

ACTORS INTERACTION DYNAMICS AND FIRM NETWORK CAPABILITY: LUXURY INDUSTRY CASE STUDY

Elisabete Cardoso Barbosa

PhD Student

Faculty of Economics – University of Porto
Rua Dr. Roberto Frias, 4200-464 Porto, PORTUGAL
+351 934228348
elisabete@fparodi.pt

João F. Proença

Advance-Centro de Investigação em Gestão, ISEG - UTL
Associate Professor, Faculty of Economics – University of Porto
Rua Dr. Roberto Frias, 4200-464 Porto, PORTUGAL
+351 932680301; + 351 226003569
jproenca@fep.up.pt

Abstract

The aim of this paper is to provide a deeper understanding on the question of actors' identities, actors' relationships and their interactions in a luxury industry firm. The literature about the nature of networks and network capability of a firm operating in the luxury industry is scarce. This paper researches how is the firm ability to develop and effectively manage relations with suppliers, customers and other organizations operating in the luxury industry. Business success depends on the capability of managing the activity of multiple actors, building partnerships and cooperation networks. Concepts as intra-sectoral cooperation (cooperation in the same industry sector), inter-sectoral cooperation (cooperation with others industry sectors) and inter-institutional cooperation (e.g. cooperation with universities, public institution, organizations) will be analysed in the context of a luxury industry.

This paper approaches the network discussion and the *luxury world* thought theoretical considerations. The arguments presented are supported by an explorative case study of a firm operating in the luxury sector.

Keywords: Actors, Networking, Network dynamics, Network capability, cooperative competencies, Luxury industry

Work-in-progress paper

INTRODUCTION

Business success depends on the capability of managing the activity of multiple actors, building partnerships and cooperation networks. This paper focuses on the importance of relationships and networks in a luxury industry firm, examining the significance of focusing on actors' identities, actors' relationships and their interactions when undertaking luxury marketing research. Luxury sector is still considered a new and growing sector (Okonkwo 2009). Thus, because of its complexity, still exists certain vagueness in the luxury concept and there is a need to make a further contribution to knowledge in luxury management. As Okonkwo (2009, p. 288) stresses, "research in luxury as a managerial science remained sparse in all exploratory, empirical, conceptual and strategic marketing aspects".

The motivation for our study is twofold. First, to provide a picture of actors' identities, relationships and interaction founded in a Portuguese SME luxury industry. Second, this case pretends to show preliminary empirical evidence on how an industrial firm operating in a luxury sector carries out network activities and analyse the effects of these networking activities on its performance. Concepts as intra-sectoral cooperation (cooperation in the same industry sector), inter-sectoral cooperation (cooperation with others industry sectors) and inter-institutional cooperation (e.g. cooperation with universities, public institution, organizations) will be analysed in the context of a luxury industry.

The arguments presented are supported by an explorative case study (Yin, 2003; Dubois and Gadde, 2002) of Carlos Santos (CS) firm, a luxury Portuguese shoes brand, considered to be worldwide one of the most exclusive man shoes brand, because of its craftsmanship, design, tradition, timelessness and high price.

This paper is organized in six sections. Section two presents a brief review of the existing literature, beginning by a theoretical review of luxury brand, presenting some thoughts about the essence of a luxury brand. Then, we present the literature about actors' interaction dynamics and firms' network capability. Section three focuses on the research objective and the adopted methodology. Section four presents the case of Carlos Santos, a Portuguese industrial firm operating in the shoe luxury sector. Finally, in section five the paper presents the analysis of the results. Last section draws the preliminary final remarks of this work-in-progress version.

BRIEF REVIEW OF EXISTING LITERATURE

Luxury brand

Luxury sector is still considered a new world. According to Okonkwo (2009, p. 288), "the luxury segment evolved into an economic sector with the creation of LVMH and Richemont in the late 1990s and the subsequent consolidation of the Gucci Group in the early 2000s". Although being considered a new sector, is a growing sector worldwide.

There are in the literature several thoughts about the essence of a luxury brand. Kapferer defends "a certain vagueness still remains over the concepts of luxury and the luxury brand" (Kapferer 1997, p. 251). The definition of luxury may be primarily based on Adam Smith (1776), with the proposed four categories of consumption: (i) necessary in order to survive; (ii) basic, for the normal growth of individuals and communities; (iii) affluence, goods not essential to growth and prosperity, and finally (iv) luxury, goods available in limited quantities, difficult to obtain and very expensive. In concordance with this description of luxury are Dubois and Paternault (1995), according to whom luxury is based on the notion

of rarity and high price. Moreover, from a product perspective, luxury brands are frequently defined in terms of their excellent quality, high transaction value, distinctiveness, exclusivity and craftsmanship (Nueno and Quelch, 1998; Kapferer, 2008; Radon, 2002). Nueno and Quelch (1998), defends that a luxury brand relies on the following dimensions: relevant marketing programme and global brand reputation, premium product quality and design, the existence of an heritage of craftsmanship, elements of uniqueness, limited production and a premium price. Moreover, Nueno and Quelch (1998) defend that a luxury brand must maintain the personality and values of its creator. According to Phau and Prendergast (2001), luxury brands evoke exclusivity, having a well-known brand identity, high brand awareness and perceived quality, and are able to retain sales levels and customer loyalty.

Jackson (2004) points as being the core characteristics of a luxury product its exclusivity, premium price, image and status, being a luxury product more desirable for intangible reasons rather than tangible. Moore and Birtwistle (2005) defend that, among other attributes, in luxury brand management the environment and service provided are considered key factors in the luxury proposition. Indeed, customer service is pointed in the literature as vital in the luxury consumption experience (Danziger 2005; Okonkwo 2007). Danziger (2005) stated the main shift occurring in luxury markets is the consumer-centric way people are defining luxury as an experience or feeling. According to the author, the customer-centric definition of luxury focuses the experience, feeling and personal dimensions of luxury. In other hand the previous luxury concept was centered in the product itself. From Vigneron and Johnson (1999) perspective, consumers can derive intangible and subjective benefits from luxury products, apart their functional utility. Authors as Buchanan-Oliver et al. (2008) defend luxury goods as a symbol of personal and social identity, and therefore luxury brands need to have an integrative perspective on brand definition. Moreover, Tynan et al. (2010) defend luxury brands are high quality, expensive and non-essential products and services that appear to be rare, exclusive, prestigious and authentic and offer high levels of symbolic and emotional/hedonic values through customer experiences. According to Buchanan-Oliver et al. (2008), differentiation between luxury and non-luxury should be done in terms of functionalism, experientialism and symbolic interactionism. A luxury definition varies according social context and individual characteristics. Therefore, luxury is mix of material, social and individual characteristics (Berthon et al., 2009). Moreover, and according to Okonkwo (2009, p. 302), “luxury is neither a product, an object, a service nor is it a concept or a lifestyle. It is an identity, a philosophy and a culture”.

Even though the complexity of luxury concept, having in consideration the literature, we may say that what differs a luxury brand from a non-luxury brand are mainly the following: exclusivity, excellent quality, high price and the ability to deliver a premium experience and feeling (Dubois and Paternault 1995; Nueno and Quelch 1998; Kapferer 2008; Radon 2002; Jackson 2004; Danziger 2005; Buchanan-Oliver et al. 2008).

Apparently due to this new awareness of the importance of the luxury sector, some research was made mainly regarding brand equity, brand evaluation and consumer behaviour. However, as Okonkwo (2009, p. 288) stresses, “research in luxury as a managerial science remained sparse in all exploratory, empirical, conceptual and strategic marketing aspects”. Therefore, there is a need to make a further contribution to knowledge in luxury management.

Actors’ interaction dynamics and firm network capability

Companies interact with each other in complex organic systems of business relationships. The origin of an interactive view of business emerges from earlier marketing and channel literature. Goffman (1959, p. 15) defends that “an interaction may be defined as

all interaction which occurs throughout any one occasion when a given set of individuals are in one another's continuous presence". Moreover, according to Ford "interaction is the substantive process that occurs between business actors through which all of the aspects of business: material, financial and human and all of the elements of business: actors, activities and resources take their form, are changed and are transformed" (Ford et al. 2008, p. 12). Following an industrial network approach, the Actors-Resources-Activities (ARA) model (Håkansson and Johanson 1992) provides an understanding of the interaction process and its outcomes. According to ARA-model, the outcomes of an interaction process can be classified in three layers: (i) actor bonds, close related to actors interpersonal characteristics and links created by interaction; (ii) activity links, each actor develops a set of activities and through interaction these activities can be integrated; (iii) resource ties, the adaptation process of the two actors' resources. This framework is based on the resource dependence view between firms and other organizations.

Interaction between business actors leads to the creation of relationships. A firm's relationships are one of the firm most valuable resources (Håkansson 1987). On their day-to-day activities, firms develop relationships with different actors. Anderson and Narus (1991, p. 96) defend that business relationship is the process where two organizations "form strong and extensive social, economic, service and technical ties over time, with the intent of lowering total costs and/or increasing value, thereby achieving mutual benefit". Within these scope, Brandenburger and Nalebuff (1997) presented the concept of firm's value net in order to represent the potential firm relationship partners: suppliers, customers, competitors and complementors. Ritter et al. (2004) extended the Brandenburger and Nalebuff (1997) model considering also intra-firm relations (focal firm and other firms). According to the authors, intra-firm and inter-firm relationships interface should be considered. In concordance with this view, Ritter et al. (2004) claims that firm's should consider other actors besides firm's value net represented actors, as governmental agencies, research and development institutions, educational institutions, and industry associations. On their study about collaboration capability, Blomqvist and Levy (2006) demonstrated the multi-level nature of collaboration capability from individual and team level to intra-organizational and inter-organizational level. In the same line of thought, Pagano (2009, p. 905) posits that there is a "need to develop a better understanding on the intra-organizational dimension of the management of external relations".

Möller (2013) claims that, a business network approach focus on reciprocal relationships between different actors (firms, institutions, government, individuals, and research agencies), being the resources exchanged through relationships. Through relationships one can access and control existing resources and co-create new resources. Therefore, actors are mainly connected by their resource dependency (Möller 2013). Network approach is interested in understanding the resource ties, activity links and social bonds linking the different network actors. Moreover, understand the resource exchange, social exchange and adaptations (Håkansson and Ford 2002). Business network approach has, as managerial goal, gain knowledge on creation and management of networks of actors' relationships (Möller 2013). Is important to mention that these business networks are characterized by a subjective perception of actors, as they are not objectively defined (Ramos and Ford 2013).

According to Ritter and Gemünden (2003) and Tyler (2001), network capability is basely the ability to build, handle and exploit relationships. Moreover, a firm's network is considered to be an important asset providing the acquisition of resources and knowledge essential for firms' development and innovation process (Ritter and Gemünden 2003). Day (1994) distinguishes between inside-out and out-sides in capabilities. Examples of inside-out capabilities are production and logistics. On the other hand, market sensing, customer

linking, channel bonding and technology monitoring activities are considered outside-in capabilities (Day, 1994). The author defends that both capabilities are needed, being the spanning capabilities the connecting bridge promoting and effective linkage between outside-in and inside-out capabilities.

A note should be made regarding the importance of collaboration processes in SMEs firms. These firms often overcome their structural limitation by exploring competences outside their door (O'Donnell 2004; Gilmore et al. 2001). It is important to refer that the firm owner plays an important role in building and managing relationships (Carson et al. 1995). The personal involvement in relationships plays an important role in the SMEs context. Managers pay special attention in creating and managing relations, contacts that may be beneficial to their business, gathering information, advice and resources (Danis et al., 2010). It is important to notice that previous research (Musso et al. 2012 and Schoonjans et al. 2011) mentions that limited attention has been placed on the analysis of cooperation between SMEs and formalized networks, collective projects, industry and sectorial associations.

As a consequence, we acknowledge the idea that there is a huge economic importance of cooperation between all business actors promoting the constant dialog between them. Indeed, as Payne et al. (2008, p. 84) defend "dialog should be seen as an interactive process of learning together".

RESEARCH OBJECTIVES AND METHODOLOGY

This paper focuses on the importance of cooperation between all business actors promoting the constant dialog between them. The research objective of this paper is to provide deeper understanding on the identity of business actors, their relations and interactions in a context of a luxury industry. This paper pretends to be a starting point in the discussion of how an industrial firm, a Portuguese SME operating in a luxury market, carries out its network activities and analyse the effects of these networking activities on its performance.

Carlos Santos (CS) case study was chosen by several reasons. First, CS is a luxury brand worldwide recognized because of its craftsmanship, design, tradition, timelessness and high price. Produced in Portugal and commercialized worldwide (99% of production is exported), CS shoes are considered to be pieces of art (reaching retail prices of 7.000€ per pair in the most selective retail stores worldwide). Therefore, according with several authors (Nueno and Quelch 1998; Kapferer 2008; Radon 2002), it corresponds to the notion of luxury brand from a product perspective, being brands frequently defined in terms of their excellent quality, high transaction value, distinctiveness, exclusivity and craftsmanship. Secondly, is a Portuguese SME company, and although with a worldwide recognized outstanding performance, needs to overcome its structural limitation by exploring competences outside the firms' door (O'Donnell 2004; Gilmore et al. 2001). Considering this, CS case study seems to be a good case to promote the discussion of actors' identities, actors' relationships and their interactions in an industrial luxury firm (a Portuguese SME). Therefore, understand the firm ability to develop and effectively manage relations with suppliers, customers and other organizations operating in the luxury industry.

The arguments presented are supported by an explorative case study (Yin 2003; Dubois and Gadde 2002). According to Yin (2003) case study investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomena and context are not clearly evident. This description matches the main objective of the proposed research. Business success depends on the capability of managing the activity of multiple actors, building partnerships and cooperation networks. For the purposes of the

present study, focusing on actors' identities, actors' relationships and their interactions in a luxury industry, were conducted three interviews: (1) Footwear Technology Centre of Portugal (CTCP) manager, collecting a broad and institutional representation of the footwear sector, its strategic plan and institutional networks; (2) CTCP consultant, gathering knowledge and experience regarding footwear companies and its managers; (3) CS firm manager, obtaining the view about firm and sector relationships and strategic partnerships. Two interviews scripts were prepared: one for the interviews with CTCP and another adapted to CS manager interview. Along with the interviews, secondary sources of information were analyzed: CS website and documents, CTCP website and documents and APICCAPS website and documents as the strategic plan for footwear industry 2007-2013.

THE CASE OF CARLOS SANTOS LUXURY SHOES

This section provides the empirical analysis on CS case study. In order to better understand CS firm context, the industry complexity and its players, first we will briefly present the actual situation of Portuguese footwear sector indicating the main institutional industry actors, introducing the outputs of the interviews conducted in CTCP. Then, CS brand and firm will be presented focusing on the identification and management of CS firm main business actors.

Portuguese footwear industry

Portuguese footwear industry is clearly marked by its dynamism. Despite difficulties in the national and international macroeconomic framework (mainly in Europe, the major destination of Portuguese exports), the Portuguese footwear industry is expanding, which may indicate that it is implementing appropriate strategies. One of the main actors, regarding institutional organizations, is the Portuguese Footwear Components Leather Goods Manufacturers' Association (APICCAPS), a Portuguese association based in Porto, founded in 1975 and representing the following business sectors: footwear industry, footwear components industry, leather goods industry and equipment for the above mentioned sectors. The organization aims to promote the development of the represented sectors, acting mainly in the areas of: internationalization, studies, projects and consulting, technical support, information and communication technologies, professional training, national labour agreement, technology, quality and the environment, innovation. According to APICCAPS (2007), the global and fragmented value chain of the Portuguese shoe industry, with the intervention of multiple entities, is growing. This new characteristic is common to other activity sectors and is presenting new challenges to Portuguese companies. In fact, success depends more and more on the ability to articulate the activity of multiple actors, building partnerships and cooperation networks. According to APICCAPS (2007, p. 36), cooperation needs to be managed with the same rigor and professionalism as other business aspects. To be well succeeded, APICCAPS (2007) defends that cooperation needs to use suitable models. The needed cooperation to achieve successful results, according APICCAPS (2007) can be analyzed in three vectors: (i) intra-sectoral cooperation, (ii) inter-sectoral cooperation and (iii) inter-institutional cooperation, as follows:

(i) Intra-sectoral cooperation: in an industry there is a need of horizontal cooperation (between companies operating in the same industrial fase) and vertical cooperation (between companies operating in different production fases). It seems important to mention that on a SME the horizontal cooperation is particularly important as it helps to overcome the limitation of a reduced individual scale. Concerning vertical integration, there is a need to

adopt new ways of vertical integration in order to accomplish an effective intra-sectoral cooperation. Certain activities must be developed by independent and specialized entities. The relational complexity has as an advantage the fact of contributing to an effective and closer actors proximity making them more interdependent and therefore interested on a common development in order to create value. APICCAPS (2007) recommends on its strategic plan that firms need to specialize in different activities with different business models, understanding that cooperation and interaction may lead to higher common value creation;

(ii) Inter-sectoral cooperation: cooperation between different industrial sectors is important as it brings new perspectives in order to solve current industry problems. The shoe industry should be connected to other industries as the leather industry, textiles, apparel, chemical products, information technologies and communication. An area in which the inter-sectoral cooperation can be very positive is between the footwear industry and other industries where the fashion element is decisive, in particular the textile and apparel industry. There are several common and complementary points as joint promotion (trade fairs and fashion shows), human resources training (design, planning, production, marketing), information technologies and technological innovation (as new materials) and even commercialization that can be joint-developed;

(iii) Inter-institutional cooperation: cooperation between several institutions centered in the footwear industry as APICCAPS, Footwear Technology Centre of Portugal (CTCP) and the Center of Footwear Industry Professional Training (CFPIC). Collaboration with technical schools and universities are also important, promoting appropriate human resources training and conducting investigations aiming the development of new products and services. Moreover, it is important to work in collaboration with the government and its institutions, as they play an important role in the external promotion. In fact, Portuguese footwear industry success in the last decades is based on the government work stimulating and promoting the industry worldwide.

Along with APICCAPS, CTCP is a recognized important actor in the sector. CTCP is a non-profit private organization founded in 1986 with the incorporation of a footwear quality control laboratory created in 1981. CTCP was created by APICCAPS and two Governmental Institutes of the Portuguese Ministry of Economy: IAPMEI (Competitive and Innovation Agency) and INETI (Engineering, Technology and Innovation National Institute). CTCP is member of national and international associations, namely: APICCAPS, Portuguese Institute of Quality (IPQ), Portuguese Network of Accredited Laboratories (RELACRE), Portuguese Network of Technology Centres (RECET), European Union of Research Institutes for Shoes (EURIS) and International Association of Shoe Industry Technicians (UITIC).

In the opinion of CTCP manager, APICCAPS has an important role as an industry aggregator, managing industry lobbies, and playing an important role in promoting the image of Portuguese footwear industry. On the other hand, CTCP has an “operational function” supporting firms on their day-to-day tasks as follows: technique and technologically support companies of the footwear sector, promote human resources training, promote the industrial improvement of the product quality and processes, prepare and spread technical information to the industry, carry out and stimulate works of investigation. In the interviews conducted in CTCP, it was clear the importance of CTCP work on behalf of footwear firms. Most of the firms in the footwear sector are SMEs firms needing support, mainly from the existing institutional networks. CTCP consultant, being constantly in contact with firms managers, notices that today’s managers pay special attention in creating and managing relationships and contacts that may be beneficial to their business. Agreeing with this opinion, CTCP manager stresses the differences noted from the first business generation and its followers. It was used to say that on the old days “business were decided in the restaurant table” and

therefore on a local scale, with local partners. Today, the second, and third business generation brings more actors to the sector. It is noted to be a more open minded generation aware of the business relationships and network importance and therefore open to cooperation.

One important remark was made regarding the luxury sector: even though there exist several companies producing private label for worldwide luxury brands, there exist only a few Portuguese firms operating in a premium segment as producers and brand owner. Among them, and according to the luxury brand definition, evoking exclusivity, excellent quality, high price and the ability to deliver a premium experience and feeling (Dubois and Paternault 1995; Nuño and Quelch 1998; Kapferer 2008; Radon 2002; Jackson, 2004; Danziger 2005; Buchanan-Oliver et al. 2008), only Carlos Santos can be considered as a luxury brand. As being the unique luxury player in the Portuguese sector, it limits the intra-institutional cooperation. Even though CTCP mentions that it collaborates with the firm giving support in several different activities.

Carlos Santos - the finest luxury footwear

Established in 1942, CS is based in the north of Portugal and has a long experience of innovating in products for men. Even today, CS is one of the few worldwide companies in the area to apply the Goodyear Welted system, a manual technique in which machines play a secondary role. Based on the values of perfection, craftsmanship, tradition and timelessness, CS is the perfect example of shoemaking excellence. CS shoes are unique pieces that develop a strong emotional connection with those who wear them. CS produces actually three lines of products: (i) green label, the most affordable collection with a casual and fashion look, with recommended retail prices (RRP) around 250€; (ii) Santos by Carlos Santos, a collection rich in details, with RRP around 300€; (iii) Carlos Santos Handcrafted, a collection with sophisticated design and traditional production, using *haute couture* production techniques, with retail prices ranging from 700€ to 7000€. CS develops its products on the basis of its creator image with the same name Carlos Santos. This strengthens the idea that a luxury brand must maintain the personality and values of its creator (Nuño and Quelch 1998). Because luxury is in the details, CS decided to expand its universe by adding new products to its collections, such as a personalised shoehorn, creams and finish restoration products for leather and belts.

CS manager believes that cooperation is vital to business success. CS external networks collaboration as customers, suppliers, competitors and associations are seen as key elements to succeed. However, due to its unique market position as a luxury brand sometimes cooperation is hampered. CS manager believes that relational competences are indispensable to business success. The capacity to articulate multiple actor activity building durable partnerships and cooperation nets is an important firm competitive advantage. Internal networks were briefly described as being constructed in the basis of complicity and respect. It is important to mention that the actual owner of the CS Company, Carlos Santos, was a former firm employee, working there since its fourteen years old. Therefore, the actual owner and general manager developed a very close and accomplice relationship among its actual employees, former work colleagues. There is an internal culture of spreading information about customers, markets, and trends among all employees from the top management to the production plant employees.

Clients are seen as an important business actor. In a demanding industry as luxury shoes, attention to client and detail is vital. An important vehicle to promote contact with final consumer is the brand own points of sale. CS has actually two own stores (Brussels and Luxemburg). Moreover, there is in Paris one store selling exclusively CS shoes. In the words of CS manager, cooperation with final consumers is very limited to specific markets. In the

markets with own stores (Belgium and Luxemburg) the interaction with final customer is higher and is possible to maintain a relationship and partnering with customers obtaining gains with it, both at the product and brand level. Nevertheless, this only applies to these specific markets, as the product construction, consumer taste is different according the destiny market. CS promotes constant dialog with its commercial agents, travelling periodically to different markets where take place some commercial visits to retailers and is promoted the observation and interaction with final customers at the sales point. Moreover, virtual platforms are viewed as important tools in order to create and develop customer and supplier relationships. Following this idea, CS created a new website and is present in social networks.

Regarding intra-sectoral cooperation, CS promotes vertical intra-sectoral cooperation, mainly with materials suppliers. This closer relationship with strategic suppliers is important as allows develop new products (e.g. new leather texture, different leather look). Occasionally, are the suppliers presenting new ideas, new materials in other to test their ideas and new materials. On the other hand, there is no horizontal intra-sectoral cooperation. The CS product and market is so different from the major Portuguese companies, being difficult to find common interests between them. There is no other company in Portugal working the luxury segment. Moreover, CS worldwide competition is resumed to there firms: the Italian Santoni and the English John Lobb, Croquet & Jones and Church's. These are the main competitors in quality, price and prestige. The business relationship between these four players is considered to be "cordial" but without cooperation. Indeed, CS is the considered to be the most innovative company in this segment although is very difficult to innovate in the Goodyear Welted system.

Inter-sectoral cooperation is considered to be very important. CS firm maintain some "partnership" relations with firms from others sectors as information technologies and communication firms. When asked about possible cooperation this textile and apparel industries, as pointed out by APICCAPS, again due to CS very specific market segment, the possible strategic partners want their own brand on shoes. Traditionally CS has done several private label productions but it is not the today strategy.

Concerning Inter-institutional cooperation, APICCAPS is considered to be an important player in the sector. Although representing an entire industry sector APICCAPS work is considered to be "mass-oriented". Is important to notice that CS has a unique position in the Portuguese shoe industry, being the only firm that can be considered producer of its own brand of luxury shoes. CS usually does not attend the international business mission organized by APICCAPS and only is present in strategic trade shows. The firm, together with its international networks, do the entire market research internally. On the other hand, CTCF is considered to be an important strategic partner providing CS support in several fields as technologically support and human resources training.

DISCUSSION OF RESULTS

Preliminary empirical analysis demonstrates that CS manager agrees on the importance of cooperation between all business actors promoting the constant dialog between them. CS describes itself as a firm working in designing, manufacturing, distributing and after-sales support of luxury man shoes. All these activities demand high levels of collaboration with internal and external networks.

CS focuses its efforts mainly in external collaboration networks as customers, suppliers, and industry associations. As pointed out in a previous section, firms should consider other actors besides firm's value net represented actors (customers, competitors, suppliers and

complementors), as governmental agencies, research and development institutions, educational institutions, and industry associations (Ritter et al. 2004). CS identified as main actors: suppliers, agents, retail stores clients, final customers, employees, APICCAPS and CTCP. In this context, CS created and developed some durable collaboration mainly with materials suppliers, agents and CTCP, being this seen as a strategic partner and an important “service provider”. CTCP work is considered to be of higher importance to CS firm. This fact can be understood according O’Donnell (2004) and Gilmore et al. (2001), as being CS a SME firm, needs to overcome some structural limitations exploring competences of strategic business actors.

An important note should be made regarding the importance of the owner particularly in this case as CS firm is a “reflex” of its owner and general manager of the same name Carlos Santos. Firm owner personal involvement in business relationships creation and management is vital in building and managing relationships. This view is in concordance with Carson (1995) and Danis et al. (2010), according to whom managers play special attention in creating and managing relations.

With the present preliminary analysis we were able to identify the main business actors, their relations and interactions. It should be highlighted that, in the view of CS manager, the fact of being a firm operating in a luxury segment difficult the cooperation process. In the Portuguese footwear industry, CS is the unique firm operating in the shoe luxury segment sharing few common interests and common customer approach with other firms.

PRELIMINARY FINAL REMARKS

This paper pretends to be a starting point in the discussion of how a luxury industrial firm carries out network activities and analyse the effects of these networking activities on its performance. In this previous study, we attempted to identify the main industry business actors. We adopted a qualitative and exploratory case study of a firm operating in a luxury industry.

Although it is difficult to draw conclusions for a study on its early stages, a number of remarks can be made. Firstly, collaboration seems to be a key factor on a firm success. The CS case study shows that CS manager is aware of it and invests on the creation and maintenance of successful and durable business relationships. Secondly, the fact of being a firm operating in a luxury segment difficult the collaboration process, mainly the horizontal intra-sectoral cooperation, as there are few common interests.

This paper is a work-in-progress and therefore further empirical research and analysis is needed. Further research should be conducted being CS case study explored in more detail. According to Okonkwo (2009), research in luxury remains scarce is all empirical and strategic marketing aspects. On the other hand, limited attention has been drawn to cooperation between SMEs firms and sectoral associations and collective projects (Musso et al. 2012 and Schoonjans et al. 2011). These two ideas combined in a further research can provide a more realistic picture of actors’ interaction dynamics in a luxury industry, mainly exploring inter-institutional cooperation.

REFERENCES

- Anderson, J. C., and Narus, J. A. (1991). Partnering as a focused market strategy. *California Management Review*, 33(3), 95–113.
- APICCAPS (2007), Indústria do Calçado Plano Estratégico 2007-2013.
- Berthon, P., Pitt, L., Parent, M. and J-P Berthon (2009), “Aesthetics and Ephemerality: observing and preserving the luxury brand”, *California Management Review*, Vol. 52, pp. 45-66.
- Blomqvist, K., and Levy, J. (2006). Collaboration capability, a focal concept in knowledge creation and collaborative innovation in networks. *International Journal of Management Concepts and Philosophy*, 2(1), pp. 31-48.
- Brandenburger, A. M., and Nalebuff, B. J. (1997). *Co-optition*. New York: Double Day.
- Buchanan-Oliver M., Brodie R. and D. Huang (2008), Refining the dimensions of the brand in the service economy, Paper presented at Thought Leaders International Conference on Brand Management, Birmingham Business School.
- Carson, D., Cromie, S., McGowan, P., and Hill, J. (1995). *Marketing and Entrepreneurship in SMEs*. Prentice-Hall: Englewood Cliffs, NJ.
- Danis, W.M., Chiaburu, D.S., & Lyles, M.A. (2010), The impact of managerial networking intensity and market based strategies on firm growth during institutional upheaval: A study of small and medium-sized enterprises in a transition economy. *Journal of International Business Studies*, 41, pp. 287-307.
- Day, G. S. (1994, October). The capabilities of market-driven organizations. *Journal of Marketing*, 58, pp. 37–52.
- Danziger, P. (2005), “Let them Eat Cake: Marketing to the Masses – as Well as the Classes”, Chicago: Dearborn Trade.
- Dubois, A., & Gadde, L.-E. (2002), Systematic combining: An abductive approach to case research. *Journal of Business Research*, 55(7), pp. 553-560.
- Dubois B. and C. Paternault (1995), “Understanding the World of International Luxury Brands: The Dream Formula”, *Journal of Advertising Research*, Vol. 35, pp. 69-76.
- Ford, D., Gadde, L., Håkansson, H. Snehota, I. and Waluszewski A. (2008), Analysing business interaction, 24th IMP conference, Uppsala, Sweden.
- Gilmore, A., Carson, D., and Grant, K. (2001), SME marketing in practice, *Marketing Intelligence and Planning*, 19(1), pp. 6-11.
- Goffman, E. (1959). *The presentation of self in Everyday life*. New York: Doubleday.

- Häkansson, H., (1987), *Industrial Technological Development: A Network Approach*. London, Croom Helm.
- Häkansson, H. and Johanson, J. (1992). A model of industrial networks, in Axelsson, B. and Easton, G. (eds.), *Industrial networks. A new view of reality*. Routledge, London.
- Häkansson, H., and Ford, D. (2002). How should companies interact in business networks?, *Journal of Business Research*, 55(2), pp. 133–139.
- Jackson, T. B. (2004), *International Retail Marketing*. Oxford: Elsevier Butterworth-Heinemann;
- Kapferer, J. N. (1997), “Managing luxury brands”, *Journal of Brand Management*, Vol. 4 No. 4, pp. 251-260;
- Kapferer, J. N. (2008), *The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term*, 4th ed., London: Kogan Page Limited.
- Möller, K. (2013), Theory map of business marketing: Relationships and networks perspectives. *Industrial Marketing Management*, 42, pp. 324–335.
- Moore, C. M. and G. Birtwistle (2005), “The Burberry business model: Creating an international luxury fashion brand”, *International Journal of Retail & Distribution Management* Vol. 32, pp. 412–422.
- Musso, F., Francioni, B., and Pagano, A. (2012), The role of country of origin in supporting export consortia in emerging markets. In Bertoli, G., Resciniti, R. (Eds.), *International Marketing and the Country of Origin Effect: The Global Impact of ‘Made in Italy’*, Edward Elgar: Cheltenham.
- Nueno, J.L. and J.A. Quelch (1998), “The mass marketing of luxury”, *Business Horizons*, pp. 61-68;
- O’Donnell, A. (2004), The nature of networking in small firms. *Qualitative Market Research: An International Journal*, 7(3), pp. 206-217.
- Okonkwo, U. (2007), *Luxury Fashion Branding*, Basingstoke: Palgrave MacMillan;
- Okonkwo, U. (2009), “The luxury brand strategy challenge”, *Journal of Brand Management*, Vol. 16, pp. 287–289.
- Okonkwo, U. (2009), Sustaining the luxury brand on the Internet, Palgrave Macmillan, Vol. 16, pp. 302-310.
- Pagano, A. (2009), The role of relational capabilities in the organization of international sourcing activities: A literature review. *Industrial Marketing Management*, 38(8), pp. 903-913.
- Payne, A.F., Storbacka, K. and Frow, P., (2008), Managing the co-creation of value. *Journal of the Academy of Marketing Science*, 36(1), pp.83–96;

- Phau, I. and G. Prendergast (2001), "Consuming luxury brands: The relevance of the rarity principle", *Journal of Brand Management*, Vol. 8, pp. 122–137;
- Radon, A. (2002), "The Paradoxical Relationship Between the Exclusiveness of Luxury Goods and Profit Maximization", Working Paper School of Business, Stockholm University;
- Ramos, C. and Ford D., (2013), How Do Managers See It? Capturing Practitioner Theories Via Network Pictures, in Arch G. Woodside, Roger Baxter (ed.) *Deep Knowledge of B2B Relationships within and Across Borders (Advances in Business Marketing and Purchasing, Volume 20)*, Emerald Group Publishing Limited, pp. 293-375.
- Ritter, T., and Gemünden, H. G. (2003), Network competence: Its impact on innovation success and its antecedents. *Journal of Business Re-search*, 56(9), pp. 745–755.
- Ritter, T., Wilkinson, I., & Johnston, W. J. (2004), Managing in complex business networks. *Industrial Marketing Management*, 33, pp. 175–183.
- Schoonjans, B., Van Cauwenberge, P., and Vander Bauwhede, H. (2011), Formal business networking and SME growth. *Small Business Economics*, pp. 1-13.
- Smith A. (1776), *An Inquiry into the Nature and Causes of the Wealth of Nations*, London: W. Strahan & T. Cadell.
- Tyler, B. (2001), The complementarity of cooperative and technological competencies: a resource-based perspective. *Journal of Engineering and technology management*, 18, 1-27.
- Tynan, C., McKechnie, S. and C. Chhuon (2010), "Co-creating value for luxury brands", *Journal of Business Research*, Vol. 63 N. 11, pp. 1156-1163.
- Vigneron and Johnson (1999), "A review and a conceptual framework of prestige-seeking consumer behavior", *Academy of Marketing Science Review*, No. 1, pp. 1-17.
- Yin, R. K. (2003), *Case study research: design and methods*, Applied Social Research Methods Series, Vol. 5, 3th ed., Sage Publications, London.