

**HOW DO MANAGERS UNDERSTAND THE ENVIRONMENT
AND HOW DOES IT RELATE TO THE CHOICE OF A
MARKETING PRACTICE?**

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by

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ABSTRACT

How do managers understand the environment and how does it relate to the choice of a marketing practice?

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This thesis investigates diversity of marketing practices across firms operating in the same market. It develops a novel conceptual framework, the Marketing Configurational Framework, and proposes a typology of Configurational Profiles of Marketing Practices.

The literature review reveals a diversity of marketing practices. Mainstream marketing thinking adopts a contingency rationale to explain this plurality. However, several studies have contradicted the contingency hypothesis and invited further research to this issue. These observations form the background of the formulation of the central research question of this study.

The thesis integrates theoretical insights from marketing, organisational theory and strategic management. The interdisciplinary approach allows identifying an alternative rationale for understanding diversity in marketing practices, the configurational approach. This perspective develops multivariate frameworks, adopts a holistic stance, proposes that key forces/imperatives form configurations and accepts diversity of configurational profiles in a given context. Diversity is limited by the coherency principle, i.e. only a few configurational profiles are viable.

The literature review identifies three imperatives that interact to form viable configurational profiles of marketing practices. These are managers' frame of reference, conceptualisation of the environment, and marketing practice. Each of the proposed configurational profile represents a different way of relating to the market.

Two case studies are conducted adopting a mixed method approach. The findings from the case studies correspond with the conceptual framework and supply evidence of the existence of diverse, yet viable, configurational profiles in the same market.

The value of this thesis is that the Marketing Configurational Framework and the Configurational Profiles of Marketing Practices accept diversity and suggest a rationale for understanding its occurrence. From the configurational perspective, the diversity of marketing practices is inter-related to the diversity found in the other two imperatives. Diversity is acknowledged, however, diverse marketing practices are viable only when they integrate a coherent configurational profile.

(word count: 300)

This thesis is dedicated to
my daughter Stephanie and my son Marcos

My family was beyond words, my children's support and understanding was invaluable to have a clear head, to be able to focus and to live this experience with joy.

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CHAPTER 1

Introduction to the Research Problem

1.1. INTRODUCTION TO THE RESEARCH PROBLEM

In the introductory article of the Journal of Marketing 1999 Special Issue: “Fundamental Issues and Directions for Marketing”, editors George Day and David Montgomery raise a number of challenges for the field. They note a number of fundamental issues or “... enduring questions that marketing is uniquely able to address because of its background, inclination and training” (p.3). They specify four fundamental issues:

- How do customers and consumers really behave?
- How do markets function and evolve?
- How do firms relate to their markets?
- What are the contributions of marketing to organisational performance and societal welfare?

The focus of this thesis is on *how firms relate to their markets*. More specifically, it looks at firms serving the same market using different marketing practices. The international Contemporary Marketing Practice (hereafter CMP) research program showed that firms use a diversity of marketing practices to approach their markets. The CMP group categorised these practices into low formal marketing, transactional marketing, relational marketing and transactional/relational marketing (Brodie et al 1997; Coviello et al 2002; Brodie et al 2008).

The CMP studies were essentially descriptive, designed to identify the various types and combinations of marketing practices adopted by firms. The studies showed that firm characteristics (e.g. size), type of market, country location, and type of customers did not adequately explain the diversity of marketing practices. Of particular interest were firms that adopted both transactional and relational practices, which

challenged the view that relationship marketing was superseding transactional marketing. Besides the work of the CMP, independent studies conducted in different countries (e.g. UK, China, Canada, New Zealand) and different industries (e.g. banking, mobile communications, wine industry, structural wood products) showed a plurality of marketing practices (Binks and Ennew 1997; Pels and Pelton 1999; Styles and Ambler 2003; Benson-Rea 2005; Lefaix-Durand 2008). However, none of these studies provided deeper insight into this diversity of marketing practices. These findings further support Day and Montgomery's (1999) call for more research directed at understanding a firm's relationship to their markets. Accordingly, the primary purpose of this thesis is *to increase understanding of the reasons for diversity of marketing practices across firms operating in the same market.*

1.1.1. How Context is Conceptualised

Based on the rationale that markets constitute a portion of the organisation's task environment, this thesis draws on the organisational theory and strategic management literature on the topic of diversity. The aim is to investigate if insights can be drawn from them that help understand why diverse marketing practices are used for the same markets. The thesis will show that one of the major contributions of organisational theory and strategic management literature to understanding diversity is linked to a change in the conceptualisation of the contextual setting. Table 1.1 depicts the theoretical focus and contexts of each discipline. The purpose of the table is to highlight each discipline's focus and to emphasise that there are different conceptualisations of the contextual settings. These shall be discussed next.

Each discipline focuses on a different type of diversity. Academics in organisational theory look at diversity of organisational structures (e.g. Miller and Friesen 1977), while scholars in strategic management examine diversity of firm's strategies (e.g. Miles and Snow 1978), and scholars in marketing focus on diversity of marketing practices (e.g. CMP studies).

Table 1.1: Theoretical Focus and Contexts of each Discipline

	Managerial Discipline		
	Organisational Theory	Strategic Management	Marketing
Theoretical Focus	Looks at diversity of organisational structures	Looks at diversity of firms' strategies	Looks at diversity of firms' marketing practices
Primary contextual setting	Different conceptualisations of the task environment	Different conceptualisations of the industry	Different conceptualisations of the market
Broader context	Different conceptualisations of the general environment	Different conceptualisations of the environment	Different conceptualisations of the macro environment

Source: developed for this thesis

To understand diversity two types of context are considered in each discipline, the primary context and the broader context. With the primary contextual setting, the focus of attention in each discipline differs. Organisational theorists look at the task environment, strategists focus on the industry and marketers focus on the market context. With the broader context, the distinctions between the three disciplines are minor. Organisational theory defines it as the general environment (looking at cultural, social, political and technological aspects -Thompson 1967), strategic management literature refers to the environment (encompassing social as well as economic forces - Porter 1980), and the marketing discipline refers to the macro environment (considering the general social, economic, political and technological climate -Thorelli 1995).

Before exploring how the discussion within organisational theory and strategic management literature can contribute to the debate on diversity of marketing practices within the marketing discipline, it is necessary to understand how 'task environment', 'industry' and the 'market' have been defined and how they have been conceptualised in each discipline.

The *task environment* context refers to factors beyond the direct control of the firm. More specifically, Dill (1958) defines the ‘task environment’ as the part of the total setting with which the organisation is transacting and in which it is competing. Specifically, “*customers* (both distributors and users), *suppliers* (of material, labour, equipment, capital and work space), *competitors* (both for markets and resources) and *regulatory groups* (government agencies, unions, and inter-firm associations)” (italics in original, *ibid*, p. 424). After the 1970s, a distinction was made between the ‘objective environment’ or ‘out-there’ (Brownlie 1994, p. 163 and p. 143) and the ‘enacted environment’ or ‘in-here’ (*ibid*, p. 163 and p. 145). The first approach understands the environment as a set of elements that are outside managerial control (Duncan 1972). The second approach argues that the environment is a socially constructed system of shared meaning (Smircich and Stubbart 1985). In other words, the environment is enacted (Weick 1969, 1979).

The *industry* context refers to what Porter (1980) defines “as the group of firms producing products that are close substitutes for each other” (p. 5). Definitions and classifications of industry typically adopt a supply side definition of industry in which firms supply similar types of products. These similar products may be substitutes in terms of production but not necessarily in terms of demand, i.e. they may be used to serve different markets. As Mintzberg et al 1998 argue, the notion of industry is a “perception of people, social constructions themselves” (Mintzberg et al 1998).

The *market* context comprises both buyers and sellers and Kotler (1976) defines markets as “an arena for potential exchanges” (p. 6). From a marketing perspective, market boundaries are defined from the perspective of customers in terms of the similarities in requirements of particular groups of consumers and the perceived substitutability of alternative products and services to meet their requirements. Firms classified in different industries can be serving the same markets with different types of products in what is referred to as intertype competition. Firms compete in a market to the extent that they offer products and services that are considered as substitutes by groups of customers in satisfying the same type of requirement. For example, adopting the consumer perspective would imply that apples and yogurts are considered as belonging to the same market *if* the consumers see them as purchase alternatives, for instance, in solving their need for a mid-morning snack. From this perspective, the market is not ‘a given’ (Araujo 2007) and the traditional assumption that products within a market directly compete with one another but only indirectly compete with

offerings that fall outside the market boundaries is seen as an oversimplification (Buzzell 1999, Storbacka et al 2008). Day and Montgomery (1999) state that “many markets are characterised by boundaries that are shifting and overlapping rather than distinct and stable, as normally is assumed” (p. 4). Markets emerge as a set of culturally constituted institutional arrangements allowing for diverse interpretations of their boundaries, and whose legitimacy lies in the value created for the producer, the consumer, and the various intermediaries (Venkatesh et al 2006). This thesis builds on these conceptualisations, and takes the position of defining market boundaries from the perspective of the consumer (Peñaloza and Venkatesh 2006).

It is necessary to clarify that though the focus of this thesis is in understanding diversity of marketing practices in the same *market*, the thesis adopts the term *environment* when it draws-on or refers-to the organisational literature.

1.1.2. Approaches to Understanding Diversity

The thesis will show that another contribution of the organisational theory and strategic management literature is linked to the approaches developed to understand diversity.

Quoting Brownlie (1994), “mainstream marketing thinking has considered the environment as external and, when developing marketing strategies, focus has been set in understanding the environment and adapting to it” (p. 150). That is, mainstream marketing adopts a contingency theory view of the environment (Zeithaml and Zeithaml 1984; Sheth et al 1988). Alternatively, the organisational theory and strategic management literature have suggested two explanations for the diverse structures and strategies that organisations develop in order to relate to their environment: a contingency approach and a neo-contingent or configurational perspective. Table 1.2 shows, for each discipline, the diverse approaches to understanding diversity and states this thesis’ position.

Initially, diversity was explained from a *contingency approach* (Burns and Stalker 1961). This position considers the environment as an objective and external entity, and argues that organisations relate to their environments by adapting to them (Lawrence and Lorsch 1967). The key notion is that the characteristics of the environment condition the performance of organisations. To achieve high performance, organisations

are expected to adapt their structure (and strategy), finding a fit that matches environmental conditions (Donaldson 2001).

Table 1.2: Approaches to Understanding Diversity

Approaches to Understanding Diversity	Managerial Discipline		
	Organisational Theory	Strategic Management	Marketing
	Contingency	Contingency	Contingency
	Configurations	Neo-contingency	Configurations -current thesis-

Source: developed for this thesis

The *configurational approach* resulted from efforts to develop a more encompassing form of contingency theory (Miller and Friesen 1977). The idea was to overcome the limitations of looking at bivariate relationships by shifting towards “relationships amongst organisational, environmental and decision-making variables” (ibid. p. 253). Fieldwork evidenced cases in which diverse successful structures were identified within a homogenous environment. These findings contradicted contingency theory and led to the statement that: “environment does not dictate the strategic response of successful firms” (Miller and Friesen 1978, pp. 931-32). Within the strategic management literature, Mintzberg et al (1998) asked “But, if the environmental imperative is really so strong, how is it that two organisations can operate successfully in a similar environment with very different strategies?” (p. 297). Pfeffer and Salancik (1978) argued, “the question of what the environment is, is meaningless without regards to the focal organisation which enacts it [...] If environments are enacted, then there are as many environments as there are enactors, which may explain why [...] different organisations [...] react differently to what appears to be the same context” (p.73). Miles and Snow (1978) identified four strategic types and “the *simultaneous* presence of Defenders, Prospectors, Analysers and Reactors *within* the same industry” (italics in original) (p. 120). These findings led academics in these fields to propose alternative reasons for diversity.

Configurations are defined as “tight constellations of mutually supportive elements” (Miller 1986, p. 236). In an equivalent manner, *neo-contingency* argues that “together, industry, strategy and management philosophy constitute a general framework for the analysis of organisational design and behaviour” (Snow and Miles 1983, p. 241). Though not identical, the configurational and neo-contingency perspectives are analogous. Four critical insights distinguish these efforts from the contingency approach. First, they develop multivariate frameworks where attention is drawn to the simultaneous and interacting effect of multiple variables, i.e. a holistic approach (Meyer et al 1993). Second, these variables build cohesive systems labelled configurations (Miller 1986) or strategic types (Snow and Miles 1983). Third, both approaches acknowledge that “each environment can contain several well-aligned configurations” (Ketchen et al 1997, p. 225). This concept is called equifinality (Meyer et al 1993; Doty et al 1993). Fourth, both re-conceptualise the role assigned to managerial assumptions by the contingency theory. Chapter 5 discusses the configurational approach in detail.

It is a contribution of this thesis to develop a marketing configurational framework and suggests a set of viable configurational profiles of marketing practices. In selecting the set of variables, it will draw on the insights from the management literature. As the thesis will show, in the marketing literature there is lack of debate and acknowledgement of: 1) the role of managers’ assumptions and its determinant: the frame of reference, and 2) the diverse conceptualisations of the nature of the environment. The proposed conceptual framework will draw attention to and describe the diverse types of frames of reference and the alternative views related to the conceptualisation of the environment, and show how these interplay with the alternative modes of marketing practices. These are combined into configurational profiles of marketing practices. The framework and the configurational profiles help to understand diversity and to report research that examines the interaction between these elements in a particular market context.

1.2. THE RESEARCH QUESTION

As stated, the purpose of the thesis is to understand the reasons for diversity of marketing practices across firms operating in the same market. In order to do so, the thesis argues that it is necessary to recognise alternative views to conceptualising the

environment (from the organisational theory and strategic management literature) and to adopt critical insights from the configurational approach. Specifically the variables adopted need to recognise the role played by managers' assumptions, the alternative ways of conceptualising the environment, and the different marketing practices. The central research question becomes:

How do managers understand the environment and how does it relate to the choice of a marketing practice?

Creswell (2003, p. 105) suggests breaking a central research question into a set of associated sub-questions that become the topics that guide the literature review and the empirical work. The first half of the research question (*how do managers understand the environment*) entails two topics; the first is related to managerial assumptions and the second to conceptualisations of the environment. This thesis' central question has been broken down into three associated sub-questions:

Sub-question 1: *What are the assumptions guiding managerial thinking and decision-making?*

Sub-question 2: *How has the environment been conceptualised?*

Sub-question 3: *How can the diverse types of marketing practices be characterised?*

1.3. METHODOLOGICAL APPROACH

The study adopts a mixed method approach (Creswell 2003), combining two in-depth case studies and the results of a survey instrument to measure marketing practices (the CMP questionnaire). Mixed methods are adopted mostly when there is no commitment to one philosophical system, the nature of the research question is exploratory, a holistic view is desired, and diverse research methods are combined (Creswell 2003). The interdisciplinary nature of the thesis requires taking into account that different disciplines tend to be based on different paradigms (Watson 1997). This leads to the adoption of a multi-paradigmatic stance (Hassard 1990, 1993) and pragmatic pluralism (Watson 1997) as the philosophical position.

The particular combination of qualitative case studies and a survey is labelled by Creswell (2003) as the concurrent nested approach. This means that both the qualitative and the quantitative data are collected concurrently but that there is one method that primarily guides the project (in this thesis, the case study). The case method is adopted as the predominant approach for three reasons: a holistic view is desired (Gummesson 2000), the researcher has little control over events (Yin 2003) and existing knowledge is limited (Bonoma 1985).

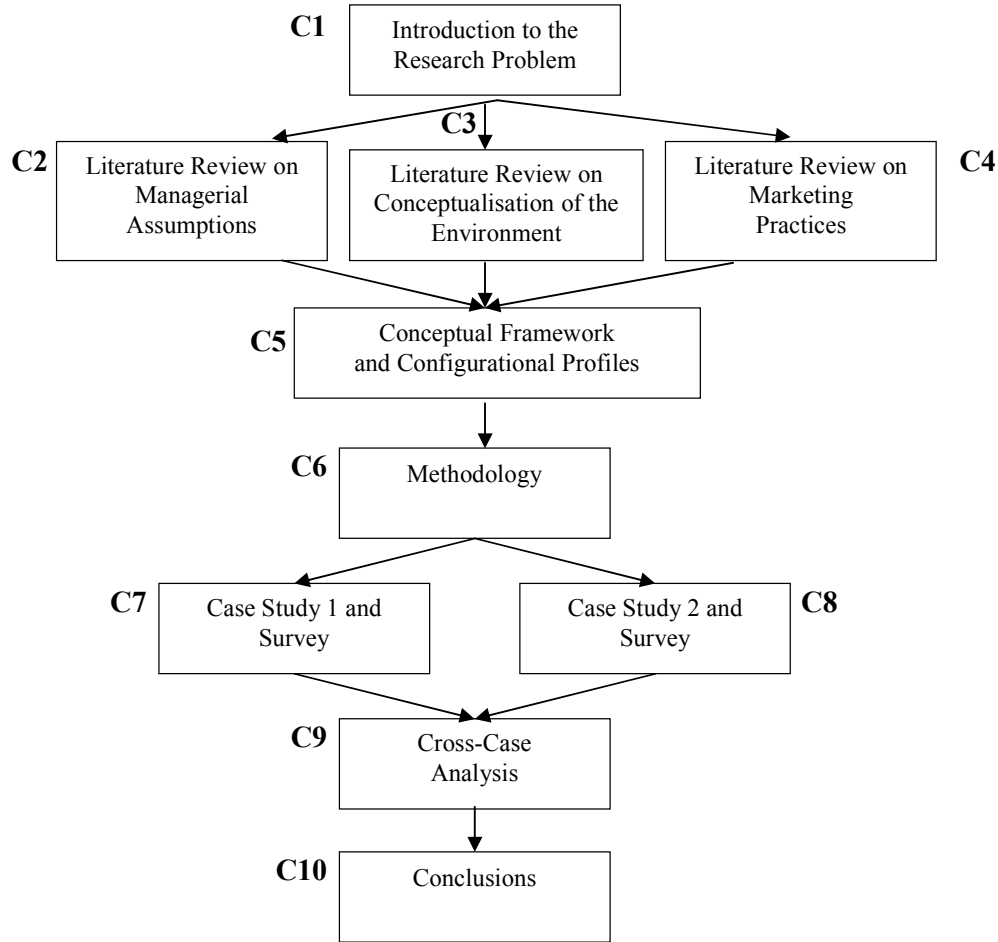
The case studies are chosen in order to compare firms using different marketing practices to address the same market (i.e. primary contextual setting) within the same macro environment (i.e. broad context). The market is value-added products for the upper-tier of the Bottom of the Pyramid market in Argentina. Prahalad (2005) defines the Bottom of the Pyramid (hereafter BOP) as the “4 billion poor -people who live on less than \$2 a day” (p. 3). Though the BOP will be described and discussed in Chapter 6 (Section 6.4.1), at this stage it is important to explain that in countries such as Argentina, 70% of the population earns US\$ 2,7 (or less) a day (CCR Group 2004, 2008), and that the BOP is divided into lower-tier BOP (socially excluded) and upper-tier BOP (lower classes). This thesis compares two cases dealing with value-added products for the upper-tier BOP market.

1.4. STRUCTURE OF THE THESIS

Figure 1.1 summarises and provides a visual overview of the thesis' chapters and structure. Chapter 1 (this chapter) introduces the thesis and provides a background to the study.

Chapter 2 addresses sub-question 1: *What are the assumptions guiding managerial thinking and decision-making?* Drawing on the limitations observed in marketing studies, it reviews the organisational theory literature on managerial assumptions and frame of reference and their impact on decision-making. It also presents a conceptualisation of frame of reference and identifies a categorisation.

Figure 1.1: Thesis Overview



Chapter 3 addresses sub-question 2: *How has the environment been conceptualised?* It reviews how the environment has been conceptualised within the marketing, organisational theory and strategic management literature and identifies and introduces a categorisation.

Chapter 4 addresses sub-question 3: *How can the diverse types of marketing practices be characterised?* The chapter discusses the marketing literature on the transactional-relational dichotomy. It identifies various classification schemes of marketing practices and justifies the adoption of the CMP categorisation.

Chapter 5 introduces the configurational approach and develops the thesis' conceptual framework. It explains the rationale for choosing the three adopted imperatives and presents their operationalisation and their categorisations. These are

integrated into the Marketing Configurational Framework, which allows suggesting four coherent combinations of Configurational Profiles of Marketing Practices.

Chapter 6 discusses the research approach, how the adoption of a pragmatic pluralist position relates to the research question, and the choice of the mixed method strategy. It discusses the research context and criteria for selecting the cases. The chapter addresses aspects of research design, the data gathering protocol, choice of analytical methods used in examining the data, and aspects germane to the quality of the research.

Chapter 7 and Chapter 8 present the BIMBO and Microsoft cases. The case histories are introduced first, and the data is then analysed, applying both an informed coding protocol (developed in Chapter 5 and discussed in Chapter 6) and a grounded approach (to provide researcher and method triangulation). Next, the standardised questionnaires are analysed. Finally, the individual cases' conclusions are discussed.

Chapter 9 moves from within-case analysis to the development of an aggregated picture. The cross-case analysis uses several data reduction displays that allow comparing and contrasting the cases both in terms of constructs and their underlying dimensions, and in terms of each case specific configurational profile.

Chapter 10 is the final chapter; it draws the research project together and arrives at a conclusion. It provides an integrated perspective of the findings from the case studies to answer the thesis' research question. It outlines the theoretical contributions and methodological reflections of the study and discusses its limitations and boundaries, followed by the presentation of the managerial implications and suggestions for future research .

CHAPTER 2

Managerial Assumptions

2.1. INTRODUCTION

This chapter discusses the nature and determinants of the assumptions which underlie managerial decision-making (including decisions about marketing practices). It will show how managerial assumptions are determined by the frame of reference of the dominant coalition.

Before moving into the literature review proper, it is useful to explain the role of theory and of the literature review in the mixed method approach, and to explain the role of the literature maps. Mixed methods researchers may use theory deductively, inductively, or identify theoretical lenses or perspectives to guide their study (Creswell 2003, p.140). This thesis adopts a deductive approach. The three literature review chapters are guided by the sub-questions and serve a similar purpose: they provide the foundation for the conceptual framework presented in Chapter 5. Specifically, Chapter 2 and Chapter 3 analyse and discuss managerial assumptions and conceptualisation of the environment within the marketing literature. They highlight the lack of focus on them and as a result, explore other managerial disciplines to identify appropriate conceptualisations that may be applied to the marketing field. The purpose of Chapter 4 is to highlight the current diversity of marketing practices as well as to identify and justify the appropriate categorisation of marketing practices.

Literature maps are a visual summary of the literature review process. They are a useful device when working with a new topic (Creswell 2003, p. 39) and can take different forms. In the three literature review chapters literature maps are presented as tables. The three tables will have the same structure: the first column will identify the key topics to be addressed; the second column will summarise the relevant references, schools or theories associated with the topic; the third column will highlight a summary of main points from the literature; and finally, the fourth column will highlight the research implications for marketing.

Table 2.1: Literature Map on Managerial Assumptions

Key Topics	Summary of the relevant references	Summary of main points from the literature	Research implications for marketing
Managerial Assumptions and Decision-making <i>Section 2.2.</i>	<i>Marketing References:</i> Nonaka and Nicosia (1979); Day and Nedungadi (1994); Håkansson and Snehota (1995); Webster (2005); Winklhofer et al (2006); Tollin and Jones (2009)	Managers' assumptions are important in decision-making	Relatively few studies in the marketing literature. Thus need to look at the org. theory literature
	<i>Organisational Theory References on:</i> <i>General studies:</i> Hambrick and Mason (1984); Shrivastava and Mitroff (1984); Gioia and Chittipeddi (1991); Oliver (1997). <i>More specific studies looking at decision-making in the 'same' environment:</i> Waddock and Isabella (1989); Antal et al (1997)	Managers' assumptions play an important role in decision-making, even in the 'same' objective environment	Importance of managerial assumption. Thus need to look at determinants of managerial assumptions
Determinants of Managerial Assumptions <i>Section 2.3.</i>	<i>Organisational Theory References on:</i> Frame of reference (Shrivastava and Mitroff 1983/1984) Organisational culture (Schein 1984 and Goodenough 1971) Dominant logic (Prahalad and Bettis 1986; Bettis and Prahalad 1995) Sense-making and sense-giving (Gioia and Chittipeddi 1991)	Frame of reference identified as the determinant of assumptions	Several definitions of frame of reference. Thus need to choose the appropriate conceptualisation
Frame of Reference <i>Section 2.4.</i>	<i>Organisational Theory References on:</i> Perspective (Mintzberg 1987) Frame of reference (Westenholz 1993; Shrivastava and Mitroff 1983/1984) Collective level of interpretation (Krepapa and Berthon 2003)	Shrivastava and Mitroff 1983/1984 conceptualisation identified as appropriate	

Source: developed for this thesis

The literature map for this chapter is presented in Table 2.1. Guided by sub-question 1: *What are the assumptions guiding managerial thinking and decision-making*, the literature review starts by addressing the topic of linkages between managerial assumptions and decision-making (Section 2.2). First, it looks at scholars within the marketing discipline. This literature identifies managerial assumptions as

important in decision-making but reveals that there are limitations to the debate in the marketing discipline. However, the concept has been more fully developed in the organisational theory literature, inviting further research. Second, it reviews the organisational theory literature, looking at general studies of managerial assumptions and decision-making as well as the more specific literature on decision-making when organisations operate in what appears to be the same environment. The review reveals the topic of managerial assumptions as important in decision-making even when in the 'same' environment, inviting a look at the determinants of managerial assumptions (Section 2.3). The review of the diverse terms adopted in the management literature leads to the concept of a managers' 'frame of reference'. Section 2.4 involves reviewing the different definitions of frame of reference and justifies the choice of Shrivastava and Mitroff's (1983, 1984) conceptualisation. The chapter will close with a section that summarises the literature review associated with this sub-question (Section 2.5).

2.2. MANAGERIAL ASSUMPTIONS AND DECISION-MAKING

2.2.1. Marketing Literature

Within the marketing literature there are no studies that address the topic of managerial assumptions and choice of marketing practice. There are, however, a few studies that have addressed the topic of managerial assumptions and decision-making, which highlight the relevance of managerial assumptions in marketing decision-making.

Nonaka and Nicosia (1979) asked: who provides the decision-maker with the premises that are relevant to the problem at hand? Day and Nedungadi (1994) researched how managers make sense of their complex and fluid competitive market arena and then decide where and how they have achieved a competitive advantage. Håkansson and Snehota (1995) discussed the issue of perspective and approach in managerial actions within industrial markets. Krepapa and Berthon (2003) were focused on interpretative diversity and market learning. However, their work is consistent with this thesis', as one of the central concerns in the learning process is to "understand how managers in organisations construct meaning and then exploring how that reality provides a context for organised action" (p. 190). Webster (2005) sought to

answer why things happen the way they do in a particular organisation. Winklhofer et al (2006) examined the relationship orientation of the buying firm towards key suppliers by looking at the organisation's culture, and Tollin and Jones (2009) sought to develop an understanding of the way management logics impact on decision-making, at the individual level (i.e. the chief marketing executive).

These studies show that managers differ in terms of the mental models they use to represent the competitive advantages of their businesses, the types of representations they adopt, and the type of information they rely on to assess their competitive advantages. They highlight that: 1) decisions may largely be shaped by characteristics of the schemata or simplifying frameworks used (Day and Nedungadi 1994); 2) value systems and beliefs guide the actions of the organisation's members (Webster 2005); 3) assumptions drive values and, in turn, values impact on artefacts and behaviour (Winklhofer et al 2006); 4) the frame of reference adopted affects the way in which the problems in different situations is perceived and acted upon (Håkansson and Snehota 1995); and 5) logics (i.e. frame of reference, cognitive logics, perceptual maps) influence how managers interpret, react and respond to events (Tollin and Jones 2009).

Two additional aspects are common in these studies: first, they are grounded in the organisational theory literature and, second, they recognise that these are questions that the marketing literature tends to ignore (Nonaka and Nicosia 1979, p. 278) or that have only been sporadically applied in marketing (Tollin and Jones 2009, p. 525). Webster (2005, pp. 5-6) concludes with an invitation to develop measures, which will inevitably be less precise, for marketing at the cultural level if we are to understand marketing as an integrated body of knowledge and practice.

Though few, these studies are relevant because: 1) they highlight the importance of managerial assumptions (i.e. mental models, frameworks, beliefs, and assumptions) in decision-making; 2) they recognise the limited debate in the marketing discipline, and; through their references, 3) they suggest shifting the literature review towards organisational theory.

2.2.2. Organisational Theory Literature

Several organisational theory scholars have called attention to the topic of managerial assumptions and their impact on decision-making. This section first reviews studies that have discussed managerial assumptions and decision-making in general, and, then, studies that have addressed the role of managerial assumptions in decision-making within the apparently ‘same’ environment.

Studies have asked such questions as why organisations act in a particular way (Hambrick and Mason 1984), what the role of strategic change is, and what the CEO’s role in instigating it is (Gioia and Chittipeddi 1991). The studies conclude that organisational outcomes are a reflection of the values and cognitive bases of powerful actors within the organisation (Hambrick and Mason 1984). Moreover, the cognitive base and values affect the manager’s field of vision, selectivity, and subsequent interpretation process, thus “directly entering in the strategic choice” (Hambrick and Mason 1984, p. 195). Gioia and Chittipeddi (1991) argue that sense-making (of the internal and external environment) and sense-giving (i.e. vision) depend on the interpretation of information and events by people. Understanding and action therefore, depend upon the meaning assigned to any set of events. Hence, strategic action derives from the framework of meaning ascribed by organisational members.

These studies show that researchers need to identify the managers’ assumptions in organisational decision-making in order to understand better the processes that lie behind the decisions they make. There is the concern that, in their attempt to structure and simplify this complex organisational phenomenon, organisational theory obscures the richness and complexity of the set of assumptions that managers make (Shrivastava and Mitroff 1984, p. 18).

For these authors, assumptions shape: 1) problem formulation; 2) collection and interpretation of information that goes into strategy formulation; 3) identification of alternatives; and 4) choice of the final solution.

Other scholars have addressed the institutionalisation aspects associated with assumptions (Oliver 1997). Institutionalisation signifies “actions that tend to be enduring, socially accepted, resistant to change, and not directly reliant on rewards or monitoring for their existence” (ibid, p. 699). It implies something deeper and more ongoing, which differs from short-term actions that have shallow roots in the

organisation and represent no more than a short-term adaptive response, for example, to ephemeral pressures brought about by sudden exposure to heightened competition. The habituation aspect of institutionalisation is of particular interest to this thesis. Habituation stands for the adoption of routines that can be easily reproduced leading to their repetitive and habitual use, including rules and heuristics for decision-making and practice so that they become infused with intrinsic value as part of the organisation's culture, history and identity (Scott 1995).

All of the above studies are relevant because they reveal the importance and enduring nature of managerial assumptions, values, and meaning systems in decision-making. However, there are studies more closely related to this thesis' research question. These ask if beliefs about the environment and strategy interact to influence performance outcome. For example, Waddock and Isabella (1989) run a simulation game in collaboration with bankers in an 'objective' controlled initial environment concluding that,

“a number of different generic types of strategies may be equally effective, just as both Miles and Snow (1978) or Porter (1980) have concluded [...] to say the least, this finding does not bode well for the environmental fit theories [...]. These results indicate that it is important for future research to consider how internal strategic actors view the environment as well as to look at external indicators of the environment. The actual impact of beliefs on behaviours by individuals within organisations requires explicit attention” (ibid, pp. 628-9).

Another case is Antal et al's (1997) study of companies operating in the same environment and having access to the same management techniques that pick up signals with different levels of sensitivity. They conclude that it is necessary to look deeper into the organisation itself to understand what enables companies to perceive signals that are, technically, in their range of sight.

These studies are important because they show that, even when environments are the 'same,' managerial assessment, beliefs and culture play a role, suggesting the need to take a more attentive look at the determinants of managerial assumptions.

2.3. DETERMINANTS OF MANAGERIAL ASSUMPTIONS

In this section, the determinants of managerial assumptions will be discussed in more detail. Different terms (based on each author's school) have been used to express equivalent concepts; these idioms shall be examined in order to identify which is best aligned with the thesis' central research question.

Mintzberg's (1987) directory of concepts from other fields clearly captures the diversity of terminology used to refer to the way people understand their world:

“psychologists refer to an individual's mental frame or cognitive structure when addressing the ‘relatively fixed patterns for experiencing [the] world’ (Bieri 1971); anthropologists refer to the ‘culture’ of a society; sociologists use the term ‘ideology’; behavioural scientists, refer to the ‘paradigm’ of a community of scholars (Kuhn 1970); and Germans perhaps capture it best with their word ‘Weltanschauung’, literally ‘worldview’, meaning collective intuition about how the world works” (inverted commas in original) (ibid, p. 16).

In the managerial disciplines, the following terms have been used to refer to this type of understanding: frame of reference, organisational culture (as an organisational variable or as a root metaphor¹), dominant general management logic and sense-making. Table 2.2 provides a definition of each term. Next, these are compared and a justification for adopting the concept of frame of reference is provided.

Table 2.2: Assumptions: Related Terms and Definitions

Terms and Authors	Definitions
Frame of reference Shrivastava and Mitroff (1983/1984)	Frame of reference is defined as the assumptions that underlie decision-making in organisations...frame of reference provides the conceptual schemes, models, or theories and cognitive maps that the inquirer uses to order all information and to make sense of it (1983, p. 163).
Dominant general management logic Pralhad and Bettis (1986), Bettis and Pralhad (1995)	Dominant general management logic is defined as the way in which managers conceptualise the business and make critical resource allocation decisions -be it technologies, product development, distribution, advertising or human resource management-... its influence is pervasive...it predisposes the firm to certain kinds of strategic outlooks...it is determined by the frames of reference (p. 490).

¹Other academics have suggested other terms but these two are adopted in most anthropological/organisational reviews

Culture, as a root metaphor or cognitive perspective Goodenough (1971)	Culture is defined as the ways in which people have organised their experience of the real world so as to give it structure as a phenomenal world of forms, that is, their precepts and concepts (p. 28).
Sense-making and sense-giving Gioia and Chittipeddi (1991)	Sense-making and sense-giving are defined as the process by which the CEO develops a sense of the organisation's internal and external environment and defines a revised conception of the organisation (via a process that is labelled sense-making). Following this interpretative work by the CEO (or top management team), some abstract 'vision' of the organisation evolves and is disseminated to stakeholders and constituents (via a process labelled sense-giving) (p. 434).

Source: developed for this thesis

This thesis adopts frame of reference as the determinant of management assumptions as it underpins all of the other concepts. Frame of reference relates to a mindset that guides decision-making. Dominant general management logic is a broader concept that deals with overall business conceptualisation and is determined by the frame of reference. Culture is yet wider, a phenomenon that permeates the entire organisation. Sense-making is different in that it focuses on the CEO's process of forming a perception of the environment. Sense-making is underpinned by CEO's schema.

2.4. DEFINING FRAME OF REFERENCE

There is a distinction between *frame* and *schema*. Schema belongs to the individual while frame belongs to the group (Mintzberg et al 1998). Thus, an important point to discuss is: "whose frame of reference?"

When studying an organisation's strategic choices, the cognitive maps of the dominant decision-making group (Child 1997) are central. Prahalad (2004) has referred to it as the organisation's DNA. The explanation provided is that this occurs due to selection and socialisation processes, thus team members have very similar ways of perceiving and responding (Jablin 1997; Sutcliffe and Huber 1998). The top management team or dominant coalition of the organisation have been defined as the chief executive and those managers s/he defines as his/her top management team (which may also be responsible for autonomous subsidiaries or autonomous divisions) (Bourgeois 1985; Dess 1987; Hambrick and Mason 1984). In this thesis, the frame of reference will be analysed (in the case studies) through the lenses of the top management group of the decision process under study.

Several marketing, organisational theory and strategic management academics have applied the concept of frame of reference using different terminology. Unfortunately, there is still no agreement in this sense (Calori et al 1994). These alternative views are: perspective (Mintzberg 1987), frame of reference (Shrivastava and Mitroff 1983; Shrivastava and Schneider 1984; Westenholz 1993), and collective level of interpretation (Krepapa and Berthon 2003). Krepapa and Berthon are amongst the few who have discussed this topic within the marketing literature. Table 2.3 summarises the main terms and definitions used for this concept.

Table 2.3: Frame of Reference: Related Terms and Definitions

Terms and Authors	Definitions
Perspective Mintzberg (1987)	This definition of strategy looks inside the organisation, indeed inside the heads of the collective strategist. Here, <i>strategy is a perspective</i> , its content consisting not just of a chosen position, but of an ingrained way of perceiving the world [...] What is of key importance about this definition, however, is that the perspective is <i>shared</i> . As implied in the words Weltanschauung, culture, and ideology (with respect to a society) or paradigm (with respect to a community of scholars), but not the word personality, strategy is a perspective shared by the members of an organisation, through their intentions and/or actions (pp.16-17).
Frame of reference Shrivastava and Mitroff (1983, 1984)	The concept of frame of reference, as proposed here, describes the assumptions that underlie decision-making in organisations. Just as multiple paradigms underlie different theories of organisations, different frames of reference underlie different organisational decisions (ibid. 1984, pp. 18-19).
Frame of reference Shrivastava and Schneider (1984)	Frame of reference can serve as an integrative framework for tying together the literature on beliefs, values, ideologies, cognition and assumptions [...] and is proposed as a framework for examining cognition underlying strategic decisions (p. 796).
Frame of reference Westenholz (1993, follows Bartunek 1988)	Frames of reference are individual strategies for making sense out of situations. Often, it is also perceived as 'frame', 'scheme', or 'worldview'. It represents a generalised term for cognitive structure and includes several components, including general knowledge about the domain, specifications of its attributes and the relationship among them, and specific instances, or examples of the domain (inverted commas in original) (p. 40).
Collective level of interpretation Krepapa and Berthon (2003)	Collective level of interpretation is the interactive interpretation of information amongst decision-makers and is defined as the 'process of translating events and developing shared understanding and conceptual schemes amongst members of top management [...] collective level interpretation invokes frames or shared knowledge structures which function (1) as categories that group members use to collectively match information against previous held knowledge, and (2) as mechanisms linking the individual members' interpretation into a collectively shared meaning and understanding of the information (pp.189-190).

Source: developed for this thesis

Shrivastava and Mitroff (1983, 1984), Westenholtz (1993) and Krepapa and Berthon (2003) argue that the individual stays within his or her existing frame of reference. Thus, the individual is perceived as not being capable of seeking outside information because the existing frame of reference entails a spontaneous self-referential or self-production process. In this view, assumptions are not filters (or distortions) to understanding but rather the underlying explanation as to why different alternative approaches are found.

Though Westenholtz' study is more recent, Shrivastava and Mitroff's definition is aligned to Mintzberg et al's (1998) distinction between schema and frame, which this study follows. Krepapa and Berthon's (2003) definition of collective level of interpretation is similar to that of frame of reference provided by Shrivastava and Mitroff. Both recognise the importance of the source, the kind of information and the degree to which an a priori logic is used to provide structure to the problems, but Krepapa and Berthon's definition has not been tested empirically. Given the clarity with which Shrivastava and Mitroff define frame of reference, the fact that they have developed an operationalisation of the concept, that they have tested it and that they have suggested a frame of reference typology, this thesis will be grounded in their research.

2.4.1. Components of a Frame of Reference

Shrivastava and Mitroff (1983, 1984), building on the research by Holzner et al (1979)², identify six components of a frame of reference (hereafter FoR) that they consider useful to study managerial assumptions: cognitive operators, cognitive elements, set of reality tests, cognitive maps of the domain of inquiry, degree of articulation, and metaphors. Shrivastava and Mitroff define them as:

Cognitive operators refer to the method by which individuals order and rearrange information and make meaning out of the mass of data they receive. They include classification schemes, models, analytical devices, and common-sense theories by which the individual orients him/herself to the domain of inquiry. Problem formulation and problem-solving strategies and procedures may be institutionalised in

²Holzner et al studied the FoR in diverse fields such as psychiatry, criminal law, academic sociology, etc.

formal systems and decision-making processes or they may be informal practices and rules of thumb (Schneider and Shrivastava 1988).

Cognitive elements constitute the most basic units of a person's belief system, including, among other things, those ideas, notions, concepts, bits of data, and assumptions that are taken for granted or regarded as so basic that they are beyond doubt, they are *the* source of valid information. They are the fundamental units of information that support a person's inquiry system. In this sense, cognitive elements are actually a reflection of an individual's preferences for a commitment to a particular kind of experiential base as a source of valid information, which will lead to a selective search and acquisition of information (Weick 1979). Besides the preference for certain types of information, cognitive elements also include the intellectual commitments of the decision maker. The conflict between individual and organisational commitment, goals, and objectives is an important dimension of the intellectual commitment of the decision maker (Mintzberg 1979).

Set of reality tests are the symbolic representations used to validate knowledge and the process of inquiry. In other words, they represent the "realness" of the cognitive elements and cognitive operators. They are the socially negotiated and symbolically represented definitions of what the inquirer considers legitimately real.

Cognitive maps of the domain of inquiry refer to the inquirer's assumptions about the scope of the inquiry and the nature of its boundaries. The domain of inquiry represents the breath of inquiry of the entire set of cognitive maps that individuals use to inquire in general.

Degree of articulation Shrivastava and Mitroff state that degree of articulation is not a component of the frame of reference but refers to the degree to which the assumptions embodied in the other four elements have been articulated and codified.

Metaphors permit the symbolical reconstruction of the organisational world.

In 1983, these scholars studied strategic decisions in 32 organisations and identified four prototypical frames of reference: Entrepreneurial FoR, Bureaucratic FoR, Professional FoR, and Political FoR. These archetypical FoRs will be described in Chapter 5 (Section 5.4.2.1). This study is particularly relevant to this thesis. First, the results provide evidence that there are at least four alternative frames of reference that determine managerial assumptions and subsequently, decisions. Second, Shrivastava

and Mitroff suggest indicators of each component of the frame of reference and these will be used to help interpret the case studies in this thesis.

2.5. CHAPTER SUMMARY

This chapter examined the literature with regard to assumptions guiding managerial thinking and decision-making (the first sub-question). First, the marketing literature review revealed that managerial assumptions are central to decision-making and that marketing scholars have not dwelt on the topic as much as scholars from other managerial disciplines, inviting more in-depth study of the topic. Next, diverse determinants of managerial assumptions were presented and reviewed, and the thesis' adoption of the concept of frame of reference was justified. Finally, Shrivastava and Mitroff's conceptualisation of frame of reference was introduced. It revealed that frame of reference is underpinned by different components and that these can be categorised into four types: Entrepreneurial, Bureaucratic, Professional, and Political.

The next chapter reviews the literature on the conceptualisation of the environment.

CHAPTER 3

Conceptualisation of the Environment

3.1. INTRODUCTION

This chapter examines how the environment has been conceptualised. While the thesis' focus is on the market context of the firm, in other disciplines, research generally focuses on the environment context. Nevertheless, as will be explained, their research is relevant for understanding how firms relate to their market and more specifically, why a diversity of marketing practices exists in a market.

The literature map for this chapter is depicted in Table 3.1. Guided by the second sub-question: *How has the environment been conceptualised?*, the literature review starts with the emergence of the environment's importance in decision-making (Section 3.2). Next, Section 3.3 looks at conceptualisations of the environment within the marketing discipline. The review highlights that, in the marketing literature, there are few direct references to the topic. Three different approaches are elicited and discussed, namely, the passive, the environmental determinism and the interactive approaches. The review continues by discussing the organisational theory and strategic management literature (Section 3.4), which shows that there is a clear acknowledgment of diverse conceptualisations of the environment, leading to three approaches: environmental determinism, enacted environment and interactive. The plurality of approaches suggests the need to choose the appropriate categorisation. Weick and Daft's (1983) model of organisational interpretation modes is identified as an appropriate categorisation (Section 3.5). The chapter closes with a section that summarises the literature review associated with the second sub-question and draws overall conclusions (Section 3.6).

Table 3.1: Literature Map on the Conceptualisation of the Environment

Key topics	Summary of the relevant references, schools and theories	Summary of main points from the literature	Research implications for marketing
The Environment and decision-making <i>Section 3.2.</i>	<i>Organisational Theory and Marketing References:</i> Dill (1958); Thompson (1967); Duncan (1972); Alderson (1957); Thorelli (1995); Sheth and Sisodia (1999)	Importance of the environment in decision-making	Need to understand the diverse conceptualisation of the environment in the marketing literature
Conceptualis of the Environment: the Marketing Perspective <i>Section 3.3.</i>	<i>Marketing Schools:</i> Formative Marketing, Marketing Management, Inter.org Approach, Relationship Marketing, Service Marketing, RBV-RA	Few direct reference to the environment found in the marketing literature Three elicited positions: - Passive - Env. determin. - Interactive	Invitation to look at org. theory & strategic management literature
Conceptualis. of the Environment: the Organisational Theory and Strategic Management Perspective <i>Section 3.4.</i>	<i>Organisational Theory and Strategic Management Schools/Theories:</i> Contingency, Pop. Ecology, Institutional, Linear, Rational, Strategic Planning, Muddling Through, Garbage Can, Incrementalism, Culture, Interpretative, Cognitive, Entrepreneurial, Vision, Structuration, Chaos Theory, Org. Ecology, Resource Dependence, Configurations, Neo-Contingent	Plurality of conceptualisations found in the org. theory and strategic management literature Three positions: - Env. determin. - Enacted env. - Interactive	The plurality of conceptualisations suggests the need to choose a categorisation
Conceptualis. of the Environment: a Categorisation <i>Section 3.5</i>	<i>Organisation Theory Reference:</i> Weick and Daft (1983, 1984)	Model of Organisational Interpretation Modes	

Source: developed for this thesis

3.2. THE ENVIRONMENT AND DECISION-MAKING

Early writings in management theory treated the organisation as a closed system (Thompson 1967, pp. 4-6) and centred on understanding how the organisation worked from within. Taylor's (1911) scientific management approach, Weber's (1947) bureaucratic model and Fayol's (1949) classical management theory did not look outside the organisation. They focussed on efficiency aspects and their aim was to identify an organisational model that could best be applied to all organisations, in all situations.

It was Dill (1958) who invited academics from administrative science to pay more attention to environmental factors and their constraints on the organisation's structure and its behaviour:

“until we can identify relevant environmental variables and can predict their impact on behaviour, we cannot know how findings about behaviour in one situation must be modified if they are to serve as prescriptions for behaviour in other situations subject to different environmental ‘demands’” (inverted commas in original) (ibid, p. 409).

Dill was not alone in his concern; in marketing, Alderson (1957) conceptualised marketing organisations as ‘the entities which operate in the marketing environment’.

The environment was defined as “the relevant physical and social factors outside the boundaries of the organisation or specific decision units that are taken directly into consideration during organisational decision-making” (Duncan 1972, p. 314). Thompson (1967) suggests identifying degrees of relevance to the organisation within the environment. In this way, suppliers, regulatory agencies, customers and competitors (task) are more relevant than political and economic factors (general) because the former are ‘closer’ to the organisation and it is assumed they will have a higher impact. Thorelli (1995) describes the environment as a continuum that starts with the *extra-environment* (identified as those areas of the total environment that are negligible or have zero relevance to the organisation), the *macro-environment* (that includes such factors as the general social, economic, political and technological climate in which the organisation finds itself operating), the *task environment* (seen as that part of the total setting within which the organisation is transacting and competing), the *auto-setting*

(the broader organisation of which the unit under study is a semi-autonomous part) and, finally, the *organisation* proper.

These references highlight the need to take the environment into account in decision-making.

3.3. CONCEPTUALISATION OF THE ENVIRONMENT: THE MARKETING PERSPECTIVE

This section reviews the articles that discuss the environment within the marketing literature and suggests a classification of marketing schools based on their conceptualisation of the environment. First, the few articles that explicitly address topics associated with the environment are discussed; next, the criteria for identifying marketing schools of thoughts is stated. Then, the list of schools is provided and they are classified according to their implicit conceptualisation of the environment. Finally, the classification of each school is discussed. (Note, it is important to anticipate that the discussion of the emergence of diverse marketing schools and their classification with regard to their suggested marketing practice is presented in Chapter 4, Sections 4.2 and 4.3 respectively).

Marketing articles addressing environmental issues normally focus on other environment-related topics. Some examples are the study of the impact of environmental changes on marketing organisation (Ruekert et al 1985; Achrol 1991; Workman et al 1998) and studies of environmental changes / projections (Laczniak and Lusch 1986). Amongst the few that explicitly address the environment are the studies of Zeithaml and Zeithaml (1984), Varadarajan et al (1992) and Brownlie (1994).

Zeithaml and Zeithaml (1984) state that marketing theory should explicitly adopt a proactive, entrepreneurial orientation to the management of the external environment. Moreover, they argue that marketing strategies can be implemented to change the context in which the organisation operates. Varadarajan et al (1992) analyse both environmental determinism and strategic choice in marketing, concluding that, “at the extreme, both perspectives are caricatures; reality lies somewhere in-between” (p. 40). Finally, Brownlie (1994) discusses the importance of environmental scanning. All draw on the organisational theory literature.

Because limited research attention has been paid explicitly to the nature of the environment in marketing (Zeithaml and Zeithaml 1984), this review addresses the implicit conceptualisation of the environment assumed by each of the main marketing schools of thought, i.e. re-configuring the literature (Saren 2005).

To distinguish between different schools of thought, the thesis draws on the characteristics identified by Sheth et al (1988). A school of thought must: 1) have a distinct focus relevant to marketing goals and objectives, specifying who will or should benefit from marketing activities and practice; 2) also have a perspective on why marketing activities are carried out or should be carried out by the stakeholders; and finally 3) a school of thought should be associated with a significant number of scholars who have contributed toward the thought process.

Based on the reviews of Sheth, Gardner and Garrett (1988), Möller (1992), Kerin (1996), Saren (2000), Baker (2000), Wilkie and Moore (2003), Vargo and Lusch (2004), Shaw and Jones (2005) of the last 75 years of research in the discipline, the following schools of thought are identified: Formative Marketing (Commodity, Functional and Institutional Marketing); Marketing Management (Functionalist and Strategic Marketing); Consumer Behaviour; Inter-organisational (Organisational Dynamics, Channel and Industrial Marketing); Macro-Marketing; Critical Marketing; Relationship Marketing; and Service Marketing. The thesis also includes the Resource-Based View (RBV), which was not identified in the earlier reviews.

Table 3.2 classifies the marketing schools of thought in terms of the conceptualisation of the environment they explicitly or implicitly adopt. The review highlights three approaches: first, schools that ignore the environment (labelled passive³); second, schools that conceptualise the environment as an external objective entity (labelled as environmental determinism⁴); and finally, schools that consider the environment to be interactive with the organisation (labelled interactive⁵). This classification will be discussed and developed in the next three subsections.

As in any classification, several limitations must be accepted. First, in order to maintain a manageable treatment of the schools, a high abstraction level in profiling is taken that leads to major simplifications; thus details are forsaken in order to gain comparative clarity. Second, this kind of analysis is always interpretative and another

³ This term was adopted from Daft and Weick (1984, p. 288)

⁴ This term was adopted from Zeithaml and Zeithaml (1984, p. 48)

⁵ This term was adopted from Child (1997, p. 58-59)

researcher might make different choices in linking work to schools and to approaches, particularly as there are few direct references to the topic. Frequently, the conceptualisation of the environment is revealed when addressing the environment-organisational relationship. Third, the focus is on schools adopting the perspective of the firm. This means excluding consumer behaviour, societal aspects of marketing (e.g. macro-marketing, critical marketing) and more general conceptualisations of marketing and the marketing process. The contribution of the classification is that it allows the identification of three approaches to the understanding of the environment.

Table 3.2: Marketing Schools by Conceptualisation of the Environment

<i>Marketing Schools</i>	<i>Type of Conceptualisation of the Environment</i>
Formative Marketing (Commodity, Functional, Institutional)	Passive (Section 3.3.1)
Marketing Management (Functionalist, Strategic Marketing)	Environmental Determinism (Section 3.3.2)
Inter-organisational (Organisational Dynamics and Industrial Marketing, Channel), Relationship Marketing, Service Marketing, RBV / Resource-Advantage Theory of Competition	Interactive (Section 3.3.3)

Source: developed for this thesis

3.3.1. Passive

The schools listed under this approach do not debate the environment. Variouslly labelled as founding era (Wilkie and Moore 2003), formative marketing thought (Vargo and Lusch 2004) or traditional approaches (Shaw and Jones 2005), the commodity (Rhoades 1927), functional (Shaw 1912), and institutional schools (Weld 1916) are characterised as descriptive. Scholars from these schools were silent with regard to the environment; i.e. it is not taken into account.

3.3.2. Environmental Determinism

The set of schools included in the environmental determinism approach explicitly (or implicitly) consider the environment. Vargo and Lusch (2004) join the work of Alderson and that of the strategic marketing scholars under the all-embracing

umbrella of the marketing management school (e.g. Smith 1956; Levitt 1960; McCarthy 1960; Borden 1964; Kotler 1967; Walker and Ruekert 1987; Kolhi and Jaworski 1993).

These schools argue that marketing is essentially about understanding the consumer's needs and developing a marketing mix that fulfils them. In Kotler's terms (1980):

“the marketing concept is a management orientation that holds the key to achieving organisational goals [and] consists of the organisation determining the needs and wants of target markets and *adapting itself to delivering* the desired satisfaction more effectively and efficiently than its competitors” (italics added) (p. 22).

Links have been established between the marketing management school and the view that the environment is external, given, and that marketing strategies are adaptive responses (Zeithaml and Zeithaml 1984; Brownlie 1994). This is keeping with contingency models and is a deterministic view of the environment. Organisational survival has less to do with what managers do, than with what the immutable evolutionary forces of natural selection permit (though some range of adaptability is recognised) (Brownlie 1994, p. 150). The domain of marketing activity starts at a point where a system of environmental constraints has been defined for the organisation; these are sets of exogenous variables, treated as uncontrollable factors, within which marketing functions and practices must operate (Sheth et al 1988, p.138) and where company-controlled variables can be adjusted to optimise *the fit* between the environment and the organisation (Zeithaml and Zeithaml 1984, pp. 46-47).

3.3.3. Interactive

Schools and academics classified under this approach do not conceptualise the environment as a set of constraints; they see an interaction between the organisation and the environment. Four schools of thought may be distinguished that adopt this view: the inter-organisational, relationship marketing, service marketing and RBV/resource-advantage theory of competition.

The inter-organisational school includes academics addressing inter-organisational dynamics (Arndt 1979; Thorelli 1986; Webster 1992), channel management (Anderson and Narus 1990, 1991) and industrial goods (Dwyer et al 1987;

Morgan and Hunt 1994), as well as scholars involved in the IMP group (Håkansson 1982; Möller and Wilson 1995; Håkansson and Snehota 1995; Ford 2008). These scholars question the universality of the assumptions embedded in the marketing management school about the environment and the associated environment-organisation relationship. These academics argue that companies are ‘connected’ and that they operate within a ‘texture of interdependencies’ and suggest the adoption of an interactive approach (Håkansson and Snehota 1989, 1995; Ford 2008). The focus is on process rather than the outcome (Arndt 1979) and on buyer-seller interdependence (Webster 1992). The concept of inter-organisational interdependence leads to the introduction of the concept of networks (Thorelli 1986). An example is Håkansson and Snehota’s (1989) article “No Business is an Island”. The article depicts the organisation’s embeddedness in its context,

“the network approach seems to open up a quite new way of conceptualising companies with markets [...] The establishment and development of an inter-organisational relationship requires a ‘mutual orientation’” (inverted commas in original) (pp.529-530).

The relationship marketing school is difficult to define (Buttle 1996; Sheth and Parvatiyar 2000; Möller and Halinen 2000). A spectrum of degrees of interaction can be identified: at one extreme is the CRM-based view where the selling firm seeks to ‘manage’ relationships through diverse two-way communication tools and, at the other end, a more dyadic approach is adopted and the focus is put on co-creating value. The relationship marketing literature does not explicitly address the topic of the environment, but it has a strong dialogic emphasis.

In service marketing, the term ‘relationship marketing’ is often used and positioned in opposition to the transactional view of marketing (Berry 1983). Though the customer satisfaction tools developed by the service marketing school are very much built from an ‘understand and adapt’ point of view, the Nordic School of Services is very clear in their environment-organisation relationship position: “relationship marketing is marketing seen as relationships, networks and interactions” (Gummesson 1999, p.1).

Day (1994) brought the resource-based view (RBV) of the firm into the marketing discipline (e.g. Fahy and Smithee 1999; Srivastava et al 2001). Though the

RBV focuses mainly on internal aspects, its emphasis on capabilities necessarily introduces environmental considerations.

“On the contrary, the choice of which capabilities to nurture and which investments commitments to make must be guided by a shared understanding of the industry structure, the needs of the target customer segment, the positional advantages being sought, and the trends in the environment” (Day 1994, p. 14).

The resource-advantage theory of competition school (Hunt 2000, 2002) argues that “instead of the firm’s environment, particularly the structure of its industry, *strictly determining* its conduct (strategy) and its performance (profits), environmental factors *only influence* conduct and performance” (italics added) (Hunt 1995, p. 324), and concludes that all firms in an industry will not adopt the same strategy -nor should they.

Overall, the marketing literature review reveals that there is a limited debate on the conceptualisation of the environment, that often it is implicit and that direct references to the topic suggest looking at the organisational theory and strategic management literature. Thus, the next section reviews the literature in these disciplines.

3.4. CONCEPTUALISATION OF THE ENVIRONMENT: ORGANISATIONAL THEORY AND STRATEGIC MANAGEMENT PERSPECTIVES

This section reviews the articles that discuss the environment within the organisational theory and strategic management literature. In organisational theory and strategic management, the 1960’s and 1970’s highlighted the importance of the environment and tried to characterise it. The 1980’s raised the question: is there an objective external environment? Organisational theorists (e.g. Berger and Luckmann 1967; Weick 1979; Bourgeois 1980; Weick and Daft 1983) and strategic management scholars (e.g. Smircich and Stubbart 1985; Mintzberg 1987) tried to answer this question. As discussed in Chapter 1, Brownlie’s (1994) review highlights two conceptualisations of the environment; the objective environment and the subjective environment. In the first case, “the construct ‘environment’ corresponds to some freestanding material entity which is independent of the observer, concrete, external and tangible” (inverted commas in original) (Brownlie 1994, p.144). On the other hand, the environment is conceived of as a “*mental representation embodied in a cognitive*

structure which is enacted in retrospect and fashioned out of the discrete experiences of managers” (italics in original) (Brownlie 1994, p.147). Brownlie concludes that he “believes there to be a bit of wisdom in all these points of view” (ibid. p.147). These conceptualisations led to three approaches: environmental determinism, enacted environment⁶ and interactive.

Before discussing these approaches, it is important to make certain clarifications with regard to this literature review. First, the authors, schools of thought and theories reviewed are interested in topics independent of the environment (e.g. organisational change or achievement of superior performance). Often, it’s in the debate of this *other* area of interest that the nature of the environment is discussed, frequently, within the debate on the environment-organisation relationship. Second, this section reviews schools, approaches and scholars with regard to their contribution to the environment debate, thus it does not provide an exhaustive review of all schools of thought and theories within these disciplines. Third, reviewing the strategic management literature presents a challenge analogous to the situation in marketing, thus the thesis draws from Chaffee’s (1985), Mintzberg’s (1973), Hart’s (1992) and Mintzberg et al (1998) classifications.

3.4.1. Environmental Determinism

Several organisational theory and strategic management scholars consider that the environment has a central role, have conceptualised it as given, external, and a source of conditionings (Dill 1958).

From this view, the primary context boundaries are given and the manager’s task is to conduct a systematic environmental analysis of opportunities/threats (Andrews 1971). Central to this view is the identification of possible sources of distortions or perceptual filters to a correct reading of the external environment. Bounded rationality and corporate culture are the most referenced causes of potential perceptual myopia (March and Simon 1958; Cyert and March 1963). For this approach, boundaries are pre-defined and the environment is known so that the changes that occur between the planning stage and the implantation phase can be contemplated in the planning stage. This perspective implies that decision makers can consider all available alternatives, identify and evaluate all the consequences, and select the alternative that would be

⁶ This term was adopted from Weick (1979, p. 164)

preferable. This approach represents the most influential view of the strategy-formation process (Mintzberg et al 1998).

Contingency theory, population ecology, institutional theory, and the linear strategies (Chaffee 1985), rational model (Hart 1992) design, strategic planning school or environmental schools (Mintzberg et al 1998) are representatives of this approach.

Contingency theory posits a one-best-way for *each* of various circumstances (Burns and Stalker 1961). For example, production departments typically face task environments characterised by more clear-cut goals and shorter time horizons, and can adopt more formal or bureaucratic modes of interpersonal interaction than sales departments (Lawrence and Lorsch 1967). Donaldson (1996) argues that this view is not outdated “since the mid 1970s new paradigms have arisen that offer explanations of organisational structure ... [however] contingency theory remains the core explanatory theory of organisational structure” (p. 69).

The population ecology school brings Darwin’s theory of evolution right into the centre of the organisational analysis. Central to it is the notion of variation-selection-retention. The focus is on the process of natural selection by the environment and argues that social organisations move towards a better fit with the environment. Organisational analysis shifts from explaining how individual organisations adapt to their environments to understanding how different species rise and decline in importance (Aldrich 1975; Hannan and Freeman 1977).

Finally, the institutional and neo-institutional theory, though not monolithic in their positions, at their core argue that because the environment becomes institutionalised (Zucker 1987; Scott 1987), survival is achieved through maintaining congruence with shifting industry norms and shared logics (Meyer and Rowan 1977; Lewin and Volberda 1999). These schools argue that organisations within the same population, facing the same set of environmental constraints will tend to be isomorphic to one another and to their environment because they face similar conditions (Dancin 1997).

The core difference between the environmental school (Mintzberg et al 1998) and the above mentioned organisational theory approaches is that rather than the environment-structure-performance fit, the focus is in the structure-conduct-performance fit (Bain 1948; Chandler 1962) where ‘structure’ refers to the structure of the industry (understood as the number of buyers and sellers, barriers to entry, etc) and

conduct refers to the organisation's strategy. Within this school, the rational model (Hart 1992) is best represented by Porter's (1980) work. Derived from the tradition of industrial organisation economics, it argues that industry structure combined with aggregate firm conduct is the cause of a given level of industry profitability. Only a few key strategies are desirable in a given industry (vis-à-vis unique company-specific strategies), and Porter proposes three generic strategies (cost-leadership, differentiation and focus). The focus is set on identifying the right fit between predefined generic industry characteristics (for example, intense competition) and one of the three generic strategies (for example, cost leadership).

Within the strategic management literature, there is a second perspective, developed from the business policy literature, labelled muddling through (Lindblom 1959), garbage can (Etzioni 1989), or logical incrementalism (Quinn 1987). These academics do not abandon the overall perspective, the environment is still believed to be objective and external and the focus is on understanding it. They introduce the role of the top manager's understanding of the environment. Rather than seeking to be comprehensive (the ideal of the rational model) the top managers work to create a general sense of purpose and direction that will guide the actions taken by organisational members. In these schools, the focus moves from looking at the environment and trying to understand it (totally or partially) to studying how the organisation (and its internal limitations) affects and conditions the strategy making process.

In all of these models, boundaries are defined, the environment is dominant and it affects firm behaviour.

3.4.2. Enacted Environment

Here the environment is viewed as a social construction (Berger and Luckmann 1967) or as enacted (Weick 1969).

The concept of enactment was first introduced by Karl Weick (1969) in his book "The Social Psychology of Organisations". Weick argues that organisations are *always* proactive, which refers to the efforts to reshape the environment in ways that permit the organisation a better use of their resources. Organisations create and constitute the environment to which they react: the environment is put there by the actors within the organisations. Weick acknowledges that this view of the environment is quite radical

with regard to the way environments are usually discussed in organisation theory but he quotes theoretical precursors (Skinner 1963, 1966; Schutz 1967; Allport 1967) and forerunners of empirical studies (Stager 1967 and Tuckman 1964, 1967). Furthermore, in his 1979 re-edition of the book he is explicit,

“enacted environment is not synonymous with the concept of a *perceived environment* [...] we have purposely labelled differently [...] to emphasise that managers construct, rearrange, single out, and demolish many “objective” features of their surroundings” (italics and inverted commas in original) (p.164).

For these academics, rather than searching for the optimal fit, the top management coalition creates the situation, domain and industry in which they choose to operate and managements’ values and preferences override any dicta (Bourgeois 1984, 1985). The environment is not something objective or external to the perceiver that can be apprehended correctly or incorrectly. Rather, the environment is defined through a process of social interchange in which perceptions are affirmed, modified, or replaced according to their apparent congruence with the perceptions of others (Chaffee 1985), and where “*separate objective environments* simply do not exist” (italics in original) (Smircich and Stubbart 1985, p. 726). From this approach, organisations and environment are seen as labels for patterns of activities that are generated by human actions and accompanying efforts to make sense out of these actions (Smircich and Stubbart 1985, pp. 725-726). Thus, it is possible that different organisations will read different things into the same set of data (Antal et al 1997). It follows that for scholars adopting this view, boundaries of the primary contextual setting are enacted.

This perspective has been the foundation of the culture school as well as interpretative strategy (Chaffee 1985), cognitive school and entrepreneurial school (Mintzberg et al 1998). Though different, these schools are similar in their conceptualisation of the environment.

The theorists from the organisations as cultures approach leave behind the view that culture is something an organisation *has* (i.e. a filter to understanding), in favour of the view that culture is something the organisation *is* (Smircich 1983). When understood in this way, culture is understood as an active, living phenomenon through which people create and recreate the worlds in which they live.

The cognitive school contributes to the environment debate by drawing from cognitive psychology and looking inwards, trying to understand how the mind interprets the world and how it ‘creates the world’. Mintzberg et al (1998) state that “cognition *as* construction views strategy *as* interpretation” (p. 165). Proponents of this view argue that what is inside the human mind is not a reproduction of the external world. Under this perspective, vision emerges as more than an instrument for guidance: it becomes the leader’s interpretation of the world made into a collective reality. Adopting a similar perspective, the entrepreneurial school or vision approach (Hart 1992) sees strategy as a visionary process. These approaches build on Schumpeter’s concept of ‘creative destruction’ and give the entrepreneur a key role in this process. So the environment is enacted, but it is neither the result of an organisational culture nor a collective construction; the enactment is the product of the intuition, experience, and personality of the entrepreneur that leads to a vision, that is, a mental representation of a strategy, a guiding idea, which the entrepreneur pursues obsessively.

3.4.3. Interactive

Here the focus is on the richness derived from understanding that there is no need to choose between conceptualisations. Both are seen as co-existing in permanent dialogue, affecting and transforming each other (e.g. Boulding 1956; Child 1997).

Child (1972) introduces the concept of *strategic choice* and he invites scholars to re-examine the role of the environment as a source of constraint upon organisational design. In 1997, Child reviews his 1972 article and states that,

“the 1972 article lead to the misleading (though understandable) interpretation that strategic choice implied absence of external determination overlooking that organisational decision-makers also find themselves in a position of having to respond to feedback from the environment [...] the process is *interactive*” (italics in original) (pp. 58-59).

The resource-based view, structuration and chaos theory develop from different literature, but they all convey the same message: they encourage an interactive perspective and are not restricted to a singular position.

Within the strategic management literature, the resource-based view (Wernerfelt (1984, 1995) reverses the structure-conduct-performance equation and shifts the focus towards internal resources and their impact on firm performance. However, by stressing the internal aspects, the resource-based view is actually trying to achieve a more balanced analysis. In Barney's (1991) own words,

“these attributes only become *resources* when they exploit opportunities or neutralise threats in a firm's environment [...]. That firm attributes must be valuable in order to be considered resources (and thus a possible source of sustained competitive advantage) points to an important an important complementarity between environmental models of competitive advantage and the resource-based model” (italics in original) (p. 106).

Structuration theory also adopts this dialectic view, trying to reconcile the agency-structure dichotomy. Giddens (1979) calls the idea ‘duality of structure and agency’ in which agents of the organisation are both enabled and constrained by structures of routines, resources and expectations, where people shape, as well as are shaped by their environment.

Finally, chaos and complex systems theory argue that strategic success is a function of an organisation's talent for striving in dynamic nonlinear systems that require a blend of competition and cooperation, as well as a positive and negative feedback between the firm and its context (Senge 1990). The concept of paradox is highly embedded in this view, and managers need to feel comfortable with co-existing opposites, complexity, nonlinearity, non-equilibrium, interdependence and change (Levy 1994; Stacey 1995). From an environment point of view, this perspective blurs traditional boundaries and looks beyond an organisation to define a variety of interacting communities of interest where intra-firm alliances rely on long-term, paradoxical relationship across traditionally competing interests (McDaniel 1997). Hawawini et al (2003) revisit the question of whether firms' performance is primarily driven by industry (IO) or firm factors (RBV) and conclude that there is no ‘winner’ and therefore both firm and industry factors are relevant.

Organisational ecology, the resource dependence model, and the configurational approach and neo-contingency school are discussed separately because they provide particular insights to the debate.

The organisational ecology approach introduces the concept of pattern. It builds on modern system theory and the work of biologists. From system theories, it adopts the idea that organisations are not discrete entities, even though it may be convenient to think of them as such. From biologists comes the belief that it is the whole ecosystem that evolves and the process of evolution can really be understood only at the level of total ecology. This has important implications; it suggests that evolution is always evolution of a pattern of relations embracing organisms *and* their environment. It is the *pattern*, not just the separate units comprising this pattern, which evolves and introduces the concept of survival of the fitting, not just the fittest (Boulding 1956, 1981). Therefore, organisations and their environments are engaged in a pattern of co-creation, where each produces the other. Environments then become in some measure constantly negotiated environments, rather than independent external forces.

The resource dependence perspective agrees with Weick's (1969, 1979) view that organisations are not passive recipients of environmental influence but have the power to reshape the environment to fit their capabilities and that environmental constraints leave the possibility of a variety of activities and structures consistent with environmental requirements (Pfeffer 1972; Aldrich and Pfeffer 1976; Aldrich 2007). It states that "organisations are inescapably bound up with the conditions of their environment [...] organisations engage in activities which have as their logical conclusion adjustment to the environment" (Pfeffer and Salancik 1978, p. 1), yet these authors also argue that theories stressing the importance of the environment have frequently blurred the distinction between characteristics of the environment and the perception and evaluation of these characteristics by persons within the organisation.

Thus, the resource dependence model contributes by recognising the necessity of *a* fit between organisation and environment but by releasing the strict environmental constraint and arguing that there is *more than one* possible social structure for each given context. As Aldrich and Pfeffer (1976) stated "there is no longer a single optimal structure or set of actions that will fit the organisation with its environment. There is a range of choices or strategies available" (p. 84).

The configurational approach⁷ (Miller 1986, 1987, 1996) and the neo-contingency approach⁸ (Miles and Snow 1978; Snow and Miles 1983)⁹ argue that the

⁷ As discussed in Chapter 1 (Section 1.1.2) the configurational approach is central to this thesis and will be fully discussed in Chapter 5. In this section, the focus is in positioning it with regard to the conceptualisation of the environment.

environment does not determine the strategic response of successful firms. Both approaches are distinctive in that they adopt multivariate frameworks. Miles and Snow (1978) build a framework on the concepts of strategic choice (Child 1972) and enactment (Weick 1969) as well as external factors. They conclude that “the objective environmental indicators explain little of the alignment choices” (p. 178). Furthermore, in a second study, Snow and Miles (1983) adopted industry as “a proxy for a number of important characteristics of the organisational environment” (p. 242). They found that in each industry (college books, small appliances, food processors and health care) “organisations exhibited a wide range of alignments” (p. 239). They recognise three key overlays for the neo-contingency approach: the management philosophy, the industry and the strategy. Similarly, within the organisation theory literature, Miller and Friesen (1978) studies conclude that “environment does not dictate the strategic response of successful firms” (pp. 931-32). These findings lead the configurational approach to sustain that there is an interplay between a set of key factors. Some of the key forces taken into account in configurational studies have been environment, industries, technologies, strategies, organisation structures, leadership, cultures, ideologies, groups, practices, beliefs, and outcomes (Meyer et al 1993).

In short, the literature reviewed in this section describes schools and theories that argue that the polarisation of conceptualisations of the environment is misleading. They claim that determinism and voluntarism both play an important role.

3.5. CONCEPTUALISATION OF THE ENVIRONMENT: A CATEGORISATION

Weick and Daft (1983) and Daft and Weick (1984)¹⁰ developed a model of organisations as an interpretation system with the aim “to describe and explain the diverse ways organisations may obtain knowledge about the environment” (1984, p. 287).

There are three reasons why Daft and Weick’s (1984) model is relevant to this thesis. First, the model acknowledges both the objective and subjective conceptualisation of the environment without imposing a choice between them. Second,

⁸ Chapter 5 will discuss the neo-contingent view and its relationship with the configurational approach.

⁹ Hereafter referenced as Miles and Snow (1978, 1983)

¹⁰ Hereafter referenced as Weick and Daft (1983, 1984)

Weick and Daft synthesise the extensive literature on the conceptualisation of the environment and suggest a typology of four ‘interpretation modes’. Third, the model links each ‘interpretation mode’ to strategy decision. This last point has important implications for this thesis. It shows that the conceptualisations of the environment are related to decisions. In Chapter 5, the interpretation modes will be linked to marketing decisions (i.e. marketing practices).

The model has several working assumptions about the nature of organisations (Daft and Weick 1984): 1) organisations are seen as an open social system that processes information from the environment; 2) organisational interpretation process is something more than what occurs at the individual level; the distinctive feature being the convergence amongst members; 3) assumptions are formulated at the strategic-level management; and 4) organisations differ in the mode or process by which they interpret the environment. These assumptions are consistent with this chapter’s literature review on the conceptualisations of the environment. These assumptions are also consistent with the concept of frame of reference discussed in Chapter 2.

The model, a 2x2 matrix, is built on two dimensions: assumptions about the nature of the environment and organisational intrusiveness (Figure 3.1).

Figure 3.1: Model of Organisational Interpretation Modes

Assumptions about the Nature of the Environment	Subjective	Glancing	Enacting
	Objective	Staring	Discovering
		Passive	Active
		Organisational Intrusiveness	

Source: Adapted from Weick and Daft 1983, 1984

The first dimension distinguishes between organisations that assume that the external environment is objective, that events are hard, measurable and determinant and organisations that assume that the environment is subjective, un-analysable and that the organisation, to some extent, may create the external environment. In this case, “[I]nterpretation shapes the environment more than the environment shapes the interpretation” (Weick and Daft 1983, pp. 77-78 and Daft and Weick 1984, p. 287). The

second dimension distinguishes between active (or test maker) and passive (or test avoider) organisations. The former are actors performing different types of tests in order to learn and discover what is feasible. They may even try to break the presumed rules or try to manipulate critical factors in the environment. The latter do not engage in trial and error, they accept the environment as given and respond actively only when crises occur (Weick and Daft 1983, pp. 78-79 and Daft and Weick 1984, p. 288).

The matrix suggests four types of top management interpretation modes: Glancing, Staring, Enacting and Discovering. These types hold a close correspondence with the conceptualisation of the environment approaches discussed in this chapter. The *glancing* and *staring* modes are similar to the passive approach; the *enacting* mode matches the enacted environment approach; the *discovering* mode is comparable to the environmental determinism approach; and the *enacting* and *discovering* modes combined, echo the interactive approach. The correspondence between the literature review and the model's working assumptions justify the thesis' adoption of Weick and Daft's typology. The four types are discussed in more detail in Chapter 5.

3.6. CHAPTER SUMMARY AND CONCLUSION

This chapter reviewed the literature related to how the environment has been conceptualised (i.e. the second sub-question). First, it highlighted the importance of the environment in decision-making. Then, it discussed the conceptualisations of the environment within the marketing literature. This revealed that there were few marketing scholars who looked explicitly into the topic and that those who did, built on the research of scholars from organisational theory and strategic management. This led to a review of these managerial disciplines. The debate of how the *environment* has been conceptualised revealed:

1. two conceptualisations of the context (objective or subjective)
2. that these conceptualisations lead to a variety of approaches (passive, environmental determinism, enacted environment and interactive). Specifically, the literature review shows that the enactment approach is virtually absent from the marketing literature.

3. a correspondence between the conceptualisation of the environment approaches discussed in this chapter and Weick and Daft's model, suggesting the adoption of their four interpretation modes (glancing, staring, enacting and discovering)

While the context for organisational theory is the task environment, for marketing it is the market (Chapter 1, Table 1.1). Though environment and market are different, this literature review on how the *environment* has been conceptualised suggests that the marketing discipline would benefit from incorporating the diverse conceptualisations of the primary contextual setting in their studies of how firms relate to their markets and in particular, when trying to understand the reasons for diversity in a given market.

To understand the relationship between the conceptualisation of the environment and the diversity of marketing practices adopted by firms, it is necessary to characterise the types of marketing practices that are used. This is done in the following chapter.

CHAPTER 4

Characterising Marketing Practices

4.1. INTRODUCTION

This chapter discusses the diverse forms by which firms relate to their markets. It does so by exploring the ‘fragmentation of the mainstream’ (Wilkie and Moore 2003, p. 117) and the diverse classification schemes proposed by the marketing literature.

The literature map for this chapter is presented in Table 4.1. Guided by sub-question 3: *How can the diverse types of marketing practices be characterised*, the literature review begins with an historical review of the emergence of different marketing approaches (Section 4.2). Section 4.3 discusses the existing classification schemes. Two streams are identified as relevant: dichotomous classifications and plural classifications. The various plural classifications are compared and the adoption of the plural classification developed by CMP research project is justified. Section 4.4 presents the CMP research project and their conceptualisation of marketing practice. This section also discusses the empirical results of the CMP studies as well as other studies, exposing a weak association between choice of practice and the contingency perspective. These results reinforce the need for further research in order to identify alternative rationales to understand the reasons for diversity of marketing practices. Section 4.5 provides a summary of the literature review associated with sub-question 3. Section 4.6 closes the chapter with a summing up of the introduction chapter and the three preceding literature review chapters.

Table 4.1: Literature Map on Marketing Practices

Key topics	Summary of the relevant references and schools	Summary of main points from the literature	Research implications for marketing
The Emergence of the Diverse Marketing Approaches <i>Section 4.2.</i>	<i>Marketing Schools:</i> Commodity Functional, Institutional, Marketing Management Strategic Marketing, Inter-organisational, Channel, Industrial Marketing B2B marketing, Services marketing, Relationship marketing ...	Diverse marketing approaches	Diversity, thus need to look at the existing classif. schemes
Classifying Marketing Practices <i>Section 4.3.</i>	<i>Dichotomous Classifications</i> <i>References:</i> Jackson (1985); Grönroos (1991); Håkansson and Snehota (1995); Vargo and Lusch (2004) <i>Plural Classifications</i> <i>References:</i> Arndt (1979); Webster (1992); Moller (1992); Möller and Wilson (1995); Coviello et al (1997); Day (2000); Sheth and Parvatiyar (2000); Styles and Ambler (2003)	Identifying the Contemporary Marketing Practice as the appropriate classification	
CMP Project: <i>Section 4.4.</i>	<i>Conceptualisation of Marketing Practices</i> <i>References:</i> Coviello et al (1997, 2002); Brodie et al (1997, 2008)		
	<i>CMP Empirical Studies</i> <i>References:</i> Lindgreen (2001); Coviello et al (2002); Pels and Brodie (2003); Palmer and Pels (2004) <i>Other Empirical Studies</i> <i>References:</i> Binks and Ennew (1997); Benson-Rea (2005); Lefaix-Durand (2008)	Findings: weak or no associations found with contingency hypothesis	Findings suggest looking at alternative rationale to understand diversity (Chapter 5)

Source: developed for this thesis

4.2. THE EMERGENCE OF THE DIFFERENT MARKETING APPROACHES

Marketing literature reviews are often, though not always, chronological descriptions of the different debates/topics/schools that emerged within the discipline. Usually, these reviews are signalled by eras (Wilkie and Moore 2003) or periods (Shaw and Jones 2005).

The first era is associated with the initial schools of marketing that developed at the turn of the XXth century, that is: the Commodity school, the Functional school and the Institutional school. These schools focused on the object of transactions linking marketing decisions to product categories, the activities associated with the marketing function process and the role of the intermediary and the channel system.

The next era or period covers the 1950s-1980s and is characterised by the shift from marketing as a functional description to a managerial approach. Specifically, the origins of the Marketing Management perspective can be situated in the late 1950s. Alderson (1957, 1965), McCarthy (1960), Borden (1964), Levitt (1965) and Kotler (1967) focus on marketing as a decision-making process. This school views marketing from a seller's perspective and concentrates on functional aspects (such as how to organise the marketing function) and on strategic marketing issues, (such as how to improve the competitive position). The marketing management school became mainstream marketing thinking, particularly in the USA (Sheth et al 1988), with Kotler's Marketing Management book (1967, first edition) as its icon. Rooted in the theory of monopolistic competition (Chamberlain 1933), all of the concepts and models are built on the strong belief that the core marketing concept is the *buyer-seller exchange*, particularly, the transactional exchange. The initial impetus for the exchange view was Alderson and Miles' 1965 article 'Transactions and Transvections' in which transactions are defined as "a fundamental building block which suggests possibilities for a more rigorous type of marketing theory" (p. 83), leading to Kotler's (1972) view that "a transaction is the exchange of values between two parties" (p. 48), then developed by Bagozzi (1979) into his theory of exchange later to be further enriched by Hunt's (1983) fundamental explanation of marketing.

In brief, the marketing management approach is based on a SWOT analysis that aims, on a strategic level, at identifying target market segments, differentiating the offer

based on the organisation's core-competences and defining a clear positioning statement. At a more tactical level, it seeks to find the optimal marketing mix for each target segment relative to competition and to increase the market share. This view, though challenged since the 1980's by the relational approach, is still the dominant view in the US. The new 2007 AMA definition of marketing reflects this: "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large". Grönroos' (2006) discussion of the 2004 definition (which is very similar) highlights that the seller's perspective is still pervasive. The terms used (e.g. 'communicating', 'delivering', 'exchanging') imply that value is embedded in the offer and delivered *to* the customer, thus clearly linked to the concept of value-in-exchange (vis-à-vis value-in-use). Additionally, the 2007 definition uses the term 'creating' rather than 'co-creation' demonstrating that the focus is still on the seller-side of the exchange equation.

In the 1980s, researchers interested in services and business-to-business marketing were beginning to question the universality of the marketing management tradition and to challenge the exchange-centred view of marketing. The main concern was that the marketing mix approach and, especially, the theory developed for managing consumer goods did not provide the necessary conceptualisations for modelling and managing the phenomena that some were studying. They suggested that *interactions* are the central marketing concept (Arndt's 1979 'domesticated markets'; Håkansson 1982 and the IMP group), that the *customer was a co-producer* (Gummesson 1987 and the Nordic school; Grönroos 1990 and the Service school) and that these interactions are embedded in a *network* of relationships (Thorelli 1986). As a result, new marketing schools developed, based on other research traditions: institutional economists (Schumpeter 1934, 1947; Coase 1937; Williamson 1975), behavioural theories (March and Simon 1958; Burns and Stalker 1961; Chandler 1977), resource based theory (Penrose 1959; Pfeffer and Salancik 1978) and political economy (Stern and Reve 1980) amongst others.

The emerging theories were not monolithic, but rather an intricate web of constructs adopted in a liberal fashion from multiple theoretical sources (Möller 1992). To add to the confusion, the same name was frequently adopted by academics to label different conceptual approaches. Sheth and Parvatiyar's (2000) "Handbook of

Relationship Marketing” is an example of how four schools of thought use the same name but hold very diverse conceptual positions.

Both Coviello in 1997 and, almost ten years later, Grönroos in 2006 emphasise that there is a vast variety of definitions for the term relationship marketing that Berry originally coined in 1983. This lack of agreement is partially due to the diverse points of view from which relationship marketing is addressed. These range from academics working with a B2C focus (Sheth and Parvatiyar 1995; Gummesson 2002) to scholars that are B2B centred (Håkansson 1982; Dwyer et al 1987 and the IMP Group) to those focused on distribution channels (Anderson and Narus 1990). Also, there is a distinction between scholars that look at repeat purchases and loyalty programs (Liljander and Strandvik 1995) and those stressing highly committed long termed involvements (Möller 1992, Morgan and Hunt 1994). Another distinction is between those looking at marketing of goods (Håkansson and Snehota 1995) versus marketing of services (Berry 1983) and more recently, between those adopting a goods-dominant logic and a services-dominant logic (Vargo and Lusch 2004, 2008). In short, there is not yet a shared view.

This thesis adopts the expression ‘relational approach’ as an overall category that encompasses the various schools mentioned above, which depart from the transactional approach. The term ‘relational approach’ is broader than the relationship marketing school discussed in Chapter 3.

Two streams can be identified in this approach: on the one hand, relational schools that are seller-centred and thus ‘extensions’ of the marketing management view and, on the other hand, relational schools that argue for a shift towards a dyadic approach. The former still views the customer as a passive actor ‘to whom things are done’ (Dixon and Blois 1983) with the final aim of increasing sales (e.g. repeat purchase through loyalty cards, Harker and Egan 2006). The latter understands that both buyers and sellers are active players and that relationships are ‘built’ by both parties. It argues that the exchange is but an episode within a larger interaction process which, in turn, is embedded in a network of relationships.

As discussed, the relationship marketing approach developed from various different efforts (e.g. service marketing, industrial marketing, channel marketing) that

acknowledge different degrees of interaction. However, there are key elements that are common to all. From a strategic point of view, the approach aims to identify the network in which the organisation is embedded (supplier, supplier's suppliers, customer's customers, government and other stakeholders) and its network position (to understand the set of other actors it interacts with and the type of activities and resources they share/exchange). At a more tactical level, it focuses on the process of establishing, enhancing and retaining relationships (through mutuality, cooperation, trust, adaptation, commitment and bonding). Achieving this goal requires a good understanding/management of internal marketing skills, of the role of the part-time marketer and of database management (or CRM or key account management -KAM).

This diversity invites us to look at alternative classification schemes.

4.3. CLASSIFYING MARKETING PRACTICES

Since the emergence of the relational approach (both in the service and B2B literature), many academics have suggested comparisons and contrasts between transactional marketing and relational marketing. The studies of Arndt 1979, Jackson 1985, Grönroos 1991, Webster 1992, Möller and Wilson 1995, Håkansson and Snehota 1995, Coviello et al 1997, Day 2000, Sheth and Parvatiyar 2000 and Vargo and Lusch 2004 are among the most quoted.

The above categorisations between types of marketing practices are based on¹¹: time frame (short/ long), role of internal marketing (absent/ strategic), type of measurement of customer satisfaction (market share/ CRM), dominant quality dimension (focus on the outcome/ focus on the interaction process), customer information system (surveys/ real time feedback), area of application (B2C markets/ B2B markets), unit of analysis (buyer or seller/ buyer-seller), marketing perspective (marketing mix/ management of relationships), explanatory mechanism (stimulus-response/ interaction), type of communication (one-way/ two-way), explanatory focus (explain or predict transactions/ understand relationship development), linkages (arm-length/ process integration), coordination (contractual/ trust), role of goods (operand

¹¹In all cases the first reference is to transactional marketing and the second to relational marketing

resources/ operant resources) and emphasis (acquiring new customers/ retaining customers).

The existing literature shows that mainly two criteria have been adopted. A first group takes a more dichotomous stand, and differentiates between transactional and relational marketing (Jackson 1985; Grönroos 1991; Håkansson and Snehota 1995) or traditional good-centric and emerging service-centred (Vargo and Lusch 2004). A second group of academics takes a more pluralistic view and looks at a range of marketing practices, distinguishing between the traditional marketing model, dyadic model and domesticated markets model (Arndt 1979); transactions, repeated transactions, long-term relationships, buyer-seller partnerships, strategic alliances, networks and vertical integration (Webster 1992); transaction marketing, short-term dyadic relationships, long-term relationships and networks (Möller and Wilson 1995); between transaction marketing, database marketing, interactive marketing and network marketing (Coviello et al 1997); transactional exchanges, value-adding exchanges and collaborative exchanges (Day 2000); or transactional, narrow and broad relationship marketing (Sheth and Parvatiyar 2000).

This thesis considers that the dichotomous views are important first steps to differentiate and mark the relational marketing terrain; however, the thesis agrees with Arndt's (1979) view that "by now it should be clear that this broadened concept and the domesticated markets notion are *complementary* rather than *alternative* ways of extending the scope of marketing" (italics in original) (p. 75). Thus, categorisation should allow for hybrids.

As shown, the pluralistic position is not monolithic, i.e. it can be understood in more than one way. In this thesis, the work of the Contemporary Marketing Practice (CMP) group will be used to show the diversity of marketing practices because, not only is it the most developed (Section 4.4.1), but also because of the extensive amount of empirical work that has been done using it (Section 4.4.2). The CMP group gives equal importance to theoretical development (suggesting a typology) and empirical evidence (eliciting a taxonomy of marketing practices). The next section will introduce and discuss the CMP research project, specifically their conceptualisation.

4.4. CMP PROJECT: CONCEPTUALISATION OF MARKETING PRACTICES

The CMP group began in 1997. It has developed a conceptual classification scheme of marketing practices (Coviello et al 1997, 2002, Brodie et al 2006), as well as a body of empirical studies spanning several years (1997-2009) and countries, i.e. Europe (UK, Germany, Russia), North America (Canada, USA), South America (Argentina, Chile), Asia (China, Thailand, New Zealand) and Africa (Ghana, Ivory Coast). The CMP web page <http://cmp.auckland.ac.nz/> provides a complete list of articles.

Brodie et al (2008), in their history of the CMP project, tell that it was born as a result of a group of New Zealand researchers' perceived tension between theory and practice. The final aim was to develop an understanding of how firms relate to their markets in a manner that integrates both traditional and more modern views of marketing. To achieve this goal, a first stage included the development of a classification scheme of marketing practices that allowed for contemplating the multiple theoretical perspectives.

4.4.1. Contemporary Marketing Practice: Conceptualisation

A classification scheme of marketing practices was derived based on the various theoretical perspectives in the academic literature (Coviello et al 1997). Six theoretical frameworks were identified: services marketing, inter-organisational exchange relationships, channels, networks, strategic management and value chain, and information technology within and between organisations. Coviello et al (1997) conducted a content analysis of how previous researchers had defined and used terms associated with marketing. Their literature review identified two common *themes*: relational exchange and management activities. These themes were underpinned by twelve *dimensions* pertaining to how firms relate to their markets. Later, the initial 12 dimensions were reduced to nine: five dimensions were associated with relational exchange (purpose of exchange; nature of communication; type of contact; duration of exchange; and formality of exchange) and four dimensions pertained to management activities (managerial intent; managerial focus; managerial investment; and managerial

level of implementation) (Coviello et al 2002). Table 4.2 summarises the key question each dimension addresses and lists the core references used by the CMP team.

Relational Exchange Dimensions. The exchange concept has traditionally been seen as the core or hub of the marketing discipline (Alderson 1957; Bagozzi 1975; Hunt 1976; Kotler 1980; Houston et al 1992). However, more recent views of marketing argue that the concept of economic exchange is too narrow a unit of analysis (Parvatiyar and Sheth 1994; Gummesson 2000; Lusch and Vargo 2006). These scholars argue that current marketing practice suggests that interactions may or may not include ‘exchange,’ and, rather, seek to attain mutual benefit through shared activities. Thus, ‘exchange’ is a process central to marketing, but will vary in its breadth, depending on which perspective of marketing is examined (Wensley 1995). Building from this, the five underlying relational exchange dimensions aim to encompass the range of transactional and relational properties.

Managerial Dimensions. Coviello et al (1997) follow Houston et al (1992) as well as Ambler’s (1994) argument that to understand the marketing process, the focus should be on “how managers use their time, energies, and enthusiasms, as well as the available financial resources”. As with the relational exchange dimension, four underlying managerial dimensions are identified to capture the full range of marketing practices.

Following the identification of these nine dimensions (Table 4.2), Coviello et al (1997) suggest a typology of four aspects of marketing practice that extend beyond the classic transactional/relational marketing dichotomy. Later, Coviello et al (2001) add a fifth aspect (e-marketing). Briefly, these marketing practice types can be characterised as:

Table 4.2: Relational Exchange Dimensions and Managerial Dimensions of Marketing [Source: Adapted from Coviello et al (1997)]

<i>DIMENSION</i>	<i>KEY QUESTIONS</i>	<i>USEFUL SOURCES</i>
<i>Purpose of the Exchange</i>	Is the focus of the relational exchange on an economic transaction? Information? An interactive relationship or a set of relationships?	Ballantyne 1995; Easton 1995; Håkansson and Snehota 1995; Joshi 1995; Anderson et al 1994; Grönroos 1994; Parvatiyar and Sheth 1994; Sharma 1993; Easton 1992; Webster 1992; Johanson and Mattsson 1988; Sheth et al 1988; Dwyer, Schurr, and Oh 1987; Easton and Araujo 1986, 1992
<i>Nature of Communication</i>	Is communication in the relational exchange directed “to” or “with” parties at the individual, firm, or market level?	Easton 1995, 1992; Low 1995; Håkansson and Snehota 1995; Sheth 1995; Sharma 1993; Iacobucci and Hopkins 1992; Copulsky and Wolf 1990; Johanson and Mattsson 1986; Cunningham and Turnbull 1982
<i>Type of Contact</i>	Is the process of relational exchange impersonal? Is it closer, more personalised? Is it face-to-face and interpersonal?	Aijo 1996; Sheth and Parvatiyar 1995; Wilson 1995; Grönroos 1990, 1994; Wilson and Moller 1991; Wilson and Jantrania 1994; Dwyer, Schurr, and Oh 1987; Ford 1984; Cunningham and Turnbull 1982
<i>Type of Exchange</i>	Is the relational exchange a routine, discrete transaction? A relationship-based process that may be short-term? Long-term?	Aijo 1996; Low 1996; Håkansson and Snehota 1995; Joshi 1995; Sharma 1993; Easton 1992; Dwyer et al 1987; Johanson and Hallen 1989; Hallen et al 1987; Turnbull and Valla 1986; Johanson and Mattsson 1985; Ford 1982
<i>Formality of Exchange</i>	Is the relational exchange formal or informal? At a business or social level?	Bjorkman and Kock 1995; Håkansson and Snehota 1995; Sharma 1993; Copulsky and Wolf 1990; Grönroos 1990; Dwyer, Schurr, and Oh 1987; Johanson and Mattsson 1987
<i>Managerial Intent</i>	Is the goal to attract customers? Retain customers? Interact with customers and/or other parties? Coordinate and cooperate with customers (and other parties) to achieve mutual goals?	Joshi 1995; Sheth 1995; Sheth and Parvatiyar 1995; Wilson 1995; Grönroos 1994; Gummesson 1994; Morgan and Hunt 1994; Payne 1994; Sharma 1993; Kotler 1992; Easton 1992; Christopher et al 1991; Easton and Araujo 1986; Ford, Håkansson and Johanson 1986; Johanson and Mattsson 1985; Ford 1984; Berry 1983; Cunningham and Turnbull 1982
<i>Managerial Focus</i>	Is decision-making focused on the product/brand? Customers in a market? An individual relationship? A firm? Firms in a network of connected relationships?	Håkansson and Snehota 1995; Low 1995; Evans and Laskin 1994; Grönroos 1994; Gummesson 1994; Shani and Chalasani 1993; Easton 1992; Kotler 1992; Webster 1992; Dwyer, Schurr, and Oh 1987
<i>Managerial Investment</i>	Are resources invested in internal marketing assets or capabilities? Developing committed relationships with individuals? Developing a position relative to other firms?	Peppers and Rogers 1995; Wilson 1995; Morgan and Hunt 1994; Wilson and Jantrania 1994; Easton 1992; Wilson and Moller 1991; Johanson and Mattsson 1988, 1987, 1985
<i>Managerial Level</i>	Are marketing decisions made and implemented by functional marketers? Specialist marketers? Managers from across functions? A general manager?	Grönroos 1990, 1994, 1995; Rajala et al 1995; Gummesson 1994; Sharma 1993; Hallen 1986; Turnbull and Valla 1986

- *Transaction Marketing* involves a firm attracting and satisfying potential buyers by managing the elements in the marketing mix, whereby the seller actively manages communication “to” buyers in the mass market in order to create discrete, arms-length transactions.
- *Database Marketing* involves using information technology to develop databases with personalised data, thus allowing firms to compete in a manner different from mass marketing. The intent is to retain identified customers, although marketing is still “to” the customer, rather than “with” the customer. Relationships per se are not close or interpersonal, and are facilitated and personalised through the use of database technology, i.e. CRM.
- *E-marketing* involves using the internet and other interactive technologies to create and mediate dialogue between the firm and identified customers, allowing mass customisation.
- *Interaction Marketing* implies face-to-face interaction between individuals. As such, it is truly “with” the customer, as both parties in the dyad invest resources to develop a mutually beneficial and interpersonal relationship.
- *Network Marketing* is “with” the customer but occurs across organisations, where managers commit resources to develop their firm’s position in a network of various firm-level relationships.

The initial empirical studies undertaken by the CMP group tended to classify firms based on the level (low, medium and high) of transaction marketing, database marketing, e-marketing, interaction marketing and network marketing (Brodie et al 1997; Coviello et al 2000). In 2002, a shift in the analysis was made from ‘fitting data into the typology’ to ‘allowing the data to speak’. A cluster analysis was applied and a taxonomy of three marketing practices was suggested: a transactional cluster, a relational cluster and a transactional/relational cluster (Coviello et al 2002). When replicated for Latin America (Pels and Brodie 2003; Pels et al 2004), for Russia (Wagner 2005) and for Ghana & Ivory Coast (Dadzie et al 2008), a fourth cluster was added to the initial CMP taxonomy: the low-marketing cluster. Chapter 5 (Section 5.4.2.3) describes the Low marketing, Transactional marketing, Relational marketing and Transactional/ Relational marketing practices.

4.4.2. Empirical Studies: Contemporary Marketing Practice and Other Studies

This section discusses first the findings from the other studies and then those from the CMP research program.

A series of empirical studies were conducted studying the adoption of transactional and relationship marketing practices in different markets. Binks and Ennew (1997) researched the relationship between UK banks and the small business customers; Pels (1999) reviews both conceptual articles that argue in favour of pluralism of marketing modes and empirical studies that show that, in many industries, a multiplicity of exchange modes coexist; Styles and Ambler (2003) make a case for pluralism of marketing practise within the same organisation and show that transactional and relational marketing can co-exist; Benson-Rea (2005) analysed the New Zealand wine industry; and Lefaix-Durand (2008) researched the Canadian supply chain for structural wood products. Findings in all of these studies show that both transactional and relational marketing practices were adopted in these markets. These studies suggest that an alternative explanation to environmental determinism is needed.

The CMP research program focuses on multiple topics and objectives (Brodie et al 2008). Of interest to this thesis are the studies that have tried to relate marketing practices (the CMP clusters) to contingency factors such as market served (B2B/B2C), market offers (goods/services) or type of economic development (developed/ developing countries). For example, Coviello et al (2002) compared firms from Canada, USA, New Zealand, Finland and Sweden; Pels and Brodie (2003) studied Argentine firms; Palmer and Pels (2004) compared Argentine and UK firms; Pels et al (2004) compared B2B firms from the USA, New Zealand and Argentina; and Lindgreen (2001) studied the wine industry in New Zealand. Table 4.3 and Table 4.4 provide two examples of these findings.

Table 4.3: CMP Cluster (MPs) and Type of Offer/ Type of Market Served

	Transactional Cluster (n=103)	Relational Cluster (n= 98)	Trans./Relat. Cluster (n= 107)
B2C Goods (%)	38.9	11.1	50.0
B2C Services (%)	40.6	29.0	30.4
B2B Goods (%)	34.9	30.1	34.9
B2B Services (%)	26.7	40.8	32.5

Source: Coviello et al 2002

In discussing Table 4.3, Coviello et al (2002, see Table 4 in *Journal of Marketing* article) conclude:

“They show that while relational aspects of marketing *are* implemented by all types of firms, a transactional approach is still very much in evidence, even for non-consumer goods firms. It is also important to note that over one-third of the firms in this study have adopted a pluralistic hybrid approach in relating to their markets. Again, this lends support to the ‘solutions organisation’ argument in that regardless of type, some firms seek a balance between the transactional and relational approach” (italics and inverted commas in original) (p. 42).

In the section on the direction of future research, Coviello et al (2002) clearly state:

“Although this study shows that firms emphasise either transactional, relational or hybrid approach to marketing practice, it does not identify why such approaches are implemented” (p. 44).

Table 4.4: CMP Cluster (MPs) in B2B Firms in the USA, New Zealand and Argentina

Transactional cluster	Relational cluster	Trans./Relat. cluster
37%	38%	25%

Source: Pels et al 2004

Table 4.4 shows the combined results for USA, New Zealand and Argentina. The study exclusively analysed business-to-business firms. Similar to the data from Table 4.3, it shows that there is only weak association between the contingency factors (i.e. the B2B market) and choice of type of marketing practice.

In short, the marketing literature (both conceptually and empirically) has made a valuable contribution to identifying the existence of multiple marketing practices but the “why is there increasing diversity in the way firms reach and serve their markets” (Day and Montgomery 1999, p. 4) remains. Specifically, the results of these studies relate directly to the thesis’ purpose in that they suggest the need to identify an alternative rationale for understanding the diversity of marketing practices.

4.5. CHAPTER SUMMARY

This chapter examined the literature with regard to how the diverse types of marketing practices have been characterised (i.e. the third sub-question). It has shown that from the 1980s, within the marketing discipline, there has been an active debate on alternative marketing practice approaches. The diversity of marketing practices found suggested the need to look at possible classification schemes. Two types of classification were identified: dichotomous and pluralistic. The different classifications were compared and the rationale for selecting the Contemporary Marketing Practice categorisation was provided. The CMP conceptualisation was introduced and their classification mentioned. This thesis adopts the CMP's conceptualisation as well as its classification of marketing practices.

Additionally, the empirical studies are important to the thesis as they provide evidence that there is no strong relationship between the marketing practices and contingent factors such as type of offer (good/services) or type of market served (B2B/B2C) or type of economic development (developed/ developing country) or industry (e.g. banking, wine, wood products) .

4.6. SUMMING UP THE INTRODUCTION AND THE LITERATURE REVIEW CHAPTERS

Chapter 1 highlighted the diversity of marketing practices and the lack of a conceptual framework that helps to understand these studies, supporting Day and Montgomery's (1999) call for more research on how firms relate to their markets. This leads to the thesis' purpose: to increase understanding of the reasons for diversity of marketing practices across firms operating in the same market. To do so it looked at the debate on diversity of structure and strategy in the organisational theory and strategic management literature. It argued that mainstream marketing (contingent) rationale is but *one* possible view to understand diversity and an alternative approach was introduced: the configurational approach. Drawing from the management literature on how the primary context has been conceptualised and on a set of critical insights identified in the

configurational approach, the thesis' central research question and three associated sub-questions were stated.

Chapter 2 reviewed the literature addressing managerial assumptions and their relationship to decision-making. It highlighted that there were only a few studies examining this topic from the marketing perspective and that these studies build on the organisational theory literature. The organisational theory literature review revealed that managerial assumption is determined by the dominant coalition's frame of reference. It also introduced Shrivastava and Mitroff's (1983, 1984) studies on frame of reference, which is the most comprehensive determinant of management assumptions developed so far.

Chapter 3 reviewed the literature addressing alternative conceptualisations of the environment and its association to decision-making. The review evidenced a limited debate on these topics in the marketing literature, however, the literature in organisational theory and strategic management revealed a more explicit debate. The literature review in these disciplines allowed for the identification of Weick and Daft's (1983, 1984) model of organisational interpretation systems as a valuable categorisation of the different approaches to the environment discussed in this thesis.

Chapter 4 reviewed the marketing literature and showed the existence of diverse categorisations of marketing practices. The Contemporary Marketing Practice group's (CMP) categorisation was identified as a useful classification of marketing practices. The next chapter introduces the conceptual framework to be used in this thesis.

CHAPTER 5

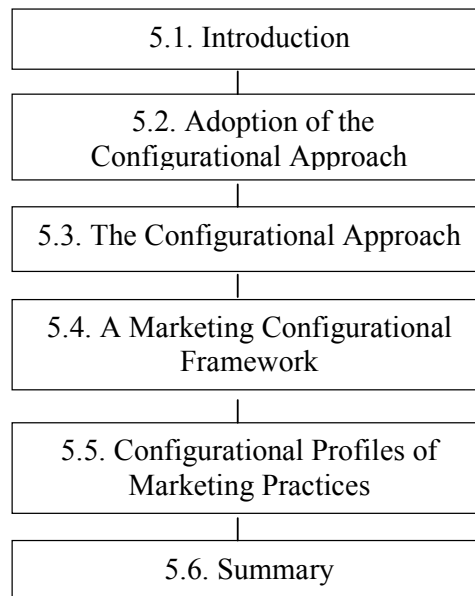
Marketing Configurational Framework

5.1. INTRODUCTION

This chapter develops the conceptual framework underlying this thesis. It pulls together the literature discussed in the previous three chapters into a model of the relationship between the firm's frame of reference (i.e. managerial assumption), conceptualisation of the environment and marketing practice.

It begins by describing the similarities between the neo-contingency and the configurational approaches and justifying the choice of configurational terminology (Section 5.2). Next, it introduces the configurational approach; it familiarises the reader with its terminology and core concepts and presents the diverse approaches to building configurations (Section 5.3). Then, it justifies the adoption of the configurational approach to address the thesis' research question and develops the thesis' conceptual framework: a Marketing Configurational Framework. To that end, it identifies the imperatives, operationalises them and identifies their categorisations (Section 5.4). Next, by associating the conceptual framework's categories, a typology of Configurational Profiles of Marketing Practices is presented (Section 5.5). The chapter ends with a summary section (Section 5.6). Figure 5.1 gives the chapter's overview.

Figure 5.1: Chapter Overview



5.2. ADOPTION OF THE CONFIGURATIONAL APPROACH

As mentioned briefly in Chapter 1, organisational theory scholars Miller and Friesen (1977, 1978) were trying to understand diversity of organisational structure by testing a multivariate framework rather than the bivariate contingency models. Their fieldwork showed *diverse* successful structures within a *homogenous* environment (i.e. equifinality). These studies led to a departure from the contingency view, and evolved into the configurational approach (Miller 1986, 1987, 1996). The configurational approach attempts to integrate the contrasting claims of the accepted paradigms in the field of management. The contribution of *each* school of thought is recognised as emphasising a given 'key force'. The configurational approach argues that what really occurs is an interplay between all the 'key forces' resulting in a range of alternative configurations (Meyer et al 1993). Additionally, the tensions between these forces restrict organisational variety, in that only a limited number of configurations are viable (Mintzberg 1979; Nickerson and Zenger 2002).

In parallel, within the strategic management literature, the neo-contingency perspective was being developed (Miles and Snow 1978, 1983). These scholars were trying to answer the question of why and to what extent do organisations within the same industry differ in their strategy, structure and processes. Research indicated the *simultaneous* presence of diverse strategic types within the *same* industry (i.e. equifinality). Snow and Miles (1983) suggest a general framework and identify a set of three overlays (i.e. key forces) that explain organisational design and behaviour. The combinations of the overlays lead to four strategic types: defenders, prospectors, analysers, and reactors.

For this thesis, a review of the literature on the configurational and neo-contingency approaches was conducted (Miles and Snow 1978, 1983; Miller and Friesen 1977, 1978; Miller 1986, 1987, 1996; Meyer et al 1993; Ketchen et al 1997; amongst others). It revealed that both configurational and neo-contingency share a set of breakaway assumptions with regard to the contingency approach. They both: 1) develop multivariate frameworks and adopt a holistic perspective; 2) sustain that the elements in their frameworks interact to form *gestalts* (i.e. Miller's configurations and Miles and Snow archetypes or strategic types); 3) acknowledge equifinality (i.e. that there are multiple viable configurations or archetypes for a given research context) but highlight

that only a restricted number of these configurations are viable, and 4) re-conceptualise the role assigned by contingency theory to managerial assumptions. Miller (1987) discusses the role of the CEO's personality while Miles and Snow (1978) build on Child's (1972) arguments on strategic choice.

In sum, the review showed that both approaches are very similar and although Miles and Snow (1978, 1983) do not adopt the term configuration many academics consider their work as belonging to the configurational approach (Doty et al 1993; Meyer et al 1993; Ketchen et al 1997; Mintzberg et al 1998; Vorhies and Morgan 2003). In principle, the terminology from either approach could be adopted. This thesis adopts the configurational approach terminology as it found that its definition of terms is clearer. For example, the concept of equifinality is implicit in the neo-contingency literature but explicit and discussed in the configurational studies (this concept is examined in Section 5.3.1). Table 1.2 (reproduced here) shows this choice.

Table 1.2 (reproduced): Approaches to Understanding Diversity

Approaches to Understanding Diversity	Managerial Discipline		
	Organisational Theory	Strategic Management	Marketing
	Contingency	Contingency	Contingency
	Configurations	Neo-contingency	Configurations -current thesis-

Source: developed for this thesis

Although the thesis adopts the configurational approach terminology, in developing the conceptual framework, it will be taking into account the equivalent neo-contingency process at various points.

5.3. THE CONFIGURATIONAL APPROACH

Core concepts, approaches to generate configurations, and the process of developing a configurational framework are new to the marketing scholar. It is therefore necessary to clarify them in the following sections.

5.3.1. Core Concepts

This section describes the core concepts underlying this approach: configurations, multivariate, imperatives, holism, equifinality and coherency principle.

The main concept that needs to be defined is the notion of *configurations*. They have been defined as “tight constellations of mutually supportive elements [...] together they form a cohesive system” (Miller 1986, p. 236). Another definition states: “organisational configuration denotes any multidimensional constellation of conceptually distinct characteristics that commonly occur together” [where] “the parts of a social entity take their meaning from the whole and cannot be understood in isolation” (Meyer et al 1993, pp. 1175-1178). These definitions show that a configuration goes beyond the sum of the individual elements that constitutes it. Miller uses the term *gestalt* (1986, p. 235). This definition encompasses Snow and Miles’ (1983) term archetypes or strategic types and Doty et al’s (1993) configurational profiles. The thesis adopts the term ‘configurational profile’.

One of the distinctive characteristics of the configurational approach is its *multivariate* perspective. This means that it looks at ‘a number of co-existing’ elements rather than looking at ‘bivariate relationships’ (Miller and Friesen 1977, 1978). Miller (1987) coins the term *imperative* and explains that “a number of key forces [...] help give rise to configurations. These are called imperatives because they drive or organise the many elements of a configuration” (p. 686). This definition encompasses Meyer et al’s (1993) term ‘key forces’ and Snow and Miles’ (1983) term ‘contextual overlays’. The thesis adopts the term: imperative. There is no given list of imperatives or key forces. Culture, ideology, groups, members, processes, and practices are examples of imperatives used in configurational studies (Meyer et al 1993). For example, Miller (1987) uses “leadership, environment, organisation structure and strategy” (p. 686) as the imperatives while Snow and Miles (1983) adopt management philosophy, industry and strategy as the overlays.

Another distinctive trait of the configurational approach is its adoption of a *holistic* approach to link imperatives (Miller and Friesen 1978). This implies that “order emerges from the interaction of the parts as a whole. Social systems are seen as tightly coupled amalgams entangled in bidirectional causal loops” (Meyer et al 1993, p. 1178).

The configurational approach acknowledges *equifinality*. Defining equifinality Katz and Kahn (1978) state that “a system can reach the same final state [e.g. the same level of organisational effectiveness] from differing initial conditions and by a variety of paths” (p. 30, in Doty et al 1993). Doty et al (1993) summarise that equifinality is “the premise that multiple organisational forms are equally effective” (p. 1196). Meyer et al (1993) acknowledge “that there is more than one way to succeed in each type of setting. For instance equifinality might imply that pursuing either technological innovation or a niche strategy could enable a particular organisation to thrive in a volatile environment” (p. 1178).

Finally, the notion of *coherency principle* needs to be addressed. With the underlying assumption of equifinality, the configurational approach departs from the contingency notion of an optimal fit and raises the question of what limits the number of configurations in a given environment (Meyer et al 1993). Miller (1986) argues that “there are only a limited number of possible strategies and structures feasible in any type of environment [...] organisational features are interrelated in complex and integral ways [...] to achieve *internal harmony*” (italics added)(p. 236). Similarly, Miles and Snow (1978) argue that “theoretically the range of relationships is potentially vast, however, patterns of behaviour can be reduced to a few archetypes” (pp. 28-29), and they identify four organisational types. Nickerson and Zenger (2002) argue that the choice of organisational structure is governed by the conjecture that all elements are complementary and that all elements of the structure (formal and informal) must exist without conflict. Therefore, configurations do not result in an infinite set of options but can only be categorised into a small number of types (Mintzberg 1979; Meyer et al 1993; Doty et al 1993; Nickerson and Zenger 2002; DeSarbo et al 2005).

5.3.2. Approaches to Configurations

Scholars who take a configurational approach are commonly divided into two categories: typologists and taxonomists (Meyer et al 1993; Miller 1996). Both approaches are equally valuable (Miller and Friesen 1984; Meyer et al 1993; Miller 1996).

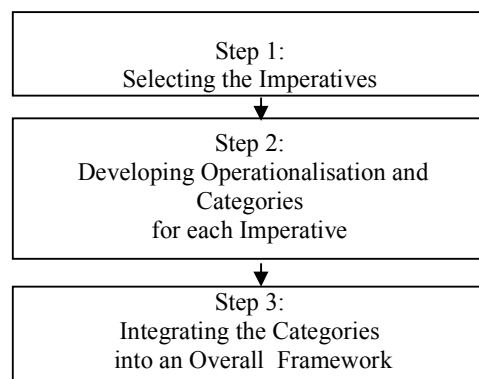
- *Typologists* generally follow the logic of ideal types, accentuating key characteristics so as to draw a priori distinctions between organisations (Meyer

et al 1993). Typologies are well informed by theory (Miller 1996). One example of a typology is that of Miles and Snow's (1978) four strategic types.

- *Taxonomists* rely on empirical classifications based on multivariate analysis of multiple dimensions that may cover structure, strategies and contexts (Meyer et al 1993). An example is Miller and Friesen's (1977) five clusters.

This thesis will be developing a typology of possible Configurational Profiles of Marketing Practices (Section 5.5), where each configurational profile represents a different and viable way of relating to the market. To this end, a configurational framework is developed. A configurational framework: 1) shows a set of imperatives and their categories, 2) associates them through bidirectional causal loops (i.e. a holistic approach), and 3) helps visualise possible configurational profiles, allowing for equifinality. Developing a configurational framework is a three tier process. Figure 5.2 shows the different steps.

Figure 5.2: Developing a Configurational Framework



Source: developed for this thesis

Once the conceptual configurational framework is developed, the configurations (or configurational profiles) may be suggested (Section 5.5).

5.4. A MARKETING CONFIGURATION FRAMEWORK

The configurational approach is adopted because it helps to address the gap between empirical data and theory, discussed in Chapter 1. It does so because the

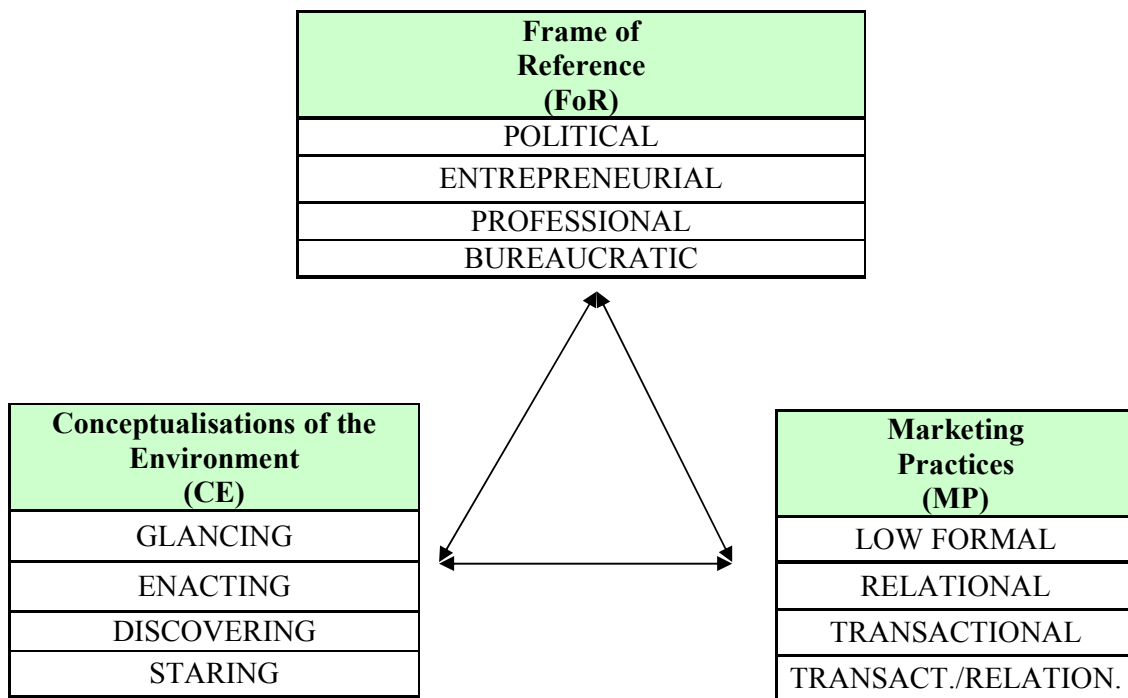
configurational approach provides the process to develop a conceptual framework that allows eliciting viable configurational profiles, thus helping understand diversity of marketing practices.

To date, Vorhies and Morgan's (2003) article is the only marketing study found adopting a configurational approach. Their research question addresses a different topic, it "pertains to the relationship between the marketing organisation configuration (structure and tasks) and the business strategy and performance" (p. 101). This thesis extends on the experiences in organisational theory and strategic management literature to develop a Marketing Configurational Framework.

This section develops an application of the configurational approach for marketing. The three steps described in Figure 5.2 are followed. First, the selection of the set of imperatives is discussed (Section 5.4.1). Second, for each imperative, its operationalisation and categories are developed (Section 5.4.2). Third, the imperatives and categories are integrated into the overall conceptual framework which allows visualising alternative configurational profiles (Section 5.4.3). Section 5.5 will present and discuss the suggested Configurational Profiles of Marketing Practices.

Figure 5.3 anticipates the Marketing Configurational Framework. It shows the three imperatives: Frame of Reference (FoR), Conceptualisation of the Environment (CE) and Marketing Practices (MP). For each imperative, it shows the related categories: the political, entrepreneurial, professional and bureaucratic FoR; the glancing, enacting, discovering and staring CE; and the low formal, relational, transactional and transactional/relational MP. Figure 5.3 also shows that they are interrelated by bidirectional arrows, as the framework adopts a holistic approach.

Figure 5.3: The Marketing Configurational Framework



Source: developed for this thesis

5.4.1. Selecting the Imperatives (Stage 1)

This section presents the imperatives that will be adopted in the conceptual framework. Meyer et al (1993) list several key forces adopted in configurational studies: “numerous dimensions of the environment, industries, technologies, strategies, structures, cultures, ideologies, groups, members, processes, practices, beliefs, and outcomes” (p. 1175). Scholars have adopted diverse criteria for selecting imperatives; it has been argued that they need to “have been suggested as fundamental” (Miller 1987, p. 686), “expected to help explain top manager’s alignments and arrangement decisions” (Snow and Miles 1983, p. 249) and a “substantial amount of knowledge about this overlay [must] already exist” (ibid, p. 243). Drawing from the extant literature, the appropriate imperatives to build the Marketing Configurational Framework were selected as frame of reference, conceptualisation of the environment and marketing practice. Table 5.1 shows the three imperatives in this study, followed by the discussion of the rationale behind the choice of each imperative.

Table 5.1: Choices of Imperatives in this Study

Imperatives
Frame of Reference
Conceptualisation of the Environment
Marketing Practice

Source: developed for this thesis

5.4.1.1. The Frame of Reference Imperative

This thesis uses the frame of reference of the top management team as one of the working imperatives in the conceptual framework. The literature reviewed shows that managerial assumptions play an important role in marketing decision-making and that they are determined by the frame of reference of the dominant coalition (Chapter 2). Frames of reference underlie problem formulation, the collection and interpretation of data, the identification of alternatives, and choice of final solution. Thus, it was chosen as an imperative because it relates to decisions.

5.4.1.2. The Conceptualisation of the Environment Imperative

This thesis uses conceptualisation of the environment as another of the imperatives. The literature review revealed that the conceptualisation of the environment¹² is related to decision-making (Chapter 3), and that the debate on the topic was more fully developed within the organisational theory and strategic management literature. There are multiple conceptualisations of the environment and this conceptualisation of the environment is associated with the organisation's decision on how to relate to their primary contextual setting. Thus, this thesis uses the

¹² Chapter 1 clarified that the concepts of 'market' and 'environment' are different, that the thesis's focus is on the 'market', but that it uses the term 'environment' when it draws-on or refers-to the organisational theory literature because that is the term which is used by that discipline (p. 5).

conceptualisation of the environment as the second imperative, accepting Miller and Friesen's (1978) invitation to "researchers to introduce new variables" (p. 933).

5.4.1.3. The Marketing Practice Imperative

This thesis adopts marketing practice as the third imperative. The rationale behind the choice of this imperative is informed by the fact that each managerial discipline (organisational theory, strategic management, marketing) has a distinct theoretical focus, as discussed in Chapter 1 (Table 1.1). Previous configurational studies show that one of the imperatives is determined by the disciplinary approach. For example, Miller (1987) adopts 'strategy' and 'structure' as the imperatives and builds on the research of strategists who have developed typologies of strategies (Miles and Snow 1978; Porter 1980) and of organisational theorists (Weber 1947; Mintzberg 1979; Nelson and Winter 1982) who have shown how structure can influence strategy and decision-making. Similarly, Snow and Miles (1983) adopt 'strategy' as the overlay and draw on their own typology. Equivalently, this is a marketing thesis developing configurational profiles of marketing practices. For this reason, it uses marketing practice as the imperative and will build on extant categorisations of marketing practices.

5.4.2. Operationalisation and Categorisation of each Imperative (Stage 2)

With regard to the operationalisation of the imperatives, Snow and Miles (1983) state that "None of the contextual overlays is, of course, unidimensional; each may take a variety of forms" (p. 241) and Miller (1986) suggests that the indicators need to be chosen in light of previous literature.

In the following sections, the studies by Shrivastava and Mitroff (1983, 1984), Weick and Daft (1983, 1984) and Coviello et al (1997, 2002) will be used as the starting point for the identification of the constructs, underlying dimensions, and indicators of each imperative. These studies have been chosen because 1) they synthesise the respective schools, and 2) they have operationalised and tested the constructs that this thesis is interested in exploring.

The thesis follows Miller's (1996) advice of being creative and deriving new operationalisations. It does so by complementing the suggested operationalisations with indicators derived from the literature review chapters. The criteria by which the

additional indicators were selected will be discussed in each specific subsection; however, in general, choices will be informed by Miller's (1986) recommendation of criteria to choose dimensions¹³:

“(1) they had to be sufficiently specific to be both identifiable and controllable by managers yet (2) general enough to apply to most industries, and (3) they had to encompass many specific elements that could richly characterise the imperative” (p. 237).

With regard to the categorisations, the classifications introduced at the end of each literature review chapter will be expanded and described. These categories form the bases of the Marketing Configurational Framework.

5.4.2.1. Operationalisation and Categorisation of the Frame of Reference Imperative

The frame of reference (FoR) conceptualisation is grounded in the studies of Shrivastava and Mitroff (1983, 1984). The FoR components have been defined in Chapter 2.

Table 5.2 shows the constructs, the underlying dimensions and indicators for the FoR imperative. With regard to the choice of indicators, this thesis builds on Shrivastava and Mitroff's (1983, 1984) studies combining them with three additional indicators drawn from the literature: one from Dill (1958) and two from Daft and Weick (1984). In this section, the constructs are listed with their underlying dimensions, and the choice of indicators is justified.

Cognitive operators. For this construct, Shrivastava and Mitroff (1983) use two underlying dimensions: classification scheme and analytical devices:

1) *Classification schemes.* Shrivastava and Mitroff (1983, 1984) use one indicator: time orientation (short-term/long-term). An additional indicator, associated with Dill's (1958) classification scheme of the environment has been added: general/ task environment.

¹³ Miller (1986) uses the term dimensions rather than indicators.

2) *Analytical devices*. Shrivastava and Mitroff (1983, 1984) use one indicator - formal/ informal-, where the formal is based on computational tools and the informal is associated with intuitiveness.

Table 5.2: Constructs, Underlying Dimensions and Indicators of the Frame of Reference (FoR) Imperative

Imperative:	Frame of Reference Imperative					
Constructs:	Cognitive Operator		Cognitive Elements		Set of Reality Tests	Domain Inquiry
Underlying dimensions:	Classific. Scheme	Analytical Device	Source of Infor.	Intellectual Commitment		Scope
Indicator:	Short-term	Formal (comnp. tools) Informal (intuitive)	Subjective	Personal Interpersonal (coalition) Organisational	Self-experience Org. norms Metho. rigor	Broad Narrow
	Long-term		Objective			
	Task env. General		Personal Impersonal			
			Internal External			

Source: developed for this thesis

Cognitive elements. For this construct, Shrivastava and Mitroff (1983) use two underlying dimensions: source of information and intellectual commitment:

1) *Source of information*. Shrivastava and Mitroff (1983, 1984) use one indicator: source of information (subjective/ objective). Two additional indicators have been added here. The selection of the new indicators was informed by Daft and Weick's (1984, p. 290) study on top management preferences for data sources when scanning the environment. The first one is associated with the type of contact (personal/ impersonal), where personal sources "involve direct contact with other individuals" (ibid.). The second indicator is related to the origin of the information (internal/ external).

2) *Intellectual commitment*. Shrivastava and Mitroff (1983, 1984) use one indicator: personal/ inter-personal/ organisational, where inter-personal is associated with the coalition to which the managers are related.

Set of reality tests. Shrivastava and Mitroff (1983) don't identify any underlying dimensions for the reality test construct and use as indicators: self experience, organisational norms or methodological rigor.

Cognitive maps of the domain of inquiry. For this construct Shrivastava and Mitroff (1983) use one underlying dimension; scope:

Scope. Shrivastava and Mitroff (1983, 1984) use a range of indicators that go from ‘problem specific’ to ‘departmental’ to ‘organisational’. The authors were looking for an indicator that could be related to the scope of inquiry (Shrivastava and Mitroff 1983, p.166) and the thesis preserves this intention. However, following Miller’s (1986) recommendation to choose indicators that are general enough to apply to most industries and considering that in marketing the scope of the domain of inquiry also relates to factors outside of the organisation, the indicator is re-labelled as narrow / broad.

Degree of articulation. Shrivastava and Mitroff (1983) state that degree of articulation is not a component of the FoR, but rather refers to the degree to which the assumptions embodied in the other four elements have been articulated and codified.

Metaphors. In 1984, Shrivastava and Mitroff add metaphors to their list of components of frame of reference, and state that “metaphors permit the symbolical reconstruction of the organisational world’ (p. 22). No specific metaphors are used in the analysis in this thesis.

Frame of References Typology

The thesis adopts Shrivastava and Mitroff’s (1983) suggested typology of frame of reference: the Political FoR, the Bureaucratic FoR, the Entrepreneurial FoR and the Professional FoR. These are described as follows:

- ***Political FoR.*** Shrivastava and Mitroff (1983, 1984) label this type of organisation ‘political’ because of the importance held by the coalition to which the manager belongs. Shrivastava and Mitroff (1983) describe managers in these organisations as showing a preference for both subjective and objective sources of information, though the interpretation of the data is mainly subjective and functional to the defence of the manager’s coalition. In terms of analytical devices, this manager is highly intuitive and informal (Shrivastava and Mitroff use the term ‘bargaining’). In terms of commitment, the manager of the Political FoR is loyal to himself/herself (personal) or to his/her coalition. Reality tests are determined by the organisational and societal norms and the domain of inquiry is broad -i.e. the whole organisation.

Managers belonging to these organisations are focused on politics, thus it can be assumed as having a preference for personal sources of information and a focus on internal data.

- ***Bureaucratic FoR***. Shrivastava and Mitroff (1983, 1984) label this type of organisation ‘bureaucratic’ because of the importance bureaucratic procedures hold in them. Shrivastava and Mitroff (1983) describe managers in these organisations as having a preference for objective, impersonal and empirically verified information coming from documented, impersonal sources like organisational files, reports or memoranda. Their managers are committed to the stated organisational goals and policies, and when inquiring into problems, they seek to achieve their goals through objective computational analysis. In these organisations, reality tests are defined by the predetermined organisational rules, procedures and systems. Managers in these organisations are procedure-centred and managerial focus is on sources of information related to the guiding procedures of each organisation.
- ***Entrepreneurial FoR***. Shrivastava and Mitroff (1983, 1984) label this type of organisation ‘entrepreneurial’ because these organisations are essentially manager-centric. Shrivastava and Mitroff (1983) characterise managers in this type of organisation as having a preference for cognitive operators that are based on the entrepreneur’s vision. These managers’ analytical devices -though not exclusively- tend to be intuitive (rather than formal). The sources of information are subjective and personal: peers, friends, and/or subordinates. The commitment is to the entrepreneur and the reality tests used by these managers are based on the personal experiences of the decision makers. Managers in these organisations are leader-centric; the choice of adopting internal/external sources of information or focusing on the general/task environment is believed to depend on the type of entrepreneur.
- ***Professional FoR***. Shrivastava and Mitroff (1983, 1984) name this type of organisation ‘professional’ because of the importance given to professionalisation. Shrivastava and Mitroff (1983) describe managers in these organisations as building on assumptions derived from professional knowledge of management and organisational science. These managers’ cognitive operators are characterised by a long-term perspective and they have a clear preference for models, scientific rigor, empiricism and experimentation. These managers’ choice of cognitive elements is both objective and subjective. The latter is actually inter-subjective information

based on a set of mutually understood and shared assumptions. From a commitment point of view, these managers are career-oriented, but they also tend to identify strongly with the organisation. The reality tests of managers' belonging to this FoR emphasise scientific rigor, empiricism and experimentation. Reality is considered to be present 'out there' and it needs to be measured objectively and scientifically (p.176). The domain of inquiry is the whole organisation (i.e. broad). Given their professional knowledge and training, it is believed that these managers apply the task and general environment classification scheme and that they use both internal and external sources of information (e.g. use SWOT-type analysis).

5.4.2.2. Operationalisation and Categorisation of the Conceptualisation of the Environment Imperative

The conceptualisation of the environment (hereafter CE) imperative is grounded in Weick and Daft's (1983, 1984) model of the organisation as interpretation system of the environment.

Table 5.3 shows the constructs and indicators for the CE. The two constructs (nature of the environment and organisational intrusiveness) have been defined in Chapter 3. With regard to the choice of indicators, this thesis adopts Weick and Daft's but incorporates a few additional indicators drawn from the literature review. The following paragraphs list the constructs and justify the choice of indicators.

Table 5.3: Constructs and Indicators of the Conceptualisation of the Environment (CE) Imperative

Imperative:	Conceptualisation of the Environment Imperative	
Constructs:	Nature of the Environment	Organisation Intrusiveness
Indicators:	Enacted Analysable (well-structured/ controllable)	Passive Active
	External Embedded	Distant Close-interactive
		Focus on the outcome Focus on the process

Source: developed for this thesis

Assumptions about the nature of the environment. For this construct, Weick and Daft use the indicators: subjective/objective, where objective is equated to well-structured, controllable, analysable and predictable. In order to avoid confusion with the labels ‘objective/subjective’ used in the conceptualisation of FoR, this thesis will adopt the labels ‘enacted/analysable’.

An additional indicator has been added (external/embedded). The selection was informed by the contrasting approaches discussed in Chapter 3. In the environmental determinism approach, the environment is understood as an external entity while in the interactive approach organisations are perceived as being embedded in the environment, for example, in a network of relationships (Håkansson and Snehota 1995).

Organisational intrusiveness. For this construct Weick and Daft use the indicator ‘passive/active’ (Table 5.3). Passive organisations ‘accept whatever information the environment gives them’ while active organisations ‘search the environment for answers’ (1984, p. 288).

Two additional indicators have been added. The first is associated with the concepts of proximity (distant/close-interactive) and the other is linked to the concept of the focus (focus on the process/focus on the outcome). The selection of these indicators was informed by contrasting views discussed in Chapter 3. In the environmental determinism approach, the organisation is seen as distinct from the environment (i.e. more distant) and the focus is on producing an outcome (i.e. marketing mix) that will fit (adapt to) the customer/client’s requirements (Arndt 1979; Zeithaml and Zeithaml 1984; Brownlie 1994). In the interactive approach, focus is on the process (Arndt 1979).

Conceptualisation of the Environment Typology

The thesis adopts Weick and Daft suggested typology of organisations in terms of their interpretation mode: the Staring, the Glancing, the Enacting and the Discovering organisation. These are described as follows:

- ***Staring.*** Weick and Daft label this type of organisation as ‘staring’ because managers from these organisations do not intrude in the environment. Weick and Daft describe these managers as having a passive attitude (i.e. their focus is inwards)

and with regard to the environment, they assume it to be objective. The above description is similar to that of the passive approach discussed in Chapter 3.

- **Glancing.** Weick and Daft name this type of organisation ‘glancing’ because managers in these organisations also have a passive attitude, however these managers distinguish themselves from those in the ‘staring’ organisations in that they have a subjective perception of the environment. The above description is similar to that of the passive approach discussed in Chapter 3. Given their strong internal focus, these managers are distant in their behaviour.
- **Enacting.** Weick and Daft describe these managers as envisioning the environment as enacted and are prone to testing and experimentation, adopting a ‘learning by doing’ approach. The above description is similar to that of the enacted approach discussed in Chapter 3 where strategic choice overrules environmental determinism. Given the experimental nature of these managers, it can be assumed that these managers are close and interactive, rather than distant.
- **Discovering.** Weick and Daft label this type of organisation as ‘discovering’ because managers perceive the environment as analysable and set the emphasis on detecting the ‘correct answer’ to an environment. To do so they use market research and trend analysis, believing in the value of formal data. The above description is similar to that of the environmental determinism view discussed in Chapter 3. Managers in these organisations see the environment as external. Given their mediated and formal view of the organisation’s intrusiveness, these managers’ focus is in the outcome (i.e. the marketing mix).

5.4.2.3. Operationalisation and Categorisation of the Marketing Practice Imperative

The marketing practice (hereafter MP) imperative is grounded in the studies of the Contemporary Marketing Practice group discussed in Chapter 4.

Table 5.4 shows underlying dimensions and indicators for the MP constructs. The two MP constructs (relational exchange and managerial activities) have been defined in Chapter 4.

Relational exchange dimensions. For this construct Coviello et al (1997) and Brodie et al (1997) use five underlying dimensions: purpose of exchange, nature of

communication, type of contact, type of exchange, and formality of exchange (Table 5.4).

For each underlying dimension, indicators are identified, associated with one type of marketing practice: transaction marketing, database marketing, interactive marketing and network marketing.

Table 5.4: Constructs, Underlying Dimensions and Indicators of the Marketing Practice (MP) Imperative

Imperative:	Marketing Practice Imperative				
Construct:	Relational Exchange Dimensions				
Underlying Dimensions:	Purpose of the Exchange	Nature of Communication	Type of Contact	Type of Exchange	Formality of Exchange
Indicators:	Economic transaction/ Information/ Interactive relationships between a buyer and seller/ Relationships between firms	Firm “to” market/ Firm “to” individual/ Individuals “with” individuals/ Firms “with” firms	Arms-length/ Impersonal/ Personalised/ Face-to-face interpersonal	Discrete/ Continuous	Formal/ Informal

Source: Adapted from Coviello et al (1997)

Table 5.4 (cont): Constructs, Underlying Dimensions and Indicators of the Marketing Practice (MP) Imperative

Imperative:	Marketing Practice Imperative			
Construct:	Managerial Dimensions			
Underlying Dimensions:	Managerial Intent	Managerial Focus	Managerial Investment	Managerial Level of Implementation
Indicators:	Customer attraction/ Customer retention/ Interaction	Product or brand/ Customers relationships between individuals/ Connected relationships between firms	Internal marketing assets/ External market assets	Functional marketers/ Specialist marketers/ Managers from across functions and levels in the firm/ General manager

Source: Adapted from Coviello et al (1997)

Managerial dimensions. For this construct Coviello et al (1997) and Brodie et al (1997) use four underlying dimensions: managerial intent, managerial focus, managerial investment, and managerial level of implementation (Table 5.4).

For each underlying dimension, indicators are identified, associated with one marketing practice: transaction marketing, database marketing, interactive marketing and network marketing.

Marketing Practice Taxonomy

The thesis adopts the CMP taxonomy: the Transactional MP, the Relational MP, the Transactional/Relational MP and the Low Formal MP. As discussed in Chapter 4 (Section 4.4.1), the CMP taxonomy results from the application of a cluster analysis. Chapter 6 describes how the CMP indices for the transactional, database, interaction and network marketing practices are obtained (Section 6.4.5, p. 104). The different CMP clusters are alternative combinations of the transactional, database, interaction and network marketing practices. These are described as follows:

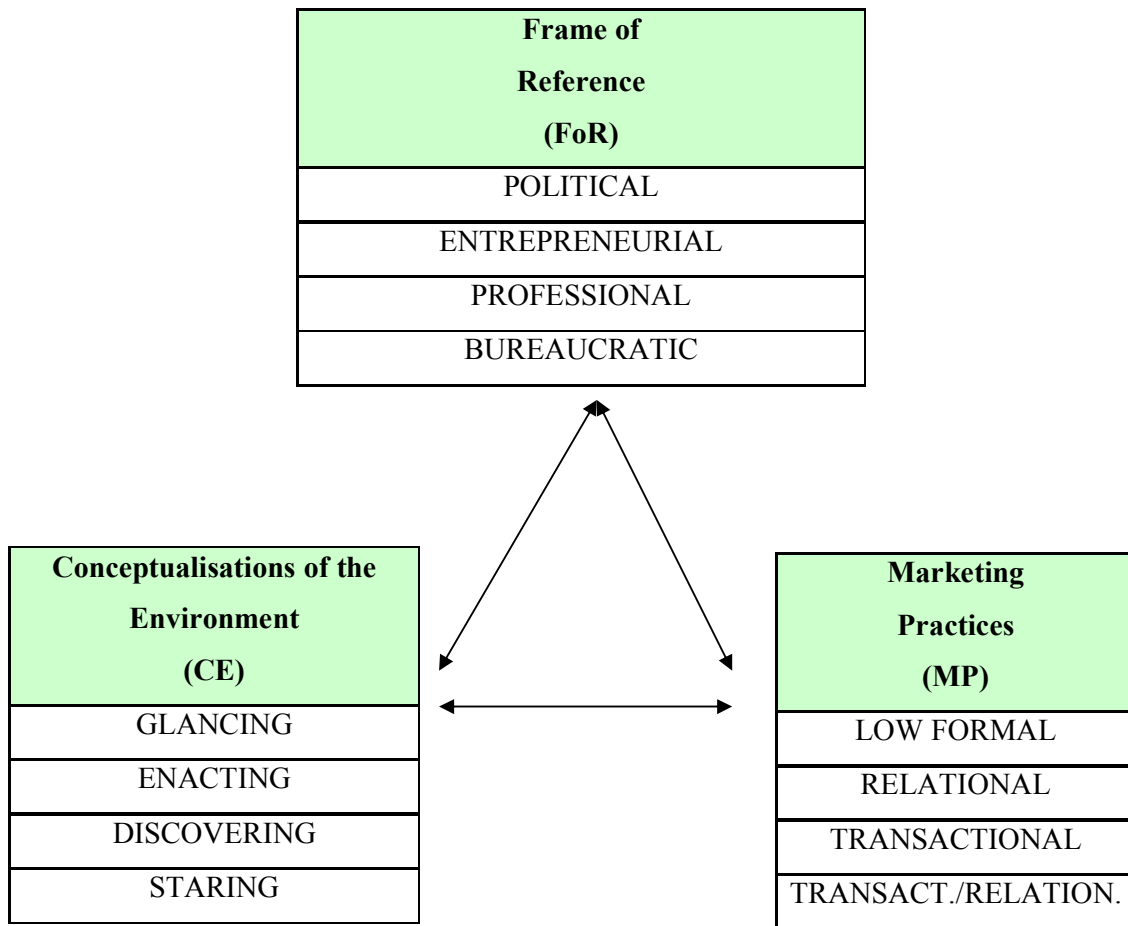
- ***Transactional marketing practice*** is characterised by firms that have above average values for transactional marketing practice and below average values for database, interaction and network marketing practices.
- ***Relational marketing practice*** is characterised by firms that have above average values for interaction and network marketing practices and below average values for transactional, and database marketing practices.
- ***Transactional/relational marketing practice*** is characterised by firms that have above average values in all marketing practices: transactional, database, interaction and network marketing practices.
- ***Low formal marketing practice*** is characterised by firms that have a very moderate approach to marketing and have below average values in all marketing practices: transactional, database, interaction and network marketing practices.

5.4.3. The Overall Framework: the Marketing Configurational Framework (Stage 3)

Before discussing the Marketing Configurational Framework the overall process of how it was developed will be briefly described. First, an interdisciplinary literature review was conducted to identify conceptual frameworks that helped understand diversity (of marketing practices, strategy, and/or structure) within the same primary contextual setting. This review allowed eliciting the configurational approach. Second, the marketing literature was reviewed to identify the imperatives interacting with the choice of a marketing practice. The marketing literature review showed that Frame of Reference and Conceptualisation of the Environment were associated to decision-making. It also showed that these constructs had been developed within organisational theory. Third, the organisational theory operationalisations (of the constructs of Frame of Reference and Conceptualisation of the Environment) were adopted and complemented with marketing specific indicators elicited from the marketing literature review. Only after the presence of the additional indicators were supported by the data from the two case studies (in Chapters 7 and 8), were Shrivastava and Mitroff's and Weick and Daft's descriptions of the FoR and CE categorisations integrated with the marketing indicators. Fourth, the imperatives and their categorisations were integrated into the Marketing Configurational Framework.

Figure 5.3 (reproduced here) presents the Marketing Configurational Framework. The proposed framework follows the general tenets of a configurational framework: 1) it is multivariate as it uses three imperatives (FoR/CE/MP) and it shows their categories; 2) it adopts a holistic approach using bidirectional arrows to link the three imperatives; and 3) it helps visualise possible combinations between the categories (i.e. configurational profiles), allowing equifinality.

Figure 5.3 (reproduced): The Marketing Configurational Framework



Source: developed for this thesis

The adoption of a configurational approach implies understanding that *the configurational profiles represent the different ways organisations relate to the market*. The configurational profiles are *gestalts* and are not to be confused with their imperatives. As a consequence, a shift in focus from the marketing practice (now an imperative) to the Configurational Profile of Marketing Practice is required.

Figure 5.3 shows 64 possible arrangements. For example, option 1 would be an organisation with a political FoR, a glancing CE, and a low formal MP; option 2 would be an organisation with a political FoR, a glancing CE, and a relational MP, option 3 would be an organisation with a political FoR, a glancing CE, and a transactional MP; option 4 would be an organisation with a political FoR, a glancing CE, and a

transactional/relational MP, and so forth. However, each environment can contain well aligned configurations and poorly aligned configurations (Ketchen et al 1997, p. 225).

As mentioned, only a reduced number of combinations are actually effective (i.e. viable). The method used in the configurational literature to distinguish effective combinations is based on the coherency principle. The next section will explain how the typology of Configurational Profiles of Marketing Practices has been developed.

5.5. CONFIGURATIONAL PROFILES OF MARKETING PRACTICES

In this section, a typology of four Configurational Profiles of Marketing Practices is suggested and described. These have been labelled *Passive*, *Relational*, *Transactional*, and *Plural*. The choice of viable Configurational Profiles of Marketing Practices is not random; it is based on the three features that Miller (1996) suggests all typologies must possess.

First, Miller (1996, p. 507) suggests that typologies need to be “well informed by theory, drawing distinctions and relationships of conceptual importance”. In his 1986 article, Miller argues that since he is focusing on strategy, his choice of configurational types will be informed by the previous classifications the strategic management literature. Given that a marketing configuration is being proposed, in this thesis the four profiles were informed by the CMP classification.

Second, Miller (1996, p. 507) suggests that “their types should invoke contrasts that facilitate progress: which resolve persistent debates and conflicts”. The marketing discipline has been engaged in a long debate on how relationship marketing (RM) stands vis-à-vis transaction marketing (TM). Two manners of resolving the conflict have been suggested: a shift from TM towards RM (e.g. Webster 1992, Gummerson 2000) and a contingency approach where TM is more related to standardised consumer goods and RM to services or high-technology products (e.g. Grönroos 1991, Day 2000). These views are conceptually attractive but not empirically confirmed (e.g. Coviello et al 2002). Clarke-Hill, Li and Davies (2003) examine a similar problem within the strategy literature. They try to resolve the cooperation/competition debate. Clarke-Hill et al identify, within the strategy literature on paradoxes, a resolution to dichotomic debates. It suggests converting contradictions into alternatives by using a double continuum. By converting contradictions into alternatives, the paradox literature allows

for multiple forms to co-exist, overcoming the ‘either/or’ position of the shift and contingency views.

This thesis builds on the Clarke-Hill et al’s (2003) study. The TM/RM conflict is resolved by considering transaction and relationship marketing as ‘the contradictions’ and allowing four alternatives: high TM/ low RM, low TM/ high RM, high TM/ high RM and low TM/ low RM. These four alternatives correlate with the CMP classification:

- Low TM/ low RM is equivalent to low formal marketing practice.
- Low TM/ high RM is equivalent to relational marketing practice.
- High TM/ low RM is equivalent to transactional marketing practice.
- High TM/ high RM is equivalent to relational/transactional marketing practice.

Third, Miller (1996, p. 507) suggests that “the elements used to describe each type are shown to cohere in thematic and interesting ways -ways that have important conceptual, evolutionary or normative implications. These interdependencies among the elements within types are the essence of configuration”. With regard to the third criterion, Miller invites researchers to discover the thematic and systemic aspects, to probe into why and how their elements interrelate and complement each other to produce the driving character of an enterprise. The “*theme* orchestrates the alignment among a great many variables” (emphasis added) (Miller 1996, p. 505). For each of the above, four alternatives themes were identified. The low TM/ low RM is associated with the theme ‘internally focused’ and will guide the Passive profile. The low TM /high RM is associated with the theme ‘interactivity’ and will guide the Relational profile, the low RM /high TM is associated with the theme ‘analysing’ and will guide the Transactional profile, and the high RM /high TM is associated with the theme ‘duality’ and will guide the Plural profile.

The next section describes the profiles, showing how, guided by the themes, a given FoR type is associated to a particular CE type and to a certain MP cluster. It should be noted that these profiles are purely illustrative. The purpose is to see if the case studies can be associated to the profiles. Specifically, the two case studies need to be associated to different profiles to show that alternative configurational profiles can coexist in the same market.

5.5.1. *Configurational Profiles of Marketing Practices*

The suggested types/profiles (Passive, Relational, Transactional and Plural) must fall into coherent patterns where the presence of certain elements can thus lead to the reliable prediction of the remaining elements (Miller and Mintzberg 1984). Table 5.5 shows the four suggested Configurational Profiles of Marketing Practices and the related FoR type, CE type and MP taxonomy. As for almost any typology, the proposed configurations are “not intended to be exhaustive but merely illustrative of important relationships” (Miller 1996, p. 505). Next, each type is described.

The first suggested configurational profile, labelled *Passive*, is guided by the theme ‘internally focused’. It has a political FoR, is a glancing organisation, and is characterised as having a low formal marketing practice.

As discussed, managers from organisations with a *political FoR* place focus on the coalition to which they belong, thus leading to the gathering of information that sustains and defends the coalition. As a result, managers in these firms are internally focused and adopt analytical devices that are highly intuitive and informal and where the reality tests are determined by the organisational and societal norms. Managers with this FoR type seem similar to those described in the *glancing organisation* type who are also internally focussed. Managers from the glancing organisations see the environment as ill-structured and adopt a passive attitude towards it. Finally, managers from these profiles seem to fit harmoniously with those described in the *low formal marketing* organisations that are characterised as adopting a moderate approach to marketing (i.e. they have below average values in all marketing practices).

Table 5.5: Suggested Configurational Profiles of Marketing Practices

CONFIGURATIONAL PROFILES	FRAME OF REFERENCE	CONCEPTUALISATION OF THE ENVIRONMENT	MARKETING PRACTICE
<i>PASSIVE</i>	<i>Political</i>	<i>Glancing</i>	<i>Low formal marketing</i>
<i>RELATIONAL</i>	<i>Entrepreneurial</i>	<i>Enacting</i>	<i>Relationship marketing</i>
<i>TRANSACTIONAL</i>	<i>Professional</i>	<i>Discovering</i>	<i>Transactional marketing</i>
<i>PLURAL</i>	<i>Professional/ Entrepreneurial</i>	<i>Discovering/ Enacting</i>	<i>Transactional/ Relational marketing</i>

Source: developed for this thesis

The second suggested configurational profile, labelled *Relational*, is guided by the theme ‘interactivity’. It has an entrepreneurial FoR, is an enacting organisation, and is characterised as adopting a relationship marketing practice.

As discussed, managers having an *entrepreneurial FoR* are less formal (than, for example, the professional FoR) as they use peers, friends and subordinates as sources of information (both for internal and external data). Managers with an entrepreneurial FoR have been described as having a broad domain of enquiry (which is consistent with trying to understand the network in which the organisation is embedded and the diverse dimensions of the relationships it maintains). Managers from organisations that have this FoR type seem close to those from *enacting organisations*. These managers perceive the environment as enacted, believe that their organisation is embedded in a network of close coupling relationships, and focus on processes and are prone to experimentation (learning by doing). They also seem to fit harmoniously with the *relationship marketing* organisations as they belong to organisations characterised as having above average values for the interaction marketing practice and the network marketing practice (and below average values for the transactional marketing practice and the database marketing).

The third suggested configurational profile, labelled *Transactional*, is guided by the theme ‘analysing’. It has a professional FoR, is a discovering organisation and is characterised as having a transaction marketing practice.

As discussed, managers from organisations with a *professional FoR* are characterised by having a long-term perspective and looking at both the task and general environment (leading to a broad domain of inquiry). They have a clear preference for models, scientific rigor, empiricism and experimentation with a preference for objective data based on both internal and external sources of information. Managers with this FoR type seem to hold close affinity with those of the *discovering organisations*. These managers take a deterministic view of the environment; see it as external, analysable and well-structured. These managers use market research, trend analysis, and believe in the value of formal data with the aim of identifying the correct outcome to propose to the market (i.e. the ‘correct answer’). These managers seem to fit with those described in the *transactional marketing* organisations as they are characterised as having above average values for the transactional marketing practice (and below average values for the other marketing practices).

The last profile is labelled *Plural* is guided by the theme ‘duality’. Following Clarke-Hill et al’s (2003) argument in favour of ‘both/and’ formats, the thesis will suggest that the plural profile is a hybrid of managers with both the professional and entrepreneurial FoR, combines the discovering and enacting views of the CE, and is characterised as having a transactional/relational MP.

Thus, this profile, in terms of *FoR* can be described as organisations in which managers look at both the short-term and the long-term, focus on the organisation and the external environment, use a priori models to analyse the information but also allow space for intuitive and creative developments. Additionally, these managers pay attention to internal and external as well as formal and informal sources of information. Managers from organisations that have this combination of FoRs also present a dual nature with regard to their *CE*. These managers seem to see the tension between environmental determinism and strategic choice. They survey the environment but also enact it, choosing to establish close or distant relationships according to their interests. Managers from this profile would seem to fit harmoniously with those from the *transactional/relational marketing* organisations, characterised as having above average

values in all marketing practices: the transactional, the database, the interaction and the network marketing practice.

5.6. CHAPTER SUMMARY

This chapter adopted a configurational approach and adapted it to marketing, developing a Marketing Configurational Framework and suggesting four Configurational Profiles of Marketing Practices. Each configurational profile represents a way an organisation may relate to the market. Thus, adopting a configurational approach implies shifting focus from the marketing practice (now an imperative) to the Configurational Profiles of Marketing Practices.

The core tenets of the configurational approach were explained as well as the processes to develop a configurational framework and a typology of configurational profiles. Next, the process was applied to marketing, developing the Marketing Configurational Framework. The conceptual framework integrates concepts and categorisations from organisational theory, strategic management, and marketing literature. In selecting the imperatives, it recognises the role played by the managers' assumptions when considering frame of reference as one of the framework's imperatives; it acknowledges the alternative views of the environment, recognising it as another of the imperatives; and it incorporates the diversity of marketing practices as the third imperative. In developing the framework, it adopts a holistic perspective to integrate the three imperatives. Finally, it allows for equifinality, suggesting the coexistence of different -even opposed- viable Configurational Profiles of Marketing Practices.

The following chapters will discuss the research designed to evaluate the usefulness of the conceptual framework and the configurational profiles in an actual setting.

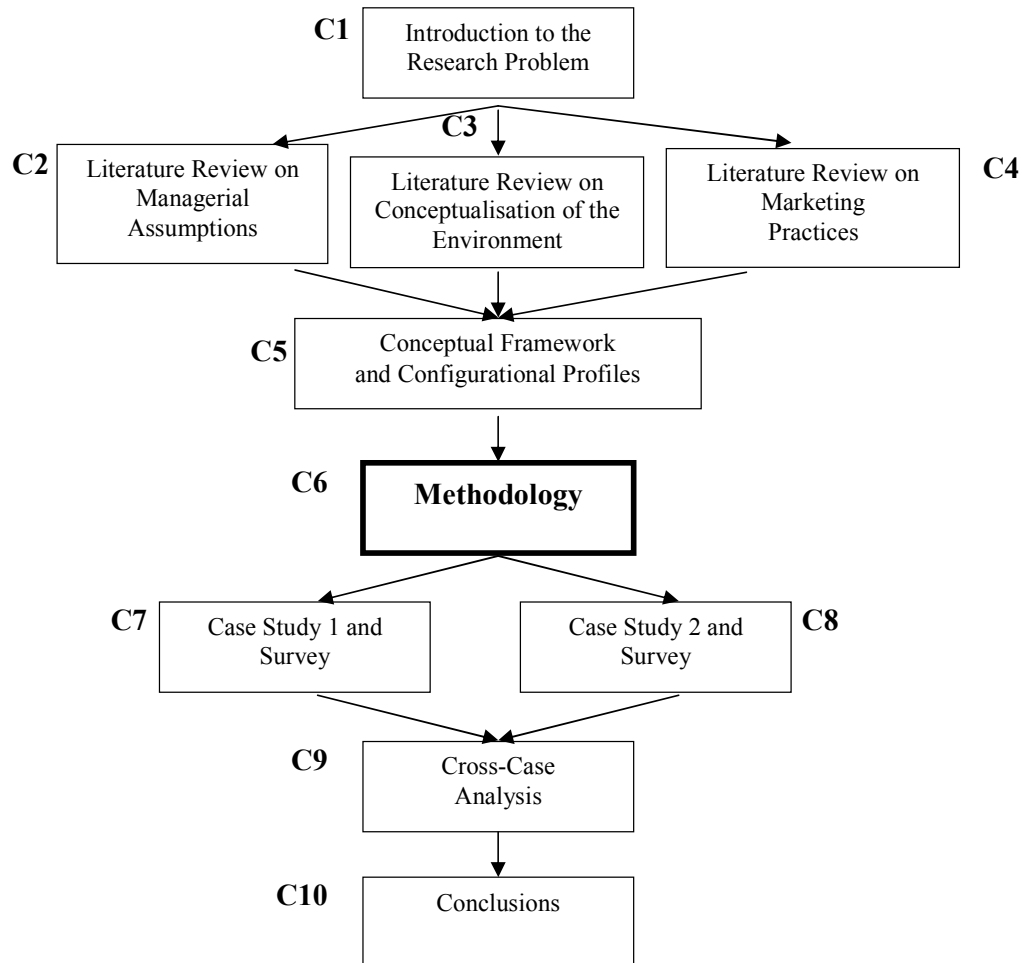
CHAPTER 6

Methodology

6.1. INTRODUCTION

Figure 1.1 (reproduced here) provides a visual overview of the thesis' chapters and structure.

Figure 1.1 (reproduced): Thesis Chapters Overview



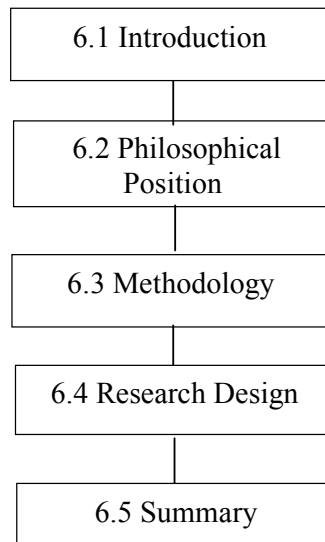
Chapters 1-5 introduced the research topic, discussed the literature reviews, elicited key constructs, suggested a configurational framework and proposed four Configurational Profiles of Marketing Practices. This chapter plays the role of

guaranteeing the rigorousness of the data gathering and analysis procedures and, consequently, the quality of the conclusions. The following chapters will present and discuss the BIMBO and Microsoft case studies (Chapters 7-9) and the thesis' overall conclusions and contributions to marketing knowledge (Chapter 10).

This chapter will discuss the thesis' research methodology. The thesis' research question itself was defined on the basis of literature and knowledge from outside as well as inside the marketing discipline. Therefore, the coherence of the thesis methodology must take into account the multiple paradigms from the various disciplines on which the research study is based.

Three considerations guide the structure of this chapter: the researcher's philosophical position about what constitutes knowledge claims (Section 6.2); the methodology that informs the procedures (Section 6.3); and the research design: research context, unit of analysis, methods of data collection and analysis used as well as considerations on the quality of the research findings (Section 6.4). The chapter closes with a summary (Section 6.5). Figure 6.1 provides an overview of the chapter's structure.

Figure 6.1: Chapter Overview



6.2. PHILOSOPHICAL POSITION AND THE RESEARCH QUESTION

The researcher's philosophical position clarifies the point of view from which the research question will be defined, investigated, analysed, discussed and answered. As Johnson and Duberley (2000) state "everyone adheres to some theory of what constitutes warranted knowledge" (p.5). This thesis follows a multi-paradigmatic position (Gioia and Pitre 1990; Hassard 1990, 1991, 1993; Willmott 1990, 1993). There have been several calls arguing that marketing would benefit from abandoning paradigmatic silos and adopting a pluralistic approach (Mick 1999; Zaltman 2000; Wilk 2001; Davies and Fitchett 2005; Brodie et al 2008).

As shown by the pluralistic approach adopted when building the conceptual framework, i.e. drawing from diverse managerial disciplines, the thesis agrees with Watson's (1997) argument that "management is a research area which immediately suggests itself as one which can benefit from interdisciplinary insights" (p. 3) and that "disciplinary closure would be as restrictive here as paradigm closure" (p. 5). Within the range of multi-paradigmatic approaches it adopts the *pragmatic pluralism* stance (Watson 1997). Pragmatic pluralism is defined as:

"the pragmatic pluralism being advocated is an approach whereby the researcher, in producing an analysis of some aspect of social life, draws elements from various disciplines" (Watson 1997, p. 6).

This choice is appropriate because, as previously discussed, this research draws from different disciplines with somewhat differing philosophical perspectives. Pragmatic pluralism allows these perspectives to be meaningfully integrated. It is particularly appropriate because, in line with this research, pragmatic pluralism recognises the complexity of organisational phenomena, including choice of marketing practice.

More specifically, pragmatic pluralism permits the research question (*How do managers understand the environment and how does it relate to the choice of a marketing practice?*) to be meaningfully addressed. It does so because, at the heart of this question, is the aim of increasing the understanding of the reasons for diversity of marketing practices across firms operating in the same market (Chapter 1). Pragmatic pluralism is, therefore, appropriate for this study because differences in FoRs, CEs and MPs will be accepted as valid. In other words, diversity can be accepted as alternative organisational worldviews rather than seen as managers' misperceptions of the environment (i.e. the contingency theory view).

The tenets of pragmatic pluralism are also in line with the mixed method approach utilised in this research. As Creswell (2003, p. 12) states, pragmatism is not committed to any one system of philosophy and reality; pragmatists draw liberally from both quantitative and qualitative assumptions when engaged in their research. Along the same lines, Gioia and Pitre (1990, p. 587) argue that to achieve a more comprehensive portrait of complex organisational phenomena, pluralism in both paradigms and methods should be adopted. This is translated into the use of qualitative methods to research the frame of reference and the conceptualisation of the environment as well as the interconnections between the three imperatives, and the use of quantitative methods to describe the marketing practices.

While pragmatic pluralism permits the application of a mixed methods approach in order to address the research question, it does not mean lack of rationale in the mixing of methods. Thus, it is necessary to achieve conceptual and methodological integrity and avoid an 'anything goes' approach (Watson 1997, p. 4). This is expanded upon in subsequent sections.

6.3. METHODOLOGY

This section addresses the following topics. First, the difference between theory and theorising is discussed (Section 6.3.1). Section 6.3.2 presents the distinction between qualitative, quantitative and mixed methods methodology. Section 6.3.3 justifies the thesis' choice of research methodology and, finally, section 6.3.4 considers the choice of case study method.

6.3.1. *Theory and Theorising*

What is theory? Though it seems a simple question there is no clear consensus in the marketing discipline. Maclaran, Saren and Tadajewski (2007) explain that,

“one of the main reasons why marketing scholars cannot agree on a common definition for theory is because, depending on philosophical orientations, scholars will have different views of what constitutes theory” (p. ii).

Despite the lack of agreement, the issue cannot be ignored as it affects any academic endeavour. Thus, before addressing the specific methodological aspect of this thesis, it is important to state where this thesis stands in the theory/not-theory dichotomy. The distinction between *theory* and *theorising* will be used as a gateway to this clarification.

Bacharach (1989) suggests a distinction between “What is Theory” and “What Theory is Not”. Under the second heading, he includes the categorisation of data, typologies and metaphors, all of which are descriptions and respond to **what-questions**. Theories are defined as a “statement of relationships between units observed (or variables) or approximated (or constructs) in the empirical world” (ibid, p. 498), where variables are related to each other by hypotheses while constructs are related to each other by propositions. In this view, the primary goal of theories is to answer **how-why-when-questions**. In analysing the evaluation of a theory, Bacharach builds on Popper (1959), Hempel (1965) and Nagel (1961) and states that the two primary criteria are falsifiability and utility, where utility is viewed as the explanatory or predictive function. This thesis does not aim to either explain or predict but rather to understand and, in this sense, it is not aimed at developing a theory but to theorise.

Sutton and Staw (1995), in their comment “What Theory is Not” are more narrow in their focus, stating that theories need to answer a **why-question** and identifying five features that they argue should not be considered as theory. These are that references are not theory; data are not theory; lists of variables or constructs are not theory; diagrams are not theory; and hypotheses (or predictions) are not theory. Sutton and Staw’s work is quoted because of Weick’s (1995) response to it. Weick argues, supported by Merton (1967), that while some of the above are not theory, they are linked to theorising and “might serve as means to further development [...] The process

of theorising consists of activities like abstracting, generalising, relating, selecting, synthesising and idealising” (Weick 1995, p. 389). Particularly relevant to this thesis is Weick’s consideration that lists of constructs (or variables), though they are not theories, “still can approximate a theory” as “they convey the tacit message that causation is assumed to be simultaneous rather than sequential” (ibid, p. 388). Moreover, Gummesson (2005) invites marketing academics to move from descriptions to conceptualisations in the process of (eventually) generating theory. The previous references are aligned with the view that the theorising process (or theory construction) need not be linked to problem solving but instead to sense-making.

In sum, this thesis does not seek to develop a theory. This thesis seeks to provide a better understanding both of a set of constructs (FoR, CE, MP) and how they are associated in the form of a rich framework. In this sense, it is linked to theorising and -by extension- contributes to theory building (rather than theory testing).

6.3.2. Qualitative, Quantitative and Mixed methods Methodology

The thesis combines qualitative and quantitative methods into a mixed method approach with particular focus on the qualitative research. Creswell (2003, p. 4) notes that this is increasingly the case in managerial studies. Mixed methods research has come of age and the situation today is less one of quantitative *versus* qualitative and more of studies that *tend* to be more quantitative or qualitative in nature. A mixed method approach is defined as,

“one where the researcher tends to base knowledge claims on pragmatic grounds and employs strategies of inquiry that involve collecting data either simultaneously or sequentially to best understand the research problem” (Creswell 2003, p. 18).

Drawing on the work of a number of authors (e.g. Glaser and Strauss 1967, Easterby-Smith et al 1991, Yin 2003), Table 6.1 further describes and distinguishes between the three methodologies.

Table 6.1: Differences between Qualitative, Quantitative and Mixed Methods Methodologies

	Quantitative	Qualitative	Mixed methods
Researcher's philosophical position	-The world is external and objective -Observer is independent -e.g. Positivism-	- The world is socially constructed and subjective -Observer is part of what is observed -e.g. Constructivism-	-Not committed to one system of philosophy -e.g. Pragmatic Pluralism-
Researcher's role	-Seeks causality -Formulates tests and hypotheses -Focuses on facts -Particularistic	-Seeks to understand what is happening -Focuses on meaning -Develops ideas through induction from evidence -Holistic	-Focuses on both meaning & facts -Develops a rationale for mixing -Integrates data at different stages of inquiry -Holistic
Preferred methods	-Operationalises concepts so they can be measured -Takes large samples -Reliability is 'critical'	-Uses multiple methods to establish different views of phenomena -Investigates small samples in-depth -Validity is 'critical'	-Adopts both quantitative and qualitative methods

Source: Adapted from Deshpande (1983), Easterby-Smith et al (1991), Sarantakos (1998) and Creswell (2003)

The description in the table highlights the appropriateness of the mixed method choice for this thesis. Specifically, the research draws from and attempts to integrate several different theoretical perspectives and therefore, needs several different approaches to information gathering and analysis. The orientation is one of synergy, where the strengths of each approach are drawn together. This is reflected in the data gathering and amalgamation that follow.

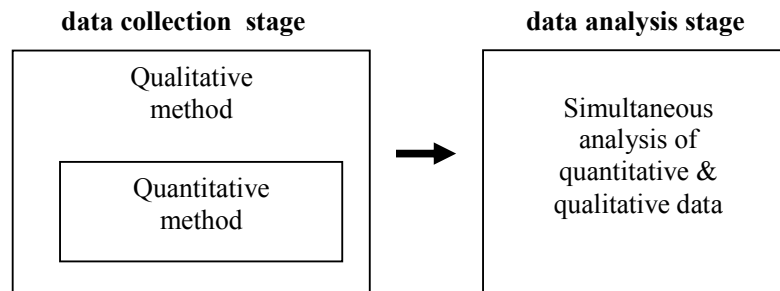
6.3.3. Research Methodology Adopted in this Thesis

The range of theories that are considered and the exploratory nature of the research question provide the rationale for choosing the *mixed methods strategy*.

Creswell (2003) synthesises the variety of mixed methods strategies into three general strategies. The *sequential* is where the researcher begins with one method first and adopts the other later. In the *concurrent nested* approach, there is a predominant

method that guides the project and another one is subsequently embedded. In this strategy, the data collected from the two methods is mixed during the analysis phase of the project (p. 218). The *transformational* strategy is where the researcher uses a theoretical lens as an overarching perspective within the design (here either the concurrent or the sequential approach can be adopted). This thesis adopts a ***concurrent nested strategy*** (Figure 6.2.).

Figure 6.2: Concurrent Nested Strategy



Source: adapted for this thesis from Creswell (2003, p. 214, Figure 11.3b)

Different decisions go into selecting a mixed methods strategy (Creswell 2003, pp. 211-212). First, the implementation sequence of the data collection needs to be defined. In this study, data was collected simultaneously (see Section 6.4.4 and Appendix 1 on data collection for a full discussion). Second, the emphasis given to a data collection and analysis method has to be stated, i.e. the preference of one type of data or the other (Creswell 2003, p. 212). The choice depends on the interests of the researcher and what the investigator seeks to emphasise in the study. Given the explanatory nature of the research question, emphasis was given on the qualitative approach. This choice is aligned with Miller's (1996) work on configurations: "qualitative studies using rich historical data from individual companies can help researchers discover such themes that drive configurations" (p. 507). Specifically, the quantitative data is used to identify the organisations' marketing practices. Finally, it is necessary to decide at what stage the diverse methods will be integrated. The 'mixing' of the data took place at the data analysis stage (see Section 6.4.5 on data analysis for a full discussion).

6.3.4. Choice and Type of Case Method

The first concern is to verify that the nature of the research question is appropriate for the case method. Case studies are suggested as the preferred mode:

- When a holistic view is desired (Gummesson 2000).

As will be discussed in Section 6.4.2, the unit of analysis for this thesis is the organisation, thus the possibility of a holistic vision is essential.

- When the investigator has little control over events and when the focus is on a contemporary phenomenon within a real-life context, specifically when the boundaries between phenomenon and context are not clearly evident (Yin 2003).

The phenomenon studied in this thesis has these characteristics. There is no interference in the decision-making process, these are not designed experiments and, as discussed in the literature review, there is no agreement with regard to the role the context plays on the phenomenon of the diversity of marketing practices (Chapter 3 and Chapter 4).

- Where existing knowledge is limited (Bonoma 1985).

The literature review showed that the debate within the marketing literature on these topics is very restricted (Chapter 1, Chapter 2 and Chapter 3). This is not the case in other disciplines, as the alternative rationale to the contingency theory developed in the organisational theory and strategic management literature shows.

There are different types of case methods that address a wide range of research problems and inform a wide array of research questions (Stake 1995, Little et al 2005). These can be summarised as *exploratory cases*, which are those that seek to uncover areas for research and theory development and are usually associated with in-depth longitudinal case studies; *theory building cases*, which aim at identifying and describing key variables and providing an initial understanding of the relationship between them (normally, a few focused cases studies are conducted); *theory testing cases* which aspire to test theories developed in previous stages and where, frequently, large-scale samples of population or multiple case studies are used; and *theory extension cases*, which seek to refine theories in light of new observations, show to what extent the theory can be generalised, and are the result of large-scale samples or multiple case studies. This

thesis will use the *case method with a theory building goal*. The next stage is the definition of the research design.

6.4. RESEARCH DESIGN

A research design is the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of study (Yin 2003). Specifically, it is “a plan that guides the investigator in the process of collecting, analysing, and interpreting observations” (Nachmias and Nachmias 1992, pp. 77-78).

This section discusses the choice of the research context (Section 6.4.1), the unit of analysis (Section 6.4.2), the case selection (Section 6.4.3), the data collection (Section 6.4.4), the data analysis and interpretation (Section 6.4.5) and the criteria by which to judge the quality of the study (Section 6.4.6).

6.4.1. Research Context

The value-added product for the upper-tier bottom of the pyramid market was chosen as the research setting (Chapter 1, Section 1.3).

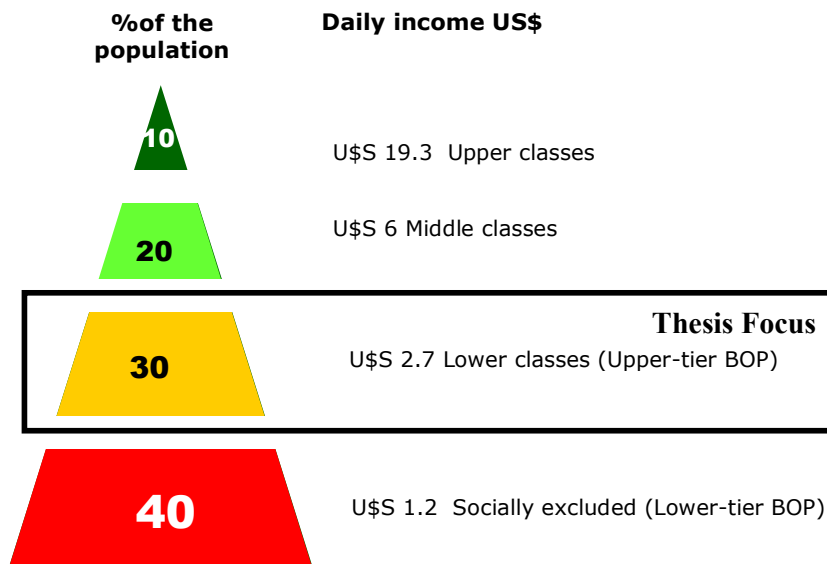
In order to apply the definition of the market to the case selection (Section 6.4.3), the thesis’ conceptualisation of market needs to be made explicit. As stated in Chapter 1 (Section 1.1.1), this thesis follows Peñaloza and Venkatesh’s (2006) conceptualisation of the market and takes the position of defining market boundaries from the perspective of the consumer (Peñaloza and Venkatesh 2006, pp. 300-301).

The term “bottom of the pyramid” (BOP) refers to the 4 billion people in the world who live on less than US\$ 2 per day (Prahalad and Hart 2002, Simanis and Hart 2008). Figure 6.3 shows the different tiers in the Argentine socio-economic pyramid, demonstrating that in a developing country such as Argentina, 70% of the population earn US\$ 2.70 (or less) per day per person (CCR Group 2004, 2008).

When studying the BOP, it is necessary to consider the US\$ 2.70 in relation to the cost of living in the country studied. This implies that there are many levels of ‘poor’. Figure 6.3 identifies two large groups; the upper-tier BOP and the lower-tier

BOP. The upper-tier BOP (30%) are humble people with stable yet informal incomes who have simple homes, own only a few home appliances and do not usually own cars. The lower-tier BOP (40%) represents the lowest social-economic groups, i.e. people with unstable incomes, as well as beggars and the socially excluded (CCR Group 2004, 2008). This thesis focuses on the upper-tier BOP.

Figure 6.3: Economic and Social Structure of Argentina, 2004



Source: CCR 2004

Given the low per capita income of the upper-tier BOP, it was historically supplied by very informal SMEs or by multinationals offering ‘water-downed’ products (e.g. B-brands). Recent studies show that many myths on how these consumers behave have been debunked (D’Andrea et al 2004). For example, it was shown that they buy value-added products and services (i.e. top brands), when the superior benefits of the product are clear (Prahalad 2005). Nevertheless, given their budgetary restrictions, these consumers explicitly choose from a small, restricted pool of value-added products which range *across* diverse categories. The Latin Panel report on Low Income Consumers (2005) shows -for example- that some consumers will choose between buying a brand of milk that has higher nutrients (rather than the cheap sachets) and a pair of branded sneakers that has proven to last longer (Latin Panel report on Low Income Consumers, 2005, p. 17-21). This situation highlights that the buying behaviour of this type of consumers involves selecting between a cross section of products from

different categories, which they explicitly compare. Thus, the value-added products for the upper-tier BOP market is a market characterised as having suppliers from different categories in direct competition. This cross-category market is aligned with the previous discussion of market boundaries.

As a rule, Eisenhardt (1989) argues that the process under study should be ‘transparently observable’ and Creswell (2003) states that it should ‘best help the researcher understand the problem and the research question’. The value-added products for the upper-tier BOP market were selected as the research context because the decision-making process could be clearly differentiated from other decisions. As a consequence, the decision-making process is a very conscious one. This allowed the managers to have a clear recall of the events, people, stages, methods, views.

6.4.2. Unit of Analysis

Before selecting the case studies, it is important to define the unit of analysis. The unit of analysis refers to what unit it is that the researcher wants to be able to say something about (Miles and Huberman 1994).

The primary purpose of this thesis is to increase the understanding of the reasons for diversity of marketing practices. Marketing practices occur at the organisational level, thus, the thesis’ unit of analysis is *the organisation*. This selection is aligned with previous studies on configurations, on frame of reference and on marketing practices that also adopt the organisation as their unit of analysis (i.e. Miles and Snow 1978; Shrivastava and Mitroff 1983, 1984; Gioia and Chittipeddi 1991; Coviello et al 2002). Additionally, Yin (2003) suggests “discussing with other colleagues the unit of analysis, the question you are trying to answer and why you have chosen a specific case or group of cases as a way of answering those questions” (p. 24). The author of this thesis has discussed these points with researchers¹⁴ who have investigated similar topics: Ingrid Kajzer from University of Strathclyde (UK), Luis Pereiro from Universidad Torcuato Di Tella (Argentina), Pablo Boczkowski from MIT (USA) and Vicki Little from University of Auckland (New Zealand).

¹⁴ Full contact references (emails/phone numbers) may be provided on request

6.4.3. Case Selection

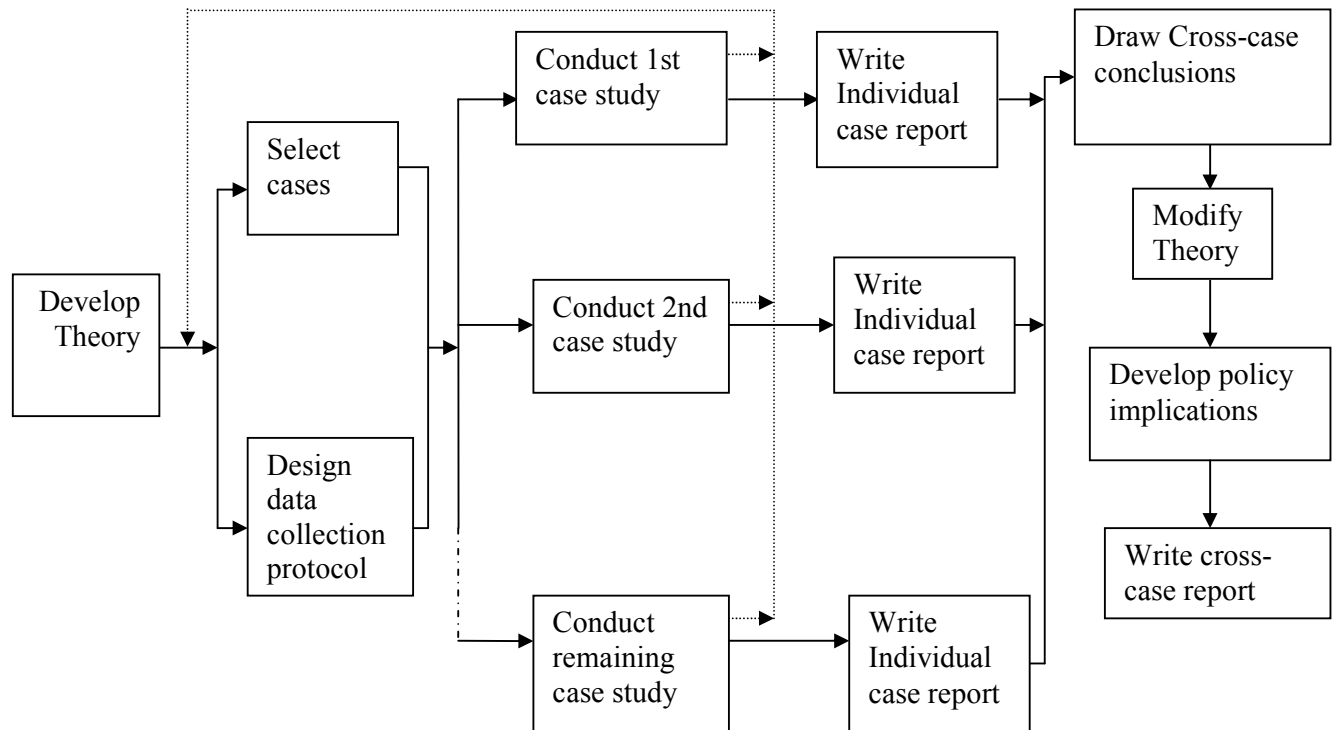
Having decided to study organisations that addressed the value-added products for the upper-tier BOP market, the next step is to define the number of case studies as well as the specific cases to be studied.

Number of Cases

When defining the number of cases to be studied, a choice must be made between adopting single and multi-case designs (Yin 2003). Single cases are considered appropriate when it is a critical case, an extreme/unique case, a representative or typical case, a revelatory case, or a longitudinal case. However, the evidence from multiple cases is often considered more compelling and the overall study therefore, regarded as more robust (Herriott and Firestone 1983). In this thesis, by definition, it is necessary to have more than one case in order to see if diversity of marketing practices exists.

Perry (1998) suggests that the appropriate number of cases falls between two and fifteen, however Easton (1995) argues that an excessive number of cases results in more breadth but less depth. Yin (2003) suggests considering multiple cases as one would consider multiple experiments – that is, to follow a “replication logic” and not a “sampling logic”. Replication logic is analogous to that used in multiple experiments and each case must be selected so that it either (a) predicts similar results (a *literal replication*) or (b) predicts contradicting results but for predictable reasons (a *theoretical replication*). The process of literal replication, the method adopted here, is presented in Figure 6.4. Yin highlights that “an important step in all of these replications is the development of a rich theoretical framework” (p. 42). In this thesis, Chapter 5 discussed the thesis’ conceptual framework.

Figure 6.4: The Literal Replication Method



Source: Yin 2003 COSMOS Corporation

In this thesis, literal replication is appropriate because similar rather than contradictory results are predicted regarding the application of the configurational approach, i.e. each organisation relates to a configurational profile and differences in marketing practices are the result of interplay between the imperatives. Yin (2003) states that in literal replication, two or three cases would be adequate, and therefore this thesis will conduct *two case studies*.

Choice of Cases

As explained in Chapter 1 (Section 1.3), the methodology requires that the sample firms are in the same market (i.e. primary contextual setting) and unaffected by the macro environment (i.e. broad context). This condition allows for ruling out that a difference in marketing practices adopted by these organisations can be explained by a contingency rationale.

As already discussed, the research context is that of the value-added product for the upper-tier BOP. With this in mind, a cross section of 200 firms offering value-added products in Argentina was contacted to see if they were servicing the upper-tier BOP. A letter was sent to the senior marketing officer in the company. It inquired if they were targeting the BOP and if their organisation would be willing to become a case-study (Appendix 1-Letter 1-). The BOP was historically seen as non-profitable, thus very few formal organisations served it. Of the firms contacted, only 4 firms were considering selling to the bottom of the pyramid. Of the four, two (Microsoft and BIMBO, a baked goods company) had formally made the strategic decision to address the bottom of the pyramid and were launching pilot programs. Microsoft and BIMBO agreed to become case studies for the present study.

Both the Microsoft and BIMBO case studies satisfy the aforementioned conditions for the research design criteria. First, the macro environment in both case studies was the same. Both pilot programs were run in Argentina during the same year and thus were equivalently influenced by the particular socio-economic-political conditions.

Second, the companies belong to different industries: Microsoft is in the software and internet industry while BIMBO is in the bakery industry. At first glance, bread and an internet product would not be considered equivalent and, clearly, in terms of their basic functions they are not. However, the research context for these case studies is that of value-added alternatives to cheaper products (i.e. the free hotmail and the cheaper basic bakery product). Both organisations were launching value-added products addressed at the upper-tier BOP. Microsoft was planning to launch a pre-paid premium hotmail card with more capabilities, while BIMBO was preparing the launch of a value-added bread with more nutrients. Microsoft and BIMBO knew that their products demanded a higher expenditure from these restricted family budgets, thus they would be competing for a share of the same wallet¹⁵. In the interviews, managers from both Microsoft and BIMBO stated (transcript interview dates 25.04.2005 and 27.06.2005 respectively) that they were aware of the cross-category nature of this market and thus had commissioned ad-hoc market research studies to understand the phenomena. Microsoft commissioned a study to IPSOS (Nobody's Unpredictable: Argentine

¹⁵ Share of wallet: the share of a customer's business that is obtained by a particular company. (Source, Dictionary of Business and Management). Share of Wallet (SOW): the amount of business a [company](#) gets from specific [customers](#).

Households, 2004) which looks at consumption habits of 214¹⁶ cases of upper-tier BOP households. The IPSOS study shows that these consumers buy a cross section of branded products and that trade-offs are between different product categories. BIMBO also commissioned a study to AC Nielsen (Consumers, 2005) with a sample of 330 upper-tier BOP households. The ACNielsen study highlights that these consumers are buying branded goods when superior value is clear and that these households alternate from a pool of goods they buy from. This key feature of cross-industry competition is in accordance with the definition of market boundaries adopted in this thesis (Chapter 1, p. 4-5). From this perspective, both organisations deal with the same market. Furthermore, on theoretical grounds, the configurational approach sees *marketing practices as embedded in a particular configurational profile*. It is the coherence of the profile that is linked to marketing practices rather than any particular product/service, technologies, channel of distribution, etc. Additionally, on empirical grounds, the previously mentioned empirical studies¹⁷ (Chapter 4, Section 4.4.2) show that there is no statistical correlation between the nature of the product sold and the type of marketing practice implemented. Similar conclusions were also reached by the other studies referenced in Chapter 1.

Finally, the two companies are very similar; both are the undisputed market leaders with 80-90% market share in the upper echelons. These similarities would support the argument that differences in the type of marketing practices are not the result of the above mentioned factors (e.g. size of market share). With regard to the BOP project, there were also many commonalities; both companies viewed the upper-tier BOP with huge future potential, they offered value-added branded products to the BOP, and the two organisations had developed very sophisticated one-year pilot programs with dedicated staff working on them. Once again, differences in marketing practice cannot be attributed to factors such as quantity of resources allocated to the project.

In short, this section's discussion on the choice of the Microsoft and BIMBO cases argues that differences in marketing practices between these two organisations cannot be associated with contingency factors.

¹⁶ 200 cases or more are a representative sample

¹⁷ Other CMP empirical studies show the same evidence. See Brodie et al (2008) for a complete list of the CMP studies.

6.4.4. Data Collection

In the concurrent nested approach, it is important to identify the type of data - quantitative and qualitative- to be collected as well as to develop a research protocol (Creswell 2003, p. 220). The pairing of topics and data collection methods will be discussed next, while the detailed case study research protocol is presented in Appendix 1.

Pairing of Topics to Data Collection Methods

The decisions regarding the pairing of topics to data collection methods were guided by Hassard's (1991) methodology for multi-paradigm research. Hassard (1991, p. 279) explains how pragmatism played an important role in choosing topics and pairing them to particular paradigms as well as in deciding in which order the investigations should be accomplished. However, pragmatism does not mean lack of rationale in the mixing of methods (Creswell 2003, p 12). In this thesis, there are three imperatives that, when combined, form the Configurational Profiles of Marketing Practices: the frame of reference (FoR), the conceptualisation of the environment (CE) and the marketing practice (MP). Each is based on a different literature and different research traditions. The concurrent nested approach allows respecting yet integrating, each research tradition. At this stage, the rationale behind each choice will be described, while the discussion of how the data collection methods were applied in the case studies is presented in the source of information section within the protocol (Appendix 1, Bullet 3.3).

To understand the organisations' FoR, in-depth interviews were conducted. This choice is aligned with Shrivastava and Mitroff's (1983) methodology: "only 10 important managers were interviewed for their FoR. The sample was limited because of the need for candid cooperation by the subject on a variety of sensitive issues that were investigated, and interview time constraints" (p. 167). This sensitivity of the topic was underscored by the request of Microsoft for a three year embargo on the contents of the interview¹⁸. Data from the interviews was triangulated with the data from the consulted documentation.

¹⁸ Since the company moved forward the launch of the product/service, the embargo was subsequently lifted

To elicit the organisations' CE, a semi-structured questionnaire was adopted. Daft and Weick (1984) present a conceptual framework but do not conduct any empirical work; the semi-structured questionnaire was built on the descriptions of their four CE types. The semi-structured questionnaire was used as an interview discussion device (this usage is fully explained in the protocol description -Appendix 1, Bullet 3.3). The data from the discussions resulting from the semi-structured questionnaires was triangulated with the data from the in-depth interviews and the documentation.

To identify the organisations' MP, the CMP standardised questionnaire was used (Coviello et al 1997, 2002). Adopting the CMP questionnaire allows the identification of the chosen organisations' MP and the comparison of the answers of each case with the Argentine-CMP database.

After the pairing of topics and establishment of the data collection method, the order in which the data collection should be accomplished needs to be defined (Hassard 1991). For this study, it was considered very important not to influence the interviewees. Therefore, it was decided that the study should start with the in-depth interviews. When the researcher felt that a new interview would not add any additional information, the case history was written and discussed with the managers. Only then were the interviews based on the semi-structured questionnaire conducted. Finally, the interviewees answered the standard questionnaire. Table 6.2 provides an overall summary of the concurrent nested approach applied in this thesis. A full description of the data analysis procedure is provided in Section 6.4.5.

Table 6.2 shows the differing research objectives of each method (e.g. the adoption of qualitative methods to elicit the organisation's FoR and CE), the data collection tools adopted by each method (e.g. the usage of in-depth interviews and semi-structured questionnaires in the qualitative methods), the data collection sequence and the data analysis modes.

Table 6.2: The Concurrent Nested Approach Applied to the Thesis

	Qualitative Methods		Quantitative Methods
Overall objective	To find evidence supporting the conceptual framework and identify the organisation's configurational profile		
Specific objective	To elicit the organisation's FoR and CE		To identify the MP of each organisation
Data collection tool	- In-depth interviews (as Shrivastava and Mitroff) - Semi-structured questionnaires (building on Weick and Daft)		Standard questionnaire (adopts CMP questionnaire)
Data collection sequence	First		Second
Data analysis	Informed coding analysis	Grounded analysis	Comparison of the answers to the questionnaires resulting from the case studies with Argentine database
	Qualitative and quantitative methods are mixed		

Source: developed for this thesis

6.4.5. Data Analysis and Interpretation

As stated, the concurrent nested strategy mixes the data collected from the two methods during the analysis phase of the project (Creswell 2003). At this point, it is necessary to define the role that previous theoretical concepts should play in the analysis/interpretation of the data. In qualitative research, conceptual frameworks, at best, may be considered a template with which to compare and contrast results, rather than a priori categories into which to force the analysis (Morse 1994, p. 221). In some cases, existing studies may provide a rich theoretical framework for designing a specific case study, yet, in other situations, the existing knowledge base may be poor and any new empirical study is likely to assume the characteristic of an exploratory study (Eisenhardt 1989). The literature review for this study showed that there was a rich theoretical framework in the organisational theory and strategic management literature but a very poor knowledge base in the marketing discipline. Supported by the

organisational theory and strategic management literature reviews, Chapter 5 introduced a conceptual framework. Following Morse (1994), the Marketing Configurational Framework is used as a 'conceptual template' to compare and contrast results. Specifically, it was used as a general guideline that acted as a reference for the *analysis/interpretation* of the data in the role of a theoretically-informed coding protocol.

Following Eisenhardt (1989), two levels of data analysis were conducted. First, interviews and documents were analysed in terms of the individual case study (Chapter 7 and Chapter 8), which permitted:

- verifying and/or eliciting indicators,
- discovering the relationship between them (understanding each organisation's FoR, CE and MP), and
- identifying the organisation's configurational profile (linking the constructs together to perceive how the FoR, CE and MP interrelated, conforming a specific configurational profile).

In short, the within-case analysis permits the unique patterns of each case study to emerge before generalising about patterns across case studies.

Next, the cross-case analysis was conducted (Chapter 9). It allowed:

- suggesting some theoretical explanations of similarities and differences, and
- identifying patterns/archetypes/Configurational Profiles of Marketing Practices.

The next section discusses the data analysis procedures adopted at the individual and the cross-case levels.

Individual case study data analysis procedure (Chapter 7 and Chapter 8). Bellinger et al (2004) introduce a schema for analysing cases. They suggest a progression in the analysis that moves from data collection to the organisation of data into information, then to knowledge development and finally to the maturing of wisdom. In this thesis, the first stage - data collection - is represented by the transcripts of the interviews and the collection of the related documentation as well as the answers to the CMP questionnaires. Organisation of the data into information is the next phase and is embodied in the write up of the case history. Knowledge development is the third stage and corresponds to the single case analysis. The case studies were analysed using

a theoretically-informed coding protocol (based on the framework presented in Chapter 5) as well as through a grounded approach (open-code). The final stage is the maturing of wisdom, which is achieved through the cross-case comparison (discussed in the following sub-section). Next, a description of the informed coding and the grounded analysis protocols is provided.

In the *informed coding analysis*, the aim was to check the informed codes and constructs by linking the interview statements, data from the documents and answers from the discussion of the semi-structured questionnaires with the constructs, underlying dimensions and indicators' values.

First, the verbatim were re-read and re-written into a time-sequence description of the pilot programs (see BIMBO and Microsoft Case History, Sections 7.2 and 8.2). The description was then given back to the interviewees, who were asked to read and comment on anything that had been misunderstood in time sequence, events, actors or processes. In both case studies, there were only marginal corrections (the date of a meeting was incorrect and who was responsible for a specific data collection had been misunderstood).

Second, using the overall framework, the verbatim transcripts were analysed to identify correspondences and/or differences between the informed coding protocol and the case studies. The text unit of analysis was the response to the open question (Ryan and Bernard 2000). In their answers, the interviewees, naturally, did not use the terms coined by the literature -they narrated what happened (for example, *data*: BIMBO's requested consumer behaviour market research with information on 2005). It is the researcher's job to relate the case data with the abstract construct, or, in Miles and Huberman's (1994) words, "coding is analysis". Next, interviewee's statements were linked to indicators and their values (in the previous example: *data*: consumer behaviour research on 2005, *indicator*: timeframe, *value*: short-term). This process was done by creating a copy-document of the verbatim transcripts and cutting and pasting the statements (when a text was very rich and applied to two indicators then it was copied and pasted twice).

Next, the unassigned responses/statements were re-read and checked to see if these statements shed light onto new topics, which they did not. Unassigned texts were normally related to other subjects that emerged during the interview, such as the current political situation in Argentina, or small talk that helped relax the interviews. This 'lack'

of new topics is not surprising given that the indicators were derived from three very rich bodies of knowledge: organisational theory, strategic management and marketing literature.

Fourth, the documentation was read and linked to the different constructs. Due to space (and the fact that not all of them were in an electronic version), these were referenced in the analysis (rather than quoted into the case analysis). The high correspondence between the statements in the interviews and the documentation added consistency to the analysis.

Fifth, the responses to the semi-structured questionnaire and the verbatim of the discussion of these choices were also related to the constructs, underlying dimensions and indicators.

Sixth, the questionnaire responses were processed following the CMP procedures. A measure indicating the extent to which an organisation adopted transaction marketing, database marketing, interaction marketing and/or network marketing was developed. Appendix 3 shows that Section C of the questionnaire uses five-point Likert-type scales anchored by “Never (1)” and “Always (5)” to measure each item. The questionnaire was designed so that all ‘a’ options in the nine questions of Section C are linked to transactional marketing practices, all ‘b’ questions to database marketing and so forth. The procedure to develop the CMP index is the following: items were summed using equal weights (Dillon and McDonald 2001, Coviello et al 2006) and then converted to indices ranging from 0.0 to 1.0. For example, all the ‘a’ responses were added and then converted to the transaction marketing index. The same procedure is repeated for the ‘b’, ‘d’ and ‘e’ responses, providing the database marketing, interaction marketing and/or network marketing indices. Next, responses were compared to the values from Argentine firms in the CMP international database¹⁹. This allowed for identifying the organisation’s marketing practice type, i.e. the CMP cluster it belonged to. Three clarifications need to be made: 1) question 10 is a control question; 2) Sections A and B of the questionnaire were used as controls to check consistency with the Argentine data in the CMP database (Section 6.4.6 discusses the validity of the CMP tool); 3) the CMP database includes responses from the UK, USA, Russia, Canada, New Zealand, Argentina, Ghana, Ivory Coast, Spain, Thailand, etc,

¹⁹ CMP data were collected in Argentina in 1999, 2000, 2001, 2002, 2003 and 2005. An International CMP database holds data from 1998-2006.

given over a period ranging from 1997 to 2009. CMP data were collected in Argentina between 1999-2005. To allow comparability, for this thesis, only Argentine data from the time period the questionnaires were conducted was used.

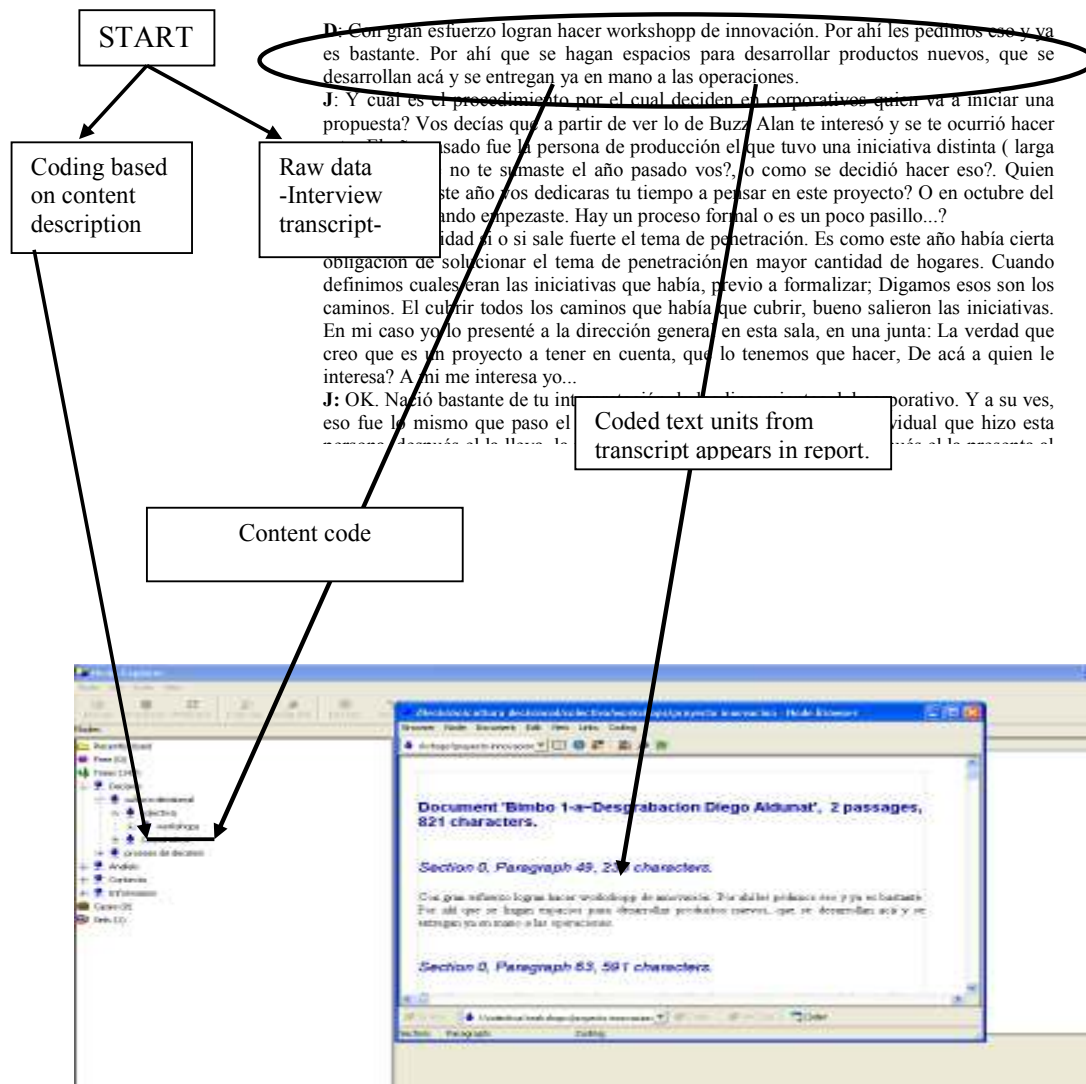
Next, associations between constructs were identified allowing for links to the overall framework (see summary tables in Chapter 7, Section 7.3 and Chapter 8, Section 8.3).

In the *grounded analysis*, conducted by a second researcher, the N-Vivo software programme²⁰ was used. Ryan and Bernard (2000) explain that one of the techniques for analysing data is the use of taxonomies. They state that “taxonomies are meant to capture the hierarchical structure in sets of terms and are commonly displayed as branching tree diagrams” (ibid, p. 772). The N-Vivo ‘coding function’ enables the data to be organised under code (node) trees, thus eliciting the constructs from the text. The process followed in this thesis’ grounded analysis was that described by Ryan and Bernard (2000).

First the researcher, based on the verbatim statements, read through a small sample of text and highlighted key phrases ‘because they make some as yet inchoate sense’ (Sandelowski 1995). In a process called content-coding, the investigator identified potential themes by pulling together real examples from the text. The unit of analysis was either a natural break in the conversation (e.g. when the interviewer interjected) or when the response shifted content (e.g. when a long response included more than one theme/topic). Figure 6.5 shows the link between raw data and the N-Vivo content coding. Second, codes unrelated to the research questions were disregarded.

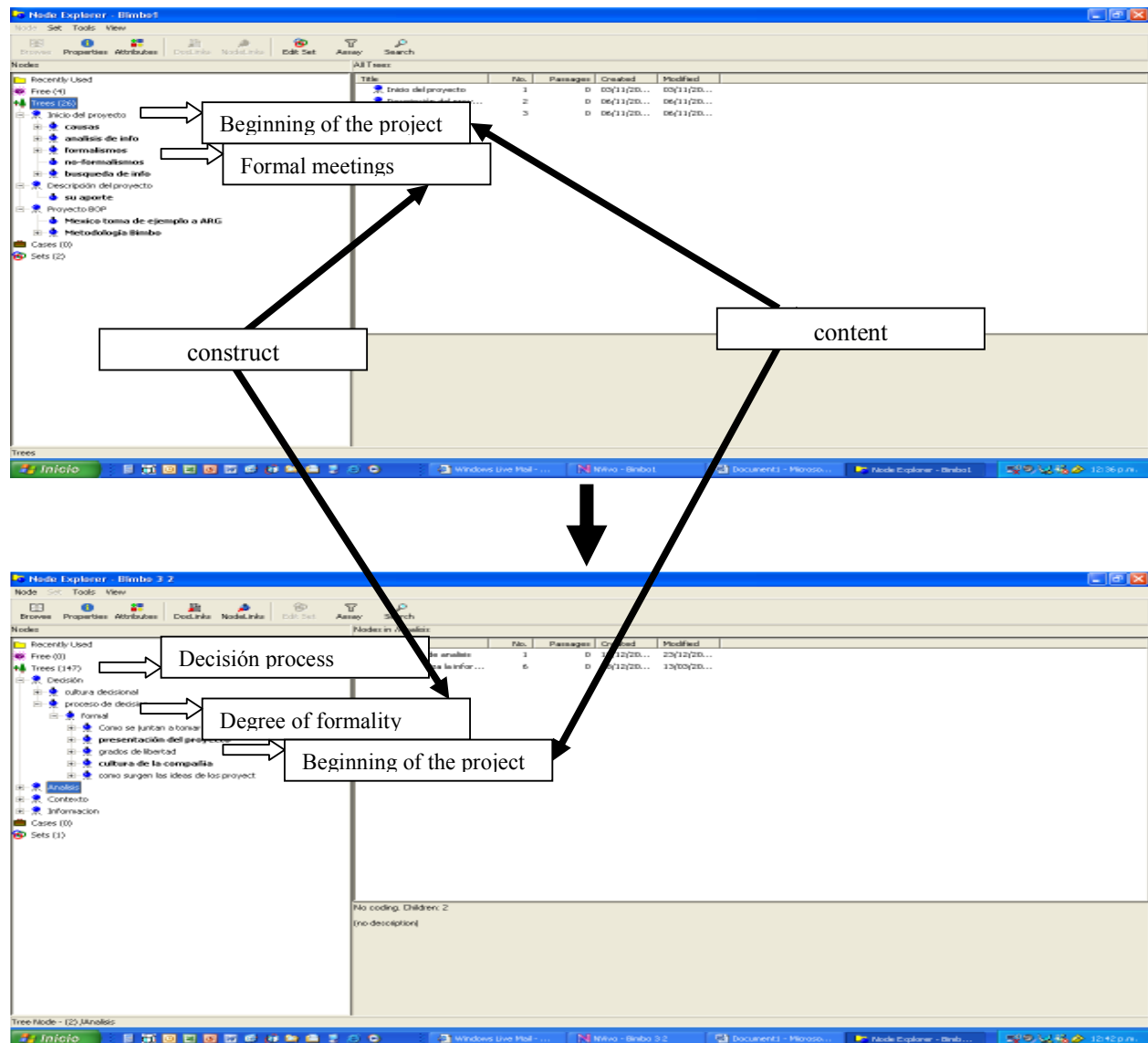
²⁰ N-Vivo was developed to assist researchers in handling, storing, indexing and searching non-numerical data (primarily text)

Figure 6.5: N-Vivo Content Coding Process



Third, coding categories emerged (equivalent to the constructs in the informed coding analysis). This stage represents the shift from the first level of data reduction based on a content description and coding (e.g. Microsoft conducted consumer market research) to a second level of data reduction based on conceptual construct coding (e.g. Microsoft uses external and objective sources of information) (Miles and Huberman 1994). This is an important shift as the abstract-conceptual code becomes the centre of the analysis while the verbatim quote becomes the support (example) of the construct code. Figure 6.6 shows the shift between the content coding and the construct coding stage.

Figure 6.6: Shift between the Content and Construct Coding



Fourth, the identified conceptual construct codes, based on their relation-to and differences-from other codes, were linked into themes (the code-trees and the code-clustering) and a loose theoretical structure emerged (suggested taxonomies) leading to a more holistic understanding of the case.

Chapter 7, Section 7.4 and Chapter 8, Section 8.4 provide the BIMBO and Microsoft grounded case analysis.

The cross-case (aggregate) analysis procedure (Chapter 9). This followed Eisenhardt's (1989) roadmap for theory building (theorising). Eisenhardt (1989) suggests different tactics to avoid "premature and even false conclusions as result of information-processing biases" (p. 540). Eisenhardt argues that the idea behind these cross-case searching tactics is to force investigators to go beyond first impressions as well as to increase accuracy and reliability. Other authors agree with the belief that cross-case comparisons are central to the process of validating the individual case findings and allowing a first approach to similarities and differences (e.g. Miles and Huberman 1994, Bellinger et al 2004).

Eisenhardt (1989) suggests to first, select the constructs (for this thesis, these are FoR, CE and MP) and identify inter-case similarities and differences. In this thesis, they were elicited from the literature reviews. Second, to divide data from the case studies by method of data analysis. When the pattern from one data analysis method is corroborated by the evidence from another, the finding is stronger and better grounded. In this thesis, the data analysis of the second researcher (who worked exclusively with the interview transcripts) is compared with the data analysis done by the author who worked with the documentation, the semi-structured and the standardised questionnaire. Third, to compare the evidence of each case with the conceptual framework in order to assess how well (or how poorly) it fits. In this thesis, the BIMBO and Microsoft cases were compared to the Marketing Configurational Framework and the Configurational Profiles of Marketing Practices. Fourth, to develop overall aggregated comparative tables (Sutton and Callahan 1987; Miles and Huberman 1994). In this study, tables were developed showing how the constructs integrate conforming configurational profiles.

6.4.6. *Quality of Research*

Adopting a mixed methods approach implies examining the criteria for research quality using both qualitative and quantitative methods. From the pluralist position, claims of validity, usefulness or truth arguments need to be developed in ways that are appropriate to each respective root paradigm (Davies and Fitchett's 2005, p. 283, Creswell 2003, p. 221).

Qualitative research. To establish the quality of the case studies, the thesis draws from a set of academics who suggest alternative criteria to the classical

assessments of objectivity, internal-external validity and reliability (e.g. Lincoln and Guba 1985, 2000, Hirschman 1986, Yin 2003). These criteria are confirmability, credibility, transferability and dependability.

- *Confirmability (~ objectivity)* implies the certainty that what is being observed is supported by the data and that the arguments are logical. It is critical in the data collection phase. It can be increased by using multiple sources of evidence, establishing a chain of evidence, and by having key informants review the draft case study report. Additionally, an outside auditor -familiar with the phenomena under study- can be invited to follow the derivation of any evidence from the initial research question to the ultimate case study conclusion (Lincoln and Guba 1985, Hirschman 1986,).

In the Microsoft and BIMBO case studies, data-triangulation was achieved by utilising multiple sources of evidence (i.e. documents and internal reports were analysed and, when possible, interviews with multiple interviewees were conducted). The case story was written, based on the interviews, and handed back to the interviewees for comments (Appendices 7 and 8). An external auditor, Gabriel Lanfranchi (responsible for strategic planning at Fundación ProVivienda Social, a non profit organisation focused on the BOP), read the case studies and the analysis.

- *Credibility (~ internal validity)* may be defined as how positive researchers can be about their findings. In the qualitative approach, there is no longer the assumption of one true world but rather the possibility of multiple constructed realities. Thus, there is no concrete benchmark for validating one's interpretation (Lincoln and Guba 1985). In order to demonstrate truth value, the researcher must show that s/he has represented those multiple realities adequately and that his/her study is credible. To determine the credibility, one useful approach is to submit the interpretation to the scrutiny of those individuals upon whom it is based and seek their response as to its authenticity (Gergen and Gergen 2000).

In the Microsoft and BIMBO case studies, the case analysis was shown to and discussed in half day meetings with the interviewees.

- *Transferability (~ external validity)* refers to establishing the domain to which a study's findings can be generalised. While survey research relies on statistical

generalisation, case studies rely on analytical generalisation. This means that the researcher is seeking to generalise a particular set of results to some broader theory. In theory building cases, external validity can be achieved through a robust theoretical support and by replication (multi-case studies). The research design phase is critical in establishing this type of validity (Yin 2003).

In this thesis, before selecting the case studies, in-depth literature research was conducted in the marketing, organisational theory and strategic management fields that allowed the development of the conceptual framework; also, when defining the research design, a literary replication approach was chosen.

- *Dependability (~ reliability)* involves showing that the study, if replicated, would achieve the same results (Lincoln and Guba 1985). Errors and biases can be minimised by providing a clear research protocol and by the development of a raw-database. The raw-database increases the reliability of the entire case study as it allows an external researcher to analyse the evidence directly. In short, the risk to avoid is the researcher's biased reading of the data.

Appendix 1 shows the case study protocol used in the Microsoft and BIMBO case studies. The thesis' raw-databases are not part of the thesis but are available on request. Additionally, reliability was ensured by using researcher triangulation. In these case analyses, besides the informed coding analysis, a second researcher was employed and asked to conduct a grounded analysis.

Quantitative Research. The discussion of the criteria for evaluating the quality of the quantitative method adopted in this thesis will be different from the previous section. As stated in the data collection section (Section 6.4.4 and Appendix 1), the adopted standardised questionnaire was not developed for the thesis but is a replication of the CMP questionnaire. Thus, the following paragraphs will summarise the content and face validity, construct validity, and convergent and discriminant validity of the CMP tool as discussed by Coviello et al (1997, 2002):

- *Content and face validity.* Coviello et al (2002) explain that when developing the tool, to achieve content and face validity, each item was evaluated by ten marketing practitioners and five marketing academics, and that the questionnaire was pre-tested with a set of executives similar to those ultimately targeted to

participate in the research. The results of their pre-test suggested that the questionnaire was understandable, interpreted appropriately, and captured the aspects of marketing practice defined by Coviello et al's (1997) conceptual typology.

- *Construct validity.* Coviello et al (2002) argue that the construct validity of the CMP instrument is justified on the basis that the measures were developed from a theoretical framework derived from Coviello et al's (1997) extensive literature review.
- *Convergent and discriminant validity.* Coviello et al (2002) explain that the four managerial related constructs were tested by using confirmatory factor analysis in a measurement model that combined all four constructs simultaneously. In addition, they used LISREL 8.3 to perform the confirmatory factor analysis and further refine the measures so that the final number of items reasonably reflects each construct. Finally, they achieved construct refinement by examining the covariance matrix residuals and modification indices supplied by LISREL and eliminating items until the goodness of fit criteria were attained. The same process was followed for the five relational related constructs.

6.5. CHAPTER SUMMARY

This chapter presented the research methodology used in this thesis. Taking into account the multiple paradigms from the various disciplines on which this research study is based, this chapter discussed the researcher's philosophical position, the methodology that informs the procedures, and the research design, explaining why choices were made and how these are linked to the thesis' overall research question.

The following chapters will present and discuss the BIMBO and Microsoft case studies. Following Eisenhardt (1989) and Yin's (2003) recommendations for multi-case reporting, the case studies will first be presented individually (Chapter 7 and Chapter 8). There will then be a chapter covering the cross-case analysis and results (Chapter 9).



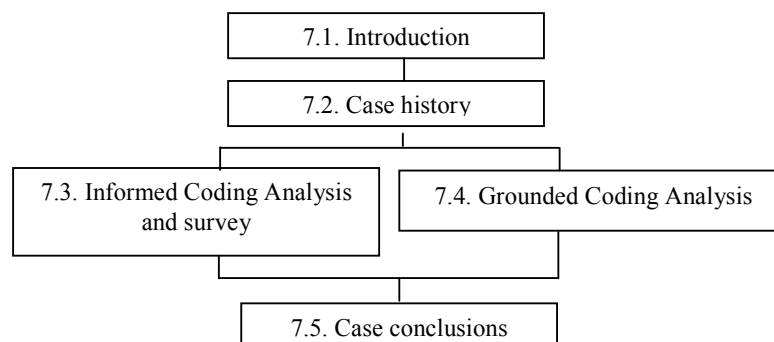
CHAPTER 7

The BIMBO Case Study

7.1. INTRODUCTION

This chapter presents the case study of BIMBO, a baked goods company. The aim is to analyse the data of the case to see if it provides evidence that supports the conceptual framework and the configurational profiles presented in Chapter 5. First, this chapter narrates the case history (Section 7.2). Section 7.3 discusses the BIMBO case, applying the informed coding analysis procedures and the CMP questionnaire. Section 7.4 presents the second analysis of the data using a grounded approach. Finally, Section 7.5 expounds the conclusions of the BIMBO case. Figure 7.1 shows the chapter overview.

Figure 7.1: Chapter Overview



7.2. BIMBO CASE HISTORY

The specific source of information for this case was interviews with high ranking managers involved in the relevant decision-making processes and a range of secondary

information provided by them as well as BIMBO's webpage, which provided information about the company's history and organisational structure.

The Informants were:

- Diego Aldunate Perrone (DA), responsible for Trade Marketing in Organisation Latin America (OLA) and leader of the BOP project.
- Antonio (Toni) Macadam (TM), Marketing Director in OLA.
- Diego Kerner (DK) external consultant who managed the Innovation Methodology applied by BIMBO (Appendix 6).

These interviews were augmented with (often confidential) files and documents. The case was written up, sent to the interviewees and they were asked to comment on and correct whatever they saw fit (e.g. omissions or misinterpretations). The informants found the case history accurate (See Appendix 7 with an email by Diego Aldunate approving the case history and stating that it is accurate).

7.2.1. The Company

Brief History. On December 2nd, 1945, Lorenzo Servitje inaugurated the first plant of *Panificación BIMBO S.A.* in Mexico City. The company became the most important baked goods company in Mexico. In 1990, BIMBO started to sell abroad and has developed a solid presence in the U.S.A., Argentina, Brazil, Colombia, Costa Rica, Chile, El Salvador, Guatemala, Honduras, Nicaragua, Peru, Venezuela, and the Czech Republic.

Values. The Company has a strong set of values that leads their overall strategy and their daily decisions. At the core of this is BIMBO's commitment to developing nutritional products for families in different price ranges. To achieve this, they work to ensure a comfortable work environment with a strong team spirit. In Lorenzo Servitje's words:²¹

"We see our job as a mission, a passion, an adventure. Sharing this in a trusting and committed environment is the firm's soul."

²¹ <http://www.grupoBIMBO.com.mx>

Structure. BIMBO is structured into six business units coordinated by a corporate headquarters in Mexico. Through its business units, BIMBO produces, distributes and markets over 4,500 products and has more than 100 prestigious brands such as BIMBO, Marinela, Mrs. Baird's, Oroweat and Lunetas. BIMBO owns 73 production plants, 3 retailers and 980 distribution centres, as well as one of the largest distribution networks in the American continent. They reach 1,325,250 points of sale daily, located throughout Latin America, Europe and the United States.

Latin America Organisation (OLA). OLA is responsible for operations in 12 Latin American countries. OLA's structure includes a general director and functional directors in manufacturing, finance and administration, trade, logistics, marketing and sales, and human resources. OLA's headquarters is in Buenos Aires, Argentina.

Change in BIMBO's Management Culture. Traditionally, BIMBO was a sales oriented company that had weekly P&Ls. This short term orientation was based on the fact that bread lasts seven days. Until recently, local general managers based their strategies on extensions of what was done in Mexico and on their personal knowledge and understanding of the local market. In the last few years, there has been a shift in BIMBO's way of working; BIMBO moved from an intuitive to a more formal and professional decision-making process. TM describes this cultural change:

"BIMBO had a 'push' culture, a more operative outlook, they learned through trial & error rather than by making market research. As an example, let me tell you that, in Argentina, we launched all the products that had been successful in Mexico but most of them failed because we never studied the consumer, what they liked, how they bought. From these failures, there was a huge learning. In the last two years, we started studying the consumer and we started buying systematic (panel) studies."

A clear example of the change is the hiring of DK. He is an external consultant who helps BIMBO to implement the Innovation Methodology (Appendix 6). The Innovation Methodology is a process that lasts between six and nine months, at the end of which creative solutions to core problems are identified. This methodology requires broad

research and information gathering before making operational decisions. DA describes this methodology as follows:

“The Innovation Methodology is central to the company’s way of analysing situations [...] It’s a conceptual model that works as a framework to look at problems and issues, a way of thinking.”

7.2.2. The Bottom of the Pyramid Project (BOP)

Antecedents. Each year, corporate Mexico describes five strategic guidelines and each country/region defines their objectives within these guidelines. One of the corporate guidelines for the year 2005 was to increase sales volume by developing specific value-added products for the upper-tier bottom of the pyramid market (BOP market). Low sales volumes were one of OLA’s main concerns. Finding the right product would help increase sales volumes in Latin America. Moreover, providing a nutritional product to low income consumers was aligned with the company’s social commitment.

The BOP in Latin America represents between 60%-70% of the population (Latin Panel: Socioeconomic Levels by Regions, 2004). In these households bakery products are a central part of their diet (AC Nielsen: An Integrated Vision of the Latin-American Consumer 2005). While BIMBO Mexico had a 98% market share reaching all social-economic tiers, this was not the situation in the other OLA countries where BIMBO was positioned as a high class, sophisticated bakery product. For example, in Argentina it had a 76.5% market share in the top 10% of the population and less than 14.7% in the other social economic tiers (Latin Panel: Low Income Consumers 2005). The Argentine situation was typical of BIMBO’s position in Latin America. (Note that the Latin Panel and other market research firms use Low Income Consumers as an equivalent term to upper-tier BOP and Subsistence Level Consumers as an equivalent term to lower-tier BOP).

Trying to reach the upper-tier BOP outside Mexico has been an historical concern for the company. During the previous few years, several projects had been designed but achieved limited success. For example, in Chile an economic muffin called “Rayita” was launched and in Brazil there was a very similar product called “Mini Bolo” that was sold in 12 unit boxes to wholesalers but was distributed in individual packs to retailers. The OLA staff agreed that these projects had not had the desired results due to the trial

and error manner in which they were conducted. The new BOP project would be done within the new more professional managerial culture that has been recently introduced.

7.2.3. The Argentine Pilot Program

Getting Started. In November 2004, DA became involved in the BOP project; in his words:

“I saw data that showed that there was a need to increase penetration in the low income segment and this was also one of the five strategic guidelines for 2005, so I volunteered to study the topic. This was all said in our board meeting [...] the board is very open and they all agreed that I should lead this project [...] Personally, I was interested in studying the BOP but I was not interested in a trial and error approach (as it had been handled in the past), instead, I wanted to conduct serious research, seeking both primary and secondary data on this market segment²².”

In order to get final approval from headquarters, DA followed the procedures designed for all new project presentations, submitting his proposal through the Project Management Office (PMO). The PMO is a virtual template that guides new projects from one stage to the next and follows the project to its conclusion. It also acts as a control tool. In the initial phase, the PMO only requires a description of the core idea. Then, the project leader has a video conference with Patricia Villalobos, responsible for coordinating new initiatives. Once the initial approval is granted, the PMO requires the project managers to introduce information on the context, the objectives, the schedule, the team, the budget, the ROI, etc. Each stage requires authorisation before moving onto the next phase, and there is a monthly committee meeting that follows each project. However, there is a strong team spirit, and decisions and information are discussed informally before being submitting to the PMO.

Why Argentina? While the BOP project involved all of Latin America, OLA decided that they should carry out the pilot in Argentina. There were several factors that the

²² When the broader context of the interview is considered, it is clear that ‘market segment’ refers to the market

group considered in making this decision. First, poverty in Argentina was not uniform (especially after 2001 crisis), so the knowledge from this experience could be applied to both structurally poor countries as well as countries that had undergone some crisis. Second, the Argentine reality was complex and consequently, they had to be very creative in order to increase sales, and their lessons would be more substantial. Finally, Argentina is relatively small compared to other countries (e.g. Brazil), where it could be difficult to identify the real causes of an increase of sales volumes.

The Process: Innovation Methodology. By March 2005, the budget was approved and the decision made to adopt the Innovation Methodology. The process required conducting market research (stage 1) in order to gather the information that would be used during the innovation workshop (stage 2).

Stage 1- Research. At first, DA based his research on the information that the company already had: brand tracking studies, ACNielsen studies on market share, and Latin Panel Studies on penetration and physical distribution (see list in Appendix 4). He also read books and academic articles both from Argentina and other countries (Venezuela, Chile, Brazil). After looking at the available data, DA realised that he did not have enough information on how the BOP thought and shopped. He concluded that BIMBO needed to conduct ad hoc research.

DA and some of his colleagues went to the shops and areas where the low income people lived and shopped. They looked at the stores, what products they stocked, watched how people bought, how much they bought, what was discussed during the purchasing decision, and talked to the shop owners and housewives. In short, they got a feeling of whether or not it made sense to go on with the project. They saw branded products in the stores and this encouraged them to move forward. Thus, they commissioned an external research agency to perform an in-depth study on U&A, consumption habits, retailers, etc. Claudio Licci (General Director at OLA), Helena Holguin (marketing research consultant), DA and TM talked with three possible suppliers and after more than seven meetings, they decided to work with International Research.

The information from secondary data and the ad-hoc research was summarised as follows:

Consumers

- Low income consumer (or upper-tier BOP) and subsistence level consumer (or lower-tier BOP) needs are not simple. These consumers are highly conscious of the value for money relationship and thus buy premium-priced branded products when the differential benefit is clear.
- Low income consumers spend a high proportion of their income on food and basic consumption goods.
- Low income consumers are sensible shoppers who take into account many factors besides price when calculating their shopping costs. These are sophisticated shoppers.
- In these complex realities, many meaningful segments can be identified. Their differences, based on lifestyle and attitudes, have a significant impact on their shopping behaviour.

Retailers

- Since the 2001 financial crisis, there had been an important growth of the indirect channel (small mom & pop stores).
- Product variety could attract BOP to supermarkets, but it would not necessarily make them buyers.
- Low income consumers are satisfied with traditional retailers, and don't necessarily aspire to shop in modern supermarkets.

Stage 2- The Innovation Workshop. The objective of the workshop is to arrive at ten insights. DK described an insight as a concept that synthesises a situation or an idea and that can be translated into a product or service concept. DA, when explaining the meaning of insight, used the following example:

“Some people, when they go to a gas station, just want to get in and out of it as fast as possible. They don't want to get a coffee, they don't want anything, just to

fill their tank and leave, so 'speed' would be an insight that characterises this group of drivers."

DK explained the process of coming to an agreement, about which insights are considered as valid,

"The process involves dividing the workshop members into small groups. Each group should be as heterogeneous as possible. All groups are given all the data from the market research conducted in the previous stage and are asked to analyse the available information in order to identify ten insights. These are written on Post-its and posted to the wall of the room. By the end of the morning the room is full of yellow Post-its. After lunch the group is reunited and all the Post-its are arranged by topics (e.g. health related Post-its, hunger related Post-its, price related Post-its, etc.). Based on personal experience as well as the data provided by the market research, the group (now reunited) discusses each set of insights and rank them, keeping BIMBO's overall objective in mind. The goal of the workshop is to reach ten working insights."

On August 27, 2005, the innovation workshop took place in Buenos Aires. In DA's words:

"We invited about twenty people to the workshop. Some from BIMBO (from the sales department, from marketing, from R&D, from manufacturing) while others were externals (from market research agencies, opinion leaders, from NGOs). In short, all those we believed could help develop a better understanding on the topic."

The ten identified insights about the upper-tier BOP were:

1. A family with an income higher than \$800²³ has concerns that go beyond buying food for today's meal.
2. Mothers want to feed their children properly to prevent them from getting sick. "Illness is a member of the family".

²³ \$800=US\$ 260. Where US\$ 260/30= US\$ 8,66 day per family (average family 4 members). This means they are talking of families with *more* than US\$ 2.1 per person per day. This means upper-tier BOP.

3. In some product categories, they buy premium brands as insurance. They do not want to take risks. They feel that if they buy branded products they are taking better care of their children.
4. They try to get as much information as they can in order to know how to feed their children properly. They ask teachers and doctors for advice and they pay attention to the information on the product's package.
5. Women don't have high expectations for their future, so they are devoted to their children.
6. Bread helps feed the family. The industrial loaf bread is a luxury product.
7. They have time but they don't have enough money: mothers are proud of what they do at home with the limited resources they have.
8. They choose the package size according to the money they can spend to satisfy daily needs. As a result, they tend to buy products in smaller package sizes, even though the per-unit cost is higher.
9. They prefer small retailers in the neighbourhood rather than supermarkets. In the supermarket, they might be tempted to buy more than what they need. They feel observed. There is a sense of inferiority when they see too many items they can't afford.
10. The school has a central role. There, children have meals and, sometimes, they receive extra food to take home. It is a place where mothers exchange information and advice about products, retailers, prices, etc.

The Insight Workshop was followed by the Ideation Workshop. The Ideation Workshop aims to reach a set of testable product concepts. In the workshop, the group divided itself into smaller work-teams and each team studied in more depth, a specific insight. Based on these insights, they analysed what BIMBO might offer these consumers. They concluded that it was important that BOP identify BIMBO as a nutritional brand that provides high quality and tasty products. Mothers should feel that if they buy BIMBO's products they will be offering the best to their children. These products would help mothers to delight the family with nutritious and tasty meals. The group defined three potential product lines:

“Super kid”: delicious and very nutritive products (e.g. chips, muffins, pasta, etc) that would provide the children with all the nutrients they need to grow up healthily.

“Polentosa” (“Super Strong”): fortified bread and buns based on barley, corn and potato to complement main dishes providing extra energy.

“Delicias de Mamá” (“Mummy’s Delicious Meals”): pre mixes to prepare pizza, bread and cakes.

The description of the three product lines shows that BIMBO was considering different alternatives, but all were value-added products.

Future Steps. In the BOP project, the team held both workshops (Insights and Ideation) simultaneously. At the time of the interviews, both a qualitative test (in order to check that the three product ideas actually reflect the BOP needs) and a quantitative validation needed to be conducted. The final step was the prototype product development, selecting the final idea and defining the go-to-market.

7.3. BIMBO: INFORMED CODING ANALYSIS

7.3.1. Introduction to the Structure of the Analysis

In this section, the BIMBO case is discussed following the informed coding analysis protocol (Chapter 6, Section 6.4.5 and Appendix 1). The transcripts of the interviews with the key actors of the BOP decision-making process, the answers of the semi-structured questionnaires, the document data and the answers to the CMP questionnaire are the sources for the analysis.

The coding will follow the conceptual framework presented in Chapter 5 (Section 5.3 and summary Table 5.2 and Table 5.3). The analysis structure presented is as follows:

- First, the FoR constructs are stated (cognitive operators, cognitive elements, set of reality tests and domain of inquiry).

- Second, the construct's underlying dimensions are stated (e.g. in the case of cognitive operators: classification scheme, analytical devices) and the indicators specified (e.g. in the case of classification scheme: task / general environment).
- Third, the BIMBO case is discussed and a couple of illustrative examples are provided. Due to space restrictions, readability concerns, and to enhance clarity, only a summary of the analysis will be presented in the body of the thesis.
- Fourth, at the end of the discussion of each imperative (FoR, CE, MP) a summary table is supplied.
- The process is then repeated for the CE and the MP imperatives. In the specific situation of the MP, the responses to the CMP questionnaire are presented.
- Finally, section 7.3.3 discusses what can be learned from the BIMBO case analysis.

7.3.2. BIMBO Case Analysis

Before addressing the analysis, it is important to make a clarification: the BIMBO case is interesting because it shows a firm that has gone through a deep cultural change that modified its decision-making process, shifting from an entrepreneurial trial and error style to a professional model. Though the case will focus on the current practices it will, at times, refer to how things were done in the past.

7.3.2.1 Frame of Reference Imperative²⁴

Table 5.2 (reproduced here) summarises the constructs, underlying dimensions and indicators for the FoR imperative and acts as the informed coding protocol.

²⁴ For conceptual discussion on constructs, underlying dimensions and indicators see Chapter 5 Section 5.3.2.1

Table 5.2 (reproduced): Constructs, Underlying Dimensions and Indicators of the Frame of Reference (FoR) Imperative

Imperative:	Frame of Reference Imperative					
	7.3.2.1					
Constructs:	Cognitive Operator 7.3.2.1.1		Cognitive Elements 7.3.2.1.2		Set of Reality Tests 7.3.2.1.3	Domain Inquiry 7.3.2.1.4
Underlying dimensions:	Classific. Scheme	Analytical Device	Source of Infor.	Intellectual Commitment		Scope
Indicator:	Short-term	Formal (comnp. tools)	Subjective	Personal Interpersonal (coalition) Organisational	Self-experience Org. norms Metho. rigor	Broad Narrow
	Long-term		Objective			
	Task env. General	Informal (intuitive)	Personal Impersonal Internal External			

Source: developed for this thesis

7.3.2.1.1. Cognitive Operators

Classification Scheme

Short-term / Long-term

The interviews and data from the documents show that BIMBO adopts a short-term timeframe. The following quote and reference to BIMBO's documentation illustrate that the focus is on the current year or recent past.

- ☞ DA: "The timeframe I used was short, a year/ a year and a half."
- ☞ BIMBO doc # 2: *Consumers in Latin America and Distribution Channels* (Nielsen, 2004). This report uses a two year timeframe 2002-2004.

Task / General Environment

The interviews and document data show that BIMBO's managers focus on the task environment. The following quotes and report exemplify the focus on the company, the consumers and the retailing system:

- ☞ DA: "We have a clear need to increase our sales volume in all of Latin America, especially in geographically large countries where the costs of logistics is very high."
- ☞ TM: "We are studying two types of consumers, the structurally poor and the new poor (those that became poor after the 2002 crisis)."
- ☞ TM: "Besides information on consumers we also looked at data on retailing, that is, we went to the mom & pop stores to see how people bought. BOP buy in a different way, they have a relationship with shop

owners (who allow them to pay when they get paid). There is a different shopping culture we need to understand.” ... “also non-traditional retailers (hard discounts).”

☞ *DA: “Actually we don’t have many direct competitors and we have just bought our main competitor.”*

📄 *BIMBO doc # 4: 2005 Consumer (AC Nielsen). This presentation shows the consumer behaviour changes in post-crisis period, how much they spend, where they buy, what they buy, and their relationship with brands.*

Analytical Devices

Formal / Informal

The data from the interviews showed a transition, over the last two years, from a highly intuitive process to a professional and formal process of gathering and elaborating information. Section 7.2.2 details the current use of formal analytical devices. First, HQ sets five long-term priorities, then OLA presents projects (aligned with the five strategic guidelines) using the PMO template, next it applies the Innovation Methodology (i.e. conducts ad-hoc market research and carries out an innovation workshop, and, finally, draws up a draft of future products and a business plan).

Example of initial analytical devices:

☞ *DA: “When I started working here, in 2003, BIMBO did not have any of the reports I mentioned, all you could find was an AC Nielsen study. We didn’t even have corporate reporting.” ... “Everything was very intuitive, the general manager of the local plants made most decisions and these were normally extensions of what was done in Mexico.”*

Examples of current analytical devices:

☞ *TM: “These projects have monthly controls on the status of the project.”*

📄 *BIMBO Document “C”: the PMO. This is the template BIMBO uses to evaluate all new projects. It is also used for follow up procedures.*

7.3.2.1.2. Cognitive Elements

Source of Information

Subjective / Objective

The interviews and document data provide evidence that BIMBO uses mainly objective data. The following quote and reference to BIMBO’s documentation exemplify the use of quantitative and qualitative studies:

☞ DA: “I looked at all the studies we normally buy: brand tracking studies, AC Nielsen studies on market share, Latin Panel Studies on penetration and physical distribution, I read books and academic articles (Prahallad, D’Andrea and Stengel) I also found a study conducted by Booz Allen, I also looked at data from UNICEF and other public institutions CESNI, ADyN (Asociación Dietista y Nutricionistas) and governmental organisms (ministry of public health)...I also looked for data and studies from other countries, i.e. Venezuela, Chile, Brazil.”

📄 BIMBO doc # 1-A and 1-B: *Creating Value for Emerging Consumers in Retailing (The Coca-Cola Retailing Council Latin America Research by Booz-Allen Hamilton, 2002 and D’Andrea et al 2003)*. These documents study the buying behaviour of low income consumers in six Latin-American countries and role that small retailers (mom & pop stores) play in serving them.

Personal / Impersonal

In the interviews, BIMBO’s managers revealed that they preferred impersonal²⁵ (i.e. indirect contact) sources of information. The data from the case study also shows that they visited stores and families -therefore using personal sources of information- but these were relatively few in comparison to the amount of market research they purchased. The following quote illustrates their preference for market research:

☞ TM: “What we try to get out from the U&A research are insights of how people behave, what motivates them, how they spend their money, why they buy certain products and not others, what is their natural way of relating to, for instance, cooking, do they buy bread, what type of bread, how do they keep it... how should we, BIMBO, communicate to this segment. As a leader of the innovation project and given my background in research I could help DA.”

Internal / External

Data from the interviews show that BIMBO’s managers adopt both internal and external sources of information. The following quotes and reference to their documentation illustrate that BIMBO combines the rich knowledge that the firm has with data supplied by international and local research firms.

Example of internal sources of information:

☞ TM: “One of the characteristics of BIMBO is that we don’t hide our mistakes, we learn from them. In other companies I worked for, we used to show only the nice side of our work, here we share and discuss mistakes, learning from them ... furthermore colleagues from other Latin-American countries might even come over to learn from and discuss our mistakes.”

²⁵ It might be useful to recall Weick and Daft’s (1983) usage of terms: *impersonal* refers to indirect contact and *personal* to personal contact

Examples of external sources of information:

- 🔗 TM: *“Because we had no information on how the BOP segment thought and/or bought. We needed to conduct some research. This is where I come into the project. I had experience in research from when I worked in Coca-Cola, so I helped DA define the research needs and choose the research agency.”*
- 📄 BIMBO doc # 5: *An Integrated Vision of the Latin-American Consumer (AC Nielsen, 2005). This presentation compares consumer habits and behaviours of all social economic profiles in six Latin-American countries.*

Intellectual Commitment

Personal / Inter-personal/ Organisational

The data from the interviews provide evidence that all the members of OLA are committed to the organisation’s objectives. The following quotes highlight that all team members collaborate in this project.

- 🔗 DA: *“Actually, though I am leading this BOP project, anyone of us could have led it. In other words, we all have information to carry out this project and we don’t have to do it on our own. All the team helps out.”*
- 🔗 TM: *“I’m helping DA define the research needs for the BOP project, choose the research agency and apply the innovation workshop to his project.”*
- 🔗 DA: *“When we were analysing the different potential suppliers of the U&A study, CL, TM and I met and discussed the options (all the pros and cons) and reached an agreement.” ... “The process is quite iterative, I talked to CL and/or TM ..I also talked to HH, who also helped me with the definition of the market research firm.”*

7.3.2.1.3. Set of Reality Tests

Self-experience / Organisational Norms / Methodological Rigor

The interviews and document data show that BIMBO uses both organisational norms and methodological rigor as reality tests. The following quotes illustrate that the PMO template and the Innovation Methodology are essential in BIMBO.

Example of organisational norms as reality test:

- 🔗 TM: *“The PMO is quite bureaucratic, we need to comply and fill it in, I see it as a control tool that Mexico HQ, needs to keep track of all the initiatives.”*

Example of methodological rigor as reality test:

- ☞ TM: “The Innovation methodology is central to the company’s way of analysing situations” ... “The goal of the workshop is to reach ten working insights.”

7.3.2.1.4. Domain of Inquiry

Scope

Broad / Narrow

The interviews and document data show that BIMBO’s domain of inquiry is broad. The BOP pilot-case was an in-depth study of the situation in Argentina; however, managers at OLA were interested in seeing how similar or different the Argentine market is to other countries in the region. Furthermore, OLA was eager to study the behaviour of BOP in an ample sense (i.e. not restricting their study exclusively to industrial bread). The following quotes and referenced documentation exemplify this position:

- ☞ DA: “I also looked for data and studies from other countries, i.e. Venezuela, Chile, Brazil.”
- ☞ TM: “DA took a broader view, he studied what NGOs were doing...”
- ☞ DA: “When I asked Latin Panel for data on this segment I did not just look at our categories but I also asked for information on other categories where buyers had a choice between branded-products, price-products and substitute products, such as branded paper tissues, unbranded tissue and traditional mops. The aim was to see if the BOP bought brands, if they saw value in branded goods.”
- 📄 BIMBO doc # 2: *Consumers in Latin America and Distribution Channels* (AC Nielsen, 2004). This report analyses the buying behaviour of all social economic profiles in Latin America (taking three countries as a sample of the region). It studies type of outlet, frequency of purchase, what was valued of the different retailing formats, type of products consumed, etc.

7.3.2.1.5 BIMBO’s FoR

The previous sections provided evidence that the data from the BIMBO case study support the constructs, the underlying dimensions, and the indicators of the frame of reference imperative, presented in Chapter 5. Table 7.1 summarises the findings and shows that the BIMBO case data matches the **Professional FoR type**.

Recapitulating, in terms of cognitive operators, although long-term strategic guidelines are stated, when working on a strategic decision such as the BOP project, managers are short-termed and focus on the task environment. BIMBO uses formal professional procedures to study and analyse new initiatives (the Innovation Methodology). In relation to the cognitive elements, BIMBO focuses essentially on objective and impersonal sources of information, and considers internal and external sources of information as equally valuable. Throughout the interviews, evidence is provided that all members are team-focused and highly committed to the organisation. BIMBO's sets of reality tests are supported by the organisational norms as well as methodological rigor (the regional methodology for decision-making, the Innovation Methodology). In terms of the domain of inquiry, BIMBO clearly shows that they are interested in taking a broad view, considering different branded product categories and comparing several countries.

Table 7.1: BIMBO's FoR

			BIMBO
Cognitive operator	Class. scheme	Short-term/ Long-term	short-term
		Task env./ general env.	task environment
	Analytic devices	Formal/ Informal	formal
Cognitive elements	Source of info.	Subjective/ objective	objective
		Personal / impersonal	impersonal
		Internal/ External	internal external
	Intellectual commit.	Personal/ inter-personal/ organisation	organisation
Set of reality tests	Self-experience / organisational norm / methodological rigor		organisational norms methodological rigor
Domain of Inquiry	Narrow/ Broad		broad
BIMBO’s FoR TYPE			PROFESSIONAL

Source: developed for this thesis

7.3.2.2. *Conceptualisation of the Environment Imperative*²⁶

Table 5.3 (reproduced here) summarises the constructs and indicators for the CE imperative and acts as the informed coding protocol.

Table 5.3 (reproduced): Constructs and Indicators of the Conceptualisation of the Environment (CE) Imperative

Imperative:	Conceptualisation of the Environment Imperative 7.3.2.2	
Constructs:	Nature of the Environment 7.3.2.2.1	Organisation Intrusiveness 7.3.2.2.2
Indicators:	Enacted Analysable	Passive Active
	External Embedded	Distant Close-interactive
		Focus on the outcome Focus on the process

Source: developed for this thesis

7.3.2.2.1. *Nature of the Environment*

Enacted / Analysable

Data from the case shows that BIMBO sees the environment as analysable. The interviews provide evidence that these managers look for patterns that will help better understand their environment. The following quotes and response to the semi-structured questionnaire are examples of this position:

- ☞ TM: “We are trying, through research, to understand how consumers reason things, how retailers work.”
- ☞ DA: “When I started to look into the BOP, I did so looking at secondary data on U&A of this segment. I looked at data from existing studies, from ONGs, from academic sources, and where no information was available I commissioned an ad-hoc market research.”
- On discussing the semi-structured questionnaire TM states that “We do market research on our consumers.” (answer to D.5.1)

External / Embedded

The data from the case shows that BIMBO believes the environment to be external. The interviews revealed that BIMBO managers studied, explored and researched the environment. The following quotes and discussion of the responses to the semi-structured questionnaire illustrate this point:

²⁶ For conceptual discussion on constructs and indicators see Chapter 5, Section 5.3.2.2

- ☞ DA: “I looked at data from Booze Allen, Latin Panel, IFOP, ...”
- ☞ TM: “In order to understand what was happening in the BOP consumer we looked at market research.”
- On discussing the semi-structured questionnaire DA and TM state that “We are trying to understand more our customers.” (answer to D.1.3)

7.3.2.2.2. Organisational Intrusiveness

Passive / Active

The data from the case shows that BIMBO is active, intruding in the environment to obtain information. The in-depth and semi-structured interviews provide evidence that BIMBO is continually studying all the countries in which they operate.

Example of BIMBO’s historical organisational intrusiveness

- ☞ DA: “We come from a sales oriented firm and a trial & error logic”

Examples of BIMBO’s current organisational intrusiveness:

- ☞ DA: “I decided to take a different approach to the way BIMBO had been addressing the BOP market.”
- On discussing the semi-structured questionnaire DA states that “We do market research on our consumers and we go to fairs to have the latest technology, we don’t do much research on competitors.” (answers to D.5.1 - D.5.3)

Distant / Close

The data from the case shows that BIMBO positions itself at a distance with regard to the other market actors. Throughout the interviews, the permanent references to market research shows that BIMBO, though interested in understanding, does not see itself as an actor that will modify the task environment. Rather, it sees itself as a player that needs to understand and adapt, thus placing itself at a distance. The quotes and responses to the semi-structured questionnaire reflect this point.

- ☞ TM: “We didn’t have any information so we decided to explore.”
- On discussing the semi-structured questionnaire DA and TM state that “Though we always talk about being closer to our clients and supplier the truth is that, today, our relationship with our stakeholders (customers and suppliers) is very formal.” (answer to D.4.1)
- On discussing the semi-structured questionnaire DA and TM state that “We are slow to detect changes in customers, competitors and technologies.” (answer to D.6.2)

Focus on Outcome / Focus on Process

The data from the case shows that BIMBO is focused on the outcome. The in-depth and semi-structured interviews provide evidence that BIMBO is trying to understand consumer needs in order to develop a product (or product line) to satisfy their needs. The following quotes and discussion of the semi-structured questionnaire are illustrative of BIMBO's position:

- 💡 *TM: "From the innovation workshop we finally reach ideas which will allow us to develop new products."*
- 💡 *DA: "The production managers suggested a product that could last longer on the shelf."*
- *On discussing the semi-structured questionnaire DA and TM stats that "We all work together to provide goods for our customers." (answer to D.3.2)*

7.3.2.2.3. BIMBO's CE

The previous sections provide evidence that the data from the BIMBO case supports the constructs and indicators of the conceptualisation of the environment imperative presented in Chapter 5. Table 7.2 shows that BIMBO matches the **Discovering CE type**.

Table 7.2: BIMBO's CE

		BIMBO
Nature of the Environment	Enacted/ analysable	analysable
	External/ embedded	external
Organisational Intrusiveness	Passive / active	active
	Distant / close	distant
	Focus on outcome/ focus on process	focus on outcome
BIMBO's CE TYPE		DISCOVERING

Source: developed for this thesis

Recapitulating, BIMBO's managers see the environment as external yet analysable, which is why they subscribe to periodical studies on branding, market share, penetration, etc. When they feel that these secondary sources are not sufficient they commission additional ad-hoc studies (showing an active behaviour). Once they have all the information they consider necessary, they work internally (i.e. distant) in order to obtain a product (an outcome) that they believe will comply with the needs of the market they are interested in serving.

7.3.2.3. *Marketing Practices Imperative*²⁷

Table 7.3 and Table 7.4 show the answers provided by DA and TM to the CMP questionnaire. It is necessary to clarify that two different versions of the CMP questionnaire were sent to DA and TM. TM's questionnaire was a more adjourned version including e-mktg questions (used in the USA). E-marketing questions had not been used in the extended Argentine sample because previous studies had shown a low adoption of e-marketing in Argentina. To allow comparability with the existing database and to overcome this confusion, it was resolved not to process the 'c' responses in TM's reply.

Table 7.3: DA's Answers to the CMP Questionnaire.

SECTION C – ABOUT MARKETING PRACTICES WITH YOUR PRIMARY CUSTOMERS						
<p>This section now has a number of questions about how marketing is practiced in your organisation with your “PRIMARY customers”. You may find that some questions, or parts of questions, in this section appear to be similar to each other. This has been deliberate, in the sense that each question and sub-question has been designed to examine a specific and separate aspect of marketing practice. It has not been done to try to “test” you in any way! Remember, there are no right or wrong answers to this questionnaire. For <i>each</i> question, please <i>read all parts</i>. Then please answer <i>all parts</i> of each question by circling the number on each scale that best corresponds to what <i>actually happens</i> in your organisation. IMPORTANT: Please answer the questions in the context of how your organisation deals with its PRIMARY customers. For each item, please circle your answer.</p>						
1. Our marketing activities are intended to:	Never					Always N/A
a) attract new customers	1	2	3	X	5	6
b) retain existing customers	1	2	X	4	5	6
c) develop cooperative relationships with our customers	1	X	3	4	5	6
d) coordinate activities between ourselves, customers, and other parties in our wider marketing system (e.g. key suppliers, service providers and other organisations with which we interact through our marketing activities)	1	2	3	X	5	6
2. Our Marketing planning is focused on issues related to:	Never					Always N/A
a) our product/brand/service offering	1	2	3	4	X	6
b) customers in our market(s) in addition to our offer	1	2	3	X	5	6
c) one-to-one relationships with customers in our market(s), or individuals in organisations we deal with	1	X	3	4	5	6
d) the network of relationships between individuals and organisations in our wider marketing system	1	X	3	4	5	6

²⁷ For conceptual discussion on constructs and indicators see Chapter 5, Section 5.3.2.3

3. When dealing with our market(s), our purpose is to:	Never					Always	N/A
a) generate a profit or other “financial” measure(s) of performance (monetary transactions)	1	2	3	4	X		6
b) acquire customer information for our database in addition to financial/monetary transactions	1	X	3	4	5		6
c) build a long-term relationship with a specific customer(s)	1	2	X	4	5		6
d) form relationships with a number of organisations in our market(s) or wider marketing system	1	2	3	X	5		6
4. Our organisation’s contact with our primary customers is:	Never					Always	N/A
a) arms-length, impersonal with no individualised or personal contact	1	2	3	X	5		6
b) somewhat personalised (e.g. by direct mail)	1	X	3	4	5		6
c) interpersonal (e.g. involving one-to-one interaction between people)	1	X	3	4	5		6
d) from impersonal to interpersonal across firms in the broader network	1	X	3	4	5		6
5. The type of relationship with our customers is characterised as:	Never					Always	N/A
a) transactions that are <u>discrete</u> or one-off	1	2	3	X	5		6
b) contact (e.g. by direct mail) that is <u>occasional</u>	1	2	3	4	5		6
c) interpersonal interaction that is <u>ongoing</u>	1	2	3	4	5		6
d) contact with people in our organisation and wider marketing system that is <u>ongoing</u>	1	2	3	4	5		6
6. Our marketing resources (i.e. people, time and money) are invested in:	Never					Always	N/A
a) product, promotion, price, and distribution activities (or some combination of these)	1	2	3	4	X		6
b) database technology to improve communication with our customers	1	2	X	4	5		6
c) establishing and building personal relationships with individual customers	1	X	3	4	5		6
d) developing our organisation’s network relationships within our market(s) or wider marketing system	1	2	X	4	5		6
7. In our organisation, marketing activities are carried out by:	Never					Always	N/A
a) functional marketers (e.g. product/marketing manager, sales manager, major account manager)	1	2	3	4	X		6
b) specialist marketers (e.g. customer service manager, loyalty manager)	1	2	X	4	5		6
c) many employees (across functions and levels)	1	2	3	X	5		6
d) the Managing Director or CEO	1	2	X	4	5		6
8. Our marketing communication involves:	Never					Always	N/A
a) our organisation communicating <u>to</u> the mass market	1	2	3	4	X		6
b) our organisation targeting a specifically identified segment(s) or customer(s)	1	2	3	4	X		6
c) individuals at various levels in our organisation personally interacting <u>with</u> their individual customers	1	2	X	4	5		6
d) senior managers networking <u>with</u> other managers from a variety of organisations in our market(s) or wider marketing system	1	2	3	4	5		6
9. When people from our organisation meet with our primary customers, it is:	Never					Always	N/A
a) mainly at a formal, business level	1	2	X	4	5		6
b) mainly at a formal level, yet personalised via database technologies	1	2	X	4	5		6
c) at both a formal business level and informal social level on a one-to-one basis	1	X	3	4	5		6
d) at both a formal business level and informal social level in a wider organisational system/network	1	X	3	4	5		6
10. Overall, our organisation’s general approach to our primary customers involves:	Never					Always	N/A
a) managing the marketing mix to attract and satisfy customers in a broad market or specific segment.	1	2	3	X	5		6
b) using database tools to target and retain customers in a specific segment or micro-segment of the market	1	X	3	4	5		6
c) developing personal interactions between employees and individual customers	1	2	X	4	5		6
d) positioning the firm in a wider organisational system/network	1	2	X	4	5		6

Table 7.4: TM's Answers to the CMP Questionnaire

SECTION C – ABOUT MARKETING PRACTICES WITH YOUR PRIMARY CUSTOMERS						
<p>This section now has a number of questions about how marketing is practiced in your organisation with your “PRIMARY customers”. You may find that some questions, or parts of questions, in this section appear to be similar to each other. This has been deliberate, in the sense that each question and sub-question has been designed to examine a specific and separate aspect of marketing practice. It has not been done to try to “test” you in any way! Remember, there are no right or wrong answers to this questionnaire.</p> <p>For <i>each</i> question, please <i>read all parts</i>. Then please answer <i>all parts</i> of each question by circling the number on each scale that best corresponds to what <i>actually happens</i> in your organisation.</p> <p>IMPORTANT: Please answer the questions in the context of how your organisation deals with its PRIMARY customers. For each item, please circle your answer.</p>						
1. Our marketing activities are intended to:	Never		Always		N/A	
a) attract new customers	1	2	3	4x	5	6
b) retain existing customers	1	2	3	4x	5	6
c) create two-way, technology-enabled dialogue with our customers	1	2x	3	4	5	6
d) develop cooperative relationships with our customers	1	2	3x	4	5	6
e) coordinate activities between ourselves, customers, and other parties in our wider marketing system (e.g. key suppliers, service providers and other organisations with which we interact through our marketing activities)	1	2	3x	4	5	6
2. Our Marketing planning is focused on issues related to:	Never		Always		N/A	
a) our product/brand/service offering	1	2	3	4	5x	6
b) customers in our market(s) in addition to our offer	1	2	3x	4	5	6
c) managing IT-enabled relationships with many individual customers	1	2x	3	4	5	6
d) one-to-one relationships with customers in our market(s), or individuals in organisations we deal with	1	2x	3	4	5	6
e) the network of relationships between individuals and organisations in our wider marketing system	1	2x	3	4	5	6
3. When dealing with our market(s), our purpose is to:	Never		Always		N/A	
a) generate a profit or other “financial” measure(s) of performance (monetary transactions)	1	2	3	4	5x	6
b) acquire customer information for our database in addition to financial/monetary transactions	1	2	3x	4	5	6
c) create information-generating dialogue with many identified buyers	1	2	3x	4	5	6
d) build a long-term relationship with a specific customer(s)	1	2	3x	4	5	6
e) form relationships with a number of organisations in our market(s) or wider marketing system	1	2	3x	4	5	6
4. Our organisation's contact with our primary customers is:	Never		Always		N/A	
a) arms-length, impersonal with no individualised or personal contact	1	2	3x	4	5	6
b) somewhat personalised (e.g. by direct mail)	1	2x	3	4	5	6
c) interactive via technology such as the Internet	1	2	3x	4	5	6
d) interpersonal (e.g. involving one-to-one interaction between people)	1	2x	3	4	5	6
e) from impersonal to interpersonal across firms in the broader network	1	2x	3	4	5	6
5. The type of relationship with our customers is characterised as:	Never		Always		N/A	
a) transactions that are <u>discrete</u> or one-off	1	2	3x	4	5	6
b) contact (e.g. by direct mail) that is <u>occasional</u>	1	2x	3	4	5	6
c) technology-based interactivity that is ongoing and <u>real-time</u>	1	2	3x	4	5	6
d) interpersonal interaction that is <u>ongoing</u>	1	2	3x	4	5	6
e) contact with people in our organisation and wider marketing system that is <u>ongoing</u>	1	2	3x	4	5	6
6. Our marketing resources (i.e. people, time and money) are invested in:	Never		Always		N/A	

a) product, promotion, price, and distribution activities (or some combination of these)	1	2	3	4	5x	6
b) database technology to improve communication with our customers	1	2x	3	4	5	6
c) operational assets (IT, website, logistics) and functional systems integration (e.g. marketing with IT)	1	2x	3	4	5	6
d) establishing and building personal relationships with individual customers	1	2	3x	4	5	6
e) developing our organisation's network relationships within our market(s) or wider marketing system	1	2	3x	4	5	6
8. In our organisation, marketing activities are carried out by:	Never		Always			N/A
a) functional marketers (e.g. product/marketing manager, sales manager, major account manager)	1	2	3	4	5x	6
b) specialist marketers (e.g. customer service manager, loyalty manager)	1	2x	3	4	5	6
c) marketing specialists with technology specialists, and possibly senior managers	1	2x	3	4	5	6
d) many employees (across functions and levels)	1	2	3x	4	5	6
e) the Managing Director or CEO	1	2x	3	4	5	6
8. Our marketing communication involves:	Never		Always			N/A
a) our organisation communicating <u>to</u> the mass market	1	2	3	4	5x	6
b) our organisation targeting a specifically identified segment(s) or customer(s)	1	2	3x	4	5	6
c) our organisation using technology to communicate <u>with</u> and possibly <u>among</u> many individual customers	1	2x	3	4	5	6
d) individuals at various levels in our organisation personally interacting <u>with</u> their individual customers	1	2x	3	4	5	6
e) senior managers networking <u>with</u> other managers from a variety of organisations in our market(s) or wider marketing system	1	2x	3	4	5	6
9. When people from our organisation <i>meet</i> with our <i>primary</i> customers, it is:	Never		Always			N/A
a) mainly at a formal, business level	1	2	3	4x	5	6
b) mainly at a formal level, yet personalised via database technologies	1	2	3x	4	5	6
c) mainly at a formal level, yet customised and/or personalised via interactive technologies	1	2	3x	4	5	6
d) at both a formal business level and informal social level on a one-to-one basis	1	2x	3	4	5	6
e) at both a formal business level and informal social level in a wider organisational system/network	1	2x	3	4	5	6
10. Overall, our organisation's <i>general approach</i> to our <i>primary</i> customers involves:	Never		Always			N/A
a) managing the marketing mix to attract and satisfy customers in a broad market or specific segment.	1	2	3	4	5x	6
b) using database tools to target and retain customers in a specific segment or micro-segment of the market	1	2	3x	4	5	6
c) using the Internet and other interactive technologies to create/mediate dialogue between our firm and our customers	1	2	3x	4	5	6
d) developing personal interactions between employees and individual customers	1	2x	3	4	5	6
e) positioning the firm in a wider organisational system/network	1	2	3x	4	5	6

The questionnaire allows for the development of indices reflecting the degree of transactional, database, interaction and network marketing (Chapter 6, Section 6.4.5). These indices were constructed for DA and TM's questionnaires and compared to the Argentine overall mean values (taken from the CMP database from the time period the

questionnaires were conducted) and to the cluster developed for Argentina by Pels and Brodie (2003). Table 7.5 shows the DA and TM indices, the Argentine mean values and the mean values for the transactional marketing cluster. The data provides evidence that both responses to the questionnaire are very similar and that both are aligned with the Argentine transactional marketing cluster. It can be concluded that BIMBO, in terms of marketing practice, adopts a **Transactional Marketing Practice**.

Table 7.5: Comparative Results of DA and TM Answers to the CMP Questionnaire with the CMP Database Values for Argentine Firms.

Contemporary Marketing Practice	BIMBO INDICES		ARGENTINE MEAN VALUES (*)	TRANSACTIONAL MARKETING CLUSTER MEAN VALUES (*)
	DA	TM		
A: Transaction Marketing	0.86	0.86	0.67	0.77
B: Database Marketing	0.62	0.53	0.60	0.57
D: Interaction Marketing	0.5	0.51	0.69	0.55
E: Network Marketing	0.5	0.49	0.63	0.46

(*) These values extracted are from CMP database
Source: developed for this thesis

7.3.3. BIMBO Case Analysis Learning

BIMBO has undergone a huge change. The data from the BOP decision provides evidence that today BIMBO has introduced formal professional procedures (e.g. the PMO, the Innovation Methodology) that managers need to apply when involved in a new decision. These analytical devices are essential and guide managers to the decision of what type of information will be required (e.g. consumers, retailers), validity of the source (e.g. market research), and scope (e.g. six Latin American countries). The data from the case shows that there is a high team spirit and that all members are committed to the organisation. In short, BIMBO managers operate with a frame of reference that Shrivastava and Mitroff (1983) labelled as the **Professional FoR type**.

The data highlights that BIMBO's managers assume the environment as external yet analysable and have an active yet distant relationship with it. The managers study the market and launch the product (outcome) that they believe is the best solution to customer's needs. This description matches the profile that Weick and Daft (1983) labelled as the **Discovering type**. Finally, the answers to the CMP questionnaire place

BIMBO as belonging to the **Transaction Marketing cluster**, which is characterised by a traditional marketing management approach. Table 7.6 reproduces Table 5.5 and it shows that BIMBO matches the *Transactional Configurational Profile*.

Table 7.6: BIMBO's Configurational Profile

CONFIGURATIONAL PROFILES	FRAME OF REFERENCE	CONCEPTUALISATION OF THE ENVIRONMENT	MARKETING PRACTICE
<i>PASSIVE</i>	<i>Political</i>	<i>Glancing</i>	<i>Low formal marketing</i>
<i>RELATIONAL</i>	<i>Entrepreneurial</i>	<i>Enacting</i>	<i>Relationship marketing</i>
TRANSACTIONAL The BIMBO case	<i>Professional</i>	<i>Discovering</i>	<i>Transactional marketing</i>
<i>PLURAL</i>	<i>Professional /Entrepreneurial</i>	<i>Discovering/ Enacting</i>	<i>Transactional/ Relational marketing</i>

Source: developed for this thesis

7.4. BIMBO: GROUNDED APPROACH ANALYSIS

A second analysis of the raw data (the transcript of the interviews) was conducted by a second researcher following a grounded approach supported by the N-Vivo computer program. The aim of this second analysis was to provide investigator and methodological triangulation.

In essence, the core difference with regard to the informed coding analysis is that the latter starts with the imperatives, the constructs, the underlying dimensions and the indicators and *then* looks at the data. In the grounded approach, the process is reversed (for a full description, see Chapter 6, Section 6.4.5).

A full description of the grounded analysis is beyond the scope of this section. A summary of the elicited constructs is provided in Table 7.7. Deliberately, so as to maximise the value of the triangulation, the second researcher was not familiar with the literature and developed his/her own coding terminology.

Table 7.7: Frame of Reference (FoR) and Conceptualisation of the Environment (CE)
Types Elicited from the Grounded Approach

<i>First level (construct)</i>	<i>Second level (construct)</i>	<i>Third level (content)</i>	
Decisions	Culture	Collective/corporate (tool: workshop, theme: innovation)	
	Hierarchy	Tool: PMO	
	Decision process	Formal (Innovation Methodology)	
		Degrees of freedom	
Information	Degree of analysis	Ample (many countries)	
	Type of the information	Objective	
		Cultural change	
	Nature of the information	External	Micro
			Macro
		Internal	Micro
	Time frame	Short	
Context	How is the context defined	Challenging (BOP project)	
	Perspective on location	Why Argentina	
	Interactions with the context	Pro-active (new products)	
BIMBO's FoR and CE TYPES		PROFESSIONAL FoR DISCOVERING CE	

Source: developed for this thesis

The aim of this section is to examine if the data from the BIMBO case supplies evidence that matches one of the FoR and CE types. In Table 7.7, the first and second levels refer to the constructs frame of reference and conceptualisation of the environment. The third level is related to their content. In order to identify the FoR and CE types, focus of the discussion is on the third level.

In terms of the *decision*, the interviews provide evidence that BIMBO has a collective decision-making culture. An example of this is the innovation workshop. The analysis also highlights that there are clear hierarchies in the decision-making process that need to be respected (as shown by the PMO procedure), and that the overall decision-making process is very formal (all interviewees listed the stages of the Innovation Methodology). In short, there is a collective process but it allows few

degrees of freedom. In terms of *information* used in decision-making process, the interviews provide evidence that the degree of analysis is ample (though the pilot was conducted in Argentina, information from several countries was permanently studied);, that the decision-making process is currently based on objective information (e.g. market research studies) as a result of the change process BIMBO is going through; and, that managers use external and internal information focused on the micro context. In terms of the *context*, the data highlights that BIMBO managers see understanding the context as a challenge (the whole BOP project is a reflection of this view) and that the managers' attitude is proactive (this is seen in the Ideation Workshop where the three new products are suggested).

Although the grounded analysis presents the order and some of the terms, differently, it is clear that BIMBO matches the ***Professional FoR*** and the ***Discovering CE***.

The next section will compare the informed coding analysis with the grounded approach and show how the two are linked.

7.5. BIMBO CASE CONCLUSION

This section synthesises the findings from the two analyses of the BIMBO case data. Two types of comparative analysis are conducted. First, data is contrasted with regard to the FoR and CE imperatives' constructs (Table 7.8). Second, data is compared with regard to their categorisation and association into one of the configurational profiles (Table 7.9).

Table 7.8 combines Table 5.2, Table 5.3 and Table 7.7. The table compares the FoR and CE imperatives by contrasting the constructs and underlying dimensions (from the informed coding) with first and second level constructs (from the grounded coding). The table shows that, though presented in a different order and at times using other terms, the two analyses are aligned. A colour coding is used to facilitate the comparison between the two analyses. For example, there is a clear equivalence between the construct *cognitive elements* and the indicator *source of information* (in the informed coding) and the first level construct of *information* and second level *type of information* and *nature of the information* (elicited from the grounded analysis). Overall, the table shows that the *imperatives*, *constructs*, *underlying dimensions* and *indicators* are

present in the BIMBO case. The comparison provides evidence supporting that the *FoR and CE imperatives and their constructs are present in the context of a marketing decision* (i.e. within the BIMBO's BOP pilot program).

Table 7.8: BIMBO's FoR and CE Imperatives in the Informed Coding and Open Coding Analyses

INFO CODING (Table 5.2. & Table 5.3.)		GROUNDED (Table 7.7.)	
FoR	CE	First level construct	Second level construct
Cognitive Elements: Commitment		Decisions	Culture
Cognitive Operator: Analytical Device Reality Tests			Hierarchy
			Decision Process
Domain of Inquiry			Degree of Analysis
Cognitive Elements: Source of information		Information	Type of the Information
	Nature of the Information		
Cognitive Operator: Classificat. Scheme	Time Frame		
	Nature of Environment	Context	How is the Context Def. Perspective on Location
			Interactions with Context
	Org. Intrusiveness		

Source: developed for this thesis

Table 7.9 combines Table 7.1, Table 7.2 and Table 7.7. The table allows for the comparison of BIMBO's FoR and CE types as highlighted by each analysis. Colour coding is used to facilitate the understanding of the table. The following is an example of how to read Table 7.9: the informed coding analysis identified that the domain of inquiry was broad; analogously, the grounded analysis showed that the degree of analysis was ample (many countries). However, the terms employed here are not

always intuitively associated. For example, the informed coding states that the nature of the environment is “*analysable*” and “*external*” while the grounded analysis reads “*how the context is defined: challenging (BOP project)*”. The second researcher tried to highlight the challenge of understanding the BOP market (given its cross-category nature). This ‘challenge’ should not be understood as non-analysable. The comparison shows that BIMBO has a **Professional FoR** and a **Discovering CE**.

Table 7.9: BIMBO’s FoR and CE Types in the Informed Coding and Grounded Analyses

INFO CODING (Table 7.1. & 7.2.)		GROUNDING (Table 7.7.)		
FoR- CE	BIMBO	First level construct	Second level construct	Third level BIMBO’s content
Cognitive Elements: Commitment	organisational	Decisions	Culture	collective/corporate (tool: workshop, theme: innovation)
Cognitive Operator: Analytical Device Reality Tests	formal org. norms		Hierarchy Decision Process	tool: PMO formal (Innovation Methodology) degrees of freedom
Domain of Inquiry	broad		Degree of Analysis	ample (many countries)
Cognitive Elements: Source of information	objective internal/external	Information	Type of the Information	cultural change objective
Cognitive Operator: Classificat. Scheme	general task		Nature of the Information	external macro internal micro
	short termed		Time Frame	short
Nature of Environment	analysable external	Context	How is the Context Def Perspective on Location	challenging (BOP project) why Arg
Org. Intrusiveness	active distant outcome		Interactions with Context	pro-active (new products)
BIMBO’s FoR - CE Type	PROFESSIONAL DISCOVERING	BIMBO’s FoR - CE Type	PROFESSIONAL DISCOVERING	

Source: developed for this thesis

The data analysis shows that BIMBO is a combination of the *Professional FoR*, the *Discovering CE* (Table 7.9) and the *Transactional MP* (Table 7.5). This arrangement of the imperatives matches the ***Transactional Configurational Profile of Marketing Practices*** described in Chapter 5. A comparison between the conceptual description of this profile (Chapter 5) and the findings from the BIMBO case is discussed next.

Organisations with a ***professional FoR*** are characterised by a long-term perspective involving both the task and general environment (leading to a broad domain of inquiry). Managers have a clear preference for models, scientific rigor, empiricism and experimentation. With regard to the choice of cognitive elements, managers in this type of organisation usually have a preference for objective sources of information and use both internal and external sources of information. From a commitment point of view, managers working in an organisation with a professional FoR tend to identify themselves with the organisation. Both BIMBO's informed and grounded analyses support this description (see Table 7.9).

Organisations with a ***discovering CE*** take a deterministic view of the environment; in other words, they see it as external, well-structured and analysable. Managers in these organisations use market research and trend analysis. They believe that formal data is the mean to achieve the 'correct answer' to successfully adapt to the environment. Finally, given their mediated and formal view of the organisation's intrusiveness, managers on these firms (after all their enquiries) will develop/launch a product they believe best adapts to the consumers' requirements. BIMBO's relationship to the environment, in the informed and grounded analyses, can be associated with the above description (see Table 7.9).

Organisations with a ***transactional MP*** are characterised as having above average values for the transactional marketing practice and below average values for the database marketing practice, interaction marketing practice and the network marketing practice. The answers to the CMP questionnaires show BIMBO's match with the transactional cluster (see Table 7.5).

In sum, the two analyses of the data from the BIMBO case provide evidence supporting the conceptual framework presented in Chapter 5. It illustrates that:

1. There are three imperatives: the organisation's frame of reference (FoR), conceptualisation of the environment (CE) and marketing practice (MP).
2. Each imperative is underpinned by specific constructs, underlying dimensions, and indicators.
3. There is coherence between the indicator's values of each imperative construct that leads to a specific category of FoR, CE, and MP.
4. There is coherence between the categories that lead to a specific configurational profile; in the BIMBO case the *Transactional Configurational Profile*.

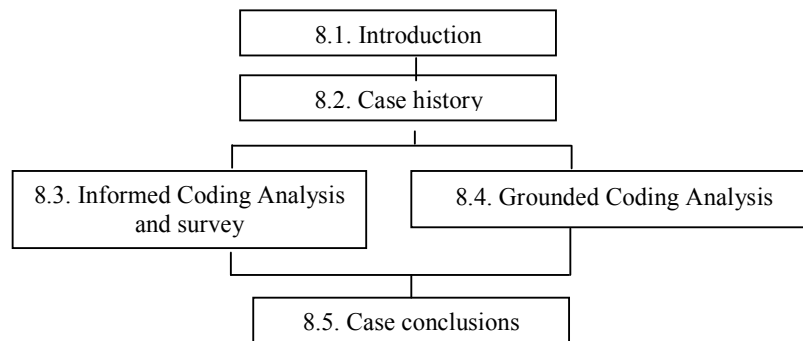
CHAPTER 8

The Microsoft Case Study

8.1. INTRODUCTION

This chapter will discuss the Microsoft Case. It will follow the same schema of analysis adopted in the BIMBO case. First, it narrates the Microsoft case history (Section 8.2); then, an informed coding analysis and the CMP questionnaire is applied to the Microsoft case (Section 8.3). Section 8.4 presents the grounded analysis. Finally, Section 8.5 gives the conclusions drawn from the Microsoft case. Figure 8.1 shows the chapter overview.

Figure 8.1: Chapter Overview



8.2. MICROSOFT CASE HISTORY

The following case history was written based on the interviews with Diego Sartorio (hereafter DS), who was the Project Leader for the BOP pilot study for Argentina. No other Microsoft staff was interviewed given that it was a confidential project and no other local staff was involved. The international team for the BOP project included an overall team coordinator and the project leaders for Turkey and Thailand. Full access was granted to all the documentation DA used as well as to internal confidential records (see Appendix 5 for a complete listing). Information about the history of the company and the organisational structure was obtained from Microsoft's webpage. This unrestricted access to all the documentation used by Microsoft allowed for triangulation of the data.

The write-up of the case history was sent to DS and he was asked to comment on and correct whatever he saw fit (e.g. misinterpretations or omissions). Appendix 8 shows an email by Diego Sartorio approving the case history and stating that it is accurate.

8.2.1. *The Company*

Brief History and Structure. Microsoft (MS) was founded in 1975 by Bill Gates and Paul Allen. They developed a computer programming language called BASIC. In time, Microsoft evolved into the largest software company in the world, with 50,000 employees and presence in more than 50 countries. The company is divided into seven core business units. These include: Windows Client, Information Worker, Microsoft Business Solutions, Server and Tools, Mobile and Embedded Devices, MSN, and Home and Entertainment.

Values. Gates and Allen were guided by a vision, in Bill Gates' words²⁸:

"We started with a vision: a computer in everyone's desk, in everyone's home. Every day we find new ways for technology to make people's lives easier. We are just beginning."

²⁸ <http://www.Microsoft.com>

MSN Division. Microsoft Networks division (MSN) has two areas, Line of Business (LOB) and Global Sales and Marketing (GSM).

- LOB includes: Hotmail, Messenger, Portals and Search.

MSN Hotmail is a free web-based e-mail service. MSN Hotmail users can check their mails from any PC with internet access or a web-enabled device. Since its launch in 1996, MSN Hotmail active accounts have grown to more than 190 million worldwide. Hotmail revenues are derived from advertising revenues (98%) and subscriptions (2%).

- GSM is divided into: US and the rest of the world (ROW). ROW is divided into Japan, Europe and ICAN (India, Canada, Asia and Latin America). The ICAN countries are the most populated (80% of the planet's population lives there).

This case is a LOB project because it involves an MSN product; Hotmail and it is a GSM project because it involves an ICAN country; Argentina.

8.2.2. The Bottom of the Pyramid Project (BOP)

Background. Twice a year, Bill Gates spends a week in a quiet place in the woods. He calls this period the “think week”. During this time he reads documents and reports about computer trends, education, technology and language and chooses a few that will define the company's future lines of business. One of the documents selected during the 2003 “think week” was “Make Microsoft Irresistible to the Next Billion Internet Users”, developed by Keith Kegley (Director of Emerging Market Services and Platform Strategy) and Rafael Fernandez MacGregor (General Manager of Global Business Development). The document draws from studies conducted by the World Resource Institute and by Mc Kinsey as well as other sources. It argues that the next billion users would come from developing/transition economy countries and that these users have very different consumption habits. Many of them do not own PC's, so they access the internet through a kiosk, a cyber cafe or another shared access modes. Moreover, most are uncomfortable with the payment of a fixed fee for internet services. Therefore, if these people were to become the new company target group, Microsoft would have to develop a different way to serve them.

The document proposed a new way to serve the Bottom of the Pyramid; The Points Model. The system had the following structure: users would buy a US\$20 card and this would give them 20,000 credit points to be allocated between a variety of Microsoft products and services. The advantage of this model was that the client never bought the wrong product and that all the services could be sold “a la carte”. This model was highly innovative as it involved two changes; not only did it offer a new payment format but also a wide range of products and services from which to select. As these consumers are not very familiar with internet products and services, this system was considered too ambitious to be tested in its full format. Therefore, Microsoft decided that, instead of trying to test the full Points Model, they would start by offering one product in a prepaid format. The product they chose was an improved Hotmail (Hotmail Max) with 2 GB storage capacity. In short, Microsoft was launching a branded value-added product.

Pilot Country Selection. Microsoft was interested in enhancing their learning from the test. There were several conditions that needed to be satisfied for country selection:

- The product, Hotmail, needed to be present.
- The consumer needed to be familiar with prepaid systems.
- The country had to be developing/transition economy with a large section of the population belonging to the BOP.

Three countries satisfied these conditions and were chosen as test markets: one from Eastern Europe (Turkey), one from South America (Argentina) and one from Asia (Thailand).

Management of the Pilot Program. After the countries were selected, the company started to search for the right people to carry out the task. RR²⁹ was hired as team coordinator and three country project leaders were selected. Formally, the local pilot projects had a matrix reporting system. They reported to ICAN (in GSM) and to LOB.

²⁹ RR asked not to disclose his name

8.2.3. The Argentine Pilot Program

Argentina fulfilled the three prerequisites:

1. The product, Hotmail, was present: In Argentina, there were 8 million Hotmail accounts and it had good top of mind awareness.
2. Consumers were familiar with a prepaid system: Argentina has one of the most successful prepaid cellular phone systems. In 2004, 80% of cellular phone owners used prepaid phone cards. This percentage is similar to that of other Latin American countries (source: Microsoft Document # 1).
3. A large section of the population belonged to the BOP: Given the 2001/2002 crisis Argentina had a large group of 'new poor' who had been middle class (thus internet users) but that no longer owned a PC and/or could not afford an internet subscription. These people accessed the internet through cyber-café's, 'locutorios'³⁰ or internet-kiosks. Currently, the Argentine society has a 30/70 income distribution. The studies requested from IPSOS Novation: 'Nobody's Unpredictable: Argentineans and Hotmail' (Microsoft Document # 3) and 'Nobody's Unpredictable Argentinean Households' (Microsoft Document # 4), which were focused on the upper-tier of the BOP. In short, Microsoft was studying the value-added product upper-tier BOP market.

Launching the Test Markets. On November 10, 2003, the head of ICAN, top managers from LOB/MSN, RR and the three trial country project leaders met in London. In this meeting, the three country managers were given two immediate assignments: first, to identify the main partner in each country who would handle the Hotmail card and, second, to design appropriate market research and an annual plan for the next meeting. In all other aspects, the country managers were essentially free to accommodate country diversity and enrich the learning from the test.

Getting Started. On his return to Buenos Aires, DS started to think about how to choose the partner and what his information needs were.

- With regard to choosing the partner, DS met with top managers of the key industry players (telcos, electronic and plastic card distributors, banks...). DS also studied the competition; both free email providers as well as free and paid IPS. Finally, DS

³⁰ A "locutorio" is a kiosk which offers different telecommunication facilities (local phone calls, international phone calls, fax and internet)

chose Posnet, an information technology company and leader in data delivery and validation. He also had a second option in case Microsoft headquarters did not approve his candidate.

- With regard to information requirements, DS wanted to know where the BOP users connected to the internet; what the Usage & Attitude of the BOP was with regard to the internet; what other products the BOP used in a prepaid form; and where they purchased the prepaid cards.

DS defined the target as internet users who after the crisis could no longer afford a fixed fee for internet services (i.e. upper-tier BOP), and who accessed the internet from different places ('locutorios'). DS decided to position the new Hotmail as a "Professional mail" and name it Hotmail Max (i.e. a value-added product).

To understand the consumer, he contacted two well-known local market research agencies; IPSOS and CCR. He commissioned IPSOS to conduct focus groups and quantitative studies. Studies were undertaken in "locutorios". The results of these actions can be seen in Microsoft Documents # 3, 4, 5 and 6 (Appendix 5). With the market research agency, MS has a 'vendor' relationship. 'Vendor' is another Microsoft category of interaction. It represents a weaker relationship than the one MS has with his partners. With vendors MS will share information but not strategic data and if things don't work out as expected, MS will pay what is necessary to walk away from the relationship.

Subsequent Meetings. The three project leaders met each month to report on project evolution and to define the subsequent steps. They also used these monthly meetings to have informal discussions (outside the formal agenda) where they shared personal impressions. Originally, each country had its own templates, so the managers reported what they thought was important and needed to be measured. In time, after negotiations, common templates were arranged. As differences between the "in country" models made it difficult to measure success, country managers needed to negotiate which variable was most representative of project evolution. For example, Argentina sold mostly three-month cards but Turkey and Thailand sold one-month cards. Therefore, if the scorecard measured the number of cards sold on a monthly basis it would underestimate Argentina's sales. Finally, after three months, Microsoft started talking about measuring results against the Microsoft-MSN standard scorecard. As there were huge differences between the "in country" models, country managers were allowed to

adapt the scorecard to their cases. For example, as DS was aligned to the LOB objectives, his presentations were based on information and on consumer habits and distribution alternatives.

Market Share and Competition. In Argentina, Hotmail had a 70% market share. Their main competitor was Yahoo with 30% of market share and with a larger storage capacity. Other competitors were free internet dial-up access providers (“De Arriba”, “Alternativa Gratis”).

Launching the Product: Hotmail Max. DS worked with a 4P structure:

Distribution. There were three types of ‘locutorios’: those that were associated with Telecom; those with Telefonica; and white flag ones. An agreement was reached with Telecom to sell cards in their locutorios. As the project was running, DS realised that selling cards through locutorios wasn’t advantageous. ‘Locutorios’, clearly, were not an appropriate distribution channel; therefore, Microsoft ended the agreement with Telecom.

DS started looking for alternative distributors. He identified music, computer and DVD stores as potentially good options. DS networked his way to Microsoft’s local contact at Blockbuster. He then introduced Blockbuster to Posnet.

Communication. DS was focused on the very short-term, testing the reaction of the BOP to different types of communication strategies. The results of these efforts can be seen in Microsoft Document # 2.

Product and Pricing. DS offered different versions of the product: a \$10 three-month cards and a \$35 yearly card. This was different from both Turkey and Thailand, where only one-month cards were sold.

Fulfilling the Objective. Once enough information was collected, the Thailand and Turkey projects were shut down. The Argentinean model yielded more learning material, and it was also the country where the product rotated most and sold best. Turkey had only 600/700 trials, Thailand did not achieve a significant levels of trials while, Argentina, reached 8000 trials. DS was promoted and is currently working in the Redmond headquarters designing the global strategy for Hotmail Max.

8.3. MICROSOFT: INFORMED CODING ANALYSIS

8.3.1. Introduction to the Structure of the Analysis

As stated in the introduction to the case history, a series of interviews were conducted with the key actor of the BOP decision process. The transcripts of the interviews, the answers to the semi-structured questionnaire, the document data and the answer to the CMP questionnaire are the sources of the analysis conducted in this section. The Microsoft case is discussed following the informed coding analysis protocol. The structure of the analysis will be the same as the one followed in the analysis of the BIMBO case (Chapter 7, Section 7.3.1)

8.3.2. Microsoft Case Analysis

8.3.2.1 Frame of Reference Imperative

Table 5.2 (reproduced here) summarises the constructs, underlying dimensions and indicators for the FoR imperative and acts as the informed coding protocol.

Table 5.2 (reproduced): Constructs, Underlying Dimensions and Indicators of the Frame of Reference (FoR) Imperative

Imperative:	Frame of Reference Imperative					
	8.3.2.1					
Constructs:	Cognitive Operator 8.3.2.1.1		Cognitive Elements 8.3.2.1.2		Set of Reality Tests 8.3.2.1.3	Domain Inquiry 8.3.2.1.4
Underlying dimensions:	Classific. Scheme	Analytical Device	Source of Infor.	Intellectual Commitment		Scope
Indicator:	Short-term	Formal (comnp. tools) Informal (intuitive)	Subjective	Personal	Self-experience Org. norms Metho. rigor	Broad Narrow
	Long-term		Objective	Interpersonal (coalition)		
	Task env. General		Personal Impersonal Internal External	Organisational		

Source: developed for this thesis

8.3.2.1.1. Cognitive Operators

Classification Scheme

Short-term / Long-term

The interview and data from the documents show that focus was both on the long-term and the short-term. The next set of quotes and references to Microsoft's documents illustrate that Bill Gates was looking 20 years ahead while DS was focused in the current year.

Example of long-term timeframe:

- ☞ MS Doc #8: *"Make Microsoft Irresistible to the Next Billion Internet Users" is looking at the next twenty years.*

Examples of short-term timeframe:

- ☞ DS: *"I was always looking for current data, once I did a projection but, basically, I was always looking at the present."*
- ☞ DS: *"We are aiming at developing win-win relationships, but our contracts are one year contracts and either partner can step-down with one month notice. In other words, we (both) stay as long as we feel it is beneficial."*
- ☞ MS doc # 3: *this document is the IPSOS report. It discusses how customers perceive MS and HM, the product characteristics and its brand positioning. All the study is focused on 2004 and no projections are shown.*

Task / General Environment

The data from the case shows that Microsoft looks at both the task environment and the general environment. The following quotes from the interviews and set of Microsoft documents exemplify that when choosing the trial countries, there was a reference to general environment and that at a country level the focus was on the task environment.

Examples of focus on the general environment:

- ☞ DS: *"When choosing the countries for the pilot test macroeconomic factors were very important. They had to be developing countries at different stages of development... Finally Turkey, Thailand and Argentina were chosen".*
- ☞ DS: *"In the first meeting we had to present macro-country data."*

Examples of focus on the task environment:

- ☞ DS: *"I also had to define and develop the main partner. Should these be plastic card distributors or electronic distributors (i.e. Posnet)? The telco's?"*
- ☞ DS: *"So I needed to see where to sell the prepaid HotmailMax cards, where did my potential customers buy prepaid phone cards? I also needed to define a positioning, to see how to communicate my product."*
- ☞ MS doc # 1: *Argentina Prepaid Model. In this document there is a detailed analysis of competitors, both of free email providers as well as free and paid*

IPS' and a exhaustive description of a proposed distribution channel (both card and electronic).

- ☞ *MS doc # 4: this is an IPSOS report on Argentine households (income, goods they possess and connectivity: cell phone and internet).*

Analytical Device: Sense-making

Formal / Informal

The interview and data from the documents shows that Microsoft's managers use conventional formal (i.e. models) and informal (i.e. intuitive) analytical devices. The following quotes and documents illustrate their duality.

Examples of usage of formal analytical devices:

- ☞ *DS: "we had a GANT with a critical path defined by our operations people."*
- ☞ *DS: "The formal meetings helped us benchmark results (the agreed upon templates) ...this was very difficult to do on the internet."*
- ☞ *MS Doc # 2: the document presented the optimum distribution and cash collection system.*

Examples of informal sense-making process:

- ☞ *DS: "We might meet and one of us might say: 'I tried to do what we agreed on last time, but in my country it doesn't seem to make sense, so I tried it this other way'."*
- ☞ *DS: "there was no model, each of us (country managers) developed its own model based on his background."*

8.3.2.1.2. Cognitive Elements

Source of Information

Subjective / Objective

The data from the case shows that Microsoft employs both subjective and objective data in its decision-making process. In the interviews, reference is made to the subjective criteria for choosing a given source of information; however, the data also shows that objective sources were adopted. The following quotes and reference to Microsoft documents exemplify their duality.

Example of subjective source of information:

- ☞ *DS: "Initially, I chose a Telco as a partner because I saw the business as close/similar to the prepaid phone cards, but then I ended that relationship and closed the deal with a partner who had better electronic distribution skills."*

Examples of objective source of information:

- 🔗 DS: *"I knew how many cards were being bought (7000 approx.) and how many 'locutorios' there where (5000 approx) which means that we were selling 1.2 cards per locutorios."*
- 📄 MS doc# 7: MSN Scorecard. This document includes information on each country (and totals as well) on: billing, activations, stock & shrinkages, free samples, sell-in & sell-out, marketing expenditures(broken down by month), sales by type of distributor, monthly comparisons between marketing expenditures and revenues, P&L.

Personal / Impersonal

The interview and document data provide evidence that Microsoft employs both personal (i.e. direct contact) and impersonal (i.e. indirect contact) sources of information. The next set of quotes and documentation illustrates this position.

Examples of a personal source of information:

- 🔗 DS: *"I talked with all of the possible players or at least with those I had in my head as possible players."*
- 🔗 DS: *"Before I was hired some preliminary contacts with potential partners had been made. How were these firms singled out? Mainly through relationships, that is, someone told someone (i.e. in the data transmission sector), who mentioned someone else."*

Examples of an impersonal source of information:

- 🔗 DS: *"I decided to use my resources in generating as much quantitative data as possible ...that MS loves."*
- 📄 MS doc # 5: *Qualitative study of Argentine Potential Distributor commissioned from IPSOS.*

Internal / External

Data from the case shows that Microsoft uses both internal and external sources of information in its decision-making. This can be seen in the next set of quotes and is supported by the Microsoft documentation to which the researcher had access.

Examples of internal sources of information:

- 🔗 DS: *"After I launched the prepaid card I had some 7000 customers that I could track down."*
- 📄 MS Doc # 2: *the document allowed to better understand:*
 - *the efforts required to establish a prepaid mechanism in a market (actors-timeline-costs),*
 - *the ROI in hours and in dollars (i.e. POP-Research-retail force-etc.),*
 - *optimum distribution and cash collection system,*
 - *the support needed to implement the prepaid model (i.e. legal-technical-marketing, etc.).*

Examples of external sources of information:

- ☞ DS: “when I came back from the November meeting I had million questions, some I could answer myself (given my previous jobs), others, I needed to rely on research.”
- ☞ MS doc # 4: this is an IPSOS report on Argentine households (income, goods they posses and connectivity -cell phone- internet-).
- ☞ MS doc # 5: this is a qualitative study of Argentine potential distributor commissioned from IPSOS.

Intellectual Commitment

Personal/ Inter-personal / Organisational

The interview shows that DS is committed to his personal objectives (his own career path), to the organisation’s objectives, and there is no evidence of his commitment to the international team he integrates. The following quotes illustrate this position.

Examples of commitment to personal objectives:

- ☞ DS: “HQ wanted to call the product Hotmail-Argentina, as a matter of fact, in the other trial markets it was called Hotmail-Turkey and Hotmail-Thai but I stood my ground and said that here it would be read as moving all of Hotmail into a prepaid system and that I wasn’t willing to have to solve more problems.”
- ☞ DS: “Given the strong restrictions I had (i.e. I could not change/adapt the product) I knew I couldn’t deliver numbers (economic results) so I never promised them. While RR wanted to focus us on developing a business and Thai and Turkey tried to build a business, I always said I was testing a prepaid product and thus was going to deliver information on my learning ...”. “This strategy yielded great results because Argentina was the country where they learned most from but also it was the country where the product rotated most and sold most.”

Examples of commitment to organisational objectives:

- ☞ DS: “the feeling was we had freedom to choose who would be the main distributor, freedom to design the marketing strategy as long as we complied with the times and codes of MS.”
- ☞ DS: “After three months, MS started talking about measuring results against the MS-MSN standard scorecard.”

8.3.2.1.3. Set of Reality Tests

Self-experience / Organisational Norms / Methodological Rigor

The interviews and data from the documents show that Microsoft uses a wide set of reality tests. The country managers’ own experiences were important and, initially, they were given the freedom to develop their own measurements. The documentation shows that organisational norms and methodological rigor were also present. The

following sets of quotes and references to Microsoft's documentation illustrate this plurality.

Examples of self experience as reality test:

- 💡 DS: *"Originally each country had its own templates, what they thought was important and what needed to be measured and how..."*
- 💡 DS: *"there was no model, each of us (country managers) developed his own model based on his background."*

Examples of organisational norms as reality tests:

- 💡 DS: *"After three months, MS started talking about measuring results against the MS-MSN standard scorecard."*
- 📄 MS doc#7: *MSN Scorecard. This document includes information on each country on: billing, activations, stock & shrinkages, free samples, sell-in & sell-out, marketing expenditures (broken down by month), sales by type of distributor, monthly comparisons between marketing expenditures and revenues, P&L.*

Example of methodological rigor as reality test:

- 📄 MS doc # 5: *this is a qualitative study of Argentine potential distributor commissioned from IPSOS.*

8.3.2.1.4. Domain of Inquiry

Scope

Broad / Narrow

The interview and document data show that Microsoft's domain of inquiry was very focused on the customers and the possible card distributors. These two dimensions were studied in depth. The following quotes reflect this position.

- 💡 DS: *"It's not that I didn't analyse competitors (as a matter of fact you can find information in doc #1 and doc #5) but they were so small with regards to us that it wasn't worth putting my energy in understanding them better."*
- 💡 DS: *"I met with the Telco's Telecom and Telefonica, Posnet..."*
- 💡 DS: *"So I sat with Posnet (our data transmission partner) and Telecom (the owner of our locutorios and contact with the prepaid card distributors)."*
- 💡 DS: *"We also accessed other distributors that were Posnet customers, such as, Garbarino and Musimundo (large music stores) ...Also, at a global level, we had a relationship with Blockbuster so I networked my way to their local contact."*
- 📄 MS doc # 1: *this document clearly states that it is necessary to define the partners that will work with Microsoft to build up this network. There are several slides showing the alternative distribution channels (both card and electronic)... There are also slides showing Advertising agencies, PR firms, Market Research firms and card manufacturers as partners.*

☞ *MS doc # 5: this document seeks to understand how owners of cyber-cafés, 'locutorios' and internet-kiosks perceive Microsoft's new business offer, what services they expect from Microsoft, what other services these shops offer and the degree of potential conflict of interests that could emerge in the future. This research also sought to understand the typical customer of the cyber-cafés, 'locutorios' and internet-kiosks.*

8.3.2.1.5. Microsoft's FoR

The previous sections provide evidence that the data from the Microsoft case supports the constructs, the underlying dimensions and the indicators of the frame of reference imperative, presented in Chapter 5. Table 8.1 summarises the findings and shows that Microsoft's **FoR** is a combination of the **Professional** and the **Entrepreneurial types**.

Recapitulating, in terms of the cognitive operators, a distinction needs to be made between the overall project and the pilot program. With regard to the overall project, Microsoft HQ has a long-term focus and looks at global trends. With regard to the pilot project, it is focused on the task environment, is short-termed and based on the manager's own understanding of the market place. Local decision makers are given a high degree of freedom to choose/suggest a country strategy. Nevertheless, proposals are then studied following a strict formal reporting system and demand clear analytical support (research supported data). In relation to the cognitive elements, the Microsoft case provides evidence that managers are required to be able to handle an ample spectrum of behaviours which, at moments, could seem contradictory. These managers are asked to be creative, even radical, to be intuitive and to use their own personal contacts. Yet they are also asked to be able to report results in a MSN Scorecard (a highly standardised form used internationally for all MSN businesses), to provide very quantitatively supported data, and to support their decisions with objective data. In terms of reality tests, Microsoft grants them freedom but at the same time, maintains a strict control system. In short, it required that managers who felt comfortable with what seemed a paradoxical tension.

Table 8.1: Microsoft's FoR

			Pilot (country)	Overall (HQ)
Cognitive Operator	Class. scheme	Short term/ long term	short-term (trial & error)	long-term
		Task env. / general env	task	general
	Analytical device	Formal / informal	formal informal	
Cognitive elements	Source of info.	Subjective/ objective	subjective objective	
		Personal/ impersonal	personal impersonal	
		Internal/ external	internal external	
	Intellectual commit.	Personal/ inter- personal/ organis.	personal organisation	
Set of reality tests	Self-experience / organisational norms/ methodological rigor		self-experience org. norm / methodological rigor	
Domain of Inquiry	Scope	Narrow/ broad	focused yet broad	
MICROSOFT'S FoR TYPE			PROFESSIONAL/ ENTREPRENEURIAL	

Source: developed for this thesis

8.3.2.2. Conceptualisation of the Environment Imperative

Table 5.3 (reproduced here) summarises the constructs and indicators for the CE imperative and acts as the informed coding protocol.

Table 5.3 (reproduced): Constructs and Indicators of the Conceptualisation of the Environment (CE) Imperative

Imperative:	Conceptualisation of the Environment Imperative 8.3.2.2	
Constructs:	Nature of the Environment 8.3.2.2.1	Organisation Intrusiveness 8.3.2.2.2
Indicators:	Enacted Analysable	Passive Active
	External Embedded	Distant Close-interactive
		Focus on the outcome Focus on the process

Source: developed for this thesis

8.3.2.2.1. Nature of the Environment

Enacted / Analysable

The data from the case shows that Microsoft sees the environment both as enacted and as analysable. It conducts market research and meets with key actors to try to understand the options and possible alternatives (analysable). Finally it produces a new combination of partners (enacted). The following quotes illustrate this duality.

Examples of enactments:

- DS: “The way I did things was not the current practice in the market. I started with a white sheet of paper and did things my way. I worked the distribution system top-down and then bottom-up to see if the data, cards and cash flows worked smoothly.”
- ☞ DS: “there was no model; each of us (country managers) developed his own model.”
- ☞ DS: “I met with the 10 most important people (informally) and tried to get the big picture and then went back to some of them and said: “with you I’d like to develop...”
- ☞ DS: “I have music stores and electronic stores and Blockbuster selling cards.” Some of these did not sell prepaid cards before MS.

Examples of the environment as analysable:

- ☞ DS: “The IPSOS study served as a lighthouse guiding us. We knew that nobody wanted to pay for their email, so from there we moved into the quantitative phase with clear questions. We also concept tested three options of prepaid HotmailMax.”

- ☞ DS: “There were three types of locutorios, Telecom’s, Telefonica’s and white flag locutorios. So if I went with one of the two telcos’ I would always reach 2/3 of the market.”
- 📄 MS doc # 3 and # 6: these IPSOS documents discuss how different customer segments use/perceive the internet and email in particular, as well as how customers (users and prospects) perceive MS and HM, the product characteristics and its brand positioning.
- On discussing the semi-structured questionnaire DS defines the environment as dynamic and that they need to monitor it in order to adapt to its changes (answer to D.1.4).

External / Embedded

The data from the interviews and documentation shows that Microsoft sees the environment both as external and as embedded. On the one hand, the environment is seen as external and thus market research is requested to understand this external reality but, at the same time, Microsoft is conscious that it is embedded in a network of contacts that can be activated. The following set of quotes, response to the semi-structured questionnaire and reference to documentation illustrate this duality.

Examples of the environment understood as external:

- On discussing the semi-structured questionnaire, MS state that they regularly conduct market research in order to know what our customers desire and decide based on these studies (answer to D.5.1).
- 📄 MS doc #1: in this document, there is a detailed analysis of competitors, both of free email providers as well as free and paid IPS’ and an exhaustive description of a proposed distribution channel (both card and electronic).

Examples of the organisation as embedded with the environment:

- ☞ DS: “Also, at a global level, we had a relationship with Blockbuster so I networked my way to their local contact and I introduced him to Posnet, and Blockbuster also started selling our cards. In other words, we helped Posnet develop a physical card distribution system through our partnership with Telecom and through our global relationships with other partners.”
- ☞ DS: “I made alliances with the telcos (Telecom) to be able to sell in the Telecom-locutorios so the locutorio managers would not have a problem selling our prepaid cards.”

8.3.2.2.2. Organisational Intrusiveness

Passive / Active

The data from the case shows that Microsoft has an active behaviour towards understanding the environment. DS involves Telecom asking them to teach

Posnet how to deal with PIN cards. Also, DS sat down with Blockbuster to help them understand what needed to be done to work together. The following quotes illustrate this behaviour:

- ☞ DS: *“So I sat down with Posnet (our data transmission partner) and Telecom (our locutorios owner and contact with the prepaid card distributors) around the same table, and with the prepaid card distributors and showed them the product (HMMax) and gave them training.”*
- ☞ DS: *“When I was talking to Blockbuster I asked them what they needed (in order to seduce them into carry our products) and they wanted advertising so I offered them a free Tab in our Messenger.”*

Distant / Close

The data from the interviews show that Microsoft tries to be as close as possible with other market actors. With regard to consumers, the interviews provide evidence that DS tracked all the PIN numbers and studied their behaviour and sent personalised emails. With regard to the partner, the interview shows that Microsoft was willing to sit down with Posnet and work with them until an understanding was reached. The following quotes and response to the semi-structured questionnaire exemplify a close behaviour towards the environment:

- ☞ DS: *“I also communicated to my target group through emails sent to their HM accounts.”*
- ☞ DS: *“Let me be very clear on the vocabulary, we use the term partners a lot, we operate through partners. All of the operation in Argentina is done through local partners”. ... “Partners know everything, the level of involvement, the information we shared, their understanding adds to the business.”*
- ☞ DS: *“My candidate as our partner, Posnet... I convinced them to make a small investment to develop this skill. Of course, once I saw their commitment I gave them all the Microsoft support and shared our marketing budget”.... “When discussing the contracts we were very contemplative of our partner’s requirements.”*
 - *On discussing the semi-structured questionnaire, MS states that our relationship with our stakeholders (customers, suppliers, etc.) is open and personal (answer to D.4.3).*

Focus on Outcome / Focus on Process

The interviews show that Microsoft is focused on the process. Evidence shows that there is interest in understanding how the different parts interrelate in giving, taking and learning. The following quotes illustrate this focus:

- ☞ DS: “This partner had to have the capacity to handle software with high security standards (PINs and data transmission).”
- ☞ DS: “With Telecom we did a promotion at the end of which I sent a letter to Telecom asking them for their evaluation of the joint action, if they were happy with the results, if they wanted to suggest any changes,…”
- ☞ DS: “We needed to close the contract with the main distributor...there were no standardised contracts, so we brought a couple of contracts that had been developed for selling software, sat down with the lawyers and adapted them, contemplating the needs of the distributor.”
- ☞ DS: “All throughout the trial period I was meeting with the partners to get feedback.”

8.3.2.2.3 Microsoft's CE

The previous sections provide evidence that the data from the Microsoft case supports the constructs and indicators of the conceptualisation of the environment imperative, presented in Chapter 5.

Table 8.2 shows that Microsoft is a combination of the **Enacting** and the **Discovering CE types**. The quotes show that Microsoft analyses its environment both as an external newcomer and, simultaneously, tries new arrangements of actors in order to reach its goals. In doing so, it is highly focused on the process, and on the division of roles and functions which each player will have.

Table 8.2: Microsoft's CE

		Microsoft
Nature of the Environment	Enacted/analysable	enacted analysable
	External/embedded	external embedded
Organisational Intrusiveness	Passive / Active	active
	Distant/ close	close
	Focus on outcome/ focus on process	focus on process
MICROSOFT's CE TYPE		DISCOVERING/ ENACTING

Source: developed for this thesis

8.3.2.3. Marketing Practices Imperative

Tables 8.3 shows the answers provided to by DS to the CMP questionnaire.

Table 8.3: DS's Answer to the CMP Questionnaire

SECTION C – ABOUT MARKETING PRACTICES WITH YOUR PRIMARY CUSTOMERS						
<p>This section now has a number of questions about how marketing is practiced in your organisation with your “PRIMARY customers”. You may find that some questions, or parts of questions, in this section appear to be similar to each other. This has been deliberate, in the sense that each question and sub-question has been designed to examine a specific and separate aspect of marketing practice. It has not been done to try to “test” you in any way! Remember, there are no right or wrong answers to this questionnaire.</p> <p>For <i>each</i> question, please <i>read all parts</i>. Then please answer <i>all parts</i> of each question by circling the number on each scale that best corresponds to what <i>actually happens</i> in your organisation.</p> <p>IMPORTANT: Please answer the questions in the context of how your organisation deals with its PRIMARY customers. For each item, please circle your answer.</p>						
1. Our marketing activities are intended to:	Never		Always			N/A
a) attract new customers	1	2	3	4	X	6
b) retain existing customers	1	2	3	4	X	6
c) develop cooperative relationships with our customers	1	X	3	4	5	6
d) coordinate activities between ourselves, customers, and other parties in our wider marketing system (e.g. key suppliers, service providers and other organisations with which we interact through our marketing activities)	1	2	3	4	X	6
2. Our Marketing planning is focused on issues related to:	Never		Always			N/A
a) our product/brand/service offering	1	2	3	4	X	6
b) customers in our market(s) in addition to our offer	1	2	X	4	5	6
c) one-to-one relationships with customers in our market(s), or individuals in organisations we deal with	X	2	3	4	5	6
d) the network of relationships between individuals and organisations in our wider marketing system	1	2	3	4	5	X
3. When dealing with our market(s), our purpose is to:	Never		Always			N/A
a) generate a profit or other “financial” measure(s) of performance (monetary transactions)	1	2	3	X	5	6
b) acquire customer information for our database in addition to financial/monetary transactions	X	2	3	4	5	6
c) build a long-term relationship with a specific customer(s)	1	2	3	4	X	6
d) form relationships with a number of organisations in our market(s) or wider marketing system	X	2	3	4	5	6
4. Our organisation's contact with our primary customers is:	Never		Always			N/A
a) arms-length, impersonal with no individualised or personal contact	X	2	3	4	5	6
b) somewhat personalised (e.g. by direct mail)	1	2	3	4	X	6
c) interpersonal (e.g. involving one-to-one interaction between people)	1	2	3	4	X	6
d) from impersonal to interpersonal across firms in the broader network	1	2	3	4	5	X
5. The type of relationship with our customers is characterised as:	Never		Always			N/A
a) transactions that are <u>discrete</u> or one-off	X	2	3	4	5	6
b) contact (e.g. by direct mail) that is <u>occasional</u>	1	2	3	4	5	X
c) interpersonal interaction that is <u>ongoing</u>	1	2	3	4	X	6
d) contact with people in our organisation and wider marketing system that is <u>ongoing</u>	X	2	3	4	5	6
6. Our marketing resources (i.e. people, time and money) are invested in:	Never		Always			N/A
a) product, promotion, price, and distribution activities (or some combination of these)	1	2	3	4	X	6
b) database technology to improve communication with our customers	1	2	3	X	5	6
c) establishing and building personal relationships with individual customers	1	2	3	4	X	6
d) developing our organisation's network relationships within our market(s) or wider marketing system	1	2	3	4	X	6

7. In our organisation, marketing activities are carried out by:	Never					Always	N/A
a) functional marketers (e.g. product/marketing manager, sales manager, major account manager)	1	2	3	4	X		6
b) specialist marketers (e.g. customer service manager, loyalty manager)	1	2	3	X	5		6
c) many employees (across functions and levels)	1	2	3	X	5		6
d) the Managing Director or CEO	1	X	3	4	5		6
8. Our marketing communication involves:	Never					Always	N/A
a) our organisation communicating to the mass market	1	2	3	4	X		6
b) our organisation targeting a specifically identified segment(s) or customer(s)	1	X	3	4	5		6
c) individuals at various levels in our organisation personally interacting with their individual customers	1	2	3	X	5		6
d) senior managers networking with other managers from a variety of organisations in our market(s) or wider marketing system	1	2	3	X	5		6
9. When people from our organisation meet with our primary customers, it is:	Never					Always	N/A
a) mainly at a formal, business level	X	2	3	4	5		6
b) mainly at a formal level, yet personalised via database technologies	1	2	3	X	5		6
c) at both a formal business level and informal social level on a one-to-one basis	1	2	3	4	X		6
d) at both a formal business level and informal social level in a wider organisational system/network	1	2	3	4	X		6
10. Overall, our organisation's general approach to our primary customers involves:	Never					Always	N/A
a) managing the marketing mix to attract and satisfy customers in a broad market or specific segment.	1	2	3	4	X		6
b) using database tools to target and retain customers in a specific segment or micro-segment of the market	1	2	X	4	5		6
c) developing personal interactions between employees and individual customers	1	2	3	4	X		6
d) positioning the firm in a wider organisational system/network	1	2	3	X	5		6

Indices were constructed for DS's questionnaires and compared both to the Argentine overall mean values (taken from the CMP database from the time period the questionnaire was conducted) and to the cluster typologies developed by Pels and Brodie (2003). Table 8.4 shows the DS indices and the Argentine and pluralistic marketing cluster mean values. The data provide evidence that DS's indices are higher than the average Argentine transactional, database, interaction and network marketing values and that they are very similar to the pluralistic cluster found by Pels and Brodie. It can be concluded that Microsoft, in terms of marketing practice, adopts a **Pluralistic Marketing Practice** or **Transactional/Relational Marketing Practice**.

Table 8.4: Comparative Results of DS's Answers to the CMP Questionnaire with the CMP Database Values for Argentine Firms

Contemporary Marketing Practice	MICROSOFT INDICES (DS)	ARGENTINE MEAN VALUES (*)	PLURALISTIC MARKETING CLUSTER MEAN VALUES (*)
A: Transaction Marketing	0.71	0.67	0.71
B: Database Marketing	0.70	0.60	0.72
D: Interaction Marketing	0.80	0.69	0.77
E: Network Marketing	0.65	0.63	0.78

(*) These values extracted are from Pels and Brodie (2003, p. 77) The Pluralistic cluster is analogous to the Transactional/Relational cluster in Coviello et al 2002.

Source: developed for this thesis

8.3.3. The Microsoft Case Learning

The Microsoft BOP pilot program shows a firm that chooses managers that feel comfortable with a FoR that might seem paradoxical. In terms of cognitive operators, it requires the ability to work on a short term basis but with a long term view; to act locally while thinking globally and, when organising information from the environment, to have the capacity to combine both informal (intuitive) and formal methods. Similarly, with regard to the choice of cognitive elements, Microsoft asks its managers to use both internal/external as well as objective/subjective sources of information. Finally, the interviews with DS showed that while understanding (and interested in) his personal development, he also had the organisation's interests at heart. In short, Microsoft managers' operate with a frame of reference that is a combination of Shrivastava and Mitroff's (1983) **Professional** and **Entrepreneurial FoR types**.

The data from the case provides evidence that Microsoft managers search for information (analysers) on the environment and at the same time introduce new actors and reconfigure existing relationships between them (enacted). This description reveals an inter-play between environmental determinism and strategic choice. Microsoft conceptualisation of the environment reflects simultaneously the **Discovering CE** and the **Enacting CE** (Weick and Daft 1983).

The results of the CMP questionnaire show above average values in all the marketing practices. It proves that Microsoft relates to its customers in a plurality of ways, using a wide spectrum of marketing practices, matching the description of the **Transactional/Relational MP** cluster. Table 8.5 reproduces Table 5.5 and shows that the Microsoft case matches the *Plural Configurational Profile*.

Table 8.5: Microsoft's Configurational Profile

CONFIGURATIONAL PROFILES	FRAME OF REFERENCE	CONCEPTULISATION OF THE ENVIRONMENT	MARKETING PRACTICE
<i>PASSIVE</i>	<i>Political</i>	<i>Glancing</i>	<i>Low formal marketing</i>
<i>RELATIONAL</i>	<i>Entrepreneurial</i>	<i>Enacting</i>	<i>Relationship marketing</i>
<i>TRANSACTIONAL</i>	<i>Professional</i>	<i>Discovering</i>	<i>Transactional marketing</i>
PLURAL The Microsoft case	<i>Professional</i> <i>/Entrepreneurial</i>	<i>Discovering/</i> <i>Enacting</i>	<i>Transactional/</i> <i>Relational</i> <i>marketing</i>

Source: developed for this thesis

8.4. MICROSOFT: GROUNDED APPROACH ANALYSIS

A second analysis was conducted following a grounded approach. It is not the scope of this section to provide a full description of the grounded analysis, however, a summary of the elicited constructs is provided in Table 8.6.

The aim of this section is to examine if the data from the Microsoft case matches one of the FoR and CE types. In Table 8.6, the first and second levels refer to the constructs of the frame of reference and conceptualisation of the environment imperatives. The third level is related to their content. The focus of the discussion is at the third level.

Table 8.6: Frame of Reference (FoR) and Conceptualisation of the Environment (CE)
Types Elicited from the Grounded Approach

<i>First level (construct)</i>	<i>Second level (construct)</i>	<i>Third level (content)</i>	
Decision	Culture	Individual	
	Decision process	Informal	
		Formal	
Information	Breadth of analyses	Ample	Several channels
			Several markets
	Source of the information	External	
		Internal	
	Nature of the information	Quantitative	
	Analysis of the information	Subjective	
	Time frame	Short	
Context	Description of the context	Context as given	
		Context as created	
	Interaction with the context	Dynamic	
MICROSOFT's FoR and CE TYPES		PROFES. /ENTREP. FoR DISCOV./ENACT. CE	

Source: developed for this thesis

From a decision-making process, Microsoft is described as an organisation with an individualistic culture that has the capacity to integrate formal and informal decision processes. In terms of Microsoft's relationship with information, it uses an ample degree of analyses (several channels/ several markets), multiple sources (external/internal), and though the analysis is described as subjective, the nature of the information is defined as quantitative. Finally, in terms of the context, it is defined as dynamic, where Microsoft partially sees the environment as given but does not feel straight-jacked by it and believes it can create (develop) the relationships it needs to operate within it.

As stated before, the terms used and the order in which the grounded analyses is presented differs from the coded protocol labels. Nevertheless, in essence it shows that

Microsoft matches the *Professional/ Entrepreneurial FoR* and the *Discovering/ Enacting CE*.

The next section will compare the informed coding analysis with the grounded approach and illustrate how the two are associated.

8.5. MICROSOFT CASE CONCLUSION

This section synthesises the findings from the two analyses of the Microsoft case data. Two types of comparative analysis are conducted. First, data is contrasted with the FoR and CE imperatives' constructs (Table 8.7). Second, data is compared in relation to their categorisation and association into one of the configurational profiles (Table 8.8).

Table 8.7 combines Table 5.2, Table 5.3 and Table 8.6. The table compares the FoR and CE imperatives by contrasting the constructs and underlying dimensions (from the informed coding) with first and second level constructs (from the open coding). The table shows that, although presented in a different order and at times using other terms, the two analyses are comparable. A colour coding is used to facilitate the comparison between the two analyses. For example, there is a clear equivalence between the construct *cognitive operator* and the indicator *classification scheme* (informed coding analysis) and the first level construct of *information* and second level *analysis of the information, type of information* and *time frame* (grounded analysis). The comparison shows that the ***FoR and CE imperatives and their constructs are present in the context of a marketing decision*** (i.e. within the Microsoft's BOP pilot program).

Table 8.7: Microsoft's FoR and CE Imperatives in the Informed Coding and Open Coding Analyses

INFO-CODING (Table 5.2. & Table 5.3.)		GROUNDED (Table 8.6.)	
FoR	CE	First level construct	Second level construct
Cognitive Elements: Commitment		Decisions	Culture
Cognitive Operator: Analytical Device			Decision Process
Set of Reality Tests			Breadth of Analysis
Domain of Inquiry		Information	Source of the Information
Cognitive Elements: Source of Information			Nature of Information
Cognitive Operator:			Analysis of the Information
Classificat. Scheme			Type of the Information
	Nature of Environment	Context	Time Frame
			Description of the Context
	Org. Intrusiveness		Interaction with the Context

Source: developed for this thesis

Table 8.8 combines Table 8.1, Table 8.2 and Table 8.6. The table allows for a comparison of Microsoft's FoR and CE types as described by the informed coding and grounded approach.

Table 8.8.: Microsoft's FoR and CE Types in the Informed Coding and Grounded Analyses

INFO-CODING (Table 8.1. & Table 8.2.)		GROUNDED (Table 8.6.)		
FoR-CE	Microsoft	First level construct	Second level construct	Third level Microsoft content
Cognitive Elements: Commitment	individual/organisation	Decisions	Culture	individual
Cognitive Operator: Analytical Device Set of Reality Tests	intuitional/informal/formal self-exp. org. norms method. rigor		Decision Process	informal/formal
Domain of Inquiry	narrow yet broad		Breadth of Analysis	ample
Cognitive Elements: Source of information	internal/external objective/subjective	Information	Source of the Info	internal/external
Cognitive Operator: Classificat. Scheme	short/long (hq) task/general (hq)		Nature of the Info Analysis of the Info	quantitative subjective
Nature of Environment	analysable/enacted extranal/embedded		Time Frame Type of Information	short micro data
Org. Intrusiveness	active close process	Context	Description of the Context	given/created
			Interactions with the Context	dynamic
Microsoft's FoR - CE Type	PROFES./ENTREP. DISCOV./ENACT.	Microsoft's FoR - CE Type	PROFES./ENTREP. DISCOV./ENACT.	

Source: developed for this thesis

The colour code used in the table shows that the two analyses are aligned. For example, the informed coding analysis identified that the cognitive elements (source of information) were internal/ external and objective/ subjective. Similarly, the grounded analysis showed that the information (source of information, nature of the information and analysis of the information) was internal/ external, quantitative/ subjective. The comparison shows that Microsoft has a ***Professional/Entrepreneurial FoR*** and a ***Discovering/Enacting CE***.

The data analysis shows that Microsoft is a combination of the *Professional/Entrepreneurial FoR*, the *Discovering/Enacting CE* (Table 8.8) and the *Transactional/Relational MP* (Table 8.4). This arrangement of the imperatives matches the ***Plural Configurational Profile of Marketing Practices*** described in Chapter 5. A comparison between the conceptual description of this profile (Chapter 5) and the findings from the Microsoft case study is discussed next.

Organisations with ***professional/entrepreneurial FoR*** look at the short-term and the long-term, focus on the organisation and the external environment, use a priori models to analyse the information but allow space for intuitive and creative developments. In terms of the cognitive elements, they also evidence their versatility; attention is paid to internal and external, as well as, formal and informal sources of information. Managers in these organisations understand what coalitions they belong to and how these favour or hinder their personal development, but also acknowledge that their commitment must be to the organisation as a whole. Their scope of inquiry is broad. This chapter's discussion and analyses of the Microsoft case reveals that Microsoft's FoR matches this description (Table 8.8).

Organisations with ***enacting/discovering CE*** see the tension between environmental determinism and strategic choice. These organisations survey the environment but also, enact it. These managers understand the environment as a dynamic inter-play. Though they have a clearly proactive attitude they might choose to establish close or distant levels of intrusiveness according to their interests. The Microsoft case and analysis illustrate an organisation with such characteristics (Table 8.8).

Organisations with ***transactional/relational MP*** are characterised as having above average values in all marketing practices: the transactional; the database; the interaction; and the network marketing practice. The results of Microsoft's CMP

questionnaire and its comparison with the Argentine CMP database allow the conclusion that Microsoft matches the Argentine pluralistic CMP cluster (Table 8.4).

In sum, the two analyses of the data from the Microsoft case provide evidence supporting the conceptual framework presented in Chapter 5. It illustrates that:

1. There are three imperatives: the organisation's frame of reference (FoR), conceptualisation of the environment (CE) and marketing practice (MP).
2. Each imperative is underpinned by specific constructs, underlying dimensions and indicators.
3. There is coherence between the indicator's values of each imperative construct that leads to a specific category of FoR, CE and MP.
4. There is coherence between the categories that lead to a specific configurational profile; in the Microsoft case the ***Plural Configurational Profile***.

CHAPTER 9

Cross-case Analysis

9.1. INTRODUCTION

This chapter discusses and compares how the findings of the two cases are related to the conceptual framework, to configurational profiles and to the research sub-questions.

Firms use diverse marketing practices to address the same market. The purpose of this thesis is to provide a better understanding of this phenomenon. The BIMBO and Microsoft pilot programs were both aimed at the value-added products for the upper-tier bottom of the pyramid market, thus allowing a cross-case comparison (Chapter 7, Section 7.2.2, and Chapter 8, Section 8.2.2). It is useful to recall that the fact that they were in different industries does not rule out that they are in the same market (Chapter 6, Section 6.4.1), and that the choice of the BIMBO and Microsoft cases complies with the requirement of being in the same primary context and unaffected by the broad context, thus ruling out that differences in the marketing practices could be associated with contingency factors (Chapter 6, Section 6.4.3).

This chapter begins by looking at whether the data from the cases provides evidence supporting the three imperatives adopted in the conceptual framework (Section 9.2). Then, the cross-case analysis looks for evidence of diverse configurational profiles in the same market (Section 9.3). Next, the findings of the cases are related to the sub-questions (Section 9.4). The chapter closes with a summary of the cross-case analysis (Section 9.5).

9.2. CASE FINDINGS AND THE CONCEPTUAL FRAMEWORK

The Marketing Configurational Framework adopts three imperatives elicited from the literature: frame of reference, conceptualisation of the environment and marketing practice (Chapter 5). The two cases are compared to explore whether the data

provides evidence corroborating the imperatives, thus supporting their adoption in the conceptual framework.

9.2.1. The Frame of Reference Imperative

Shrivastava and Mitroff's (1983, 1984) conceptualisation and operationalisation of frame of reference was developed and applied outside the marketing discipline. It is necessary therefore to explore whether the data from the cases provide evidence supporting the FoR imperative in a marketing context. To this end, two comparative data displays have been developed. Box 9.1 presents data from the informed coding and Table 9.1 shows data from the grounded approach.

Box 9.1 contains representative quotes from the BIMBO and the Microsoft informed coding analyses associated with the FoR imperative (Chapter 7, Section 7.3.2.1 and Chapter 8, Section 8.3.2.1).

Box 9.1: Representative Quotes Illustrating the BIMBO and Microsoft's Frame of Reference Imperative.

<i>FRAME OF REFERENCE</i>	
<u>Cognitive operators</u>	
<i>Classification scheme</i>	
BIMBO → DA:	<i>"The timeframe I used was short, a year/ a year and a half."</i>
MICROSOFT → MS:	<i>"I was always looking for current data, once I did a projection but, basically, I was always looking at the present."</i>
BIMBO → TM:	<i>"We are studying two types of consumers the structurally poor and the new poor (those that became poor after the 2002 crisis)."</i>
MICROSOFT → MS:	<i>"When choosing the countries for the pilot test macroeconomic factors were very important. They had to be developing countries at different stages of development... Finally Turkey, Thailand and Argentina were chosen."</i>
<i>Analytical devices</i>	
BIMBO → TM:	<i>"These projects have monthly controls, on the status of the project."</i>
MICROSOFT → MS:	<i>"Before I was hired some preliminary contacts with potential partners had been made. How were these firms singled out? Mainly through relationships, that is, someone told someone (i.e. in the data transmission sector), who mentioned someone else."</i>
<u>Cognitive elements</u>	
<i>Source of information</i>	
BIMBO → TM:	<i>"What we try to get out from the U&A research are insights of how people behave, what motivates them, how they spend their money, why they buy certain products and not others, what is their natural way of relating to, for instance, cooking, do they buy bread, what type of bread, how do they keep it..."</i>
MICROSOFT → MS:	<i>"I talked with all of the possible players or at least with those I had in my head as possible players."</i>

BIMBO → TM: ““Because we had no information on how the BOP segment thought and/or bought. We needed to conduct some research.”
MICROSOFT → MS: “when I came back from the November meeting I had millions of questions, some I could answer myself (given my previous jobs), others, I needed to rely on research.”

Intellectual commitment

BIMBO → DA: “Actually, though I am leading this BOP project, any one of us could have led it.... All the team helps out.”

MICROSOFT → MS: “Given the strong restrictions I had (i.e. I could not change/adapt the product) I knew I couldn’t deliver numbers (economic results) so I never promised them.”

Set of Reality Tests

BIMBO → TM: ““The Innovation methodology is central to the company’s way of analysing situations” ... “The goal of the workshop is to reach ten working insights.”

MICROSOFT → MS: “there was no model; each of us (country managers) developed his own model based on his background”. [...] “After three month MS started talking about measuring results against the MS-MSN standard scorecard” [...] Doc MS # 5.

Domain of inquiry

BIMBO → DA: “I also looked for data and studies from other countries, i.e. Venezuela, Chile, Brazil” ... “I did not just look at our categories but I also asked for information on other categories where buyers had a choice between branded-products, price-products and substitute products.”

MICROSOFT → MS: “So I sat down with Posnet (our data transmission partner) and Telecom (our locutorio owner and contact with the prepaid card distributors)” ... “We also accessed other distributors that were Posnet customers, such as, Garbarino and Musimundo (large music stores) ... Also, at a global level, we had a relationship with Blockbuster so I networked my way to their local contact.”

Source: developed for this thesis

A comparison of quotes shows considerable similarity between the two organisations. Three examples from Box 9.1 are discussed. The first example looks at the adoption of ‘classification schemes’. The quote from the BIMBO case shows that there is a differentiation between the ‘structurally poor’ and the ‘new poor’ and the quote from the Microsoft case shows that they similarly classified countries based on their ‘different stages of development’. The second example looks at the usage of ‘sets of reality tests’. The quote from the BIMBO case shows that the pilot project management team agreed on the importance of methodological rigor (i.e. following the Innovation Methodology) as a framework for the ‘realness’ of the insights on the BOP market. The quote from the Microsoft case shows that several reality tests were used: self experience (each of us developed his model based on his background), organisational norms (measuring results against the MS-MSN standard scorecard) and methodological rigor (the market research referenced in document #5). The third

example looks at the ‘domain of inquiry’. The BIMBO managers were looking at various countries and several value-added product categories for the upper-tier BOP market. For Microsoft attention was given to alternative distribution channels for pre-paid cards addressed at the value-added product for the upper-tier BOP market.

The cross-case comparison shows that both organisations adopted classifications schemes and used analytical devices; that they had standards of what were considered valid sources of information and had clear intellectual commitments; that both adopted sets of reality tests; and that both had defined maps of their domains of inquiry.

Table 9.1 combines Table 7.7 and Table 8.6. The table shows the first and second level constructs elicited by the second researcher from the data of the BIMBO and Microsoft cases. (Note: The similarity between the first and second order constructs -from the grounded approach- and the constructs and underlying dimensions -from the informed coding approach- was discussed and established in the individual case analyses).

A comparison shows that the two are very similar. Two examples are discussed. First, in both cases there are first level ‘decision’ constructs and second level ‘decision process’ constructs. ‘Decision process’ relates to the informed coding underlying dimension, ‘analytical device’ (Chapter 7 and Chapter 8).

Second, in both cases there were information related constructs. In the BIMBO case, ‘degree of analysis’ was elicited as a second order construct while an analogous term, ‘breadth of analysis’ was elicited in the Microsoft case analysis. Both were linked to a first order construct labelled ‘information’ and to the informed coding construct, ‘domain of inquiry’.

Table 9.1: BIMBO and Microsoft's Frame of Reference Imperative, based on the Grounded Analysis (First and Second Level Constructs)

<i>GROUNDING ANALYSIS BIMBO (Table 7.7)</i>		<i>GROUNDING ANALYSIS Microsoft (Table 8.6)</i>	
<i>First level construct</i>	<i>Second level construct</i>	<i>First level construct</i>	<i>Second level construct</i>
decisions	culture	decision	culture
	hierarchy		decision process
	decision process		
information	degree of analysis	information	breadth of analyses
	type of the information		source of the information
	nature of the information		nature of the information
			analysis of the information
			type of information
	time frame		time frame

Source: developed for this thesis

The cross-case analysis indicates that there was a high correspondence between the two cases. In each case the project leaders shared a set of cognitive operators, cognitive elements, sets of reality tests, and cognitive maps of the domain of inquiry. These were collective assumptions (not individual *schemas*) and they were institutionalised. The data from the two cases provide evidence supporting the adoption of the frame of reference imperative in the Marketing Configurational Framework.

9.2.2. The Conceptualisation of the Environment Imperative

Weick and Daft's (1983, 1984) conceptualisation of the environment (CE) and operationalisation were developed and applied outside the marketing discipline. It is necessary therefore to explore whether the data from the two cases provide evidence to support the adoption of the CE imperative in a marketing context. To this end, data

from the informed coding (Box 9.2) and data from the grounded approach (Table 9.2) are compared.

Box 9.2 contains representative quotes from BIMBO and Microsoft informed coding analyses associated with the CE imperative (Chapter 7, Section 7.3.2.2 and Chapter 8, Section 8.3.2.2). Two examples are discussed. First, Box 9.2 shows that both organisations make reference to the ‘nature of the environment’. BIMBO’s management team describes the environment as feasible of understanding, and Microsoft’s quotes show that DS describes the environment as a ‘white sheet of paper’ or as a network of actors. Second, both organisations refer to their ‘intrusiveness’ in search of information. BIMBO probes the environment by conducting market research and Microsoft explores the environment by asking feedback from the partners.

Box 9.2: Representative Quotes Illustrating the BIMBO and Microsoft’s Conceptualisation of the Environment Imperative

CONCEPTUALISATION OF THE ENVIRONMENT

Nature of the Environment

BIMBO → TM: “We are trying, through research, to understand how consumers reason things, how retailers work.”

MICROSOFT → MS: “The way I did things was not the current practice in the market. I started with a white sheet of paper and did things my way. I worked the distribution system top-down and then bottom-up to see if the data, cards and cash flows worked smoothly.”

BIMBO → TM: “In order to understand what was happening in the BOP consumer we looked at market research.”

MICROSOFT → MS: “Also, at a global level, we had a relationship with Blockbuster, so I networked my way to the local contact and introduced him to Posnet.”

Organisational Intrusiveness

BIMBO → DA: “We do market research on our consumers and we go to fairs.”

MICROSOFT → MS: “All throughout the trial period I was meeting with the partners to get feedback.”

BIMBO → TM: “We didn’t have any information so we decided to explore”

MICROSOFT → MS: “My candidate as our partner, Posnet... I convinced them to make a small investment to develop this skill. Of course, once I saw their commitment I gave them all the MS support and shared our marketing budget.”... “When discussing the contracts we were very contemplative of our partner’s requirements.”

BIMBO → TM: “From the innovation workshop we finally reach ideas which will allow us to develop new products.”

MICROSOFT → MS: “All though out the trial period, I was meeting with the partners to get feedback.”

Source: developed for this thesis

Table 9.2 combines Table 7.7 and Table 8.6 and shows the first and second level constructs elicited by the second researcher. Table 9.2 is used to compare the first and second level constructs in the two cases. For example, in the BIMBO case, a second order construct labelled ‘how the context is defined’ was elicited. In the Microsoft case, a similar expression was used; ‘description of the context’. Both were associated with a first order construct ‘context’. The table shows that the elicited second and first order constructs are similar in both cases.

Table 9.2: BIMBO and Microsoft’s Conceptualisation of the Environment Imperative, based on the Grounded Analysis (First and Second Level Constructs)

<i>GROUNDING ANALYSIS</i> <i>BIMBO</i> <i>(Table 7.7.)</i>		<i>GROUNDING ANALYSIS</i> <i>Microsoft</i> <i>(Table 8.6.)</i>	
<i>First level construct</i>	<i>Second level construct</i>	<i>First level construct</i>	<i>Second level construct</i>
Context	How is the context is defined	Context	Description of the context
	Interactions with context		Interaction with the context
	Perspective on location		

Source: developed for this thesis

Although they used different terminology at times, the cross-case comparison illustrates that there was equivalence in the type of concepts generated in the BIMBO and Microsoft cases. When conducting their BOP pilot programs, managers in both firms conceptualised the environment and developed feasibility tests. The data from the two cases provides evidence supporting the adoption of the conceptualisation of the environment imperative in the Marketing Configurational Framework.

9.2.3. The Marketing Practice Imperative

The marketing practice imperative is different from the previous two imperatives in that it has already been developed and validated in the marketing field (Coviello et al 2002). Therefore, its operationalisation does not need to be checked by the cross-case analyses, as in the case of the other two imperatives. Its use in this thesis is essentially a replication. Despite being a replication, BIMBO and Microsoft’s answers to the CMP questionnaires were elaborated and compared to the CMP Argentine database and found to match two of the Argentine CMP clusters (Table 7.5 and Table 8.4).

The aim of Section 9.2 was to conduct a cross-case comparison to see if the data from the cases provided evidence supporting the three imperatives adopted in the Marketing Configurational Framework. As explained in Chapter 6 (section 6.4.3), the case studies should not be considered as sampling units but as multiple experiments.

“Under these circumstances the mode of generalisation is analytical generalisation (not to be confused with statistical generalisation) in which previously developed theory is used as a template with which to compare the empirical results of the case studies. If two or more cases are shown to support the same theory, replication may be claimed” (Yin 2003, p. 32)... “the theoretical framework later becomes the vehicle for generalising to new cases” (Yin 2003, p. 48).

When the BIMBO and the Microsoft cases are compared from both the informed coding (Box 9.1 and Box 9.2) and the grounded approaches (Table 9.1 and Table 9.2), similar imperatives and underlying dimensions are identified.

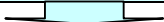

9.3. CASE FINDINGS AND THE CONFIGURATIONAL PROFILES OF MARKETING PRACTICES

The configurational approach states that diversity is the result of different combinations of the imperatives’ categories. In this section, the focus is on the differences between the cases and how they can be used to account for different Configurational Profiles of Marketing Practices in the value-added products for the upper-tier BOP market.

Table 9.3 combines the FoR, CE and MP summary tables from the individual informed coding analysis while Table 9.4 integrates the FoR and CE summary tables from the two grounded analyses.

Table 9.3 is used to compare BIMBO’s and Microsoft’s configurational profiles based on the informed coding analysis. This table combines Tables 8.1, 8.2, 8.4 and Tables 7.1, 7.2, 7.5. Three examples from Table 9.3 are discussed: first, an example for a FoR construct; second, for a CE construct; and third, the responses to the CMP questionnaires.

Table 9.3: BIMBO and Microsoft's Configurational Profiles, based on the Informed Coding Approach (*Source: developed for this thesis*)

				Microsoft (Tables 8.1;8.2;8.4)		BIMBO (Tables 7.1;7.2;7.5)		
FRAME OF REFERENCE	Cognitive Operator	Class. scheme	Short-term/ Long-term	short-term long-term (HQ)		Short-term long-term (HQ)		
			Task env./ general env.	task env. general env. (HQ)		task env. general env (HQ)		
		Analyti. devices	Formal / informal	formal informal		formal		
	Cognitive elements	Source of info.	subjective/ objective	subjective objective		objective		
			Personal/ impersonal	personal impersonal		impersonal		
			internal/ external	internal external		internal external		
		Intellect. commit.	Personal/ inter- personal/org.	personal organisation		organisational		
	Sets of reality tests		Self-exp/ org.norms/ method.rigor	self-experience organisational norms methodological rigor		organisational norms method. rigor		
	Domain of Inquiry		Broad/narrow	narrow yet broad		broad		
FoR TYPE				Professional/ Entrepreneurial		Professional		
CONCEPTUALISATION OF THE ENVIRONMENT	Nature of Environment		Enacted/ analysable	enacted analysable		analysable		
			External / embedded	external embedded		external		
	Organisation intrusiveness		Passive/ active	active		active		
			Distant/ close	close		distant		
			F.on outcome/ F.on process	Focus on process		Focus on outcome		
	CE TYPE			Discovering/ Enacting		Discovering		
	CMP				CMP TM/RM cluster	Microsft indices	CMP TM cluster	BIMBO indices
A: Transaction Marketing			0.71	0.71	0.77	0.86	0.86	
B: Database Marketing			0.72	0.70	0.57	0.62	0.53	
D: Interaction Marketing			0.77	0.80	0.55	0.50	0.51	
E: Network Marketing			0.78	0.65	0.46	0.50	0.49	
CMP TAXONOMY			Trans/Relational		Transactional			
								
				PLURAL CONFIGURATIONAL PROFILE		TRANSACTIONAL CONFIGURATIONAL PROFILE		

The first example looks at the sources of information construct. Table 9.3 shows that Microsoft and BIMBO are different. Microsoft used a set of valid sources of information: subjective & objective, personal & impersonal, internal & external data. The data from the documents on the global BOP pilot project show that Microsoft's team of project leaders shared the belief that market research was a valuable source but only one possible option. These managers also relied on their personal contacts and the information they obtained from face-to-face meetings with people they trusted. Conversely, BIMBO's management team shares the belief that objective, impersonal data is the valid source of information. This data can have an internal or external origin. This position is clearly shown by the description of the time and effort the whole team dedicated to identifying the adequate market research supplier. Three possible suppliers were considered, there were seven rounds of meetings and it involved four senior staff (including the general director of OLA). The data from these studies was then used as the main input in their decision-making process, the Innovation Workshop. The table shows that Microsoft and BIMBO are different also in the other FoR indicators leading to two different FoR types: BIMBO is a *professional type* and Microsoft combines the *professional/ entrepreneurial types*.

The second example looks at the nature of the environment construct. Table 9.3 shows that both organisations differ in their views. Microsoft conceptualises the environment as enacted & analysable and external & embedded. The interviews show that market research is conducted, thus showing that DS sees the environment as external and analysable. However, once the information is available, DS does not try to adapt to the environment; rather, he tries to develop the best distribution system possible. Moreover, he reconfigures the actors twice. First, he used the telcos and, later, Blockbuster and music stores. To access the different actors DS wants to involve, he uses Microsoft's networking capacities to reach them. This behaviour shows that he doesn't believe that the environment is 'a given' and that he sees Microsoft as embedded in the environment. The data from the documents shows equivalent behaviour for the other country leaders. Alternatively, the BIMBO team conceptualises the nature of the environment as external and analysable. Both workshops are examples of the efforts to explore the environment in order to understand and adapt to it. Data from the market research is analysed and turned into 'post-its' with insights. Next, these insights are analysed further until three product lines are suggested. The table

shows that Microsoft and BIMBO are also different in the other CE indicators leading to two different CE types: BIMBO is a *discovering type* and Microsoft combines the *discovering /enacting types*.

The third example looks at the indices developed from the answers to the CMP questionnaires. Table 9.3 shows the indices for Microsoft and BIMBO. When compared, Microsoft has lower values for the transaction marketing indices but higher values for the other three. When the indices are compared with the CMP clusters, Microsoft indices are similar to those of the *transactional/relational cluster* while BIMBO's values match the *transactional cluster*.

Finally, Table 9.3 provides an overall summary of both organisations. When the categorisations of the three imperatives for both cases are compared, they show that Microsoft has a *professional/ entrepreneurial* FoR, a *discovering/ enacting* CE and a *transactional/ relational* MP. This specific combination of the categories matches the **plural configurational profile of marketing practices**. Conversely, Table 9.3 shows that BIMBO has a *professional* FoR, a *discovering* CE and a *transactional* MP. This other combination of the categories matches the **transactional configurational profile of marketing practices**. The individual case analysis discussed the internal coherency of Microsoft and BIMBO's configurational profiles, which will not be revisited here. The focus in this section is to highlight that both pilot programs were directed at the value-added product upper-tier BOP market and that each adopted a different Configurational Profile of Marketing Practice.

Table 9.4 shows BIMBO and Microsoft's grounded analyses. In this section, focus is on highlighting the differences between the two organisations; therefore it looks at the third level (content).

BIMBO's grounded analysis shows that the second researcher adopted different terms, nevertheless the elicited content matched the description of the *professional* FoR type and the *discovering* CE type. Microsoft's case analysis showed that it matched the description of the *professional* and the *entrepreneurial* FoR types and the *discovering* and the *enacting* CE types. The goal in this section is not to go over the individual case discussions but to show that the second analysis of the data achieved the same results as the informed coding analysis, evidencing diversity between BIMBO and Microsoft.

Table 9.4: BIMBO and Microsoft's Configurational Profiles, based on the Grounded Approach (*Source: developed for this thesis*)

 GROUNDED BIMBO (Table 7.7.)			 GROUNDED Microsoft (Table 8.6.)		
<i>First level construct</i>	<i>Second level construct</i>	<i>Third level BIMBO's content</i>	<i>First level construct</i>	<i>Second level construct</i>	<i>Third level Microsoft's content</i>
Decisions	Culture	Collective/corporate (tool: workshop, theme: innovation) Formal (Innovation Methodology) Degrees of freedom Tool: PMO	Decision	Culture	Individual
	Decision process			Decision process	Informal
	Hierarchy				Formal
Information	Degree of analysis	Ample (many countries)	Information	Breath of analyses	Ample Several Channels Several mkts
	Type of the information	Cultural change		Analysis of the information	Subjective
	Nature of the information	Objective		Nature of the info	Quantitative
		External Macro		Source of the information	External
		Micro		Type of information	Internal
	Time frame	Internal Micro Short		Time frame	Micro data Short
Context	How is the context def.	Challenging (BOP project)	Context	Description of the context	Context as given Context as created
	Interactions with the context	Pro-active (new products)		Interaction with the context	Dynamic
	Perspective on location	Why Argentina			
BIMBO's FoR - CE types		Professional Discovering	Microsoft's FoR - CE types		Professional/ Entrepreneurial Discovering / Enacting

**TRANSACTIONAL
CONFIG.
PROFILE**

**PLURAL
CONFIG.
PROFILE**

Overall, the aim of this section was to conduct a cross-case comparison looking at the data to see if each organisation corresponded to a diverse configurational profile.

When the BIMBO and the Microsoft cases are compared in relation to their differences, clear specificities emerge. From both the informed coding (Table 9.3) and the grounded approaches (Table 9.4), distinct configurational profiles can be identified. Each case presented a high internal consistency yet, clearly, the two cases showed different configurations: BIMBO adopting the Transactional Configurational Profile and Microsoft, the Plural Configurational Profile.

9.4. CASE FINDINGS AND THE RESEARCH SUB-QUESTIONS

This section discusses how the BIMBO and Microsoft cases findings relate to the research sub-questions. As originally stated the central research question is:

How do managers understand the environment and how does it relate to the choice of a marketing practice?

In Chapter 1, this question was divided into three sub-questions.

9.4.1. Sub-question 1: What are the assumptions guiding managerial thinking and decision-making?

The discussions in the previous sections provide evidence showing that the assumptions guiding managerial thinking and decision-making are determined by the dominant coalition's frame of reference. The BIMBO and Microsoft case studies show that the two organisations differ in their frames of reference.

In the BIMBO case, managerial thinking and decision-making were guided by the assumption that decisions need to be taken a) within formal processes and the existing organisational norms (e.g. the centrality of the PMO process); b) by means of a standardised methodology (e.g. the Innovation Methodology); and c) using objective as well as both internal and external sources of information as they were valid sources (e.g. sales volumes and market research).

In the Microsoft case, managerial thinking and decision-making were guided by the assumptions that: a) both the individual experience (e.g. each manager conducted his pilot program based on his own previous know-how) as well as the organisation's procedures (e.g. adoption of Microsoft's MSN scorecard) were adequate; b) both objective/ subjective as well as internal/external sources of information were valid (e.g. informal talks with the Telcos as well as formal market research); and c) it was important to take into account the impact of the pilot program on the manager's own career development as well as the organisational success.

In both case studies, these assumptions were institutionalised. Evidence identifying these assumptions was found in the interviews and documentation describing or stating the 'natural' way, for example, of gathering information.

9.4.2. Sub-Question 2: How has the environment been conceptualised?

The discussion of the Bimbo and Microsoft cross-case studies provides evidence showing that there are diverse conceptualisations of the environment.

BIMBO conceptualises the environment as given, external and analysable (e.g. it buys several market research studies) and takes an arm-length position (e.g. it conducts a very sophisticated innovation and ideation workshop which finalises with a set of suggested new products). Microsoft conceptualises the environment as given, external and analysable (e.g. it studies the *locutorios*) and, at the same time, as enacted (e.g. this is seen in the alternative distribution systems designed by Microsoft with the telco's, Blockbuster and Posnet).

9.4.3. Sub-Question 3: How can the diverse types of marketing practices be characterised?

The discussion, in the previous sections, provides evidence of diverse characterisations of marketing practices.

BIMBO's marketing practice is characterised as having transaction marketing values that are above the Argentine mean values, while the database marketing, interaction marketing and network marketing indices are all a lower manner of

addressing the market. Alternatively, Microsoft marketing practice is characterised as having all indices above the Argentine mean values.

9.5. SUMMING UP

Chapter 9 discussed the relationship between the data from the two cases and the theoretical framework, the configurational profiles, and the research sub-questions. Overall, the cross-case comparison provides evidence supporting that both cases can be described in terms of the components of the Marketing Configurational Framework. The cases represent two different Configurational Profiles of Marketing Practices.

The comparison of the BIMBO and Microsoft cases provide evidence of the three imperatives and their underlying constructs, thus supporting their adoption.

However, the differences found in each case suggest:

1. that organisations have differing configurational profiles,
2. that these configurational profiles result from the natural congruencies between particular FoRs, CEs and MPs,
3. that organisations are internally consistent, and
4. that marketing practices don't seem to be associated to a contingent rationale.

In short, the cross-case analysis shows the potential usefulness of the conceptual framework suggested by this thesis and that the adoption of a configurational approach can help understand the existence of diversity of marketing practice.

The next and final chapter will look at the implications of these findings, their contributions, discuss the thesis' limitations and suggest future research paths.

CHAPTER 10:

Contributions, Implications and Overall Conclusions

10.1. INTRODUCTION

Chapter 1 introduced the overall purpose, the central research question and the associated sub-questions of this thesis. In Chapters 2, 3, and 4, the sub-questions guided the literature reviews. Chapter 5 introduced the conceptual framework and proposed four configurational profiles of marketing practices. Chapter 6 discussed the philosophical position and methodology from which the data would be gathered and analysed. Chapters 7, 8 and 9 discussed how the findings related to the conceptual framework and to the suggested configurational profiles. Chapter 9 also related the findings to the sub-questions. This final chapter draws together these findings and discusses the implications and contributions of this research project.

This final chapter is structured as follows. Section 10.2 presents an overview of the key research issues is presented. Section 10.3 answers the central research question and considers the research's overall purpose. Section 10.4 presents the thesis' contributions and methodological reflections. Section 10.5 discusses the limitations of the study are discussed. Sections 10.6 present suggestions for future research and managerial implications. Finally, section 10.7 presents a brief review of the entire thesis and highlights its overall contribution.

10.2. OVERVIEW OF THE RESEARCH ISSUES

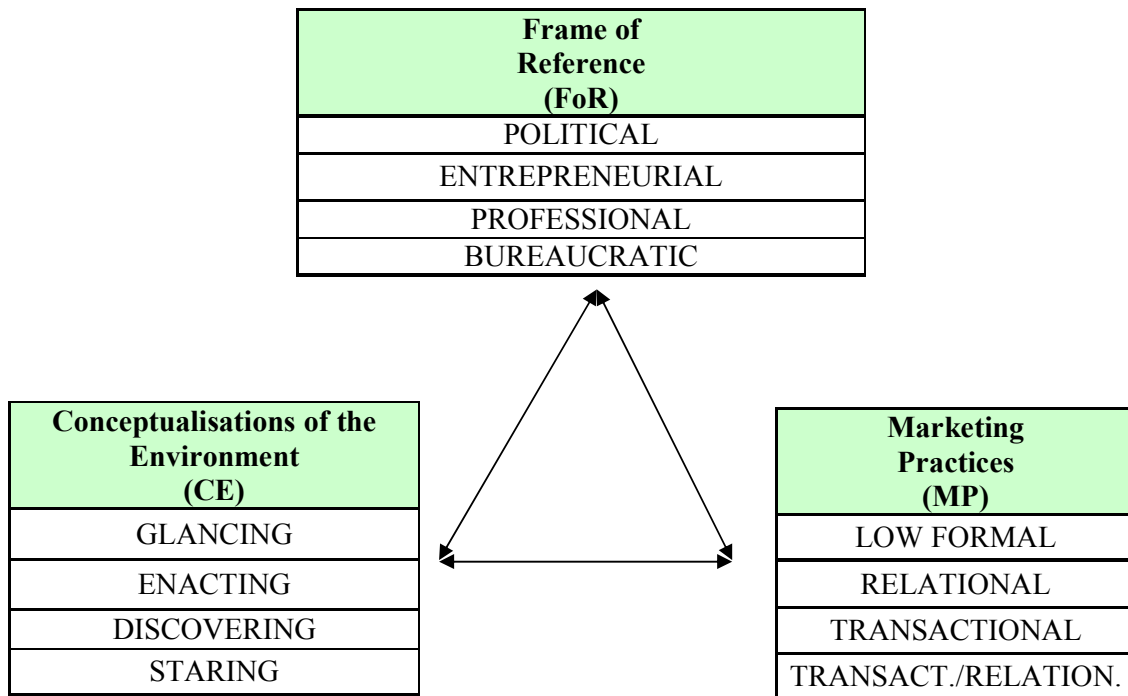
Understanding the reasons for the “increasing diversity in the way firms reach and serve their markets” is one of the fundamental issues in marketing (Day and Montgomery 1999, p. 4). The marketing literature review highlighted that the traditional contingency view prevails (Zeithaml and Zeithaml 1984, Sheth et. al 1988, Brownlie

1994). Contingency theory posits that all firms in a same market would adopt similar marketing practices (Burns and Stalker 1961, Donaldson 2001). However, evidence suggests that firms relate to the same market in different ways (Brodie et al 2008). While the contingency approach offers insights into some of the reasons for this diversity, it cannot explain the diversity of marketing practices across firms in the same market (Coviello et al 2002). This gap between theory and empirical studies suggests that further research is needed to understand diversity of marketing practices, which is the purpose of this thesis as explained in Chapter 1.

The thesis draws on the organisational theory, strategic management and marketing literature that studies the way organisations relate to their context. The key argument resulting from the literature review is that it is necessary to study the system of interrelated forces (i.e. imperatives) that are simultaneously involved in defining firm-market relations. This is known as the configurational approach, which is presented as an alternative to the prevailing contingency approach. The configurational approach is characterised by: 1) using multivariate frameworks and adopting a holistic approach; 2) sustaining that imperatives form configurational profiles; 3) acknowledging equifinality of viable configurational profiles in a given context (in this thesis, the market); 4) re-conceptualising the role assigned to managerial assumptions by the contingency theory; and 5) questioning the environmental determinism approach of the contingency theory.

The thesis reviews the marketing, organisational theory and strategic management literature (Chapters 2, 3 and 4). The three theoretical concepts derived from this literature review (i.e. frame of reference, conceptualisation of the environment, and marketing practice), and their respective categorisations were integrated into the thesis' core conceptual framework: the Marketing Configurational Framework (Figure 5.3, reproduced here). By identifying coherent combinations of the imperative's categories, four Configurational Profiles of Marketing Practice were suggested: Passive, Transactional, Relational and Plural (Chapter 5).

Figure 5.3 (reproduced): The Marketing Configurational Framework



Source: developed for this thesis

The empirical part of the thesis studied two organisations serving the BOP market, to provide evidence supporting the conceptual framework as well as evidence of diverse configurational profiles in the same market. Chapter 7 and Chapter 8 discussed the individual case analysis of the BIMBO and Microsoft case studies while Chapter 9 related the findings of the cross-case analysis to the conceptual framework, configurational profiles, and the sub-questions. The analyses of the case studies provide evidence supporting the conceptual framework and show two organisations serving the BOP market with different configurational profiles. The next section addresses the thesis' central research question.

10.3. ANSWERING THE RESEARCH QUESTION

How do managers understand the environment and how does it relate to the choice of a marketing practice?

A synthesis of the findings from the two case studies is used to answer this research question. As explained above, both organisations are addressing the same BOP

market and have different configurational profiles. The BIMBO case shows that the organisation adopts a Transactional marketing practices, has a Professional frame of reference and a Discovering conceptualisation of the environment (Chapter 7). Alternatively, Microsoft adopts a Transactional/ Relational marketing practice, has a Discovering/ Entrepreneurial frame of reference and a Discovering/ Enacting conceptualisation of the environment (Chapter 8). Answering the research questions entails addressing three aspects.

First, the data from the two cases show that in each organisation managers have *different* understandings of the environment (i.e. different frames of reference and different conceptualisations of the environment) as well as *different* marketing practices. These differences support the categories elicited from the literature and suggested in the conceptual framework (Figure 5.3 reproduced here).

Second, the data from the BIMBO and Microsoft case studies shows that the way in which managers understand the environment and the choice of a given marketing practice are *inter-related*. These findings support the holistic approach adopted in the conceptual framework (Chapter 5). The configurational approach argues that “organisational configuration denotes any multidimensional constellation of conceptually distinct characteristics that commonly occur together” [where] “the parts of a social entity take their meaning from the whole and cannot be understood in isolation” (Meyer et al 1993, pp. 1175-1178). The findings lead to the conclusion that the choice of a marketing practice is associated through inter-play with the other imperatives.

Third, the data from the BIMBO and Microsoft case studies shows that managers’ understanding of the environment and the choices of a given marketing practice were associated in ways that were *internally coherent*. BIMBO was related with the Transactional configurational profile and Microsoft with the Plural configurational profile (Table 5.5, reproduced here). This finding supports the proposed Configurational Profiles of Marketing Practice and demonstrates the insight that can come from adopting a configurational approach that accepts diversity. It also suggests that if the combination of the imperatives is internally coherent, it will result into a viable configurational profile. The configurational approach increases the understanding of the reasons for diversity of marketing practices across firms operating in the same market because it accepts equifinality under the restriction of the coherency principle. Thus, the

set of viable configurational profiles represents the alternative marketing practices that can occur in the same market.

Table 5.5 (reproduced): Suggested Configurational Profiles of Marketing Practices

CONFIGURATIONAL PROFILES	FRAME OF REFERENCE	CONCEPTUALISATION OF THE ENVIRONMENT	MARKETING PRACTICE
<i>PASSIVE</i>	<i>Political</i>	<i>Glancing</i>	<i>Low formal marketing</i>
<i>RELATIONAL</i>	<i>Entrepreneurial</i>	<i>Enacting</i>	<i>Relationship marketing</i>
<i>TRANSACTIONAL</i> -The BIMBO case-	<i>Professional</i>	<i>Discovering</i>	<i>Transactional marketing</i>
<i>PLURAL</i> -The Microsoft case-	<i>Professional/ Entrepreneurial</i>	<i>Discovering/ Enacting</i>	<i>Transactional/ Relational marketing</i>

Source: developed for this thesis

The conclusion of the findings is that they support the rationale provided by the Marketing Configurational Framework as well as the Configurational Profiles of Marketing Practice for understanding the reasons for diversity of marketing practices across firms operating in the same market. This means that, from the configurational perspective, diverse marketing practices are viable when they integrate a coherent configurational profile.

In terms of the overall research question, *how do managers understand the environment and how does it relate to the choice of a marketing practice*, the findings from the BIMBO and Microsoft case studies show a diversity of configurational profiles of marketing practices. These diverse configurational profiles are viable combinations of how managers understand the environment and the choice of a marketing practice. We can conclude that diversity of marketing practices in the same market is ‘puzzling’ only if looked at from a contingency rationale.

10.4. CONTRIBUTIONS OF THE THESIS

This thesis makes a contribution to theory by bringing together theoretical insights from three important bodies of literature (marketing, organisational theory and strategic management). It does this by adopting a configurational approach; by introducing new concepts to the marketing literature; and by developing a framework that integrates these concepts. As a result, it expands the theoretical understanding of the marketing discipline. The theoretical contributions are discussed first (10.4.1) followed by the methodological reflections (10.4.2).

10.4.1 Theoretical Contributions

The literature review highlights that marketing's current debate on firm choice of form of linkage to its market is based on environmental determinism. The thesis argues that insights from the contingency approach provide only partial answers. The study overcomes the limitations of the contingency approach by integrating the research findings with existing knowledge (in the organisational theory and strategic management literature) of the configurational approach (Table 1.2 reproduced here).

Table 1.2 (reproduced): Approaches to Understanding Diversity

	Managerial Discipline		
	Organisational Theory	Strategic Management	Marketing
	Contingency	Contingency	Contingency
Approaches to Understanding Diversity	Configurations	Neo-contingency	Configurations -current thesis-

Source: developed for this thesis

The thesis contributes to theory primarily by introducing the configurational approach to marketing. This has resulted in four key contributions to knowledge: 1) it introduces a typology of frames of reference; 2) it introduces a typology of conceptualisation of the environment; 3) it develops a conceptual framework: the

Marketing Configurational Framework; and 4) it suggests the Configurational Profiles of Marketing Practices. These are presented and discussed next.

Contribution # 1: A typology of frames of reference in marketing

This thesis introduces a frame of reference conceptualisation and typology to the marketing literature.

To identify what determined managerial assumptions, the thesis studied the organisational theory and marketing literature (Chapter 2). The literature review highlighted that: a) although assumptions are central to decision-making, these are questions that the marketing literature tends to ignore or that have only been sporadically applied in marketing (Nonaka and Nicosia 1979, Webster 2005, Tollin and Jones 2009); b) the few marketing studies that do exist are grounded in organisational theory literature; and c) there is not a unique manner in which managerial assumptions have been conceptualised. A comparison of the different views within organisational theory led to the identification of ‘frame of reference’ as the determinant of managerial assumptions and to the acknowledgment that managerial frames of reference have been largely overlooked within the marketing discipline (Krepapa and Berthon 2003, Tollin and Jones 2009). Shrivastava and Mitroff’s (1983, 1984) conceptualisation of frame of reference and their typology was specifically chosen. Additionally, a distinction was made between *frame*, that belongs to the organisation’s dominant coalition, vis-à-vis *schema* that belongs to the individual manager.

The introduction of Shrivastava and Mitroff’s (1983, 1984) conceptualisation of frame of references contributes in two ways to the marketing literature and highlights the importance of managerial assumptions in decision-making. First, because it shows that frame of reference is the underlying explanation as to why different assumptions exist. Second, because it provides the marketing discipline with an operationalisation of frame of reference. The case studies provided evidence supporting its adoption in a marketing context.

The introduction of Shrivastava and Mitroff’s (1983, 1984) typology contributes to the marketing discipline because it shows alternative frames of reference that the dominant coalition can have when addressing a decision. The typology recognises all four frames of reference as equivalent, thus opening the door to

understanding diversity in decision-making. The research provided evidence that BIMBO and Microsoft, in addressing the BOP market, had different frames of reference and that each case could be associated with one of Shrivastava and Mitroff's (1983, 1984) four FoR types: BIMBO matched the Professional type while Microsoft had a combination of the Professional/ Entrepreneurial types.

Contribution # 2: A typology of conceptualisation of the environment in marketing

This thesis introduces a conceptualisation of the environment model and typology to the marketing literature.

To identify the diverse conceptualisations of the environment, the thesis studied the marketing, organisational theory and strategic management literature. Specifically, the literature review focused on the role of the environment in decision-making, the environment-organisation relationship, and the conceptualisation of the environment (Chapter 3). This revealed that: a) the environment is considered central in decision-making but there are few direct references to a theoretical conceptualisation of the environment in the marketing literature (Zeithaml and Zeithaml 1984, Varadarajan et al 1992, and Brownlie 1994); b) more often than not, the position on the conceptualisation of the environment was implicit, particularly, within the marketing schools of thought; and c) there is no one agreed-upon way of conceptualising the environment. Two streams of literature were identified, each representing a different conceptualisation, i.e. objective versus subjective, leading to four different approaches: passive, environmental determinism, enacted environment and interactive. The thesis highlighted a correspondence between the elicited approaches and Weick and Daft's typology.

Introducing Weick and Daft's (1983, 1984) model contributes to marketing knowledge because it provides alternative conceptualisations of the environment. In doing so, it strengthens the marketing literature debate on the conceptualisation of the environment. Specifically, it introduces the enacting type. Additionally, it provides the marketing discipline with an operationalisation of the conceptualisation of the environment. The case studies provided evidence supporting its adoption in a marketing context.

Adopting Weick and Daft's (1983, 1984) typology is a contribution to marketing knowledge with regard to the prevailing environmental determinism (Brownlie 1994).

Environmental determinism espouses the contingency approach, thus it cannot explain diversity in the same context. Conversely, Weick and Daft do not impose a choice amongst conceptualisations of the environment so they admit a range of alternative points of view. This variety of interpretations, when associated with the other imperatives, allows understanding the diversity of marketing practices in the same market. The data from the BIMBO and Microsoft case studies provide evidence that different conceptualisations of the environment exist when operating in the same BOP market. BIMBO had a Discovering type while Microsoft had a combination of the Discovering/Enacting types.

Contribution # 3: A Marketing Configurational Framework

The thesis develops the configurational approach by introducing a novel conceptual framework within the marketing literature. The Marketing Configurational Framework links the frame of reference types with the conceptualisation of the environment types and the marketing practice categories (Chapter 5, Figure 5.3 reproduced in this chapter).

The thesis adopted the configurational process and drawing from the extant literature frame of reference, conceptualisation of the environment and marketing practice were selected as the appropriate imperatives to build the conceptual framework. For each of the three imperatives, constructs were identified as well as underlying dimensions, operational indicators and extant classification schemes. The imperatives and their categorisations were integrated into the Marketing Configurational Framework (Chapter 5). The configurational approach argues that diversity is the result of different combinations of the imperatives' categories. The framework allows for eliciting such combinations.

The Marketing Configurational Framework has a number of strong differentiating characteristics that support the claim that it makes a contribution to knowledge. First, the framework is the first effort in the marketing literature to adopt the configurational approach in order to understand diversity. Second, it identifies a set of imperatives that had been associated with decision-making but not integrated and it complements the existing operationalisations (of the FoR and CE imperatives) with

marketing related indicators. Third, it suggests a bi-directional link between the imperatives. These three contributions are developed next.

First, this is a novel contribution to marketing knowledge because there were no preceding studies adopting a configurational approach to understand diversity in how firms relate to their markets. Introducing the configurational approach is a contribution to marketing knowledge because the contingency approach has been found lacking and because the configurational approach integrates the marketing literature with the post-contingency rationale found in the organisational theory and strategic management literature (Table 1.3, reproduced in this chapter). The case studies showed that both organisations adopted different marketing practices and the framework provided a rationale to understand this diversity.

Second, though inspired by the work of Miller (1986, 1987, 1996), Miles and Snow (1978, 1983) and informed by the literature, the conceptual framework is original because it introduces a new set of imperatives and identifies, for each imperative, marketing associated indicators. As discussed in the previous sections, frame of reference and conceptualisation of the environment are considered relevant imperatives because they are associated with decision-making. The framework contributes to marketing knowledge by identifying and integrating these 'isolated' knowledge claims and their categorisations. Adopting the three imperatives provides richer insights into understanding diversity in a manner that no single imperative could. It contributes to the marketing literature by adapting studies developed outside the marketing discipline. The BIMBO and Microsoft case studies provided empirical evidence supporting the adoption of the imperatives and their associated categorisations. Moreover, in BIMBO and Microsoft, the frames of references, conceptualisations of the environment and marketing practices were institutionalised. For example, their frame of reference defined specific sources of information as valid and determined the analytical schemes considered relevant and adequate as well as the sets of reality tests against which the information was measured. These organisations also had internally agreed upon positions about the nature of the environment and how much to intrude in order to gather information about it. Finally, each organisation shared a specific relational exchange and managerial activity that defined their type of marketing practice.

Third, one of the configurational approach tenets is that to understand diversity it is necessary to take a holistic approach giving equal status to the three imperatives (which

contingency theory does not). The conceptual framework espouses this premise. This is one of the thesis' main contributions as it shows that diversity in marketing practices is bi-directionally linked to diversity in the other two imperatives. Marketing practices influence and are influenced by frame of reference and by the conceptualisation of the environment. Thus, in order to understand diversity in one of them it is necessary to look at how the three inter-relate. The cases also provided evidence that in each organisation the chosen marketing practice was associated with frame of reference and the conceptualisation of the environment. This inter-relationship is discussed in the next section, when looking at the configurational profiles.

Contribution # 4: The Configurational Profiles of Marketing Practices

The thesis puts forward four Configurational Profiles of Marketing Practices. To this end, the thesis drew on the concepts of configurational profiles and equifinality, as well as the coherency principle.

The Configurational Profiles of Marketing Practices were identified following the tenets of the configurational approach. This means that the imperatives' categories were combined accepting that several viable configurational profiles can coexist in the same environment (i.e. equifinality) but recognising that only a few configurational profiles are viable (i.e. coherency principle) (Chapter 5). The criterion for selecting the viable configurational profiles was informed by Miller's (1996) three suggested features that all typologies must possess: 1) that the configurational profiles are informed by the extant classifications developed in the marketing literature; 2) that they are aimed at resolving the transactional-relational marketing debate by drawing from the paradox literature. This literature suggests converting contradictions into alternatives by adopting a double continuum; and 3) that they are guided by themes that explain why the categories interrelate and complement each other. The identified themes are: internally focused (for the Passive profile), interactivity (for the Relational profile), analysing (for the Transactional profile) and duality (for the Plural profile).

The introduction of the concept of *configurational profile* is a contribution to marketing knowledge because no other preceding studies have adopted a multivariate approach to understand diversity of marketing practices. The case studies provided evidence that BIMBO and Microsoft were associated with two diverse configurational

profiles; BIMBO matched the Transactional profile while Microsoft fit the Plural profile.

The acknowledgement of *equifinality* is a contribution to marketing knowledge because diverse configurational profiles are recognised as valid alternatives. This position contrasts with the contingency theory, which sees diversity as problematic.

Introducing the *coherency principle* contributes to marketing knowledge because it argues that only a few of these combinations are actually viable. As a result, equifinality is acknowledged but limited by the constraint of coherency between the imperatives. It is the coherency of the elements that helps understand diversity of marketing practices in the same market.

Eliciting the Passive, Transactional, Relational and Plural Configurational Profiles of Marketing Practices contributes to the marketing literature in two ways. First, the profiles show different, coherent ways of relating to a market, where each configurational profile entails a diverse marketing practice. Indeed, the suggested configurational profiles are illustrative rather than exhaustive, meaning that other viable configurational profiles could be identified as will be discussed in the limitations section. Second, a process to elicit configurational profiles was developed that will allow other academics to elicit alternative viable configurational profiles.

10.4.2. Methodological Reflections

The thesis consciously builds on established methods and research techniques directed at a novel research question. A mixed method strategy was adopted. Two cases were selected (following a literal replication criteria) and analysed in-depth (using an informed coding protocol, a grounded approach and a survey). However, there are a few important reflections to be made about the methodology adopted.

Philosophical position. A pragmatic pluralism position is consistent with this study because it accepts that different organisations can hold diverse FoRs, CEs and MPs, and it permits considering various configurational profiles as possible valid alternatives.

Mixed methods strategy. The literature review revealed that the constructs have been elicited through diverse methods. For example, Shrivastava and Mitroff (1983)

used in-depth interviews while Coviello et al (2002) used a standardised questionnaire. The decision was made to respect these choices and, as far as possible, replicate them. This leads to the adoption of a mixed methods approach with prevalence given to the qualitative method. This proved to be fitting, given that the focus of the research was more exploratory (centred on understanding) than confirmatory.

Primary research context. The choice of value-added products for the upper-tier BOP market allowed the decision-making process to be clearly differentiated from other marketing decisions. Managers were able to have a clear recall of the events, people, stages and methods, involved in the process.

Data collection. Although multi sourcing and triangulation is important, when the organisation's configurational profile is very strong, in a way it becomes 'redundant'. After a certain point, reading an additional document (or conducting another interview) did not provide further/novel information.

Data analysis. The mixed methods approach mixes data in the analysis stage. However, the distinctive data analysis methods were respected, allowing consistency between data collection and analysing procedures. With regard to the in-depth interviews and the semi-standard questionnaires, the decision to have two diverse methods of transcript analysis (the informed coding protocol and the grounded approach) provided useful comparisons and methodological triangulation.

Findings. Normally, on conducting a case study, new -unexpected- findings are uncovered. This did not occur in this study. While working on the interview transcripts, a copy file was made and whenever a stanza was 'used' it was deleted from the file. When the analysis was finished the file was virtually 'empty;' only small talk about current events in Argentina or chitchat (i.e. the weather) remained. This was puzzling. On further reflection, it seemed that the developed framework was based on such a broad literature -on three managerial fields- that virtually no topic was left uncovered. Similarly, the grounded analysis did not unveil any additional themes. Consequently, it can be concluded that if the literature review had been restricted to a specific field (as it was in many of the marketing articles), 'new' findings might have emerged but, would it be questionable whether they would have been novel.

Overall, the mixed method approach was found to be useful as it allowed building on and integrating both diverse disciplines and different research traditions. However, in using mixed methods, it was important to be explicit in the adopted protocol and procedures. This provided a clear road-map for the researcher conducting the study and guaranteed the quality of the findings.

10.5. LIMITATIONS

On reflection, the author acknowledges that the scope of investigation of this thesis was over-ambitious in several respects. Firstly, the thesis tried to integrate knowledge from three fields: marketing, organisational theory and strategic management. Secondly, it adopted a pragmatic pluralist perspective and a mixed methods methodology, in order to respect the different philosophical perspectives of these disciplines. Moreover, the case studies are conducted in an emerging market context, which presents unique challenges for the non familiarised reader, to understand the peculiarities of the market. The author is aware that these issues created difficulties in presenting a clear narrative of the complex conceptual and empirical material for the reader.

Besides this overall consideration, there are a series of specific limitations, associated with the adoption of a configurational approach and the research methodology, that need to be discussed. Adopting a configurational approach implies making choices on the set of imperatives as well as the definition of the configurational profiles. Two limitations associated with these choices are acknowledged and discussed.

First, the choice of imperatives. Though Chapter 5 (Section 5.4.1) justifies the choice of the imperatives, Meyer et al (1993) clearly state that organisational configuration denotes multidimensional constellation, thus it could be argued that other key forces could also have played a role and that the choice of FoR, CE and MP was restrictive. Snow and Miles (1983) ask a similar question: “so what –where will this approach lead us?” (p. 256). In their view, however, even a rudimentary general framework, employing no more than their three overlays, is of great value: (1) for

managers it provides a powerful diagnostic tool and (2) for academics it is particularly helpful in theory construction.

Second, choosing the configurational profiles. One of the main problems is how to identify viable configurational profiles from the 64 possibilities. “In almost any typology, configurational profiles are *illustrative of consistent relationships between the imperatives*” (italics added) (Miller 1996, p. 505) and profiles need to be “considered as examples, –not final or exhaustive” (Miller 1986, p. 233). Their contribution resides in illustrating a set of alternative coherent profiles that contemplate diverse ways organisations have of relating to the market.

Case studies do not necessarily reach a convenient point of closure, they are ongoing and conclusions are merely an interim at a point in time. However, it is essential to draw a boundary around the study and define the circumstances under which the conclusions presented apply (Harrison 2002). In the next paragraphs, aspects related to the sample and to the adoption of a mixed method approach are discussed.

The two cases respected the selection criteria sought by the researcher. However, it is also true that they were the only two firms that were working on strategic level projects with value-added product for the upper-tier BOP market. Additional studies are required in other types of markets and with different types of products and services.

Adopting a mixed methods approach implies examining the criteria for research quality in both qualitative and quantitative methods. One of the persistent problems with qualitative research is determining its quality and the extent to which the study is considered reliable on the basis of shared standards. Hence, the division between the quality and limitations of a piece of work is perhaps more difficult to define as it involves elements of interpretation that may or may not conform to shared criteria and the process of the research itself may imply limitations.

In terms of confirmability (~objectivity), though the cases studies followed the research protocol and data triangulation was adopted, it is always important to bare in mind that data was provided by the interviewee and that other sourced data might have lead to other constructs, underlying dimensions, or indicators.

In terms of dependability (~reliability), though researcher triangulation was employed for the data analysis in the qualitative phase of the studies, the researcher’s

participation (the questions posed and how they were stated) may have affected the data gathering and the consequent future analysis.

10.6. FUTURE RESEARCH AND MANAGERIAL IMPLICATIONS

Findings and contributions are fundamental elements of any serious study. The findings relate the thesis to previous studies and the contributions are what make it distinctive. However, the essence of research is, as Gummesson (2000) well stated, “re-search”, that is to search and search again. Thus, the future research section is central as it provides a road map for the different ways the study can be expanded and enriched (Section 10.6.1). The final scope of any managerial investigation is to provide a better understanding with the aim of helping managerial decision-making (Section 10.6.2).

10.6.1 Future Research

The project is rich in implications for the marketing discipline and opens new streams of research inviting academics to study the topic further. These can be discussed on two levels; first, in a general sense, and secondly, more specifically, related to the suggested framework.

On a ***general level***, there are numerous opportunities for future research:

The thesis integrated the various marketing schools of thought as well as concepts and constructs from other managerial disciplines, reaching a holistic understanding of the phenomena of diversity of marketing practices. However, the study could (and should) be expanded. Two possibilities are:

- a. To extend the configurational approach to consumers/customers as opposed to managers.
- b. To adopt dyadic studies (following the IMP tradition) both in the B2B and the B2C context.

This thesis limited itself to identifying the different ways managers describe their FoR, their CE and their MP. Future studies could explore why these profiles occur.

This study did not focus on the analysis of the ‘language’ adopted by the managers in the interviews or in their documents. The finding from the Microsoft case suggests that future studies could develop conceptualisations and frameworks that allows for duality, ambivalence, ambiguity and paradoxes (rather than dichotomies).

On a more *specific level*, three streams of research are suggested associated to the conceptual framework:

First, the Marketing Configurational Framework could be associated to other configurational studies in the management disciplines. Weick and Daft (1983, p.84) state that “arrangements (i.e. taxonomies/typologies) are typically over determined, which means that arrangements made on one basis generally lend themselves to similar arrangements on the basis of different criteria”. Thus, the proposed conceptual framework could be further integrated with the work of Miles and Snow (1978) to see if the ‘reactors’ match the Passive profile; the ‘prospectors’ and the ‘defenders’ relate to the Transactional and Relational profiles; and the ‘analysers’ are associated with the Plural profile. This was very briefly discussed in Chapter 5 when justifying the selection of the configurational profiles; however, the topic deserves further conceptual analysis and requires supporting empirical evidence.

Second, the Marketing Configurational Framework could be applied in other markets and/or countries.

Third, the Marketing Configurational Framework could be applied adopting other definitions of market and market boundaries. This thesis defined market boundaries from the perspective of the consumer (Peñaloza and Venkatesh 2006). This perspective included competitors in the analysis which a conventional industry focus might omit, as being part of the competitive arena. A single market can have several players from diverse industries competing in it. Markets can be defined from the consumer’s point of view (i.e. in this thesis BIMBO and Microsoft were direct competitors in the restricted pool of value-added products taken into account by the upper-tier BOP consumers) but markets can also be defined from the supplier’s point of view -which was not discussed

in this thesis- (i.e. financial services can be offered both by retailers and by banks). Research adopting this second perspective could be pursued.

10.6.2. Managerial Implications

Given the motivations behind the research question (to understand the reasons for the diversity of marketing practices) and the pragmatic pluralism perspective adopted, this research does not aim to develop any normative conclusions for managers. Nevertheless, it is believed that it is useful for managers to understand what elements interact in choice of a marketing practice. Though the title reads ‘managerial implications’, the following comments should be seen as a set of clues that managers might find useful upon which to reflect.

Managers in both organisations asked for feedback. In these meetings, the conceptual framework was explained and a description of the four configurational profiles of marketing practices was provided. From these encounters two insights can be drawn, associated with benefits perceived by managers.

First, managers at BIMBO and Microsoft concluded that the framework and the description of the configurational profiles allowed them to get to know themselves better as decision-makers. In both organisations, the managers stated that they were not aware that they ‘belonged’ to a configurational profile or that their choices of marketing practices were inter-related to the other two imperatives. For example, in BIMBO, they mentioned that it helped them understand why their relationship with The BrandGym Company (the consultancy company that introduced the Innovation Methodology) was so successful and why it had taken them so many rounds of conversations to identify the adequate market research partner. They could see that both The BrandGym Company and International Research had been hired to help in a marketing decision but that they could work productively together because these partners matched their frame of reference as well as their conceptualisation of the environment. BIMBO managers stated that had they been familiar with the configurational profiles, the process of selecting the market research firm would have been faster and less complicated. Furthermore, they asked permission to adopt the framework to analyse future partnerships.

Second, they emphasised that the framework allowed them to understand that competitors adopting other marketing practices were not ‘wrong’. Moreover, that if their competitor’s marketing practices corresponded to a coherent configurational practice, they could be a dangerous threat. Both at BIMBO and Microsoft, managers mentioned that they were going to use the conceptual framework to communicate more effectively with their colleagues. Specifically to show them that there was no universal best way to act in each market and that it was important to be aware of competition with other configurational profiles.

Additionally, the Microsoft case is a clear example of the transactional/relational marketing practice. Managers would find it beneficial if they understand that to implement this type of marketing practice, the organisation needs to conform to the Plural configurational profile as a whole. Though this profile has been described in previous studies (both in the CMP studies as well as in the independent studies referenced in Chapter 1), it had never been associated with the other imperatives. This study shows that to adopt this marketing practice, an organisation needs to be flexible, open and dynamic yet accept reporting, deadlines and formalisation. In short, it is comfortable with a certain degree of paradoxical tension.

In sum, to understand diversity of marketing practices, managers might find it useful: 1) to understand that marketing practices are inter-related to the other imperatives of the configurational profile and that the coherency between the three imperatives is what allows it to be viable; and 2) to acknowledge that other (direct competitors) may be using different marketing practices and that these are viable alternatives of how to relate to their market, rendering the competitive arena varied (and perhaps even more complex?).

10.7 OVERVIEW OF THE STUDY AND OVERALL CONTRIBUTION

To date, studies have illustrated the existence of a diversity of marketing practices but there is no conceptual framework providing a rationale to help understand this plurality. This gap supports Day and Montgomery’s (1999) call for more research on a better understanding of how firm’s relate to their markets.

This thesis distinguishes itself from previous marketing studies because it takes an interdisciplinary stance and because it provides an alternative rationale to mainstream marketing contingency thinking in order to understand diversity: the configurational approach. By adopting a configurational approach, it integrates the marketing literature to the post-contingency rationale found in the organisational theory and strategic management literature.

This thesis introduces a novel conceptual framework to marketing; the Marketing Configurational Framework, which integrates three imperatives (frame of reference, conceptualisation of the environment and marketing practice) and allows eliciting viable Configurational Profiles of Marketing Practices.

The overall findings from the case studies reveal a correspondence with the conceptual framework and supply evidence of diverse valid configurational profiles in the BOP market (i.e. equifinality).

The value of this thesis is that it introduces an approach that acknowledges diversity and suggests a rationale for its occurrence. Specifically, it identifies the imperatives that are involved in the choice of a marketing practice and it recognises that the choice of a marketing practice influences and is influenced by the other imperatives. This means that, from the configurational perspective, the diversity of marketing practices is inter-related to the diversity found in the other two imperatives. Diversity is acknowledged, however, the number of viable configurational profiles is restricted to those that are internally coherent. Thus, diverse marketing practices are viable only when they integrate a coherent configurational profile.

APPENDIX 1:

CASE STUDY RESEARCH PROTOCOL

In case research, the purpose of a protocol is to guide the investigator in carrying out the data collection; it contains the instruments as well as the procedures and general rules to be followed (Yin 2003). A case study protocol should provide an overview of the case study project, the field procedures and the case study questions. The following sections discuss how these have been incorporated in the research design:

1. *Overview of the case study project*, includes:
 - 1.1. The project objectives. In this thesis: to answer the research question (Chapter 1).
 - 1.2. The background. In this thesis: the literature review (Chapter 2, Chapter 3 and Chapter 4).
 - 1.3. The theoretical propositions³¹ (see conceptual framework and description of the configurational profiles in Chapter 5).
 - 1.4. The rationale for selecting the case studies (discussed in Section 6.4.3).
2. *Field procedures* include:
 - 2.1. The presentation of credentials. A letter of invitation was written (Letter 1). The letter was sent to a cross-section of 200 organisations in Argentina that were selling value-added products and services.
 - 2.2. The definition of the schedule and/or timetable of data collection activities. Table A describes the schedule for the field work and the description of tasks.

³¹Yin takes a particular definition of the term ‘theoretical proposition’ from Sutton and Staw (1995): as “hypothetical stories as why acts, events occur”

Letter 1: Invitation Letter



UNIVERSIDAD TORCUATO DI TELLA

The Business of Reaching the Global Poor.

Buenos Aires, 18th October 2005

Dear Mr/s.....

On reading some key articles on the topic, I realised that very little is known on how to successfully service this market segment. When I say very little is known, I mean that from an academic perspective there has been no conceptualisation of how to address this group.

I would like to invite you to become a case-study based on your company's experience in addressing the bottom of the pyramid.

If you are interested please contact me at jpels@utdt.edu

Best Regards,
Prof. Jaqueline Pels

Table A: Schedule and Tasks of the Fieldwork.

	Nov 05	Dec 05	Mar 06	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06
Phase 1: Planning												
Selection of cases & whom to interview	➤											
Defining the indicators and sources of information	➤	➤										
Developing the semi-structured questionnaire	➤	➤										
Pre-testing the semi-structured questionnaire			➤									
Phase 2: Data Collection												
Interviews case 1				➤	➤							
Transcription interviews case 1				➤	➤							
Gathering documentation case 1				➤	➤							
Interviews case 2					➤	➤	➤			➤		
Transcription interviews case 2					➤	➤	➤			➤		
Gathering documentation case 2					➤	➤	➤					

3. *Case study questions* include:

3.1. The questions. Two levels of questions can be identified (Yin 2003): *Level 1* are questions addressed to the interviewee (these will be discussed in detail in the Bullet 3.3), while *Level 2* questions are those related to the individual case. Level 2 questions are those that guide the researcher. They identify what information needs to be gathered and why. The Level 2 questions in this study are the associated sub-questions:

- Sub-question 1: *What are the assumptions guiding managerial thinking and decision-making?*
- Sub-question 2: *How has the environment been conceptualised?*
- Sub-question 3: *How can the diverse types of marketing practices be characterised?*

Each question should be accompanied by a list of likely sources of information (interviews, documents, etc.). The next bullet (3.2 ‘Table shells’) will discuss this link.

3.2. The table shells. These help identify exactly what data is being sought. Table B shows the correspondence between the sub-questions (first column); the imperatives as well as their constructs, underlying dimensions and indicators (second, third, fourth and fifth columns); and the sources of information (last four columns).

The associated sub-questions were introduced in Chapter 1 (Section 1.2). The imperatives, constructs, underlying dimensions and indicators were discussed in Chapter 5 (Table 5.2, Table 5.3 and Table 5.4); and the sources of information were briefly introduced at the beginning of Section 6.4.4 and will be discussed further next (Bullet 3.3).

3.3. Sources of information. In the mixed method strategy, multiple forms of data may be collected (Creswell 2003, pp. 185, 218, 220). The last columns in Table B show the sources of information (in-depth interviews; semi-structured questionnaires; standard questionnaires; and documentation)

- Interviews: these involved the Level 1 questions mentioned in Bullet 3.1 (addressed to the interviewee). As previously stated, this study used in-depth interviews, semi-structured and standardised questionnaires.

Table B: Indicators and their Source of Information (Source: developed for this thesis)

SUB- QUESTION	IMPERATIVE	CONSTRUCT	UNDERL. DIMENSION	INDICATOR	SOURCES OF INFORMATION			
					IN- DEPTH INTERV	SEMI- STRUCT QUEST	STAND QUEST	DOCS
<i>What are the assumptions guiding managerial thinking and decision-making?</i>	<i>Frame of Reference</i>	<i>Cognitive operators</i>	<i>Classifi. scheme</i>	Short term/ long term	X			X
				Task/ gral env	X			X
			<i>Analytical device</i>	formal / informal	X			X
		<i>Cognitive elements</i>	<i>Source of info</i>	Subj./ object.	X			X
				personal / impersonal	X			X
				Int. / external	X			X
		<i>Set of reality test</i>	<i>Commit..</i>	personal/ interpersonal/ organisational	X			X
				self exp/org norm/method.	X			X
				broad/ narrow	X			X
<i>How has the environment been conceptualised?</i>	<i>Conceptualisation of the Environment</i>	<i>Assumption about the nature of the env.</i>	--	enacted/ analysable	X	X		X
				external/ embedded	X	X		X
		<i>Org. intrusivness</i>	--	passive/ active	X	X		X
				distant/ close	X	X		X
				outcome/proc.	X	X		X
<i>How can the diverse types of marketing practices be characterised?</i>	<i>Marketing Practice</i>	<i>Managerial dimension</i>	<i>managerial intent</i>	Transact./data base/interact./ntw			X	
			<i>managerial focus</i>	Transact./data base/interact./ntw			X	
			<i>managerial investment</i>	Transact./data base/interact./ntw			X	
			<i>managerial implement.</i>	Transact./data base/interact./ntw			X	
		<i>Relational exchange dimensions</i>	<i>purpose of exchange</i>	Transact./data base/interact./ntw			X	
			<i>nature of común.</i>	Transact./data base/interact./ntw			X	
			<i>type of contact</i>	Transact./data base/interact./ntw			X	
			<i>type of exchange</i>	Transact./data base/interact./ntw			X	
			<i>formality of exchange</i>	Transact./data base/interact./ntw			X	

- *In-depth interviews* are one of the most important sources of case study information aimed at eliciting views from the participants (Creswell 2003). The interviews will appear to be guided conversations rather than structured queries. As a result, open ended questions are normally used (Rubin and Rubin 1995). In these studies, the in-depth interviews were employed to understand the organisation's Frame of Reference. There were no pre-established questions and the interviewer was asked to narrate how the decision to start the BOP pilot program was made, who was involved and why, what information they used and why, how they obtained it, etc. Though the researcher had a clear list of indicators (Chapter 5, Sections 5.4.2.1 and 5.4.2.2), in no way did it address direct questions (e.g. did you have a long-term view?). The interviewer tried to get the full description of how BIMBO and Microsoft developed and conducted their pilot-programs.

The data gathered in the in-depth interviews was also used to understand the organisation's CE. The transcripts of the interviews are not part of the thesis, however, if requested by the examiners they can be provided.

- *Semi-structured questionnaires* were used as an interview discussion device. The multiple choice answers were shown to the respondent who was asked to choose which answers best describe the organisation or situation. Next, the interviewee was invited to elaborate on why s/he chose a particular option. In short, the semi-structured questionnaire was not aimed at any type of scoring (as was the case of the standard questionnaire). Additionally, it was used to corroborate certain data obtained from the in-depth interviews. The adoption of diverse data sources as cross-support is not new in the literature. For example, Ottessen et al (2004) used both a structured questionnaire and a journal to assess the accuracy of managers' perception.

In this thesis, the semi-structured questionnaires are used to comprehend the Conceptualisation of the Environment. The questions and options were developed from the Daft and Weick (1984) operationalisation and enriched by the indicators drawn from the marketing literature (Chapter 5, Section 5.4.2.2).

To ensure that most CE options were considered, a draft version of the semi-structured questionnaire was discussed with international scholars Ramiro Montealegre (University of Colorado at Boulder, USA), Michel Fiol (HEC, France) and Luis Dominguez (Florida Atlantic University, USA). To ensure that when

reading the questions the interviewee felt the options were prompt-like (rather than a set of 'given' options from which to select), the semi-structured questionnaire was tested with a pilot sample of senior marketing managers: Alberto Siena (Swiss-Medical, Argentina), Ronaldo Spina (Multicanal, Argentina) and Rodrigo Silva Nieto (Telefónica, Argentina). Appendix 2 shows the semi-structured questionnaire.

- *Standard questionnaires* are employed when the aim is to produce quantitative data. The CMP standardised questionnaire was replicated to classify the type of Marketing Practices that BIMBO and Microsoft were conducting. Adopting the CMP questionnaire allowed benchmarking the responses with the Argentine-CMP database. Chapter 5, Section 5.4.2.3 discusses the CMP operationalisation. A full discussion of how the CMP questionnaire has been developed and refined can be found in Coviello et al (1997, 2002). Appendix 3 shows the standardised questionnaire.

- Documentation: memoranda, administrative documents -reports, internal records-, newspaper articles, etc. The researcher need to be aware that these were written with a specific audience in mind (not the researcher) (Yin 2003).

In both case studies (BIMBO and Microsoft), the researcher was permitted full access to all confidential documentation with regards to the BOP pilot programs. The fact that these were written for internal use (rather than for the researcher) is seen as a benefit as it provided access to the organisation's criteria, foci, analytical devices, sources, etc. In this thesis, documentation was used to triangulate data from the in-depth interviews (in relation to the organisation's FoR) and from the semi-structured questionnaires (in relation to the organisation's CE). Appendix 4 and Appendix 5 list all the documents accessed in each case.

3.4. Interviewees. Managerial tasks are typically grouped within three distinct levels: institutional, managerial and technical (Ireland et al 1987). Thus, managers at different levels focus on different indicators and view the external environment differently. Hambrick and Mason (1984) argue in favour of emphasising the role of the organisation's dominant coalition -the top management- in determining why organisations act in a particular way. Organisational outcomes are viewed as reflections of the values and cognitive bases of powerful actors in the organisation. This position is consistent with the thesis' focus on frame rather than schema (Chapter 2, Section 2.4).

Both Microsoft and BIMBO had developed very sophisticated one-year BOP pilot programs with dedicated staff working on them. In the case of Microsoft, three countries were selected for study: Argentina, Thailand and Turkey. There was an overall coordinator and one person per country who was assigned as Project Leader. These managers had been head-hunted specifically for this project at a global level by the same agency³². They were supposed to be as similar as possible. The Argentine Project Leader was promoted to Microsoft's US headquarters at the end of the test period to lead the program at a global level. This was 'unexpected' as the natural candidate for that position was the overall coordinator. This promotion is a clear reflection that the Argentine manager was doing things "the Microsoft way". In this case, interviews were conducted exclusively with this manager (as it was a one-person team) and triangulated with the documentation.

In the BIMBO case, the headquarters for Latin-America is in Buenos Aires and it was the headquarters' responsibility to conduct the pilot program. Interviews were conducted with the project leader and the other two members of the project team, as well as triangulated with the documentation.

3.5. Triangulation. Triangulation is the term given to the rationale for using multiple sources of evidence. The main advantage of triangulation is to increase the quality of the research (Section 6.4.6). Yin (2003, p. 99) identifies four types of triangulation:

- *Data triangulation* refers to collecting data from multiple sources to reduce potential problems of construct validity, objectivity or confirmability. When possible, more than one person was interviewed following essentially the same interview structure. In both case studies, documentation was analysed to allow for data triangulation.
- *Investigator triangulation* involves using two or more researchers with different backgrounds to avoid any researcher biases. In these case studies, a second researcher was employed to separately codify the two case studies. This second researcher worked from a grounded research approach (Strauss and Corbin 1997). She had no literature background on FoR, CE or MP. She had not been told of the research question and was asked to elicit constructs

³² The same person interviewed and selected the Project Leader in each of the three countries

describing how the organisations made decisions based on the transcriptions of the interviews.

- *Theory triangulation* means using different perspectives and theories to interpret the data (Lewis and Grimes 1999). Pragmatic pluralism allows respecting, adopting and integrating the perspectives of each of the disciplines upon which this thesis has built.
- *Methodological triangulation* implies using multiple methods to gather data. The mixed method design adopted in the thesis allows gathering and combining both qualitative and quantitative data.

APPENDIX 2:
CONCEPTUALISATION OF THE ENVIRONMENT
SEMI-STRUCTURED QUESTIONNAIRE

D.- The following statements:

	Describes us fully			Doesn't describe us		N/A
	1	2	3	4	5	
D.1.1.- The <u>environment</u> we operate in is <u>difficult to know</u> and <u>we</u> can only adapt to it as changes in it occur.						
D.1.2.- The <u>environment</u> we operate in is <u>difficult to know</u> and <u>we</u> must, through trial and error, define strategies that best respond to it.						
D.1.3.- The <u>environment</u> we operate in is <u>analysable</u> and <u>we</u> , through our proceedings and sources of information, follow the changes and adapt.						
D.1.4.- The <u>environment</u> we operate in is <u>dynamic</u> and <u>we</u> must permanently keep track of them in order to anticipate them.						
D.1.5 The <u>environment</u> we operate in is and <u>we</u>						
D.2.1.- The firm <u>creates value</u> by producing goods /services of a satisfactory quality/ price so that customers choose the proposed offer and allows the firm to be profitable.						
D.2.2.- The firm <u>creates value</u> by working with its customers and other actors (i.e. suppliers) in order to produce goods / services of a satisfactory quality/ price so that customers choose the proposed offer and allows the firm to be profitable.						
D.3.1.- In <u>our firm</u> the different areas work <u>autonomously</u> in order to produce goods and services.						
D.3.2.- In <u>our firm</u> the different areas <u>integrate their activities</u> in order to produce goods and services.						
D.3.3.- In <u>our firm</u> the different areas <u>integrate their activities and work with customers and suppliers</u> in order to produce goods and services.						
D.3.4. In <u>our firm</u> in order to produce goods and services.						
D.4.1.- <u>Our relationship with our stakeholders</u> (customers suppliers, etc.) is formal and impersonal.						
D.4.2.- <u>Our relationship with our stakeholders</u> (customers suppliers, etc.) is informal and personal						
D.4.3.- <u>Our relationship with our stakeholders</u> (customers suppliers, etc.) is						

	Describes us fully					Doesn't describe us	N/A
D.5.1.- We regularly <u>conduct market researches</u> in order to know what our customers desire and decide based on these studies.							
D.5.2.- We regularly <u>perform competitor profiles</u> and decide based on these studies.							
D.5.3.- We regularly <u>monitor the technological changes</u> occurring in our industry and decide based on these studies.							
D.6.1.- When one area finds out something <u>important relative to a customer, competitor, technology</u> it immediately communicates it to the other areas of the firm.							
D.6.2.- We are slow to detect changes <u>relative to a customer, competitor, technology</u> .							

APPENDIX 3:
CMP STANDARDISED QUESTIONNAIRE

SECTION A. ABOUT YOUR ORGANISATION. In this section we ask you for details about <u><i>your organisation</i></u> . By “your organisation” we mean <u><i>the legally constituted entity where you are employed. This may be a division of a larger organisation.</i></u>	
1. What goods/ services does your organisation currently market? (Please tick all those applicable)	
Consumer Packaged Goods (e.g. pet food)	<input type="radio"/>
Consumer Durable Goods (e.g. automobiles)	<input type="radio"/>
Business to Business Industrial Goods (e.g. manufacturing equipment)	<input type="radio"/>
Consumer Services (e.g. retail banking)	<input type="radio"/>
Business to Business Services (e.g. management consulting)	<input type="radio"/>
Not for profit	<input type="radio"/>
Other (please specify) _____	<input type="radio"/>
2. When was your organisation established?	
Less than 2 years ago	<input type="radio"/>
3-5 years ago	<input type="radio"/>
6 – 10 years ago	<input type="radio"/>
11 - 30 years ago	<input type="radio"/>
More than 30 years ago	<input type="radio"/>
3. What proportion of your organisation’s 2002 sales revenue was generated by sales to export markets?	
None	<input type="radio"/>
Less than 10%	<input type="radio"/>
11-25%	<input type="radio"/>
26-50%	<input type="radio"/>
51-79%	<input type="radio"/>
Greater than 80%	<input type="radio"/>
N/A (Information is not available)	<input type="radio"/>
4a. Is your organisation (tick one)	
Totally <i>domestically</i> owned	<input type="radio"/>
Jointly <i>domestically</i> and <i>foreign</i> owned	<input type="radio"/>
Totally <i>foreign</i> owned	<input type="radio"/>
4b. Is your organisation a division/subsidiary of a larger organisation?	
Yes	<input type="radio"/>
No	<input type="radio"/>
5. How many people are currently:	
Employed in the organisation you work for?	_____
And of those, how many are employed in <i>marketing</i> activities (excluding sales)?	_____
How many are employed in <i>sales</i> activities (excluding marketing)?	_____
6a. Please tick the category that best describes the markets your organisation serves:	
Consumer	<input type="radio"/>
Business	<input type="radio"/>
Both	<input type="radio"/>
6b. Please tick the category that best describes your organisation’s line of business (market offer)	
Goods	<input type="radio"/>
Services	<input type="radio"/>
Both	<input type="radio"/>

SECTION B – ABOUT DEFINING YOUR CUSTOMERS

1. Your organisation may focus its marketing activities on a number of ‘customer groups’. Please describe who your organisation’s *PRIMARY* customers are. By “PRIMARY customers” we mean those customers who are the *main focus* of your marketing activities.

2. Your organisation may also direct its marketing activities on a number of ‘customer (or stakeholder) groups’ *other* than your PRIMARY customers. Please describe who your organisation’s *OTHER* customers are.

SECTION C – ABOUT MARKETING PRACTICES WITH YOUR PRIMARY CUSTOMERS

This section now has a number of questions about how marketing is practiced in **your organisation** with your “*PRIMARY customers*”. You may find that some questions, or parts of questions, in this section appear to be similar to each other. This has been deliberate, in the sense that each question and sub-question has been designed to examine a specific and separate aspect of marketing practice. It has not been done to try to “test” you in any way! Remember, there are no right or wrong answers to this questionnaire.

For *each* question, please *read all parts*. Then please answer *all parts* of each question by circling the number on each scale that best corresponds to what *actually happens* in **your organisation**.

IMPORTANT: Please answer the questions in the context of how your organisation deals with its *PRIMARY* customers. For each item, please circle your answer.

1. Our marketing activities are <i>intended</i> to:	Never						Always	N/A
a) attract new customers	1	2	3	4	5	6		
b) retain existing customers	1	2	3	4	5	6		
c) create two-way, technology-enabled dialogue with our customers	1	2	3	4	5	6		
d) develop cooperative relationships with our customers	1	2	3	4	5	6		
e) coordinate activities between ourselves, customers, and other parties in our wider marketing system (e.g. key suppliers, service providers and other organisations with which we interact through our marketing activities)	1	2	3	4	5	6		
2. Our Marketing planning is <i>focused</i> on issues related to:	Never						Always	N/A
a) our product/brand/service offering	1	2	3	4	5	6		
b) customers in our market(s) in addition to our offer	1	2	3	4	5	6		
c) managing IT-enabled relationships with many individual customers	1	2	3	4	5	6		
d) one-to-one relationships with customers in our market(s), or individuals in organisations we deal with	1	2	3	4	5	6		
e) the network of relationships between individuals and organisations in our wider marketing system	1	2	3	4	5	6		
3. When dealing with our market(s), our <i>purpose</i> is to:	Never						Always	N/A
a) generate a profit or other “financial” measure(s) of performance (monetary transactions)	1	2	3	4	5	6		
b) acquire customer information for our database in addition to financial/monetary transactions	1	2	3	4	5	6		
c) create information-generating dialogue with many identified buyers	1	2	3	4	5	6		
d) build a long-term relationship with a specific customer(s)	1	2	3	4	5	6		
e) form relationships with a number of organisations in our market(s) or wider marketing system	1	2	3	4	5	6		
4. Our organisation’s <i>contact</i> with our <i>primary</i> customers is:	Never						Always	N/A
a) arms-length, impersonal with no individualised or personal contact	1	2	3	4	5	6		
b) somewhat personalised (e.g. by direct mail)	1	2	3	4	5	6		
c) interactive via technology such as the Internet	1	2	3	4	5	6		
d) interpersonal (e.g. involving one-to-one interaction between people)	1	2	3	4	5	6		
e) from impersonal to interpersonal across firms in the broader network	1	2	3	4	5	6		

5. The type of relationship with our customers is characterised as:	Never						Always						N/A
a) transactions that are <u>discrete</u> or one-off	1	2	3	4	5	6							
b) contact (e.g. by direct mail) that is <u>occasional</u>	1	2	3	4	5	6							
c) technology-based interactivity that is ongoing and <u>real-time</u>	1	2	3	4	5	6							
d) interpersonal interaction that is <u>ongoing</u>	1	2	3	4	5	6							
e) contact with people in our organisation and wider marketing system that is <u>ongoing</u>	1	2	3	4	5	6							
6. Our marketing resources (i.e. people, time and money) are invested in:	Never						Always						N/A
a) product, promotion, price, and distribution activities (or some combination of these)	1	2	3	4	5	6							
b) database technology to improve communication with our customers	1	2	3	4	5	6							
c) operational assets (IT, website, logistics) and functional systems integration (e.g. marketing with IT)	1	2	3	4	5	6							
d) establishing and building personal relationships with individual customers	1	2	3	4	5	6							
e) developing our organisation's network relationships within our market(s) or wider marketing system	1	2	3	4	5	6							
7. In our organisation, marketing activities are carried out by:	Never						Always						N/A
a) functional marketers (e.g. product/marketing manager, sales manager, major account manager)	1	2	3	4	5	6							
b) specialist marketers (e.g. customer service manager, loyalty manager)	1	2	3	4	5	6							
c) marketing specialists with technology specialists, and possibly senior managers	1	2	3	4	5	6							
d) many employees (across functions and levels)	1	2	3	4	5	6							
e) the Managing Director or CEO	1	2	3	4	5	6							
8. Our marketing communication involves:	Never						Always						N/A
a) our organisation communicating <u>to</u> the mass market	1	2	3	4	5	6							
b) our organisation targeting a specifically identified segment(s) or customer(s)	1	2	3	4	5	6							
c) our organisation using technology to communicate <u>with</u> and possibly <u>among</u> many individual customers	1	2	3	4	5	6							
d) individuals at various levels in our organisation personally interacting <u>with</u> their individual customers	1	2	3	4	5	6							
e) senior managers networking <u>with</u> other managers from a variety of organisations in our market(s) or wider marketing system	1	2	3	4	5	6							
9. When people from our organisation meet with our primary customers, it is:	Never						Always						N/A
a) mainly at a formal, business level	1	2	3	4	5	6							
b) mainly at a formal level, yet personalised via database technologies	1	2	3	4	5	6							
c) mainly at a formal level, yet customised and/or personalised via interactive technologies	1	2	3	4	5	6							
d) at both a formal business level and informal social level on a one-to-one basis	1	2	3	4	5	6							
e) at both a formal business level and informal social level in a wider organisational system/network	1	2	3	4	5	6							
10. Overall, our organisation's general approach to our primary customers involves:	Never						Always						N/A
a) managing the marketing mix to attract and satisfy customers in a broad market or specific segment.	1	2	3	4	5	6							
b) using database tools to target and retain customers in a specific segment or micro-segment of the market	1	2	3	4	5	6							
c) using the Internet and other interactive technologies to create/mediate dialogue between our firm and our customers	1	2	3	4	5	6							
d) developing personal interactions between employees and individual customers	1	2	3	4	5	6							
e) positioning the firm in a wider organisational system/network	1	2	3	4	5	6							

APPENDIX 4:
BIMBO DOCUMENTS USED IN THE CASE ANALYSIS

Doc.	Title	Date	Source
Doc A	Market Development, Bottom of Pyramid	27/04/2005	Internal document
Doc B	Penetrating the Bottom of the Pyramid Profitably and Significantly	27/08/2005	Internal document
Doc C	Project Management Office (PMO)	27/04/2005	Internal document
Doc # 1-A	Creating Values for Emerging Consumers in Retailing	2002	The Coca-Cola Retailing Council Latin America Research, by Booz-Allen Hamilton
Doc # 1-B	Creating Value for Emerging Consumers	November 2003	D'Andrea, Stengel and Goebel-Krstelj. <i>Harvard Business Review, América Latina</i>
Doc # 2	Consumer in Latin America and Distribution Channels	Year 10. Edition 43. December 2004	AC Nielsen
Doc # 3	Crisis, Social Movements and Company Strategy for a Widened Base Society. Argentina 80/20	November 2002	D'Andrea and Zerboni in collaboration with CCR Group. IAE Universidad Austral
Doc # 4	2005 Consumer	2005	AC Nielsen
Doc # 5	An Integrated Vision of the Latin-American Consumer	2005	AC Nielsen
Doc # 6	Innovating Around Obstacles	November - December 2003	Sull, Ruelas-Gossi, and Escobari. Harvard Business School Publishing
Doc # 7	Low Income Consumer	January-May 2005	Latin Panel
Doc # 8	Socioeconomic Levels by Regions	2004	Latin Panel
Doc # 9	Habits of Consumption of 'Pan de Molde'	24/11/2003	IFOP ASECOM Latin America, Buenos Aires
Doc # 10	Economic Development in Argentina 2004/2005	2005	Ricardo H. Arriazu & Asoc.
Doc # 11	Index of Socioeconomic Levels 2002	2002	CCMA & Asociación Argentina de Marketing
Doc # 12	INDEC (Permanent Home Survey)	2004	Argentine National Government

APPENDIX 5:
MICROSOFT DOCUMENTS USED IN THE CASE ANALYSIS

Doc.	Title	Date	Source
Doc # 1	Argentina Prepaid Model	Dec 2004	Internal document
Doc # 2	Template for the Pre-paid Hotmail	2004	Internal document
Doc # 3	Nobody's Unpredictable Argentineans and Hotmail	Jan 2004	IPSOS Novaction
Doc # 4	Nobody's Unpredictable Argentinean Households	Jan 2004	IPSOS Novaction
Doc # 5	Qualitative Study of Argentinean Potential Distributors	Nov 2003	IPSOS Novaction
Doc # 6	Nobody's Unpredictable	Jan 2004	IPSOS Novaction
Doc # 7	MSN scorecard	2004	Internal document
Doc # 8	Make Microsoft Irresistible to the Next Billion Internet Users	10/27/2003	Internal document

APPENDIX 6:

THE BRANDGYM COMPANY: THE INNOVATION METHODOLOGY

The Innovation Methodology helps BIMBO establish a systematic process that facilitates decision-making. This methodology is a top-down regional initiative that covers four stages and lasts between six and nine months, at the end of which creative solutions for the core problem are identified.

The first stage is the **definition of objectives**. In this stage, it is critical to have approval from top management and all regional managers who will be involved in the specific decision (in the BOP project: launching a product for the BOP).

The second stage, **insights**³³, is divided into three sub-stages: **research**, **workshops** and **validation**. The research involves all the qualitative market research (shopper, observations, etc.) and quantitative studies. Then, during the workshop, all those involved in the process (about twenty people) work on the results of the market research plus the implicit know-how that the company and other external references have. After that, ten insights are identified and the group divides itself into smaller teams. Each team works, in-depth on a specific insight (i.e. food and nutrition). From these insights they develop working platforms. Then, they validate through market research (focus groups) that the insights and working platforms are correct.

The third step is **ideation**³⁴. At this stage, a second workshop is organised and they start working on the implications of the platforms. In order to elicit ideas, they use different creative techniques (i.e. brain mapping, dramatising, etc.). After this second workshop, they go to the field again and verify that these ideas have a good reception with the target audience.

Finally, the last stage is the **funnel**. At this point they become quite operative. Manufacturing, finance, marketing are all very active trying to see if a specific idea can be brought successfully to the market place.

³³ *Insight* is term used by the Innovation Methodology. DK described an insight as a concept that synthesises a situation.

³⁴ *Ideation* is a term adopted by the consultancy firm. It symbolises the passage from an insight to a product/service concept.

APPENDIX 7:
BIMBO APPROVAL LETTER (EMAIL)

From: Fernando Aldunate Perrone [mailto:falduper@grupoBIMBO.com]
Sent: Miércoles, 16 de Noviembre de 2005 04:28 p.m.
To: jaquie@mail.retina.ar
Subject: devolución del case

Jaquie

leí atentamente el case, al respecto te comento:

Considero que la descripción es muy precisa y detalla claramente como fue el proceso de toma de decisiones.

Encuentro que el tema innovación tiene un rol central en la historia, es correcto.

Le daría más crédito a la Universidad Torcuato di Tella, a tu persona

Detalles: en "Structure": OLA is responsible in six Latin América operations...in six countries; en la pag 5, la consultora de market research es Helena Holguín (HH).

Finalmente, me encantaría conocer tu análisis respecto del case, pls no dudes en compartirlo conmigo.

Gracias!!!

Diego
Diego Aldunate
Gerente de Trade Marketing OLA
Grupo BIMBO
Tel: 5777-5443

TRANSLATION

Jaquie

I carefully read the case, and these are my comments:

I consider the description to be very precise and a clear description of the decision-making process.

I find that the topic of innovation [workshop] is central to the story and it is correct.

I would give more credit to the Universidad Torcuato Di Tella and to yourself.

Details: the structure of OLA is responsible for six Latin-American countries, on pp 5, the marketing research consultant is Helena Holguin (HH).

Finally, I would love to have access to your analysis with regards to the case, pls don't doubt in sharing it with me.

Thanks!

Diego

APPENDIX 8:

MICROSOFT APPROVAL LETTER (EMAIL)

From: Diego Sartorio [mailto:diegosar@microsoft.com]
Sent: Viernes, 20 de Mayo de 2005 03:06 p.m.
To: Jaqueline Pels
Subject: RE: microsoft case

Aca esta.

Veo que encontraste el centro de la cuestión en el proceso. La historia es tal cual. Allí rehago algunos comentarios sobre algunos matices. Por otro lado no deberían figurar algunas cosas que son demasiado detalle y si lo agarra uno involucrado me cocina. Por ejemplo cambien nombres. Y también no habría que nombrar a algunas empresas como las turcas. No tengo autorización para ello.

Ver archivo que te devuelvo

Fuera de esto podemos seguir adelante.

Muy buen trabajo

Saludos
Diego Sartorio
Business Development Manager
MSN
Microsoft Corp.
Bouchard 710 4to
Buenos Aires
Argentina
Tel: + 54 11 6777-0630
Fax: + 54 11 4316-1900

TRANSLATION

Here it is,

I see you found the centre (core) of the issue in this process. The story is just as you describe it. I have made some marginal comments [on the text he sent me]. On the other hand, some aspects that are too details should not be included, and if someone involved sees them, I'm fried. For instance, I changed some names. Also, you shouldn't name some of the Turkish firms; I don't have authorisation for that.

See the attached file.

Besides these issues, let's move forward.

Very good job.

Best Regards

Diego Sartorio

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