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Abstract

Conventionally, buyers are regarded as the dominant party in buyer-supplier relationships. In luxury retail however, luxury brands (suppliers) are highly selective about their distribution chains and buyer organisations must establish positive attitudes towards brands to receive preferential treatment and business opportunities, ergo to be attractive partners. The purpose of this study is to examine how a Finnish buying organisation manages its attractiveness to establish and develop luxury brand partnerships. The sub-objectives are to examine 1) how the luxury market in Finland has developed, 2) what are the perceived key drivers of buyer attractiveness and 3) what are the decisions on managing attractiveness. The study outlines the key drivers influencing the relationship initiation and development processes.

First, the discursive theoretical framework is described, based on previous literature on the concept of customer attractiveness, i.e. its determinants and outcomes, and also including its theoretical underpinnings in social exchange theory. Second, the data for the empirical research was collected through a semi-structured expert interview on the themes derived from the theoretical background. The case study company was selected based on its expertise in luxury fashion retail and its market leadership position.

The findings of the study support the existing theories to a large extent but also offer a perspective on the specific characteristics of relationship management in the luxury retail industry. The study underlines the importance of trustworthiness, commitment, sincerity, proactivity and insight to market development in developing and maintaining luxury brand partnerships. On the other hand, the study also confirms that financial and operational factors affect perceived attractiveness to the same extent as social factors.

To conclude, the findings offer interesting insight to the main research question of the study as well as to the current circumstances of luxury retail of Finland.

Key words	Buyer attractiveness, attraction, luxury retail, relationship development
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Tiivistelmä

Perinteisesti ostajat nähdään ostaja-myyjä-suhteiden hallitsevana osapuolena. Luksusmuodin markkinoilla kuitenkin brändit ovat hyvin valikoivia jälleenmyyntiverkostoistaan ja ostajien on luotava positiivisia asenteita itseään kohtaan saadakseen suosivaa kohtelua ja liiketoimintamahdollisuuksia, toisin sanoen oltava viehättäviä kumppaneita. Tutkielman tarkoituksena on tutkia, miten suomalainen ostajaorganisaatio luo ja kehittää asiakasvetovoimaansa luksusmuodin tuotteita myyviä päämiehiään kohtaan. Alakysymykset ovat 1) miten luksusmuodin markkina on kehittynyt Suomessa, 2) mitkä ovat vetovoimaisuuden keskeisiä ajureita ja 3) millaisia päätöksiä ostajaorganisaatio tekee vetovoimaisuutensa parantamiseksi? Tutkielma hahmottelee suhteiden kehitykseen vaikuttavia pääasiallisia ajureita.

Tutkimuksen alkuun rakennetaan aiempaan tutkimuskirjallisuuteen pohjautuva asiakasviehättävyyden teoreettinen viitekehys, joka sisältää myös käsitteen taustat sosiaalisen vaihdannan teoriassa sekä asiakasviehättävyyden lopputulemat. Laadullisen tutkimuksen tiedot kerättiin semistrukturoidun asiantuntijahaastattelun avulla vetovoiman teoreettisen taustan pohjalta nouseviin teemoihin nojaten. Tapaustutkimuksen kohteena oleva organisaatio valittiin sen osaamisen ja luksusmuodin vähittäiskaupan paikallisen markkinajohtajuuden perusteella.

Tutkielman tulokset tukevat pitkälti aiempaa tutkimuskirjallisuutta mutta tarjoavat myös näkökulman luksusmuotialan suhdemarkkinoinnin erityisominaisuuksiin. Tutkimus alleviivaa luotettavuuden, sitoutuneisuuden, rehellisyyden, proaktiivisuuden ja lokaalin markkinatutkimuksen merkitystä päämiessuhteiden kehittämisessä. Toisaalta tutkimus osoittaa taloudellisten ja operatiivisten tekijöiden olevan yhtä merkittäviä viehättävyyden ajureita kuin sosiaaliset tekijät.

Lopputuloksena tutkimus tarjoaa mielenkiintoisen näkökulman tutkielman pääkysymykseen sekä luksusmuodin tämänhetkiseen markkinatilanteeseen Suomessa.

Avainsanat	vetovoima, luksus, suhdemarkkinointi
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**UNIVERSITY
OF TURKU**

Turku School of
Economics

BUYER ORGANISATION ATTRACTIVENESS IN LUXURY RETAIL

Case: Luxbag

Master's Thesis
in Marketing

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Turku

The originality of this thesis has been checked in accordance with the University of Turku quality assurance system using the Turnitin OriginalityCheck service.

TABLE OF CONTENTS

1	INTRODUCTION.....	5
1.1	The proactive approach to relationship management.....	5
1.2	A brief definition of luxury	8
1.3	Purpose and structure of the study	9
2	THE CONCEPT OF ATTRACTION IN BUSINESS EXCHANGE	12
2.1	The social exchange theory as a general background of business relationship studies.....	12
2.2	Attractiveness in dyadic relationships	15
2.3	Determinants of attractiveness	24
2.3.1	Economic and resource-based drivers	24
2.3.2	Social and interpersonal drivers.....	25
2.4	Outcomes of attractiveness.....	29
2.4.1	Supplier satisfaction.....	29
2.4.2	Preferred customership	30
3	METHODOLOGY OF THE STUDY.....	33
3.1	Research method and approach	33
3.2	Data collection	34
3.3	Data analysis.....	37
3.4	Trustworthiness of the study.....	39
4	MANAGING ATTRACTIVENESS IN LUXURY RETAIL	42
4.1	The company background.....	42
4.2	The luxury retail landscape in Finland.....	43
4.3	Perceived attractiveness	45
4.4	Economic and operational drivers	46
4.5	Relationship management drivers.....	49
5	CONCLUSIONS	52

5.1 Theoretical contributions	52
5.2 Managerial implications	59
5.3 Limitations and further research	60
REFERENCES	61
APPENDICES	70
Appendix 1. Translated themes and interview questions	70

LIST OF FIGURES

Figure 1. Structure of the study.....	11
Figure 2. A conceptual model of attraction in buyer-supplier relationships (Hald et al. 2009).	19
Figure 3. The cyclical attraction process (Ellegaard 2012).	28

LIST OF TABLES

Table 1. Literature overview on drivers of attractiveness.....	23
Table 2. Operationalisation table.	36
Table 3. Data reduction and categorisation.....	38
Table 4. Data conceptualisation.	39

1 INTRODUCTION

1.1 The proactive approach to relationship management

Traditionally customers (buyers) have been regarded as the dominant party in buyer-seller relationships, and suppliers as agents that need to be carefully controlled in order to create and maintain efficient supply chains (Hald 2012, 1229). Nevertheless, in certain industries, where key suppliers are scarce or unable or unwilling to satisfy all demand, it is in the interest of buyers to try to establish positive supplier attitudes to achieve preferential treatment from suppliers. In this situation, a buyer must make it attractive for a supplier to do business with his or her firm (Galt & Dale 1991, 18). Caballero and Resnik (1986, 32) state that attraction is important in forming long-term relationships and the supplier's attraction toward the buyer is likely to affect exchange outcomes. This is especially vital in circumstances where suppliers can be selective about their channels and exercise discretion in choosing their buyers. A case in point of supplier scarcity are luxury brands with strong market positions, whose prestigious and desirable images rely heavily on the limited availability of their products and services.

The luxury industry has grown significantly on a global scale in the past two decades and expanded into emerging markets. The rate of growth has outpaced that of other consumer goods categories and the value of the personal luxury goods market reached 281 billion euros in 2019, with a 4 per cent growth to the year before (Bain & Company 2019). China has been a growth driver for the luxury industry and 2019 saw the Chinese luxury market reaching 35% of the value of luxury goods sold in the world. The emergence of mass luxury or so-called *masstige* brands (Truong, McColl & Kitchen 2009) has enabled a broader audience to buy into the world of luxury, making some luxury goods more accessible than before yet posing new challenges for the successful management and marketing of luxury brands. Recently, much literature has emerged on luxury brand management due to its complexities and costs that exceed those of lower end fashion brands and other luxury categories because of the short cycle of merchandise and the growing number of competitors (Miller & Mills 2011, 1).

Jackson¹ (Amatulli & Guido 2011, 124) has identified four principal categories of luxury goods: fashion (couture, ready-to-wear and accessories), cosmetics and perfumes, wines and spirits and jewellery and watches. Other additions to these categories have been automobiles, hotels, airlines and tourism services (Chevalier & Mazzavolo 2008).

The focus of this study is the luxury fashion goods sector, being most interesting as it accounts for nearly a half of luxury goods sales and requires more complex brand management due to its speed of change and the deep symbolic meanings the goods and brands evoke in the consumer (Fionda & Moore 2009, 348). The luxury brands also have a great significance in the whole fashion industry as they set most of the trends adopted and copied by lower end brands (Craik 2009, 207). In this paper, brands considered as authentic luxury are those that operate on an international scale and share the symbolic and product attributes of luxury as explained in the next sub-chapter.

The field of fashion buying is a dynamic one with many underpinning issues that must be taken into consideration. Even though fashion buying is at the heart of the retail chain, its coverage in the trade press and academic journals is somewhat limited. The role of a fashion buyer is multifaceted, and it overlaps with other fields of a business, such as visual merchandising, logistics and sales (Goworek 2009). In addition, the role of a buyer requires comprehensive knowledge about the target market, trend forecasting skills as well as analysis of past sales data. The most important role of the buyer is to identify, negotiate and select appropriate supplier relationships (Muhammad & Ha-Brookshire 2011, 48).

However, buyers do not always get their pick of the best suppliers on the market: exclusive brands might not want their products sold in certain environments as they might be afraid of losing prestige and exclusivity, or feel the distribution channels do not match their prestigious standards. Luxury brands excel in the practice of restricted distribution and limited production runs through which they maintain their exclusive status. This relative inaccessibility of luxury goods creates obstacles to immediate consumption and keeps the consumers in a place of desire and longing (Kapferer & Bastien 2009, 318), as well as maintains entrance barriers for “unwanted” consumers (Kapferer 1997, 82). For luxury brands, brand protection is of extremely high importance in the distribution channel choice, in order to maintain an aura of exclusivity. Operations through third parties,

¹ Jackson, T.B. (2004) *International Retail Marketing*. Elsevier Butterworth-Heinemann: Oxford.

such as multi-brand stores, can be challenging to control and can lead to diminished luxury status (Okonkwo 2007, 142). It is in the interest of luxury brands to remain highly exclusive and carefully manage their distribution chains. In such a situation, buyers need to embrace a proactive approach to relationship marketing and focus on relationship management in order to initiate, manage and strengthen their relationships with luxury suppliers.

Despite their recognised significance in business practice, there is somewhat of an absence of attention on the tactics buyers can apply to position themselves better than their competitors among leading suppliers. The concept of reverse marketing, introduced in the late 1980's (Leenders&Blenkhorn 1988, Blenkhorn&Banting 1991), is however a notable proposal for a proactive approach to buyer-seller relationships. This mindset challenges the conventional buyer-seller arrangement to be thought of more in terms of marketing relations, rather than one-sidedly managed business exchange relationships. The concept contradicts the traditional approach of managing business relationships by power, whereby the buyer can dictate the terms for the supplier.

In relationship marketing literature, some key variables affecting relationship quality such as commitment, communication, cooperation, interdependence, stability, satisfaction, trust, and willingness to invest in the relationship have been introduced (Tanskanen & Aminoff 2015, 129). Nevertheless, the variables concerning business relationship initiation and development are equally interesting and significant. In what ways can a buyer organisation operate to attract desirable suppliers or business partners?

Drawing on the approach of reverse marketing, many authors (e.g. Cordon & Vollman 2002, Ellegaard 2004, Ellegaard & Ritter 2007, Essig & Amann 2009, Hald 2012; Hüttinger, Schiele & Veldman 2012, Mortensen 2012) have focused their recent research on the concept of customer attractiveness, supplier satisfaction and preferred customership. Supplier satisfaction and preferred customership are seen as outcomes of attractiveness. The concept of attractiveness itself has its roots in social psychology, mostly in social exchange theory (Thibaut&Kelley 1959, Blau 1964, Emerson 1976). For decades, relationship marketing and relationship development literature has been influenced by social psychology, adopting comprehensive concepts such as power, commitment and trust. The studies seem to, however, have overlooked the concept of customer attractiveness, even though the concept can contribute to understanding the development of motivation and commitment between supplier and buyer.

The concept and importance of attractiveness has been widely recognised for the past two decades, but the concept still lacks a cohesive definition and it has been mainly approached from an industrial perspective. The papers attempting to establish a viable measuring system for attractiveness are still scarce as well. Despite having been raised repeatedly in marketing literature since the 1980's, the concept of customer attractiveness has not yet achieved a comprehensive view of what contributes to it and how it can be measured to support relationship management (La Rocca, Caruana & Snehota 2012, 1241). However, the last few years have seen a rise in interest in the subject and despite the lack of a uniform definition of attractiveness, the concept has been recognised as a considerable criterion in developing more profitable relationships with suppliers. Authors have argued that attraction in business relationships is a concept just as significant as, for instance, trust and commitment and that attraction can contribute to the motivation of engaging in and developing mutually satisfactory buyer-supplier relationships (Mortensen 2012, 1206). Broadly, attraction can be defined as the capacity to attract attention from another individual and consequently, it is the force that draws individuals closer and induces them to expand the scope of the relationship once formed (Blau 1964), while buyer attractiveness refers to actions and strategies made by the buyer to appeal to suppliers that the buyer finds most attractive (Makkonen, Vuori & Puranen 2016, 166).

1.2 A brief definition of luxury

Luxury research has mainly focused on the consumer behaviour aspect, with researchers trying to explain the key motives behind luxury consumption (i.e. Vigneron & Johnson 1999; Husic & Cisic 2009; Amatulli & Guido 2011) or on luxury product attributes (i.e. Nueno & Quelch 1998). These in turn has evoked analyses from the marketing management perspective, focused on finding the best practices for successful creation and management of luxury brands (Dubois & Paternault 1995; Vickers & Renand 2003; Okonkwo 2007; Kapferer & Bastien 2008; Keller 2009). Despite the amount of research conducted on luxury brands, authors agree that a clear and encompassing definition for luxury has not yet been developed. The boundaries are hard to define as the concept of luxury is subjective and sometimes country-specific (Phau & Prendergast 2000, 123). Even though the definition of luxury is still somewhat inconclusive, there seems to be a general agreement that luxury is mostly associated with intangible elements. Beverland (2004, 448), however, argues that intangible attributes are part of any successful brand and relate to the assessment of brand luxury, not being elements of luxury itself.

Traditionally, the definition of luxury has had an emphasis on the prestige the mere use or display of a particular brand brings to the owner, making functional utility a side issue (Vigneron & Johnson 2004, 486). In the core of the luxury concept is the symbolic desire of a consumer to belong to a superior class (Kapferer & Bastien 2009, 314). This approach is, however, not sufficient to explain the characteristics of luxury brands. Phau and Prendergast (2000, 123) suggest four key elements common for luxury brands including exclusivity, a well-known brand identity, high brand awareness and perceived quality and retention of sales levels and customer loyalty. Similarly, Fionda and Moore (2008, 359) have identified nine principal dimensions of luxury fashion brands: a clear brand identity, consistent marketing communications, product integrity, design signature, premium price, exclusivity, heritage, superior shopping environment and corporate culture, many of which are in line with the characteristics already suggested by Nueno and Quelch (1998, 62–63). In addition, Bernard Arnault, CEO of luxury conglomerate LVMH (Louis Vuitton Moët Hennessy), has emphasised the meaning of corporate spirit and creative excellence (Wetlaufer 2001; 119, 122), while Miller and Mills (2011, 7) suggest brand leadership has a major impact on luxury perception. All these dimensions offer a comprehensive framework for examining the anatomy of a luxury brand and the key dimensions the brand needs to carefully manage in order to maintain its desired position in the market.

Throughout literature, exclusivity or the rarity principle has been identified as the most essential component of luxury brands (e.g. Phau & Prendergast 2000; Moore & Birtwistle 2005). Limited production runs, restricted accessibility and tightly controlled distribution all add to the scarcity of the brand, making it more appealing and prestigious in the minds of consumers (Fionda & Moore 2008, 351). The heightened perceived status enables the luxury brand to charge premium prices for its products as their desirability extends beyond functional attributes (Moore & Birtwistle 2005, 258). Consumers' willingness to pay a price premium is, however, more of a consequence of brand luxury rather than its element (Miller & Mills 2011, 3).

1.3 Purpose and structure of the study

The focus of this research is the management of buyer organisation attractiveness in luxury retail. Several arguments support the importance of investigating the topic. First, the concept of attractiveness in relationship management remains somewhat unexplored de-

spite having been studied since the 1980's. The dynamics between buyers and brand partners in luxury retail are different from traditional business-to-business relationships. Due to this dynamic, luxury brands and their representatives are in this study referred to as brand partners, not suppliers.

Second, the implications of attractiveness have been mainly studied in the context of industrial business relationships (e.g. Fiocca 1982, Tanskanen&Aminoff 2015, Makkonen et al. 2016), but not much in retail. The literature on the luxury goods industry has been mainly focused on consumer behaviour and brand management aspects, while less attention has been paid to supply chain and distribution strategies (Brun, Caniato, Caridi, Castelli, Miragliotta, Ronchi, Sianesi & Spina 2008, 557).

Third, the luxury retail landscape in Finland is still very new and undeveloped, which highlights many of the challenges in managing a buyer's attractiveness towards large luxury conglomerates, such as power asymmetries in buyer-seller relationships. Research on the Finnish luxury retail market is very limited, mostly due to its size and number of operative retailers, but also due to the citizens' luxury consumption behavior, which is still in its infancy. The luxury business in Finland requires more academic research and the framework of attractiveness provides a new perspective on the industry.

To fill in the identified research gap, the purpose of this study is *to examine how a buying organisation manages its attractiveness to establish and develop relationships with luxury brand partners*. The research objective is further divided into three sub-objectives:

- 1) How has the luxury market in Finland developed?
- 2) What are the perceived key drivers of buyer attractiveness?
- 3) What are the buyer's decisions on managing attractiveness?

The first sub-objective focuses on the past and current development of luxury retail on the Finnish market. The second and the third sub-objective attempt to understand the perceived key drivers of attractiveness and the tactical and strategic level decisions on managing these drivers in brand relationships.

The study outlines the key drivers influencing the relationship development process from the viewpoint of Luxbag, the leading luxury multi-brand store in Helsinki, Finland. Luxbag was selected and very kindly participated as a case study to get the most comprehensive perspective to the research themes. Thanks to Luxbag's expertise in luxury fash-

ion retail and its position as a market leader and preferred retail partner for potential luxury brands, the company was regarded as the most suitable case for this study. This study also attempts to understand the challenges the organisation faces in attracting highly selective, prestigious fashion brands to a relatively undeveloped and small luxury market. The outline for the study is illustrated in Figure 1.

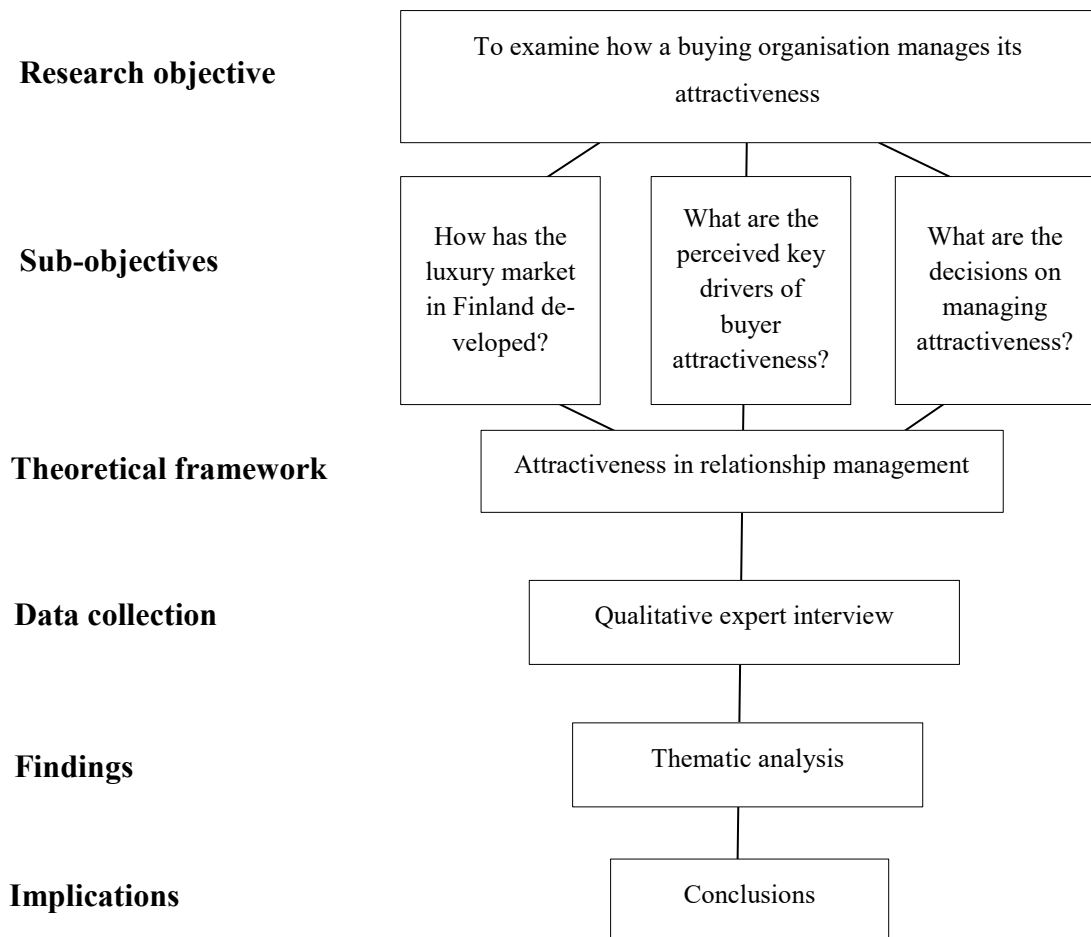


Figure 1. Structure of the study.

The study is comprised of five main chapters. After introducing the topic and discussing the purpose of the study, the main research theme is discussed in chapter 2 by taking an in-depth look at the theoretical framework behind the concept of attractiveness. In the following chapter, the research design of the study is explained thoroughly, providing a detailed description on the research approach, data collection, data analysis and an evaluation of the trustworthiness of the study. Chapter 4 presents the main findings of the empirical study. The final chapter presents the conclusions and limitations of the study and proposes suggestions for future research.

2 THE CONCEPT OF ATTRACTION IN BUSINESS EXCHANGE

2.1 The social exchange theory as a general background of business relationship studies

The theoretical underpinnings of attractiveness within buyer-supplier dyads lies in social sciences. With its origins in both sociology (Blau 1964, Emerson 1976) and social psychology (Thibaut & Kelley 1959), the social exchange theory initially examined interaction between social actors and the associations between individuals which are affected by psychological feelings and likings. Later the theory was extended to the organisational and interorganisational level (e.g. Aiken & Hage 1968, Bagozzi 1975) and is now a central element of the marketing discipline. The theory has its emphasis on rewards and costs and the effects of their interjacent outcomes on the relationship, making it an apt framework for the study of buyer-supplier interactions over time (Ellegaard & Ritter 2006, 4). An exhaustive overview of social exchange is not possible within the confines of this paper, as it is a major concept in social sciences and psychology. An overview of the concept, however, is necessary to understand the foundation of attractiveness in business dyads.

The exchange perspective in business relationships has been mainly derived from the works of early researchers Blau (1964) and Homans (1958), who approach social relations from an exchange point of view. Although Blau was the first to use the term social exchange theory, Homans (1958) developed the first systematic approach to social behaviour as exchange (Blau 1968, 453). According to both authors, in any social interactions value derived from both tangible and intangible entities is interchanged. Blau (1964, 91) defined social exchange as voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others. The author elaborated on returns as benefits that are both provided and expected to be reciprocated from the other party in return.

Accordingly, expected value is the core element of social exchange theory. While Blau (1964) focuses on the role of continued rewarding inputs in social exchanges, Homans (1958) considers costs to be fundamental as well. The latter argues that positive reinforcements (rewards) encourage and negative reinforcements (costs) discourage a given exchange behaviour, as they either add to or detract from perceived value. Prior to

forming a new relationship, a certain degree of uncertainty exists, and these reinforcements are assessed as potential until the relationship develops. Throughout the whole relationship, both individuals engage in an ongoing assessment of the value of the relationship, that is to say the outcome of rewards minus costs. Since social exchanges operate under uncertainty, the reciprocation of benefits is not guaranteed, nor that reciprocation will result in future benefits (Das & Teng 2002, 448). In addition, as a relationship is a series of exchange episodes over time, these interactions form the history for the relationship, which is utilised to anticipate the future costs and benefits of developing and maintaining the exchange relationship (Thibaut & Kelley 1978, 140).

Social exchanges can be either restricted, meaning exchange occurring directly in dyads, or generalised, taking place in groups with no direct reciprocity. Given the voluntary nature of exchanges, both kinds are subject to the risk of free riding, but due to the high accountability and direct reciprocity in restricted exchanges, such risks are relatively easier to detect. The need for trust is therefore higher in generalised exchanges and may much likely lead to high levels of solidarity between parties. (Das & Teng 2002, 448-449). Nevertheless, social exchange theory assumes trust to be an integral part of any exchange and a presentation of attraction itself, yet simultaneously developed throughout the relationship. Since social exchange involves unspecified obligations, the fulfilment of which depends on trust because it cannot be enforced in the absence of a binding contract (Blau 1964, 113), trust must be considered as a necessary element in mutually attractive relationships. Blau states that trust can be developed by two means: through exemption of obligations or reciprocation of rewards received over time, and through the gradual expansion of exchanges (1964; 94, 98).

Thibaut and Kelley (1959) also made their significant contribution to the social exchange theory by introducing their concept of comparison levels. The conceptualisation of comparing rewards of a relationship to alternatives led to the introduction of the terms comparison level (CL) and the comparison level of alternatives (CL_{alt}). CL refers to the standard benefit a party expects from a given relational exchange, while CL_{alt} is the overall social and economic benefit from the best possible and available alternative. As long as the CL level exceeds CL_{alt}, the party will have a certain degree of dependence, as the exchange outcomes are more rewarding than those of another relationship.

The main contribution of Emerson (1962) to social exchange theory was his research on the distribution of dependence and power in relationships, with power deriving from the benefits (resources and rewards) exchanged. He explains that unstable relationships

are a result of power imbalances, making interdependence a key factor in the continuance of the relationship. Since valuable rewards are exchanged in the relationship and both parties become dependent on these rewards, the distribution of power and dependence influences the ability to control the relationship (Emerson 1962; Blau 1964, 43). Furthermore, a high degree of dependence can also, in fact, push the participants apart or make other attracted parties disinclined to act on establishing relationships in fear of excessive dependence (Blau 1964, 43).

According to Blau (1964, 20), attraction is the force that induces people to establish social as-sociation and relations on their own voluntary initiative, and then expanding the scope of the associations after their formation. Attractiveness is based on interpersonal judgement and knowledge of alternatives. He further states that an individual is perceived attractive if the interaction is expected to be a rewarding experience and if the rewards exceed the cost of being involved. Actor A is attracted to actor B, if A expects that association with B to be in some way rewarding for A (Blau 1964, 20). While this statement might at first glance define attraction as a one-sided expectation of a desired payoff, successful attraction is always a mutual function. Attraction can be defined as the capacity to attract attention from another individual and the force that draws individuals closer. It is a mechanism to both establish and continue a relationship. Attraction also produces the need to attract, meaning that individuals attracted to other individuals strive to prove themselves attractive in return (Blau 1964, 20). This view implies that an individual is able to manage and manipulate his or her attractiveness towards other actors, which is the central hypothesis for this paper.

Attraction is therefore an overall disposition, interpersonal judgement and an attitude towards another individual and an evaluative response based on both cognitive and affective elements (Caballero & Resnik 1986, 18). Affective involvement can range from impression formation involving little affect, to romantic love involving much affect. Attraction in marketing most likely falls somewhere in the middle of the continuum, as business relationships are rarely, despite their nature, built solely on cognitive variables such as competence or expertise (Caballero & Resnik 1986, 18). As Blau also states (1968, 455), the most important benefits involved in social exchange do not have any material value on which an exact price can be put at all, as exemplified by social approval and respect.

Ultimately, to sum up the literature review on social exchange theory, we can draw four foundational premises as done by Lambe, Wittman & Spekman (2001, 6): 1) social exchanges between parties result in economic and social outcomes, 2) these outcomes are

compared to other alternatives throughout the whole length of the relationship, 3) trust and commitment are increased by positive outcomes over time and 4) relational norms governing the relationship are formed by these positive (or negative) outcomes. These fundamentals can now be examined in the context of business exchanges and attraction in business-to-business relationships.

2.2 Attractiveness in dyadic relationships

Having established an understanding of the recent issues in the field of relationship marketing literature and the foundations of social exchange theory, it is surprising that the concept of attractiveness remains relatively unexplored despite its suggested importance in initiating, developing and maintaining business relationships. The literature on business relationships has long since adopted concepts like trust and commitment from social psychology, but attraction as such has been overlooked.

The fact that individuals attracted to other parties strive to prove themselves attractive in return and are able to manage their attractiveness, indicates that organisations are capable of doing so as well. The deliberate and conscious construction of a desirable image, which is perceived as valuable to prospective business partners (Blau 1964) is better known in marketing literature as impression management. Impression management, however, is concerned with image construction, while attraction in business relationships is a more profound concept relating to relationship marketing and management.

The literature exploring the concept of attraction can be broadly categorised into three different research areas: 1) the role of attractiveness in business relationship building and 2) its implications on supply chain management and 3) customer attractiveness to suppliers (Mortensen 2012, 1207). The concept itself has also been referred to in different ways, such as business mating (Wilkinson, Young & Freytag 2005), upstream branding (Lindwall, Ellmo, Rehme & Kowalkowski 2010) and becoming an interesting customer (Christiansen & Maltz 2002). The work of Patrucco, Luzzini, Moretto & Ronchi (2018) interprets the construct of customer attractiveness as relationship attractiveness. The construct of relational attractiveness of the customer (RAC), has also been introduced (Tóth, Thiesbrummel, Henneberg & Naudé 2015). The authors define RAC as *an attitude of the supplier towards the customer firm, which encapsulates previous experiences and especially future expectations with the supplier; therefore RAC incentivizes the supplier to maintain and/or to improve an existing business relationship with the customer by investing in the business relationship* (Thiesbrummel et al. 2015, 730). Some researchers have

proposed the concept of supplier attractiveness as well (e.g. Ellegaard & Ritter 2007, 3), but for the purpose of this study, the perspective of customer attractiveness is examined.

The concept of attractiveness has appeared in various fields of marketing literature. Fiocca (1982, 56) argues in his well-known model that the level of a customer's business attractiveness is a key factor in recognizing key accounts in customer portfolio analysis and planning. The author, however, focuses on hard factors such as economic, market and technological variables in the measurement of attractiveness and on an industrial supplier portfolio analysis perspective, rather than a relationship management view. While such business characteristics are key variables in evaluating attractiveness, given the social exchange nature of business relationships, customer attractiveness cannot be evaluated or managed based on these factors alone. Building on Fiocca's model, more recent contributions to the customer attractiveness model have been made especially by authors such as Ellegaard, Mortensen, Hald, Cordon, Vollman, Freytag and Wilkinson.

Dwyer, Schurr and Oh (1987) were among the first to introduce attraction as a part of buyer-supplier relationship development, adopting the social psychology framework proposed by Scanzoni (1979) in the development process. They propose interpersonal attraction and interdependence between humans to be an apt framework for describing buyer-seller relationships. They define attraction as the degree to which buyer and seller achieve a favourable reward-cost outcome, and a developing mechanism operating until the parties have mutual trust and satisfaction in each other. However, the authors regard attraction only to be of importance in the initiation phase of relational exchange, not exploring its role throughout the whole business relationship, although they do agree that attraction is an antecedent for commitment and trust (Dwyer et al. 1987, 16). While commitment and trust as concepts are well established in relationship marketing, it is the role of attraction that has, until recently, been somewhat taken for granted in marketing literature.

Halinen (1997, 59) states that the economic and social reward-cost outcomes expected from the relationship over time, form the base of a company's interest in exchanging with another. This interest, perceived as attraction, is not only a necessary precondition for initiating interaction, but also a requirement for the maintenance of a mutually satisfactory relationship. This view, as opposed to Dwyer et al. (1987), therefore takes into account the future oriented quality of attractiveness and a forward-looking approach to the relationship. In addition, compared to the proposal of e.g. Thibaut & Kelley (1959),

Halinen states that attraction cannot only be based on past, experienced reward-cost outcomes, as needs and expectations change over the course of the relationship. The author proposes three relational bonds in developing business relationships: attraction, trust and commitment. These ties are both economic and social in nature and develop over time between the buyer and the seller, both on an organisational and individual level. Attraction is a precondition for the evolving of trust, and trust is a precondition for commitment. Halinen's work, however, does not further elaborate on or explain the determinants of attraction, much like many of the first re-search papers bringing up this new concept.

Harris, O'Malley and Patterson (2003, 12) later set up the first general theoretical framework for the concept and defined attraction as the extent to which relational partners perceive past, current, future or potential partners as professionally appealing in terms of their ability to provide superior economic benefits, access to important resources and social compatibility. They were among the first authors to propose a theoretical framework for three different drivers of attractiveness: economical, resource-based and socially based attractiveness. The authors present a working model of attraction in their paper, connecting the economic, resource and social content of relationships with attraction, commitment and trust (Harris et al. 2003, 13). The conceptualisation of attraction in a commercial context therefore incorporates economic and resource-based content to the social determinants of attractiveness. Logically, favourable outcomes in terms of these three contents increase attraction and changes in relational capital may change strategic intention of either or both parties.

In addition, Harris et al.'s paper (2003) was the first to attempt to explore the determinants of attractiveness. They present three conditions for attraction: familiarity, proximity and repeated exposure, that is to say the degree to which parties have the opportunity to interact, their geographical proximity and the extent of their contact over time. The authors also propose characteristics that influence the perceptions of attractiveness. Socialisation in terms of both professional and organisational aspects (standardised, shared frameworks of appropriate professional and organisational principles or behaviours) affect perceptions of what is considered attractive in a specific field. Other fundamental influencers are similarity, compatibility and knowledge of potential alternatives. (Harris et al. 2003, 17-22). The research of Harris et al. on these drivers, however, lacks a deeper elaborative approach, and the authors agree on the need to explore the determinants of economic and resource attractiveness further. The determinants of attraction will be discussed in more detail in the next chapter.

Hald, Cordón and Vollmann (2009, 968) understand attraction as the force fostering voluntarism in purchasing and marketing exchanges, and further pushing a buyer and supplier closer together in a mutual advantageous relationship. The authors argue that actors in dyadic business relationships need to see the relationships as attractive for value to be created and transferred between both parties and for supply management strategies to work. Therefore, attraction brings the dimensions of expected reciprocity of benefits from the other party into a joint objective to establish and maintain a relationship. The authors also express attraction as a function consisting of three components already discussed earlier in social exchange theory: expected value, trust and dependence (Hald et al. 2009, 962).

Hald et al. (2009) define expected value as the perceived ratio between benefits and sacrifices that is formed through a relationship. Expected value is not only formed for each party in the dyad, but also for the dyad itself and for connections made outside and in consequence of the dyad (Hald et al. 2009, 963). The authors classify the components of trust into three groups: ability (competences), benevolence (perceived goodwill and loyalty) and integrity (perceived credibility and adherence to principles). Dependence in turn is defined as the degree to which one party, in order to achieve its desired goals, needs to maintain the relationship with the other party.

In their paper, Hald et al. proceed to propose four mechanisms that influence the perceptions of expected value, trust and dependence: investment, adaptation, communication and institutionalisation (2009, 966). Connecting these mechanisms to the aforementioned components of attraction, they present a conceptual model for attraction in buyer-supplier relationships, as illustrated in Figure 2.

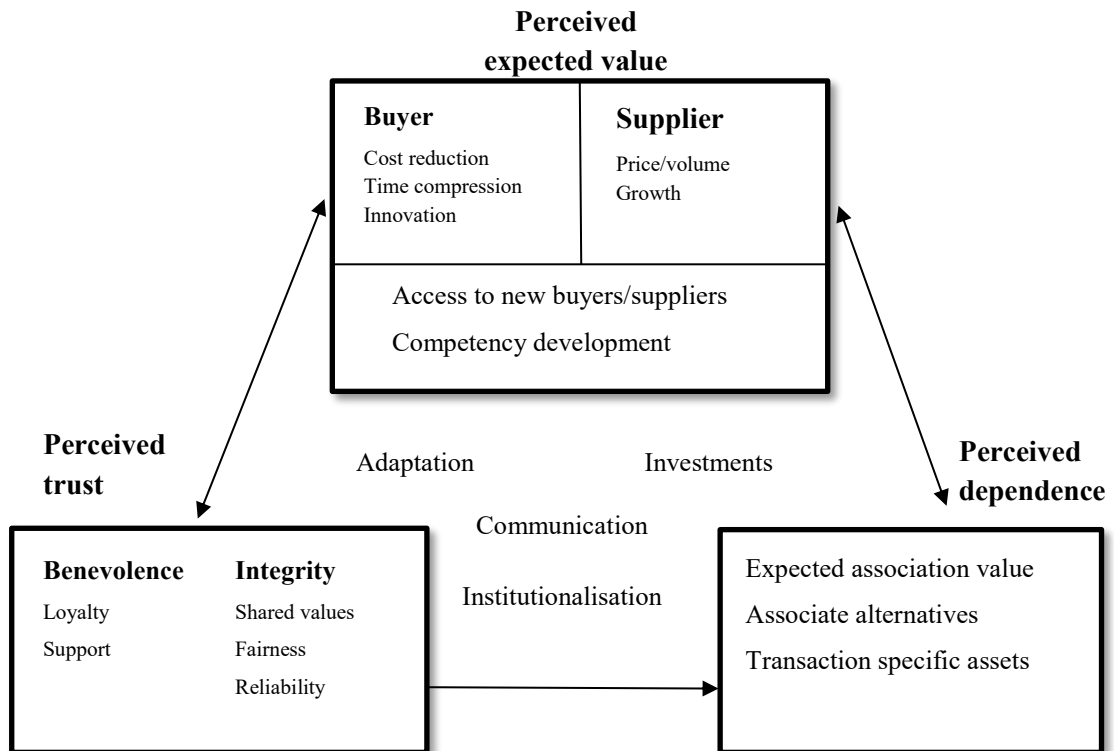


Figure 2. A conceptual model of attraction in buyer-supplier relationships (Hald et al. 2009).

Schiele and Vos (2015) analysed customer attractiveness as an enabler of buyer-supplier collaboration. Although their research focused on new product development conducted in collaboration with the supplier and the buying organisation, a framework that is not applicable to luxury retail, their findings are overall contributive to attractiveness literature. They propose dependency to always be measured in conjunction with the partner's attractiveness. Their findings support the notion that a high degree of dependency and low buyer attractiveness is problematic for close collaboration. Buyers may need to accept dependency on some of their key suppliers. Consequently, they may need to change their relational approach towards these firms and actively attempt to increase their attractiveness perceived by these suppliers.

Wilkinson et al. (2005) refer to the attraction concept as business mating, and argue that attraction is the initial spark that ignites a relationship. The authors draw on theories on both assortative mating and sexual selection and relationship formation in trying to predict characteristics of firms that will form successful relationships (Wilkinson et al. 2005, 671). Although the authors draw quite heavily on Darwin's sexual selection theory,

their approach brings up some interesting and noteworthy points in applying it to relationship management. Partner selection in business is as much influenced by similarities and complementary capabilities as it is in personal relationships, with firms seeking partnerships with those that share similarities in objectives and attitudes and display competitive advantages. The authors also refer to these external and internal characteristics as good “genes” that fit with the company. The research also supports the fact that asymmetry in terms of certain characteristics such as market position and financial strength can also be valuable, as they complement each other and contribute to relationship performance (Wilkinson et al. 2005, 678). Wilkinson et al. (2005, 673-674) too state that the business equivalent of attraction is based on expected relationship value and that relationships are sustained over time when expectations are exceeded.

The term attractiveness encapsulates the qualities of a party that give rise to the force of attraction (Mortensen 2012, 1206). While both terms, attractiveness and attraction, are often used concurrently in marketing literature to explain the same concept, the two definitions have their differences. In short, attraction can be labelled as the force that pushes the buyer and supplier closer together in their relationship (Hald et al. 2009, 961) or, in other words, the strength of the mutual interest two actors have in each other (Ellegaard & Ritter 2007, 3). Attraction is therefore determined by the lower of the two perceived levels of attractiveness. While attraction is a mutual construct between two individuals, attractiveness is the one-sided, subjective evaluation of the other actor. Customer attractiveness is therefore a supplier’s assessment of a customer, deriving from customer-supplier interaction and made on the basis of anticipated outcomes. (La Rocca, Caruana & Snehota 2012, 1244). Schiele, Veldman and Hüttinger (2010, 4) argue that a precondition for the formation of perceived attractiveness is the awareness of existence of the customer and knowing his relevant attributes, as well as a positive expectation towards the customer. Hald (2012, 1230) points out, however, that an assessment of customer (or supplier) attractiveness does not necessarily require previous interactions and is a perceptual calculation of expected value taking place at any given time. Relationships that are not yet established are subject to a certain level of uncertainty until developed further. As attraction is judged by knowledge of alternatives and information, it exists and is required to exist before relationship initiation (Mortensen & Freytag 2010, 6).

Mortensen, Freytag and Arlbjorn (2008) went on to introduce a maturity and process perspective to customer and supplier attractiveness. Their main argument is that attrac-

tiveness is presented in different forms and the concept has different purposes in the different stages of relationship building (Mortensen et al. 2008, 800), depending on the complexity of the relationship and the maturity of the company. This is very much in line with, for example, Halinen's (1997) views on the future-oriented nature of attraction in business relationships. Maturity in this case is considered as obtained learning. Given the complexity of the relationship and the maturity of the company, case company alpha in Mortensen et al.'s (2005, 812) research, for instance, was required to increase its attractiveness through interpersonal relations due to its inferior economic stance. Makkonen et al. (2016, 166) also suggest that qualities affecting buyer attractiveness are not permanent and may change over time vis-à-vis relationship development.

Although attraction has been established as an independent concept in marketing literature, it is closely related to other marketing concepts such as reverse marketing and market orientation. The literature on reverse marketing was introduced by Leenders and Blenkhorn (1988), who presented a proactive purchasing approach where the buyer tries to persuade the supplier to supply, representing a different perspective on the role of supply and its management. The authors outline a framework for a proactive purchasing process and state that reverse marketing is an aggressive and imaginative approach to achieving supply objectives, with motivations including higher pay-offs and better organisational fit and strategy congruence. Certain characteristics of buyers with propensity to engage in reverse marketing are also presented (Leenders & Blenkhorn 1988, Blenkhorn & Banting 1991, Biemans & Brand 1995). However, Mortensen and Freytag (2010, 7) argue that reverse marketing does not consider the development of a buyer-supplier relationship and that the concept itself is centered around the buying departments needs only, whereas attractiveness focuses on voluntarily fulfilling the other dyad's needs in order to establish a mutually rewarding relationship. Given the proactive nature of reverse marketing, the concept is, however, a noteworthy approach to purchasing, as it is proven to reduce conflict in negotiations (Planck & Francis 2001).

In addition, Mortensen and Freytag (2010, 7) propose market orientation to be a related concept to attractiveness. Market orientation emphasises the customer's interests and needs in pursuit of being responsive to these needs by using customer information and market intelligence. Ellegaard and Ritter (2007, 2) also elaborate on the difference between market orientation and attractiveness, arguing that attractiveness, in a way, is the

other side of market orientation. While market orientation is a company's approach towards its customers, attractiveness is the power that pulls customers towards that company.

Mortensen and Freytag (2010) were the first to study attractiveness in connected relationships. In the past, the focus on attractiveness has been on dyadic relationships, as the concept lacks consensus between authors as it is and its theoretical basis, the social exchange theory, is dyad focused as well. However, Mortensen and Freytag introduced the role of attractiveness in triads. As perceived attractiveness is highly subjective and relationship objectives may vary between each party involved, a triad approach brings up interesting yet more complex questions about attractiveness, given the interconnected nature of three or more relationships (Mortensen & Freytag 2010, 17-18).

As attraction is a very subjective construct based on a large number of variables, it does not exist between organisations per se, but between actors of both parties. It is because of this interpersonal attribute that attraction in dyadic business relationships can and should be modified and managed. While physical attractiveness of, for example, sales staff on brand image and purchase behaviour is a well-studied field in marketing, the role of interpersonal attraction in purchasing and relationship is less so.

As subjective perceptions are a key variable in the formation attractiveness, Ellegaard (2004) has proposed the concept and role of supplier sensemaking to better understand attraction in dyadic business relationships. Supplier sensemaking means how supplier actors make sense about certain themes with regards to customer attractiveness. Some aspects of buyer-supplier interaction are more critical than others to the supplier's perceptions of attractiveness. By identifying and analysing the sensemaking frameworks of their suppliers, buyers are capable of managing their perceived attractiveness.

Ellegaard and Ritter (2007, 6) propose two consequences of attractiveness: search and loyalty effects. Attractiveness can lead to other actors' initiatives to establish connections with the attractive party (low or over-demand) and to expanding associations, such as higher exchange volumes or other economic and resource-based advantages.

The main authors and their conceptual frameworks for attractiveness are summarised in Table 1. This overview is not all encompassing, but demonstrates the similarities and differences between different authors' studies. Overall, the main groups of drivers of customer attractiveness proposed by authors researching the concept are very similar.

Table 1. Literature overview on drivers of attractiveness.

Authors	Drivers or components of attraction
Ellegaard & Ritter (2007)	Value creation Interaction process Emotions
Hald, Cordón & Vollman (2008)	Expected value Trust Dependence
Harris, O'Malley & Patterson (2003)	Complementarity of performance domain Legitimate and reward power Reputation Socio-sexual attraction
Tóth, Thiesbrummel, Henneberg & Naudé (2015)	Trust Financial benefits Non-financial benefits Costs Dependence
Huttinger, Schiele & Veldman (2012)	Market growth factors Risk factors Technological factors Economic factors Social factors
Mortensen (2010)	Economical drivers Resource-based drivers Social-interpersonal drivers
Tanskanen&Aminoff (2015)	Economic-based Behaviour-based Resource-based Bridging-based
Vollman & Hald (2007)	Partner-expected value perception Partner comfort perceptions Partner dependence perception
Wilkinson, Freytag & Young (2005)	Financial issues Organisational culture & strategic issues Technology issues Other factors

The literature overview quite clearly demonstrates that despite being recognised as an important theme in buyer-supplier relationships, the concept of attractiveness remains without a shared definition. In the following sub-chapters, the proposed drivers of attractiveness will be examined in more detail.

2.3 Determinants of attractiveness

2.3.1 Economic and resource-based drivers

Fiocca (1982) referred to business attraction in relation to portfolio management and used it to analyse the customer's strategic and economical attractiveness. He proposed the different factors giving rise to attraction be grouped as follows: 1) market factors, 2) competition, 3) financial and economic factors, 4) technological factors and 5) social-political factors. Fiocca also proposed a guideline for customer attractiveness analysis, although he stated it was not exhaustive. The author suggested analysis be performed by considering different financial and resource-based characteristics, such as size, growth rate, influence on the market, market position and strength, level of integration, margins, experience, barriers to entry or exit, maturity, technological skills and ability to cope with environmental changes.

Firms tend to choose partners with matching characteristics by market segmentation analysis. Wilkinson et al (2005, 672) also drew upon the same groups of factors influencing attractiveness as Fiocca: financial issues (performance and stability), organisational culture and strategic issues (trust, management attitude and compatibility, strategic fit), technology issues (manufacturing and design capabilities) and other factors (safety record, business references and customer base). Similarly, Huttinger, Schiele and Veldman (2012, 1199) added risk factors to the same themes (risk sharing, political risk and market stability) while Ramsay and Wagner (2009) approach attractiveness through customer perceived value to supplier. They identified eight main sources for supplier value: finance, efficiency, trading relations and communication, ethical behaviour, risk, technology, market linkages and corporate image. Tanskanen and Aminoff's (2015, 135) dyad analysis identified four main categories of buyer and supplier attractiveness: 1) economic-based, 2) behavior-based, 3) resource-based, and 4) bridging-based attractiveness, each of which involves a set of attractiveness attributes. Providing economic value was seen as the basis for attractiveness for both buyers and suppliers. The authors observed the following economical drivers for buyer attractiveness: size and growth, fast and reliable payments, customer's success, customer's current and new businesses, customer's industry and future of the industry (Tanskanen & Aminoff 2015, 135). Resource-based drivers identified were: management and competences generally, innovation capability, brand and reputation, SCM capability and production process capability (Tanskanen & Aminoff 2015, 136).

Baxter (2012) studied the supplier's perspective on customer financial attractiveness (financial performance) and its influence on a supplier's attitudes and actions towards the buyer. He developed a model by taking into consideration buyer's financial attractiveness, supplier satisfaction, supplier commitment and supplier's preferential treatment. His study proposed that the perceived financial attractiveness of a buyer influenced the amount of resources allocated to the relationship, thus affecting preferential customer treatment, while supplier satisfaction and commitment mediate said influence (Baxter 2012, 1255). Baxter underlined the importance of managing supplier's perceptions by the buyer's financial performance (e.g. sales revenue, profitability and return on investment) to derive preferential investments of resources. He also stated that although there are advantages for using both financial and non-financial benefits to assess performance, non-financial benefits become of value only in the long-term once their financial value has been realised (Baxter 2012, 1251). Therefore, financial benefits alone are comprehensive for assessing relationship performance. However, he also stressed the importance of timely information exchange in the relationship to achieve competitive advantage, which requires well-established personal relationships on both sides (Baxter 2012, 1256).

An important determinant of attraction is achieving a competitive advantage through complementary resources (Harris et al. 2003, 23), by providing the business partner access to important resources and economic benefits (Baxter 2012, 1255). Attractiveness in the context of business relationships is based on the perceived compatibility of organisational needs and perceptions on potential economic, strategic and social benefits (Halinen 1997; 59, 243). Strategic benefits can include, for instance, enhanced reputation, referrals and development of the other party's capabilities, while social benefits could result in a more satisfied and motivated personnel. As reputation relates to an area of specialisation and expertise, it may also impact the complementarity of resources.

2.3.2 Social and interpersonal drivers

In order to become attractive, firms have to find areas which bigger suppliers evaluate as compensating to lower economical attraction (Schiele et al 2010, 6). This proposal is in the lines with that of Mortensen et.al (2008, 812) who state that a buyer might need to use indirect means to increase its attractiveness because of its inferior economic attraction. These indirect means are transferred through interpersonal relations.

Social exchange literature highlights that attraction is based on the individuals' physical attributes, abilities and personality, and is most likely to occur when the individuals

share similarities in demo- and psychographics and have geographical proximity (Harris et al. 2003, 27). Similarities are attributes the partners of a dyad have mutual experiences or backgrounds in, which may also work to induce familiarity and provide a condition for attraction. Familiarity in turn refers to the degree to which both parties of the business relationship have the opportunity to interact, and is influenced by both geographical and functional proximity (the ease with which interaction can occur). (Harris et al. 2003; 20, 17). As the luxury market is of a global scale, functional proximity and repeated exposure must be far more significant in day-to-day interaction than sheer geographical closeness.

Tanskanen and Aminoff (2015, 137) empirically observed four bridging-based drivers of buyer attractiveness: geographical presence, information intermediation, access to new partners and organisational links. The bridging category of their drivers means that the buyer/supplier is seen as a channel to a larger value network. However, behavior-based drivers were emphasised more in the strategic intent of relationship development. Communication, commitment, trust and respect were highlighted as the most important drivers. Other observed driving forces were a long common history, personal relations, stability and willingness to learn and improve in the relationship. (Tanskanen & Aminoff 2015, 136).

Since attractiveness is influenced by the degree of familiarity and similarity between the parties in a dyadic relationship, emotional attachment and feelings have been proposed as an important part of the attractiveness model (Ellegaard & Ritter 2007). The main theoretical background for attachment is mainly based on and applied from John Bowlby's research on the psychological connectedness of long-lasting nature that exists between children and their caregivers. The tendency to form such affectionate ties, defined as emotion-laden target-specific bonds, is a basic human need and continues through the adult stage with romantic relationships, kinships and friendships (Thomson, MacInnis & Park 2005, 78). Research in marketing suggests that attachment can extend from the traditional interpersonal relationship context to material possessions (Belk 1988) and intangibles, such as brands (Carroll & Ahuvia 2006). While interpersonal attachments differ from the aforementioned bonds in many ways, the conceptual framework of attachment can be applied to examine brand-specific bonds as studies have come to prove that commercial relationships behave in similar ways (Fournier 1998, 344). Emotional attachment and its intensity develops according to an individual's life cycle, and so does the degree of customer attractiveness according to the stage reached in a business relationship, as stated by

Dwyer et al. (1987). Mortensen (2008) has also suggested a model based on that attractiveness evolves over time and depends on the maturity of the relationship.

The first authors to introduce emotions in the discussion of attractiveness were Ellegaard and Ritter (2007), although they admitted their proposal needs more research. The authors propose attractiveness consists primarily of value creation (future oriented), trust and commitment (interaction processes), and emotion. The potential value a buyer can create for its supplier can be monetary or non-monetary, and as explained earlier in context with social exchange theory, is the main reason for a buyer and supplier initiating and maintaining a relationship (Walter, Ritter&Gemunden 2001, 372). While value creation and relationship interactions can be examined in a rationally, emotional factors explain the irrational side also present in business relationships. As dyadic business relationships are initiated and managed by people on both sides, emotions should never be excluded from managerial analysis. Ulaga (2003, 686), also explains that interpersonal attraction is one of his proposed eight drivers for value creation in business exchange.

Interpersonal attraction, as established earlier, is attitudinal positivity that can be based on either first impressions, a series of encounters or long-term involvement (Huston & Levinger 1978, 115). It plays an essential role in and determines the outcomes of buyer-seller negotiations and marketing exchange processes (Caballero & Resnik 1986, 18). While most of the research on the attractiveness topic has been on an interorganisational perspective, more research should be called for the interpersonal, or micro level, where attraction processes especially occur (Schiele et al. 2011, 17). In a business relationship, exchanges are managed by so called boundary spanners, who are economic agents representing their firms contractually to achieve specific goals (Aldric&Herker 1977, 218) and actors operating in collaborative environments (Williams 2010, 7). An interorganisational approach alone is therefore too simplified a representation on exploring how a buyer can become attractive to its key suppliers (Hald 2012, 1238). In his case study, Hald attempted to demonstrate how suppliers' perceptions of customer attractiveness can be understood through boundary spanning roles in the organisations involved. His research built on the concept of logics in action: it assumed both parties in an exchange relationship have specific ends and specific means of achieving them, and that underlying these ends and means is a logic guiding the behaviour. If both parties' logics of actions are aligned, it allows for mutual dependency and relationship development over time (Hald 2012, 1230).

He concluded that suppliers' formation of perceptions on customer attractiveness is constituted through major means/ends alignments (or misalignments) between boundary spanners on both sides.

Ellegaard (2012, 1225) proposed a cyclical model of interpersonal attraction for the development of an increasingly closer tie between boundary spanners. Figure 3 illustrates the cyclical process, which is characterised by different types of perceived rewards and socio-psychological features.

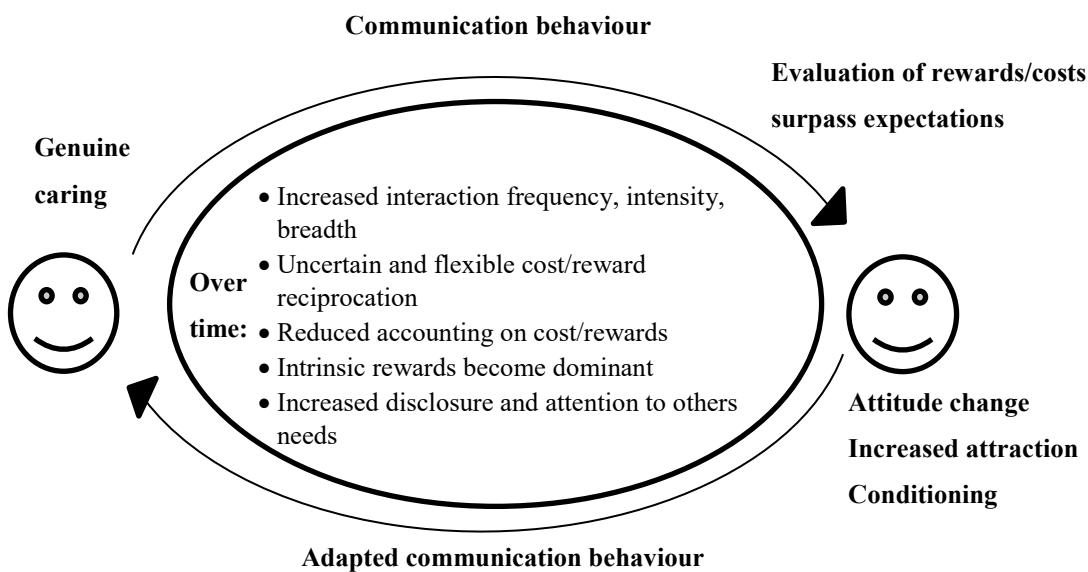


Figure 3. The cyclical attraction process (Ellegaard 2012).

The figure shows the cycle with boundary spanner A exceeding the expectations of boundary spanner B, which results in increased attraction towards A. This increase in attraction initiates an adaptation in boundary spanner B's behaviour, which in turn increases the rewards perceived by party A and again generates an increase in attraction. The continuing reciprocal process develops the relationship further and incrementally adds characteristics of a highly attractive relationship to it (illustrated in the central part of the figure). For instance, intrinsic rewards emerge from interaction and generate stronger commitment than extrinsic rewards alone (objects, money etc.) and trigger extra-role behaviour in exchange partners, meaning they seek to behave beyond what is expected of them. (Ellegaard 2012, 1224).

In their study, Pulles and Hartman (2017, 61) concluded that likeability, the degree to which an individual is perceived friendly and pleasant to be around, is an important

prerequisite for building business relationships. One of their key findings was that likeability is positively related to both parties' willingness to collaborate in the future.

The challenge for buyers is to provide mechanisms and personal relationships that create the right combinations of perceived expected value, trust and commitment (Hald et al. 2009, 968). Trust constitutes one party's belief that its needs will be fulfilled in the future by actions undertaken by the other party (Anderson & Weitz 1989, 312). Social compatibility is an element enhancing the levels of both trust and commitment in business relationships. Compatibility means the extent which relational partners feel psychologically, socially or emotionally accustomed to each other, but one shouldn't overlook the impact of strategic and resource compatibility when speaking about business relationships. (Halinen 1997, Harris et al. 2003).

Morrissey and Pittaway (2006) explored the social factors influencing buyer-supplier relationships from the perspective of small and medium enterprises (SMEs), as applying research data from large enterprises directly to SMEs was proven inadequate. Small buyers can face disadvantages due to power asymmetries with suppliers, because of their small size and lack of power, but can add value to their supplier relationships by acting in a trustworthy manner (Morrissey and Pittaway 2006, 277). Their study demonstrated five main social factors that were considered as important in relationships: honesty, honouring agreements, openness, loyalty and words backed by action (Morrissey & Pittaway 2006, 287). The survey also indicated that SMEs considered it worthwhile to invest resources to relationship development in order to create trust, however the surveyed owner-managers remained realistic about the utility of the trust in their relationships (Morrissey & Pittaway 2006, 286).

2.4 Outcomes of attractiveness

2.4.1 Supplier satisfaction

Though the focus of this paper lies in the initial attraction in business relationships and its determinants, it is important to consider the optimal and desired outcomes of attractiveness to understand the significance of its management. While the perception of customer attractiveness does not require an established buyer-supplier relationship and interactions between the two parties, they are a necessary condition for its preferred outcomes. Attractiveness can be seen as a future oriented assessment of whether to initiate, develop or maintain a relationship, while supplier satisfaction, defined as a condition that appears

if costs and benefits from a buyer-supplier relation meet or exceed the supplier's expectations (Schiele et al. 2010, 4), is focused on the present. It is a perceptual calculation of the customer's attributes based on past and current interactions that have taken place (Hald 2012, 1230). The nature and extent of the expectations may vary, but supplier satisfaction is the outcome as long as the expectations are met or exceeded (Schiele, Calvi & Gibbert 2012, 1181).

Although one cannot separate the social and behavioural factors of the relationship at any point, supplier satisfaction is seen to be referring more to the operational excellence of the business exchange (Hüttinger et al. 2014, 699). However, some authors, for instance Anderson and Narus (1984, 66), argue that satisfaction represents a positive affective state resulting from appraisal of all aspects of a firm's working relationship with another firm.

Benton and Maloni (2005, 2) define supplier satisfaction as the feeling of equity with the relationship no matter what power imbalance exists between the buyer-seller dyad. In their study, they concluded that supplier satisfaction is driven primarily by the nature of buyer-seller relationship, not by performance. Essig and Amann (2009) propose supplier satisfaction having two levels, strategic and operational.

Cambra-Fierro and Polo-Redondo (2008, 214) proposed a conceptual model for the perceived satisfaction that results from a dyadic relationship. The authors argued satisfaction to be founded on four variables that affect the degree of perceived satisfaction: cooperation, communication, adaptation to expectations and trust. Hüttinger et al. (2012, 1204) stated that the factors having an impact on supplier satisfaction can be found in different functions of a company, not just purchasing operations. A buyer should therefore adapt a cross-functional approach to achieve supplier satisfaction.

2.4.2 Preferred customership

Blau (1986, 126-127) was among the first to propose the concept, explaining that a preferred customer reflects a superior status. Very much like the concept of attractiveness in business relationships, the concept of preferred customership and the steps to becoming a preferred customer are lacking a consensus (Lindwall et al. 2010). Its drivers also remain quite unexplored in literature. However, the substantial benefits received from preferential treatment have been identified in an empirical study (Hüttinger, Schiele & Schröder 2014).

Suppliers differentiate among buyers in their portfolio and recognise select accounts as preferred customers, classified according to different variables such as attractiveness, strategic importance and relational value. A preferred customer is a buying organisation who in terms of product quality and availability receives better treatment than other customers from a supplier, support in the sourcing process, delivery or/and prices. (Nollet, Rebolledo & Popel 2012, 1187). A supplier awards a buyer with preferred customer status if he considers this customer attractive and is at the same time more satisfied with him as with other buyers (Hald 2012). Consequently, a supplier reacts with prime commitment and privileged resource allocation for this customer. (Schiele et al. 2010, 5). A buyer might also gain access to supplier innovation power (Schiele 2012, 45). Becoming a preferred customer has also been referred to as becoming a customer of choice (Bew 2007).

Hüttinger et al. (2014, 698) argue that preferential treatment of customers is based on three antecedents: customer attractiveness, supplier satisfaction and comparison level of alternatives (comparing rewards of a relationship to alternatives). Based on these same premises, Nollet et al. (2012) propose a proactive, systematic four-step model for a buying organisation for becoming a preferred customer and a set of tactics for obtaining their preferential status. Their process includes specific, practical tactics and is based mostly on social exchange theory. The first step in Nollet et al.'s process is initial attraction, determined by both hard and soft factors and managed through a variety of tactics including impression management, communications and corporate advertising. Step two is constituted of performance, that is to say satisfying or exceeding the supplier's expectations. Supplier satisfaction, as discussed before, is the aim at this level. From a social exchange theory perspective, these initial interactions and the success (or failure) to meet expectations are crucial in determining whether the buyer can obtain preferred customership. To move on to level three in the process, engagement, a buyer must make efforts to deepen the relationship by creating more relational value, ensuring operational excellence and increasing involvement on both sides. If the buyer succeeds in step three, they can be rewarded with preferred customer status. Nollet et al. (2012, 1192) point out, however, that their proposed steps are a long-term, structured and strategic process, as suppliers do not often grant this status easily. Reaching this status once does not guarantee it forever, therefore the final step of the process is sustainability; ensuring the continual assessment of the supplier's needs and improvement of value propositions. In addition, the buyer must also keep evaluating whether staying as a preferred customer is still convenient and worth their resources (Nollet et al. 2012, 1192).

Pulles, Schiele, Veldman and Huttinger (2016) examined customer attractiveness, supplier satisfaction and preferred customership as distinct concepts and the relationships between them. Their analysis shows that the influence of customer attractiveness in achieving preferential resource allocation from a supplier is mediated by supplier satisfaction. Their study was the first to empirically test the relationship between the three constructs. The findings support the notion that all three constructs are conceptually different, yet all influencing the behaviour of the supplier. Thus, even though supplier satisfaction has a dominant influence on preferential treatment, customer attractiveness is equally important in the later stages of relationship development as well. The authors also argue their findings imply a certain cyclic nature to the model of customer attractiveness and supplier satisfaction: a supplier's satisfaction not only mediates the relationship, but satisfaction positively influences customer attractiveness for future projects (Pulles et al. 2016, 138).

Ellis, Henke and Kull (2012) proposed a structural model for how a buyer can access the supplier's innovations and technology by becoming a preferred customer, addressing share of sales, supplier involvement, relational reliability and length of the relationship. According to their study, while supplier involvement and relational liability (i.e. exceeding expectations and fulfilment of promises in the relationship) affect the supplier's perception of a buyer as preferred customer, share of sales and length of the relationship had no significant impact on these perceptions (Ellis et al. 2012, 1261).

Albeit the majority of studies on preferred customership and supplier satisfaction have fixated on business relationships in an industrial setting, particularly on the automobile industry (e.g. Ellis et al. 2012, Kumar&Routroy 2016), much of their conclusions can and should be applied to the retail environment. While in the grand scale of independent luxury multi-brand stores in the world, Finnish retailers might most likely not achieve preferred customership over more attractive retailers, the local small market and the limitation of only a handful of operators, makes them compete over preferred customership between luxury brands. With the luxury brands wanting their products available scarcely, they have to identify which buyer they prefer, if any. Steinle and Schiele (2008, 12) argue that achieving the preferred customer status from a remotely located foreign supplier is relatively harder than from a closely located local supplier.

3 METHODOLOGY OF THE STUDY

3.1 Research method and approach

This chapter connects the literature review and conceptual theoretical background to the empirical research agenda. Research designs can usually be distinguished between three main classes: exploratory, descriptive and causal (explanatory) (Ghauri & Grønhaug 2002, 48; Saunders, Lewis & Thornhill 2003, 96). Selection of a proper research design is always based on the structure of the research problem at hand (unstructured vs. structured). When a problem lacks scientific knowledge or it is too narrow, the problem is unstructured and therefore exploratory research is suitable, as exploratory studies aim to clarify one's understanding of a problem, group, process, activity or situation. Though an exploratory study is predominately qualitative in nature, both qualitative and quantitative data can be gathered. (Stebbins 2001; 2, 6). While the previous studies on the research topic of customer attractiveness are limited, although burgeoning, a qualitative-exploratory approach was chosen.

Vogt (1999, 105) defined social science exploration as a broad-ranging, purposive, systematic, prearranged undertaking designed to maximize the discovery of generalisations leading to description and understanding of an area of social or psychological life. Distinctive skill requirements for exploratory research are observation, information gathering and the ability to construct explanation, i.e. theorizing (Ghauri & Grønhaug 2002, 49). Exploratory research is specifically used for breaking broad and vague problems into smaller, more precise sub-problems (Sontakki 2010, 68).

In addition to being exploratory, this study is also qualitative in nature. While quantitative data is based on meanings derived through numerical data, analysed and interpreted with the help of different, more or less complex software, qualitative data is based on meanings expressed through words and analysed through conceptualisation (Saunders et al. 2003; 328, 378). According to Dey (1993, 28), the more ambiguous and elastic our concepts, the less possible it is to quantify our data in a meaningful way. Qualitative research is typically chosen, especially, for uncovering human experiences and behaviour, in order to better understand social functions (Ghauri & Grønhaug 2002, 87). As this research is more interested in comprising an in-depth understanding of attractiveness, which in nature is focused on social processes and subjective interpretations and perceptions of attractiveness and relationship management, a qualitative re-search method is

desirable. Despite quantitative methods often focusing on a larger amount of observations than a qualitative study, the latter can analyse several aspects of a research problem, providing a more encompassing view on the topic (Ghauri & Grønhaug 2002, 88).

As established earlier, the purpose of this study is to examine and reflect on how a buying organisation in Finland establishes and manages attractiveness to initiate and develop relationships with luxury brand partners. The topic is approached with an exploration of the buying organisation's perceptions, actions and experiences in business relationship management. Qualitative research in social sciences seeks to answer questions by investigating social settings and the individuals' experiences in said settings (Berg 2004, 7), and reporting these individual insights in specific business and economic contexts (Eriksson & Kovalainen 2008, 117).

A case study strives for increasing knowledge on a specific phenomenon without making generalisations for a broader group. A case study method is often chosen when aiming to deeply understand and produce information on a subject or object with taking into account its real-life context, such as circumstances and background. (Saaranen-Kauppinen & Puusniekka, 2006; Yin 2003, 13-14). A case study researches a specific event, a restricted entity or an individual by using different and versatile methods for data collection (Yin 2003, 5-13). Thomas and Myers (2015, 55) too, define case studies as *analyses of persons, events, decisions, periods, projects, policies, institutions or other systems which are studied holistically by one or more methods. The case that is the subject of the inquiry will be an instance of a class of phenomena that provides an analytical frame – an object – within which the study is conducted and which the case illuminates and explicates.*

3.2 Data collection

Data collection techniques are systematic step-by-step procedures we follow to obtain data from specific sources for analysis, in order to find answers to our research question. The choice of data collection depends on the overall requirement on which type of data is needed for a particular research problem. (Ghauri & Grønhaug 2002, 85).

According to Ghauri and Grønhaug (2002, 97), there are three principal methods of conducting exploratory research: literature review, expert interviews and focus group interviews. In this particular study, the first two methods are used to collect data and knowledge, in order to gain a deeper understanding of the research topic. As the second-

ary data (earlier studies and papers conducted by other publishers) is narrow, a data collection method for primary data has been chosen. Primary data is collected in full details regarding the research problem, and it is collected by the means of observation and communication (Sontakki 2010, 142). One type of method of conducting the communication is through surveys, i.e. interviews.

Interviews are one of the most commonly used data collection methods in psychology and sociology (Saaranen-Kauppinen & Puusniekka 2009, 52) and according to Stebbins (2001, 22) their yield is more focused than that gathered through observations. The nature of any interview should be consistent with the research questions, purpose and objectives (Saunders et al, 2003, 245). The advantage of in-depth interviews is the creation of a more accurate picture and deeper understanding of the respondent's beliefs, attitudes and complex issues regarding organisational behaviour (Ghuri & Grønhaug 2002, 101; Qu&Dumay 2011, 246). The interviews conducted in this study were semi-structured.

A semi-structured questionnaire is comprised of a list of questions in a prearranged order, revealing to the respondent the enquiry that is made. The merits of such questionnaires are the systematic manner in the collection of data and relatively easy editing and interpretation of data (Sontakki 2010, 143-144). Semi-structured interviews are especially desirable, when the objective is to gain information on specific topics, without having to give the informant much freedom for straying off-topic (Saaranen-Kauppinen & Puusniekka 2009, 57). According to Qu and Dumay (2011, 246), this interview type enjoys its popularity due to its flexibility, accessibility and capability of disclosing important aspects of human and organisational behaviour. One of the advantages is that the interviews are systematic and comprehensive but remain fairly conversational and informal in tone (Eriksson & Kovalainen 2008, 82), as the order and formulation of questions can vary depending on the interviewed organisation or individual.

The themes for the semi-structured interview for this study arose from the background literature and sub-objectives: market development, perceived attractiveness, resource-based and socio-interpersonal drivers of attractiveness and strategic and tactical level decisions on managing attractiveness. The division of themes according to the research objective and sub-objectives is presented in Table 2.

Table 2. Operationalisation table.

Research objective	Sub-objectives	Theoretical background	Interview themes
To examine how a buying organisation manages its attractiveness to establish and develop relationships with luxury brand partners	1) How has the luxury market in Finland developed?	Attractiveness in dyadic relationships (3.2)	Market development (1)
			Perceived attractiveness (2)
	2) What are the perceived key drivers of buyer attractiveness?	Determinants of attractiveness (3.3)	Resource-based drivers (3)
			Social-interpersonal drivers (4)
	3) What are the decisions on managing attractiveness?	Attractiveness in dyadic relationships (3.2), Determinants of attractiveness (3.3), Outcomes of attractiveness (3.4)	Strategic level decisions (5)
			Tactical level decisions (6)

Table 2 demonstrates the connection between the research objective, background literature and empirical research: the sub-objectives correlate to the background literature and six interview themes each. The first two interview themes correspond to the first sub-objective, and correspondingly themes three and four to the second sub-objective and five and six to the third one. The translated interview themes and questions are attached in Appendix 1.

The aim of the study was to find the most comprehensive material for the research, not to make broad generalisations and therefore only a small sample is researched (Eskola & Suoranta 1998, 18). Since the number of informants is limited in qualitative research, it is preferable to select an informant with deep knowledge on the topic (Eskola & Suoranta 1998; 15, 48–49). As suggested by Tuomi & Sarajärvi (2009, 74), a decision to use an expert for empirical data collection was made, and the informant was selected according to their role in the case company. Expert interviews are relevant when an individual possesses expertise in a specific topic (Meuser & Nagel 2009, 18, 29). Expertise can be defined as professional knowledge or special knowledge acquired through being part of the phenomenon (Meuser & Nagel 2009, 24). Therefore, Luxbag's managing director, board member and largest co-owner Jarmo Pouttu, was selected for the interview,

due to his active participation in establishing a luxury fashion retail business in Finland and the unique perspective his experiences allow on the research theme. The informant also has a lengthy experience with brand and brand portfolio management and product development prior to his luxury retail career. The interview was held on April 11th 2019, in a calm café environment in Helsinki. The duration of the interview was 93 minutes.

3.3 Data analysis

Analysis of data is, to put simply, a process of creating a meaning or sense of the data collected, in order to reduce the data into an interpretable form and establish relations between cause and effect (Sontakki 2010, 187; Ghauri & Grønhaug 2002, 137). Tuomi and Sarajärvi (2009, 97-99) distinguish between three different qualitative data analysis approaches: theory-driven, data-driven and theory-bound analysis. In a data-driven analysis, former theories or observations on the subject are not taken into account, whereas in a theory-driven analysis, new data is reflected on the basis of a theoretical framework. Theory-bound analysis in turn guides the interpretations derived from the data within the previous observations and frameworks. (Tuomi & Sarajärvi 2009, 97-99; Saunders et al. 2003, 388-390).

In this research, a theory-driven content analysis was carried out. Content analysis can be applied to examine virtually any type of communication, either quantitative or qualitative (Berg 2004, 268) to lead the empirical data towards a more conceptualised entity of the phenomena (Tuomi & Sarajärvi 2009, 105). Content analysis is a type of textual analysis, used for comparing i.e. speech and documents (Eriksson & Kovalainen 2008, 303). Data analysis can be defined as comprising of three concurrent processes; reduction of data, displaying of data and drawing conclusions (Berg 2004, 39). The action of data reduction refers to the process of reducing and transforming the data into a more accessible and understandable form. After data reduction, the data should be assembled into an organised collection to assist observing certain patterns in the data. Once the data has been reduced and displayed, definitive conclusions may begin to arise and be verified. (Berg 2004, 39; Tuomi and Sarajärvi 2009, 110–11).

In this study, data reduction was executed using Microsoft Excel. The interview data was copied to an Excel sheet and a summarisation of the expression was formed and placed next to the original. Table 3 presents an example of the data reduction and categorisation activities.

Table 3. Data reduction and categorisation.

Original expression	Reduced expression	Sub-category
The beginning is very challenging, to even begin approaching the brands, to get to communicate with these brands is its own difficulty. But once you're in the business and have proven your trustworthiness with your operations, and accomplished their goals, then it gets easier.	The role of trustworthiness and operational excellence	Relationship initiation

Table 3 explains how the data was reduced to shorter expressions to remove any irrelevant information, and then coded into descriptive sub-categories based on the ex-pressions' similar content. In total, the created sub-categories were reduced into nine main categories: market development, market challenges, operational excellence, relationship initiation, relationship management, commitment, trustworthiness, strategic planning and communication. After the categorisation process, the data was conceptualised by organising it according to the research questions. Since the analysis process was theory-driven in nature, the empirical data was connected with the theoretical background. Table 4 illustrates the conceptualisation process by placing the main categories under the sub-objectives and main research question.

Table 4. Data conceptualisation.

Research objective	Sub-objectives	Interview themes	Main category
To examine how a buying organisation manages its attractiveness to establish and develop relationships with luxury brand partners	How has the luxury market in Finland developed?	Market characteristics	Market development
		Perceived attractiveness	Market challenges
			Relationship initiation
	What are the perceived key drivers of buyer attractiveness?	Economic and resource-based drivers	Operational excellence
		Social-interpersonal drivers	Relationship management
			Commitment
			Trustworthiness
	What are the decisions on managing attractiveness?	Strategic level decisions	Strategic planning
		Tactical level decisions	Investments

Table 4 shows the link between the research objective, sub-objectives and main categories. The categories are placed on the right side of the table according to corresponding interview themes. Ultimately, there were two categories relating to the first and third sub-objectives, and four categories relating to the second sub-objective.

Once conceptualised, the last phase of the empirical data analysis process was conclusion drawing. To deepen the understanding of the subject, a case analysis was applied to the study. The case analysis was considered desirable because it entails a deep analysis of the case, for searching differences and similarities with and in contrast to the theoretical background (Eriksson & Kovalainen 2008, 130).

3.4 Trustworthiness of the study

To assess and prove the trustworthiness of a study, it is crucial to choose the right set of evaluation criteria that is compatible with the nature of the study (Eriksson & Kovalainen 2008, 290). The constant evaluation of one's own work throughout a research process is not only necessary for ensuring a good quality study, but also to assure its readers that the

findings and conclusions presented in it are valid and worth acknowledging (Lincoln & Guba 1985, 290; Eriksson & Kovalainen 2008, 290).

While traditionally trustworthiness has been evaluated by external and internal validity, objectivity and reliability (Lincoln & Guba 1985, 290; Saaranen-Kauppinen & Puusniekka 2006, 25), these criteria are strongly associated with quantitative research and are not quite appropriate for evaluating qualitative research (Eskola & Suoranta 1998, 152), although reliability and validity are still commonly used as classic criteria for good-quality research assessment (Eriksson & Kovalainen 2008, 291). Instead for qualitative research, Lincoln and Guba (1985, 300) suggest four better criteria for the evaluation of trustworthiness: the examination of the credibility, transferability, dependability and confirmability of the research. These criteria were chosen to be applied to the evaluation of this research paper.

Credibility as a criterion for trustworthiness refers to the level of which the findings of the research are congruent with reality (Merriam 2014, 2013; Eskola & Suoranta 1998, 154). That means whether the findings of the study are credible and match reality, given the data presented (Lincoln & Guba 1985, 301). Several actions were taken to ensure the credibility of this study. First off, the operationalisation table was created for displaying the connections between the theoretical framework and the empirical data (Table 4). Triangulation of references is used to increase the credibility of the study, by assembling the theoretical framework of theories, concepts and findings selected from a wide range of previous literature (Aaltio & Puusa 2011, 160). Since there is no definitive standard for a sufficient amount of data in qualitative research (Eskola & Suoranta 1998, 155), the method of saturation was applied. Saturation means that data is collected until the same ideas start arising repeatedly (Merriam 2014, 219).

Transferability is concerned with the extent to which findings of the study can be applied to other studies (Lincoln & Guba 1985, 290; Merriam 2014, 223). Understanding the generalisability of a study depends on the reader's perceptions, but transferability can be improved by describing the study and its larger context in as much detail as possible (Lincoln & Guba 1985, 316; Merriam 2014, 226).

A description of the informant and the data collection and analysis processes are established in the sub-chapters 3.2 and 3.3 to increase the transferability of the study. Merriam (2014, 227) suggested that transferability can be increased by carefully selecting the study sample. Given the very limited number of retail buying organisations on the Finnish

market with true luxury brands in their selections, the selected case study was chosen as the only suitable alternative for reflecting on the research themes on a sufficient level.

However, it must be considered that the transferability of the study is influenced by the exploratory nature of the research. As discussed earlier, the objective of explorative research is to provide an initial understanding of the phenomenon (Ghauri & Grønhaug, 2002, 48–49), but the findings of the study should be confirmed by further research

When a study's results are consistent with the data collected, the study has an extent of dependability (Merriam 2014, 221). The findings must make sense internally in the study. Accurate descriptions of conducted interviews, data analysis methods and the logic behind decision making enhance the dependability of the study, according to Aaltio and Puusa (2011, 160). Accounts for data collection and analysis were provided in earlier chapters. Moreover, the conducted interview was recorded and transcribed for the data to be easily accessible for analysis. Nonetheless, it must be observed that the interview was conducted in Finnish and the data was then translated to English. The issue of translation may to some extent affect the dependability of the data collected.

Confirmability means that the conclusions presented are supported by findings in other similar studies (Eskola & Suoranta 1998, 154) and they can be confirmed by the audience (Lincoln & Guba 1985, 290). Merriam (2014; 15, 219) notes that the researcher must consider possible biases according to the research and the need to clarify how certain interpretations based on collected data come about. Nonetheless, it must be considered that the less structured the interview, the more increased is the role and subjectivity of the researcher (Aaltio & Puusa 2011, 160) and conclusions are always subjective interpretations of the researcher (Eriksson & Kovalainen 2008, 120).

4 MANAGING ATTRACTIVENESS IN LUXURY RETAIL

4.1 The company background

Luxbag is multi-brand concept store specialising in luxury accessories, footwear and clothing in central Helsinki. The top global brands it currently exclusively represents include Gucci, Céline, Chloé, Balenciaga, Givenchy, Fendi, Saint Laurent, Loewe and Bottega Veneta.

Luxbag was founded in 2008 by Jarmo Pouttu and his wife Eija Pouttu, with the initial idea of finding a suitable concept for a shared business and bringing a better selection of luxury leather goods to the Finnish market. Their market analysis concluded that the Finnish fashion market was missing a proper representation of truly high-end brands. The global luxury fashion powerhouse Louis Vuitton opened their own directly operated store the same year, which positively affected the business of Luxbag as well and sparked the change in the Finns' somewhat stiff attitude towards luxury goods consumption.

We did not know it at the time, it rather happened by accident. It unlocked this new opportunity of consumer behaviour for the local women, they got permission to start investing in themselves with expensive bags, and it was great timing for us too.

For a few years, the store space was located at Helsinki-Vantaa airport, but due to the encouragement of their brand partners to have more of a local, downtown presence instead of an airport business, the store moved back to the central city area in 2011 after gaining momentum with successful sales performance in the non-Schengen terminal. The company has continually expanded its retail space to house a growing number of established brands, thanks to new investors and partners. Seven of their brands are represented with a so-called total look concept, meaning their assortments include leather goods (bags), clothing and footwear. In February 2019, the company expanded their business by opening another retail space specialising in men's fashion to better respond to the globally fastest growing high-end fashion category. Luxbag strives to be the primary destination for a high quality, exclusive and international luxury fashion shopping experience on the Finnish market.

4.2 The luxury retail landscape in Finland

The first theme discussed with the informant was the characteristics of luxury fashion retail in Finland. This background information was imperative for a deeper understanding of the framework in which the retailer operates. The main categories arisen in the data conceptualisation from the first two interview themes were market development and market challenges.

On average, a Finnish person spent 4,3 per cent of their total expenditure in 2017 on clothing, accessories and footwear, while citizens of EU countries spent 4,9 per cent on average. Finland is amongst the four EU countries with the lowest spending rates in fashion apparel. (Suomen tekstiili ja muoti 2018, 7). Fashion and textile retail in Finland overall was worth 1620 million euros in net sales in 2018 (Suomen tekstiili ja muoti 2019, 4). However, the portion of luxury items of total expenditure is not statistically reported on a national scale.

Pouttu agreed that the Finnish luxury retail market is still undeveloped with only a handful of operators, and even less brand-owned monobrand stores. The slowly changing consumer behaviour, a remote location and the small size of the population remain some of the biggest challenges for luxury sales.

When starting the Luxbag business, the first challenge was finding the right retail location and then finding the right brands, both of which had their difficulties at the time.

But once you got the first couple of brands, it was easier to start growing the brand mix. Perhaps it was due to the far, exotic location of Finland that the brands were not too choosy about letting us establish this weird retail concept consisting of just a few brands and only leather goods.

Strategically, luxury brands would have two options for expanding their retail network: either establishing their own, often self-operated monobrand stores, like the previously mentioned Louis Vuitton, or getting partners for a multi-brand store concept. Naturally, the exclusive fashion houses are very particular about the company they keep and multi-brand stores can often risk being miscellaneous assortments of differently positioned brands, if not curated meticulously. Going along with the monobrand concept was not a suitable option at the time for the business initiative, as the market was (and still is) not mature enough. Therefore, the company decided to participate in the total look concept.

When asked what initially drew the owner towards esteemed luxury brands, the informant emphasised his inherent attraction to and appreciation of excellence in brand management practices, as he had an understanding from his earlier career what successful brand management required.

They are old, old houses with an extensive history, they have been around for such a long time, some even 160 years, they have seen both world wars, and they are still thriving. They have this substance behind them.

Pouttu stated that this almost indescribable quality of the histories behind the brands was perhaps the biggest reason for deciding to take up on the luxury retail business. He wanted their company to be a landing pad for the well-established brands to enter the Finnish market. Taking care of one's own performance and operations is key, and the brand partners will maintain the brands' appeal.

The Finns, however, with very little experience of having access to luxury items domestically and the innate characteristics of our modest approach towards expressing our identities and wealth through our appearances, have been somewhat slow in embracing the new options. Despite the growing number of luxury, high-end and premium brands available on the Finnish market today, Pouttu argues the market is still virtually nonexistent, although constantly evolving for the better. The spending habits and consumer behavior of Finnish people is still in its infancy, despite us having the purchasing power and the means for luxury and high-end level spending.

Historically, Finland has lacked the society groups making extravagant and luxurious spending aspirational, compared to for example our neighbours Sweden and Russia with their long royal histories. Our consumer behavior is still very much rooted in older generations' perspectives on "proper" spending habits and subjects. Finns want to be rational in their buying decisions and maintain a practicality in their purchases. Pouttu remembered a story from a few years back, when he asked one of their brand partner representatives whether a certain bag would fit a laptop. He recalls explaining that most of their clientele are working women like lawyers and business executives, who need accessories fitted to their daily needs. "Your customers work?", was the representative's reply. This is the difference in the culture and the baseline for luxury item consumption versus buying habits in other parts of Europe and the world.

The informant believed the change in buying habits will be driven by younger generations, who are happy to spend their income on luxury, and appreciate and admire the strong brands behind the actual items. The operational environment will change in the

next few years, with perhaps (and hopefully) brands opening more of their directly operated monobrand stores. Pouttu argues this can speed up the market development and will probably not be an inconvenience for Luxbag's business, just as the opening of the Louis Vuitton rather paved the road for other luxury businesses in 2008.

4.3 Perceived attractiveness

The second theme in the interview was the concept of attractiveness and how the informant perceives their own attractiveness now and in the past. Firstly, the role of attractiveness in initiating new brand partner relationships was discussed.

From the very beginning, Luxbag has prided themselves for building their brand mix very deliberately. Taking into account the owners' preferences and which brands appeal personally to them, they have always wanted to pick strong, dynamic brands positioned towards the upper right corner of the brand matrix. Before expanding their selection to the total look, the owners naturally wanted a brand mix with strong ranges in leather goods. Given the main revenue and profitability for many luxury brands comes from the sales of leather goods, this strength at the core of the aspirational brands were important. Pouttu also agreed that sometimes the brand positions change, due to changes in artistic directors for instance, so their strategic brand matrix is never stagnant and reconsidered on a yearly basis for strategic planning purposes.

The beginning is very challenging, to even begin approaching the brands.

For an individual person, even if you have a status or anything, to get to communicate with these brands is difficult. Nevertheless, once you are in the business and have proven your trustworthiness with your operations and accomplished their goals, then it gets easier.

At first, the main challenge was getting through to the large luxury conglomerates, as a potential distributor with no networks and no established retail concept. Pouttu confessed once sending a hand-written letter to Bernard Arnault, the president of LVMH, after not receiving any replies to his emails addressed to the organisation. When after several efforts they were invited to a meeting at Loewe, a LVMH owned brand, he recounted being scolded for daring to send a letter directly to their president. Nonetheless, business negotiations begun and their first brand agreement was signed not much later.

Pouttu said the luxury brands certainly do their research on different markets and know Finland has the proper purchasing power per capita, but they also recognise the

challenges caused by the old-fashioned consumer behaviour and buying habits. With the retail landscape lacking proper, forceful drivers for development, Finland is not at the top of the list of attractive markets. The informant underlined the importance of getting the brand representatives to visit Helsinki, when getting new partners or faced with changes in management on the brands' side. It is crucial for the brands to understand the market as a whole, especially when Finland can seem quite unknown and flavourless to continental and Southern Europeans. For instance, Helsinki cannot yet be benchmarked with markets like Copenhagen or Stockholm.

Once the negotiations are open, it is essential to be able to argue on behalf of the market potential, its development in the future and operational plans for reaching the targets and goals. To stand out from a crowd of eager distributors requires a clear vision and confidence in one's own abilities and expertise. The informant told that in some cases negotiations might even take several years to finalise, with a constant uncertainty of the result. Luxury brands want to hold their negotiation power to strictly manage their distribution chain.

4.4 Economic and operational drivers

Third, the theme of economic and resource-based drivers of attractiveness was discussed. On the topic of economic factors and their role on attractiveness, Pouttu agreed that the company could probably operate their business on a larger scale, with more capital, if they desired. Nevertheless, the owners have wanted to keep their growth at a moderate level and build up their operations incrementally, with capital investments made at strategic moments.

We could do this with more capital, and it could be a quicker way to establish trust and credibility towards the brands. But it might not necessarily result in that outcome.

With more working capital, Luxbag could probably accelerate their growth. However, with their yearly growth rate around 15-20 per cent, Pouttu felt this rate is better in the long run and vis-à-vis local market development. The luxury brands might not even wish for uncontrolled growth spurts in the market, as they could fear excessive product availability and the development of parallel markets. This perceived risk is in line with exclu-

sivity, which is identified as the most essential component of luxury brands, with restricted accessibility and deliberately controlled distribution chains adding to the scarcity principle.

A competitor being a bigger operator does not automatically mean they are a more attractive partner or a new potential operator in emerging markets. Financial stability and cost-effectiveness certainly means a company can match the luxury brands' budget requirements for purchasing the total look assortments, but they also need to have, e.g. an efficient sales-through rate for optimal performance. As Pouttu put it, Luxbag does not want to collect brands for display purposes; they want brands they know will be represented as well as possible in the market – which will positively reflect on their performance and strategic fit. Pouttu argued they are as much of a strategic partner for the luxury brands as bigger operators, like franchisers are. For some brands, they are a so-called selective partner. The owner-managers felt they are very familiar with their brand partners' practices by which they operate and select their distributors (logics of action).

These brand partners, our clients, they always want to retain their negotiation power. That's one protecting element for us, in addition to the small size of our market. Another protection is that even though an operator might have economic resources or partnerships in another market, it doesn't mean those brands would enter our market with their partners. They don't want it, because they don't want to give up a bigger negotiation power to the distributor, they want to hold on to the reigns.

When asked about possible obstacles or failures in gaining wanted brand partnerships, Pouttu admitted certain negotiations are recurrent but have not for the time being proceeded. The underlying reasons include but are not limited to the luxury brand not fitting the company's strategic portfolio or that the partnership would require major investments on the company's part. To be able to distribute one aspired brand, for instance, would require the representation of a total look assortment of items, which would require a significant share of the store space. Shop-in-shop solutions for specific brands within the store are not ruled out, but would probably not cumulate more business overall and again, might affect the balance of the brand portfolio. For instance a hyped megabrand, when joining a multi-brand store, might be very dominant and cut down the performance of others, if the store is not deliberate in maintaining the balance between all the represented brands.

Brand X is an example of us not failing per se, but we know they have very strict company policies that we cannot match right now. It is important to keep up good relationships and be updated about each other, but we can't start knocking on their door asking for permission to do things our own way.

Sometimes brands no longer meet the demands of the carefully curated selection due to in-house changes or have too small a niche for the small market in Finland, and get overshadowed by the larger brands. Luxury brands themselves naturally have their own brand matrixes, and are particular about the other brands they want to be distributed with. The informant agrees the brands would probably interfere with any unwanted decisions on expanding the selection, but are in line with the current company strategy. Some brand offers the company has had to decline, as they have not fitted the company strategy and had the preferred brand positioning. Nonetheless, Pouttu would be happy if those brands found prospective distributors elsewhere, to strengthen the local market and its spectrum of different operators.

The expansion of a store space dedicated to men's fashion is a good example of the proactive approach Luxbag has maintained in their business. Seeing potential developments in the market is very important to communicate to the brand partners and Pouttu admitted their partners were very pleased the owners themselves took the initiative to open a men's store.

If we don't anticipate changes, the brand partner will put pressure on us – first by suggesting nicely, then less nicely, and the third option is perhaps ending the partnership altogether due to us not acting according to how they perceive the developments in the market.

Pouttu told his company has received praise from brand partners for executing their plans just as they pledged which is sometimes surprising for the global brands. Some distributors might have spectacular plans to present in showrooms, which are never actualised. The company's good reputation and motivation to see their plans through, can open negotiations within luxury corporations if, for instance, points of contact internally transfer to other brands or even product categories under the umbrella corporation. As many of the largest luxury corporations house a multitude of renowned brands, endorsements within the corporation can be fruitful.

I think the commitment to us comes through our established and successful operation, which is the best insurance for our operation. Our performance,

our operation, which develops and in the right way, that is our best security for joint commitment. That is the only security we have.

4.5 Relationship management drivers

In the fourth theme of the interview, the informant was asked to reflect on different social qualities in the brand partner relationships. Pouttu argued the personal relationships and social factors are equally important as economic factors in establishing and developing attractiveness.

When discussing the number of points of contact on the brand's side, the informant estimated them to be around three to five different people per brand. The main contact persons mainly manage wholesale business in designated demographic areas and report to wholesale and/or commercial directors. These representatives are most often the ones met with at the brand showrooms to discuss new season budgets, assortments and market developments, while other personnel manage logistics and finances.

The commitment to the partnership is mostly present on the company's side, although not completely one-sided, and the longer their well-known contact persons stay in their positions, the calmer and trusting the owners approach can be. Their perceived commitment must be as strong as their trust, but always prepared for unpredictabilities. Pouttu argued the partners naturally want to maintain their position of power and not let personal ties affect business operations too much, even though the role of personal relationships is extremely significant.

On the topic of trust in relationship management, Pouttu felt trustworthiness was the single most important quality in their brand relationships. With the multibillion global corporations, where strategic decisions are made in boardrooms and management levels, Pouttu agreed however, that their company must always anticipate and prepare for changes, as their brand partners have the power to be very unpredictable, if need be.

Trust is extremely important, that they trust in what we've done and what we will do, and they've seen firsthand that we do what we promise, that's perhaps most essential. But we can't trust them or their practices blindly.

Trust on the brand partners' side can manifest as trust in reported sales (as the partners do not have direct access to the store's real-time sales data) or flexibility with pay-

ments, for example. The qualities of trust and trustworthiness arose repeatedly in the different interview themes, brought up in both economic and resource-based drivers (trustworthiness in operational excellence, executing plans and financial stability) and personal relationships (trustworthiness in the exchange of new information, open and transparent communication and in-person meetings).

The company owners have always wanted their communication to be as transparent and open as possible towards the partners, as the brands demand too, on topics such as market development. Nonetheless, they see the need to consider cultural differences and the decisions on what to share at times, as not to generate false conclusions.

The topic of a shared sense of best practices and shared goals has never an issue for either side, according to Pouttu. Shared decisions and policies are necessary to adhere to and to be clear for both parties for an optimal performance level.

We rather go by the book than experiment with our own variations. We know that it can be very detrimental to try any tricks.

The social factors Pouttu believed their partners most appreciate, is the owner-managers knowledge and expertise on the local market and its potential. The brands trust the company knows their customers and their buying behaviour, and how to develop their business. The informant stressed the importance of personal ties and social skills in establishing and maintaining partner relationships. The meetings made in person at the brand showrooms are the most substantial and significant, and the owners need to come prepared with their main message for the brands' managers and directors. These meetings, however short, are essential to organise when visiting the brands abroad, and more important than regular communication through other means.

The owner couple also visits other nearby markets in addition the fashion capitals (Paris, Milan, Rome) to familiarise themselves with new developments and to deepen their proactive approach the their business. Pouttu felt their feedback and perceptions on neighbour market developments presented at the showroom meetings are appreciated and sometimes even unheard of by management level personnel. He argued the more substantial information they have to demonstrate about the market context as a whole, the better.

On the topic of possible challenges faced in maintaining the personal relationships, Pouttu repeated the importance of having the key points of contact visit them in person too, on a regular basis. Even a very short walk around the Luxbag store surroundings,

nearby storefronts and department stores gives the partners a much more comprehensible perspective on the current retail and consumer behaviour environment.

It would be extremely important for us to get these key persons to visit us regularly in Helsinki, because when we get them here, we are of course on our own turf and the experience tells them more than a thousand images at a showroom.

When asked about the most significant qualities when initiating new brand partner relationships in the future, Pouttu confessed they are currently quite satisfied with their portfolio and if they wanted, they are now in a position to open negotiations with any luxury brand. However, for some brands or new business models, such as monobrand stores, the market is not ready yet and even then, would require considerable investments. He stressed the need for market development and changes in consumer behaviour to spark business growth and allow for more operators in the market. Competitors were not regarded as a disadvantage, but rather enablers for a more credible retail environment, which would benefit all the players in the field.

Pouttu argued the comprehension of luxury business and its potential in Finland should be better recognised in the capital market and operational environments too, such as properties. If consumers are one side of the change in attitude towards luxury, equity is the other. New business models, expansion of current businesses and their access to retail spaces, located in premium properties fit for luxury brands, need capital investments. He also stressed the role of positive media coverage and the tone of voice with which luxury brands should be presented within our media environment.

Both the informant and researcher agreed that there is a need for more academic research on luxury themes in Finland, more positive publicity for luxury brands and a more permissive attitude towards luxury consumption and a true appreciation of the histories behind the brands.

5 CONCLUSIONS

5.1 Theoretical contributions

The purpose of this study was to examine how a buying organisation manages its attractiveness to establish and develop relationships with luxury brand partners. The research objective was further divided into three sub-objectives:

- 1) How has the luxury market in Finland developed?
- 2) What are the perceived key drivers of buyer attractiveness?
- 3) What are the buyer's decisions on managing attractiveness?

Examining the management of attractiveness is interesting, since previous literature on the topic remains limited, although burgeoning. The research on the drivers of attractiveness is narrow and has been mainly examined in industrial business and very traditional buyer-supplier contexts. To provide an exploratory understanding of attractiveness in luxury business relationships, the topic was approached by conducting a case study of Luxbag, the leading luxury multi-brand store located in Helsinki.

Luxury brands as suppliers are highly attractive and much like to consumers, the brands need to remain exclusive and prestigious to retail buyers as well. While directly operated or franchised monobrand stores give better control over brand deployment, distribution through multi-brand stores sometimes work better for emerging markets, where sales volumes are lower, and the target group is small.

According to the literature review, the identified role and purposes of attraction have different approaches depending on the authors. Attraction is assimilated with the initial spark for establishing a relationship (i.e. Dwyer et al. 1987, Halinen 1997, Harris et al. 2003, Mortensen 2010), a relationship development factor and antecedent for development of trust and commitment (i.e. Harris et al. 2003, Wilkinson et al. 2005, Ellegaard & Ritter 2006, Mortensen et al. 2008, Hald et al. 2009), an attribute leading to supplier satisfaction and preferred customership (Schiele et al. 2010, Hüttinger 2010), a management approach (i.e. Cordon & Vollman 2002, Ellegaard et al. 2003, Ramsay & Wagner 2009, Hald et al. 2009, Schiele et al. 2011, Mortensen & Arlbjorn 2012) and a measurement of customer portfolio analysis (Fiocca 1982).

The first sub-objective covered the past and current development of luxury retail business on the Finnish market. This sub-objective was answered through an empirical examination of the storeowner's perceptions on the developments in the local luxury market and his experiences in initiating luxury brand partnerships in an emerging market. Understanding the retail landscape was imperative for reflecting on the dynamics between luxury brands and the retailer, and comprehending the business context in which the attractiveness concept was studied. For the second and third sub-objectives it was necessary to get a better understanding of how the brand partner relationships have developed since the establishment of the company, in order to evaluate the role of attractiveness in different stages of the business relationships. The theoretical background for the first sub-objective was the most limited, and therefore the first research question wanted to be exploratory in nature.

Even with a growing number of high-end and premium brands on the local market today, the Finnish luxury retail market is virtually negligible. Some could even argue Finland has no luxury market yet. However, the number of operators in the field of luxury and high-end brands has increased in the past decade, as luxury consumption is growing globally and brands want a presence in emerging markets. Despite the citizens having the purchasing power per capita for luxury level spending, the consumer habits in the country are still very old-fashioned. Both the researcher and interviewee agreed that more domestic academic research on luxury business should be carried out.

As luxury brands are very particular about their distribution chains and the availability of their items, the buyers (retailers) and suppliers (brand partners) have two different levels of perceived attractiveness (La Rocca et al. 2012, 1244). The findings confirmed said imbalance in the levels of attractiveness as a natural characteristic of the luxury industry due to the prestigious brands' positions of power, heritage and nature of practices in brand management.

Initiating the very first partnerships was very difficult, due to a newly established business with no existing networks in luxury retail and the challenges eager retailers face in trying to get connections to luxury conglomerates in general. Thanks to networks from other industries and relentlessness in attempts of getting meetings for prospective brands, the first brand partnerships were agreed upon. As the assessment of initial attractiveness does not necessarily require previous interactions or knowledge about the other party and is a calculation of expected relationship value (Mortensen & Freytag 2010, 6), initiating

new partnerships without an established business in this luxury retail dynamic is challenging, but not impossible.

The findings of the first research theme also suggest that the local luxury retail market needs changes in both consumer behaviour and willingness for capital investments to spark market growth and development. The drivers for such development could be the growth of number of credible retail operators on the market and improvement of general attitudes towards luxury consumption and market potential.

The second sub-objective focused on the perceived key drivers of attractiveness. This sub-objective was approached by examining the qualities establishing and developing attractiveness, as perceived by the retailer. Based on the literature review, the interview themes were divided into economic and resource-based drivers and socio-interpersonal drivers. The empirical findings revealed many of the perceived determinants of attractiveness overlap both categories, so this division was merely a tool for the initial categorisation of key drivers. Overall, the findings demonstrated that by identifying and knowing the sensemaking logics and practices of their brand partners and having a proactive approach for relationship management, a company is capable of managing their perceived attractiveness, as already proposed by Ellegaard (2004).

According to the literature review, companies need to compensate for a lower economic attraction with other areas (Schiele et al 2010, 6) and perhaps use indirect means through interpersonal relationships to increase their attractiveness (Mortensen 2008, 812). The findings showed, that despite the small size of the local market, economic and resource-based qualities determine attractiveness as much as social-interpersonal qualities in luxury retail. While on the global scale the case company's sales revenue may not be able to compete with the bigger retailers or franchisers, it does not necessarily signify inferior economic benefits. Financial stability, good sales-through rates, cost-efficiency and opportunities for capital investments can compensate for lower total revenues. Taking into account the current market size, a rapid expansion or higher sales volumes would not necessarily result in better business, as the brands might fear diluting their brand image and exclusivity principle.

Correspondingly to the drivers proposed by Tanskanen and Aminoff (2015), Wilkinson et al. (2005) and Baxter (2012b), many of the identified key qualities increasing attractiveness in the empirical research were in line with previous literature: financial performance and stability, organisational and strategic fit, reputation, reliable payments and market potential. The role of operational excellence and strategic fit arose repeatedly

in the interview and were regarded as qualities bringing security to brand partnerships. Operational excellence in addition to financial performance can also include ethical behaviour, trading relations, market linkages and corporate image, which correspond to the sources for supplier value proposed by Ramsay and Wagner (2009). The company providing a competitive advantage to their partners through complementary resources and economic benefits by representing the brands in a new, emerging market, also support the attraction determinants identified in literature (Harris et al. 2003, 23; Baxter 2012).

Harris et al. (2003, 27) presented three conditions for attraction: familiarity, proximity and repeated exposure. The concepts of familiarity and proximity, perhaps, have somewhat lost their tangible importance with the increase in global mobility and developments in information and communications technology. The precondition of geographical proximity and familiarity are no longer required for efficient exchange of relational capital. However, correspondingly to the empirical findings, regular in-person meetings between the business partners and the partners' visits to the local market were seen as very significant and indispensable opportunities for information exchange between partners. According to the findings, the concept of geographical proximity can be ambiguous too: despite located relatively close to continental and southern Europe, Finland is still seen as a remote and somewhat unknown territory for the global brand headquarters.

The role of personal relationships and social skills was highlighted in the empirical research. As the most important social exchanges happen in meetings at the showrooms, likeability and familiarity are fundamental qualities, as identified by Pulles and Hartman (2017). The more permanence there is with the representatives and personal relationships at the brands' sides, the more consistency and trust is present in the relationships as perceived by the buying organisation. The significance and different dimensions of social-interpersonal drivers on attractiveness in this case study reassert the notions of many previous researchers. Communication, commitment, trust, respect, willingness to learn and improve, stability (Tanskanen&Aminoff 2015, 136; Caballero & Resnik 1986, 18), value creation and emotion (Ellegaard&Ritter 2007) are some of the commonly identified social drivers in attractiveness literature, as well as the study findings.

The empirical findings revealed that trustworthiness was the single most important driver for attractiveness and was established and maintained through credibility, sincerity and stability. The findings support the determinants proposed by Hald et al. (2009, 962), who identified three components of attraction: expected value, trust and dependence. The authors further divided trust into three dimensions, including competences, loyalty and

integrity (credibility and adherence to principles), and the same themes were emphasised in the interview data. The findings are also compatible with the research on social factors influencing SME's buyer-supplier relationships. As Morissey and Pittaway demonstrated (2006, 287), SMEs can add value to their supplier relationships with power asymmetries by investing in creating trust in the relationship.

Dwyer et al. (1987, 16) and later Halinen (1997, 59) proposed that attraction is an antecedent for trust and trust is a precondition for commitment. Even though this theory is plausible, the researcher of this study argues these proposed relational dimensions cannot be arranged in such a straightforward manner, as the perceived trustworthiness and commitment of a business partner can greatly affect the perceived attractiveness and affect whether a relationship is seen as attractive enough to initiate or maintain on the behalf of the supplier.

In contrast to (Mortensen&Freytag 2010, 20) argument that a level of uncertainty in relationships is present until they are developed further, is somewhat contradictory to the empirical findings. Despite high levels of trustworthiness and commitment on the buyer organisation's part, the business relationships are reputedly under a feeling of constant uncertainty and lack of predictability, even in long-term relationships with deeper personal connections. According to the research, this imbalance in the power positions is a characteristic of the luxury industry and not a disadvantage per se, but a quality to be acknowledged nonetheless.

Finally, the third sub-objective focused on the tactical and strategic decisions on managing attractiveness, meaning the concrete measures the company takes to increase and maintain their attractiveness towards brand partners. Much of the previous literature on attractiveness and its results, supplier satisfaction and preferred customership, seek to identify the qualities affecting attractiveness, but does not delve deeper into practices on managing said qualities. The theoretical framework by Hald et. al (2009, 968) suggested the challenge for buyers is to provide mechanisms and personal relationships that create the right combinations of perceived expected value, trust and commitment, which was also apparent in the empirical findings. The key factors influencing SME relationships, as proposed by Morissey and Pittaway (2006, 287) were also very clearly articulated in the experiences of the case company: honesty, honouring agreements, openness, loyalty and words backed by action.

The findings of the second sub-objective revealed the key driver of attractiveness and the overarching attribute in successful partnerships was trustworthiness. Trust constitutes

the partners beliefs that their needs will be fulfilled in the future by actions undertaken by the other party (Anderson&Weitz 1989, 312). The role of relational liability, including the fulfilment of the promises made by the buyer (operational excellence and competences) and exceeding the brand partners' expectations in the relationships (expected value), was central in affecting the partners' perception of attractiveness, as also proposed by Ellis et al. (2012) and Hald et al. (2009). Understanding the logics in action of their partners, a concept suggested by Hald (2012, 1238) meaning a logic guiding the partners' behaviour, was recognised by the case company and operated on accordingly.

In addition to well-established financial and operational performance, trustworthiness was maintained through open and sincere communication towards the partners. Correspondingly to the suggestion of Baxter (2012b, 1256), timely and profound information exchange can be used to achieve competitive advantage and trust in the relationship. Insightful expertise on local market development and its transparent communication to the business partners was seen as the social quality with most significant impact on perceived attractiveness. The communication of company knowledge on their own market environment also compensated the lack of geographical proximity and familiarity. The extra-role behaviour proposed by Ellegaard in his cyclical attraction model (2012, 1225) meaning a partner's behaviour beyond what is expected of them in the social exchange, was actualised as sharing information beyond expectations. Research into neighbour markets and their operators was seen an extra asset supporting the company's trustworthiness and commitment. A proactive approach to business development and anticipation of unpredictable changes added to the perceived trustworthiness as well. Commitment to organisational and strategic fit was prioritised not only due to the company's own aspirations, but also to maintain trust in current partnerships.

The decisions on managing personal relationships and networks were heavily reliant on the in-person meeting opportunities at showrooms and partner visits at the local store. Having new substantial information on market developments and business insights to always come prepared with to the meetings was essential in developing the relationships further and increasing relational liability. Well-maintained relationships could also result in referrals within a corporation and enable access to new resources (brand partners), which is perceived as a result of supplier satisfaction.

The findings of the study demonstrate that there are common themes in the theoretical framework and the empirical data. Both suggest that key drivers for attractiveness can be organisation and industry specific, but share some general overarching themes, such

as trust, expected value, communication, social interaction and financial performance. The empirical findings of this study are compatible with the notions in previous academic literature suggesting that a buying organisation can consciously develop and maintain their attractiveness towards their suppliers (brand partners). As suggested by Schiele and Vos (2015, 144), a high degree of dependency and low buyer attractiveness is problematic for close collaboration. Arguably, the dependence of the case company on their brand partners is very high, present with a constant requirement for anticipating changes in practices or contact personnel on the partners' sides. Decisions on establishing and managing attractiveness, nonetheless, have been deliberate in order to gain competitive advantage and new business opportunities.

Seeing as the company's partner relationships, reputation and operations have developed over time, the findings support Mortensen's (2008) model on attractiveness evolving over time and depending on the maturity of the relationship. Initiating relationships in the very beginning was different from the current company operations, with the reputation and trustworthiness of an established business giving a better baseline for initiating new relationships in the future. The researcher of this study agrees that attractiveness should be evaluated throughout the different stages of business relationships and strategically managed to maintain and develop relational capital.

While the concepts of supplier satisfaction and preferred customership were only briefly revised in this study and not researched in the empirical data, they are interesting to consider in light of the findings. The concept of preferred customer status is challenging to evaluate one-sidedly and most likely not applicable to a small market with very few competitors. Agreeably, the case company might be the most attractive (preferred) partner for new brands, due to its market leadership and current brand portfolio, but preferred customership is evaluated based on the supplier's buyer portfolio, not on the comparison of market alternatives.

Perceived supplier satisfaction, however, was more evident in the empirical findings. Supplier satisfaction can refer to the operational excellence of the business exchange (Huttinger et al. 2014, 699). Many of the case company's decisions on managing their attractiveness overlapped the variables affecting perceived supplier satisfaction, proposed by Cambra-Fierro and Polo-Redondo (200, 214): cooperation, communication, adaptation to expectations and trust. Based on the findings of this study, the researcher agrees with cyclic nature suggested by Pulles et al. (2016), that supplier satisfaction positively influences customer attractiveness for future projects.

5.2 Managerial implications

Along with the theoretical contributions, the study provides some tactical and strategic insights to establishing and developing attractiveness in business relationships. Despite the studied industry being very specific in nature, some of the management practices can be applied to other contexts with similar power asymmetric dynamics.

Five managerial recommendations can be drawn from the empirical findings of the study: 1) investing time and effort for gaining insights to market development, 2) committing to sincere and open information exchange, 3) pursuing operational excellence over business volume, 4) adhering to requirements of strategic fit and 5) maintaining a proactive approach to relationship development.

The findings of this study revealed that demonstrating one's commitment to providing partners with market insight and expertise can compensate for lack geographical proximity and cultural familiarity. The ability to communicate and predict local market developments can be a competitive advantage increasing the perceived trustworthiness and business potential of a partner. Exceeding expectations with information outside one's own territory can prove valuable for other parties of the relationship and deepen social ties.

Secondly, the buying organisation should commit to sincere and transparent communication on current and future issues. While the first managerial implication underlines the significance of relevant information for the other partner in the relationship, the second posits the need for competent communication practices. It also emphasises the importance of one's likeability, social skills and regular in-person interactions, particularly when initiating new relationships.

The third managerial implication suggests pursuing operational excellence (financial and operational performance) over high sales volumes. If the organisation does not have the means or opportunities for competing with higher sales revenues, it should compensate its performance with other operational or financial successes to ensure relationship security.

Fourth, the study implicates the importance of adhering to company strategy by upholding the requirements of strategic fit for partners. Maintaining a clear vision of strategic purposes and committing to the company's long-term strategic goals reduces the risk for collecting a miscellaneous mix of differently positioned brands and jeopardising operational performance and current supplier relationships.

Finally, the fifth managerial implication is maintaining a proactive approach for changes in the partnerships. Proactivity towards personnel changes, unpredictability in business practices or power play in relationships allows for resiliency and flexibility in supplier relationships.

5.3 Limitations and further research

Like all research, this study is subject to certain limitations affecting the content and conclusions of the empirical findings. First, the study was predominantly explorative in nature, as previous academic literature on both the concept of attractiveness and luxury retail in Finland remain limited. Due to the exploratory scope of the findings, the empirical data cannot be fully utilised for broader generalisations.

Second, the data was collected as a case study from one informant. Consequently, the findings of this study are only a one-sided evaluation on the subject and do not take into account the perceptions of the brand partners (suppliers). The perceived drivers of attractiveness are therefore a subjective evaluation of one actor in a dyadic relationship. Due to the one-sided approach to the research themes, there is a certain amount of speculation involved in the study. Another limitation is the selection of the case study and whether choosing another informant would have led to different findings and conclusions.

Third, the chosen research method may present additional limitations to the study. Interviews are always threatened by potential bias on either the informant's or the interviewer's side. The interviewer might make assumptions or ask leading questions or the informant might desire to represent himself or herself in a certain manner that is not genuine or accurate.

Nevertheless, this study provides a background for future studies on the subject of luxury retail business in Finland and the role attractiveness in business relationships. Given the dyadic nature of business relationships and the differences in perceptions, a two-sided empirical study with a larger number of informants would establish a more comprehensible perspective on the subject.

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APPENDICES

Appendix 1. Translated themes and interview questions

Background questions

- Please tell your name and describe your position at Luxbag
- Please tell about your experience in luxury fashion retail (in years and number of stores).
- Please tell about Luxbag and its business.

Theme 1. Characteristics of luxury fashion retail

- How did you get to know luxury retail? Why did you choose luxury retail as a business?
- How would you describe the luxury retail business in Finland?
- How has the luxury retail business in Finland changed over the past decade?
- How attractive is the Finnish market for luxury suppliers?
- How do you expect it to develop in the future?
- How easy or difficult is it to get new brands for sale? If difficult, why? What are the main challenges for acquiring new brands?
- What makes an attractive brand partner?
- How many different brand partners do you have? Are they distributors or luxury brands directly?

Theme 2. Perceived attractiveness

- How do you perceive your attractiveness to current brand partners?
- How do you perceive your attractiveness to potential brand partners?
- Do you feel you have control over your attractiveness? If yes, how?
- Do you think your business is more attractive to brand partners than your competitors? If yes, why?
- Which factors do you think affect your attractiveness more, economic or social-interpersonal? Why?
- Have you been directly approached by brand partners?

Theme 3. Economic and resource-based drivers

- How do you perceive your attractiveness in terms of economic factors?
- Which economic factors do you think your supplier appreciates the most?
- How have you developed these factors?

Theme 4. Social-interpersonal drivers

- How many points of contact do you have with your brand partners (on a regular basis)?
- How would you describe the interpersonal relationships in your partnerships...
 - o in terms of trust?
 - o in terms of commitment?
 - o in terms of openness of interaction and communication style?
 - o in terms of having a feeling of shared goals and a common understanding of best practices?
 - o in terms of similarity and familiarity?
- What is the significance of interpersonal relationships in your partnerships?
- Which social factors do you think your partners appreciate the most in your relationships?
- Have you encountered challenges in interpersonal relationships with suppliers? If yes, how did you overcome these challenges?

Theme 5. Managing attractiveness

- How have you developed your brand partner relationships over time?
- Please explain how you have developed the following factors to improve your attractiveness to brand partners:
 - o Communication (style and frequency)
 - o Commitment
 - o Trust and trustworthiness
 - o Personal relations
- Are there any factors you perceive important, that have not been discussed?
- Is there anything you would like to add to the discussion before ending the interview?