HHG's Distribution System Challenged by Digitalization

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ABSTRACT

Title: HHG's Distribution System Challenged by Digitalization

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This dissertation investigates how manufacturers can exercise influence and control in indirect business-to-business (B2B) markets under increasing digitalization. It analyzes how influence is generated and applied across different decision phases when manufacturers do not control the transaction. While emphasizing that influence arises through shaping preference formation, structuring evaluation criteria, and guiding decision outcomes.

The objective is threefold: first, to analyze how purchasing decisions are structured along the B2B customer decision journey; second, to assess how power and dependence arise beyond formal transactions in indirect channels; and third, to examine how digitalization reshapes influence. Methodologically, the study combines a literature review with a qualitative case study, integrating insights from interviews, internal company data, and market analysis. The thesis includes a Teaching Note to support the in-class case discussion.

The findings show that influence in indirect distribution systems is primarily exercised before the transaction through visibility, information availability, and problem framing. HHG's technical expertise represents latent power but is constrained by limited digital visibility and scalability. Digitalization does not eliminate intermediaries but redistributes influence across decision-making phases and platform-mediated interfaces, implying that digital initiatives affect decision structures and dependency relations.

Keywords: Customer Decision Journey, B2B, Indirect Sales, Digitalization, Influence and Control, Power and Dependence, Latent Power

RESUMO

Título: Sistema de Distribuição da HHG sob Desafio da Digitalização

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Esta dissertação analisa como os fabricantes podem exercer influência e controlo em mercados business-to-business (B2B) indiretos num contexto de crescente digitalização. Analisa como a influência é gerada e aplicada ao longo das diferentes fases de decisão quando os fabricantes não controlam a transação. Destaca que a influência resulta da formação de preferências, da estruturação de critérios de avaliação e da orientação dos resultados decisórios.

O objetivo é triplo: analisar como as decisões de compra são estruturadas ao longo do customer decision journey B2B; avaliar como poder e dependência emergem para além das transações formais em canais indiretos; e examinar como a digitalização reformula a influência. Metodologicamente, o estudo combina uma revisão da literatura com um estudo de caso qualitativo, integrando contributos de entrevistas, dados internos da empresa e análise de mercado. A dissertação inclui uma Teaching Note para apoiar a discussão do caso em sala de aula.

Os resultados mostram que a influência em sistemas de distribuição indiretos é exercida sobretudo antes da transação, através de visibilidade, disponibilidade de informação e enquadramento do problema. A competência técnica da HHG representa poder latente, mas é limitada por reduzida visibilidade digital e escalabilidade. A digitalização não elimina intermediários, mas redistribui a influência ao longo das fases decisórias e interfaces mediadas por plataformas, indicando que iniciativas digitais afetam estruturas decisórias e relações de dependência.

Palavras-chave: Customer Decision Journey, B2B, Vendas Indiretas, Digitalização, Influência e Controlo, Poder e Dependência, Poder Latente

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1 CASE STUDY

Early on a Monday morning in January 2025, Lukas Übelmesser, the managing director of HHG GmbH Elektro, sat in his office in Cadolzburg, Bavaria, reviewing recent analyses on search visibility, website traffic, and trends in the German market. HHG, a privately owned German supplier of building-technology components with around €20 million in annual revenues and 16 employees, had built its growth on technical expertise, personal relationships with electrical installers, and exclusive distribution through electrical wholesalers.

While customer relationships appeared reliable, the digital reports indicated that the market environment was digitalizing faster than HHG could respond. Installers increasingly relied on digital channels for information, while wholesalers promoted products that were actively searched for. Digital systems ranked brands with strong online visibility at the top, pushing suppliers like HHG, despite solid product quality, toward the bottom.

The data made clear that HHG needed to strengthen its digital marketing and sales activities across the entire B2B customer decision journey. Against this backdrop, Übelmesser faced the decision of how to allocate HHG's scarce resources and which strategic direction to pursue.

1.1 The Beginning

HHG Elektro GmbH was founded in 2009 in Cadolzburg, Middle Franconia, Germany, emerging from a small regional electrical services business. In its early years, the company focused on traditional electrical installations and switch technology for residential and commercial customers. From the outset, HHG relied exclusively on the electrical wholesale channel as installers sourced materials through wholesalers. This indirect B2B structure shaped the company's role in the market and emphasized technical credibility rather than direct sales.

Early on, HHG developed a working philosophy centered on *"technical proximity to installers, fast operational support, and long-term relationships."* As one early employee recalled:

> *"Our strength was never glossy marketing. Our strength was our know-how and being the first one on the phone when an installer needed help."*

This mindset became embedded in the company's culture and guided its interactions with installers and wholesalers.

Throughout the following decade, HHG gradually expanded its product range and became a regionally established provider of switch programs, building automation systems, and door and video communication solutions. Its customers base remained concentrated in southern and central Germany, with limited reach beyond German-speaking markets.

In parallel, HHG built internal capabilities in technical support and service management. It introduced its own product variants and technical adaptations as customer projects demanded. The combination of growing technical expertise and close collaboration with installers strengthened HHG's position as a practice-oriented specialist in modern building technology. During this period, installers increasingly complemented personal support with online resources for technical details and installation guidance.

A milestone came in late 2009 with the exclusive partnership with Panasonic Electric Works. Through this cooperation, HHG gained access to a *"technologically advanced"* portfolio offered by only a small number of distributors in Germany. The partnership enhanced the company's reputation among installers and wholesalers and reinforced its focus on specialized building-technology applications.

Between 2009 and 2024, HHG grew by approximately 35% per year, reaching nearly €20 million in annual revenues in 2024/25. By 2025 the company held about 1.1% market share in the German switch market and roughly 4.5% in the German video- and door-communication market. Over the same period, the number of employees expanded from a small founding team to 16 employees, equating to 15 full-time equivalents (FTE).

HHG's growth followed a bootstrap model, reinvesting its earnings directly into day-to-day operations and new capabilities added only as internal resources allowed. There was no external capital, no outside investors, and no formal growth funding. As Übelmesser later described it: *"We built things step by step, always from what the business itself generated."*

In 2025, HHG was led by Managing Directors Lukas Übelmesser and Christian Kießling. As the industry increasingly shifted toward digital information channels, Übelmesser observed changes in how installers searched for products, compared solutions, and prepared installations. While HHG's relationship-driven approach continued to resonate with long-standing customers, its visibility in early stages of online research was becoming less pronounced.

1.2 Business Model

When Übelmesser introduced HHG’s business model to new employees, he often summarized the company’s position in the electrical installation market with a simple line: *„We influence the users, but we don’t invoice them.”* This remark captured the core dynamic of HHG’s B2B environment, in which the company served two different customer groups, each having its own incentives, decision processes, and expectations.

The end-users of HHG’s products were electrical installers responsible for planning, installing, configuring, and maintaining building-technology systems on-site. While not formally dependent on HHG, many installers regularly contacted the company for technical clarity, troubleshooting, or practical installation guidance, primarily by phone. As Übelmesser occasionally heard from long-standing customers: *“When something is unclear on-site, we call HHG to resolve it with us in real time.”*

At the same time, electrical wholesalers acted as HHG’s sole sales channel as they executed all product transactions. Established industry practice, known as the *“unwritten rule of trade”*, required all orders to be processed through wholesalers, making direct sales to installers uncommon and unacceptable. Even HHG’s recently introduced digital product configurator followed this logic, forwarding completed configurations to partnering wholesalers due to the absence of direct purchasing options. Within this structure, installers generated demand, while wholesalers formalized and processed sales. At the time, HHG was listed by more than 300 wholesalers.

This indirect distribution model shaped nearly every operational aspect of HHG's business. Wholesalers selected products based on customer demand and margins. As Übelmesser explained:

> *“Wholesalers choose based on volume and margin. We have to make sure our products are actively requested and deliver a high margin, otherwise they won’t be listed.”*

As a result, the company had no direct insight into who ultimately ordered its products or what influenced specific choices. One marketing employee stated,

> *“We saw that the orders were coming in to the wholesalers, but we didn't know who had made the decision or what had influenced it.”*

HHG’s product range included switch programs, video communication systems, building automation components, and related accessories (**Exhibit 1**). Two product groups were particularly important. The first was its own VILLA door communication series, positioned in a more price-conscious market segment with high comparison intensity among end customers. Produced overseas, the series enabled low-cost sourcing and allowed HHG to offer the product to wholesalers at lower prices, enabling attractive margins for them. The series represented a significant share of HHG‘s portfolio. The second product group stemmed from the exclusive partnership with Panasonic Electric Works, providing access to a diverse portfolio of switch programs and building-technology components. These products were less price-sensitive and strengthened HHG's technical profile. Typically, they generated higher margins for both HHG and wholesalers. Installers often associated HHG with Panasonic's *"high-quality systems",* while wholesalers appreciated the differentiated assortment (**Exhibit 2**).

To create and sustain demand, HHG relied on a set of key activities centered on technical support, repeatedly described by installers as a *"defining strength"*. Support handled configuration questions, diagnosed installation issues, and prepared technical documentation guiding installers through product use. Marketing activities focused mainly on maintaining digital channels and supplying product information, images, and texts for wholesalers' digital catalogs and online shops. With limited capacity, marketing efforts remained selective rather than systematic.

As a bootstrapped company, HHG grew gradually and invested cautiously. Digital assets such as its website, YouTube channel, and product configurator supported daily operations, but were not integrated into a systematic digital strategy.

1.3 Company Structure

HHG operated with 16 employees (15 FTEs) across five departments: Management, Technical Support, Marketing & Sales, Logistics, and Administration (**Exhibit 3**).

Management responsibilities were shared by Übelmesser and co-managing director Christian Kießling, who oversaw supplier relationships, coordination with wholesalers, and operational decisions. In the small organization, responsibilities frequently overlapped, as management described it: *"On some days we are strategists, and on others we're simply the next available pair of hands."*

The Technical Support team was the largest unit and the primary point of contact for installers. Phones rang throughout the day as installers called to clarify configurations, discuss wiring questions, or troubleshoot on-site issues. The team also gathered recurring field insights, which were regularly shared with management to inform possible product refinements.

In contrast, Marketing & Sales operated with 1.5 FTEs and was responsible for all brand-related communication, including the website, LinkedIn, YouTube, Instagram and support for wholesalers' digital catalogs. HHG had no dedicated digital analytics, SEO, or content-specialist roles. Digital tasks were integrated into broader marketing responsibilities.

The logistics team coordinated incoming shipments, managed warehouse operations, and organized deliveries to wholesalers, while a small administrative unit handled finances, order processing, invoicing, and general office coordination.

1.4 The German Electrical Installation Market

Germany represented the largest electrical installation market in Europe, with more than 6,000 wholesalers and end-market sales estimated at approximately €14.1 billion by 2017. After steady growth in the mid-2010s, demand plateaued briefly in 2017 before resuming an upward trend (**Exhibit 4**). Renovations and energy-efficient upgrades of aging buildings were important drivers, with around 29 million housing units over 30 years old, many of them with outdated electrical systems, inadequate safety features, or limited electrical capacity. Retrofitting projects therefore formed a substantial and recurring share of the market.

Demand was further shaped by the rapid expansion of connected building technologies. Smart-home systems, including networked switches, sensors, lighting controls, and door communication solutions, became standard in many new-build and renovation projects. The German smart-home segment grew quickly during the 2020s. It was estimated at around €7.9 billion in 2025 and projected to exceed €12 billion by 2030.

The sector was highly fragmented, consisting largely of small, owner-managed craft businesses. In 2024, around 48,000 electrical firms employed just over 516,000 people, with an average company size of 10 to 11 employees. The thirty largest firms together generated around €0.5 billion in revenue. Installers operated under considerable time pressure due to a persistent shortage of skilled electricians and rising workloads driven by renovation, energy-efficiency upgrades, and new technologies.

Given these constraints, installers favored familiar, easy-to-install products supported by clear documentation. Many experienced electricians, about a quarter of whom were over 55, relied on established brands, while younger installers increasingly turned to digital resources.

Simultaneously, the industry faced a persistent shortage of skilled workers. By 2025, more than 16,000 open positions for electricians in Germany remained unfilled, with an average vacancy period of 114 days. Installers were required to manage more projects with fewer staff, while adapting to technological developments.

Parallel to these developments, electrical wholesalers expanded their role as central interface between manufacturers and the fragmented installer base. Beyond logistics, wholesalers increasingly operated digital platforms, combining product information, specifications, and marketing content. These systems enabled online research, comparison, and order preparation, making complete and accurate digital product data a critical factor for market visibility.

1.5 Evolution of Digitalization in the Electrical Industry

Over the past two decades, B2B purchasing in the electrical market shifted from a personal, relationship-driven model toward a search-driven, self-service model. The first online catalogs in the late 2000s marked the beginning of this, which accelerated with smartphone adoption on construction sites. By the mid-2010s, installers routinely searched for information on wiring, product variants, or troubleshooting steps directly on-site. As one major electrical wholesaler warned in an industry study:

> *"No other industry is experiencing such rapid digitalization and dramatic changes as the electrical industry."*

By the mid-2020s, digital touchpoints dominated nearly every stage of the decision journey. Awareness was driven by search, consideration by online tools, action by wholesaler e-commerce, and retention by digital support. As Übelmesser observed: *"When every sale runs through the wholesaler, digital visibility becomes market access."*

The development overlaps created an environment where manufacturers' ability to provide complete, accessible, and discoverable digital information became a key determinant of relevance within the installer community. This evolution was reflected in how installers moved through the stages of the decision journey: initial consideration, active evaluation, moment of purchase, and post-purchase experience.

Initial Consideration: In early project phases, installers increasingly discovered products via search engines, supplier websites, and industry portals, rather than through visits to stores or off-site sales representatives. A marketing employee at HHG recalled: *“Electricians often knew what they were looking for before anyone had spoken to them.”*

Video tutorials and online reviews became common reference points, especially for younger installers relying primarily on digital guidance.

Active Evaluation: As workloads increased and skilled labor shortages intensified, installers increasingly relied on digital tools that reduced evaluation time. Data sheets, comparison functions, and configurators enabled quick evaluation and material list creation. Leading manufacturers supported this by offering planning tools that allowed direct export of configurations to wholesalers' systems.

Moment of Purchase: Wholesalers’ online platforms became the central point of orientation, as all purchases ultimately ran through wholesale distribution. Installers often consulted manufacturers for technical clarification only after narrowing options through online research. Frequently, digital documentation or videos preceded direct contact.

Post-purchase experience: E-commerce platforms became the predominant interface for purchases. Wholesalers offered real-time pricing, availability checks, and next-day delivery. While transactions remained with wholesalers, most selection and evaluation took place digitally. One wholesaler summarized: *“The order was just the last click, everything leading up to it had already been done online.”*

Even after purchases, digital channels remained relevant. Installers regularly accessed manufacturers’ websites or videos during installation to clarify usage questions. Industry surveys indicated that online reviews increasingly complemented personal recommendations. With the increased availability of digital resources, continuous access to searchable manuals and support materials became part of installers' daily work.

1.6 HHG’s First Digital Steps

By 2025, HHG’s digital presence consisted of several German-language channels, including the company website, a YouTube profile, as well as LinkedIn and Instagram. Across all platforms, activity occurred on an irregular basis and without a defined publishing rhythm.

The YouTube channel, launched in the early 2020s, contained a limited number of instructional videos published at long intervals. On LinkedIn, posts appeared infrequently and were mainly uploaded by the managing directors, Christian Kiesling or Lukas Übelmesser, and subsequently reposted by the HHG account. Beyond these reposts, activity remained limited. The Instagram account, also introduced in the early 2020s, showed a similar pattern. The content overlapped substantially with LinkedIn, consisting of occasional product-related and company updates, trade fair impressions, and job advertisements. The account made limited use of stories and did not include curated highlights.

Overall, content across its digital channels was loosely aligned and largely event-driven rather than differentiated by channel or integrated into a broader communication logic. As one marketing employee explained: *"Our posts went out when time allowed, not according to any plan."* HHG also provided German-language marketing material that wholesalers could incorporate into their own communications, particularly for new products launches. These contributions were coordinated individually and varied in scope. As another team member noted,

> *"Sometimes we suggested activities, sometimes wholesalers asked for something, but we never knew exactly which installers they were targeting, and there was no structured plan."*

The company's website served as the central repository for product information and technical documentation but offered limited interactivity. Navigation relied on static menu structures (**Exhibit 5**). Users scrolling to the bottom of the homepage encountered a general overview of available sections, which functioned as the closest equivalent to a site map and content updates occurred infrequently. The newsletter sign-up feature was located within a submenu and was not prominently displayed elsewhere on the site.

SEO performance remained limited, and the website provided little visibility into user behavior. Neither product pages nor the configurator tracked interactions, preventing insights into how users moved through the site or where they abandoned the process. As Übelmesser illustrated: *"We simply didn't see what happened online between interest and request."* Another employee added: *"We knew that people visited the site, but we had no insight into how they moved through it."*

One of HHG's more recent tools was the online configurator for the VILLA intercom line, launched in 2025 (**Exhibit 6**). It supported installers during planning and forwarded users that completed configurations to an overview of partnering wholesalers. The forwarded page was available in three languages: German, English, and French, and was hosted on the ETIM Germany website, which served as the operational backend for this feature. Due to limited development capacity, the configurator offered only basic features and did not track the number of initiated or completed configurations, abandonment rates, or product preferences. A demo function provided a list of company domains that accessed the website, though these observations were not integrated into a broader analytics framework as it *"only showed who stopped by, but not what they did."*

Internally, HHG relied on recently introduced Microsoft 365 tools for coordination and documentation. Externally, the company maintained an email newsletter list of roughly 1,000 German-speaking recipients. New contacts were added either through the website's sign-up option or occasionally after direct conversations with installers or partners. As one technical support employee noted, *"If a discussion went well, we sometimes added the person to the list."*

The newsletter was sent irregularly and without a defined strategy or segmentation approach.

Looking ahead, HHG planned a full website relaunch in 2026. The updated system was intended to provide a more modern interface, increased flexibility for building landing pages, and the ability to link campaigns to Google Ads. The relaunch was also expected to enable basic tracking functions to help HHG observe user activity more systematically. As Übelmesser summarized,

> *"The goal is simple: to be more visible when installers search and to give wholesalers more reasons to keep us in their assortments."*

1.7 Digital Competitive Landscape

By 2025, several established manufacturers in the German electrical installation market had developed advanced digital environments that served as reference points for digital best practice in the industry. These companies operated at a significantly larger scale than HHG and had access to greater financial and organizational resources. However, their digital approaches shaped installer expectations and implicitly defined standards for online visibility, product information, and technical support.

In the switch segment, Busch-Jaeger and Gira maintained extensive product databases synchronized with wholesalers' systems, ensuring consistent visibility in digital search functions, category structures, and configurators. Their websites offered searchable documentation, regularly updated technical information, and instructional videos used during planning and installation (**Exhibit 7**).

These larger manufacturers complemented their core platforms with multiple digital channels. Their YouTube libraries included installation videos, product presentations, and system explanations, published at regular intervals and often aligned with product launches or trade fair dates. On LinkedIn, they posted frequently about product updates, training programs, reference projects, and participation in trade fairs or industry initiatives. Additional channels such as Instagram and Facebook supported visual product communication and brand presentation. Many competitors also operated installer portals that offered planning resources, software tools, training registrations, and structured knowledge databases.

In the door and communication segment, Siedle and Comelit provided comparable environments. Their portfolios were accessible through structured planning tools, step-by-step configuration workflows, and mobile-compatible support materials, enabling installers to evaluate system variants efficiently before placing orders through wholesalers.

Competitors also invested in standardized product data designed for seamless integration into wholesaler platforms. Media assets, specifications, and technical documents were supplied in standardized formats which supported stable digital shelf placement and consistent representation across distributor channels.

Across categories, leading competitors followed predictable publishing routines and coordinated release cycles for new products. Their online platforms functioned as central entry points for product information, featuring integrated search functions, clear navigation structures, and interactive guidance formats. Many also operated dedicated training environments such as webinars, video tutorials, and knowledge hubs. As a result, installers encountered these brands at multiple digital touchpoints well before engaging in the purchasing process.

Internally, larger competitors maintained dedicated teams responsible for managing digital content, coordinating with wholesalers, and updating product information. These teams monitored visibility and user interaction data, enabling them to adjust digital materials in line with installers' information needs. Collectively, these practices resulted in a high level of digital maturity, with competitors operating structured, data-supported ecosystems that enhanced visibility during early-stage search, facilitated product evaluation, and supported installers during installation.

1.8 The Future

By early 2025, Managing Director Lukas Übelmesser faced growing tension between HHG's traditional strengths and changing installer behavior. For years, the company had relied on technical expertise, personal relationships, and fast support to generate demand. But as installers increasingly searched for solutions online, much of the early-stage customer journey had shifted to digital channels where HHG had limited presence.

At the same time, larger competitors expanded their digital footprints through comprehensive product databases, frequent video content, and strong search performance. HHG's digital activities, managed by a small team with constrained capacity, showed inconsistent output, low SEO visibility, a website with limited interactivity, and a configurator without tracking of completion or abandonment rates. Internally, HHG had no clear picture of who engaged with its digital channels, how users navigated the site, or how online interactions translated into orders at wholesalers. As Übelmesser noted,

> *"We know we need to be more visible online, but it's not obvious where the impact will be greatest."*

Despite these constraints, Übelmesser recognized that digital channels offered the only scalable way to project HHG's expertise outward, potentially allowing the company to evolve from a service-driven niche operator into a modern, digitally visible specialist. As he reflected in a leadership meeting,

> *"If installers now discover solutions online, we must decide whether HHG becomes part of that world or stays on the sidelines."*

Übelmesser now had to decide whether HHG should continue improving its existing digital presence at a modest pace or pursue a more transformative direction. A more ambitious approach could position the company as a digital-first player, supported by stronger content capabilities, structured knowledge platforms, and clearer analytics. Yet resources were limited, the return on potential digital investments uncertain, and the most effective path forward remained unclear. How could a small, bootstrapped organization allocate scarce resources across competing digital priorities while preserving its technical strengths and maintaining relevance in an increasingly search-driven market?

2 LITERATURE REVIEW

The purpose of this literature review is to develop a theoretical framework explaining how influence and control arise in indirect B2B distribution systems and how these change under digitalization. As information, search, and evaluation processes become increasingly digitalized, the central question is not whether existing distribution systems are replaced, but how decision-relevant influence shifts when preference formation precedes transaction execution.

Accordingly, the review does not focus on operational sales instruments or digital marketing tools in a narrow sense. Instead, it examines the structural mechanisms through which influence and control are exercised via decision-making processes, dependencies, information flows, and governance arrangements in indirect B2B distribution systems. Influence is understood to arise less from transactional powers than from the ability to structure decision-making contexts, grant access to information, and offer choices. Digitalization acts as an enabling condition that can intensify such shifts without dissolving established channel architectures.

To address this, the review is organized around three complementary perspectives. First, the B2B customer decision journey is used to analyze when and where preferences are formed and how decision-making becomes analytically decoupled from transaction processing. Second, power-dependence and bargaining power approaches explain why influence in indirect distribution systems is structurally uneven and persistent. Third, literature on digital disintermediation and re-intermediation examines how digitalization redistributes decision-relevant control points within existing systems. Platform research is integrated to capture how such shifts are institutionalized through digital architectures and governance mechanisms without direct transaction control.

Overall, the literature indicates that the underlying case cannot be explained by classical distribution models or isolated digitalization strategies alone. It concerns a manufacturer that influences purchasing decisions independent of transactions, while remaining embedded in intermediary dependency structures, that are increasingly platform-mediated and can only be addressed indirectly.

2.1 B2B Customer Decision Journey

Understanding decision-making processes in B2B markets is essential to assess how purchasing decisions unfold over time and how buyer behavior is structured throughout this process. The customer journey has long served as a key analytical tool to measure these processes. Early research conceptualized purchasing behavior primarily as linear and sequential progression through clearly defined stages, that are reflected in attention-to-action models (e.g., AIDA) and classical buying-process frameworks. These models assume that buyers move stepwise from awareness to evaluation to purchase, implying a stable and predictable decision logic (Wedel et al., 2016; Howard & Sheth, 1969).

However, subsequent research challenges this linear understanding, arguing that it does not adequately reflect the complexity of decision-making, under conditions of digital information abundance, fragmented touchpoints, and distributed influence (Lemon & Verhoef, 2016). A key reference in this context is the customer decision journey model coined by Court et al. (2009) which was later adapted to B2B contexts (Lingqvist et al., 2013). Rather than conceptualizing purchasing as funnel, the model describes decision-making as non-linear and iterative process characterized by repeated information search, multiple touchpoints, and feedback mechanisms (Purmonen et al., 2023).

The customer journey thus functions less as standalone theory and more as procedural organizational model that integrates and structures existing knowledge into decision-making (Lemon & Verhoef, 2016). This is particularly relevant in B2B contexts, where purchasing decisions are made by individual actors. Instead, they are distributed across multiple organizational units and roles, involving heterogeneous information needs, evaluation criteria, and decision rights (Webster & Wind, 1972). The buying-center concept highlights that B2B decisions are social and organizational processes rather than isolated cognitive acts. Against this background, the customer journey provides an integrative frame that links individual information behavior with organizational coordination (Kalwey et al., 2023; Ehret et al., 2024).

The customer decision journey identifies four ideal-typical phases: Initial Consideration, Active Evaluation, Moment of Purchase, and Post-Purchase Experience, serving as reference points rather than separated stages (Court et al., 2009). Buyers may move back and forth between phases, skip stages, or engage in multiple phases simultaneously, depending on problem complexity, prior experience, and organizational context (Lingqvist et al., 2013) (**Exhibit 8**).

During the *initial consideration phase*, a preselection of relevant providers or solutions is made. This is shaped by existing cognitive frames, organizational routines, and perceived category standards which have developed through prior experiences and institutionalized practices (Howard & Sheth, 1969; Webster & Wind, 1972). Accessibility and visibility of information are critical in determining which options enter the consideration set. Studies show that parts of this preselection occur prior to direct interaction with suppliers or sales representatives, thereby constraining subsequent evaluation processes (Chen-Wishart, 2009; Lemon & Verhoef, 2016; Van Bommel et al., 2014). Digital information environments reinforce this effect by amplifying early-stage visibility and salience (Wedel & Kannan, 2016).

In the *active evaluation phase* buyers engage in information gathering, comparison, and internal coordination. Requirements are specified, evaluation criteria refined, and preferences adjusted through interaction with the buying center and with external information sources (Maycock, 2012). Digital content, technical documentation, application- and peer-generated information become central mechanisms for reducing uncertainty and legitimizing choices, particularly in B2B purchasing situations (Liu et al., 2025). This illustrates that preference formation is not only an individual cognitive process, but also a collective organizational activity structured by available information and interpretative frameworks.

The *moment of purchase* refers to the official conclusion of the decision by executing a transaction. In many B2B markets, this does not coincide with the actual formation of preference. In indirect distribution systems, transactions may be carried out by intermediaries, while the influence that shapes decisions has already taken place in earlier phases (Lingqvist et al., 2013). This separation between preference formation and transaction execution is a feature of today's B2B purchasing and implicates how influence and control are distributed among various players.

Post-purchase experience includes all interactions and experiences after the purchase, such as usage, service, support, and ongoing information provision. These experiences feed back into future decisions by reinforcing or revising existing cognitive frameworks and organizational routines (Lemon & Verhoef, 2016). Such effects are relevant in markets with recurring demand, where post-purchase learning can stabilize supplier relationships or trigger new evaluation cycles (Siebert et al., 2020).

Overall, the customer journey perspective conceptualizes B2B decision-making as a processual, information-driven, and organizationally embedded phenomenon. Its key contribution lies in explicit separation between preference formation and transaction execution, as well as in its emphasis on early, digitally mediated phases of decision-making.

2.2 Role of Power in Distribution Channels

Building on the customer journey, which separates preference formation from transaction execution, the literature on power and dependence provides a structural explanation why influence and control remain asymmetric in indirect B2B distribution systems. While customer journey research highlights when and where influence emerges during decision processes, power-dependence theory explains why certain actors are positioned to benefit from these processes over time. Recent research on digitalization and platforms extends this logic by showing how such positions are anchored in control over interfaces, information levels, and governance mechanisms rather than in transactions alone.

2.2.1 Power-Dependence

Power dependency theory conceptualizes power as a relational construct that arises from asymmetrical dependencies between exchange partners. An actor's power over another increases when they control resources or outcomes that are important to the other party and when functional alternatives are limited. This rejects transactional or property-based conceptions of power and instead locates power in the structure of exchange relationships (Emerson, 1962).

Channel research applied this logic to interorganizational exchange and demonstrated that manufacturers, intermediaries, and customers occupy structurally differentiated roles along the value creation and exchange chain (El-Ansary & Stern, 1972; Reve, 1979). Power in these systems does not stem from the ability to execute transactions, but from control over decision-relevant resources such as customer access, information aggregation, assortment decisions, and coordination functions (Sarkar et al., 1995). Müller-Hagedorn (1995) emphasized that vertical role separation institutionalizes these dependencies by assigning distinct exchange functions to different actors, thereby stabilizing power relations.

A defining characteristic of this perspective is its temporal stability. Historically developed role allocations, relationship-specific investments, and routinized coordination practices limit the adjustability of dependencies. Once intermediaries establish themselves as coordinators, they can further consolidate their position by assuming additional informational or interface-related functions, deepening dependence without increasing transactional visibility (Reve, 1979; Gaski, 1984). More recent work confirms that dependencies remain robust even under conditions of digitalization, as they are embedded in institutionalized channel arrangements and perceived role expectations (Sarraf, 2019).

This structural perspective already anticipates future digital developments as power arises among those who shape decision related conditions than among those who carry out the final exchange. As preference formation precedes transaction execution, influence shifts upstream, but dependence remains as long as access and coordination remain vertically mediated (Makkonen et al., 2021).

2.2.2 Bargaining Power

Within this relational framework, bargaining power represents the operational manifestation of anchored dependencies. It refers to an actor's ability to influence strategic decision variables of exchange partners, such as prices, contractual conditions, product range decisions, or forms of cooperation within interactions (El-Ansary & Stern, 1972). Classical strategy research often treats bargaining power as a market-level force determining value appropriation between buyers and suppliers (Argyres & McGahan, 2002).

From a power-dependence perspective, however, bargaining outcomes are not independent drivers of power but expressions of structural relationships. Persistent bargaining advantages reflect control over critical exchange functions, most notably access to customers and coordination of demand, rather than isolated negotiation skills (El-Ansary & Stern, 1972). Empirical channel studies indicate that bargaining power asymmetries are pronounced when intermediaries control access to fragmented end-user markets or act as primary interface between suppliers and demand (Reve, 1979; Butaney & Wortzel, 1988). In such constellations, manufacturers without direct customer access remain dependent, affecting not only pricing outcomes but also product range decisions, sales prioritization, and access to market information (El-Ansary & Stern, 1972; Reve, 1979).

However, further research has qualified a structural reading of bargaining power. Relationship-oriented perspectives emphasize that trust, commitment, and relational governance can moderate how power asymmetries translate into conflict or cooperation (Anderson & Weitz, 1989; Morgan & Hunt, 1994; Gaski, 1984). This view is further refined by showing that bargaining power effects are contingent rather than uniform. Chang et al. (2022) demonstrate that customer bargaining power does not necessarily reduce supplier performance. Its impact depends on strategic fit and how suppliers align their capabilities with demands imposed by powerful buyers. Similarly, supply chain research highlights that bargaining power interacts with demand uncertainty, such that power asymmetries can either stabilize or destabilize coordination depending on information availability and volatility (Shi et al., 2013).

Digitalization adds a contemporary dimension to bargaining power. As information search, evaluation, and coordination increasingly rely on digital data, bargaining leverage is no longer based on volume or contractual threats. Actors that control decision-relevant information, analytics, or interface-level data gain influence by shaping expectations about demand, performance, and willingness to pay upstream of formal negotiations (Wedel & Kannan, 2016; Lindenau, 2024). Bargaining power thus increasingly includes information-based and interface-mediated leverage, even when formal channel roles remain unchanged.

2.2.3 Platform-Mediated Dependence

While power-dependence and bargaining perspectives explain why asymmetric influence persists within established channel structures, platform research reframes dependency as function of digital architectures and governance rather than bilateral exchange relations. Instead of focusing on two-sided power asymmetries, platform theories conceptualize markets as multi-sided, rule-based systems in which access, coordination, and valuation are mediated through centralized infrastructures (Kenney & Zysman, 2016; McIntyre & Srinivasan, 2017).

A central contribution is its reconceptualization of verticality. Rather than locating power along a linear value chain, platforms are understood as layered systems consisting of interfaces, information environments, matching and evaluation mechanisms, data feedback loops, and governance structures (Pagani, 2013; Nachbar, 2021). Actors who control higher levels, especially interfaces, ranking logics, and rule sets, can influence market outcomes even without owning assets or executing transactions themselves (Cennamo & Santalo, 2013; Khan, 2019).

This explains why power of a platform is often decoupled from ownership of assets or transaction authority. Platforms centralize the setting of rules, standards, and access conditions, while decentralizing value creation to a network of complementary parties (Kenney & Zysman, 2016; Gawer, 2014). From a dependency perspective, participation in platforms becomes a prerequisite for visibility, legitimacy, or market access, creating asymmetric dependencies anchored in technical design rather than contractual exchange (Bamberger & Lobel, 2017; McIntyre & Srinivasan, 2017).

Further research specifies how such dependencies arise and persist. Studies on platform competition show that control over interfaces and user relationships enables to leverage network effects, accumulate data advantages, and influence competitive dynamics in adjacent markets (Cennamo & Santalo, 2013; Huang et al., 2017). Envelopment strategies illustrate how platforms can expand into adjacent areas by extending existing architectures, even without superior offerings, thereby reconfiguring dependency structures across ecosystems (Eisenmann et al., 2011; Gawer & Henderson, 2007).

Network effects and data feedback loops are a reinforcing factor in this process. As platforms grow, learning effects, switching costs, and data accumulation increase the relative attractiveness of participation and, at the same time, the costs of exit (McIntyre & Srinivasan, 2017; Huang et al., 2017). Dependency thus reinforces itself: complementary providers and users contribute to value creation, while platforms retain disproportionate control over coordination, ranking, and access (Bamberger & Lobel, 2017; Nachbar, 2021).

Further research differs between horizontal value creation and vertical control. While multiple complements jointly shape user experiences and preference formation, governance authority remains vertically concentrated at the platform level (Gawer, 2014; Thomas et al., 2024). Horizontal influence can therefore extend across the entire ecosystem without leading to control over market access or value extraction. This explains why decentralized innovation and centralized power can coexist within the same system (Cennamo & Santalo, 2013; McIntyre & Srinivasan, 2017).

Additionally, platform dominance is not purely technological but organizational. Schreieck et al. (2025) show that sustained platform control depends on governance capabilities such as rule design, interface management, and conflict resolution across heterogeneous participants. Similarly, interorganizational capability research highlights orchestration and governance as central sources of control in ecosystems that extend beyond firm boundaries (Dekker & Okano-Heijmans, 2020; Sandberg et al., 2021; He et al., 2023).

Platforms can thus be interpreted as institutionalized dependency structures that embed asymmetrical relationships in digital architectures. Dependency arises not primarily from a lack of alternatives for exchange, but from the need to participate in platform-mediated infrastructures in order to remain relevant in the market (McIntyre & Srinivasan, 2017; Bamberger & Lobel, 2017). Digitalization thus redistributes influence among different actors and touchpoints while consolidating control at vertical levels of the system.

Overall, platform-mediated dependency extends power-dependency by shifting the locus of power from exchange relationships to architectural control over interaction, information, and governance. While influence is distributed across ecosystems, lasting control remains concentrated among actors who design and manage platforms that structure market participation (Kenney & Zysman, 2016; Pagani, 2013).

2.3 Digital Disintermediation in B2B Markets

Digital disintermediation and re-intermediation provide an analytical frame for understanding how digitalization shifts influence in indirect B2B distribution systems. Rather than transforming channel structures, digitalization changes how information is generated, processed, and mobilized within existing systems (Wigand, 2020; Wirtz, 2024).

Early work conceptualizes digitalization through the lens of disintermediation. Building on transaction cost theory, electronic markets were expected to reduce search, coordination, and communication costs, enabling direct, IT-supported connections between suppliers and customers and potentially bypassing traditional intermediaries (Malone et al., 1987). The underlying assumption was that lower transaction costs would shift coordination from hierarchies and intermediaries toward market-based exchange (Sarkar et al., 1995; Bakos, 1997).

Subsequent studies show that electronic markets tend to mirror characteristics of existing value chains (Cosimano, 1996; Bailey & Bakos, 1997; Wigand, 2020). A key reason for this lies in the discrepancy between efficiency gains and the complexity of decision-making. While marginal search costs decline, overall coordination costs increase due to information overload, heterogeneity of offers, and difficulties in evaluating quality and reliability (Jin & Robey, 1999; Datta & Chatterjee, 2008). Hence, direct digital access does not automatically resolve uncertainty about counterpart reliability, information credibility, or outcome quality. In markets characterized by complex offerings, high consequences of failure, and repeated interaction, the absence of intermediaries can deteriorate perceived risk (Pavlou & Gefen, 2004; Sinclair & Wilken, 2009; Feulner et al., 2025).

Further emphasized is functional persistence of intermediaries under digital conditions. Digitalization does not eliminate intermediation but changes its dominant functions (Jin & Robey, 1999). Cosimano (1996) shows that intermediaries continue to play a coordinating role in digitalized markets by aggregating information, stabilizing expectations, and managing the complexity of exchanges. Similar conclusions are drawn in studies on electronic markets, advertising, and technology procurement, in which intermediaries adapt by shifting from transaction mediation to information processing, evaluation support, and interface management (Sinclair & Wilken, 2009; Mahnke et al., 2008).

A mechanism underlying this persistence is the role of intermediaries in reducing uncertainty and promoting trust in exchange relationships. Even when information is available digitally, buyers find it difficult to assess its relevance, credibility, and applicability, especially in a B2B context with specialized and non-standardized solutions. Intermediaries mitigate these challenges by filtering information, putting options into context, and signaling reliability through reputation, experience, or institutional positioning (Bakos, 2001; Pavlou & Gefen, 2004; Mahnke et al., 2008).

Building on this, the concept of re-intermediation captures how influence is redistributed within existing distribution systems through digital means, without changing the channel architecture (Chircu & Kauffman, 2000; Giaglis et al., 2002). Re-intermediation refers to the emergence of new intermediary roles, tools, or interfaces that assume decision-relevant functions previously performed by traditional intermediaries or internal sales units (Shi et al., 2013).

Central to this is relocation of decision-relevant activities to early, digitally mediated phases of the purchasing process. Empirical research on B2B buying behavior shows that information search, evaluation, and preselection increasingly occur before any direct interaction with suppliers or sales partners (Maycock et al., 2012; Lemon & Verhoef, 2016; Lindenau, 2024). These early phases structure subsequent choices by shaping which options are perceived as viable, credible, and relevant.

In this context, re-intermediation enables actors to influence purchasing outcomes without controlling the transaction itself (Jin & Robey, 1999). Influence derives from the ability to organize information environments, guide evaluation processes, and reduce perceived uncertainty at early stages (Chircu & Kauffman, 2000). This is observable across several points, including B2B services, advertising markets, and digital sourcing platforms, where new forms of intermediation emerge despite expectations of disintermediation (Sinclair & Wilken, 2009; Mahnke et al., 2008)

While re-intermediation explains shifts in influence, the literature also highlights limits to structural change. Established distribution systems are characterized by path dependency, role specialization, and persistent dependencies that limit the extent to which digital influence can be translated into lasting control (Wigand, 2020; Makkonen et al., 2021). Digital tools overlay existing systems rather than replace them, leading to hybrid arrangements in which traditional and digitally enabled intermediaries coexist (Shi et al., 2013).

Recent studies that go beyond B2B context confirm this finding. Research on cultural and art markets shows that disintermediation fails where intermediaries play a role in evaluation, legitimization, and coordination, even when digital access is technically possible (Ricucci & Blank, 2025). Similarly, work on blockchain-based coordination suggests that attempts to eliminate intermediaries lead to the emergence of new layers of coordination to address issues of governance, compliance, and reliability (Feulner et al., 2025).

2.4 Conclusion

The aim of this study was to understand how influence and control arise in indirect B2B distribution systems and how these change under conditions of digitalization. By systematically linking literature on the B2B customer decision journey, power dependence, bargaining power, platforms, and digital disintermediation and reintermediation allows three key theoretical conclusions to be drawn.

First, the customer decision journey literature shows that B2B purchasing is a processual, information-driven phenomenon in which key preferences are often formed before the formal transaction. Preference formation and transaction execution are analytically distinct. Influence therefore derives primarily from shaping early decision-making phases, such as information search, evaluation, and preselection, rather than from controlling the point of sale.

Second, power-dependence and bargaining power approaches explain why influence in indirect distribution systems remains structurally uneven and stable. Power arises from asymmetric dependencies related to market access, information control, and institutionalized role distributions. Bargaining power reflects these dependencies in concrete exchange outcomes rather than constituting an independent source of influence. Structural change is possible but typically incremental and contingent on developing alternative decision-relevant resources.

Third, the literature on digital disintermediation and re-intermediation demonstrates that digitalization does not eliminate intermediaries but reorganizes how influence is exercised. Influence shifts upstream through restructured information flows, evaluation mechanisms, and decision support, while expectations of comprehensive disintermediation remain empirically unconfirmed. Platform research further demonstrates how such positions of influence can be stabilized through digital architectures, interfaces, data feedback, and governance mechanisms, embedding control over access and evaluation into technical and organizational structures, even when value creation remains distributed.

Taken together, the literature suggests that influence in indirect B2B distribution systems increasingly arises where decision-making processes are structured rather than where transactions are executed. Digitalization reinforces this shift by enabling information-based and platform-mediated forms of influence while leaving underlying dependency structures largely intact. Influence thus shifts less between actors than between decision phases and control points within the system.

For further analysis, this implies that digital initiatives should be assessed not merely as marketing or efficiency measures, but as interventions that affect decision structures, dependencies, and governance arrangements. The literature thus provides a conceptual foundation for examining whether and how a manufacturer operating within an indirect distribution system can leverage digital and platform-based means to influence key decision drivers without fundamentally changing existing channel structures.

3 TEACHING NOTE

3.1 Learning Objectives

This case is designed to help students understand how influence and control are exercised in indirect B2B distribution systems under conditions of increasing digitalization. It emphasizes how decision-making processes, information flows, and power relations shape outcomes along the customer decision journey. It is particularly suited for courses in Strategic Management, Managing Organizations, and B2B Marketing Strategy, as it focuses on how firms build and adapt influence through organizational capabilities and digitally mediated decision processes rather than direct transaction control.

After discussing the case, students should be able to:

1. Analyze the B2B customer decision journey in indirect distribution systems.
2. Evaluate power and influence beyond transactions in indirect B2B channels.
3. Assess how digitalization reshapes influence along the customer decision journey.
4. Compare and evaluate strategic digital options for increasing influence, scale, and revenues.
5. Define and assess the success of a digital-first strategy in an indirect sales context.

3.2 Class Plan and Analysis

1. **Why was late-stage influence through technical support sufficient to secure HHG's market position for many years?**

HHG was able to secure a stable market position over many years, despite its late-stage influence in the customer decision journey. This can best be explained if power is understood in terms of processes, time, and relationships rather than transactions alone. In indirect distribution systems, purchasing and preference formation are structurally decoupled. Consequently, influence arises where uncertainty is reduced and decision-making capability restored rather than where transactions are executed. Accordingly, the analysis proceeds in four steps: (1) situational authority in the usage phase; (2) how late-stage interactions shaped future decisions; (3) stabilizing factors that reinforced this, and (4) structural limits.

From early on, (1) HHG positioned itself as a technically reliable partner for installers. This positioning became critical in the post-purchase phase, when installers faced application problems under time and project pressure. In these situations, HHG's technical support provided immediate, solution-oriented expertise, creating situational authority at moments of high uncertainty. This differentiated HHG not by products sold, but by how quickly and intensively they engaged once challenges emerged on-site. Such interventions generated expert and informational power, reducing cost and reputation risks and stabilizing HHG’s perception as a “safe choice”.

(2) This influence extended beyond individual purchases. Repeated positive support experiences created trust, routines, and implicit preferences that shaped future decisions via feedback loops before purchase occurred. Over time, HHG established itself as “the manufacturer one calls when things get critical on-site“. Late-stage influence was thus not merely reactive, but temporarily delayed, intervening late in the current decision-making process but structuring early phases of future decisions. By reducing the need for repetitive comparisons and evaluations, this has effectively eased competitive pressure and preserved HHG from frequent reassessments against alternatives.

This effect was reinforced by (3) high perceived product quality and reputation signals, such as established brand partnerships. Rather than serving as primary distinguishing features, such signals reinforced HHG's core role as trusted technical specialist. Over time, technical support evolved into an informal decision-making infrastructure, characterized by stable, experience-based routines that were difficult to imitate as they relied on cumulative relational capabilities rather than replicable product or digital features. However, this relational basis imposed a limit on scalability. The level of human interaction encouraged trust and problem solving but constrained interaction volume and, beyond support, restricted HHG’s ability to scale marketing activities, content creation, and early-stage visibility across the customer journey.

Finally, (4) HHG’s late-stage differentiation proved effective as long as early-stage decision-making were largely unstructured and minimally digitized. Installers lacked systematic tools for comparison, and preferences were formed primarily through experience rather than pre-purchase information. Under these conditions, dominating the usage phase was sufficient. This success substituted investments in early visibility and preference formation and fostered strategic path dependency. As digital touchpoints increasingly shaped initial consideration and pre-selection, HHG’s differentiation risked becoming effective only after competitive filtering.

In summary, late-stage influence through technical support was sufficient as it constituted a defensible form of differentiation based on experiential trust rather than transactional control. By anchoring preferences during moments of uncertainty, HHG reproduced them across projects through routine behavior. While stable in an experience-oriented environment, this delayed influence is progressively challenged as early-stage decision-making becomes more structured and digitalized.

2. **What are HHG's key strengths and weaknesses along the B2B customer decision journey given the wholesaler dependency?**

HHG's position along the B2B customer decision journey is shaped by a small number of identifiable strengths and weaknesses linked to its dependence on wholesalers. The analysis identifies five strengths: (1) technical support, (2) product quality and brand trust, (3) attractive price ratio, (4) a compatible product portfolio, and (5) organizational adaptability. As well as four weaknesses: (1) limited early-stage digital visibility, (2) limited scalability, (3) structural dependence on wholesalers, and (4) dependency on key partners.

A core strength lies in (1) HHG's technical support during installation and use, which is valuable in the post-purchase phase under time pressure and uncertainty. HHG is perceived as the manufacturer to contact when things get critical on-site. Fast support reduces operational risks when errors are most costly. Repeated positive support experiences create trust, affecting future decision-making cycles. Technical support is the strength, while trust is the stabilizing effect that emerges from it, even though transactions are completed through wholesalers.

Distinct from this is (2) HHG's quality image and brand credibility, impacting the consideration and active evaluation phases. The Panasonic partnership indicates technological expertise and quality, while HHG's own products are perceived as reliable. International credibility complemented by a local identity creates acceptance even before direct product experience.

Another factor is (3) HHG's pricing structure, which becomes relevant at the moment of purchase. Products are listed by wholesalers according to customer demand and margins, with HHG enabling attractive margins both in the more price-sensitive VILLA segment and less price-sensitive Panasonic products. While pricing is not central to HHG's positioning, which is stronger on brand and innovation, it fulfills a stabilizing function by securing listings and reducing displacement risks in indirect sales.

In addition, (4) HHG offers a compatible product portfolio, relevant during active evaluation. The VILLA line and Panasonic-related products are modular in design, compatible, and can be integrated into existing installations without major structural modifications. This coherence reduces implementation risks and cognitive effort for installers. Even if this does not represent a clear differentiation from all competitors, the portfolio acts as an adoption strength when simplicity and reliability are prioritized.

Finally, HHG (5) demonstrates pragmatic adaptability with limited organizational resources. Despite its team size, it has introduced operational improvements such as a product configurator and tested digital formats. These measures do not represent independent competitive advantages and are easy to imitate. However, they indicate organizational flexibility and willingness to explore new ideas under capacity constraints. This adaptability contributes to improving customer experience and operational efficiency without changing HHG's market position.

In contrast to these strengths, which operate mainly in later stages of the journey, HHG's weaknesses do not stem from operational inefficiencies, but from structural and strategic constraints that limit early-stage influence.

A weakness is its (1) limited visibility in the early decision stages, particularly initial consideration and active evaluation. Historically, this was unproblematic, as decisions were experience-based and wholesalers curated product ranges. With increasing digitalization, installers start their search online and compare alternatives early. Thus, early stages no longer function as neutral information spaces but as exclusion filters, leaving HHG too rarely present to even reach the shortlist.

Closely related is (2) limited scalability resulting from the organization size. HHG's strength in technical support is resource-intensive and people-oriented. While this enables high quality and trust, it also limits the number of parallel interactions. This capacity limit extends beyond support to marketing, content creation, and systematic visibility. The more HHG focuses on personal interaction, the harder it becomes to scale early-stage reach.

Another weakness is (3) HHG's limited control over decision-relevant interfaces due to wholesaler dependence. Wholesalers determine product display, comparison, and filtering before purchase. As a result, HHG has limited influence over product presentation, data availability, and ranking within wholesaler systems. Even when demand exists, HHG cannot fully shape pre-purchase evaluation. This constrains its ability to actively influence selection outcomes in a pre-structured decision environment.

Finally, (4) HHG faces limited control over key value drivers due to external dependencies. While reliance on wholesalers restricts access to customer interfaces, dependence on Panasonic may become a liability in the long-term. Changes in pricing, availability, or strategic direction could affect HHG's position without having control over it. This limits its ability to independently shape perception and pricing across the customer decision journey.

3. To what extent is HHG's current position characterized by latent power that is not yet strategically activated?

To analyze how HHG's position is shaped by latent power, three power sources are identified: (1) knowledge, (2) visibility and platform, and (3) bargaining power with wholesalers. For each source, explaining why it exists, how it is used, and why it has not yet been strategically activated.

Latent power refers to potential for influence and enforcement from existing resources, relationships, or dependencies not systematically translated into controllable, scalable, or negotiable advantages. In indirect B2B distribution, power is less tied to the transaction than to control over factors relevant to decision-making along the customer decision journey, particularly knowledge, visibility, and demand access. Power remains latent when influence is operationally fragmented, delayed, or not activated organizationally.

One of HHG's key power sources lies in (1) its control over scarce and difficult to imitate application-oriented, decision-relevant knowledge. This knowledge is continuously generated through direct support contact with installers consulting HHG when installation and configuration problems arise. Through this HHG learns how products work under real-world conditions, where typical errors occur, what requires explanation, and when uncertainty arises. Additionally, support provides feedback on product limitations, improvement opportunities, and recurring application problems.

HHG already uses this power, but primarily operationally. Through fast, competent support, HHG reduces on-site error risks, stabilizes product decisions, and strengthens installer trust. Knowledge power thus acts as a safeguarding and binding mechanism in the late decision-making process. However, this power remains latent as it is not systematically activated. The knowledge predominantly remains in individual support contacts, weakly structured, aggregated, or strategically evaluated, and rarely converted into scalable formats like content, documentation, or product development. Additionally, HHG's organizational connection between knowledge creation (support) and knowledge activation (marketing, data, digital touchpoints). So, knowledge power remains an operational advantage not a strategic lever.

A second latent power source is (2) potential control over digital visibility and discoverability in an increasingly platform-based B2B decision-making environment. With advancing digitalization, product research, comparison, and preselection shift to search engines, product databases, and wholesaler platforms. In such systems, data quality, structure, and explanatory content function as gatekeepers for market access. For explanation-intense products such as HHG's, this form of visibility is particularly relevant to decision-making.

HHG already possesses the foundation to activate this potential. The company provides technical documentation, operates a configuration tool, and has a deep understanding of typical application problems that could be translated into informative content. Thus, HHG has the content requirements to guide digital decision-making. However, this power remains latent as visibility is not systematically managed. Content is created irregularly, product data is not used strategically across platforms, and analyses of search behavior, user paths, or conversions are largely absent. Without systemization, visibility remains random rather than structured.

A third latent source of power lies in (3) HHG's potential bargaining power with wholesalers, arising from installer demand, economic attractiveness, and limited product substitutability. HHG is listed by over 300 wholesalers (in a market of around 6,000) and offers products with attractive margins and differentiating features. In principle, this could create retailer dependencies, especially if HHG generates channel demand or reduces complaints.

HHG already leverages this power indirectly. Broad listing ensures market access, while attractive margins support product presence, giving bargaining power a stabilizing effect. Yet this power remains latent, as HHG cannot systematically prove its contribution to wholesalers' business success. There is a lack of reliable data on pull-through, demand effects, or service relief. Without measurable evidence, bargaining power remains implicit and situational rather than an active lever for improved placement, prioritization, or conditions.

Overall, HHG's position is not characterized by lack of power, but rather by several distinct forms of latent power. HHG combines deep practical knowledge, potential relevance in digital decision-making environments, and a sound position within the wholesale market. However, these power sources remain implicit, operate late in the decision-making process, and stabilize existing decisions rather than shaping early pre-selection.

4. **What are HHG’s main strategic problems today in light of evolving competitive dynamics?**

Faced with evolving competitive dynamics, HHG is confronted with two closely related strategic challenges: (1) structural invisibility in the early digital decision-making phases and (2) the gradual erosion of technical support as a key differentiator.

A central problem is (1) HHG’s structural invisibility in early, increasingly digital decision-making phases. Historically, its business practices focused on personal interaction, technical support, and issue-specific clarification in later phases of the decision-making process. While digital market communication exists, it remains irregular, fragmented, and lacks a clear journey logic. The website and social media channels provide selective information, but do not systematically build awareness or preference. In comparison, competitors use digital channels more consistently and broadly, by posting regular content on platforms such as LinkedIn, YouTube, or Instagram, presenting visible product applications, offering training formats, and maintaining more structured websites. This creates a growing gap in reach, learning curves, and digital market routine that cannot be closed short-term. Structural aspects such as HHG’s German-only website further reinforce invisibility, especially as wholesalers and competitors increasingly provide multilingual product information.

Strategically, this invisibility becomes problematic primarily due to two interrelated shifts. First, decision-making in B2B increasingly moves to early, digitally driven phases in which installers research, compare, and make a preliminary selection before any personal interaction. Suppliers who are not present in this phase are not actively excluded, but simply not considered. In channel-dependent industries, brand owners often reduce the power of distributors through pull strategies that target end customers directly and create demand in advance. HHG is structurally constrained from doing so. Although the company maintains regular technical contact with installers, interactions are situational and problem-oriented and do not lead to systematic market knowledge or scalable demand. Additionally, the fragmented installer base and lack of direct communication make it difficult to reach installers with proactive marketing or sales messages. This strengthens wholesalers’ bargaining power in early phases and restricts HHG's influence over market selection. Second, digital visibility is cumulative. Competitors who have invested early and continuously have greater reach, established formats, and data-based learning advantages. Even if HHG intensifies its activities, it will initially face a competitive disadvantage, as attention, routines, and data must first be built up. Thus, HHG's traditional strength in the late decision-making phase loses its strategic impact, as it can only be effective if the company has already entered the decision-making space.

A second strategic problem lies in (2) the gradual erosion of technical support as HHG's core differentiator. For many years, HHG was the provider installers contacted when things got serious, in cases of uncertainty, on-site problems, or complex applications. This role generated demand and a knowledge advantage regarding typical use cases, sources of error, and customer needs. Being "the best at the back," was sufficient as technical excellence and availability offered clear added value that was difficult for competitors to replicate.

However, technical knowledge is becoming widely available, more standardized, and increasingly embedded into digital tools, like configurators, tutorials, databases, and automated support. If a relatively small company like HHG is starting to develop such solutions, it stands to reason that competitors with greater resources will be able to implement these approaches more systematically, quickly, and scalable. The support advantage risks becoming an expected baseline rather than a differentiator. If expertise is no longer unique, HHG loses its central source for attention, trust, and preference in a context where personal interaction is increasingly supplemented by digital alternatives. The question thus shifts from "How good are we at support?" to "What is our future, defensible added value?", which touches on the core of HHG's long-term competitiveness.

Combined, these changes affect both HHG's access to new decision-making processes and the long-term viability of its existing value proposition. Thus, challenging the company to redefine its role in the market before these relative competitive disadvantages become further entrenched.

5. To what extent can HHG regain influence over key sales drivers?

To determine the extent to which HHG can regain influence over key sales drivers, four drivers along the customer journey are considered: (1) visibility, (2) price, (3) product quality, and (4) loyalty. These drivers work sequentially and jointly determine inclusion in the purchase decision, transaction likelihood, and long-term preference formation.

A key early-stage sales driver is (1) visibility, as only visible suppliers are considered in the decision process. HHG is currently constrained as visibility is largely mediated by wholesalers, and its own digital presence is not aligned with search-based user needs. At the same time, HHG holds an underutilized lever: technical knowledge gained from daily support contact with installers. This knowledge reflects recurring installation problems and closely matches installer search behavior. By translating support insights into scalable digital formats, such as FAQs, how-to videos, or short problem-oriented articles, HHG can increase its visibility. Professionalized SEO around key search terms would allow earlier entry into the customer journey and reduce dependence on wholesalers as primary information channel. However, the resulting influence remains structurally limited. Although improved visibility supports consideration but does not enable systematic preference formation or independent demand stimulation due to remaining challenges in reaching numerous installers. Thus, visibility functions more as a supporting than a decisive sales factor, despite being internally controllable and a prerequisite for subsequent drivers.

Another sales driver is (2) price, which strongly affects purchase decisions. However, HHG's control is limited as price perception is not determined solely by the manufacturer, but also by the wholesalers' margin logic and positioning within the Panasonic portfolio. While there is no acute competitive problem, potential gains in influence lies less in active price setting than in increased responsiveness. Basic pricing analytics, such as regular competitor benchmarks at relevant wholesalers, would allow HHG to respond earlier to market changes. However, the regained influence remains limited, as pricing decisions remain structurally caught between suppliers, wholesalers, and the market. Price therefore has a stabilizing rather than transformative effect.

Another sales driver is (3) product quality, which becomes relevant in the usage phase, as it determines satisfaction, trust, and reuse. HHG benefits from technical reliability, system compatibility, and positive image effect which is further enhanced through its Panasonic partnership. At the same time, quality remains latent at first, as it can only be experienced post-purchase and depends on prior visibility. The influence comes from consistently ensuring and incrementally developing this quality. Technical support acts as a feedback interface that captures user experience and feeds it back internally and to Panasonic. Combined with quality standards and supplier controls, HHG can secure quality in the long term. The potential gain in influence is high, as quality is largely controllable internally and acts as an anchor for loyalty, even if it does not generate market presence.

A late-stage sales driver is (4) loyalty which at HHG has emerged implicitly through reliable products, accessible support, and positive user experiences. While strong, loyalty is not systematically activated. There are hardly any structured mechanisms to consciously reinforce this. A key opportunity lies in systematization of existing contact points. Technical support and existing newsletter structures could be used to address feedback, provide proactive guidance, and create personal touchpoints, transforming functional satisfaction into a more stable emotional bond. The gain in influence is medium to high, as loyalty cannot eliminate structural dependence on wholesalers, but it does strengthen the impact of visibility and quality, thereby contributing to a gradual shift in the balance of power.

Overall, HHG cannot fully regain influence over key sales drivers, but it can shift it substantially. While influence on price remains structurally limited, there are realistic, internally controllable levers, particularly in terms of visibility, product quality, and loyalty. The decisive factor is not optimizing individual drivers but integrating them consistently along the customer journey.

6. How can success be assessed in a digital-first strategy?

To address the question of how the success of a digital-first strategy can be evaluated, the concept of a digital-first strategy is outlined, followed by a distinction between (1) the customer-facing level along the customer journey and (2) the supporting internal processes.

A digital-first strategy means that digital channels, processes, and systems are not understood as supplementary support for existing processes, but as primary starting point for strategic design. Customer interactions, information provision, and service offerings are consistently designed with a digital mindset to increase reach, scalability, and controllability. This is relevant for HHG, as actual sales continue to be made through wholesalers and digital activities are intended to influence.

The success of a digital-first strategy can be assessed at two levels. The (1) level includes all processes directly affecting customers, i.e., all digital touchpoints along the customer journey. Success means that HHG becomes visible in the early stages of decision-making, is involved in the evaluation process, and installers can easily access relevant information and services. This can be measured, by digital visibility, use of content and self-service offerings, conversion rates along digital funnels. Additionally, a shift in support requests from problem solving to decision-making inquiries can be measured. Even if the purchase itself takes place through a wholesaler, success is reflected in pull effects, such as increasing demand for HHG products or use of HHG materials in wholesaler contexts. In the post-purchase phase, a digital-first strategy is successful when support becomes scalable, through automation, reduced response times, and lower costs per request, without compromising perceived quality of service.

The (2) level concerns all core and support processes that enable and scale customer-facing digital activities. At this level, success does not relate to customer perception, but to the firm's ability to execute digital initiatives efficiently and reliably. Digital-first is successful when internal processes are standardized, automated where possible, and transparent in their performance. This can be assessed through indicators such as the degree of process automation, throughput times, costs per transaction, and the existence of assigned responsibilities and regular performance reviews. These elements determine whether digital initiatives translate into scalable organizational capabilities rather than remaining isolated improvements.

To assess performance, digital initiatives must be evaluated relative to a defined baseline. This requires a measurement of the initial state, the formulation of target values, and the establishment of recurring review cycles in which deviations are analyzed and corrective actions derived. Consequently, success is not reflected in individual metrics, but in the company's capacity to continuously monitor, adapt, and improve digital processes across the customer journey.

In the medium to long-term, however, profitability is the criterion for evaluating the success of a digital-first strategy. From a broader perspective, profitability reflects the combined effects of both levels of analysis: revenue-related effects achieved through increased visibility, preference building, and demand at customer level, and cost-related effects achieved through automation, process efficiency, and scalability at internal process level. Accordingly, while digital initiatives may impact either revenue or costs, their strategic success is ultimately reflected through a persistent improvement in HHG's profitability within the constraints of its indirect sales model.

7. What strategic options does digitalization open for HHG to scale influence, volume, and revenues?

To assess how digitalization enables HHG to scale influence, volume, and revenues, four strategic options have been identified, ranging from strengthening digital foundations to digital transformation: (A) Strengthen Digital Foundations and Knowledge Visibility, (B) Build an

Integrated Digital Platform, (C) Pursue a Digital Pure-Play Transformation, and (D) Establish a direct-to-consumer (B2C) channel.

Option (A): *Strengthen Digital Foundations and Knowledge Visibility* focuses on stabilizing HHG's digital presence while externalizing its technical expertise. This combines digital hygiene measures such as improved search engine visibility, standardized product data for wholesaler platforms, and tracking mechanisms. Recurring support knowledge is translated into digital formats. Typical installer questions and application problems are documented in searchable guides, FAQs, or instructional videos, allowing HHG's expertise to become visible during early, self-directed information searches. This targets initial consideration and early evaluation phases by reducing information asymmetry.

The main advantage lies in its alignment with HHG's existing capabilities and organizational structure. Digitalization builds on knowledge power without requiring changes to roles, processes, or the indirect sales model. Influence is extended upstream in the decision journey at relatively low risk and limited resource requirements. However, its influence remains indirect as digital activities support consideration but do not materially change preference formation or purchasing decisions. Neither does it create clear differentiation from competitors. Knowledge power becomes more accessible but remains weakly integrated with decision control and monetization. Additionally, the initial effort required to structure knowledge is high, while success only becomes apparent in the medium to long-term. This option therefore stabilizes HHG's position rather than scaling volume or revenues.

Option (B): *Build an Integrated Digital Platform* extends beyond visibility and content by embedding digital knowledge into interactive tools and data-supported processes that accompany planning activities. Central is the further development of the VILLA configurator into a more integrated decision-support interface, potentially including additional product lines, structured user guidance, and coordinated digital campaigns. Unlike Option (A), which focuses on information access, this option intervenes in how installers evaluate alternatives.

The key advantage is operational relevance during the active evaluation phase. Digital tools no longer merely inform but actively shape decision processes, while usage data generates insights into demand patterns and bottlenecks. This enables systematic activation of latent visibility and bargaining power, while maintaining indirect sales structure. However, development and operation require investments, analytical capabilities, and coordination internal functions and wholesalers. Organizational complexity increases, and time to impact is longer than in Option

(A). While influence deepens, it remains contingent on sustained execution and partner alignment. However, this allows to scale influence more directly, with corresponding potential effects on volume and revenues emerging via increased inclusion in installation projects.

Option (C): *Pursue a Digital Pure-Play Transformation* implies a shift in HHG's role within the distribution system. Digital channels become the locus of influence, bundling knowledge, planning tools, documentation, and support into a digital ecosystem accompanying installers across project lifecycles. HHG's digital interfaces function as reference points for configuration, learning, and problem-solving.

The main benefit lies in scalability of influence and strategic resilience, as digital interactions generate feedback loops, informing product development, portfolio priorities, and coordination with wholesalers. Influence arises from structuring decision environments rather than reacting to them. However, this requires investment, organizational specialization, and a cultural shift away from predominantly relational, person-based interaction. Dedicated digital roles, reallocation of technical experts from reactive support to proactive content and continuous content become necessary. Moreover, relocating influence toward HHG-controlled digital interfaces increases the risk of tension with sales partners, as traditional role boundaries become blurred. The expected benefits regarding scalable influence, volume, and revenues are long-term, while short-term organizational strain is significant.

Option (D): *direct-to-consumer (B2C) approach* involves establishing a direct sales channel where HHG distributes its products itself, allowing HHG to observe demand, price acceptance, and usage patterns along the customer journey without intermediary interfaces.

The main benefit is connecting information, demand, and sales in one place, enabling learning and adjustment. HHG could test prices, bundles, or portfolio configurations and react quicker to market feedback. It would also establish direct customer relationship which reduce power dependence on wholesalers. Yet, this option involves substantial risks. It requires significant additional sales infrastructure, which may strain a bootstrapped organization. Moreover, this approach would violate the "unwritten rule of the industry" and create conflict potential with wholesalers. From a strategic perspective, wholesalers are therefore likely to remain the primary sales channel, also due to the partnership with Panasonic, whose interest presumably lies in broad market coverage and delivery speed. Consequently, this combines organizational complexity with limited scalability and risks weakening established relationships before direct channel becomes viable.

Taken together, these options differ in influence and risk profiles. Option (A) creates digital stability and extends knowledge-based influence into early digital touchpoints but leaves decision control unchanged. Option (B) increases its influence during evaluation and planning processes, while maintaining existing channel structures. Option (C) shifts influence to digitally controlled interfaces, maximizing scalability at the cost of organizational complexity and channel tensions. Option (D) transforms transaction control and market access, thereby reducing power dependence on intermediaries but risking organizational strain and conflict.

8. What are your recommendations for the management of HHG?

To address the question of what management should prioritize going forward, the analysis leads to three interrelated recommendations: (1) leveraging existing support capabilities, (2) building a system to understand and steer customer interactions end-to-end, and (3) safeguarding differentiation through longer-term capability development and innovation.

An initial starting point is to (1) convert existing support expertise into scalable digital demand, as HHG has knowledge from daily contact with installers, which reflects problems, typical errors, and recurring information needs. This knowledge can be structured, by evaluating frequent support requests by product line and application scenario. Based on this, HHG can develop digital content, such as problem-oriented FAQs, step-by-step instructions, or videos on errors and how to resolve them. Content should be aligned with search keywords used by installers and published consistently to increase discoverability in information and planning phases. In addition, a simple, binding content plan is recommended, which integrates support and marketing more closely and replaces ad hoc activities. The key is not expanding traditional marketing activities, but to specifically address search and decision-making logic of installers in early stages of the customer journey. This allows HHG to make its existing expertise more visible without establishing additional sales channels or straining existing relationships with wholesalers.

A further approach is (2) to build capabilities to understand and analyze customers, plus actively steer interactions along the customer journey. To cover this, HHG must set up capabilities and tools. *First,* HHG should capture installer contact data and interaction histories at touchpoints (e.g., support calls, configurator use, content downloads) and consistently track digital behavior across owned channels (website, configurator flows, content engagement, paid search or social media). Further, integrate aggregated demand and category-level insights from wholesalers through data-sharing or joint initiatives to enrich its internal view. *Second*, centralized data management and analysis, with a CRM system as infrastructure that links all data points at installer level. An analytics layer should be built on top to evaluate patterns, define journey KPIs, and derive actionable insights such as decision paths or next-best actions. *Third*, follows activation, translating insights into concrete actions, such as solution-specific follow-ups after configurator use, targeted updates after support interactions, or proactive guidance tied to needs. Together, these layers transform fragmented data into a control system that allows HHG to steer demand deliberately and strengthen its negotiating position on an evidence-based basis.

Moreover, (3) a future-oriented vision transforms HHG's support expertise into a technology-driven core platform that fundamentally redefines its role in the ecosystem. Rather than treating support as a function tied to its own products, HHG should formalize its problem-solving logic into AI-enabled agents, guided diagnostics, and automated planning assistance into installers' workflows. This requires codifying expert knowledge into standardized decision trees, continuously trained on interaction data generated through CRM, configurator usage, and support histories. Over time, these agents could prevent errors, recommend system configurations, and support planning decisions across product categories. This enables HHG to extend its expertise beyond its own product portfolio, offering technical guidance, digital training, or planning support as standalone services. In this scenario, HHG evolves from a manufacturer with strong support into a system-level problem-solving platform. Such positioning creates differentiation that remains relevant even as technical knowledge and responsiveness become standardized.

Taken together, these recommendations provide a path from improvement to renewal, allowing HHG to strengthen its influence in the customer journey, reduce dependencies, and remain competitive as digitalization and automation reshape the industry. In relation to the strategic options in Q7, the first and second recommendations align with Options (A) and (B), focusing on strengthening digital foundations and embedding HHG into evaluation and planning processes within existing channel structure. The third recommendation points toward Option (C). Option (D) is not pursued due to industry norms and channel risks.

4 CONCLUSION

This thesis examined how influence and control evolve in indirect B2B distribution systems under conditions of digitalization by integrating a case study, a literature review, and a teaching note, and it produced six main findings that emerge from their combined analysis.

It shows that (1) influence in indirect B2B systems is exercised primarily before the transaction along the customer decision journey, and that (2) dependence on intermediaries does not imply the absence of strategic influence. Rather than enabling disintermediation, (3) digitalization reconfigures how influence is exercised while intermediary structures remain largely intact, as control increasingly shifts toward (4) shaping information, standards, and decision contexts rather than transactions themselves. These dynamics reveal that (5) established channel and power theories require extension when influence moves upstream of the point of sale. At the same time, the analysis demonstrates that (6) strategic options are structurally constrained by industry rules, partner dependencies, and limited transparency, making incremental and path-dependent shifts in influence more relevant than radical change.

A key learning is that influence in indirect B2B distribution systems is exercised primarily along the customer decision journey, where preference formation and decision framing are shaped by visibility, standards, and access to information rather than by transactional control. Digitalization reinforces this by relocating decision-making to early, digitally mediated phases while preserving existing channel structures, making influence dependent on managing trade-offs between scalability, organizational complexity, and partner dependence.

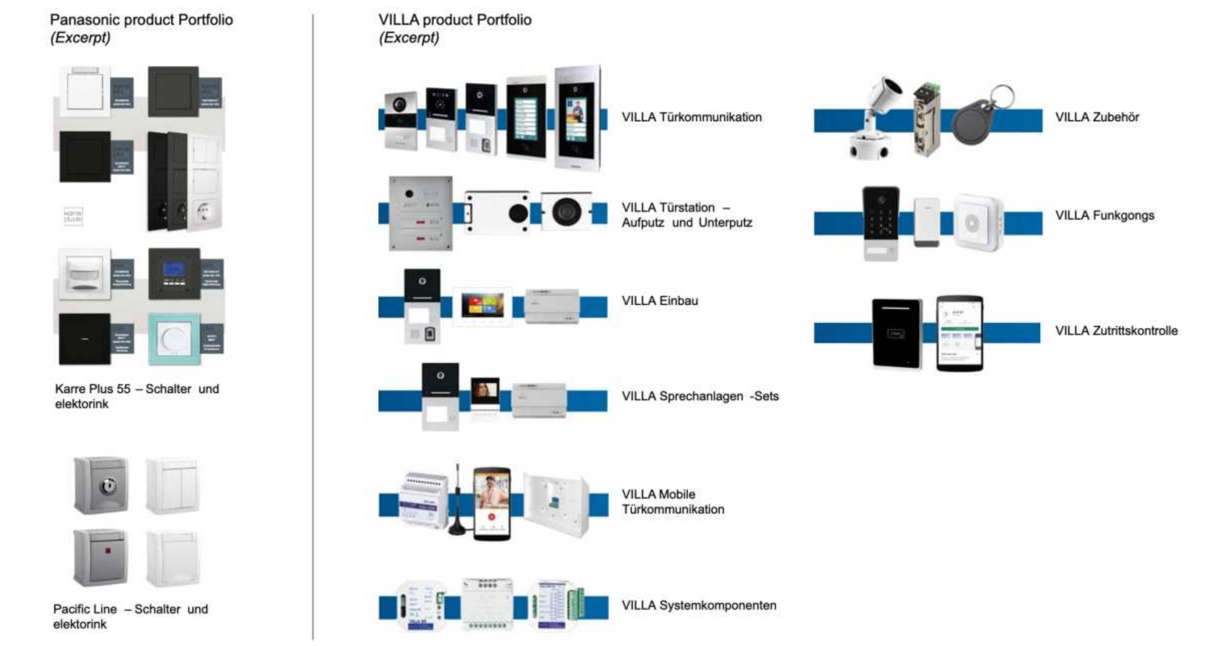
The thesis is subject to two main limitations. First, the analysis reflects the perspective of a single focal firm, without direct input from installers, wholesalers, and end customers, which restricts a full assessment of influence across the distribution system. Second, limited data availability and low industry transparency constrain deeper quantitative validation.

With greater scope, future research could broaden the analysis through comparative cases and closer engagement with intermediaries, installers, and competitors. Closer examination of international partnerships, particularly with globally active manufacturers such as Panasonic, could reveal how cross-border structures extend influence beyond national markets. Additional work could also explore non-digital strategic levers, such as product portfolio design or service ecosystems, to assess alternative paths to strengthening influence beyond the customer decision journey.

5 APPENDICES

5.1 APPENDIX A: CASE STUDY EXHIBITS

Exhibit 1: HHG Product Portfolio



Source: https://www.hhg-elektro.de/produktbereiche

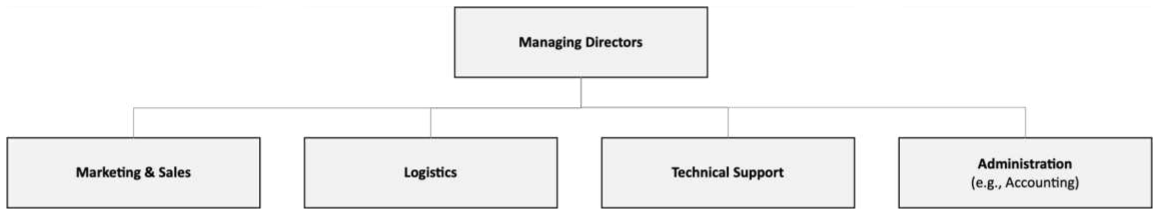
Exhibit 2: HHG Sales per Product Groups and Main Distributing Wholesalers

Product Groups	Panasonic	VILLA
% of sales	70%	30%
Margin Wholesalers	15-25%	20-30%
Margin HHG	20-30%	10-20%

Source: Qualitative Interviews Managing Director HHG – Rounded Estimates

Note: The economic logic of HHG's indirect distribution can be explained by starting from the end-customer price, which is shared between the wholesaler and HHG. *End-customer price (100%) – wholesaler margin = HHG transfer price – HHG production and sourcing costs = HHG margin.*

Exhibit 3: HHG Company Structure

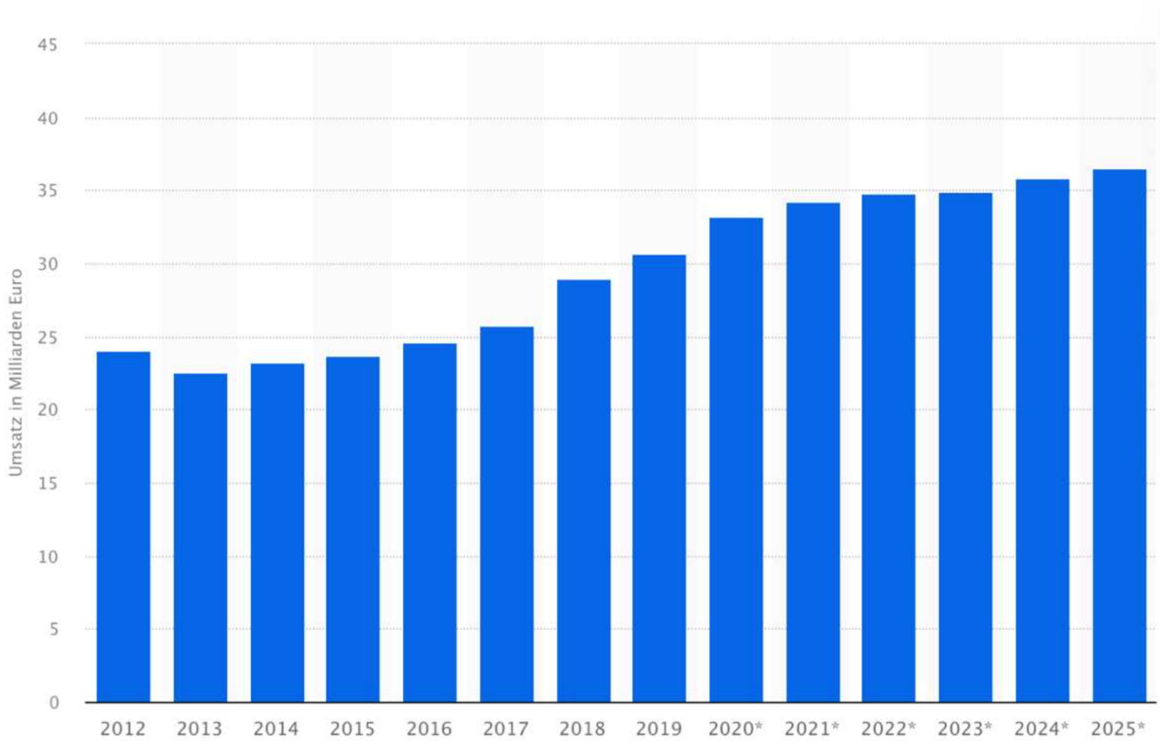


Source: https://www.hhg-elektro.de/ueber-uns

Exhibit 4: Germany Electrical Installation Market

Revenue of the electrical installation industry in Germany from 2012 to 2019 and forecast until 2025

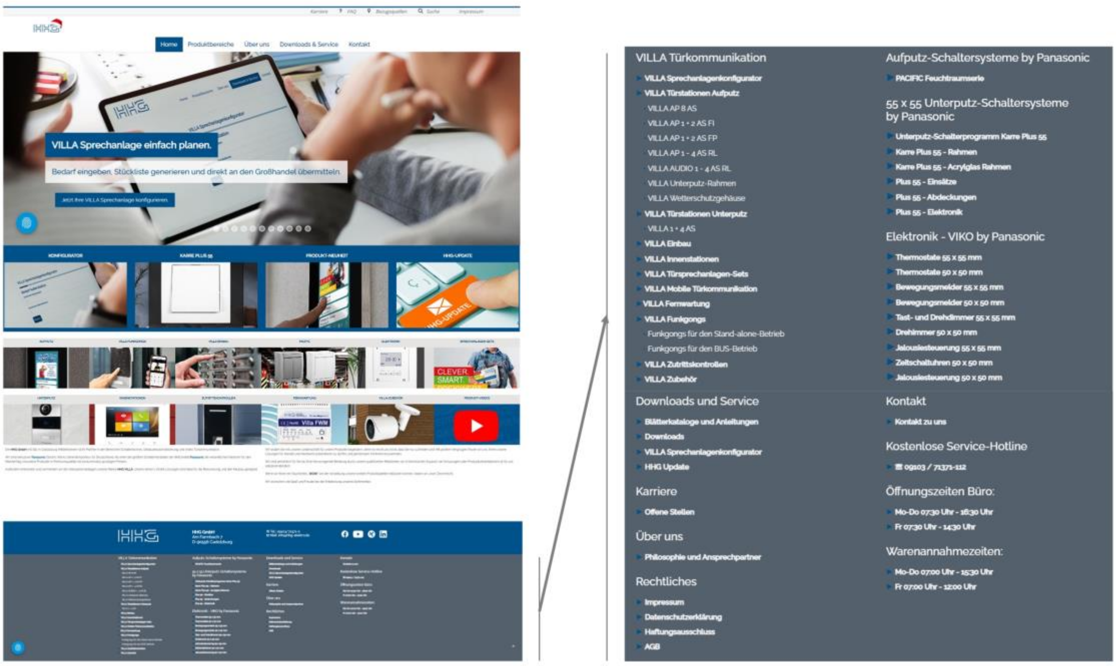
(in billions of euros)



Source: https://de.statista.com/prognosen/313914/elektroinstallation-umsatz-in-deutschland/

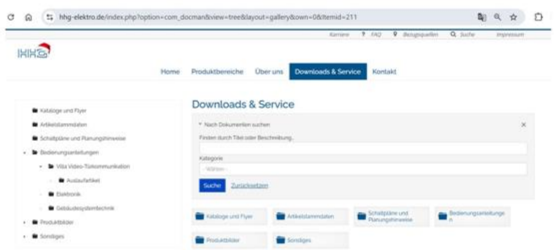
Note: * = forecast; includes products and services (€14,1 billion figure mentioned in the case refers to only products)

Exhibit 5: HHG Website – Overview



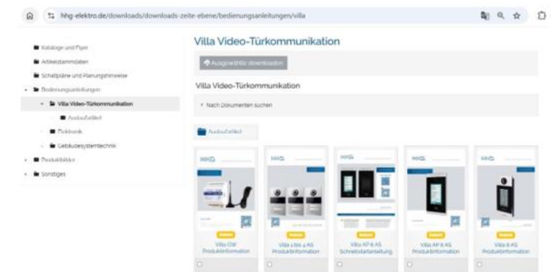
Wholesaler Search (Limited: "Please contact your regional wholesaler")

Downloads & Service



Explanation Videos

Downloads (User Manuals)



Source: https://www.hhg-elektro.de/

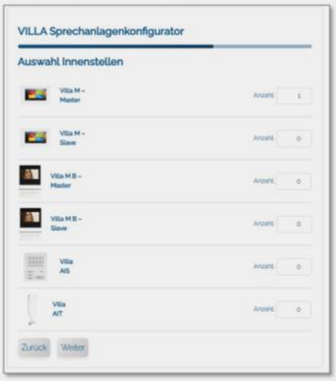
Exhibit 6: HHG Online Product Configurator (VILLA Intercom)

Step 1: Enter Number of Door Station

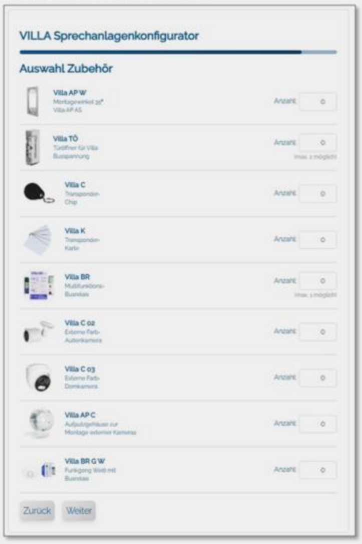
Step 2: Choose Door Station

Step 3: Choose Mounting Type

Step 4: Choose Indoor Station

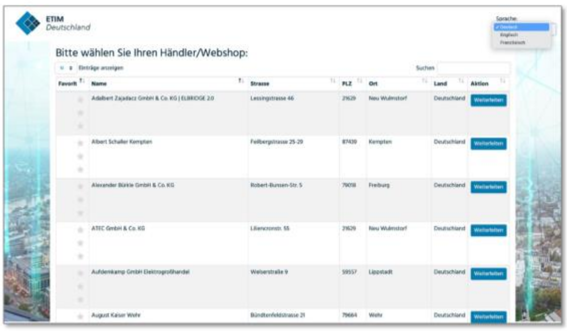


Step 5: Choose Accessories



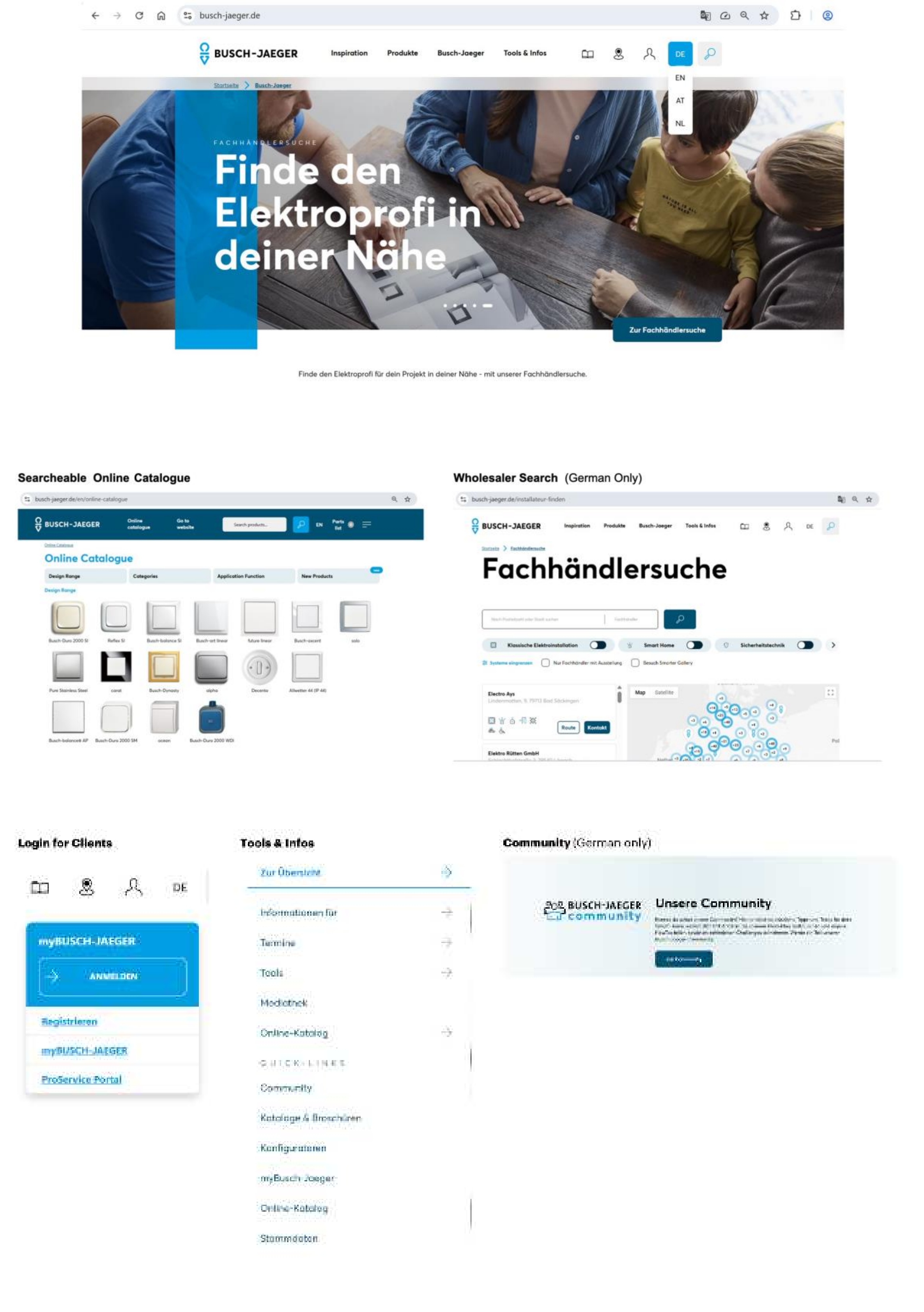
Step 6: Send Configuration to Wholesaler

Step 7: Choose Wholesaler



Source: https://www.hhg-elektro.de/downloads/villa-sprechanlagenkonfigurator

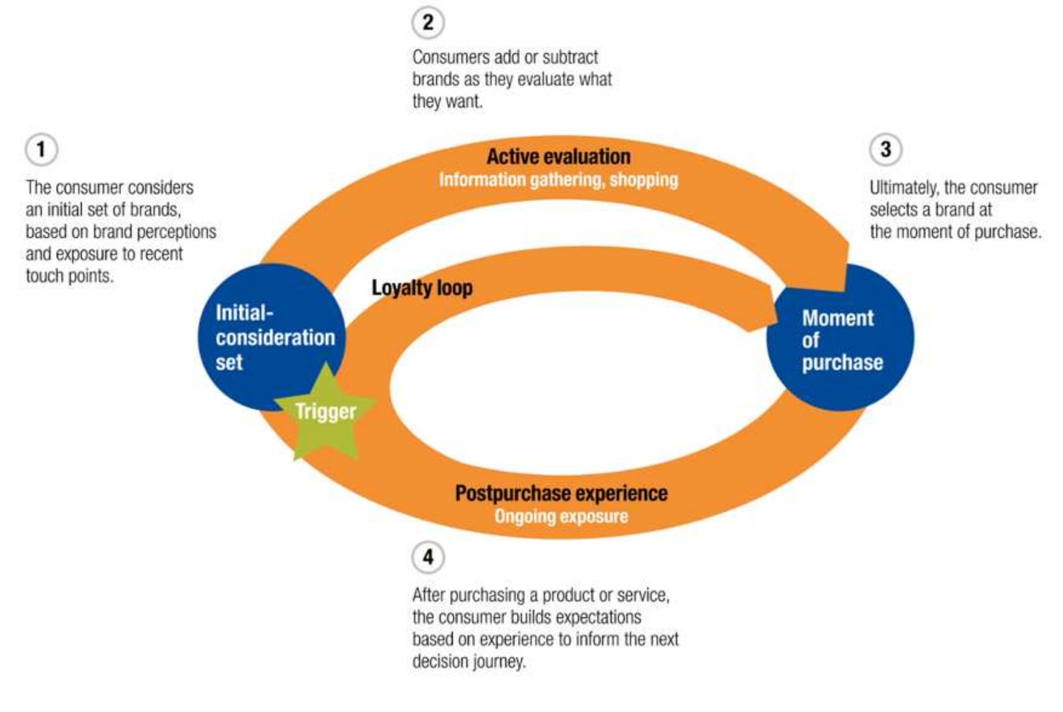
Exhibit 7: Competitor Website Example Busch-Jaeger



Source: https://www.busch-jaeger.de/

5.2 APPENDIX B: LITERATURE REVIEW

Exhibit 8: The B2B Customer Decision Journey



Source: (Lingqvist et al., 2013)

Literature Review Methodology

This study employs a structured narrative literature review to examine how influence and control arise in indirect B2B distribution systems and how these mechanisms change under digitalization. The review focuses on decision-making processes, dependency structures, and governance mechanisms rather than on operational sales instruments or digital tools.

The literature review follows a three-step approach:

1. **Identification of relevant theories and their conceptual origins**
    - Identification of foundational theories explaining decision-making, influence, and control in indirect B2B distribution systems
    - Core theoretical perspectives include:
        - B2B customer decision journey and organizational buying behavior models
        - Power-dependence theory and classical channel power research
        - Bargaining power perspectives within interorganizational exchange

    - Transaction cost-based theories of intermediation and coordination
- Tracing these theories back to their original contributions to clarify:
    - Assumptions about preference formation and transaction execution
    - The relational and structural nature of power and dependence
    - The role of intermediaries in coordinating information and exchange

2. Identification of state-of-the-art extensions and applications

- Review of contemporary literature extending the identified theories in digital and platform-mediated contexts
- Analysis of research on non-linear, digitally mediated B2B customer decision journeys and early-stage preference formation
- Examination of empirical studies on persistent power asymmetries, bargaining outcomes, and dependency structures in indirect channels
- Integration of literature on digital disintermediation and re-intermediation to assess how digitalization relocates decision-relevant activities
- Inclusion of platform research to capture how influence and control become embedded in digital architectures, interfaces, data, and governance mechanisms

3. Integration, comparison, and synthesis

- Systematic comparison of insights across process-oriented, structural, and architectural perspectives
- Analysis of how decision journey dynamics interact with power-dependence and bargaining mechanisms
- Synthesis of findings to explain shifts in influence toward early, digitally mediated decision phases
- Identification of complementarities, tensions, and gaps across literature streams
- Development of an integrated analytical framework explaining influence and control in indirect B2B distribution systems under digitalization

5.3 APPENDIX C: TEACHING NOTE

Assignment Questions

The following questions are suggested in order to help students prepare for the in-class discussion:

1. Map HHG's sources of influence along the B2B customer decision journey.
2. Define appropriate success criteria for HHG's digital-first strategy.
3. Identify and critically assess the path dependencies in HHG's strategy.

Additional Teaching Activities

1. Latent vs. Activated Power Classification Exercise

Objective: To help students distinguish between possessing power resources and strategically activating them in indirect B2B distribution systems.

Exercise: Students work in small groups to identify HHG's key sources of power (e.g., knowledge, visibility, bargaining position, relationships). Each source is classified along two dimensions: (1) whether it exists in principle and (2) whether it is systematically activated and scalable. Groups discuss why certain power sources remain latent despite being operationally effective.

Outcome: Students develop a nuanced understanding of latent power and learn why influence may stabilize decisions without reshaping early-stage choice or structural dependencies.

2. Platform Power Mapping: Who Controls Which Layer?

Objective: To analyze how power in digitalized B2B markets is distributed across layered platform architectures rather than along linear value chains.

Exercise: Students map the key layers of the decision environment (e.g., search, data standards, comparison tools, ordering systems, support). For each layer, they identify which actor (manufacturer, wholesaler, platform provider) exercises control and how this shapes dependency and influence.

Outcome: Students recognize how platform-mediated power arises from interface and governance control, and why influence can be structurally constrained even when firms possess strong products or customer relationships.

3. Strategy as Process vs. Strategy as Choice Reflection

Objective: To challenge static, choice-based views of strategy and emphasize strategy as an evolving, path-dependent process.

Exercise: Individually, students reflect on HHG's strategic development and identify decisions that emerged gradually through routines, interactions, and learning rather than explicit strategic choices. They contrast these with moments of deliberate decision-making and discuss the implications for strategic change.

Outcome: Students understand strategy as a cumulative process shaped by past success, organizational routines, and environmental shifts, highlighting why strategic adaptation is often constrained even when change appears rational.

4. Digital Visibility as Market Access Simulation

Objective: To illustrate how digital visibility functions as a gatekeeper for market access rather than as a communication tool.

Exercise: Students simulate an installer's early decision process using predefined search queries and platform filters. They assess which suppliers enter the consideration set based on digital presence, content structure, and data availability. HHG's position is compared to that of digitally mature competitors.

Outcome: Students experience how early-stage digital visibility operates as an exclusion or inclusion mechanism and understand why influence lost at this stage cannot be fully recovered later through superior support or relationships.

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