribution trends such as Supply Chain Management (Christopher, 1992) with its focus on channel efficiency and cost reduction by omitting unnecessary distribution levels. These concepts typically argue that “...the supply chain must be viewed as a single entity and that the strategic decision making at the top level is needed to manage the chain” (Oliver and Webber, 1992, p. 644). Several of the respondents referred to this when questioning the

efficiency of the fishmarket. Interestingly, Supreme Seafood refers to McKinsey as one of the main influencers over their decision to set up a new business model in Japan. But such ideas also stem from their own experiences: Supreme Seafood is one of the world’s largest producers of seafood, and has the ability to compare Japanese distribution to current practices worldwide. Further, the new dominant retailers in Japan such as Wal-Mart are part of large, worldwide retail chains with ability to compare competing supermarkets. The fishmarket on the other hand is mainly connected to other actors within the same network.

The introduction of this alternative idea structure is therefore highly problematic. The new ideas about distribution (rooted in a different idea structure) clash with an established distribution structure. The ability to create changes in the network thereby becomes a function of an actor’s ability to convince other actors of the value of the new ideas. From this case, it seems that the actors have managed this to some extent. Actors like Supreme Seafood have managed to convince other actors or they have targeted actors with the same perceptions (such is the case with Supreme Seafood and BCB), thus creating a new activated structure operating alongside the traditional fishmarket distribution. In this alternative network the actors are more interdependent in terms of actor bonds (more commitment), resource ties (better information transfer) and activity links (processing and filleting activities). This network structure is more relational based” in the sense that there exists a strong interdependence between the actors. But there is still a presence of the established activated structure (the fishmarket), as these actors are only partly convinced and somewhat reluctant. This complementary activated structure may be termed as more “market based” as this network prohibits information and access to resources, such as traceability and product origin.

Thus, in terms of analysing the interplay between idea structures and activated structures, which is the focus of this paper, these results seem to suggest that 1) the idea structures that actors have can be used to say something about the activated structures in which they are embedded, and 2) actors try to change the activated structure by changing other actors’ ideas of it. An interesting question is therefore: how can an idea structure be changed? From this study, several tentative answers to this can be formulated. One way to change idea structures is the use of force, as in the case of Supreme Seafood. This company knows that by its sheer market size the other actors will eventually come round to their views. This is, however, a difficult strategy, and may result in conflicts and tension. A second way is to find other actors sharing your views, as is the case of Supreme Seafood and BCB. These appear to have common perspectives right from the start of their relationship; such a strategy relates to their business partner selection. A third way is to confront the idea structures of other actors, but seeking to arrive at a common understanding by discussion, negotiations, and consent. In

the study, we find examples of this where Tokyo Fisheries and Supreme Seafood Japan still use the fishmarket, but are trying to change it from within. The Tsukiji Director General's attempts to convince his intermediaries of the need to move the market to a new location represents one such example.

However, for changes to have an effect on the activated structure it seems difficult to alter the idea structure without creating an obvious link to the activated structure. Håkansson and Waluszewski (2002, p. 82) touch upon this when they argue that "Whether it is the idea structure or the activated structure that has to be most adapted in order to create a new supply-demand interplay, the space for this probably never exists in advance, but must be created." They emphasise the importance of interaction as no change can occur without the involvement and consent of other actors: "Thus, the creation of a new supply-demand interplay must be of interest to a number of different actors and, as these actors need to benefit from the new solution, this implies that in one way or another it must be linked to existing solutions" (Håkansson and Waluszewski, p. 82). Subsequently, there must be some kind of 'proof' of the advantages of a new idea structure for changes to occur. In other words, actors need to see the benefits of changing the networking activities in a new direction. And, according to Håkansson and Waluszewski, these benefits are never fully comprehended prior to the change; they must be created by interaction. This raises some further questions: what happens when the necessary links (i.e. interactions) are not obvious to the actors? If interaction is a prerequisite for change, what happens when actors are only indirectly connected? There seems to be more consensus or agreement about the idea structure in the "relational based" view. Here, actors are much more directly interacting with each other. Suppliers have close contact with their Japanese importers, and they follow them all the way to the retailers and restaurants. The templates of the suppliers (see Appendix 2), outlining the inefficiencies and need for change of the traditional system, seem to be shared by the Japanese retailers and some importers. This may serve as an example that interaction has created similarities in the idea structure, and this has had an impact on the activated structure in form of new roles of the importers, new resource ties, new activity links and actor bonds.

In the "market based" view it appears that the ideas are more dispersed. The perception of changes held by the suppliers and the importers on one hand, and actors at the fishmarket on the other hand, are conflicting. The exporters have little knowledge about what happens to their fish when it enters the Japanese market, and they rarely meet intermediate wholesalers, restaurants and retailers. Hence, their representations about the network are not changed by interactions, and clearly there is a weaker link between the idea structure and the activated structure. According to our results, this creates a lot of tension and conflict for all actors involved. This may be one of the reasons why the system is slow to change

in the direction the suppliers want. This may also serve as an explanation as to why the Japanese believe that the system works well and is in no need of change. They base their perceptions about the idea structure on the interactions with other actors who are benefiting from this system, such as the secondary and intermediate wholesalers. Norwegian actors have limited interaction with the wider activated network which the traditional Japanese distribution system represents. Their ability to change this structure is limited because they have no way of challenging and probing the idea structure of this network. Our study also suggests that the Japanese wholesalers are very defensive about their structure, and do not want the suppliers to take an active part in it. Hence, it is difficult for the Norwegian suppliers to instigate change when they have restricted access to and interaction with the Japanese actors. In this way, the Japanese are resisting change or preserving the activated structure by restricting access to the idea structure of actors wanting to change it.

6. Conclusion

Industrial networks are dynamic and there is growing interest within the industrial network approach to understand how networks change, and how actors' perceptions of these changes affect their networking behaviour. This paper has aimed to explore this interplay. Building on Håkansson and Snehota's (1995) scheme on how change transmits through the actor, dyad and network level of the network, and using Håkansson and Waluszewski's (2002) model of idea structures and activated structures as a representation of the interface between cognition and action, it suggests that one way to understand changes in a network is to understand how these changes are perceived by actors within the network. Such perceptions may be collected using actors' network pictures as a research tool for understanding the idea structure. The idea of introducing network pictures to understand network change reflects that it may be difficult to actually observe and measure actual changes in a network. Rather, we analyse actors' perceptions and interpretations of changes.

One contribution of the paper is that it highlights that actors apparently try to change the activated structure by changing other actors' ideas of it. Our results indicate that there exist different and often conflicting ideas about what the activated structure should look like. Network changes may therefore be seen as a 'battle of ideas' where actors aim to persuade, convince, or coerce other actors of their perceptions and ideas. But the results also indicate that a change in idea structures is always a product of interactions, and must be mutually created.

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Appendix 1: Company/respondent description for the study (names have been altered)

Company	Type of business	Key respondent
Supreme Seafood	Farmer, processor, exporter	Sales director
Karatsu Co. Ltd.	Primary Wholesaler	General Manager, int. dept
Tokyo Metropolitan Government	Government administration, Tsukiji	Director General
BCB	Retailer	Head Buyer
Various buyers at Tsukiji	Secondary wholesaler	Manager
Tokyo Fisheries Corp.	Importer, wholesaler, trader	Deputy general manager, overseas department
Supreme Seafood Japan	Importer, trader, sales subsidiary	Managing director

Appendix 2: Templates for the various actors in the study

Exporter: Supreme Seafood Norway

	Actor level	Dyad level	Network level
From present to future	<p>Needs to develop a wider product range</p> <p>We may own more of the operations in Japan in the future</p>	<p>Closer integration with large retailer (product development, training, meetings)</p> <p>Aim to create a new brand together with retailers</p>	<p>Will not be many traditional Japanese importers left</p> <p>Tendency to further integration will continue</p> <p>Wholesale markets will not disappear</p> <p>Slow changes</p>
From past to present	<p>Business-model common in Supreme Seafood system. "Won" over Rocky Coast and Global Salmon models</p> <p>Internal discussions and disagreement over structure</p> <p>New model has increased costs</p> <p>No of employees in Japan is reduced</p> <p>Had to act according to size</p>	<p>More direct contact and better dialogue with retailers</p> <p>Conflict with customers over new model</p> <p>Customer disliked the new strategy, very upset</p> <p>Stopped selling to existing importers</p> <p>Volumes to retailers have increased</p> <p>Communication has improved</p> <p>More transparent and interdependent</p>	<p>Move towards direct distribution and a more integrated network</p> <p>Traditional market limits operations, ineffective</p> <p>Primary wholesalers and importers are too expensive</p> <p>Middlemen are too small</p> <p>The fishmarket is still important, because it ensure variety</p>

Exporter: Supreme Seafood Norway

	Actor level	Dyad level	Network level
From present to future	Needs to develop a wider product range We may own more of the operations in Japan in the future	Closer integration with large retailer (product development, training, meetings) Aim to create a new brand together with retailers	Will not be many traditional Japanese importers left Tendency to further integration will continue Wholesale markets will not disappear Slow changes
From past to present	Business-model common in Supreme Seafood system. "Won" over Rocky Coast and Global Salmon models Internal discussions and disagreement over structure New model has increased costs No of employees in Japan is reduced Had to act according to size	More direct contact and better dialogue with retailers Conflict with customers over new model Customer disliked the new strategy, very upset Stopped selling to existing importers Volumes to retailers have increased Communication has improved More transparent and interdependent	Move towards direct distribution and a more integrated network Traditional market limits operations, ineffective Primary wholesalers and importers are too expensive Middlemen are too small The fishmarket is still important, because it ensure variety

Importer: Supreme Seafood Japan

	Actor level	Dyad level	Network level
From present to future	Supreme Seafood doesn't want to sell to small actors Produce more value added products, such as fillets May have to reduce product range	Cooperation with retailers will increase in the future Large retailers will become even more powerful, no. of small retailers will be reduced	Direct distribution will increase even more Primary wholesalers are losing money Too many retailers, too much competition FM will not disappear completely because small restaurants and retailers are dependent on it

	Actor level	Dyad level	Network level
From past to present	<p>Supreme Seafood gets higher prices selling directly to the supermarkets</p> <p>Sales volumes have increased after the merger</p>	<p>The retailers are more powerful</p> <p>Supermarkets are getting bigger</p> <p>More promotion together with retailers</p> <p>Retailers wants to work closely with us, more cooperation</p> <p>Product adaptations such as fillets</p> <p>Retailers are more concerned about traceability</p>	<p>Change towards direct distribution</p> <p>Too many layers are costly. Actors wants to reduce costs</p> <p>Someone still has to take the costs of filleting in direct distribution. In FM sec wholesalers do this</p> <p>FM a part of Japanese culture</p> <p>Small retailers are still dependent on the fishmarket</p> <p>Some customers left after the merger, but new one came along</p>

Retailer: BCB

	Actor level	Dyad level	Network level
From present to future	<p>He will unite his small retail chain to compete with the bigger ones</p> <p>He will continue to buy from Norway</p>	<p>May increase promotion activities with Supreme Seafood to boost sales</p> <p>Merger between large supermarkets</p> <p>Small retailers will merge in the future</p>	<p>FM will not disappear, smaller retailers dependent on it</p> <p>Large retailers loose power being dependant on the wholesaler</p> <p>Difficult to increase fresh salmon sales</p> <p>Other species may become a substitute for salmon</p> <p>Food spending in Japan is decreasing because of economic downturn</p> <p>Japanese customers are concerned with quality</p>

	Actor level	Dyad level	Network level
From past to present	<p>Has only bought his salmon from Supreme Seafood Japan in the past</p> <p>Uses relations with Supreme Seafood to promote freshness of the fish ("nature trail")</p> <p>Buys salmon directly from importers</p> <p>Chilean salmon more profitable</p> <p>Japanese salmon also more profitable</p>	<p>Merger has secured stable prices</p> <p>Move from whole fish to fillets</p> <p>Irritated with the FM</p> <p>Concerned about traceability and quality</p> <p>Trusts Supreme Seafood as a secure brand</p> <p>Buying fillets is more efficient for the store than whole fish</p>	<p>Fishmarket cannot ensure traceability</p> <p>FM is becoming desperate</p>

Importer/licensed buyer: Tokyo Fisheries

	Actor level	Dyad level	Network level
From present to future		<p>Direct distribution will increase</p>	<p>FM will continue to exist</p> <p>Small retailers are dependant on as it ensures product variety</p>
From past to present	<p>Tokyo Fisheries used to be a middle wholesaler at Tsukiji, but increasingly started to import directly</p> <p>Disapprove of the new Supreme Seafood business model, but continues to buy from them</p>	<p>Noticed tension between Rocky Coast and Supreme Seafood over Japan business model</p> <p>Conflicts and tension with Supreme Seafood</p> <p>Wanted to stop buying from Supreme Seafood Norway, but decided to stay with Supreme Seafood because it was an important supplier</p> <p>Has kept relationship to former Rocky Coast manager for Japan</p>	<p>Wholesalers are lazy, and ineffective , not worth their commission</p> <p>Direct distribution resembles Western distribution practices</p> <p>Norwegian companies are pushing the trend</p> <p>Tokyo Fisheries are also bypassing the FM, but does it more gently. Does not have Supreme Seafood's ambitions</p>

Primary wholesaler at fishmarket: Karatsu

	Actor level	Dyad level	Network level
From present to future	Worried about the future for Supreme Seafood Japan, will loose profits, may disappear from the market entirely	Orders will remain at this level	<p>FM will not change dramatically in 5 years time</p> <p>Karatsu's position will not change that dramatically</p> <p>No. of customers buying from Karatsu will decrease</p> <p>Fierce competition between supermarkets</p> <p>Some supermarket chains will go out of business</p> <p>Customer buying power is low because of the recession</p>
From past to present	<p>More difficult for Karatsu to compete</p> <p>Karatsu has to save costs, focus on profits</p> <p>Changed their strategy, more concerned about profits</p>	<p>Retailers needs to save costs</p> <p>Supreme Seafood Japan has lost customers and is not making much profit today</p> <p>Relationship has become strained after the merger , looks for an exit</p> <p>Karatsu is shifting its demand to other Norwegian suppliers</p>	<p>Fishmarket still has a role to play</p> <p>The Japanese market demands cheaper products</p> <p>Large retailers are increasingly buying directly</p> <p>Less volumes being sold through wholesalers, and increasing direct distribution</p> <p>Supreme Seafood Japan has become their competitor</p>

Secondary wholesalers at the fishmarket

	Actor level	Dyad level	Network level
From present to future	<p>Unsure about the future</p> <p>He may have to go out of business</p>		<p>Tsukiji will move to another location</p>
From past to present	<p>Difficult for secondary wholesalers to get profit</p> <p>Difficult for secondary wholesalers to survive</p>		<p>Increasing direct distribution</p> <p>Sees less advantage for the fishmarket</p>

Fishmarket administration

	Actor level	Dyad level	Network level
From present to future	<p>Plan to move the market to a new location</p> <p>This has been a lengthy process, and it still isn't finished</p>	<p>Will provide new distribution functions to ensure stable supply</p> <p>Will create storage facilities for retailers</p> <p>Will provide processing, filleting, packaging and transport for the retailers</p> <p>Will provide facilities for the outer retail shops and for tourists</p>	<p>Only larger FM will survive. Tsukiji will be able to survive, but smaller FMs will disappear</p> <p>FM ensures variety and quality, an important part of Japanese food culture</p> <p>Retailers will buy smaller quantities from secondary wholesalers, and larger quantities from primary wholesalers.</p> <p>Must be of a certain size to buy directly from primary wholesalers</p>
From past to present	<p>Need for FM to change its strategy</p> <p>Difficult for intermediaries to make a profit</p> <p>Number of intermediate wholesalers are falling</p> <p>Some middle wholesalers resist the move, aging owners</p> <p>Move represents a new beginning (change of strategy)</p> <p>Lack of space and sanitary hygiene imposes a quality problem</p>	<p>Traceability has been difficult, but is taken seriously</p> <p>High-end restaurants are more concerned with traceability than general public</p>	<p>Increasing direct distribution. Less fish traded through Tsukiji</p> <p>Uses the FM to get variety of goods, uses DD when it comes to large orders</p> <p>Japanese consumers have changed their preferences</p> <p>Family restaurants offer stable supply and prices</p>