

# **Format decisions and sourcing strategies in clothing retailing: how product/process innovation affects the buyer-seller relationship\***

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## **Abstract**

The main aim of the paper is to analyse the implications emerging from the relationship between retailers and their suppliers (textile manufacturers and clothing manufacturers) operating at different levels in the clothing-textile pipeline, in a situation influenced by a number of factors of change. The analysis starts by highlighting the strong relation between different production management models and the distributor's capacity for retail format innovation. In this context, the paper supports evidence on the changing status of interaction between the buyer (clothing retailer) and the seller (textile and/or clothing manufacturers). The paper provides a theoretical background on negotiation, drawing a distinction between "styles" and "strategies" in manufacturer-retailer interaction. It introduces evidence concerning the nature of negotiation processes in relation to the new sourcing strategies of the clothing retailer, seeking to identify which orientation, whether "transactional" or "relational", prevails in the interaction. The paper concludes with some research hypotheses and final remarks.

**Keywords:** negotiation, buyer-seller relationship, clothing, retailing

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## Introduction

The buyer-seller relationship in the textiles and apparel sector is in the present context strongly influenced by various factors of change. Among such factors, in our view there are at least three that play a particularly significant role. One is linked to the new dominant position of retailing functions in the pipeline, leading to vertical integration processes. A second factor is connected to the new centrality of sourcing and of geographic diversification in the supply of semi-finished textiles, manufactures and manufacturing services. A third factor is related to the tendency to shift from a production process orientation to a market orientation as regards the organisation of the textile-clothing pipeline, in particular starting from the components closest to the final customer. In this paper we will focus on the way the above listed factors of change can have important implications for negotiation, modifying the balance among the factors that contribute to determining the characteristics of the buyer-supplier relation.

This paper will thus propose an interpretation of the buyer-supplier relation as an element connected both to the nature of the production management model adopted for clothing firms and also to format innovation in apparel distribution. Problems pertaining to production management and distribution format may be present simultaneously in one and the same firm, especially in firms involved in the textile-clothing pipeline (Jones 2002), where the player holding the dominant position is more and more frequently represented by an organization that now integrates control over sales outlets with functions that were traditionally typical of the manufacturing enterprise (sourcing of semi-finished textiles, definition of the apparel collection, etc.). For this player we adopt the denomination of industrial retailer (Guercini 2003; Guercini and Runfola 2004).

More specifically, the aim of this paper is to provide evidence supporting two hypotheses. The first, already present in the literature, is that distribution format innovation sets the industrial retailer precise constraints as regards sourcing choices, thereby contributing to defining the characteristics of the supply chain that serves the retailer. The second hypothesis, which we propose in this paper and which represents one of the major outcomes of our work, is that the characters of the retail format may be relevant in defining the characters of negotiation, implying that negotiation may assume different forms depending on the type of format.

The following sections put forward reflections focusing, firstly, on the nature of negotiation processes, and secondly, on the orientations to transaction and relation in the buyer-seller interface that forms part of the textile-clothing pipeline. Finally, in the concluding section of the paper, hypotheses are redefined in the light of the analytical elements developed in the preceding sections.

### Negotiation styles vs strategies and buyer-seller relationship

In a business to business setting the buyer-supplier relationship finds one of its greatest expression in negotiating activities, which contribute to giving content to the history of the interaction and endowing its fundamental characters with meaning. Negotiation is a naturally significant component of this interaction, as is known from case analyses of buyer-supplier relations that have long been available in business-to-business marketing (Håkansson 1982).

The theme of negotiation can be examined from various different perspectives, among which two are of special importance, namely the question of management of information and that of the knowledge that the buyer and the supplier each acquire concerning the other player and more generally concerning the market. Thus the degree of symmetry and information transfer in the context of the relation become important in forming judgments and play a role in choice of certain forms of behaviour. Moreover, the interplay between negotiation and relation can take on extremely rich connotations, which have been studied in depth in the field of strategic analysis. In particular, in the "theory of control" (Bellman 1957) one can distinguish *state variables* and *control variables*, the former being linked to aspects of a system that are not subject to short term choices, while the latter are dependent on choices made by the subject who performs the task of controlling the system in terms of value or modes of operation. But what is important is that the values chosen for the control variables (aspects of change) come to have an effect on the evolution of the state variables (state aspects) in a broader temporal horizon (Winter 1989). The relation between negotiating activities and the buyer-supplier relation can therefore be read in terms of a relation between control variables and state variables.

We propose a reading of the choices implemented by the buyer and the supplier during negotiating activities in terms of control variables on the one hand and, on the other, in terms of state in the sense of the elements characterising the relation at any given moment of time. That is to say, the relation itself may display structural characters having relatively stable elements of uniformity (Fazzi 1966), but

within this context of uniformity the negotiating activity takes on an active nature, and this may lead to a gradual evolution of the buyer-supplier interaction or alternatively, as not infrequently observed in general practice, to more drastic and sometimes definitive changes.

The parties engaged in negotiation can act upon the control variables according to a number of different directions and with different degrees of intensity. The behavioural models assumed by the parties can be traced to several different forms, which correspond to various different negotiator profiles. Among these, traditionally the typical profile of the "soft negotiator" is distinguished from that of the "hard-nosed negotiator" (Fisher and Ury 1981).

The soft negotiator is characterised first and foremost by the tendency to grant concessions in order to reach an agreement, with the aim of avoiding personal conflict and seeking to achieve a friendly solution to the negotiation. The hard-nosed negotiator, on the other hand, who drives a hard bargain, tries to "win out" over the other party, rather than endeavouring to pursue a clearly defined interest: this negotiator interprets the bargaining process as a clash of wills and sees the adoption of radical attitudes and their maintenance over time as a means to obtain greater advantages. In actual fact both attitudes involve a certain amount of risk, which in the case of the soft negotiator can be summarised as loss of face, loss of position and the resulting feeling of bitterness and of having been exploited, while for the hard negotiator it lies essentially in the risk of running out of resources in the clash with the other parties. Both of these behavioural models, which are generally referred to as "position negotiating", are to be associated more with a transactional logic than with a relational logic, since they act on control variables which, over time, lead to a decline in the state of the relation, thereby affecting whatever state variables happen to characterize the interaction.

In the literature stemming from the Harvard Negotiation Project, the "position" negotiator (whether "soft" or "hard") has been contrasted with the "principles" negotiator (Fisher and Ury 1981). The latter appears as an interlocutor who succeeds in separating the "personal" dimension, which dominates in the "position" approaches, from the dimension of "interests". The principles-based negotiator is one who succeeds in being, at the same time, firm in defending his or her objectives and interests but, equally, sensitive to the interests of the interlocutor; that is to say, this type of negotiator is "hard" as regards the substance of the matter but "soft" towards people. The principles negotiator's attention is oriented towards interests and the ability to produce new alternatives, concentrating on the creative dimension of the negotiating process and trying to achieve solutions that can be perceived as advantageous by both parties. A further characteristic of the principles negotiator is that of basing the negotiating encounter on criteria felt to be "fair" and accepted by both parties. This creates an accepted and shared basis for negotiation, which can contribute to making the outcome of the negotiation more acceptable and thus pave the way to future relations between the two interlocutors (Winkler 1994; Lewicki, Saunders and Minton 1997).

The examination of the principles negotiator conducted by the Harvard Negotiation Project has the advantage of underlining the "creative" dimension present in the negotiating process. Such a dimension is regarded as being of major importance in the definition of negotiations described as zero sum games. That is to say, unlike other forms of conflict resolution, negotiation foresees the possibility for the subjects involved not only to make choices among given alternatives, but also to contribute to the actual definition of the alternatives. This process is expressed most fully when the parties succeed in multiplying the modes of settling the conflict, formulating the alternatives through information sharing and thus making value production a genuine possibility (Metcalf and Urwick 1940).

In a different but apparently converging literature, negotiating styles have been subdivided by other authors into, on the one hand, competitive or distributive negotiation, and, on the other, problem-solving or integrative negotiation. As demonstrated in a large body of literature, the main pre-requisite in order for a negotiation to take place is that the parties should be in conflict over questions of common interest, and should be attempting to find a mutually satisfactory solution (Putnam and Jones, 1982; Galinat and Muller 1988). Additional characteristics include information exchange (Chatterjee and Ulvila 1982; Tracy 1995), as well as the possible presence of mechanisms leading to offers, counter-offers and the granting of concessions which eventually incorporate the expectations and beliefs of the parties involved (Mathews, Wilson and Monoky 1972).

This having been said, distributive negotiation aims to reach an agreement through a competitive process, in which emphasis is placed on emotional pressure. This may lead to distorted communication, or may produce mistaken information and warped judgment. This type of negotiation is identified with a less open form of behaviour, which reduces the possibility of achieving joint gain because in a situation where exchange of information with the interlocutor takes place but is limited and distorted, it becomes more difficult to formulate new solutions that can be regarded as mutually satisfactory. In this case, negotiation is identified with the individual player's ability to achieve a benefit by scoring a victory over the interlocutor.

Distributive negotiation is generally associated with the following situations: the parties focus on the same dimensions (for instance, they are both primarily, although not exclusively, interested in price) and the issue concerns how to partition scanty resources; here the negotiating situation can be conceived as a zero sum game, which means that it is considered possible to identify a winner and a loser. The parties each try to maximize their own gain in terms of tangible resources within the limits of the current dispute/problem rather than in the framework of the entire horizon of their relationship and in terms of intangible resources (Murray 1986).

In contrast to distributive negotiation, integrative negotiation is dominated by the logic of cooperation, in which the parties maximize their returns by generating shared advantages. Here the attention of the various different parties is focused primarily on common interests. There are internal pressures to reach a compromise and in any case to provide an answer to the needs of the other party, especially when the parties become aware of increased difficulty in establishing levels of aspiration and boundaries on account of the qualitative rather than quantitative nature of the aims the parties are setting themselves. In this type of negotiation the parties expose themselves to unscrupulous behaviour by the interlocutor, but they may in fact see this as a useful element to achieve objectives that are not limited to the current dispute-problem, in the sense that the scope of the negotiation is seen as embracing a temporally more extended relational horizon. Given this perspective, the level of competition or cooperation among the parties may depend on certain affinities between the parties, including related cultures or personal affinity or organisational similarities.

When enquiring into the origins and determining factors of an integrative outcome of the negotiating process, it should be underlined that even negative interaction cycles can contribute to creating a favourable atmosphere that leads to friendship (Bartos 1995). Other authors, seeking to illustrate the relationship between the parties in cases of integrative negotiation, have pointed to the concept of "intimate enemies", which can be likened to negotiating situations in which each interlocutor knows so much about the other that it would be senseless for any of the players not to tell the whole truth during the negotiation (Raiffa 1997).

Although the concept of integrative negotiation may appear to correspond to that of the principles negotiator, and the concept of distributive negotiation may seem to parallel that of the position negotiator, we feel it is necessary to discriminate between these two aspects. In fact, we will insist upon this distinction even though part of the literature still speaks of "negotiating" styles with reference either to the profile of the negotiator or else to the results of the behaviour adopted during the negotiating process, making no clear difference between the two concepts (Harwood 2002). In our view, in order to shed light on negotiating processes and their relation to changing contexts it is worthwhile keeping the concept of integrative negotiation separate from that of principles-based or interest-based negotiation, just as distributive negotiation needs to be kept separate from positions negotiation. The reason is that the actually adopted and strategic dimension can be more clearly contrasted with the intentional and attitudinal dimension (Grandori 1995). More specifically, we propose that the negotiator's attitude and approach, which can be manifested ex-ante as compared to the bargaining activity, should be kept separate from the strategy adopted and from the result achieved ex-post through the negotiating activity itself.

The negotiating style, which is generally linked to the individual's evaluation of the most appropriate manner of approaching the interlocutor and the attitude to be adopted during negotiation, should be distinguished from the strategy which is brought into action and emerges from the concrete negotiating process, inasmuch as this latter aspect specifically concerns the results achieved through the negotiating activity. For although the attitude of the parties may influence the result of the negotiation, this is not the only relevant element. Integrative negotiating bears some affinity to the attitude that characterises the principles-based negotiator, but such an affinity does not automatically mean that this attitude is always expressed in a concretely realised negotiating strategy. In other words, even a negotiator whose attitude is position-based may become involved in an integrative negotiation, because it may be the case that greater value is obtained by exchange of information and by the generation of creative solutions to the negotiation as a result of interaction between the parties. On the other hand, a principles-based negotiator could end up engaging in a distributive negotiation in some particular context and if it proves impossible to generate conditions that go beyond a distribution of the overall gain achievable by the bargaining parties. For example, it is observed that in some cases even the exchange of limited and/or distorted information may "increase the pie" of the gain achievable by the parties (game with a sum greater than zero). Furthermore, not all negotiations display an integrative potential that derives simply from the fact that the intentions of the parties are those typical of the principles-based negotiator, even if this potential may actually be present in the majority of cases (Thompson 1990).

Basically, then, different attitudes by the negotiators may or may not correspond to coherent negotiated results, given that additional factors may play a role in defining the result of the negotiation, as shown by the matrix given below (fig. 1).

**Figure 1. The relation between negotiation styles and negotiation strategies**

		Result of the negotiation (strategy)	
		Distributive	Integrative
Attitude of the negotiators (style)	Position-based	hard	Coherence between attitudes and results
		soft	Greater gain despite attitudes
	Principles-based		Distributed gain despite attitudes
			Coherence between attitudes and results

*source: author's elaboration*

One may thus note a transition from “a priori” attitudes of the negotiators to “a posteriori” attitudes of the negotiation. This comes about partly by virtue of the potential inherent in the structure of the gain identified for the different negotiating parties. That is to say, the results of the negotiating activity may be evaluated differently by the parties, both in terms of “substance”, i.e. of a reasonable agreement (material results) or of negotiating efficiency (costs of the negotiating process), i.e. a relational outcome (Savage, Blair and Sorenson 1989).

### **Negotiation processes and Relational/Transactional orientation in clothing retailing**

The study of the relation between clothing retailer and subjects operating at the various stages of the textiles/apparel pipeline can be addressed by proposing a reading of this interaction that draws on the concepts of negotiating approaches (styles and strategies).

Theoretical contributions on this subject, which are based on a number of different theoretical perspectives (game theory, economics, psychology and management studies), have attempted to provide an in-depth investigation of the issues involved, and have predominantly considered negotiation as a process that develops in the dyadic and interpersonal relationship among subjects involved in an interaction. According to a more extended perspective, an interesting analysis of problems pertaining to the negotiating process is given by Ford and Mouzas (2003). These two authors formalize a reading of the negotiating process by appealing to the network approach: that is to say, in order to describe and conceptualize the interorganisational negotiating practices observable within the dyadic relationship, they draw on the negotiating practices that develop in the network. In particular, according to the two authors, negotiation is seen as a “way of acting”, a concept that includes not only the result but also the actual process set in motion in order to achieve shared results. An in-depth examination of this “way of acting” makes it possible to describe the interaction between buyer and seller more clearly, limiting problems of abstractness and generality. Furthermore, it is underlined that, in line with the prevailing network perspective (Anderson, Håkansson and Johanson 1994), negotiations in dyadic contexts both influence and are themselves influenced by the negotiations taking place in the network. Following this line of analysis, a negotiation is defined as “... a process by which interdependent organizations, with different backgrounds and potentials and different interests and goals, seek to do better through jointly agreed action..” (Ford and Mouzas 2003, p. 2). In our view, one of the most interesting aspects of the work by Ford and Mouzas (2003) is that negotiation comes to be seen as a way of acting that influences the buyer-supplier relationship but at the same time is an operational lever that sheds light on relational practices *per se*.

The study of the negotiating process as an operational lever emerging from the relational orientations is insightful and offers a reference framework for analysis of issues affecting the textiles-clothing sector. Traditionally the analysis of interaction is seen as linked to the duality of relational and transactional orientations, and in a number of recent cases this approach has been reiterated, also with a focus on its impact and the history of its development (see among others the recent Special Issue 2003 of the journal of Industrial Marketing Management).

Given this background, it is assumed in this paper that the transactional orientation and the relational orientation are manifested as different negotiating styles. This assumption is supported by a series of contributions available in the literature. Dwyer, Schurr and Oh (1987) build up a framework for analysis

of the buyer-supplier relation, stressing that in the prevailing marketing literature the question of negotiation received little attention in previous years, and that most studies on this aspect essentially directed attention to negotiating processes within a transactional logic. In tune with this perspective, the analysis by Ganesan (1993) of the nature of the retailer-manufacturer relationship and its effect on the use of different negotiating strategies stresses that the players involved in a long-term relationship adopt a different approach to conflict resolution as compared to players acting in the context of a short-term relationship. Ganesan points out that negotiation is an important conflict resolution mechanism, whose strategic impact depends on the relational or transactional orientation followed. Among the various factors influencing negotiation the author places special emphasis on the retailer's long-term orientation, and in discussing this concept the author effectively draws attention more to the orientation than the duration (longevity) of the relation.

In actual fact, as early as Pruitt and Kimmel (1977) it had been shown that bargainers who adopt a short-term orientation (typical of the transactional approach) tend to concentrate only on the options and the results of the current bargaining process, while bargainers who adopt a long-term orientation (typical of the relational approach) are concerned with achieving future objectives as well, and thus concentrate both on current and future results. The difference between short-term and long-term orientation is thus traced to a firm's capacity to make use of relational exchanges in order to maximize profits and to obtain efficiency by means of common synergies, with the latter resulting from investments and risk sharing in a repeated series of negotiations. But according to Walton and McKersie (1965) and Pruitt (1981), this is possible only if both negotiators are willing to communicate their objectives explicitly and share their information, thereby approaching the bargaining process from a point of view that recalls interest-based negotiating styles.

If we apply these concepts to the textiles-clothing case, one conclusion becomes clear: it is only if both the retailer and also the manufacturers of semi-finished textiles products or making-up services are long-term oriented, and willing to exchange information, that mutually satisfactory results can be obtained. In this sense, only the adoption of a relational orientation by both parties (i.e. retailer and t/a suppliers) can give rise to integrative negotiating strategies, with the achievement of common objectives pursued by means of negotiating styles focusing on interests.

However, when considering these implications emerging from the theoretical contributions analyzed here, it is important to bear in mind a number of additional specificities that characterise the interaction between the apparel retailer and the suppliers. Dwyer and Walker (1981) underline that previous research found the negotiating strategy to be most frequently integrative whenever power is distributed symmetrically between the interacting subjects. In the textiles/apparel sector, retailer-manufacturer relations are, as mentioned earlier, characterized by profoundly asymmetrical power relations, which are biased in favour of the retailer, thus rendering management of the negotiating process extremely difficult for producers of semifinished textiles and making-up services. In this kind of unequal situation, the negotiator with the greater power tends to concentrate on identifying available alternatives which are the result of this unequal power distribution, rather than directing attention towards a problem-solving strategy. Typically this induces the negotiator who wields the greater power to utilize forms of coercion that are manifested as aggressive tactics such as threats and arguments more characteristic of distributive negotiating strategies.

An interesting contribution in this regard comes from Li and Nicholls (2000). In their interpretation, an analysis of the strategic choice involved in a subject's choice between the relational approach and the transactional approach must be based on the assumption that not all relations are important for all enterprises at all times. Some relations can be managed according to lines of reasoning that are typical of transactional orientations (Hunt 1997; Coviello et al 2002) while at other times it may be more appropriate to adopt a relational orientation: indeed, both can coexist in one and the same subject's management of relations (Ambler and Styles 2003). Whereas Frazier and Antia (1995) argue that when power in the distribution channels is tipped in favour of the distributor, the choice between one or the other orientation may depend on the uncertainty of the environment and on the various interdependencies present within the situation - since in some cases strong relational exchanges are simply more costly than the benefits they can bring - Li and Nicholls (2000) maintain, instead, that the mechanisms governing the relation play a major role. The latter authors suggest that when the mechanisms governing the relation are not based on price, the need for a relational orientation between the subjects participating in the exchange increases. Consequently, they are more likely to opt for the relational orientation as the strategic choice. But when the exchange becomes more carefully planned and administered, as for example in the case of apparel retailers who operate with purchasing budgets deriving from sales outlet performance indicators (eg. Department Store chains working by planning cycles), the relevance of price increases and the desire to achieve a relational orientation decreases, as does the appropriacy of relational marketing as a strategic choice. The

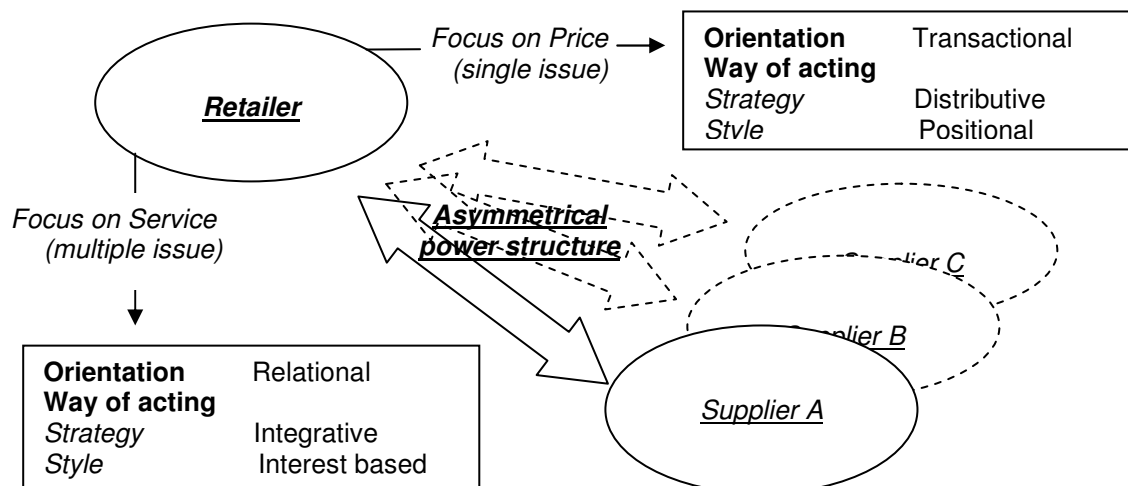
extreme outcome of such a situation is illustrated by “the take it or leave pricing of department stores” (Angelmar and Stern 1978), which more or less excludes any negotiating strategy by textiles/apparel manufacturing operators.

This makes it clear that in addition to the power structure, the issue of the negotiation is also a relevant consideration, and so is the numerosity of the issues (single or multiple issue). Furthermore, it can be hypothesized that negotiators use different strategies for high priority issues as compared to low priority issues. Examining the case of textiles/apparel, the attributes taken into account by the textile-clothing retailer in purchasing decisions may include purchasing price, quality and style of the product, delivery times, conformity to standards, capacity for innovation (Da Silva, Davies and Naudè 2001), and such attributes may assume a different significance (Lowson 2001; Guercini and Runfola 2004) for retailers operating in high wage countries. They may also bear a relation to product typology (basic and/or high fashion content) and the supply chain (extending on a local and/or global scale).

However, while differences in production management models must obviously be taken into account, the relevance of innovative formulas, as testified by their successful economic performance, seems to point to a generalized tendency for retailers to defer the moment of deciding on choice of semifinished textiles until not long before the time the garments are due to go on sale in stores. This allows retailers to renew their range over as many as six seasons (as in the case of the US companies The Gap, Ann Taylor) or, in other instances, to modify the range on the basis of quick fashion planning with cycles of no more than two/three weeks (as is observed for the Spanish company Zara or the Swedish H&M or the Italian firms as Patrizia Pepe). This tendency seems to suggest that the “service” attribute, which is a synthesis of numerous different issues (eg. delivery time, style consultancy, contribution to product innovation), is considered so important that on occasion its impact may be greater than that of the “price” attribute, and it becomes increasingly relevant when the need for accelerated sales outlet range renewal becomes more pressing. According to this perspective, the increased relevance of the “service” attribute seems to favour a shift in the apparel retailer’s orientation from transactional to relational, even in asymmetric power situations, so that one may find cases where one and the same retailer subject displays two different orientations depending on the various types of interactions to be managed within the network.

In short, we maintain that a reading of negotiation as an operational lever in the framework of the relation shows that integrative and distributive negotiating strategies are directly linked to the relational or transactional orientation adopted by the clothing retailer.

**Figure 2. Negotiation process and Relational/Transactional Orientation in Buyer (Retail)-Seller (Supplier) Relationship within the Network in Clothing and Textiles**



Source: author's elaboration

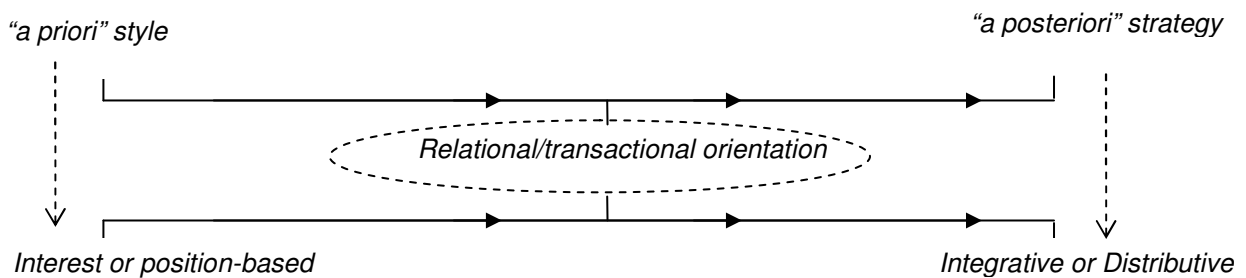
Discussion of retailer-manufacturer relations in the textiles-apparel sector has frequently underlined that textiles manufacturers have been experiencing increasing interaction with distributors oriented towards a transactional approach (Johnsen and Ford 2002): such an approach is said to have developed through modes of negotiating linked to distributive strategies and position styles, by virtue of governance mechanisms based almost exclusively on price and asymmetric power structures. However, the rise of clothing distributors with innovative sales outlet formats capable of awarding considerable importance to the service attribute in sourcing policies seems to open up the potential for

the retailer to adopt an approach vis-à-vis the supplier that involves integrative negotiating strategies involving interest styles, even in presence of asymmetric power (fig. 2).

### Research hypothesis and final remarks

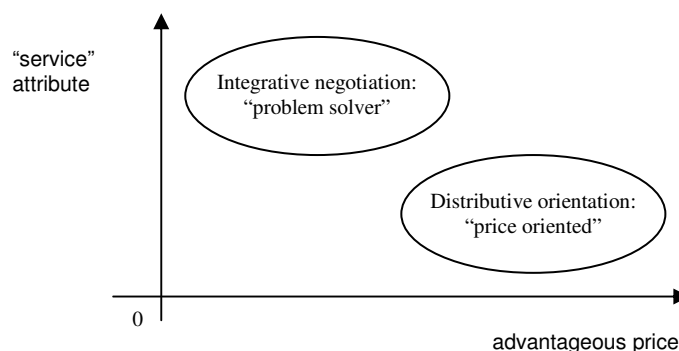
In the light of the considerations put forward in the above sections, it is now possible to propose an attempted synthesis by formulating a few research hypotheses.

Firstly, based on issues emerging from an analysis of the literature on the concepts characterising negotiation and relational/transactional orientations, it can be hypothesised that in the transition from the “a priori” style to an “a posteriori” strategy, the relational/transactional orientation adopted within the framework of the manufacturer-distributor interaction plays a relevant role. *In particular, we hypothesise that in the transition from an “a priori” position-based or principles-based style to an “a posteriori” integrative or distributive strategy, can be explained by the relational/transactional orientation adopted by the parties involved in the negotiating process.*



With reference to the textiles-apparel sector, given the specificity in the retailer-manufacturer relationship (semifinished textiles /making-up services) highlighted in the above sections, this transition can be favoured by the significant role of the relation between innovative distributive formats and models of production management.

Format innovation in the textiles-apparel sector appears to be increasingly linked to the emergence of new apparel retail operators who display the characteristic of integrating industrial functions (product design, fabric quality control, in-house production) and elevated sales outlet competencies. This not only gives format innovation a firm-specific connotation, but it also underlines a pronounced relation to the production management models adopted by the distributor. Furthermore, the renewed centrality of sourcing policies as a competitive factor in retail strategies derives from the need to devise the sales outlet range according to times and procedures that differ radically from the traditional arrangements described in the literature. In the new type of set-up, one finds planned range redirection, quick fashion, or mixed arrangements (Guercini 2003), which in some cases, as noted earlier, may go so far as to involve two-three week renewal cycles (Guercini and Runfola 2004). *According to this perspective, it can be hypothesised that the apparel distributor’s management of supply relations may focus either on the “service” attribute or the “price advantage” attribute. This different focus then gives rise to distinct negotiating processes: in the former case, what predominates are forms of integrative negotiation with a problem-solving approach, while in the latter the predominant mode consists of forms of distributive negotiation which is more clearly oriented towards price.*



*In the light of these reflections, we hypothesise that the characters of the retail format have relevance in definition of the characters of the negotiating process, with the latter assuming different forms based on the retail format. In particular, the characters of innovative distributive formats, which are directly linked to the production management model adopted, lead to greater emphasis on the “service” attribute in the distributor’s sourcing policies: this implies that when engaging in negotiating processes with the suppliers (semifinished textiles and making-up services) the retailer has to adopt integrative strategies with a view to implementing a problem-solving approach.* Such a hypothesis is not without implications for suppliers of semifinished products and making-up services who operate in high wage countries, and who are involved in interactions with distributors that likewise operate in high wage countries. The importance these distributors award to the “service” attribute in their sourcing policies can constitute a significant critical factor, especially when one considers the increasing competition by suppliers (semifinished textiles and making-up services) located in low-wage emergent countries. In conclusion, we believe that the analysis put forward here clearly shows that negotiation contributes to endowing the history of the buyer-supplier interaction with content and shapes its fundamental characteristics. Its contribution is, in the opinion of this writer, worth in-depth investigation by marketing scholars, above all in the light of the impact of this theme in the present-day context of competition.

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