SUPPLIER COLLABORATION IN ONLINE RETAIL STORE

Lappeenranta–Lahti University of Technology LUT
Master's Programme in Supply Management, Master's thesis
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ABSTRACT

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Supplier collaboration in online retail store

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Keywords: Supplier collaboration, Supplier Relationship management, Collaboration, Online store, Retail store

The subject of this study is supplier collaboration in online retail store. The aim of the work is to find out how supplier collaboration can be enhanced, what factors affect supplier collaboration and what benefits or challenges this can bring. This thesis focuses on identifying the effects and the role of supplier collaboration in online store, and the main emphasis is on illustrating the dyadic relationship between supplier and buyer. In addition, this thesis examines the comparison of traditional physical stores and online stores. The study consists of a theoretical and an empirical part. The research has been carried out as a qualitative study, the material of which was collected from scientific sources and semi-structured interviews. The research data has been collected from eight interviews, the interviewees of which represent eight companies in the field of Finnish online stores in retail industry. As a result, the identified criterias, the benefits achieved and the challenges that arise are closely linked and go in hand with supplier collaboration and its enhancement. Supplier collaboration can therefore be improved when the criteria for co-operation are met. Collaboration must be mutually beneficial and the goals must be common in order to gain benefits such as competitive advantage and ultimately increase sales and the company's business. This requires from both commitment, interest and willingness towards achieving mutual goals in long-term period.

TIIVISTELMÄ

Lappeenrannan–Lahden teknillinen yliopisto LUT

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Master's Programme in Supply Management

Matilda Frisk

Toimittajayhteistyö vähittäisverkkokaupassa

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Tämän tutkimuksen aiheena on toimittajayhteistyö vähittäisverkkokaupassa. Työn tavoitteena on selvittää, miten toimittajayhteistyötä voidaan kehittää, mitkä tekijät toimittajayhteistyöhön vaikuttavat sekä mitä etuja tai haasteita yhteistyö voi tuoda. Tämä opinnäytetyö keskittyy toimittajayhteistyön vaikutusten ja roolin tunnistamiseen verkkokaupassa, ja pääpaino on havainnollistaa toimittajan ja verkkokaupan välistä dyadista suhdetta. Lisäksi tässä opinnäytetyössä tarkastellaan kivijalkakauppojen ja verkkokauppojen vertailua. Tutkielma koostuu teoreettisesta ja empiirisestä osasta. Tutkimus on toteutettu laadullisena tutkimuksena, jonka aineisto kerättiin tieteellisistä lähteistä sekä teemahaastatteluista. Tutkimusdata on kerätty kahdeksasta haastattelusta, joiden haastateltavat edustavat kahdeksaa yritystä suomalaisten vähittäisverkkokaupan alalla. Tuloksena voidaan todeta, että tunnistetut kriteerit, saavutetut hyödyt ja esiin tulevat haasteet liittyvät läheisesti toisiinsa ja kulkevat käsi kädessä toimittajayhteistyön ja sen kehittämisen kanssa. Toimittajayhteistyötä voidaankin siis kehittää kun kriteerit yhteistyölle täyttyvät. Yhteistyön tulee olla molemmille osapuolille kannattavaa ja tavoitteet tulee olla yhteiset, jotta voitaisiin saavuttaa etuja, kilpailuetua ja lopulta kasvattaa myyntiä ja yrityksen liiketoimintaa. Tämä vaatii molemmilta osapuolilta sitoutumista, kiinnostusta ja halua yhteisten tavoitteiden kehittämiseen pitkällä aikavälillä.

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Also thank you Enklaavi, Lappeenranta and Gemmi., also thank my family and friends, especially RKK.

Now towards new challenges and adventures.

In Espoo, 19th June 2022

Matilda Frisk

Table of contents

LIST OF FIGURES

LIST OF TABLES

1. BACKGROUND

During the last decades, since of the development of Internet, business towards online has become an essential part of global retailing (Shaw, Gardner & Thomas 1997; Shaw 1999; Verhoef, Kannan, & Inman 2015; Murillo 2001). The demand for constant digital development towards online retail stores is increasing rapidly (Finnish Commercial Federation 2021). This increasing demand on online and digitalization has result in companies developing their business models. (Hallavo 2013; Verhoef et al. 2015). The internationalization of trade has resulted in increased competition and new opportunities in growth for companies (Kauppalehti 2015). Also, the constant development of market environment impacts on companies' desire to become more flexible and adaptable. As well as the desire to be adaptable has an impact on the nature of business relationships. (Giannakis 2007)

Internet and online stores have changed the retail industry and those enable various advantages for companies. As a result of digitalization and Internet, retail has changed tremendously during the last few years (Lewis, Whysall & Foster 2014; Verhoef et al. 2015). In 2020, the growth of online stores increased, the total sales of Finnish online stores were about 11,8 billion euros. Online retail trade grew by 22 percent in Finland in 2020, which was a record in the 2010s. In the spring of 2021, the number of online purchases in Finland continued increasing. (Paytrail 2021; Posti 2021)

Supply-chain management demonstrates transforming since of the development of Internet, online retailing and digitalization across the world (Murillo 2001). Online stores are developing supply chain management while providing potential. (Gunasekaran, Marri, McGaughey & Nebhwani 2002) Today, the Internet provides a large selection of products and services. As e-commerce has increased, companies have also had to develop their supply chains with the change. (Mentzer, DeWitt, Keebler, Min, Nix, Smith & Zacharia 2001, 17–18; Yu, Wang, Zhong, & Huang 2016, 179). Also, online stores have many logistical advantages comparing to traditional physical stores, warehousing, volumes, deliveries and range (Logistiikan maailma 2021). These will be discussed more in the next chapters.

The importance of supplier relationships has grown. Supplier relationships have changed from regarding to reduce supplier relationship costs and avoiding reliance individual supplier relationships to achieving the so called “win-win” situation, where both the purchasing company and the supplier achieve better results through cooperation (Ford, Gradde, Håkansson & Snehota 2003). The development is due to a market environment changes (Ford et al. 2003; Dyer & Singh, 1998). According to Ross (2015, 599), the key to supply chain success in the twenty-first century is effective procurement and supplier relationship management. In accordance with Gadde, Huemer, and Håkansson (2003), relationship building has become one of the most important resources for businesses and a source of long-term competitive advantage. By establishing supplier collaboration, a company can achieve a wide range of benefits for its business (Moeller, Fassnacht & Klose 2006).

This thesis focuses on identifying the impacts and role of supplier collaboration in online retail store and the main focus demonstrate the dyadic relationship between the supplier and online retail store. The aim of the work is to find out how supplier collaboration can be enhanced, what factors affect supplier collaboration and what benefits or challenges this can bring. Also, this thesis considers the comparison of traditional physical stores and in online though retail stores. In a business-to-business, dyadic relationships between companies are vital. Collaborative relationships, or dyads, can be viewed both as simple relationships between actors, while they are generally regarded as collaborations between at least two actors that seek to achieve mutual benefits between firms are vital. (Anderson, Håkansson & Johanson 1994)

1.1 Preliminary literature review

Online stores or in other words, e-commerce are linked closely to the Internet, which began widespread among consumers in the mid-1990s after (Vilkas Group 2018, 9). According to Hallavo (2013), the first online stores appeared in the late 1990s, and customer awareness of online retailers began to increase in the early 2000s. This can be also noted, literature and studies have increased radically in the beginning of 2000s, a notable part of the existing literature found from Scopus have been published then. Since of the rapidness of electronic commerce and technology development, it has been affecting to business in all aspects and has brought new opportunities. Due to as a significant result in industrial revolution as well

as scientifical achievement. (Garrett & Skevington 1999; Shaw et al. 1997; Shaw 1999) In accordance with Lee (2001), e-commerce or online stores have revolutionized and transformed traditional commerce and are consequences of the development of information technology. (Shaw et al. 1997; Shaw 1999). The development has been increased especially during the last years (Vilkas Group 2018, 8). It has also changed the way businesses are conducted. (Lee 2001)

Collaboration and its components have long been studied, and cooperation is recognized as a source of competitiveness (Prior 2012). As competition increases globally, companies need to collaborate with suppliers in order to survive in markets (Trent 2005). However, as literature shows, companies must identify how to create value aiming to success in global markets, therefore cooperation or collaboration with the supplier is the most common method of creating value. (Hughes 2008) The benefits of collaborating with supply chain partners were recognized as early as the 1980s as a response to the markets increasing competition and pressures in cutting costs (Khan & Yu 2019). Collaboration can be achieved using a collaborative strategy. Its aim as strategically is to achieve a win-win situation for both parties (Park, Shin, Chang & Park, 2010, 502)

There exist various articles and studies about this topic published during the past couple of decades. During the years, there has been developed different strategies to manage supplier relationships and categorize suppliers (Khan & Yu 2019). The SRM concept was first introduced in by Peter Kraljic in Harvard Business Review in 1983, introduced the SRM concept. According to him, the focus should be from supply management as operation function to strategic. (Kraljic 1983). According to Khan and Yu (2019), SRM advantages were recognized already in the 1980s. Nevertheless, those studies have mainly focused on the benefits of supplier relationship SRM in a big picture, but focused less to the integrating the concept to other relevant and connected concepts. According to Park et al. (2010), those previous studies have not concerned the integration and offered solutions.

However, the precise definition of supplier relationship management (SRM) is still unknown despite of the previous literature and studies (Hughes 2008). But, over time the concept of SRM has evolved. (Ross 2015, 555) According to Schuh, Strohmer, Easton, Hales & Triplat (2014), and Lambert & Schwieterman (2012), SRM has been described as a tool for

categorizing and managing suppliers based on their strategic importance. Moeller et al. (2006) define SRM as a process comprised of several activities, similarly as Park et al. (2010) to several steps.

According to Krause, Handfield & Scannell (1998), SRM focuses on improving customer-supplier relationships and collaboration between them and thereby creates benefits for instance value as important and impact on multiple parties between relationships. SRM, according to Park et al. (2010), has a strategic goal of collaborating with suppliers aiming to achieve effectiveness by developing and producing new products. However, a significant aspect according to Hughes & Wadd (2012) demonstrates that SRM manages all the relationships together by collaborating between supplier and buyer. Thus, Ross (2015) states that they key aim is to develop relationships that both the buyer and supplier can benefit.
For managing suppliers, Lambert and Schwieterman (2012, 337) discuss that SRM provides a framework.

Although much academic research has been published about supplier relationship management and e-commerce/online store separately, the combination of impacts has not been adequately studied. The practical study of things is in high demand in research. According to Golicic, Davis, McCarthy & Mentzer (2002), there exist just a few research concerning the impact of e-commerce on relationship management. According to Balakrishnan & Geunes (2004), research in Supply Chain Management and e-commerce has grown dramatically in the past decade. Moreover, Gunasekaran et al. (2002) investigated the changing role of e-commerce.

Moreover, a notice discovered of literature concerning physical stores and online stores. The distinguishing factors and comparing between online store and physical store have been studied by Chen & Leteney (2000) and Enders & Jelassi (2000). However, there is difficult to discover articles and studies about comparing those two concept and connecting them to supply chains and supplier relationships.

1.2 Research questions

The focus of this research is on supplier relationship management (SRM) and online retail stores. This study's theoretical contribution is to gain a better understanding of the

relationship between SRM and online stores that occurs and can occur in collaborative relationships and what the relationship can generate.

The main research question addressed in this thesis is the following:

How online retail store may enhance the collaboration with suppliers?

To support this main research question, supporting questions are defines. In order to answer the main question, the sub-questions are:

What are the factors impacting on supplier collaboration?
What are benefits that can be achieved with supplier relationship management and collaboration on online retail store?
What are the challenges of supplier relationship management on online retail stores?

1.3 Definitions/key concepts

This subchapter defines the key concepts that will be used in the thesis. The main concepts are Supplier Relationship Management (SRM), Supply Chain Collaboration and online retail.

Online retail store (electronic commerce)

This thesis focus specifically on retail stores in online, operating in Finland. According to Finnish Commercial Federation, Commerce is divided into retail trade and wholesale trade. Retail consist of fast-moving consumer goods, special goods and technical trade. (Finnish Commercial Federation 2021) In this research, electronic commerce, e-commerce, is seen as a business model where companies trade products over the internet by using electronic channels and technology (Kini & Choobineh 1998; Garrett & Skevington 1999) and e-commerce and online store are referred as a same concept.

Supplier Relationship Management SRM

Supplier Relationship Management (SRM) is an method for managing supplier relationships and external resources in order to achieve a broad perspective in supply decision making. (Lintukangas 2010) SRM provides a framework for businesses to manage, evaluate, and

develop supplier relationships in order to ensure the success of collaborative initiatives (Herrman & Hogson, 2001). SRM provides a comprehensive picture of all interactions between the company and the supplier (Schuh et al. 2014).

Supplier collaboration

Collaboration in is a long-term partnership in which supply chain parties collaborate closely to achieve common interests and benefits that exceed what a company could achieve on its own (Hughes 2008; Cao, Vonderembse, Zhang & Ragu-Nathan 2009).

1.4 Limitations

There are limitations that need to be acknowledged in this research. This study is conducted as a qualitative research. The data will be collected through interviews from several company in the field of Finnish online retail stores. This research is mainly based on the present, but theory based on research data and older research are examined from the past.

The results of the study are limited to the quantity of empirical findings. The number of interviews sets the limits for the reliability of the study. Besides, the empirical data is collected from Finnish companies which represent one phenomenon. Geographically, therefore, the research approach is relatively narrow. Also, only a buyer company representative will be interviewed, not the supplier company. Therefore, the empirical part has been done from the perspective of those companies. Also, an important aspect to consider, is that the case company operates in online retail industry. Therefore, empirical results probably vary depending of the interviewees situation, experience and company. In order to ensure transparency in the conversations, the interviewers and companies will remain anonymous. This study will focus to consider the dyadic perspective of a supplier and buying company. Therefore, this thesis does not consider the view of the consumers and the perspective is business-to-business.

1.5 Research methodology & data collection plan

The theoretical part of this work consists of academic literature, previous research, articles and books. The theoretical framework was formed from various theories and studies. The empirical part is done by using a qualitative research methodology. The research material is obtained by interviewing representatives of companies by using semi-structured interviews.

Interpretation of the comparison of theory and research material is to be provided meanings and answers to the research questions asked. Therefore, the interview questions for the interviewees are also designed according to the research questions. Several people will be interviewed anonymously in Finnish for this thesis and the interviewees will be representatives from Finnish internet retail enterprises. The purpose is to compare the interviews answers and companies. These interviews will be recorded, transcribed, and translated. Next, the gathered data will next be examined and incorporated into the current hypothesis. The primary goal is to address the previously specified research questions. The empirical part of the study and the research method will be described in more detailed later in this work.

1.6 Conceptual framework

The conceptual framework illustrates the theoretical perspectives and the main subjects which are discussed in this thesis. The below figure 1 presents the theoretical framework of the work. This study is based on the dyadic relationship between the supplier and the buyer and the collaborative relationship between them. The work deals with the topic specifically from the buyer's point of view. This partnership can bring benefits to the buyer company but also challenges to the business. The buyer's position in the study focuses specifically on online, but this work includes the comparison between the buyer's and supplier's co-operation in the online business and the traditional physical store.

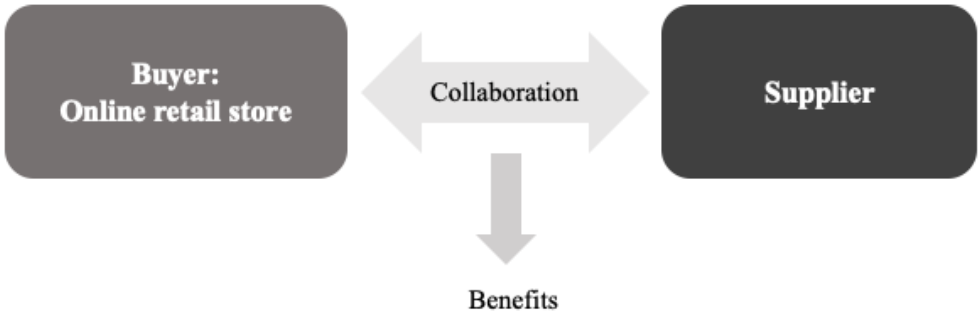

Figure 1: Theoretical framework

1.7 Structure of thesis

The structure of this thesis is divided to theoretical and empirical chapters. The figure 2 illustrates the main structure and aims for chapters. First, the background of the study is presented, the research questions, and the preliminary literature review in the chapter one. Additionally, the chapter presents the theoretical framework, definitions of key concepts, and research methodology in brief. The second, third and fourth chapters represent the theoretical part of this thesis. Academic literature about the buyer-supplier relationship is discussed widely. The third chapter discusses supplier collaboration, its requirements, advantages and challenges that may emerge. The last theoretical chapter, four considers online stores and retail stores, and also those supply chain. The fifth chapter presents the design and methods of research. The chapter begins with a discussion of data collection methods and a description of data analysis methods. The course of the interview process is explained, as well as information about the companies and people interviewed. Finally, competence and reliability are critically assessed. The empirical part of this study is presented in the chapter six. The empirical results of this study are comprehensively presented in that chapter. Finally, the final seventh chapter focuses on the discussion and conclusions of this study. Empirical findings are compared with theoretical findings and the research questions are answered. Moreover, both theoretical and managerial contributions of the research are presented. The final chapter ends with an analysis of limitations and future research recommendations.

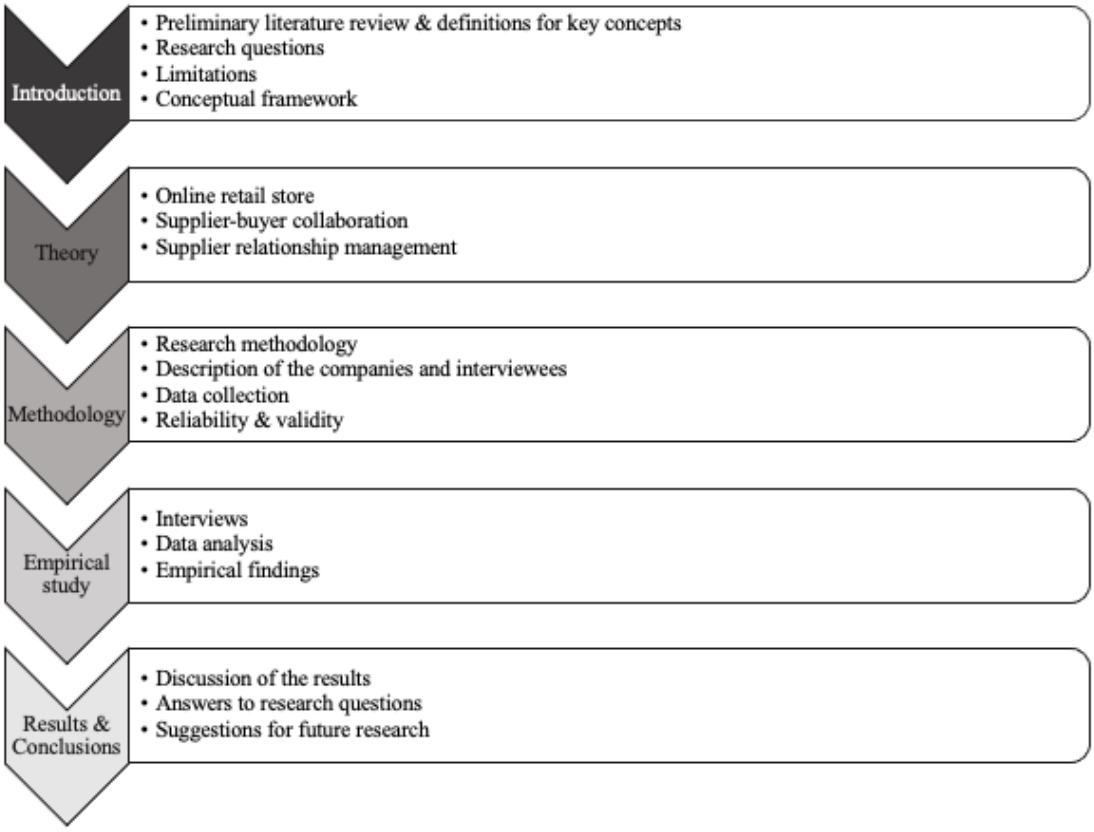

Figure 2: Structure of the thesis

2. SUPPLIER-BUYER RELATIONSHIP AND SUPPLIER RELATIONSHIP MANAGEMENT

This chapter discusses the relationship between supplier and buyer. At first, this chapter will discuss the dyadic relationship of buyer and supplier, the supplier relationship management from the view of the buyer, and finally supplier relationship management, how the buyer company may manage its suppliers.

2.1 Relationship between buyer and supplier

Previously, relationships were arms', length transactional relationships and focused on individual company achievements (Duffy & Fearne 2004). The Japanese model of close relationships emerged as an alternative partnership to traditional arm's length relationships (Dyer, Cho & Chu 1998). The buyer-supplier relationship has evolved more into a partnership and the traditional goals of maintaining low purchasing prices and supplier switching costs have shifted (Krause & Ellram 1997). Nowadays, relationships have changed more collaborative since of the prerequisites of the new competition. The competition has changed, and companies no longer compete as they have previously, thus this requires responding to changes in markets. Adjustments to the relationship and cooperation between suppliers and purchasing companies have become necessary. (Moeller et al. 2006) In order, companies need to develop more close relationship with suppliers (Lambert & Schwieterman 2012).

Although, companies have a limited number of resources available to maintain and develop their supplier relationships. As a result, companies concentrate their efforts on the most crucial ones (Mentzer et al. 2001; Finne & Kokkonen, 2005). By focusing on the most important ones, companies are becoming more reliant on their suppliers' capabilities and resources as they focus on core competencies (Sahay 2003). Thus, supplier relationships focuses on few key suppliers (Giannakis 2007).

The strategic importance in purchasing has increased, resulting in closer collaboration between the purchasing and selected suppliers (Moeller et al. 2006). According to Spekman (1988), the buyer must choose the appropriate partner because not all potential suppliers are good strategic partners. Relationships between purchasing company and supplier must be managed with Supplier Relationship Management to get the most out of every relationship. (Moeller et al. 2006) Dyer et al. (1998) state that buyer companies should do strategic segmentation, by categoring suppliers into strategic partners and durable arm's length. Companies benefit from segmentation because it allows them to enhance their effectiveness and allocate resources more efficiently. Therefore, most of the resources should go to key role strategic partners in order to differentiate products. (Dyer et al 1998) Furthermore, fewer resources should be allocated to less, non-strategic, arms' length suppliers. Companies can thus differentiate themselves from competitors through sourcing and supplier relationships (Iloranta & Pajunen-Muhonen 2008, 119; Tseng 2014).

2.2 Supplier Relationship Management

Managing supplier relations is related to supplier cooperation, as discussed earlier in this thesis. According to Lambert & Schwieterman, Supplier Relationship Management includes process with elements of a strategical, value-creating and cross-functional (Lambert & Schwieterman 2012; Schuh 2014). They investigate the purpose of SRM as a strategic activity for companies (Lambert & Schwieterman 2012). SRM focuses on the collaborative relationship between buyer and supplier (Krause et al. 1998) and provides a framework for developing the supplier-buyer relationship (Lambert & Scwieterman 2012; Schuh et al. 2014; Croxton et al. 2001; Trent 2005). As a result of lack of collaboration, partnership, and communication, the SRM concept evolved. SRM, on the other hand, focuses on transforming corporate culture and changing buyer-supplier relationships on a daily basis (Ross 2015 555).

In order for SRM to be successful, a company's goals for SRM must be faced with the company's strategy (Lintukangas 2010). This necessitates open data sharing (Hughes, 2008). According to Hughes and Wadd (2012, 25–26), companies should focus SRM on suppliers with the highest potential to reduce risk and add value. SRM has been found to produce several benefits, according to several researchers and studies. The purpose of SRM is to

promote the benefits of both parties in the longer term. (Tseng 2014) Previous research has also shown that SRM affects competitive advantage through partnerships (Lintukangas 2010; Herrmann & Hodgson, 200; Trent, 2005). Also, a significant benefit of SRM is value creation (Day, Magnan, Webb & Hughes 2008; Hughes 2008; Herrmann & Hodgson 200; Moeller et al., 2006; Lambert & Schwieterman, 2012). In addition, SRM offers considerable opportunities to maximize the overall value and quality of relationships with selected suppliers through SRM (Day et al. 2008; Hughes 2008 & Moeller et al. 2006). Ross (2015) claims that when SRM concepts and practices are implemented, the organization gets great benefit. Therefore, in accordance with Krause et al. (1998), SRM focuses, thus creating added value and profit for several parties.

Buyers can use SRM to find crucial components and finished goods from their preferred suppliers (Ross 2015, 533). According to Herrmann and Hodgson (2001) SRM additionally improves flexibility and responsiveness by increasing communication, visibility and collaboration planning with suppliers. Since this, a company's ability improves for matching the demand to production and thus contribute to improved profitability (Herrmann & Hodgson 2001; Chen et al. 2004). According to Hughes and Wadd (2012, 22), supply chain performance may increase with collaboration (Krause et al. 1998; Hughes & Wadd 2012; Tseng 2014). It provides a framework for developing a supplier-buyer relationship (Lambert & Scwieterman 2012; Schuh et al. 2014; Croxton et al. 2001; Trent 2005).

Developing strategic partnerships with key suppliers can be incredibly difficult, despite the fact that SRM has proved to provide many benefits (Hughes, 2008). According to Hughes (2008), companies may encounter barriers that affect on improving the relationship from traditional to collaborative relationships. Also, when the investment in the supplier relationship increases, affects it to dependence. Dependence increases risk and uncertainty. Hughes addresses that a challenge is that companies may be reserved of sharing information with their partners. In order to create value, SRM can be a tool for this. However, the implementation of SRM may lack efforts to build trust and commitment, especially systematically and strategically. (Hughes 2008). In order to succeed in the implementation of SRM, a clear strategy is an important part that takes relationships and processes forward (Day et al. 2008).

3. SUPPLIER COLLABORATION

This chapter will be discussing about supplier collaboration, its elements, and requirements, then the benefits that may be achieved with collaboration, and lastly the possible challenges and barriers in collaboration between the buyer company and supplier. The purpose is to consider those subjects from the view of buyer company.

In academic literature, the importance of collaboration and close buyer-supplier relationships in supply chain management has been well highlighted by various researchers (Spekman, Kamauff & Myhr 1998). Collaboration demonstrates the process by high cooperation in order to continue in long-term (Spekman 1988). There are two types of collaboration in accordance with Barratt (2004). He defines vertical and horizontal collaboration as the types. Vertical cooperation refers to collaboration with customers or suppliers, as well as collaboration across various departments inside a company. (Barratt 2004) Vertical collaboration happens when two or more companies share their responsibilities, resources, and performance information to serve customers who have similar needs (Simatupang et al. 2004). Horizontal cooperation, on the other hand, demonstrate the collaboration between a company and its competitors or a company and its non-competitors (Barratt 2004). This thesis, however, focuses on the vertical collaboration since the focus is between supplier and buyer as a dyadic relationship.

Due to increased competition, buyers are seeking for suppliers whose expertise, knowledge and competence can be exploited (Spekman 1988). Collaborative relationships typically involve few suppliers who are in a critical position to success for buyer company (Trent 2005). However, as previously stated in this thesis, it is essential to emphasize that collaborative relationships should not be formed between all. According to the findings by Spekman et al. (1998), both partners and the supply chain should be selected strategies carefully. However, not all of these can be applied to all collaborative partnerships, and Barratt (2004) advises focusing on a few key relationships rather than collaborating with everyone. According to Lambert & Schwieterman (2012), long-term strategic partnership provide strategic value-adding as its best. The process requires shared commitment to the future and a balanced power relationship (Spekman 1988).

According to Balakrishnan & Geunes (2004), companies need to ensure the efficiency of the supply chain and respond to the changing market demands. As a result, companies have to consider external opportunities to collaborate and coordinate with partners. However, these increased opportunities for collaboration and coordination create new challenges and complications among supply chain partners. The new competition arises long-term, close relationships in supply chain where both partners can trust, develop relationship where communication and information sharing occurs freely as well as solving problems together and planning the future goals.

3.1 Elements of Collaboration

The characteristics and elements of collaborative relationships have been studied and identified; the characteristics are related to the success of the collaborative relationships. Mohr and Spekman (1994) have identified in their study the most significant characteristics from the perspective of the buying company. The characteristics of collaboration in accordance with Mohr and Spekman (1994) are trust, commitment, coordination, communication quality, information sharing, participation, and joint problem solving. Moreover, Hughes (2008) has defined elements of collaborative that are most and least. In most collaborative relationships there exist a high level of trust, transparency, focus on maximizing long-term value and ability to other party success, conflicts are resolved and differences are leveraged to innovations and value creation.

Common goals are requirements for a successful partnership. Collaboration requires buyer companies and suppliers to relate themselves as partners as well as engage in joint value creation and success for both parties (Trent 2005; Hughes 2008; Spekman et al. 1998). Companies must perceive and believe in a common promising future, moreover the goals for the future should be in line together. In order for collaboration to continue for improving, collaboration must be invested in and the current situation must not be too satisfying. (Nieminen 2016). According to Nieminen (2016), supplier enhancement is about mutual development, where the best practices are divided between the two. Furthermore, Sahay (2003) underlines that collaboration is a significant element result to success and value creation. Gaining competitive advantage is a result of a joint effort (Spekman et al. 1998).

According to Nieminen (2016), the precondition for cooperation is that the purchasing company is obliged to get to know the supplier's business and production in detail. This also allows the company to better understand its partners. According to Hughes & Wadd (2012), understanding the suppliers is a principle for a buyer company and they should invest in understanding their suppliers better (Spekman 1988; Hughes & Wadd 2012).

According to Morgan & Hunt (1994), trust and commitment are key elements in order to success in the collaborative relationship (Morgan & Hunt, 1994; Duffy & Fearne, 2004; Spekman et al. 1998) and those elements play an essential role in supplier relationships (Corsten & Felde 2005). According to McKinsey research companies that engage and commit with their suppliers, were able to achieve benefits (Gutierrez, Kothari, Mazuera, & Schoenherr 2020). A collaborative relationship requires from both buyer and supplier on engaging resources and adoptions according to Möller & Törrönen (2003). However, despite of the significant commitment on the part of the company, the advantages of collaboration do not always meet its objectives (Gadde & Snehota 2000).

Communication is vital in relationships between companies, according to Mohr and Spekman (1994), and increased levels of communication are connected with commitment (Morgan & Hunt, 1994). A prerequisite for effective cooperation is interaction that is active and goal-oriented. The systematic development of co-operation between organizations requires regular interaction (Nieminen 2016). Thus, effective communication demonstrates a requirement for a successful buyer-supplier relationship (Krause & Ellram 1997). Krause and Ellram (1996, 49) showed that supplier performance resulted from communication that was updated, frequent, and informal between the supplier and the buyer. The measure of a strategic partnership may be, for example, mutual meetings between the key personnel of the companies at appropriate intervals, where they present their own activities, visible changes and jointly assess the market situation (Nieminen 2016, 107-113). According to Spekman (1988), mutual trust and open communication are factors to enhance commitment. Therefore, the buyer company should maintain communication at a high level with supplier. (Dyer et al. 1998). Trust and its continuous improvement and maintaining are essential, buyer companies should actively sustain and build with suppliers (Prior 2012; Hughes & Wadd 2012).

In order to achieve competitive advantage, understanding and information sharing are required (Spekman et al. 1998). According to Nieminen, both the buyer and the supplier will cooperate distributes information systematically, comprehensibly and in accordance with the purpose and aims to continuously improve the supplier's know-how, performance and competitiveness (Nieminen 2016). Also, collaboration requires information sharing among supply chain partners (Spekman et al. 1998).

According Krause, Handfield & Tyler (2007, 530), the performance for buyer depends on their suppliers. They identify priorities that are competitive factors and affect the buyer firm and ultimately the customers. These factors are cost, quality, delivery time, dependability, but and flexibility. The supplier's lack of quality might have a negative influence on this perception or create production delays. When it comes to delivery, there are two major considerations that might have an influence on expenses. On the one hand, there is delivery dependability, and on the other, there is delivery speed. Both can result in lower inventory levels. To fulfill the ever-changing and often unpredictable client demand, flexibility is essential. It is critical to have suppliers who can alter their manufacturing costs- and time-efficiently. (Krause et al. 2007, 530-531)

3.2 Benefits of Collaboration

This sub chapter discusses and collects the main benefits and motives of supplier collaboration from previous exist literature that has been mentioned severally. There are plenty of those benefits, however this chapter will notice part of them, the most significant ones. Table 1 below demonstrates the benefits.

The primary purpose in supplier relationship between supplier and buyer has changed to collaboration and achieving benefits for both parties mutually (Ford et al. 2003; Moeller 2006; Simatupang & Sridharan 2002). According to Khan & Yu, the benefits were recognized in the 1980s and the aim of the collaboration then was decrease costs and compete in the markets. (Khan & Yu 2019). The benefits of supplier collaboration, according to Iloranta & Pajunen-Muhonen (2008, 313), are based on observations: common goals driving to be more efficient, and conflict situations seek to resolve the problem to the best of their ability.

Table 1: Benefits of collaboration

Benefit	Literature
Value creation	Gutierrez et al. 2020, Hughes 2008, Krause et al. 1998, Kähkönen & Lintukangas 2012, Lambert & Schwieterman 2012, Sahay 2003, Trent 2005
Competitive advantage	Duffy & Fearne 2004, Dyer & Hatch 2004, Dyer & Singh 1998, Moller et al. 2006, Mohr & Spekman 1994,
Performance enhancement	Corsten & Felde 2005, Cao & Zhang 2011, Gutierrez et al., 2020, Kähkönen et al. 2017, McLaren et al. 2002
Supply chain efficiency	Corbett et al. 1999, Iloranta & Pajunen-Muhonen 2008
Innovation	Hughes & Wadd 2012
Cost reduction	Dyer et al. 1998, Ford et al. 2003, Iloranta & Pajunen-Muhonen 2008, McLaren et al. 2002
Quality improvement	Corbett et al. 1999, Dyer et al. 1998
Knowledge sharing and creation	Herrmann & Hodgson 2001, Hughes & Wadd 2012

Collaboration can provide a competitive advantage for both partners. (Duffy & Fearne 2004). There are several ways to achieve a competitive advantage, gaining a competitive advantage is a motivator for developing collaborative relationships (Dyer & Singh 1998; Mohr & Spekman 1994). According to Dyer & Hatch (2014), a company can gain a competitive advantage by sharing information and knowledge with its suppliers. Competitive advantage is achieved through fulfilling the demand and needs of customers (Duffy & Fearne 2004). To gain a competitive advantage and develop a long-term relationship, both the supplier and the buyer must enhance commitment (Spekman 1988). Moreover, Cao & Zhang (2011) suggested in their study, that instead of focusing on

competitive advantage, keep focusing on the collaborative advantage. Collaborative advantage refers to a joint competitive advantage and value creation in dyadic relationships. (Cao & Zhang 2011) Successful competitive advantage can result in value creation. As previously mentioned, one of the most common methods of collaborating buyers with suppliers is creating value according to Hughes (2008). Kähkönen & Lintukangas (2012) highlight value creation in buyer-supplier collaboration, which influences the firm performance and competitive advantage. According to Lambert and Schwieterman (2012), a company may achieve strategic value-adding through long-term strategic collaboration.

As discussed earlier, trust and commitment are important elements of collaboration. According to Nyaga, Whipple & Lynch (2010), information sharing, joint relationship efforts, and investments may lead to trust and commitment. Trust and commitment while, lead to improved performance and satisfaction. A relationship where buyer company is involved in joint planning, setting goals, measuring performance, solving problems, supplier trust more usually to those relationships. A relationship where supplier trust the buyer, discussing about their requirements, concerns, and expectations for the partnership is expected.

Joint efforts may increase the trust of supplier (Nyaga et al. 2010). According to a McKinsey research (Gutierrez et al. 2020), companies who engaged with their suppliers continuously, were able to gain different benefits such as better growth, reduced operational expenses, and higher profitability than their competitors (Gutierrez et al. 2020). According to Doukidis et al. (2007), with collaboration, more efficient and responsive supply chains can be created in order to provide value to customers (Doukidis et al. 2007).

Information sharing is also a factor that enhances successful collaboration according to Nyaga et al. (2010) In addition to information sharing, communication is a factor of a successful collaborative relationship (Mohr & Spekman, 1994). Krause & Ellram (1997) mention that two-way communication can improve the quality of the collaboration. The efficient sharing of information and transparency are aided by high levels of trust. As a result, new value-added business opportunities are found and innovative solutions are successfully implemented. Furthermore, risks are also better understood and reduced. (Hughes & Wadd 2012, 25-26) According to a study by Nyaga et al. (2010), information exchange allows

suppliers to contribute products or services more efficiently and effectively. Due to this, suppliers are more dedicated to relationships with buyers who share information. Furthermore, when buyer company share information, it demonstrates the buyer's commitment to the supplier and encourages the supplier to participate in the relationship. (Nyaga et al. 2010) Collaboration, according to Herrman and Hogson (2001), seeks effective information flow between buyer and supplier in order to ensure management of the flow of information.

Effective supply chain collaboration leads to improved company performance and outcome. (Cao & Zhang 2011; Corsten & Felde 2005; Kähkönen, Lintukangas, Ritala & Hallikas 2017). This relates to innovative capability and financial results, Corsten & Felde (2005) and Mathew & Mee (2008) find that collaboration significantly improves performance by increasing profitability, operational efficiency, and joint decision-making. Close cooperation helps parties of the supply chain to meet supply and demand efficiently and increase the profitability of the overall supply chain (Simatupang et al. 2004) and also component availability. As a result, component availability will improve since suppliers will be better able to plan their capacity utilization and production (Corsten & Felde 2005).

According to Ford et al. (2003), the effects of supplier collaboration can be divided into two categories: increased reliability and efficiency, and cost reduction (Ford et al. 2003, 92-101). Increased effectiveness in companies may be achieved by sharing knowledge (Matthew & Mee 2008). Furthermore, knowledge sharing improves supply chain efficiency while lower costs (McLaren 2002). With collaborative relationships, the entire supply chain may improve its efficiency (Doukidis et al. 2007). Moreover, nowadays companies are enhancing more cooperative long-term partnerships that improve the supply chain efficiency and increase the mutual benefit of all supply chain parties (Duffy & Fearne 2004). Closer coordination and trust in supplier connections can lead to increased cost-effectiveness in supplier relationships (Dyer et al. 1998; Ford et al. 2003, 115).

Transaction costs can be reduced by having a long-term and stable supplier relationship. Also, from the standpoint of a supplier, customer relationships provide benefits to the supplier through reduced switching costs (Ford et al. 2003, 98). When a supplier and customer work together for the long term, their commitment and improved relationship will

help each other reduce development, manufacturing, delivery, and marketing costs and thus increase overall profit (Matthew & Mee 2008). Furthermore, long-term cost benefits and operational uncertainty can be reduced (Iloranta & Pajunen-Muhonen 2008, 48-49).

3.3 Challenges in Collaboration

Collaboration, however, does not always result in benefits, there are still risks existing and those should be considered. (Barratt 2004; Iloranta & Pajunen-Muhonen 2008, 315) In accordance with Iloranta and Pajunen-Muhonen (2008, 139), they emphasize that it is critical to remember that supplier relationships do not develop on their own but require significant effort to shift in a more efficient and strategic direction. To operate successfully as a whole supply chain, companies should seek to create a win–win situation in which all parties work to compete with one another while also achieving business synergy. (Cao & Zhang 2010) Short-term contracts and price-driven discussions, according to Spekman (1988), rarely result in a commitment to suppliers. These challenges and barriers are summed up in table 2.

Table 2: Challenges of Collaboration

Benefit	**Literature**
Lack of required elements of collaboration	Ellram 1995
Dividing benefits equally	Matthew & Mee 2008
Different interest and goals	Iloranta & Pajunen-Muhonen 2008
Unable to secure collaboration	Cox et al. 2003
Lack of trust	Ellram 1995, Hughes & Wadd 2012
Lack of awareness	Ramesh et al. 2010
Lack of willingness to work together	Schiele 2012
Increased costs	McLaren et al. 2012
Ineffective communication	Ellram 1995
Reserved of sharing information with partner	Hughes 2008
Lack of quality	Ellram et al. 2007

Iloranta and Pajunen-Muhonen (2008) list the factors that typically cause problems in a close relationship. Dividing the benefits equally between suppliers and buyers may not be possible (Matthew & Mee 2008). The assumption that the supplier's and buyer's aims are similar, which may not be the case. Although the goals of both companies are theoretically comparable, interests may diverge due to factors such as the company's status and the competitive environment. Deep cooperation in a long-term partnership is essential. (Iloranta & Pajunen-Muhonen 2008, 317) One crucial point made by Cox and colleagues (2003) is that collaboration may not be possible in certain power relationships. In this situation, supply managers may be unable to secure the desired suppliers' cooperation with the buyer. Increased reliance on a single provider is a fundamental risk of close cooperation. The supplier may benefit from the reliance. (Iloranta & Pajunen-Muhonen 2008, 315)

Inefficiency or failure may result from a lack of the characteristics outlined earlier in this thesis (Ellram 1995). Collaboration, as previously mentioned, demands commitment and expense on the part of all parties involved (McLaren et al. 2002). Lack of trust is crucial for both, as it can lead to ineffective collaboration and failure due to a lack of communication (Ellram 1995). According to Hughes and Wadd (2012), a lack of trust between buyer and supplier negatively impacts productivity and value creation. Hughes (2008) notes that collaboration with suppliers requires a high level of commitment between both buyer and supplier organizations. Lack of awareness about the barriers of collaboration may prevent the benefits of collaboration from being realized (Ramesh, Danket, Shankar 2010).

Even if companies on supplier collaboration in their innovation processes, not all competent suppliers are eager to work with all buyers, which is why achieving preferred customer status with key suppliers is critical (Schiele, 2012). Furthermore, after a longer-term deal has been signed, the supplier may not be interested in maintaining its competitiveness (Iloranta & Pajunen-Muhonen 2008, 315).

The implementation of supply chain collaboration will improve a company's financial performance in long term period (Cao & Zhang 2010). Although, implementing the collaboration necessitated costs. When collaboration is not properly implemented, considerable cost increases might occur (McLaren et al. 2002). Thus, moreover, Gadde &

Snehota 2000, emphasize that costs should always be properly analyzed and critically balanced against the potential advantages (Gadde & Snehota 2000). The benefits of cost reduction can only notice with close collaborative relationships (Spekman, Kamauff, and Myhr 1998).

4. ONLINE RETAIL STORE SUPPLIER COLLABORATION

This chapter considers about online stores, retail stores, and those supply chain. The purpose is first to discuss those subjects.

4.1 Online retail

As more and more companies become connected to the internet, the possibilities for creating business opportunities seem almost endless (Rushton, Croucher & Baker 2017, 92). Online stores may do business between both business to business (b2b) and business to consumer (b2c) (Lahtinen 2013, 18). In Finland, thousands of companies do daily online business both in the b2c and b2b sectors (Vilkas Group 2018, 8). E-commerce or online is a particularly important development in the retail sector and retailing has changed significantly in recent years. Online stores are the fastest-growing retail market in Europe according to Rushton et al. (2017, 92).

4.1.1 Benefits of online stores and the internet

To achieve the benefits, companies need to understand the potential of online stores (Gunasekaran, Marri, McGaughey, Nebhwani 2002). Competitive advantages such as wide selection, availability and prices have been important in traditional stores, furthermore the importance of those increases in online store (Hallavo 2013).

One of the key factors of e-commerce is wide reach and coverage (Enders & Jelassi 2000). One of the most significant aspects of comparing online stores to physical stores is that the markets of online stores are not geographically limited as same as in physical stores (Lahtinen 2013, 28). Moreover, the Internet enables marketplaces to operate 24 hours a day (Gunasekaran et al. 2002; Enders & Jelassi 2000, 544). This allows a better market potential and the competition to be national, often global (Lahtinen 2013, 28). Expanding into new market areas and increasing growth globally is easier online than for physical traditional stores since there are no geographical restrictions (Hallavo 2013; Li et al. 2015, 1328–1331).

As a result, it ensures a larger range as well as the ability to increase order volumes without investing in its own staff or inventory (Hallavo, 2013; Lewis et al. 2014, 45). The internet offers the ability to handle wide range of volumes, limited only by the physical capacity to

manage it (Skjøtt-Larsen, Schary, Mikkola, Kotzab 2007, 153). It is essential for the success that the product range is as comprehensive as possible (Vehmas 2008, 40). This enables a wide range of products with only low maintenance costs (Enders & Jelassi 2000; Finne & Sivonen 2008, 47).

According to Sakki (2014), the wide range of online stores and low prices result in an intensified competition (Sakki 2014, 107). Also, online, comparing products and finding information is easier than in a physical store since all product information is available in the same place (Hallavo 2013; Li et al. 2015, 1328–1331). The possibility of rapid changes in the product range and prices can also be considered an integral factor in the success of online stores. Compared to physical stores in particular, prices can change rapidly and change according to the market (Vehmas 2008, 116).

The revolution of the Internet and electronic commerce allows large companies can increase the efficiency of their business operations and provides companies to act more cost-effectively and time-efficiently. The Internet provides capabilities and opportunities that may substantially improve the productivity and competitiveness of companies. (Gunasekaran et al. 2002) Besides of possibility to increase operational efficiency, it has prerequisites for developing new business models and reshape industry value chain. Value chains are converging, and actors' roles are shifting. Online creates new opportunities for players seeking growth and value chain innovators. (Hallavo, 2013) The value chain is oriented toward market processes of B2B and B2C (Lahtinen 2013, 28).

4.1.2.Challenges of online stores

Due to the possibility of internet allowing for online stores to offer their products globally, there has an unlimited market to offer. However, it also results in unlimited competition across geographical boundaries and companies are under pressure to stay competitive. According to Lahtinen, this is one of the big challenges for online stores. The ever-changing environment and market are also putting pressure on competition. Therefore, in order for to stay competitive, it needs to stand out from the rest of its market. (Lahtinen 2013, 28)

Traditional physical stores have often large purchasing volumes and long relationships with suppliers, giving them more bargaining power towards suppliers (Enders & Jelassi 2000; Chen & Leteney 2000). According to Vehmas (2008), online stores do not always have

significant partnerships or long-term relationships with suppliers, so they are not granted for mass discounts. Online stores can remedy this by purchasing products through a concentrading. (Vehmas 2008, 50)

4.1.3 Retail supply chains

The number of retail suppliers varies greatly between chains. When a supply chain has thousands of suppliers, it is obvious that supplier relationships must be prioritized based on the importance of the business relationship. (Finne & Kokkonen 2005, 75) In order to achieve benefits, focusing on strong partnerships that enable the online business is essential (Gunasekaran et al. 2002). When considering levels of partnership, one natural factor is company size. Other factors to consider when determining a suitable level of cooperation include the supplier's interest in cooperating, the supplier's competence and ability, the consistency of companies' strategies, and the possibility of allocating resources to cooperating. (Finne & Kokkonen 2005, 159)

The structure of Finnish retail has been developing and changing for a long time. Changes in the structure of the trade sector and the competitive situation have also been reflected in the relations between companies in the sector. As trade has become more concentrated and chained, power in the value chain has shifted from large suppliers to trade and then to customers. However, in general, the trade has shifted from confrontation and short-term trading to close and long-term relationships between supply chain members. Simultaneously, competition is shifting away from individual players towards long value chains. Nowadays trade is concentrated, especially in the Nordic countries, which is affected by the small size of citizens' markets compared to the rest of the world. (Finne & Kokkonen 2005, 24, 81, 139)

Trends in trade are accompanied by internationalization alongside trade concentration and company size growth. Internationalization allows stores to look for sales potential outside their domestic borders. Retail store business focus mainly on big volumes. This grow volumes which results in better negotiating position towards suppliers which may lead to a competitive edge in the market due to better purchasing conditions. (Finne & Kokkonen 2005, 22, 75) According to Lahtinen (2013), it is important to understand when analysing

distribution channels, what added value each actor brings. This analysing may lead to creating significant competitive advantages. (Lahtinen 2013, 22) A company may achieve increasing revenue and profit, acquire new customers, enhance customer relationships, speed up the sale processes and reduce procurement costs. Nowadays, it is a normal activity for companies striving to achieve increased sales efficiency, revenue and customer service. (Vilkas Group 2018, 8).

4.1.4 Online store supply chain

Information technology, according to Spekman et al. (1998), is an enabler and crucial to the creation of an integrated supply chain. The internet generates new challenges to coordinating supply chain activities in business (Golicic et al. 2002). The impact of online on supply chains and supply chain management is growing (Zhang, Yin, Zhang & Nie et al. 2014). Furthermore, the Internet and other technologies have fundamentally altered the trade value chain (Finne & Kokkonen 2005, 75). Electronic commerce, according to Mclvor, et al. 2003, radically reshapes traditional supply chain structures in many industries. The phenomenon of the development of Internet has created even greater challenges for the supply chains that support this type of commerce (Rushton et al. 2017, 92). Environment generates new challenges to manage for companies as companies manage their relationships with supply chains in order to succeed (Golicic et al. 2002). Rapid information sharing and effective collaboration allows that supply chain is better able to meet market demands while increasing efficiency (Zhang et al. 2014).

The internet is now playing a role in the physical distribution of products (Rushton et al. 2017). From producer to customer, there is a variety of distribution channels to choose from. The distribution channel is the producer's direct sale to customers at its most basic level, but it can have numerous stages. Online stores are frequently viewed as ways to shorten the distribution channel, resulting in higher cost efficiency due to the elimination of intermediate stages. (Lahtinen, 2013, 18) Logistics and supply chain design and development are also becoming increasingly important as more businesses shift to online stores to ensure that customers receive their products as quickly as possible (Yu et al. 2016, 179). This benefit affect on by lowering costs (Zhang, et al. 2014; Mclvor, et al. 2003). Furthermore, the customer, manufacturers, and suppliers may be located all over the world, resulting in long

supply chains with multiple stages and various logistics options (Mentzer et al. 2001, 17–18; Yu et al. 2016, 179).

According to Lahtinen (2013), most online stores are retail stores at the end of the distribution channel. The types of online store distribution can be categorized according to how those are engaged in online stores: besides to an online store operating completely independently online, a store can also be a combination of a physical store and an online store. It is very common for an online store to be set up to support additional sales in order to bring additional sales. On the other hand, companies that initially started as online stores have expanded into a store network. Lahtinen adds, online stores can operate in three possible roles: an independent business aiming to increase sales and make a profit. The second role may be to support the physical store and increase sales and the online store is not expected to bring significant sales achievements independently. The third possible role can be combined with a physical store which often significantly improves store efficiency. (Lahtinen 2013, 18, 23)

As discussed before, online stores have affected on logistics of companies. Comparing to traditional physical stores; storage and warehousing can be centralized, delivery size decreases with individual consumer deliveries, the number of deliveries is increasing, and home deliveries and related logistics volumes are increasing. Customers can be served globally with a single centralized warehouse by delivering anywhere in the world. This is provided that an adequate level of service can be provided at a reasonable cost and at a high speed. The number of stocks as well as the total stock are reduced when storage is centralized. (Logistiikan Maailma 2021)

Figure 3: Different distribution channel options for online stores (Lahtinen 2013)

Different distribution channel options for online stores are outlined below in Figure 3. Supply chain of physical stores is built to be efficient, the supply chain is usually from three to four levels from the manufacturers to the store: the manufacturer, the importer, the wholesaler, the store, and there is transportation between each stage. However, the supply chain of online store usually differs. The traditional model is to buy a wide range offered in your own warehouse, the newer one is direct delivery directly from the importer's or manufacturer's warehouse. (Kauppalehti 2015) Large companies typically order goods directly from manufacturers. Smaller stores use intermediaries such as agents or wholesalers (Finne & Kokkonen 2005).

5. METHOLOGY

This chapter explains the research design and methods which are used in this thesis. First, the chosen data collection methods will be described. The purpose of this chapter is to open to the reader why this research method has been chosen for the research and how the collected data has been analysed. In the end, validity and reliability has been explained for critical evaluation of the achieved results.

5.1 Research methodology

This research will be carried out in the form of a qualitative study. A qualitative study is a case study that investigates a specific phenomenon. Eriksson & Kovalainen (2008) state, the qualitative methods seek answers for "how" questions as well as provide information for phenomenon which are less known. The acquired data is assessed as a whole in qualitative research, and any possible conclusions are not dependent on any individual factors. The theory is based on data selection and limitation but also on individual perspectives. Moreover, a theoretical frame of reference and material from another research methods are used (Alasuutari 2011, 38-39; Koskinen 2005, 32; Eriksson & Kovalainen 2008). Qualitative research is distinguished by its adaptability and complexity. A qualitative research method often provides in-depth information that is difficult to generalize (Alasuutari 1999, 82-85). The qualitative research method allows for the analysis of data from various approaches and levels, resulting in deeper results (Alasuutari 2011, 38-39; Koskinen 2005, 32). The qualitative research approach was chosen because it was thought to be the best suitable for answering the research questions and addressing the key issue of this study.

5.2 Data collection

For qualitative research, there are a few different data collection methods. Three most common are interviews, queries, and observations. In this thesis, the semi-structured interviews are chosen to as a method. The questions in a semi-structured interview are the same for all interviewees, but the answers for questions can be answered openly. (Tuomi & Sarajärvi 2018) Semi-structured interviews potentially provide comprehensive data but is still an informal and conversational interview style (Eriksson & Kovalainen 2008).

Traditionally, the goal for chosen data collection method is to gather material that is personalized and rich (Alasuutari 2011; Tuomi & Sarajärvi 2018). The method was chosen because it allows for a more open discussion of the interviewees' experiences, also it may bring new aspects. Also, it allows to emphasize the interviewees' individual interpretations and the meanings they provide. The adaptability of interviewing allows for the repetition of questions, clarifications, and correction of possible misunderstandings. Moreover, semi-structured interviews allows to converse with the interviewee. These questions can also aid in the discovery of relevant information about the theoretical framework being used. (Tuomi & Sarajärvi 2018) Semi-structured interviews are intended to collect data from the interviewees and combine the answers with a theoretical basis and finally analyze the results (Koskinen 2005).

Primary data was collected through eight semi-structured interviews. The purpose of the interviews was to discuss with the interviewees about the topic and find answers to the research questions. The findings from the interviews will be analyzed and discussed later. These interviews will be recorded, transcribed, and translated to aid in the analysis process. (Tuomi & Sarajärvi 2018; Alasuutari 2011)

5.3 Description of the interviewees & interview process

The interviewee selection was based on the goals and delimitations of this study. The main criterias of the interviewed companies were that companies must be Finnish companies and operate online, as online stores. Also, one key element was that companies must operate in retail. Companies that were contacted were all operating in retail but in different industries. As all the companies interviewed are Finnish, but all operate online and some also as traditional physical stores, the business is not limited to Finland but all over the world.

The interviewees and company names are not presented since those will remain anymous. Also, their job title and experience in the field were not asked. Solely, it was assumed that the interviewees were familiar with the field and had experience of their companies' suppliers, supplier collaboration and supplier relationship management. This is since to ensure minimization of interviewee identification.

The empirical data for this thesis was collected from eight semi-structured interviews, which were held in Finnish. After finding the potential companies, several companies were contacted via emails. Emails were sent during a month period. However, the efforts of several emails turned out quite challenging to find companies who were willing to be interviewed. Finally, eight companies agreed interviews with companies were scheduled. Questions of the interviews were sent via email for interviewees beforehand which helped companies´ representatives to familiarize with the research topic and prepare their answers. All the interviews were completed in the beginning of June during a week time period. The interviews were being held via phonecalls and Microsoft Teams according to interviewees proposes. All of the interviews were being recorded, however the permission were always asked before the recording. The duration of the interviews varied from 10 minutes to 30 minutes. The interview language was Finnish to ensure deep understanding for both participants.

The interview questions were designed in advance and were not based on previous research on the topic and were created based on the research questions. The interviews were completely voluntary for the companies interviewed. The interviewer asked questions from the interview form, which can be found provided in the appendices. The interviews were conducted in the order of the questions and answering the questions was voluntary. The questions were open and the interviewees were instructed answer questions in your own words and based on your own experiences. A total of 11 research questions arose related to the online business, their suppliers, and relationships between them. The full question frame can be found on the appendices.

5.4 Data analysis

After the interviews were conducted, the next step of the study was to start to analyse the answers of the interviews. This process started by transcribing the content of recordings soon after the interviews. Content analysis was chosen as a data analysis method.

To analyse the acquired data in qualitative research, content analysis is most commonly used. The goal of content analysis aims to describe the phenomenon. In content analysis, the collected material is thoroughly evaluated. Content analysis is stated to be a good approach

for any qualitative study since it can be utilized with a variety of theories. Content analysis focus is on words that interviewees answers, instead of focusing group dynamics or tone of voice. (Alasuutari 2011; Tuomi & Sarajärvi 2018)

The interview questions were created based on the literature and the data was analyzed based on the interviews. First, each interview was compiled into a separate documentary with listening the recordings of the interviews and using the word dictation feature. This resulted in a full word-for-word interview in a single text. Next, the answers to the questions were compiled in short sentences for each question, which provided an overall picture of the interviewees. For each of the answers to the questions, similarities were sought, possibly highlighted several times, as well as differences. Also, since the interviewee was allowed to answer questions according to his or her own experiences and opinions, emerging opinions that may have come up several times were also carefully picked up. In addition, attention was drawn to possible clear opinions and formed into straight sentences for the finished text. As the interviews were conducted in Finnish, but this work is in English, at this point all the answers were translated from Finnish into English as accurately as possible.

Traditionally, inductive or deductive reasoning has been utilized in researches, however abductive reasoning combines the two methods, as demonstrating a third method. The purpose of the abductive approach is to utilize theory in data analysis, in abductive approach the theoretical and empirical findings are compared with each other. (Tuomi & Sarajärvi 2018).The transcribed data was analyzed with the methods of theory content analysis, using abductive reasoning to find answers to the research questions.

5.5 Realibility and validity

Reliability and validity are essential to evaluate the quality of research and those should be considered when evaluating the results. The term "reliability" relates to the concept that if the same study were repeated later, the findings should be identical. The research techniques should be well recorded to ensure the trustworthiness of a study. A consistent analysis, trustworthiness and transparency in a research show reliability of a qualitative study. (Tuomi & Sarajärvi 2018; Eriksson & Kovalainen, 2008; Koskinen et al. 2005) Validity means the ability of a research method in order to measure what it is intended to measure (Yin 2009,

46-48). It refers to the extent to which study conclusions provide an accurate account or explanation of what occurred (Eriksson & Kovalainen, 2008). The goal of reliability is to show that the research process can be repeated by another researcher with the same conclusions and findings (Yin 2003; Tuomi & Sarajärvi 2018). Validity ensures that the drawn conclusions are accurate and justifiable in light of the research (Tuomi & Sarajärvi 2018; Alasuutari 2011).

According to Tuomi and Sarajärvi (2018), adding straight quotes from the data is a popular method for increasing the credibility of qualitative research. Straight quotes from the transcribed interviews will be published in the next chapter of this thesis, where the findings will be analysed, based on this advice. This will improve the thesis's trustworthiness and dependability. The findings will be discussed in an explanatory way to increase the reliability of the conclusions from the collected data. First findings will be discussed and the interpretation next. With this method, the analysis is more visible and the link between obtained data and interpretation is more distinct (Alasuutari 2011).

6. EMPIRICAL FINDINGS

This chapter presents empirical findings based on the interviews. In the empirical part of the study, the collected research material and the results are reviewed by comparing them with the data of previous studies presented in the theoretical part and by analyzing new findings related to the topic. The findings are discussed according to the structure of the interview form. The findings will be discussed in order, one question at a time in order to ensure and increase the reliability of the study.

6.1 Companies background and the role as a online store

The interview questions began by asking briefly about the backgrounds. The first question asked **what is the role of the person in that company and in what industry does the company operate**. The purpose was to map the person's situation, position and possibly experience in the company. It turned out that all the interviewees were either product managers, owners, CEOs or online store managers, and the knowledge of the company's suppliers and supplier relationships was familiar. The title and position also varied clearly depending on the size of the company. Larger companies are known to have more staff, in which case they act in the role of, for example, product manager, where the person is responsible for procurement, suppliers and product range. A table 3 below shows the roles of interviews.

Table 3: Roles of the interviewees

Company	**Role**
A	CEO
B	Owner
C	Product Manager
D	Owner
E	Online Store Manager
F	CEO
G	Product Manager
H	Product Manager

The second question asked, **how long the company has been operating in online and as retail stores.** Below table 4 summarises the information of the interiewed companies. One main criteria for companies were that they were operating online, however there were varieties of physical stores, part of the companies had physical stores. In addition, the size of the companies interviewed varied. The interviews included small, new companies as well as older companies. There included also larger and medium-sized companies that have been operating in the industry for years. All companies sell a wide range of products in the retail sector, including fashion, home furnishings, electronics and sports equipment. The business area of the companies was therefore wide, especially online.

Another aspect that will certainly affect the results is that, as can be noticed from the table, all the companies operated their business in online and some had additionally physical stores. However, online stores were not the main sale channel for all companies. For example, company B said that online store brings only a smaller part of the total revenue, however the person considered online channel existing significant for the company. Furthermore, most of the companies considered that their online stores are the most significant ones and had a goal to increase sales and business there. Interviewees C, E, F, G and H stated that initially the business of the company started with the establishment of stone foot stores and later the online store was set up to support them. With the development of online stores, digitalisation and changes in customers' consumption habits, the importance of online for them has also changed and grown tremendously. Thus, over the years, the business has grown with all these companies and continues to grow.

As can be seen from the table, companies have been very diverse in the retail sector. Most companies have been online for 10-20 years, so experience with suppliers has come over the years. However, Company D was established this year and is therefore very new. Although the company in question is a newcomer to online in the retail sector, the company’s representative can bring a newer perspective and views on the current market and suppliers in its responses. On the contrary, the interviews involved the company with up to 60 years of experience, so over the years, there have been certainly faced various challenges but also successes and losses. It should be noted, however, that these visible years have been since the start of the businesses, and not necessarily since the start of online store.

Company	Online store	Physical store(s)	Company been operating
A	X		10 years
B	X	X	20 years
C	X	many	over 60 years & online store 10 years
D	X		started 2022
E	X	X	10 years
F	X	X	12 years, online 10 years
G	X		21 years
F	X	X	25 years

Table 4: Backrounds of the companies

Question three focused on business and its form. The question asked, **"What is the role of your business as an online store?"** Is the business, for example, importing, reselling, direct selling, acting as a distribution channel? The purpose of this question was to reveal how companies operate and what role they may play in terms of suppliers. It turned out that, in fact, all companies operate in different roles. Several interviewees said that the company acts in the roles of importer, reseller and direct seller, and everything else in between. Diverse roles also showed that it also allows for more diverse business and sales.

Companies that said they sell brands and source these products directly from these brands may play a different role, as an importer or reseller. In addition to brands, the sourcing of other products may be different. Direct sales also occurred many times, as direct sales directly from the manufacturer eliminated intermediaries and removed the role of importer. In direct sales, the connection to the supplier was also shorter. However, a few people said that in today's world, the role of importer may no longer be true. There are several options for acting and doing business. Business can be done all over the world and products can be sourced both from Finland but also from further afield. Products can be imported from Europe but also from the other side of the globe, in which case imports to Finland include measures related to customs clearance, for example. In addition to these, buying from a Finnish manufacturer or brand was seen as an important role.

6.2 Companies suppliers and relationships with them

The fourth question concerned companies suppliers and started as asking about **how many suppliers the company has**, in addition, **what role the suppliers play for the companies**. This question aimed the role of suppliers, for example, as an importer or manufacturer. Based on the answers, all the interviewees estimated as key suppliers to the company from 5 to over 100. However, the average number of suppliers was about 20. The estimated supplier numbers in the table represent the number of key suppliers and significant suppliers. Besides to these, several interviewees said that because of individual smaller projects, they also have some short-term supplier projects.

Suppliers located in Finland but also in Europe and around the world. As each of the companies interviewed was told to have more suppliers, suppliers also have a different role for them. The role of suppliers actually varied for all, from importers to manufacturers as well as to individual brands, and no generalization of a particular role can be made. At least none of the companies interviewed said that their suppliers operate in only the same and one role, but that in general everyone has different positions, different business types and company sizes, and is located in different geographical areas around the world. There were also large differences in the size of suppliers, smaller suppliers as well as large international ones. In addition, the companies have well-known brands but also new and less known ones in Finland.

Table 5: The quantity of buyer companies' suppliers

Company	Amount of suppliers
A	5-10
B	20
C	over 100
D	20
E	25
F	40
G	70
H	over 100

6.3 Criterias for choosing the suppliers

The next question considered the selection of suppliers, **how had companies ended up with their current suppliers**. In relation to the previous question, the next question was asked **the reasons why the supplier was chosen to collaboration compared to why supplier was not selected for collaboration.** The relationships formed with suppliers were answered depending of the industry, size of the company and situation. Relationships were described as a general level and any relationship were not specifically focused. In addition, the responses did not reveal any specific strategies for building supplier relationships.

When asked about the criteria for suppliers and the formation of collaboration, it was noteworthy that often at the beginning almost everyone stated that there are many criteria, and certainly not almost everyone comes to mind or during the interview. The following criteria or factors are therefore based on the views of the interviewees and the first influencing factors. The first main response that emerged repeatedly, was that often the company itself is looking for suppliers whose products are of interest.

Company B: ”A supplier must have more potential and interesting products in order to bother with the supplier relationship and often suppliers have more products”

Interviewees point out by interest as a criteria, for example, that suppliers have new and different products to offer that other competitors may not have. In this way, they said they

also sought to stand out from their other competitors. For example, these may have different characteristics, but one of the main criteria for new products seemed to be that the products fit into the company's own set of values and other selections. Another key point that was frequently emphasized was that the supplier's products should also be potentially selling what their customers buy. The companies said that they want to meet customer demand by offering exactly the products that the customer group is willing to buy that will support and increase the company's own business and sales. As trends and social media also affect the environment and customer interest and needs, following them was felt to be important in selecting suppliers. Because customers are ultimately in the core and impacting the company's sales the most, there is a follow-up to being able to offer products that appeal to the customer base. The third key aspect was that the importance of the supplier's product range was also highlighted several times. In order to form and maintain collaboration, one of the most important criteria was that the supplier has several products and possibly a larger product portfolio. Maintaining and building relationships takes time and resources, so it's important that the relationship is profitable for both parties. According to one company, this is particularly the case for online shops, which often have a wider selection and therefore need a large number of products to supply from the same suppliers.

In addition, suppliers also often contact them themselves and offer their products in order for cooperation. However, it was commonly pointed out that a company may not be interested in collaborating if the supplier had only a few products; instead, more companies are interested in suppliers who can offer a diverse range of products and have a more comprehensive product portfolio. Tasks that are promised to accomplish, should be completed. It also emerged that for some suppliers, the size of the company and the business matters. It was also pointed out that the suppliers themselves may require companies to take some measures due to cooperation. Companies mentioned that it is important that the basic operations should be considered for suppliers in order to consider collaboration. These issues include, for example, quality and accountability requirements, required volume requirements.

Responsibility, equally, became a major theme. For example, Company D emphasized ecology and environmentally friendly alternatives in their selection. Company H interviewee told that responsibility is really important, and felt it was important for the supplier to be

responsible and to monitor the supplier to see if they are internationally certified and involved in the projects. In addition, the person said that especially in the manufacturers' factories on the responsibility of auditing external parties. Company C agreed with this, interviewee told that certificates concerning responsibility values are essential. Also, if possible, closer to suppliers geographically, from Europe which conduct the sustainable products. Besides that closer located suppliers possibly deliver products in more faster schedule, expenses may be reduced in transport. Related to this, sustainability and carbon footprint appeared as a topic when choosing a supplier.

Moreover, it became clear that, especially in the global market, the competitive price of suppliers can be a decisive factor. However, that alone is not always enough. Interviewee G referred to this and H agreed,

"*The whole process with the supplier works, which is vital i.e. not just a cheap price". (Interviewee G)*

"Just a price cannot be only criteria since the competition in the markets is intensive. There are much more besides of price that affect on building a relationship and developing it with a supplier. There has to be more factors that give a competitive advantage for competitors." (Interviewee H)

It turned out that effective communication and sharing of information on both sides are essential for collaboration. Things that negatively affected the emergence of the collaboration but also its termination indicated problems in communication such as slow communication, duration of responses and delays in delivery. Personal relationships are related to communication thus, personal dynamics effect raised. This aspect was seen as critical, failure to meet or eventually deal with personal chemistry may result in termination of cooperation. In addition, one key criteria arised with several interviewees; the quality of the products. A lack of quality in products may lead to problems and increased complaints. Furthermore, quality is closely linked to responsibility. Company C stated that they want to sell products that have longer lifecycles and are sustainable for customers. Interviewee A agreed with stating:

"When choosing suppliers, the quality of the product must be good, we do not want to sell anything that breaks down in an instant and produces complaints." (Interviewee A)

All the respondents agreed, that some kind of collaboration was necessary. A company cannot operate and do everything itself. In terms of business, without a relationship with suppliers, the company cannot operate and there are no products to sell to customers. Both buyers and suppliers work together because it offers some business benefits to both. Interviews repeatedly revealed that the biggest advantage has been in cooperating when everything has worked as agreed. In this way, both the company and the supplier are satisfied with the cooperation and both benefit from the cooperation. Effective cooperation enables a win-win situation.

6.4 Developing and maintaining supplier collaboration

Based on the answers to question seven in terms of benefits achieved and possible future goals, it was found that these answers were very similar to those in question eight. Consequently, the answers to these questions are addressed in the same. Next, the goal was to find out, **the importance of the supplier collaboration and the ways of maintaining and developing relationships.** Interviewees G and A stated that:

"E-commerce is vital to our business meaning we live and breathe through it". (Interviewee G)

"*We cannot sell anything without our suppliers, thus it is vital to have good relationships with suppliers". (Interviewee A)*

However, the development and maintenance of collaboration depends on the supplier and, as well as, but also largely on the people. Even if the cooperation goes well, it is very important that the relationships also work. Interviewee G addressed:

"As a rule, there is a very good relationship with suppliers, because of course no one wants to trade with a reluctant one." (Interviewee G)

Respondents did not report segmenting their suppliers based on strategy, for example. Interviewee E mentioned:

"We do not have any such process or plan for how to do supplier management i.e. it happens depending on the supplier". (Interviewee E)

Other respondents seemed to be on the same line and no specific methods were put forward for this. Although, this could be one topic to develop and improve, interviewee E continued by saying:

"*We do not have such a systematic one yet, although it would certainly be useful". (Interviewee E)*

Constant communication emphasized between the answers. Communication with suppliers was appreciated as maintaining relationships. Physical meetings were described as factors to enhance relationships. However, too frequent communication especially physical meetings were even seen as harm by many companies, as it may no longer bring benefits in a longer-term period. According to one company, those meetings allow the parties to discuss the selection and the processes between them; future plans, expectations and plans through both parties. It turned out that suppliers with whom there is less trade may also have less need for cooperation and maintenance. This is reflected in fewer contacts and communication in both directions. On the other hand, referring to the same issue, interviewee G again said,

"As a rule, we are in contact with larger suppliers on a weekly if not daily basis." (Interviewee G)

Equally, various possible marketing collaborations with the supplier and their importance to business and sales growth were often mentioned. In addition, the transmission of data on the other hand was often seen as an important and useful issue for development. Interviewee C said,

"*Sending data to suppliers is one way to develop supplier relationships and vice versa, we get data from them." (Interviewee C)*

Sending information to suppliers, among other things, about products that sell well and which products do not sell well promotes cooperation. Equally, some respondents also said attending trade fairs was one way to maintain supplier relationships. Interviewees A and H said that through the fair, you can meet potential suppliers face to face and also see competitors in the same market. In addition, one interviewee said that he himself visits their suppliers' factories each year to ensure that the agreed processes and criteria are met.

It turned out that especially those who represent a smaller company have less resources to invest in supplier relationship management. Especially in a smaller company, it was felt that communication often enough was not enough and that no bigger strategies for managing suppliers had been created and that there was no need for it at the moment, as it was felt that the current situation and communication was enough. It can also be concluded from this that, for smaller companies, the development of close collaboration with suppliers is not the most important role that would often be addressed.

Purchasing companies are in contact with end customers and understand customer needs and demand. Customer demand for more sustainable and responsible products has grown. This can create opportunities for suppliers to collaborate and develop new products that meet these criteria. If the buyer does not have more than one alternative supplier, there could be a significant negative change in their business if there were an interruption in supplies. It can be concluded from this that the strategic role of these suppliers also plays an important role and that the supplier has an impact on the financial position of the buyer company.

6.5 The advantages of supplier collaboration

The question number 9 found out, **whether companies had achieved benefits by collaborating with suppliers and the possible future goals for achieving benefits.** Interviewees C and H emphasized:

"Those suppliers that we can trust and the whole process works, then less problems appear" When supplier collaboration and processes work, orders are on schedule and products that are ordered arrive. (Interviewee C)

"Cooperation must be profitable and both must be beneficial, so that neither party gets into difficulties, for example financially". (Interviewee H)

Good collaboration makes it possible to carry out joint campaigns, which was mentioned several times in the interviews. Both suppliers and buyer companies can benefit from the campaigns. Buyer companies can get products to sell more cheaply and increase sales as well as increase product margins, while suppliers receive more orders and larger order items. Interviewee C said,

"Promotional products are a significant part of our sales". (Interviewee C)
"The supplier also often benefits from the campaign, sales increase and brand awareness increases." (Interviewee E)

Interviewee B stated that as a result of communication, they hear about new products that the supplier has been innovating so that they can consider them for use. Company F saw the benefits as cheaper prices and better allocations as well as supplier collaboration. Prices and their bargaining power were also perceived to have an advantage over supplier cooperation. According to interviewee H:

"By cooperating for a longer period, you may be able to get better prices than a new entrant or occasional buyers from suppliers, allowing you to negotiate better prices" (Interviewee H)

Interviewee B stated that as a result of communication, they hear about new products that the supplier has been innovating so that they can consider them for use.

6.6 Barriers and challenges in supplier collaboration

The aim here was to find out with an open question **what kind of challenges and obstacles companies have faced when working with suppliers in general.** Some of the interviewees had challenges answering this question, and there not immediately appear any memorable perceived challenge. A significant number of interviewees mentioned that no major challenges have been experienced with their suppliers. In fact, some of the practical challenges were said to be encountered by all, but they have often been agreed and resolved

since then. This response was influenced by the size of the company as well as the person's own vision and company experience in the industry.

It turned out that the supplier may have suddenly increased its prices, as, for example, material costs have risen even if the price has been negotiated with the supplier for a longer period of time. The past years has also posed challenges for companies but also, of course, for suppliers due to the global situation. Several respondents agreed that last years of Covid-19 have affected on delivery times and increased delays. The global situation was seen as a major challenge for the market. Prices are constantly rising, which is visible to all companies.

"The global situation is challenging and has caused shocking price increases; it is even more important what products the company brings" (Interviewee H)

In addition to changes in the market, challenges were also experienced in the changing demand and consumption habits of customers. Companies are under pressure to meet demand and develop their business according to their customer base so that products are also sold. Although e-commerce enables larger product ranges, developing them according to customer demand is a challenge. The competition is really fierce, especially for products that have a lot of competitors and substitutes on the market.

Company A mentioned that processes with suppliers such as inventory levels may cause problems. If storage quantities are not updated constantly and products are delivered directly from supplier, it may cause large order delays for the company as well as for the finish customer. In addition, this may take time and costs from both the supplier, company and customer. Moreover, disagreements or different procedures between company and supplier has caused challenges and have even led to terminating the collaboration.

A person in company a said that when there are not many suppliers to compare for a given product group or product, they themselves do not necessarily have choice or bargaining power. And when a company may not have other suppliers to replace a similar product, then it needs to adapt to the supplier's resources and starting points. According to the interviewers, it has sometimes emerged that if a company has had a small business, the supplier is not immediately interested in cooperating if the company is smaller.

Responsibility of the supplier and the products they offer may also be a challenge. It is critical to obtain all relevant information from the supplier, but there have been some of the difficulties that businesses have encountered. Interviewees stated that obtaining various types of information might be difficult and time consuming.

"Responsibility issues should and will be developed in the future tremendously more, suppliers have a lot of pressure on how they can provide transparent data." (Interviewee C)

Multiple interviewees also highlighted the challenges that arise with communication. Especially in exceptional situations, obtaining responses may have been slow, or more difficult to contact, or all anomalies have not been communicated to the buyer at all or in a timely manner to enable the buyer company to anticipate and respond in a timely manner. It also turned out that often communication with Finnish journalists has been smooth in general and things have gone well. Problems had been encountered even more with international companies with a more remote geographical location. In addition to language differences, this has certainly been influenced by cultural differences and different habits around the world.

6.7 The difference between online and physical store concerning supplier relationship management

The last question asked if **there was a difference between online store and physical store supplier relationships and whether special attention should be paid to online store supplier management.** In addition, this was certainly influenced by the company's background on whether the online store would have had an impact in its business. Moreover, because this question is general and can be understood differently, the answer depends on the person's own conclusions. Most significant factors for online stores are illustrated below in Figure 4.

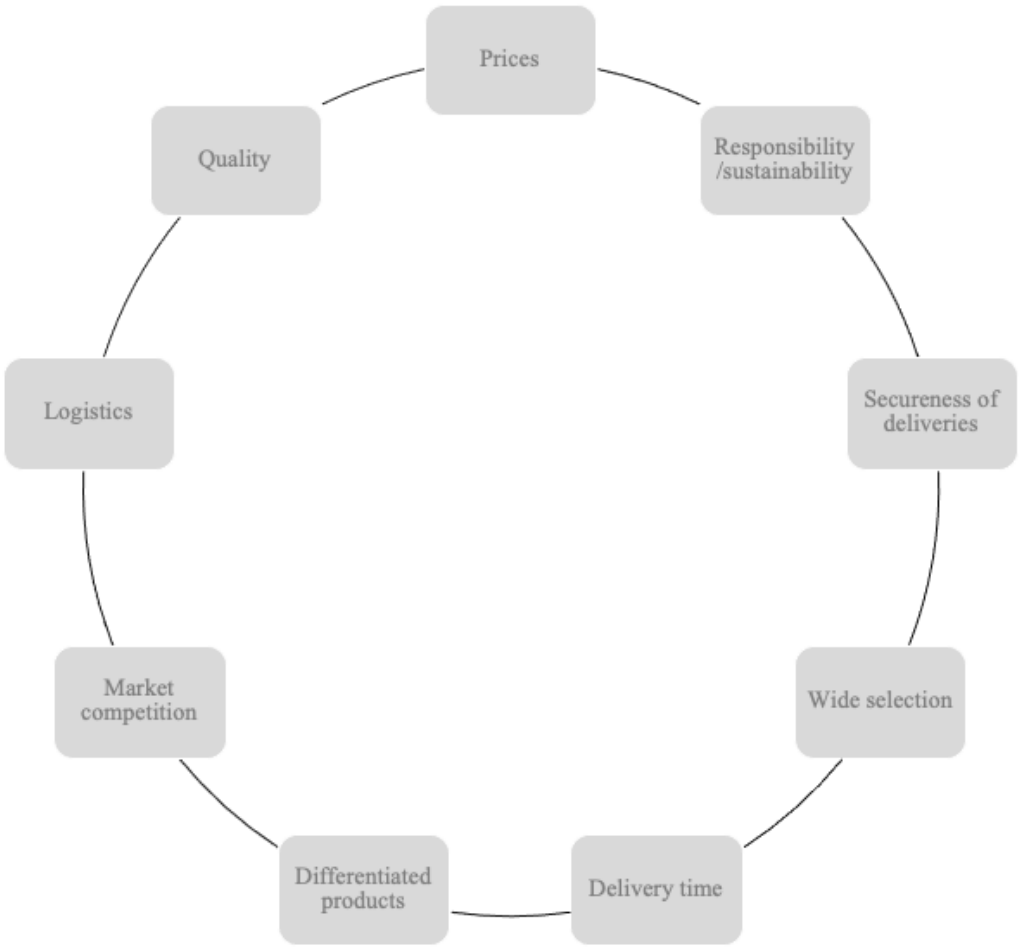

Figure 4: Elements of supplier collaboration in online stores

All respondents agreed that e-commerce allows a lot of things to do business. Interviewee H says allows for many things and sales and stated,

"Before I thought anything could be bought online, but this has proven wrong, everything can be obtained online." (Interviewee H)

Commerce is constantly growing and evolving online, interviewee H suggested that:

"One could say that the whole market has adapted to the conditions of e-commerce". (Interviewee H)

Based on the respondents, there were different answers as to whether the company also operates online stores and physical stores or just online. Since Company B had the same inventory for both, the defendant saw no difference in supplier relationship management. Interviewee H agreed that the online store sells the same products as the stone foot shops, so there is no real difference.

In addition, came out that features of online stores make comparisons easier and faster than in physical stores. There exists possibility to compare the features and price of similar products. Pricing and competition online occurred on several occasions during the interviews. As online store has better opportunities to expand its range and strength to operate across countries, even globally, it will lead to fierce competition, according to Company D. Prices are factors that affect both customers and suppliers. Company D emphasized the importance of prices, especially in online shopping. Price competition is a tough and ruthless game, and organizations are undoubtedly under pressure to succeed in the competition. Thus, many also came up with various discounts and promotions for the products and especially for the most popular products and well-known brands that can also be found online in other online stores. Because price plays a critical role in competition in the online store market and prices are easy to compare, the price is often not sufficient, according to interviewee H. He said that to stand out in the market, the company wants to offer customized and personalized products. This is how you can stand out from other similar products.

However, the respondent in interviewee A considered that the difference between online store and physical store is logistics. Because the online store may have larger selections, not all products fit in the same warehouse, a large number of products are ordered directly from the supplier, however, in online the importance of small stocks was growing. For this reason, logistics and delivery times are crucial. In addition to emphasizing the quality of products in e-commerce, the transport and packaging of products are also important and need to be addressed. This also reduces complaints.

The responses also repeatedly emphasized the customer’s perspective and the e-commerce customer. In the stone foot trade, it is possible to see and touch the products physically. In

e-commerce, visuals play a big role and product images can play a crucial role. Equally, the presentation and description of the product is an important factor for customers.
According to interviewee G,

"In e-commerce, however, delivery time and delivery security are very critical considerations from a customer perspective." (Interviewee G)

Because the comparison is easier, delivery time can play a crucial role. If a competitor is able to deliver a comparable product, this might affect on customer procurement decision. Also, delivery time from supplier to buyer company might be in a significant role. Since usually a product can be purchased directly from a physical store and a customer can get that product right away, online stores might experience pressures of the competition between physical stores but as well other online stores with comparable products.

7. DISCUSSION AND CONCLUSIONS

This final chapter presents conclusions as answering to research questions based on a comparison of theory and a summary of the results of the interviews. The limitations, reliability, and validity of the study are also discussed. Finally, topics for further research are suggested.

7.1 Summary of the Findings

This subchapter will be discuss the findings by answering to the research questions. Each research question is answered separately, sub questions are answered first as creating a base for the main research question.

How online retail store may enhance the collaboration with suppliers?

One of the most important things about how an online store can enhance collaboration with a supplier is to set common goals and plans for how to achieve it. In addition, a plan of what the goals of both parties are and whether cooperation is the result of a long-term goal. The collaboration strategy emerged as a factor in the success of the co-operation in the theoretical part. Park et al. (2010) determined that cooperation can be achieved through a collaborative strategy aimed at achieving a win-win situation for both parties. In the theoretical part, it became clear that the purpose of supplier relationship management is to use this as a tool to categorize and guide suppliers according to strategic importance (Schuh et al. 2014; Lambert & Schwieterman 2012). To achieve long-term collaboration benefits and enhance the relationship, it also requires interest and willingness from both parties to commit to the mutual goals.

One way to promote and build supplier relationships is to use segmenting. With segmentation, the buyer company can distinguish between strategic relationships and key suppliers for them. This can promote efficiency, allocate resources and differentiate oneself from competitors. Companies can thus differentiate themselves from competitors through sourcing and supplier relationships (Dyer et al. 1998; Iloranta & Pajunen-Muhonen 2008,

119; Tseng 2014). Nevertheless, the results of the empirical part did not reveal the use of segmentation as a tool for supplier relationship management. The companies interviewed were more likely to choose the suppliers based on the needs of the buyer company and the supply. This may be because smaller companies in particular may not have bargaining power or simply alternatives to compare alternative suppliers. Also, if a supplier has a specific product or brand, there are no alternative suppliers on the market and thus the buyer company has to adapt to the prices and requirements set by that supplier. In this way, the buyer's company can also be completely dependent on the supplier in question, and the co-operation is built a lot according to the supplier.

As has been pointed out in the past, the exchange of information on both sides shows a relationship of trust and is a way of constantly developing cooperation. When both share their information with another, it can lead to numerous benefits. With effective information sharing, both parties are aware of the different processes, orders, products and are thus able to utilize this for know-how and future development.

Communication, interaction and meetings emerged as key to enhance the collaboration. Both empirical and theoretical results supported each other by highlighting the importance of constant and diverse communication (Krause & Ellram 1997; Mohr & Spekman 1994; Nieminen 2016; Spekman 1994). Communication was also addressed several times during the interview also as a criteria for the whole collaboration relationship and its succeeding.

What are the factors impacting on supplier collaboration?

In order to achieve benefits and have a successful collaboration relationship, both buyer and supplier must be willing to cooperate, to continuously enhance its processes and operating models. Succeeding requires both commitment as well as utilizing resources for a longer term. Both sides must make compromises and be flexible in their actions towards common goals, but their own limits and limited use of resources must be taken into account. It is therefore important to identify which partnership is worth developing and what to focus on, as, as noted earlier, the buyer company has a limited number of resources and these should be placed among the most important and strategically important key suppliers. (Mentzer et al. 2001; Finne & Kokkonen, 2005; Trent 2005; Spekman 1998)

Suitable and desired criteria for suppliers would be the basic functions that make the supplier potential and interesting. These were found to be, for example, product range, product quality, responsibility, qualities mentioned as suitable were transparency, reliability, compatibility and willingness. Person chemistry also mattered, which was perceived as either a reducing or a better desire to cooperate. Also, Krause et al.(2007) agreed with these by identifying priorities that are similarly with mentioned below.

The emergence of supplier relationships and cooperation are based on the selection of suppliers. In the selection, the buyer evaluates the desired criteria for the supplier, whether the supplier meets these and the company's goals. Based on empirical results, suppliers who do not meet the criteria of responsibility and sustainability, activities and processes are unclear as inappropriate criteria in the interviews.

As noted in a recent paragraph, the size of the company affects the management of the supplier relationship. In a small buyer company, order volumes are often smaller than in larger ones, and the order is always placed as needed and not necessarily at regular intervals. This also affects how the supplier may face the company and be open to long-term cooperation. If the company is not so significant to the supplier's business and sales, especially in the long run, the supplier has no desire to develop or invest in cooperation. The opposite is also true. If the supplier has a smaller or product portfolio and their supply is smaller, the buyer is more likely to be in contact with them regarding product orders. In this case, the buyer company may not feel the need to continuously improve cooperation and contact constantly. In addition, if the buyer company does identify the supplier as in a key position and essential, there is no motives for greater supplier cooperation. In these situations, too, the negotiating position may not be high.

Quality often emerged as an important criterion for the development of supplier cooperation, but also even for its emergence. As stated, quality can be both product quality, supplier quality or communication quality. Product quality is tied to close responsibility. As more responsibility and environmental friendliness are expected from the products offered by the buyer companies, this can be a decisive factor. The quality of suppliers, on the other hand,

is linked to security of supply and its lack can lead to delays. (Krause et al. 2007, 530) According to Krause & Ellram (1997), the quality of communication can develop with two-way effective communication in both directions.

What are benefits that can be achieved with supplier relationship management and collaboration on online retail store?

When comparing the results of the benefits of comparing, the benefits of cooperation mentioned earlier in the theoretical section, which were outlined in Table 1, are in line with the well-observed empirical results and are well supported. In addition, the empirical results focused on retail online store and its position, with the benefits also focused on that environment.

Supplier cooperation has a great impact on achieving a competitive advantage, which was repeatedly stated in the theoretical part and in interviews several time. Achieving a competitive advantage is often a motivator for collaboration, as both interviews and Dyer & Singh (1998), Mohr & Spekman (1994) studies. As Duffy & Fearne noted (2004), both parties can gain a competitive advantage in the market when customer needs and demand are met. This was agreed by the interviewees, in an online store it is important to offer customers the products they buy. This is influenced by the advantage that online brings to a wide range, so that needs can be met more widely than, for example, in the physical store. Moreover, demand can be optimized more efficiently and capacity can be planned according to demand. (Simatupang et al. 2004; Corsteb & Felde)

Collaboration should be mutually beneficial in order to create value (Cao & Zhang 2011; Kähönen & Lintukangas 2012). As several interviewees said, in addition to the fact that cooperation and its maintenance must be profitable for them, they also understand that it must be profitable for the supplier, both financially and in terms of sales. Cooperation can therefore lead to financial results such as sales growth and costs decreasing. (Kähkönen et al. 2017; Corsten & Felde 2005)

Successful collaboration can bring new innovations and products. Interviewees said that through good cooperation and maintenance, they have developed new products for the market together with suppliers. Hughes (2008) agreed that collaboration can lead to value creation and an impact on innovation. This may still lead to the implementation of innovations (Hughes & Wadd 2012, 25-26).

Empirical results showed that good supplier collaboration makes it possible to run campaigns that benefit both the supplier and the buyer. In campaigns, the supplier benefits from getting a larger order from the buyer, which often leads to volume discounts for the buyer. Volume discounts, on the other hand, may allow customers to be granted discounts. This is expected to bring more sales and demand to the buyer in the online store. Also, margins may increase.

Among to these benefits, competitive advantage, sales growth, costs decreasing, volume discounts, innovations, a company have better privileges to success in the industry and markets as well as expanding to new areas while competing with their competitors.

What are the challenges of supplier relationship management on online retail stores?

Because delivery times can be a decisive factor, especially in online, it also brings challenges. Yu et al. (2016), it is important that customers receive as quickly and on time as possible. According to the interviewees, delivery times and delivery security play an important role in their business and sticking to them can be challenging. The more often and more effectively the supplier updates the situation and communicates with the buyer with the company, the better it is possible to anticipate problems and take action.

Price can and often does prove to be a challenge for online stores. Because comparing prices for replacement products online is much easier and faster, this usually proves to be a challenge. As the empirical results show, products need to be competitive. This can prove to be a challenge between the buyer and the supplier, as neither party can and is unwilling to resell the products while remaining at a loss. In addition, the world situation affects prices, so when the prices of raw materials, freight and transportation rise, suppliers are forced to

raise prices for the buyer company. In empirical results, this was said to arise as a problem that is constantly being struggled with. Supplier prices for products may rise suddenly during the ordering process and cooperation, which is not to the liking of the buyer. In such situations, a situation arises in which a cooperative relationship may be tested. In these situations, the criteria for cooperation, ie flexibility, commitment and exchange costs, may be crucial. (Mohr & Spekman 1994; Spekman 1988; Morgan & Hunt, 1994; Ford et al. 2003, 98)

As a result of the study, it can be stated that the identified criteria, the achieved benefits and the emerging challenges are closely related, and go hand in hand with supplier cooperation and its development. Finally, it must be said that the collaboration must be profitable for both, even if it is to be started, it is believed that the future goals will be met, as well as the main goals: to increase sales and business through a competitive advantage. This requires from both commitment, interest and willingness towards mutual goals in long-term period. In the retail online store, the product range and meeting and selling customer demand is the main criterion for the entire operation, on which the entire supplier cooperation is ultimately based.

7.2 The reliability and validity of study

The scope and limitations of this work limit the generalizability of the study. The research process was explained in different stages in order to get an overall picture of the whole. The intention was to bring more reliability to the study. The purpose of the study results was to present the results at a general level.

The study used different sources from different theoretical sources, which increases the validity of the study. However, the limitations of the study place limitations on generalizability. In addition, the results were affected by conditions, the market situation and the size of the company. In addition, there were a limited number of interviewees, and these were concentrated in Finnish companies.

This research concentrated more on Finnish companies in a small and medium-sized company scale. Moreover, the external validity, the research environment was confined to Finnish retail online businesses, and so the results cannot be immediately extended to all

sectors or all online retailers internationally. Although, the sample size is adequate to scientifically support the findings provided, and the study nonetheless adds to information on a topic that has received little attention. These issues should be considered when interpreting the results.

The consistency of this study was accomplished in many ways. All interviews were conducted during a week and therefore the setting was the same for every interview. Also, in order to get in-dept data, this data collection method, semi-structured interviews were chosen. In addition, the interview questions were sent beforehand in order to give a chance for interviewees to prepare to answer questions as well as avoid possible misunderstandings.

Furthermore, reliability increase since the interviews were recorded in order to listen several times those interviews. This improved the study's reliability and allowed the researcher to return to the discussions that occurred during the interviews. However, since the findings were based on the researcher's interpretation of the data, certain aspects may have been excluded accidentally from the semi-structured interviews in this study. Furthermore, the interviews had to be translated from Finnish to English, which may have influenced the results.

The research's dependability was further enhanced by the fact that interviewees were handled anonymously in the study, which ensured that interviewees' responses were not limited by replying under their own name. Moreover, the respondents were allowed to respond to the interview questions, allowing them to offer diverse and personal perspectives on the subject. As a result, the data gathering technique has no limiting on the response.

7.3 Managerial contributions

As the work has shown, maintaining supplier collaboration is important, so it should be invested in. As meeting customer demand plays a crucial role online relative to sales, the product range and its delivery security are crucial. Because supplier management and collaboration takes a lot of resources, the role of key suppliers is emphasized, so vital suppliers especially when they are in a key position and stick heavily in the company’s sales and overall revenue should be given special emphasis. Especially in such situations, a common plan and strategy in the longer term could be mutually beneficial.

In order to avoid problems and interruptions in communication from either the buyer or the supplier, the sharing of information must be reciprocal and transparent. Showing the buyer company an example to a supplier can bring common results, and trust and commitment are mutual. This will also ensure that both parties are aware of the joint processes. In addition, if and when problems are encountered, fast and effective communication promotes that problems can be resolved and that both parties are aware of the situation and that it is easier to anticipate. Transparency on both sides is therefore necessary when potential future problems are reported immediately and both parties are also willing to resolve them for cooperation.

Because product availability is critical to online sales, actions and processes to improve availability are necessary. Continuous updating of information on availability, for example with a system that focuses on inventory management, can have a big impact, especially in online stores where products are ordered from further afield and there is no larger stock.

Willingness to negotiate is also important. Both sides should benefit from cooperation that is mutually beneficial and common goals are achieved, yet negotiation plays an important role. The world situation in recent years, such as Covid-19, has created new kinds of problems that were not encountered before. In addition, the most important thing in a relationship is the willingness to cooperate and the willingness to solve problems in one way or another. Good relationships can ensure that business continues even in difficult situations.

7.4 Future research

As it was limited, this would have to be examined more generally. One way to study a topic should be to switch to a quantitative research method and explore the topic more broadly, and more empirical results could ignite. These things could have a positive effect on the creativity of research.

One of the key topics of interest is the comparison of small and large global enterprises, the variability of processes, and the enhancement and establishment of supplier partnership. Equally, since the aspect of this study was from the buyer company point of view, another interesting idea would to explore this subject from the supplier point of view. Also, in a bigger picture the end customer acts an important role for online stores, thus this thesis did

not focused the role. Another topic of interest could also be how different suppliers are segmented and categorized as well as how supplier relationships are measured In addition to this, trust is vital in relationships, thus it would be fascinating to look at creating trust in a buyer-supplier relationship in further depth.

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APPENDICES

Appendix 1. Interview structure in Finnish

HAASTATTELUKYSYMYKSET

Yrityksen liiketoiminta/tausta

1. Mikä on roolisi yrityksessänne? Millä toimialla yrityksenne toimii?

Liiketoiminta verkossa:

2. Kuinka kauan toiminut verkossa ja vähittäiskaupan alalla, onko verkkokauppa pääasiallinen liiketoiminta vai esim kivijalkakauppa, onko verkkokauppa ollut liiketoimintaa jo alusta alkaen?
3. Millainen rooli liiketoiminallanne verkkokauppana on; onko liiketoimintanne esim. maahantuontia, jälleenmyyntiä, suoramyyntiä, jakelukanavana toimimista?

Toimittajasuhteet

4. Kuinka paljon yrityksellänne on toimittajia ja missä roolissa ne ovat yrityksellenne? (Esim. maahantuojia, valmistajia?)
5. Miten olette valinneet/päätyneet nykyisiin toimittajiinne?
6. Mitkä tekijät erottavat sellaisen toimittajan, jonka kanssa yritys haluaa tehdä yhteistyötä, verrattuna sellaiseen jonka kanssa ei?
7. Millaiset suhteet teillä on toimittajienne kanssa? Pidättekö toimittajayhteistyötä ja toimittajasuhteita tärkeänä?
8. Miten ylläpidätte ja kehitätte suhteita? Hallitaanko toimittajia samalla tavalla vai eri tavalla, miten?
9. Mitä etuja olette saavuttaneet toimittajayhteistyöllä? Mitä haluisitte vielä saavuttaa?
10. Oletteko kohdanneet haasteita tai esteitä toimittajayhteistyössä?
11. Eroaako toimittajien hallinta jotenkin verkkokaupassa verrattuna kivijalkakauppaa? Onko jotain erityistä mitä verkkokaupassa tulee ottaa huomioon toimittajasuhteisiin liittyen?

Appendix 2. Interview structure in English

INTERVIEW QUESTIONS

Company business / background

1. What is your role in your business? In what industry does your company operate?

Online business:

2. How long have you been online and in the retail sector, is online store your main business or, for example, a physical store, has it been a business from the beginning?

3. What is the role of your business as an online store; Is your business, for example, importing, reselling, direct selling, acting as a distribution channel?

Supplier relations

4. How many suppliers does your company have and what role do they play in your company? (Eg importers, manufacturers?)

5. How have you selected / ended up with your current suppliers?

6. What are the factors which distinguish a supplier with whom a company wishes to cooperate from one with whom it does not?

7. What kind of relationship do you have with your suppliers? Do you consider supplier cooperation and supplier relations important?

8. How do you maintain and develop relationships? Are suppliers managed in the same way or differently, how?

9. What benefits have you achieved through supplier cooperation? What else would you like to achieve?

10. Have you encountered challenges or obstacles in supplier cooperation?

11. Is supplier management somehow different from an online store compared to a physical store? Is there anything special to consider in an online store regarding supplier relationships?