

**Deliberate network orchestration
and deliberate non-network
strategizing:
Developing seamless travel
experiences**

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Abstract

The context of this study is the emergence of seamless travel networks. The advantages of ‘seamlessness’, in terms of more effortless travel solutions, environmentally sustainable transportation flows and new opportunities for value creation among the providers, often remain unrealized. The industry is riddled with firm level strategies focusing on independence rather than a system level understanding of strategies and value creation based on interdependencies. This study compares two deliberate forms of network strategizing in this context; an innovation and adaptiveness -oriented approach and a form of ‘deliberate non-network strategy’. We intend to study how interdependencies develop, between these focal companies and other organizations involved in the emergence of seamless travel offerings, in terms of resource ties and activity links.

Introduction

How managers devise, select and implement new strategies when embedded in a network context (Baraldi et al, 2007) depend on the network perspective taken. Strategic networks are usually governed by a hub firm (e.g. [Gulati et al., 2000](#)). Common to these networks is a governance function performed by variously powerful lead firms, expert head firms or strategic hubs or centres, all of which to varying extent conduct planning and coordination within ‘their’ networks. Multilateral networks characterize systems where not all network firms need to interact with one another in order to succeed. However, there must also be a sense of collective ‘networkness’, whereby the members see themselves as part of a network to which they are committed ([Human and Provan, 2000](#)). Within IMP, strategic action is

defined as efforts of a firm to influence its position in the network of which it is part; to ‘identify the scope for action’ (Håkansson & Ford, 2002:137). Networking actions in exploring the ‘scope for action’ by managers in an organisation – network strategizing - are typically considered to be incremental and emergent over time by IMP scholars (Ibid.).

Network strategizing by the Norwegian Airport Express train, Flytoget, has recently taken two different ‘network strategizing trajectories’ (cf. Harrison & Prekert, 2009); first from a traditional point-to point carrier towards a deliberate shift to network strategy, and then recently back to a point-to point strategy. The initial change was based on a desire to shift their strategic understanding in a number of dimensions including how the firm itself creates value, how it relates to the surrounding network of actors and how it can influence others to strategize in networks. It wanted to be seen as a viable participant in an evolving network – oriented towards seamless travel. Since then, Flytoget has taken another and perhaps more unexpected trajectory; its new management team has turned to what we here coin ‘deliberate non-network strategizing. That is, the company has now decided to return to a more internally and efficiency-oriented strategy, in line with low-cost providers such as Norwegian and Ryanair which follow a non-network strategy in the airline industry.

What is peculiar with the Flytoget’s case is that the company decided to withdraw its network approach soon after it had started to acknowledge the network it was embedded in. The Flytoget case now provides us with the opportunity to study a shift *from* a deliberate network strategy. To continue the investigation towards explicit network strategies, we also follow Ruter AS, a joint management company for public transportation in the Greater Oslo Region in Norway. Ruter is also aiming for more seamless travel networks. Until recently, Ruter mainly focused on achieving well-orchestrated, efficient operations across a network of operators, but is now reorienting the networking strategy towards innovation and joint development. To follow up on the comparison with the airline industry, Ruter’s approach is more similar to the strategies used by network providers such as SAS and Lufthansa; corporations that operate in network alliances.

Based on more than 40 interviews and ongoing fieldwork, we wish to study more closely how a deliberate non-network strategy influence resource ties and activity in a networked value system in the case of the Airport Express Train, the deliberate shift in network strategizing

orientation from efficiency to innovation in the case of Ruter, as well as to compare and contrast the two deliberate strategizing in networks.

Literature review

‘Cooperative strategy’, ‘relational strategy’, ‘strategic networks’, ‘strategic nets’ and more recently ‘network strategy’ are commonly used terms in discussing strategic action at the inter-organisational level (e.g. Dyer & Singh 1998; Gulati, Nohria, & Zaheer, 2000; Möller & Svahn 2003; Baum & Rowley 2008). IMP is unique in that it provides an understanding of both relationship and network level strategizing in terms of all three layers of substance – actors, resources, activities (Gadde et al., 2003). Networking actions in exploring the ‘scope for action’ – network strategizing - are typically considered to be incremental and emergent over time (Håkansson & Ford 2002:137). Strategic action involves connections with other actors, and thus interactions within these relationships: “... *it is not limited to the focal firm but involves the network of relationships in which it is involved and the resources to which it has access*” (Axelsson and Easton, 1992:181). The implication is that any strategic actions of a firm are embedded and interdependent rather than isolated (Mattsson 1987). It is the logic of the rainforest (Håkansson et al 2009, based on co-existence/co-evolution, interdependence, collaboration and ‘plus’ sum games, and a move from competitive advantage to cooperative advantage at the network level. In other words, “*the scope of strategy shifts from that of pursuing a victory over others to somehow making it together with customers and suppliers, distributors and development partners*” (Ford et al. 1998, p. 107). In other words, IMP scholars study attempts aimed at building interdependencies in systematic ways for strategic purposes.

Using the verb ‘strategizing’ (Håkansson & Ford 2002; Gadde et al., 2003; Tikkanen & Halinen 2003; Baraldi et al 2007; Harrison & Prenkert 2009) places emphasis on doing rather than having (cf Whittington 1996, 2002). Network strategizing can be considered as being of three types; cognitive, positioning, and adapting (Tikkanen & Halinen 2003; Harrison & Prenkert 2009). Briefly, cognitive strategizing incorporates concepts such as network theory, network pictures and network horizon (e.g. Henneberg, Mouzas & Naude, 2006; Holmen & Pedersen 2003). Positioning strategizing encompasses efforts to develop or maintain network roles and positions (Axelsson & Easton 1992; Mattson 1987; Awaleh 2008). Day-to-day adaptations to a particular counterpart in a network might also have major consequences for strategy (e.g.

Brennan & Turnbull 1989; Canning & Brennan 2004). In other words, ‘adaptations as strategizing’ places emphasis on continuing relational interactions.

This paper takes these ideas as its starting point and apply them in two comparative settings; an innovation and adaptiveness -oriented approach in the Ruter case and a form of ‘deliberate non-network strategy’ in the Flytoget case.

Design and method

The study’s focal firms are Flytoget and Ruter. Considering the exploratory nature of this research, we will primarily employ a longitudinal case study methodology. Various authors provide suggestions for carrying out case research (e.g. Halinen & Törnroos 2005; Dubois & Araujo 2007; Eisenhardt & Graebner, 2007). Case studies embed an object in context, allow depth, detail, and richness of data, are longitudinal by default (Easton 1998) and are process-oriented. The two main sources of primary data are in-depth interviews and participant observations, and in the case of Ruter more than a thousand documents. To date, the research is based on more than 40 interviews and two participant observation meetings have been conducted. Analysis of the data is ongoing.

The context of both cases is seamless travel. Seamless travel is a subject that concerns a variety of service providers, authorities and research communities, besides the traveler. ‘Seamlessness’ is being described as effortless travel solutions or hassle-free travel experiences. It indicates a so-called ‘free-from-disturbance’ journey, offering an easy, carefree experience. A win-win scenario thereby appears in the seamless offering: comfortable and efficient journeys for the travelers may imply better value creation and competitiveness for capable service providers and more environmentally sustainable transportation flows.

Flytoget is a three-time winner of the Norwegian Customer Satisfaction Index and the current holder of the highest score ever achieved. The state-owned company carries more than six million passengers every year, which amounts to approximately 10 % of all train passengers in Norway, and approximately 20 % of all train passengers in the greater Oslo region.

Ruter AS is a joint management company for public transport in Oslo and Akershus which is owned by Oslo municipality (60 %) and Akershus County Council (40 %). Ruter plans, coordinates, orders and markets public transport for 350 million passengers annually (2016)

on the metro, trams, busses, and ferries in Oslo and Akershus across a network operated by ten public and private operators. Ruter's strategy and services are developed in close collaboration with the operators and other agencies. Ruter has been involved in network strategizing from the establishment of the company in 2008, but is currently shifting its network strategizing from an efficient operation orientation to an increasing focus on innovation and change. We thereby have access to two companies in the transportation/mobility sector which to some degree are interdependent on one another, but they try to build and exploit these interdependencies for strategic purposes in seemingly very different ways.

Preliminary findings

Flytoget's deliberate non-network strategizing

In its strategic plan of 2014, Flytoget emphasized the ambition of becoming a central actor in the creation of seamless travel networks, and thereby to become a recognized contributor to sustainable development. One change trigger was the growing recognition that Flytoget is responsible for a very small part of a passenger's entire journey. Its management believed the company had been very focused on its own route, neglecting to look beyond that small part. Attention had been given to operations, focusing on client satisfaction and profitability measures. But an overall strategy has been largely absent. The business model and revenue logic had not been systematically addressed; partners/relationships had not been placed in a strategic perspective. To some extent, the organization had been in a 'success trap', doing slightly better what it always has done for many successive years. Flytoget's competitive advantages had been speed, frequency and accuracy. However, today its main competitor drives just as fast, have equally good trains and charges half the price. The operational differences tend to disappear, and this was what the company was experiencing, according to its previous management team.

The organization also faced a declining market share, for the first time in its history. This fact became public in January 2016 when one of Norway's leading newspapers illustrated how similar the main competitor's offerings actually were. The previous management team at Flytoget was therefore in a hurry. They wanted to implement their network strategy 'before the train left the station'!

It was the management team's perception that other actors initially struggled to understand the extent of the network strategy. The industry talked about seamless travel, but lacked the 'network thinking' to achieve that goal. Having an explicit network strategy in order to stay competitive was therefore novel to most actors in the emerging network.

As was indicated in the introduction, since 2016, the company has now dramatically changed the trajectory of this journey. A new management team recently took over Flytoget, and changed the strategy back to an emphasis on effectiveness and sequential flows, deemphasising the role of the network.

Ruter's deliberate network strategizing.

Ruter maintains a deliberate network approach. The company was set up in 2008 by the Oslo and Akershus Counties with the sole purpose of planning, coordinating, procuring, and developing public the transportation services in the Greater Oslo Region. Ruter's role and mandate was contested by other actors and the company therefore invited the other operators and partners into a collective process for developing a joint vision and strategy, shared rules for collaboration, and forums for multi-lateral and bilateral dialogue. Over the following three years Ruter and their network partners overcame distrust—and in some cases outright hostility—and established clear roles, responsibilities, routines, and a more trusting cooperative working climate. Ruter currently orchestrates an efficient transportation network, with solid passenger growth, and it has a strong brand and standing in the public. The company realizes that efficient network operation will not be sufficient in the future and is now reorienting their networking strategy towards innovation and joint development. This development is driven by the development of digitally enabled seamless mobility services and the technological shift to zero-emission and autonomous transportation technology, which challenges Ruter's current business and operating models. The reorientation requires increased collaboration and co-creation among Ruter and its network partners as well as increased flexibility in terms of the composition of the network as some operators may become obsolete and new actors may be needed.

Ruter thereby illustrates a deliberate shift in network strategizing orientation from efficiency to adaptability and innovation. Ruter and Flytoget thereby represent two successful companies in the transportation/mobility sector which to some degree are interdependent on

one another, but they try to build and exploit these interdependencies for strategic purposes in seemingly very different ways.

Future research

The strategic developments of Flytoget and Ruter provide an opportunity to compare and contrast two deliberate forms of network strategizing; the innovation and adaptiveness-oriented approach in the Ruter case and Flytoget's (paradoxical) form of 'deliberate non-network strategy'. We intend to study how interdependencies develop, between these focal companies and other organizations involved in the emergence of seamless travel offerings, in terms of resource ties and activity links.

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