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Swedish High-End Apparel Online

A qualitative study of Swedish high-end apparel companies' decision to distribute online

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ABSTRACT

The study aims to through a qualitative case study describe how six Swedish high-end apparel companies attributed as part of “the Swedish fashion wonder” with online distribution have been affected by six chosen factors. The six factors presented are extracted from previous studies and consist of customer relationships, intermediary relationships, pricing, costs and revenue, competitors and impact on the brand. The results show that customer relationships is an important factor that most companies value and was also the factor they presented as determining when they made the decision to go online. Costs and revenue have an effect on the companies and was something the companies had to consider after going online. Intermediary relationships are important to some extent and demand continual communications, but nothing that worried the companies. Competitors and pricing were not regarded as important, where price setting was primarily seen as a valuable tool to control and maintain intermediary relationships. Impact on the brand was regarded as an important factor when engaging online, and the positive aspects of increased brand knowledge and brand awareness were appreciated.

Keywords: e-commerce, multi channel distribution, apparel industry, online distribution

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1.0 INTRODUCTION

E-commerce¹ is booming in Sweden. During 2009 the net gross of e-commerce in Sweden was estimated at 22,1 billion SEK, which is 4 percent of the total retail market (Svensk Handel, 2010). Between April 2008 and March 2009, 63 percent of Swedes between the ages of 16 to 74 purchased goods or services online. Out of these purchases, 24 percent consisted of apparel and sports goods. E-commerce is thus gaining importance as a complimentary distribution channel for apparel companies. (Ehandelstrender, 2010)

Currently the Swedish high-end² apparel industry is growing in popularity. Swedish fashion companies have received increasing amounts of recognition both nationally and internationally, leading to it being entitled the “Swedish fashion wonder”³ (Flood, 2009; Carlén, 2010). The companies included in the term are thirteen⁴ high-end apparel companies that are typically highly dependent on their brands and can charge high prices for their products. During the past years many of these companies have increased their presence online (Carlén, 2010).

The Swedish high-end apparel industry brands have been using the Internet during the last decade, but the purpose has recently been altering. Many companies’ websites have primarily served the purpose of a showroom where consumers can view the product range and be referred to a store where the products are sold. Other companies have chosen to distribute online via retailers. Others have chosen to open up fully owned online web shops, a strategic move that is become increasingly common in the industry. (Carlén, 2010) Out of the thirteen companies considered to belong to the Swedish fashion wonder, seven of them have established the web shops as fully owned distribution channels and six of them are respondents in the study.

Companies in the Swedish fashion wonder carry several traits. They are comparatively small in size and turnover (Dagens Industri, 2009). Furthermore, the smaller high-end apparel companies must compete against larger chains, and whilst the concentration of large chains is increasing, so is the difficulty for smaller brands to keep customers interests and gain profits

¹ Abbreviation for Electronic Commerce; “Business conducted through the use of computers, telephones, fax machines, barcode readers, credit cards, automated teller machines (ATM) or other electronic appliances (whether or not using the internet) without the exchange of paper-based documents.” (Businessdictionary.com 2010-06-04)

² High-end apparel is defined as clothing that is expensive and often only produced in limited numbers (Prospects, 2010).

³ Own translation of ”Det svenska modeundret”, a term commonly used in Swedish media for the higher end apparel brands and designers

⁴ The companies included can be seen in Appendix 9.1: Companies seen to be part of the Swedish fashion wonder

due to their inability to compete with the same vast volumes and low costs of production. The companies are generally also faced with difficult financial situations that restrict their operations. Seeking larger revenues while maintaining a strong brand identity are therefore key objectives for these companies. (Anderbygd & Gardiner, 2007; Leijonhuvud, 2009)

The decision to use the Internet for distributional purposes, either through retailers or more importantly through self owned web shops, makes the Internet a complement to traditional distribution channels (Webb, 2002). When companies choose to implement the Internet as a distribution channel it can lead to enhanced value for the consumer or decreased costs for the company, providing profits and benefits for the company. In choosing which channels to implement in a distribution strategy it is a balance between being able to serve all desired target customers and the costs incurred. (Chopra & Van Mieghem, 2000) The multichannel distribution strategy does however come with some managerial challenges and must be thoroughly considered and monitored (Webb, 2002).

Within the industry experts are advocating the positive outcomes and are urging companies included in the Swedish fashion wonder to take part and start using the Internet as a fully owned distribution channel. More and more consumers are purchasing online and sales of apparel compose 10 per cent of all online sales and 80 per cent of Internet users claim that their consumption of fashion online will increase. (Carlén, 2010)

With all the positive press and hype surrounding e-commerce it can be easy to deduct the benefits from the strategy. It is far easier to neglect the negative aspects that companies must consider. Far from all companies are experiencing the benefits of the strategy (Höij, 2010) and even several of those companies that are seen as successful within e-commerce such as Amazon have seen tough times (Chopra & Van Mieghem, 2000). Entire industries such as the online sales of groceries have met difficulties and had to pull back before approaching e-commerce again (Lindstedt, 2008). When the matter is researched in theory, it becomes all the more evident that there are aspects that companies need to investigate and consider before implementing online distribution.

Companies' entrance into e-commerce has been of interest for researchers and several studies including those by, Rao, 1999; Doherty et al., 2003; To & Ngai, 2006; Salmeron & Hurtado, 2006 and Rowley, 2009, have been conducted to deduce factors that impact companies' decision to go online. Six factors have been derived from their results and appraised as relevant for Swedish high-end apparel companies to consider when implementing an online

web shop that serve as an online distribution channel. They are: customer relationships, intermediary relationships, competitors, pricing, costs and impact on the brand.

For an industry that is being urged to use online distribution and progressively contributing to Swedish GDP it is imperative to gain an understanding for the use of e-commerce as it is becoming a well accepted and profitable distribution channel for many players on the market. Studying the factors that have been the most critical for companies in their adoption of the Internet provides ground for future companies that are considering the strategic move. It is also interesting to gain insight into as it is a contemporary phenomenon. E-commerce is still only in its outset, but with the continuous technological advances and increased number of users it is probable to believe that it has a long future.

1.1 Purpose

The purpose with this study is to describe how e-commerce has affected Swedish high-end apparel companies through describing how six factors have impacted the companies and their online strategies. It is a matter of special interest since almost half of the companies included in the Swedish fashion wonder have yet to open online distribution.

1.1.1 Research question

How have the six chosen factors affected six Swedish high-end apparel companies' use of the Internet as a fully owned distribution channel?

2.0 THEORETICAL FRAMEWORK

The theoretical framework presents six factors that high-end apparel companies must consider when it comes to distributing online. The factors have been derived from the five previous studies: Rao, 1999; Doherty et al., 2003, To & Ngai, 2006, Salmeron & Hurtado, 2006 and Rowley, 2009. The different studies all presented different factors but some of the factors came up in several studies. It was primarily the recurring factors that the studies determined to be the most defining for opening an online web shop that were combined and grouped into six main factors that affect companies' online distribution. A more thorough presentation of the factors was facilitated by articles that were more specifically focused on a specific factor. The six factors are: customer relationships, intermediary relationships, competitors, pricing, costs and impact on the brand.

2.1 Factor 1: Customer relationships

The first factor that must be considered in regards to online distribution is the consumer and how the move online affects the companies' relationships to their consumers. For a distribution channel that is aimed at the end consumer companies must first ensure a demand from the consumers and the right purchasing behaviour, and then they must start working on building relationships to the consumers.

First of all the companies must ensure that consumers have the correct online purchasing behaviour. For the right consumer behaviour to happen, consumers must have the technology and know-how to use the Internet for shopping, along with the desire to purchase online. Studies conducted by Nicholson et al. (2002) surrounding in which situations consumers made certain channel decisions it was found that the Internet was often chosen because of physical or temporal variables. The temporal variables include the ease of ordering and that delivery can be specified. The Internet was also chosen when the purchase was more functional or when the consumer wanted to avoid the physical aspects of shopping in a physical store, such as social contact with store employees. Another likely reason is that the product is not available in any other way. For example if it is a product that the company chooses to only sell online, or if the consumer is too geographically distant from a physical store. (Nicholson et al., 2002)

Companies must also realise the different conditions on the Internet when it comes to serving customers compared to the physical world. Some of the most important unique aspects of

business on the Internet include that the Internet is open 24 hours a day and available to a vast geographic base of people simultaneously. Additionally, due to the way the Internet is built up, a change made on the central web server leads to the change being made for everyone that has Internet access. In turn giving companies the power to control their product portfolios and offerings much easier. Presenting the possibility to offer a greater selection of products to the customers. For example, it provides businesses with the alternative to sell products that are no longer a part of the primary collection, or quickly change a price. (Salmeron & Hurtado, 2006; Chopra & Van Mieghem, 2000)

When consumer demand is ensured and there is a customer base, companies must start building relationships to their consumers to secure repeat purchases. Two main aspects of the customer relationship are the opportunity to gain customer insight, and customise the offering for consumers. Customers that purchase on the Internet are often willing to engage in inquiries regarding the product and the purchase situation. They are willing to make the purchase situation personal, entailing a vast amount of information that the companies can use. This information can in turn be used to further segment consumers and improve the relationship with customers because of an increased understanding in purchasing patterns and customer needs. (Rao, 1999)

The relationship to customers can also provide reasons for companies not to start up e-commerce. One argument against e-commerce for apparel companies is that in an online store, it is hard to recreate the same experience as in a physical store which can be an important part of shopping for the customer. The main aspects that are lacking on the Internet are personal service and advice from a store employee, trying on the piece of clothing in the store and the instant gratification of leaving with the product that are often an important part of the purchase experience. (Ehandel, 2010; Rao, 1999)

Risk is another factor that can have a negative effect on companies' relationship with consumers. Generally consumers perceive purchases on the Internet to be of greater risk. Underlying reasons are often associated to the product itself, since the item of apparel cannot be felt or tried on before a purchase, causing concern that the product will have to be returned. Apart from risks associated to the product, there is also an aspect of risk that includes fear of fraudulent websites and giving credit card details online. (Rao, 1999)

2.2 Factor 2: Intermediary relationships

The second factor that must be contemplated is the effect it will have on relationships with intermediaries. When it comes to e-commerce and intermediary relationships the aspect that companies primarily must consider concerns channel conflict. Adding a new distribution channel affects relationship dynamics with already existing channel members and can lead to channel conflict. (Webb, 2002)

When a company changes its distribution strategy towards direct online sales and e-commerce, the relationship to its intermediaries and distributors is likely going to change and conflicts may arise as a result of the new situation (Bucklin et al., 1997). The new situation in these cases being that the company opening up an online store at the same time competes with its intermediaries and distributors. This phenomenon is called *Internet channel conflict*. It occurs when traditional physical channels compete with the Internet channels for the same customers, on the same market. This competition can be between a firm and its intermediaries or even between different channels within the company. (Younghwa Lee et al., 2003) Previous theories regarding channel conflict have primarily recognized three different factors that cause conflict between channel members; these are goal incompatibility, domain dissensus⁵ and differing perceptions of reality (Reve & Stern, 1974; Stern, 1992).

A common cause of Internet channel conflict is *cannibalization*. Cannibalization is the process where one activity or process is essentially generating revenue at the expense of another. This phenomenon can take place within company units or between companies (Webb, 2002; Keenan, 1999). An example is when the company opens up an online store and takes the customers from their sales agents. The competition scares their channel partners (dealers, distributors, retailers, salespeople etc.) who believe that sales orders booked through the manufacturer's website are orders which would otherwise have been placed through them, thus overlapping them leading to lost commission. (Keenan, 1999)

Although, depending on how a company handles a conflict it can also have positive effects. It is called a *functional conflict* which is a conflict handled in a constructive way which may take a firm to "higher levels of creativity, innovation and competitive energy" (Webb, 2002; 97). This can be true in all aspects of conflicts that are not detrimental. Furthermore, if a company through online distribution manage to reach out to broader segments, larger customer bases and even new markets chances are that intermediaries are going to profit as

⁵ Domain dissensus is defined as differences in domain definitions of role and responsibility as a channel and towards other channels and actors. (Rosenberg & Stern, 1971)

well. Especially if the company integrates its intermediaries in this channel thus creating a type of synergy effect. (Youngwha Lee et al., 2003).

2.3 Factor 3: Competitors

The third factor is the competitors. The competitors can be seen out of two perspectives. One is other retailers and brands in the traditional physical world. The other is the other retailers and brands that sell online.

The first dimension is the traditional physical competitors. Companies will be more eager to use the Internet as a distribution channel if it is a method that their competitors are using and they need to keep up with traditional competitors to keep their market share. Having great market share and power in an industry therefore adds to companies' freedom in the implementation of new technologies such as the Internet. This is due to the fact that they will survive, at least a while, without taking the same steps as competitors. If competitors are not implementing the Internet, this can either provide an opportunity for the company to gain a competitive advantage, or it can lead to the company ending up behind its competitors. (To & Ngai, 2006)

The second dimension is the actual Internet competitors. When it comes to the Internet as a market there are several different websites where a product from a specific brand can be found. The fully owned web shop is often just one such place. Consumers are likely to use search engines and retailers' sites that offer a collection of different products as well as the companies' homepages. Therefore it is important for a company to consider what competitors they are likely to be faced with on the Internet, and how they should certify that the consumers choose their online store and not another website. (Rao, 1999)

2.4 Factor 4: Pricing

The fourth factor to consider is pricing. The general margins of high-end retailing apparel are high compared to the industry standard. An apparel reseller generally prices products at three times the purchase cost. In effect this implies that a pair of jeans which is sold to customer for 1000 SEK is purchased by the reseller for 300 SEK, providing this margin. The transaction cost to customer is therefore a vast part of the retail price, which with integration down the value chain to the end customer can earn large revenues for successful adopters. Historically, distribution through fully owned physical stores has had several entry barriers, with high cost and risk involved. Traditionally, the majority of apparel companies' sales are completed by

third-party resellers, and downward integration through the value chain of this type is uncommon. (Gertner & Stillman, 2001)

Recommended retail pricing is key when utilizing external retailers. This type of price list, provided by the supplier, is a powerful tool in controlling distributors and maintaining a target price on the market. Rivalry and business models built on price-cutting are unusual in the apparel industry. Rivalry pricing increases as the products become homogenous. The more similar the product, the more important the price becomes. For high fashion labels, the inherent uniqueness implies that no such forces are in action. (Genessa M. Fratto et al., 2006)

Within the apparel industry the interdependence between suppliers and retailers play a large role in pricing. As long-term relations are built, the retailer is often a price taker, rather than a price setter. This means that control lies with the supplier. Large department store chains such as Wal-Mart are however strong enough to exert pressure on suppliers and demand pricing suiting their low cost business model. (Genessa M. Fratto et al., 2006)

Inventory turnover has an additional effect on pricing, as sales measures are introduced in order to shift obsolete or seasonal inventory. Price is also used as a tool to signal to external vendors the price level of the market, and in some cases solve channel conflict. A higher price in the self owned online store eliminates price as a competitive advantage towards retailers, thus reducing the conflict of price rivalry (Genessa M. Fratto et al., 2006). Controlling price is important in order to balance power between the manufacturer and intermediary. A shift in price would create conflict, implying that separate pricing strategies throughout available distribution channels can be volatile (Youngwha Lee et al., 2003).

Conflict is also possible through misjudgement in regional pricing. Customer behaviours can vary in different regions, and the local demand can create separate pricing strategies. Displaying pricing online creates a transparency, displaying this type of price inconsistencies. Power and tools to enforce a strategic positioning with different pricing is therefore vital in order retain control and avoid channel conflicts. (Yang et al, 2009)

2.5 Factor 5: Costs and Revenue

The fifth factor is the effect on costs and revenue. Costs can be both saved and incurred due to a move online.

Using e-commerce can cut costs and increase revenue because of the possibility to distribute directly to the customer. The shorter supply chain gives the company more power to increase

margins and to avoid having to share margins with retailers. (Chopra & Van Mieghem, 2000) The increased power can in addition lead to a better bargaining position and decreased costs for example cloth and other materials. (Salmeron & Hurtado, 2006) It also forces firms to streamline several processes including packaging, delivery and inventory. Inventory costs can be reduced since the inventories can be centralised due to the product not having to be close to the consumer or retailers. If the centralised location for the inventory is strategically placed, it can also lead to decreased transportation costs for suppliers. (Salmeron & Hurtado, 2006; Chopra & Van Mieghem, 2000)

Other costs saved are those associated with the start up and upkeep of a physical store are reduced when distributing online. One of those costs is employee costs that are avoided since stores on the Internet do not have to be manned. The same is true for costs that are connected to opening up new physical stores to expand geographically. Expanding into new markets in new countries is associated with great costs and risks, of which many can be evaded by using the Internet as a distribution channel. (Salmeron & Hurtado, 2006)

Lastly, costs are also decreased because of the faster time to market that becomes possible. Through selling online a product can be made available to consumers as soon as it has been produced. There is no lag time between production and distributing it out to retailers who in turn must get it out to the customer. With traditional channels companies must first produce a substantial amount of the product and then transport it to all retailers to be able to meet demand. This can be avoided with online stores since the physical product does not necessarily have to exist, but simply an image of the piece can be displayed online. (Chopra & Van Mieghem, 2000)

Costs can be saved by using the Internet as a distribution channel, but it is not to be forgotten that all added distribution channels also incur increased costs. One of the main costs comes from transportation. When products are being sold over the Internet companies have to be able to fulfil the process and give the consumer their product within a reasonable time. This can lead to greater costs since products must often be shipped one by one. The costs saved by economies of scale that can come when masses of products are shipped to stores cannot be used. (Chopra & Van Mieghem, 2000)

Other costs can come from returns. Since the customer cannot try on the article of apparel beforehand, there is an increased risk for returns. In e-commerce, returns are more expensive since the product must be shipped back, which naturally is a cost for the company. The

process for handling returns and keeping up customer satisfaction can be expensive. (Chopra & Van Mieghem, 2000)

2.6 Factor 6: Impact on the brand

The sixth important factor for companies to consider is the impact that the strategy has on the brand. The Internet can be seen as a good channel to develop consumers' relationship to the brand since it is a means to reach them beyond traditional distribution channels and can be a way for companies to simultaneously communicate, offer services and build a relationship. Consumers build brand associations and brand knowledge from all contact with brands meaning that if companies use the channel the right way it can be a useful tool, while if they are not careful they can portray information that is damaging to the brand. A brand can be hurt if they cannot meet the expectations that consumers build up regarding what value the Internet sales can offer them. (Rowley, 2009; Quester et al., 2007)

Conducting e-commerce can be a good way for companies to increase brand knowledge. Previous research has shown that brands with established e-commerce have seen enhanced brand knowledge. Through integrating Internet strategies with other marketing channels, companies can effectively reach many different consumers in many different ways with a minor increase in costs. In turn leading to a stronger brand and increased brand awareness. (Salmeron & Hurtado, 2006)

Apart from the fact that the company gains increased brand awareness, the usage of the Internet as a distribution channel can portray a certain image of a brand. The brand can be perceived as more up-to-date and technologically aware (Salmeron & Hurtado, 2006).

On the other hand, the brand can be damaged by the adoption of the Internet as a distribution channel. As mentioned under customer relationships, there is a lack of personal exchange with the consumer that can have an impact on how consumers perceive the brand. Consumers build relationships with brands and create emotional bonds. When the consumers cannot get the personal contact it can be hard for companies to build up a sense of trust that is vital for any brand. (Rao, 1999; Rowley, 2009)

3.0 MODEL FOR ANALYSIS

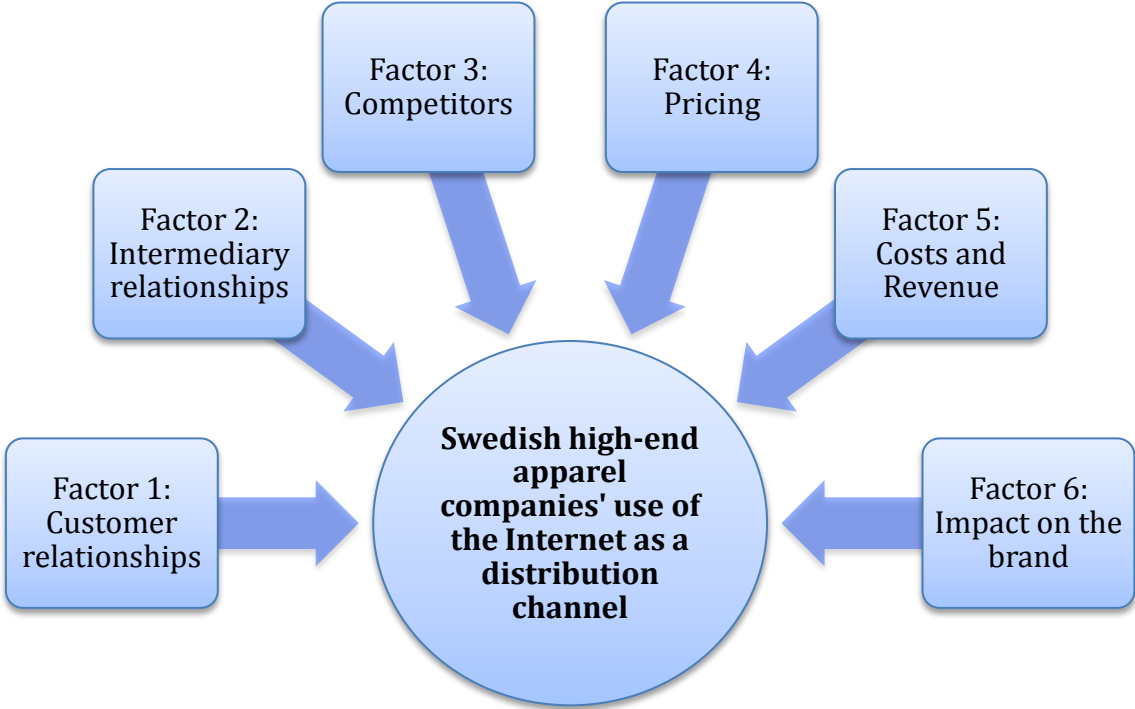
A model has been derived out of the theory presented in the theoretical framework. The purpose of the model is to provide a basis for the operationalization of the study. It is the structure upon which interview questions and analysis were based. The model gathers the factors presented in the theoretical framework.

The first factor is customer relationships; how the decision to open up an online store has affected the relations to the companies' customers. The second factor is intermediary relationships; which is how e-commerce has affected the relations to distributors and intermediaries. The third factor is competitors, which differs online from offline and affects the use of the Internet as a distribution channel. The fourth factor is pricing's affect on the company. The fifth factor is costs and revenue, including saved and incurred costs, which could play an important part for e-commerce. The sixth factor is the impact the online store has on the brand.

When Swedish high-end apparel companies use online distribution the factors can be more or less important but the factors are interdependent and should all be considered. It is likely that one or a couple factors will have greater impact even if all are likely to be considered and have an impact on the perceived success of the online distribution.

Since the model is the foundation for the interview questions, the model also has a role in the empirical platform. In the analysis comparisons are made between theory and empirical data in regards to the model. Discrepancies and conformities are then evaluated and given meaning.

Figure 1: Six factors affecting Swedish high-end apparel companies' use of the Internet as a distribution channel



(Source: Own composition based on Rao, 1999; Doherty et al., 2003; To & Ngai, 2006; Salmeron & Hurtado, 2006; Rowley, 2009)

4.0 METHOD

4.1 Chosen method for the study

To describe how companies' use of the Internet as a distribution channel have been affected by the derived factors, a qualitative and exploratory case study was chosen as the most appropriate research method. The reason for conducting a case study is that it is particularly useful when the aim of the study is to explore current circumstances, and a case study permits a deep and extensive study that offers a wider perspective over real life happenings. An exploratory methodology was chosen to establish an increased understanding for a phenomenon, in this case, how the factors have impacted companies' approach to use the Internet as a distribution channel. There is no ambition to discover any causality between the factors and the decisions made by the companies, the study is purely descriptive. (Yin, 2009; Saunders et al., 2009)

For the purpose of this study, the interview was judged to be the most suitable and exhaustive method that would provide the necessary data for analysis to be made. Interviews gave an opportunity to gain insight into respondents at the chosen companies' experiences, thoughts and feelings (Dalen, 2008). The interviews were focused, meaning that they were conducted over a short, specific period of time with questions as a base for the interview conversation. The questions were semi-structured, which was chosen as the most appropriate method as they provide data that is specific for the purpose of the study and still have an element of flexibility (Yin, 2009; Dalen, 2008). These types of interviews were appraised as important as there was an awareness that respondents could present factors that were not presented in the theoretical framework.

4.2 Methodological discussion

There are a few issues connected to the method of choice that have impacted the execution of the study. Thanks to the awareness of the issues, the study was conducted in a manner that certified the avoidance of problems with the study connected to the issues.

One of the main problems is the risk of the researchers' subjectivity having an impact on the collected data. This can for example happen through leading or incorrectly posed questions. It is unavoidable that the researcher has prejudices and hypotheses assumed to be the result of the interview. Therefore, it is important that the prejudice is used in a positive way to add to

the interview. The preconceived notions can be used to understand and actively listen to what the respondent has to say. (Yin, 2009; Dalen, 2008) To avoid this problem the interview questions were thoroughly worked out and reviewed by third parties. Steps were taken to ensure correct interviews and interview technique. Work was put into the process of producing interview questions that served as a guide throughout the semi-structured interviews. Much effort was made to avoid questions that were unambiguous, leading, demanded special knowledge, information that the respondent may not have or about sensitive matters. Instead questions were designed to give an outlet for the respondent to fully express an opinion of which factors were the most important in determining their approach to distribution via the Internet.

Another issue that was worked around is the possibility of wrongful data due to interviewers remembering incorrectly (Yin, 2009). This was avoided by recording the interviews, transcribing them and taking notes to be able to repeatedly listen to the interviewee's replies. Throughout the interviews, a technical aid was used to make it easier to take part of all information and nuances of the interview. The technical aid that was used was a computer's sound recording program. To ensure that it was not a hindrance for the respondent, approval was given first. For the best recall and reproduction of the interview the material was transcribed and noted as close to the time of the interview as possible.

A third matter that was contemplated is the possibility that the interviewee gives the response that they assume the interviewer wants to hear (Yin, 2009). Previous to the interviews the interviewees' therefore received a text regarding the purpose of the interview so that they could start considering possible replies. Other problems include the respondent's failure to articulate the correct information, bias, misinterpretations and poor recall (Yin, 2009). These issues were harder to control as they lie with the respondent, but were avoided by letting the respondents approve the transcribed data derived from the interviews. They thereby got the chance to add complementary information, revise their answers if needed and approve the final data presented in the empirical data in chapter 5.0.

4.3 Choice of companies

The basis for the choice of companies was the so-called "Swedish fashion wonder"⁶, since they are in the forefront of Swedish high-end fashion apparel. The aim of the study is to see

⁶ The companies viewed as part of the Swedish fashion wonder can be seen in Appendix 9.1: Companies seen to be a part of "the Swedish Fashion Wonder"

how companies that are seen to belong to the wonder have approached using the Internet as a distribution channel. Since the aim of the study is based on companies that have already established fully owned online distribution channels the choice of companies was narrowed down. Out of the thirteen brands considered to be a part of the fashion wonder, seven of them had online stores. All of the seven companies were asked to participate and one of them declined, resulting in six companies participating in the study.

A demand from several companies was to remain anonymous. To provide anonymity for these companies the remaining companies had to be anonymous as well. For the purpose of the study, this was not regarded a substantial dilemma since specific company details were not considered necessary for the results. Anonymity can instead provide security and a motivation for the respondents to speak more freely about a subject without having to be concerned for letting out business specific information (Repstad, 2007).

Companies that use the Internet as a distribution channel and agreed to take part in the study:

- **Company A:** Company A is a Swedish company with headquarters in Sweden founded in 1996. The first collection was launched in 1998, its first flagship store in 2003 and they opened its online web shop 2006. The products sold are high-end apparel in various collections, but all are classified as fashion apparel. The company sells products in around 10 different countries, has around 200 employees internationally and a turnover of around 100 million SEK in 2009. (Respondent A)
- **Company B:** Company B is a multinational clothing company founded in the 1980's carrying both casual clothing and active sportswear. They are owned by a foreign investment firm that has about a dozen brands in their portfolio. Company B has a little less than a hundred stores throughout Europe but more than half of these stores are franchise stores. They also distribute to wholesalers, sporting goods chains and casual clothing stores. The company had a turnover of around 550 million SEK in 2009. (Respondent B)
- **Company C:** Company C launched its first collection in 1997 and has both fashion and sportswear including both golf and skiwear. The apparel is sold in around 20 different countries and the company has flagship stores located internationally. The online shop was opened in 1997 but was shut down for a couple of years before it

reopened. The company had a turnover of around 300 million SEK in 2008. (Respondent C)

- **Company D:** Company D was founded in Stockholm during the late 1990's but has been situated in France the last 6 years. They make both casual and dressed high-end fashion apparel in different materials. They distribute their clothes to multi-brand stores in North America, Asia and Europe. They opened up their online web shop in 2009, and this is also the only store that they own themselves. In 2008 their closing of the books was 6 million SEK. (Respondent D)
- **Company E:** Company E was founded in the late 1990's and makes high-end fashion apparel. They are available in over 200 stores in around 20 countries. They opened up their online store in 2008 and had a turnover of around 20 million SEK in 2009. (Respondent E)
- **Company F:** Company F is a denim-based apparel company, but their collection includes both casual clothing and accessories as well. They were founded in the late 1990's. They opened their online web shop during 2008 and had a turnover of around 15 million SEK in 2009. (Respondent F)

4.4 Choice of respondents

To gather necessary empirical data surrounding the impact of the factors on the online web shops and the companies, people that were aware of the effects were of interest as respondents. The people that were chosen as respondents were those that partake in e-commerce strategies, or those otherwise informed of what the argumentation is in the matter. One respondent was interviewed from each company and seen as representative for the company.

As in the case of Company A, Company B, Company E and Company F contact was established with people within the companies and the field of research was explained. Thereafter contact was made with the people most adequate to answer to the field of research, in these cases, directors of the companies' online web shops. In the case with Company C, contact was established with the owner of the investment company owning Company C to move further in understanding what factors and how these factors affected an online store. This respondent had long experience of the company's decision-making having been the

owner and on the board of directors for a long time in Company C. Company D is in this context a bit smaller in size, the CEO in this company was therefore well informed of every aspect of the online distribution decision and well suited as a respondent in this study.

All the respondents were prominent in their respective company and had great expertise regarding the subject at hand. They are also considered by the respective companies to be the most suited to answer the questions in this study and in representing their companies.

Respondents were:

- **Respondent A:** head of online store for Company A (April 23rd 2010)
- **Respondent B:** head of online store for Company B (May 7th 2010)
- **Respondent C:** Co-founder and board member of Company C (May 7th 2010)
- **Respondent D:** CEO of Company D (May 20th 2010)
- **Respondent E:** Retail Manager at Company E (May 21st 2010)
- **Respondent F:** Retail/Web shop Coordinator for Company F (May 21st 2010)

4.5 Conducting the interviews

Respondent A worked as chief of the online web shop in Company A and contact was first made with a colleague to the respondent where contact information was exchanged. Thereafter contact was made with the respondent regarding the subject of the matter and the time and place of the interview. The respondent preferred the interview to be conducted via telephone and the interview later commenced on April 23rd 2010. The interview lasted 30 minutes. The respondent had also been contacted via e-mail before the interview to provide necessary information together with the questions that were used in the interview. Later, on the 18th of May 2010 contact was again established with the respondent via telephone and e-mail. The purpose of the exchange was for the respondent to take part of the transcribed data, how it was presented in the empirical data section and to verify that the respondent had been interpreted correctly, this also gave the respondent an opportunity to add or revise the derived data.

The second interview was conducted on Company B's headquarters with the person in charge of their online store. The interview was on the 7th of May 2010 in the respondent's office and lasted for 45 minutes. Previous to the interview contact had been taken with a prominent person within the organization and Respondent B had been considered most suited for the study. Respondent B was provided the necessary information together with the interview

questions via telephone and e-mail before the interview. The respondent was again contacted on the 3rd of June 2010 to approve the empirical data presented from the interview.

The third interview was conducted on the 7th of May 2010 with the owner of the investment company owning Company C. The interview was face-to-face in the respondent's office. The interview took approximately 45 minutes. As in the case of the other interviews contact had been taken beforehand with the respondent regarding the study, and the interview questions had been sent via e-mail so that the respondent could be well prepared for the interview. Contact was then established on the 3rd of June for the respondent to approve the collected data gathered in the interview.

The interview with Respondent D, the CEO of Company D, was conducted via telephone as the company is now situated in France. It was conducted on May 20th 2010 and lasted 30 minutes. This respondent had also been contacted via telephone and e-mail prior to the interview regarding the nature of the study together with the interview questions. Complementing questions were sent to the respondent on May 22nd 2010 and on the 3rd of June 2010 the respondent was asked to approve the collected data from the interview in the study.

The last two interviews, with Company E and Company F, were completed via e-mail correspondence, as requested by the respondents. The replies were received on May 20th, and complementary questions were asked in the same way immediately after. Both respondents answered swiftly and as a result of the chosen method, no further approval was needed.

4.5.1 Interview methodology discussion

The fact that the interviews were conducted in such different manners, face-to-face, via telephone, and via e-mail, could entail issues for the study. The differences were motivated by the fact that the most important aspect to consider when it comes to location and method for interview is that it is secluded and comfortable for the respondent (Dalen, 2008) so the respondents' preferences and schedules were the determining factors when it came to deciding methodology for each interview. It was deemed more important to take to necessary means to get the interviews completed and ensuring that information was gathered on each factor than the gains from conducting the same type of interview with each respondent. Although it is important to mention that the different methods not only present different issues that must be considered, but can also lead to varying types of results from the different companies.

The face-to-face interviews were longer but involved more discussions and conversations that did not surround the study, which of course is natural when new acquaintances are made. The telephone interviews were slightly shorter but more efficient and straightforward. When conducting these interviews any uncertainties were directly pointed out since the element of body language was not present. However, the lack of body language can also be seen as a disadvantage with the telephone interviews as the body language can provide subtle information that complements the spoken word (Saunders et al., 2007). Finally the e-mail interviews gave the most concise answers but were then followed up to a higher degree than the other interviews so that no misinterpretations were made and all aspects of the factors were covered and sufficient information gathered. All interviews were conducted with the same type of questions and the collection of data did not cease until it was considered sufficient.

4.6 Quality of the study

To test the quality of a case study three tests are commonly used: construct validity, external validity and reliability. (Yin, 2009; Dalen, 2008)

Construct validity proposes that the study be conducted in an objective manner and that it be built upon variables that have been operationalized correctly (Yin, 2009). To increase the construct validity the research design was thoroughly worked through and the factors used were based on those found in past studies. Respondents were also asked to approve the compiled results before they were used in the study and presented as empirical data.

The *external validity* concerns the study's generalizability (Yin, 2009). Since aspects of the study are based on theory and previously conducted studies on the topic the study has an *analytical generalizability*, connecting the result to a wider theoretical framework. Replication logic builds on the premise that a study based on the same factors as earlier studies should make the results more reliable (Yin, 2009). On the other hand, the generalizability is restricted and can only be seen as representative for the companies included in the Swedish fashion wonder that have chosen to go online. As for the generalizability of the companies to the entire Swedish fashion wonder, the generalizability should be high as there was only one company of all the companies that sell online that chose not to partake.

Reliability regards the ease of replicating the study and receiving consistent findings. (Yin, 2009; Saunders et al., 2009) To avoid subject bias anonymity was offered and the risk was contemplated throughout the study. Interviews were placed during neutral times to avoid

possible subject error. To increase the study's reliability the questions used in the interviews are presented in the appendix and the same person conducted the interviews.

4.7 Operationalization

Theories and results from earlier studies executed by Rao, 1999; Doherty et al., 2003, To & Ngai, 2006, Salmeron & Hurtado, 2006 and Rowley, 2009 composed the theoretical framework for the conducted case study. The framework was compiled into six main factors that according to the presented theories should affect companies' online distribution.

With the framework as a foundation interview questions⁷ were formulated to gather the necessary empirical data. The first factor-based interview question was used for background information surrounding factors that determined the respondents' decision to implement the Internet as a distribution channel to gain a further understanding of why this was an attractive channel to pursue.

To gain insight into all six factors, the remaining interview questions were based on the factors presented in the theoretical framework and the model for analysis. Each factor was represented by one interview question and discussions regarding each question and factor were then held with the respondents in an on-going conversation. If certain aspects given in the theory surrounding a specific factor did not surface during the discussion the respondent was simply asked specifically about how the respondent perceived the aspect. This in turn entails that the interviews differed in what order the aspects of the factors were discussed, and if they were specifically asked about or if the respondent chose to mention them on their own. As a rule, aspects that did not surface during the discussion were usually not something the respondents valued as important. All in all though the interviewers ensured that the same matters were covered so empirical data was gathered on all the factors and aspects of the factors.

The empirical data was then presented under the six factors. Each factor is followed by the empirical data collected through each company's response to the interview questions. Another issue that was faced with all the different interviews was the need to translate the collected data from Swedish to English. All the interviews were conducted in Swedish and therefore naturally needed to be translated into English for presentation in the report. The issues were seen to be of minor importance as two of the authors have English as a mother tongue.

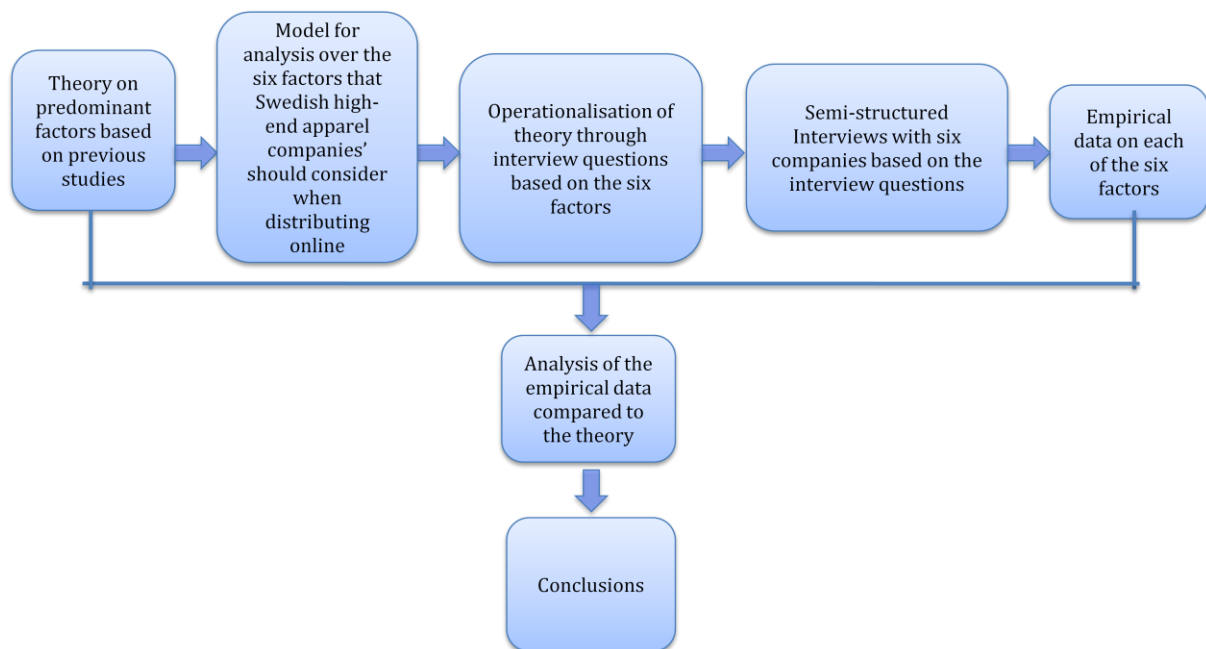
⁷ See Appendix 9.2: Interview questions

The analysis builds on the method of connecting the theory and the empirical data. The theoretical base for the study was the inspiration for the interviews and the skeleton upon which the empirical data was gathered. Therefore the same theoretical framework became the starting point for the empirical material presentation and the analysis. The empirical data was then combined with, and compared against, the theories and the theoretical framework, the purpose being to distinguish discrepancies or similarities to finally evaluate how the presented factors had affected Swedish high-end apparel companies' online distribution. In understanding how this had been done the study could later draw conclusions as to what factors had affected the companies' e-commerce the most and how these affects had come to be conveyed. (Yin, 2009; Dalen, 2008)

4.8 Method Model

The method model summarises the decisions made to complete the study. The theory deducted from previous studies was the foundation. The theory led to the model for analysis that visualises that the six factors all have an impact on the decision to have a fully owned distribution channel online. The model is then the basis for the interview questions that were the tool for gathering in the empirical data for the study. Semi-structured interviews based on the interview questions led to the empirical data. The theory and the empirical data were later compared in the analysis to see how the responses from the interviewed companies were in line with the theory. Finally conclusions were drawn.

4.8.1 Figure 2: Method Model



(Source: Own composition)

5.0 EMPIRICAL DATA

The empirical data first presents background information surrounding the companies' decision to start up online distribution. Then the information gathered from the interviews on all the factors is presented under each factor.

5.1 The decision to open an online store

On the question why Company A chose to pursue an online distribution channel the answer was that it was considered a good sales channel with good prospects to make profits. According to them “the technology is now becoming so good that it can be done in a very beneficial manner”. The primary objective for the online store was the service they provided their customers which they believed was demanded and expected from them. They believe that their customers want to be able to shop whenever they want and therefore wanted to offer them that possibility. Through the new channel they could reach many more customers, even in other countries. They also mentioned pricing, where they admitted that the margins increased significantly. (Respondent A)

Company B has a relatively newly opened online store. In their view it was considered the same as opening up a new store, not that different from any physical store. They believe the accessibility for customers is vital and the Internet as a sales channel provides this for them. “It’s a given part of business and nothing you say no to”. Company B simply regards it as a complement to their physical distribution network. (Respondent B)

Company C launched their online store in the late 1990’s immediately after launch of the first clothing range and have since been active for the majority of the period. The website was considered both a sales outlet as well as a valuable window to customers and distributors in order to showcase the large variety of clothing available from the brand. This was especially important since resellers tended to purchase only a small portion of Company C’s available products. Additionally, the website provided a valuable marketing opportunity and a complement to PR and product placement. They wanted their online web shop to show the width of their product portfolio. Previous to their entry in e-commerce, PR and marketing events were restricted to sports tournaments and all their collections could not be shown. The online sales outlets also allowed goods to be shifted instantly as they were exposed to television viewers. Increased revenue due to higher margins was stated as a main factor, but the store was not expected to generate significant revenue. (Respondent C)

Company D had not owned any own physical stores before entering e-commerce. Instead they had put their trust on multi-brand stores to distribute their collections. They have, however, had their own inventory and since the inventory started to grow larger they had the necessary preconditions to open an online store to distribute their clothing lines themselves too. An aspect that attracted them to take this step was the higher margins they would get selling directly to the end customer, that they would profit more for every garment they sold. The online store also provided an outlet to sell out stock in an effective way. Another aspect that they value in having an online store is the direct contact they get with their customers. (Respondent D)

Company E's decision to open up an online shop was taken mostly because they thought many customers in today's market choose to only shop on the Internet and they could reach customers internationally as well as nationally. Therefore they considered it necessary to establish e-commerce. In addition to that "it opens up extra sales channels to our customers, and an added channel to market ourselves with. We can run campaigns and develop our image without any intermediary involvement" said Respondent E. They also stated that e-commerce is an incredibly important platform for their brand, given that they can present their complete collection in one and the same forum. (Respondent E)

Company F stressed the importance of showing their whole collection on the online store, to display a comprehensive picture to their markets how the brand is supposed to be perceived. Behind the decision to open up an online store was the aim to create a demand for distributors to carry larger collections. Another aim was also to meet the demand from customers who did not have accessibility to physical stores. (Respondent F)

5.2 Factor 1: Customer relationships

E-commerce affected Company A's relations with their customers in a number of ways. Having the online store enabled them to gather, retrieve and collect information on all their online customers. After gathering and handling the information they were able to adjust their offerings and best meet their customers' real needs. Examples of these adaptations were to provide newsletters, extra offers and targeted offers to meet specific customers' desires. "Having the online store gives us a lot of possibilities and opportunities, but there's still a lot more that we can do in this area", Respondent A said. Moreover, even though the online store to some extent lacks the personal service given in a physical store, according to Company A, some of their customers do not want to shop in physical stores. They stated that some

customers are uncomfortable in the process that involves shopping in a physical boutique. Therefore they regarded the online store as a sales outlet adequate to satisfy certain consumers' behaviour, "some people prefer to shop by themselves, in solitude" said Respondent A. Company A also believed that their customers wanted to be able to shop whenever they wanted and therefore wanted to offer them that possibility. Through the Internet channel they could also reach many more customers, even in other countries. Lastly risks regarding e-commerce transactions were not something that affected the company's relations with their customers. (Respondent A)

Today Company B's customer database is quite large but they do not really know their customers' behavior and concurrently lack segmentation. "We don't know the details behind the information gathered" Respondent B said. The company therefore relies mostly on what feedback they get from customers in physical stores. They also state that employing a multichannel strategy comes with difficulties regarding the gathering of customer data. According to the respondent their Customer Relationship Management (CRM)⁸ system is relatively primitive and they are therefore about to implement a new system within a close future. These systems that are about to be put into practice are aimed at helping the company synchronize communication through all channels. As the new system comes in order they are confident that they are going to gain increased customer insight. Company B also emphasize that they do not differ their online customers to their offline customers, "there is no special treatment, our online store is like a general store", Respondent B said. The different situations, offline and online purchasing, are similar and go hand in hand. "There are a lot of numbers flying around but maybe half of all purchases in offline stores have started on the Internet, people check price comparing websites, and they Google and check things out online and then go shopping. It's evident you can do marketing this way, via the online store" Respondent B said. And the respondent goes on; "It's also a means to reach other customers, larger segments, and if done properly, a very clever way to satisfy customer needs". If a customer is in a physical store and simply wants to buy a certain jacket but in another colour, an order can be made online in the physical store and the jacket will be sent home to the customer. "On the other hand it must be remembered that Internet as a sales channel will always compete with personal service" Respondent B added. (Respondent B)

⁸ A CRM system is a system that enables companies to gather information on their customers to build up profiles. This in turn provides companies with the opportunity to customize offerings and build up and maintain relationships with customers. (Phan & Vogel, 2010)

Company C described an ongoing effort to identify and collect valuable data on customer behavior throughout the multitude of sales channels. They argue that more efforts into understanding their customers and their demands are to come. When they release their autumn collection they are going to measure direct purchase behaviour to get insights into who buys what and how. This information is going to be used both as a supplement to retailers as well as to segment their customer base and to adapt their sales and offerings. Moreover the web shop is a good place to promote specific products and customize which products are promoted after the specific consumer. The company also acknowledged the limitations of the online store when it came to recreating the immersive shopping experience created with music and interior design in a traditional flagship store. Furthermore, according to Respondent C their online customers were used to shop on the Internet so for them risk with e-commerce transactions were not an issue. (Respondent C)

Company D has a customer database connected directly to their online web shop that updates every time a customer logs in. This way they get general information (names and addresses etc.) about their customers, plus amount spent by every customer as well as other helpful variables. This allows them to send out newsletters and make customers aware of sales among other things. Having direct contact with their customers also enables the company to correct mishaps much sooner than before. For instance, if there would be a problem concerning quality with a product in their collection, they get information sooner about the problem and can make corrections regarding it faster. Company D have had bugs in their online system which, according to Respondent D “could have impacted their relationships with their customers in a negative way”, so to some extent, risk with the transactions online was a concern for Company D. (Respondent D)

Company E states that an online sales channel offers apparent possibilities to gather customer data and facilitate customization accordingly. At the moment the company does not profile or segment their customers, but it is something they expect to be implementing within a near future. Furthermore, according to Company E, most of apparel companies’ customers choose to shop online, not only because of the simplicity, but also because it is less time consuming and impulse buying can be completed from the comfort of the own home. The online store, according to Respondent E, is also the only sales channel available for a lot of customers in Sweden for example those that live outside the big cities, “therefore the difference between a physical store and an online store is not that important” Respondent E said. Company E also thought that “many customers in today’s market choose to only shop on the Internet” and on

this platform they could reach customers internationally as well as nationally. Moreover, risks regarding online transactions were not considered to be a problem to Company E. (Respondent E)

Company F uses the online web shop as an aid in their relationship to their customers, which helps them to get insights to their customers' needs and adapt their offers correspondingly. They also own physical stores where they can interpret certain purchase behaviours and adapt to their customers' demands. Regarding customer relationships Company F also said that people who generally shop online in regards to age and interest corresponds with their targeted customers. These online customers, for instance, usually have a demand for their limited products, which in some cases only are available online. On the other hand, Respondent F also states that the "online store inherently loses the personal contact with the customer". To avoid problems in the relationship to consumers it is also something that they constantly work on so that the customer will feel at home and secure also on the Internet, eliminating the possibility of risk with online shopping. (Respondent F)

5.3 Factor 2: Intermediary relationships

In their relationship with their distributors Company A explained it is always a challenge, and that a lot of communication is required to maintain good contact. It did help, however, that they had owned flagship stores before they opened up the online store, which meant that they had already been in "competition" with their retailers before going online. The situation was therefore not novel in a wider sense. Therefore, they describe, the decisions to open a fully owned distribution channel online did not alter their relationship with their intermediaries to a great extent. Company A claimed not to have had any trouble regarding the Internet channel taking customers or revenues from either own stores or other retailers. According to Respondent A their flagship stores together with their online distributors that sold the brand previous to the opening of the online store had paved the way for the relationship with their intermediaries, although no added value to their suppliers after the implementation of e-commerce had been found. (Respondent A)

The biggest concern for Company B when launching the e-commerce was cannibalization. The company was concerned that the Internet channel would make profits at the expense of other channels. After the implementation though, they realized that their fears were not entirely justified. Company B intentionally separates the Sportswear from the Casual clothes because the two units act very differently to each other. For instance the sporting business is

more active but a lot more conservative and it is from this business category most of the concern and turbulence has emerged. They have experienced that wholesalers and franchisers, but especially, the sport chains have expressed real concerns that Company B is “stealing their customers” when opening up the online shop. “They feel that we are cannibalizing their customers, but as a rule the truth shows that it’s rather the opposite. We build more customer bases; maybe we can gain new customers who start visiting our physical stores or explore other channels because they want to try or check out other products, perhaps they buy a cap online and go to the physical store to buy an 8000 SEK jacket!”. “There are obvious synergies from what we’ve experienced with our own stores and our e-commerce, much more so than cannibalization.” but as Respondent B continues about the relationship to their intermediaries; “it’s an emotional relationship that you need to manage.” (Respondent B)

Company C admits that cannibalization was a great worry from retailers during the launch period when intermediaries expressed concerns about their online strategy. A worry and concern that diminished almost completely during the years following the launch of the website. The reason for this, Respondent C claimed, was the insignificant impact the online store had on sales in the physical outlets. Efforts to provide data to resellers are though in place so that purchasing patterns and customer information can help them in their businesses. (Respondent C)

Company D had not experienced any difficulties or protests from their distributors when opening up the online web shop. “None of our distributors have seen us as competitors”, said Respondent D, “at least nobody has said anything about it”. No channel conflicts had in other words been noticed and in regards to cannibalization they did not have any own other sales channels to cannibalize on. Since the distributors, both online and offline, had not complained, the company assumed that they had not cannibalized on them either. In sum their relationships with their intermediaries had not really been affected by them opening up the online store. (Respondent D)

Company E says that there have not emerged any conflicts with distributors when opening up their online store. The e-commerce has only opened up more channels for their customers to pursue which has been positive to both themselves and their intermediaries. In regards to cannibalization, nothing has implied that this was a troublesome effect of going online. (Respondent E)

Most important for Company F in their relationship to their intermediaries, is that the intermediaries do not feel threatened because of the e-commerce, but instead see it as an opportunity to show the whole collection in its entirety. The company has only seen positive effects from the e-commerce, “with the e-commerce we increase demand in our physical stores” said Respondent F. So neither channel conflict nor cannibalization has been a problem they have encountered and had to deal with. (Respondent F)

5.4 Factor 3: Competitors

In regard to competitors Company A stated that the transition to the Internet as a marketplace was not that troublesome since they had a lot of experience having been in the traditional physical market for so long. Strategies of competitors in the physical market did not affect the company’s e-commerce. On the Internet they had competitors in two other Swedish sites plus a couple of foreign sites. Overall they did not experience online competition to be very different from their ordinary competition, it was ”business as usual”. (Respondent A)

Neither physical nor online competitors were an issue for Company B as for entering the Internet market. The company has been unaffected by competitors in the traditional market which they primarily motivated by the fact that most companies are using the strategy to distributing online. Company B distributes to other online retailers as well but do not consider them competitors that differ from the traditional physical competitors. “It’s the same concept, just as you have physical flagship stores you can have several retailers online too, as long as they do it in a good way and in a manner that contributes to the brand.” They did get some new insights about competitors on the Internet however. Mostly from hit rates and Google searches, e.g. companies that they almost did not know carrying their brands ending up being more popular than them and higher than them on searches. The competitor situation when Internet users are directed to other online stores before their own was something they did not know about entering the Internet market and was therefore something they had to learn how to handle after implementation. (Respondent B)

Traditional competitors on the physical market were not something that Company C found to have a great effect on their online distribution. Company C’s clothes have been sold online for several years by clothing boutiques with e-commerce distribution as a complement to the existing physical stores. This means that they have experienced online competitors to have an impact on their e-commerce. Although this evokes a competitive situation between the brand

website and reseller website this is not identified as an issue unless the reseller reduces prices and presents the products in a way that causes damage to the brand. (Respondent C)

Competitors were not a big issue for Company D either. Before entering e-commerce the company had, as previously stated, not established a flagship store on the physical market, and the e-commerce was a good way to get rid of redundant stock. Therefore they did not have experience of competitors in the physical market, and thus not affected by competitors strategies. As for online competitors, they stated that there was no immediate concern. (Respondent D)

As for competitors online and competition from the physical realm, Company E had not experienced this factor in any negative way and did not perceive it as an important factor. This is true regarding both before the decision was made to go online and after implementation. (Respondent E)

Company F did not see competitors as a factor that had a great impact on their strategies either. When it comes to competitors in the physical world they considered them to be something they monitored, but since so many are selling online now it was not really something that greatly impacted them. The competitors online did not play any part in regard to how Company F conducted their business online. They did not experience it as a problematic factor. (Respondent F)

5.5 Factor 4: Pricing

Company A considered pricing as a mean to ensure positive relationships with their distributors and retailers. When it came to pricing they were especially thorough to ensure that they never competed with their distributors on price. In other words, they have the same prices as in the physical stores. (Respondent A)

Company B has the same price settings online as in the physical market. The prices are all the same, whether it is online or offline. Pricing was therefore nothing they contemplated when going into e-commerce; they used the same price settings as before. There are different prices in different countries however as a result of taxes and VAT: s and currency disparity. Price was nevertheless dismissed as unimportant in this aspect. (Respondent B)

Company C also states that the web shop is similar to a regular flagship store in terms of pricing. Additional to that “the pricing on apparel is constant, so you’re not in that big of a hurry to get rid of the products. It’s not as the world market price on shirts suddenly dips, so

today the online shopping isn't a great competitive advantage" Respondent C said. (Respondent C)

Company D has the same pricing as their distributors. "You can't set the prices lower; that would be like screaming for trouble, obviously our distributors would get upset" said Respondent D. Pricing was in other words nothing they elaborated with, they did have last season's collections on sales but so did their distributors too. (Respondent D)

As of pricing Company E stress the urgency of maintaining the same prices on all markets. "The web is a channel where campaigns with different price structures in some cases can be more accepted, but it's vital to keep the same price structure since both customers and distributors are supposed to make use of the web page as a tool to find information about our clothes and prices", says Respondent E. (Respondent E)

In regards to pricing Company F follows the price settings that the distributors have on their side of the market. The prices can vary in different countries in Europe but as Respondent F puts it; "our sales stems from our selection not price". (Respondent F)

5.6 Factor 5: Costs and Revenues

Before Company A opened their online store they had a well functioning homepage so a lot of the costs regarding the Internet web site had already been covered. As the company stated, one of the main reasons to open the online store was in regards to costs and revenues; the fact that they got distinctly higher margins. Another determining reason was that they in a cost efficient way were able to reach much more customers. As Company A stated the online sales channel that did not incur a lot of costs and that was why it was an attractive sales channel to pursue. However, for the construction of the online store the knowledge within the company was appraised as insufficient, so expert personnel was hired from outside the company, which of course incurred costs. (Respondent A)

Company B have a multitude of collections with several different lines that all have to be distributed differently, therefore one physical store can in practice not carry all their clothing lines, it would infer too much costs. The online store, on the contrary, does not have this problem, since the stock is centralized, and the online merchandize stems from this point. The whole range of collections and lines can therefore be sold in the online store without additional costs. When it came to Company B, the investment firm owning the company was a great asset in the start-up of the e-commerce. This was partly because they provided the

necessary capital that covered initial costs, partly because the investment firm already had a supplier that established online stores. The supplier actually had the competence and infrastructure to build an e-commerce platform even bigger and more sharp-edged than they actually needed which naturally incurred significant costs. As Respondent B says “we would’ve never had chosen them ourselves but if you look to the future and in a long term perspective this is a really good thing. As it is now, we have a Ferrari with a Volkswagen engine.” And Respondent B goes on “the start-up has been expensive but I think this process is underestimated by many companies.” (Respondent B)

According to Company C the web shop provides cost savings in distribution and communication to distributors as the collections are displayed in their entirety. The integration and direct to customer approach is stated to be important for the margin, but does not contribute substantially to the revenue when aggregating all distribution channels. An early problem Company C encountered was how they would integrate the online sales channel into their logistic system so that the merchandise sold in the online store would be shipped directly from inventory to end customer. Since the company has a decentralized inventory this was a problem that demanded extra attention and additional costs. (Respondent C)

Company D saved costs in regards to reaching more customers, and cutting the middleman but they actually felt they could have increased the costs in the initial stage. In retrospect, Company D felt that they should have invested more money in the construction of the web shop’s web site. “As it is now the web site has never been completely bug free”, said Respondent D, and continues “if we were to do it all over again, we would do it differently”. (Respondent D)

Company E thought of the e-commerce as an easy and cheap way to reach customers and collect customer data. Also, it provides a cost efficient way to run campaigns and build the brand image. The saved costs were not something that determined the decision to go online, but Company E acknowledges that the Internet can lead to cost efficient distribution if it is conducted in the right manner. Respondent E expressed it as “one can really make the distribution chain more efficient, costs that a brand like ours must face anyway for other purposes, can be formed, adjusted or ‘recycled’ for the web shop.” As in the case with Company A and B, Company E’s incurred costs took shape in different forms. Some of the costs mentioned include new investments for the platform and graphical design, employees,

freight, photo shoots, and implementation of a customer database. The primary cost incurred was connected to that they had to hire competent personnel to manage the online store since it was not established from the startup. (Respondent E)

Company F said that with the distribution they currently had they had not saved costs, but added; “naturally it gives us higher returns selling directly to the customer compared to going through an agent.” Company F stated that they did not experience any incurred costs more than bags to the shop and of course since they saw an increase in commerce the hiring of additional personnel. (Respondent F)

5.7 Factor 6: Impact on the brand

Company A opened their online web shop relatively early in contrast to other companies in the industry. Being in the forefront contributed and complemented the image of their brand as new and modern. Nowadays, however, it is becoming so common that customers more or less expect similar apparel companies to have an online store. Therefore the impact on the brand is no longer as great solely due to their online store. (Respondent A)

Company B’s goal is to have an e-commerce site that transcends into a product showroom, so that customers almost cannot tell if they are looking at a brand inspiration catalogue or are in fact in the web boutique. “There’s an incredible marketing purpose, you create synergies, in regards to the costs you pay building these product sites and get the e-commerce for free.” “We feel that we have a sharp-edged digital marketing unit in the forefront of the industry which contributes positively to the brand.” Furthermore, Internet as a platform and sales window has many advantages when it comes to campaigns, pictures, movies and stories. It is a perfect opportunity to build emotions and feelings surrounding the brand “and, even better, in this forum one click can lead to a product and a purchase”. (Respondent B)

Company C said that their brand is almost bigger than their company. Consequently impact on the brand is vital to their business and always something they reflect on. “It’s harder to have control over the brand on the Internet but it’s not a problem”, Respondent C said. Other than that, Company C’s online store was regarded as important because it offered retailers and distributors an option to look at the brand’s collections without having the costs of travel to the fashion shows in Milan, New York or Paris. Respondent C believed the function of the web shop was more important for the brand as a window for distributors than for the commerce itself. “The physical commerce is experiencing a lot positive benefits so are even our physical distributors” as Respondent C put it. (Respondent C)

Company D is very brand conscious, they choose their distributors thoroughly and many of their products are produced in limited editions. They wanted their brand characteristics to shine through in their web shop, therefore its design is considered to be of significant importance. “It is supposed to stand out and convey the impression of the brand that we want to portray” Respondent D said. The web shop is also supposed to spread the image of the brand to a wider customer base and make the brand more accessible. (Respondent D)

“Our brand has had a positive effect from our online store”, Respondent E declared in regards to Company E’s online store’s impact on their brand. This because the brand reaches out in a much wider sense. According to Respondent E; “the online store is quite like a physical store in the sense that you can choose what products you want to push and how you want to profile yourself at a given time”. The online store is also a good platform to visually enhance the brand, in a cost efficient way nonetheless. (Respondent E)

Company F works constantly with their web page to awaken the right emotions associated to their brand. “The online web shop has positive effects on our brand, the brand is shown to the fullest and the customers get a better view over the collections”. A very valuable trait of the online store is also that it can mediate the feeling of the brand to the customer. They also provide help for their customers on the website on how to get jeans to fit and valuable tips on handling the clothes which they hope will add extra value to the brand as well. (Respondent F)

6.0 ANALYSIS

6.2 Factor 1: Customer relationships

First of all it is interesting to note that the factor customer relationship, specifically consumer demand, was the determining factor that all companies had in common when making the decision to go online. The Respondents claimed that existing and desired potential consumers expect an official online outlet. These include customers with geographic limitations to access physical stores and those within geographic proximity but who despite this prefer to purchase online.

According to the theory there are several aspects to the consumer and the companies' relationship to them that are relevant to consider. The first is the consumer purchase behaviour and if companies believe there to be enough consumers with the right behaviour for it to be profitable to open a fully owned online web shop. Consumer behaviour was generally found to be in line with purchasing on the Internet and the companies motivated the decision to go online with that it was a move that is demanded by the consumers. From the responses given from the respondents it appears that companies see customers' motivation for purchasing online due to the desire to avoid the purchase process in a physical store, the inability to purchase the brand otherwise due to geographical distance and those that use the Internet as an alternative way to shop. Company F also underlined that their target customers were customers who in general made many online purchases. All companies thought the availability and accessibility of an online web shop was an important part of business and a service they wanted to offer their consumers.

As for the differences between online and offline there are several aspects that the theory mentions as important including being open 24 hours a day, reaching a vast geographical base of people and the ability to quickly make changes and present an entire product portfolio. Most of the companies recognised the differences, and saw primarily the positive aspects this meant for having a store online and building a relationship to customers. The asset that most companies mentioned as one of the main reasons for having an online boutique was the possibility to present the entire product portfolio in one forum, including apparel from different lines and past seasons. This was especially accentuated by Company C. The increased availability for the consumers was something that all interviewed companies valued when it comes to having an online store.

The third aspect of customer relationships when purchasing online is the chosen method of purchase. The theory states that online purchasing is often chosen due to physical or temporal variables, which corresponds with the empirical data gathered. In the case of Company A, some customers wanted to avoid the physical process of purchasing in a store and shop in solitude on the Internet. The ease of purchasing online, which in theory was presented as a part of temporal aspects, was also a reason for customers to shop online. Another reason presented in the theory as to why customers choose to shop online was because the product was not available in other outlets, congruent with the statements of Company C and Company F. Last but not least, the geographical distance to a physical store was stated as a reason to why customers chose to go online and this was a facet all companies mentioned as important.

The theory also presents customer insight, segmentation and customization as part of customer relationships. All the companies acknowledge the potential of the Internet and their online stores when it comes to collecting information on their consumers and their purchasing behaviour. On the other hand, most companies, especially Company A, B, C and E feel that they gather and deal with the information inadequately. For the most part the companies are aware of their lacking systems and are hoping to develop, or are in the process of developing, better means for information gathering and handling in the near future. The theory recommends further segmentation of the markets and customizing the offering, which is a step further that none of the companies have taken to a great extent. Although Company D appears to have come the furthest in development, companies A, D, and F use the information to target their marketing efforts. The replies from the Respondents lead to the conclusion that the companies must improve systems and processes to manage the information to convert it into an offering that is more suited for different customers and different segments. The companies expressed it as something they did not have enough information to do. For example Company B had a lot of information but they did not have information about their customers' behaviour. This was due to their flawed CRM system and the same was true for Company C as well. Company A stated that there was still a lot they could improve in this area too. Not exploiting the gathered consumer information has primarily to do with insufficient customer data but potentially also with portraying a consistent brand image. Most of the companies realise the opportunities though, and were quick to announce their desire to improve in the area.

When it comes to the lack of personal contact, which gives the customer a different experience compared to in a physical store companies were not that worried. Interesting was

that the companies acknowledged the loss in personal contact with the customer in the online sales channel, but valued the closer, direct contact, they got at the same time in the named channel. It is a contradiction that they lose personal contact but gain closer contact. According to the Respondents this is nonetheless true, and depending on the customer's preferences the companies can adapt to what is most adequate.

The risks that the theory associates with hesitance from consumers were not a great concern for the companies. The risk derived from the inability to provide the same shopping experience is one that companies realise but regard surmountable due to the positive effects. Primarily this was motivated by the Internet being a well suited complement to the physical channels which allows the customers to search and view the clothes online before visiting a physical store to look closer at the specific garment of interest. The aspect of risk that touches the fear of shopping online much due to fraudulent websites was not all viewed as a problem. It was stated that since the target customers, often up to 30 years of age, had grown up with e-commerce and was appraised as natural for them.

6.3 Factor 2: Intermediary relationships

Channel conflict and cannibalization are issues that some of the companies have been in contact with and something that they have been concerned with, especially in the startup of the online channel. In the startup of e-commerce, retailers and distributors had shown worries about the online store taking customers and revenues from existing sales channels. The companies affected by these conflicts mentioned that there was some conflict in the initial phases of the online channel. Often the conflict had its origin in different perceptions of reality. Intermediaries were worried that the Internet channel would steal customers, while the clothing brands would perceived it as they all would benefit from adding another channel of commerce. In regards to goal incompatibility, the companies had communicated with collaborating players prior to the decision and conformed goals. Any cases of domain dissensus were as described above due to different perceptions of reality. According to the Respondents, these worries however diminished over time. Resulting instead in the intermediaries coming to realize that the synergies and possibilities connected to the companies' online distribution could actually render benefits for them. The customer base would for instance grow larger and the customers could get information online and then walk to nearest retailer to buy the products.

Another reason to why the companies managed to suppress or altogether avoid channel conflict was the experience from previous flagship stores, experiences which both intermediaries and suppliers had shared. These stores had shown that just because the supplier had their own sales channel it would not automatically mean that the retailers would lose profits. Company D did however not have any flagship stores prior to online distribution launch resulting in a lack of experiencing anything resembling a channel conflict. Not having a self-owned distribution network may imply that they did not have a very close contact with their intermediaries or that the intermediaries in fact did not see their e-commerce as any threat.

In order to keep the relations to intermediaries constructive and developing, continual communications are necessary and constant considerations to them have to be taken. When this is done, it can be presumed that a functional conflict is in action, as in the case of Company B and F who spoke of synergy effects leading to increased sales for their own as well as their intermediaries' channels. The companies having experienced channel conflict emphasized the consequential and possible synergy effects the e-commerce had had to a higher degree than the companies that had not experienced any channel conflict.

The inconsistency between the theory that presents the high risk for negative effects and the empirical data that was not greatly impacted negatively can be due to the fact that the interviewed companies have been precautionary and ensured constant communications to make sure that conflict did not arise with intermediaries. The fact that most of the companies previous to the e-commerce launch had had flagship stores gave them experiences that made conflicts easier to avoid.

6.4 Factor 3: Competitors

Competitors were nothing the studied companies were especially worried about when it comes to e-commerce. The theory sees competitors from two dimensions. The first dimension, physical competitors, did not have a great impact on any of the companies. Most mentioned that distributing online has become so common in the industry that it is no longer a unique channel development. The second dimension, online competitors, was seen as something that some of the companies were surprised by, but was primarily seen as "business as usual" and the competitors were not anticipated to be any different from the competitors they had been confronted with in the physical market. Company B did however, some time after implementing e-commerce, experience unexpected online market behavior in form of

smaller online stores that ended up before their own online web shop in Google searches, while Company E rather saw an opportunity on the online platform to win more customers.

There are several possible reasons for the discrepancy between the theory that presents competitors as an important factor and the companies' responses that undermine the factor's importance almost completely. As for competitors in the physical market, one of the explanations may be because of the nature of the industry. In the high-end apparel industry focus seems to be less on the competitors, and more on the own brand and the relationship to consumers. The companies offer different products with different designs, which decreases substitutability and therefore also competitors.

When it comes to the online competitors an explanation for it being mentioned in theory but not given focus in the respondents' replies is because all the companies have had successful online stores that appeal to consumers. Another potential reason could be that most of the other websites that sell the brands online and compose online competitors are not actually regarded as competitors as they can be intermediaries to the company and the issue should rather be considered under intermediary relationships. Further likely explanations could be that in the physical market, brands have both flagship stores and distributors. This same dynamic should work online, making online retailers a complement to the online store and not pure competitors in the same way that physical retailers complement the flagship stores.

6.5 Factor 4: Pricing

The theory states that the apparel industry generally has high margins and the margins are even higher for the brands that open up their own online store since they integrate down the value chain and sell directly to the end customer. This was one of the main attractions for the apparel companies in establishing their e-commerce websites, although while they increase their margins the prices stay the same. This is naturally a precaution to not upset their distributors, and all the companies' price strategies have stayed the same also post e-commerce implementation due to this fact. The empirical data supports the theory in that rivalry pricing and price-cutting is not common in the apparel industry. The studied companies were very conscious not to compete on price. The price setting was mainly a means for the companies to maintain and control their relationship with their distributors.

The increased price transparency is another reason the theory claims to be important to consider when it comes to pricing. It is especially an issue for companies that have variations in their prices. None of the companies experienced this as something that worried them,

which they motivated with the fact that they have consistent pricing. The risks in unsettling prices throughout the distribution network were considered significant.

Despite much of the theory being considered in the respondents replies regarding pricing, there is a disparity between theory and empirical data when it comes to the importance of pricing on the decision to implement a fully owned online channel. One possible reason is that pricing as a factor would hinder companies from choosing to open an online distribution channel.

6.6 Factor 5: Costs and Revenues

One of the big advantages with the online commerce according to both theory and the answers retrieved from the studied companies is the cost efficient way to reach a wider customer base, transcending geographical barriers. The other significant finding, which all companies referred to, was the increased revenues as a result of integrating their distribution down the value-chain and bypassing the intermediary. The key issue in the theoretical discussion regarding costs and revenues, the increased margins, was however only admitted openly by two respondents, B and D, who claimed that reaching more profits per sold garment was a driving factor when establishing a fully owned online store. According to theory such outspoken reasoning could facilitate channel conflict, thus providing a reason why only two respondents spoke of it.

An important cost saver according to especially Company B, and Company F, was the way they could display all their collections electronically in the online store. This was something they saw as unique to the Internet and impossible in any physical outlet because of the costs for the distributor. Inventory costs were also saved in several companies, Company D mentioned the aspect of shifting redundant stock in a proficient way. Company E saw the opportunity to run campaigns and build brand image in the e-commerce platform. Respondent E emphasized the benefits of being able to use the material without extra costs since the money had already been invested for the physical channels.

The saved costs were however in various degrees an affecting factor behind the decision to open an online store for all the companies, especially the cost efficient way it enables marketing, and reaching customers.

In regards to extra unforeseen costs such as transportation costs and costs of returns mentioned in the theory it was nothing that was commented by any of the respondents.

Respondent B stated that their distribution was located in Manchester, UK, implying that shipping costs are not a determining factor.

Company C did mention the initial problem to distribute the sold merchandise from the online store, which inferred some practical problems and costs since they had a decentralized inventory. The costs incurred mostly involved the start-up costs and the expert personnel that had to be brought in to handle the online store. Respondent B pointed out that the process of starting up e-commerce is expensive and often underestimated, but once it gets moving costs decrease. Company E commented that there naturally were costs associated both before the implementation and post implementation. The investments beforehand such as graphical design and the building of a platform and the costs of running the online store such as employees and shipping costs that were tied to the up keep after implementation.

6.7 Factor 6: Impact on the brand

All of the studied companies proclaimed that the online web shop had had a positive effect on the brand, which corresponds with what the theory states if the online store is conducted in a skilful manner. The companies also recognized the possibilities to enhance customers' and potential customers' brand knowledge. To build emotions and feelings surrounding the brand was something all of the companies worked with on their online web shop. Company D explained how they used the online store as a means to prolong their brand and how they wanted the online store to convey the uniqueness of their brand.

Company B also claimed the possibility to synchronize one message simultaneously with other channels making the message to their customers clearer and more consistent, in turn enhancing the brand. The Internet also provided a good platform to visually strengthen the brand, to set movies, stories and campaigns at display that would work for the brand, which is consistent with the theory.

As the theory also states brands can be perceived as modern, up-to-date and technologically aware with the establishment of an online store. This was the case for Company A, which started the web shop relatively early, contributing to the brand being perceived as new and modern. Respondent A stated however, that it is now becoming so common that customers more or less expect these kinds of companies to have an online store, consequently simply an online store is no longer sufficient to be perceived as new and modern.

For Company C the Respondent emphasized that the online store provided the brand with a showroom that was especially important for the companies' relations to its distributors and potential distributors, because it offered them an impression of the brand and its collections in its entirety.

The theory states that if the online store would be conceived as insufficient and with flaws, it could cause damage to the brand in form of mistrust and disbelief. The only company that mentioned these issues was Company D that had met some problems regarding bugs in the programming of the website which could cause damage to the brand. This was why they felt it would have been money well spent to invest more in the construction of the website from the beginning.

Thus, all in all, the companies regarded the impact on the brand to be an important factor when it came to building and constructing the online store and also to build brand knowledge and awareness.

7.0 CONCLUDING DISCUSSION

The foundation for the study was how the six factors impacted chosen companies' use of the Internet as a fully owned distribution channel. Results from the study show that the factors had varying degrees of impact on the companies and their online distribution. The companies experienced that there was a customer demand for a self-owned online sales channel, and as the sales channel offers higher margins and subsequently higher profit per product sold, it was an attractive strategic move to make.

Customer relationship was claimed to be a leading factor behind the decision to go online and a big part of the continuing work with the online store. Despite the importance of the factor, the studied companies added that there is significant work still to be done. The online sales channel has not reached its full potential in regards to customer relationships. The disparity between how important and determining the factor was claimed to be and how the companies actually work with the gathering and utilization of customer information could in fact mean that the companies chose to promote their relationship to their consumers without actually having the technical platforms and administrative routines to back it up. Only a few actors have implemented advanced relationship management systems, which can be utilized throughout a multitude of sales channels.

As for the other five factors their effects on the companies varied. Intermediary relationships were not an important factor for all of the companies, but this relationship does demand constant attention and continual communications with the intermediaries when going into e-commerce. Several respondents highlighted that the web shop created uncertainty with intermediaries during the launch phase, but that no signs of channel competition was visible. Instead, they view the web shop as a positive sales driver for traditional channels with clear positive synergy effects.

None of the studied companies thought competitors were a determining factor when going into e-commerce. The competitors online did differ to some extent to the offline competitors but was regarded as irrelevant.

The Internet distribution channel's impact on the brand was ruled as an important factor as well. Primarily tied to the possibilities associated to increasing brand knowledge and brand awareness. The Internet also provided a good platform to create certain feelings and emotions surrounding the brand. The Internet sales channel could however, if conducted poorly, cause

damage to the brand, but was nothing that any of the companies had had to deal with to a great extent.

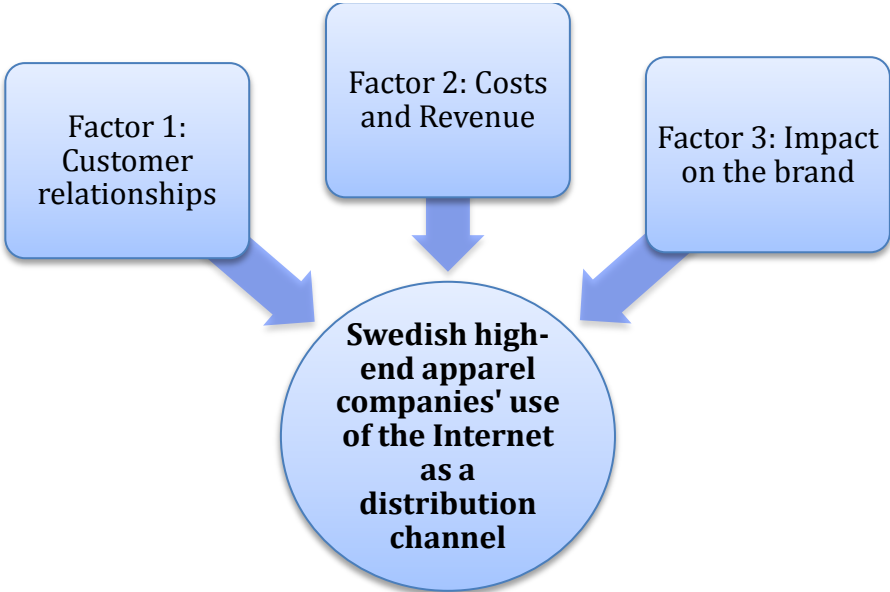
Pricing as a factor was not regarded as important by the studied companies, although the costs and revenues were considered important factors behind the decision to open an online sales channel. The Internet was judged to be a cost efficient channel, and did incur costs but these were dismissed as insignificant even though they were underestimated at times.

Considering the traditionally high transaction costs involved in fashion apparel the integration down the value chain must, despite the results in this study, be considered significant. The wide consensus that customer relationships are the main reason behind a fully owned online distribution is questionable as theory suggests this can provoke channel conflict. This prevents positive incentives for producers to explicitly state significant revenues as a main reason to establish an online store.

All in all, the factors deducted from previous research were relevant for the companies, but in different degrees. A model revised after the study could remove all factors that were appraised as less important, leaving only customer relationships, costs and revenue and impact on the brand.

Figure 3: Revised model

Revised model of the factors with the greatest effect on Swedish high-end apparel companies' use of the Internet as a distribution channel.



(Source: Own composition)

7.1 Future research

Firstly, a recommendation for future research is to increase the generalizability of the results through conducting further studies with the same purpose but with a quantitative methodology. Secondly, further research should also be done to ascertain connections between different factors and specific companies, to try to determine if certain organizational differences also have an impact. Thirdly, the specific factors could also be researched more specifically. In this study all factors are analyzed briefly. Further examinations into each and every factor specifically, and more extensively, could provide useful information for companies and their future strategic decisions. Fourthly, a study based on the retailers' and other channel partners' perspective would give a wider view and insides to more angles of the phenomenon. Also further research into apparel companies choosing not to open online stores would give other perspectives as to why similar companies decide to move in the opposite direction even though the similarities suggest the key decision making factors to be the same.

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8.1 Interviews

Respondent A (23 April 2010) head of online store for Company A

Respondent B (7 May 2010) head of online store for Company B

Respondent C (7 May 2010) Owner of Investment company owning Company C

Respondent D (20 May 2010) CEO of Company D

Respondent E (21 May 2010) Retail Manager at Company E

Respondent F (21 May 2010) Retail/Webshop Coordinator for Company F

9.0 APPENDIX

9.1 Companies seen as part of "the Swedish fashion wonder"

- Acne
- Burfitt
- Cheap Monday
- Dagmar
- Filippa K
- Hope
- J.Lindeberg
- Julian Red
- Nudie Jeans
- Peak Performance
- Rodebjer
- WESC
- Whyred

(Source: Sidea, 2007; Hedström, 2007)

9.2 Interview Questions and discussion points

- Tell us about the company
 - o Age
 - o Number of employees
 - o Business model
 - o Product line
 - o Years online
 - o Annual gross
 - o Number of stores
 - o Current distribution channel setup
- When and why did you launch a fully owned online store?
- Are there affects to the relationship between you and your customers?
- Are there affects to the relationship between you and your distributors?

- Did competitors affect the decision to open a fully owned online store?
- Did pricing affect the decision to open a fully owned online store?
- Did entry costs affect the decision to open a fully owned online store?
- Did your brand strategy affect the decision to open a fully owned online store?