Dynamics within a distribution network

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ABSTRACT

This paper addresses the issue of changes in a distribution network. It aims at providing an understanding of how focal actors (suppliers, distributors and customers) re-position themselves when deep exogenous changes affect the network. We analyse changes at the level of suppliers (manufacturers), distributors and customers. The French electrical equipment distribution network provides the empirical data. We discuss how the focal actors evolve in response to significant exogenous changes. We show that actors are both changing their activities (and activity links) and resources (and resource ties) and displaying practices that can be considered as "representational" and "normalizing" ones. We also show that both manufacturers and distributors are trying to stage the end-user as a new actor so as to support the repositioning between them and relative to the installers (the direct customers). We discuss the different implications of our research at both a theoretical and managerial level.

Key words: btob distribution; ARA model; practices.

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INTRODUCTION

How business networks change is an important issue in business marketing (Abrahamsen et al, 2012; Chakrabarti et al, 2013; Freytag & Ritter, 2005) and still remains a challenging one. Analysing dynamics with the specific context of a distribution network (with a focus on suppliers, distributors and customers) is all the more interesting that often, changes are seen as limited to a caricature of a choice between industrial distributors being "used" by suppliers as a component of their strategy (Anderson, Day & Rangan, 1997) or to be "eliminated" from the distribution network so as to reduce cost (Sen & King, 2003). Thus, investigating changes in a specific distribution setting may also contribute to widen our view of distribution channels. In this paper we will use the term "network changes" and "network dynamics" as equivalent.

A difficulty when studying network changes is to capture both "process" and "structural" aspects. Recently, Chakrabarti et al. (2013) proposed the network-as-practice perspective (Kjellberg & Helgesson, 2007a&b) as a possibility to reconcile both procedural and structural analyses of network dynamics, and thus as an alternative to a "traditional" industrial network approach based on the ARA framework (Hakansson & Snehota, 1995). However, as the authors indicate in the conclusion of their work, the network-as-practice perspective necessitates that "*explanations are crystallized out of practices*" and may need to be connected to the concepts of "position" and "role" that are usually considered as key concepts when analysing dynamics (Abrahamsen et al., 2012; Anderson et al., 1998; Johansson & Mattsson, 1992; Nystrom et al, 2014). Indeed, a position is the "*description of a company's portfolio of relationships and the rights and obligations that go with it"* (Turnbull et al., 1996, p. 12). As such, a position "*locates the actor in the relationship system relative to other actors*" (Anderson et al., 1998, p. 170). On the other hand, 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.). When a company wants to reposition in a network, it is indeed important for the company that its role is interpreted in a similar way by the other actors, or, as Abrahamsen et al. (2012) claim, the ability for a company to change its position "*is dependent on a shared interpretation of roles*" (Abrahamsen, Henneberg & Naudé, 2012, p. 268).

Thus in this study, rather than considering network-as-practice and the industrial network approach as alternative perspectives (Chakrabarti et al., 2013), we will use elements from both of them to give account of changes in a distribution network. The ARA model (Hakansson & Snehota, 1995) will make it possible to have a precise description of the *position* of the actors by looking at the substance of the relationships - in terms of resources and activities – between them. The markets-as-practice perspective (Kjellberg & Helgesson, 2007a&b) will provide - through the notion of "normalizing" and "representational" practices - an insight into what can lead to "*a shared interpretation of roles*" between the different actors.

Applying the markets-as-practice approach to the study of business relationships in business networks is not new. Chakrabarti et al. (2013) proposed an analysis of the UK pharmaceutical network based on this approach. They argue that there is no contradiction in applying the markets-as-practice approach to "business networks" rather than "markets" (the two concepts being considered as overlapping). They also comment that if the markets-as-practice approach sees actors (companies) as "network of heterogeneous entities", the markets-as-networks approach is open to this interpretation of companies themselves made up of interacting actors.

The French electrical equipment sector is our setting for the analysis of network dynamics. The sector is in tension between the role it could play in energy efficiency policies (smart energy management, energy efficient buildings, etc.) boosted by the Grenelle Environment Forum and the reality of effective realisations (hampered by the French Thermal Regulation 2012, by the general slowdown of new construction…). We investigate the focal actors of this sector: manufacturers, distributers and installers of electrical equipment. In this specific context, we discuss how activity links and resource ties are currently redefined between the focal actors (manufacturers / distributors / installers) and we try to identify which representational or normalizing practices are at work to support these new links and ties.

In complement to Chakrabarti et al. (2013) who describe how the UK pharmaceutical distribution network has had to adapt to a change decided by pharmaceutical manufacturers, our case rather concentrates on how focal actors of the electrical equipment distribution network react to an *exogenous* change (the thermal regulation) to reposition. Repositioning of central actors - through new resource combination / activities coordination and representational as well as normalizing practices - may lead focal actors whether to conflicting or collaborative situations.

NETWORK DYNAMICS

Our paper aims at analysing network dynamics (network changes) in a distribution setting. The idea of networks being characterised by both stability and change is not something that is new. Changes / dynamics in business network as a topic has been covered in some depth by the literature (Freytag & Ritter, 2005). Business networks are therefore recognised as inherently dynamic structures (Anderson et al., 1994; Easton & Araujo, 1994; Halinen, Törnroos & Elo, 2013). Ford et al. (2003) describe dynamics in distribution networks as involving "*changes in the actor bonds, activity links and resource ties*" (p. 146). We endorse this idea of the central role of the relationship to understand changes in a network (Halinen et al, 1999).

Nevertheless, the ARA model has been seen as overemphasizing structural aspects of the networks (their configuration, the characteristics of relationships…) at the expense of more processual aspects (Chakrabarti et al., 2013). Proposals have been made to use a market-as-practice approach (Araujo, 2004; Hagberg & Kjellberg, 2010; Kjellberg & Helgesson (2006, 2007a & b) as an "*alternative to more traditional approaches, e.g. the ARA framework within the Industrial Network Approach*" (Chakrabarti et al., 2013, p. 369) in the sense that it "*has the advantage of integrating structural as well as procedural analyses*". In a similar way, Lowe et al. (2012) emphasize the focus of the ARA model on "*tangible elements"* though recognizing the interest of the *"holistic approach*" it allows. The authors propose complementary analysis on how the ARA dimensions develop, with a special focus on how "*they are interpreted, how meaning is attributed to them*" (Lowe, Purchase & Ellis, 2012, p. 421).

We do not consider that the two approaches – markets as networks/ARA model and markets-as-practice - oppose themselves when market dynamics analysis is at issue. And we do not intend to prove the superiority of one approach over another. Our objective in this work is to use markets-as-practice and markets-as-networks (especially the ARA model) as two complementary approaches.

Both approaches acknowledge that markets (or networks) are "constructed entities". For the markets as networks approach, the network emerges from the interaction between actors. Elements within the network, whether actors or resources, will be the result of interactions

and will have features developed through that interaction (Ford & Hakansson, 2006). For the markets-as-practices approach, markets are constituted through practices. It is important here to make it clear the connection of the two approaches we are using.

We thus fully agree with Araujo et al. (2007) when emphasizing that, "market-making practices" (the activities that shape the market) and "market*ing* practices" (the activities a firm has to develop a position) as firm-based activities do not have to be distinguished. Or in other words when companies exchange goods or services they also shape the markets… and they cannot do without. Yet, we propose to analyse "firm based" activities (that we assimilate to the exchange activities described by Kjellberg and Helgesson, 2007) on the basis of resources bonds and activities links, because this perspective allow a deeper understanding of what these practices cover.

With the ARA model we will focus on interactions between actors and will be able to describe changes through new "resource combinations" and new "activity coordination". And we will borrow from the "practice based model of markets" (Kjellberg & Helgesson, 2006) to identify "practices" that are not easily grasped by the ARA model (they cannot be satisfactorily described through coordination of activities or combinations of resources) but that we think are influencing the interaction between the actors we are observing. They are those practices that the markets-as-practice approach calls "normalizing practices" and "representational practices". Indeed, how companies interact is based on how they perceive their network.

To summarize, our research subject is about "interactions" as they are (that we apprehend through activities coordination and resources combination), but we are also interested in the dimensions that may help us understand how such combinations or such coordinations take place (which we intend to analyse through the identification of normalizing and representational practices). In adopting this perspective, we also support Halinen et al. (1999) when they declare that "*the perceptions of individuals - how they view the business context and its interdependencies, and possibilities of achieving their business goals in this conte*xt" influences "action" or "inertia" in the network (Halinen, Salmi & Havila, 1999, p. 791). Specific practices may explain how these perceptions are created. Adopting a practice-based approach is not just about the possibility to identify specific "activities" that are taken over by the focal actors of the distribution network. It is also a mean to contend that what is important when trying to understand what happens in a distribution market is both how actors operate in the network and how the networks is shaped (Araujo et al. (2007). This view of markets is totally in line with the study of a changing network. A practice based approach emphasizes the idea of markets as "*ever-changing performances, rather than stabilized entities*" (Araujo et al. 2007)

RE-POSITIONING IN A BUSINESS NETWORK

Dynamics within a business network can be studied not only in terms of what changes and what keep stables, but also in terms of processes. When a company repositions (change its position) in a network it is important – so as to understand this change - to analyse what has led to the new position. Anderson et al. (1998) proposed the concept of role to grasp the processual dimension of network changes. Role and position are considered as key concepts when analysing changes and dynamics in business relationships in a "markets-as-networks" perspective (Abrahamsen, Henneberg & Naudé, 2012; Anderson *et al.*, 1998; Johansson & Mattsson, 1992; Nyström *et al*., 2014).

Position is about "*the location of a person or a class of persons in a system of social relationships*" (Gill & Stern, 1969, pp. 22-23). A position in a network is *"a description of a company's portfolio of relationships and the rights and obligations that go with it*" (Turnbull *et al*., 1996, p. 12). A position "*locates the actor in the relationship system relative to other actors*" (Anderson *et al.*, 1998, p. 170). Position of a company thus reveals behaviours and activities that are collectively expected. Role can be considered as "a description" of what a company wants to do in a network. (Anderson et *al.*, 1998). It characterizes a company own intentions and interpretations.

Re-positioning is thus partly explained by the activities a company has, or will have in the sense that the new position will exist as a result of activities performed between actors (Anderson et *al.*, 1998, p. 172). Thus to understands how companies reposition, it is important to understand how they can modify their activities and the ARA model through the ideas of resources combinations and activities coordination propose an ideal framework to deal with this aspect of change.

But re-positioning is also a question of *how* other actors are going to interpret the role of the re-positioning company. When a company wants to reposition in a network, it is important that its role (what the company wants to be in a network) is interpreted to some extent in a similar way by other actors (Abrahamsen, Henneberg & Naudé, 2012). The company that wants to change its position has to convince other actors to share its representation. Changing position, for a company, is "*is dependent on a shared interpretation of roles*" (Abrahamsen, Henneberg & Naudé, 2012). For a company, changing its position in a distribution network is thus also about promoting a shared perception of its role. Huemer (2015) discusses the concepts of sense-giving as a possible mechanism to influence other actors in a business network. Sense-giving consists "*of attempts to alter and influence the way others think and act.* Nevertheless, on what elements does sense-giving rely, this remains an unanswered question. We propose to use the concepts of representation and normalizing practices to deal with this issue. Normalizing and representation practices are considered here as possible explanation for how companies "think and act".

Thus, using the ARA model along with the concepts of normalizing and representation practices allows us to grasp both dimension of a re-positioning within a business network.

RE-POSITIONING IN BUSINESS NETWORK: AN ACTIVITY-BASED PERSPECTIVE

The ARA (Activity-Resource-Actor) model (Hakansson & Johanson, 1992; Hakansson & Snehota, 1995) provides a conceptual framework to describe business exchanges. The model suggests that a business exchange can be described in terms of different "layers": activity links, resource ties and actor bonds (Hakansson & Snehota, 1995. We are specifically focusing here on "activities links" and "resources ties" that are created and developed between the focal actors we are observing: suppliers; distributors and installers.

Activities bring "*life to a network: goods are produced, delivered and displayed; services are provided, accounts are calculated and bills are paid*" (Hakansson, Ford, Gadde, Snehota & Waluszewski, 2009, p. 93). Thus, an activity can be seen as a "*sequence of acts directed towards a purpose*" (Hakansson & Snehota, 1995, p. 52). Companies have various types of activities such as "*developing products, producing, processing information, purchasing and selling*" (Hakansson & Snehota, 1995, p. 51).

Resources are "*various elements, tangible or intangible, material or symbolic" […] when use can be made of them*" (Hakansson & Snehota, 1995, p. 132). Resources sustain activities (Hakansson & Snehota, 1995, p. 30). A company can *access* and acquire resources through a

relationship with a counterpart. A company can also *create* new resources in interaction with this counterpart.

Different types of resources have been described. Hakansson and Waluszewski (2002), in their 4R Model, distinguish 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) and organizational units and organizational relationships (which are *social* resources). 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).

According to Gadde (2004), the ARA model allows capturing "*the complex connections between activity coordination and resource combining and the subsequent impact on the actor structure*" (Gadde, 2004, p 169). We are thus adopting a similar position to Gadde: "*following the logic of the ARA-model we relate [the] changes in the actor dimension to developments in the activity and resource dimensions*" (Gadde, 2004, p. 160).

RE-POSITIONING IN BUSINESS NETWORK: REPRESENTATION & NORMALIZING PRACTICES

Practices are described as "*all activities that contribute to constitute markets*" (Kjellberg and Helgesson, 2007a, p. 4). Thus, practices are "actions"; they belong to the world of "execution" (rather than theory).

Exchange practices are the easiest to capture as they refer to "*the concrete activities related to a specific economic exchange*" such as "*specifying and presenting products, negotiations prices and terms of delivery*" but also "*advertising and organizing the distribution of goods, comparative product testing, etc.*" (Kjellberg & Helgesson, 2007a, p. 142). These practices allow that an economic exchange is possible. We interpret these practices as "market-ing practices" ones (Araujo, 2007) in the sense that they are about what is done by an actor to develop a position in a network. This is why we propose to analyse them through a resource/activity perspective as presented above.

Of course, we agree with both Kjellberg and Helgesson (2007a) and Araujo et al. (2008) on the fact that these activities along with the re-presentational and normalizing ones also contributes to "make" the network. On turn, exchange practices are impacted by re-presentational and normalizing ones. Yet, we think they have a specific status. These practices influence and are influenced by other practices; thus they are an important variable in explaining network dynamics. But, in addition, they also experiment their own dynamic, in the sense that resources and activities are regularly recombined and coordinated in new ways. New activities are developed (or abandoned) by certain actors based on new combinations of resources and these changes necessitate to be apprehended in a more detailed way than the markets-as-practice approach allows. This is the exact point where we make a connection between the markets-as-networks and markets-as-practice approaches.

Activities will be influenced by the normalizing practices (see below) that set the rules as well as the tools which provide the standards to which exchange activities adhere. For instance, norms (such as those produced by legal rules but also standardisation) influence exchanges. Kjellberg and Helgesson (2007a) thus show how the Swedish Public Procurement Act (a normalizing practice) was integrated in calls for tenders and eventually influenced the exchange practices. Chakrabarti et al. (2013) explain that "*normalizing practices set the rules as well as tools, which provide the standards to which exchange activities adhere*" (p. 359). Exchange practices are also influenced by re-presentation practices (see below) that provide

an understanding of the results. Kjellberg and Helgesson (2007a) show how actors rely on "models", "representations" and "statistics" to organize their exchanges. Kjellberg and Helgesson (2007a) precise this influence indicating that representation practices influence exchange practices "*primarily in their capacity as topics for conversation*" (p. 147).

Representational practices are activities that "*contribute to depicting markets and/or how they work*" (Kjellberg & Helgesson, 2007a, p. 143), they produce "representations" of the markets. For instance collecting sales statistics is a "representational" practice (Kjellberg & Helgesson, 2007a, p. 143). Representational practices are influenced by "exchange practices" in the sense that exchange practices result not only in an exchange of goods but also in a production of "*pictures, diagrams and texts*" or other "*abstractions re-presenting the markets*" (Kjellberg & Helgesson, 2007a, p. 148). Representational practices are also influenced by normalising practices in the sense that "norms" and "rules" influence representations. Kjellberg & Helgesson (2007a) show how the Swedish competition law influenced the representation of what a market is in judging a case of dominant position.

Normalizing practices aim at establishing "guidelines", "normative objectives". Such activities are those that produce "reforms", "rules of competition", "voluntary standards" or "models" (Kjellberg & Helgesson, 2007, p. 143). Normalizing activities are activities that "*produce norms, i.e. yardsticks or objectives, which actors, or groups of actors set with regard to how a networks ought to look like and work*" (Chakrabarti et al, 2013). Normalizing practices are influenced by representation practices in the sense that establishing norms depends on "images of the situation" (Kjellberg & Helgesson, 2007a, p. 147). Kjellberg and Helgesson (2007a) show how an image of inefficiency in the Swedish food distribution led to governmental reforms. Normalizing activities are also affected by exchange practices in the sense that political and economic interests of actors in activity exchanges may lead actors to favour or support specific rules, norms and reforms.

RESEARCH DESIGN

DATA COLLECTION AND ANALYSIS

This work is based on an in-depth analysis of the electrical equipment distribution. Since the initial objective was to understand how focal actors of the electrical equipment distribution network evolve and possibly change their position, we carried out 20 face-to-face interviews with all three types of actors. Key informants were top and middle management representatives at the two largest French electrical equipment distributors, which are also the two world leaders. Representatives from manufacturers and installers were also interviewed. We used semi-structured interviews to capture the different perceptions and representations of the past, current and future relationships of the actors evolving in the electrical supply distribution network, according to their position in that network. We also asked questions about possible future developments in the sector.

In addition to this, we made an analysis of different documents, sector analyses, statistics and companies' websites. We visited several distributors' locations and attended (non-participatory observations) trade fairs and professional conferences.

All interviews have been coded in Nvivo, which has enabled a content analysis around the three main dimensions of our analysis: normalizing practices, representational practices and combination of resources and activities.

For resources and activities, we have looked in the data for words like 'resources' and 'activities' and were attentive to their proximity to terms like 'change", "evolution', 'new', etc.

We also relied on observations carried out on-site at the distributors' locations. Observations offer the possibility to directly identify resources (warehouses, branches, show-rooms, trucks, employees at work…)

For representational practices we looked for groups of words like ‘a distributor/manufacturer/installer do, ‘a distributor/manufacturer/installer is’ or ‘the network works like…'. We also paid a lot of attention to all documents published as "surveys", "white papers", etc. We tried to identify definitions and figures that are used to describe the network and how business runs in the sector of the distribution of electrical supplies.

For normalizing practices we have followed the definition by Kjellberg and Helgesson (2007a&b) and tried to identify in the different discourses all elements related to ‘rules’, ‘standards’ and ‘norms’ specific to the sector of the distribution of electrical supplies. We have been dedicated to capture phrases including ‘the distributor should do’ or ‘should be’, ‘we should change otherwise it will be difficult for everyone’…We analysed the context in which each sentence was used, in relation with the position of the actor in the network: ‘*the distributor should provide help*’ doesn’t mean the same when said by a sales representative of a manufacturer or by an installer.

CASE DESCRIPTION

The Electrical Equipment Sector (hereafter EE sector) integrates different actors such as manufacturers, distributors, installers (electricians) but also regulatory institutions, etc. The French EE sector is very specific when compared to foreign markets. The EE sector was structured under the initiative of large French manufacturers, and among them the energy provider EDF. From the early days of the distribution of electrical equipment, the links between manufacturers and distributors have been very strong. This historical legacy turned to a market structure which is almost unique in the EE sector: the manufacturing market is dominated by two very large manufacturers with a strong international position – Schneider Electric and Legrand, while the distribution market for its business-to-business part is dominated by two large French distributors, Rexel and Sonepar, which are also the two international leaders.

The traditional view of the EE distribution channel (see Figure 1) is that of a triad made up of manufacturers, distributors and installers and of an actor that is more and more integrated and staged: the end-user.

Manufacturers of electrical equipment

Manufacturers of electrical equipment are mostly concerned with the manufacturing of power distribution, distribution transformers, industrial controls, generators, electric motors, lighting, wires and cables, signalling, testing tools, energy management... Most manufacturers are leading players operating in the global electrical equipment industry such as General Electric, Siemens Power Transmission and Distribution, Schneider Electric, Legrand, Hager, ABB, Philips Lighting, Nexans... Within the French market, the biggest manufacturers are Schneider Electric and Legrand, two French companies, and they have traditionally used their partnership with distributors to prevent ABB or Siemens from developing too much within the French market.

Distributors

The French EE distribution market is characterised by a twofold concentration / atomisation structure. The two leaders Rexel and Sonepar represent 75% of the market, whereas the remaining 25% is held by independent distributors which are market takers. While Rexel and Sonepar rely on a generalist positioning, they tend to become multi-specialists according to

the segmentation of their customer portfolio and the changes in customer demand. The independent distributors try to differentiate with niche markets, where they offer high technical value. Some of the small independent distributors group together within purchasing platforms to increase their bargaining power with suppliers. Manufacturers have usually considered distributors as an instrumental part of their marketing & sales strategy and have developed direct relationships with installers: up until today, manufacturers have fixed a price, for installers, that includes the distributors' mark-up, and then the installers choose their preferred distributor. Distributors never discuss price. Manufacturers have specialised their sales forces in accordance with the activity of the end-users. In addition, prescription from manufacturers to engineering agencies and facility managers is very high, and explains why manufacturers still have such a strong bargaining power.

Installers (or electricians)

Installers (electricians) install and maintain electrical equipment for industrial, commercial and domestic purposes. This activity relates to a very heterogeneous population, since it includes very small companies, less than 10 employees (95% of installers), and very large groups, such as Vinci, Spie or Ineo Suez, with well over 1000 employees. Installers are specialised according to three segments of construction: industrial sector / residential sector / tertiary sector. Small installers work mainly in the residential sector whereas industrial and tertiary sectors are largely dominated by major construction companies. In the tertiary sector, installers are up against the competition of general electricity companies which employ a lot of subcontractors. This leads to lower margins for smaller installers, very strong internal rivalry and thus a decrease in the number of smaller installers.

Customers and end-users

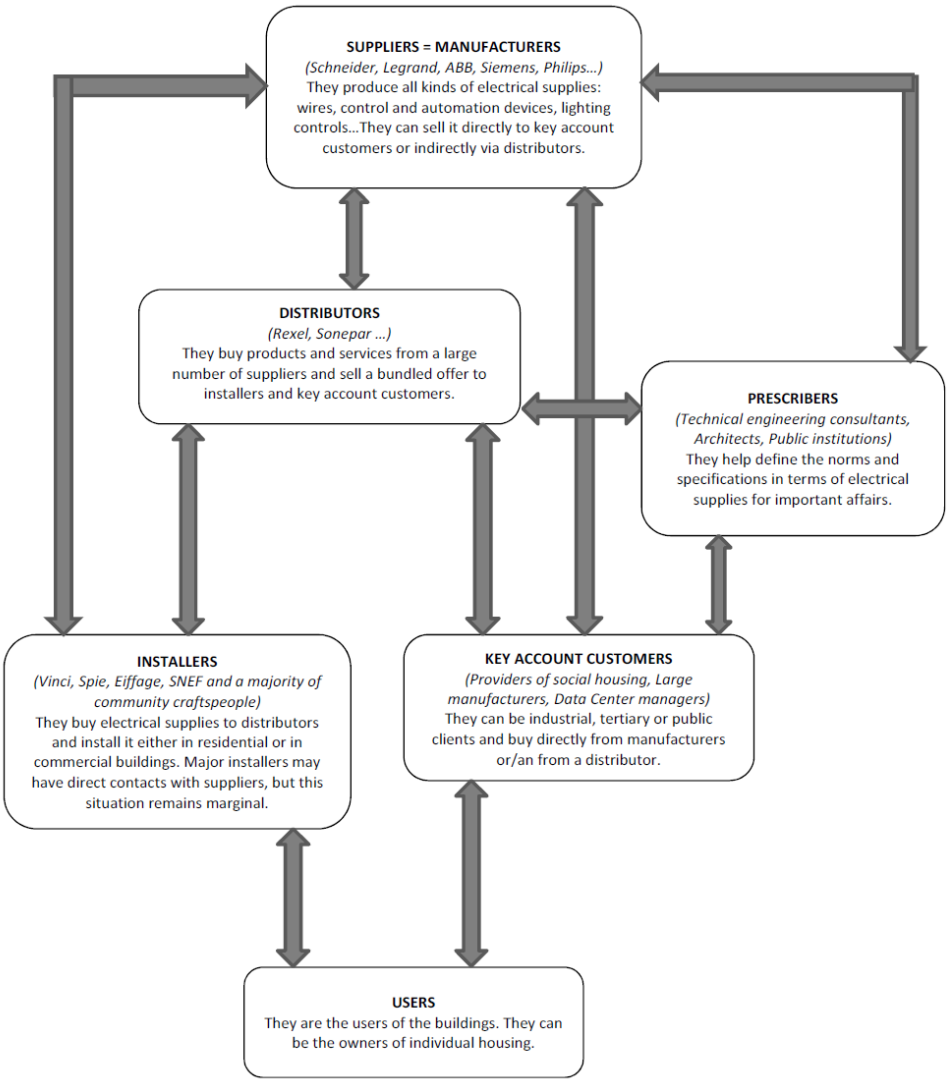
Customers and end-users vary a lot according to the construction segment. In the industrial sector, they can be specialised engineering agencies, facility managers. In the tertiary sector, public organisations can play an important role (up to 25% in the Paris area for new buildings and 20% for existing buildings), while in the private market one finds specialised engineering agencies and architects that are prescribers to both facility managers and real-estate agencies, or smallshop owners. The residential sector is the only sector where manufacturers, distributors and installers can have direct access to the users of the installation, in other words, individuals.

Two significant exogenous changes have recently impacted the electrical equipment sector. We describe them briefly below.

Policies and regulations

Above all, the sector is particularly concerned with energy efficiency policies (smart energy management, energy efficient buildings, etc.) boosted by the Grenelle Environment Forum but also impacted by different regulations such as the French Thermal Regulation 2012. The higher level of uncertainty comes from the general slowdown of new construction. In this context, the energy refurbishment can appear as a huge opportunity for the actors of the EE sector. Yet, it raises issues of professional qualification, since energy efficiency policies deal not only with electricity but also with heating systems and building insulation. This induces an upscale in terms of skills for an ageing population of electricians. In addition there is the fact that some manufacturers still have difficulty developing products which can comply with an existing installation. Electricians may feel it hard to really understand the added value of highly sophisticated offers. Thus a change has come about in the role of the distributors: they no longer perceive themselves as wholesalers but as distributors of energy solutions.

Figure 1: the French electrical equipment distribution network



The Information and Communication Technologies

Another major change impacting the French EE sector is related to the development of the Internet. It has become not only a new distribution channel but also a new field of competition with the entrance of new competitors, Amazon and Google. These giants which master Big Data Analytics rely on this expertise to track all possible data about end users. In the US, Amazon Supply is aiming to become the top distributor for electrical commodities by enabling end purchasers to squeeze traditional EE distributors. Google wants to capture every piece of usage information thanks to its Nest thermostat which is installed in the living room.

ACTOR'S CHANGES

The market has traditionally been characterized by a strong interdependence between manufacturers, distributors and installers. But now it seems that the game that was usually a game-of-three has integrated a fourth member: the end-user. The usages of end-users have become the new concern of every actor embedded within the EE sector. As a result,

knowledge management about these end-users comes into play for all the upstream actors: manufacturers, distributors or installers. Manufacturers and distributors compete for and lay claim to any piece of information about end-users and then turn it into product or service innovation.

Changes at the level of manufacturers

The new strategy of most manufacturers consists in developing their visibility to the end-users and reinforcing their prescription power. Thus the main concern for manufacturers is that thinking in terms of usage is quite new for them. They start integrating this new logic in their offer regarding smart building and energy efficiency. For most manufacturers technology is the lever which will enable them to benefit from a direct access to end users. To succeed in this, manufacturers like Legrand, Hager or Schneider Electric stage their products in the environment of end-users through commercials, websites…They communicate a great deal around the comfort and the wellness of their solutions and the enriched experience they can provide users with. For some manufacturers promoting energy efficiency even induces a role of evangelisation for all the actors in the EE sector. Yet – even for manufacturers' sales representatives - it seems that this usage orientation, despite its considerable promotion, is not easily translated into a tangible marketing strategy since innovation for most manufacturers still emanates from their R&D department. Manufacturers' marketing departments rarely have the lead in defining new products.

Changes at the level of distributors

As far as distributors are concerned, they clearly position themselves as the most justified for creating offers corresponding to end-user usages. Some distributors claim their business model evolves from being a B to B to C perspective to one that is a B to C to B: they consider their mission as one of organising themselves according to the needs of the end-customer. In that logic everything starts and ends with the customer and its usage. Brochures and trade fair stands created by distributors are therefore specialised according to the activity of the installers' customers: they present the main concerns of the customer and the distributor's answer in terms of solutions. As a result, EE distributors no longer perceive themselves as wholesalers, and strive for the other actors of their network to stop using this term. While remaining loyal to the main leaders they still develop new offers bundling products and services from different suppliers. They consider their role as providers of energy solutions and services to customers, be they installers or end-users. So they segment their offer according to the specialisation of installers and try to develop data mining to suit customers' usages. Their sales force is specialised by sector and industry. To adapt to the changes in customers' demands, distributors have reorganised their supply chain thereby becoming real logistics experts. Their new challenge now is to take advantage of customer information to improve their segmentation and ensure that it corresponds to the purchasing behaviour of their customers. To succeed in this, they have to develop the marketing skills of their sales teams and take on new profiles for these teams, including data scientists. Combinations of human resources and information resources are becoming new key success factors for EE distributors.

Changes at the level of installers

Installers: they are all globally convinced that the energy efficiency trend is a real growth driver for the sector. They all pay great attention to the price level of products and solutions offered by manufacturers and consequently by the distributors. They emphasize (particularly the smallest installers) the absolute necessity of appropriate support and detailed information from manufacturers on the technical aspects of their products. They consider that training on

specific skills linked to the energy efficiency domain is a key success factor of their own activity. In 2015, electricians in France have still not been thoroughly trained on the main topics of energy efficiency like, for instance: proposing consumption measurement and consumption optimizing solutions; making energy efficiency improvement works, mastering the RT2012 regulation and managing and controlling a building's energy efficiency.

Changes at the level of customers and end-users

With the development of the Internet, end-users emerge as a new actor with the ability to interact with all upstream actors, thus shaping the market in a different way. Before buying new equipment end-users are now able to compare the different offers of manufacturers in terms of quality and price. For customers and end-users the cost of energy is a trigger for considering energy efficiency solutions. They are also aware that a change in their behaviour will be necessary. Beyond the financial impact of Energy efficiency solutions, other consumers' motivations are developing: they are more demanding in terms of comfort and ease of use of their installation and customization. They also consider energy efficiency equipment as a possible expression of active citizenship. But, a reality still remains; for consumers, the price issue is the main obstacle to committing further to these kinds of solutions.

DISCUSSION: READING CHANGES FROM A NEW PERSPECTIVE

NEW ACTIVITIES, NEW RESOURCES

All the actors of the sector are changing their activities. For instance, manufacturers and distributors are more and more selling solutions rather than products to their customers.

- *'First and foremost our job is not to prescribe but to serve our clients the best way logistically speaking'*. (Distributor)
- Schneider (*manufacturer*) offers not only to sell products to its customers but to install, optimize, operate and renew them; all these activities that were previously supported by the customers are now provided by the manufacturer.
- Rexel (*distributor*) offers the installers the possibility of carrying out for them part of their technical analyses for home automation. The installer just enters information on a tablet and all the calculations are made by a Rexel branch that then returns the result to the installer.

To be able to take on these new activities, actors have had to renew their resource provision and/or how they combine them with other actors' resources.

- For instance Schneider (*manufacturer*) collaborates with Autodesk (the world leader in 3D design & engineering software and services) to jointly develop new services and solutions to improve the energy efficiency of a building. Autodesk brings its knowledge in intelligent 3D modelling, which makes it possible to gather all the data about a building planning, design, construction, and operations which Schneider considers essential.

- For instance to develop the software for installers referred to above, Rexel (*distributor*) integrated an SME with a very good reputation for developing particularly user-friendly software for electricians.

Combination of resources may also occur between manufacturers, distributors, installers and also end-users:

- *'We can combine our sales force with the one of distributors to win some deals'.* (Manufacturer)
- '*Some manufacturers have understood the interest to align their R&D strategy with our feedback from our clients'* (Distributors)

REPRESENTATIONAL ACTIVITIES AT WORK

In the French EE sector we believe that not only are actors changing their activities - and their activity links with other actors - and their resource provisions (and resource ties with other actors) but are also producing (more or less consciously…) representational activities. Representational activities are those that enable a market to be depicted and to show how it works. Representational activities influence "exchanges activities".

We think that both manufacturers and distributors are producing these discourses. Manufacturers talk a lot about the definition of an installer and a distributor, while distributors insist on the evolution of their role and organization in the network over the last 15 years. Installers depict their economic situation thanks to a lot of figures, to stress the fact that they are more impacted by the downturn of the building sector than manufacturers or distributors. Especially installers illustrate with figures their difficulty to turn a quotation into a deal. To describe the market of the distribution of electrical supplies, all actors use figures to stress the dichotomy in terms of business models of the leading distributors.

Representational practices aim at producing, for instance, an image of what energy efficiency is:

- *'At building level, energy efficiency covers all the methods used to reduce the energy used for a given service (heating, lighting, operating machines, etc.*)'.(Manufacturer)
- The same manufacturer has published a document with the purpose of helping "*readers understand and analyse the numerous voluntary environmental processes, regulations and directives that will have a bearing on any future building project'*. (Manufacturer. Quote from a document published by one of the leading French electrical equipment manufacturer).
- *'Energy efficiency is using less energy to provide the same service*. (Distributor. Quote from website)

Such representations are all the more necessary in that the topic is a complex one and only a few people understand the scope and implications of energy efficiency. Thus, taking the floor on the topic may give an actor a specific "weight". Through the image of the sector they contribute to its shape, they struggle to appear as the "natural" leader of the sector, the one who can legitimately talk about – and consequently manage – energy efficiency.

- For instance Legrand (Manufacturer) positions itself as "*A pioneer and leader*" that "*believes that it is its responsibility to advance the electrical sector*" (quote from Legrand Website)
- In the press, Rexel (Distributor), for instance, emphasizes its key role/unique role in the distribution of energy-efficient and renewable energy solutions, presenting itself as the accelerator of "*the rollout of energy-efficient energy solutions*"[2].

[2] See for instance the PRESS BACKGROUNDER 2010 "Rexel servicing energy efficiency and renewable energy" http://www.rexel.com/fichiers/bibliotheque/dp_2010_en_green.pdf

Nevertheless there are differences between the discourses proposed by the manufacturers on the one hand and the distributors on the other. Manufacturers support their "representation" practices" by a set of products and services that are their own (here, activities support representations). Manufacturers consider for instance the end-user as an important actor, but, because of their position in the channel, they have to present their "technical solutions" as being at the forefront of actions to achieve efficient energy operations.

- *'Active Energy Efficiency is defined as effecting permanent change through measurement, monitoring and control of energy usage. Passive energy efficiency is regarded as the installation of countermeasures against thermal losses, the use of low consumption equipment and so forth'* (quote from a White Paper published by a leading manufacturer).
- *'Technology is crucial to achieving energy efficiency. Energy smart innovations will continue to have significant impact on enabling energy and emissions reduction'* (Manufacturer).

On the other hand, distributors argue that they are in a position to choose the best products (among different brands and thus manufacturers) to build the most appropriate solutions for a specific usage:

- '*We try to conceive services facilitating the usage of our clients, assuming those services will pull the demand. That positioning as solution provider can be tricky because sometimes we don't select famous suppliers'* (Distributor).
- '*We don't lock our clients in logic of single choice. And I think that people enjoy having choice'* (Distributor).

Talking to the end-user (or at least pretending to…) means having a minimum amount of knowledge about who this end-user is. Distributors argue that their proximity to the end-user is greater than the one the manufacturers may have due to their position in the distribution channel. In their branches, distributors are not only in day to day contact with the installers but with the development of showrooms they welcome more and more end-users, thus building a direct contact with them.

- *'As I spend a lot of time in the field, accompanying sales teams and meeting clients, I'm pretty confident in my client perspective'* (Distributor).
- '*We're having our sales organization evolved to meet more our clients. We can afford it because of our mastering of logistics'* (Distributor).

But the suppliers also make the most to describe their activities as being end-user oriented:

- *'Fully focused on customer expectations, we invests heavily in innovation and technology to deliver solutions that provide ever greater value to users' (*Quote from a Manufacturer document).

Installers are not absent from these re-presentation activities. They usually represent themselves as the most "disadvantaged" in the network…

- *'We are not very profitable companies. An electrical installation company with a margin over 5% is an exception today'* (Installer).

In other words, the representations provided by manufacturers and distributors are not independent of their activities and resources… They influence each other. For instance, being a distributor close to the end-users (at least closer than the manufacturers…) enables to appear more "end-user oriented" and, the other way around, by appearing more user-oriented it enables to attract end-users and, possibly, to develop new activities.

NORMALIZING ACTIVITIES AT WORK

Normalizing activities are activities that "*produce norms, i.e. yardsticks or objectives, which actors, or groups of actors set with regard to how a network ought to look like and work*" (Chakrabarti et al, 2013). We think that such practices are illustrated by the situation we are observing.

At an initial level, it is obvious that the norms like the RT 2012 impact the activities (and necessary) resources of actors.

- *'Electric heating is on life support. The French Thermal Regulation 2012 almost killed electricians'* (Installer).

Yet, we know that normalizing activities are not only linked to "legal rules", they can also be "voluntary standards" (Kjellberg & Helgesson, 2007). For instance, with energy efficiency appearing as a major trend in the sector, the training of installers is becoming a "rule". Not only are installers trained by manufacturers on products but they are more generally trained to improve their activity as a whole: to listen better and respond to customers' needs; to run their business in a better way, etc. We consider this as a normalizing activity in the sense that neither a manufacturer nor a distributor in this sector could do without considering training installers as a central activity:

- '*An individual training is required for each installer. That means that we have to sell the training to each installer which is quite tough'* (Manufacturer).
- '*We need to speed up the competencies within the network'* (Distributor).

We also think that recognizing the end-user as the "central" actor of energy efficiency also corresponds to a normalizing practice. It definitely prevents the energy efficiency issue from being a "technical", an "engineering" topic… which has a huge impact on the products and solutions that are going to be developed in the sector. The "norm" is to make everything as being "end-user" oriented.

- Rudy Provost, Rexel's CEO in his book explains: '*they are the end-users who will ultimately drive the energy system by becoming energy producers (via positive-energy buildings, renewable energy technology, etc.,) and using the systems and services of their choice. The issue of consumer behaviour and the experience of the end-user is where we now need to focus our efforts. The concept of Energy 3.0 brings this issue to the fore and can be summed up as follows: allowing consumers to become masters of their own energy*' (Provoost, 2013).
- *We design design solutions tailored to end-users' specific needs'. (*Manufacturer*)*
- For instance Legrand *(Manufacturer)* has used ethnography to "*better understand the role that the interface component plays in creating the optimal user-to-product experience*"[3].

[3] Source : Residential systes. http://www.residentialsystems.com/columns/0004/legrand-taps-user-research-to-design-more-intuitive-products/86557

Finally, all focal actors of the distribution network emphasize the *necessity* of a form of collaboration between them. So doing, they implicitly - or explicitly… - recognize that collaborative practices were not the norm before…

- '*Everyone must agree on how to have the cake grown, otherwise we will all fail*' (Installer)
- '*We need to sit around the same table to analyse the markets and their new societal challenges so that we know how to address them together and face the competition of new entrants'* (Distributor)
- Legrand (Manufacturer) declares "*The Legrand Group is keen to become involved, together with all those concerned (installers, panel builders, design offices, architects, investors, distributors, etc.), in a global development process. Let's invest together*"[4]

The existence of normalizing and representational practices at work in the electrical equipment distribution network cannot be considered as such a research finding. As Kjellberg and Helgesson (2007a&b) argue, all markets display these kinds of practices. What appears of interest in the analysis provided by the joint used of the markets-as-networks and markets-as-practice approaches is the "who" question, ie the question of which actors are trying to change position through new activities coordination or resource combination, "representational" and "normalising" practices. This question is all the more important that both new activities and practices potentially become "competition arenas". For instance, the development of "solution offerings" (a new activity) is both supported by norms (the regulation) and a general representation that solution meets better the demands of customers. But it appears that both suppliers and distributors beneficiate from these norms and representations to develop new activities and thus re-position in the network. In the case we see that both actors (distributors and manufacturers) have resources to develop these new activities and thus are potentially "competitors" in solution offering. Thus, if norms and representations may help an actor to develop a shared vision of its role (and eventually to ease its positioning); the same norms and representations may also support the re-positioning of another actor in the network.

Taking into account the end-user emerges in our analysis as a new norm. Again, the question of who may beneficiate the most from this norm has to be raised. By "enrolling" the end-user in the distribution network, the focal actors are "agencing" him. The terms "agencing" has been recently used by Onyas and Ryan (2015) to describe "*the efforts involved in constructing markets*" (p. 13). Cochoy (2014) - commenting on the works by Callon - refines the concept and propose "agencing" as a mean to give an actor a "*surplus of agency*" (Cochoy, 2014, p. 117) The aim of "*agencing*" is thus to allow a group of actors to discuss the condition of certain arrangement with other actors. This means that when actors of the focal distribution network "agence" the end-user, they thereby recognize that they are just some participants among the many "*who can take part in the collective debate and imagine new compromises and acceptable solutions*" (Cochoy, 2014, p. 117). Thus by trying to stage the end-user, none of the focal actors of the distribution network defend its own re-positioning but rather contribute to reconfiguring the setting as being definitely, at least, a game of four. Thus, there is room to interpret the attempt to "stage the end-user" as a

[4] Source: http://www.bticino.com.ve/catalogos/Book%201%20EN%20version.pdf

recognition that managing the impacts of exogenous changes must necessary result in a "collective" movement implying then a minimum level of collaboration… not sure that all the focal actors - and particularly suppliers and distributors – are ready for this!

IMPLICATIONS, LIMITS AND FUTURE RESEARCH

Theoretical implications

From a theoretical point of view, several contributions may be drawn from this work.

First, it contributes to comfort the interest of using a markets-as–practice approach to deal with the issue of network dynamics. Chakrabarti et al (2013) already mentioned the usefulness of such an approach for the study of the UK pharmaceutical network. Building on previous statements by Kjellberg and Andersson (2004), Kjellberg and Helgesson (2006), and Araújo, Kjellberg, and Spencer (2008), the authors regretted that markets-as-practice was not yet a widely used approach in the study of business relationships within network. By developing our analysis in another context (both in terms of geography and in terms of activity) we contribute to building the external validity of the markets-as–practice approach.

Second, we think that our work argues in favour of the joint use of different "frameworks" (here the ARA model and concepts adapted from the markets-as-practice perspective) to enlighten certain phenomena, especially dynamic ones. Thus contrary to Chakrabarti et al. (2013) we do not consider the analysis of practices as an "alternative" to the ARA framework. Though, it is argued that the markets-as-practice approach can be considered a "*more general research perspective*" in the sense that it "*has the advantage of integrating structural as well as procedural aspects*" (Chakabarti et al. 2013, p. 269), we defend the idea that the ARA perspective provides a more detailed view of the intrinsic dynamic of "activity-based practices".

Third, analysing re-positioning within distribution network widen perspectives for distribution studies. Indeed, business to business distribution remains rather an overlooked topic within academic research (Gadde, 2014; Pardo & Michel, 2015). It often appears that the only alternative for industrial distributors is whether to be "used" by suppliers as a component of their strategy (Anderson, Day & Rangan, 1997) or to be "eliminated" from the distribution network so as to reduce cost (Sen & King, 2003), but as Gadde (2014) recently stated, "the prevailing perception" is that there is no room for middlemen when the question of the evolution of distribution network is raised. A recurring issue in distribution is the one of the demise of business to business distributors. The concept of dis-intermediation came to the fore with the rise of e-commerce (Sen & King, 2003). But the idea of the distributors was already present in Alderson (1949) who emphasized "*the persistent attempts to supplant*" business to business distributors (Alderson, 194, p. 145). Thus our work is offering the possibility to conceptualize business to business distribution from a renewed point of view.

Managerial contributions

From a practical point of view, this work may provide different inputs that can be useful for the managerial activity within a distribution network, not only restricted to the electrical sector.

First, it appears that exogenous changes (those which are not provoked by the focal actors of the distribution situation) create a new space for action for the focal actors. In our case, main

changes are those provoked by the thermal regulation and the rise of TIC. Managers are then invited to actively analyse changes (even those - or particularly those…- that primarily appear as negative ones) that affect their network and consider they can be turned in opportunities if both "what is done" (a question of activities and resources) and "how it is done" (in terms of representation and normalising activities) is considered jointly.

Second, our findings may also be considered as an invitation made to managers at the manufacturing, distribution and installation levels to look for a "common rationale" (here, the "end user") so as to avoid creating new potential competitive situations when developing new positions. This does not go without efforts to "build" this new actor. This also raises several new questions: are manufacturers ready to design and make more end-user oriented products? If not, is the distribution level the one that could provide the necessary "end-user oriented" layer around "technical products"? Can this "end-user" focus largely promoted by manufacturers and distributors, become an entry door for new actors providing data on end-users' behaviours?

Third, managers must consider that an "end-user orientation" of the whole distribution network cannot go without a strong collaboration between the different actors. The nature of such collaboration (simple coordination? cooperation?) will then become a central aspect of the evolution of the distribution network. Managers must prepare to change their mind and update their resources so as to really implement such collaborative relationships.

Finally, our findings may also draw managers' attention on the fact that any attempt to "use" the end-user to align the interest of the different focal actors in the distribution network will automatically give the end-user "more agency". Considering the end-user cannot be only a matter of "norms" or "representation" it will have an impact on activities. Or in other words it will allow the end-user to entering the debate. But this must not be seen as a threat. End-user, through the technologies of information and communication has already entered the debate without any kind of "permission" from the focal actors.

Limits

Of course, this study does not go without limits. For instance, as our interest was in changes of focal actors of a distribution setting - manufacturer / distributor / installers - in response to exogenous changes, we did not specifically analyse the appearance of new actors (data analysts for instance). In addition, the analysis in terms of activities, resources, representational and normalizing practices may be further developed through a systematic analysis of the data collected. Finally the idea of "agencing" the end-user has only been analysed briefly. We think that both the notion of "usage" and "end-user" which are not so common in business to business could have been analysed in a more detailed way. These three limits may help defining the future steps of our research.

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