

UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER'S THESIS

ANNA TOFFOLI

UNIVERSITY OF LJUBLJANA
FACULTY OF ECONOMICS

MASTER'S THESIS

**DEVELOPING AN E-COMMERCE PLATFORM FOR
ELECTROLUX PROFESSIONAL BRAND: A FEASIBILITY
ANALYSIS IN THE ITALIAN MARKET**

Ljubljana, June 2018

ANNA TOFFOLI

AUTHORSHIP STATEMENT

The undersigned **Anna Toffoli**, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), author of this written final work of studies with the title **Developing an E-commerce platform for Electrolux Professional brand: a feasibility analysis in the Italian market**, prepared under supervision of Izr. Prof. Dr. Matevž Raškovič.

DECLARE

1. this written final work of studies to be based on the results of my own research;
2. the printed form of this written final work of studies to be identical to its electronic form;
3. the text of this written final work of studies to be language-edited and technically in adherence with the FELU's Technical Guidelines for Written Works, which means that I cited and / or quoted works and opinions of other authors in this written final work of studies in accordance with the FELU's Technical Guidelines for Written Works;
4. to be aware of the fact that plagiarism (in written or graphical form) is a criminal offence and can be prosecuted in accordance with the Criminal Code of the Republic of Slovenia;
5. to be aware of the consequences a proven plagiarism charge based on the this written final work could have for my status at the FELU in accordance with the relevant FELU Rules;
6. to have obtained all the necessary permits to use the data and works of other authors which are (in written or graphical form) referred to in this written final work of studies and to have clearly marked them;
7. to have acted in accordance with ethical principles during the preparation of this written final work of studies and to have, where necessary, obtained permission of the Ethics Committee;
8. my consent to use the electronic form of this written final work of studies for the detection of content similarity with other written works, using similarity detection software that is connected with the FELU Study Information System;
9. to transfer to the University of Ljubljana free of charge, non-exclusively, geographically and time-wise unlimited the right of saving this written final work of studies in the electronic form, the right of its reproduction, as well as the right of making this written final work of studies available to the public on the World Wide Web via the Repository of the University of Ljubljana;
10. my consent to publication of my personal data that are included in this written final work of studies and in this declaration, when this written final work of studies is published.

Ljubljana, June 22nd, 2018

Author's signature: _____

TABLE OF CONTENTS

INTRODUCTION	1
1 LITERATURE REVIEW	2
1.1 Business-to-Business marketing	2
1.2 Marketing channels and multichannel marketing.....	4
1.2.1 Overview of marketing channels	4
1.2.2 Multichannel marketing.....	6
1.3 Internet channels and E-commerce.....	7
1.3.1 B2B E-commerce	8
1.3.2 Adding an E-commerce channel to multichannel systems.....	9
1.3.3 Integrating E-commerce platforms into multichannel systems	11
2 THEORETICAL FRAMEWORK.....	12
2.1 The role and importance of relationships in marketing.....	12
2.2 Resource integration in marketing channel relationships	13
2.3 The Resource-Based Theory	15
2.4 The Resource-Advantage Theory.....	16
2.5 Resource-based SWOT Analysis	16
2.6 Research questions derived from theory	18
3 ITALY: COUNTRY PROFILE	19
3.1 Doing business in Italy.....	19
3.2 Italy's technology environment and use of digital technologies	22
3.3 E-commerce in Italy.....	23
4 ANALYSIS OF ITALY'S FSE INDUSTRY	25
4.1 A global overview of the FSE industry	25
4.1.1 Market segmentation of the FSE market	25
4.1.2 Customer purchasing of FSE.....	27
4.2 The Italian market for FSE.....	29
4.2.1 Italy's A&F sector: structure and economic performance	30
4.2.2 Investments in machinery and equipment in Italy's A&F sector.....	34

4.2.3	Use of ICTs in Italy's A&F sector.....	36
4.3	Italy's professional appliance sector	37
4.4	Italy's FSE industry: Porter's Analysis framework.....	38
4.4.1	Intensity of rivalry	38
4.4.2	Buyers' bargaining power	41
4.4.3	Suppliers' bargaining power.....	41
4.4.4	Threat of substitutes	42
4.4.5	Threat of new entrants	42
5	METHODOLOGY	43
5.1	The case study approach	44
5.2	Research methods	45
5.3	Participant selection	47
5.4	Validity, reliability and limitations	47
6	ELECTROLUX PROFESSIONAL FSE: COMPANY PROFILE.....	49
6.1	The Company overview	49
6.1.1	Electrolux Professional: strategy and business model.....	50
6.1.2	Electrolux Professional: organisation and business model	50
6.2	Electrolux Professional FSE: product mix and brand strategy	52
6.3	Electrolux Professional FSE: marketing channel strategy	53
6.4	Findings from interviews.....	54
6.4.1	Electrolux Professional's sales and service partners	55
6.4.2	Digital marketing redefining channel roles and functions.....	57
6.4.3	A cautious approach to E-commerce	58
6.4.4	The internal organisational context	60
7	E-COMMERCE AT ELECTROLUX PROFESSIONAL FSE	60
7.1	Resource-based SWOT analysis of Electrolux Professional FSE.....	61
7.1.1	Strengths	63
7.1.2	Weaknesses.....	64
7.1.3	Opportunities	65
7.1.4	Threats	66

7.2 Discussion of research findings.....	67
7.3 Recommendations.....	69
CONCLUSION.....	70
REFERENCE LIST	71
APPENDIXES.....	81

LIST OF FIGURES

Figure 1: Marketing channels: Structure and flows.....	5
Figure 2: SWOT Matrix according to Resource-Based Theory	17
Figure 3: Most problematic factors for doing business in Italy, 2017.....	21
Figure 4a: Size and turnover (€ million) of Italy's accommodation sector, 2008-2015	31
Figure 4b: Size and turnover (€ million) of Italy's foodservice sector, 2008-2015.....	31
Figure 5a: Composition of Italy's A&F sector (%), 2015	32
Figure 5b: Composition of Italy's consumer foodservice sector (%), 2016.....	32
Figure 6: Italy's A&F sector: Gross investments in machinery and equipment (€ million), 2008-2015	35
Figure 7: Use of ICTs in Italy's accommodation, foodservice and non-financial service sectors, 2017.....	36

LIST OF TABLES

Table 1: Key ICTs figures, Italy vs EU28 (average), 2016.....	22
Table 2: Main indicators on E-commerce activity in enterprises with at least 10 persons employed (financial sector excluded), Italy vs EU28 (average), 2017	24
Table 3: Porter's Five Forces Analysis of Italy's FSE sector.....	38
Table 4: Resource Profile of Electrolux Professional FSE.....	61

LIST OF APPENDIXES

Appendix 1: Povzetek (Summary in Slovene language)	1
Appendix 2: Alignment of marketing channel functions with customer needs	3
Appendix 3: Level of digitalisation in Italian enterprises	4

Appendix 4: Description of activities included in Division 55 and Division 56 according to NACE Rev.2	4
Appendix 5: Main findings and detailed statistics for Italy's A&F sector	6
Appendix 6: Interview guide	15
Appendix 7: Profile of research participants	18

LIST OF ABBREVIATIONS

A&F – Accommodation and Foodservice

B2B – Business-to-Business

B2C – Business-to-Consumer

CECED Italia – Conseil Européen de la Construction d'appareils Domestiques - Italian Division

EDI – Electronic Data Interchange

EFCEM Italia – European Federation of Catering Equipment Manufacturers - Italian division

EU – European Union

FIPE – Federazione Italiana Pubblici Esercizi

FSE – Foodservice Equipment

ICTs – Information and Communication Technologies

Istat – Italian National Institute of Statistics

OECD – Organisation for Economic Co-operation and Development

UNCTAD – United Nations Conference on Trade and Development

USDA – U. S. Department of Agriculture

INTRODUCTION

As digital technologies reshape the contemporary marketing landscape, businesses need to rethink their marketing (channel/distribution) strategies. Companies must find new ways to interact with and create value for their customers. Firms are increasingly focusing on a plethora of digital initiatives, in order to drive customer engagement and create new or improved touchpoints with their customers (Cortez & Johnston, 2017; World Economic Forum, 2016a). From this perspective, E-commerce platforms offer an interesting direct marketing channel opportunity to reach customers by using the Internet as a virtual store where business transactions occur and value is created. This is particularly relevant in Business-to-Business (hereinafter: B2B) marketing settings.

My research focuses on the particular case of Electrolux Professional Foodservice Equipment (hereinafter: Electrolux Professional FSE or the Company), where I examine the possibility for employing E-commerce as a marketing channel approach in the Italian professional appliance market. The overarching question that underpins my study is: *How feasible would it be for Electrolux Professional FSE to engage in an E-commerce strategy?* More specifically, I investigate the *feasibility* of developing an E-commerce platform for Electrolux Professional FSE in Italy. Electrolux Professional FSE is part of the Electrolux Group, a global leader in the households and professional appliance sector. It is one of the largest producers of foodservice equipment (hereinafter: FSE), in Europe and abroad. Italy remains one of its core markets, for both historical and strategic reasons (Electrolux Group, 2017a).

The **purpose** of my master thesis is to explore what role can an E-commerce platform play in a marketing context for Electrolux Professional FSE in the Italian market. The strategic decision to develop an E-commerce platform can provide major benefits for the Company, but might also raise significant challenges; most importantly in terms of cross-channel rivalry and cannibalization. Hence, this decision must be grounded in comprehensive understanding of both the internal and external factors which might impact the adoption of an E-commerce strategy for Electrolux Professional FSE. The **main goal** of my master thesis is to present a comprehensive feasibility study, which would provide the basis for the development of an appropriate E-commerce strategy for the Italian market, as part of the Company's broader marketing and sales strategy.

To do so, I addressed the problem of developing an E-commerce platform for Electrolux Professional FSE by adopting a resource-based approach to strategy formulation. While I also acknowledge the importance of capabilities, having an appropriate understanding of the underlying resource implications preceeds that. In fact, resources are always a prerequisite for all organisations to function and compete (Andersén, 2011). This entails that companies should design strategies which leverage to the full potential their own unique characteristics and resource endowments (Grant, 1991). This view is grounded in

the so-called Resource-Based Theory and corresponding Resource-Advantage Theory, which represent a suitable theoretical framework for developing the two research questions of my study. These two theoretical frameworks have received a lot of attention in the industrial marketing literature (Hunt & Morgan, 1996 ; Hunt, 1997a).

Given the very specific and contextual nature of the problem addressed in my thesis, my research is designed as a single company case study. I approached this case study focusing on Electrolux Professional FSE by adopting a qualitative approach, which provided me with the necessary flexibility and breadth to investigate the complex and multi-dimensional problem addressed in my study. Semi-structured interviews with six selected participants represented the main source of information and base for the empirical part of my research. In addition, I reviewed myriad relevant documents to obtain complementary information on Electrolux Professional FSE, since I was also doing an internship in the company at the time of writing this thesis.

This thesis is organised as follows. In the first chapter, I review relevant literature on B2B marketing and marketing channels, emphasizing how momentous changes in technology and the marketing environment have reshaped the priorities of both B2B marketers and researchers. In the second chapter, I present the conceptual and theoretical framework that informs my research. In the following two chapters, I provide a detailed picture of Italy's marketing environment (third chapter) and of Italy's FSE industry (fourth chapter), to obtain a comprehensive understanding of what external factors could favour or hinder the adoption of an E-commerce strategy. I present methodology in the fifth chapter. In the sixth chapter, I describe Electrolux Professional FSE's overall business model, resource configuration and management processes. In the seventh chapter, I combine evidence from the internal analysis with major findings from the external analysis of the Italian market to prepare a resource-based SWOT analysis, which provides the basis for the critical discussion of the problem addressed in my study. I summarize my work in the conclusion.

1 LITERATURE REVIEW

In this chapter, I provide an overview of relevant concepts and perspectives in B2B marketing and channel marketing. I emphasize how momentous technological changes and changes in the (marketing) environment have reshaped the priorities of both B2B marketers and researchers, challenging old business models, while opening a multitude of new opportunities. The Internet and digital technologies offer companies an interesting direct channel opportunity to interact with customers, but can also pose several challenges if they are not properly managed and integrated into companies' multichannel systems.

1.1 Business-to-Business marketing

Marketing is a very broad discipline, which increasingly transcends an organisational

function. It encompasses a diverse set of activities, institutions and processes which are leveraged “for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2013). B2B marketing is a sub-discipline of marketing which deals with the study of market transactions, relationships and networks in business markets (Hadjikhani & LaPlaca, 2013; Hutt & Speh, 2013). B2B marketing shares the same goals and challenges as Business-to-Consumer (hereinafter: B2C) marketing, namely the understanding customers and their needs, meeting – if not overcoming customers expectations, delivering customer value and identifying new growth opportunities. However, B2B marketing differentiates from its B2C counterpart in several ways (Fiocca, Snehota, & Tunisini, 2003; Hutt & Speh, 2013; Kotler & Keller, 2012):

- In B2B marketing, customers are organisations. This entails that B2B purchasing occurs for organisational purposes, rather than for individual use or consumption. This entails a fundamentally difference decision making process and set of criteria.
- Business markets exist as complex networks of interdependencies and relationships between organisations and other stakeholders. This entails that a company’s overall performance depends not only on its internal resources, processes and business model, but also on the performance of its partners and on the functioning of the set of relationships that, either directly or indirectly, affect the company. This point is thoroughly discussed in the next chapter.
- In business markets, suppliers normally deal with fewer and larger buyers, as compared to consumer markets. In addition, business markets tend to be more concentrated in specific geographic areas. As a result, business transactions between sellers and buyers are facilitated and can occur at reduced selling costs.
- Given the smaller customer base, suppliers and buyers tend to form close and enduring business relationships characterised by a greater extent of mutual adaptations, trust, commitment and long-term orientation.
- Organisational buyer behaviour is an ongoing co-creation process, not an isolated act or event. The purchasing process involves many stages, each of which requires special considerations and yields to a decision. The sum of such small and incremental decisions translates into the customer’s final choice.
- Multiple buying influences contribute to the buying process of business organisations, as decisions are influenced by individuals with different roles and functions within the organisation. In addition, the buying process of business organisations is implemented by trained, well-informed and experienced professionals. Buying decisions are made in line with the organisations’ purchasing policies and requirements, and involve the use of formal buying instruments that are normally not used in B2C transactions.
- On average, the orders placed in B2B markets occur on a regular basis (may they be straight rebuy or modified rebuy decisions), are larger in size and of higher value. Furthermore, they normally involve a higher degree of product customisation and technical complexity, and use designated IT systems for order placement and payments.

- Price negotiation is very common in business markets. Very often, different prices are offered to different customers, depending on the nature and history of the relationship that has been established between suppliers and buyers. Final prices might also include volume-based discounts and other incentives to buy.
- Demand in business markets is derived from the demand in the corresponding consumer markets. Hence, B2B firms must monitor buying trends in the respective consumer markets in order to predict changes and future sales. Because of such derivation, business demand tends to be more volatile. However, business demand tends to be rather inelastic to changes in the price of inputs, especially in the short-time (companies cannot quickly adapt their production processes and strategies to absorb such variation in the price of input).

Today, the B2B marketplace is undergoing a process of radical transformation, echoing increased market uncertainty and environmental dynamism. Digital technologies are reshaping the marketing environment where B2B relationships and relational exchanges are developed. Interestingly, although B2C and B2B remain very distinct areas, today's process of digitalisation has deeply changed professional customer's behaviour and expectations, with customers expecting the same enticing and personalised on-line experience that they have as final consumers (World Economic Forum, 2016a). In this context of historical advancements, the priorities of both B2B marketing scholars and practitioners must be redefined. In this regard, Cortez & Johnston (2017) provide an interesting overview of the key topics that should be addressed by B2B marketing scholars in order to resolve real problems that B2B marketers will face in the near future. Particular emphasis is given to the opportunities and implications which the use of digital and Internet-based technologies can have in a B2B marketing context, such as on customer journeys and relationship value. Relationships and other relational constructs remain fundamental constructs in B2B marketing. Yet, the ways in which new technologies are morphing the business ecosystem is leading both practitioners and scholars to address old business models and to establish new procedures and strategies.

1.2 Marketing channels and multichannel marketing

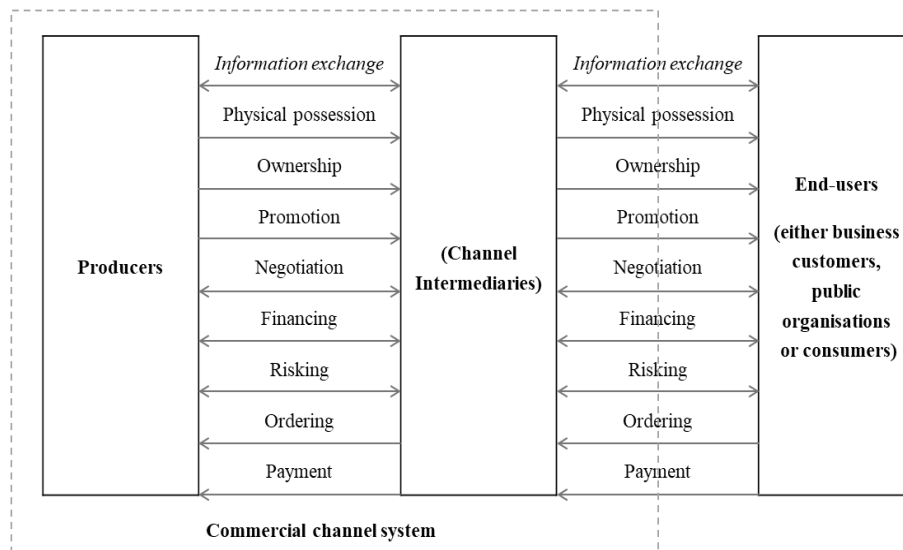
1.2.1 Overview of marketing channels

Marketing channels are part of a company's marketing strategy and represent the downstream part of a firm's supply chain (Gundlach, Bolumole, Eltantawy, & Frankel, 2006). They serve as a company's "bridge to market" (Hutt & Speh, 2013, p. 242) and create a connection between manufacturers and end-users. They enable an exchange of products, services and information that will ultimately create value for all the parties involved. Marketing channels have always been considered as key organisational and strategic assets for companies, as they provide direct market pipelines (Gadde, 2016).

Marketing channels traditionally include three main parties (Kozlenkova Hult, Lund, Mena, & Kekec, 2015): *manufacturers*, *intermediaries* (such as wholesalers, distributors, dealers, agents, retailers and value-added resellers) and *end-users* (consumers or organisations). Manufacturers and end-users take part to all formats of marketing channels. Instead, intermediaries can be viewed as strategic variables in marketing channels, as their presence depends on how valuable and indispensable they are for channel system success.

Marketing channel parties are kept together by the several processes and activities that are performed at different moments in time along the marketing channel. Coughlan, Anderson, Stern, & El-Ansary (2006) define such activities as *marketing channel flows*, illustrated in Figure 1. Marketing channel flows include (Coughlan et al., 2006): *information exchange*, *physical possession*, *ownership*, *promotion*, *negotiation*, *financing*, *risking*, *ordering*, and *payment*. Interestingly, all flows but one (physical possession flow) can be created and maintained electronically (Rosenbloom, 2013), despite experiencing growing automation, the transfer of physical products is the only flow that needs to be physically performed. The fulfilment of physical possession flow requires all channel members to coordinate various activities, such as product storing, displaying, handling, packing and shipping.

Figure 1: Marketing channels: Structure and flows



Source: Adapted from Coughlan et al. (2006, p. 12).

Another key element of marketing channels is that of *functions*. Rangan, Menezes, & Maier (1992) identify eight key functions of marketing channels. These functions include: *product information*, *product customisation*, *product quality assurance*, *lot size*, *assortment*, *availability*, *after-sales service*, and *logistics*. Each of these functions should be aligned with customer needs, as explained in Table 1 in Appendix 2. Marketing channel functions are a concept that is strictly connected to that of channel flows. If flows serve as the “link” between channel actors, functions are the set of works and activities undertaken

by channel members in order to “consummate transactions” with end users (Rosenbloom, 2013, p. 193). In the case of functions, the focus is thus on end-users and on how to create utility for them. By aligning functions with customer needs, companies are able to both create value for customers and reach targeted levels of profits, sales and market shares within specified resource constraints (Hutt & Speh, 2013).

1.2.2 Multichannel marketing

Multichannel marketing refers to the use of more than one type of channel (whether vertically integrated or independent, direct or indirect) by the same company to reach and serve customers within the same geographical market (Coughlan et al., 2006). In multichannel configurations, firms use multiple channel types for targeting different customer segments or different need states of customers, and for ensuring that the right product is delivered to the right place, at the right time and in the right way at the minimum cost (Kotler & Keller, 2012).

Given the strategic importance of marketing channels, designing and implementing the optimal channel configuration is a crucial issue for managers (Valos, Polonsky, Geursen, & Zutshi, 2010). The road to market has become a “key competitive battleground in many industries” (Wilson & Daniel, 2007, p. 10), in which suppliers try out different channel configurations in the hope of enhancing their overall performance and increasing customer satisfaction. Companies can no longer rely on only one channel type to satisfy the evolving needs of customers and to succeed in an increasingly global yet multifaceted market (Moriarty & Moran, 1990). Instead, companies need to choose the most appropriate combination of channel options through which they interact with customers, ensuring that channels deliver highly positive and consistent experience to customers (Payne & Frow, 2004). Multichannel strategies can help firms to achieve meaningful differentiation from competitors, since well formulated multichannel strategies are more difficult for competitors to quickly copy (Rosenbloom, 2007).

The use of multiple channel types has always been rather common in business, especially in B2B contexts (Moriarty & Moran, 1990). In traditional B2B multichannel systems, manufacturers rely on small dealers, agents and distributors to reach small customers, salesforce managers or value-added resellers for medium-sized customers, and key account salesforce for big customers (Sharma & Mehrotra, 2007). Small companies are more likely to rely on multichannel systems of indirect marketing channels, such as dealers, agents, distributors and value-added resellers. On the contrary, large enterprises are more likely to rely on multichannel systems that combine the use of both indirect and direct formats of marketing channels, such as key account and salesforce managers (Fiocca et al., 2003). In this way, larger companies can better serve different customer segments and/or different need states of customers.

1.3 Internet channels and E-commerce

Today, companies compete in two worlds (Wu & Wu, 2015): a *physical* world and a *virtual* world. The Internet plays an integral role in the lives of people and businesses. It provides companies and people with a network infrastructure through which they can develop relationships and interact in new forms (Kandampully, 2003). Indeed, today's world is increasingly about Internet-enabled interconnections, digitisation, and inter-related technologies, which are driving the digital transformation of economies and societies (Organisation for Economic Co-operation and Development [abbreviated as OECD], 2017b). A multitude of channel options are now available to most firms, whether large or small, B2C or B2B (Kabadayi, Eyuboglu, & Thomas, 2007).

As a marketing channel tool, the Internet offers a wealth of communication and marketing opportunities to firms. It enables companies to provide increasingly sophisticated information to customers worldwide, on a continuous basis and in a cost-effective way (Webb, 2002). Organisation websites and social media pages can be used not only for providing users with general information about the company and its products/services, but also for brand building and customer-engagement purposes (Wilson & Abel, 2002). In addition, Internet channels enable companies to obtain key information about the marketplace and customers, to intensify the flow of dialogue and of information that occurs between manufacturers, channel members, and customers, and to develop and manage complex relationships with channel partners and customers (Payne & Frow, 2004).

Furthermore, the Internet can be used as a virtual store where business transactions occur in an electronic format thanks to the use of interactive electronic marketing channels (Tamilia, Senecal, & Corriveau, 2002). This phenomenon is defined **E-commerce**. E-commerce, that Rosenbloom (2007, p. 5) describes as “the greatest force to impact marketing channel strategy in at least the last half century”, refers to (OECD, 2002):

“the sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders. The goods or services are ordered by those methods, but the payment and the ultimate delivery of the goods or services do not have to be conducted online. An E-commerce transaction can be between enterprises, households, individuals, governments, and other public or private organisations. To be included are orders made over the web, extranet or electronic data interchange. The type is defined by the method of placing the order.”

E-commerce has become the fastest growing trade sector in many markets and is a key growth engine in many economies. According to estimates from the United Nations Conference on Trade and Development (abbreviated as UNCTAD), worldwide E-commerce sales reached US\$ 25.3 trillion in 2015, with the U.S., Japan and China leading the market (UNCTAD, 2017, p. 27).

1.3.1 B2B E-commerce

B2B E-commerce refers to the sale or purchase of products or services between business organisations through network-based technologies, such as the Internet. It involves a broad array of activities including purchasing, supplier management, sales activities, payment management, service, and support (Iyer, Germain, & Frankwick, 2004). B2B E-commerce represents the biggest part of global online sales, accounting for over 89% of total E-commerce sales value in 2015. In the same year, B2B E-commerce sales revenues totalled US\$ 14,317 billion Top10 E-commerce Economies¹ (UNCTAD, 2017, p. 27).

B2B online transactions can be carried out either via Electronic Data Interchange (hereinafter: EDI) networks or web-based technologies (Turban, Leidner, McLean, & Wetherbe, 2006). EDI networks consist of inter-organisational systems that allow for the transfer of business documents and other information in a standard electronic format from one computer to another. EDI technology represents the first generation of B2B E-commerce. Its adoption in a B2B context marked “a fundamental shift in the manner by which firms are interacting with buyers and suppliers” (Senn, 2000, p. 23). Through EDI systems, organisation can arrange for routine exchanges of business transactions with no needs for direct negotiation. Today, EDI technology remains widely used in B2B E-commerce, with EDI-type sales generating up to 90% of total value of B2B E-commerce sales in OECD economies (OECD, 2017b, p. 163).

On the other hand, web-based B2B E-commerce refers to online transactions that are performed via websites or other web-based applications, similarly to B2C E-commerce. Although growing, the use of open, web-based B2B E-commerce applications or platforms is still in its infancy, and its benefits remain not equally distributed across industry sectors and companies (eMarketer, 2016). In fact, as explained by Chan & Swatman (2000), the integration of web-based E-commerce platforms into internal systems is more likely to provide immediate rewards to companies that operate in the high-tech sectors rather than in other, more traditional sectors, such as manufacturing or transport. For these companies, the development of a web-based E-commerce platform is considered a rather complex issue. In addition, as already seen, Web sales between business organisations account for a much smaller portion of total B2B E-commerce sales than EDI-type sales. In the European Union (hereinafter: EU)’s manufacturing sector, for example, the share of enterprises with at least 10 employees involved in B2B web-based sales is almost as high as that of enterprises involved in EDI-type sales (8% and 10% respectively in 2017. Eurostat, 2018a). However, the turnover generated by B2B web-based sales is much lower: 3% of total turnover in 2017, as compared to 22% of turnover generated by EDI-type sales. Eurostat, 2018c). These data refer to the EU composition with 28 Member States.

¹ The Top 10 Economies by total value of E-commerce sales (both B2B and B2C) include: United States, Japan, China, Republic of Korea, Germany, United Kingdom, France, Canada, Spain, Australia.

1.3.2 Adding an E-commerce channel to multichannel systems

Several characteristics make the use of E-commerce attractive in a marketing channel context. As outlined by Javalgi & Ramsey (2001, p. 376), “E-commerce is all about speed, connectivity, and sharing and exchanging of goods, services and information”, thus implying faster, richer and closer interactions between organisations and customers. E-commerce platforms enable companies to expand the reach, richness and availability of online information (Turban et al., 2006), to create new or more points of contact with customers (Tamilia et al., 2002), to expand into new markets - beyond their national borders, and consolidate existing ones (Turban et al., 2006). The widespread use of Internet-based applications, including E-commerce, has exponentially increased the amount of customer data and market intelligence available to companies. Such data can be used by companies to enhance market responsiveness, improve customisation of product/service and offer more personalised and seamless shopping experiences to customers (Watson IV, Worm, Palmatier, & Ganesan, 2015).

As compared to off-line marketing channels, the use of E-commerce platforms provide companies with an interesting direct channel opportunity. By leveraging E-commerce technologies, companies can bypass traditional intermediaries, such as dealers, distributors, resellers and retailers, and create a direct contact with customers. In this way, companies can eliminate, or at least minimise the number of intermediaries involved in marketing channel activities, thus achieving significant cost savings (Tamilia et al., 2002). In fact, E-commerce channels are quite capable of substituting traditional channels when it comes to communicating information, promotion and conducting business transactions (Webb, 2002), due to the tremendous information and communication potential of the Internet.

The ubiquity, transparency and information potential of E-commerce channels create value for customers in terms of enhanced convenience, selection, and ease-of-use (Turban et al., 2006). Companies can offer visitors exhaustive assortment of products and virtual sales assistance with unlimited opening hours, regardless of when and where the purchase process is initiated. In addition, by leveraging E-commerce technologies, companies can create value for customers by simplifying the processes of information search, ordering, purchasing and payment (Turban et al., 2006). Lastly, the delivery of certain types of products (numeric products) and certain services can also be performed online, at minimum costs (Wilson & Abel, 2002).

Finally, firms that engage in E-commerce can also achieve significant efficiency gains due to: high scalability of online operations and of IT investments (Turban et al., 2006), improved supply chain management and streamlined processes (Kumar & Petersen, 2006), improved inventory management - without compromising customer service levels (Bailey & Rabinovich, 2006), and reduced need for human intervention and paperwork (Turban et al., 2006). E-commerce also offers many other revenue-enhancement opportunities to companies, such as product/services cross-selling and up-selling, third-party online

advertising, subscription or membership fees, commission or transaction fees, and service or consulting fees (Lee, 2001).

However, the use of online sales channels in addition to, or instead of other channel formats poses significant challenges for companies. One of the biggest drawbacks of E-commerce is that it cannot be used as a complete marketing channel for physical or non-numeric products (Webb, 2002), since physical distribution, transportation, storage and returns of physical products, as well as product installation and commissioning cannot be performed online. Hence, there must be a certain degree of product's compatibility with the direct channel for E-commerce to succeed (Yan, 2011). E-commerce adds another layer of complexity to the management of logistics functions, since manufacturers must address warehousing, delivery, installation and commissioning requirements by relying on either owned or independent distribution channels and technicians. This can be a major challenge, considering the significant impact of logistics costs on the overall supply chain cost structure, which can be as high as 29% of the value of the finished product according to a study by Zeng & Rossetti (2003, p. 789). The impact of logistics costs can be even higher for small orders (Tamilia et al., 2002).

Another disadvantage of E-commerce stems from its lack of face-to-face contact with final customers. The absence of face-to-face interactions can make it harder for companies to create a meaningful, experiential shopping experience and to enhance the engagement of customers to the brand and the company (Wu & Wu, 2015). Online channels cannot deliver the same shared social experience of off-line channels and cannot provide customers with the opportunity to touch and feel the merchandise (Avery, Steenburgh, Deighton, & Caravella, 2012). The lack of face-to-face contact is also more likely to increase customer perceived risk of online shopping, especially for those issues concerning data privacy and security of transactions (Roca, García, & de la Vega, 2009).

Furthermore, the addition of an E-commerce platform into multichannel systems can have major negative impacts on existing relationships between manufacturers and channel intermediaries/partners. Traditional marketing channels might feel threatened by the newly added online channel and this situation might result in increased cross channel conflicts and cross-channel rivalry (Webb, 2002). Conflicts within multichannel configurations can arise from a lack of relationship commitment and trust by channel parties (Jeanpert & Paché, 2016), or, as explained by Coughlan et al. (2006), they can originate due to the establishment of incompatible goals between the parties involved or due to problems of adverse selection and moral hazard. In addition, as marketing channels multiply, the number of relationships becomes increasingly complex to control and coordinate, and can result in role misalignment and overlapping domains (Wallace & Johnson, 2009).

Mismanaged multichannel strategies (including strategies that combine both online and offline sales channels) can result in destructive zero-sum games between the channels of a supplier. This situation is known as channel cannibalisation and occurs when one channel

closely duplicates the marketing tasks and capabilities of another channel and target the same customer segments (Moriarty & Moran, 1990). As a result, channel members may begin to engage in destructive behaviours, such as free riding, refusing to deal with principals, avoiding mutual understanding, or withholding to provide any forms of support and information to the other channels (Sa Vinhas & Anderson, 2005).

1.3.3 Integrating E-commerce platforms into multichannel systems

As new technologies open new paths to market, identifying the most appropriate channel configuration has become a very complex issue for marketers (Valos et al., 2010). The advent of the Internet has disrupted traditional business models, affecting all the dimensions of the marketing mix (Webb, 2002). In a marketing channel context, the use of Internet-based technologies, including E-commerce, provides companies with an interesting opportunities, but might also pose several challenges to companies, primarily in terms of channel conflicts and cannibalisation. Hence, the “overriding question”, as Rosenbloom (2007, p. 4) defines it, is: how should companies design and manage multichannel strategies, including new high-tech E-commerce platforms in order to reap the benefits of multichannel marketing while avoiding its several major drawbacks? This is a very challenging issue in B2B marketing, given the strategic importance that traditional intermediaries play in enabling business transactions between manufacturers and customers (Chung, Chatterjee, & Snegupta, 2012).

According to Rosenbloom (2007, p. 6), the integration of Internet-based and E-commerce channels with traditional channels is “the ideal situation” in a B2B context. Multichannel integration entails that the efforts and outcomes of all the channels/channel members are properly aligned and coordinated with each other (Wallace & Johnson, 2009). Multichannel integration implies that all channels work well together, create brand consistency and effectively meet the needs, preferences and desires of different customer segments under different circumstances (Kotler & Keller, 2012). It is considered a key mechanism for achieving cross-channel synergies (Valos et al., 2010). These originate when one channel reinforces the effectiveness and efficiency of other channels (Rosenbloom, 2007). The generation of cross-channel synergies is made possible by developing complementarities across channels through the sharing of logistical activities, technologies, marketing and communication tools (Jeanpert & Paché, 2016). Hence, the pursuit of multichannel integration requires companies to encourage cooperation among channels while minimising the potential for opportunistic behaviours and channel conflict.

Multichannel integration in B2B E-commerce environments requires a higher degree of collaboration between different members of the supply chain, entailing active participation and coordinated action between the parties involved (Pereira & Soares, 2007). In fact, manufacturers that sell tangible products have to rely on traditional channels for finalising the sales process that initiated on the E-commerce channel. Indeed, the key to success in

Internet and E-commerce business lies in how companies carry out the multichannel integration (Wu & Wu, 2015). B2B suppliers should use E-commerce platforms to deliver a seamless experience to customers and to support their distribution network, rather than to dismiss their existing intermediaries. For example (Webb, 2002): industrial suppliers could actively promote their channel partners on their website and allow them to insert their own advertisements; furthermore, they could limit their product offering on the Internet to products that are not sold by traditional channels or that are targeted at only those customer segments that prefer to purchase via electronic marketing channels.

In the case of multichannel integration, managers should aim to develop a cost effective, yet high-impact configuration of channels, leveraging each channel's strengths while minimising its weaknesses (Valos et al., 2010). This view requires managers to adopt an holistic approach to multichannel marketing that conceives multiple channels as a system of demand-generation tasks rather than as a conglomeration of individual channels (Moriarty & Moran, 1990). Once a firm has clearly defined its customer segments based on needs and willingness to pay, they can decide which channel or channels are best suited to serve each segment (Webb, 2002). Channel design and management decisions should then be made with the aim of optimising the allocation of functions, tasks and resources across the channel system, so that each channel member and/or channel type performs the function(s) that it is best suited to perform (Rosenbloom, 2013).

2 THEORETICAL FRAMEWORK

Resources are always a prerequisite for companies to operate and compete. Interestingly, resources include not only those assets and capabilities that are directly controlled by the firm, but also those that are just made available to it. Therefore, also the relationships that develop over time between organisations and other stakeholders become a valuable resource for the company. This view is grounded in the so-called Resource-Based Theory and corresponding Resource-Advantage Theory, which are presented in this chapter. These theories provide the rationale for developing the two research questions underpinning my study.

2.1 The role and importance of relationships in marketing

Over the past few decades, a growing body of literature in B2B marketing has increasingly emphasized the role and importance of relationships, networks and other relational constructs in business markets (Anderson, 1995; Cortez & Johnston, 2017; Ford & Mouzas, 2010; Håkansson & Ford, 2002; Håkansson & Snehota, 1995). This relationship-based, network configuration is a key attribute of B2B sectors. It entails that a company's overall performance depends not only on its internal resources, knowledge and capabilities, but also on the resources and capabilities of its partners. Such emphasis has propagated from B2B marketing studies to general marketing thinking, contributing to what many

scholars have defined as a paradigmatic shift of the general marketing discipline: from a transactional focus towards the *relationship marketing concept* (cf. Grönroos, 1994; Morgan & Hunt, 1994; Gummesson, 1997).

Relationship marketing is defined as marketing which pursues the creation of long-term, value adding relationships based on network-embedded relationships and value-adding interactions (Gummesson, 1997). From a relationship marketing perspective, companies should aim at establishing and maintaining strong and long-term relationships with suppliers, customers or other value chain partners of the company (Sheth & Parvatiyar, 1995). This way, the objectives of all the parties involved are met through a mutual exchange and fulfilment of promises (Grönroos, 1994). This is in many ways contrary to transactional, zero-sum thinking. Successful relationships result a win-win situation, in which both partners benefit from the collaborative relationship that they have established and maintained (Hunt, 1997b). For succeeding in the global market, companies need to develop and leverage a portfolio of successful and profitable relationships with key partners. (Morgan & Hunt, 1994). This was even more strongly emphasized by Johanson and Vahlne (2009), which positioned networks and relationships as essential elements in firm internationalization processes. Such relationships may be developed with *suppliers*, *lateral partners* (e.g. competitors, governments and non-governmental organisations), *buyers* (including both intermediate buyers, such as channel partners, and end-customers), or *internal partners* (e.g. business units and employees). Trust and commitment are considered key concepts in relationship marketing (Morgan & Hunt, 1994).

As explained by Hunt (1997b), relationship marketing counsels companies to develop and sustain only those relationships that are more likely to lead to superior financial performance and to enhanced efficiency and effectiveness. The development of strong, collaborative business relationships with few selected partners can become a key source of sustainable competitive advantage (Spekman, Salmond, & Lambe, 1997), and result in improved relational and performance outcomes (Skarmas, Zeriti, & Baltas, 2016). This is also true in a marketing channel context, where companies have realised that they can achieve significant benefits from establishing, maintaining and cultivating stronger and closer relationships with fewer channel partners, instead of maintain a diluted system of weakly interdependent wholesalers, agents and distributors (Rose & Shoham, 2004).

2.2 Resource integration in marketing channel relationships

One of the main reason why organisations do business with one another and develop working relationships is value creation (Anderson, 1995; Skarmas et al., 2016). It is exactly because of the net-value that each party expects to receive (and receives) from the working relationship that the relational exchange is initiated and sustained (Ulaga & Eggert, 2006). Interestingly, as explained by Fiocca et al. (2003), the value that is created in business relationships develops over time and depends on the specific attributes of

relationships. It includes relational forms of value that originate from actor-to-actor interactions, action coordination, mutual adaptations, integration of resources, information sharing and transfer of valuable know-how, in addition to the economic value of the products or services that are exchanged.

This is why relationships entail much more than isolated exchanges. Instead, as outlined in the Activity-Resource-Actor interaction model, they are “the result of an interaction process where connections have been developed between two parties that produce a mutual orientation and commitment” (Håkansson & Snehota, 1995, p. 26). Relationships develop as a bilateral process of mutual adaptations, coordination and heterogeneous combination of actors, resources and activities (Ford & Håkansson, 2013). Business relationships enable companies to have access and create valuable resources, knowledge and competences that ultimately help them develop and sustain competitive advantages in the markets they serve (Wilkinson, 2006). As they develop, adaptations are made in the resource endowments and use of each party. This results in interdependencies and resource ties (Håkansson & Snehota, 1995). In fact, a key mechanism for creating value in business relationships and relational exchanges is resource integration, which is enabled by actor’s interactions (Gummesson & Mele, 2010): resource integration entails that two or more actors link and match their resources for mutual benefits and for enhanced systems performance. Resource integration refers to the additional and complementary resources that are “put together” by any configurations of actor roles for the purpose of enhanced value creation (Saarijärvi, Kannan, & Kuusela, 2013, p. 11).

Hence, in a marketing channel context, manufacturers and intermediaries engage in channel relationships with the aim of combining and integrating their resources to create superior value for customers and boost channel system performance (Fiocca et al., 2003). Channel relationships are the outcome of a process of frequent, ongoing exchange between interdependent channel partners that require all channel members to engage in cooperative behaviours and to commit their resources and activities in idiosyncratic investments (Weitz & Jap, 1995). Cooperation is a key attribute of working channel relationships (Anderson & Narus, 1990). In fact, it is only thanks to the cooperation of channel actors, and to the coordination and commitment of their resources and activities, that channel systems can create and deliver value to customers (Chung et al., 2012), and at the same time reduce both the time-to-market and the order-cycle-time (Fiocca et al., 2003). Companies increasingly rely on channel partners because of the limitations of their own resource basis, and this situation requires more solid channel relationships than in the past (Gadde, 2004).

According to this view, each channel member is a carrier of unique assortments of resources (and capabilities) that complement and/or reinforce those of other channel members. The purpose is to enhance system performance and create value. Indeed, the relationship itself becomes a valuable and vital resource for channel partners. This is grounded in the so-called *Resource-Based Theory* (hereinafter: RBT) (Barney, 1991; Penrose, 2009; Wernerfelt, 1984) and corresponding *Resource-Advantage Theory* (from

now on: R-AT) (Hunt & Morgan, 1995) - presented in the following pages - which provide a suitable theoretical framework for developing the research questions of my study.

2.3 The Resource-Based Theory

From a RBT perspective, companies are much more than administrative units. They are a collection of productive resources which are administered in a competent and innovative way to pursue profitable growth (Penrose, 2009). Firms exist as combiners of heterogeneously distributed and imperfectly mobile resources. Such resources are leveraged for achieving a sustained competitive advantage, namely a value creation strategy that no other firm, either current or potential competitor, has yet implemented *nor* is able to duplicate (Barney, 1991).

According to RBT, resources are thought as anything that can give origin to a firm's strengths or weaknesses (Wernerfelt, 1984) and are key inputs of the production and delivery of products and services (Grant, 1991). Resources are the building blocks upon which companies establish their identities and frame their strategies, and are the primary source of a company's competitiveness (Grant, 1991). They are always a prerequisite for all organisations to function, and all other steps to achieving superior performance depend on the possession or availability of strategic resources (Andersén, 2011). Resources can be either controlled or acquired by the firm, and are leveraged by companies for generating economic rents (Mahoney & Pandian, 1992) and for producing a market offering that has value for some market segment or segments (Barney, 1991). Resources comprise not only organisational assets, but also organisational capabilities (Hooley, Broderick, & Moller, 1998). Organisational assets are resource endowments that a firm has developed over time and that are available for achieving competitive advantage, whereas capabilities refer to the abilities (either individual, group or corporate) that a company possesses for managing, controlling, organising and coordinating the various business activities. Resources can be either tangible or intangible (Wernerfelt, 1984), and can be categorised in physical assets, human capital, and organisational resources (Barney, 1991).

According to the RBT, to achieve sustained competitive advantage, a firm's resources must be (Barney, 1991):

- *Valuable*: resources enable a company to design or implement strategies that enhance their efficiency and effectiveness.
- *Rare*: resources (or bundles of resources) must be possessed by only few competing or potentially competing firms.
- *Imperfectly imitable*: competitors must not be able to duplicate the resources possessed by the firm. The inimitability of a company's resources might be the result of unique historical conditions, causal ambiguity, or of complex social phenomena that cannot be influenced and controlled by companies.

- *Non-Substitutable*: there must be no other strategically equivalent resources that are themselves not rare or imitable.

2.4 The Resource-Advantage Theory

Building upon the RBT, and combining it with different literatures such as competitive advantage theory, heterogeneous demand theory, evolutionary economics, “Austrian” economics and socio-economics, Hunt & Morgan (1995) propose a new theory of competition: the R-A Theory. This theory conceptualises competition as a phenomenon that is inherently dynamic and market oriented: competition is the constant struggle among firms for a comparative advantage in resources that will enable companies to achieve a market position of competitive advantage and, thereby, superior financial performance. Such comparative advantage in resources exists when a company's assortment of resource and capabilities enables the company to produce a market offering that, relative to extant offerings by competitors is perceived by some market segments to have superior value; and/or can be produced at lower costs. The competitive market position of companies is thus a function of a firm's relative (to competitors) resource-produced value for some segments and relative resource costs for producing such value.

The R-A Theory can be summarised in the following key propositions (Hunt & Morgan, 1995; Hunt, 1997b):

- Demand is heterogeneous both across and within industries, and dynamic;
- Customer information is imperfect and costly;
- Human motivation is constrained self-interest seeking;
- The firm's objective is superior financial performance;
- The firm's information is imperfect and costly;
- The firm's resources can be either possessed by or made available to the firm, and include financial, physical, legal, human, organisational, informational and relational resources. Relationships can be considered as resources since, according to the R-A Theory, resources do not need to be possessed by the firm, but just need to be available to firms for the purpose of producing value for some market segment;
- Resource characteristics are heterogeneous and imperfectly mobile;
- The role of management is to recognize, understand, create, select, implement and modify strategies;
- Competitive dynamics are disequilibrium provoking, and innovation is an endogenous phenomenon.

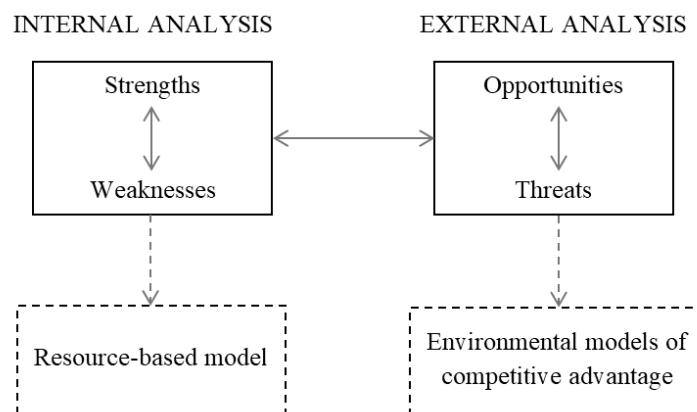
2.5 Resource-based SWOT Analysis

SWOT analysis is a strategic planning framework that is widely used in business. It identifies and assesses a company's strengths and weaknesses and the opportunities and

threats that are posed by the external environment. SWOT analysis is intended to yield crucial insights to support strategy formulation (Valentin, 2001). By adopting a resource-based approach to SWOT analysis, practitioners and researchers can obtain “thorough, systematic and purposive” insights for strategic planning (Valentin, 2001, p. 66).

Resource-based theories examine the relationship that exists between a firm's internal resources and capabilities and the broader environment in which the company operates (Barney, 1991). The resource-based SWOT analysis is graphically visualised in Figure 2. From a resource-based perspective, every company is a bundle of resources that informs which external conditions represent opportunities and threats for the firm. At the same time, comparative advantages and disadvantages in resources determine a company's strengths and weaknesses (Valentin, 2001). Hence, from a resource-based view, a firm's sustained competitive advantage is not solely determined by the attractiveness of the industry, as stated by neo-classical scholars, but it also depends on the resources that the company possesses or can leverage (Grant, 1991).

Figure 2: SWOT Matrix according to Resource-Based Theory



Source: Barney (1991, p. 100).

Building upon relevant resource-based theories, Valentin (2001) identifies eight categories of resources that determine the strengths and weaknesses of the focal company, and that inform what external circumstances represent opportunities or threats for the firm. Hence, resources can be categorised in (Valentin, 2001, p. 55):

- Financial, e.g., cash reserves and access to financial markets.
- Physical, e.g., facilities, plant, equipment, configurations and raw material.
- Legal, e.g., trademarks, patents and any other contract that protect intellectual property.
- Human, e.g., the skills, knowledge and expertise of individual employees.
- Organizational, e.g., culture, customs, shared visions, routines, organisational policies, reporting structure, controlling and coordinating systems.
- Informational, e.g., knowledge resulting from consumer and competitor intelligence.

- Relational, e.g., strategic relationships and alliances with suppliers, distributors, and customers.
- Reputational, e.g. brand names that lower perceived risk or that have positive identity and value.

2.6 Research questions derived from theory

The RBT and corresponding R-A Theory provide a suitable theoretical framework for investigating the research problem addressed in my study, namely: *How feasible would it be for Electrolux Professional FSE to engage in an E-commerce strategy?* From a RBT and R-A Theory perspective, resources are always a prerequisite for companies to compete and function. The adoption of a resource-based approach to strategy formulation requires an in-depth understanding of the relationship that exists between a company's resources and capabilities and its competitiveness (Grant, 1991). This entails the design of strategies that leverage to the full potential each company's unique characteristics (Grant, 1991).

Hence, the strategic decision to add an online sales channel to Electrolux Professional FSE's current multichannel strategy must be preceded by a comprehensive resource-based analysis of Electrolux Professional FSE. More specifically, I investigate the compatibility between an employed web-based E-commerce strategy and the Company's overall business model, resources and management processes.² Following preceding conceptualisation of resources as keys for developing successful strategies and achieving sustained competitive advantage, I investigate the problem of Electrolux Professional FSE's engagement in E-commerce by developing the following research question:

1. *What resources, either possessed by or made available to Electrolux Professional FSE, are compatible with an E-commerce strategy and should be leveraged by the Company to successfully add an E-commerce channel in the Italian market?*

Building upon such analysis of the resource configuration of Electrolux Professional FSE, I address the issue of how functions should be allocated across channels in order to achieve optimal multichannel integration. In fact, as discussed in the previous chapter, achieving the optimal allocation of functions and resources across channels is essential for reaping the benefits of multichannel integration and achieving cross-channel synergies. Hence:

2. *How should channel functions and activities be allocated in Electrolux Professional FSE's multichannel system, including the E-commerce channel, in order to achieve effective multichannel integration?*

² For the sake of simplicity, I will hereinafter refer to the research problem of developing a web-based E-commerce strategy for the Electrolux Professional brand by omitting the term »web-based«. As discussed in the sixth chapter, the Company already uses EDI-systems to support its sales operations

To address these questions, and prepare a comprehensive resource-based SWOT analysis of Electrolux Professional FSE, I first analyse the external environment in which the Company competes. I examine the relationship that exists between the Company's internal resources and capabilities and the external environment, which is a prerequisite to strategy formulation. This entails understanding how the peculiarities of the Italian market and of Italy's FSE sector can favour or hinder the adoption of an E-commerce strategy by Electrolux Professional FSE.

3 ITALY: COUNTRY PROFILE

Several characteristics make Italy an attractive E-commerce market. Italy is a large, mature and sophisticated European market, which has witnessed a surge in the number of both B2C and B2B E-commerce transactions over the past few years. E-commerce activity in Italy is supported by a well-developed ICT infrastructure and underpinned by several initiatives which have been taken by the Italian government to promote the digital make-over of the country. However, some key constraints remain and E-commerce continues to be relatively underdeveloped in Italy as compared to other European countries. In fact, major macroeconomic and structural weaknesses hinder Italy's competitiveness and the full recovery of its economy. Internet penetration and individual usage, as well as digital technology integration and awareness in enterprises remain weak spots for Italy's digital development, and represent major impediments for E-commerce growth in the country. In this chapter, I describe the strengths and weaknesses of Italy's business environment, as well as the level of digitalisation and E-commerce adoption in Italy's business sector.

3.1 Doing business in Italy

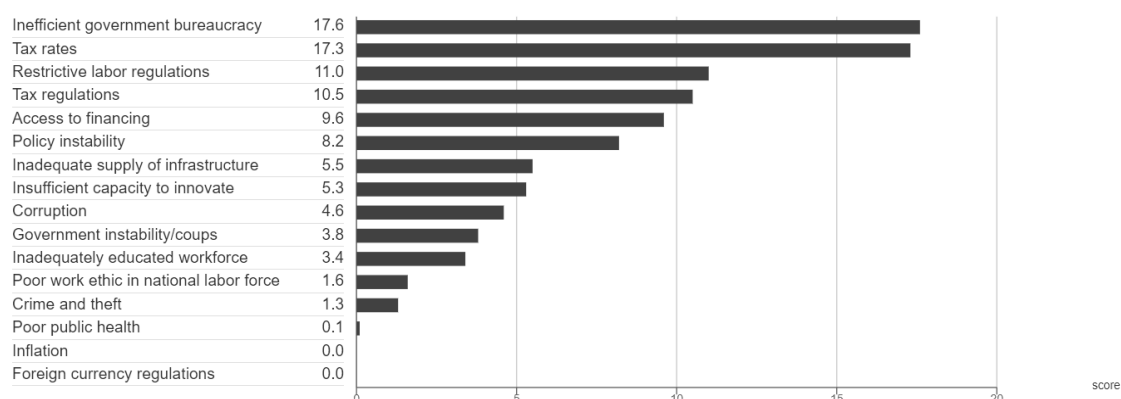
Large market-size, well-developed infrastructure and high business sophistication are among the longstanding competitive strengths of Italy (World Economic Forum, 2017). Over 60 million people live in Italy, making it among the most populated countries in Europe (World Economic Forum, 2017). Italy is also among the eighth largest economies in the world and the fourth largest economy in Europe, with a GDP of over € 1,716 billion in 2017 (Italian National Institute of Statistics [abbreviated as Istat], 2018a). Business activity in Italy can count on a well-developed and efficient transport infrastructure, although it ranks behind the European average. It includes a large network of roads, railways, airports and ports, mainly located in Northern regions where strategic commercial areas are located (Euromonitor International, 2017a). Business sophistication remains among the strengths of the Italian economy, as indicated in the Global Competitiveness Report 2017-2018, where the country scores very well (25th out of 137 economies) on most of the indicators concerning both the overall quality of Italy's business network and supporting industries, and the quality of individual firms strategies and operations (World Economic Forum, 2017).

The economy is largely based on the service sector, which contributed 72.2% of GDP in 2017 (Euromonitor International, 2018). The tourism sector is very important for Italy's economy: Italy is among the most popular tourist destinations in the world - 5th in the world for number of international tourist arrivals in 2016 (World Tourism Organisation, 2017, p. 6), thanks to its long and rich history, world-renowned cuisine, natural beauties and cultural treasures (Federazione Italiana Pubblici Esercizi [abbreviated as FIPE], 2018). Manufacturing is the second largest sector, accounting for 17.4% of GDP in 2017 (Euromonitor International, 2018). It is renowned for the high quality of consumer goods products, particularly in the fashion, food, furniture and mechanical engineering industries. The export sector remains a driver of growth for the country, particularly for luxury goods, yet it is losing competitiveness against Eastern European and Asian countries (Euromonitor International, 2018). Micro, small, and medium-sized enterprises represent the backbone of Italy's economy: they account for 99% of all enterprises and produce 68% of Italy's GDP (U.S. Commercial Service, 2017, p. 7).

The economic landscape in Italy has improved considerably in recent years. Italy's real GDP grew by an estimated 1.5% in 2017, recording the third consecutive year of growth after a long period of recession (European Commission, 2018, p. 4). Growing domestic demand and increasing investments were the main engines behind such growth. Households consumption grew by 1.3% during 2016, supported by rising employment and improving consumer confidence (Istat, 2017g, p. 416). In 2016, the four largest categories of households' spending were (Istat, 2018b): housing, water, electricity, gas and other fuels (23.2% of total expenditure), food and non-alcoholic beverages (14.1%), transports (11.7%), and out-of-home dining (7.6%). Gross investments rose by 2.9% in 2016. Growth in investments in machinery and equipment was particularly strong, supported by rising business confidence and favourable financing conditions and tax incentives (Istat, 2017g, p. 416). Italy's economic outlook remains positive, with an estimated GDP growth of 1.5% in 2018, led by sustained domestic demand, investments and exports (European Commission, 2018, p. 4).

Despite this positive outlook, doing business in Italy is still more cumbersome and complicated as compared to other developed countries. This is mainly due to heavy taxation, restrictive regulations and other longstanding structural barriers (as shown in Figure 3). Italy's corporate tax burden is indeed among the heaviest in the OECD high-income area. It accounts for an estimated 48.0% of total profits of a medium-sized company (including corporate and social security contributions, taxes and direct levies), exceeding the average tax rate by almost 8 percentage points (The World Bank, 2017). Moreover, business activity in Italy suffers from increasing legal uncertainty and administrative complexity. This is due to the proliferation of cumbersome regulations, coupled with a widespread distrust towards competition (OECD, 2017a). Italy also faces major challenges due to a rather inefficient public sector and a slow judicial system (European Commission, 2018).

*Figure 3: Most problematic factors for doing business in Italy, 2017**



Note. *From the list of factors, respondents were asked to select the five most problematic factors for doing business in their country and to rank them between 1 (most problematic) and 5. The score corresponds to the responses weighted according to their rankings.

Source: World Economic Forum (2017).

Several other structural impediments hinder Italy's competitiveness. Italy continues to be plagued by on-going political instability, corruption, organised crime, high tax evasion, deepening public distrust in politicians and institution (European Commission, 2018; OECD, 2017a). The country continues to be burdened by an outstandingly high public debt (public debt ratio reached 132.1% of GDP in 2017), one of the highest in Europe, and a fragile financial sector which is unable to support investments (European Commission, 2018, p. 10). Italy's productive factors are trapped in an economic system that suffers from low productivity, high fragmentation and a rather inefficient labour market, with very high rates of unemployment and youth unemployment (10.8% and 32.2% respectively in 2017. European Commission, 2018, p. 6) and pervasive skill mismatch (OECD, 2017a). Furthermore, Italy is divided into a highly-industrialized and developed Northern part, where nearly 75% of Italy's wealth is generated; and a less-developed, more agriculture-dependent Southern part. This strong economic and social divide remains one of Italy's major obstacle to higher productivity and growth (Euromonitor International, 2018).

Due to these long-standing structural weaknesses, economic growth in Italy continues to lag behind other EU countries (OECD, 2017a). The Italian economy is still recovering from a deep and long recession, which had very negative impacts on both private consumption and the business sector, particularly micro-, small- and medium-sized enterprises (Istat, 2017g). Households consumption decreased by over € 40 million at constant prices between 2007 and 2016, with transports, food and non-alcoholic beverages being the categories that experienced the greatest reduction (FIPE, 2018, p. 11). Buying habits have also changed accordingly, with more people turning to discount outlets and lower-priced, non-branded items (Euromonitor International, 2017b).

3.2 Italy's technology environment and use of digital technologies

The overall quality of a country's technology environment and ICT infrastructure are critical factors for supporting business innovation and E-commerce activity. In recent years, Italy has made good progress in leveraging Information and Communication Technologies (hereinafter: ICTs) to support its competitiveness and the well-being of its population and business sector (World Economic Forum, 2016b). The digital make-over of the country has been supported by several governmental initiatives, such as the Industry 4.0 National Plan and the Ultra-broadband National Plan (European Commission, 2017). Key statistics regarding Italy's ICTs usage and adoption are summarised in Table 1.

Table 1: Key ICTs figures, Italy vs EU28 (average), 2016

Indicator	Italy	EU28
Fixed broadband coverage (% households)	99	98
Mobile broadband subscription (% households)	85	84
Internet users (% individuals)	67	79
Online shoppers (% Internet users)	41	66
Social media (% enterprises)	16	20
Electronic Information Sharing (% enterprises)	36	36
eInvoices (% enterprises)	30	18
Cloud (% enterprises)	12	13

Source: European Commission (2017, pp. 3-9).

According to the Global Innovation Index 2017, Italy has a rather good capacity for innovation and a modern, well-developed and reliable ICT infrastructure, ranking 29th out of 127 economies around the world (Cornell INSEAD WIPO, 2017). The state of fixed and mobile coverage is good, although it is still below the EU28 average. Next Generation Access network coverage has been growing fast, up from 41% of population in 2015 to 72% in 2016, mostly in urban areas (European Commission, 2017, p. 3). The Internet is particularly popular among Italian young adults and teens, with over 92.5% of people between 15 and 24 surfing the web (Istat, 2017a, p. 5). The country performs well also in terms of its knowledge, technology and creative outputs, ranking 34th out of 137 economies in the innovation sub-index (World Economic Forum, 2017).

ICTs and Internet-based application are becoming widespread across Italy's business sector. The vast majority of Italian companies has an either fixed or mobile broadband connection (95.7% of companies with at least 10 employees in 2017. Istat, 2017f, p. 3). Websites and social media are also gaining traction among Italian firms: over the past five years, the share of companies with at least 10 employees that have a website or homepage has increased by over 5 percentage points, up to 72.1% in 2017, whereas the share of

enterprises using social media reached 44.0% in 2017 (Istat, 2017f, p. 8). In comparison to other EU countries, Italian companies are among the leaders in the use of e-Invoices (European Commission, 2017). The adoption of software to integrate various functional areas of the enterprise and of cloud computing services are also commonplace among Italian businesses and are in line with the EU average (European Commission, 2017).

Despite Italy's progress in connectivity and innovation capacity, key constraints remain. Internet access and households usage habits remain a weak spot for Italy. Italy is also making little progress with regards to how the Internet is used, since the demand for advanced Internet-enabled services, like E-commerce and E-banking services, remain well below the EU28 average (European Commission, 2017). In addition, public spending in R&D and innovation remains well below the OECD average (1.33% of GDP against an OECD average of 2.38% in 2015. OECD, 2017c, p. 26), while the Italian labour market continues to suffer from a skill shortage in knowledge intensive business services and high-technological manufacturing (OCED, 2017a).

Furthermore, the level of digital technologies integration in business activities continues to be lower than in other advanced economies. The economic impact of the latest technologies remains limited in Italy, as indicated in the The Global Competitiveness Report 2017-2018 where Italy ranks 60th out of 137 countries with regard to firm-level technology absorption (World Economic Forum, 2017). According to Europe's Digital Progress Report 2017, Italy belongs to the low performing cluster for overall integration of digital technology by businesses, ranking 19th out of EU28 (European Commission, 2017). Websites and social media are still less exploited by Italian firms as compared to companies in other EU countries, especially with regard to online advertising, online reservation and order request, online purchasing, order tracking and link to online catalogue or price list (European Commission, 2017). Firm size and location remain crucial factors in determining the adoption propensity and usage sophistication of ICTs by Italian companies. The adoption of digital technologies and ICTs remains very limited among small companies, whereas larger firms exhibit a more advanced level of digitalisation (see Appendix 3, Figure 1). In addition, Italy's performance in ICTs usage is not uniform across the country, with companies in Northern regions investing more in digital technologies as compared to those in Central and Southern regions (Assinform, 2017).

3.3 E-commerce in Italy

E-commerce in Italy is growing rapidly, and is expected to continue to grow in the next following years. Italy is one of the fastest growing E-commerce markets in Europe: online B2C sales in Italy totalled over € 23.62 billion in 2017, up by 17% as compared to 2016 and 86% as compared to 2014 (Osservatorio eCommerce B2c, 2017). The sectors that are most active in E-commerce are the accommodation, foodservice, retail and automotive industries (Istat, 2017f). The share of online B2C sales in services and products is almost

the same: 48% and 52% respectively in 2017 (Osservatorio eCommerce B2c, 2017).

Despite this positive picture, E-commerce remains relatively underdeveloped in Italy. Altogether, 41% of all Internet users engaged in online shopping in 2016, against an EU28 average of 66% (European Commission, 2017, p. 8). Italian companies continue to underperform those in other EU countries in exploiting the full potential of the Internet as a powerful marketing and sales tool, as showed in Table 2. Cross-border E-commerce is still in its infancy: the vast majority of both online sales (98% of total online sales. Eurostat, 2018a) and purchases (95% of total online purchases. Eurostat, 2018b) by Italian firms are to customers or from suppliers located in Italy.

Table 2: Main indicators on E-commerce activity in enterprises with at least 10 persons employed (financial sector excluded), Italy vs EU28 (average), 2017

Indicator	Italy	EU28
Share of enterprises receiving orders via computer mediated network (%) ^a	13	20
Share of enterprises for which online sales represent at least 1% of turnover (%) ^a	8	18
Share of enterprises doing electronic purchases (either EDI or Web-sales) (%) ^b	43	45
Online sales as share of total turnover of enterprises (%) ^c	10	18

Source: ^a Eurostat (2018a); ^b Eurostat (2018b); ^c Eurostat (2018c).

B2B E-commerce is integral in Italy's business sector and is growing at very high rates. In 2016, Italy's B2B E-commerce (including both EDI-type sales and web-based sales) reached € 310 billion, up by 19% as compared to the previous year. In terms of sales volume, the largest share of B2B E-commerce sales occur between manufacturers and resellers (accounting to approximately 50% of all B2B E-commerce sales in 2016), followed by online transactions between suppliers and producers (30%). Altogether, over 120,000 Italian companies used B2B E-commerce tools (either EDI, extranets, and B2B portals) for handling activities with customers and suppliers in 2016, an increase of 20% as compared to previous year. EDI-type transactions grew by over 36% in 2016 (Osservatorio Fatturazione Elettronica & eCommerce B2b, 2017).

Although growing, B2B E-commerce is still in its infancy. B2B E-commerce transactions are equal to only 14% of all B2B transactions (Osservatorio Fatturazione Elettronica & eCommerce B2b, 2017). In addition, the majority of B2B E-commerce transactions are limited to E-Supply Chain Execution activities (75% of total transactions in 2016), which mostly rely on EDI-systems and that include warehousing, transport, order fulfilment and other administrative activities. On the other hand, the use of E-Procurement tools (to select suppliers, negotiate terms of payments and purchase supplies) and E-Supply Collaboration tools (to support collaboration in planning, product development and quality improvements projects) remains limited. Furthermore, the use of B2B E-commerce tools is widespread among large companies (used by over half of all companies), but is limited in small- and

medium-sized companies (used by 26% of all companies), especially for most advanced tools (Osservatorio Fatturazione Elettronica & eCommerce B2b, 2017).

4 ANALYSIS OF ITALY'S FSE INDUSTRY

In this chapter, I analyse Italy's FSE sector using Porter's Five Forces Analysis. It is a strategic framework used in business to gain a deep understanding of the state of competition in a given industry. To obtain relevant background knowledge, Porter's Analysis is preceded by a brief overview of the main characteristics of the FSE sector, and by a detailed analysis of customers in the industry. Much of the information presented in this chapter is of internal nature and has been granted to me, as way of my internship within the company in Italy.

4.1 A global overview of the FSE industry

The FSE industry is a large and diverse sector. Companies operating in the FSE industry produce a broad range of products. The most important categories include professional cooking appliances, refrigeration appliances, dishwashers and waste management systems, and equipment for dynamic and static food preparation. Other categories include special equipment for bars, cafés, and ice-cream shops, as well as ventilation systems. Competition in the industry can be divided into two main groups: *generalist* firms and *specialist* firms. Generalist firms provide customers with complete solutions of FSE; on the other hand, specialists are companies that are specialised in the production and marketing of a specific product category or ranges of FSE.

According to the Company's internal estimates, the global market for FSE surpassed US\$ 20 billion in 2016, equating to approximately 1% of the global market value of the foodservice sector. North America accounts for slightly more than 35% and Europe for 25% of the global demand value for professional food and laundry appliances (AB Electrolux, 2018, p. 50). The demand for FSE is steadily growing, and is particularly dynamic in the connected, multifunctional and compact appliance segments. However, the patterns of demand growth widely vary across countries. Demand in most mature markets, such as North America and Western European Countries, is mainly driven by equipment replacements and the aftermarkets. In these markets, consumers are increasingly value- and health-conscious. Foodservice has become a lifestyle issue, and consumers are increasingly looking for modern chains and fine-dining concepts that combine convenience, food and service quality, menu variety, as well as authenticity, design and stylish interiors (Electrolux Group, 2017b; Welbilt Corp., 2017).

4.1.1 Market segmentation of the FSE market

Market segmentation is the marketing process of dividing a broad customer base into

smaller customer groups according to a number of demographic, geographical behavioural and psychographic factors. Individuals, and/or organisations belonging to the same customer segment share similar characteristics, primarily in terms of needs, interests, expectations, purchasing behaviours and geographic location. Such segments can in turn be served by tailor-made value offers and marketing strategies, operationalized through a specific marketing mix. Once customer segments are identified, companies select and target the most attractive customer segment(s) on which they will focus their strategic marketing efforts (Hutt & Speh, 2013; Kotler & Keller, 2012).

The FSE market is a B2B and Business-to-Government sector. It can be segmented according to several factors, such as: economic activity of customers, enterprise size and demographics, number of meals prepared, type of end-market served, degree of complexity of the purchasing process, and number of persons involved in the buying process. Based on these factors, I divide the FSE market into the following customer segments:

- *Hotels and similar accommodation activities*: This segment includes those enterprises that provide short-stay accommodation in various typologies of hotels and similar accommodation, either for local clients or tourists. This group can be broken down into smaller market segments, based on hotel star rating, size (in terms of beds/rooms) and type of hotel ownership. Hotels with less than three stars generally provide either no or very limited foodservice facilities. Instead, restaurants and fine-dining rooms represent an integral and differentiating element in hotels rated with three stars or more: the higher the star rating of a hotel, the stricter the quality requirements of the foodservice provided by the hotel restaurant (European Consulting Centres Network, 2015). In addition, the size of a hotel determine the production requirements of the hotel restaurant in terms of the number of meals that must be prepared on a daily basis. Finally, hotels that are affiliated to a certain hotel chain cannot make autonomous decisions on FSE selection and purchases, but must adhere to the chain's standards and procurement policies.
- *Consumer foodservice activities*: This segment includes enterprises that operate in the hospitality and tourism sectors and that provide meals and drinks in establishments outside of the home, either for local clients or tourists. This segment comprises several typologies of restaurants and food and beverage service activities, including: full-service restaurants, namely restaurants that provide varied menus and table service; limited-service restaurants, namely restaurants that provide no table service (this category is divided into fast-casual restaurants and quick-service restaurants or fast-foods: on a general basis, fast-casual restaurants are more expensive than fast-foods, they provide customers with higher quality ingredients and better dining experience); takeaways and street kiosks; ice-cream parlours; bakeries; bars, pubs and other beverage service activities. Similarly to the previous segment, this group can be broken down into smaller segments, based on the overall quality of the service provided, seating and meals capacity of the establishment, and type of ownership.

- *Social and institutional catering activities*: This segment can be divided into three broad sub-groups: social catering activities, institutional catering activities and in-site catering activities. The former group includes event catering activities and banqueting. The second group comprises kitchens and/or canteens in healthcare organisations, schools, universities and other public organisations. In-site catering activities include in-site kitchens or canteens in factories and other private organisations. The provision of foodservice in public and private organisations is usually managed through a contract catering agreement: the meals provided by contract catering activities are usually prepared in centralised high-production kitchens and later transported to several satellite kitchens in hospitals, schools, factories and other kind of organisations. With the exception of event catering activities, meal preparation and foodservice are not core business activities. FSE for these customers must meet very strict hygiene and health standards, as well as high production requirements (in terms of meals per day).
- *Food retail and other special industries*: This broad group includes establishments that operate in the food retail (e.g. convenience stores and grocery stores, most notably chain grocery stores), distribution (e.g. restaurants in Ikea stores) and transport (e.g. Autogrill foodservice establishments) sectors, as well as restaurants and kitchens on cruise ships (marine industry). In particular, with an increasing number of grocery stores and convenience store offering several food options to their customers, supported by appealing food-forward marketing, the food retail sector has become a direct competitor of quick-service restaurants and is expected to further consolidate its position in the consumer foodservice sector in the future (NPD Group, 2015).

4.1.2 Customer purchasing of FSE

FSE is essential for any company involved in the provision of foodservice, ranging from small, family-owned restaurants to high-production kitchens in schools and hospitals, or large chains of quick-service restaurants. FSE is a fixed and long-term asset that is subject to depreciation. The life-time value life of the appliance can last from seven to 10, even 20 years. The selection of the right FSE is thus a crucial issue for companies. It is a long-term investment requiring careful planning and decision making. The purchase of professional kitchen appliances is dictated by a number of technical and functional considerations, including (Arora, 2007, pp. 116-125; Electrolux Group, 2017b):

- *Need and planned use of the equipment*: there are four main motives behind customer purchase of new FSE: opening of a new kitchen or expansion of the kitchen area, replacement of old, broken-down FSE, menu development, and equipment upgrade. Since professional kitchen appliances are purchased to fulfil certain foodservice functions and operations, priority is given to the equipment that is needed for essential operations, and that enable customers to reduce costs and improve foodservice quality and performance outcomes.
- *Costs*: expenses include not only the price and initial costs of the appliance, but also the

costs incurred in the installation and maintenance of the equipment, as well as operating costs and the loss of value due to depreciation.

- *Performance outcomes*: performance is measured in terms of speed, quality of food, consistency of results, number of meals prepared/stored and improved profitability.
- *Functional attributes*: which should be assessed based on a cost/benefit analysis, availability of other equipment and desired performance outcomes. Ease of use and number of automated/ sophisticated functions (such as automated cleaning, automated cooking, remote control, appliance connectivity and multi-functionality) are very important features of FSE: appliances that are intuitive, easy to use and with several automated functions require fewer/less experienced staff, allowing for significant savings in personnel costs. In addition, recent developments in FSE technology enable companies to achieve better planning of food preparation, reduce food waste and operating costs, lower human errors in the workplace, and achieve greater consistency in food quality.
- *Safety and sanitation*: FSE must comply with very strict hygiene and safety standards and must allow for quick and easy cleaning.
- *Type of energy source*: electricity or gas. Most FSE requires energy to function. Any energy-using device must comply with national standards and regulations on energy efficiency, safety, voltage and other relevant criteria. In addition, as electricity and gas energy costs widely vary across countries, customers in some countries may be more willing to buy electrical appliances rather than gas appliances, or viceversa.
- *Size, appearance and design*: FSE is usually very heavy and bulky. These attributes require special logistics and careful planning of the kitchen area, where limited space is usually available. Design and appearance of professional kitchen appliances are usually assessed based on functional considerations, such as ease of use, ease of sanitation, sturdiness and resistance to harsh work environment conditions, rather than on aesthetical considerations.
- *Service quality and speed*: timeliness and quality of foodservice are key concerns for customers in the industry. Most FSE is characterised by high technological complexity and must be configured or customised to customer's needs. Customers thus place great value on the quality of pre- and after-sales assistance that they are provided with. Short lead times and quick repair and maintenance service are very important concerns for customers too, since any breakdown of equipment can result in significant sales losses and unsatisfied customers, especially during hectic rush periods.

As discussed in the first chapter, the customer purchasing process in B2B marketing involves different decision-makers and several steps. In the case of FSE selection and purchase, the number of decision-makers involved in business purchasing depends on the size and type of the activity performed by the buying firm. In the case of small, independent or family-owned enterprises, decisions on equipment selection and purchase are usually made by the owner (and eventual managing partner and assistant manager) and the head chef. The larger and more upscale a restaurant or hotel becomes, the more

professional actors are involved in buying decisions, such as: general restaurant managers, executive chefs, procurement managers and foodservice consultants (Arora, 2007).

In the case of hotel chains and foodservice chains, the affiliated owner/franchisee has very little or no autonomy in equipment purchasing decisions. FSE is selected and purchased according to the chain's standards, procurement policies and centralised procurement agreements. The purchasing process of such "chains" is very structured, with many professionals from both the seller and the buyer organisation taking part or influencing the decision-making process. The parent company purchasing process involves extensive negotiations, personalised communications and specialised pre-sales assistance from the seller organisation, as well as great customisation and personalisation of the final solution around customer's needs. Similar considerations hold for grocery chains which provide ready-made meals (either cooked or re-thermalized) and other food options, as well as for other large customers that operate in the transport, retail and marine sectors. FSE purchasing is a process that involves many decision-makers and that entails extensive negotiation and customisation of products and services (Electrolux Group, 2017b).

Contracts for the furnishing and equipment of kitchen areas in institutional organisations, such as schools or hospital, are granted through a public tender process. FSE providers that have the right to compete for the public contract are then selected according to the procurement guidelines and requirements of the public institution. Therefore, government procurement process follows precise and formalised organisational procedures under which the best offer is selected based on non-discrimination criteria and an extensive cost/benefit analysis.

4.2 The Italian market for FSE

According to internal estimates from Electrolux Professional, the value of Italy's FSE market equates to approximately 1% of total consumers' spending in out-of-home dining. In 2016, Italians spent approximately € 80,254 million in out-of-home dining, up by 3% as compared to the previous year (FIPE, 2018, p. 38). Hence, the size of Italy's professional kitchen equipment market is estimated at approximately € 802.5 million in 2016. As outlined by the European Federation of Catering Equipment Manufacturers - Italian division [abbreviated as EFCM Italia, 2016], the demand for FSE in Italy has continued to grow in recent years, recording annual growth rates of +1.8% to +2.3% between 2013 and 2016, well above Italy's industry average. Demand is particularly strong in the consumer foodservice segment, driven by the success of fine dining restaurants and the emergence of new, very dynamic restaurant concepts. The demand for FSE in Italy is mainly driven by equipment replacement and the aftermarkets, and is particularly dynamic in the connected and multifunctional appliances segments (EFCM Italia, 2016).

As already outlined, the FSE market includes a variety of customer segments. Yet, the analysis in this chapter deals only with Italy's Accommodation and Foodservice

(hereinafter: A&F) sector, as covered by Section I of the Statistics Classification of Economic Activities in the European Union (abbreviated as NACE Rev.2. Eurostat, 2008). The A&F sector comprises companies in the accommodation sector, such as hotels, motels, B&Bs, and other types of short-stay accommodation, and the foodservice sector, which includes activities that provide complete meals or drinks fit for immediate consumption. A detailed description of the classes included in Section I is distributed in Appendix 4, Table 1. In Appendix 5, Table 1 summarises major findings from the sector analysis presented in this chapter, whereas Tables 2 to 10 provide detailed statistics for Italy's A&F sector.

The decision to include only the A&F sector in my analysis was based upon the following reasons:

- The A&F sector represents one of Electrolux Professional FSE's main target markets.
- The procurement of FSE by healthcare and education institutions is only managed by means of a public tender; in this case, the presence of an E-commerce sales channel would be irrelevant. For this reason, I did not include institutions in my analysis.
- Detailed data on the real number of canteens and kitchens in institutions and other private organisations are missing or not available.
- The sale of FSE to large customers in special industries (e.g. Autogrill, Eataly, NaturaSi) requires extensive product customisation, negotiations and pre-sales assistance from Electrolux Professional – which would be impossible to achieve through an E-commerce sales channel.

4.2.1 Italy's A&F sector: structure and economic performance

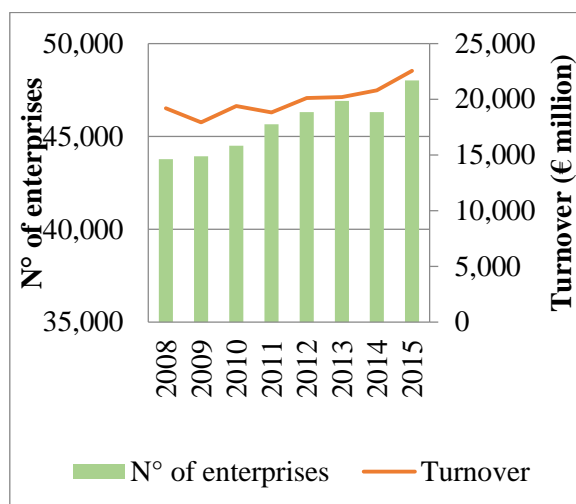
The A&F sector is a huge and very mature sector, playing a very important role in Italy's economy, both in terms of its size and employment. In 2015, more than 315,400 enterprises operated in the A&F sector (equal to approximately 9.2% of all enterprises that operate in Italy's service sector), an increase of 1.1% since 2014 (see Appendix 5, Table 2). Turnover³ across the A&F sector was over € 76,176 million in 2015, up by 6.3 % from the previous year (see Appendix 5, Table 3). In 2016, the A&F sector reached value added of € 57,222.5 million, equal to 3.4% of Italy's GDP (Istat, 2017a). The A&F sector is Italy's fourth largest sector in employment terms, employing over 1,323,000 people in 2015 (see Appendix 5, Table 8), which equals to over 11.2% of total workforce in the service sector (based on my calculations from Istat, 2017e). The sector has a high incidence of part-time employment and temporary employment (Istat, 2017b).

The economic performance of Italy's A&F sector has suffered considerably in recent years, mainly due to adverse external conditions. Both the 2008 economic crisis and the 2011 sovereignty-debt crisis heavily impacted business and sales growth in the sector.

³ Turnover is recorded as net sales revenues after deducting the VAT invoiced by the enterprise (Istat, n.a.).

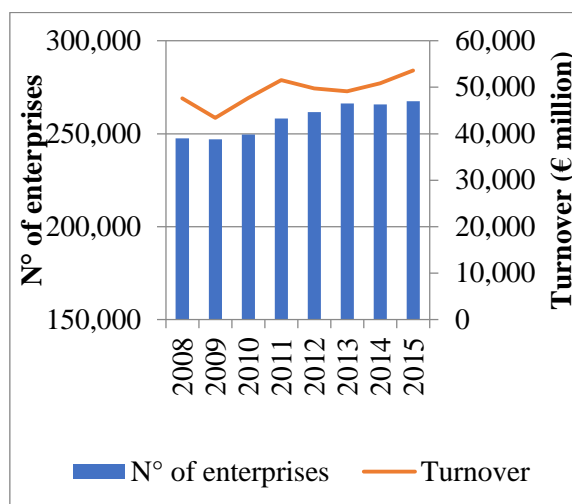
Since 2013, the performance of the A&F sector has been slowly improving, driven by a slowly recovering economy, improving business confidence and increasing consumer spending in out-of-home activities (FIPE, 2018; Federalberghi, 2017). Recent growth trends in the size and turnover of Italy's A&F sector are shown in Figures 4a and 4b.

Figure 4a: Size and turnover (€ million) of Italy's accommodation sector, 2008-2015



Source: Adapted from Istat (2017c).

Figure 4b: Size and turnover (€ million) of Italy's foodservice sector, 2008-2015



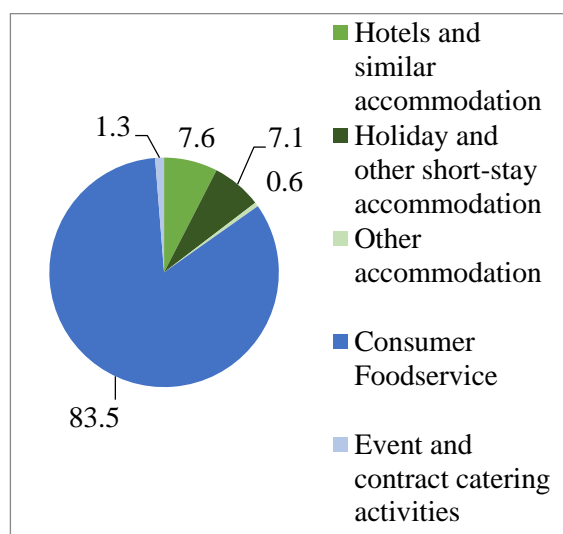
Source: Adapted from Istat (2017c).

Seasonality of demand is another key aspect that affects the economic performance of firms in the tourism and hospitality sectors, particularly enterprises in the accommodation sector (Federalberghi, 2017; FIPE, 2018). Structural imbalances are also hindering the competitiveness of the sector, which continues to be undermined by high fragmentation, high incidence of personnel costs (which account for almost one fourth of total turnover generated by A&F enterprises. Istat, 2017g, p. 268) and low labour productivity (which remains well below pre-crisis levels) (FIPE, 2018; Federalberghi, 2017).

Italy's A&F sector is very fragmented and is concentrated in Northern regions, where almost half of all enterprises are located (Federalberghi, 2017; FIPE, 2018). The vast majority of the enterprises in the A&F sector are micro enterprises with less than 10 persons employed (93.7% of all enterprises in 2015) and small enterprises employing between 10 and 49 persons (6.0% of all enterprises in 2015. Based on my calculations from Istat, 2017d). This entails that there is a limited number of decision makers that take part to the purchasing process for most companies that operate in the A&F sector. Moreover, such high fragmentation increases the sector's exposure to adverse macro-economic dynamics.

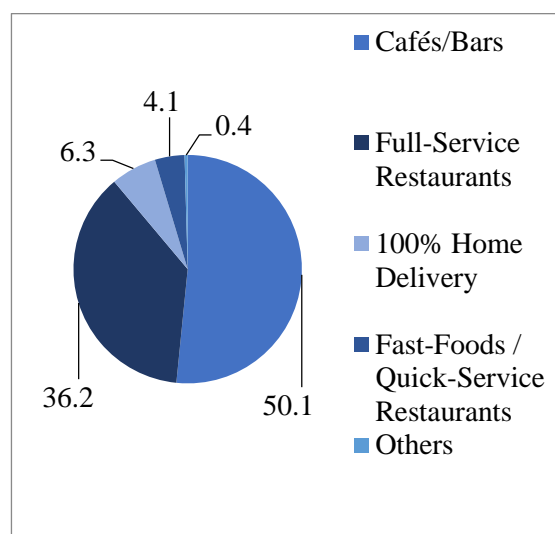
Looking at the composition of Italy's A&F industry, it is important to note that the sector is very diversified in the types of businesses that operate within its boundaries. Figures 5a and 5b illustrate the composition of Italy's A&F sector and of Italy's Consumer Foodservice sector.

Figure 5a: Composition of Italy's A&F sector (%), 2015



Source: Adapted from Istat (2017c).

Figure 5b: Composition of Italy's consumer foodservice sector (%), 2016



Source: Euromonitor International (2017b).

Within Italy's accommodation sector, hotels and similar accommodation represent its largest share (Istat, 2017c): in 2015, they accounted for 49.7% of all enterprises and generated over 80.8% of total turnover. The Italian hotel sector plays a very important role in Europe and the wider Mediterranean region for both its size and the quality of the services that it provides. Italy is the first country in Europe for number of hotels or similar accommodation (33,202 units by the end of 2015. Federalberghi, 2017, p. 14), and the third country in terms of turnover generated (€ 18,230.4 million in 2015. Eurostat, 2017). Interestingly, Italy's hotel sector has witnessed a significant increase in the number of three, four and five stars hotels in recent decades: between 1990 and 2015, the share of three, four and five stars hotels has more than doubled, accounting for almost three fourths of all hotels in Italy (Federalberghi, 2017). This phenomenon is well illustrated in Figure 1, Appendix 5. Since foodservice is usually provided only in hotels with at least three stars, such increase in the number of higher-ranked hotels and similar accommodation is considered a favourable factor for the demand of FSE in Italy. The largest share of Italian hotels and similar accommodation operate in the form of corporations and limited liability companies (40.1% of all enterprises in 2015), followed by partnerships (36.7%) and sole proprietorships (22.5%) (based on my calculations from Istat, 2017b).

The foodservice sector represents the largest share of Italy's A&F sector, and continues to be a pillar of the Italian economy. In 2015, it accounted for almost 85% of all A&F enterprises, it employed over 80% of total workforce and generated 70.4% of turnover (Istat, 2017c). This makes Italy the first country in the EU for number of enterprises and the fourth in terms of turnover (Eurostat, 2017). This sector also plays a key role in representing the so-called "Italian lifestyle" and the several aspects of Italy's territory and cuisine – hallmark of the Italian culture (Corigliano & Bricchi, 2017a). This is supported

by a strong domestic culture valuing entertainment and out-of-home eating, where meals are traditionally considered social gatherings (U. S. Department of Agriculture [abbreviated as USDA], 2017). Despite its important role, Italy's foodservice sector is characterised by very low enterprise survival rates, which is approximately 30% at 5 years (FIPE, 2018, p. 97). Sole proprietorships and partnerships remain the prevailing legal form in Italy's foodservice sector (51.3% and 32.0% respectively of all enterprises in 2015).

The consumer foodservice sector represents the largest share of Italy's foodservice sector (based on my calculations from Istat, 2017b): in 2015, it included 96.5% of all enterprises and generated 87.3% of total turnover in the foodservice sector. It includes those activities that provide foodservice to final consumers (with the exclusion of event catering activities) and that are more closely linked to the dynamics of the hospitality and tourism sectors. Cafés, bars and other beverage service activities continue to be the largest segment in the consumer food service sector, but they are also the segment with the highest birth and death rates of enterprises (FIPE, 2018). The second largest segment is that of full-service restaurants, with pizzerias traditionally being one of the most popular destinations for out-of-home casual dining. Traditional full-service restaurants have suffered considerably in recent years (-7.2% in sales revenues between 2011 and 2015), whereas fast-food outlets have registered an increase in value sales (+0,8% in sales revenues between 2011 and 2015) (USDA, 2017, p. 9). Home delivery/takeaway remains a relatively underdeveloped segment in Italy as compared to other European countries (USDA, 2017; Euromonitor International, 2017b).

As compared to other foodservice activities, the catering segment is much more concentrated. In 2015, the catering segment included 3,966 enterprises that operated across 10,219 units (3.5% of total units in the foodservice sector) and that generated over 12.7% of total turnover in the foodservice sector (based on my calculations from Istat, 2017b). The largest share of this segment consists of canteens and contract catering activities providing service to schools, hospitals, business customers and other organisations (FIPE, 2018). Canteens and contract catering activities generate the highest average turnover per enterprise within the foodservice: € 3.9 million in 2015 (see Appendix 5, Table 6). This segment has grown significantly in recent years, supported by the growing use of advanced systems that allow for the preparation, conservation and distribution of food in a very safe and cost-effective way (FIPE, 2018). Differently from other foodservice activities, corporations and limited liability companies represent the most popular legal form of catering activities (40.3% of total in 2015). Furthermore, even if micro and small enterprises represent the majority of catering activities (95.2% in 2015), this segment has a much larger share of enterprises with 50 or more employees as compared to other foodservice activities in Italy (based on my calculations from Istat, 2017d).

The largest part of Italy's A&F sector consists of independent and family-run companies. However, the number of chain establishments has increased considerably in recent years. By the end of 2016, Italy's hotel sector comprised 1,661 hotels, as part of hotel chains (an

estimated 4.7% of all units), including at least 31 international chains and at least 219 Italian chains (Federalberghi, 2017, p. 218). Chain hotels tend to be bigger in size, with an average of 111 rooms per hotel as compared to the sector average of 32.9 rooms (Horwath HTL, p. 12). Within this subcategory, the most popular form of hotel ownership and management is that of small family-owned hotel chain groups, namely Italian family-owned groups which own and manage two to four hotel units located in the same city, or in close locations (Federalberghi, 2017).

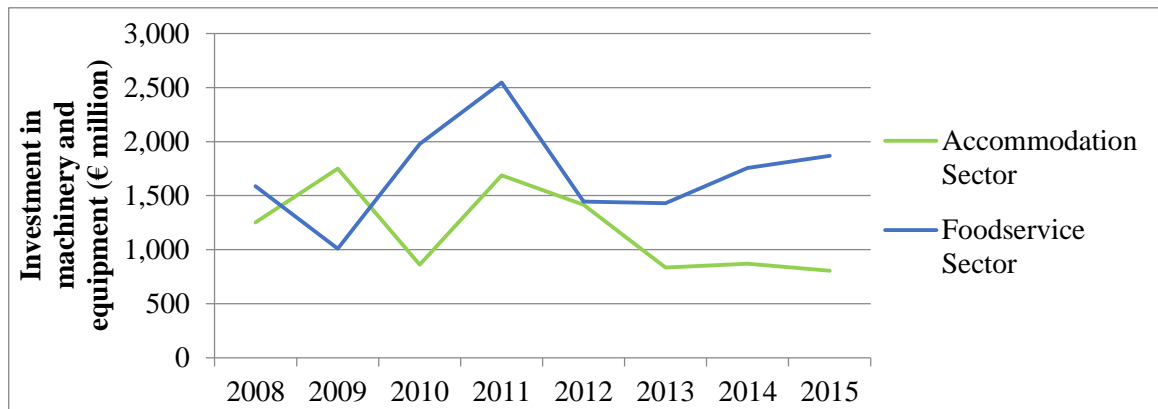
The number of chain consumer foodservice venues has also increased considerably, although independent units still account for its largest share (97.9% in 2016. Euromonitor International, 2017b). Both economic and social factors were behind the surge in the number of chain eating outlets. The negative impacts of the crisis on consumers' out-of-home expenditure, coupled with evolving lifestyles, have led many consumers to opt for cheaper foodservice venues (USDA, 2017). Shrinking traffic has raised companies' need for visibility, so that an increasing number of smaller outlets have decided to join already established groups or chains (Euromonitor International, 2017b). Chain quick-service restaurants of both international and local brands have thus grown significantly in recent years, along with other cheaper foodservice venues such as street stalls and kiosks (see Appendix 5, Table 9 for the breakdown of Italy's consumer foodservice outlets by type of activity and chain affiliation). On the other hand, many independent consumer foodservice firms have sought to remain competitive by leveraging on such differentiation factors as menu variety, food quality and meal experience (Euromonitor International, 2017b).

4.2.2 Investments in machinery and equipment in Italy's A&F sector

Since there is no available data on the size of investments in FSE of Italian companies, I rely on data from Italy's National Institute for Statistics on the volume of total gross investments in machinery and equipment of enterprises in the A&F sector. I use such data as an estimate to understand relevant trends of investments in FSE. Figure 6 shows the trend of total gross investment in machinery and equipment in Italy's A&F sector.

As shown in Figure 6, the crisis had very negative effects on investments growth in the A&F sector, although its impact was somewhat delayed and hit each segment at different points in time. Gross investments in machinery and equipment significantly decreased between 2011 and 2013, following the general negative trend that hit the whole sector. By the end of 2013, investments began to rebound across companies in the foodservice sector, but remained below pre-crisis levels for companies in the accommodation sector. By the end of 2015, gross investments in machinery and equipment in the A&F sector totalled € 2.67 billion. Detailed statistics on the volume of investments in machinery and equipment of Italy's A&F sector are delivered in Appendix 5, Tables 4 and 5.

Figure 6: Italy's A&F sector: Gross investments in machinery and equipment (€ million), 2008-2015



Source: Istat (2017c).

On average, enterprises in the A&F sector invested 3.5% of their annual turnover in machinery and equipment in 2015 (based on my calculations from Istat, 2017b). However, the volume of investments greatly varies between segments. Since machinery and equipment are a long-term fix asset, I compared the average volume invested by each enterprise over an eight-year period, from 2008 to 2015 (detailed data can be found in Appendix 5, Table 5). Canteens and contract catering activities represent the segment with the highest volume of enterprise investment in machinery and equipment (€ 506,160), most likely because of their high-production needs and business structure. The size of investments of restaurants and mobile foodservice activities (€ 62,468) and beverage service activities (€ 34,156) is much lower as compared to other segments, but is probably the closest to the actual enterprise investments in FSE. The average level of enterprise investment in equipment and machinery of hotels and similar accommodation is very high (€ 312,525), but this figure is surely the least accurate in terms of the actual purchase of FSE, given the broad range of equipment that this segment needs for conducting business.

Italy's economic recovery and positive outlook have improved business confidence in the A&F sector, creating a favourable environment for long-term investments. This has been supported by favourable taxation policy for investments, particularly for micro, small and medium-size enterprises (Federalberghi, 2017; FIPE, 2018). However, access to finance to support investments remains a key concern for companies in the industry, as outlined in a study from the Italian Federation of Retail and Foodservice Businesses on the financial needs of companies that operate in the foodservice sector. According to the study, the purchase of machinery and equipment accounts for almost half (47.6%) of total financial needs of enterprises (FIPE, 2018, p. 87). Self-financing and bank loans remain the most widely used methods to finance their business. However, the likelihood that companies can obtain a bank loan is influenced by several factors, most importantly: firm's geographic location (companies in the North are more likely to obtain a bank loan), size (access to bank loans is more difficult for smaller companies) and current financial status (the

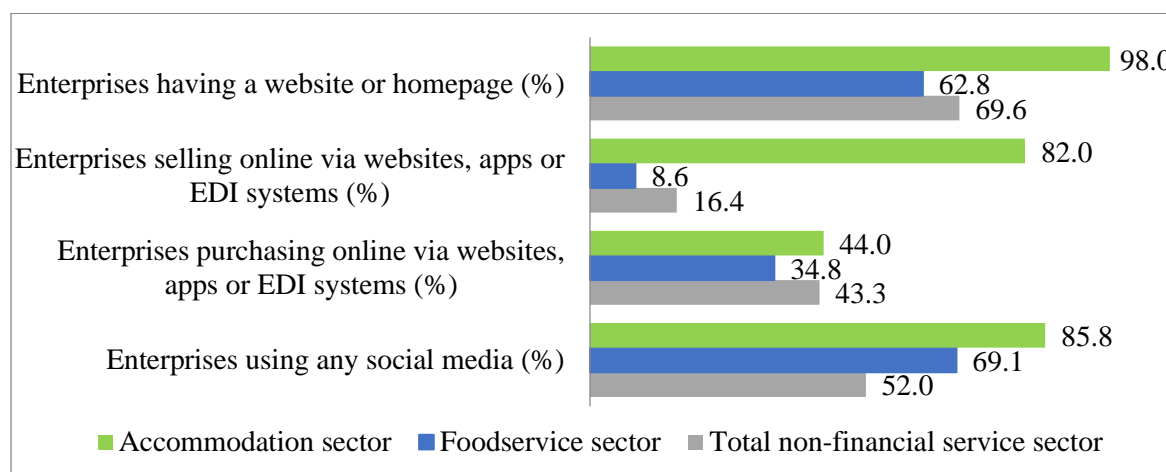
likelihood of obtaining a bank loan is much lower for companies that carry high debts).

4.2.3 Use of ICTs in Italy's A&F sector⁴

For the past few decades, the diffusion of sophisticated ICTs, and particularly the Internet, has revolutionised the hospitality and tourism industries. In fact, the application of ICTs in the hospitality and tourism industries has enabled companies to enhance operational efficiency and improve service quality (Ip, Leung, & Law, 2011). At the same time, the use of ICTs has affected all phases of the consumer purchasing journey, allowing customers to search for and buy customised hospitality products and services (Ip et al., 2011).

The use of Internet-based technologies is becoming widespread in Italy's A&F sector. Having a web presence has become essential for Italian companies in the A&F sector, as almost nine out of 10 Italians consult the Internet (either websites, social networks, online reviews or specialised blogs) to research and select accommodation and foodservice venues (Corigliano & Bricchi, 2017a, p. 10). However, as illustrated in Figure 7, enterprises that operate in the accommodation sector continue to be ahead in terms of Internet use and website functionalities as compared to the average in the non-financial service sector, whereas the foodservice sector generally lags behind.

*Figure 7: Use of ICTs in Italy's accommodation, foodservice and non-financial service sectors, 2017**



Note. *Data only for enterprises with at least 10 persons employed.

Source: Istat (2018c).

In 2017, 98.0% of all enterprises in the accommodation sector had a website or homepage, against 62.8% of enterprises in the foodservice sector. The vast majority of those accommodation activities with a website or homepage offer online ordering or booking

⁴ Data for this section refer to companies with at least 10 persons employed

services and show product catalogues or price list online. On the contrary, only one out of four enterprises in the foodservice sector provides users with the same web functionalities. A very large share of enterprises are active on at least one social network, which is mainly used to develop the enterprise's image or market products, obtain or respond to customer opinions, reviews and questions collaborate with business partners or other organisations. Similar disparities hold for more advanced Internet applications and functionalities. In 2017, 82% of all enterprises in the accommodation sector made online sales and 44.0% made online purchases. On the other hand, foodservice enterprises seem to be more active in online purchases rather than in online sales. Accommodation enterprises are also more likely to pay to advertise on the Internet and to use CRM software to analyse customer information% for marketing purposes. Detailed data on ICTs usage by enterprises in Italy's A&F and non-financial service sectors are distributed in the Appendix 5, Table 10.

4.3 Italy's professional appliance sector

The households and professional appliance sector is a major economic and industrial force for Italy. This sector has historically played a key role in the economic development of the country, making Italy among the global leaders in the industry (Conseil Européen de la Construction d'appareils Domestiques – Italian Division [abbreviated as CECED Italia], 2014). However, the competitive advantage of Italy's domestic appliance sector has dramatically deteriorated in the past few decades, challenged by increasing competition from low-cost countries and shrinking demand in key markets (Sica, 2014). On the other hand, Italy's professional appliance sector has continued to be among the global leaders in the industry, maintaining a solid competitive position through superior technology, innovation, product quality and design (CECED Italia, 2014). In 2016, Italy's FSE sector surpassed € 5 billion in sales revenues, with exports accounting for over 70% of total turnover (EFCCEM Italia, 2016, p. 1). The export position of Italy's FSE sector is particularly strong in the premium-price segment, especially for cooking appliances, commercial refrigerators and professional dishwashers (Corigliano & Bricchi, 2017b).

One of the key attributes and strengths of Italy's professional appliance sector is its territorial concentration in industrial districts, mainly localised in the North and Centre of Italy. The regions of Friuli-Venezia Giulia and Veneto, with the districts of Pordenone, Padova and Treviso, form a geographic area of key relevance for Italy's professional appliance sector. Other key districts include the regions of Lombardia (Milano and Monza-Brianza districts) and Emilia-Romagna (Modena and Reggio-Emilia districts). Here, the presence and clustering of many specialised small- and medium-sized enterprises have profoundly shaped the economic and industrial structure of the territories (Sica, 2014). Many of Italy's industrial districts emerged from the concentration of specialised and auxiliary companies around a leading company, such in the case of Electrolux-Zanussi in the district of Pordenone. Districts have later developed into highly specialised production systems and networks of leading companies, sub-contractors, suppliers, distributors and

even competitors. This has created very favourable business ecosystems for the transfer and creation of knowledge, expertise and innovation (Sica, 2014).

4.4 Italy's FSE industry: Porter's Analysis framework

Porter's Five Forces Analysis (Porter, 1979) is a strategic framework used for industry analysis in order to understand the forces influencing its competitive dynamics. It examines the forces shaping the competitive landscape of an industry and which collectively determine the profitability and attractiveness of an industry. The five forces are: *Intensity of Rivalry*, *Buyers' Bargaining Power*, *Suppliers' Bargaining Power*, *Threat of Substitutes* and *Threat of New Entrants*. The strengths of each competitive force depends on the underlying structure of the industry (Porter, 1979). The state of competition of Italy's FSE Industry is summarised in Table 3 and explained in the following pages. The results of my own, independent market research were discussed with and validated by an Industry Expert in the Company to ensure a professional industry analysis.

Table 3: Porter's Five Forces Analysis of Italy's FSE sector

Industry Force	Strength Assessment
Intensity of rivalry	High
Buyers' bargaining power	Moderate to high
Suppliers' bargaining power	Moderate
Threat of substitutes	Relatively low
Threat of new entrants	Moderate to low

Source: own work.

4.4.1 Intensity of rivalry

This force refers to the competitive pressures which competitors in an industry put on each other in order to gain market share and increase their own profits. It therefore presents a zero-sum logic of market share acquisition and protection. The intensity of competition in an industry depends on both the number and the relative size and power of participants in the industry. It also depends on the extent to which firms seek to differentiate their products and strategies, and on several other structural industry attributes (Porter, 1979).

Competition in Italy's FSE market is dominated by Italian and European brands, and is characterised by a moderate concentration ratio. In 2016, imports from EU countries represented 66% of total imports, whereas an additional 12% came from other non-EU countries (Moscati, 2017). Many of the most successful Italian and European brands are owned by such global groups as Ali Group (IT), Illinois Tool Works Group (ITW) - Foodservice Equipment segment (US), the Middleby Corporation (US), and Welbilt Corp.

(US). Altogether, these four leading groups control approximately 30 - 40% of global FSE market (Electrolux Group, 2017c).

Ali Group and Electrolux Professional, followed by Eurotec S. r. l. – MBM Division (part of ITW) and Angelo Po Grandi Cucine S. p. A (part of Marmon Holdings Inc.) are the leading generalist players in Italy's FSE industry. Ali Group is an Italian corporation based in Milano; it has sales and service subsidiaries in over 100 countries, with Europe and North America representing its core markets (Ali Group S. r. l., n.d.). Ali Group operates its business as a well-diversified, multi-brand corporation (similarly to ITW, the Middleby Corporation and Welbilt Corp.), offering a complete product portfolio that includes 77 different brands specialised in many different areas of FSE (Ali Group S. r. l., n.d.). On the contrary, Electrolux Professional's marketing and branding strategy is mostly focused on one sole brand, as further discussed in the next chapter. In 2016, Ali Group reached annual revenues of € 2.2 billion (Il Sole 24 Ore, 2017). Eurotec S. r. l. is one of the major producers of FSE in Italy; as a member of the ITW group, Eurotec S. r. l. MBM Division shares ITW's 80/20 marketing strategy. Each ITW business focuses on the 20 percent of its customers that generate 80% of its revenues and structures the business around serving and growing relationships with these key customers (Illinois Tool Works Inc., 2017). Angelo Po Grandi Cucine S. p. A. is an Italian company based in Modena with over 90 years of experience in the FSE industry (Angelo Po Grandi Cucine S. p. A, 2016); in 2016, the company reached annual revenues of € 58.7 million (Consodata S. p. A., 2017). According to Company's estimates, these four leading players control approximately 40% of Italy's FSE market, with Electrolux Professional accounting for a solid double-digit market share.

Over the past few decades, a number of small and medium-sized specialists have entered the FSE industry, thus making competition increasingly fierce and unpredictable. By focusing their activities and efforts on a limited offering, these companies can achieve higher flexibility and provide customers with great product customisation and personalised service. One of the most successful specialists competing in the professional kitchen appliance industry is Rational AG (from Germany), a specialist in the production of combi ovens and multifunctional cooking appliances. Rational AG is the world leader in the combi-oven segment, with a market share of over 50% of global market and annual sales of over € 613 million in 2016 (Rational AG, 2017, p. 2).

The presence of a number of highly specialised Italian companies further intensifies rivalry among competitors in Italy's FSE industry. Around 350 Italian companies operate in the professional appliance industry (CECED Italia, 2013, p. 5). The vast majority of these companies are small and medium-sized enterprises, and specialised in the production of a specific product segment of FSE. There is a high incidence of family-owned companies, and the management structures tend to be weak and hierarchical (Sica, 2014). These companies have remained competitive despite their relatively small size, benefitting from the highly localised and specialised competences, expertise and knowledge that are shared in industrial districts (CECED Italia, 2014). On average, these companies generate annual

revenues between € 1 and 20 million, with significant variations across product segments. The most successful examples of Italian SMEs that operate as specialists achieve annual revenues well above € 20 million, with a strong incidence of exports on their total sales (Electrolux Group, 2017c).

Given the relatively slow rate of growth of Italy's demand for FSE, companies can only grow by capturing market share from each other, which results in increased competition. Differentiation thus becomes a very powerful strategy for achieving superior performance and lowering rivalry among competitors. Competition in Italy's FSE industry is based upon several different factors, primarily product and service quality dimensions (such as materials, finishings, size – although modular FSE generally fits the same size standards, number of automated functions, level of energy efficiency, reliability, expected life of product, and timeliness of service), but also price and overall brand recognition. Product customisation is also very important, although it is more relevant in the case of most cooking appliances rather than other, more standardised FSE, such as fridges and dishwashers. Promotion, distribution and pricing strategies represent very important levers for achieving meaningful differentiation and increase customer engagement. Traditional multichannel systems and indirect distribution remained the most widely used channel strategy: only a very limited number of competitors provide customers with the opportunity to either purchase accessories, parts and consumables online, or to configure appliances online and then request quotes. E-commerce is thus relatively underdeveloped among competitors in the industry, although it is used by some specialised distributors of FSE (Electrolux Group, 2017c).

Competition is further intensified due to high fixed and exit costs. Fixed costs include the costs of buildings, machineries, R&D and marketing activities, as well as warehousing costs. Companies must produce near capacity and achieve minimal or no waste in manufacturing in order to attain the lowest unit cost and benefit from economies of scale in production. Profitability is thus highly tied to sales volume, which increases competition in the industry. Exit costs are also very high, since the production of FSE requires huge investments in specialised assets.

However, both cultural and geographic factors and the presence of high switching costs mitigate rivalry among competitors in the industry. Differences in culinary traditions among countries reduce competition from companies that are specialised in the production of cooking appliances that cannot be used or adapted to the Italian market. Geographic proximity to customers is a key competitive advantage for companies, since short delivery times and fast repair service are priorities for customers, and transport costs have a high impact on the total cost for producers. Sales functions are usually divided into territorial areas and customer/product segments, with the aim of reducing inter-channel competition, increasing market coverage and reducing delivery and service times. In addition, switching costs for customers are very high, including not only the monetary costs of changing equipment, but also the psychological, time- and effort-based costs that is incurred if

customers decide to change supplier and equipment. The presence of high switching costs further decreases rivalry among competitors.

Based on the preceding analysis, I evaluate the strength of this force as **high**.

4.4.2 Buyers' bargaining power

In Porter's Five Forces Analysis, the bargaining power of buyers refers to the power that customers can exert over companies in order to obtain lower prices, better payment terms, improved product quality and better customer service. Key aspects to be considered when analysing buyers power include (Porter, 1979): buyers concentration in the market, extent of product differentiation, customers profitability, threat of backward integration and how important products are to buyers.

As was seen through the chapter, buyers in the FSE industry can be divided into several customers segments with very different bargaining power over producers. Buyers' power is high in the case of large or strategic customers, such as foodservice and hotel chains, institutions, Michelin-starred restaurants and other large customers in special industries. These customers are concentrated and usually purchase large orders. They expect extensive pre- and after-sales assistance, and place great value on product customisation and quality. The relationship that is established between manufacturers and important buyers is managed by key account managers and requires a great extent of commitment and cooperation. However, the bargaining power of strategically important buyers in the A&F sector is mitigated since switching costs are very high, products are highly differentiated and FSE plays a vital role for their business success.

On the other hand, independent, micro-, small- and medium-sized companies that operate in the A&F sector have lower power to dictate terms. This group of buyers represent the largest share of Italy's A&F sector, are not very concentrated and are more likely to purchase in relatively small orders, which reduce their bargaining power. In addition, the costs of switching suppliers and equipment are very high for customers, product differentiation is high and industry products are very important for this group of customers, all conditions that weaken buyers' power. However, these companies tend to be very price-sensitive, which creates downward pressures on prices. For all groups of customers, the threat of backward integrating into the industry's business is very low.

Considering all this, I evaluate buyers' bargaining power as **moderate to high** in strength.

4.4.3 Suppliers' bargaining power

This force refers to the bargaining power which suppliers can exert on competitors in an industry in order to raise prices and lower the overall quality of the products and services that they supply. As explained by Porter (1979), suppliers' power depends on the

concentration ratio between suppliers and purchasers, as well as on how unique and indispensable suppliers' products and services are for participants in the industry. The threat that suppliers might forward integrate into the industry's business is another factor that determines the bargaining power of suppliers.

As previously seen in this chapter, one of the peculiarities of Italy's appliance industry is its organisation in industrial districts. This has led competitors in the FSE industry to establish collaborative relationships and strategic partnerships with key, specialised suppliers. These relationships, which are based on geographical proximity between partners, have enabled companies to achieve quality, flexibility, timeliness and reliability in production. These suppliers represent very important assets for competitors in the industry, which increases supplier's power. On the other hand, for this group of key suppliers, producers of FSE are very important customers, thus mitigating their bargaining power. For other, less strategic suppliers of raw materials and components, procurement activities are based on medium- and long-term contracts, so that competitors in the industry can reduce their market exposure and somehow control the bargaining power of these suppliers. For both groups, the threat of forward integration is very low.

Based on this analysis, I assess suppliers' bargaining power as **moderate** in strength.

4.4.4 Threat of substitutes

The threat of substitutes in Porter's Five Forces Analysis relates to the downward pressures on profitability and growth that substitute products or services can exert on companies in a given industry. Substitutes products can replace other products by performing the same or similar functions while providing customers with improved benefits. The threat of substitutes should then be assessed according to the price-performance trade-off that is offered to customers in an industry (Porter, 1979). As far as FSE is concerned, there seems to be no threats from any other industries that a substitute product could replace professional kitchen appliances. Substitutes do however exist across different product segments of FSE. In fact, even if switching costs are generally high for all types of FSE, the development of innovative appliances that can offer customers increased benefits by performing the same or more functions pose a considerable threat on companies competing in the sector. Such benefits can be measured either in terms of menu development, ease of use, reduced costs, time savings or reduced stress at work.

Since major threats of substitutes exist within the industry, rather than across industries, I assess this force as **relatively low** in strength.

4.4.5 Threat of new entrants

This force refers to the threat that newcomers pose on existing competitors in an industry.

The seriousness of the threat depends on two main factors (Porter, 1979). First is the presence of entry barriers to new competitors. Second is the extent of retaliation that newcomers can expect from incumbents in the industry. In the FSE industry, the existence of high barriers to entry lowers the threat of new entrants. Significant start-up costs and capital investments are required to start a business in the industry. Furthermore, sophisticated R&D investments are required, especially in such mature markets as Italy and other European countries, where leading players provide customers with the most advanced product technologies and define standards regularly. As profitability in the industry is strictly tied to the achievement of economies of scale, new entrants cannot be competitive unless they attain a certain size of business and production capacity, which is very unlikely to happen in short periods of time. Entrants must also develop a strong distribution and service network to secure access to strategic locations, expand their market reach and gain visibility in the market, a process that requires a great deal of time and efforts. Brand reputation and loyalty are very important competitive advantages in the industry: quality, trustworthiness and consistency of performance are key attributes of successful brands that operate in the FSE industry. For new entrants, it takes time and extensive marketing and selling efforts to build a strong brand and earn the trust of customers. Switching costs are also very high, which lowers the likelihood that customers will opt for any new entrant unless it provides customers with increased product quality, improved service and lower prices. Incumbents might also engage in retaliatory and defensive actions against new entrants, most likely in the forms of aggressive pricing and increased incentives to buy. Despite such high entry barriers, small newcomers that enter the market as specialists or niche players can pose a threat on incumbent firms, benefitting from greater operational flexibility and specialisation.

The threat of new entrants is higher in the case of households appliance companies willing to enter the professional appliance sector. As compared to other newcomers, these firms already possess some valuable resources and capabilities that can be leveraged to diversify their business and enter the FSE industry. However, these companies are required to sustain considerable investments in R&D and marketing, in order to upgrade products and technologies, build a strong brand and establish a fast and reliable distribution network.

For all these reasons, I evaluate the threat of new entrants as **moderate to low** in strength.

5 METHODOLOGY

The objective of this chapter is to present and discuss the research approach and methods used in my study. I have decided to employ a case study approach, as I examined the problem from the perspective of a specific company, as well as the specific and contextual nature of my research. Semi-structured personal interviews make the main source of evidence. They allowed me to “dig deep” and gather rich, highly-contextualized data and valuable insights from a specific internal organizational perspective. Interview findings

were then analysed using both *thematic analysis* and *direct interpretation*. I end this chapter with a discussion of relevant issues concerning the “validity” and limitations of my study.

5.1 The case study approach

Given the very specific and contextual nature of the problem addressed in my thesis, my research is designed as a single case study. As defined by Yin (1994), a case study is a “research strategy” which involves an empirical inquiry of a particular contemporary phenomenon within its real-life context. Case study research aims to understand the dynamics present within single settings (Eisenhardt, 1989). This explains why case studies are mainly used in *exploratory* and *explanatory* research (Saunders, Lewis, & Thornhill, 2009). Case studies represent the most suitable research strategy when “the boundaries between the phenomenon and the context are not clearly evident” since context and phenomenon are inherently interdependent and hardly distinguishable (Yin, 1994, p. 13).

According to Stake (2003), there are three types of case studies: *intrinsic*, *instrumental* and *collective*. While intrinsic case studies are undertaken to investigate a particular case the researcher considers of interest, instrumental case studies and collective case studies are undertaken to advance understanding of an external and broader phenomenon under investigation. The purpose of intrinsic case studies is neither theory building nor understanding some abstract or generic phenomenon, but gaining a better understanding of that particular case in all its particularity and ordinariness. In line with Stake’s classification, my research is designed as an *intrinsic case study*. I investigate the particular case of Electrolux Professional FSE and the possibility for its employment of E-commerce as a marketing channel approach in the Italian market. The main purpose of my research is to gain a broad understanding of the matter and advise the Company, since I also did an internship with the Company.

In analysing the feasibility of adding an E-commerce sales channel to Electrolux Professional FSE’s multichannel system, I adopted a *qualitative approach*. Qualitative research is designed to help understand the essence and ambience of a phenomenon (Berg & Lune, 2012). It emphasizes how certain situations, processes and events influence others (Maxwell, 2013), and examines the meanings and interpretations that individuals attach to problems (Creswell, 2014). Therefore, I approached this case study taking into account the internal dynamics, the organisational context and the historical background that characterise the Company and the relationships with its sales and service partners. The qualitative approach provided me with the necessary flexibility and breadth to investigate the complex and multi-dimensional problem addressed in my thesis. Evidence from the internal analysis was later combined with major findings from the external analysis of the Italian market to prepare a resource-based SWOT analysis of Electrolux Professional FSE.

5.2 Research methods

Research methods are techniques and procedures used by researchers to collect and analyse data, which is relevant for addressing the research questions. A key feature of the case study method involves the use of multiple sources and techniques for data collection (Eisenhardt, 1989). The evidence gathered is generally qualitative, but it may also be quantitative (Eisenhardt, 1989), or mixed. In order to gain valuable insights for my study, I used semi-structured personal interviews with selected FSE corporate informants (the interview method used in this study is further described below). In addition, I reviewed relevant documents to obtain comprehensive and historical information on Electrolux Professional. These secondary data sources include reports, articles and communications published on the Electrolux Group's website and eGate.Electrolux, the intranet platform of the Group. I also relied on the notes that I had collected during my six-months internship at Electrolux Professional (as Business Intelligence and Customer Insights Assistant) as means of background and complementary information.

Semi-structured personal interviews make the main source of evidence for the empirical part of my research. Interviewing is one of the most important techniques for data collection in qualitative research (Myers, 2013). It can be defined as “a conversation with a purpose” (Berg & Lune, 2012, p. 102), where the purpose is collecting data. Interviews offer a rich source of data (Saunders et al., 2009). Personal interviews allowed me to collect expert opinions and experiences and to seek insights on the research issue from an internal perspective through personal questioning. Qualitative researchers can choose among three types of interviews (Myers, 2013): *structured*, *semi-structured* and *unstructured*. Semi-structured interviews use some pre-formulated questions, an *interview guide*, but require no rigorous adherence to it (Myers, 2013). Even though semi-structured interviews lack both the consistency of structured interviews and the richness in data of unstructured interviews (Saunders et al., 2009), they remain among the most commonly adopted methods for data collection in qualitative business research (Myers, 2013). With their flexibility and openness, I decided for semi-structured personal interviews, which I believed to be the most suitable method for my research, as well as the most common method of qualitative research within business studies.

I organized my interview guide in four parts:

1. *Past, presence and future of FSE Market*: Understanding customer needs and how they have changed (and will change) over time. In this first part of the interview, I investigated participants' perceptions, opinions and predictions on the main market trends that are reshaping the marketing landscape in the FSE industry.
2. *Identification of Electrolux Professional's competitive strengths*: As discussed in the second chapter, resources are always a prerequisite for companies to compete. Thus, my aim in this second part of the interview was gaining a contextual understanding of the resource configuration of Electrolux Professional. The conversation focused not

only on *what* key resources are used by Electrolux Professional to compete, but also on *how* and *why* these resources are leveraged by the Company to create customer value.

3. *The importance of dealers and other intermediaries to Electrolux Professional*: In this part of the interview, I investigated the business relationship that exists between Electrolux Professional and its sales and service partners. My aim was to obtain information on how roles and functions are allocated across the multichannel system. In this way, I was able to better understand the complementarities that exist between Electrolux Professional FSE and its sales and service partners.
4. *Risks, benefits and other implications of E-commerce strategy*: In this final part of the interview, I explored participants' perceptions and opinions on the benefits and risks of adding an E-commerce channel to Electrolux Professional FSE's channel structure.

For each topic, I formulated a list of guiding open-ended questions to guide the interview process. I provide the complete interview guide in Appendix 6.

In addition to selecting the right participants (discussed below), other key factors to be taken into account when designing interviews include (Maxwell, 2013): the feasibility of access and data gathering, the interviewer's research relationships with interviewees, ethical consideration on confidentiality and permission, and validity and reliability issues. This study was conducted at the end of my six-months internship at Electrolux Professional. I operated as an *internal researcher*. This allowed me to have an integrated understanding of the organisation. My internship position also facilitated access to relevant data and selected participants. It increased interviewees' willingness to cooperate and share information with me, and further assured interviewees that confidentiality of data would be guaranteed. All interviews took place within the premises of Electrolux Professional's headquarters in Pordenone (Northern Italy). This represented a familiar and trusted environment for interviewees. In accordance with the Company's policies, I was not allowed to audio-record any of the conversations with the selected informants. Instead, I recorded answers in the form of written notes. This represented a major threat to the validity and reliability of my study, and significantly increased the potential for misrepresentation of findings. I discuss further considerations on the reliability and validity of my study below.

The final steps of my empirical research consisted of data analysis and interpretation. In qualitative studies, data analysis is generally defined as making sense of text, images and/or other evidence collected during the research (Creswell, 2014). Since qualitative research based on interviews is largely inductive (Maxwell, 2013), the analysis of data usually involves the use of custom-made procedures, entailing that there is "no universal recipe" for analysing interviews (Rowley, 2012, p. 267). In this study, I analyse findings using both thematic analysis and direct interpretation. As defined by Creswell (2007), thematic analysis entails surfacing and linking themes in order to establish patterns and correspondences between instances, whereas direct interpretation involves drawing meaning from single instances. Similarities and differences between instances were

identified in order to define the key themes discussed in the following chapter.

5.3 Participant selection

Selecting the right research participants is a critical task in the interview design phase, since it ensures accuracy and relevance of findings (Rowley, 2012). In this study, participants were selected purposefully, based on their availability, experience and knowledge to offer insights on the areas under investigation. Purposeful selection of participants is among the most often used selection techniques in case study research (Saunders et al., 2009). It entails choosing participants based on the judgment of the researcher, rather than using standardised or probability sampling criteria (Saunders et al., 2009). I selected the participants to this study with the purpose of gathering insights on the problem addressed in my research from multiple perspectives. I selected participants that were informative and that could help enhance my understanding of the phenomenon under investigation, taking into account their role, knowledge, experience and availability.

Based on the preceding discussion, I included six respondents in my empirical study (presented in alphabetical order):

- Ms. Roberta Benedet, *Digital Marketing Manager (Italian Market)*.
- Mr. Omar Conte, *Digital Activation and E-commerce Manager (Staff function)*.
- Mr. Alberto Marangon, *Head of Business Marketing Intelligence & Customer Insights - FSE Operating Segment (Staff function)*.
- Ms. Edda Miceli, *Product Manager for Dynamic Food Preparation Category*.
- Mr. Andrea Rosi, *Sales Manager for Electrolux Professional's tactic, specialist and regional brands: Zanussi, Dito Sama, Alpeninox and Veetsan*.
- Mr. Roberto Sartor, *Head of Horizontal Cooking Category (Electrolux, Molteni and Zanussi brands)*.

Two interviewees belong to Electrolux Professional FSE's senior middle-management level, two work in junior middle management positions, while two participants work in admin staff functions. All selected respondents have been working in Electrolux for over 14 years, but have very different professional backgrounds, roles and responsibilities within the Company. Based on their knowledge, authority and experience, each interviewee emphasised different aspects of the topics covered during the interview. This enabled me to develop a more complete picture of the problem under study. Table 1 in Appendix 7 provides a detailed description of the professional profile of each respondent and the reasons for his/her selection in this study.

5.4 Validity, reliability and limitations

Reliability and *validity* are two crucial issues underpinning the general “credibility” of any

research study (Saunders et al., 2009). Reliability is concerned with the consistency of the findings, entailing that the study would yield the same results if it was performed by different researchers or in different occasions. On the other hand, validity refers to the correctness and accuracy of the findings, namely to the extent to which findings are genuinely about what they appear to be about (Saunders et al., 2009). Validity is considered a strength of qualitative studies, since they offer a very rich source of accurate data to researchers (Stake, 2003). Another crucial concept in research is that of *generalizability*, or external validity, which refers to the extent to which findings from a study can be applicable to other research settings (Saunders et al., 2009).

The use of non-standardised qualitative methods for gathering data (such as semi-structured personal interviews) can lead to major concerns regarding reliability, as different researchers would evince different information from the empirical study (Maxwell, 2013). In order to increase the reliability of my findings, I prepared a list of questions and topics to be covered during the interview (distributed in Appendix 6), so that other researchers could potentially obtain comparable findings under the same conditions. Regarding the issue of validity, I relied on *respondents checking* to validate the accuracy of interview findings: at the end of the four interview parts (as described at p. 45), the written material was reviewed in front of the interviewee to receive his/her approval and ensure appropriate understanding. This procedure aimed to enhance the validity of the findings and reduce the impact of researcher bias. In addition, my internship experience helped me develop an in-depth understanding of the organisation and of the phenomenon under study. Spending prolonged time in the field is considered a useful procedure to add validity to the narrative account (Cresswell, 2014).

Like all studies, this thesis is not without its limitations. A major limitation of my study is concerned with generalizability. In fact, as outlined by Stake (2003, p. 140), “the search for particularity competes with the search for generalizability”. This entails that it is not possible to make statistical generalisation based on the findings of my intrinsic case study, given the very specific and contextual nature of my research. Furthermore, the lack of standardisation in semi-structured interviews and the presence of both interviewer bias and interviewee bias pose restrictions to the reliability and validity of the findings. This is mainly because of the participative and intrusive nature of interviews (Saunders et al., 2009). Hence, my comments, verbal and non-verbal behaviour and role in the Company might have unintentionally influenced the way that interviewees responded to the questions being asked. My personal beliefs and judgements may also have influenced my interpretation of the findings. Respondents might have also been influenced by their perceptions and opinions of the interviewer and of the topic under investigation, as well as by their willingness to share desirable insights rather than accurate information. Another limitation of the study is associated with the participants selection criterium. As participants were selected purposefully, and did not belong to the Company's highest management level, they could be over or under representative of the actual management

staff in Electrolux Professional. Finally, the impossibility to audio-record interviews, and to rely on accurate transcripts, increased the potential for misrepresentation of findings.

6 ELECTROLUX PROFESSIONAL FSE: COMPANY PROFILE

This chapter provides a detailed description of Electrolux Professional FSE, its strategy, management structure, business model and resource configuration. The descriptions in this chapter are based on a review of relevant documents from Electrolux Professional and, most importantly, from major findings of the semi-structured personal interviews with the six respondents.

6.1 The Company overview

Electrolux Professional is one of the largest producers of foodservice and professional laundry equipment, in Europe and abroad. It is part of the Electrolux Group (or AB Electrolux). AB Electrolux is a global leader in the households and professional appliance sector, which sells more than 60 million products annually in over 150 countries around the world (AB Electrolux, 2018, p. 3). AB Electrolux is a public limited liability company, whose shares are listed on the NordicNasdaq stock exchange. Within the Group, Electrolux Professional is the only business area operating in the B2B segment, as the Group mainly focuses on the end-consumer market.

Headquartered in Stockholm (Sweden), the Electrolux Group is a multinational company which has been active for almost 100 years. The Group has historically grown through acquisitions and horizontal diversification (Electrolux Group, n.d.). In 1984, AB Electrolux acquired Zanussi, an Italian company from Pordenone in North-eastern Italy. At the time of the acquisition, Zanussi was among the leaders in the Italian, Spanish, French and German appliance market. This acquisition signalled a milestone in the history of the Group and of Electrolux Professional (Ghoshal & Haspeslagh, 1990; Electrolux Group, n.d.). Thanks to the purchase of Zanussi, AB Electrolux – which had a dominant market position in European Nordic countries – became a market leader in Europe for households appliances and FSE. A few years later, in 1989, the Group's professional segment was established in Pordenone by integrating all the professional divisions and operations that were part of the companies acquired by the Electrolux Group over the years (Electrolux Group, 2017a).

Today, Electrolux Professional is among the global leaders in its sector, with sales in over 140 countries (Electrolux Group, 2017a). In 2017, Electrolux Professional reached annual sales revenues of SEK 7,723 million (€ 784.5 million⁵), equal to 6.5% of the Group's total net sales, and recorded the fifth consecutive year of growth (+5.6% in terms of organic

⁵ EUR/SEK Exchange Rate as of 29.12.2017 = 9.8438 (European Central Bank, 2018)

growth in 2017 as compared to 2016) (AB Electrolux, 2018, p. 50). Profitability remains well above the Group's targets: in 2017, the operating margin reached 13.7%, namely 7.7 percentage points above the Group's target. Europe and North America remain Electrolux Professional's core markets (65% and 14% of total sales respectively in 2017), while other key markets include Japan, China, the Middle East & Africa, and Southeast Asia (AB Electrolux, 2018, p. 50). Electrolux Professional employs over 2,900 people and relies on a global network of more than 2,000 authorised sales partners and 10,000 expert technicians.

6.1.1 Electrolux Professional: strategy and business model

In line with the Group's mission and strategy, Electrolux Professional is committed to "shaping living for the better". It is a customer-oriented and innovation-driven company. Its business model aims to develop innovative solutions which provide the best experience, technology and design to improve customer's business profitability. Operational excellence in all parts of the value chain and human "talents" are considered as structural prerequisites for supporting Electrolux Professional's business model (AB Electrolux, 2018).

The business model of Electrolux Professional (and of Electrolux Group) is grounded in three key transformation drivers (AB Electrolux, 2018; Electrolux Group, 2017a):

- *Continuous improvement*: continuous improvement is achieved by leveraging best-in-class technologies, capabilities and expertise across business areas, segments and functions. The overall aim is delivering superior customer value at lower costs. This is achieved by improving the flexibility, cost structure and efficiency of the Group's operations, while shortening lead times of production and delivery.
- *Digital transformation*: the Group uses digital technologies to enhance operational efficiency, by intergating digital technologies into manufacturing and logistics processes. Digital technologies are also leveraged to improve brand engagement and create new, digitally-supported contact points with customers along their shopping and ownership journey.
- *Sustainable development*: the Group is committed to pursue actions and develop products that contribute to a safe and sustainable environment.

6.1.2 Electrolux Professional: organisation and business model

Electrolux Professional is organised in a *matrix structure* which is built around four global functions and two operating segments (Electrolux Group, 2017a):

- *Foodservice Equipment* (FSE), which is examined in this thesis and further described below, is the operating segment that sells a comprehensive range of FSE.
- *Laundry Solutions* is the operating segment that provides complete professional laundry solutions, including professional washers, dryers and ironers.

Matrix organisations are hybrid structures built around two or more equally important dimensions (such as products, functions and/or regions). Reporting relationships in matrix organisations are arranged as a grid, resulting in a dual rather than single chain of command (Galbraith, 2009). Employees and teams at Electrolux Professional are thus managed with more than one reporting line (to Head managers of respective operating segment/function). All Head managers report to Mr. Alberto Zanata, the President of Electrolux Professional and a member of the Group Management, who directly reports to Electrolux CEO, Mr. Jonas Samuelson (AB Electrolux, 2018).

The organisational structure of Electrolux Professional replicates the one of the Group, which is organised around six Business Areas (Major Appliances Europe, Middle East and Africa, Major Appliances North America, Major Appliances Latin America, Major Appliances Asia Pacific, Home Care & Small Appliances, and Professional Appliances) and global functions (Finance, Legal Affairs, Operations⁶, Marketing and Human Resources). The Group has a decentralized corporate structure in which each business area is considered a profit centre. This entails that each business area is responsible for the achievement of targeted levels of profits and productivity, as well as for the overall management of its operations and resources (AB Electrolux, 2018). This organisational structure seems to be the most suitable in transnational environments (Ghoshal & Nohria, 1993), such as the appliance sector. Transnational environments are contexts in which both the force for global integration and the force for local responsiveness are high (Bartlett & Ghoshal, 1989). By adopting a decentralised corporate structure, the Group is able to adapt its management processes to fit each local context. Yet, it achieves overall integration, mainly through shared norms, goals and values.

Electrolux Professional is headquartered in Pordenone in Northern Italy, but operates worldwide. It has eight manufacturing facilities (six of which are located in Europe), each one being specialised in the production of one or few product ranges from the same operating segment. The Company's manufacturing footprint is concentrated in Europe for two main reasons. The first is historical, since most of the companies acquired by Electrolux over the years were European. The second is strategic: by concentrating most of its manufacturing footprint in Europe, Electrolux Professional benefits from greater proximity to both key customers and suppliers, also concentrated in Europe. Product development and promotional activities are also carried out on a worldwide basis, through six R&D Labs, partnerships with universities from different countries and 20 Centres of Excellence (showrooms and on-board training centres). Products and sales campaigns are then adapted to suit regional needs (Electrolux Group, 2017a).

Electrolux Professional's production strategy is based on the principles of Lean Manufacturing, through which the Company aims to achieve operational excellence by reducing non-valuable activities. Production planning has been rearranged accordingly:

⁶ including manufacturing, R&D, design and purchasing

nowadays, the majority of production orders are carried out within the 10 days prior to due delivery dates. This entails short pre-processing and processing lead times so that appliances are produced on the basis of real customer orders rather than forecasts (Electrolux Group, 2017a).

6.2 Electrolux Professional FSE: product mix and brand strategy

As mentioned before, Electrolux Professional FSE is the operating segment involved in the design, production, marketing and distribution of full suites of FSE. The product offering of Electrolux Professional FSE includes:

- Modular cooking appliances (such as cook tops, fry tops, grills, pasta cookers and fryers), high-speed cooking appliances, and boiling and braising pans.
- Custom-made stoves and cooking solutions.
- Professional ovens.
- Refrigeration equipment, including cabinets, counters, freezers and blast chillers.
- Dynamic food-preparation appliances, e.g. cutters, mixers, and vegetable washers.
- Equipment for meal distribution (trolleys) and servery equipment.
- Professional kitchen ventilation systems.
- Professional washing machines and waste management systems.
- Spare parts, accessories and consumables.

The FSE segment represents the largest share of Electrolux Professional sales, accounting for approximately 60% of total sales revenues of the Professional business area in 2016 (Electrolux Group, 2017a). Its customer base includes many different customer segments from the foodservice, accommodation, business & industry, institutional, healthcare and education sectors. Electrolux Professional FSE is among the leaders in the European FSE industry, with a strong recognition in the institutional (hospital, staff canteens, schools) and hospitality (restaurants, catering and hotels) segments (AB Electrolux, 2018).

Professional kitchen appliances are sold mainly under the Electrolux brand, but also under strategic and regional brands, such as Molteni and Zanussi Professional (AB Electrolux, 2018). This product and brand strategy is the result of both historical and strategic considerations. By the late 1990s, after years of rapid growth through acquisitions, Electrolux Professional had 15 different brands in the European professional FSE industry. Of these, only Zanussi was marketed in more than one country. Electrolux Professional decided to pursue a brand reduction strategy to improve brand management and achieve economies of scales in production and marketing. This was combined with a market segmentation which was primarily based on customer needs rather than on product specifications and price. As a result, each of Electrolux Professional FSE's brands is mainly targeted at different segments and need states of customers (Kumar, 2003). More specifically (Electrolux Group, 2017a; Kumar, 2003):

- The *Electrolux* brand is a global brand mainly targeting fine-dining restaurants and customers in the performance specialization segment (chains, large catering activities, airlines, hotels, hospitals, retail and other special industries). It is positioned in the upper-middle and premium segments, with a strong focus on innovation, quality, design and superior customer service. The Electrolux brand is a unique-solution provider, since it provides full suites of equipment and service solutions. *Thermaline* is Electrolux's premium *subbrand* of horizontal cooking appliances (both modular and made-to-measure solutions) which use high-quality material and innovative design.
- *Molteni* is a world-renowned luxury brand of custom-made stoves. It is targeted at gourmet and Michelin-starred restaurants. The Molteni brand has a long history that combines expert craftsmanship, high-quality materials and superior customer service.
- Electrolux Professional FSE's brand portfolio also includes six tactic, specialist and regional brands: *Zanussi Professional*, *Dito Sama*, *Alpeninox*, *Kelvinator*, *Veetsan*, and *Grindmaster-Cecilware*. These brands serve the gastronomy partnership segment (small catering activities, and family restaurants and hotels) and are positioned in the mid-range segments (Electrolux Professional does not sell entry-level appliances). Zanussi Professional sells a broad range of cooking appliances, refrigeration equipment and washing machines. The Zanussi brand is sold in over 70 countries and maintains its strong position in Italy and other European markets. The other specialist brands are Dito Sama (specialist in dynamic food preparation equipment, primarily sold in EMEA markets and North America), Alpeninox (specialist in refrigeration equipment, primarily sold in EMEA countries), Kelvinator (specialist in refrigeration equipment, primarily sold in the U.S.), and the more recently acquired Veetsan (specialist in professional dishwashers, present in Asian markets) and Grindmaster-Cecilware (specialist in coffee machines and beverage dispensers, primarily sold in the U.S.).

The Company uses various promotional and communication tools to improve the visibility and awareness of its brands (Kumar, 2003). However, to better communicate each brand's identity, the promotion of Electrolux Professional FSE's premium brands (Electrolux, Molteni and sub-brand Thermaline) is carried out separately from that of the other tactic, regional and specialist brands. In the case of Electrolux Professional FSE's premium brands, the Company widely relies on innovative and digital marketing tools to reinforce its message and increase brand engagement - in addition to more traditional promotional tools. Some of these tools include social media, Electrolux Professional's modern and clean website, its online magazine, and its blog, as well as news-letters, innovative showroom concepts, live-cooking shows, sponsorships, and digital exhibition kiosks.

6.3 Electrolux Professional FSE: marketing channel strategy

Electrolux Professional FSE uses a multichannel strategy to market its appliances. As discussed in the first chapter, firms adopting a multichannel strategy use more than one channel type (whether vertically integrated or independent, direct or indirect) to serve

customers within the same geographical area. Electrolux Professional FSE's customer base is very complex, fragmented and diverse in the types of businesses operating within its boundaries. Hence, the Company can use the most suitable channel type for reaching different customers/customer segments and fulfilling different need states of customers.

Electrolux's multichannel configuration follows a traditional B2B multichannel system. The Company relies on both an internal sales force and selected (authorised) independent sales and service partners to bridge the gap with final customers. Key Account managers and internal sales specialists are responsible for managing and nurturing solid business relationships with large and strategic customers, such as foodservice and hotel chains, prestigious restaurants, large hotels and institutions. A direct business relationship is established between Electrolux Professional and key customers. In general, Key Account managers and sales specialists market and provide assistance for Electrolux Professional FSE's premium brands, namely the Electrolux brand, Thermaline and Molteni. On the other hand, the sale of FSE to smaller customers is managed through selected intermediaries. These channels sell products mainly under the Electrolux brand and the other strategic and regional brands. The number and types of intermediary channels that are employed by the Company vary between countries, considering the characteristics of each market and the overall structure of the distribution network in each country. For example, sales representatives are integral players in the United States, but are not as important in Italy, where small dealers and agents continue to play a critical role in the distribution sector.

In Italy, Electrolux Professional relies on a network of over 120 sales and service partners. Sales and service partners include Electrolux Professional's authorised dealers, agents and trained technicians selling and servicing exclusively Electrolux Professional's appliances and products. To reduce inter-channel rivalry, sales and service partners hold responsibility for different geographical territories. The sale of Electrolux Professional's products to small and medium customers is also managed through larger intermediaries, such as mega-dealers (large dealers such as Nisbets Catering Equipment, an E-commerce provider of catering and kitchen equipment that has a leading position in Europe), buying groups (Digrim is the only buying group of FSE in Italy. It submits orders and negotiates prices and terms of payment on behalf of its members), as well as large distributors, wholesalers and cataloguers. Differently from Electrolux Professional FSE's sales and service partners, these intermediaries do not sell exclusively Electrolux Professional's appliances.

6.4 Findings from interviews

Electrolux Professional FSE's sales and service partners play a key role for the Company. I present this, and other relevant aspects which emerged during the interviews with the six selected research participants from Electrolux Professional FSE, in the following pages. I have organized the findings from the interviews under four headings, which correspond to

the major themes guiding my analysis.

6.4.1 Electrolux Professional's sales and service partners

Electrolux Professional's sales and service network represents a key asset for the Company, emphasized by all interviewees. This is primarily due to its widespread presence in the Italian territory, which allows for timely deliveries and after-sales assistance to customers. These are considered crucial factors for competing in the FSE industry.

In addition to speed and punctuality of service, several other aspects make authorised sales partners important for Electrolux Professional. All respondents described these intermediaries as either "necessary", "essential", "central" or "very important" for managing the relationship between Electrolux Professional and its smaller customers. This is in line with the dominant view, emphasised by five participants, which described dealers, agents and other intermediaries as the main "reference" for smaller customers to deal with. There are three main reasons most often mentioned to explain this situation. Intermediaries have developed a *personal* relationship with customers, which has been built over time and that required the active involvement of Electrolux Professional FSE's sales and service partners. Customers *trust* intermediaries. Intermediaries have the necessary *expertise, knowledge* and *information* on products, markets and customers.

Electrolux Professional's sales partners play a key role in providing customers with the necessary pre-sales assistance and consultations. In this regard, Mr. Sartor, Head of Horizontal Cooking Category, commented that this is particularly relevant in the Italian market, where dealers and agents have traditionally acted also as consultants, a rather uncommon professional position in Italy. According to both Mr. Rosi, Sales Manager of Electrolux Professional FSE's tactic, specialist and regional brands, and Mr. Alberto Marangon, Head of Business Marketing Intelligence & Customer Insights - FSE Operating Segment, the function of providing pre-sales assistance and consultations has become increasingly important in recent years, primarily due to rising customer expectations for customised solutions. In fact, the market for FSE has become much more heterogeneous in recent years, since a growing number of dining concepts has entered the market. This has raised consumers' expectations for menu quality and variety, which in turns has increased the need for visibility and differentiation for all customers, including small restaurants. As a result, customers expect customised solutions as means of differentiation of their foodservice activity. To remain competitive, authorised dealers and agents must be able to provide customers with necessary pre-sales assistance to find the solution which best meets the individual needs of smaller customers. They assist customers in their purchasing decision, providing the necessary support to choose among the several different models, modules, options and finishing that are offered by Electrolux Professional FSE.

Three respondents also referred to the "territoriality" of the sales and service network, entailing that Electrolux Professional's partners know how to relate to customers from the

geographic area they serve. Such “territorial expertise” and “proximity” was defined by Ms. Benedet, Electrolux Professional’s Digital Marketing Manager, as a “source of credibility” of sales partners in the eyes of customers.

Another key aspect which makes Electrolux Professional’s intermediaries important partners is their role of “simplifiers”. From the point of view of the Company, they simplify the relationship with smaller customers by reducing the number of contact points that are necessary to reach out the large base of small customers. From the point of view of customers, they simplify customer decision making, by providing customers with the necessary guidance and product assortment to make purchasing decisions. According to Mr. Marangon, rising competition has indeed contributed to enhancing this role of intermediaries, either large or small. Today’s customers can choose among a wider range of brands and increasingly sophisticated appliances to equip their kitchens. Dealers, agents and other intermediaries “simplify” customer’s choice by acting as the only partner to deal with.

When commenting on the role of sales partners, four participants underlined how *maintaining* the relationship with customers is often challenging. The main reason being the durability of Electrolux Professional’s appliances, which, on average, can last for as long as 10, even 20 years. As explained by Mr. Rosi, this represents both a strength of Electrolux Professional, since it indicates how product quality is high, but also a challenge for maintaining customer involvement high. The sale of accessories, parts and consumables can partly “fill the void”, but there must be a “personal, human involvement” for keeping the relationship with customers “alive”. In the case of large, strategic customers, it is the responsibility of the Electrolux Professional Key Account managers and dedicated staff to nurture the relationship with key customers. They collaborate with customers to develop complete solutions tailored around customer’s needs. They are also actively involved in all phases of the customer’s journey. On the other hand, the relationship with smaller customers is always “filtered” by intermediaries (Ms. Benedet). They are in charge of such relationship, and “must make sure that customers do not forget about Electrolux Professional” (Mr. Rosi). The Company provides support and guidance, but dealers, agents and other intermediaries are autonomous in managing the “relational part” (Mr. Sartor) of relationships with customers. More specifically, Electrolux Professional’s sales partners manage all forms of negotiations with final customers, and are widely responsible for nurturing the relationship in the long term. This requires from them to be much more than “pure logistics of products”, which was enough up to 10 or 15 years ago, but must “add value” to the relationship with customers by offering superior service and follow-ups, otherwise customers will opt for a better choice (Mr. Marangon). In this regard, Mr. Rosi, commented how dealers and agents play a two-way role, since they have been able to develop and maintain strong relationships with both Electrolux Professional and their customers. They need to remain “agile” to be competitive and respond to market changes in the FSE sector.

Finally, Electrolux Professional's dealers are responsible for the transport of Electrolux Professional appliances to their customers. In addition, in the case of strategic customers, Electrolux Professional provides for the delivery of appliances to the site, but authorised sales and service partners are involved in providing after-sales services to these customers, such as installation, maintenance and repair services.

6.4.2 Digital marketing redefining channel roles and functions

As already mentioned, digital transformation is a key driver of growth for Electrolux Professional. In a marketing channel context, the use of digital technologies, and especially of social media, has greatly affected the way Electrolux Professional and its customers interact. Mr. Conte, Digital Activation and E-commerce Manager at Electrolux Professional, explained how the use of social media has made communication between the Company and its customers much more informal, compared to five or 10 years ago. Today, customers expect fast response times, 24/7 availability and an online social experience similar to the one they have as everyday consumers. According to Ms. Benedet, this "has surely shortened the distance" which exists between Electrolux Professional and customers, and represents a "revolutionary" change in a B2B context. In consumer marketing, the use of social media is widespread, but companies competing in the FSE industry, especially small companies, tend to be less "knowledgeable" of the "power of social media". Ms. Benedet also emphasised how digital marketing is an integral part of Electrolux Professional's marketing strategy, and how this represents a source of differentiation from many competitors in the industry that still widely rely on traditional marketing tools.

The use of Internet-based technologies, most importantly social media, has partly substituted intermediaries as means of promotion and intelligence generation and dissemination. In the past, Electrolux Professional's sales partners used to have the "near-monopoly" of information and promotion flows: most information, communication and promotions had to "pass through" channel intermediaries before reaching small customers (Mr. Conte). They also used to play a key role in providing Electrolux Professional with relevant information on customers, since they were the only players to have a "first-hand market experience" and a direct relationship with customers (Mr. Rosi). The use of the Internet and social media has allowed the Company to reach out directly to customers, thus "bypassing" dealers and agents (Mr. Benedet). In addition, digital tools can offer a very rich source of marketing intelligence about customers, thanks to the use of advanced data analysis tools, such as *geolocation* and database marketing tools (Mr. Marangon).

Interestingly, the use of digital marketing technologies did not result in the "elimination" of all middlemen, a point that was clearly outlined by all participants. In fact, Electrolux Professional leverages the Internet and social media to provide information and increase brand engagement, but dealers, agents and other sales partners continue to be the only

contact point for finalising the purchase (Mr. Conte). According to Mr. Sartor, the Internet is a powerful communication tool, but lacks the potential for dealing with the “relational part” of business relationships. This relational part refers to the “human dimension” of business relationships, which involves actors interacting with each other. As described by Mr. Rosi, the sale of FSE is always the result of negotiations. He said: “it is very unlikely that customer purchases are one-shot deals”. It is necessary that customers trust “both the brand and the dealer”, and this requires time and good interpersonal skills. Indeed, all interviewees emphasised the importance of this personal dimension of business relationships, and four participants further commented how it is exactly thanks to Electrolux Professional’s superior ability to assist customers and develop strong business relationships that the Company has been able to differentiate from competitors.

On the other hand, the use of social media and other digital marketing tools requires greater coordination of marketing and communication activities between Electrolux Professional and its sales partners. “Our authorised dealers, agents and technicians represent us, but we cannot fully control what they say; we must make sure we communicate a coherent message” (Ms. Benedet). This entails providing sales partners with the necessary information, tools and training so all channel and promotion activities are aligned. In addition, as outlined by Mr. Marangon, the information collected by sales and service partners must be effectively integrated with relevant marketing intelligence gained from market studies and direct marketing tools.

Looking to the future, all respondents predict dealers, agents and other intermediaries will continue to play a key role in the sector. However, as outlined by three interviewees, on-going digital transformation will force intermediaries to rethink their role, which will be more focused on service. These participants also predicted distribution channels will be shorter and more agile, as a result of growing customer's expectations for fast lead times, customisation and one-to-one interaction. According to two participants, the use of digital technologies in producer-customer relationships will be more and more integral. For example, it will involve the use of virtual reality and digital assistance tools, so personal interactions will be partly substituted. The other four participants were more cautious regarding the impact of digital marketing tools on producer-customer relationships. Although, they will become more widespread, the human dimension of relationships will remain a crucial factor in determining the success of the relationship.

6.4.3 A cautious approach to E-commerce

Several different aspects concerning the development of an E-commerce platform for Electrolux Professional FSE emerged during the interviews. The prevailing opinion among participants is that, if Electrolux Professional FSE decided to engage in E-commerce, the Company would have to undergo major changes in its marketing strategy, operations, management and business model. Only one participant described E-commerce as “an

opportunity for business growth that should be exploited”. The other five interviewees had a more timid approach to the topic. They described E-commerce as “interesting” or “with some potential” for the Company, yet they were dubious about the feasibility of Electrolux Professional FSE engagement in online direct selling. In general, counter arguments to developing an E-commerce platform outnumbered the pros among all interviews.

Two interviewees outlined how the employment of E-commerce tools would be in line with Electrolux Professional’s focus on digital transformation in marketing, especially for its premium brands. On the other hand, all interviewees recognised that not all Electrolux Professional FSE appliances and products are “compatible” or “suitable” for E-commerce. Standardised and plug-in appliances, as well as consumables, accessories and spare parts were judged to be compatible with online direct selling. E-commerce was judged “not suitable”, “difficult to implement” or “not feasible” for other, more complex and customisable appliances. In this regard, three participants also commented E-commerce can work well only for entry-level appliances, namely appliances that are suitable for low-end customer segments. Hence, online direct selling could create downward price pressures on Electrolux Professional FSE’s offering, whose strategy is based on product quality and service differentiation.

The number one concern within four interviews is the risk of *channel cannibalisation*. The Company relies on indirect distribution to market its appliances to medium and small customers. According to all participants, the addition of an online sales channel would increase the potential for conflict and rivalry with other intermediaries, particularly with sales and service partners. Four interviewees think that pricing issues would be the most problematic factors for adding an online sales channel. For selling its products online, the Company would need to set fixed prices, which would increase inter-channel competition and deprive intermediaries of their negotiation role. In addition, sales partners might feel threatened by the strategic change (as outlined by four interviewees), or might be reluctant to collaborate with Electrolux Professional or, more likely, with other sales partners (as outlined by three interviewees).

Four respondents consider the implementation of E-commerce either “problematic” or “challenging” for Electrolux Professional manufacturing operations and inventory management of finished products. The adoption of an E-commerce strategy would require the Company to either accelerate its lead times of production and delivery, to achieve greater flexibility in production, or to increase the inventory of finished or semi-finished appliances based on forecasts rather than on received orders. This entails reviewing the whole production process, from procurement to assembly operations to delivery.

Interestingly, none of the interviewees think Electrolux Professional misses the necessary digital human competences (or ability to attract skilled personnel), or financial resources to develop an E-commerce platform. In this regard, Mr. Conte commented that the Company has always been among the precursors in the use of ICTs to support its activities, including

EDI and EPR technologies and digital marketing tools. Yet, further investments would “surely” be required to set up and run the E-commerce channel. Today, as explained by Mr. Conte, Electrolux Professional manages orders, payments and invoices through a dedicated IT platform which can be accessed only by the internal management staff and authorised partners. This platform is “a rather complex tool” which allows registered users to configure and submit orders, track the status of their orders, and receive invoices. To run an E-commerce website, Electrolux Professional would need to develop more intuitive online product configurator and IT system to process orders and payments.

6.4.4 The internal organisational context

According to all participants, one of Electrolux Professional FSE’s strengths is its strong brand reputation for quality, innovation and ability to assist customers. Delivering superior customer service remains a strategic priority for Electrolux Professional and seems to be supported by an organisation with clear guiding principles and vision. “We are a chef-driven company”, where decision making is grounded in extensive market research, customer insights and regular assessments of business opportunities (Mr. Marangon). Building upon interviewees’ opinions and narratives, the overall picture which emerges is that of a “solid”, “structured” organisation with clear goals, both short-term and long-term. Three respondents outlined how having clear vision and guidelines and regular updates on performance have positive impacts on managers motivation at work. In this regard, Mr. Sartor commented that Electrolux Professional’s “superior ability to serve customers”, especially for full-kitchen projects, is a competence that the Company “has in its DNA”. “There is always the willingness and possibility to meet customer needs” and customise solutions - not only for complex appliances but also for more standardised and simple appliances. As a result, Electrolux Professional’s customers are more willing to wait for longer times for “special” products that have been customised to their needs (Ms. Miceli, Product Manager of Food Preparation at Electrolux Professional). One participant described Electrolux Professional as a “learning organisation”, which stems from its ability to “adopt, combine and adapt” the best practices from the acquired companies.

There are different layers of management, but the management style is “Swedish” – non-hierarchical, informal and consensual. Team-working and communication between project teams, managers and specialists are encouraged, and the work environment was described as “positive”, “constructive”, and “friendly”.

7 E-COMMERCE AT ELECTROLUX PROFESSIONAL FSE

In this chapter, I present a resource-based analysis of Electrolux Professional's strengths and weaknesses, and of the opportunities and threats that the Italian market affords. The information gathered from the resource-based SWOT analysis are later discussed to

provide strategic insights and recommendations on the feasibility and implications of developing an E-commerce platform for Electrolux Professional.

7.1 Resource-based SWOT analysis of Electrolux Professional FSE

In the first chapter, I illustrated a resource-based approach to SWOT analysis. According to this approach, there is a direct relationship between a company's resource configuration, its internal strengths and weaknesses, and the external opportunities and threats that the market affords. The SWOT analysis given in this chapter is grounded in the resource profile of Electrolux Professional FSE which is delineated in Table 4. The Company's resource profile has been prepared in line with the resource classification described at page 17. I evaluate each resource type by considering the likelihood for Electrolux Professional FSE to achieve sustained competitive advantage and also the potential for disadvantages.

Table 4: Resource Profile of Electrolux Professional FSE

Resource type	Description of resource endowment
<i>Financial</i>	The FSE sector is very capital intensive. It requires large amounts of financial resources to invest in the necessary physical assets (facilities, machinery, equipment, vehicles and IT infrastructure) to compete in the industry. Therefore, financial resources pose significant entry barriers and competitive threats. Thanks to its strong financial position and access to financial markets (as already seen, the Electrolux shares are listed on the Nasdaq Nordic stock exchange), the Company has a clear advantage in financial resources over many of the companies that compete in Italy's FSE sector, namely independent small- and medium-sized companies with weaker financial position. Such resources are leveraged to support investments in production, R&D and marketing, which in turns help the Company to create customer value and stay ahead of competitors.
<i>Physical</i>	A broad array of physical resources are required to operate a business in the FSE industry. The availability and quality of such physical resources will determine the overall production capacity and operational efficiency of companies that compete in the sector. Electrolux Professional has very good production capacity: it has eight manufacturing plants, each one specialised in the production of few product lines, and deploys advanced ICTs and manufacturing technologies. Research hubs support R&D activities, while showrooms support promotion activities. The availability and use of such resources enable Electrolux Professional to serve a large base of customers while achieving economies of scale and scope in production, marketing and R&D. Although highly valuable, these resources are only moderately rare and could be replicated by the most successful competitors in the industry with a similar or better financial position. Hence, these factors place Electrolux Professional in a position of comparative advantage only relative to those competitors that, due to

(table continues)

(continued)

Resource type	Description of resource endowment
	their size, financial performance and strategic focus, cannot afford equally valuable physical resources.
<i>Legal and intellectual</i>	The FSE sector has become increasingly ingenious in recent years, as developments in products and technologies (e.g. connected appliances, multi-functional appliances, automated functions and energy-efficient technologies) continues to raise customer expectations. The Company has very strong innovation capacity, thanks to its six research hubs and its strategic commitment of financial, human and organisational resources to R&D activities. All of Electrolux Professional's most advanced technologies, designs and inventions are either patented or trademarked. Hence, they cannot be readily replicated, which represents a likely source of competitive advantage or profit premiums.
<i>Human</i>	Talent is considered a structural prerequisite to support the Company's business model. Electrolux Professional FSE's workforce is made of employees with specialised skills, roles and expertise. The human resource endowment of the Company does also include ICT and digital marketing specialists, resources that can be leveraged to develop an E-commerce strategy. Although Electrolux Professional's human resources are valuable and important, they seem to be only moderately scarce. On the other hand, the company has superior ability to attract and retain talent, thanks to its strong reputation, leading market position, positive financial performance, diverse background and belonging to the Electrolux Group, a global leader in its sector. This affords a comparative advantage in human resources relative to most competitors, which is likely to create sustained competitive advantage.
<i>Organisational</i>	Thanks to its matrix organisation, Electrolux Professional is able to manage large projects (including projects for product development) by combining the resources and skills coming from different functions and product divisions. This is supported by the "Swedish" management style, which encourages communication and teamwork between employees. Working relationships and management processes seem to be straightforward, integrated and aligned with Electrolux Professional's strategic goals. The company also has competent management and strong business practices which are innovation- and demand-driven.
<i>Informational</i>	Detailed information on markets and customers is not freely available to competitors in the sector. Therefore, to obtain relevant information, companies can purchase industry reports from specialised organisations or commission market research studies to specialised agencies. Within Electrolux Professional FSE's organisation, the Business & Marketing Intelligence staff function is responsible for collecting, elaborating and disseminating marketing intelligence to the rest of the organisation. Such information supports strategic decision-

(table continues)

(continued)

Resource type	Description of resource endowment
	making and is effectively converted into actionable knowledge: all strategic and product development decisions are based on extensive customer insights. This allows for better tailoring of Electrolux Professional FSE's products and services to relevant customer needs. Therefore, the Company has a comparative advantage in informational resources, particularly with regards to smaller companies that cannot afford to establish similar internal functions.
<i>Relational</i>	The Company has developed very strong relationships with customers, suppliers and sales and service partners. Relationships with sales and service partners represent a key asset for the company, since they enable the company to effectively reach out to a larger base of customers. The relationships that exist between Electrolux Professional and its marketing channel partners are characterised by a great extent of collaboration, commitment, mutual adaptation and long-term orientation. Although the skills, competences and expertise of Electrolux Professional's sales and service partners are very valuable, it seems that they are only moderately scarce and non-imitable. What represents a source of comparative advantage in relational resources for the Company is the combination of the <i>number</i> and <i>quality</i> of its marketing channel relationships: the sales and service ability of Electrolux Professional's partners coupled with their widespread presence on the territory result in fast and excellent customer service, which is likely to generate sustained competitive advantage.
<i>Reputational</i>	Electrolux Professional's reputation is one of its key strengths. Building strong reputation requires time and commitment of resources, which poses competitive threats and entry barriers. Thanks to its experience in the sector and strategic focus on innovation, quality, sustainability and service differentiation, the Company has been able to develop a reputation for excellence and quality, which is particularly strong in Italy and the wider EMEA region. This represents a source of sustained competitive advantage, for it being a resource that is valuable, rare, non-substitutable and hard to be replicated by competitors. Thanks to its strong reputation, customers are willing to pay premium prices to lower risk. The Company also benefits from increased visibility on the market and improved confidence of business partners.

Source: Adapted from Electrolux Group (2017a) and Electrolux Group (2017c).

7.1.1 Strengths

Electrolux Professional FSE has leadership market position in Italy and the wider European region, particularly in the institutional and hotel segments. This is sustained by its positive reputation, built around the quality of the products and services it provides, as well as its capability to be a full- kitchen solutions provider. These seems to be among the

major strengths of Electrolux Professional FSE. Having a strong reputation improves confidence of suppliers, customers and other business partners, and provides the basis for achieving sustained competitive advantage. The Company's solid reputation is supported by its competent management and strong business practices which are innovation- and demand-driven. This also stems from the Company's availability and commitment of strategic resources to develop reliable solutions with a small environmental impact and an innovative and functional design. Innovations are based on extensive customer insights to meet the real needs of professional customers. Developments in professional kitchen appliances are reshaping the marketing landscape. Hence, having suitable resources and capacity to innovate can help the Company maintain its leadership position in the market.

Geographic and product/brand diversification also gives Electrolux Professional FSE an advantage over most competitors in Italy. Thanks to its global presence (for both production and sales) and with regards to the Electrolux Group, Electrolux Professional FSE benefits from reduced exposure to currency fluctuations and drops in sales in single markets. Furthermore, the company has a diversified product/brand portfolio, which allows for alternative sources of revenues and for the achievement of scale and scope economies in production, R&D and marketing. This helps the Company maintain a solid market position and to be less vulnerable to adverse country-specific market conditions.

Finally, Electrolux Professional FSE benefits from its geographic proximity to both key suppliers and customers, as well as the widespread presence of its network of sales and service partners that operate efficiently and effectively. This represents a comparative advantage over many competitors, as it allows for short lead times and expert customer service.

7.1.2 Weaknesses

Despite several advantages of being a large, multinational organisation, Electrolux Professional FSE faces some disadvantages in terms of reduced decision-making flexibility and specialisation. As compared to its smaller counterparts, Electrolux Professional FSE may lack the same adjustability and agility in decision-making. This is because decision-making at Electrolux Professional is a structured process which usually involves many different actors and layers. As compared to more specialised competitors, Electrolux Professional's efforts and commitment of resources in R&D, production and marketing cannot be focused on a particular product or family of products. Instead, they must be shared over a broad range of professional kitchen equipment and eight different brands.

In addition, Electrolux Professional FSE does not sell entry-level FSE. This represents a disadvantage for the Company to sell its appliances on-line. In fact, as seen in the previous chapter, the Company's marketing strategy is based upon product and service differentiation, and the sale of Electrolux Professional FSE's appliances usually requires a great deal of pre-sales assistance, personalised consultations and price negotiations. On the

other hand, the marketing strategy for entry-level appliances is focused on low prices rather than on other differentiation factors. Hence, entry-level appliances seem to be more suitable for E-commerce, as they require less extensive pre-sales service.

Electrolux Professional's production strategy is another internal factor which could hinder the effective implementation of an E-commerce strategy, although it cannot be considered a real weakness. The implementation of an E-commerce strategy would require very short lead times of production and delivery, as well as high volumes of finished goods inventory to swiftly meet demand by online customers. However, this would entail reviewing the Company's production planning and strategy, in order to increase the share of products that are manufactured on the basis of forecasts rather than received orders. This is against the current production strategy of the Company, which favours pull over push production. In addition, the need to expand the finished goods inventory could result in higher costs and product obsolescence risks, which is against the Group's objective to minimise operational costs. Another unfavourable characteristic is that the majority of its production facilities are located in European countries where labour cost is high, which place the Company at a disadvantage over competitors from countries with lower labour cost.

7.1.3 Opportunities

Although growing at relatively moderate rates, Italy remains a key market for Electrolux Professional FSE. The combination of many different factors seems to create favourable market conditions which sustain demand in the FSE sector. Firstly, Italy is a mature market for professional kitchen appliances, with a large and diversified customers base. The A&F sector, in particular, remains a key sector for Italy, given its size, sophistication and leadership position in Europe and the wider Mediterranean region. Moreover, Italy's economic recovery is improving consumer and business confidence, which creates a more favourable business environment for long-term investments, including the purchase of FSE. This is backed by favourable taxation regimes for investments in machinery and equipment, with micro, small and medium-size enterprises being the main recipients of the tax incentives and exemptions. In addition, the rising number of accommodation and consumer foodservice chain establishments represents an opportunity for Electrolux Professional FSE to further expand its market presence. In fact, the Company seems to be the ideal business partner for this type of customers, as it can provide extensive sales assistance to develop full-kitchen solutions tailored to clients' needs. Rising demand of connected and multifunctional appliances also offers interesting growth prospects.

Importantly, Italy seems to be a dynamic and interesting market for companies willing to engage in E-commerce. Italy is one of the fastest growing markets for E-commerce in Europe, including B2B E-commerce which has been growing at double-digit rates. Other supporting conditions for developing an E-commerce strategy include Italy's rather efficient transport and ICTs infrastructure, especially in Northern regions, and the several

initiatives that have been undertaken by the Italian government to advance the digital make-over of the country.

Selling professional kitchen appliances via web-based E-commerce channels could represent a source of differentiation from competitors in the FSE industry, since traditional multichannel systems continue to be the preferred marketing channel strategy in the sector. In fact, only a very limited number of competitors provide customers with the opportunity to either purchase accessories, parts and consumables online, or to configure appliances online and then request quotes. E-commerce thus remains relatively underdeveloped among competitors in the industry, although it is used by some specialised distributors of FSE. In addition, enterprises in the accommodation sector, which are among Electrolux Professional FSE's main customer targets, are generally more likely to use ICTs as compared to the average of Italian enterprises in the non-financial service sector. This might indicate that there is the potential for a positive response to developing an E-commerce strategy in the FSE industry, particularly from companies in the accommodation sector. Despite this positive outlook, it is unclear whether developing a web-based E-commerce strategy in the FSE sector can be considered a profitable opportunity for Electrolux Professional FSE. More in-depth research is surely required to both assess customer willingness to purchase FSE online, as well as to estimate the return on investment and payback period.

7.1.4 Threats

A major threat to developing an E-commerce platform for the Electrolux Professional brand stems from the risk of channel cannibalisation and inter-channel conflicts. The employment of an E-commerce channel could have major negative effects on the working relationship between the Company and its intermediaries, especially with authorised dealers and agents. This could weaken Electrolux Professional FSE's market position, as traditional marketing channels remains an important lever to succeed in the FSE industry.

Several other factors put the success of an E-commerce strategy at risk. Firstly, since competition in the FSE industry is fierce, competitors could react to Electrolux Professional FSE's investment in E-commerce by engaging in retaliatory actions, such as offering customers attractive incentives to buy their appliances. Secondly, the use of digital technologies and ICTs in the Italian business sector often lags behind other advanced economies. This is particularly true for micro, small and medium-sized enterprises, which account for the vast majority of the A&F sector. Thirdly, B2B E-commerce in Italy is not widespread and continues to primarily rely on EDI-technology rather than open, web-based applications. Furthermore, the Company must face the challenge of operating in a country characterised by on-going political instability and a yet-recovering economy, which create unfavourable conditions for strategic investments. Altogether, these factors could undermine Electrolux Professional FSE's investment returns and performance, resulting in

a misallocation of strategic resources and subsequent loss of competitiveness.

Lastly, adopting E-commerce also means the Company would enter the environment dominated by Google and other search engines, which have very strong negotiating powers. This also raises several challenging issues concerning search engine optimisation, online advertising and data security.

In addition to project-specific risks, other external factors could have a negative impact on Electrolux Professional FSE's operations and overall profitability, as well. Fluctuations in raw material prices and foreign currency risk remain critical threats that the Company cannot control. In addition, the A&F sector, which is one of Electrolux Professional FSE's main target segments, is very fragmented and dependent on Italy's macroeconomic conditions, tourism dynamics and consumers' spending in out-of-home dining. Such high fragmentation increases the sector's exposure to adverse environmental conditions, and represents a threat to demand stability.

7.2 Discussion of research findings

The resource-based profile of Electrolux Professional FSE and corresponding SWOT analysis shown in the preceding sections provide penetrating insights for addressing the two research questions underpinning this study. The first question addresses the compatibility between the Company's overall business model, resources and management processes and the employment of a web-based E-commerce strategy. There are several characteristics of Electrolux Professional which are suitable for successfully developing an E-commerce platform. Firstly, having a strong reputation for product and service quality can partly offset some of the major drawbacks due to the lack of face-to-face contacts in E-commerce transactions: the Company's solid reputation would lower the perceived risks of online shopping and assure online customers of the quality and reliability of appliances. Secondly, Electrolux Professional is an organisation with strong financial position. This indicates it has financial resources to be used to support the strategic investment in E-commerce. Thirdly, the Company has always been among the pioneers in the use and integration of ICTs to support its activities, including EDI and EPR technologies and digital marketing tools. The Company has suitable experience and expertise in leveraging Internet-based technologies to drive growth and profitability. In addition, Electrolux Professional's digital marketing tools (website, blog, social media) could be used to promote and complement the E-commerce platform, while boosting online customer engagement. Fourthly, the adoption of an E-commerce strategy would create a new, digitally-supported contact point with customers, which would be in line with the digital transformation which Electrolux Professional is driving.

However, employing an E-commerce channel is not without risks for the Company. A major concern stems from the risk of channel cannibalisation and increased rivalry. It directly relates to the second question addressed in this study, namely how channel

functions and activities should be allocated in order to achieve effective multichannel integration. As seen in the first chapter, multichannel integration entails a high degree of collaboration, coordination and active participation of the actors involved in marketing channel activities. This requires each channel member and/or channel type should perform the function(s) best suited. Thanks to the tremendous information potential of the Internet, an E-commerce channel could successfully perform information activities. On the one hand, an E-commerce channel could provide detailed and consistent information about products to online users. On the other hand, it could be leveraged as a means for collecting useful information on customer purchases and searches. Ordering and payment flows could also be performed online in a cost-effective way. Yet, this would require the E-commerce platform to be properly integrated into the IT system that Electrolux Professional already uses for handling orders and invoices, which would multiply the number of records to be processed.

Major concerns remain regarding the fulfilment of negotiations and customer service activities. In fact, the E-commerce channel would not be capable of substituting traditional channels in providing customers with the necessary assistance and personalised consultations. At the same time, intermediaries and customers would be prevented from the opportunity to negotiate deals and terms of payment. In sum, the use of an E-commerce channel would eliminate most of the relational aspects arising from actors' interactions. Such aspects are considered key attributes of B2B market transactions, and were praised by all interviewees for their value creation potential. Hence, the implementation of an E-commerce strategy would still require the active participation of external partners, such as authorised sales partners, as providers of service, assistance, assurance and consultations. Yet, the potential for channel cannibalisation remains very high. For example: a situation may occur where external partners provide the needed pre-sales services, whilst the on-line channel actually completes the sale and obtains the resulting financial reward.

Other problematic issues concern the allocation of inventory risks, as well as the management and fulfilment of logistics and after-sales activities. As already discussed, the adoption of an E-commerce strategy would require an increase in finished goods inventory, with subsequent higher costs and risk of product obsolescence. Delivery, installation and maintenance service provision would also be challenging, given the size of appliances and the need for skilled technicians. To ensure that product assortment, product availability and timeliness of service meet the needs of customers, Electrolux Professional would need either to "centralise" most of these flows, and thus gain full control and responsibility of inventory, logistics and after-sales activities; or allocate most of these functions to sales and service partners, who benefit from their widespread presence on the territory and greater proximity to final customers.

A final consideration pertains to product customisation and production issues. Today, it is responsibility of either Electrolux Professional internal sales force or selected intermediaries to provide customised solutions to specific and often diverse customer

needs. Orders are then submitted to a dedicated and specialised IT platform accessed only by the internal management staff and authorised partners. To sell its appliances online, the Company will need to develop an online product configurator that is intuitive and that necessitate no specialised knowledge of IT tools. In addition, since the degree of customisation greatly varies between appliances, manufacturing responsiveness to online customer orders will be higher in the case of modular and more standardised FSE, such as fridges, blast-chillers and dishwashers, rather than other, more complex appliances, such as combi-ovens and made-to-measure solutions.

7.3 Recommendations

Based on the findings from my research, a proposed E-commerce strategy for Electrolux Professional would be to engage in online direct selling, but limited to so-called aftermarket products (namely to spare parts, accessories and consumables). These represent one of the major drivers of growth in the Italian market. In this way, the Company could overcome many of the major challenges arising from the employment of an E-commerce channel, which have been thoroughly discussed in the preceding subchapters. However, the allocation of logistics and after-sales service tasks would remain challenging, and could result in role misalignment and cross-channel rivalry.

Conversely, the adoption of an E-commerce strategy for selling FSE online needs a much more careful approach. E-commerce seems to be suitable only for certain appliances, namely modular and standardised FSE. These imply lower inventory and lesser product obsolescence risk. In addition, Electrolux Professional's tactic and specialist brands seem to be more suitable for on-line direct selling for two main reasons. Firstly, their focus is on single appliances rather than full-kitchen solutions. Secondly, they are primarily targeted at the gastronomy partnership segment. Hence, these brands require less extensive product customisation, negotiations and pre-sales assistance as compared to the Electrolux and Molteni brands, which represent favourable conditions for selling appliances online. However, since sales under Electrolux Professional's tactic and specialist brands constitute only a minority of total sales of the Company, it is unclear whether the costs of an investment in E-commerce would be offset by revenue gains. It is also important to note that FSE purchasing is an isolated event that occurs at time intervals of five or 10 years, or even longer timespans. Therefore, it does not represent a regular stream of revenues, differently from accessories, spare parts and consumables.

The research undertaken for this study has highlighted two important areas in which additional research would be advantageous. On the one hand, more focused and robust studies are required to investigate customer willingness to purchase FSE online. For instance, as discussed in the fourth chapter, available data on the use and integration of ICTs by enterprises in Italy's A&F sector does not cover the population under study in sufficient details. Hence, more tailored research is needed to gain a deeper understanding

of what factors influence customer willingness to buy FSE online. On the other hand, further research is required to examine in greater details the impact that the employment of an E-commerce strategy could have on the working relationships between the Company and its intermediaries.

CONCLUSION

The overarching aim of this thesis is to investigate the feasibility of developing an E-commerce platform for Electrolux Professional FSE in Italy. After reviewing relevant literature on B2B marketing, marketing channels and resource-based models of competitive advantage, the focus of my investigation was narrowed to examine the compatibility between Electrolux Professional FSE's resource configuration and a potential employment of an E-commerce strategy. This entailed identifying what resources could be used to successfully add an E-commerce platform. It also focused on exploring how well the online sales channel would integrate into the currently used multichannel strategy, with regard to the fulfilment of channel activities, tasks and functions.

While acknowledging the limitations of my study, I believe that this thesis provides some very interesting insights for decision making. Not just for the company, but also marketers. The FSE industry is a highly competitive, yet rather stable industry, where competitors widely rely on traditional multichannel systems to reach out to customers. From this perspective, the adoption of an E-commerce strategy could provide Electrolux Professional FSE with the opportunity to shorten the distance with customers and to differentiate from competitors. However, the risk of channel cannibalisation, cross-channel rivalry, product obsolescence and retaliatory actions from competitors remain critical threats for the success of the strategy. Most importantly, the addition of an E-commerce channel would require the Company to dramatically rethink its distribution and production strategy: roles within the multichannel system would need to be redefined, and the production strategy would need to be adjusted accordingly, moving from pull to push motives. It seems the decision to develop an E-commerce platform is perceived mainly in a transactional/sales nature, not in terms of possibilities of relationship augmentation.

Interestingly, it seems that most of the impediments to the proposed strategy stems from a discrepancy with the Company's strategic objectives, its product and service attributes and its distribution strategy, rather than from the specific features of the Italian market. In fact, Electrolux Professional FSE's approach is customer- and relationship-oriented, and buying situations usually involve a great deal of pre-sales assistance, personalised consultations, negotiations and product customisation. This is particularly relevant for EP's premium brands. Hence, with such a focus on pre-sales assistance and full-kitchen solutions, it is unclear how the Company could benefit from the integration of an E-commerce channel, namely a channel that is devoid of any relational aspects that are due to human intermediation.

REFERENCE LIST

1. AB Electrolux. (2018, February 28). *Electrolux Annual Report 2017*. Stockholm: AB Electrolux.
2. Ali Group S. r. l. (n.d.). *Ali Group*. Retrieved December 10, 2017 from <https://www.aligroup.it/it/group/>
3. Andersén, J. (2011). Strategic resources and firm performance. *Management Decision*, 49(1), 87-98.
4. Anderson, J. C. (1995). Relationships in business markets: Exchange episodes, value creation, and their empirical assessment. *Journal of the Academy of Marketing Science*, 23(4), 346-350.
5. Anderson, J. C., & Narus, J. A. (1990). A model of distributor firm and manufacturer firm working partnerships. *Journal of Marketing*, 54(1), 42-58.
6. Angelo Po Grandi Cucine S. p. A. (2016). *Angelo Po – Azienda*. Retrieved December 10, 2017 from <http://www.angelopo.com/it/ca/276/azienda-storia/>
7. American Marketing Association. (2013). *Definition of Marketing*. Retrieved October 25, 2017 from <https://www.ama.org/AboutAMA/Pages/Definition-of-Marketing.aspx>
8. Arora, R. K. (2007). *Food service and catering management*. New Delhi: APH Publishing Corporation.
9. Assinform – Italian Association of Information Technology Enterprises. (2017, July 24). *Presentato il rapporto Assinform: Il Digitale in Italia 2017*. Retrieved September 20, 2017 from http://www.assinform.it/rassegna_stamp/comunicati-stampa/assinform/presentato-il-rapporto-assinform-il-digitale-in-italia-2017.kl
10. Avery, J., Steenburgh, T. J., Deighton, J., & Caravella, M. (2012). Adding bricks to clicks: Predicting the patterns of cross-channel elasticities over time. *Journal of Marketing*, 76(3), 96-111.
11. Bailey, J. P., & Rabinovich, E. (2006). The adoption of inventory postponement and speculation: An empirical assessment of oligopolistic Internet retailers. *Transportation Research: Part E*, 42(4), 258-271.
12. Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
13. Bartlett, C. A., & Ghoshal, S. (1989). *Managing across borders: The transnational solution*. Boston: Harvard Business School Press.
14. Berg, B. L. L., & Lune, H. (2012). *Qualitative research methods for the social sciences* (8th ed.). Boston: Pearson.
15. CECED Italia – Conseil Européen de la Construction d'appareils Domestiques – Italian Division. (2013, September). *Condizioni economico finanziarie del settore italiano delle apparecchiature professionali per catering e ospitalità*. Retrieved November 10, 2017 from [http://www.ceceditalia.it/associazione/indagini-pubblicazioni/apparecchiature-ristorazione/1,537,1,](http://www.ceceditalia.it/associazione/indagini-pubblicazioni/apparecchiature-ristorazione/1,537,1)
16. CECED Italia – Conseil Européen de la Construction d'appareils Domestiques – Italian Division. (2014, April). *Progetto orizzonte. Il sistema Confindustria per il rilancio del*

- settore Apparecchi Domestici e Professionali*. Retrieved November 10, 2017 from http://www.confindustria.it/wps/wcm/connect/www.confindustria.it5266/08e16303-0b67-4f71-8a5e-96e9f504078e/Progetto+Orizzonte_ConfindustriaCeced.pdf?MOD=AJPERES&CONVERT_TO=url&CACHEID=08e16303-0b67-4f71-8a5e-96e9f504078e
17. Chan, C., & Swatman, P. M. C. (2000). From EDI to internet commerce: The BHP steel experience. *Internet Research*, 10(1), 72-83.
 18. Chung, C., Chatterjee, S., & Snegupta, S. (2012). Manufacturers' reliance on channel intermediaries: value drivers in the presence of a direct web channel. *Industrial Marketing Management*, 41(1), 40-53.
 19. Consodata S. p. A. (2017). *Report Aziende. Angelo Po Grandi Cucine*. Retrieved December 17, 2017 from https://www.reportaziende.it/angelo_po_grandi_cucine_spa
 20. Corigliano, M. A., & Bricchi, S. (2017a, May). *Ristorazione, lusso e territorio: Drivers dell'Italian Way of Living*. Retrieved November 10, 2017 from http://host.fieramilano.it/sites/default/files/Ristorazione_lusso_territorio%20%283%29.pdf
 21. Corigliano, M. A., & Bricchi, S. (2017b, September). *Servizi di ristorazione, apparecchiature, macchine ed accessori: Una filiera di eccellenza*. Retrieved November 10, 2017 from http://host.fieramilano.it/sites/default/files/Ristorazione_apparecchiature_macchine_accessori_DEF_DEF.pdf
 22. Cornell INSEAD WIPO. (2017). *The Global Innovation Index 2017. Italy*. Retrieved January 10, 2018 from <https://www.globalinnovationindex.org/analysis-economy>
 23. Cortez, R. M., & Johnston, W. J. (2017). The future of b2b marketing theory: A historical and prospective analysis. *Industrial Marketing Management*, 66, 90-102.
 24. Coughlan, A. T., Anderson, E., Stern, L. W., & El-Ansary, A. (2006). *Marketing Channels* (7th ed.). Upper Saddle River: Prentice Hall.
 25. Creswell, J. W. (2007). *Qualitative inquiry & research design. choosing among five approaches* (2nd ed.). Thousands Oak: Sage Publications.
 26. Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). Thousands Oak: SAGE Publications.
 27. EFCEM Italia – European Federation of Catering Equipment Manufacturers – Italian Division. (2016, December 13). *Apparecchiature professionali per catering e ospitalità*. Retrieved November 20, 2017 from <http://www.ceceditalia.it/press-room/archivio+comunicati+stampa+2016/1,878,1>,
 28. Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4), 532-550.
 29. Electrolux Group. (n.d.). *History time line*. Retrieved January 10, 2018 from <http://www.electroluxgroup.com/en/category/about/history/history-time-line/>
 30. Electrolux Group. (2017a). *Electrolux Professional: Company profile* (internal material). Retrieved October 12, 2017 from <https://www.egate.electrolux.com/>
 31. Electrolux Group. (2017b). *Professional – Buyer behaviour* (internal material). Retrieved October 12, 2017 from <https://www.egate.electrolux.com/>

32. Electrolux Group. (2017c). *Professional – FSE competition & market* (internal material). Retrieved October 12, 2017 from <https://www.egate.electrolux.com/>
33. eMarketer. (2016, August 8). *B2B E-commerce market is still maturing*. Retrieved November 1, 2017 from <https://www.emarketer.com/Article/B2B-Ecommerce-Market-Still-Maturing/1014311>
34. Euromonitor International. (2017a, April). *Business dynamics: Italy*. Retrieved September 20, 2017 from <https://researchmonitor-euromonitor-com.nukweb.nuk.uni-lj.si/web>
35. Euromonitor International. (2017b, May). *Consumer foodservice in Italy*. Retrieved November 20, 2017 from <https://researchmonitor-euromonitor-com.nukweb.nuk.uni-lj.si/web>
36. Euromonitor International. (2018, March 16). *Passport. Italy: Country profile*. Retrieved March 20, 2018 from <https://researchmonitor-euromonitor-com.nukweb.nuk.uni-lj.si/web>
37. European Commission. (2017, May 10). *Europe's digital progress report 2017. Country Profile Italy*. Brussels: European Commisison.
38. European Commission. (2018, March 7). *2018 European semester: Country report Italy*. Brussels: European Commission.
39. European Consulting Centres Network. (2015, November 29). *Tabella delle classificazioni alberghiere*. Retrieved November 20, 2017 from <https://www.ecc-netitalia.it/PDF/Tabella-classificazioni-alberghiere.pdf>
40. Eurostat. (2008). *NACE Rev.2. Statistical classification of economic activities in the European Community*. Luxembourg: Office for Official Publications of the European Communities.
41. Eurostat. (2017). *Short-term Business Statistics - Annual enterprise statistics for special aggregates of activities (NACE Rev. 2)*. Retrieved November 13, 2017 from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=sbs_na_1a_se_r2&lang=en
42. Eurostat. (2018a). *ICT usage in enterprises. E-commerce sales (isoc_ec_eseln2)*. Retrieved January 10, 2018 from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_ec_eseln2&lang=en
43. Eurostat. (2018b). *ICT usage in enterprises. E-commerce purchases (isoc_ec_ebuyn2)*. Retrieved January 10, 2018 from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_ec_ebuyn2&lang=en
44. Eurostat. (2018c). *ICT usage in enterprises. Value of e-commerce sales (isoc_ec_evaln2)*. Retrieved January 10, 2018 from http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_ec_evaln2&lang=en
45. Federalberghi - Italian Federation of Hotels and Tourism Associations. (2017, October 3). *Ottavo rapporto sul sistema alberghiero in Italia*. Retrieved November 1, 2017 from <http://intranet.federalberghi.it:8000/pubblicazioni/Pub/VIII%20Rapporto%20sul%20sistema%20alberghiero%20e%20turistico%20ricettivo%20in%20Italia/VIII%20Rapporto.pdf>

46. Fiocca, R., Snehota, I., & Tunisini, A. (2003). *Business Marketing*. Milano: McGraw-Hill.
47. FIPE – Federazione Italiana Pubblici Esercizi. (2018, January 18). *Ristorazione: Rapporto annuale 2017*. Retrieved January 30, 2018 from <http://www.fipe.it/comunicazione/note-per-la-stampa/item/5519-rapporto-ristorazione-2017.html>
48. Ford, D., & Håkansson, H. (2013). Competition in business networks. *Industrial Marketing Management*, 42(7), 1017-1024.
49. Ford, D., & Mouzas, S. (2010). Networking under uncertainty: Concepts and research agenda. *Industrial Marketing Management*, 39(6), 956-962.
50. Gadde, L. E. (2004). Activity coordination and resource combining in distribution networks - implications for relationship involvement and the relationship atmosphere. *Journal of Marketing Management*, 20(1-2), 157-184.
51. Gadde, L. E. (2016). The rise and fall of channel management. *IMP Journal*, 10(1), 129-153.
52. Galbraith, J. R. (2009). *Designing matrix organisations that actually work: How IBM, Proctor & Gamble and others design for success*. San Francisco: A Wiley Imprint.
53. Ghoshal, S., & Haspeslagh, P. (1990). The acquisition and integration of Zanussi by Electrolux: A case study. *European Management Journal*, 8(4), 414-433.
54. Ghoshal, S., & Noria, N. (1993). Horses for courses: Organizational forms for multinational corporations. *MIT Sloan Management Review*, 34(2), 23-35.
55. Grant, R. M. (1991). The resource-based theory of competitive advantage: Implications for strategy formulation. *California Management Review*, 33(3), 114-135.
56. Grönroos, C. (1994). Quo Vadis, Marketing? Toward a relationship marketing paradigm. *Journal of Marketing Management*, 10(5), 347-360.
57. Gummesson, E. (1997). Relationship marketing as a paradigmatic shift: Some conclusions from the 30R approach. *Management Decisions*, 35(3/4), 267-273.
58. Gummesson, E., & Mele, C. (2010). Marketing as value co-creation through network interaction and resource integration. *Journal of Business Market Management*, 4(4), 181-198.
59. Gundlach, G. T., Bolumole, Y. A., Eltantawy, R. A., & Frankel, R. (2006). The changing landscape of supply chain management, marketing channels of distribution, logistics and purchasing. *Journal of Business and Industrial Marketing*, 21(7), 428-483.
60. Hadjikhani, A., & LaPlaca, P. (2013). Development of b2b marketing theory. *Industrial Marketing Management*, 42(3), 294-305.
61. Håkansson, H., & Ford, D. (2002). How should companies interact in business networks?. *Journal of Business Research*, 55(2), 133-139.
62. Håkansson, H., & Snehota, I. (1995). *Developing relationships in business networks*. London: Routledge.
63. Hooley, G., Broderick, A., & Moller, K. (1998). Competitive positioning and the resource-based view of the firm. *Journal of Strategic Marketing*, 6(2), 97-115.
64. Horwath HTL. (2017). *European hotels and chains report 2017*. Retrieved November 20, 2017 from http://country-clone.htl-web.com/files/2017/05/HHTL_Hotel-Chains-

Report.pdf

65. Hunt, S. D. (1997a). Resource-Advantage Theory: An evolutionary theory of competitive firm behavior?. *Journal of Economic Issues*, 31(1), 59-77.
66. Hunt, S. D. (1997b). Competing through relationships: Grounding relationship marketing in Resource-Advantage Theory. *Journal of Marketing Management*, 13(5), 431-445.
67. Hunt, S. D., & Morgan, R. M. (1995). The comparative advantage theory of competition. *Journal of Marketing*, 59(2), 1-15.
68. Hunt, S. D., & Morgan, R. M. (1996). The Resource-Advantage Theory of competition: Dynamics, path dependencies, and evolutionary dimensions. *Journal of Marketing*, 60(4), 107-114.
69. Hutt, M. D., & Speh, T. W. (2013). *Business marketing management: B2B* (11th ed.). Andover: Cengage Learning EMEA.
70. Illinois Tool Works Inc. (2017). *How we work ITW*. Retrieved December 10, 2017 from <http://www.itw.com/about-itw/how-we-work/>
71. Il Sole 24 Ore. (2017, September 26). *Dal gelato al caffè, business da 2,2 miliardi per i macchinari Ali Group*. Retrieved December 10, 2017 from <http://www.ilsole24ore.com/art/impresa-e-territori/2017-09-25/dal-gelato-caffe-business-22-miliardi-i-macchinari-ali-group-154228.shtml?uuid=AEqbOJZC>
72. Ip, C., Leung, R., & Law, R. (2011). Progress and development of information and communication technologies in hospitality. *International Journal of Contemporary Hospitality Management*, 23(4), 533-551.
73. Istat – Italian National Institute of Statistics. (n.a.). *Glossario: Fatturato delle imprese dei servizi*. Retrieved October 3, 2017 from http://www3.istat.it/cgi-bin/glossario/voce.pl?Fattur_1
74. Istat – Italian National Institute of Statistics. (2017a). *Produzione e valore aggiunto per branca di attività (milioni di euro)*. Retrieved December 22, 2017 from <http://dati.istat.it/#>
75. Istat – Italian National Institute of Statistics. (2017b). *Imprese ed addetti: Forma giuridica, settori economici (Ateco 4 cifre) – Ripartizione per macro aree geografiche*. Retrieved December 22, 2017 from <http://dati.istat.it/#>
76. Istat – Italian National Institute of Statistics. (2017c). *Enterprises economic indicators: All the economic activities (NACE 4 digit)*. Retrieved December 22, 2017 from <http://dati.istat.it/?lang=en&SubSessionId=1355e611-9f6d-4db0-bceb-98280475604e&themetreeid=-200#>
77. Istat – Italian National Institute of Statistics. (2017d). *Enterprises economic indicators: All the economic activities (NACE 4 digit) and class of persons employed 2015*. Retrieved December 22, 2017 from <http://dati.istat.it/?lang=en&SubSessionId=95d9853f-3a25-473f-92bc-af90262e1a1b&themetreeid=-200>
78. Istat – Italian National Institute of Statistics. (2017e). *Enterprises – persons employed and self-employed*. Retrieved December 22, 2017 from <http://dati.istat.it/?lang=en#>

79. Istat – Italian National Institute of Statistics. (2018a). Gross domestic product: Main aggregates. Retrieved March 13, 2018 from http://dati.istat.it/Index.aspx?DataSetCode=DCCN_PILN
80. Istat – Italian National Institute of Statistics. (2018b). *Final consumption expenditure of households by consumption purpose (COICOP 3 digit)*. Retrieved April 3, 2018 from http://dati.istat.it/Index.aspx?DataSetCode=DCCN_CONSFAMT&Lang=en
81. Istat – Italian National Institute of Statistics. (2018c). *ICT in enterprises with at least 10 persons employed*. Retrieved December 22, 2017 from <http://dati.istat.it/Index.aspx>
82. Istat – Italian National Institute of Statistics. (2017f, December 21). *Anno 2017. Cittadini, imprese e ICT*. Retrieved December 22, 2017 from https://www.istat.it/it/files/2017/12/ICT_Anno2017.pdf?title=Cittadini%2C+imprese+e+ICT+-+21%2Fdic%2F2017+-+Testo+integrale+e+nota+metodologica.pdf
83. Istat – Italian National Institute of Statistics. (2017g, December 28). *Annuario statistico Italiano 2017*. Retrieved January 10, 2018 from <https://www.istat.it/it/archivio/207188>
84. Iyer, K. N. S., Germain, R., & Frankwick, G. L. (2004). Supply chain B2B e-commerce and time-based delivery performance. *International Journal of Physical Distribution & Logistics Management*, 34(8), 645-661.
85. Javalgi, R., & Ramsey, R. (2001). Strategic issues of e-commerce as an alternative global distribution systems. *International Marketing Review*, 18(4), 376-391.
86. Jeanpert, S., & Paché, G. (2016). Successful multi-channel strategy: Mixing marketing and logistical issues. *Journal of Business Strategy*, 37(2), 12-19.
87. Johanson, J., & Vahlne, J-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411-1431.
88. Kabadayi, S., Eyuboglu, N., & Thomas, G. P. (2007). The performance implications of designing multiple channels to fit with strategy and environment. *Journal of Marketing*, 71(4), 195-211.
89. Kandampully, J. (2003). B2B relationships and networks in the Internet age. *Management Decisions*, 41(5), 443-451.
90. Kotler, P., & Keller, K. L. (2012). *Marketing Management* (14th ed.). Upper Saddle River: Prentice Hall.
91. Kozlenkova, I. V., Hult, G. M., Lund, D. J., Mena, J. A., & Kekec, P. (2015). The role of marketing channels in supply chain management. *Journal of Retailing*, 91(4), 586-609.
92. Kumar, N. (2003). Kill a brand, keep a customer. *Harvard Business Review*, 81(12), 86-95.
93. Kumar, S., & Petersen, P. (2006). Impact of e-commerce in lowering operational costs and raising customer satisfaction. *Journal of Manufacturing Technology Management*, 17(3), 283-302.
94. Lee, C-S. (2001). An analytical framework for evaluating e-commerce business models and strategies. *Internet Research*, 11(4), 349-359.
95. Mahoney, J. T., & Pandian, J. R. (1992). The resource-based view within the

- conversation of strategic management. *Strategic Management Journal*, 13(5), 363-380.
96. Maxwell, J. A. (2013). *Qualitative research design: An interactive approach* (3rd ed.). Thousand Oaks: SAGE Publications.
 97. Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20-39.
 98. Moriarty, R. T., & Moran, U. (1990). Managing hybrid marketing systems. *Harvard Business Review*, 68(6), 146-156.
 99. Moscati, M. (2017). *EFCEM Italia: Il professionista esporta per 4,4 miliardi di euro, con un saldo della bilancia commerciale attivo per 3,4 miliardi*. Retrieved January 10, 2018 from <http://www.apparecchielettrodomestici.it/2017/10/23/efcem-italia-il-professionale-esporta-per-44-miliardi-di-euro-con-un-saldo-della-bilancia-commerciale-attivo-per-34-miliardi/>
 100. Myers, M. D. (2013). *Qualitative research in business & management* (2nd ed.). London: SAGE Publications.
 101. NPD Group. (2015). *Channel blurring: Challenging quick service restaurants*. Retrieved December 5, 2017 from <https://www.npd.com/wps/portal/npd/us/news/latest-reports/2015/channel-blurring-challenging-quick-service-restaurants/>
 102. OECD – Organisation for Economic Co-operation and Development. (2002). *Electronic Commerce*. Retrieved November 1, 2017 from <https://stats.oecd.org/glossary/detail.asp?ID=4721>
 103. OECD – Organisation for Economic Co-operation and Development. (2017a, February). *OECD Economic Surveys: Italy*. Paris: OECD Publishing.
 104. OECD – Organisation for Economic Co-operation and Development. (2017b, October 11). *OECD Digital Economy Outlook 2017*. Paris: OECD Publishing.
 105. OECD – Organisation for Economic Co-operation and Development. (2017c, November). *OECD Science, Technology and Industry Scoreboard*. Paris: OECD Publishing.
 106. Osservatorio eCommerce B2c. (2017, October 10). *eCommerce B2c in Italia: Servono visione, coraggio e perseveranza!*. Retrieved January 10, 2018 from <https://www.consozionetcomm.it/dati/dati.kl>
 107. Osservatorio Fatturazione Elettronica & eCommerce B2b. (2017, June 13). *L'e-commerce b2b cresce del 19% e vale a 310 mld di euro imprese più consapevoli del ruolo del digitale nelle relazioni business*. Retrieved December 10, 2017 from https://www.osservatori.net/it_it/osservatori/executive-briefing/l-e-commerce-b2b-cresce-del-19-e-vale-a-310-mld-di-euro-imprese-piu-consapevoli-del-ruolo-del-digitale-nelle-relazioni-business
 108. Payne, A., & Frow, P. (2004). The role of multichannel integration in customer relationship management. *Industrial Marketing Management*, 33(6), 527-538.
 109. Penrose, E. T. (2009). *The Theory of the Growth of the Firm* (4th ed.). Oxford: OUP Oxford.
 110. Pereira, C. S., & Soares, A. L. (2007). Improving the quality of collaboration requirements for information management through social networks analysis.

- International Journal of Information Management*, 27(2), 86-103.
111. Porter, M. E. (1979). How competitive forces shape strategy. *Harvard Business Review*, 57(2), 137-145.
 112. Rangan, V. K., Menezes, M. A. J., & Maier, E. P. (1992). Channel selection for new industrial products: A framework, method, and application. *Journal of Marketing*, 56(3), 69-82.
 113. Rational AG. (2017). *Rational AG Annual Report 2016*. Landsberg am Lech: Rational AG.
 114. Roca, J. C., García, J. J., & de la Vega, J. J. (2009). The importance of perceived trust, security and privacy in online trading systems. *Information Management & Computer Security*, 17(2), 96-113.
 115. Rose, G. M., & Shoham, A. (2004). Interorganizational task and emotional conflict with international channels of distribution. *Journal of Business Research*, 57(9), 942-950.
 116. Rosenbloom, B. (2007). Multi-channel strategy in business-to-business markets: Prospects and problems. *Industrial Marketing Management*, 36(1), 4-9.
 117. Rosenbloom, B. (2013). Functions and institutions: The roots and the future of marketing channels. *Journal of Marketing Channels*, 20(3/4), 191-203.
 118. Rowley, J. (2012). Conducting research interviews. *Management Research Review*, 35(3/4), 260-271.
 119. Saarijärvi, H., Kannan, P. K., & Kuusela, H. (2013). Value co-creation: Theoretical approaches and practical implications. *European Business Review*, 25(1), 6-19.
 120. Saunders M., Lewis P., & Thornhill A. (2009). *Research methods for business students* (5th ed.). Harlow: Prentice Hall.
 121. Sa Vinhas, A., & Anderson, E. (2005). How potential conflict drives channel structure: Concurrent (direct and indirect) channels. *Journal of Marketing Research (JMR)*, 42(4), 507-515.
 122. Senn, J. A. (2000). Business-to-business e-commerce. *Information System Management*, 17(2), 23-32.
 123. Sharma, A., & Mehrotra, A. (2007). Choosing an optimal channel mix in multichannel environment. *Industrial Marketing Management*, 36(1), 21-28.
 124. Sheth, J. N., & Parvatiyar, A. (1995). The evolution of relationship marketing. *International Business Review*, 4(4), 397-418.
 125. Sica, G. M. (2014). *Il settore degli apparecchi domestici e professionali: Tra glorie passate e sfide future*. *Rivista di Politica Economica*, I-III(1), 35-94.
 126. Skarmeeas, D., Zeriti, A., & Baltas, G. (2016). Relationship value: Drivers and outcomes in international marketing channels. *Journal of International Marketing*, 24(1), 22-40.
 127. Spekman, R. E., Salmond, D. J., & Lambe, C. J. (1997). Consensus and collaboration: Norm-regulated behaviour in industrial marketing relationships. *European Journal of Marketing*, 31(11/12), 832-856.
 128. Stake, R. E. (2003). Case studies. In N. K. Denzin & Y. S. Lincoln (Eds.),

- Strategies of qualitative inquiry* (2nd ed.) (pp. 134-164). London: SAGE Publications.
129. Tamilia, R., Senecal, S., & Corriveau, G. (2002). Conventional channels of distribution and electronic intermediaries: A functional analysis. *Journal of Marketing Channels*, 9(3/4), 27-48.
 130. The World Bank. (2017, October 31). *Doing Business 2018*. Retrieved November 1, 2017 from <http://www.doingbusiness.org/reports/global-reports/doing-business-2018>
 131. Turban, E., Leidner, D., McLean, E., & Wetherbe, J. (2006). *Information technology for management: Transforming organisations in the digital economy* (5th ed.). Hoboken: John Wiley & Sons.
 132. Ulaga, W., & Eggert, A. (2006). Relationship value and relationship quality: Broadening the nomological network of business-to-business relationships. *European Journal of Marketing*, 40(3/4), 311-327.
 133. UNCTAD – United Nations Conference on Trade and Development. (2017, October 23). *Information Economy Report 2017. Digitalisation, trade and development*. Geneva: United Nations Publications.
 134. U. S. Commercial Service. (2017, June). *Doing business in Italy. 2017 Country commercial guide for U.S. Companies*. Retrieved September 20, 2017 from <https://2016.export.gov/italy/doingbusinessinitaly/index.asp>
 135. USDA – U. S. Department of Agriculture. (2017, December 11). *Italy: Foodservice - Hotel Restaurant Institutional. GAIN Report*. Retrieved December 20, 2017 from https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional_Rome_Italy_12-11-2017.pdf
 136. Valentin, E. K. (2001). SWOT analysis from a resource-based view. *Journal of Marketing*, 9(2), 54-69.
 137. Valos, M. J., Polonsky, M., Geursen, G., & Zutshi, A. (2010). Marketers' perceptions of the implementation difficulties of multichannel marketing. *Journal of Strategic Marketing*, 18(5), 417-434.
 138. Wallace, D. W., & Johnson, J. L. (2009). Multichannel strategy implementation: The role of channel alignment capabilities. *Decision Science*, 40(4), 869-900.
 139. Watson IV, G. F., Worm, S., Palmatier, R. W., & Ganesan, S. (2015). The evolution of marketing channels: Trends and research directions. *Journal of Retailing*, 91(4), 546-548.
 140. Webb, K. L. (2002). Managing channels of distribution in the age of electronic commerce. *Industrial Marketing Management*, 31(2), 95-102.
 141. Weitz, B. A., & Jap, S. D. (1995). Relationship marketing and distribution channels. *Journal of The Academy of Marketing Science*, 23(4), 305-320.
 142. Welbilt Corp. (2017). *2016 Form 10-K*. Retrieved November 20, 2017 from <http://d18rn0p25nwr6d.cloudfront.net/CIK-0001650962/42eab5fb-15d1-4674-99c1-be531485c151.pdf>
 143. Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5(2), 171-180.
 144. Wilkinson, I. F. (2006). The evolution of an evolutionary perspective on b2b

- business. *Journal of Business & Industrial Marketing*, 21(7), 458-465.
145. Wilson, S. G., & Abel, I. (2002). So you want to get involved in e-commerce. *Industrial Marketing Management*, 31(2), 85-94.
 146. Wilson, H., & Daniel, E. (2007). The multi-channel challenge: A dynamic capability approach. *Industrial Marketing Management*, 36(1), 10-20.
 147. World Economic Forum. (2016a). *How companies can win the race to meet customer expectations*. Retrieved December 10, 2017 from <http://reports.weforum.org/digital-transformation/the-race-to-meet-customer-expectations/>
 148. World Economic Forum. (2016b, July 6). *The Global Information Technology Report 2016*. Retrieved September 20, 2017 from <https://www.weforum.org/reports/the-global-information-technology-report-2016>
 149. World Economic Forum. (2017, September 26). *The Global Competitiveness Report 2017-2018*. Retrieved December 10, 2017 from <http://reports.weforum.org/global-competitiveness-index-2017-2018/>
 150. World Tourism Organisation. (2017). *UNWTO Tourism highlights 2017 Edition*. Retrieved December 10, 2017 from <https://www.e-unwto.org/doi/pdf/10.18111/9789284419029>
 151. Wu, I., & Wu, S. (2015). A strategy-based model for implementing channel integration in e-commerce. An empirical examination. *Internet Research*, 25(2), 239-261.
 152. Yan, R. (2011). Managing channel coordination in a multi-channel manufacturer-retailer supply chain. *Industrial Marketing Management*, 40(4), 636-642.
 153. Yin, R. K. (1994). *Case Study Research. Design and Methods* (2nd ed.). Thousand Oaks: Sage Publications.
 154. Zeng, A. Z., & Rossetti, C. (2003). Developing a framework for evaluating the logistics costs in global sourcing processes. an implementation and insights. *International Journal of Physical Distribution & Logistics Management*, 33(9), 785-803.

APPENDIXES

APPENDIX 1: Povzetek (Summary in Slovene language)

Ta magistrska naloga raziskuje izvedljivost uporabe e-poslovanja kot tržnega orodja za Electrolux Professional (v nadaljevanju EP) na italijanskem B2B trgu profesionalnih aparatov. EP je del skupine Electrolux Group – globalnega in vodilnega proizvajalca na področju gospodinjskih in profesionalnih aparatov. Je eden največjih proizvajalcev opreme za prehranske storitve, tako v Evropi kot tudi izven nje. Italija v tem segment ostaja eden izmed glavnih trgov, tako zaradi zgodovinskih kot tudi zaradi strateških razlogov.

Po pregledu ustrezne literature s področja B2B marketinga, tržnih kanalov in modelov, ki temeljijo na konkurenčni prednosti, se je poudarek moje raziskave preusmeril v preučitev kompatibilnosti med konfiguracijo virov znotraj EP in morebitno uporabo strategije e-poslovanja. Viri so vedno predpogoj, da organizacije delujejo in konkurirajo med seboj. Ta pogled temelji na tako imenovani teoriji proizvodnih virov in na ustrezni teoriji prednosti na podlagi virov, ki predstavljata primeren teoretični okvir za raziskovanje problema, obravnavanega v moji študiji. Ta je vključevala ugotavljanje in presojanje virov, ki bi se lahko uporabili za uspešno dodajanje platforme za elektronsko poslovanje. Osredotočila se je tudi na raziskavo, kako dobro bi se spletni prodajni kanal vključil v trenutno uporabljeno večkanalno strategijo glede izpolnjevanja dejavnosti, nalog in funkcij.

Glede na zelo specifično in kontekstualno naravo obravnavanega problema je bila moja raziskava zasnovana kot študija primerov posameznih podjetij. Pri študiji primera sem uporabila kvalitativni pristop, ki omogoča prožnost in širino, ki sta potrebni za preučitev kompleksnega in večdimenzionalnega problema obravnavanega v študiji. Delno strukturirani intervjuji s šestimi izbranimi udeleženci so bili glavni vir informacij in osnova za empirični del moje raziskave. Poleg tega sem pregledala ustrezne dokumente, da bi pridobila dopolnilne informacije o EP, saj sem tudi v času pisanja te naloge delala v podjetju. Empirične ugotovitve so bile nato analizirane s tematsko analizo in neposredno interpretacijo.

Zdi se, da kombinacija številnih zunanjih dejavnikov ustvarja ugodne tržne pogoje za strateške naložbe podjetja EP. Prvič, Italija je zrel trg za opremo za prehranske storitve, saj ima veliko in raznoliko bazo strank. Poleg tega gospodarsko okrevanje Italije, izboljšanje zaupanja potrošnikov in podjetij ter ugodna davčna politika ustvarjajo ugodnejše poslovno okolje za dolgoročne naložbe podjetij. Pomembno je izpostaviti, da je Italija eden najhitreje rastočih trgov za elektronsko poslovanje v Evropi, vključno z B2B e-trgovanjem, ki raste dvakratno. Kljub temu je več drugih dejavnikov ogrozilo uspeh strategije e-poslovanja. Najpomembnejši neugodni dejavniki so visoka konkurenca v industriji, počasi naraščajoče povpraševanje, nizka raven digitalizacije v italijanskem poslovnem sektorju (zlasti v malih in srednjih podjetjih) in dejstvo, da je spletno B2B poslovanje še vedno v povojih. Poleg tega se morajo podjetja soočiti z izzivom delovanja v državi, za katero je značilna stalna politična nestabilnost in okrevanje gospodarstva, kar ustvarja neugodne razmere za strateške naložbe.

Opravljen analiza v tej nalogi razkriva zelo zanimive poglede na predmet raziskave. Na eni strani podjetju EP močno koristi njihov velik ugled, po drugi strani pa svojo stabilnost črpa iz sposobnosti, ki jih ima kot ponudnik celovitih kuhinjskih rešitev. Zelo pozitiven ugled podjetja EP je povezan s kakovostjo izdelkov in storitev, ki jih zagotavlja, in je podprt z uveljavljenimi poslovnimi praksami, ki so usmerjene k inovacijam in povpraševanju. EP ima zelo jasno strategijo blagovne znamke, v skladu s katero je, glede na potrebe ciljnih strank, vsaka izmed blagovnih znamk podjetja usmerjena v različne segmente, pri čemer se digitalna tržna orodja uporabljajo predvsem za njihovo promocijo. Kot slednje naj izpostavim še, da prodajno in servisno omrežje podjetja predstavlja ključno prednost podjetja. To je posledica njihove sposobnosti zagotavljanja pravočasne in strokovne službe za stranke. Prodajni partnerji podjetja igrajo ključno vlogo pri vzpostavljanju in vzdrževanju odnosov z manjšimi kupci.

Čeprav se zavedam omejitev moje študije, menim, da naloga ponuja nekaj zelo zanimivih vpogledov pri odločanju. Ne samo za podjetje, temveč tudi za prodajalce. Industrija opreme za prehranske storitve je zelo konkurenčna, a tudi precej stabilna industrija, kjer se konkurenti v želji, da bi dosegli stranke, v veliki meri zanašajo na tradicionalne večkanalne sisteme. S tega vidika bi sprejetje strategije za elektronsko poslovanje podjetju Electrolux Professional lahko prineslo priložnost za skrajšanje razdalje do strank in priložnost, da bi se razlikovali od svojih konkurentov. Tveganje za kanibalizacijo tržnih kanalov, rivalstvo med različnimi deležniki, zastarelost izdelkov in odziv konkurentov ostajajo kritične grožnje za uspeh e-poslovanja. Najpomembneje pa je, da bi elektronsko poslovanje od družbe zahtevalo, da dramatično premisli o svoji strategiji distribucije in proizvodnje: potrebno bi bilo namreč ponovno opredeliti vloge znotraj večkanalnega sistema in ustrezno prilagoditi proizvodno strategijo, pri čemer bi tako imenovane pull motive zamenjali push nagibi.

Zanimivo je, da večina ovir za predlagano strategijo izhaja iz neskladja med strateškimi cilji podjetja, njegovimi lastnostmi izdelkov in storitev ter strategijo distribucije, ne pa iz posebnih značilnosti italijanskega trga. Dejansko je pristop podjetja v sektorju opreme za prehranske storitve usmerjen k strankam in odnosom, nakupne situacije običajno vključujejo veliko predprodajno pomoč, osebno svetovanje, pogajanja in prilagajanje izdelkov. Ti elementi so še posebej pomembni pri blagovnih znamkah podjetja EP. Zato se sam od sebe poraja dvom, kakšne koristi bi lahko imela družba z uveljavitvijo e-poslovanja, saj gre za tržno orodje brez kakršnih koli relacijskih vidikov, ki so posledica človekovega posredovanja.

Na podlagi ugotovitev moje raziskave bi bila predlagana strategija elektronskega poslovanja za Electrolux Professional sicer vključena v spletno neposredno prodajo, vendar bi bila omejena na tako imenovane poprodajne izdelke, torej na rezervne dele, dodatno opremo in potrošno blago. Ti segmenti predstavljajo gonilo rasti na italijanskem trgu. Dodelitev logističnih in poprodajnih nalog bo tako predstavljala izziv, ki bi lahko povzročila neusklajenost vlog in rivalstvo med različnimi deležniki.

Nasprotno, sprejetje strategije e-poslovanja za prodajo opreme za prehranske storitve na spletu potrebuje veliko previdnejši pristop. Zdi se, da je elektronsko poslovanje primerno samo za določene naprave, in sicer za sestavljivo in standardizirano opremo. Poleg tega so taktične in specializirane blagovne znamke podjetja Electrolux Professional bolj primerne za neposredno prodajo na spletu, saj te blagovne znamke običajno zahtevajo manj obsežno prilagajanje izdelkov, pogajanja in predprodajno pomoč v primerjavi z blagovnimi znamkami Electrolux in Molteni. Ker prodaja pod taktičnimi in specializiranimi blagovnimi znamkami družbe Electrolux Professional predstavlja samo manjšino celotne prodaje družbe, ni jasno, ali bi se stroški naložbe v elektronsko poslovanje izravnali z dobičkom.

APPENDIX 2: Alignment of marketing channel functions with customer needs

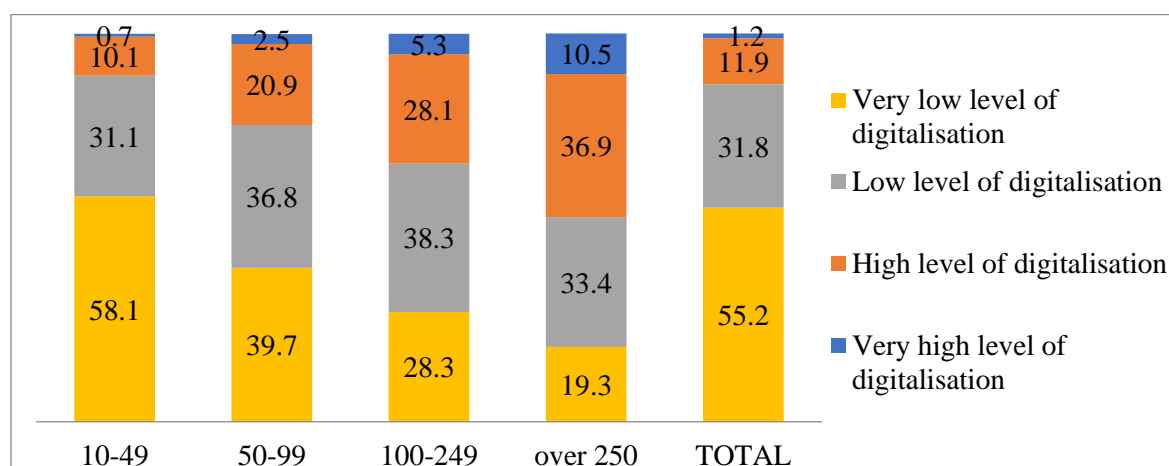
Table 1: Channel functions aligned with customer needs

Channel Function	Customer's Needs
Product Information	Customer seek more information for new and/or technically complex products and those that are characterised by rapidly changing market environment
Product Customisation	Some products must be technically modified or need to be adapted to meet the customer's unique requirements
Product Quality Assurance	Because of its importance to the customer's operations, product integrity and reliability might be given special emphasis by customers
Lot Size	For products that have a high unit value or those that are used extensively, the purchase represents a sizable dollar outlay and a significant financial decision for the customer
Assortment	A customer may require a broad range of products, including complementary items, and assign special value to one-stop shopping
Availability	Some customer environments require the channel to manage demand uncertainty and support a high level of products availability
After-Sales Service	Customers require a range of services from installation to maintenance and warranty
Logistics	A customer organisation may require special transportation and storage services to support its operations and strategy

Source: Hutt & Speh (2013, p. 255).

APPENDIX 3: Level of digitalisation in Italian enterprises

Figure 1: Enterprises by class of persons employed and level of digitalisation*, 2017



Note. *Data only for enterprises with at least 10 persons employed.

Source: Istat (2017f, p. 7).

APPENDIX 4: Description of activities included in Division 55 and Division 56 according to NACE Rev.2

Table 1: NACE Rev. 2 classification of economic activities - Division 55 and Division 56

Division	Definition and classes included
Division 55 Accommodation sector	<p>This Division includes activities involved in the provision of short-stay accommodation for tourists and other visitors, and the provision of longer term accommodation for students, workers and similar individuals. More specifically, this division includes:</p> <ul style="list-style-type: none"> – <i>Hotels and similar accommodation</i>: this class includes the provision of accommodation, typically on a daily or weekly basis, principally for short stays by visitors. More specifically, this class includes accommodation provided by: hotels, resort hotels, suite/apartment hotels, and motels. – <i>Holiday and other short-stay accommodation</i>: this class includes the provision of accommodation, typically on a daily or weekly basis, principally for short stays by visitors, in self-contained space consisting of complete furnished rooms or areas for living/dining and sleeping, with cooking facilities or fully equipped kitchens. More specifically, this class includes accommodation provided by: children and other holiday homes, visitor flats, cottages, and cabins without housekeeping services, and youth hostels and mountain refuges. – <i>Camping grounds, recreational vehicle parks and trailer parks</i>: this class includes: provision of accommodation in campgrounds, trailer parks, recreational camps and fishing and hunting camps for short stay visitors, provision of space and facilities for recreational vehicles, and protective shelters or plain bivouac facilities for placing tents and/or

(table continues)

(table continues)

Division	Definition and classes included
	<p>protective shelters or plain bivouac facilities for placing tents and/or sleeping bags.</p> <ul style="list-style-type: none"> – <i>Other accommodation</i>: this class includes all other types of activities that provide temporary or longer-term accommodation in single or shared rooms or dormitories for students, migrant (seasonal) workers and other individuals.
<p>Division 56 Food and beverage service sector</p>	<p>This Division includes food and beverage service activities that provide complete meals or drinks fit for immediate consumption. More specifically, this Division includes:</p> <ul style="list-style-type: none"> – <i>Restaurants and mobile foodservice activities</i>: this class includes those activities that provide foodservice to final customers, whether they are served while seated or serve themselves from a display of items, whether they eat the prepared meals on the premises, take them out or have them delivered. The sub categories included in this class are: full-service restaurants, pizzerias, fast-foods, quick-service restaurants, takeaways, self-service cafeterias, bakeries, ice-cream parlours, street stalls and kiosks, as well as restaurant and bar activities carried out on trains and ships by separate units. – <i>Catering activities</i>: this class includes catering activities for individual events or for a specified period of time, as well as the provision of foodservice based on contractual agreements and the operation of canteens or cafeterias (e.g. for factories, offices, hospitals or schools) on a concession basis. The sub-classes included in this class are: event catering and banqueting activities, canteens, and contract catering activities. – <i>Beverage service activities</i>: this class includes activities involved in the preparation and serving of beverages for immediate consumption on the premises. More specifically, this class includes: bars, pubs, beer parlours, cafés, fruit juice bars and mobile beverage vendors.

Source: Eurostat (2008, pp. 243-246).

APPENDIX 5: Main findings and detailed statistics for Italy's accommodation and foodservice sector

Table 1: Main findings from the analysis of Italy's A&F sector

Indicator	Description
Business structure	<ul style="list-style-type: none"> – Heterogeneous industry: includes many different customer segments. – Dominated by small and independent enterprises. Many are family-owned. – Highly labour intensive. High incidence of part-time and temporary employment. – Highest concentration of enterprises in Northern Regions.
Economic Performance	<ul style="list-style-type: none"> – Business and sales growth was heavily hit by the crisis (both in 2008 and 2011). – Since 2013, the performance of the A&F sector has continued to slowly improve, driven by a slowly recovering economy, rising confidence among enterprises and increasing consumer spending in out-of-home activities. – A large part of the industry is linked to the dynamics of hospitality and tourism sectors. – Characterised by seasonality.
Investments in machinery and equipment	<ul style="list-style-type: none"> – The volume of investments in machinery and equipment varies between segments. Highest level of investments in canteens and contract catering activities; lowest level in bars, pubs, cafés and other activities with no kitchen. – Italy's recovering economy, rising business confidence and favourable taxation policy has created a positive environment to support investments. Access to finance remains a key concern for enterprises.
Use of Information and Communication Technologies (ICTs)	<ul style="list-style-type: none"> – The use of ICTs is becoming widespread in Italy's A&F sector; however, enterprises in the accommodation sector continue to be ahead in terms of Internet use and website functionalities.

Source: own work.

Table 2: Italy's A&F sector: Number of enterprises by type of activity, 2008-2015

Type of activity	2008	2009	2010	2011	2012	2013	2014	2015
Hotels and similar accommodation	25,892	24,679	24,479	24,422	24,110	23,918	23,840	23,841
Holiday and other short-stay accommodation	15,705	17,119	17,945	19,170	20,178	21,016	20,570	22,280
Camping grounds, recreational vehicle parks and trailer parks	1,772	1,650	1,645	1,663	1,662	1,651	1,601	1,587
Other accommodation	399	480	429	398	355	322	304	297
TOT Accommodation	43,768	43,928	44,498	45,653	46,305	46,907	46,315	48,005
Restaurants and mobile foodservice activities	121,219	123,227	126,343	136,692	135,141	137,174	142,193	144,959
Event Catering Activities	1,858	1,860	1,844	1,913	2,013	2,034	2,470	2,490
Canteens & Contract Catering Activities	1,496	1,479	1,572	1,630	1,559	1,570	1,495	1,476
Bars, Pubs, Cafés and other activities with no kitchen	122,856	120,479	119,858	118,007	122,860	125,522	119,540	118,534
TOT Foodservice	247,429	247,045	249,617	258,242	261,573	266,300	265,698	267,459
Accommodation and Foodservice	291,197	290,973	294,115	303,895	307,878	313,207	312,013	315,464

Source: Istat (2017c).

Table 3: Italy's A&F sector: Turnover (€ thousand) by type of activity, 2008-2015

Type of activity	2008	2009	2010	2011	2012	2013	2014	2015
Hotels and similar accommodation	15,360,770	14,546,422	15,827,238	15,179,465	16,156,970	16,145,220	16,793,358	18,230,407
Holiday and other short-stay accommodation	2,901,539	2,493,157	2,595,895	2,712,612	2,960,801	3,108,826	3,057,962	3,320,894
Camping grounds, recreational vehicle parks and trailer parks	778,515	729,995	843,954	790,079	891,235	850,536	849,372	887,842
Other accommodation	148,059	145,528	116,633	146,460	91,139	95,880	97,394	107,908
TOT Accommodation	19,188,883	17,915,102	19,383,720	18,828,616	20,100,145	20,200,462	20,798,086	22,547,051
Restaurants and mobile foodservice activities	23,774,177	24,084,476	26,163,133	29,673,690	26,766,182	26,513,429	28,736,777	31,040,303
Event Catering Activities	921,549	812,041	699,405	631,160	702,023	729,105	835,386	903,125
Canteens & Contract Catering Activities	5,374,680	5,359,129	6,026,563	5,670,733	5,745,931	5,678,169	5,804,965	5,886,567
Bars, Pubs, Cafés and other activities with no kitchen	17,567,780	13,127,962	14,833,107	15,562,464	16,545,243	16,184,103	15,466,842	15,799,693
TOT Foodservice	47,638,186	43,383,608	47,722,208	51,538,047	49,759,379	49,104,806	50,843,970	53,629,688
Accommodation and Foodservice	66,827,069	61,298,710	67,105,928	70,366,663	69,859,524	69,305,268	71,642,056	76,176,739

Source: Istat (2017c).

Table 4: Italy's A&F sector: Gross investments in machinery and equipment – either new or used (€ thousand) by type of activity, 2008-2015

Type of activity	2008	2009	2010	2011	2012	2013	2014	2015
Hotels and similar accommodation	909,300	1,518,981	657,802	1,483,891	1,167,861	592,525	699,781	611,737
Holiday and other short-stay accommodation	204,178	175,669	106,746	139,137	144,647	203,610	134,737	99,911
Camping grounds, recreational vehicle parks and trailer parks	131,504	45,333	90,607	62,334	103,018	35,707	32,184	88,209
Other accommodation	6,220	11,349	5,653	3,496	966	2,327	3,839	4,291
TOT Accommodation	1,251,202	1,751,332	860,808	1,688,858	1,416,492	834,169	870,541	804,148
Restaurants and mobile foodservice activities	731,332	637,996	1,028,545	1,526,910	942,475	851,143	1,163,533	1,534,344
Event Catering Activities	39,081	20,616	86,336	52,629	14,258	28,376	24,162	32,836
Canteens & Contract Catering Activities	81,820	99,196	80,824	136,161	153,881	91,316	58,961	78,438
Bars, Pubs, Cafés and other activities with no kitchen	734,082	251,493	781,518	829,991	336,006	459,620	510,306	222,121
TOT Foodservice	1,586,315	1,009,301	1,977,223	2,545,691	1,446,620	1,430,455	1,756,962	1,867,739
Accommodation and foodservice	2,837,517	2,760,633	2,838,031	4,234,549	2,863,112	2,264,624	2,627,503	2,671,887

Source: Istat (2017c).

Table 5: Italy's A&F sector: Yearly average gross investments in machinery and equipment – either new or used (€) per enterprise, by type of activity, 2008-2015

Type of activity	2008	2009	2010	2011	2012	2013	2014	2015	Average enterprise investment in machinery and equipment over 8 years*
Hotels and similar accommodation	35,119	61,550	26,872	60,760	48,439	24,773	29,353	25,659	312,525
Holiday and other short-stay accommodation	13,001	10,262	5,949	7,258	7,169	9,688	6,550	4,484	64,360
Camping grounds, recreational vehicle parks and trailer parks	74,212	27,475	55,080	37,483	61,984	21,627	20,102	55,582	353,546
Other accommodation	15,589	23,644	13,177	8,784	2,721	7,227	12,628	14,448	98,218
TOT Accommodation	28,587	39,868	19,345	36,993	30,590	17,783	18,796	16,751	208,715
Restaurants and mobile foodservice activities	6,033	5,177	8,141	11,170	6,974	6,205	8,183	10,585	62,468
Event Catering Activities	21,034	11,084	46,820	27,511	7,083	13,951	9,782	13,187	150,452
Canteens & Contract Catering Activities	54,693	67,070	51,415	83,534	98,705	58,163	39,439	53,142	506,160
Bars, Pubs, Cafés and other activities with no kitchen	5,975	2,087	6,520	7,033	2,735	3,662	4,269	1,874	34,156
TOT Foodservice	6,411	4,085	7,921	9,858	5,530	5,372	6,613	6,983	52,773
Accommodation and foodservice	9,744	9,488	9,649	13,934	9,300	7,230	8,421	8,470	76,236

Note. *Calculated as: $\sum_{i=2008}^{2015} \text{Yearly Enterprise Gross Investment}_i$; where: *Yearly Enterprise Gross Investment* is the yearly average gross investment in machinery and equipment of each enterprise by type of activity; and *i* is the reference year.

Source: Istat (2017c).

Table 6: Italy's A&F sector: Main data

Type of activity	Number of Active Enterprises, 2015	Delta – N° of Enterprises (%), 2010-2015	Turnover (€ thousand), 2015	Delta – Turnover (%), 2010-2015.	Turnover (€) / Enterprise, 2015	Gross investments in machinery and equipment (€ thousand), 2015	Gross investments in machinery and equipment / Turnover (%)
Hotels and similar accommodation	23,841	-2.61	18,230,407	15.18	764,666.2	611,737	3.36
Holiday and other short-stay accommodation	22,280	24.16	3,320,894	27.93	149,052.7	99,911	3.01
Camping grounds, recreational vehicle parks and trailer parks	1,587	-3.53	887,842	5.20	559,446.8	88,209	9.94
Other accommodation	297	-30.77	107,908	-7.48	363,326.6	4,291	3.98
TOT Accommodation	48,005	7.88	22,547,051	16.32	469,681.3	804,148	3.57
Restaurants and mobile foodservice activities	144,959	14.73	31,040,303	18.64	214,131.6	1,534,344	4.94
Event Catering Activities	2,490	35.03	903,125	29.13	362,700.8	32,836	3.64
Canteens & Contract Catering Activities	1,476	-6.11	5,886,567	-2.32	3,988,189.0	78,438	1.33
Bars, Pubs, Cafés and other activities with no kitchen	118,534	-1.10	15,799,693	6.52	133,292.5	222,121	1.41
TOT Foodservice	267,459	7.15	53,629,688	12.38	200,515.5	1,867,739	3.48
Accommodation and foodservice	315,464	7.26	76,176,739	13.52	241,475.2	2,671,887	3.51

Source: Adapted from Istat (2017c).

Table 7: Italy's A&F sector: Number of enterprises by class of persons employed, 2015

Class of Persons Employed	0-9	10-49	50-249	Over 250	TOT
Hotels and similar accommodation	18,636	4,861	*	*	23,841
Holiday and other short-stay accommodation	21,787	330*	29	*	22,280
Camping grounds, recreational vehicle parks and trailer parks	1,405	170	12	0	1,587
Other accommodation	279	15*	*	0	297
TOT Accommodation	42,107	5,509	348	41	48,005
Restaurants and mobile foodservice activities	134,228	10,469	239	23	144,959
All Catering activities	3181	596	144	45	3,966
Bars, Pubs, Cafés and other activities with no kitchen	116,190	2,304	35	5	118,534
TOT Foodservice	253,599	13,369	418	73	267,459
Accommodation and Foodservice	295,706	18,878	766	114	315,464

Note. * Unseen data because of statistical confidentiality.

Source: Istat (2017d).

Table 8: Number of enterprises and persons employed and self-employed by type of activity, Italy, 2015

	Number of Active Enterprises	Average Number of Persons Employed and Self-Employed per Year
Accommodation and Foodservice	315,464	1,322,398.54
All Service Sectors*	3,415,171	11,038,963.09

Note. *Service sectors include: wholesale and retail trade repair of motor vehicles and motorcycles; transportation and storage; accommodation and foodservice; information and communication; financial and insurance activities; real estate activities; professional, scientific and technical activities; administrative and support service activities; education; human health and social work activities; arts, entertainment and recreation; other services.

Source: Istat (2017e).

Table 9: Italy's consumer foodservice sector – Number of outlets by type of activity and chain affiliation, 2016

Type of Activity	Number of independent outlets	Number of independent outlets (% of total)	Number of chain outlets	Number of chain outlets (% of total)	Number of Outlets Total
100% Home Delivery	17,661	97.17	515	2.83	18,176
Cafés/Bars	143,023	98.91	1,571	1.09	144,594
Full-Service Restaurants	103,651	99.16	883	0.84	104,534
Fast-Foods	9,351	79.51	2,410	20.49	11,761
Self-Service Cafeterias	613	49.84	617	50.16	1,230
Street Stalls/Kiosks	8,171	97.91	174	2.09	8,345
Pizzerias	39,870	98.80	486	1.20	40,356
TOT	282,470	97.86	6,170	2.14	288,640

Source: Euromonitor International (2017b).

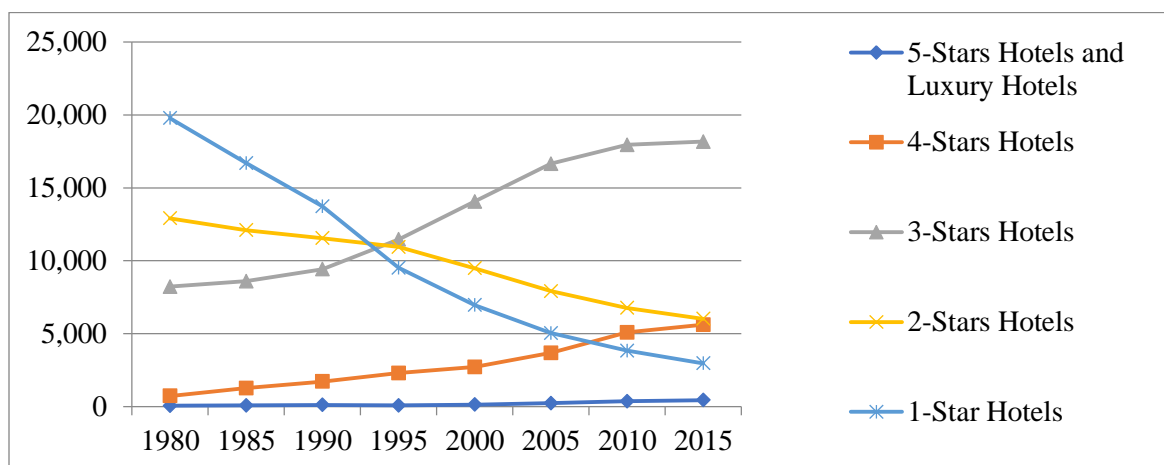
Table 10: ICTs usage by enterprises in Italy's accommodation, foodservice and non-financial service sector, 2017*

Indicator	Accommodation sector	Foodservice sector	Total non-financial service sector
Enterprises with Internet access (%)	99.21	87.98	97.37
Enterprises with a website or homepage (%)	97.95	62.76	69.60
<i>By type of service offered:</i>			
– Provision of online ordering and booking (%)	82.57	23.63	20.56
– Provision of catalogues & pricelists (%)	80.71	28.14	32.54
– Provision of order tracking available online (%)	35.88	3.64	9.97
– Provision of online customisation and configuration of products/services (%)	17.90	2.36	3.85
– Website contents can be personalised online (%)	23.09	3.93	7.69
– Website has links to company's social media account(s) (%)	68.80	40.13	36.30
Enterprises using CRM software to capture, store and make available data on customers to other functions (%)	40.19	7.45	30.65
Enterprises buying or selling online in the previous year (%)	87.31	39.86	50.21
Enterprises selling online via websites, apps or EDI systems (%)	81.99	8.61	16.39
Enterprises purchasing online via websites, apps or EDI systems (%)	44.02	34.79	43.27
Sales on-line (via a website and EDI) out total sales, excluding VAT (percentage on total sales value) (%)	27.86	0.69	8.63
Enterprises using any social media (%)	85.80	69.10	52.00
– To develop the enterprise's image or market products (%)	80.84	59.64	45.30
– To obtain or respond to customer opinions, reviews questions (%)	69.50	52.16	31.00
– To engage customers in development or innovation of goods or services (%)	35.29	22.62	17.59
– To collaborate with business partners or other organisations (%)	16.91	5.51	9.50
– To recruit employees (%)	16.25	15.12	13.23
– To exchange views, opinions or knowledge within the enterprise (%)	16.97	14.23	11.87

Note. *Data only for enterprises with at least 10 persons employed.

Source: Istat (2018c).

Figure 1: Number of hotels and similar accommodation by stars rating. Italy: Historical trends, 1980-2015



Source: Adapted from Federalberghi (2017, p. 62).

APPENDIX 6: Interview guide

OPENING OF INTERVIEW

Good morning/afternoon,

If you do not know me already, my name is Anna Toffoli. I am a Master's student in International Business at the Faculty of Economics of the University of Ljubljana and I am currently doing an internship at Electrolux Professional (Foodservice Equipment segment) as Business Marketing Intelligence & Customer Insights Assistant.

I am writing a thesis titled "Developing an E-commerce platform for Electrolux Professional brand: A feasibility analysis in the Italian market", whose purpose is to explore the role that an E-commerce platform could play for Electrolux Professional FSE in the Italian market. Hence, the aim of today's interview is to gain expert opinions on the problem addressed in my thesis and to obtain a thorough understanding of the competitive strengths and weaknesses of Electrolux Professional.

The interview can be held in either Italian or English. I will start with few questions about you, your role in Electrolux Professional and your professional background. I will then proceed with a list of broad, open-ended questions⁷ around four key topics:

- Past, presence and future of FSE Market. Understanding customer needs and how they have changed (and will change) over time;

⁷ My interview is semi-structured. I will not carefully follow the proposed list of questions, but I will use it as a guide for my interview.

- Identify Electrolux Professional’s competitive strengths;
- How important are dealers and other intermediaries to Electrolux Professional? Understanding how roles and functions are allocated across the multichannel system;
- Risks, benefits and other implications of adding an E-commerce sales channel to Electrolux Professional’s multichannel configuration.

I would like to inform you that, in accordance with Electrolux’s internal norms, today’s interview will not be recorded. Of course, no confidential information will be shared with third parties (in accordance with No Disclosure Agreement).

BODY OF INTERVIEW

Personal information and professional background of interviewee:

- Name and Surname
 - Role in Electrolux Professional
 - Years of experience in the Company
 - Professional background
1. Past, presence and future of FSE Market. Understanding customer needs and how they have changed (and will change) over time.
 - How have customer needs and expectations changed over the past 5/10 years? And how do you think they will change over the next 5/10 years?
 - What relevant trends have reshaped the FSE sector in recent years? What factors will influence demand and competition in the industry in the future?
 - How important is the personal dimension of B2B relationships in the FSE industry?
 - Based on your experience, what are the top 5 aspects that Electrolux Professional’s customers value when purchasing new FSE?
 - How important is product customisation for customers? Has it become a more/less important feature for customers? Are customers looking for standardised products/solutions?
 2. Identify Electrolux Professional’s competitive strengths
 - In your opinion, what makes Electrolux Professional different from competitors?
 - How has Electrolux Professional responded/adapted to major changes in the FSE industry competitive landscape?
 - What key benefits/advantages are provided by Electrolux Professional to its customers?
 - What is it like to work in Electrolux Professional? How would you describe the internal context, workplace and management processes?
 - Do you think that Electrolux Professional has unique resources (either assets, capabilities, relationships...) that other competitors lack? If yes, what resources?

- Do you think that Electrolux Professional is underutilising certain resources? If yes, what resources?
 - Why would customers opt for Electrolux Professional's products over competitors'?
3. How important are dealers and other intermediaries to Electrolux Professional? Understanding how roles and functions are allocated across the multichannel system.
- “To customers, the channels are the company” (Hutt, & Speh, 2013, p. 449) What do you think of this statement? Is it representative of the role that Electrolux Professional's channel partners (e.g. dealers, agents, distributors, sales reps...) play? What should a company's channels and intermediaries do in order to “be the company”?
 - What functions and tasks are Electrolux Professional's intermediaries involved in?
 - Are roles and functions clearly defined between Electrolux and its intermediaries? If yes, how are roles and functions allocated?
 - How would you describe the relationship that exist between Electrolux Professional and its intermediaries?
 - Has the role of Electrolux Professional's intermediaries changed over time? If yes, how?
4. Risks, benefits and other implications of adding an E-commerce sales channel to Electrolux Professional's multichannel configuration.
- Do you think that Electrolux would benefit from developing an E-commerce platform for selling its appliances? Why?
 - Do you think of E-commerce as an opportunity? Do you think that customers would be interested in buying Electrolux Professional FSE's products online?
 - In your opinion, what are the main barriers for Electrolux Professional to adopt an E-commerce strategy (might relate to the organisation, the internal capabilities, the external environment, customer needs, relationships with buyers/intermediaries)?
 - What are the biggest problems that Electrolux Professional FSE could face if it decided to engage in E-commerce?
 - Overall, do you think that E-Commerce is needed for competing in Italy's FSE market? If yes, why? If no, why?
 - How would the engagement of an E-Commerce sales channel affect other channels? Would E-commerce affect the relationship with other channels?

I would like to sincerely thank you for your availability and willingness to participate to today's interview!

APPENDIX 7: Profile of research participants

Table 1: Profile of research participant, by date of the interview: from least to most recent

Participant's name and role in Electrolux Professional	Details on interview	Participant's professional background in the Electrolux Group	Reasons for participant selection
<p>Ms. Roberta Benedet</p> <p><i>Digital Marketing Manager</i></p> <p>(Italian market)</p> <p>Middle manager, Junior position</p>	<p>Date: 13 September 2017</p> <p>Duration: 50'</p> <p>Language: Italian</p> <p>Location: Ms. Benedet's office</p>	<p>Years of work experience in Electrolux Professional: 19</p> <p>Previous roles in Electrolux Professional (from most recent): Key Account Marketing Manager; Brand Marketing Manager; International Marketing Manager – Communications & Events; Human Resource Assistant</p>	<p>Ms. Benedet is directly involved in the management and planning of digital marketing initiatives for the Italian Market. Her expert knowledge and expertise in digital marketing issues, including how to increase customer engagement by using digital marketing tools, make Ms. Benedet a very suitable participant for the study.</p>
<p>Mr. Andrea Rosi</p> <p><i>Sales Manager for Electrolux Professional FSE's tactic, specialist and regional brands: Zanussi, Dito Sama, Alpeninox and Veetsan</i></p> <p>(Europe, Middle East and Africa Region – EMEA Region)</p> <p>Middle-manager, Senior position</p>	<p>Date: 18 September 2017</p> <p>Duration: 50'</p> <p>Language: Italian</p> <p>Location: Mr. Rosi's office</p>	<p>Years of work experience in Electrolux Professional: 24</p> <p>Previous roles in Electrolux Professional (from most recent): Managing Director Electrolux Professional Spain; Managing Director Electrolux Professional Germany; Product Line Marketing and Sales Manager; Regional Sales Manager (South Italy); Brand Marketing Manager; Human Resources Development Assistant.</p>	<p>Mr. Rosi leads the sales team of sales professionals for the Zanussi, Dito Sama, Alpeninox and Veetsan in the EMEA region. Hence, he has a valuable and first-hand experience in directing sales functions and processes. He is also responsible for the design and implementation of business plans to achieve sales targets. Furthermore, he is actively involved in managing and developing relationships with key customers and sales partners. Based on his role and responsibilities, Mr. Rosi can provide useful insights to enhance my understanding of the issues addressed in my study</p>

(table continues)

(continued)

Participant's name and role in Electrolux Professional	Details on interview	Participant's professional background in the Electrolux Group	Reasons for participant selection
<p>Mr. Roberto Sartor</p> <p><i>Head of Horizontal Cooking Category - Electrolux, Molteni and Zanussi brands</i></p> <p>(World market)</p> <p>Middle-manager, Senior position</p>	<p>Date: 22 September 2017</p> <p>Duration: 45'</p> <p>Language: Italian</p> <p>Location: Mr. Sartor's office</p>	<p>Years of work experience in Electrolux Professional: 25</p> <p>Previous roles (from most recent): Platform Manager – Dishwashing Systems; Customer Support Manger – Dishwashing Systems; Sales Support Manager; Quality Assurance and Technical Training & Service Specialist; Specialist in New Technologies & Industrial Collaboration – Refrigeration Systems; CAD designer.</p>	<p>As the head of one of Electrolux Professional's core product categories, Mr. Sartor has very deep understanding of the key resources and capabilities that are leveraged by the Company to compete in the FSE industry. He has overall responsibility for Profit & Loss of the Horizontal Cooking Appliances category and oversees key activities concerning the product/brand portfolio of the category. He is also involved in pre-sales assistance and customer care activities, as well as R&D and marketing for the category. Mr. Sartor is thus a very suitable candidate for my study.</p>
<p>Mr. Alberto Marangon</p> <p><i>Business Marketing Intelligence & Costumer Insights Manager - FSE Operating Segment</i></p> <p>(Global function)</p> <p>Staff function</p>	<p>Date: 3 October 2017</p> <p>Duration: 65'</p> <p>Language: Italian</p> <p>Location: Meeting Room</p>	<p>Years of work experience in Electrolux Professional: 14</p> <p>Previous roles in Electrolux Professional (from most recent): Controller, Trade Marketing Specialist (CRM, Database marketing); Sales Area Manager – Marketing Support.</p>	<p>Mr. Marangon has a thorough and in-depth understanding of the competitive landscape in which Electrolux Professional FSE competes. He is responsible for planning and directing all market research activities that support strategic decision making at Electrolux Professional FSE. Based on his knowledge, expertise and authority, Mr. Marangon can offer very insightful perspectives on the problem investigated in my research.</p>

(table continues)

(continued)

Participant's name and role in Electrolux Professional	Details on interview	Participant's professional background in the Electrolux Group	Reasons for participant selection
Mr. Omar Conte <i>Digital Activation and E-commerce Manager</i> (Global function) Staff function	Date: 9 October 2017 Duration: 60' Language: Italian Location: Meeting Room	Years of work experience in Electrolux Professional: 21 Previous roles in Electrolux Professional (from most recent): CRM and E-commerce Manager; IT Tools Manager.	Mr. Conte is involved in the management of IT systems and operations in Electrolux Professional FSE, including EDI technology, EPR system, and other ICTs supporting marketing, sales and logistics activities. He has very broad IT knowledge and expertise to inform important and technical insights on the phenomenon being studied.
Ms. Edda Miceli <i>Product Manager – Dynamic Food Preparation Category</i> (World market) Junior manager	Date: 11 October 2017 Duration: 45' Language: Italian Location: Meeting Room	Years of work experience in Electrolux Group: 21 Professional background in the Electrolux Group: Ms. Miceli has worked in the Electrolux Group since 1996. Before joining the professional business area in 2016, Ms. Miceli had worked in Electrolux domestic division as European Spares Marketing Manager and Head of Business Development for Spare Parts & Consumables.	Ms. Miceli has a more diverse background as compared to other participants. Thanks to her prior work experience in the Households Appliance division of the Electrolux Group, Ms. Miceli can provide enriched insights into the problem addressed in this thesis.

Source: own work.