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Crafting a Dual- Market Strategy

-A case study of
Burberry

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Abstract

In today's competitive environment, companies compete for the same customers. Therefore, it is important to be able to satisfy the ever changing needs of customers. Companies can satisfy customer demand by learning about the customer and by alternating offerings in accordance to changing needs. These are actions undertaken by market driven companies. Alternatively, market driving companies satisfy customer demand by being creative and by focusing on customers' future needs, an action which implies educating customers. However, there are also companies which pursue both of these strategies simultaneously. The purpose of this dissertation is to examine how companies implement a dual-market strategy, and how the strategy is incorporated into the business. Based on literature on closely related research fields, a framework is developed. This framework suggests that certain components influence a dual-market strategy.

A study is conducted on the luxury fashion company Burberry. Through semi-structured interviews with employees at Burberry, this study investigates how the company's use of a dual-market strategy affects the organisational culture and vision. The results indicate that the phenomenon of duality is noticeable in the company's culture and vision.

Due to the lack of research on a dual-market strategy, this study attempts to provide a deeper understanding of the phenomenon of duality. Companies can use the conclusions drawn from this study, as guidelines for how to pursue a dual-market strategy. However, more research is necessary before any generalisations can be made.

Keywords: Market driven, Market driving, Dual-market strategy, Burberry, organisational culture, vision

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1. Introduction

This chapter includes the background, purpose, problem, research question, and theoretical limitations. In the final part of this chapter, an outline of the dissertation is provided.

1.1 Background

Marketing is a term that is associated with the actions of selling and advertising (Kotler & Armstrong, 2004). However, this statement is not completely correct as these activities are only two of several marketing functions. Grönroos (1990) suggests that other marketing activities include channel management, packaging, pricing, and promotion (as cited in Jones *et al.*, 2008). Instead, the concept can be described as a way of satisfying customer needs (Kotler & Armstrong, 2004; Helgesen *et al.*, 2009). If a marketer understands consumer needs correctly, a company will be able to produce products/services with superior value to the customer.

Kotler and Armstrong (2004) discuss two different marketing approaches, a product-oriented and a market-oriented approach. The former, focuses on the actual product and the belief that high-quality products at affordable prices lead to sales and profit. On the contrary, Slater and Narver (1994) describe a market-oriented strategy as a business culture concentrated on creating customer satisfaction (cited in McNaughton *et al.*, 2002). Kotler and Armstrong (2004) claim that companies need to move away from a product-oriented approach, and understand the importance of basic market needs. An example of a successful company which pursues a market-oriented strategy is the British fashion company Burberry.

Since the early 1990's, a significant amount of research has been undertaken on market orientation. The concept can be defined in a number of different ways (see Stoelhorst & van Raaij, 2004). Jaworski *et al.* (2000) claim that learning about market change and adapting offers to a continuously changing market structure, is the general explanation of market orientation. Moreover, when researchers began discussing market orientation, they referred to a market driven strategy which enables companies to learn about the market.

However, in recent years researchers have discovered that companies need to be proactive and show their customers what they want (Carrillat *et al.*, 2004). As a result, there has been a paradigm shift in the sense that researchers have moved away from the classical market driven approach, to focus on a market driving approach. Therefore, researchers now claim that market orientation can be divided into two approaches, a market driven and a market driving approach (*ibid*).

A market driven strategy focuses on understanding the market. Therefore, market driven companies need the organisational capabilities to learn rapidly about the market and act on that information (Tuominen *et al.*, 2004). These companies understand their customers, and react to their changing needs by being market driven (Jaworski *et al.*, 2000). In addition, Kumar *et al.* (2000, p.129) suggest that “success starts with careful market research, investigating the customers’ needs, and developing differentiated products or services for a well-designed segment”. However, the decision to focus solely on a market driven strategy does not come without limitations. Carrillat *et al.* (2004, p.2) state that:

Every actor in the market follows a market driven strategy and every firm adapts to competitors’ strategic moves and stays aligned with consumers requirements, then no actor will be able to offer a value proposition superior to the competition.

Consequently, no actor will gain a sustainable competitive advantage by solely pursuing a market driven strategy; thus, the objective of the approach is lost. Therefore, market driven companies need to acknowledge a strategy which is proactive, as opposed to a reactive market driven approach (Harris & Cai, 2002).

In contrast to a market driven approach, there are companies which gain a sustainable competitive advantage in a slightly different way; these companies tend not to allow customer demand to decide what products/services they are going to offer. The aforementioned feature is typical of a company which is pursuing a market driving strategy (Jaworski *et al.*, 2000; Kumar *et al.*, 2000; Tuominen *et al.*, 2004). These companies must educate consumers as to what they will subsequently need. Thus, a successful market driving company seizes the opportunity to fill latent, unmet needs, and provide the customer with something that he/she did not need originally (Kumar *et*

al., 2000). However, in a similar way to the market driven approach, Jaworski *et al.* (2000) suggest that a market driving approach has limitations.

A market driving strategy needs to be complemented by a market driven strategy, as companies need to protect their existing profit-generating business, while at the same time plan for future business (*ibid*). Thus, companies need to adapt to customer demand and not solely focus on innovation, future trends and technology. Therefore, Abell (1993) suggests that companies should adopt a so called “dual-strategy” in order to protect profit-making technology and simultaneously attempt to focus on the future of the business (cited in Jaworski *et al.*, 2000). However, some researchers suggest that a market driven strategy suppresses innovation (Martín-Consuegra *et al.*, 2008). As a result, one could ask oneself if a market driven strategy thwarts a market driving strategy, when they are used simultaneously.

1.2 Problem

As previously mentioned, prior research has shown that a market driving company needs a complementary strategy in order to thrive. Thus, market driving and market driven are complementary strategies, and not substitutes (Jaworski *et al.* 2000; Tarnovskaya *et al.*, 2008). Researchers have focused their attention either on exploring one of the aforementioned strategies or comparing the strategies, but there is a lack of research on how companies balance the use of these two different strategies (Tarnovskaya *et al.*, 2008).

A case study of De Beers in China suggests one way to implement a dual-market strategy. De Beers focuses on a market driving strategy but also supports a market driven strategy (Harris & Cai, 2002). However, whereas Jaworski *et al.* (2000) focus on the complementary nature of market orientation, the case study of De Beers (Harris & Cai, 2002) proposes that market driving and market driven are simultaneous but ultimately sequential strategies. As previously mentioned, researchers do not agree on how the dual-market strategy can be used. Therefore, this dissertation will attempt to straighten out the ambiguity of the use of a dual strategy, by examining how a company incorporates a dual-market strategy into the business.

1.3 Purpose

The focal point of this dissertation is to gain a deeper understanding of a dual-market strategy. Research in this field of study is focused on the use of a market driven or a market driving strategy (Jaworski *et al.*, 2000; Carrillat *et al.*, 2004). As there is lack of research on the use of a dual-market strategy, this dissertation will try to fill this gap. As a result, the purpose of this dissertation is to explore how a dual-market strategy is incorporated into a business. In order to explain how this strategy is incorporated into the business, a framework will be developed.

1.4 Research Question

This dissertation aims to explore how a dual-market strategy is incorporated into a business. Hence, the research question is:

How does the use of a dual-market strategy influence the business?

1.5 Theoretical Limitations

The theories used in this dissertation are limited to two well-established theories on market driven strategies and market driving strategies. However, due to the lack of research on the duality of these two strategies, theories on organisational strategy have been connected to this research field. The origin of the scholars is quite diverse.

The research in this study is limited to investigating how a company implements a dual-market strategy, and how the strategy is incorporated into the business. This study will not focus on how a dual-market strategy arises, nor will it investigate why companies decide to pursue a dual-market strategy. Moreover, it will not examine the outcome of a dual-market strategy.

1.6 Outline

This dissertation comprises six chapters. The first chapter introduces the research field, research problem, purpose and research question, as well as the theoretical limitations of this dissertation. Chapter two consists of the research philosophy, research approach, choice of theory and choice of methodology.

The literature is reviewed in the third chapter. Moreover, chapter three ends with the development of propositions. In chapter four, the reader is introduced to the research design, data collection, sample selection and operationalisation of components. Chapter five contains the empirical findings which are analysed and discussed. The final chapter consists of a summary of the dissertation, followed by conclusions, practical implications and suggestions for future research.

2. Research Method

In this chapter, the choices available in methodology are presented. It includes choice of research philosophy and research approach, choice of theory, and choice of methodology. The purpose of this chapter is to explain the method used in this research.

2.1 Introduction

Saunders, Lewis and Thornhill (2009) use the so-called “Research Onion” to explain the specific order of the research process. The idea of this model is to compare the research process with the way that an onion is composed; it consists of several layers and all of these have to be peeled off in order to reach the centre of the onion. The outer layer represents the different research philosophies that can be applied in order to interpret information. The second layer consists of research approaches, followed by three layers that introduce research strategies, research choices, and time horizons. Finally, the centre of the onion deals with data collection and data analysis. A similar process will be used throughout the creation of this dissertation.

2.2 Research Philosophy

The term research philosophy involves the development of knowledge and the way that knowledge is interpreted (Saunders *et al.*, 2009). This definition explains the necessity of having a clear research philosophy when conducting research, as it allows the researcher to make assumptions on how to view the world.

The most commonly used research philosophies are positivism, realism, interpretivism and pragmatism (Saunders *et al.*, 2009). The first philosophy, positivism, is suitable for someone who believes that research should be observable in order to be reliable. Moreover, the ultimate goal with a positivistic philosophy is to be able to make law-like generalisations. Within this philosophy, researchers tend to use existing theories to develop hypotheses (*ibid*). The central idea of realism is that our senses show us the true reality. The third research philosophy, interpretivism, focuses on the differences between humans in our role as social actors, and on the importance of acknowledging these differences.

Researchers cannot make generalisations about humans, as the actions and roles of individuals are highly differentiated (*ibid*). The final philosophy, pragmatism, enables the researcher to adopt a mixture of the aforementioned philosophies, as the belief is that it is unrealistic to solely focus on one philosophy.

This dissertation will adopt a pragmatic research philosophy as propositions will be constructed based on existing literature. Due to the choice of collecting non-numerical data, concepts will then be operationalised so that they can be analysed (*ibid*). However, interpretation of how the respondents answer questions will be used to create a more thorough analysis of the data. Therefore, facts will be gathered through interviews. Based on the interviews, assumptions of behaviour and meaning will be developed.

2.3 Research Approach

After having chosen the appropriate research philosophy for the research, the researcher decides which research approach to adopt. The second layer of the research onion consists of two research approaches: the Deductive and Inductive approach (Saunders *et al.*, 2009). The deductive approach uses literature and theories to develop new theories and hypotheses. Researchers, who use the deductive approach, create a research strategy that commences with the reading of theories on the subject. Based on these theories, the researcher develops one of several hypotheses that are then tested and analysed. The analysis of findings either confirms or rejects the stated hypotheses, which leads to reformulation of the theories (*ibid*). In contrast, the inductive approach begins with data collection. The researcher analyses the collated data and formulates theories based on the result of the data analysis (*ibid*).

In this dissertation, the deductive approach will be applied. This dissertation will be based upon a considerable amount of literature in the specific areas of market orientation and organisational strategy. Through the use of theories on closely related areas, a theoretical framework will be developed and tested through a qualitative study. As primary data collection will consist of interviews, concepts will need to be operationalised in a way that facilitates interpretation and analysis (Saunders *et al.*, 2009). However, an inductive approach could have been used due to the lack of research on the chosen subject.

Consequently, data would be collected and analysed so that theories could be developed and related to literature (*ibid*). However, due to a vast amount of closely related theories on market driven and market driving strategies, these theories will be used to develop a framework prior to data collection. Therefore, a deductive approach will be used in this dissertation.

2.4 Choice of Theory

This dissertation aims to examine how companies balance the use of a dual-market strategy, and how they incorporate a dual-market strategy into the business. Due to the fact that there is a limited amount of research on the topic of duality, previous research on market driven and market driving strategies, separately, will be used. The reasoning for this is to gain a deeper understanding of what is necessary for companies to successfully implement a mixture of the two market strategies. Furthermore, research from the field of strategy can be connected to marketing, and thus, theories on strategy will be utilised to explore what factors influence a dual-market strategy.

Initially, the reader will be introduced to two marketing strategies. When combined, market driven and market driving strategies create a dual-market strategy, which enables companies to be reactive and proactive concurrently. The theory of market driven is linked to the exploitation of current knowledge, which originates in the field of organisational strategy. Thereafter, the theory of market driving is linked to exploration of new knowledge, which also stems from organisational strategy. Based on the discussion on market driven and market driving strategies, the concept of dual-market strategies is presented and linked to organisational ambidexterity. Finally, the connection between different characteristics and a dual-market strategy is discussed.

2.5 Choice of Methodology

In business and management research, researchers distinguish between quantitative and qualitative research methods, which are used to collect and analyse data (Saunders *et al.*, 2009). Generally, the quantitative method is utilised for any data collection technique or data analysis procedure which generates numeric data; questionnaires and surveys are examples of quantitative data collection, as the findings are often

summarised in graphs or statistics. Consequently, quantitative data is measurable (*ibid*). Conversely, the term qualitative is used for any data collection technique or data analysis procedure which creates non-numerical data, such as words, pictures or video clips (*ibid*). Interviews and experiments are examples of qualitative methods, which encourage interpretation.

In order to gain a deeper understanding as to how companies incorporate a dual-market strategy into their business, the data will be collected through semi-structured interviews at a chosen company. Interviews are usually conducted when an inductive approach is used (*ibid*). However, a deductive approach can also use interviews as a method of data collection (*ibid*). A quantitative study would enable the researcher to study several companies, which could result in generalisations. However, due to the novelty of the research field, it would be difficult to develop a questionnaire with precise questions that could be used to answer the research question. Therefore, a qualitative study allows for more in-depth information due to the possibility of follow-up questions and more elaborate answers. The interview questions will be based on an interview guide. This guide will consist of general questions so as to prevent misunderstandings. The aim of the questions is to detect how a dual-market strategy is incorporated into the business. However, the interviews will be conducted as conversations, so as to allow for follow-up questions. The aim of the interview guide is to encourage the interviewees to elaborate on their answers and talk freely on a variation of different topics. In conclusion, a qualitative research method will be used to collect data as the aim is not to generalise, but to gain a deeper understanding of a phenomenon which has not yet been wholly explored.

3. Literature Review

This chapter presents the literature and theories on the research topic. Theories on market strategies are discussed, as well as theories on organisational strategy. The chapter ends with the development of propositions for a theoretical model.

3.1 Marketing Strategies

As mentioned by Kohli and Jaworski (1990), market-oriented companies attempt to acquire and evaluate market information in order to understand and develop superior value to customer needs (as cited in Tarnovskaya *et al.*, 2008). Market-oriented companies focus on customer preferences in order to gain a competitive advantage. A substantial number of studies have focused on the relationship between market orientation and company performance. In general, empirical findings produce a positive correlation between the two components, which means that the market orientation improves company performance (McNaughton *et al.*, 2002).

Additionally, market orientation must be seen as an organisation's culture and not as a set of activities separate from the organisation's culture (Narver *et al.*, 1998). All employees in market-oriented companies must be committed to continuously creating superior value for customers. Based on this condition, the central principle of market orientation is that every person within an organisation understands that every individual and function must continuously contribute skills and knowledge to creating superior customer value (*ibid*).

In the literature, two strategies of market orientation have been distinguished. A company can be market driven or market driving (Carrillat *et al.*, 2004). The former approach accepts the market structure and/or behaviour of market players as given (*ibid*). As a result, a market driven company reacts to changes in customer demand and does not try to reshape customer preferences (Jaworski *et al.*, 2000). By contrast, market driving companies question whether market driven behaviour is the only way to achieve success. These companies tend to be proactive in order to gain a sustainable competitive advantage (O'Cass & Viet Ngo, 2007).

When market driving strategies are successfully implemented, they have the potential to re-write industry rules and shape the market structure (Kumar *et al.*, 2000).

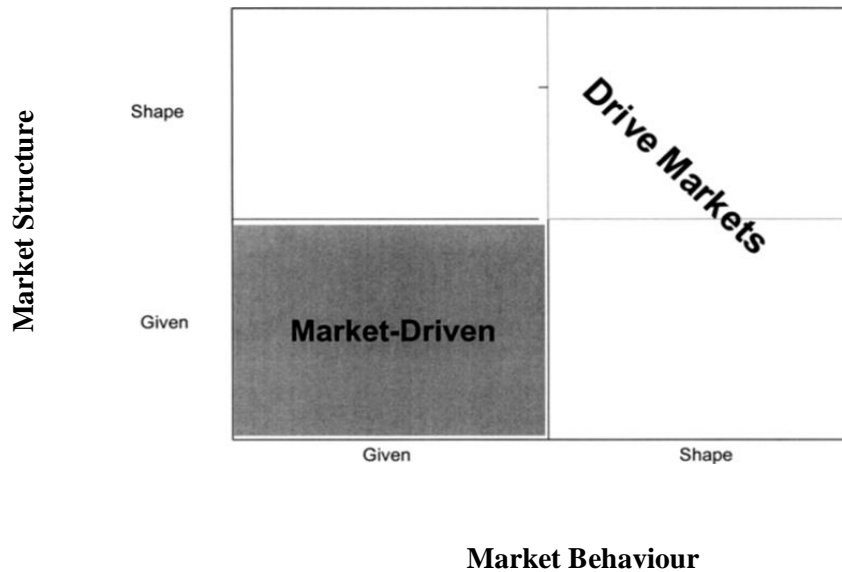


Figure 3.1 Two forms of market orientation
(From: Jaworski *et al.*, Market driven Versus Driving Markets, p.46, 2000)

As can be seen in Figure 3.1, Jaworski *et al.* (2000) suggest that market driven companies always accept the market structure as given. These companies do not try to change customer preferences. Instead, they alternate offerings in accordance to a change in demand (Zahra, 2008). A question one could ask oneself, is what would happen if customer demand forces a market driven company to alter its offerings in such a way that it has to change the market structure? According to Jaworski *et al.* (2000), market driven companies have to accept both the market structure and market behaviour as given. Therefore, if a market driven company needs to change the structure of the market, in order to meet customer demand, the company shifts from being market driven to market driving. However, this model seems to be a simplification of the reality, as there must be more than just two factors influencing the choice of market strategy. The model seems to concentrate on external factors. This suggests that the choice of strategy depends on factors outside the company, and internal factors such as knowledge, experience and assets are not considered in the decision making process. Furthermore, the model does not explain if companies can pursue a market driven and market driving strategy simultaneously.

3.2 Market Driven Strategy – exploitation of routines?

The market driven approach entails listening to customers and adapting offerings according to customer demand (Harris & Cai, 2002). Thus, a market driven company must put the customer first in every aspect of the organisation (Jaworski *et al.*, 2000). Success starts with thorough market research, investigating customer needs and developing products/services that are more valued than those of their competitors (Kumar *et al.*, 2000). Craven and Shipp (1991) identify market awareness, organisational flexibility, strategic vision, and external relationships as important capabilities for a market driven company (cited in Barrett, 2001). Market awareness refers to a company's knowledge of its customers, competitors, and markets (*ibid*). As customer needs are continuously changing, a company needs to be ready to act quickly (Tuominen *et al.*, 2003). Therefore, organisational flexibility is essential in a market driven strategy. Superior customer value is one of the core objectives for market driven companies, and strategic vision encompasses organisational planning to provide customers with a consistently higher value (Barrett, 2001). Finally, external relationships facilitate in aligning all stakeholders towards a common goal (Jaworski *et al.*, 2000).

There are several critical aspects which need to be acknowledged with the use of a market driven strategy. As a market driven strategy accepts the current market structure and conditions, the strategy does not encourage radical innovations, nor alterations in distribution channels (Martín-Consuegra *et al.*, 2008). Even if market driven companies perform thorough market research to better understand customers, these companies are restricted as to what they can do to meet customer needs. These companies accept market structure and behaviour as restrictions when developing new products, and thus are hindered in their attempts to be innovative. As a result, market driven companies may encounter difficulties in the long-term, as development of innovation is critical to the long-term survival of many companies (Sandberg, 2007). The explanation is that innovation acts as a base for the creation of future products/services (McDermott & O'Connor, 2002).

However, due to increased competition within industries, companies need to be able to innovate and predict future changes in customer preferences; they cannot solely produce offerings and expect customers to follow (Antikainen *et al.*, 2010). As a result, companies need to be aware of their customers and what they want. Therefore, a market driven strategy, which focuses on customer preferences, needs to be complemented by another strategy which accentuates innovation.

To conclude the discussion about a market driven strategy, research shows that market driven companies share four common denominators (Vorhies *et al.*, 1999; Kumar *et al.*, 2000; Barrett, 2001): (i) *Market awareness*, (ii) *Organisational flexibility*, (iii) *Strategic vision*, and (iv) *External relationships*.

3.2.1 *Organisational Exploitation*

As mentioned above, a market driven strategy concerns the use of current resources and knowledge to meet customer demand. A theory that could be linked to this discussion of a market driven strategy, is that of organisational exploitation. Exploitation, concerns the use of existing knowledge, systems, and routines. Furthermore, it encompasses choice, efficiency, and implementation (*ibid*). In other words, exploitation of routines from prior knowledge occurs when decisions are made, based on past experience. The advantage of exploitation is that it is associated with an amount of certainty. Thus, it entails low risk for a company. Additionally, research suggests that companies are prone to using existing knowledge, as opposed to seeking new alternatives. Hannah and Freeman (1984) claim that resistance to change occurs due to organisational inertia (as cited in Van Deusen & Mueller, 1999). Despite a resistance to change, research argues that engaging solely in exploitation, results in loss of competitive advantage as innovative competitors gain market share through new opportunities (*ibid*). Therefore, research suggests that exploitation must be complemented by another learning process, in order for a company to remain competitive (March, 1991; Van Deusen & Muelle, 1999).

3.3 Market Driving Strategy – exploration of new situations?

As discussed in 3.1, the second and most recent approach to market orientation is a market driving strategy which allows for proactiveness (Kumar *et al.*, 2000; Harris & Cai, 2002). Proactive behaviour is seen as a way to survive in a changing environment (Sandberg & Hansén, 2004). Companies which pursue a market driving strategy can shape the structure of the market and/or behaviour of market players (Tarnovskaya *et al.*, 2008). More importantly, companies can be more or less market driving, depending on the number of changes made in a market, and the scale of those changes. Therefore, a company which greatly changes the composition of a market, as well as the behaviours of different players, would be classified as having driven the market to a greater extent than another company which causes only minor changes in the structure and behaviour (Jaworski *et al.*, 2000).

Theories on market driving have applied two different perspectives (Tarnovskaya *et al.*, 2008). First, Jaworski *et al.* (2000) concentrate on a company's external factors and the ways that a company can reshape the composition of market players. Secondly, Kumar *et al.* (2000) stress the importance of a company's internal factors (uniqueness of business systems and intra-firm behaviours) and indicate that these factors lead to innovation and change. Despite the opportunities associated with market-driving, innovative companies may need to complement a market-driving strategy with a more reactive strategy, in other parts of the business (Abell, 1993; Sandberg & Hansén, 2004).

3.3.1 External Approach to Market Driving

Jaworski *et al.* (2000) mention three general approaches to shaping the market structure: (i) Constructionist, (ii) Deconstructionist, and (iii) Functional modification. All three approaches concentrate on altering the composition of players in the market and/or the functions performed by them. The aim is to increase customer value through changes in the market structure (*ibid.*).

Firstly, the constructionist approach involves building a new or modified set of players, which changes the market structure (Harris & Cai, 2002). Secondly, the deconstructionist approach eliminates certain players in the industry, for example through vertical integration or mergers. The success of this approach relies on the company being able to fill the gap of the eliminated player (Jaworski *et al.*, 2000). Thirdly, the functional modification approach involves the shifting of functions performed by existing players. Thus, backward and forward integration are examples of this approach (Harris & Cai, 2002).

In addition to the three strategies to alter market structure, Jaworski *et al.* (2000) introduce two methods to shape the behaviour of market participants: Direct and Indirect approaches. The direct method concentrates on altering constraints on customers and/or changing existing constraints on competitors, for example building constraints into the consumer-buying experience by displaying an entire range of products to encourage more buying (Harris & Cai, 2002). By contrast, the indirect method focuses on altering customer preferences and/or affecting competitor preferences, for example introducing new benefits that customers have not previously recognised (*ibid*).

3.3.2 Internal Approach to Market Driving

In contrast to the external approach of Jaworski *et al.* (2000), Kumar *et al.* (2000) introduce a market driving strategy that is focused on internal factors. The internal approach suggests that successful market driving is based on two factors, revolution in value proposition, and implementation of a unique business system. In this context, value proposition refers to the combination of benefits, acquisition efforts, and price offered to customers, whilst business system refers to the activities required to create, produce, and deliver the value proposition to the customer (Kumar *et al.*, 2000). Moreover, Kumar *et al.* (2000) argue that market driving companies are guided by vision, as opposed to customer demand. These companies are determined to surpass customer expectations, and are interested in educating customers in order to increase sales. Furthermore, market driving companies encourage teamwork, creativity, and experimentation (*ibid*).

To conclude the discussion about the external and internal approaches of market driving, Tarnovskaya *et al.* (2008) state four fundamental characteristics that market driving companies need to acknowledge in order to succeed: (i) *A clear vision*, (ii) *Employee behaviour*, (iii) *Revolution of channel structure*, and (iv) *Customer education*. Additionally, Harris and Cai (2002) stress the importance of market sensing and local sensitivity, which are two more characteristics which can be added to the list above. Additionally, they rephrase the revolution of channel structure and claim that it is about channel control through relationship formation. Carrillat *et al.* (2004) stress the importance of organisational culture in pursuing a market driving strategy.

3.3.3 Organisational Exploration

A market driving strategy entails more risk and uncertainty than a market driven approach, as it accentuates the seeking of new ways to meet customer demand (Carrillat *et al.*, 2004). Similarly, the search for new markets, methods, and ideas, has less certain outcomes than further development of existing ones (March, 1991). Exploration occurs when new situations arise. It enables a company to become innovative, experimental and risk-taking (*ibid*). In contrast to exploitation, this strategy is more uncertain, due to the impossibility of predicting the future (Van Deusen & Mueller, 1999). To conclude the discussion of the relationship between market driving and exploration, a proactive market orientation consists of the implication of adaptive learning (Li *et al.*, 2008). Thus, the concept of exploration can be linked to a market driving strategy.

Conversely, Levinthal and March (1993) suggest that exploration strategies are chosen following a bad experience with exploitation of current competences (as cited in Ericson, 2006). Thus, according to Levinthal and March (1993), an exploration strategy is implemented first when an exploitation strategy fails to leverage existing knowledge and routines. Notwithstanding, researchers argue that companies which engage solely in exploration, to the exclusion of exploitation, can suffer from high costs of experimentation with few benefits (March, 1991; Li *et al.*, 2008). These companies present too many undeveloped new ideas and too little knowledge (March, 1991). Therefore, companies need to both explore new knowledge, as well as exploit existing competences (Ericson, 2006; Li *et al.*, 2008). As a result, both exploitation and exploration are essential for companies, but the management needs to set the balance between the two processes (*ibid*).

3.4 Dual-Market Strategy

As argued by Jaworski *et al.* (2000), neither a market driven nor a market driving strategy can be used on its own, as they are complementary, not substitutes. The suggestion of mixed strategies was first introduced in 1993, by Abell. However, Abell (1993) states that the idea of duality was introduced in 1968, in a publication by the Boston Consulting Group. In that publication, the terms of action planning, and planning for strategic change, were used to distinguish between two types of companies.

Abell (1993) suggests that using present capacities, to their fullest advantage, while simultaneously developing new ones for the future, are characteristics for high performers. In order to run a successful business, in this day and age, requires a clear strategy in terms of defining target markets and meeting customer demand with products/services. However, changing a business for the future requires a clear vision and strategy to fulfil objectives (*ibid*). Abell (1993) suggests that the future is the dominant component, in industries which are characterised by rapid or extreme changes. Conversely, in more stable conditions, the present is predominant. Regardless of industry, companies need to acknowledge customer demand and aim to satisfy customers. Although Abell (1993) claims that generalisations cannot be made on how to balance a dual-market strategy, there is a clear lack of research on how a dual-market strategy arises, and how it is incorporated into business activities. Furthermore, Abell's theories on dual-market strategy are difficult to relate to more recent literature on market driven and market driving (see Jaworski *et al.*, 2000; Tarnovskaya *et al.*, 2008; Zahra, 2008). Abell's theories discuss the difference between the present and the future of business. Conversely, market driven and market driving strategies are not described in different time horizons. Instead, these terms are used to discuss different ways to achieve customer satisfaction (Jaworski *et al.*, 2000). Thus, the focal point in the discussions on market driven and market driving is the customer, whereas Abell (1993), focuses on the business and its products/services.

3.4.1 Market Awareness

Abell (1993) stresses the importance of market awareness, as a way to attain a successful dual-market strategy. Many regard market segmentation as a research tool, and believe that it is mainly the responsibility of the marketing department.

In fact, companies need to incorporate it into the entire organisation, so that all employees know how to define the market (Abell, 1993).

Customers have a wide variety of needs. If there is more than one customer, it is rare that they will have the same needs (Geraghty & Torres, 2009). In identifying groups of customers with similar needs, companies are able to target the most profitable group. With this information, companies are aware of their target customers and markets.

Consequently, they can develop products/services, adopt promotional activities, and select advertising media to appeal to the segment of the market whose needs possess the greatest profit potential (*ibid*). In order to describe a segment, three dimensions need to be specified. First, companies need to define the customer groups who buy the products/services. Second, companies need to determine the functions that the product/service performs for the customers. Third, companies need to identify the form that the product/service takes (Abell, 1993). Dibb *et al.* (2002) claim that successful market segmentation leads to a better understanding of customers (as cited in Quinn *et al.*, 2007). Despite a valuable outcome of successful market segmentation, managers frequently fail to create a map of the market and to choose the part of the market in which they wish to operate (Abell, 1993).

Therefore, it is important to note that markets are never stationary, as customers come and go. The management must never become complacent towards reviewing the definition of markets and segments, as it may result in a loss of profit. Instead, companies need to think about future segments and markets (*ibid*). It is also important to incorporate external factors into this process, as other market participants can change market conditions (Jaworski *et al.*, 2000). As a result, companies need to focus on today's business as well as the future business (Abell, 1993).

Companies that master the present have a clear present vision, which changes once the short-term goals have been achieved. What defines these companies is the ability to use current resources and competencies effectively. Furthermore, they succeed in finding and satisfying the target market which best fits the company's resources (Abell, 1993).

This is not a one-off process, but a continuous assessment to seek a better way to satisfy customer needs. This process is about learning; it is about understanding the customer and what he/she wants (*ibid*). Learning about the customer, is one of the characteristics for a market driven strategy and it involves thorough analysis of the gathered information (Cravens *et al.*, 2000).

Companies also need to focus on the future. When planning for future business, it is essential to have a clear vision. However, there are numerous types of vision (Abell, 1993). Companies can have visions of the future organisation, visions of resources and competences required, and visions how to get from one point to the other. Companies then have to transform these visions into plans of action, which consist of a definition of the starting point, a definition of the destination, as well as defined steps in between (*ibid*). This is where the market driving strategy comes in. Companies must be market sensing, albeit innovative, so as to exceed customer expectations. As opposed to mastering the present, the strategy of pre-empting the future involves education of customers. Companies introduce customers to new ideas; therefore, they need to prove to the customer that this idea is of value to him/her (Carrillat *et al.*, 2004).

3.4.2 Organisational Ambidexterity

As concluded above, from the discussions of exploitation and exploration, the two organisational phenomena of exploitation and exploration need to complement each other (March, 1991; Ericson, 2006; Li *et al.*, 2008). Li *et al.* (2008) stress the importance of responding to hyper-competition by exploring new ideas and developing new products/services, while concurrently exploiting existing products/services and leveraging current knowledge. Researchers use ambidexterity to describe the phenomenon of being equally dexterous at exploiting and exploring (Simsek, 2009; Simsek *et al.*, 2009).

Therefore, ambidexterity refers to an organisation's ability to perform two activities at the same time (*ibid*). This statement is further strengthened when examining the literal meaning of ambidexterity. The term, ambidexterity, derives from Latin and translates to correct on both sides (Simsek, 2009).

Volberda (1998) claims that ambidextrous companies separate exploratory activities from exploitative activities by function or unit. Volberda (1998) gives the example of companies which develop new products/services for emerging markets, using discontinuous innovations, and compete in mature market through incremental innovations (as cited in Li *et al.*, 2008). Conversely, Simsek (2009) exemplifies the separation of exploratory and exploitative activities by units, and mentions production units as exploitative, and marketing and sales units as explorative. Nevertheless, Simsek (2009) claims that separate units are linked together by a common strategic purpose, or set of values.

One could ask oneself if Simsek's classification of different units, as either exploratory or exploitative, is correct, as marketing units have various activities and not all of these activities are necessarily explorative. Similarly, production units can perform activities which are not solely explorative. Therefore, Simsek's discussion regarding the separation of exploitative and explorative activities by units is a simplification of reality.

As a result, Simsek (2009) introduces a multi-level model which conceives that organisational ambidexterity is influenced by factors residing at the organisational, interfirm, and environment levels (see figure 3.2). Consequently, organisational ambidexterity influences organisational performance (*ibid*).

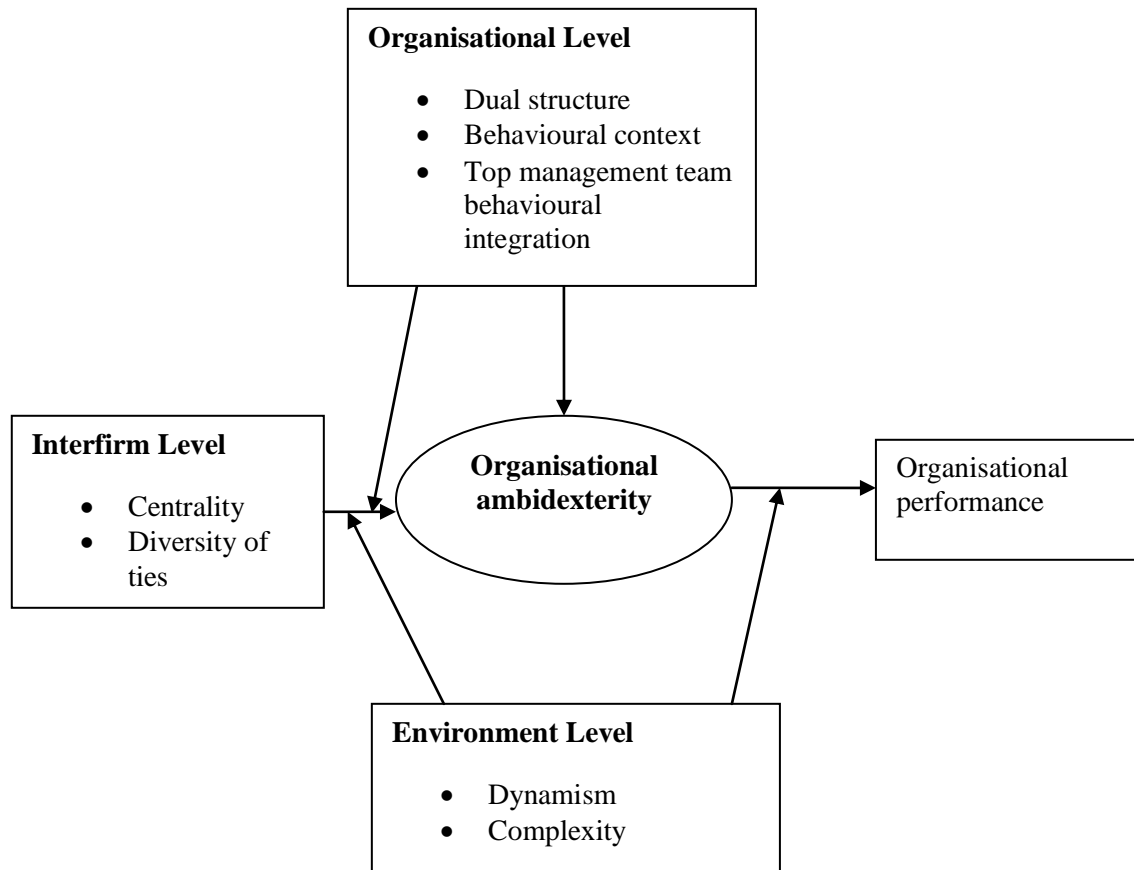


Figure 3.2 A multi-level model of organisational ambidexterity
 (From: Simsek, Organizational Ambidexterity: Towards a Multilevel Understanding, p. 606, 2009)

The first level of the model, organisational level, deals with three antecedents of organisational ambidexterity. First, the idea of dual structures posits that ambidexterity is achieved when different organisational units focus on exploiting and exploring new ideas and knowledge (*ibid*). Second, behavioural context applies to organisations in which managers encourage their staff to use their own judgement on dividing their time between exploitation and exploration. This context demands trust and discipline (*ibid*). Third, top management team behavioural integration enables managers to exchange knowledge, resolve conflicts, and create a common set of perceptions, which can be integrated and acted upon to facilitate ambidexterity (*ibid*).

The second level, interfirm level, stresses the importance of a superior structural position within the network and diverse network ties (Simsek, 2009). Researchers have recognised the notion of being centrally positioned in a network, as of particular importance to achieve ambidexterity; thus, the model considers centrality as a factor which influences organisational ambidexterity (*ibid*). Moreover, Powell *et al.* (1996) suggest that diverse network ties influence an organisation's ambidexterity (as cited in Simsek, 2009). An organisation which spreads its network connections across multiple industries has higher network diversity than an organisation which focuses on connections within only a few industries. Organisations with high network diversity benefit from the opportunity to consider multiple perspectives for problem-solving (*ibid*). Furthermore, Ahuja and Lampert (2001) suggest that diverse network ties can assist organisations in overcoming a tendency to favour the familiar over the unfamiliar, as greater diversity enables organisations to obtain more information (as cited in Simsek, 2009). However, research shows that great network diversity could lead to increased costs of integrating new knowledge, and could create difficulty in managing numerous alliances (Simsek, 2009).

Finally, the environment level deals with dynamism and complexity. Dess and Beard (1984) refer to dynamism as the rate of change or the unpredictability of change, in an organisation's environment (as cited in Simsek, 2009). Eisenhardt and Bourgeois (1988) describe a highly dynamic environment as rapid with discontinuous change which causes information to become inaccurate, or even obsolete (as cited in Simsek, 2009). Therefore, dynamic environments demand adaptation and flexibility (*ibid*).

Similarly, complexity refers to the difference of environmental elements and the extent to which they are connected (*ibid*). For example, a highly competitive industry, with numerous distribution channels, is complex and poses demands on organisations, compared to a more simple and homogenous environment (*ibid*). As a result, network centrality and diversity could lead to greater ambidexterity in complex, opposed to simple environments, as centrality and diversity enhance organisations' ability to develop ambidextrous responses to environmental changes (*ibid*).

To conclude this discussion, Jansen *et al.* (2005) propose that organisations will experience enhanced performance, if they manage to successfully pursue organisational ambidexterity in a dynamic environment (as cited in Simsek, 2009).

In the discussion above, it is assumed that organisational ambidexterity is always simultaneous and units are seen as separate entities held together by a common set of values (Simsek, 2009). However, Simsek *et al.* (2009) identify a temporal dimension and a structural dimension of ambidexterity. The former dimension can be either simultaneous or sequential, whilst the latter, deals with independency and interdependency amongst different units (*ibid*). Based on these two dimensions, Simsek *et al.* (2009) have created a typology of four types of ambidexterity: Harmonic, Cyclical, Partitional, and Reciprocal ambidexterity (see Figure 3.3).

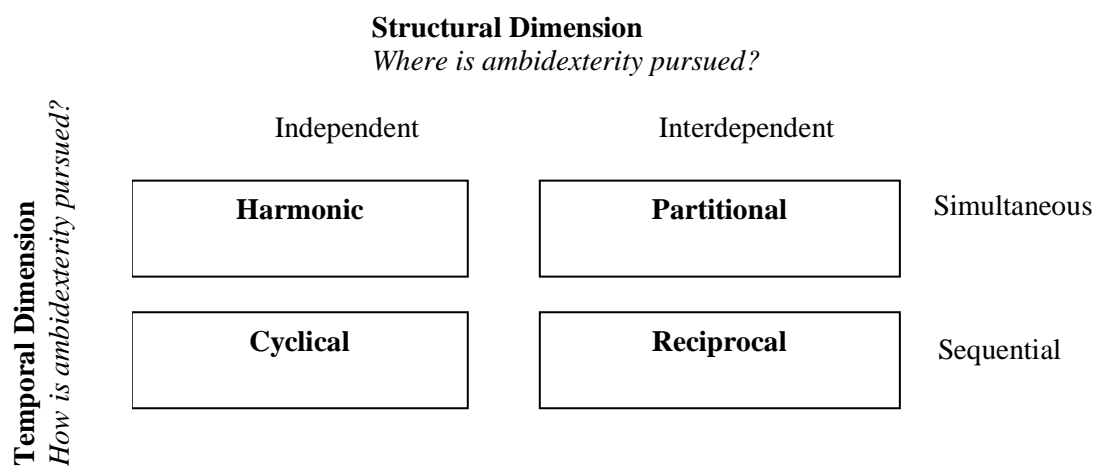


Figure 3.3 A typology of organisational ambidexterity
(From: Simsek *et al.*, A Typology for Aligning Organizational Ambidexterity's Conceptualizations, Antecedents, and Outcomes, p. 868, 2009)

Firstly, harmonic ambidexterity is implemented when a single organisational unit simultaneously pursues exploitation and exploration strategies. As both strategies are competing for the same resources, conflicts and inconsistencies can occur (Simsek *et al.*, 2009). As discussed above, behavioural context demands employees to make judgements on how to divide their time between exploitation and exploration (Simsek, 2009). Therefore, harmonic ambidexterity is based on behavioural context as it encourages individuals to take initiatives (Simsek *et al.*, 2009).

Secondly, cyclical ambidexterity also occurs within independent units. However, organisations engage in periods of exploitation, which are followed by sporadic episodes of exploration (*ibid*). In this strategy, ambidexterity is achieved by sequential use of exploitation and exploration. Thus, resources are not divided between the strategies. Instead, all resources are focused on one strategy at the time (*ibid*). Research suggests that cyclical ambidexterity primarily occurs within highly technologically-oriented businesses. These businesses are proactive in developing new technologies, and use sophisticated technologies in the development of new products (*ibid*).

Thirdly, partitional ambidexterity is achieved through dual structure (*ibid*). Organisations create structurally independent units which have their own strategies, cultures and incentive systems (Benner and Tushman, 2003). While each unit operates independently, all units are organisationally interdependent in order to achieve ambidexterity. O'Reilly and Tushman (2007) state that units are linked together through a shared vision or management team integration (Simsek *et al.*, 2009). Tushman *et al.* (2004) claim that companies, which aim to achieve partitional ambidexterity, are successful in launching breakthrough products/services and in ensuring the continuous high performance of existing products/services (as cited in Simsek *et al.*, 2009).

Finally, the fourth type of ambidexterity, reciprocal, involves sequential use of exploitation and exploration across business units (*ibid*). Unlike, cyclical ambidexterity, this type requires units to exchange information, collaborate on problem-solving, and sharing and passing over resources between units (*ibid*). Furthermore, Lavie and Rosenkopf (2006) suggest that alliances and interfirm-networks are important factors in achieving reciprocal ambidexterity (as cited in Simsek *et al.*, 2009). There are some key aspects which need to be considered when using the model to describe different types of ambidexterity. Research is needed on the emergence of all archetypes. It is also important to investigate whether organisations are able to change archetype and how the transition works. Due to the novelty of both the typology model and multilevel model, they have not been sufficiently tested. Therefore, there may be other factors that need to be included in both models.

To conclude the discussion regarding organisational ambidexterity, Simsek (2009) argues that organisational ambidexterity consists of exploitation of existing routines and exploration of new knowledge. Similarly, a dual-market strategy enables companies to improve existing ideas while simultaneously developing new ideas (Jaworski *et al.*, 2000). As a result, organisational ambidexterity can be connected to a dual-market strategy. Therefore, existing theories on organisational ambidexterity can support theories on dual-market strategy.

3.5 Organisational Culture

As one of four essential characteristics for a market driving strategy, employee behaviour enables a company to work towards its vision (Tarnovskaya *et al.*, 2008). Organisational culture can be used as an indirect tool to influence behaviour of organisational members (Martins & Terblanche, 2003). Therefore, organisational culture can be connected to employee behaviour. Furthermore, Carrillat *et al.* (2004) stress the importance of aligning the values and beliefs of organisational members in order to execute a successful market driving strategy. Numerous studies have been undertaken to establish the impact created by culture on the performance of a company (*ibid*). Moreover, the impact of culture on a market driving strategy has been proven to be important (*ibid*). In spite of this, there is no research on the role of culture in creating and implementing a dual-market strategy.

Organisational culture can be defined in many ways (Martins & Terblanche, 2003; Rashid *et al.*, 2003). Many researchers define organisational culture as a set of values, beliefs and behaviour patterns that form the core identity of an organisation, and help in shaping the employees' behaviour (Rashid *et al.*, 2003). Organisational culture plays an important role in the functioning of an organisation (Martins & Terblanche, 2003), as a strong culture provides shared values which ensure that all organisational members are working in the same general direction (*ibid*). Organisational culture is communicated through symbolism, behaviours and physical settings (*ibid*). Trivellas and Dargenidou (2009) use the competing values model to explain four different types of culture within organisations: (i) *Adhocracy culture*, (ii) *Clan culture*, (iii) *Market culture* and (iv) *Hierarchy culture*.

Firstly, an adhocracy culture stresses entrepreneurship, creativity, proactiveness and innovativeness when trying to enter new markets and create growth. This culture is characterised by flexibility, adaptability and external orientation. Secondly, a clan culture focuses on employee commitment, teamwork, openness and participation. However, Zammuto and Krakower (1991) claim that clan cultures display reluctance to change (as cited in Trivellas & Dargenidou, 2009). Thirdly, a market culture emphasises productivity, goal achievement and efficiency, which reflect its external orientation. Finally, a hierarchy culture focuses on order, stability and uniformity, which reflect its inward orientation. Hierarchy cultures share values which emphasise centralisation of decision making and standardisation of procedures.

Researchers claim that the competing values model is a good instrument to use when mapping organisations' culture profiles (Trivellas & Dargenidou, 2009), but it does not cover the fact that organisations could have a culture which is located in between these four profiles. Moreover, the model does not explain if organisations can have more than one profile at the same time.

3.6 Vision

Research shows that a clear vision is essential for a market driven strategy, as well as a market driving strategy (Vorhies *et al.*, 1999; Kumar *et al.*, 2000; Tarnovskaya *et al.*, 2008). Abell (1993) further stresses the importance of clear objectives and plans on how to reach the goals, when simultaneously pursuing a market driven and market driving strategy. Many researchers have investigated the concept of vision in businesses (Hitchcock, 1996). However, there is a clear gap in the research related to how a dual-market strategy is incorporated into a company's vision.

Vision is an ambiguous concept as it has so many definitions (Hitchcock, 1996). However, researchers agree that the vision describes an idealised goal which the leader wants the company to achieve in the future (Kenny, 1994; Hodgkinson, 2002; Barnett & McCormick, 2003). The concept enables companies to create strategies which will have significance for the business's future direction (Hodgkinson, 2002). Kenny (1994) suggests that visions provide individuals and organisations with a sense of direction and purpose.

As visions are not automatically translated into reality, Mintzberg (1995) stresses the importance of creating a vision with features such as clarity, continuity and consistency (as cited in Hodgkinson, 2002). What Mintzberg is saying, is that a company's objectives must be comprehensible and meaningful, and a company's sub-units must convey a common message, which ensures uniformity. As a result, companies need to create visions to which all organisational members can relate (Kenny, 1994). Therefore, visions need to be more than just words. They need to be explained so that all business units work towards the same long-term goals (Hodgkinson, 2002).

3.7 Summary of Literature Review

Researchers have concluded that there are two market strategies which companies can pursue (Jaworski *et al.*, 2000; Kumar *et al.*, 2000; Carrillat *et al.*, 2004). Firstly, a market driven strategy focuses on being reactive to changes in customer demand (Jaworski *et al.*, 2000; Zahra, 2008). Market driven companies learn about their customers and attempt to satisfy their needs by exploitation of existing resources (Harris & Cai, 2002). Craven and Shipp (1991) identify market awareness, organisational flexibility, strategic vision, and external relationships as essential characteristics for a market driven company (cited in Barrett, 2001). However, recent research suggests that a market driven strategy suppresses innovation (Martín-Consuegra *et al.*, 2008). Therefore, a market driven strategy needs to be complemented by a more innovative strategy.

On the contrary, a market driving strategy stresses the importance of experimentation and innovation. This strategy encourages companies to be proactive, and thus educate customers as to what they will need in the future (Kumar *et al.*, 2000; Harris & Cai, 2002).

Market driving companies focus on exploring new ways and skills to exceed customer expectations (March, 1991; Kumar *et al.*, 2000; Carrillat *et al.*, 2004). Tarnovskaya *et al.* (2008) suggest that a clear corporate vision, the importance of employee behaviour, the revolution of channel structure, and the education of customers are essential characteristics for market driving companies.

However, researchers argue that companies which engage solely in exploration of new ideas can suffer from high costs of experimentation (March, 1991; Li *et al.*, 2008). Therefore, companies need to explore new ideas and drive the market, as well as exploit existing competencies (Ericson, 2006; Li *et al.*, 2008). Companies, which pursue a market driven and market driving strategy simultaneously, are implementing a dual-market strategy (Abell, 1993; Jaworski *et al.*, 2000). However, there is a limited amount of research on how companies incorporate a dual-market strategy into the business. This is the reason for connecting the theory on dual-market strategy to theories on organisational ambidexterity. Organisational ambidexterity concerns the dual use of exploiting current knowledge and exploring new ideas (Simsek, 2009; Simsek *et al.*, 2009). Similarly, a dual-market strategy focuses on satisfying current needs while also experimenting to develop new product/services for unknown needs (Jaworski *et al.*, 2000).

To conclude, there are several characteristics for market driven and market driving companies, which are summarised in Table 3.1. Certain of them make more sense than others as they are less ambiguous. Kumar *et al.* (2000) suggest that market awareness is essential for companies pursuing a market driven strategy. In order to be able to meet customer demand, companies need to know what customers want (Jaworski *et al.*, 2000). Therefore, market awareness is also important in a dual-market strategy, as companies want to satisfy customer needs. Market driven companies also need to be able to adapt their offerings according to changes in customer demand and changes in the market place (Cravens *et al.*, 2000). As a result, market driven companies need to be flexible. Similarly, organisational flexibility is important for companies which pursue a dual-market strategy, as they need to be reactive to market changes. The vision is also discussed as one of the characteristics for market driven companies (Barrett, 2001), but it is also essential for market driving companies (Tarnovskaya *et al.*, 2008). Therefore, it is also important in a dual-market strategy. Barrett (2001) suggests that a strategic vision is important for market driven companies, whereas a clear vision is mentioned as important for market driving companies (Tarnovskaya *et al.*, 2008). A strategic vision encompasses a desire to achieve superior customer value by being aware of customer needs (Jaworski *et al.*, 2000; Barrett, 2001).

On the contrary, a clear vision entails a clear idea of what a company seeks to achieve and how it is going to reach the goal (Jaworski *et al.*, 2000). However, one could ask oneself how to define a strategic vision. How can a clear vision be defined? What impact does vision have on a dual-market strategy? Finally, Barrett (2001) argues that external relationships are important for market driven companies as these relationships enable stakeholders to work towards common goals (Jaworski *et al.*, 2000). Moreover, the importance of relationships is discussed in relation to organisational ambidexterity. Simsek (2009) suggests that a company's role in relationships influences the way it is able to exploit existing knowledge and explore new ideas. The connection between a dual-market strategy and organisational ambidexterity suggests that factors which influence organisational ambidexterity also influence a dual-market strategy. As a result, relationships influence the implementation of a dual-market strategy.

As previously mentioned, the vision is important for the implementation of a dual-market strategy, but the question is how it impacts a dual-market strategy. Similarly, the behaviour of employees affects the outcome of a market driving strategy (Tarnovskaya *et al.*, 2008). As employees follow strategies in order to reach goals, they have the power to turn the vision into reality (*ibid*). Therefore, the characteristics of employee behaviour and organisational culture can merge into organisational culture. As a result, companies pursuing a dual-market strategy need an organisational culture which encourages employees to act in a certain way (Carrillat *et al.*, 2004). However, how is the culture related to a dual-market strategy? Tarnovskaya *et al.* (2008) also argue that the revolution of channel structure plays an important role in a market driving strategy. This is understandable as companies which attempt to develop a new product may need to change the distribution channel and so on. Similarly, Simsek (2009) suggests that the environment, in which a company operates, influences a company's ability to exploit existing knowledge and explore new ideas. He calls it the environment level, and the channel structure is embedded in this term. Due to the connection between organisational ambidexterity and a dual-market strategy, it can be assumed that the environment influences the outcome of a dual-market strategy. Tarnovskaya *et al.* (2008) also suggest that market driving companies need to be able to educate customers and convince them that the company's offers are of use to the customer.

When developing a completely new product, it is easy to comprehend that companies need to educate their customers about the product. Therefore, companies' ability to educate customers is important in a dual-market strategy. The final two characteristics for market driving companies, market sensing and local sensitivity, can be connected to market awareness, as it is important to know customers well enough to know what they are going to want in the future. Companies need to have an ability to sense what customers are going to need in the future. The difference between market awareness and market sensing is that market driven companies collect information from the market and react upon this information, whereas market driving companies gather information so as to be proactive and able to sense what customers are going to need in the future (Harris & Cai, 2002). The discussed characteristics are depicted in Table 3.1.

Table 3.1 Characteristics for market driven and market driving companies

<i>Market Driven</i>	<i>Market Driving</i>
Market awareness (Kumar <i>et al.</i> , 2000)	A clear vision (Tarnovskaya <i>et al.</i> , 2008)
Organisational flexibility (Barrett, 2001)	Employee behaviour (Tarnovskaya <i>et al.</i> , 2008)
Strategic vision (Barrett, 2001)	Revolution of channel structure (Tarnovskaya <i>et al.</i> , 2008)
External relationships (Barrett, 2001)	Customer education (Tarnovskaya <i>et al.</i> , 2008)
	Organisational Culture (Carrillat <i>et al.</i> , 2004)
	Market sensing (Harris & Cai, 2002)
	Local sensitivity (Harris & Cai, 2002)

To summarise the discussion above, the chosen components are: Vision, Culture, Market awareness, Organisational flexibility and Customer education. In the following section (3.8), these components will be discussed in more detail, and connected to a dual-market strategy. Furthermore, the connection between a dual-market strategy and organisational ambidexterity will be elaborated upon.

3.8 Conclusions of Literature Review

In this section, the different characteristics of market driven and market driving companies will be connected to a dual-market strategy. Moreover, the factors which influence organisational ambidexterity also influence a dual-market strategy. As a result, the Wemby model has been developed (see Figure 3.4). This model explains that there are five essential characteristics for a company pursuing a dual-market strategy. Furthermore, the model explains that there are three factors which influence a dual-market strategy. All different parts of the Wemby model will be discussed in this section. However, due to the complexity and size of the model, the focus will lie upon how a dual-market strategy is incorporated in the culture and vision.

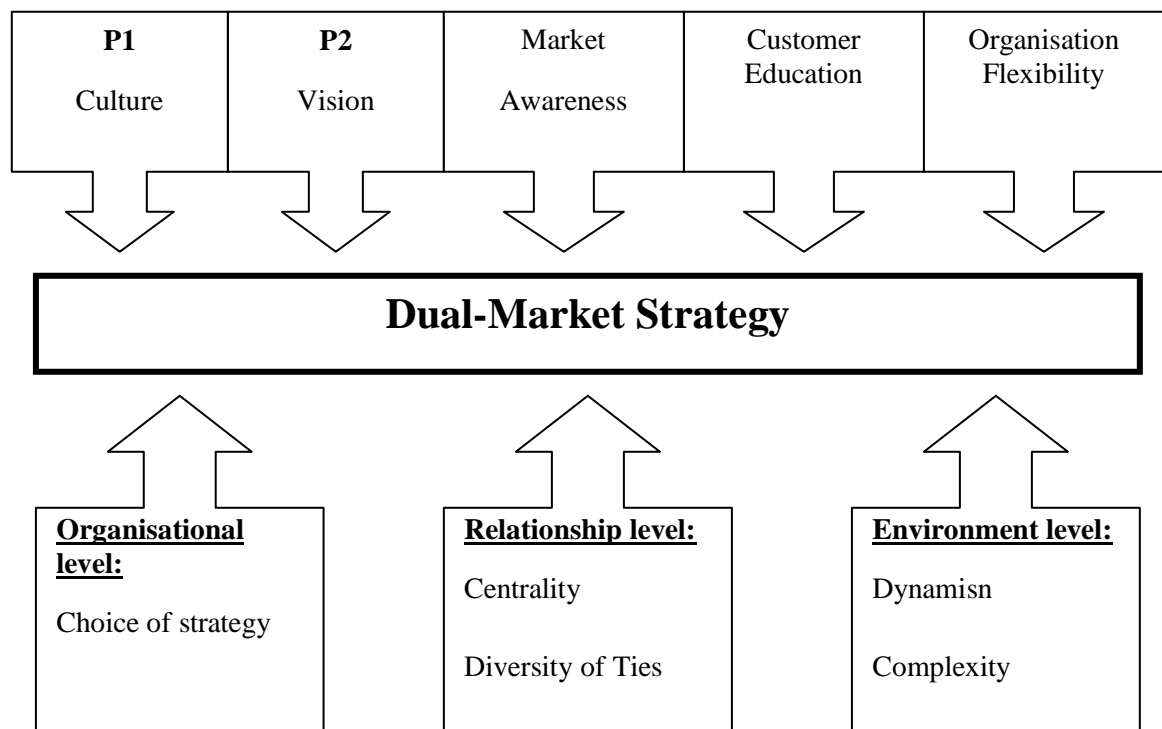


Figure 3.4 The Wemby Model

3.8.1 Vision

When attempting to master two strategies at once, companies need to set clear objectives and plan how to reach these goals (Abell, 1993). However, all units of a company need to acknowledge the objectives, so that the entire organisation moves in the same direction.

The importance of a clear corporate vision might seem superfluous to stress, but the fact is that researchers mention it as a key factor in gaining a competitive advantage, in both a market driven and market driving strategy (Abell, 1993; Harris & Cai, 2002; Tarnovskaya, 2008).

However, one could ask oneself what a clear corporate vision implies. What is a clear vision? How is it measured? The proposition in this dissertation is that the different characteristics of each market-oriented strategy will add up and work as common characteristics for a dual-market strategy. A clear corporate vision is ideal for market driven as well as market driving companies; thus, it is important for a dual-market strategy too. According to a market driven strategy, companies must focus on meeting customer needs. Therefore, it is essential to strive to achieve superior customer value, (Jaworski *et al.*, 2000). One can assume that companies which accomplish superior customer value, in comparison to competing products/services, will be able to gain a competitive advantage. Similarly, one of the fundamental characteristics of a market driving strategy is a clear corporate vision (Tarnovskaya *et al.*, 2008). As market driving companies aim to be proactive and educate their customers of unknown needs, management needs to have a clear idea of what they are seeking to achieve (Jaworski *et al.*, 2000). In this dissertation, it is assumed that clear visions, including apprehensible ways to reach the goals, enable companies to prevail in a dual-market strategy. This discussion results in the first proposition:

Proposition 1: A dual-market strategy must be apparent in the company vision.

3.8.2 Organisational Culture

Tarnovskaya *et al.* (2008) mention the importance of employee behaviour, as one of the characteristics of a market driving strategy. They suggest that employees have the power to make the vision become reality. Therefore, market-oriented companies need not only clear visions, but need a culture which encourages employees to collaborate in order to achieve company objectives. Thus, organisational culture is essential for visions to become reality.

This is further strengthened by Narver *et al.* (1998), who claim that successful implementation of a dual-strategy involves the commitment of all employees to offer knowledge which can create superior customer value. Therefore, companies need to incorporate the idea of duality into the organisational culture.

Proposition 2: A dual-market strategy must be apparent in a company's organisational culture.

3.8.3 Knowledge of markets

In order for companies to develop products/services which meet customer demand, they need to know what customers want (Tarnovskaya *et al.*, 2008). Furthermore, companies need to be able to adhere to local differences, and therefore, be aware of the market (Harris & Cai, 2002; Geraghty & Torres, 2009). Companies also need to know their competitors so that they know with whom they are competing (Jaworski *et al.*, 2000). One can assume that competitor knowledge enables companies to develop competitive offers by price, technology, and features. Therefore, they would be able to develop products/services which meet, or even, exceed customer demand; thus, they gain an advantage compared to their competitors.

3.8.4 Degree of organisational flexibility

It is important to note that markets are never stationary - customers come and go. Therefore, managers must continuously try to review the definition of markets and segments. Companies need to focus on current customers as well as future segments and markets (Abell, 1993). Furthermore, companies must maintain the ability to act quickly when customer preferences change (Tuominen *et al.*, 2004). Therefore, companies which pursue a dual-market strategy must be flexible, in order to adapt to changes in the market.

3.8.5 Ability to educate customers

When implementing a dual-market strategy, companies need to be attentive to changes in customer preferences, but they also need to be innovative in order to gain a competitive advantage (Carrillat *et al.*, 2004).

Innovativeness involves developing products/services which customers have not yet demanded (Kumar *et al.*, 2000; Harris & Cai, 2002). Therefore, being innovative requires education of customers. Companies need to show their customers that these new products/services will be coveted and useful to people (*ibid*). As a result, companies which have the ability to meet unknown needs obtain a competitive advantage, as they are able to explore new possibilities before they arise.

3.8.6 How do organisational ambidexterity and dual-market strategy relate?

Organisational ambidexterity consists of exploiting and exploring existing knowledge and processes (Simsek, 2009). As market orientation concerns the improvement of current offerings, a market driven approach, and the idea of exploring new ways to meet unknown customer needs, a market driving approach (Jaworski *et al.*, 2000), it is assumed that there is a connection to organisational ambidexterity. Therefore, there is also a connection between organisational ambidexterity and a dual-market strategy. Ambidexterity is influenced by environmental conditions, organisational structure, and external relationships (Simsek, 2009). Therefore, these factors also influence the outcome of a dual-market strategy.

3.8.7 The Wemby Model of dual market strategy

There is no theory on factors which influence a dual-market strategy. Therefore, theories on closely related fields have been used to develop a model. This model is a synthesis of literature. The Wemby model suggests that there are five characteristics which are essential for a dual-market strategy: (i) Vision, (ii) Culture, (iii) Market awareness, (iv) Organisational flexibility, and (v) Customer education (Kumar *et al.*, 2000; Barrett, 2001; Tarnovskaya *et al.*, 2008). These characteristics are gathered from literature on market driven and market driving strategies. As a dual-market strategy uses both a market driven and a market driving approach, their characteristics should be valid when combining the two strategies.

However, the model suggests that three other factors are also essential for a successful use of a dual-market strategy. These three factors derive from organisational ambidexterity literature. The organisational level suggests that the choice of strategy influences the outcome of a dual-market strategy.

The relationship level stresses the importance of external relationships as an influencing factor on the outcome of a dual-market strategy. Additionally, the environment level suggests that the level of complexity and dynamism in the environment influences the amount of competitive advantage obtained through a dual-market strategy. Furthermore, the three levels also influence each other. The chosen components are discussed in literature, but presumably, there are more components.

Due to the diversity of the components in the Wemby model, this study will focus on how a dual-market strategy is incorporated into the general concepts of culture and vision. As the other components are more specific and different from each other, it would be difficult to study two different components which do not relate. Existing research does not explain how a clear vision and organisational culture influence a dual-market strategy. Another reason for concentrating on two components is the time constraint. The study would be too broad and complex to conduct in fifteen weeks. Therefore, this research has been narrowed down to focus on the two components of culture and vision, which can be seen in Figure 3.5.

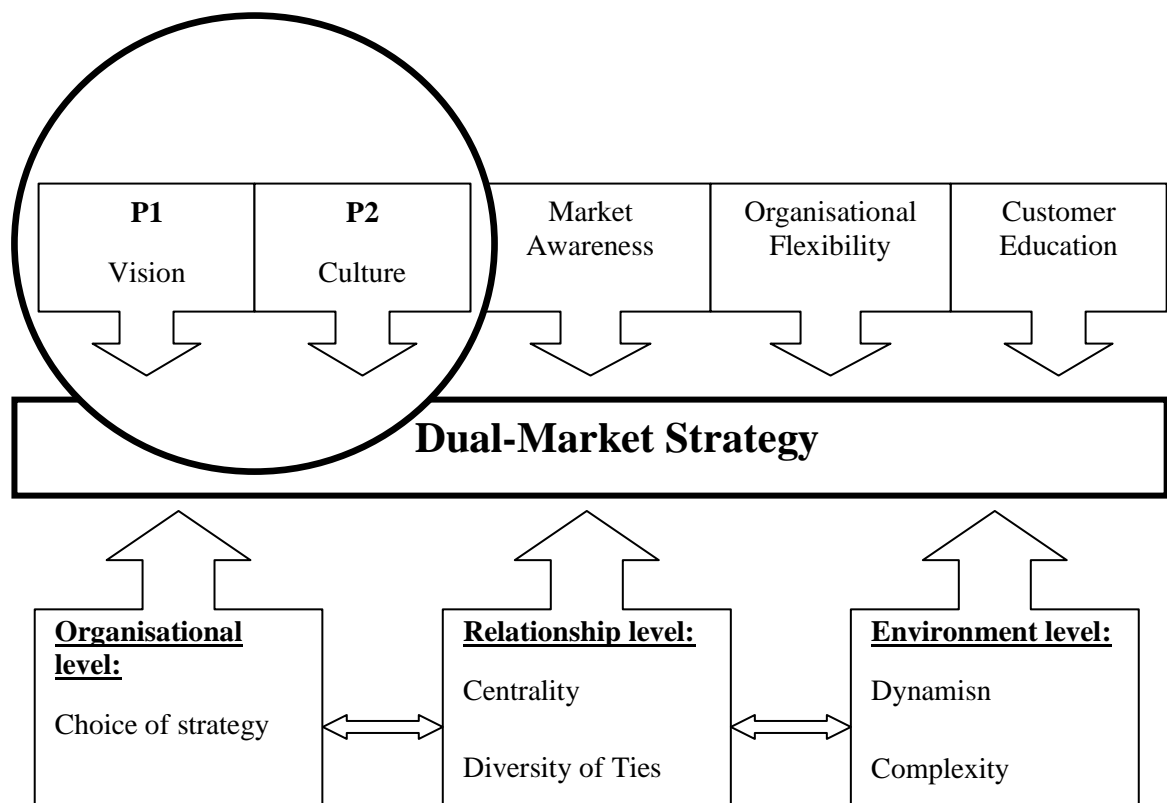


Figure 3.5 The Wemby Model with focus on two components

4. Empirical Method

In this chapter, the empirical method is presented. The research design and strategy are discussed, followed by the choice of time horizon, data collection and sample selection. This chapter ends with a discussion about operationalisation, reliability, validity, generalisability and ethical issues.

4.1 Research Design and Strategy

Saunders *et al.* (2009) claim that there are three common ways to describe the research design of different studies. These are exploratory, descriptive, and explanatory research design. The aim of an exploratory study is to seek new insights and to pose questions in order to understand various phenomena. The greatest advantage with an exploratory study is that it is easily adaptable to change, as well as being flexible (Saunders *et al.*, 2009). Moreover, exploratory research can be conducted through searching literature, interviewing insiders or experts on the chosen subject, as well as conducting focus group interviews (*ibid*). The second research design, descriptive, involves identifying and portraying an accurate picture of a situation, an event, or a phenomenon (*ibid*). A descriptive research design is closely related to both explanatory, of which it is an extension, and exploratory research design, of which it is a part (*ibid*). The purpose of the third and final research design, explanatory, is to study a situation or a problem, in order to establish causal relationships between components (*ibid*).

The purpose of this dissertation is to explore how a dual-market strategy is incorporated into the business. As this study investigates an unexplored area of research, the study is trying to seek new insights. As there is lack of research on the topic, there is an uncertainty of the precise nature of the phenomenon of a dual-market strategy (*ibid*). Therefore, the use of an exploratory research design is deemed appropriate.

After having chosen an appropriate research design, the researcher must choose a research strategy. Saunders *et al.* (2009) suggest that there are seven different research strategies, all of which can be used in any of the aforementioned research designs.

The choice of research strategy will be guided by the research question and objective, the amount of existing knowledge, the amount of time and other resources available, as well as the researcher's own philosophical support (*ibid*). The different research strategies are: Experiment, Survey, Case study, Action research, Grounded theory, Ethnography, and Archival research.

In this dissertation, the research strategy will consist of a case study, as the aim is to gain a deeper understanding of an under-explored research area. The fact that the research question in this study begins with “how” indicates that either case studies, experiments or histories are going to be conducted (Yin, 2003). While histories and case studies are similar in the way that they use many of the same data collection techniques, case studies also have interviews and direct observations as sources of evidence (*ibid*). As the researcher has access to employees within the chosen company, interviews and observations will be used to collect primary data. Therefore, a case study is favoured over a history for this study. Moreover, this study uses a “how” question which investigates a contemporary set of events over which the researcher does not have control. As a result, a case study has a distinct advantage over other research strategies (*ibid*). The main disadvantage with case studies, in comparison to surveys, is that they are difficult to generalise, as they are based on a small amount of cases (*ibid*). However, the goal with case studies is to adjust and generalise theories, as opposed to enumerating frequencies which is the objective of quantitative studies (*ibid*). The reason for conducting a single case study, as opposed to a multiple case study, is to look at the entirety of a company in more in-depth.

4.2 Time Horizon

According to Saunders *et al.* (2009), there are two dimensions of time when conducting a research study, the cross-sectional and longitudinal dimensions. The cross-sectional time horizon is used to study a specific phenomenon at a particular time (*ibid*). On the contrary, the longitudinal time horizon is used when observing a phenomenon over a certain period of time. Change and development are focal points for longitudinal studies (*ibid*).

This dissertation will use the cross-sectional time horizon. There are two reasons for opting to perform a cross-sectional study. Firstly, this dissertation focuses on a specific case, and the purpose is to look into a phenomenon at a given point in time. Secondly, this research is limited to fifteen weeks.

4.3 Data Collection

The choice of data collection method should be in line with the research question and the objectives of the research. Saunders *et al.* (2009) introduce primary and secondary data as two types of data collection. Primary data collection involves collecting new data, whereas secondary data collection concerns the collection of existing data. Moreover, secondary data collection can be divided into documentary, survey-based, and multiple-source data (*ibid*).

The choice of an exploratory research design enables the researcher to collect primary data through semi-structured interviews. The data will then be used as the main source for analysis.

As there is an insufficient amount of literature on the phenomenon of a dual-market strategy, the collection of primary data is necessary in order to gain a deeper understanding of the phenomenon. In order to prevent the interview from losing focus on the relevant topics, a list of themes or questions is used (*ibid*). Saunders *et al.* (2009) point out that this type of interviews is used to gather data which will be analysed qualitatively, as part of a case study. The aim of the interviews is to encourage the interviewees to talk freely about events, behaviour, and beliefs in relation to the topic area (*ibid*). However, semi-structured interviews enable for questions to be added or omitted during the interviews. Furthermore, these interviews provide the researcher with the opportunity to ask the interviewees to explain, or build on, their responses. As this dissertation adopts a pragmatic research philosophy, facts as well as feelings, thoughts, and beliefs will be used to analyse the collected data. Therefore, it is of importance to be able to ask interviewees to explain their responses. The interviews will be conducted face-to-face, and the conversations will be recorded by note taking.

Silverman (2007) suggests that one of the disadvantages with primary data collection is that the manner in which the interviewer interacts with his/her interviewees, and asks questions, will impact on the data the researcher collects (as cited in Saunders *et al.*, 2009). In this case, the researcher will attempt to pose open questions, and avoid leading questions, in order to collect reliable data. The interviews will be conducted using language which is clear and comprehensible, in order to avoid misinterpretations. A few days prior to the interviews, the interview guide will be sent to the interviewees, so as to promote credibility (*ibid*). Another disadvantage with semi-structured interviews is related to different types of bias (*ibid*). In this case, the interviews will consist of open questions so as to avoid any form of bias.

Secondary data from annual reports and websites will be used to collect further information about the company's vision and culture. This data will then complement the findings from the interviews, and facilitate in the analysis.

4.4 Sample Selection

As the purpose of qualitative studies, is to gain a deeper understanding of a phenomenon, the importance of detailed data becomes inevitable. Saunders *et al.* (2009) discuss the advantages with samples, and stress that selecting a sample enables the researcher to reduce the amount of data that he/she needs to collect, and only focus on a sub-group, as opposed to all possible cases. The reason behind conducting a case study of Burberry is that within the luxury fashion industry, it appears there are no limitations to what customers will purchase to look fashionable (Jaworski *et al.*, 2000). In other words, luxury fashion companies are innovative and convince their customers as to what is fashionable at the moment. This discussion indicates that luxury fashion companies use a market driving strategy.

However, Burberry is used in this dissertation as it is a good example of a company pursuing a dual-market strategy. Moore & Birtwistle (2004) argue that Burberry's products are either continuous or seasonal. These product classifications indicate that Burberry focuses on satisfying customer demand with products that are in demand year after year, while simultaneously creating new products to satisfy unknown needs; thus, a dual-market strategy is used for the company's products.

Furthermore, Burberry is driven by the market, with regards to pricing and location, whereas the company drives the market by changing the structure of its distribution channels. The vast number of employees at Burberry throughout the world requires the researcher to select a sample. Saunders *et al.* (2009) categorise two types of sampling techniques. First, probability or representative sampling means that the likelihood of each case being selected from the population is known, and is usually equal for all cases. On the contrary, non-probability or judgemental sampling means that the probability of each case being selected from the total population is not known (*ibid*).

In order to meet the objectives of this study, a combination of purposive and convenience sampling will be used, both of which are non-probability sampling methods.

The sample consists of five employees from different areas of the company, albeit employees working at Burberry's headquarters in London, United Kingdom. This sample was chosen in order to obtain different perspectives and thoughts on the topic. The sample size was chosen due to a limited amount of time. However, the small sample enables the collection of detailed and particularly informative data (*ibid*). In order to arrange the interviews, the company was contacted. Consequently, the company selected five employees for the interviews. However, these employees were chosen based on their availability and accommodativeness. The problem with this selection is that the sample does not consist of employees from all departments of the company, nor does it contain people from different levels of the hierarchy. This could affect the answers from the interviews, as there could be different perceptions within different parts, and different levels, of the company. Similarly, the amount of encouragement to be creative may vary depending on the department of the company. Therefore, the answers to this question could be different if employees from other departments were asked. Moreover, as none of the interviewees have high positions within the company, the results may be different as to what they would be if employees at higher positions within the company were interviewed.

4.5 Operationalisation

Operationalisation is a method which enables concepts to be measured quantitatively (Saunders *et al.*, 2009). Operationalisation is often used for quantitative research, but it is also feasible to operationalise concepts for qualitative research (*ibid*). The purpose of this study is to explore how a dual-market strategy is incorporated into the business. As this study focuses on exploring how a dual-market strategy is embedded in the organisational culture and vision, these concepts need to be defined. As these terms can be interpreted differently, the researcher will not mention them in the interviews. General questions will be asked and the interviewer will act as a detective to identify answers which concern organisational culture and vision.

4.5.1 Organisational Culture

In this dissertation, the concept of organisational culture is defined as a common set of values, beliefs and behaviour patterns that form the core identity of an organisation, and help in shaping the employees' behaviour (Rashid *et al.*, 2003). Organisational culture can be divided into four profiles: adhocracy culture, clan culture, market culture and hierarchy culture (Trivellas & Dargenidou, 2009). In this study, these four types of culture will be used to measure organisational culture. In chapter three, the reader will find a more thorough description of the four types of culture. This study aims at finding indications of cultural characteristics which align with the characteristics of the different profiles. However, if the interview answers fail to provide this information, the company's corporate website will be used to collect data. As the characteristics for the different cultures are similar to characteristics of market driven and market driving strategies, the aim is to be able to draw conclusions regarding the incorporation of a dual-market strategy in the company's organisational culture.

4.5.2 Vision

In this dissertation, the concept of vision is defined as an idealised goal which companies strive to achieve (Kenny, 1994; Hodgkinson, 2002; Barnett & McCormick, 2003). Vision is operationalised as a variable which can emphasise the future and/or the present. By investigating whether the vision is future orientated and/or present orientated, it becomes clear if a market driven or market driving strategy is incorporated into the vision, or if both strategies are incorporated.

If the vision is future oriented, it indicates that the company uses a market driving strategy, whereas a present oriented vision implies a market driven strategy. If the vision is both present and future oriented, it implies a dual-market strategy. Furthermore, vision is measured as a variable which focuses on profit and/or growth. If the vision emphasises growth, it could mean that the company is innovative and forward-thinking.

4.6 Interview Questions

The interview guide has been constructed so that the two propositions regarding the appearance of duality in Burberry's culture and vision can be either accepted or rejected. The same interview guide will be used for all of the interviews. However, follow up questions may vary depending on the interviewees' answers. The interview guide is presented below, with explanations to why the questions will be used.

What do you think is behind Burberry's recent success, namely the great deal of press coverage and celebrity following?

The first question is general in the sense that it concerns the company's use of a dual-market strategy. The aim is to detect if the company's use of a dual-market strategy has led to its recent success and whether the vision and culture have played an important role.

How would you describe Burberry in comparison to its main competitors?

The purpose of this question is to determine what Burberry has that its competitors lack. This question relates to competitive advantage and how Burberry exploits existing knowledge and explores new ideas.

How would you describe the company?

This question will display whether or not the company has a strong organisational culture. If so, the culture will be eminent in the answers.

For how long have you worked for Burberry? What made you approach the company in the first place? What has made you stay?

For this question, the interviewees are encouraged to simply answer the question as to why they chose Burberry. These questions are also interesting as they can reveal if the organisational culture is prominent and if it actually influences the behaviour of the employees. This is an important analysis to make prior to drawing conclusions as to whether a dual-market strategy is apparent in the culture.

How does the company work? Is it divided into areas?

This question concerns the vision of the company and whether or not the entire company has the same long-term goals.

Are employees encouraged to experiment and try new things?

This question relates to the company's organisational culture once again. As the culture navigates the behaviour of employees, it could encourage innovation and exploration of new ideas. This type of encouragement would indicate that a market driving strategy is apparent in the organisational culture.

What amount of labour turnover does Burberry have? Are people being promoted internally?

The purpose of this question is to identify if the company exploits existing knowledge or explores new knowledge through external recruitment. Furthermore, a small amount of labour turnover may indicate that the company has a strong culture which encourages people to stay within the company.

What are the company's long-term goals?

This question will display the company's vision. Based on the answers to this question, the vision can be analysed in order to detect if a dual-market strategy is apparent.

4.7 Reliability

Reliability is an important component of a trustworthy dissertation. However, it is mostly used in quantitative research as the observers are interested in whether the measurement is consistent or not. It refers to the consistency of the researcher's measures; if the data collection techniques or analysis procedures will yield consistent findings (Saunders *et al.*, 2009).

In other words, if a study is reliable, other researchers would be able to conduct the same study, at a different time, and reach the same conclusions (*ibid*).

According to Saunders *et al.* (2009), there are four threats to reliability of a study. The first of these is subject or participant error, which may result in different findings depending on the day of the study, the time of the study, and the mindset of the participants. Subject or participant bias is the second threat to reliability. The result may be faulty if the participants say what they think the researcher wants them to say. The third threat, observer error, concerns the consistency of conducting interviews in the same way. It is important to maintain a high degree of structure for the interviews, in order to minimise the threat of reliability. Finally, the fourth threat is observer bias, which results in conflicting results if the researchers do not perceive the data consistently (*ibid*).

This study involves semi-structured interviews with employees at a chosen company. As a result, the interviewees may not be wholly truthful. However, the interviewees agreed to have their names and positions within the company published, which may increase the reliability of their answers. Nevertheless, the interviewees' decision to have their names published does not always guarantee truthful answers. The interviewees could answer in a way which they think is appropriate. As the interview guide discusses questions which are related to the company's vision and organisational culture, there is a belief that the study can be replicated with similar results. However, as the vast majority of the interviewees work in public relations or marketing, the answers could be focused on opinions based on experience within those departments. Therefore, questions which are related to the company in its entirety, and its associated businesses, will be posed. A critical reflection is that the collected data will be interpreted and analysed, based on the interviewer's individual interpretations. Therefore, the results may be biased. Furthermore, with more than one interpreter, the results may be more reliable. As a result, the interviews may be difficult to replicate as the answers are interpretations and not numerical facts which can be analysed digitally. As previously discussed, the interviewer may misinterpret the answers, but even the interviewees may misinterpret the questions during the interviews, even though simple language will be used.

4.8 Validity

Validity of research is concerned with whether the research measures what it is supposed to measure (Saunders *et al.*, 2009). According to Bryman and Bell (2007), there are four main types of validity. Firstly, there is measurement validity which examines if concepts are explained and measured correctly. Secondly, internal validity concerns the reliability of the conclusions which are drawn between two or more components. Thirdly, external validity refers to the ability to generalise the results of a study. Finally, the fourth type of validity, ecological validity, relates to the credibility of social scientific findings (Bryman & Bell, 2007).

As the purpose of this dissertation is not to study social scientific data, ecological validity must not be considered. However, measured validity, internal validity, and external validity need to be taken into account in this study. In this dissertation, validity is created through the use of well established theories, which have been used to develop propositions with causal relationships. Concepts that are going to be examined through interviews are then operationalised to create clear definitions which can be analysed. Finally, the suggested causal relationships are tested through semi-structured interviews. In order to avoid misunderstandings, between the interviewer and the interviewees, none of the investigated terms will be used. Instead, general and open questions will be asked, using simple language, in other words, layman's terms. This is to increase the reliability and validity of the study. Moreover, each question will have a purpose and relate to different concepts, so as to facilitate the analysis.

4.9 Generalisability

Generalisability is sometimes referred to as external validity. It refers to the extent to which the research results are generalisable (Saunders *et al.*, 2009). This relates to whether the results of the study can be applied to an entire population. The aim of this dissertation is not to explore how companies in general, incorporate a dual-market strategy into the business, but to gain a deeper understanding of how Burberry incorporates a dual-market strategy into its business. Therefore, this study will not try to create a theory which is generalisable. Instead, the purpose of this study is to explore what is going on, in a specific setting (*ibid*).

4.10 Ethical Issues

As the data collection of this study consists of several semi-structured interviews, the interviewees will be informed that they have the right to remain anonymous in the study. As Burberry is a company listed on the London Stock Exchange, all information regarding the company's vision and objectives is open to the public. However, the interviewees agreed to have their names published in the dissertation. The researcher has decided not to publish their names, but to call the interviewees by their respective position. Prior to the interviews, the interviewees will be contacted with the aim to explain to them, the purpose of the dissertation, as well as how the answers from the interviews will be handled.

5. Empirical Findings & Analysis

This chapter includes a presentation of Burberry and its use of a dual-market strategy. Furthermore, this chapter presents the empirical findings from the data collection conducted for this research. Finally, the results for each proposition are discussed and analysed.

5.1 Burberry

5.1.1 Background

The story of the British fashion company Burberry started in 1856 when Thomas Burberry began creating outerwear for sportsmen in Basingstoke, England. The company quickly earned a loyal following due to its commitment to quality and innovation in fabric and outerwear design (Burberry Plc., 2010a). In 1895, Burberry developed the Tielocken, a predecessor to the trench coat, which is one of the company's most famous products. British officers used Burberry raincoats during the first half of the 20th century. Moreover, Burberry outerwear was used by leading explorers for their expeditions (Moore & Birtwistle, 2004). In 1920, the company registered the Burberry Check as a trademark, a pattern which appears in many of Burberry's products (Burberry Plc., 2010a). In 1891, the company opened its first London store, while the first international store, in Paris, opened in 1910 (Moore & Birtwistle, 2004).

Nowadays, Burberry is an internationally recognised luxury brand which stands for more than just trench coats and outerwear (Burberry Plc., 2010b). The company offers various products for men, women and children. Today, the brand consists of several collections which are aimed at different target groups (Burberry Plc., 2009). Burberry, the brand, is defined by its British heritage and founding principles of quality, function and modern classic style (Burberry Plc., 2010b). However, the company has not always thrived. In 1997, Burberry was faced with plummeting profits and a moribund image (Moore & Birtwistle, 2004). As a result, a new management was appointed with the aim of repositioning the brand. Burberry went from being associated with middle-aged, fashion-conservative men to becoming a palatable luxury brand which not only appealed to middle-age men but also to younger customers (*ibid*).

5.1.2 Burberry's use of a dual-market strategy

As mentioned above, Burberry needed to reposition its brand in order to remain competitive in the luxury fashion industry (Moore & Birtwistle, 2004). The new management attempted to reach out to a wider target group as plummeting sales meant that the company did not offer what customers wanted. Moreover, in order to remain competitive, the company opened a flagship store adjacent to its main competitors in London (*ibid*). As a result, the company was driven to change by its customers and competitors. After the management change, the company also introduced customers to a premium collection, Burberry Prorsum, which enabled Burberry to compete against the prestige lines of its rivals (*ibid*). While customer demand led to the repositioning of the Burberry brand, the company changed its market structure so as to protect the brand image. As a result, wholesale accounts with inappropriate stockists were terminated (*ibid*) which afforded the company more control. Today, Burberry has a small network of international wholesale stockists, which increases the company's control of its brand (*ibid*). As a result, Burberry used a market driving strategy for its distribution channels, by shaping the structure of the market, whereas it used a market driven strategy for its products and stores.

Nowadays, Burberry classifies its products as either continuous or seasonal (*ibid*). The former consists of products which are sold year after year, with minor alterations for changes in customer demand. Examples of continuous products are its classic trench coats and scarves (*ibid*). On the contrary, seasonal products are created as a part of a specific collection and sold in one season. Customer demand can allow a seasonal product to become continuous, if the demand continues beyond one season (*ibid*). Burberry's continuous products are an indication of a market driven strategy, as the company attempts to enhance existing ideas. Simultaneously, the company adapts to changes in customer demand and makes small alterations to these products in order to improve customer satisfaction (*ibid*).

Conversely, seasonal products are offered during a limited period of time due to major changes in customer preferences. Burberry Prorsum, the company's premium line, consists of seasonal products as this line is created for one season. Furthermore, this line is produced in a limited quantity so as to create exclusivity amongst affluent consumers.

The line is presented at Burberry's fashion shows in order to promote what the company's design team thinks is fashionable for that specific season (*ibid*). Therefore, the company utilises its fashion shows to educate customers of what is fashionable. Furthermore, Burberry shows customers what they need to buy for a specific season. This indicates that Burberry uses a market driving strategy for the production of seasonal products. However, Burberry's pricing strategy appears to be market driven as the company prices itself amongst its competitors¹.

To conclude, there are indications which suggest that Burberry uses a dual-market strategy. The company follows the market and its different players for certain parts of its operations, including pricing, location of flag-ship stores, and production of continuous products. Moreover, Burberry educates its customers of what is fashionable, through its seasonal products. Therefore, the company is able to drive the market.

5.2 Empirical Findings

5.2.1 Sample

As this study focuses on Burberry, the study objects consisted of five employees at the company's headquarters in London, United Kingdom. The vast majority of the chosen employees work within public relations and marketing. Each interview took about one and a half hours to conduct. However, the length of the interviews was determined by when an adequate amount of data had been gathered in order to answer the research question (Saunders *et al.*, 2009). The interviews were summarised through note taking, which excluded the risk of technical issues (*ibid*). However, note taking prevents others from using the interviews (*ibid*). Some answers were focused on public relations and marketing due to the interviewees' knowledge about those departments. However, most answers were general and encapsulated all areas of the company, which allows for more reliable analyses.

¹ Interview with Jamie-Lee Hayes, PR Coordinator at Burberry in London, United Kingdom. 22 April, 2010.

5.2.2 *Interview 1*

Position within Burberry: PR Coordinator

Time in employment at Burberry: 1.5 years

The first interview was conducted with Burberry's PR Coordinator on the 22nd of April, 2010, at 9.30 in the morning. From this point onwards, this person will be referred to as PR Coordinator.

The PR Coordinator explains that the company's recent focus on digital communication is behind Burberry's recent success. The PR Coordinator also mentions Burberry's corporate PR team at the company's headquarters as an important factor for success. This team of people ensure that all PR teams, around the world, convey the same message. When asked to describe the company in comparison to its competitors, the interviewee further stresses the company's usage of different digital communication tools to reach out to a wider audience. The interviewee states that Burberry has more followers on Facebook, than any of its main rivals. Thus, the company is ahead of its competitors on the use of digital media.

The PR Coordinator also discusses the importance of the company's British heritage and explains that many customers buy into this image. When it comes to pricing, Burberry follows the motto: "Price yourself amongst your competitors". When the interviewee is asked to describe Burberry as a company, the interviewee immediately answers that the company works towards the future, but strives to maintain its heritage.

Moreover, the company is described as dynamic in the sense that it changes to meet customer demand. The PR Coordinator elaborates on Burberry's attempts to convey a consistent message throughout the entire company. In order to convey a consistent message, the company is built on a hierarchy, headed by the Chief Executive Office and the Creative Chief Executive Officer. Below are the Senior Vice President, Vice President, Directors, Managers and Coordinators. At the bottom are the Interns which change on a regular basis, depending on the length of the various placements. In spite of the existing hierarchy, the interviewee explains that she works within an informal environment, where one is not afraid to speak one's opinion.

When asked about whether employees are encouraged to experiment and try alternative routes to reach goals, the PR Coordinator for emerging markets clarifies that everything needs to be approved by a super-ordinate. However, employees are encouraged to be creative and seek new solutions. Aside from being encouraged to be creative, each employee sets personal objectives, which are reviewed annually in order to achieve individual self-improvement. The PR Coordinator continues by discussing the fact that employees are encouraged to progress quickly as the company wants its employees to climb the career ladder. She explains that Burberry sometimes creates new roles for employees, to encourage development. As a result, employees stay within the company for a long time. For the final question, which concerns Burberry's long-term goals, the interviewee explains that the company has five strategic themes for which to endeavour. These themes are: Focus on under-penetrated markets, Non-apparel growth, Retail led growth, Operational excellence and Leverage the franchise.

5.2.3 Interview 2

Position within Burberry: PR Coordinator for Emerging Markets

Time in employment at Burberry: 8 months

The second interview was conducted with Burberry's PR Coordinator for emerging markets on the 22nd of April, 2010, at 11 am. From this point onwards, this person will be referred to as PR Coordinator for emerging markets.

The PR Coordinator for emerging markets explains that success is a hard parameter to measure, but at Burberry the employees are striving towards creating a substantial digital following. Moreover, she says that the company wants to be the leader in matching fashion, with technology, and one such way the company has done this is by providing a web-stream for its fashion shows. She explains that the company knows its clientele, but it would be impossible to invite them all, so instead Burberry allowed them to view the company's fashion show online from the comfort of their own home, or office. Furthermore, the interviewee elaborates on the positive feedback from the vast majority of people questioned after the show through an online survey, who appreciated the chance to view such an important event (within the fashion industry).

Therefore, the company sees no reason as to why it would not continue this digital push as it allows Burberry to get closer to its clients.

Burberry is focused and aimed towards the top end of the luxury segment within the fashion industry. While the company is not alone within the segment, the interviewee explains that Burberry constantly innovates to ensure that it remains strongly positioned within the niche segment. For example, something the company is trialling at the moment, is providing its fashion shows in 3D allowing the consumers to feel as if they are actually there. When asked to describe the company, the interviewee explains that its British heritage is reflected in everything that the company does. She also mentions that there is a creative drive within the company and a desire to conduct as much as possible within the company without having to outsource.

The PR Coordinator for emerging markets says that Burberry is always thinking about the future. The interviewee elaborates on how the company works by explaining that it is hierarchical in the sense that goals are set at the top. Therefore, a lot of processes are needed for decisions or changes to be made. However, it is informal at the same time as all employees, regardless of their positions, call themselves by their first name. As previously mentioned, the interviewee answers the question about whether employees are encouraged to experiment, by saying that everything needs to be approved. However, employees are encouraged to speak their mind. The interviewee explains that employees are encouraged to stay within the company due to internal promotion. She says that the vast majority of the employees have started at the bottom and worked their way up. When asked about the company's long-term goals, the interviewee quickly answers that Burberry has five strategic themes which are set by the top. All strategies are then developed in accordance with these themes. She explains that the strategic themes are: Retail led growth, Investment in under-penetrated markets, Non-apparel growth, Operational excellence and Leverage the franchise.

5.2.4 Interview 3

Position within Burberry: Digital Marketing Assistant

Time in employment at Burberry: 1.5 years

The third interview was conducted with Burberry's Digital Marketing Assistant on the 22nd of April, 2010, at 1 pm. From this point onwards, this person will be referred to as Digital Marketing Assistant.

The Digital Marketing Assistant explains that a digital push has led to the company's recent success, as today's business environment forces companies to find new ways to reach customers. This is one of many new strategies which aim to reach a wider audience for less money. However, the interviewee says that the main reason for the company's success is the fact that Burberry's fashion show is back in London. Therefore, it is now viewed as one of the most important shows during London Fashion Week. The interviewee explains that Burberry places itself in the luxury segment of the market, with competitors such as Chanel, Louis Vuitton and Dolce & Gabbana. When looking at fans on Facebook, Burberry is ahead of its competitors with more followers. The interviewee continues by saying that the company's British heritage plays an important role in its position on the market. Burberry also has a global reach which some competitors lack. The Digital Marketing Assistant continues by describing Burberry as a company with a strong leadership. The company has one clear vision which consists of five strategic themes.

She also describes the environment in which she works as changing. However, top management always ensure that the company conveys a consistent message to consumers. The interviewee describes Burberry as an informal hierarchy, as employees are not treated differently according to their position within the company. She explains that even interns are treated as employees with equal rights as managers and directors. The Digital Marketing Assistant says that employees speak their mind as the management is interested in hearing about new ideas. However, she says that each department has its own routines, but these routines change if necessary. Therefore, it is a reactive environment.

Furthermore, in order to ensure individual progress, employees have their own objectives which are reviewed every year. As a result, employees are encouraged to progress quickly. The interviewee says that Burberry is a youthful company with a legacy. The company wants to promote and progress young talent. Therefore, roles are created for employees to encourage development. The interviewee discusses the company's long term goals by saying that the management has set five strategic themes which all departments within the company strive to achieve. She also mentions that the company is focused on progressing digitally. Therefore, departments are encouraged to use digital media to reach out to customers.

5.2.5 Interview 4

Position within Burberry: Marketing Coordinator for Emerging Markets

Time in employment at Burberry: 2 years

The fourth interview was conducted with Burberry's Marketing Coordinator for emerging markets on the 22nd of April, 2010, at 3 pm. From this point onwards, this person will be referred to as Marketing Coordinator.

The Marketing Coordinator says that Burberry's recent success is down to the company's new strategies which enable Burberry to reach a wider audience. The company's focus on digital media has allowed the company to reach out to more customers for less money. The decision to broadcast Burberry's most recent fashion shows live on the Internet allows for a bigger audience. The company is described as youthful compared to other fashion houses in the luxury sector, because it has moved away from being perceived as a company which dresses middle-aged "beige" men. Nowadays, Burberry does not focus on a single segment, it offers products for people of all ages. The interviewee continues by saying that the company may be youthful but it always incorporates its British heritage into all products or business operations. She also explains that Burberry has entered markets in some countries where there is not much competition. An example of such a country is Poland, where many of Burberry's main rivals are not yet present. A lot of marketing activities are conducted digitally, due to the company's digital focus, which has put the company ahead of many rivals.

The interviewee continues by describing the company as dynamic and, thus, reactive to change. At the same time, the company focuses on the future so as to always be one step ahead. The company has a strong leader who encourages creativity within the company. When asked about how Burberry is composed, the Marketing Coordinator explains that the company strives to do everything in-house.

Burberry is also described as a corporate hierarchy in which decisions are made at the top and then mediated down the all levels of employees. The company headquarters are based in London. However, the company has offices in other major cities around the world, as well as agencies in certain countries. Despite the hierarchy, employees are encouraged to speak their mind and give suggestions for improvements, as it showcases creativity. The interviewee also mentions that employees are evaluated annually in order to progress, as personal objectives are set every year. She explains that the company wants to keep its employees. Therefore, Burberry focuses on internal promotion which leads to the fact that people stay within the company. As a result, many people also start from the bottom and work their way up the career ladder at Burberry. The Marketing Coordinator answers the final question about Burberry's long-term goals by saying that the marketing department has a three-year strategy which focuses on maintaining growth and keeping an enthusiasm for the brand. However, she also explains that apart from these strategies, the marketing department also works towards the achievement of the company's five strategic themes.

5.2.6 Interview 5

Position within Burberry: VIP Manager

Time in employment at Burberry: 5 years

The final interview was conducted with Burberry's VIP Manager on the 22nd of April, 2010, at 5 pm. From this point onwards, this person will be referred to as VIP Manager.

The VIP Manager says that Burberry's recent success is due to its new VIP-team which focuses on the customer. In order to maintain the company's British heritage, the management also decided to bring back the show to London, which has produced purely positive feedback for the company.

The interviewee places Burberry in the luxury market which offers more than just clothing, it offers a complete lifestyle. The company's British heritage plays an important role in its competitiveness. As a result, the heritage is incorporated into every aspect of the company. In order to remain competitive, the company prices its products in accordance with its competitors. The interviewee continues by describing Burberry as a forward-thinking and heritage based company.

The interviewee also mentions that Burberry is on the FTSE 100 list which is an index that lists the 100 most capitalised UK companies. The VIP Manager explains that Burberry consists of an informal hierarchy with authoritarian elements. The company is informal in the sense that all employees are allowed to express their thoughts and they address each other by their first names. At the same time, Burberry is authoritarian which means that there are processes for all decisions or changes. Therefore, all changes or decisions need to be approved prior to execution. However, employees are encouraged to be creative and seek solutions to problems. In order to encourage improvement, each employee has his/her own goals which are analysed once a year. To further encourage the employees, Burberry attempts to promote internally and creates roles for employees so as to keep the talent within the company. When asked about the company's long-term goals, the VIP Manager enumerates Burberry's five strategic themes which are the same across all departments: Retail led growth, Investment in under-penetrated markets, Non-apparel growth, Operational excellence and Leverage the franchise.

5.2.7 Culture

The term organisational culture was not used in the interviews. Instead, the interviewees were asked to describe the company so as the culture could be detected in the answers. The interviewees describe Burberry as youthful, dynamic and creative. Moreover, all interviewees apart from the Digital Marketing Assistant, portray the company as forward-thinking, and the PR Coordinator for emerging markets and Marketing Coordinator add that the company has a creative drive to perform tasks internally. They say that the company's British heritage is embedded in all activities within the business. Due to strong leadership from the Chief Executive Officer, the entire company conveys a consistent message.

When asked how they would describe Burberry in comparison to its main rivals, almost all interviewees agreed that the company's British heritage is important as many people buy into this image. Moreover, all interviewees apart from the VIP Manager mention that Burberry's focus on digital use puts Burberry ahead of competition. Thus, the company focuses on digital communication in order to reach as big an audience as possible for a minimal amount of money. The Digital Marketing Assistant and the Marketing Coordinator say that this is one of the company's most recent strategies. This strategy has resulted in live broadcasting of the company's recent fashion shows which allowed for people all around the world to watch the fashion show live on the Internet.

When asked if employees at Burberry are encouraged to experiment and be innovative, the interviewees all agreed that employees are encouraged to speak their mind and be creative. However, all interviewees apart from the Digital Marketing Assistant said that key changes have to be approved by a super-ordinate due to the company's hierarchy. The Digital Marketing Assistant discusses the presence of routines but affirms that she works in a reactive environment where routines may change if necessary. The Digital Marketing Assistant mentions that the company promotes young talent; therefore, young employees are recruited. Based on the interviews, it can be concluded that employees are encouraged to progress quickly and roles are even created to encourage individual development. Personal objectives are set and each employee is reviewed annually so as to enable progression. In spite of a youthful environment, the PR Coordinator and Marketing Coordinator imply that people stay within the company for a long period of time.

To summarise the answers to the questions related to organisational culture, the interviewees agreed that Burberry is a youthful, dynamic and forward-thinking company which encourages employees to be creative. Moreover, in order to enable individual progress, each employee has personal objectives for which to strive. However, the company consists of a hierarchy which means that decisions are taken at the top.

5.2.8 Vision

Similarly to organisational culture, the term vision was not used during the interviews. Instead of discussing the company's vision, Burberry's long-term goals were discussed. As most of the interviewees work within the public relations and marketing departments, some answers focus on specific department goals. All interviewees confirm that Burberry has five strategic themes which the entire company strives to achieve. However, not all interviewees enumerated the themes. These five themes are: *Leveraging the franchise, Intensifying non-apparel development, Accelerating retail led growth, Investing in under-penetrated markets, and Pursuing operational excellence*. In other words, Burberry strives to improve coordination of brand assets and enhance integration of its global businesses. The company aims to develop non-apparel categories such as accessories. Furthermore, the goal is to continuously open new stores, and invest in new markets, both developed markets like the United States and emerging markets such as China. The company's final strategic theme is to be equally recognised for its operational excellence as for its product and marketing excellence. Every year, the company develops plans and strategies to achieve these themes.

Apart from the company's common strategic themes, each department has its own long-term objectives for which to strive. The Marketing Coordinator explains that the marketing department has a three-year strategy which focuses on maintaining growth and enthusiasm for the brand. She also explains that in spite of departmental goals, all departments work towards common goals. These common goals will always be more important than other objectives. However, the PR Coordinator for emerging markets says that departmental goals are always in line with the company's five strategic themes to ensure that all areas of the company work towards a common goal. As mentioned as one of Burberry's most recent strategies, and confirmed by the Digital Marketing Assistant, the focus on digital communication is apparent, and the company is focused towards progressing further, digitally.

5.2.9 Miscellaneous

During the interviews, those questioned discussed why they opted to work for Burberry, why they have stayed and what they want to change with the company. The majority of the interviewees have been employed by the company for less than two years.

The VIP Manager is the only interviewee who has been at the company for longer, namely five years. The questions related to the interviewees' working situation were asked to detect if the company's culture attracted the interviewees to apply for positions within Burberry. The PR Coordinator performed a one-year placement at the company prior to employment, as it was part of her university course. She wanted to work with a luxury brand, and as a result, chose Burberry. All interviewees explain that there are numerous opportunities within the company as the company promotes internally, which therefore, encourages individual progress. None of the interviewees answer the question whether there is anything that they want to change regarding the company or their situation. However, the PR Coordinator explains that the company consists of small teams. She says that she wants more help with certain tasks as the teams are so small.

5.3 Analysis

In this section, the empirical findings are discussed and analysed for the two propositions separately. The empirical findings are connected to the literature review prior to drawing conclusions about the propositions.

5.3.1 Analysis of proposition 1

The first proposition is as follows:

A dual-market strategy must be apparent in the company vision.

In this study, vision is defined as an idealised goal which the leader wants the company to achieve in the future (Kenny, 1994; Hodgkinson, 2002; Barnett & McCormick, 2003). Based on the empirical findings, Burberry has a clear vision which consists of five strategic themes. These themes are: *Leveraging the franchise, Intensifying non-apparel development, Accelerating retail led growth, Investing in under-penetrated markets, and Pursuing operational excellence*. All employees discuss these themes to different extents, but the question one could ask oneself is whether the interviewees actually understand the meaning of them. Do they understand the themes so that they can develop strategies to achieve these goals? As all interviewees are at a low level in the hierarchy, they have potentially not taken part in the development of the themes. Instead, these themes have been passed down to them by super-ordinates.

As some of the interviewees quickly enumerated the themes, without further explanation of them, an analysis can be made that they do not thoroughly know the themes. The Digital Marketing Assistant has only been in the company for eight months, so it could be that she does not know the themes due to her short time of employment. On the contrary, the VIP Manager who has been in the company for five years was able to elaborate on the themes in more detail. Therefore, time of employment as well as the position within the company, seem to determine the level of knowledge about the common themes. As a result, one could ask oneself if the company's vision is clear in the sense that all employees understand and work towards achieving it. As proposed by the literature review, a dual-market strategy must be apparent in the vision of the company. However, employees need to understand this vision in order to be able to develop strategies to achieve it. How are they going to apply a dual-market strategy which aims to achieve the vision, if they do not understand the vision? As discussed under operationalisation, vision can be measured as either present or future oriented. Moreover, it can emphasise profit and/or growth which indicates whether or not the company is innovative.

In this case, none of the five strategic themes mention profit. Instead, retail led growth is stressed which could indicate that the company is innovative; thus, it uses a market driving strategy. However, all the other themes, except for the theme to pursue operational excellence, seem to be present oriented. However, all of the themes are ambiguous and it is thus difficult to establish whether they have been achieved. Most of the interviewees mentioned the themes, but they could not further elaborate precisely what the themes represent and mean. This indicates that the company has a clear vision consisting of five strategic themes. However, Mintzberg (1995) stresses the importance of creating a vision which is easily comprehensible for all parts of the company, so that the entire company conveys a common message (as cited in Hodgkinson, 2002). As most of the interviewees were not able to explain the meaning of the themes, the company's vision cannot be clear. The aim to intensify the development of non-apparel products does not include a prospective target for the company to reach. Instead, the goal is to enhance the focus of non-apparel products, a goal which is achieved when the company uses more resources on the activities devoted to those products. Therefore, the goal may be achieved at any time indicating that the theme is present oriented.

Similarly, leveraging the franchise and investing in under-penetrated markets are targets which may be reached in the nearby future. However, due to the lack of concrete targets, these themes may well be future oriented. Nevertheless, in spite of the lack of concrete targets, operational excellence seems to be more of an idealised goal which the company will always attempt to fulfil but never succeed. Thus, Burberry works towards improving its products and services so as to satisfy future changes in customer demand. Therefore, it is future oriented and can be connected to a market driving strategy.

The question is how to define operational excellence in order to know when it has been achieved. As market driving companies seek to educate their customers about unknown needs, companies need to incorporate this idea into their vision (Jaworski *et al.*, 2000). The theme of investing in under-penetrated markets indicates that Burberry attempts to satisfy unknown needs in those markets, which is one of the goals for a market driving strategy. Furthermore, Abell (1993) suggests that companies which use a dual-market strategy need to have clear objectives and strategies for how to reach these goals. The fact that Burberry creates strategies each year for these themes indicates that the company uses a dual-market strategy.

To summarise this particular discussion, the results show support for the proposition that a dual-market strategy must be apparent in a company's vision. The results show that Burberry has a clear vision which consists of five strategic themes. However, the strategy does not seem clear in the sense that the employees understand it. Therefore, it could be difficult for employees to use a dual-market strategy if they do not know what they are trying to achieve. The five themes indicate that both market driven and market driving strategies are incorporated, as the themes indicate both present orientation and future orientation. As a dual-market strategy consists of market driven and market driving activities (Jaworski *et al.*, 2000), one can conclude that a dual-market strategy is incorporated into Burberry's vision.

As can be concluded from section 5.1.2, Burberry is market driven in certain areas of the company and market driving in others. This affects the company's vision as it must be phrased so that all employees, regardless of their department's strategy, can understand it (Kenny, 1994).

A dual-market strategy involves different thinking compared to a market driven or market driving strategy. Instead of focusing solely on following the market or driving the market, a dual-market strategy involves both being driven by the market and driving the market. This way of thinking needs to be integrated into the vision so that employees understand the dual-market strategy (Hodgkinson, 2002). If they understand it, they will be able to use it successfully. As a result, Burberry's vision is affected by the company's use of a dual-market strategy. The vision must be created so that it is focused on both the present and the future, so as to encourage employees, to work towards satisfying both today's, and tomorrow's customer needs. There are indications that Burberry incorporates features of a dual-market strategy into the vision. However, the company seems to have failed to convey the actual meaning of the vision to its employees, as four of the five interviewees could not thoroughly describe the themes. As a result, the company has not sufficiently explained the themes to its employees, which may hinder the employees working towards the same long-term objectives (*ibid*).

5.3.2 Analysis of proposition 2

The second proposition is as follows:

A dual-market strategy must be apparent in a company's organisational culture.

In this study, organisational culture is defined as a common set of values, beliefs and behaviour patterns which form the core identity of an organisation (Rashid *et al.*, 2003). The concept is measured according to four types of culture which have different characteristics (Trivellas & Dargenidou, 2009). Based on the empirical findings, Burberry's organisational culture stresses creativity, flexibility and uniformity. Through the use of five common strategic themes, Burberry attempts to align all areas of the company so that they work toward a common goal. Therefore, the company's culture emphasises uniformity. However, based on the interviewees, not all employees comprehend the meaning of the themes. Therefore, they may not understand the purpose of their work. As a result, it cannot be concluded that the company's culture stresses uniformity based on the interviews. Similarly, the reason that all interviewees apart from the VIP Manager discuss a digital push could be that their departments are more involved in that strategy, whereas the VIP Manager may not be aware of that strategy.

This could also indicate that there is a lack of communication between different departments which does not indicate that the company has a culture which emphasises uniformity. The Digital Marketing Assistant mentions that there are existing routines, but they can easily change if necessary. As a result, the company seems to be flexible and adaptable to changes in the environment. However, the fact that most interviewees state that the company consists of a hierarchy, albeit informal, indicates that top management need order and structure. Therefore, the company may not be completely flexible as mentioned by only one interviewee, an employee who has only worked for the company for eight months. Therefore, she may not know how the company actually is run, compared to interviewees who have worked for the company for longer. Moreover, internal promotion and individual evaluation are incentives for employees to progress but also to commit to their work so as to satisfy their super-ordinates.

Therefore, the culture also focuses on employee commitment. As the interviewees state that they are encouraged to speak their mind, this could indicate that the culture emphasises openness. However, if the company encourages openness, employees should be able to give positive as well as critical feedback. As the interviews were conducted in the company's canteen, the interviewees may have neglected to mention information which can be perceived as negative for the company. As a result, there are indications that openness is part of Burberry's culture, but only to some extent. Strong leadership from the Chief Executive Officer further indicates that the company focuses more on order and stability, as opposed to absolute openness and freedom.

As an adhocracy culture stresses entrepreneurship, creativity and innovation (*ibid*), there are indications that Burberry fits into this description. This culture is further characterised by flexibility and adaptability, traits which seem to be apparent in Burberry's organisation. However, the interviewees explain that Burberry encourages employee commitment, through individual goals and annual reviews of all employees, a trait which is associated to a clan culture. Moreover, a clan culture emphasises openness which only seems to be present in Burberry's culture to some extent. Based on this, it cannot be concluded that Burberry represents a clan culture. Nevertheless, there are indications that Burberry has traits which are associated to different cultures. Therefore, one could ask oneself if Burberry has more than one culture profile.

Researchers claim that clan cultures are reluctant to change (*ibid*) which contradicts an adhocracy culture, which is indicated to be present at Burberry due to its ability to react to changes. Hence, the company does not have a clan culture. Instead, Burberry's focus on achieving operational excellence and other long-term goals fits into the profile of a market culture which emphasises productivity and efficiency. Similarly, strong leadership, which indicates order, and uniformity are two traits which belong to a hierarchy culture. Order can be used to describe the culture at Burberry, as visitors at the company's headquarters, are photographed upon arrival. Moreover, the reception writes down all visitors' names. Finally, all visitors must state whom they are there to see and the reception then calls that person who will come down to the reception to greet the visitor. This is a process which indicates order, as visitors are not just allowed into the building, but the company wants to know about each visitor. This is also for security reasons and the fact that designs for future collections could be stolen.

Another remark from the interviews is that all employees at the company look young, which is in line with what the Digital Marketing Assistant stated. One could declare that by recruiting young people, the company is focused on the future. Thus, Burberry has a forward-thinking attitude which is reflected in the decision to hire young people. A third remark is that the Marketing Coordinator mentions that there is a focus on undeveloped markets, which enables Burberry to establish operations in markets ahead of its competitors. This could indicate that the company is risk-taking as undeveloped markets are unknown. The fact that Burberry establishes operations in those markets prior to its other competitors, requires a varying amount of risk, based on the potential uncertainty regarding the new market and its consumers. A dual-market strategy includes being risk-taking as there is always uncertainty involved in being proactive and trying to sense what customers are going to need in the future.

To summarise the discussion about different cultures, Burberry has characteristics which fit into different culture profiles. Therefore, there are indications that companies can have more than one culture profile. However, this is a discussion for future research and will not be further analysed in this study. Instead, the focus is on comparing Burberry's culture to characteristics for market driven and market driving strategies.

Adaptability and flexibility are traits which are typical of a market driven strategy (Harris & Cai, 2002). Burberry appears to consist of a reactive environment. However, due to its hierarchy with authoritarian processes, the process of change may take time as decisions need to be taken and then passed along to the employees. The fact that the company seeks order, indicates that Burberry emphasises the use of existing routines and knowledge to satisfy customer needs. This is a feature which is related to a market driven strategy. The company's culture also places an emphasis on creativity and innovation which indicate that the company is market driving (Kumar *et al.*, 2000). Similarly, in spite of the interviewees' answers, employees may be encouraged to be creative, but if everything needs to be approved, then one can ask oneself how creative each employee can be. On the contrary, Burberry appears to encourage risk-taking which is a characteristic for market driving companies as these companies need to predict future customer needs. Market driving companies are also thinking about the future (Abell, 1993), something which Burberry does by recruiting young people. As a result, there are indications that Burberry's use of a dual-market strategy is apparent in the company's culture, as both market driven and market driving characteristics are palpable in the organisational culture. Therefore, the company's use of a dual-market strategy influences the culture in the way that top management need to develop a culture which encourages reactivity as well as proactivity. Moreover, the culture is affected by a dual-market strategy as it encourages both order, which concerns the use of existing routines, as well as risk-taking to seek new solutions. However, it cannot be concluded that Burberry's culture encourages employees to speak their mind, as the interviewees were reluctant to talk negatively about the company. As a result, total openness does not appear to be included in the culture.

5.3.3 Analysis of Miscellaneous

The fact that the interviewees did not answer if they want to change something about the company or their job situation indicates that they do not want to say something which could be perceived as negative by the company. The interviewees were reluctant to answer this question which could indicate that they want the company to be perceived in a positive way. Therefore, one could ask oneself if their answers to the other questions were truthful. The interviewees answered all other questions positively, almost as if they were promoting the company.

However, the interviewees may have been reluctant to answer negatively as the interviews took place in the canteen at the company's headquarters, where other employees were present. One could also ask oneself why one of the interviewees chose to tell the truth that she needed more staff in her department.

5.3.4 Summary of analyses

The empirical findings support the assumption that Burberry uses a dual-market strategy. As research suggests, the company appears to be market driven in certain areas and market driving in other activities. The results of the analysis indicate that the two propositions are not rejected. Consequently, there are both market driven and market driving traits incorporated into the company's organisational culture and vision.

Therefore, this indicates that characteristics of a dual-market strategy are apparent in the organisational culture and vision, as characteristics for market driven and market driving strategies are also essential for a dual-market strategy.

6. Conclusion

In chapter six, the conclusions of the study are presented. The chapter begins with a summary of the dissertation, followed by the conclusions of the study. Then, a critical review precedes practical implications. Finally, suggestions for future research are discussed.

6.1 Summary of the Dissertation

Researchers distinguish between a classical market driven strategy, which focuses on learning about the customer and adapting offers in accordance to changes in customer preferences, and a revolutionising market driving strategy, which enables companies to be innovative and educate customers (Jaworski *et al.*, 2000; Carrillat *et al.*, 2004). However, on their own, these two strategies have limitations yet they need to complement each other (Jaworski *et al.*, 2000). As a result, companies need to use a dual-market strategy which allows them to listen to customer demand while also focusing on exploring new ideas to satisfy future customer needs (Abell, 1993). Therefore, it is important to investigate how companies can balance the use of market driven and market driving activities, and how the dual-market strategy needs to be incorporated into the business.

Previous research suggests that market driven and market driving strategies are complementary; thus, a dual-market strategy can be implemented (Harris & Cai, 2002). However, this research is not conclusive as some researchers argue that market driven and market driving are simultaneous but ultimately sequential strategies (*ibid*). Researchers are not in agreement on how a dual-market strategy can be implemented. Therefore, it would be interesting to undertake a case study in order to find out how companies can use a dual-market strategy and how it is integrated into the business. The luxury fashion company Burberry is studied in this dissertation as it is a good example of a company pursuing a dual-market strategy. The company classifies its products as either continuous or seasonal (Moore & Birtwistle, 2004). These product classifications indicate that Burberry focuses on satisfying customer demand with products that are in demand year after year, while simultaneously creating new products to satisfy unknown

needs. Therefore, this is a good company to study in order to learn how companies implement a dual-market strategy.

Within the market orientation literature, there are theories on market driven and market driving strategies that were used to present the research field. As there is a lack of research on the theory of a dual-market strategy, the theories on market driven and market driving strategies were also used to explain the phenomenon of a dual-market strategy. Furthermore, well-established theories on organisational strategy were connected to this study so as to gain a deeper understanding of the phenomenon. Based on these theories, two propositions were developed and tested in order to study the relationship between a dual-market strategy and a company's organisational culture and vision. The sample of the study consisted of five employees at Burberry's headquarters in London, United Kingdom. The data was collected through semi-structured interviews with the five employees. Finally, the results of these interviews were discussed and analysed.

6.2 Conclusion

It is important for companies to be responsive to changes in customer demand, but companies also need to be able to think one step ahead and create products/services for future customer needs. Moreover, they need to be able to convince customers that this new product/service is something which customers need. To be able to understand the importance of these two strategies, a great deal of research has been conducted. However, the lack of research on the simultaneous use of these two strategies yielded the idea to study how a dual-market strategy is integrated in a company's business. Thus, the purpose of this dissertation was to investigate how a dual-market strategy is incorporated into a business. Hence, the research question was:

How does the use of a dual-market strategy influence the business?

The choice of relevant theories enabled the study to remain focused in order to achieve the purpose. Based on the studied theories, the Wemby model was created which suggests that there are eight components which influence a dual-market strategy.

The relationship between a dual-market strategy and the chosen components is depicted in Figure 3.4, in chapter three.

Culture and vision are important for a dual-market strategy. The case study of Burberry indicated that a dual-market strategy is embedded in the company's organisational culture and vision. Burberry's culture is characterised by creativity, flexibility and reactivity, whereas the vision encourages innovation, development of demand and exploitation of existing knowledge. As a result, the propositions were not rejected; the phenomenon of duality was present in the organisational culture and vision.

To conclude, the research conducted in this dissertation aimed to examine how a company uses a dual-market strategy. However, the focus in this dissertation was on how a dual-market strategy is embedded in a company's culture and vision. The results presented above are indications that companies pursuing a dual-market strategy need to incorporate the phenomenon of duality in the organisational culture and vision. Based on these findings, it can be concluded that a dual-market strategy influences Burberry's organisational culture in the way that top management need to create a culture which encourages employees to both exploit existing resources and routines, as well as explore new ideas and new knowledge. If another culture already exists, this culture needs to change and employees must be included in the new culture. This is not something which is done over a fortnight, it takes time as it is not something which one learns. The culture is related to behaviours, beliefs and values within a company (Carrillat *et al.*, 2004). Therefore, a company needs to change its employees' way of thinking. Similarly, the vision is affected by a dual-market strategy as there is a need to incorporate the idea of duality into the vision. Thus, the vision must be both present and future oriented so as to encourage employees to be the same. As the vision aligns employees to work towards the same long-term goals (Hogdkinson, 2002), it needs to be clear. Burberry is affected by its use of a dual-market strategy as the company needs to find a balance between incorporating its heritage into the business and exploring new ideas. As a result, the past meets the future, something which is typical of a dual-market strategy. However, Burberry's main issue appears to be communication of the strategy. Top management have not been able to convey the meaning of the vision to the employees, which may affect the outcome of the strategy.

Based on the empirical findings, it can be concluded that communication is important when applying a dual-market strategy, as this strategy involves a new way of thinking and behaving. Therefore, the company needs to communicate the new message to all employees. As a result, a dual-market strategy influences a company's culture as well as its vision in the way that employees need to be encouraged to be reactive as well as proactive. Employees need to exploit current resources while simultaneously explore new options. This also includes a balance of taking risks. Moreover, Burberry is affected by its choice of strategy as it requires good communication within the hierarchy and between the departments. However, Burberry does not appear to have succeeded in conveying the thinking of duality in its vision, as the vision needs to be comprehensive for all employees within the company, regardless of their position. Therefore, this may affect the outcome of the dual-market strategy as employees need to understand the purpose of the strategy in order to successfully implement it. As a result, the research question has been answered. A dual-market strategy influences Burberry's way of conducting business and performing tasks. This strategy also affects the communication within the company, as it requires more communication. This is how Burberry is affected by the strategy. The question one could ask oneself now is whether other companies using a dual-market strategy are affected in a similar way.

6.3 Critical Review

Within this study, there are certain parts which could be criticised. The purpose of this dissertation was to examine how a dual-market strategy is incorporated into the business. Based on this concept, the decision to conduct a case study was made. In the case study, a deeper investigation of Burberry's use of a dual-market strategy could have been performed, in order to gain an increased level of knowledge about the company's strategy prior to examining the relationship between the dual-market strategy and the culture and vision. With regards to the theoretical framework, there could be other components affecting a dual-market strategy, which were not included in this study. These components may be more important to the implementation of a dual-market strategy, than those which were selected for this study. Moreover, due to a lack of research on a dual-market strategy, the chosen literature discusses closely-related topics which could influence the results of the study.

6.4 Practical Implications

Due to the academic gap in the research field of a dual-market strategy, the aim of this study was to develop a deeper knowledge of the implementation of a dual-market strategy. Previous research has focused on either a market driven strategy or a market driving strategy. There is an insufficient amount of research on the two strategies combined. Therefore, this study has an academic value.

For practical purposes, the results of this study and the conclusions drawn may be of value for managers who wish to pursue a dual-market strategy. The conclusions can be used as guidelines for how to implement a dual-market strategy. As the analysis indicates, the strategy needs to be embedded in a company's culture and vision. These company attributes may be difficult to change if they are not suitable for the chosen strategy. However, managers need to bear in mind that the culture and vision enable a company to pursue a certain strategy. Hence, the relationship between the culture and vision, and a dual-market strategy is important for managers who wish to pursue a dual-market strategy. As this study focuses on a luxury fashion company, primarily other luxury fashion companies may use this study as a guideline. As the relationship has not been examined in other industries, it is not possible to clarify whether companies in industries other than the luxury fashion industry can use the conclusions as guidelines.

6.5 Future Research

While conducting this study, ideas for future research emerged. Due to the limited amount of time which was provided for this study, only the relationship between two components and a dual-market strategy was examined in the study. As a result, it would be interesting to investigate the relationship between the remaining components and a dual-market strategy. Moreover, a similar study on companies in other industries would be interesting to conduct in order to be able to compare those results with the results of this study. Does the same relationship apply to other industries as well? If this is the case, generalisations could be made. Furthermore, the connection between a dual-market strategy and organisational ambidexterity could be investigated further. The aim of this investigation would be to either accept or reject the suggestion that factors which influence organisational ambidexterity also influence a dual-market strategy.

Another interesting idea for future research is to investigate the relationship between a market driven strategy and a market driving strategy when these strategies are used simultaneously. Do they always complement each other? Does a market driven strategy thwart a market driving strategy, and vice versa?

Finally, it would be interesting to examine if a dual-market strategy can be implemented differently within different organisations. Perhaps it could be connected to the four different types of ambidexterity, mentioned in this dissertation. Do organisations alter between being market driven and market driving, or are they always simultaneous? Is there one predominant strategy, or are the strategies equally dominant?

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Appendix 1 – Interview Guide

What do you think is behind Burberry's recent success, namely the great deal of press coverage and celebrity following?

How would you describe Burberry in comparison to its main competitors?

How would you describe the company?

For how long have you worked for Burberry? What made you approach the company in the first place? What has made you stay?

How does the company work? Is it divided into areas?

Are employees encouraged to experiment and try new things?

What are the company's long-term goals?

What amount of labour turnover does Burberry have? Are people being promoted internally?