

Abstract

The following dissertation examines how a Danish retailer of kitchens, Europakøkkener A/S, seeks to attain a viable position in the Danish industry for
5 kitchens and complementary products.

Building on the theories of Porter's five forces, value chain, and strategies for sustainable competitive advantage, the dissertation examines how Europakøkkener with its Internet-centered business model positions themselves
10 and structures its value chain around trade-offs in an attempt at creating strategic fit and sustainable competitive advantage. Furthermore, based on Grant's resource-based theory of sustainable competitive advantage, the dissertation explores whether Europakøkkener, based on its existing resources and capabilities, has created or is on its way to creating a sustainable competitive
15 advantage.

Key findings suggest that the industry is dominated by few large manufacturers which control and enjoy a high degree of supplier bargaining power towards their retailers through franchise agreements. Rivalry amongst manufacturers is
20 relatively weak as opposed to the rivalry amongst retailers. Retail rivalry primarily originates from the high concentration of physical outlets. The franchise structure imposes an increase in fixed costs which again increases the price of the end product. This cost structure heightens entry barriers for new entrants wishing to establish themselves as manufacturers. Contrary to this, entry barriers are
25 lowered if new entrants forego this business model.

Europakøkkener has chosen a strategy of cost-based focus with a minimum of physical representation. To compensate for lack of physical presence, the company makes use of extensive Internet activities for both distributing Internet-based services and for Internet-ordering of products.

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After examining Europakøkkener's activities in relation to Porter's value chain it is apparent that the company's activity set resembles Stabell and Fjeldstad's alternative value chain configuration – the so-called value shop. Since the company has no inbound logistics and production, it is difficult to place the activities in a traditional linear value chain. Moreover, the sales activities are structured around an iterative flow of events each potentially influencing the other. In addition, physical sales activities – and the cost-based strategy - are supported by intensive use of Internet activities. A parallel virtual value chain is created by mirroring otherwise physical activities online drawing on information made visible in the physical value chain thereby supporting the value-adding process and creation of customer relationships.

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Company resources of Europakøkkener consisting of organizational, technological, and human resources join together in creating capabilities concerning efficient sales activities and attaining favorable supplier contracts. The degree to which the individual resources can be imitated by competitors are relatively high, but as complex capabilities consisting of conjoined resource teams risk of imitation becomes increasingly difficult. However, lack of property rights to knowledge of key employees' poses a risk to the appropriability of rents. Moreover, although the company has property right to technological resources, it may be short-lived as these are easily imitated due to their transparency and replicability.

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Through both image-related, organizational, and activity-based trade-offs Europakøkkener has attempted to position themselves and construct both first-, second-, and third-order fit in a fashion that has the potential of limiting risk of imitation from incumbents without them facing considerable channel conflicts.

- 5 Threat of imitation from new entrants may pose a problem for Europakøkkener as they lack complementary assets and face resource gaps such as brand. As new entrants attempting to imitate the company's strategy appear in the industry, filling resource gaps such as building a brand becomes necessary in order for Europakøkkener to sustain a competitive advantage.