Networks in transition

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Abstract

How should a company act when faced with several possible options for network development? Should it support the changing forces in the network, or should it conform to the established practices? In this paper we look deeper into these questions. Our empirical setting is the Japanese seafood distribution network where foreign exporters are trying to shortcut the traditional distribution channels which have been developed over centuries, and which are deeply rooted in Japanese food-culture. These networks now face considerable pressure to change. We follow two distinct distribution patterns; one via the traditional fishmarket network, and one via the more direct route to market. We compare and contrast how activities are performed, resources are developed and how actors cooperate in these two networks. Our results suggest that these distribution systems have developed very differently in the way in which they are organised. Whereas the traditional distribution system is characterized by a "market" based interaction, the evolving direct distribution system is characterized by a "network" based interaction patterns. Each system requires different sets of network capabilities of the actors involved. However, rather than this being an "either/or"- decision, we argue that a company's ability to act is ultimately related to how it decides to network.

Keywords: Distribution channels, seafood distribution, salmon, Japan, network dynamics,

1. Introduction

A company within a network has to live within a changing context where it can be more or less active in relation to specific changes. Some of these changes are minor and local and some broader and more disruptive in relation to the existing network (Halinen et al., 1999). At the same time, there are always forces within the network seeking stability and preservation (Johanson and Mattsson, 1992). Thus, a company is faced with several networking options: Should it support the changing force and confront the established interaction pattern, or should it instead defend and conform to established practices (Håkansson et al., 2009)? Being part of a network implies that a company is interdependent on other actors. Consequently, when a company seeks to change the network and gain a better position, it must take into account the actions and reactions of others. And such actions are often in conflict.

In a network a company is not an isolated unit making autonomous decisions; it is linked to other actors by its interconnected relationships with identifiable actors. This is the mere logic behind networks – relationships and companies are parts of a larger whole with a heavy substance in terms of resources and activities. But networks are never stable and neither without internal differences and conflicts. For the single company it needs to adapt to an ever-changing set of connected relationships. One way to analyse the interdependencies between the single company, its relationships and the network is presented by the ARA model (Håkansson and Snehota, 1995), suggesting that it is the interplay between Actor bonds (A), Resource ties (R) and Activity links (A) that is crucial. It is crucial both to understand the relative position of the company but also when analyzing the changing force in a network. Furthermore, in a network the interdependencies between actor bonds, resource ties and activity links are not given – they must constantly be created and recreated. For instance, a resource provided by one company, i.e. a supplier, has no meaning if it does not fulfill certain needs of another company, i.e. a customer. But the supplier's knowledge of his resource is incomplete – he needs to create a usage for the resource in cooperation with his customer. The customer may have ideas about the value of this resource which the supplier is unaware of. In this way resources are created by interaction, and are unique to a specific relationship. This implies that if a company wants to change its network, it must also create the space for these

changes in conjunction with other companies.

This paper investigates how single companies network when faced with several possible network developments within a specific distribution network. Our case represents a network which is in transition from one very well established network structure to another not yet fully structured, where different combinations of actor bonds, resource ties and activity links are present. How do single companies cope with these multiple interactions? How difficult is it to navigate within a changing network structure? Finally, how do these developments compare with general distribution development?

To answer these questions, we will investigate a very well developed network – the Japanese seafood distribution network – where there are some major changes going on at present. It has developed over hundreds of years but it is now questioned by some of the major companies involved. We will present a case study of its development and what this means for Norwegian exporters, and we will compare this with what generally is taking place in the distribution area in terms of a struggle between traditional channels and evolving distribution networks (Gadde 2004). Our case study starts with some historical perspectives on the characteristics of Japanese distribution where the traditional Japanese distribution network is described. We then introduce our empirical case which consists of interviews and observations of the various routes to the Japanese market which the Norwegian salmon undertakes. Then, our analysis section compares the two major alternative seafood networks that we can identify using the ARA model. Finally, our findings are discussed in terms of contribution to our understanding of networks in transition.

2. Changes in Japanese seafood distribution

Japan has long been an important market for Norwegian salmon exporters. But in recent years Japanese seafood distribution has been undergoing substantial changes, representing considerable challenges for Norwegian salmon exporters. Traditionally, the fish-market system consisting of multi-layered routes, where the large fish markets in Tokyo, Osaka and Fukuoka play an important role, has been a well- developed and established network. However, in recent years seafood distribution has found new routes to the consumers, and traditional seafood distribution is currently under significant pressure to change. These new distribution systems take various forms, but the common denominator is that they consist of fewer but larger actors and are seen to be challenging the well established system in terms of its economic logic.

Japanese distribution has historically been controlled by wholesalers. According to Min (1995), Japanese wholesalers traditionally exerted control of distribution channels through "vertical integration, financial linkage and reciprocity dealings " (p. 23). It is not uncommon to find four levels of wholesalers, such as trading companies (also called sogo soshas), primary wholesalers, secondary wholesalers and even tertiary wholesalers. In 1998, wholesaler sales volumes in Japan were estimated to be over three times the total retail volume, while US wholesaler sales volume equaled retail volume (Min, 1995). Maruyama (2005) reports in his study that 41.9 % of Japanese wholesalers purchased their merchandise from other wholesalers, whereas only 24.8 % of US trade originated from other wholesalers.

Distribution relationships in Japan are characterized by close personal ties that emphasise long-term stability over short-term transactional advantage. Traditional distribution systems such as the fish market have often been criticised for their inefficiency: "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).

Further, vertical integration of the market is characterized by the appearance of keiretsus, "groups of companies organized into quite formal hierarchies based on interlocking stock ownership, exchange of information, exchanges of personnel, coordinating fiscal and marketing strategies, and preferential trading practices among group members" (Bestor, 2004, p. 200). Keiretsus are criticized for acting as a barrier to entry to the Japanese market, stifling competition and squeezing out independent operators (Gerlach, 1992).

In Japan, seafood has traditionally been distributed through the large fish markets where Tokyo, Osaka and Fukuoka are the main places. The fish markets have traditions dating back hundreds of years. For instance, the Tsukiji market in Tokyo is believed to have been established in 1590 (Bestor, 2004). These markets are well organised and have been granted privileges by the authorities. Nationwide, there are 54 central wholesale markets and more than 700 regional wholesale markets. This structure is used for distributing a range of fresh food such as fruit, vegetables, meat and of course seafood. For instance, the Tokyo Metropolitan Government has established 11 central wholesale markets of which three mainly handle fish.

The Tsukiji wholesale market in Tokyo is of special interest as it is regarded as the largest fish market in the world. It handles approximately 2,400 tons of fish worth about 20 million USD every day, representing 2,000 varieties of seafood. One third of the seafood is fresh, one third is frozen and one third is dried or in other forms. This represents around 15 percent of Japan's turnover of fresh and frozen fish. Around 14,000 people work at the market and it attracts 35,000 buyers every day: "Each morning, at a dozen separate auctions for hundreds of distinct varieties of seafood, crowds of traders – most representing small, family owned firms –

bid fiercely against one another in arcane hand gestures and venerable semi-secret codes. As the auction ends, workers wielding gaffs and handcarts haul gigantic tuna carcasses and crates of dried sardines, tubs of sea bream and trays of octopus across the wet cobblestones to the long end of sheds that house the market's 1677 stalls. Each is presided over by a counting house little larger than a telephone booth, where cashiers use abacuses, calculators and laptop computers to keep abreast of shouted orders from salespeople serving the chefs, retailers and supermarket buyers who roam the market's crowded aisles" (Bestor 2004, p. 9).

There are seven authorised wholesalers or auction houses at Tsukiji. These are large corporations, often affiliated keiretsus or large trading houses. Some of them are vertically integrated, controlling the whole distribution network from seafood catch to retail chains. Roughly 900 intermediate or secondary wholesalers operate here. These are often small-family sized companies. There are about 3,800 intermediate wholesalers in Japan.

However, in recent years this system has come under threat from increasing alternative distribution modes. Bestor (2004) claims that: "the ultimate competitive arena for Tsukiji's auction houses is between central wholesale markets, generally, and other channels of distribution to avoid or bypass the system " (p. 199). Adding to this are changes in Japanese retail structure towards fewer, but larger retailers (Lohtia et al., 1999; Lohtia and Subramaniam, 2000; Min, 1995), and less powerful wholesalers (Maruyama, 2005). The retailers are clearly pushing the trend towards a shorter type of distribution channels of seafood. Bestor (2004) argues that the growth of out-of market channels is directly related to the expansion of supermarket chains, franchised restaurants and fast-food shops that require and consume a large quantity of standardised seafood products of medium quality.

3. Research design

3.1. Sample and methodology

The empirical base for the findings is a two stage process. The first part is a series of semi-structured interviews in 2006 with five large Norwegian exporters representing the main share of salmon exports to Japan, and seven out of approximately 20 large seafood importers in Japan. These initial interviews were followed by a second study in 2007 which traced salmon consignments from exporters in Norway to the retailers in Japan through both distribution systems, interviewing actors accordingly. Official statistics and trade reports were also used to build the case. To preserve the anonymity of our respondents, all company names have been altered.

The Norwegian sample was identified by crosschecking information from preliminary discussions with key actors in the seafood industry and official Norwegian export statistics. At the time of study, the sample had a 69% share of salmon export volumes to Japan. This indicates that it is the main actors which are identified. The Japanese sample was identified by information given during the interviews with the Norwegian suppliers in May 2006. Each of the five exporters was asked to name their main customer in Japan, and these companies were subsequently approached. This

Table 1 : The Norwegian sample

	Type of company	Turnover 2005 (NOK)	Share of Norwegian exports to Japan	Key respondent interviewed
Global Salmon,	Farmer, processor, exporter	1 969 000	13%	Sales director + Key account manager, Japan
Supreme Seafood	Farmer, processor, exporter	3 000 000	17%	Trade and development manager + KAM
Norway Salmon	Farmer, processor, exporter	4 014 454	18%	Team manager, Asia
Rocky Coast	Farmer, processor, exporter	3 874 773	13%	Sales unit manager, fresh dept. Asia
Royal Trading,	Trader, processor, exporter	1 448 000	8%	Sales manager frozen dept. + sales manager
Norwegian Seafood Export Council	Government/industry agency			Head of Japan Office

Table 2: The Japanese sample

Company	Type of business	Key respondent
Karatsu Co. Ltd.	Importer, wholesaler, trader	General Manager, int. trade and marketing dept.
GMC Inc.	Importer, trader (*sogo sosha*)	Manager, seafood dept.
Hoshituchi Corporation	Importer, trader (*sogo sosha*)	Manager of marine products
Tokyo Fisheries Fisheries Corp.	Importer, wholesaler, trader	Deputy general manager, overseas department
K-trade	Importer, trader	President
Kato Marine Products	Importer, trader, processor	President
Global Salmon Japan	Importer, trader, sales subsidiary	Managing director

resulted in a Japanese sample consisting of seven respondents out of approximately 20 large Japanese importers. These were interviewed in Tokyo in November 2006.

The Norwegian sample
The sample represents the largest seafood exporters in Norway, and top level management of each organization have been interviewed (Table 1).

The Japanese sample
All Japanese companies in the sample are licensed importers of seafood to Japan. It is illegal to import seafood to Japan without a license from the Japanese authorities. Hence, imports are restricted to a small number of companies. From initial discussions with people in the industry there appear to be about 20 importers of salmon in Japan and seven of these are included in the Japanese sample featured in Table 2.

In preparation for the interviews, an interview guide was created which covered the areas that needed investigation. The interview guide was based on the NewMark Data collection interview guide (see appendix A) developed and refined by researchers connected to the NewMark Project at the Norwegian School of Management, a research project firmly grounded within the industrial network approach (Håkansson et al., 2005). The NewMark interview guide was developed for the same purpose as the present study -- to analyse how relationships are managed in networks. Some questions about cultural differences and the role of the Norwegian Seafood Export Council were added. Here are the main issues that were focused upon during the interviews:

- Company information
- Japanese sales of total salmon and trout production
- Type of customers
- Relationship duration
- Interdependence of actors
- Adaptations (resources, activities)
- Learning
- Contact patterns
- Conflict/cooperation
- Technological development
- Power/dependency
- Main problem areas
- Distribution strategy
- The role and functions of various distribution levels
- Overview and knowledge of Japanese consumers
- The role of cultural differences
- The role of Norwegian Seafood Export Council

Each interview lasted between 1.5 and 2 hours. The interviews in Norway were conducted in Norwegian and interviews in Japan were conducted in English. No interpreter was used because all the respondents used English as their business language. Written notes were taken during the interviews, and transcriptions were made immediately after each interview to ensure "freshness" of the data. On a few occasions respondents were contacted a second time to clarify content and meaning.

The second phase was a follow-up study in 2007. Here, a number of the companies in the sample were revisited and the salmon was traced throughout the distribution network. We did five of these tracings, and two of them are reported here. 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. Using this information we could

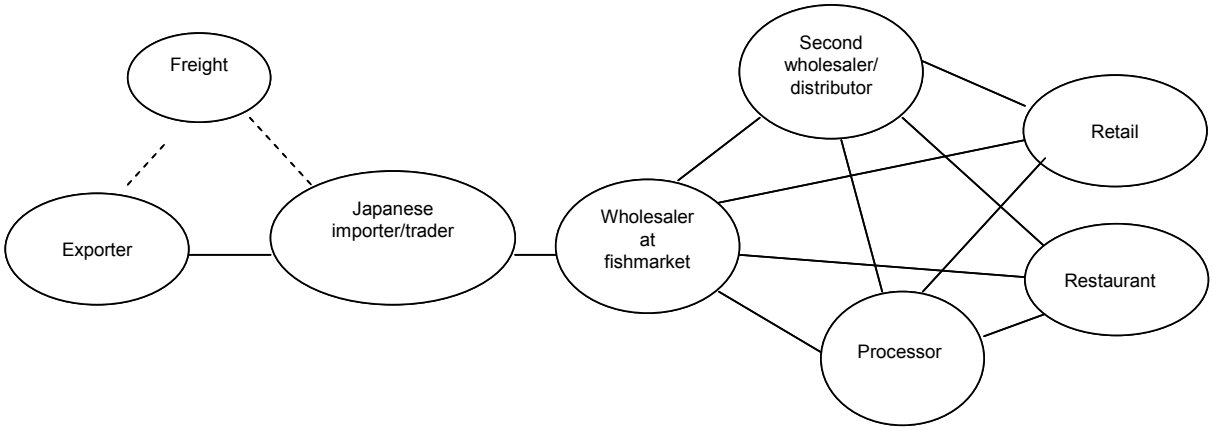

Figure 1: Traditional seafood distribution network in Japan

conduct multiple in-depth interviews with the relevant actors along the traced route.

4. A short description of the two distribution systems

In the traditional distribution system (Figure 1), the salmon is imported by a Japanese importer or a trading company. It is then sold to wholesalers at the large fish market, subsequently bought by secondary wholesalers or intermediate buyers, and finally sold to two main segments; restaurants and retailers. This is the main route to market. However, sometimes the salmon is sold directly from the wholesaler to retailers or restaurant, and sometimes a processor is used. Obviously there are many combinations here. Some of the exporters in our sample have identified up to seven layers of middlemen between themselves and the end user.

In our study all the exporters describe efforts to establish alternative systems in the traditional system. One exporter operates mainly in the traditional system, whereas another has managed to sell most of its salmon though the evolving

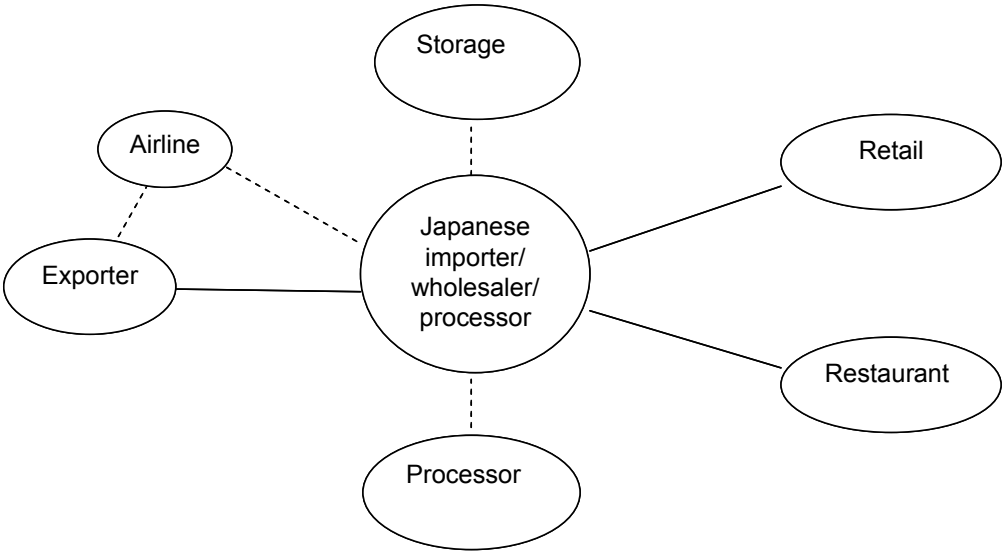

Figure 2: The evolving distribution network

new system. Three exporters sell the majority of their fish though the traditional system, but the evolving system is increasing in importance. They reckon that 10-20% of salmon in Japan is now distributed outside the traditional system. This trend is also identified by our sample. As one importer argues: "These changes are initiated by the large supermarket chains. They have fixed contracts with their suppliers and buy large volumes. These have a lot of power. They always watch the market price and the contract price, and determine what is the most profitable for them". Nevertheless, a supermarket chain cannot develop its own supply channels for products available in small amounts. Hence, it is likely to rely on the fish market distribution system rather than its own distribution channels.

In the evolving system presented in Figure 2, the salmon is also bought by an importer as in the traditional system. But this importer is often a processor, or has acquired such production resources from independent processors. In this system the fish is processed and repacked depending on the needs of the customer, and is sold directly to retail chains and restaurant chains. As such, this system consists of fewer layers. These importers have a much more strategic perspective on their contracts with the Norwegian suppliers, and here we find the presence of written contracts and fixed price margins. Contact and cooperation between the parties seems closer and the actors are more interdependent.

5. Two case studies

Having looked at apparent changes in Japanese seafood distribution, here is a detailed description from within each of the two distribution networks: One example from the traditional distribution network and one from the evolving distribution network.

5.1. Using the traditional distribution network

The actors

Exporter: Global Seafood, the largest salmon exporter in Norway. It has recently set up its own import level/subsidiary in Japan.

Primary wholesaler: Karatsu Co.: One of the largest primary wholesalers at the Tsukiji.

Secondary wholesaler: Two intermediate wholesalers at Tsukiji.

At the airport

The salmon arrives from Norway at Narita Airport in the afternoon. It is transported to the customs clearance section of the airport, and thereafter transported to the 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 the wishes. The temperature here is between zero and five degrees.

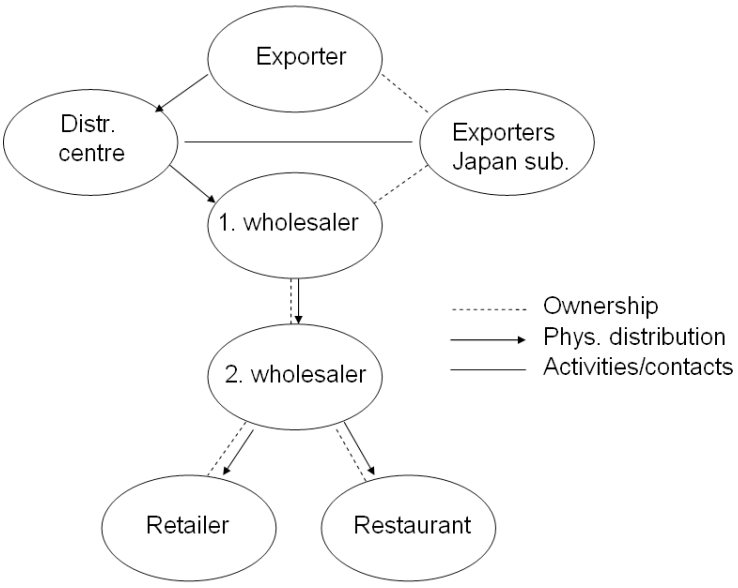

Figure 3: Network for the first case

At the distribution centre

The distribution centre is owned by Kohto Shukai Service. This company also handles salmon arriving at the other main destination in Japan, Kansai Airport outside Osaka. Compared to Narita airport, Kansai is more modern. It was built to offer storage, distribution and re-icing facilities, whereas at Narita these facilities are found outside the airport. There are several distribution centers offering these facilities.

At the distribution centre the fish is re-iced and re-strapped. It is then sorted and placed on pallets depending on its destination. The boxes with Global Seafood salmon are mixed with boxes from other suppliers, depending on the order placed by Karatsu, the wholesaler at Tsukiji. All the boxes destined for Tsukiji are placed on a pallet marked Tsukiji, and are driven to this fish market during the night (picture -4). Some boxes are transported directly to processors, licensed buyers and supermarkets. According to one wholesaler this only accounts for 10% of the sales. 90% of the salmon is still distributed through the physical market place at Tsukiji.

At the fishmarket

At Tsukiji the fish arrives early in the morning, about 2am. The boxes are received by Karatsu staff who check the consignment and place the boxes in the wholesaler section of the market together with consignments received from other supplies.

The secondary wholesalers then come and buy the fish. Normally they have received orders for the fish the day before, and buy depending on their orders. They buy small volumes, normally one or two pieces and hardly more than three fish 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 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, 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. The fish market cannot cater for the big volumes that the chains demand. The chains may place the order directly

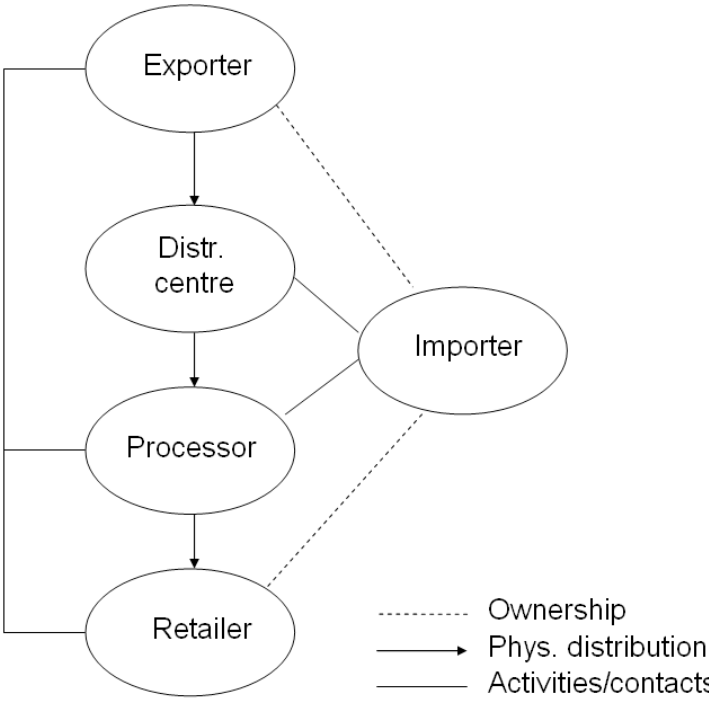

Figure 4: Network for the second case

with the retailer, but increasingly they buy outside the fish market.

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 retailers or the restaurants

5.2. Using the evolving distribution system

The actors
Exporter: Norway Salmon, one of Norway's largest salmon exporters to Japan
Importer: Bluewater Trading (BWT), one of Japan largest seafood importers
Processor: Shoitachi, a well-established processing company in Japan
Retailer: Asahi retail, a large supermarket chain in the Kyoto/Osaka area

At the airport
The salmon arrives at the Kansai Airport at Kyoto/Osaka Wednesday afternoon. On the day of our visit, Bluewater Trading received 618 cases from Norway Salmon, the exporter. Inside the plane the fish is kept at a temperature of five degrees. Arriving at Kansai it is loaded from the plane onto trucks. After customs clearance it is taken to a distribution centre, Kohto Shukai Service, which also acts as a warehouse and re-icing facility.

This company operates within the airport and it is the only distribution company here. The company also has branches at the other airports, such as Narita airport outside Tokyo. The owner of this company does not have a clear view of where the salmon ends up. He says that they handle around 1000 boxes of salmon a day.

At the distribution centre
At the distribution centre the fish is re-iced and the boxes are re-strapped. The distribution centre keeps the fish at a temperature between zero and two degrees.

The distribution centre is also used as a warehouse. Salmon which is not immediately sold (which has been preordered) is stored at the airport for a maximum of ten days. The respondent at Bluewater says that fish arriving at the Wednesday consignment is usually sold by the following weekend. The airport provides a large storage room which may be used by all the importers. This storage holds -5 to 0 degrees. This produces an average temperature of 0 degrees because the doors are frequently opened. A detailed system provides information about which fish has entered the storage facility at what time. Depending on the orders, the fish is shipped to processors or the local fish market from this warehouse by trucks. The truck holds an average temperature between 0 and 5 degrees.

If the salmon is not sold after some time, the fish market may be an option to get rid of the remaining fish. The freshness of the fish deteriorates rapidly and in this way the fish market serves a function. This is also a price issue. Bluewater Trading says that the "oldest" fish is the cheapest. Some customers are not willing to pay the premium price for the fish, and they take the fish that remains. A rule of thumb is that the fish must be consumed before 20 days after it has been packed in Norway. The fish arrives at Kansai Airport 2-3 days after being packed at the fish farm. This means that it takes 17 – 18 days before it gets spoiled.

The salmon is then loaded into vans to be taken to the processor, Shoitachi. Bluewater Trading uses three processors in the Osaka area, Shoitachi is by far the largest one.

At the processor
Arriving at the processor, the fish is filleted using a filleting machine. Here the head and the bones are removed and the fillets are ready to be processed into smaller portions depending on the retailers' or restaurants' requirements. Regular sizes are 400, 600 or 800 gram portions, but this can be adapted. Most supermarkets like to cut the portions into ready made consumption packages themselves, but at busy times the processors can do this for them.

At the supermarket
The fillets are distributed to the supermarkets by a trucking company. At the supermarket the fish is cut into even smaller portions, normally around 200 – 300 grams (picture 15) and displayed for sale. Fresh Norwegian Atlantic salmon is used for sashimi/sushi. What the Japanese refer to as "Chilean salmon" is actually rainbow trout, which in Japan is called "salmon trout" or sometimes only "salmon". Chilean salmon used for sashimi in Japan is therefore not Atlantic salmon. Chilean coho salmon is only used for kirimi cuts. This salmon is not suitable for sushi; it is grilled, fried or baked. Native Japanese salmon from Hokkaido is normally Chum salmon or Sockeye salmon. At the time of the study 100g Atlantic salmon was sold at 198 yen/100g. For comparison, Chilean salmon was sold at less than half the price.

The supermarket also makes lunchboxes which is a plate consisting of various fishes, vegetables, spices and sauces. These are increasingly popular among the customers. A lunchbox does not have a "price per 100g" tag as it is based on different ingredients. Atlantic salmon has a production date on the tag and a "use by" date, whereas the Chilean salmon only has a "use by" date because it has been frozen. In effect it can be months old.

The two examples from the two different distribution systems will now be used as a starting point for a broader comparison of the two systems and how differences in actor bonds, activity links and resource ties (the ARA-model) are influencing the development. We will start with the resources – how the two systems affect the utilization of resources. Then we will look at how the activities are performed within the

different systems across company boundaries before we try to summarize how it all affects the way companies relate to each other (actor bonds). We end by summing up the differences in these terms.

6. Comparing the two networks using the ARA-model

6. 1. Resource ties

There is an interesting difference between the two distribution systems as they influence how the involved companies relate to each other in a very different way. In the evolving system the companies in Norway and Japan are directing their resources toward each other much more than in the traditional system. In the latter system the companies are only connected through the fish, and this resource becomes rather anonymous early in the chain. In the traditional system, the companies are not even aware of who the other actors are and they have clearly no idea about the resources of the other actors.

Using the resources of the others

One interesting example is Shoitachi. This processor started handling Norwegian salmon five years ago, buying from several suppliers where price was the main issue. Over time Shoitachi realised that there was a great difference between how Bluewater Trading and Norway Salmon co-operated compared to other companies they had experience with. Together, Shoitachi and Bluewater approached a big restaurant chain and managed to sell with little complaints about product quality. Gradually volume increased and other customers followed. As a result, Shoitachi has made major changes in its production facilities to cater for the increase in the evolving distribution system. They have in fact recently built a completely new plant which enables easier adaptation to the needs of local retailers. They have also invested in mobile monitoring technology which enables visitors to see the production process without having to be there physically. The factory manager can now show existing or potential customers what is happening to their fish via his mobile phone and he can intervene in the production process to cater for customer demands. The manager says that this technology has been developed because the supermarkets have been more cautious about how the fish is produced. It is also important to importers and producers to be able to track what is happening to their fish.

Strong ties have therefore developed between Norway Salmon, Bluewater Trading, Shoitachi and Asahi Retail. For instance, they co-operate in organizing sales campaigns in Asahi Retail's stores, called "National Salmon Day in Japan", where the Norwegian Seafood Export Council (NSEC) also plays an important role, supplying promotion materials (flags, salmon package stickers, recipe leaflets, banners and poster) and hiring trained sales staff from a temporary agency.

Together the companies adapt their resources: Asahi Retail provides shelf space and coordinates the campaign in their shops. Bluewater Trading designs a sticker for Asahi Retail which is put on the salmon package and Shoitachi increases their processing capacity to cater for improved sales generated by the campaign. Bluewater Trading provides salmon which is given away as free samples to the customers, and the cost of the campaign is split evenly between Norway Salmon and NSEC.

This example gives a good picture of how the new evolving system makes it possible to activate the resources of the others involved in the system.

Another example regards traceability. Japanese retailers' increasing preoccupation with product traceability is believed to be one of the main drivers of the change towards the evolving distribution system, as mentioned by a number of actors involved in this study. One exporter says that "at present, many customers are trying to omit the fish market. We are trying to set up an alternative distribution network. Our customers want to know where the fish comes from: previously, on the fish market, they did not always know what they bought. Now they know. But this is somewhat difficult and not everyone can do it". Similarly, one importer claims "the role of the fish-market is changing because there is too long distance from the importer to the end user. The fish sold there is of poorer quality and traceability is difficult. The retail chains are very dependant on quality. It is very much the retailer and the supermarket chains that are pushing here. They have a lot of power. During the recent ten years the evolving distribution system has gained share. But the main volume is still sold in the fish market".

Traceability is about access to information and knowledge about who are involved and what resources have been used. Access to this crucial resource seems to be a key factor explaining why actors want to change the structure of the network. New distribution structures permit sharing this resource and are developed to enable a smooth transition of this resource through the network. Exporters and retailers play a crucial role here. The exporters have information about product origin which the retailers are dependent upon, and likewise retailers have information about Japanese seafood consumption and market trends which the exporter is dependent upon. The evolving distribution system permits an easy transfer of this information between the actors, whereas the fish-market prohibits access to the resources because of the way in which it is organised and the number of actors involved in the transactions.

Resource substitution; fresh vs. frozen salmon

The most important resource in this case is the fish – the salmon. The distribution system used by the actors is affecting how this resource is utilized. Facing a continued economic downturn in Japan, one way for importers to reduce costs is to switch to frozen salmon which is less expensive. Frozen salmon has unlimited storage capacity and it is easy to level

off the supply as the demand fluctuates. Hence, risk is likely to be reduced. As one importer mainly deals with frozen salmon argues: "We do not deal in fresh fish. Fresh fish requires a shorter time period and involves more people. It is easier to deal with frozen fish. The distribution chain is shorter and less costly. The number of large supermarkets is growing, and this distribution channel is growing. But the supermarkets need to be of some size to do this. The fish market is becoming obsolete in this respect. It represents the old way of doing things." Another importer reinforces this picture: "You need to be of some size to deal with frozen salmon. I don't want to go into the frozen business, that's for the big guys". Another says that "we are not dependent on Norwegian suppliers. We don't have to say 'please, let us buy your fish. It might be difficult to switch to Norwegian fish again as Chile has gained market share". Other exporter share the same view: The current lack of Norwegian salmon does not represent a problem. In their mind, Norwegian export volumes of salmon are small compared to total Japanese salmon imports. As our respondent argues: "At the moment, the European market is very strong. Norway has chosen to concentrate on this market, and it is their choice. We understand that they will try to sell their fish; we are all businessmen. Are we dependent on the Norwegians? No, if you look at the quantities they supply, 20,000 tons fresh salmon a year is really nothing. It is hardly noticeable. So this is no trouble at all to us, we buy the fish elsewhere. For fresh salmon Canada is a growing supplier and Chile, if it resolves the transportation issue (and it will, believe me), will be a potential supplier of fresh salmon. For frozen salmon, Chile is our main supplier today".

Another importer tells a similar story. They can shift to frozen salmon from Chile which in their mind is a good substitute for Norwegian fresh salmon: "At the time, Japan is losing buying power. People cannot afford high prices, so the suppliers look elsewhere. Japanese customers prefer Norwegian salmon, but the price is too high at the moment. The supermarkets therefore get their salmon from Chile, Canada and Russia. Even if Japanese customers prefer Norwegian salmon, it is the retailer that makes the decision for them. Most salmon sold at supermarkets is sold for kerimi purposes (i.e. cuts). Norwegian and Chilean salmon therefore become substitutes." For Japan Corp., which mainly deals with frozen salmon, switching to Chilean salmon represents no problem: "Demand is shifting to lower priced Chilean salmon. Norway cannot compete here. The quality of Chilean fish is improving and traceability is improving. The Chilean authorities guarantee the quality of the fish, and we believe them. The main difference is the price of the fish. Fish is fish. Even though salmon from Norway is highly regarded in Japan, Chilean salmon becomes an easy substitute. In Chile, the cost of labour is lower, and they process the fish themselves. We receive readymade kerimi cuts from Chile. Norwegian salmon we process in China to save costs. We used to do this in Japan, but young people will not work in the industry, and the industry is taken over by machines. But this reduces the quality, and a lot of fish is wasted because the machines are not as accurate as the human eye."

However, for companies dealing in fresh salmon, the current situation is pessimistic. In their view the lack of Norwegian salmon on the Japanese market represents a big problem: "For the time being", one respondent argues, "there is a shortage of Norwegian salmon, and Norwegian exporters are looking elsewhere to more developing markets. Imports have declined rapidly in recent years. We are switching to Canadian salmon, but the stores are accustomed to Norwegian salmon. So this is not so easy. The Canadians have a seasonal production of salmon. Most of their production is wild fish. If we are to maintain the good relationships with our customers who want Norwegian salmon, the Norwegians' lack of dedication to the Japanese market is a major concern for us at the moment…"

Nippon Trading reports a similar story: "There is a growing demand for fish in other countries, and this raises the price of fish. The Japanese economy is still weak, and it will take some time to raise the price to a stable level. Hence, Norwegian fish is very expensive on the Japanese market at the moment. We can shift, but it is difficult to change country of origin. We have to keep the same origin and price on a steady supply. We have contact with Canada, but this is limited. Canadian salmon is also becoming more expensive, but is still less expensive than Norwegian salmon."

This is also a major concern for Kato Marine Products: "Our problem is that the Japanese economic situation is in decline, and the system cannot pay. There is less buying power in the market. And since we buy only from Norway, this is a problem area for us. We discuss this a lot with our Norwegian suppliers. They need to follow us here." For Kato the solution is to focus on their strategy to supply fresh quality salmon and add value to the salmon by processed products such as marinated and smoked salmon. He needs to find suppliers that share this view: "Salmon is becoming too common. The top end restaurants are looking at other fish in order to be innovative. It is difficult to keep the high end image. Chilean salmon has helped water out the quality image of Norwegian salmon. We have to defend the positive image of Norwegian salmon. This is our job. We are therefore trying to find other ways of adding value to the salmon, by processing it. We cannot use frozen salmon. Then we have to compete with Chilean salmon. If we switched to Chilean salmon this would inflict on our strategy which is fresh quality salmon."

The discussion above gives reasons for two different types of conclusion. The first has to do with the product and the second with the size of the involved companies. The product has a number of features such as fresh-frozen, Norwegian-Chilean, whole-cut etc. All these features can be more or less used, depending on the involved companies, which in turn is related to the choice of distribution system.

The question is what to stress in relation to the consumer. Apparently, the ability to switch to frozen products is one determining factor in how the actors cope with the changes in seafood distribution. It seems that companies that have the possibility to switch to frozen Chilean salmon remain more positive about adapting to the evolving distribution system. Companies dependent on fresh Norwegian salmon, without the possibility to switch resources, are more pessimistic.

The other conclusion regards the size of the companies. It seems that companies need to be of a certain size to engage in the evolving distribution system. Smaller importers are, for instance, dependent on the fish market because they do not have the capacity to engage in direct sales: "We see that there are other actors who jump the system, but we don't have the capacity to do it", says one importer. Another agrees: "Why we sell through the fish markets? Retailers buy in small quantities, sometimes only one or two boxes of salmon. You need a big organisation and a big number of people if you are going to sell to enough retailers to make a profit. Therefore, we are dependent on distributors in the fish market."

Further, the retailers must have storage facilities if they are going to buy directly. Small retailers do not have such capacity. Fresh salmon needs to be sold immediately after purchase, and the retailer needs to be of some size to level off the demand, and to ensure that he can sell all the salmon that he has acquired.

6.2. Activity links

There is also an interesting divergence in how the companies link their activities differently in the two systems. This will affect both what activities are done as well as by who and where they are performed.

Location of activities

In traditional distribution, our study indicates that there are a number of activities creating a chain from when the salmon is caught in the Norwegian fjords to when it arrives on a Japanese retail store counter or at a sushi restaurant table. The general idea behind the established fish markets like Tsukiji is to facilitate a set of market transactions where buyers and sellers meet on a daily basis to determine prices by negotiations or auctions. But this implies that the salmon is merely "handed over" to the next actor in the distribution chain, and there are few close links between the actors extending beyond the market transactions. The activities are handled as if they are independent of each other – there are no attempts to link them to each other.

In the evolving distribution system we have the opposite: Activities seem to be much more integrated, based on an understanding of who is best at performing them. In the cases we have studied, there seems to be a discussion about the location of activities. Someone needs to perform these activities, but who should do them and where should they be done? The actors obviously argue from their own perspective. For instance, Norway Salmon wants to perform filleting in Norway, Shoitachi wants to fillet in Japan, the secondary wholesalers at the fish market want to fillet at their stalls at Tsukiji. This suggests that actors want to perform vital activities in order to position themselves in the network. At the same time networking is about interaction and activity links, and interdependent actors will always share vital functions. From our study, it seems that in relationships characterised by interdependence there is a common understanding of who is best suited to perform these activities. For instance, retailers like BCB sometimes buys ready made fillets from Supreme Seafood Norway, at other times they buy whole fish and use their own processor to perform this operation; Shoitachi fillets for Asahi Retail during peak seasons, other times Asahi Retail fillets at their stores. However, in relationships characterised by low commitment and interdependence, the actors have different perceptions about who should to the filleting. For instance, primary wholesalers are trying to convince the Norwegian exporters that filleting is best performed by the Japanese, and the Norwegian exporters do not understand this position.

Actors operating in the evolving system are critical of the traditional fish market: "The main reason for wanting to shortcut the fish-market is price", one importer says. "We all have advantages of a more developed system of distribution. Both the retailer and the importers have advantages of reducing the layers". During our interview, this importer drew the traditional distribution flow of salmon and calculated the price margins of each layer. The price increased from 700 yen per kilo, which is his buying price, to 1555 yen per kilo, which is the retail price. The fish is handled in several layers and each layer has its costs and margins. One importer explains: "The Japanese market is highly structured and highly inefficient. It has too many structures and a lot of people want to make money on the salmon".

However, there are also rational arguments for the traditional distribution. The fish market system with its many layers of small actors enables retailers and restaurants to access a variety of species freshly delivered in stable quantities. Japanese seafood cuisine traditionally includes a large number of small courses and consumers are accustomed to a varied selection of seafood. Supermarkets and restaurants must therefore supply a great variety in their product range. This further means that these actors tend to buy small quantities of a large number of species, not the other way as is the case in a European cuisine. As one respondent puts it: "Look at a seafood plate in Norway. It contains only one fish! But in Japan, it might contain 3, 5 or even 10 species". Another puts it this way: "The fish market will never be obsolete, because there are a large number of small restaurants and supermarkets that rely on the fish market in order to have a varied assortment, but in small numbers. These are too small to buy directly from the importers, and can't take the risk of

being left with fish they cannot sell". This is the account of yet another importer: "A supermarket needs to have a large variety of products in order to cater for the demands of the customers. Japanese customers are used to having a variety of selection of marine products. So they have to rely on the fish market in order to ensure a full product range". Apparently, traditional distribution has its advantages because it reflects Japanese customer behaviour and food culture.

Pricing mechanisms

The pricing activity is handled very differently within the two systems. The traditional system is characterised by fluctuating prices as they are determined on the fish market, whereas in the evolving system we find the presence of written contracts and agreements where the price is fixed at least for a certain time period.

Actors at the fish market do not perceive the fish market as cost-ineffective, because fish sold here is always sold on spot. In the evolving distribution system prices to retailers and restaurants are often fixed. Sometimes the fish market will pay a higher price than a fixed contract with a retailer. The actors are closely monitoring this situation: "Some retailers jump the system if they can gain lower prices. And they switch to the fish market when the price there is lower. Price seems to be a determining factor when switching between the two systems. In this respect the fish market has a function". One supplier states that "I guess we sell 50/50 between traditional distribution and the evolving system. The big question influencing which channel to choose is profit. Sometimes you get more profit from selling at the fish market and sometimes you get more buy selling directly". One supplier argues that "supermarkets switch to domestically produced seafood when the price of Norwegian salmon becomes too high. Suppliers that have fixed price contracts with their suppliers must sell at a loss when the price increases. That is another reason for the justification of the fish market. On the fish market, price is floating."

The existence of two systems gives actors on both the selling and buying side opportunities to use both. This is a natural effect that follows from the two systems being different from this pricing point of view. An interesting effect is that the supplied volume in the evolving channel is increasing when the price on the fish market goes down, while the volume demanded will be decreased. The opposite happens when the prices on the fish market are increased. The opportunities to earn extra profits by jumping between the two seem in this way to be used by at least some actors.

6.3. Actor bonds

The actors, both in the traditional as well as in the new evolving system, are developing specific bonds with their counterparts. However, there are some interesting differences and one apparent consequence is that the involved companies try to convince each other that one or the other system is best.

Strategic orientation and size

Actors in the evolving distribution system seem to have a more strategic perspective on their business in Japan. Contact and cooperation between the parties is closer and more intense compared to traditional distribution. The relationship between Norway Salmon, Bluewater, Shoitachi and Asahi retail serves as a good example here. These four actors are strongly committed to their joint operations. Asahi Retail has until recently bought its salmon from the fish market, but decided to turn to Bluewater because they were concerned with quality and traceability which the fish market could not provide. They wanted to secure a relationship with a well-known importer who had strong ties to producers in Norway. During their initial negotiations, Bluewater Trading could benefit from the expertise of Norway Salmon and Shoitachi, the processor. Norway Salmon was also present during these negotiations.

Another difference that we also have mentioned earlier is size. As one exporter puts it: "You need to be of some size to balance the risk. In the traditional market, the price is floating. But in the evolving system, prices are fixed to contracts. Who is going to take the risk? If you have fixed your selling price to a level above what you pay for, you will lose money. But it is difficult to sell at fixed prices and we therefore continue to use the fish market because here we are less likely to lose. The traditional system has some obvious advantages."

However, there is a change in Japanese retail structure as the number of small retailers is reduced and the market is dominated by a growing number of large retail and restaurant chains. These actors are increasingly doing business directly with the importers and exporters.

This network change has an impact on the actor bonds between the actors: Supreme Seafood Norway for instance says that dealing directly with retailers means improved communication, increased sales volumes, joint activities such as processing and distribution and long term contracts instead of spot. Shoitachi says that they are now in a better position to meet the retailers' needs because they have access to information directly from exporters and producers.

Tension and conflicts

The shift from traditional to the evolving distribution system creates two types of conflicts between the actors. One type is conflict due to frustration about exporters and retailers bypassing the traditional system. The other type is related to perceived inefficiency of traditional distribution.

Regarding the first type of conflict, the shift to the evolving distribution system clearly creates tension between the Norwegian exporters and actors in the traditional system. The Japanese importers believe that their Norwegian suppliers underestimate the efficiency and the role of the fish market. They argue that the Norwegians fail to understand that the

retail structure is different in Japan compared to Europe. As one importer puts it: "The Norwegians think they can sell directly to the supermarket chains, but this is problematic. The chains will only buy in small quantities; they are dependent on other fish species." Another puts it this way: "In Europe, the producers sell directly to retailers. This does not happen here. We still have to rely on middlemen. Norwegians do not get this picture. They think that if you come here with enough money, you can buy everything. It does not work that way". And in the words of another importer: "How well do the Norwegians know the Japanese distribution system? They will never find out. It is too complicated. They don't know where the fish is going."

The actors in the traditional system also defend its role in terms of payment and risk reduction. Licensed wholesalers are bound to take on the fish that is sold through the market. As one of the wholesalers says: "We are traditionally obliged to buy the fish, we are called receivers. This is how the fish market works". Fish sold at the fish market means instant settlements, perhaps only two to three days' delay. Retailers buying directly will sometimes wait two to three months before the accounts are settled. One importer puts it this way: "Why can't supermarkets buy directly from the trading house? It's a risky business. The supermarket needs to have a varied product range, and the processor ensures this. He also takes quality risk. The supermarket can return any number of salmon if they are dissatisfied. Further, payments are settled immediately using the fish market, as one exporter tells it: "If we sell to a wholesaler, we get paid in 1-2 days. If we sell to a retailer, we sometimes have to wait 60 days to get paid".

The perceived inefficiency of the fish market means that Norwegian exporters are shifting their focus to new emerging markets like China, Russia, the Middle East and South-East Asia which have more purchasing power. This creates further tension. For instance, the Japanese importers believe that Norwegian exporters may find themselves in an irreversible position if exporters continue to neglect the Japanese market and leave this in the hands of suppliers from Chile and Canada. Salmon from these countries represents improved quality, stable volumes and competitive prices. One of the major wholesalers at Tsukiji argues that "Norway may miss out on a great opportunity if it neglects the Japanese market. Norwegian salmon also competes with Japanese domestic salmon. 25,000 tons a year is domestically farmed. Do not forget that." Seemingly, Japanese farmed salmon is seen as a threat to Norwegian fresh salmon.

Network boundaries

It seems that actors in the traditional system have limited their relationship to actors close to them in the network. These actors seem to have a "narrow" network perspective, whereas actors in the evolving system have ties to more distant actors in the network and have a "wider" network perspective.

For instance, secondary wholesalers visited at Tsukiji do not really care where the salmon comes from; they are mainly concerned with price and quality. They claim that they do not need to; they trust that the primary wholesaler gets them the best possible fish, and secures them constant supply so that they can meet the demands from their customers. They explain that this is also the case for their customers: retailers and restaurants know the country of origin, but they don't know the name of the producer. Likewise, the primary wholesalers do not seem to know where the fish ends up when it is being distributed through the Tsukiji. When asked, our respondent at one of the primary wholesalers could not name a single retailer that bought their fish, and did not know all of the secondary wholesalers either. Our respondent literally had to ask around for secondary wholesalers that had bought his fish.

Companies engaged in the evolving distribution system seem to have a wider perspective on their network. One of the main reasons for this is the need for traceability. Encouraged by Japanese law, retailers must now provide information to the customers about country of origin. Moreover, traceability is also an issue of product quality as better access to product information enables tighter quality control. Likewise, traceability enables producers to get access to information about the Japanese market and its end customers. Close ties favour this type of information exchange, and it's one of the main drivers of the move towards the evolving distribution system.

Similarly, actors engaged in the evolving distribution seem to make use of their established relationships to create new relationships. For instance, the relationship between Bluewater and Norway salmon has enabled Bluewater to get access to Norway salmon's world distribution network in Europe. Currently, they are discussing the possibility of using this distribution network to introduce yellowtail to the European market. Other actors, like Supreme Seafood Japan, are using their ties to Japanese processors to target large retail chains.

7. Discussion: How to network?

Let us start the discussion with a schematic summary of the key characteristics of actor bonds, activity links and resource ties related to traditional and evolving distribution in the Japanese fishing case (Table 3).

Table 3 highlights some characteristics of the traditional and the evolving distribution system of seafood in Japan, which also can be seen as key drivers for the development. These characteristics will now be used to discuss two main issues: one regarding the total development and how this can be compared with the general distribution development going on in other product areas, the second regarding how this development can be handled by the single company.

The main reason for the continued existence of traditional distribution is that it provides product variety for smaller

Table 3: Key characteristics of actor bonds, activity links and resource ties in the two Japanese distribution systems

	Traditional distribution	Evolving distribution system
Resource ties	• Limited or restricted information transfer • Used mainly for fresh salmon • Actors are mainly connected through the fish as a resource	• Extensive information transfer • Used for fresh and frozen salmon • Resources directed in multiple ways between actors
Activity links	• Less integrated activities, mainly "handed over" to next actor • Common understanding about location of activities • Pricing mechanism in terms of spot trading	• Activities integrated based on co-operation and mutual understanding • Disagreements over location of activities • Pricing mechanisms in terms of written contracts and agreements
Actor bonds	• Transaction based • "Market" based • Favours small sized companies • Conflicts due to frustration about exporters bypassing the system • Access mainly to close actors in the network • Narrow network perspective	• Strategic investments and interdependencies • "Network" based • Favours large sized companies • Conflicts because of perceived inefficiency of traditional distribution • Access to more distant actors in the network • Wide network perspective

retailers. The fish markets will continue to have an influence on seafood distribution, but the speed of change is determined by the speed of change in the larger retail network. Large retailers have the power and skill to buy directly from importers, but the majority of Japanese retailers are small and independent (Planet Retail, 2006). The five largest retailers in Japan only have a 20 percent market share. But because the retail structure is the way it is, Norwegian exporters and Japanese importers are bound to use the fish market for some time if they want wide market coverage. Knowing that traditional distribution still accounts for about 50 percent of Norwegian sales in Japan, it is not likely that actors at the fish market will give up this market share easily.

If we compare this with the general traditional distribution characteristics (Gadde 2004) there are some interesting differences. Gadde (2004) argues that the traditional channels are driven by mass production in combination with a speculation strategy by the retailers. However, in our case we see that traditional channels favour a system which needs to produce a large assortment for the buyers. One explanation for this apparent difference may be the fragmented retail structure still evident in Japan. But there are also some important similarities. As suggested by Gadde (2004) we also find that traditional distribution is characterized by arm's length relationships and no investments in relationships.

If we in the same way compare the evolving distribution system in the Japanese fish market with evolving networks of distribution in general, there are more similarities than differences. In both cases the activities are becoming more interdependent and the actors are to an increasing degree using each other's resources. Furthermore, in both cases there are larger investments in the business relationships and they are becoming more cooperative.

Our findings clearly suggest that the development is going in the direction of the evolving distribution system. Due to the recession and reduced consumer spending, Japanese retailers need to cut costs and become more profitable. Small retailers are going out of business and there is a change towards larger units and retail mergers. Changes in the Japanese fish distribution structure and changes in the Japanese retail structure are therefore interdependent. This indicates that the evolving distribution system will grow in the future, but the fish market will not disappear entirely as it ensures product variety. As long as there are small, independent retailers, there will be a need for fish markets. But when the distribution structure resembles European

distribution, where a small number of large supermarkets dominate the market, there will be less need for fish markets in their present form. Interviews with the three supermarkets in this study, BCB, Maruaki and Marukawa, suggest that they have stopped buying, or severely reduced their orders, from the fish market. If this trend is representative of other large Japanese retailers, the fish market as we know it today will become obsolete. Eventually, the future of the fish market will depend on how it succeeds in developing functions that are important to an increasing number of large retailers.

It is nevertheless difficult to say when this is going to happen. Some actors in our sample indicate that this may never be, because a rich variety of fresh seafood is a vital part of the Japanese consumer preferences and food culture. One question is therefore whether the Japanese consumers are prepared to change their buying behaviour. Or do they have a choice when the selection of seafood is reduced to five to ten retailers as is the case in most European countries? Fish markets used to be the main sales channel for fish in countries like Italy, Spain, Portugal, England and Norway, but they are long gone, according to one respondent. Maybe the ultimate test for the fish market will be the future direction of Japanese food culture? According to our Japanese respondents, young Japanese develop "Western" food habits like pizzas, burgers and pasta. Over time, this development represents perhaps the greatest threat to traditional seafood distribution in Japan.

For the single actor this development poses some challenges. A Norwegian distributor will, for instance, be faced with the question of which route to take: one involving fewer actors, lower costs, higher profit margins, giving better access to information, but still giving access to a limited share of the market? Or one which involves more actors, higher costs, lower profit margins and less access to information, but still represents the large volume (majority) of the market? Our discussion has highlighted the challenges facing the Japanese importers, as they need to decide what kind of importer they want to be. Do they want to be a trader working at arm's length with several Norwegian exporters, or do they want to build close ties with a limited number of Norwegian suppliers? These challenges are also mirrored in their connected relationships to other actors in Japan: Do they want to keep selling to the fish market, or do they want to develop closer ties to processors and retailers? Similarly, the fish market wholesalers need to decide whether they want to continue to support the large number of intermediaries or develop close ties directly to the retailers (as some are already doing). Ultimately, Japanese retailers need to decide whether they want to continue buying from the fish market which provides great variety but limited traceability, or to build relationships with processors and importers having close contact with Norwegian exporters.

Our findings indicate, however, that the questions are not that simple. This is not an "either/or" situation because both systems have their obvious advantages. Actors are involved in both systems simultaneously, because what we have labeled "traditional" and "evolving" systems may also be viewed as interdependent networks. In many ways it makes more sense to talk about a network which is in transition from one interaction pattern to another, rather than two distinct networks. In this transition, our study has emphasized that the actors are faced with a number of decisions regarding how to network, but their ability to act is restricted by and limited to their connected relationships. This is an example of what Håkansson et al (2009) term the first network paradox, meaning that relationships represent both limitations and opportunities. This implies that the ability for the single actor to act independently and make considerable changes to the network is limited if not supported by other actors. As such, the network in our study is characterized by connected, step-by-step wise changes rather that radical changes (Halinen et al, 1999). Our study suggests that an actor's ability to navigate within the existing network structure is related his ability to combine his actor bonds, activity links and resource ties in new ways. From table 1, it is apparent that the two network systems studied in this paper, traditional and evolving distribution, are characterized by two distinguished interaction patterns. An actor's ability to influence the larger network structure is therefore related to his ability to influence his immediate relationships in a certain way. In this respect an actor can make autonomous decisions; he can decide how he wants to network. According to Håkansson et al. (2009) actors can decide whether to conform or confront the existing structures; they can create or consolidate network positions, and coerce or concede to the actions of others. In our case, we see several examples of such networking strategies: The Norwegian exporters' attempt to bypass the fish market is an example of a confrontational strategy, whereas the wholesalers' argument in favour of the existing use of the fish market may be viewed as a conforming strategy. Likewise, we also see examples of coercion strategies: The Norwegian exporters deliberately try to force their Japanese customers into new interaction patterns, but the Japanese actors are not conceding. Finally, we see examples of Japanese importers trying to create new positions in a changing market, as they need to decide whether they want to remain as mere traders or take up new functions, such as processing and storage.

8. Conclusion

Our paper has investigated how single companies network when faced with several possible network developments within a specific network. To understand this, we have presented a case representing a network which is in transition from one very well established network structure to another not yet fully structured. Initially, we wanted to examine how single companies cope with these multiple interactions, how difficult it is to navigate within a changing network structure, and how these developments compare with general

distribution development.

From our discussion it is evident that actors adopt a number of networking strategies, suggesting that they actively take part in developing their network. More precisely, we have seen that interaction patterns in traditional distribution structure are characterized by less integration and interdependence, and the actors have a "narrow" or a transaction based network perspective. In the evolving system, the network is characterized by more commitment, cooperation and interdependence between the actors. They clearly have a relational or network based perspective. This is of course a crude summary of a two very complex interaction patterns. But the fish market has originally been designed with a market based view in mind; the price is settled by spot trading or auctions, and the systems favours little product information transfer. The Norwegian exporters selling to the fish market and the Japanese retailers buying from the fish market have so far adhered to this system. However, in a new structure with mergers at the supplier and retail level, this market based system is challenged by a more network based perspective favouring close ties and commitment. The actors' ability to act is therefore related to their ability to network, i.e. adopt the network strategies we have discussed above. The frustration of some of the Japanese actors can be seen in light of this: Interestingly, the Japanese business culture has traditionally favoured trust and commitment. In this respect it is understandable that the fish market actors are frustrated with the situation of Norwegian actors bypassing the system. But even though actor bonds have been well developed between actors relying on the fish market, this system prevents development of closer resource ties and activity links. As such, our study has highlighted one of the cornerstones of the Industrial Network Approach; fully interdependent relationships need to be characterized by three facets of the ARA model, meaning close actor bonds, resource ties and activity links. Only by taking this perspective into account will actors be able to influence and find a place in an evolving network system.

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