

The paradox of wholesalers' survival: an analysis through role and legitimacy in the context of fruit and vegetables distribution networks

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Abstract

Role and position are key concepts in explaining both stability and change in distribution networks. Developing a shared understanding of roles with other actors has been identified as a prerequisite for an actor that wants to change their position in a network. Our research aims at understanding how such a shared perception of role develops through actors' actions and interactions in networks. We explore the extent to which the concept of legitimacy helps in understanding the favourable conditions to develop a shared interpretation of role. The empirical setting of this research is the French fresh fruit and vegetables (FFV) distribution that has been characterised by an important movement of disintermediation as large-scale retailers started to centralise their purchasing and marketing functions and to concentrate their supplies. Contrary to other product categories, wholesalers still keep on acting in such networks. Findings rely on a two-step qualitative approach: a qualitative study based on interviews at three wholesalers and a multiple cases study of four FFV departments linked to a same regional divisional office but contrasted on the way they interact with wholesalers. We thus aim at understanding wholesalers' new roles and positions in large-scale retailing distribution networks and at explaining why they still exist but, on the other hand, why they also encounter difficulties to gain a more stable and lasting position.

Keywords

Legitimacy, role, resource, sensemaking, wholesaler, retailer, department manager

Competitive paper

INTRODUCTION

Business to business distribution (or wholesaling) is concerned with all the activities in which “*goods are bought for business or institutional purposes (as distinguished from personal or ultimate consumption)*” (Beckman, Engle & Buzzell, 1959, p. 3). Business to business distribution is an important part of the economic activity in almost every country. However it is still neglected as an academic topic (Gadde, 2014).

Business to business distribution of fresh fruit and vegetables (FFV) is represented, in France, by 1,200 companies employing almost 19,000 persons, for a total turnover of 5.3 billion euros¹. In France, the FFV trade is mainly that of very small organisations. The 10 biggest companies account for less than 20% of the total turnover of the sector that remains thus very atomistic. 65% of the companies count less than 10 people. 4 types of actors can be identified: SME's generally family owned; big companies with family ownerships; cooperatives and networks of independent actors. Retail remains the first customer of fruit and vegetables wholesaling with 43% of its sales. The FFV department is of the greatest importance for retailers: it is a source of margins (McLaughlin, 2004) and the freshness of the products displayed on stalls, depending on their condition, influences either positively or negatively the image of the store (Bech-Larsen & Esbjerg, 2006).

This sector was affected by a vast disintermediation movement during the 80s with most of the food retailing companies (that have for long been traditional customers of FFV wholesalers) contracting directly with producers through internalisation of wholesaling activities. In the case they develop category management practices, they entrust a part of the concentration of the supplies to a preferred supplier (Hingley, 2005; Shaw & Gibbs, 1995). As a consequence, the number of specialized wholesalers has decreased dramatically: from 3,700 companies in 1979, there were only 2,600 in 1984, then to go down to 1,600 in 1997 (Vernin, 1998), and their number is still decreasing now. Nevertheless, FFV wholesalers still exist in France and some of them are quite powerful. There is a huge amount of researches on FFV distribution channels (see for example Brookes, 1995; Criner, McLaughlin & Kezis, 1997; Fearné & Hughes, 1999; Knox & White, 1991). Few are interested in wholesalers, an exception being Shaw & Gibbs (1995; 1999) who explored buying strategies of small independent retailers, or Shaw & Gibbs (1996) who compared retailers and wholesalers' relationships and buying practices with producers. As McLaughlin (1995, p. 49) points out, however, the study of the “*changed role of the 'new' produce wholesaler*” remains a neglected issue. It is thus of prime interest to understand why wholesalers still play a role in the distribution networks of large-scale retailing and, on the other hand, why they also meet with difficulties. Following Olssen, Gadde & Hulthén (2013), one hypothesis that can be formulated is that wholesalers have found specific positions in the distribution networks. The question to be answered is thus to understand how wholesalers managed to alter their position-and-role (Alderson et al., 1998) in such distribution networks.

When a company wants to reposition in a network, it is important for it that its role is interpreted in a similar way by other actors (Abrahamsen, Henneberg & Naudé, 2012). In other words, it has to convince other actors to play a role in the network. Káptalan-Nagy & Persson (2008) claimed that for an actor to influence other actors, it needs to be perceived as legitimate. We thus seek to explain how actors may or may not share a perception of the role of wholesalers, and how this role is shared. We consider that legitimacy is a source of stability that will be helpful in explaining this notion of role sharing in a network.

¹ Sources: CTFIL 2012, Intergros 2013

The paper is organised as follows. We first describe the main concepts that we will refer to. Then the role of wholesalers in large-scale retailing FFV distribution networks being to be discovered, we rely on a qualitative study to understand how wholesalers make sense of their role and how they gain in legitimacy. Their vision is then paralleled with the perceptions and practices of retailers arising from a multiple case study. Finally the results of these studies are confronted and discussed.

THEORETICAL BACKGROUND

THE ROLE CONCEPT IN DISTRIBUTION NETWORKS

Role is a term that has been used extensively, often without any reference to theoretical framework (Anderson et al., 1998). The first attempts to apply the role theory to inter-organisational purposes can be traced to Evan (1965), who extended Merton's (1957) role-set concept to describe the number of roles a focal organisation has to play due to its position itself linked to several actors who have their own particular expectations and prescriptions. Role theory had been more specifically introduced to distribution networks, defined as social systems, by Gill & Stern (1969) in Stern's (1969) seminal book that initiated a social understanding of distribution channels. At the core of their paper lays the claim that role cannot be studied in isolation from position. Position has been defined as "*the location of a person or a class of persons in a system of social relationships*", while role refers to "*the unifying factors relating persons or groups of persons to positions in a social system, in that they define appropriate behavior for the occupant of each position*" (Gill & Stern, 1969, pp. 22-23). In that frame, position refers to the set of actions that have to be performed so it is indissociable from the institutional type of actor – such as a retailer, a wholesaler... – that acts in the "channel". Roles capture thus the prescriptions that are associated with each position so that the conformity of the activities of an actor associated to a position can be assessed. Role thus captures the expectations of an actor as to the realisation of particular tasks by another actor whose obligations are defined and crystalized through the formalisation of the exchange relationship (Boyle & Dwyer, 1995). Norms of behaviour define whether the behaviour of an actor is appropriate or not, while control assesses if the performance requirements are met. If an actor's perception of their role diverges from the expectations of other actors, then conflict arises through "dissensus" (Gill & Stern, 1969, p. 40). The underlying assumption in the claim of Gill & Stern (1969) is that channels need stability so that the functioning of the channel is improved through cooperation and conflict avoidance. Interestingly, change in channels is only evoked depending on external actions, the example given by the authors being the one of the apparition of supermarkets whose channels competed against previously established ones. Despite Frazier's (1999) call for further researches employing the role concept notably to analyse in which contexts some functions should be shared between actors, it seems the role concept has not been that much used to study distribution channels, the "role performance" being an exception (eg Cronin Jr., Baker & Hawes, 1994; Frazier, 1983; Frazier, Gill & Kale, 1989; Heide & John, 1988; Nevin, 1995...).

Such a conception of roles, mainly anchored in the structural perspective on role theory (Anderson et al., 1998), does not serve exactly our purposes since it emphasises much more the stability of the "channel" as an entity. Another perspective is needed. Such a view, where the channel is considered as an actor and where change would be an exception, was challenged by Gadde & Håkansson (1992). Based on the industrial network approach and the

ARA model that were developed in the book coordinated by Axelsson & Easton (1992), Anderson et al. (1998) proposed an alternative conceptualisation, based on an interactionist view of roles and positions. “Role” and “position”, which are “*shaped in interaction*” (Abrahamsen, Henneberg & Naudé, 2012, p. 260), are indeed considered as key concepts when analysing changes and dynamics in networks. Position in a network can be defined as “*a description of a company’s portfolio of relationships and the rights and obligations that go with*” (Turnbull et al, 1996, p. 12). It “*locates the actor in the relationship system relative to other actors*” (Anderson et al., 1998, p. 170). Role can be considered as “*a description*” of what a company wants to do in a network; it is thus considered as “*the dynamic aspect of the position*” (ibid.). The position thus reveals behaviours and activities collectively expected. Activities linked to position are labelled “*taken-on-activities*”, while those performed in a role are called “*made-up-activities*” (op. cit. p. 172). However, as shown by Anderson et al. (1998), made-up-activities may cause the degradation of the position of an actor.

When a company wants to reposition in a network, it is important for it that its role is interpreted in a similar way by other actors, or, as Abrahamsen, Henneberg & Naudé (2012) claim, the ability for a company to change its position “*is dependent on a shared interpretation of roles*” (p. 268). But what can favour a shared role representation between several actors? Sense-making has been proposed as an explanatory concept. As Möller (2010) argues along with Mouzas et al. (2008) “*sense-making as a reality framing and meaning construction process has a fundamental role in influencing the strategic options that actors form and the actions they take*” (p. 364). Huemer (2013) also proposed the concept of sense-giving as “*consisting of attempts to alter and influence the way other think and act*” (p. 241). But how actors “*think and act*” remains the question to be answered. Legitimacy – a central concept of Institutionalism – may help to explore this issue. Several IMP works have already pointed the interest of an approach of network dynamics based on institutionalism (Jansson, 2008; Káptalan-Nagy & Persson, 2008; Nyström, Ranström & Törnroos, 2008; Welch, 2001). Káptalan-Nagy & Persson (2008) note for instance that “*an actor needs to be perceived as legitimate in that context or otherwise they will not be able to participate and to influence the decision making in that context*” (p. 5). Thus, focusing on legitimacy as a means of understanding how “*a shared interpretation of roles*” may be favoured is an interesting perspective to adopt.

LEGITIMACY

Legitimacy is one of the most important concepts in Organisational Theory and the most developed by New Institutionalism studies (Colyvas & Powell, 2006). Indeed, “*Institutional is based on the notion that, to survive, organizations must convince larger publics that they are legitimate entities worthy of support*” (Meyer & Rowan, 1977). Suchman (1995, p. 574) defines legitimacy as “*a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions*”. For an actor to survive and develop (Aldrich & Fiol, 1994), actions should be able to answer to social expectations (Greenwood & Hinings, 1996). According to Scott (2001), actors learn *who* they are – or understand their role (Buisson, 2005) – through the social system in which they live. Previous IMP researches have highlighted the interest of legitimacy to study the formation of regional strategic alliance networks (Gebert-Persson, Lundberg & Andresen, 2011) or to apprehend how an organisation can enter and influence a changing political context (Káptalan-Nagy & Persson, 2008). New Institutionalism considers that social legitimacy apprehends the behaviour of actors in a role according to their conformity to the expectations of actors inside and outside of a particular relationship (Gebert-Persson, Lundberg & Andresen, 2011), and more broadly, to the expectations of the whole society.

New Institutionalism typically translates those social expectations through three main institutional pressures or pillars: regulative, normative and cognitive. These pressures define “the rules of the game” that determine how to behave (Káptalan-Nagy & Persson, 2008). The regulative pillar refers to rules, laws or explicit obligations that actors have to conform to because of the risk of sanctions. At the opposite of these “objective” rules, cultural and cognitive influences refer to symbolic dimensions, conceptions and frames which are shared by individuals to give sense to their actions (Powel, 2007, p.2). These pressures can be observed through shared beliefs, similar logics of actions and isomorphism phenomena (Scott, 2001). Managers’ behaviours can thus be influenced by the culture of their organisation (Lounsbury & Glynn, 2001) while their cognitive frames are shaped by institutional influences (Lee & Penning, 2002; Oliver, 1997). At the intersection of those two dimensions, objective and subjective, the normative pillar encompasses societal obligations rooted in the norms and values of the society, which define goals and constraints on actors’ behaviours (Scott, 2001).

Those three pillars provide organisations with guidelines and necessary resources to act (Nyström, Ranström & Törnroos, 2008) in a way they can reinforce their legitimacy in order to survive (Scott, 1987). Consequently, the matching of activities and the rules of the game provides actors with a legitimacy which is robust and stable enough to justify why they exist. Based on the core assumption of the stability of institutions that prevails in New Institutionalism, legitimacy thus proposes to introduce the dimension of durability of actors’ position-and-role. Legitimacy is indeed a core stabilizing factor of the institution (Beckert, 2001) mainly because institutions reach a legitimacy taken “for grantedness” (Colyvas & Powell, 2006). Based on Berger & Luckmann (1967), Colyvas & Powell (2006, p. 327) consider that such a macro-level legitimacy is built on a micro-level process “*by which the social order is reproduced as human activity is shaped into patterns and shared meanings and becomes repeated, habitualized actions which are subsequently externalized as objective reality*”. In sum, legitimacy describes the expected role of actors (Buisson, 2005) whose role may become stable as legitimacy is reproduced and becomes “taken for granted”.

The legitimate position of an actor, however, is not immutable, and it is now acknowledged that institutions should be apprehended through their dynamics of creation, maintenance and disruption (Lawrence & Suddaby, 2006). Moving from a pure institutional view of legitimacy to encompass a managerial approach, Suchman (1995) argues that legitimacy is also a multidimensional dynamic process which can be managed. In other words, legitimacy might be either natural or gained in action. The first form of legitimacy is the pragmatic one: an actor is legitimate when it answers the personal interests of its immediate audience – with whom it exchanges – and constituencies such as public authorities or trade associations (Suchman, 1995, p. 578). Pragmatic legitimacy is the easiest and quickest form of legitimacy that can be gained. Second, moral legitimacy depends on the assessment of the soundness of the activities of an actor toward the society. Here the consequences of the activities, as well as their process or the organisational structure, are assessed according to socially constructed criteria (Suchman, 1995, p. 579) which can be influenced by media (Buisson, 2005). The third form, cognitive legitimacy, does not depend on evaluation criteria or on utility but on cultural representations that are taken for granted. Quoting Zucker (1983), Suchman (1995, p.583) describes this as a phenomenon of externality and objectivity so that it is detached from the actor that initiates it: it becomes “*literally unthinkable*” that things would be otherwise. As an actor gains such legitimacy, its presence and its role are considered as necessary and unavoidable. Since it depends on mental representations of individuals, this form of legitimacy is on the one hand durable and profound, but on the other hand hard to gain. Those three forms of legitimacy are neither mutually exclusive nor they oppose to

themselves, so they can be combined. Suchman (1995, p. 585) considers that “*as one moves from the pragmatic to the moral to the cognitive, legitimacy becomes more elusive to obtain and more difficult to manipulate, but it also becomes more subtle, more profound, and more self-sustaining, once established.*”

Suchman (1995) thus proposes that three strategies can be implemented: conforming to the rules of the game, selecting the more appropriate or favourable ones, or influencing them. For any of these options to be performed, actors need to rely on resources (Hardy & Maguire, 2008). Resources serve to influence rules (DiMaggio, 1988) and have to be selected to identify the most favourable ones according to expectations, norms, values, or beliefs (Oliver, 1991; 1997).

RESOURCES

The notion of “resource” is not new and constitutes an important concept of the economic literature. Nevertheless, the perspective in which the ARA model considers resources is specific: “*the value of resources is created in the ways in which they are combined with other resources*” (Håkansson et al. 2009, p. 65). If considered by itself, a resource has no value. Value – as far as resources are concerned – can only be created through the interaction of a resource with other resources. The idea of a resource potential being revealed only through resources combination is a central feature of resources. From a more general point of view, we can consider that “*various elements, tangible or intangible, material or symbolic, can be considered as resources when use can be made of them*” (Håkansson & Snehota, 1995, p. 132). Thus raw materials, physical facilities, components, operating systems and finance as well as human knowledge and ability can be considered as resources (Cantù, Montagnini & Sebastiani, 2010, p. 224). The 4R Model (Håkansson & Waluszewski, 2002) distinguishes between *technical/physical* resources on the one hand and *social* resources on the other. On the basis of this categorization, 4 types of resources are considered: products, production facilities, (which are *technical/physical* resources), organisational units and organisational relationships (which are *social* resources).

For Ford et al. (2003) the role of intermediaries in distribution in business markets is primarily based on two kinds of resources: “positional” and “technological” ones. Positional resources are relationships with suppliers and customers. They are described as resources that make it possible “*to find, assess and assemble the assortment of offerings required by their customers from a widely scattered range of diverse suppliers*” (Ford et al. 2003, p. 134). Technological resources are described as the abilities an intermediary has to “*effectively operate relationships in both supply and customer markets*”. There can be “*skills in managing inventories for both supplier and use, negotiating and handling orders, managing buying and selling relationships with many users and suppliers, providing credit to users and finance to suppliers, as well as skills in logistics*” (Ford et al. 2003, p. 134). New technological resources may also appear such as “*skills in designing products and production methods*” (Ford et al. 2003, p. 134).

AN EMPIRICAL STUDY OF THE ROLE OF WHOLESALERS

We now have as an objective to discover the role of wholesalers in distribution networks, to understand how they seek to gain legitimacy and how retailers perceive their role. First, we explain the method that we have designed to gather and analyse data. Second, we show how wholesalers make sense of their role in FFV distribution networks. Then, the four FFV departments we selected to sustain our discussion are finally described.

METHOD

We used a two-step qualitative method. We implemented a qualitative survey to gain an in-depth understanding on how wholesalers perceive their position, and make sense of and legitimate their role in FFV large-scale retailing networks. To gain insight of their representations, in-depth interviews were perfectly suited. To shed light on the different facets of the role of the wholesalers, we carried out 46 interviews at three French leading wholesalers. Key informants at different functions and hierarchical levels had been selected. By doing this we think we are in line with Seidler's (1974, quoted by Philips, 1981) definition of a key informant as someone who has "*special qualifications such as particular status, specialized knowledge*" and [is] thus able "*to provide information by reporting on group or organizational properties rather than personal attitudes and behaviors*" (Philips, 1981, p. 396). With the support of the QSR-Nvivo software, we conducted a thematic analysis of interviews from which significant excerpts were selected and will be presented (Hlady-Rispal, 2002).

To grasp retailers' perceptions and get insight of different configurations of wholesaler-department manager interaction, we conducted a multiple embedded case study. We selected four cases following the logic of purposive sampling (Dubois & Araujo, 2007; Eisenhardt, 1989; Gerring, 2007; Yin, 1994). All cases are linked to a same regional divisional office of a French retailer. This favours comparability between cases while minimizing "extraneous variation" (Eisenhardt, 1989, p. 537): had we chosen different retailer brands or regional offices, variations due to different centralisation levels, strategies and buying offices' performances would have been introduced. By doing so, we focus our analysis on the department managers' perceptions regarding the same buying office and their different choices as to whether or not – and how – to resort on wholesalers. We avoid "authoritative" types of buying offices that may engage coercive actions detrimental to the wholesalers who do not strictly conform to their prescriptions. A key informant, whose competence had previously been attested by experts, helped us to choose cases with contrasting characteristics concerning the quality of their relationship with the buying office and their supply-base structure (Gadde & Håkansson, 1994). We selected the first two cases because they have a close relationship with the regional buying office as well as a multi-level, multi-status contacts pattern (Cunningham & Homse, 1986). We chose the two other cases because they allocate a more important part of their purchases to wholesalers. We combined different data gathering techniques (observation, semi-structure interviews and informal interviews) with actors from different hierarchical positions both at the divisional office level (5 interviews, 6 days of observation) and at the store department level (departments and wholesalers; 37 interviews, 97 hours of observation). Data were coded and a thematic analysis was carried out with the support of the QSR-Nvivo software. Monographs were written, and then a cross-case analysis was performed.

A collection of secondary data (annual reports, press releases, case studies...) has also been carried out, thus allowing first a better understanding of wholesalers' activities and resources, and second to triangulate data. We first show the results of the qualitative survey, and then we propose a synthetic description of cases. Cross-case analysis will nurture the discussion which will be proposed in the next section.

THE WHOLESALERS' PERCEPTION OF THEIR ROLE IN DISTRIBUTION NETWORKS

The position of wholesalers in distribution networks changed with the appearance of buying offices. Through centralisation, large-scale retailers have indeed integrated the wholesale functions. "*There is a story behind that: the wholesaler's profession disappears. Our*

customers, the large-scale retailers, centralised and then do not need to resort on wholesalers for supply anymore, except for complements or emergency logistics. But for the core of the job, they don't need wholesalers anymore.” (CEO, W-A).

Buying offices replaced the wholesalers in the position in which they were acting before the centralisation process of retailing. A new, subaltern role had been prescribed: supplying FFV departments in case of delivery failures or order mistakes. To conform to these prescriptions was the most evident option for wholesalers because the activities associated with this new position were relying on existing resources: proximity and logistic flexibility. In such a position, the wholesalers' core functions and activities are however not valued anymore. Being in direct competition with buying offices, they suffer from unfavourable price pressures that penalise them: as intermediaries, they are indeed seen as the principal actor who is guilty of prices increases because of the margins they take. *“A merchant has always a more or less negative image: it's the guy that takes margin on your back”* (CEO, W-B). Such a position is also perceived as being precarious as it is based on sporadic transactions and does not create much value. *“You well understand that to sell Golden apples or oranges in string-bag from Spain which come by full trucks, which are products that resist well, the value added of the wholesaler is not that evident unless it is to help out: “I have shortfalls because the way the central office works makes that I have to order on day A to be delivered on day C, I made a mistake and I'm out-of-stock, deliver me oranges or apples”. But it is not on emergency logistics that you build a recurring and interesting business”* (CEO, W-A).

Competition on price with buying offices is perceived as unsustainable, but evidence of an alternative solution exists. *“Large-scale retailing, I think, is something important for us. I think that if we still exist, it is because large-scale retailers still need us a bit. We have a role to play, we have something to bring to large-scale retailers”* (CEO, W-A). A reflexion had thus been initiated to find what could be brought to store departments, as a complement of the buying office. *“When we look at what interests large-scale retailers, or more exactly when I pay a more careful attention to the reasons why some members of W-A have more success with some large-scale retailers' networks, it is because they position themselves as a complement of the buying office, not as a direct competitor. [...] It is not direct confrontation, where you say “I'll take the same things as the platform, but at a lower price”, that will ensure neither a lasting existence nor even much sympathy”* (CEO, W-A).

The idea is to escape from price-based competition to bring supplementary services. A new role emerges. At the core of this new sensemaking lays the quality of the product dimension. It is rooted in the evolution of consumers' wants: *“At a certain period we were selling anything anyhow, but now people care again a little bit for the follow-up of the product's quality. But it comes from the consumer's wants who seeks... who retraces his steps a little bit also... who seeks more gustatory quality, origins, as compared with some years ago”* (Seller, W-C). Such an evolution coincides with favourable trends in the institutional environment: the “Grenelle de l'Environnement”² debates, launched in 2007 by the French Ministry of Ecology, Sustainable development and Energy encourages firstly the production and consumption of organic products, then local consumption which is also supported by different movements such as the “locavores” and French regulatory agencies (for example, the last Agriculture and Fisheries Modernisation Law (LMAP) in 2010³). New laws have also been implemented to favour food safety (Foodlaw 178/2002, CEE) as a reaction to people's worries and fears. As the environment of FFV distribution networks becomes more complex, wholesalers see opportunities for development, and this new role appears as a promising

² <http://www.developpement-durable.gouv.fr/-Qu-est-ce-que-le-Grenelle-de-l-.html>

³ <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000022521587>

option that fully relies on the core activities of the wholesalers. *“It is in our interest to also have clients on the qualitative dimension. As I said before, the more complicated it becomes, the better it is for us. If we are in a context of volume/price/basic, that’s not much interesting for us”* (CEO, W-A).

To take advantage of the situation, existing resources are reshaped and recombined with new ones so they sustain the development of a new role where “quality” is emphasised. Four dimensions have been identified.

First, relational resources based on social bonds with FFV department managers are used as a basis for developing locally adapted services and tailored assistance. The strengthening of the interpersonal bonds between the wholesaler and the FFV department manager is thus essential: *“There is necessarily a kind of complicity that has to be established between the seller and the buyer. [...] The relationship is essential”* (Sales and marketing Director, W-B). Interpersonal bonds support an enduring relationship through which the wholesaler gains critical information to understand the department managers’ particular issues. The seller’s availability is ensured so that he can give support and assistance, such as advice on merchandising techniques or promotional actions fitting the department manager’s local environment. *“When you look at the way buying offices work, they can supply dozens of stores in a very wide trade area. On the other hand, the local actions to give a hand to a store attacked by a competitor, it’s not that simple. A regional buying office will not necessarily be able to give a tailored answer, promotional... And by the way, regarding promotions, it is not only a matter of price, there is advertising, dramatization, that is, an appropriate answer on the shop floor which needs a promotional campaign. The buying office will not be able to do that, but the wholesaler is able to go to the store and to be there”* (Seller, W-B). Interpersonal relationships are not sufficient, training and tools have thus been developed to “professionalize” the relationship. *“The objective is to prepare an in depth diagnosis of our customer before we go and give pertinent advice during the interview”* (Sales Manager, W-B).

Second, wholesalers make a new sense of their logistic agility. As seen previously, the geographic proximity allows their logistic emergency activities, which are however not sufficient *per se* to secure an enduring position. It is however a true asset, as compared with buying offices, to bring local products which benefit from an overwhelming socio-political support. *“As wholesalers we have an adapted logistics that allows answering that concern regarding “local production”. [...] So we have a logistic role, and we have a role of centralisation of regional products. The store can’t make it, so we offer a true service to producers. We are able to bring a better service to producers because we are able to distribute their whole range of products and then to allow local products to access stores more easily. Local procurement is one of our know-how because we have 70 platforms in France”* (CEO, W-A). The “natural” logistic agility of the wholesalers allows them also to supply the so-called “fragile” products to departments and thus to improve their assortment. *“We notice that the more the product is delicate and fragile, the higher the wholesalers’ penetration rate in store”* (CEO, W-A). Local procurements and the fast inventory turnover of wholesalers may help the department manager in procurement management. Those products are usually more expensive. Moreover, if they are stocked a whole night in a fridge, their condition, the day after, will be poor. To favour quality, department managers could downsize the quantities they order to avoid stocks and procure the complement from the wholesaler. More generally, wholesalers improved their equipment (such as ripening rooms) to handle a wider range of products that allow to cover the different needs of stores and to better satisfy consumers’ wants regarding the quality of produce. *“They [Retailers] are able to do it, but their logic is that “logistics” is not “taking care of the product”. On the*

contrary, our logic is that it is first the product, and then we implement logistics facilities to take care of the product. [...] What is important is that we talk about something that is specific to the product. The main asset is gustatory quality” (CEO, W-B).

Ensuring the good condition of fragile products, as well as procuring local products, is not only dependent on logistic agility but also on purchasing expertise, which is the third reshaped resource we identified. It is grounded first on the development of their networks of suppliers with who they built partnerships, and then on their purchasing skills such as reactivity. As a buyer explained, as wholesalers were accompanying the development of large-scale retailers, they focused on big, structured producers to the detriment of smaller local producers. Retailers thus developed direct relationships with these more structured producers. Wholesalers who abandoned local producers have then reactivated their networks, while those that kept business relationships with them started to increase the magnitude of their exchanges. Such a buying expertise is also a necessary skill to source specialty or niche products that are not sourced by retailers’ buying offices, or products that are adapted to the capacity of department managers of handling products with care. Wholesalers seek to compensate for the growing lack of product knowledge and specialized technical skills of FFV department managers. Wholesalers developed not only their suppliers’ networks, but also their anticipating and adaptability skills to outperform retailers’ buying offices regarding the sourcing of niche products. *“They ought to benefit from our expertise that they don’t have. Their buyers don’t have these anticipating capacities we are obliged to have. They only react after they have received their orders. They procure, they don’t buy, I think that it is an important difference and I think we can give this buying expertise to them” (CEO’s adviser, W-B).* A salesman at W-B explained they established a partnership with a small producer that did not interest retailers’ buying offices because of his small volumes, but whose products interest department managers because the particular grade he proposes is not available at the buying office. To source that kind of products, buyers take a lot of time to gain information by *“reading books, exchanging information, listening to Mr So-and-so”*. A buyer at W-B, who declares that they intensified their niche products sourcing activity, explained that buying offices integrate niche products to their offer as soon as they notice that those products are successful at the store level. *“There still are some department managers that are independent, or at least that have different ideas than the ones of the buying office, and who still work with wholesalers, and who ask us to have ideas which are a bit different. And then, it’s our turn... we show imagination. It’s true that niches have always existed, but I think it is even more important now. We, wholesalers, have always been at the origin of niches, of the discovery of niches. On the other hand, buying offices have got a quicker and quicker reaction time. Now you can be sure that, if one year you discover a product which is successful in a store, the year after it will be centralised” (Buyer, W-B).* Some of these niche products are sometimes branded to signal their quality. *“The game the wholesaler plays now is to have different suppliers from the buying offices’. We continuously look for different products. This year we have reactivated a clementine and oranges’ brand which is called Llusar. It is an old brand, we work with them, they are not displayed in stores. All the same, we succeed in selling [those products] during the whole season. It is a completely different price from the buying offices’. It is a lot more expensive but it is not the same product, nothing to compare. And we succeeded for Christmas because we sold them in bags made in the traditional way, you should have seen that” (Buyer, W-B).*

Brands are the fourth dimension used by wholesalers to valorise their new role. Contrary to the first three dimensions based on a reshaping of existing resources, this dynamic relies on the creation of a new resource. Brands are created as a guarantee of the gustatory quality of the products, developed thanks to partnerships with some producers, and dedicated to

retailers. *“Brands are more for retailers [than the foodservice industry] because they are looking for something different from lower prices and commodity products”* (Sales and Marketing Manager, W-B). Brands are a true asset as soon as consumers adopt them and may help wholesalers during centralisation periods. *“When [retailer] centralised, it was the period when they were putting boxes, suggestion boxes at the entry of the store, systematically people claimed our brand of citrus fruit. So they asked us to come back and, of course, we didn’t come back for that purpose only [wink of complicity]”* (Director, W-A’s member). The wholesaler W-A recently developed new brands to encompass a broader conception of the quality which encompasses the new consumption trends he identifies, such as localism, nutrition and health. Segmentation has indeed been developed in the FFV industry; W-A created also brands based on needs and socio-demographic segmentation, such as small size fruit for children’s snack that come with strong boxes to improve convenience. Brands are supported by large-scale advertising campaigns targeting housewives and incorporating the arguments of the national program for nutrition and health. *“So, now we propose products from sustainable agriculture. And I wanted to bring schools, kids, and to explain to them. Also the customers of our supermarkets that all found a great interest in communicating on that topic, on our nearness, [on fruit and vegetables which are] produced in a healthy and natural way because [they are] produced with natural products that are modern and have no risk. [...] Those are real environmentally friendly projects, which also respect the quality of the product. That’s a real shock in our business, it’s a radical move regarding investment because we are not anymore in the “I buy I sell” trade”* (W-A network’s member).

The analysis above highlights that the retailers’ centralisation process altered dramatically the position wholesalers had so that it became precarious. Acting in this role implies conformism to retailers’ prescriptions regarding wholesalers’ behaviour and, *per se*, to their expectations. Through their discourses, wholesalers depict however a contrasting role aimed at changing their position in the network. Such a role revolves around the superior value they add on the “quality” of the product. Quality is described along several dimensions which answer to emerging consumers’ wants and values and to concomitant institutional pressures. They enact their environment in selecting favourable dimensions (Suchman, 1995). Resources are recombined and developed so that purchasing, logistics and marketing are coordinated to bring together speed and quality. In the first position, wholesalers benefit from a pragmatic legitimacy. In the second case, they should benefit from pragmatic but also moral legitimacy which is, according to Suchman (1995), much more stable. This should in turn result in a far more favourable, enduring position.

Before discussing wholesalers’ position-and-role we will first describe the FFV departments used to shed light on retailers’ perceptions and practices.

THE RETAILERS’ PERCEPTIONS OF THE ROLE OF WHOLESALERS

Until the creation of the divisional office, wholesalers were the usual suppliers of the FFV departments. The new divisional office entered in competition with wholesalers for the position-and-role of departments’ full service and products provider. Managers from the divisional office at case R explained they had to demonstrate to stores and department managers that they were legitimate to act in that role. The share of purchases the departments place with the buying office still is a performance indicator for the divisional office. The buying office implemented suppliers’ development programs, private quality standards and contract arrangements with growers to secure supplies both in quality and quantities and help in preventing shrinkage at department store level. It guaranteed price and food safety, developed a wide range of products to ensure the variety of assortments, and implemented

processes to reduce the delivery time to departments in order to help reducing the risk taken by department managers when anticipating their order decisions. Efficient integrated information exchange systems have been implemented and assistance such as training programs for department managers and marketing concepts have been developed. Wholesalers are the buying office's competitors. *"My parents were wholesalers. I know pretty well the wholesaler's job. I worked for two wholesalers. Nothing in common, it is a completely different job. There still exist some specialized wholesalers that work a little bit like us... The wholesaler buys but he doesn't help the production to live. We, it's the opposite: we are close to the production. We don't buy on a "price after sale" basis⁴. [...] We need margin to run the activity, but not as much as wholesalers"* (Quality and Grading Manager). So it should be more beneficial for departments to rely on the buying office. But the choice is up to the store, and in the case department managers rely on wholesalers, they take the responsibility of the quality of the products they display on their stalls. Wholesalers are useful for department managers if they make a mistake or if there is a delivery problem. But the general feeling is that it is necessary to pay attention, while department managers often lack the technical skills to assess the quality that wholesalers supply them with. *"The pallets that we reject because there are problems with the conformity of the quality, wholesalers take them, and then they sell them to stores for half the price!"* (Quality Assessor). The first two cases under study are in close relationship with the buying office and place the majority of their orders with it. The two others have a more distant relationship with the buying office and rely more extensively on wholesalers for their supplies.

Case R-A, a hypermarket's FFV department, purchases about 80% of its supply from the regional buying office; it is a typical case (Yin, 1994). The Manager in case R-A integrates the production of local producers⁵, even if he sometimes experiences problems with the quality of the products that are supplied. The department manager has good relationships with the buying office's vendors as well as with managers. He is satisfied with the services the buying office provides: it permits to have complete range of products, the price-quality ratio – notably regarding basic produce – is competitive, and the promotional activity is dynamic. Through the intranet and the integrated software, the divisional office provides an appreciable assistance which helps the department manager to follow market trends and seasonal products switches. He complies with recommendations regarding assortment and display decisions but doesn't follow price recommendations to better adapt to the local competition. He estimates the buying office's salesmen pay close attention to his queries and also give him advice on specific products storage conditions when he needs it. In case of specific requests such as his willingness to organise a particular sales promotion, he directly contacts the buying office's managers. If the request is placed enough in advance, he asserts the buying office will do its best to satisfy it. He recognizes however that it has to provide a standardised offer for a large range of stores. This implies that, because of its size, flexibility is lacking. The department manager in case R-A thus resorts to his wholesaler, particularly when occasional delivery problems occur, because this supplier is able to deliver products he needs within three hours. He estimates he has excellent interpersonal relationships with the wholesaler's vendors. At eleven in the morning he usually places orders by phone while inspecting the displays to *"feel the trends of the day"*, after he has finished the ordering process using the corporate software. Thanks to his wholesaler, manager in case R-A estimates that he has more choice to compose his assortment and he sometimes integrates specialty products, that is, less basic products he

⁴ The LMAP prohibits such practices since 01/2011 through the obligation to furnish a written purchase order; a survey from the controlling agency (DGCCRF) published in 12/2013 clearly shows that such an obligation is poorly enforced. [http://www.economie.gouv.fr/dgccrf/relations-commerciales-entre-producteurs-et-acheteurs-fruits-et-legumes](http://www.economie.gouv.fr/dgccrf/rerelations-commerciales-entre-producteurs-et-acheteurs-fruits-et-legumes)

⁵ Such a fact is equally seen in cases R-C and R-D.

sells in small quantities. When ordering from the wholesaler he systematically asks him lower prices than the ones proposed by the buying office, to compensate for extra work such as invoices' preparation. And there are pressures for profitability he cannot escape. He particularly likes when the wholesaler cuts down on stocks and thus proposes him a "*shrewd move*", that is, a price cut. However, in case of delivery problem from the central office, the manager R-A does not necessarily place an emergency order with his wholesaler because the supplier would take advantage of the situation to increase his prices. Most of the time, he prefers being out-of-stock except if the product is essential, like bananas for example. He thus adapts his display to "*fill the holes*" and hide shortfalls from customers. Following the same decision rule, he also hesitates to rely on his wholesaler's flexibility when he has underestimated the quantities of products he should purchase. "*It almost never happens... I am good at purchasing you know! [laugh]*". His line manager considers indeed that too much resorting on a wholesaler is a proof that the department manager is incompetent in accurately estimating the quantities to order. This line manager considers also that it is of prime importance to carefully keep an eye on managers that develop local relationships with suppliers to prevent from embezzlements or other kind of opportunistic behaviours.

Case R-B is atypical in the sense that rare are the departments which rely only on their buying office. The department manager in case R-B loves products. "*When I arrive in the morning, there's only one thing I'm longing for: that the produce arrive so I can put it on displays and have fun, arranging my little flowers with the courgettes, my little... that's it.*" His department used to be the "pilot department", that is the department where the divisional office sends new managers to learn the FFV merchandising techniques. The manager has excellent interpersonal relationships with vendors and managers at the regional office. When a problem with the quality of the products delivered arises, he calls the vendors. They always trust him in such cases, they know he is honest. He scrupulously complies with all the marketing recommendations of the divisional office, even if sometimes it causes difficulties in adapting to the local competitive environment. Manager in case R-B is so strongly committed in his relationship with the divisional office that he does not understand the department managers that resort extensively on wholesalers. He considers they all should prefer relying on the buying office or buy from local producers. In the department the manager was working in before, he used to trade with local suppliers but he declares it was a lot of concern to ensure that orders were well received or that the quality of the delivered products would be adequate, and to deal with suppliers' complaints. He found no local producer near his current location. Both the department and the store manager explained they do not resort on wholesalers anymore because they could not manage such a relationship as they intended to: "*We couldn't "drive" the wholesaler adequately*" (Store Director). They however acknowledge that this situation is imperfect since they have no alternative in case of delivery failure. During the period of observation we noticed the manager could not do nothing else but be out of stocks after he had rejected a parcel of courgettes and one of red peppers. The deliveries are also regularly late. Neither the store nor the head office can control when the truck driver declares he broke down on the bad and mountainous road between the store and the buying office's platform. He thus used to hold buffer stocks. Recently, the store manager realized the gross margin objectives were not reached. The department manager thus decided to estimate more accurately the quantities he orders to diminish shrinkage. Stressed by the fear of generating shrinkage, shortfalls rose, resulting from an excessive reduction of the quantities ordered.

Manager in Case R-C is not a department manager. As a fresh products line manager he devotes twenty percent of his working time to manage the FFV department. He has no contact with managers at the regional office despite the fact he participates to their trade

shows and meetings to gain knowledge on new market trends. He is not very satisfied with the quality of the products delivered by the buying office so he considers its real interest only lays in sales promotions and the range of low price, basic items it proposes. He is particularly interested in price reductions the buying office proposes to cut down on stocks. He applies however the buying office's recommendations concerning product display and pricing to facilitate his job and systematically accepts sales promotions. This FFV department is, using the divisional office's managers words, "*shacked up with a wholesaler*". The department is indeed in a long lasting, "*historical*" relationship with a local independent FFV service wholesaler that gave great support and assistance to the store's owner when he opened his supermarket. When manager in case R-C took his post at the supermarket, the relationship had thus been already well-established for years. Both the store and line managers consider the wholesaler gives wise advice and offers a large range of produce with good quality. "*Once, to show the difference to the boss, I ordered five salads from the buying office and five from [wholesaler]. The ones from the central weighted 125 grams, the ones from [wholesaler] 500 grams... for half the price!*" (Line Manager). Manager in case R-C progressively increases the number of items he purchases from the wholesaler to the detriment of the buying office, even if the store manager reckons the buying office, which is the powerful actor, has priority. "*[Line manager] makes good things with [Wholesaler]*" (Director). Manager in case R-C visits the wholesaler every ten or fifteen days. "*You can see the product [before buying]*". He likes discussing with the director with whom he exchanges personal as well as business information such as the department's sales volumes. Twice a month he organises sales promotions with the wholesaler. The supplier usually delivers the store twice a week but is able to deliver it twice a day for Christmas for example. He proposes sales promotions which help the manager in case R-C to generate gross margin. The period of time in which to pay is longer than the one the head office requires, which generates cash flows. Manager in case R-C now plans to ask the wholesaler to come into alignment with the prices the buying office proposes. For Christmas, he will entrust the whole department dramatization to the wholesaler, arguing that the central office doesn't propose such an animation. Interestingly we noticed that the wholesaler's promotional animation is exactly the same as the one the buying office proposes to the departments. Likewise, while visiting the wholesaler, we noticed that each atypical product the manager in case R-C showed us to explain that the wholesaler proposes a greater choice than the central office, like for example Sicilian or White eggplants, were in fact also available at the buying office. Assessing the way manager in case R-C manages his FFV department, it is to be noticed that, due to the low frequency of deliveries and the poor execution of in-store logistics, the products on displays were mainly in poor condition. As a strategy for controlling shrinkage, manager in case R-C also underestimates the quantities he orders to avoid having stocks. This results in an excessive amount of shortfalls.

Case R-D was chosen because the department manager procures 50% of the items composing his assortment from the wholesale market. He is located in a production region and near a dedicated market for import-export. "*I have always dreamed to purchase by myself. Now, I do*" (Department Manager). Manager R-D had been trained by the French Inter-professional Technical Centre for Fruit and Vegetables for three years. When he took his job two years later at the supermarket R-D, the line manager, who learned produce and how to buy them at the Rungis market with his first store director, told him that he didn't know how to work adequately and that he will train him. Two and a half years later, the line manager told him that he now considered he had become a professional. Manager in case R-D asserts he is fussy, paying great attention to the freshness of the products, to the adaptation of the marketing decisions to product fragility and to local climatic vagaries, and to the beauty of the presentation of produce on stalls. "*The FFV department, it's first the display, then quality*

and freshness, then price, then choice. Each one impacts 25% of sales. Well, quality does a bit more... Let's say that quality attenuates the impact of price" (Department Manager). The strategy seems efficient: *"There was an old client who was talking about potatoes. Someone told him: "Did you see the price?!" And he answered: "I don't care, they are good, and I'll buy them again!"*" (Observation's notes). Manager in case R-D limits his discussions with the buying office's vendors to their very simple functional aspects. He thinks the buying office improved its capacity to control the variability of the quality of the products it delivers, offers a complete range of products, an efficient information exchange system, a buying plan and a price positioning reference. He regrets however that managers are hardly joinable for placing special requests and that information feed-back is not taken into account. Price recommendations are too high and do not match his local environment. Manager R-D thus considers that the buying office offers a minimal standard that has to be improved. To that aim he resorts on wholesalers. Criteria for selecting direct suppliers are a combination of several characteristics such as exclusivity to ensure differentiation from local competitors, superior quality of products, wide variety of choice and lower prices because of the reduction of the number of intermediaries. *"You know, as large-scale retailers, we are a little bit like crows. Some people don't like to work with us. We need a price, if possible quality, and cleanliness. A supplier needs to bring a plus otherwise I there's no point in my getting into a relationship with him"* (Department Manager). Manager R-D's supply base is composed by two wholesalers, W1 and W2. Because repetitive problems on the quality of the delivered products had occurred, manager in case R-D dissolved his relationship with W1. He couldn't accept that his customers lack products because those that have been supplied were in poor condition. He is now slowly starting to repurchase from W1 for some items. *"He went too far, he thought I was an idiot. I am a pain regarding quality. Now he offers sales promotions, he tells he'll give me two mountain bikes if I order for more than a certain amount within the year. But it is not tombola."* The situation with W2 is different. CEO at W2 likes to trade with him, he thinks he is a good professional: *"You have to feel market trends... One day you can sell two pallets of cauliflower and the day after, only one. And you call in Europe, and it's the same everywhere, nobody knows why. It's... It's hard to explain... It comes with experience. It's very difficult to be good both at marketing and at purchasing. [Manager R-D] is very good. He is as good at buying as at selling. Day after day he feels the trends. It is very rare to have such a so professional spokesperson."* (Director, W2). Manager in case R-D visits the wholesalers once a week. On that day, a quality problem occurred with leeks supplied by W2. The department manager was nervous because he wanted to make sure that his customers will have some leeks. On the road he said: *"It is not [CEO] that prepared the pallets. I am quite sure that it is his brother... he is not as professional as [CEO]. [CEO], he knows how I work. It's the same with the Golden Delicious apples that should have been yellow, not green. He knows my tastes."* The department manager uses the buying office as a benchmark and then compares with W2's propositions. *"You build a kind of library in your mind [regarding quality]. From time to time I order some products from the buying office to keep up to date with their quality on that item. The problem with them is that you can't see the product that you buy."* He chooses the source first for the product's quality, then for its price. *"I always put price after quality: I prefer to pay one and a half the price but to buy unquestioningly. Well... Price is important also. That's why it's interesting to open competition between suppliers"*. Manager in case R-D considers that W2 allows him to decrease prices for equivalent products he could obtain from the buying office, to increase the quality of the products for a similar item, or to purchase products or qualities that the buying office does not source. To develop his relationship with W2, manager in case R-D periodically replaces the less performant item he used to buy from the buying office with one he will procure from W2, for example to introduce a new product to his assortment. By doing

so, he progressively increases the sales turnover his wholesaler makes with him, so he remains an attractive customer. Moreover, W2 is able to deliver products a few hours after an order is placed. This is important in three cases: when delivery from the buying office is not conform, when the manager makes a mistake on an order, or when he wants to adapt to climatic vagaries: *“It happened to me to wake up in the morning⁶ and, according to the weather, to call [W2] to organize a sales promotion on carrots because it’s cold”*. Regarding his relationship with W2, the manager said: *“Let’s hope it lasts.”*

DISCUSSION

We first discuss the roles of the wholesalers we identified and the extent to which they are shared between actors of the distribution networks. Second, we identify the different forms of legitimacy and how they are perceived by retailers. Third, we discuss how resources need to be reshaped, developed and combined for wholesalers to gain legitimacy.

THE WHOLESALERS’ ROLES AND POSITIONS IN DISTRIBUTION NETWORKS

We now confront the results of the two studies to detect the wholesalers’ positions and roles in FFV distribution networks and to assess whether they are based on shared perceptions.

The results shed light on two contrasting perceptions of the role of the wholesaler, according to the point of view that is adopted. As Abrahamsen, Henneberg & Naudé (2012, p. 260) point out, *“the role interpretation of one actor may conflict with the interpretations that other actors have of her/his particular role.”* The first interpretation, the **stopgap role**, is dominated by retailers’ interpretations. The second one, the **quality enhancer role**, is dominated by the wholesaler’s interpretation.

With the development of both the centralisation of the buying function and the concentration of supplies, a new interpretation of the wholesalers’ role as a **stopgap** emerged. As depicted in case R-A, wholesalers outperform buying offices regarding delivery time. FFV characteristics induce uncertainties regarding products quality and quantities that will be available or saleable. In case of a delivery problem or an order inadequacy, emergency orders can be placed with wholesalers that are able to deliver the product within a few hours. The case R-B highlights the consequences of being dependent from the buying office, where constituting stock buffer is not an option: in case of inadequate quantities, nothing can be done to prevent from shortfall. In case of inadequate quality, the manager chooses either to display products with inadequate quality or to be out-of-stock. The case R-A illustrates this perception where the wholesaler plays a punctual role as an emergency solution. The price is at the core of the relationship: the manager systematically asks the wholesaler to offer lower prices than those of the buying office. The possibility of getting supply from the wholesaler for some “small products” is merely evoked. In case R-B, the only reason why resorting to a wholesaler would have been interesting is to help in preventing shortfall, but his role is almost denied.

The wholesalers under study evoke such a role to illustrate the necessity they have to change their position. The **quality enhancer role** is enacted in opposition to the stopgap position and depicts the role in which the wholesalers want to act. The most important variable is not the price anymore, but the differentiating and value adding quality. The dimensions of the quality of the product that emerge from the discourse of the participants in the wholesaler’s survey

⁶ The wholesaler W2 starts working at 3am, the department manager in case R-D at 4am.

encompass attributes such as maturity, taste, integrity of the condition of fragile products, nutrition and health properties, organic or local attributes, and niche products. Niche products are described as atypical products or products that are grown by smaller growers that do not meet the volume requirements of retailers' buying offices. Such attributes of quality add value to the products, which have consequently to be sold at a higher price. Retailers that would incorporate those products in their assortments would then be perceived as attractive customers. In that context, it would be possible for wholesalers to mobilize their resources to help their customers in case of emergency or to develop tailored marketing actions either to promote value adding products or to face a local competitor. Interestingly, while managers in cases R-A and R-C do appreciate the opportunities brought by wholesalers through "shrewd moves", such a practice is out of the scope of the quality enhancer role as described in the wholesalers' survey. Such a practice helps the wholesaler to cut down on stocks, but it may involve a shorter shelf life of the product and risks to deteriorate the quality image associated to the quality enhancer role. The reductions of stocks fit better with the stopgap role context and do not appear in the quality enhancer role as described by wholesalers. In case R-D, the department manager only accepts to help out the buying office or his preferred wholesaler provided he is absolutely certain he will sell the products quickly, otherwise he refuses so as to preserve the image of freshness of his department. In such a case this activity is not incompatible with the quality enhancer role.

We have first pointed out that the interpretations regarding the wholesaler's role from the retailers' point of view differ greatly from the sense the wholesalers make of their role; yet it is to be noticed that there also exists divergent representations into the retailer's network. Comparing cases R-A and R-B on the one hand, with cases R-C and R-D on the other hand, it seems that the more a department manager is in a close relationship with the buying office, the more he develops a negative attitude toward wholesalers. Cases R-C and R-D share, at least partially, the description of the quality enhancer role that emerges from the wholesalers' survey. The two managers purchase from their wholesalers with the perception that they improve the quality of the products they receive and that wholesalers help them in their promotional activities. It appears clearly that the two managers found in their wholesalers (W2 in case R-D) reliable partners that help in developing the quality of their departments. However there are some barriers which prevent the managers from taking all the qualities that the wholesalers propose, as the following quotation, which contrasts with the experience described by a buyer at W-B, shows: "*[Line manager] stopped and asked me if I knew the Lulu clementine brand. I answered no. He took two, and then gave me one so I could taste it. He said "You see how tasty they are? But it is too expensive, it's a pity but we can't do it on a daily basis. People in front of the stalls would not understand why there is such a price difference."*" (Observation's notes, visit at W2, case R-D).

Figure 1 (see further down) illustrates the discussion above relative to the interpretations of the wholesalers' role that emerged in interaction between wholesalers, department managers and buying offices. The stopgap role (see the blue ellipse) matches the retailers' interpretations and prescriptions where the wholesalers help in preventing from the uncertainties the managers are facing with. The quality enhancer role (see the green ellipse) represents mainly the wholesalers' interpretations of their role which are only partially shared with some department managers.

It seems that the representations of the role of the wholesalers partially diverge between actors because the representations they have regarding consumers' needs and wants do not match exactly. A shared perception of consumers could be necessary to favour coordination between actors and act as boundary object, if a boundary object is defined as "*any kind of object, material, human or social that exists between communities and serves to coordinate*

their activities by means of the ambiguity of the ways in which their content is interpreted by those communities” (Easton & Mason, 2009). As a consequence of this imperfect match regarding the representations of consumers, divergences regarding the quality of products and their prices become visible between actors. Figure 2 (see further down) highlights the different representations of buying offices, departments and wholesalers. The green circle depicts the representations of consumers that frame and support the wholesaler’s quality enhancer role. Such a representation only partially matches the buying offices (red circle) and department managers (blue circle) respective perceptions of consumers.

Figure 1. Wholesalers’ roles interpretations in FFV distribution networks

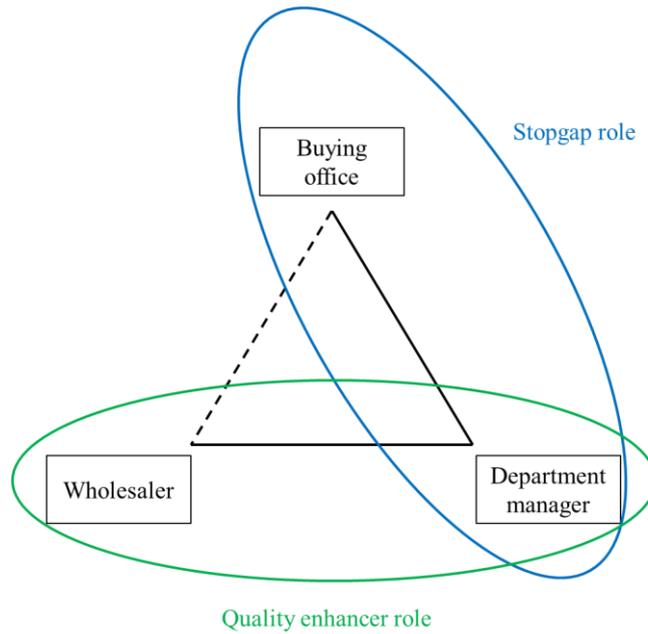
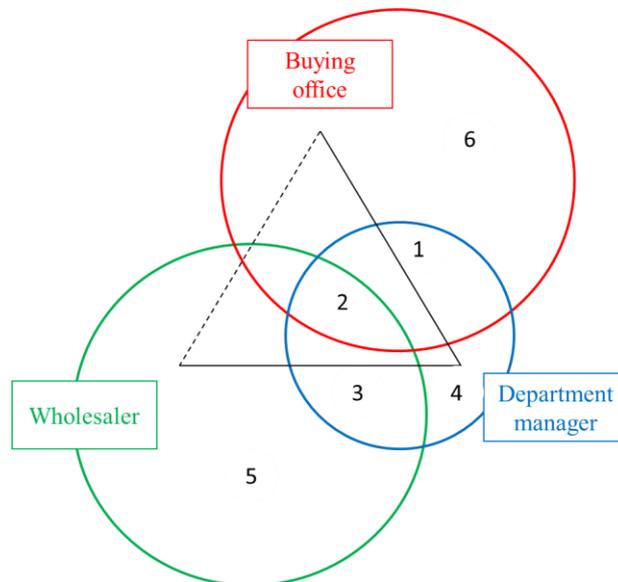


Figure 2. Convergences and divergences between actors’ representations of consumers



Produce quality is both multi-dimensional and subjective (Sterns, Codron & Reardon, 2001). Past researches gave evidence that retailers developed direct relationships with growers and private standards to better control certain physiological characteristics like “*pleasing appearance, desirable size and good condition which can be maintained during expected shelf life*” (Collins & Jamison, 1958 p. 362), sometimes to the detriment of other aspects of the quality such as fruit’s ripening (McLaughlin & Pierson, 1984) and thus gustatory quality. Even if the criteria retail buyers use to select products are pretty unknown (McLaughlin, 1995), it seems that retailers’ buying practices have changed: they seem less focused on price only and more attentive to gustatory quality (Perosio et al., 2001). But produce quality standards still have to match the constraints of self-service merchandising techniques and those of logistics. This overall definition of produce quality corresponds to a representation that mixes both the perceptions that corporate buyers have regarding consumers’ preferences and retailers’ specific technical constraints and performance objectives (Hirschman & Stampfl, 1980; Hirschman, 1981). Such a representation, depicted by the red circle in figure 2, reflects however much more the beliefs of corporate buyers than the real consumers’ needs, wants and values (Ibid). Consumers’ perceptions may differ from the one of distribution networks’ actors (Moreau, Krishna & Harlam, 2001). The representations of retailers are framed by the “Big Middle”, defined as “*the marketplace in which the largest retailers compete in the long run, because there is where the largest number of potential customers reside*” (Levy et al., 2005, p. 85). Such a representation does not encompass consumers that develop alternative or emerging preferences and still makes it relevant to consider price as an important variable for competition. Acting at a regional level, buyers representations may also diverge from the ones that the department managers develop according to the particularities of their local environment (consumption and competition characteristics of their local trade area, microclimate and climatic vagaries) and their individual constraints (performance objectives and fear to generate shrinkage as in cases R-A, R-B and R-C...). The perceptions of an actor regarding consumers are framed by a time-space-strategy context that results from the environment he enacts. Considering the blue circle in figure 2, while the actors’ perceptions overlap in areas 1 and 2, they diverge in area 3. The quality, as described in the wholesalers’ survey, first permits to differentiate wholesalers from buying offices, and second contrasts with the negative reputation that develops to the detriment of their profession. However there is a space of partially overlapping conceptions, as shown in figure 2 by the intersection between the red and green circles. In such a space, wholesalers and buying offices compete. Area 2 depicts this competition area that matches department managers’ own representations. In such a case, the department manager can choose the appropriate supplier according to his personal interests (such as avoiding the sanctions of the buying office, gaining rewards from the buying office or the wholesaler, having the lowest price...). Area 3 depicts then the shared representations between the wholesaler and the department manager that differs from the buying office’s one. In such a case, the representation of consumers acts as a boundary object that favours the coordination between the wholesaler and the department manager. Here the quality enhancer role is only partially shared by the two actors, because the department manager imposes his representation of the consumers to the wholesaler. Through interaction, the wholesaler however gives sense of his quality enhancer role to the department manager and may in turn influence the representation he has regarding his customers, so that it better coincides with the wholesaler’s representation of consumers. Areas 4, 5 and 6 depict unshared perceptions between actors. Those areas are spaces where actors can give sense to their perceptions for other actors through interaction. Communication, influence and adaptability are here key components to develop a shared perception. This shows how the wholesalers’ strategy to diagnose the context of their client to adapt their actions is pertinent.

We shed light on some differences between the different actors' interpretations of the role of the wholesalers, and on the condition under which such perceptions can be shared. Now we focus on the perceptions of the wholesalers' legitimacy, which captures how actors behave according to their shareholders' expectations, to explore whether or not it may create the conditions to a common understanding of the role of an actor.

DIFFERENT FORMS OF LEGITIMACY

The stopgap role, as expected by retailers, helps in preventing departments from uncertainties regarding on the one hand the adequacy of the quality and the quantity of delivered products, and on the other hand the accuracy of orders placed by department managers. Wholesalers in a stopgap role conform to retailers' prescriptions to benefit from a pragmatic legitimacy: they indeed satisfy the "self-interested calculations" (Suchman, 1995, p. 578) of retailers both at divisional office and at department levels. This position is however described as unfavourable. Their activity still suffers from price pressures that contribute to degrade their moral legitimacy: wholesalers, as intermediaries, are indeed the first to be exposed to the public condemnation as being responsible for price increases. The wholesalers may thus still be associated with the perception of an actor that pressurizes producers, confiscates an undue margin and does not hesitate to behave opportunistically while despising the quality of the products to the detriment of his customers. *"The big problem with our profession is the financial connotation. There is a connotation of bandit for some wholesalers which did not respect the production, which did not respect always the customer too"* (CEO, W-C). One could argue that in the stopgap role, wholesalers benefit from a cognitive legitimacy from the point of view of the retailers since all actors at the retailer's recognize that there is no other option to be preserved from the FFV vagaries. Case R-A illustrates however that such a position is in fact precarious, preventing wholesalers from benefiting from a cognitive legitimacy and threatening even their pragmatic legitimacy. The managers at the buying office and in case R-A share the discourse that if the wholesaler can react to emergency orders placed in the morning, they thus have stocks, so the quality of the products will not necessarily be adequate, particularly on its freshness attribute. Buying office and store hierarchy place also constraints to limit the extent to which the department manager can resort on the wholesaler in case of emergency: since the errors that are attributed to the buying office are said to be rare (less than 1%), so a department manager that places too many emergency orders with the wholesaler is said to lack competence in purchasing. Performance objectives also exert normative pressures because the manager thinks that if the buying price is too high, he will sell without margins, so it becomes useless, unless the item is a "destination product" (i.e. the customer comes to the store to buy this particular product item). Case R-A and R-B illustrate that the lack of perception of the wholesaler's moral legitimacy, combined with negative cognitive representations, makes any "made-up-activities" (Anderson et al., 1998) inefficient. The department managers have a low interest in resorting to the wholesaler, so the pragmatic legitimacy is degraded. In such a context, the wholesaler is confined to this stopgap position and unable to act in a quality enhancer role. Even their *"taken-on-activities"* are indeed limited.

In order to make sense of their quality enhancer role, wholesalers point out that their practices match new consumers' values and wants together with new institutional pressures. This evolution to the quality enhancer role is much more proactive and is grounded in a strategy of selection of the "rules of the game" to enact a more favourable environment. This should provide them with both pragmatic and moral legitimacy, the latter being, according to Suchman (1995), much more stable than the pragmatic one. As seen previously, the buying

office and the department managers who are close to it (R-A and R-B) do not share such a representation. Managers in cases R-C and R-D share their representations inasmuch as they match their respective representations of their customers. In case R-C, the wholesaler is seen as legitimate “by essence” (Suchman, 1995) thanks to his historical relationship with the store. He benefits from a cognitive legitimacy as well as from a pragmatic legitimacy, mainly because he helps the line manager to reach performance objectives and to save time by externalising the promotional activities in a satisfactory manner. This secures his position which seems however to correspond to the position that wholesalers had before the centralisation process occurred, to the exception that this wholesaler now shares the position with the buying office in a complementary way: the buying office is used as a cost killer while the wholesaler takes care of the commercial dynamics of the department and supplies the rest of the assortment. This contrasts with case R-D where the manager decided to get control over the sourcing and purchasing functions that were previously centralised at divisional office level. Here the wholesaler had to gain legitimacy “in action” (Suchman, 1995). The relationship developed thanks to repetitive exchanges which satisfy their respective personal interests: pragmatic legitimacy develops. The two actors demonstrate their respective expertise in interaction. As suggested by Beier & Stern (1969) or Filser & Paché (2008), expertise, as perceived by the partner through repetitive successful exchange episodes, leads to build a perception of legitimacy. The supplier becomes credible, thus leading to a sentiment of trust and, as the last quotations in case R-D depicts, to commitment (Morgan & Hunt, 1994). Legitimacy here gains a cognitive dimension through interaction in the frame where actors’ sensemaking is shared. It thus also allows wholesalers to give sense to their role. The moral legitimacy that wholesalers claim to make sense of their role is however limited by the consumers’ perceptions of the department managers so the quality enhancer role is partially constrained. As Hallet (2010) posits, the legitimation process of wholesalers, beyond their own personal reconstruction strategies, depends on interaction that take place between actors that are framed by their own perceptions of the “rules of the game”, that is, of the environment they enact. However, as posited by Institutional theorists, legitimacy should move from a local perspective to a macro level (Colyvas & Powell, 2006) to reach a shared social order on the role of the wholesalers. From the buying offices’ perspective, wholesalers’ legitimacy as a quality enhancer role seems to be denied. As stated in the wholesalers’ survey however, they could gain a pragmatic legitimacy to the extent that they move outside of the competitive area depicted in figure 2. It has been argued that buying offices are prompt to analyse whether a niche product supplied by a wholesaler may generate sales and then to source it and to disseminate it to their stores’ network the year after. It has been shown that retailers already use plural form networks, such as combining franchising and ownership, as a means of discovering innovation and evolving (Cliquet, 2000). Through a partial opening of the store network to wholesalers, the buying office may indirectly benefit from the quality enhancement role that the wholesaler plays in the context of a relationship with a department manager. In such a case the corporate buyer’s representation of the consumers’ picture changes. This representation, which formerly pertains to area 3 in figure 1, shifts to area 2, where buying offices and wholesalers compete. The buying agency may thus benefit from the wholesaler acting in a quality enhancer role. This in turn leads the wholesaler to keep on looking for new, differentiating products to source. The moral legitimacy they could gain may thus be transferred from the wholesaler to the retailers’ network. Moreover, customers should be able to benefit from the upgraded quality of the products. However, as seen in case R-C, even if the department manager considers he improved the quality of the products he purchases, we observed that the quality of the products on stalls was inadequate. This calls to better scrutinize how resources are combined in a way that wholesalers could effectively improve their legitimacy.

COMBINING AND QUALIFYING RESOURCES

To enact a new role that helps in gaining both pragmatic and moral legitimacy, wholesalers reshaped and recombined their existing resources, and developed new ones. As shown in the wholesaler's survey, positional resources (local producers' network, partnerships with suppliers, interpersonal relationships with department managers) are combined with technical resources (suppliers and customers effective use, production facilities such as ripening rooms, logistic agility, providing quality that fits with consumers' wants or department manager's preferences, tailored diagnosis) to enhance the value of the products and services provided to the department managers. For wholesalers to benefit from a complete cognitive legitimacy, all stakeholders inside and outside of the network should recognise it. It may be necessary to qualify the original resources to wonder which are suitable to enhance wholesalers' legitimacy.

In the retailers' network, without a shared interpretation of roles, those resources are however pointless (case R-A). Personal relationships, as shown in case R-C, may be valuable to maintain a position. Case R-D showed that actor bonds between identified persons whose expertise is recognised help in developing the wholesaler's legitimacy. Such legitimacy may however be weak since it is dependent on individuals: if one of the individuals is moved, the legitimacy may be threatened. As case R-C illustrates, to maintain his position, the wholesaler needs to develop his legitimacy at least at store level so that a new manager will keep on resorting to him. The wholesaler in case R-D also developed multiple contact patterns through the creation of bonds with the line manager.

We highlighted that legitimacy is built in interaction at a local level, and that such a legitimacy is difficult to build. To that aim, wholesalers have to show their resources: department managers' visits to their platforms are a good example in which the wholesaler shows the quality of his products while enhancing his perceived expertise thanks to a broad assortment. As the following quotation depicts, this is not necessarily well done. *"The image of the wholesaler... When I was in large-scale retailing, for me, he was useless since I had all I usually needed from the buying office. On the other hand, as I was on the wholesaler's side I said: 'Draft! If I knew that at this moment, that there was such a power at my disposal to benefit from it', at that time I would have been happy to know that"* (W-A's member, previously FFV department manager.).

To develop a more complete legitimacy, wholesalers should however reach the consumers. Wholesalers, as intermediaries in the distribution network, are indeed often unseen and unknown to consumers. First, consumers should be able to recognise the superior quality of the products offered. As shown in case R-C, the resources of the wholesaler are poorly mobilized by the manager who does not pay much attention to his department. The products on stalls are indeed in a bad condition. Only the manager in case R-D fully exploits his preferred wholesaler's resources, to the limited extent that the price/quality ratio coincides with his perceptions of his customers. Here the wholesaler i) enhances the quality of the products as perceived by the customers since they are maintained in a good condition through an appropriate in-store logistics, ii) helps in lowering prices since shrinkage is well controlled, iii) improves the variety of the assortment to the extent of the available display space, iv) avoids shortfalls thanks to the possibility to place emergency orders as a helping out service, and v) allows adapting promotions to climatic vagaries. This clearly supports Håkansson et al. (2009, p. 65) claim that resources need to be combined with other resources to express their value. Second, consumers should be able to identify that the product comes from the wholesaler, which proves to be difficult since FFV displayed in bulk are often unbranded. Branding is a strategy that has proved efficient for wholesaler W-A. It may

however be perceived as coercive by buying offices that would eventually favour their own brands or private labels. A branding strategy should thus be developed outside of the scope of the competition between the two actors. On fragile products, this can be a dangerous option if the department manager fails in maintaining produce in a good condition. Here again, wholesaler's resources need to be combined with the retailer's one to offer the promised value.

Local produce may be a good opportunity for wholesalers, but this may be inoperative if the department manager already sources such products from local producers. It can be useful in contexts like case R-B where the department manager couldn't find any producer. Time constraints are often important and producers sometimes do not advertise their existence. It can also be useful in cases like R-A where the department manager fails in having a regular quality from the local producers, or for situations where the department manager lacks products grading knowledge. Such conditions could be negotiated at the buying office level since both wholesalers and retailers' moral legitimacy could be rebuilt: *"My analysis is that we are at the very end of the potentials of centralisation and that there are some opportunities, I was talking about local, to come back into stores with a true legitimacy. [...] Local is not limited to politics and local authorities. I was talking about the "bad supermarket, the bad hypermarket", it's true that, thanks to this, it can restore its image. The idea is to be central and to say that here there is a job we know"* (Director, W-A's member).

The quality enhancer role is based on some logic where resources have been rethought to gain moral legitimacy through the selection on favouring rules of the game, that is, institutional pressures. Linking resources with environmental pressures helps in reinforcing the wholesalers' role. Wholesalers went a step further since they also engaged in manipulation of the environment practices through communication on their brands certifying that they meet the values and wants of society. This is particularly noticeable when brands for local produce or nutritional qualities for kids are advertised through media or educational actions in schools. Such promotional efforts are however, to date, extremely rare. It could be said that those actions are almost non-existent as soon as the point is to communicate on the role of the wholesaler instead of sharing in actions that are dedicated to the promotion of FFV consumption. Even if wholesalers selected favourable environmental pressures that match their resources to reinforce their role, one should not forget that unfavourable institutional pressures, like action plans from the French Ministry of Agriculture and Fisheries⁷ to develop producers direct selling to consumers or the development of movements initiated by consumers, who share a bad image of wholesalers as well as for all intermediaries, aiming at supporting local growers thanks to the organisation of local direct distribution networks.

CONCLUSION

Our study is an original contribution to the understanding on the manner role is the subject of a consensus on the actions to be taken in a network. We thus pursue the discussion opened by Abrahamsen, Henneberg, & Naudé (2012) while showing how the role of an actor can be shared with other actors, and under which circumstances such a shared perception can emerge. We also highlight that legitimacy is not only built on the actions of an actor, but also that it is gained through interaction so that an actor can move from a weak form of legitimacy to a more stable and lasting one that crystallises the role through a continuing loop of reinforcement between expertness and legitimacy. We thus give empirical support to the

⁷ <http://agriculture.gouv.fr/IMG/pdf/100809-lettreCircuitsCourts.pdf>

suggestion that had been made by Beier & Stern (1969) and Filser & Paché (2008). Gaining legitimacy to make and give sense to a role thus implies not only to reshape and develop the focal actor's resources, but also to combine them with those of the exchange partner so that they reveal their value. Moreover, we shed light on a "*badly needed*" issue (McLaughlin, 1995, p.49) - depicting the new role of wholesalers in FFV distribution networks -, while we both explain the reasons of their persistence in such networks and the difficulties they are facing.

Several managerial implications can be drawn from our results. First, wholesalers should work on different logics. To gain legitimacy, new resources might be developed to speak to audiences outside of the network so their competence and the benefits of their activities could be advertised for example to producers, consumers, media or authoritative agencies. Second, it seems that different logics could be developed according to whether the spokesperson is a manager at the headquarters, at a store or at a department. The former should be reassured that the logic pursues an objective of complementarity that aims at improving the quality of the department where some support and assistance can surely be needed. Actions taken to develop a moral legitimacy are of strategic concern. Buying offices or store managers who are independent might be interested in such an approach, all the more as this could lead to a broader initiative that goes beyond the scope of the FFV department. Department managers are indeed much more preoccupied by daily concerns where tensions are important and security and reassurance could be well appreciated. The perception of the consumer helps actors in sharing the sense of their role within a network. To develop a better understanding of the department managers' reference consumer could prove helpful for wholesalers in giving sense of their role so as to expand the area of overlapping perceptions. Third, retailers' headquarters could also nurture a reflection on the way the complementarity of, or the competition with, wholesalers could be considered. Moving out of the competition logics to develop complementarity could prove beneficial, as the cases analysis pictures it. This however should be developed concomitantly with a sustained program that would aim at developing department managers' competence, so that the potential could be fully exploited.

Our work is subject to some limits. First, this study is mainly exploratory despite the attention paid in collecting and analysing data; replication studies could be carried out, for example in other retail chains. Second, this research sheds light on several issues that would require further researches. It could be indeed of prime interest to assess empirically the extents to which wholesalers are perceived as legitimate by other audiences as producers or consumers, and which actions could be efficient to better "manipulate" the rules of the game to reinforce their legitimacy. Moreover, the wholesalers' study permits to shed light on another type of actions that the wholesalers have performed to select those rules of the game. As large-scale retailers started their centralisation process, wholesalers explored other market opportunities: "*When [retailer X] or [retailer Y] said "ok, stop, we work with our buying offices", obviously it was a kind of in-draught. One of W-B's strengths has been to see this early enough to search for diversifications, and to feel the markets, and to say to ourselves that foodservice industry is an important market*" (W-B, Site Director). Wholesalers thus adapted to those new customers who are highly demanding regarding the quality of the products. Most of their quality enhancer role could have been influenced by such a network connection. Analysing whether complementarities exist between foodservice industry and retailing, and on how wholesalers manage those complementarities, could most interesting.

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