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Expansion through Replication:
The case of Decathlon Group

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Introduction

The following work moves around the process of replication, which generally identifies the action of copying or reproducing something. The starting point is the article of Winter and Szulanski, “Replication as Strategy”, in which replication is described in terms of business, as the creation and operation of a large number of similar outlets that deliver a product or perform a service. The process is divided into two phases: exploration, to define the business model, and exploitation, to implement it and start replication. To conduct the process, it is important to establish what can be replicable which is defined as the “Arrow Core” and also to select the right context, from the environmental and demand points of view. Moreover, factors as urgency, speed, transfer of knowledge and routines can determine the success of the strategy. To start a mass replication, businesses usually select a “template” as the basis for the new outlets. However, the template should not be considered untouchable, in fact, in the replication strategy, there is a percentage of flexibility which allows to adapt the process according to requirements. After the description of the replication strategy, for both, transfer of knowledge and routines, there are two dedicated sections. The first one is considered a social communication process which happens between a sender and a receiver. The contents of knowledge can be processes, routines, systems or even products and services. In this case, again, the context plays a key role and is specified in three factors: reputation, culture and incentives. Some studies with different perspectives are later analysed. Talking about routines, which are part of the transfer of knowledge, they are described as a usual or fixed way of doing things and specifically those sets of procedure and ways-of-doing applied by members of the organizations to execute tasks. Being Decathlon the subject of the research, the second chapter is dedicated to the market in which it operates, the sporting goods industry. It comprehends everything that could be related to sport, from physical goods, places, to services or ideas. It is part of the retailing industry and certainly an increasing market. This part analyses the structure and the main strategies applied by companies, and the segmentation of the market. There is also a brief description about some global Decathlon’s competitors such as JD Sports and SportsDirect and a specification about Italy and the main retailers on the territory. The third chapter is dedicated to Decathlon Group with an historical introduction and then a deep analysis on the main aspects of the
business. First of all, the organizational structure of the business, from the CEO to collaborators, the management, the format of stores, the products and the services offered by the brand. It is explained which is the mission of the company and its values, which are, for the company itself, very important. A short part is dedicated to a new project of the company, Decathlon Vision 2030, because it underlines how much the human aspect counts for the company. In order to have an inside and more global point of view three store directors have been interviewed, two directors of Italian stores, and the other of an English one. Finally, in the last chapter is highlighted what makes Decathlon compatible with the replication strategy. I choose to treat the case of Decathlon Group because it is not only a retailer, but also a production company. Moreover, it’s a successful brand and its expansion during the years has been huge. It opened thousands of outlets following the same format, from an aesthetic point of view but also from the managerial one, adapting it to local realities and always promoting his values.
1. What is Replication Strategy?

The starting point of this work is the article written by Sidney G. Winter Gabriel Szulanski. The discussion is about the phenomenon of replication which, generally speaking, describes the action of copying or reproducing something. But, in this case, we refer to this term in the business field and specifically to the creation and operation of a large number of similar outlets that deliver a product or perform a service.¹ Moreover, replication is often related to the fast-food category, that is why it is also known as the “McDonalds approach”. Nowadays, however, this organizational form has spread a lot, being applied in around 60 industries. Considering the massive seizure of power taken by e-commerce, replication strategy has been also identified as a sort of solution to maintain the so called “brick and mortar” points of presence. This term means physical structures, traditional street-side businesses, which offer products or services face-to-face to customers. There exist two methods to apply replication strategy, the first one forecasts just a phase of exploitation, while the second one includes also a phase of exploration. In the first one, replication appeared simply as the application of a well-defined formula that businesses just need to reproduce. This formula is assumed to be known perfectly and is supposed to be able to completely satisfy customers’ needs. In this case profit is mainly produced by the overall demand for products or services and it can be easily calculated by multiplying the rent generated by a point of sale and the total number of outlets. Unfortunately, this first vision does not best express the replication strategy. Instead, the second proposal starts with a phase of exploration in which the business creates and refines its business model and, after that, there is a phase of exploitation to confirm the efficiency of the business model in order to start the large-scale replication. This view is considered much more complete because takes into account more important factors such as the choice of the necessary components to replicate in suitable geographical areas, the process of routinize knowledge transfer and how to maintain the model once it has been replicated. Moreover, the critical period between the two phases can be exploited to create and refine the capabilities that reinforce routine replication activities. The evaluations of exploration and exploitation in the replication process are not really in line with previous studies in the organization literature. In fact, it has been underlined the importance of finding a balance between the two phases in organizational learning, in order to promote organizational adaptation and survival. Levinthal and March, sustained that for avoiding

competency traps and myopia of learning in shifting environments it’s important to conduct simultaneously exploration of new routines and exploitation of known expertise.² Even urgency together with speed, have to be considered important issues, because the timing in stabilizing the business model can be fundamental for success and to challenge the competition. Other key aspects to keep in mind, in order to conduct a replication strategy in a good manner, are the recognition of the necessary efforts to develop the best business model, the long evaluation that precedes the largescale replication, and the hard commitment for the transfer of knowledge. Not all the elements of an organization can be replicable, that’s why there exists the term “Arrow Core” which refers to the knowledge of which attributes are replicable and worth replicating, together with the knowledge of how these attributes are created.³ The Arrow Core is not something available from the beginning, on the contrary, it is necessary a phase of learning, especially from past experiences, in order to create a central organization imprinted to the transfer of it to new stores. It is usually part of the phase of exploration in which it is discovered. We can find some similarities about replication strategy in the diffusion of innovations in a population of organizations, in intraorganizational diffusion of technology and in the transfer of practices inside a firm. But there exist two characteristics that clearly distinguish the replication strategy, firstly the broad scope of transfer of knowledge and the focus on dynamic capabilities that accumulate in the centre or focal organization.

Going further in the analysis of the process, as already mentioned before, the transfer of knowledge is fundamental to conduct a good replication. This procedure usually involves transfers of broad scope. The dimension of this knowledge depends mainly on the endowment of recipient organizations, those in which knowledge will be transferred, and also on the consequences that this operation could bring with itself as modifications in the organization of outlets, in the definition of the target or in influencing the identity of outlets. The objective is to adapt to the external environment trying to align the target. The transfer of broad scope includes also transfer of routines and practices, in those cases, the new stores become quite independent in producing and offering services locally. Anyway, it could also exist a transfer of knowledge of narrow scope, which does not imply any significative change but, sometimes, only an internal adaptation to the new incoming knowledge. If the capability of local production is effectively acquired, we can

² Scott M. S., Van de Ven A. H., Handbook of Organizational Change and Innovation, Oxford University Press.
³ Sidney G. Winter, Gabriel Szulanski, cit., p. 731
talk about replication strategy, otherwise it is a case of a faux-replication strategy in which the internal processes of the outlets are not involved. A clear example of faux-replication strategy are the retail chain organizations which propose products or services without producing them locally. Even franchising cannot be considered a replication strategy because the dominant organization has no power in the internal operation of the various points of sales.

Another key point of replication are the dynamic capabilities that each outlet developed, which refer to the partly routinized activities that are carried on to expand or change the capabilities that directly affect revenue generation.\textsuperscript{4} We are talking about the knowledge of the business model traits that have to be reproduced, the actions to be taken to implement them and the information necessary to succeed economically in the surrounding environment, such as the valued characteristics of products or services that will be provided by the outlets. The previous cited traits influence the profitability of new points of sale and if successfully applied can affect the speed at which replication could occur, also depending on the ability of outlets to implement them. If replication strategy has a positive impact, the main organization will have more chances to conceive and build new outlets with the necessary staff and with a project of training to transmit firm-specific skills to employees. Another important consideration, which could be crucial for the pace of replication, is the ability to identify suitable areas with potentials, not only from the geographical point of view but also from the local demand one. After deciding which features need to be replicated, the various necessary procedures and procurement methods will be consequently selected.

We already mentioned the Arrow Core, which refers to what can be replicable and what is not necessary, or even negative for replication. More specifically, it comprehends that information that assures the value-creating potential directly in the outlets. The Arrow Core specifies not only “what” but also “how” to implement those characteristics considered replicable and that will have a positive impact on the value created by the business model. The information included in the transfer are considered as “non rivalrous in use”\textsuperscript{5} and actually the repeated use of the same information many times, in different situations, doesn’t make them less available or less relevant, on the contrary it makes

\textsuperscript{4} Sidney G. Winter, Gabriel Szulanski, cit., p. 734
\textsuperscript{5} Sidney G. Winter, Gabriel Szulanski, cit., p. 733
them even more performing. That is why, experience is the only tool able to give improvements to the strategy. The Arrow Core is something that must be acquired through experiential learning and usually is the not completely hidden truth about replication. Companies usually have what is called a “guiding example” or “template”, which represents the best example of outlet that was created through the replication strategy. Of course, the template cannot be completely imitated, it could have some characteristics that are unique and cannot be identified in the Arrow Core, as for example a manager with some specific characteristics. Only after creating and confirming the success of the first outlet, the template would be replicated in large-scale. When trying to create a template, it could be useful to observe a pre-existing business in the selected area and understand which are the factors of success that could be reproduced, always keeping in mind that every locality has its own cause of profitability. Winter and Szulanski use the metaphor of the advance of scientific knowledge to describe how a replication strategy develops. It resumes an iteration between the “facts” presented by successive templates, and the “theory” represented by developing the Arrow Core. There exist different options of how it is created, for example building the template through the starting idea of how something works or keeping as starting point an existing template and reproducing it. Finally, only after applying the replication over time and acquiring experience in the field that proves the success, cost and robustness of the replication process, the capability to replicate can be improved.

Being replication a process that involves two distinct phases (exploration to discover the Arrow Core, and exploitation of its conception), we will deepen the analysis of them. In the first one the company detects the Arrow Core. It is important, especially at the beginning when a clear template is not ready yet, to remain flexible and not copying everything exactly as it is. That is why in the article is expressed the hypothesis number one, related to exploration, which states that a principled but flexible conception of the Arrow Core will be associated with successful exploration. Moving to the second phase, that of exploitation, which is a bit more complex, the core concept is the template. It is necessary to test it and validate it as a successful example before proceeding to large-scale replication. Nonetheless, the template could change over time, replicated outlets can even develop and improve so much to become new guiding examples used for replication.

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6 Sidney G. Winter, Gabriel Szulanski, *cit.*, p. 735
7 Sidney G. Winter, Gabriel Szulanski, *cit.*, p. 735
or they could just give their contribution to the process. There exists an hypothesis dedicated to the second phase which assumes that the exploitation of a business model by replication is more successful, less prone to cost overruns, to schedule slippage and ultimately to commercial failure, when it is guided by a template. To successfully reproduce a business it is important to be able to capture and transmit the true Arrow Core but, especially at the beginning it is difficult to identify it precisely and usually more than one attempt is done, even trying different templates. Finally, the company should be able to select a design, reaching a satisfying completeness of the Arrow Core. At this point, precision in replication becomes fundamental. It can happen that replicators tent to report every single detail of the guiding example, but this could include also irrelevant or even detrimental features. That’s why the word flexibility is brought back, it is important, especially in retailing sectors, that new outlets pander the surrounding environment and have the possibility to depart from the designed template. Changes of this type can cause a more expensive and probably slower replication strategy because the business will face new problems. This explains the exploration-exploitation dilemma of March, identified in the article as the dilemma of replication. It expresses the difficulty in maintaining an equilibrium between exploration of something new, a new procedure or an innovation, and exploitation, which instead focuses on something already existing and just try to develop and improve it. In some business formats, as for example franchising, it is chosen to follow only the direction of exploitation, emulating features and practices already tested, avoiding improvisation. The availability of trained personnel and equipment of other outlets can be clearly considered advantages of carrying out precise replication. Franchises follow the policy “It works there so why change it”. And here we have the last hypothesis that suggest that, when guided by a template, the exploitation of a business model by replication is more effective and profitable when replication tactics rely on an initial effort to copy the template precisely.

In the “Replication as Strategy” article there is a clear example of a business who implemented this process, Banc One (BO). Its core activities are data-processing systems which deliver products and services to customers. It expanded through acquisitions of other banks in which it installed its computer systems, programs and operating procedures and converted all the data and information about clients into a new legible format. After

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8 Sidney G. Winter, Gabriel Szulanski, cit., p. 736
9 Sidney G. Winter, Gabriel Szulanski, cit., p. 737
10 Sidney G. Winter, Gabriel Szulanski, cit., p. 737
that, a great program of training has been exploited to form efficient personnel able to operate with the operating system. The replication process started with the subsidiary of a non-banking company called Banc One Systems Corporation (BOSC) which conducted the conversion process detecting a guiding sample, known as the “sister” bank, to be copied. Moreover, BO made also use of a “model” bank in which it concentrated and developed all the new innovations. These two elements, the “sister” and “model” bank correspond to what in theory we previously defined as template. Furthermore, this case confirms the non-rivalrous in use transfer of knowledge, which, in fact, kept its relevance even after being transferred to many different outlets.

In the analysis of Winter and Szulanski are also explained some conditions which permit to a replication strategy to be defined sustainable. A replication process can be said sustainable when features transferred are able to resist imitation and are even able to increase the competitiveness. The analysis suggests four knowledge-related considerations:

1. The replicator has superior access to the template. In some situations, for example in a local outlet, could be difficult to access the key point of the Arrow Core and to stabilize new routines. In those cases, a qualified trainer, equipped with specific tools not accessible to imitators, is in charge to carry out a practical training.
2. The replicator learns from experience and generally makes specialized investments to facilitate replication. In order to survive competition, the company has to succeed in the areas of cost effectiveness and speed.
3. The replicator may have other firm-level advantages in replication capabilities, such as site selection and acquisition, not considering capabilities directly related to knowledge transfer.
4. The replicator has the broad advantage of being a social entity committed to and experienced in the replication task.

What makes replication strong is not the depth, the size of the excess return, or the length, the long-term sustainability, but the breadth and the fast acquisition of a large market. This expansion takes advantage of the basic knowledge of the replicator and is also able to increase the mass purchasing and central production of inputs.

Other resources which play a key role in the replicator’s competitive advantage are the routines linked to the historical template and the ability to conduct a speedy and precise
replication. The considered theoretical approach to replication moves around economics of information with the Arrow Core as the resource at the basis. The authors assumed a knowledge-based approach which ties up with resource-based view of the firm but contrasts the theoretical conceptualization of knowledge transfer. In that purview, knowledge transfer is described as the will to reproduce something exactly as it is, in a one-shot passage. On the contrary, Winter and Szulanski define it a process in which a set of routines is formalized.

Finally, it is important to make a distinction not only between what can be replicable and what not, but also finding out in which context a certain knowledge can be applied and in which not. Moreover, successful replicators become expert in identifying non-rivalrous information from ambiguous examples. They learn how to recreate complex sets of routines and how to apply them in different areas, trying to maintain their consistency. Replicators are certainly invited to add incremental improvements to the transfer of knowledge. In fact, the ability to exploit knowledge may very well be the ultimate source of competitive advantage.\textsuperscript{11} Finally, the challenges for a company to succeed in exploiting the potential of a template are: the ability to extract the key aspects of the Arrow Core of the guiding example, the acquisition of a technique to reproduce largescale replication of the sample, and the capacity to identify the right locations.

1.1 Other Studies about the process

The most complete study of replication is the one mentioned above. In 2019, an article collecting all the publications between 1970 and 2015 about replication research has been published in the European Management Journal. In this editorial, it has been highlighted that replication research is often considered not so relevant. But, recently, it reached an higher interest due to the growing consensus reached by management science. In fact, replication research allows to verify earlier studies to avoid sampling error, lack of internal validity and fraud. Of course, the application of this type of strategy depends on the cases: if a theory has been already tested, replication cannot give its contribution.

\begin{footnote}{Sidney G. Winter, Gabriel Szulanski, \textit{cit.}, p. 742}
\end{footnote}
Most of the authors studying this process defined it as one of the most important, yet under-researched, contemporary organizational phenomena.\textsuperscript{12}

In literature, it is possible to find other forms of replication, different from the one developed by Winter and Szulanski. Here there are some examples:

- Lykken (1968): replication can be literal and operational, referring to replicate all features of the original study, but also conceptual, focusing on developing new methods or samples (another author, Schmidt (2009), used the same definitions as Likken but called them direct and conceptual replications);

- Tsang and Kwan (1999): stated that replication may occur only thanks to the repetition of analysis of data collected from authors of the original study. Moreover, they identified six forms of replication divided into two categories, narrow replications and quasi-replications. The first one implies the same research design used in the original study with the same data and sample or a different sample always taken from the same population. Instead, in the second one it is employed a different population or a different research design.\textsuperscript{13}

1.2 The transfer of knowledge among outlets

The process of transferring knowledge among points of sales of a firm is considered one of the most important steps to apply the replication strategy. Knowledge could have different forms such as new processes, routines, systems and products or services. It is considered a social communication process which takes place between a sender and a receiver, even identified as a source and a recipient, in which actors, usually members of the organizations, need to select the adequate transfer approach to transmit and absorb the knowledge. For Szulanski, many phenomena such as routines, practices and technologies can be qualified as knowledge. He sustains that effective knowledge management involves paradoxical thinking, which is the ability to conceive and balance two or more contradictory ideas, processes, or images simultaneously.\textsuperscript{14} The transfer can occur within

\textsuperscript{14} Rerup C., \textit{Imperfection, Transfer Failure, and the Replication Of Knowledge: An Interview with Gabriel Szulanski}, Journal of management inquiry, June 2004
an organization or between different firms. Knowledge transfer is ultimately an art of communication in the workplace that requires skillful planning and implementation.\textsuperscript{15} While conducting the process it is important that organizations define their strategic intention keeping in mind the surrounding constraints. Even the context in which the transfer will occur is an important factor and it is mainly affected by reputation, culture and incentives.

Transfer of knowledge in small- and medium-sized enterprises is influenced by many variables such as communication, motivation and sharing of information. This is suggested in the model developed by Szulanski. The consultant-client relationship can be affected by these variables and to maintain its quality the transfer of knowledge and the promotion of change have to be successful. Consulting describes the transfer of expertise knowledge and skills from the consultant to the client. The role of the consultant is that of guiding the client to different forms of learning, trying to challenge the status quo. As in replication, we can identify two roles in the transfer of knowledge: a source, represented by the consultant in this case, and a recipient of knowledge, the client. Some authors stated that this knowledge transfer is a result of knowledge sharing between the two actors and also the result of a dyadic relation between a source and a recipient, coming from the influence of one on the other.\textsuperscript{16} Szulanski affirmed that the clients has the largest impact in shaping this process. Three factors of prediction have been recognized in the transfer of knowledge: learning, motivational ad communication factors. The first one refers to the ability of recipients to absorb knowledge, to share understanding, and to create strong relationships. Motivational factors indicate the motivation for proceeding in the transfer of knowledge of both, source and container. The last one pertains the credibility and capability of sources to encode and containers to decode. This means that, before starting the process, consultants need to transform the information in such a way that the message is clear. Moreover, credibility can guide the success of a knowledge transfer. This reasoning demonstrates the positive correlation among communication, encoded competences, source credibility and knowledge transfer.

Certainly, consultants also give an important contribution, they create the action learning cycle facilitating the development of knowledge, which, depending on its characteristics,


can influence the level of motivation and ability to absorb and retain information. At the beginning, clients could have no prior knowledge, this implicates to accept and integrate the new one or have lower ability to assimilate the new knowledge. Motivations can clearly influence the effectiveness of knowledge transfer, in fact, the transfer can be considered effective only when it is correlated to an institutionalized organizational use. That is why it is stated that motivation of the client could be positively correlated with the knowledge transfer.17

Another aspect which affects the procedures of knowledge transfer are the contextual characteristics which comprehend the organizational context and the sharing of understanding. In addition, there must be some level of cooperation between consultant and client. In order to minimize barriers, the latter one should have the ability to absorb and understand knowledge. Talking about communication, a good example to remove barriers is to share understandings, also decreasing the discrepancy between the parties. Once again, there is a positive correlation between the sharing of understanding between client and consultant and knowledge transfer.

Knowledge transfer has much power than that we imagine: it has ability to make individual and organizations change their businesses, because it is a sort of intellectual capital, it can attenuate differences between current and desired state of changes and supports the changing implementation. Here because changes are positively correlated with the transfer of knowledge.

The study highlights the importance of the relationship between clients and consultants while implementing a learning knowledge transfer process. This procedure can of course cause changes in SME’s and that is why Szulanski sustained it, in order to explain those changes.

In other studies, it is described the existence of a category of Knowledge-Intensive Organizations (KIOs). These enterprises learn from failures of other organizations. They succeed observing others (what is called vicarious learning) and protecting their knowledges. The transfer of knowledge inside the firm provides communication in both ways, to and from others. Moreover, the transfer of knowledge ability determines the performance of businesses. It is considered relevant the definition of the process given by Kumar and Ganesh, they describe it as a procedure of exchange of explicit or tacit

17 Can A.B., Ferreira A.I., Martinez L.F., Cit.
knowledge between two agents, during which one agent purposefully receives and uses the knowledge provided by another.\textsuperscript{18} The two authors even identified some mechanisms strictly related to the transfer of knowledge, such as movement of people, tools, tasks and networks, codification and personalization. For example, it is easier to move networks of people within an organization rather than between different ones. Instead, improvisation is described as a creative and spontaneous process of trying to achieve an objective in a new way. It is a quite common phenomenon in interactions within firms and is usually related to ambiguity, uncertainty and the unexpected. It could have two different results, innovation or chaos. Especially in the new concept of business, leaders promote the use of improvisation and consider it a skill that required to be trained. In some studies improvisation has been interpreted in the following way: the body of research on “quality/effective” improvisation in organizational settings, where effective improvisation is ingenious and resourceful and allows individuals to adapt to new circumstances.\textsuperscript{19} The inclusion of improvisation in the transfer of knowledge moves the focus on a specific knowledge management (KM) adopted by KIOs. KM can better respond to the act of micro-foundation of knowledge transfer and protection. When the transfer of knowledge occurs through improvisation, the aversion linked to the process creates barriers to protect the firm from outside imitation. It has been created a model based on improvisation to explain the effectiveness of four specific transfer mechanisms: an experimental culture, minimal structures, the practice of storytelling and shared mental models. It is important to distinguish tacit from explicit knowledge. The first one is not so easily accessible because it could be deeply embedded in personal aspects of an individual such as beliefs, attitudes, values and experiences, so, it becomes difficult to formalize and communicate it to the external. On the contrary, explicit knowledge can be accessed by other people thanks to the easy procedures necessary to codify and document it, even the related costs are quite low. Anyway, even when knowledge is explicit, if the contextual and situational factors are lacking, there could face some difficulties in transfer it. This highlights that codified knowledge itself is not enough. When multinationals transfer information, during the practice of replication, from headquarters to their subsidiaries, it is important to go beyond explicit knowledge. In order to explain the

\textsuperscript{18}Crossan M., Krylova K.O., Vera D., Knowledge transfer in knowledge intensive organizations: the crucial role of improvisation in transferring and protecting knowledge, Journal of Knowledge Management, 2016

\textsuperscript{19} Crossan M., Krylova K.O., Vera D., Cit.
effectiveness of knowledge transfer it has been exploited knowledge translation theory. In literature there exist different descriptions of Knowledge Management: an activity to translate knowledge in a usable form for others, and even a purpose for creating common cognitive ground, translation intended as the transposition of a texts in another language which represent the conversion of tacit knowledge into explicit one.\textsuperscript{20} Translation analogy, as applied to knowledge transfer, shows four perspectives:

1. Translation as a networking activity;
2. Process and end-product quality;
3. Levels of accuracy; and
4. Constraints on the production of good translations.\textsuperscript{21}

Knowledge transfer is a bit more complicated than just the transcoding of information from one to another, because it involves also the network of receivers. The process has impacts on the receiver and its accuracy but depends also on the competencies of the sender. Translation theory consider also three constraints which could compromise the convertibility of knowledge. They are ambiguity, which derives from confusion at the source, interference, coming from the background and lack of equivalence, words and concepts do not correspond.

Methods to transfer knowledge were identified in literature applied by both, small and large organizations. For example, formal training, mentorship, guided experience, simulations, guided experimentation, work shadowing and paired work. Once the training is over, it starts a phase of trial-and-error in which individuals try to apply the transferred knowledge to their activities. In this phase, it is used improvisation to close the gap between the knowledge transferred and working reality. The same happen for multinationals, in the transfer of knowledge there is always a gap between the design of the system and its actual use. Some authors identified two option to overcome this problem, the first one is actuality improvisation in which the local actuality is adapted to the information system design. The second one is design improvisation, which means trying to modify the imported information system design to make it available for actuality. Another explanation of improvisation describes it as a spontaneous and hermeneutical sense-making via external action\textsuperscript{22}, and recognized it as a constant presence in everyday

\textsuperscript{20} Crossan M., Krylova K.O., Vera D., Cit.
\textsuperscript{21} Crossan M., Krylova K.O., Vera D., Cit.
\textsuperscript{22} Crossan M., Krylova K.O., Vera D., Cit.
practice which is always developed in a different way. Many researches have been carried out about the incidence of improvisation on founding of entrepreneurial companies, in municipal settings, consumer product and technology firms across different firm sizes, industries and life cycle stages. Regarding the size of firms, different perspectives have emerged. Some attribute advantages to small sized firms, due to their simpler structure and organic culture, in terms of effects of the transfer process and learning outcomes. But low formalization, standardization and formal procedures can bring some disadvantages because they can hinder the execution of transfer of knowledge.

Szulanski proposed four sets of factors which can cause difficulties in the process of knowledge transfer: the type of knowledge transferred, the source, the recipient and the context in which the process occurs. Speaking about context factors, it has been demonstrated that in contexts characterized by experimental culture and minimal structures, improvisation results to facilitate interpretations of the transferred knowledge and helps in creating barriers to imitators. Another important characteristic to improve the process are the values of organizations, good cultural values have positive impact such as knowledge sharing, instead bad values can bring disfunctions such as information hoarding. Anyway, the factor considered one of the hardest contextual barriers is communication. As mentioned before, in order to apply the transferred knowledge, there is a phase of trial-and-error which is part of the so-called experimental culture. It promotes actions in order to comprehend and adapt to reality and establishes even experimental boundaries. Moreover, it is costly to imitate, that is why it helps in protecting organizations. In the work of Crossan, Krylova and Vera there have been developed some prepositions and the first one summarizes the previous explanation stating that improvisation can positively moderate the relationship between an experimental culture and knowledge transfer inside the firm and barriers to external imitation, that is why the higher the improvisation, the stronger the relationship.23 It has even been suggested that experimentation, alongside observation and involvement in work-related activities, is a major source of learning, and, consequently, knowledge transfer is a socialization-related outcome.24 For hierarchical and standardized KIOs this culture is not valid since they discourage intuition and flow of ideas, forcing their members to use analytical methods of operation. But experimentation is needed in order to encourage creativity and idea

23 Crossan M., Krylova K.O., Vera D., Cit.
24 Crossan M., Krylova K.O., Vera D., Cit.
generation. Individuals have to try themselves the new knowledge through concrete experience and active experimentation. There exists a set of controls, which can be exploited by leaders of KIOs in order to leave some autonomy to the members of organization keeping the situation under control and so avoiding chaos. This sets are called “minimal constraints” or “minimal structures”. A knowledge transfer could result too inflexible or chaotic in both cases, when there is a too strict or too weak minimal structure. The combination of minimal constraints and improvisation is certainly beneficial for transfer knowledge and its protection. Nevertheless, these structures can be applied even in absence of improvisation, but through other formal mechanisms, such as visions, missions and trademarks which indicate the sense orientation of the company towards its real points of interest.

To transfer tacit knowledge in an efficient way, methods such as “Storytelling practices” have been implemented. They indicate the action of sharing within a community past events about the business, such as management actions, employees’ interactions or other events. This practice, which is considered informal, is often used by KIOs in trainings, it occurs through internalization and socialization. Even in storytelling improvisation has an impact, it could amplify its value by highlighting the emergent nature of stories. Improvisation act further as a positive moderator in the relationship between storytelling practices and knowledge transfer inside the firm and barriers to external imitation such that when improvisation is high, the relationships are stronger.  

There exists something which anticipates improvisation, the so called “shared mental models”. Through knowledge articulation, dialogue and discussions these shared representations of tasks, equipment, working relationships and situations are created. Again, the combination of shared mental models and improvisation is considered benevolent for both knowledge transfer and its protection. Improvisation improves communication, collaboration and coordination among the members of an organization. The exchange of experiences among individuals involves interpersonal interactions of verbal and non-verbal communication. This increases the proliferation of tacit knowledge. Shared mental models are quite costly to imitate and difficult to decipher due to their social complexity. Moreover, the tacit knowledge can be even increased by improvisation, raising the level of protection for the transferred knowledge. One last time,

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25 Crossan M., Krylova K.O., Vera D., Cit.
It is demonstrated the positive role of improvisations which can strengthen the relationship between shared mental models and knowledge transfer.

The general point of the article of Crossan, Krylova and Vera is the connection between knowledge transfer and improvisation. They described how individuals are able to collect knowledge, put it into action and adapt it to their working reality. Improvisation is underlined as the main mechanism for carrying out effectively the process, while creating barriers in order to protect it from imitation. They kept in mind many elements, such as experimental culture, minimal structures, storytelling practices and shared mental problems, which could influence the process of transferring.

Some studies recognize the necessity of a knowledge transfer approach (KTA) to conduct a transfer. There have been identified two fields of KTA. The first one considers KTA as a choice between replication and adaptation, so if copying exactly the transferred knowledge or applying some changes. The second one considers a choice between codification and personalization, so deciding if using codified documents or personal explanations. In literature, transfer of knowledge models are often considered as the basic idea of collaboration and communication between the source and the recipient. And it has been always recognized the need of appropriate means of approaches, such as KTA. We will start analyzing the replication-adaptation field which is linked to the outcome of the transfer of knowledge. As anticipated, members need to choose if copying exactly the knowledge received or modifying it trying to adapt it to the receiver’s requirements. Szulanski affirmed that making changes in the knowledge template, during the transfer process, can cause mistakes which complicate cause-effect relationships. Replicating knowledge as it is, is simpler in terms of time and effort and even cheaper. So, in cases in which the organization wants to reach economies of scale and a fast transfer, it is recommended the replication approach. On the contrary, adaptation could better satisfy personal or contextual situations of the receiver. This approach is usually chosen when the transferred knowledge is contextual-based. Of course, organizations who execute adaptation should know that it is necessary a great investment of effort and time because the existing knowledge has to be decomposed, modified, and re-tested. Moving the focus on the field of codification and personalization, the subject of these approaches are the tools, called even means or medium, used to accomplish the transfer. The codification approach means the transformation of knowledge into symbolic forms such as texts,
numbers, graphs and videos. It is about “making people-to-document connections”\textsuperscript{26}. Codification is mainly exploited when transferring explicit knowledge because it has some advantages such as an easy access to information, a fast and wide dissemination, low costs and good preservation of knowledge. The personalization, instead, concerns about “making people-to-people connections”\textsuperscript{27}. In this case, the transfer usually happens through face-to-face communication between the source and the recipient. The sender can use its own expressions, of language and movements, to explain the content of knowledge. The great advantage of personalization is the possibility to use tacit knowledge but, as disadvantage, it requires high investments in human costs, time and effort. This is valid for both, sender and receiver. It has been identified a limit in the literature describing KTA, it is not shown a link between replication-adaptation field and codification and personalization field. There is only a tendency to connect replication to codification and personalization to adaptation.

Nevertheless, another view suggesting knowledge transfer as an important kind of strategic communication for developing organization competitive advantage is the knowledge-based view (KBV). The transfer of knowledge should be well organized, structured and goal-oriented moreover, it should use the appropriate organizational communication. Strategic communication must have a plan and a goal, same elements that have to be part of the analytical framework. That’s why KTA is defined a two-dimensional construct, composed of a goal and a plan dimension. The goal dimension identifies the “what”, the desired and expected outcome of the transfer, implying the end state of the process of knowledge transfer, and also the way in which the knowledge will be treated. Besides, the plan dimension describes the “how”, the procedures to follow in order to obtain the set goal. Codification and personalization can be implemented in this dimension as they represent mechanisms to carry out transfer of knowledge. Before the transfer, the plan dimension manages the necessary preparations, while, during the transfer, it handles with the displacements of human resources and costs needed. Moreover, in the article of Kamoche and Kei Law, it is described how the two-dimensional conceptualization generates four different types of knowledge transfer approach: the manual approach, the direct approach, the reference approach and the consult approach.

\textsuperscript{26} Kamoche K., Kei Law K., Cit.
\textsuperscript{27} Kamoche K., Kei Law K., Cit.
1. The Manual approach: also identified as replication by codification. It sustains the precise replication of knowledge from the source to the recipient. The process occurs using explicit instructions such as working manuals, codes of standard practices or operation guidelines. A codified knowledge can be easily shared and applied on a large scale, this is the greatest advantage of this approach together with the costs diffusion and time saving. Moreover, codified information is difficult to decipher by outsiders, this will help in preserving knowledge and avoiding loss during the transfer. Anyway, it must be considered that coding could present imprecisions and even incorrect or incomplete content of the original knowledge. In addition, not all the types of knowledge are codifiable, so, it not always possible to implement the manual approach.

2. The Direct approach: or replication by personalization. Replication is executed through person-to-person instructions, so there is a personal explanation for the sender to the receiver. Being interpersonal interactions very complete, because they exploit even tacit knowledge, the great advantage of the direct approach is its richness. During the verbal exposition the receiver can directly propose or try corrections, this leads to time saving and a more efficient usage of knowledge. However, this process could need a lot of time, affecting the final performance, and the presence of verbal barriers has to be kept in mind. Finally, another limitation is that sometimes verbal explanation could not have the same level of documentation.

3. The Reference approach: recognized as adaptation by codification. This approach takes the receiver’s site local circumstances into account. The transfer usually happens applying modifications to the received knowledge and not through direct replication. It is called Reference approach because, effectively, documentation is only considered as a reference for the process. It has some benefits such as a great flexibility, and learning and adapting knowledge, and the possibility to improve knowledge while transferring it. Changes in knowledge, however, lead to uncertainty in future outcomes and this is of course a disadvantage of the Reference approach. Another limitation is the time investment in the exploration of new solutions phase.
4. The Consult approach: or adaptation by personalization. Even this approach promoted modifications on the existing knowledge, but, in this case, the source contributes to changes together with the receiver through verbal explanations. A clear benefit is the high flow of information in the interactions between source and recipient, moreover, personalization gives the possibility to make also the most of tacit knowledge and there is a great balance between exploration and exploitation of knowledge. What makes risky the Consult approach are the personal costs of both participants and for test necessary for evaluating the modified knowledge.

Thanks to this two-dimensional conceptualization of KTA, knowledge transfer is considered an important kind of strategic communication and the diverse dimensions of KTA have been finally highlighted, which is something that has never been faced in the previous literature. The authors of the two-dimensional conceptualization specified that even if four different KTAs have been identified, they are not mutually exclusive. This means that they could be adopted even more than one at a time. Moreover, they suggest the selection of one KTA for the transfer of knowledge but remind that this process cannot be reduced to a one-directional process, instead it could involve multiple exchanges of meanings, clarifications and feedback. The last property they underlined is that in their work they did not consider politics, individual capabilities or other organizational constraints because they wanted to create a theoretical model.

As already mentioned, the knowledge-based view has reached a dominant position in nowadays management research, it is even considered a theory for explaining firm performances. So, the principle states that the ability of an organization to generate, combine, recombine and exploit knowledge determines its performance. It includes also the aspect of strategic human resource management through learning, know-how, information and talent. There are two fundamental questions at the base of the foundation of knowledge management. The first one is “what is knowledge?”, and the second one “what are the characteristics of knowledge which have critical implications for management?”. There exist many definitions of knowledge and clear answers to these questions has not been given yet. What emerges, anyway, is the existence of two distinct schools of thought which have evolved independently: the “commodity” school also identified as the “possession” approach, and the “community” school, called also the “knowing” perspective. The first school considers knowledge as an artifact, identifying
the different types of existing knowledge and how they could impact innovation, alliance formation and performance in organizations. In contrast, the “community” school perceives knowledge as a dynamic phenomenon and focuses on the act of knowing and using knowledge. In order to create a connection between the commodity perspective and the community one, it has been created a framework of knowledge-in-practice which can give a clearer description of the role of knowledge in organizations. This framework focuses on knowing and know-how reporting the interaction of individuals with the real world and it aims at capturing the manifestation of knowledge involved in action. More specifically it involves viewing knowledge less as an object and more as a dynamic phenomenon that manifests itself in the very act of knowing something. The move from objectified knowledge to processes of knowing shifts the focus to the specific activities of knowing something. Thus, knowledge is viewed more as an ongoing dialogue between practice (action) and meaning (cognition).28

In literature it can be also found a morphology of knowledge divided by eight distinct dimensions: study, knowledge, agents, flow, mechanism, contextual factor, geography, and business context.29

1. Study: this dimension refers to the type of chosen design of the study. In knowledge transfer literature theoretical, case-study, cross sectional and longitudinal designs have been implemented.
2. Knowledge: divided into explicit knowledge, which is articulable, verbal or graphical and easy to transfer, and tacit knowledge, which instead is difficult to articulate and communicate because it is part of personal thoughts. There exist both, studies related to only one type of knowledge and those which try to fuse them.
3. Agents: refer to the subjects involved in the transfer of knowledge which has to be at least two: a source and a recipient or a sender and a receiver.
4. Flow: it describes the flow of the knowledge transfer which could be “Internal flow” when the transfer occurs within the boundaries of a “focal entity”, “Inflow” when the knowledge comes from outside and goes within the organization, and finally, “Outflow” from the inside of the entity to the outside.

5. Mechanism: it describes the “how”, which procedures are applied in the transfer of knowledge. There exist two frameworks, the first one assumes that knowledge is embedded in organizations’ members, tools and tasks and the transfer happens through the movement or modification of these elements.
   a. Movement of people: when the knowledge is linked to an individual if he moves to a new location the knowledge moves with him.
   b. Movement of tools: linked to the technology transfer.
   c. Movement of tasks: when a new branch, subsidiary or outlet is opened almost every aspects of the organization is transferred and replicated into the new unit. This reminds the study on replication and strategy of Winter and Szulanski.

The second one opposes codification, which means connecting people to stored documents, and personalization, which promotes connection among people within or outside the organization.

6. Contextual factors: all the factors to be taken into account while carrying out a transfer of knowledge.
   a. Cognitive factors such as transactive memory, the nature of knowledge and absorptive capacity.
   b. Social-psychological factors include social contexts and situations which can influence people.
   c. Social factors of the social context of the organization, describe the relationships inside a business.
   d. Infrastructural factors as the workplace and the available technologies.
   e. Administrative factors about the business and people policies.

7. Geography: distinguished in transfer across countries or across regional clusters.

8. Business context: the context in which is being applied the transfer of knowledge.

We already mentioned the impact that individual and social knowledge could have at the organizational level. Some authors defined three factors that can influence it: two at the team level of analysis, absorptive capacity (ACap) and transactive memory, and one at
the level of organizational or professional community, community of practice (CoP). Absorptive capacity refers to the ability of an entity to receive new knowledge, and its skills in learning and adapting it using past experience. Transactive memory, instead, categorizes other people according to their knowledge. A community of practice gather people with the same interest and language. It encourages open communication and exchange, always remaining on the pertinent topic. Moreover, the subjective membership in a community of practice is defined as experience community of practice (eCoP). These elements have been usually individually analyzed, but, in the work of Cadiz, Griffith, and Sawyer, they have been conjoint in order to be part of the organization’s knowledge transfer ecosystem. They started from a more precise focus on absorptive capacity describing it as the ability to transform new knowledge into usable knowledge through the processes of assessment (identification and filtering of valuable information), assimilation (conversion of new knowledge into usable knowledge), and application (using the knowledge). That is why the process is renamed the three “As” approach to absorptive capacity:

1. Assessment: it is the first step in the transfer of knowledge, the identification of the content of knowledge and the filtration of its valuable part.
2. Assimilation: at this point, knowledge is acquired, and the receiver has to organize it in order to make it available for future uses.
3. Application: it is the final step, once the knowledge has been elaborated, it must be concretely applied.

Moving on to community of practice there have been proposed four components of experienced community of practice:

1. Open communication: communication is at the basis of interactions among member of a community. In order to encourage it, it is necessary to establish trust and motivation to share information. It is important to remember that open communication implies freedom of thought.
2. Shared Vocabulary: In order to facilitate the flow of information within a community it is fundamental to use a common slang. Moreover, the use of a

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30 Cadiz D., Griffith T.L., Sawyer J.E., Developing and Validating Field Measurement Scales for Absorptive Capacity and Experienced Community of Practice, Educational and Psychological Measurement, December 2009
31 Cadiz D., Griffith T.L., Sawyer J.E., Cit.
unique language makes members of the community feel a sense of exclusivity and can be also a great motivation to attract external people.

3. Remembering previous lessons: all the members should be informed of past experiences of the community and try to make advantage of them for future actions.

4. Learning from each other: the importance of interactions among members is also reflected in the possibility to draw lessons from others.

Another important point of the process of intra-knowledge transfer which some attention are those factors which could affect it, reputation, culture and incentives. Some studies affirmed that the environment in which interactions occur and their patterns should be considered important elements to understand knowledge transfer. In addition, employees should be induced to make decisions not only through financial rewards but pointing on those elements such as reputation, culture and incentives. The social information processing literature offers three perspectives in success of knowledge transfer strategy: accumulative advantage, sponsored mobility, and contested mobility. The first one describes the necessity of history in order to access information and exploit opportunities. The access to information is important on both perspectives, of the past and of the future. The second perspective, sponsored mobility, imposes the access to information as a consequence of selective decision-making. While, the last one indicates individual success as the basis for advancement. Moreover, success is considered an open game as the access to information which is available to all. Through a social information process and behavioral literatures, it emerges that success of knowledge transfer may be highly dependent upon employees’ perceptions of one another (reputations), how they manage their relationships with others (culture), and what inducements are offered to motivate these activities (incentives). Going deeply on these three concepts, reputation is the consideration or the imagine that an individual has of another one. This thought can be influenced by third parties or directly from personal past experience with a certain individual. Among employees, reputation borns from working performances, rumors by other employees about an individual and interactions with other employees. To sum up,

33 Leyland M.L., Cit.
reputation is made by assumptions about the value of past actions to future expectations. Employees’ reputation has been defined in two different ways: it can be general, when it refers to overall abilities, or specific, its ability to meet a certain expectation in a specific activity. In knowledge transfer the focus is on specific reputation and only employees with a good specific reputation will be invited to participate to the process. That explains why it is said that good specific reputation will have a significant positive impact on the transfer of knowledge between employees. 34

The second concept is culture, defined as a system of shared values and assumptions. It is really influent in organizations functions, during employees’ interactions and in the decision-making process. People, and in this case employees, are guided by a series of values in adopting something new such as a new knowledge. What renders culture a player in the knowledge transfer is its promotion of active participation and sharing information among employees. It has been demonstrated that culture can affect transfer of knowledge because of its influence on employees’ behavior. For example, the presence of organizational culture within some organizations has brought to a successful execution of the process. Practically, a culture of sharing and participation will have a significant positive impact on the transfer of knowledge between employees. 35

The last concept is about incentives. Organization can exploit these elements in order to encourage employees to engage in knowledge transfer. The participation of employees cannot be considered a natural process, that is why employees must be induced by organizations. There exist two types of incentives, the outcome-based ones which are given to employees after succeeding in a knowledge transfer, so they can be identified as “ex-post” incentives, and behavior-based incentives which try to motivate employees to participate and to change their way of working, even recognized as “ex-ante” incentives. This last contextual factor, incentives, usually have a significant positive impact on the transfer of knowledge between employees. 36

To summarize, the context really matters during the transfer of knowledge, considering is main elements such as reputation, culture and incentives. Furthermore, it is considered a useful factor to understand why some employees have major possibilities to be included in the process rather than others. Usually people are more inclined in participating if the

34 Leyland M.L., Cit.
35 Leyland M.L., Cit.
36 Leyland M.L., Cit.
source of the transfer has a good reputation or at least similar to receivers. Moreover, the culture in which the transfer is executed needs to encourage knowledge sharing. These elements increase employees’ sense of ownership and their connection with the transfer of knowledge and its success. In absence of these factor it is quite difficult that a knowledge transfer will result successful. In addition, it emerges the economics view of reputation which has become a valuable asset in which employees invest.37 Employees need to protect their positions because information is not uniformly available. The human element has been underlined in the transfer of knowledge, in fact, reputation is considered a prerequisite to think about engaging in the process. Knowledge transfer cannot be considered a sterile and abstract activity, on the contrary, it is influence by employees, by their relationships, how they manage them and by the reputation they increase over time. In addition, employees must not feel alone, the organization support is fundamental if the goal is a successful transfer of knowledge. They should perceive the freedom to acquire new knowledge from others, the relationship between knowledge transfer and incentives must exist and, mostly, it must be positive. Before starting the transfer both subjects, the sender and the receiver, develop some expectations on the value of the content of the knowledge and how successful will be the process. But, if one of this two elements is in some way considered uncertain, expectations are hard to construct, and “the greater the uncertainty and the scarcer the information about this knowledge, the more likely it is that expectations will be low”.38 And if employees perceive these low expectations, they understand also the benefits from the work will be low and so, they would be unlikely to participate in the transfer of knowledge.

1.3 The formation and implementation of routines

The general definition of routine describes it as a usual or fixed way of doing things. Moving to the field of business, routines describe those sets of procedure and ways-of-doing applied by members of the organizations to execute tasks. They have emerged, together with capabilities, as central constructs in many fields in management research, such as organizational and competitive heterogeneity or knowledge-based management. A public administrator professor, Edwin O. Stene, seems to have coined the notion of

37 Leyland M.L., Cit.
38 Leyland M.L., Cit.
organizational routine. He defined it as “that part of any organization’s activities which has become habitual because of repetition and which is followed regularly without specific directions or detailed supervision by any member of the organization”\(^{39}\). The term is related to replication strategy because it is something that moves from the source to the recipient and is replicated in new outlets. More specifically it is part of the process of transfer of knowledge, part of the content. Winter and Szulanski treat routines as highly formalized concepts such as standard operating procedures. According to scholars, a routine is a “repetitive, recognizable pattern of interdependent actions, involving multiple actors”\(^{40}\).

Routines formation happens in situations in which groups repeatedly solve similar problems and develop solutions learned from past experiences. Establishing routines permits to avoid research of new solutions thanks to the use of memory. Every organization could have to do with new problems at some point. But, when these difficulties are repetitive, the company has the possibility to form a routinized response, defining an appropriate course of action. One of the interpretations given by literature describes routines as the research of what and how to do something but also the identification of who can have the ability to execute a certain activity. The process of identifying skills contributes to encode, store, and retrieve knowledge, a mechanism called transactive memory. This mechanism contributes to the creation of ties among organizational members and models of workflow. Moreover, it links individuals’ and collective skills moving them in the same direction. In order to examine the development of transactive memory, through experience solving repeated problems, has been developed an agent-base model.\(^{41}\) This analysis introduced the concept of actor sequence variety (ASV), which describes how action sequences can variate performing routines and that this phenomenon could have consequences on the efficiency of routines. The work of Choi, Miller and Pentland is complementary to that of Dionysiou and Tsoukas, in which the starting points are already known actors, while actions have to be researched.

\(^{41}\) Choi S., Miller K. D., Pentland B. T., *The role of transactive memory in the formation of organizational routines*, Strategic Organization, 2014
Which is exactly the opposite of the model of transactive memory in which what needs to be discovered are the actors.

Going deeply in the description of transactive memory, it is considered a collective-level learning. Every individual has its personal transactive memories which can be directly accessed, instead, in order to access other ones an indirect process which involves communication has to be carried out. What usually happens in organizations is that practical solutions to solve a problem are quite easily identified, but often it misses someone able to carry these tasks. In fact, this is what transactive memory is mostly in charge of, it identifies actors with skills and knowledges for the execution of a specific routine. Moreover, *who knows what* is an efficient response to the limited capacity of individuals’ procedural (know-how) and declarative (know-what) memories.\(^{42}\) When an individual personal transactive memory is not enough to find out necessary actors, he has the possibility to ask for postponement. Transactive memory can presents a differentiated or integrated structure. The first one assumes individuals with distinct information and skill, while in the latter one, individuals overlap their expertise. Which of the two structures to use, depends on the type of problem that the organization meets. In traditional organizational routines literature, transactive memory is not mentioned. It was lately introduced because it effectively facilitates the individualization of skilled actors which are fundamental to accomplish routines and even the collaboration among members of a company creating a link among their different capabilities which become complementary.

Another characteristic which needs to be attributed to routines, it is the ability to create links between individuals and collective levels of organizations. In this sense, transactive memory operates as a bridge between the two realities’ capabilities. This usually happens through micro-foundations and focused on what routines create between and for people, exploiting interpersonal interactions. A micro-foundations approach focuses on collective phenomena that need explanation, specifically the creation and development, and the reproduction and management of collective constructs such as routines and capabilities.\(^{43}\) Micro-foundations have been analysed through four organizational demographic

\(^{42}\) Choi S., Miller K. D., Pentland B. T., *cit.*

characteristics which describe the variety of actors who can be involved in executing a routine:

1. The number of organizational members;
2. The distribution of individuals’ skills, together with the first point, they identify who could be able to carry out a task;
3. Personnel turnover;
4. Occasional unavailability of actors; with the third point, they influence who is available to participate in organizational routines at any point in time.\textsuperscript{44}

These four variables could suffer some variations which may change the course of events. For example, absenteeism or other commitments can cause temporary unavailability of some members which, consequently, decreases the number of individuals who can dispatch tasks at any time. Regarding the turnover, when trained members leave the company they are replaced by unknowing and unknow workers, of and by others in the organization. The combination of turnover and unavailability of experienced members put in trouble an established routine network. Every time a company manages to face a problem many actors are involved and accomplish a series of sequential tasks which give birth to a routine. From this takes its name the “Actor Sequence”, which indicates every actor which operates in the various passages to complete a routine. It has even been created a measure in order to calculate the degree of stability of actors involved in the accomplishment of routines over time, the so-called “Actor Sequence Variety” (ASV). It is very similar to sequential variety, but it considers actors instead of actions. When there is no variation in the actors variable ASV is equal to zero otherwise it is positive. This measure can be useful also to show how much actor sequences vary over routine performances. In order to analyse the role of transactive memory in actor sequences for accomplishing routines, it has been created an agent-based model. First of all, a problem and the different steps to face it are identified. These tasks have to be solved exactly in the order in which they arise, and each of them involves an actor and a period of time to complete it. In cases in which an actor finalizes its own task and has the ability to face the following one, he will keep going. Otherwise, the problem is transferred to another individual. In the model, the organization consists of several actors assumed to have stable skills, which do not improve during the model simulation. This presupposition eliminates

\textsuperscript{44} Choi S., Miller K. D., Pentland B. T., \textit{cit}.  
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the variations of transactive learning. At beginning of the project no one knows which skills the other members have, this is revealed after time, thanks to the gained experience. Moreover, when an actor leaves the organization, for any reason, his knowledge in no more exploitable to perform tasks. So, departed individuals have no influence on transactive memories of remaining members. As said before, when an actor is not able to move on the next task, the problem needs to be transferred to someone else. The research of a new actor is considered a decentralized search process focused on the subject of the action. It can occur firstly through its own transactive memory, otherwise, a random individual is chosen and then it is tested in order to assess if he possesses the necessary skill or not. If he does not present the right characteristics, his transactive memory is checked in order to find someone else. The problem has to be transferred in some way, and until a new actor is identified, the research process cannot stop. The authors March and Simon described routines as stable responses to particular stimuli that enhance organizational efficiency by reducing search. In their analysis the cycle time became an indicator of routine formation learning. It identifies the various tasks necessary to accomplish a routine as a number of periods, also considering those times in which the actor could not be available. Cycle time could also be applied as a function of the number of solved problems to calculate changes efficiency. Anyway, as already mentioned, there exist some variables which could compromise the formation of new routines but also the pre-existing ones. The first one is unavailability which can bother actor sequences. On the contrary, the effect on ASV is positive. The other threatening variable is turnover which affects ASV more in the long run than in the short run. In the long run, the marginal effect decreases. That is because after some actors have already left the sequence, additional ones have a smaller impact. Moreover, the constant loss and recovery of transactive memory increases cycle time variance. So, personal turnover has a more dramatic impact on ASV then actor unavailability, and it also has a stronger negative effect on efficiency increases related to routines formations. Turnover could have this so detrimental influences because of the loss of transactive memory. In this model it is emphasized the relation among individuals, problems and networks. Networks are contexts but also products of actions, they represent the channel through which people and information accede to solve problems. They have the power to influence the working

45 Choi S., Miller K. D., Pentland B. T., cit.
46 Choi S., Miller K. D., Pentland B. T., cit.
procedures influencing which are the participants, the sequencing and even problem-solving efficiency. Moreover, transactive memory is considered the cognitive side and repository of network structure. The formation of interpersonal networks occurs through the mechanism of transactive memory in order to perform efficiently organizational routines. The routinization of workflow, for example, come about social networks, in which various members accomplish different tasks within an organizational process. Other two authors, Feldman and Pentland, divided organizational routines in two aspects: the ostensive and the performative aspect. The performative one is the particular instantiation of the routine, involving particular people doing particular tasks at particular times and places. While, the ostensive one is an abstract representation or typification of the routine, which may differ across participants.\(^{47}\) The second aspect has the contribution of transactive memory which establishes who gets involved and at what timing. In this analysis transactive memory is the protagonist again, it is the key mechanism for the realization of routines, and it works as a link among individual with specific skills. It also clarified the micro-foundations of organizational routines which represent individuals and their interactions. Some authors, such as Levitt and March, believed that regimented routines can withstand to personnel turnover, this is exactly the opposite of what has been said before. In fact, they stated that routines are independent of the individual actors who execute them and are capable of surviving considerable turnover in individual actors.\(^{48}\) This claim brings two assumptions to affirm the irrelevance of actors performing a task. Firstly, if there are other available members of the organization with almost the same skills, secondly, the transactive memory can easily and quickly identify someone else to carry the task. This could help the organization in saving costs of recruitment outside or within the organization. It has also been demonstrated that creating a model with a repeated task sequence which remains stable helps avoiding variation of actors and maintaining routines efficiency. This happens creating ties among actors in order to have spread transactive learning around the organization and leads to the presence of established networks which can accomplish the same set of sequential tasks. Even if these networks present a fixed sequence of actions, their sequence of actors is changing and continuously developing looking for new necessary skills. Newcomers can be viewed as sources of novelty, which may cause an increase in the potential for variation in actions.

\(^{47}\) Choi S., Miller K. D., Pentland B. T., cit.
\(^{48}\) Choi S., Miller K. D., Pentland B. T., cit.
What need to be kept in mind is that such a great variation increases the possibilities for errors, innovation and improvisation. Moreover, this model varied the four key demographic factors, previously cited, influencing actor networks and the efficiency of routine formation. Yet, the four factors are categorized into two types: “who is capable” factors, which identify the number of members and their skills, they deal with the spread of transactive learning among a great amount of members; and “who is available” factors, which relate to unavailability and turnover, they interrupt relationship among actors, rather promote search for alternative members. What makes important modelling, is the possibility to have a more precise guidance for empirical testing through the functional form rather than the characterization of the signs of relation. The process should develop also considering the effects on cycle time. The organizational size and actors’ skills usually have determinant effects at the beginning of the routine formation, as the creation gets completed, they become less effective. This reflects transactive memory, which could lose credibility if shared with all the members of an organization, instead it is more efficient when it works on identifying who knows what.

This is a great model to describe which variables affect the formation of organizational routines, and it explains how actors are engaged in the process. Transactive memory is defined as the main ingredient for the creation of routines and it functions as a bridge between individual skills and collective organizational capabilities, defining a personal direct transactive memory which could be implemented with that of other members. But what distinguishes this analysis from other traditional literary explanations about routines is the research which focuses on who can perform specific tasks instead of what needs to be performed. Moreover, it is underlined the role of individual actors and their relationship, showing how the organizational learning spread around. It is also explained how the sequence of actors works and how variation in aspects such as availability and turnover of actors can affect the efficiency of routines.

Another role of routines is that of describing the behaviour of organizations. That is why they play a central conceptual role in strategy and organizational theory. The authors Turner and Fern focused on the influence routines can have on stability and change. In literature have been recognized both, the contribution to the organizational stability, but also the ability to adapt to changes. Many companies usually pre-set dynamic routines in order to be ready to face changes in the surrounding context. In this analysis has been also verified which roles individuals could play in adjusting routines to changes, the so-called
agency of actors, how internal properties of routines contribute to their stability and variability and routines are described as “generative systems” in reference to the internal components and mechanism that enable routines to generate a variety of performances. In this case, performances represent sequences of actions executed by actors which are supposed to be never identical. It is recognized the need to improve the understanding of routines from the point of view of changes and agency of actors and it is sustained the idea that actors themselves, through performance experience, can shape responsiveness to contextual changes. There has been developed two different perspectives about experience, the first one sustains experience-based rigidity to reach greater performance experience, the second one states that in research of experience-based flexibility as experience increases, actors understanding of routine and surrounding context increases. This leads also to a major facility in adapting performances to changes. These perspectives take into account also the possibility that the ability to adjust could also depend on the context itself, for example in its form and it is concentrated in contextual constraints in the way a routine can be performed which can increase or decrease. In the study of Fern and Turner, it is analysed the divergence in the performance of a routine which has been classified as a form of variability. The sequences that bring to routines formation create routine performances, while divergence represents the modifications applied to a prior sequence of action which constitutes the historical performance of the routine. The authors highlight also the performance experience of actors which refers to the previous performances of the routine. It is assumed that experience in performing a routine influences both, stability and variability in routine performances. Talking about the increase of stability and members acquire a better performance experience being able to understand the mechanisms of the routine. From the variability perspective, it is taken into account the possible modifications made by actors. Sometimes the members of organization introduce new components in their performances, even due to external context variations. This will make actors performing routines in a different way in the future, adapting them to the most favourable outcome. So, it is affirmed that if experience keeps increasing it will have more consequences on variability rather than on divergence. Moreover, greater experience leads to more outcomes and opportunities for variability.

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49 Fern M. J., Turner S. F., Cit.
and change. Specifically, the greater the actor experience, the lower the divergence in routine performances.  

Another element which could contribute in affecting routine performances are changes in the context. They could be due to shifts in local demands or changes which compromise the organizational context or alterations of the tools used by actors to carry out routines. Changes can be expected or unexpected. In this study, actors are assumed to be aware of the incoming changes which are contextual constraints affecting the possibility of participants to enact routines. These types of changes have been selected because they imply directly the environment. Moreover, two different perspectives have been developed. The first one analyses how contextual changes influence opportunities for divergence. From literature, it emerges that increases in contextual constraints limit performance divergence, while, decreases in them foment it. The second perspective forecasts higher divergence in any cases of changes in contextual constraints. In this situation, routines are considered as dispositions able to coordinate the habits of individuals engaged in the routine. Moreover, the second perspective that these changes will reduce the probability that the surrounding context influence historical ways of performing routine. Both perspectives sustain that increases or decreases in constraints cannot have the same results on routine performances. When contextual constraints decrease, the conditions in which actors previously performed the routine become quite different, but this give them more opportunities to execute the routine. As for example a decrease in time-pressure constraint will give more possibilities, in terms of time, to actors to modify their performance and consider different alternatives. This means that when constraints decrease, they have a positive effect on divergence in routine performances which, in fact, increases.  

The next supposition made in the study is that growing actor experience intensify the effects of decreases in constraints on divergence. The increase in experience is directly proportional to the increase in the understanding of routines comprehending the context and various possible procedure to perform the routine. A greater range of alternative sequences will give actors the chance to choose the most appropriate one and to adapt it to the current context. Literature sustains that if individuals improve their experience in performing activities, they even realize stronger associations between features of the

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50 Fern M. J., Turner S. F., Cit.
51 Fern M. J., Turner S. F., Cit.
context and how they perform the task. Summing up, it stated that as actor experience increases, decreases in contextual constraints have a greater positive effect on divergence in routine performances.\footnote{Fern M. J., Turner S. F., Cit.}

The study considered also what would happen if constraints increase and which effects would pour over divergence in routine performances. An increase in constraint will lead to a diminished opportunity to vary while performing a routine, more specifically, a lower variability. Anyway, this does not imply a decrease in the divergence of routine performances. In fact, to understand the effects on divergence, opportunities to perform must be taken into consideration. If contextual constraints increase without modifying historical ways of performing routines and decrease the number of other possible ways of performing them, the result on divergence would be a decrease. Nevertheless, it is possible that some of the old performing procedures are abandoned because not available anymore. In this case actors would modify their performing methods in response to increased contextual constraints. This leads to claim that increases in constraints results in higher divergence in routine performances. This is also confirmed by psychological researches on habits. So, the actual context shows a different shape than the historical one. To define it: increases in contextual constraints have a positive effect on divergence in routine performances.\footnote{Fern M. J., Turner S. F., Cit.}

Finally, the focus moves to actors, if they have a great experience in recombining elements from past events and an efficient understanding of the routine in its surrounding context, contextual constraints will have an increase. Experienced actors have also the ability to comprehend that the increase in constraints results in a limitation of availability and viability of historical ways of developing routines, indeed, they will adopt divergence in routine performances in order to shape it to the new context. So, the final expectation is that increases in contextual constraints have strong effects on divergence in routine performances carried out by experienced actors. Specifically, as actor experience increases, increases in contextual constraints have a greater positive effect on divergence in routine performances.\footnote{Fern M. J., Turner S. F., Cit.}
1.4 Critical aspects of the process

In an Interview, Szulanski talked about some critical elements of the process and some difficulties he met during his research. At the beginning the biggest obstacle was to convince others about the importance of stickiness and replication. Speaking in general about research challenges, the professor encountered some obstacles such as the “well, but it is not perfect” argument. Other people would always think that the research is not enough but Szulanski resumes the Williamson’s concept of “Remediability”: how you’re doing what you’re doing is not optimal, but it is better than anything else that is out there. Moreover, in order to elaborate a successful and credible study, the new concept or idea has to be different from any other research. In the case of the transfer of knowledge or best practices, Szulanski had to demonstrate how it differs from the diffusion of innovation and the organizational change. The professor admitted that it took him some years in order to define the essence of replication, he sustained that a key point in this process was the development of a simple vocabulary in order to engage the interest and energy of people. Going deeply into the replication strategy, Szulanski highlights some difficulties. First of all, the literature describes the transfer of knowledge as an exchange between two agents: the source and the receiver. It assumes that the first one has perfect knowledge and also that the source is able to teach to the receiver how to use the technology. However, Szulanski disagrees with this assumption, indeed he claims that the source could have partial or imperfect knowledge about the subject of the transfer. In this case the source would not be able to teach the receiver how to apply the transferred practices or technologies and the source could mistakenly believe that the knowledge being transferred is correct. Szulanski sustains that under such circumstances knowledge transfers are less likely to success and in order to manage these challenges are necessaries discipline, humility and reflection. As described in the introduction of the replication strategy, there exist a phase of knowledge exploitation, in which the elements already used by a certain organization are just implemented. Even in this occasion, a problem may occur, the application of this knowledge may fail because sometimes, as Szulanski states, “we do not know what we know”. The basic assumption of the professor about the difficulty of knowledge exploitation is that it is impossible to fully comprehend or

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55 Rerup C., Cit.
56 Rerup C., Cit.
57 Rerup C., Cit.
know, but it is necessary to act. This contraposition between knowing/not knowing and acting/not acting has been analysed in philosophy and in other branches of the social sciences. In practice, it happens that organizations act as they can know what they know, but experience, which comes with a price, teaches them that they do not know. Moreover, it could be harder than expected to transfer practices from successful organizations. When organizations started to transfer knowledge among units, they did not realize which differences a good transfer could make. The starting belief was that the adoption of similar operations would lead to similar results. However, the advent of benchmarking, total quality management and business process reengineering, made organizations to begin to focus deeply in the transfer of knowledge. Another point touched by Szulanski is ignorance. It is necessary to create an equilibrium between what is known and what is ignored because sometimes too much knowledge could paralyze the decision-making process. On the other side, too much ignorance could lead to problems. This reflection highlights the exploration phase of the replication strategy and so the necessity to create new knowledge. In fact, exploiting only pre-existing knowledge could bring to a situation in which everything is processed in exactly the same way and, considering that the economic environment is always changing, this homogeneity would be totally inefficient. Another common error is that of focusing only on what can be defined the best practice. In this case the problem could be the abandonment of many practices which could be not perfect at a certain point in time but may have great potential for other applications. Another fundamental consideration which has to be done during a transfer of knowledge is about past successes and failures, considering the whole process, including people, their thoughts and actions. According to Szulanski, defining the success or failure of a transfer depends on whom is asked about it. Moreover, both answers could be considered valid. What makes even more complicated this definition is time. Usually a transfer of knowledge could take between 1 or 2 years but, of course, complex practices may need more time. In this case it is necessary to identify the right timing to appropriately measure the accomplishment or collapse of the process. Early evaluations often lead to wrong impressions. Szulanski underlines another common mistake of organizations, they usually engage in a problem-solving approach only when they specifically notice an obstacle. But he embraces the concept of Paul Carlile: a pragmatic conception of transfers, one that acknowledges that social reality is fraught with problems, that problems and difficulties are normal, everyday events. Such a view assumes that normality is full of
difficulty and failure, and that success is achieved only with effort. This kind of view can galvanize knowledge transfer research. Another characteristic discussed by the author is stickiness. This definition is usually associated to knowledge but, at this juncture the term is referred to the transfer process. In fact, stickiness is a function of the process, the situation, and generally of what is being transferred. That is why knowledge can be easy to transfer in some situations but difficult in others. Moreover, the nature of the sender and the receiver of knowledge is part of the concept of stickiness. The strategy of replication is based on the exploitation and reproduction of what is already known and its extension. A common problem arising from replication could be imitation which weaken the value of the competitive advantage of a company. As sustained by Rivkin, in order to avoid imitation, it is necessary to develop complex and sophisticated practices hard to replicate and imitate. Other studies sustained that specific or particular innovations are harder to replicate rather than codified practices. Anyway, Szulanski sustains: “if you believe stickiness is a property of the situation, my argument is that the knowledge may be codified, but the imitator still cannot imitate the knowledge or practice because it lacks complementary factors, such as software, skills, or training of the workforce, that are often invisible to the eye and make imitation of codified knowledge difficult.” In literature, it has been underlined many times how firms learn from previous failures. Successes, instead, are usually shelved because they don’t cause reflection. It could also happen that when a company is successful at the beginning it become overconfident and start committing mistakes forgetting basic lessons. When transferring knowledge, it is fundamental to understand if it really worth or if it becomes too costly. If the second option occurs the best decision of the organization is to stop the transfer and start investing in something like product development, research and development or human capital. In his study with Sidney Winter, they highlighted the difference between the diffusion of technology and transfer of best practice or replication of knowledge. The first one refers to something which is perfectly known at the source which needs focus only on the receiver and on the most effective communication channel to use. On the other hand, knowledge transfer requires greater attention to the source. There could be different situations. The first one assumes that the source involved in the process has perfect knowledge and has to transfer it precisely to the receiver. It may happen that the recipient,

58 Rerup C., Cit.
59 Rerup C., Cit.
60 Rerup C., Cit.
in order to prevent its identity or status, refuses the practice. Moreover, perfect knowledge is not always enough because there exists a background knowledge made of, for example, language. At a certain point the transfer is usually interrupted, sometimes because the receiver has enough information to proceed on his own. Szulanski discussed also about motivation. It is a necessary element in the recipient, but it has to be limited or it could become a liability. The same goes for trustworthiness which is fundamental in order to achieve an effective transfer because it increases receptiveness and willingness to process and accept information. Nevertheless, it could make the receiver lowering his defences becoming less vigilant. This problem could lead to the acceptance of something wrong and the failure of the objective set. Finally, Szulanski identified two pillars to manage knowledge. Firstly, it is decisive to instill humility, overcoming overconfidence and over-optimism. After that such a complex activity require some efforts, that is why discipline is fundamental to get results. To summarize this concept the author created a perfect metaphor: when a company starts to replicate “something,” it should realize that the “giants” who created the practice took many years to do so. Proving that you are as tall and clever as the giant is not necessary. Getting on the shoulders of the giant is itself a big achievement that requires discipline. Without it, you may fall off the shoulders. Being humble involves thinking about how to develop and maintain that discipline.\(^{61}\)

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\(^{61}\) Rerup C., Cit
2. The sporting goods industry

The sporting goods industry is made up by all those people, activities, businesses and organization involved in producing, promoting, or organizing activities, experiences or business focused on sports. The business or products offered in the market of this industry are sport related and can be physical goods, services, people, places or ideas. The so-called sporting goods, which can be also identified as sporting equipment, can have different forms strictly linked to the sport typology, but generally they are something fundamental to complete the sport. The range of sporting equipment goes from clothes, to balls, to nets, to protective gear and much more. Talking specially about protective gear, sporting goods evolved a lot during the past years making many sports safer, preventing many injuries.

The sporting goods industry and the retail industry are strictly connected. Retailing represents the passage of products from producers of goods and services to consumers. There exist two kind of products offered by retailers, those coming directly from the manufacturer, which represent the finished products, and those nought from a middleman, usually known as wholesaler or distributor. In this last case the wholesaling company prepared and packaged products for marketing and distribution and finally they pass through the supply chain in order to become ready to sale. In 2018 the turnover of the retail industry was around 20,31 trillion of U.S. dollars.\(^6^2\)

Being an already accomplished market, it is necessary to make some research, for example on market trends, product mix shifts, customer needs and marketing strategies, before trying to overcome entry barriers. Moreover, two characteristics mark the sports goods industry, a segmented market and a high volatility of demand. Going deeply, we can identify some determinant variables which feature the demand for sports equipment, its size and growth. Some examples could be fashion, the value associated to the usage of sports items, the market price, the equipment rate (the use of a sports good by the population), the number of people practicing a certain sport and the life cycle of sports products. Deepening the discussion on segmentation, we have a type of market which is segmented because, especially in developed countries, sporting practices are very diversified. Therefore, it is fundamental for business engaged in this industry to adapt to

a segmented demand with segments that could be different in size and growth timing. The first variable which determines the size of a segment is the number of participants but also the kind of use each sports good can have after being purchased. In the industry of sporting goods there exist two main categories of products: ‘trite’ sports goods and ‘equipment-intensive’. The former definition is about items which can be employed in more than one sports discipline, this often happens for clothing and some footwear which can be even used during leisure-time activities not related to sports. While, the latter are so specific that can be used for just one sports discipline, in fact, they are produced for sports which require specific equipment such as golf, horse-riding and winter sports. Talking about segments, trite sports goods have usually a larger market segment while the second category is characterised as micro markets. Other socioeconomic factors influence the size and growth of the demand for sporting equipment such as the possibility to access the necessary equipment-intensive sports goods which are clearly more expensive than trite sports-goods. This is linked to a higher unit value but also a higher marketplace. Even age, working profession and household revenues are decisive in the percentage of participation which can be quite different depending on the sports discipline. Instead, the equipment rate, which is the percentage of people owning at least one type of sports goods, operates as an intermediary variable between sports participation and the demand for sports goods. The development of the rental market for durable sports goods has increased the equipment rate. Moreover, as stated by the president of the Observatory of the sports economy, most intensive sports equipment has a product life cycle, on both domestic and global markets.63 Usually when a new sport appears, the demand for the specific goods grows rapidly in a tiny market. A good example could be the snowboard appearance in the market in the early 90s. Afterwards, when the discipline became known and more common, the demand has fallen. At last, standardized sports goods are fixed in a large global market which stay almost the same or even declines.

Analysing the supply side, the market of sporting goods is structured as an oligopoly, in fact it is dominated by few transnational corporations (TNCs) which compete in a global market together with a ‘fringe’ of small local firms belonging to specific domestic markets. It is used the term ‘fringed’ because, in each developed country, a number of competing small and medium-sized enterprises takeover the remaining ‘fringe’ (or

margin) of the local domestic market left by the big TNCs.\textsuperscript{64} What emerges from the literature about oligopoly is that price cannot be considered the principal variable. This is confirmed in the sports goods industry in which in order to be competitive the performed operations are marketing strategies, product and production differentiation and generally innovation. Whenever fashion evolves big companies are forced to adjust their production in order to satisfy the new market demand. But, for small local businesses, which are usually more specialized on a small range of items, it is much harder, and their only possibility is to differentiate their offer diversifying the production of innovating some aspects. If they are not able to do so, any demand shifts could cause them bankruptcy.

As said before in a market with an oligopolistic structure of the supply side, market price is not so relevant in guiding the market share. In this kind of market strong change in the price could cause bankruptcies for many businesses. Instead, what controls more the competition are the quality of products, reduction in costs and innovation. The strategy is to invest the profit margin in research and development trying to improve products and processes, and even investments in product design and cost-saving processes. This is how enterprises protect themselves from price variation, implementing their marketing strategies with product differentiation and enhancing the firm’s reputation. This means, for example, having an ambassador, a sports champion who, through sponsorship, becomes the image of the brand and permits a rapid association with the products and services offered by the company. It can also be useful for conveying the quality of the product, for example when advertising a sporting event, as the World Cup or the Olympics Games, or a famous national team or club.

Another point to keep in mind, being in an oligopoly, is the presence of entry barriers to penetrate the market of sports equipment. The most common entry barriers can be:

- restricted accessibilities to distribution channels;
- already established economies of scale and scope;
- large capital required for the manufacture of products and by the break-even point of mass production;
- high level of products differentiation.

It is necessary to underline the difference between diversification, which means that a company decide to invest in different businesses, and differentiation, which, on the

\textsuperscript{64} Andreff W., Szymanski S., cit, p. 31
contrary indicates staying or entering in a specific business but producing a product or delivering a service which is better than your rivals. Talking about the first term, diversification, it is a common strategy adopted by sporting goods producers. Specifically, we discuss about diversification within one specific segment of sports goods industry. The first strategy to achieve it are mergers and acquisition a great example is the ski producer Rossignol, which acquired various firms manufacturing ski boots (Trappeur, Lange, Caber, Koflach), ski poles (Kerma), skis (Atomic), ski bindings (Ess) and winter sportswear (Anoralp, Védéla-Killy). The second option provides to invest always in the same industry, in this case sports goods industry, but in a different market segment and it is identified as an instar-industry diversification. Moreover, there exists a third possibility which is not so common: an inter-industry diversification towards another industry which gives to producers the benefit of a higher and successful pace of growth in a non-sports goods industry than the previous business.

The transformation of production processes in the sports goods industry happened in the 70s. Finally, new technologies coming from modern industries such as engineering, electronic and aircraft diffused, and the production processes of sporting equipment became modern and computerized assembly-lines. Many production plants moved from developed countries through developing countries. The industry of sporting goods also evolved from the point of view of materials, introducing new and more versatile ones.

Another important survival strategy for competing in modern oligopolistic industry is innovation. It has become crucial, substituting pricing, and is the main tool to preserve or even increase a company’s share in the global market. The greatest innovation in the sporting industry have been introduced especially for these purposes: first of all, to help athletes to improve their performances and win competitions, to give sport a more spectacular form (for example increasing attendance and TV viewers), to test new products and technologies for an industrial manufacture, and finally increasing mass accessibility to sport improving technicity and safety.

At the beginning of the new millennium, the industry of sporting goods suffered slower growth and the usual consequence in oligopolistic markets was industrial concentration through bankruptcies, mergers and acquisition. But, in the last years the industry showed a great increase and is expected to keep growing in the future years. In 2018, the sports

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65 Andreff W., Szymanski S., cit., p. 33
equipment market reached $167.7 billion and is estimated to increase until $248.1 billion by 2026, this means a compound annual growth rate (CAGR) of 5.1% from 2019 to 2026.\textsuperscript{66} There exist many reasons explaining why the industry of sports goods keeps growing. For example, the adoption of new breathable materials had improved the practice of sports disciplines and initially those specific sports clothes were mostly used by athletes but nowadays many gym-goers or even non-athletes purchase and wear them. The spread of sports apparel adoption started in mature regions such as U.S., Canada and Germany but, lately it has become common even in emerging markets like that of China and Brazil. Another reason is the importance that physical activity has acquired in the last years, there is a growing health awareness and especially fitness activities such as aerobics, yoga and running increased the number of participants and so the number of consumers in the market. This last reason is strictly correlated to the rising participation of women. Even the increasing interest for trendy and fashionable sports apparel among children helped expanding the popularity of sports market. Finally, the strong sponsorship through famous athletes or general celebrities helped making the sports practice much stronger. However, there are two major restraints against the sporting equipment industry, firstly the rate of fluctuation of prices of material employed in the creation of sports equipment, especially those use for clothing, secondly the increase of counterfeit products which threaten many companies. As mentioned before, the sporting goods industry presents a segmented market (see Table 1). Within the general division we can define three main segments: end user, distribution channel and region. The first one is divided into children, men and women; the second into E-commerce, supermarket/hypermarket, brand outlets and discount store; and, the third into North America, Europe, Asia-Pacific and Latin America, Middle East and Africa (LAMEA).

Based on 2018, men segment had the highest value in terms of revenues while women are expected to reach the strongest compound annual growth rate. Furthermore, the largest share in the sports apparel market was the discount store, probably thanks to the possibility of trial and immediate gratification. Anyway, considering the impact that the internet is having in these last years, it has shown the greatest growth. Instead, looking at the geographical distribution, the United States took the first place as the most prominent market. Thanks to its modern retail structure and the massive advertisements, specially

through celebrities, and to the style statement gained by fitness practice, the adoption of sport apparel has increased a lot. But, considering the fast-technological development of China, it is expected to have the highest CAGR by 2026.67

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<th>By end user</th>
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- Europe:  
  - Germany  
  - France  
  - UK  
  - Italy  
  - Spain  
  - Rest of Europe  
- Asia-Pacific:  
  - China  
  - India  
  - Japan  
  - Australia  
  - Rest of Asia-Pacific  
  - LAMEA

Table 1: Main segments of sporting goods industry market (Kumar S., Deshmukh R., Sports Apparel Market by End User and Distribution Channel: Global Opportunity Analysis and Industry Forecast, 2019-2026)

2.1 Sporting goods manufacturing

Considering how volatile the sporting goods retail sector has become, even the production has modified distribution, sales and marketing strategies. As already mentioned, smaller retailers have lost their power during the years and big-box chains have conquered the market. They are even able to sell their own product directly to consumers having the chance to offer the best price and gaining a higher margin bypassing retailers. At the top of this sector are placed golf equipment, representing the 30% of industry revenue, and

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67 Kumar S., Deshmukh R., cit.
general sports equipment for sports like baseball, basketball, football and tennis which collectively reach the 25%. For what concern the geographical distribution of the sporting goods manufacturing, as shown in figure 1, China, with the 41% is the leading country followed by the United States and Japan. Speaking about Italy, it covers the 9th place with 860 sporting goods manufacturing companies on the territory.

2.1 Decathlon’s main competitors

In the scenario of sports goods market there exists a strong competition and we can identify some of the main competitors of Decathlon Group. According to Owler, an American Internet company specialized in gathering information about companies, at the first place in the list of Decathlon’s competitors there is JD Sports Fashion Plc, a sports-fashion retail company. Its headquarter is located in Bury, England, but it has more than 2,400 stores around United Kingdom, Europe, the

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69 Dun&Bredstreet Cit.
United States, Asia and Australia, with more than 50,000 employees. It has an estimated annual revenue of around 67.2 billion euros.\(^{70}\)

Secondly, it is placed SportsDirect.com, another English company founded in 1982. It is considered the largest sports-goods retailer in the United Kingdom, but it owns 700 stores in 19 European countries.\(^{71}\) Its estimated annual revenue is around 4.3 billion euros.

At the third place, we can find Kitbag, always from England. It is a sports retailer and football specialist. It was founded in 1998, today it has stores in more than 180 countries, and more than 30 partners.\(^{72}\) Its annual revenue has been estimated around 140 million euros.

In addition to the top three competitors, Owler has identified other 7 companies which are very competitive in the market of sporting goods: Dick's, an American sporting goods company, Lovell Rugby, a British business considered the world's largest online rugby store, Rugers, an American firm specialized in rugby, Fenton Sports Online, an English company focused on rugby and cricket, Hibbett, another American sporting goods retailer, Big 5 Sporting Goods, as the previous one, and at the tenth place there is Rangers Retail, a Scottish brand dedicated to football.

In Italy, instead, we can identify Cisalfa Sport as the main competitor in the same sector. It is an Italian company, its headquarter is located in Rome and it has around 170 single-brand and franchising stores around the world and 970 wholesale outlets.\(^{73}\) In Italy there are 140 stores. Moreover, it is affiliated with a Swiss sporting goods retail company, Intersport, and it collaborates with many international brands in the sport and lifestyle sector.

\(^{70}\) *Key facts, JD Group.* Retrieved from https://www.jdplc.com/key-facts

\(^{71}\) *About Us, SportsDirect.* Retrieved from https://www.sportsdirect.com/customerservices/otherinformation/aboutus

\(^{72}\) *About us, Kitbag.* Retrieved from https://www.kitbag.com/stores/kitbag/en/help?helpSection=aboutUs

\(^{73}\) *Retail Experience, Cisalfa Sport.* Retrieved from https://www.cisalfasport.it/itit/corporate/retailexperience.html
Another relevant company on the Italian market is Sportler. It is part of the Oberrauch Group, a tradition-conscious family company, and its first specialized store was open in 1977 in Bolzano, Italy, in the frame of Dolomites. Sportler is considered the leading sport retailer in the region of South Tyrolean. With a staff of around 600 employees, it owns 25 stores between Italy and Austria and a dedicated online shop. Moreover, the company is promoting flagship stores, they already opened two in Bolzano, one in Treviso and another one in Innsbruck. The company sells around 400 top brands and its motto is “Quality, specialist advice and uniqueness.”

3. Decathlon Group

3.1 The origins of Decathlon

Decathlon Group, the largest sporting goods retailer in the world, was founded in the city of Lille, in France, in 1976 by Michel Leclercq. He is a French billionaire businessman and today owns the 40% of Decathlon group. The starting concept, which actually remained the same in the years, was to provide to all athletes, from beginners to passionate, different types of sports equipment at the best prices. Afterwards, in 1988, Olivier Leclercq, son of the founder, started to move abroad opening a production office in Asia. While, the first store brands, the so-called Passion Brands (Figure 5), were created in 1996. The first two were the brand dedicated to water sports, Tribord, and the one about mountain and nature, Quechua, which is probably the most famous one. Decathlon sells its own brands and each sport or group of sports has a brand name and a dedicated team who works on its design and development. After that, in 1999, the internationalization kept on with the opening of the first store in the US and in the United Kingdom. The business even approached the Chinese market in 2006 with the inauguration of a store in Shangai by Matthieu Leclercq, another son of Michel. This led the international development of Decathlon to a new dimension. Unfortunately, in 2006, the company was forced to abandon America due to the strong competition, but it landed in the city of Moscow, in Russia. In 2008 an important reorganization of the company happened: the Oxylane network was born and became the sign of distribution. Even the previously cited passion brands are attached to this network. Since 2015 the new general manager of Decathlon group is Michel Aballea. He started in Decathlon in 1997 as
international brand manager and created the Passion Brand Tribord. Around 2016 Decathlon approached the online market.

The expansion has incredibly grown in the last years, and nowadays Decathlon has more than 1.600 stores in the world in 57 different countries and regions, more than 90.000 dedicated teammates (employees which are also called Decathlonians), more than 80 Passion Brands and it generates a turnover of more than 12 billion €. 75 (In Italy there exist 122 stores in 18 Regions.)

![Figure 8: Decathlon's numbers related to year 2019 (Decathlon in the world, Decathlon United)](https://www.decathlon-united.com/en/about)

3.2 The organization, the format and strategies of the business

The organizational structure of Decathlon was originally pyramidal, with one leader at the top, an executive leadership team below and finally managers directing employees. The flow of decisions was unidirectional, from the top to the bottom. In the last years, in which innovations are running the economy, this process has becoming too slow and decision are made far away from customers context. That is why the French company has decided to change approach. To make it clearer we are going to take Italy as an example (see figure 9). At the top we have Fulvio Matteoni, the chief executive officer of

Decathlon Italy. Behind him there is the team of so-called Area Leaders. Each of them is engaged in coordinating a certain geographical area including more than one store. Few years ago, with a smaller number of stores, the regions were much bigger in terms of geography, today the division is more specific. Stores are grouped not only for the geographical distance but more specifically for common factors such as the most important one, the demand of local customers. For example, there exists the area of Basso Piemonte (the south of the Italian region Piemonte), composed by three stores: Cuneo, Santa Vittoria d’Alba and Alessandria. These stores have been grouped first of all because of their closeness but most importantly thanks to the similar environment surrounding them which influences almost the same sporting activities. Every store has its own director, named by Decathlon Store Leader (this role will be discussed later, directly through some interviews to Store Leaders), which collaborates in close contact to a Store Staff Administration Leader (SAL), engaged in the staff management and in the new hires, and Store Operation Leader (SOL), who administrates the safety of the workplace and the budget expenditures for the store. Other figures which contribute to the success of the point of sale are Department Managers. Dependent on the dimension of stores and the number of collaborators there could be more or less Department Managers, usually dedicated to one or more universes of sport, the most common usually are Fitness, Cycling, Collective Sports and Mountain department. The specific mansion of the department manager is defined as the Sport Team Leader, he has to make sure that the efficiency and profitability of the department will increase, manage a team of collaborators, and help them grow in

![Figure 9: Decathlon's structure](image-url)
the workplace. Finally, there are collaborators, sales assistants which in Decathlon are called Sport Leaders Omnichannel (SLO).

The figure of the SLO has born around 2018 and is applied worldwide in every store. The term omnichannel refers to different types of sales proposed by Decathlon, the physical purchase in the store, online purchase through kiosks with the help of collaborators and general online purchase. Before the SLO figure, collaborators were identified as “multi-qualified vendors” due to many tasks that they have to execute. This definition is not disappeared, it has just been modified and implemented. In fact, the characteristics and tasks of the multi-qualified vendor can be recognized in the SLO and they represent the craft basis. So, a Decathlon’s employee is trained, first of all, to be a vendor, with technical notions about products and the opportunity to try the items himself and with a formation who makes him able to offer all the types of sales proposed by the brand and the best shopping experience for clients. The company invests a lot in training its employees. At the beginning everyone has to follow the safety training and after few times the “Values and Intentions” formation which transmits to collaborators Decathlon’s mission. One of the basic tasks is the “putting into department” (which literally translates the Italian acronym MIR, Messa In Reparto, while in England is identified as “the delivery”), goods arrive in big boxes, in trucks, directly to the store warehouse. To make an example, in Italy goods arrive from the regional warehouse, in which they have arrived from the international warehouse, the French one. The delivery is usually carried out once a day and collaborators have to put products up for sale. Sometimes vendors can also be asked to unload the trucks and divide goods for the various store departments, this implies another specific formation. After that, they have to conduct stock controls, which in Decathlon are executed using a sort of “Bluetooth-racket” which recognizes all the RFID tags. In fact, Decathlon has applied a great innovation: the RFID antennas for tracking with which they tag all their commodities. This technology improves a lot the quality of the stock correctness, it helps in the execution of inventories and it even makes faster the payment at the classic or automatic tills. Another basic task is called “facing”, the same term is used in different countries, it describes the action of tidying up, maintaining the high quality of the department in order to make customers able to find easily what they need. Another training followed by SLOs is dedicated to the layout. The exposure of items follows a specific logic. It is divided by “families” of products, including a distinction of gender and between materials and clothing items. The layouts, called DAO (from French
language Dessin Assisté à l'Ordinateur, which means computer assisted drawing), of these families are created globally and then adapted by dedicated équipes at national level. They prepare different designs, considering different ranges of products, in order to give the possibility to stores of various dimensions to find the right one for them. In fact, every store has the chance to choose which sports categories to sell, depending on the activities mostly practiced locally. Employees learn how to read layouts how to organize them and, of course, they have the chance to modify the predefined layout in case of necessities and even to suggest modifications at the general level. Moreover, they are trained as cashiers and as receptionists. In Decathlon, as in many modern stores, there are two types of tills: classic tills with operators and automatic tills. In Italy there is always someone who watches over automatic tills because people have to take confidence yet. In addition, every store has an “hospitality” which is a sort of reception in which customers can ask for general information, change of products or refunds, or more technical procedures such as invoices, tax free transactions or deferred payments. In bigger stores there is a dedicated space just for the reception, while, in small ones the till number one works also as hospitality. This setting is not the same in every country, for example in England, changes of products or refunds are executed directly at the tills. The stock management functions through an automatic restock, anyway, vendors have the chance to make manual orders in case of necessities, for example to create or modify a commercial area. Every store has many commercial areas, in which it can put in evidence some products. Some of them are dedicated to “impulse purchase” products, especially those close to the tills or to the changing rooms. Other areas serve to promote seasonal products or discounted ones. Talking about the types of contract, in Italy, all the Store Leaders and Sport Team Leaders have a full-time contract. Instead, most of the Sport Leaders have a part-time contract, this increases the possibility of a great staff rotation. While, in England, even collaborators have a full-time contract, but this is not totally a choice of the company, because in England there are few applications for working in the company (this point will be deepened in the interview with the Store Leader of Decathlon Brighton). Every Sport Leader is equipped with a smartphone, called “Mobystore”, which is necessary not only to communicate within and outside the store, but also to execute most of the functions previous cited. Through an application, collaborators can verify prices and stock availability (in store and warehouses), make manual order for the store or online order for customers (the so called “Plus Order”, collaborators make order for customers who can pay directly at the till), execute stock controls and check layouts. This tool underlines
how much Decathlon has developed during the years and its ability to keep up with times, continuing to invest in innovation.

The company wanted to give, to its employees, the possibility to engage in a sort of mission into their passion sports. This reinforced the will to change the structural organization because in Decathlon collaborators are not only considered vendors but as real sportspeople at the service of clients. SLOs can make proposals in local but also in general to the company, they can also become a point of reference for a certain sport, for the store in which they are working but also for the whole area. The other reason is to acquire a more sport expert image, making available expert sellers to customers. This can be considered as a strategy of diversification from competitors. Furthermore, what gives the possibility to Decathlon’s employees to feel even more part of the company is the shareholding. Every year a team of experts is asked to analyse and estimate the value of the business share having access to balance sheets, accounts and the strategy for the short and long-time period. Taking into account the profitability, the financial independency, the future prospects, and other parameters usually considered by ranking agencies, they evaluate the goodness of the company. Only Decathlon’s employee can invest in these
shares and today the shareholding is active in 44 of the 57 countries in which the enterprise exists. The shareholding has great impacts on the business, firstly it guarantees the self-financing, secondly it holds collaborators more responsible and they become also co-entrepreneur, finally, it guarantees profitability to company’s saving.

Talking about the typical format of Decathlon’s stores, they are usually large superstores with an average surface of 4000 square meters or more (see figure 12), which contain almost the complete range of products available on the catalogue of the business. But there exist even the so called “Basic” stores, usually located in city centres, which offer only basic stuff but have many kiosks to make online orders with the help of trained collaborators. The goal of these kind of stores in not really about profit but promoting the brand and improving its reputation. An even more specific format is the “High-Street” store (see figure 11), located in the most central street of a city, it is somewhere in between a large superstore and a basic one. Decathlon has never created temporary store, that is due to its strong rooting to the territory. Its intention is that to enter in a new area and remain in a long-lasting way. To make this possible it is fundamental to construct strong trust relationship with its customers.

Mostly of the products on sale in stores are directly produced by Decathlon under its Passion Brands. But we can find even goods from external brands, for example Nike and Puma. The company defined these products as AMI (in French it is Autres Marques Internationals, which in English stands for “other international brands”). The choice of selling external items is up to each country, for example in Italy we can find them while
in England not. But, generally the direction of the company is to eliminate the presence of external products and keep improving its Passion Brands. Customers have different options to buy products: physically in stores, through online orders from home or directly in stores through kiosks, with the help of SLOs. Another service offered to customers is the e-reservation, the possibility to book items directly from the web selecting the closest shop. SLOs receive the reservation, collect the booked items and make them ready for the customer who will come to the store to withdraw the booking.

Anyway, Decathlon doesn’t offer only products but even services. First of all, almost every store has its own laboratory in which customers can bring for example their bicycles for a revision or a repair, or skies and snowboards for regulations, also a service of personalization is offered, through printing and embroidery especially on clothes and also adhesive printing on accessories. Moreover, there exist many regional laboratories for bigger works, for example great quantities of products to personalize or specific maintenances to electronic products such as treadmills. Furthermore, Decathlon offers also a renting service for sports equipment, the so-called Decathlon Rent. Customers can find different products for many sports, from skies, snowboards and snowshoes, to kayaks, canoes and stand up paddles. It is possible to rent staff online but also in some stores, usually the bigger ones. Another service offered by the company is called “Trocathlon” which consists of a second-hand sale. In Italy, it is a temporary service usually active two times a year. Not all the countries, and not even all the stores of participating countries join the project, usually due to space reasons or low profitability. In these occasions, customers have the chance to bring their old sports staff and propose a sale price. If during the Trocathlon time their products are sold, they receive a coupon spendable in store or online, if not they can retrieve their items.

Decathlon does not invest a lot in advertisement, it prefers to exploit tools closer to customers. In fact, there exist international official Facebook and Instagram pages, one for every country and even one for every store. This create the possibility to directly communicate to local customers, publishing posts about products, offers or events strictly...
related to the single store and not necessarily international. In each point of sale there are usually one or more employees dedicated to the “Social Communication” project. Those collaborators are trained in order to publish qualitative and effective contents and animate the project in the store. In fact, every Sport Leader has the possibility to exploit the tools. Moreover, Decathlon encourages to show who are the people working in a point of sale, who can even publish their personal images, always related to Decathlon’s brand. This has the power to create a link among Sport Leaders and local customers. In addition, there exists another digital tool called “InterAct”, it is an application linked to the email address of all the people which subscribed to Decathlon’s fidelity program. Sports Leader can use it to send communications to customers who identified their store as their “favorite”.

The great success of Decathlon caused a decline of independent retailers and the production and diffusion of its Passion Brands brought troubles to traditional manufacturers. An important year for the company was the 2008, it established a record beating its competitors on three points: margin, market share and highest turnover per square meter of selling surface. Moreover, a survey of the same year, carried on 775 catchment areas, shown that Decathlon was dominant in 92,8% of zones. Of course, this dominant position marginalized its competitors in the market, including independent retailers.

3.3 Decathlon’s mission

“We aim to sustainably bring the power of sport to everyone, everywhere.”

Decathlon’s target comprehends all the people practicing a sport activity, from beginners to professional athletes. That is why, in its store is possible to find basic staff but also more technical products with different price range. In 2018, Decathlon decided to modify the disposition of products in store in order to reach higher technicality. Products were divided for sports poles, including materials and clothing and avoiding gender distinction. This created confusion in usual customers and caused a loss in Decathlon’s profitability.

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In fact, in 2019 the company went back to its original disposition, realizing that its main segment of customers is practicing sport people, not professional, not competitive, just passionate.

<table>
<thead>
<tr>
<th>VALUES</th>
<th>LEGACY</th>
<th>FAMILY</th>
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<tbody>
<tr>
<td>- Innovation to champion the athlete in everyone;</td>
<td>- Vitality and responsibility, guiding core values;</td>
<td>- 40 Passion Brands teams in charge with imagining the future of sport;</td>
</tr>
<tr>
<td>- Creation for anyone, novice or expert, and try to overcome barriers to participation;</td>
<td>- Commitment into customers, its teams and to the planet, making sport an available way of life;</td>
<td>- Test of products by teams and customers, in the field and in laboratories;</td>
</tr>
<tr>
<td>- High quality, low prices;</td>
<td>- Fueled by innovation, great investments on R&amp;D;</td>
<td>- 2800 new products created every year, also stimulated by the Innovation Awards;</td>
</tr>
<tr>
<td>- Giving the most, charging the least;</td>
<td>- Inspired by the impact of bringing more sport to more people;</td>
<td>- Teams focused on producing the highest quality of sporting equipment are composed by dynamic designers, product developers, engineers and researchers;</td>
</tr>
<tr>
<td>- Efficiency at every step, to reduce waste;</td>
<td>- Global citizenship, to make the world a better place, from economic and social point of view;</td>
<td>- People who use and love Decathlon’s products are considered part of the family</td>
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<tr>
<td>- Lifetime, not one time: building a lifetime relationship with customers;</td>
<td>- Worldwide philanthropy, improving access to education, training and employment and collaborating with not-for-profit organizations.</td>
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<tr>
<td>- Users’ happiness is Decathlon’s passion;</td>
<td>- Attention to the environment;</td>
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<tr>
<td>- Happiness is guaranteed, the motto is “satisfied or satisfied sportsmen”;</td>
<td>- People matter the most, they are the most valuable resource;</td>
<td></td>
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<tr>
<td>- Taking responsibility for its proper actions.</td>
<td>- Fueled by innovation,</td>
<td></td>
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Table 2: Values, legacy and the family of Decathlon (Our Story, Decathlon.com)

It is important to open a parenthesis about the fidelity program of Decathlon. Customers have the opportunity to subscribe to Decathlon’s card. Today it is not a physical card anymore, but an online application in which users can accede all their past purchases, including receipts in case of change of product or refund which are considered valid as a guarantee. Moreover, only who has the card has an entire year for returning products. Decathlon makes even something more to fidelize its clients, it organizes the so called “Sport Days”: events organized by stores in which people are invited to participate having
the opportunity to try a sporting activity and sporting items made available by Decathlon. These events are opened only to owners of fidelity cards. There is a yearly scheduling which proposes the same dates for all the stores of a country in order to act as a united company.

3.4 The dual management of innovation and creativity by Decathlon

Most of the companies try to grow their brand image through the purchase or acquisition of existing businesses. On the contrary, Decathlon changed the rules of the game inventing a new model of business growth creating its portfolio with its new own brands, those we mentioned before, the passion brands. Moreover, the company invested on a department dedicated to R&D in order to develop an original management system of knowledge and innovation. That is what makes Decathlon Group different from other competitors in the market. The main object of Decathlon is to control the market from the top, through its specialized brands which are able to compete with other international sports brands. All this while remaining leader in the French market of specialized retailer and in order to increase its profitability. Usually, when there is only one retailer controlling the channel, there could be a decrease in its offer together with a reduction in the number of referrals. Contrarily, Decathlon maintains good margins in its stores, focusing on “in-house” goods produced by its passion brands. That explain also why it invests a lot on passion brands, giving them the autonomy to manage budgets, R&D and necessary human resources. In fact, the ambition is to develop specialized brands able to conquer an important position in the international market. The French company can be seen as the protagonist of an “expansion intrapreneuriale” whose mainstay is the constitution of a portfolio of new brands, not only able to launch new lines of products on the market but also able to durably transform a whole market segment.78 For this reason, Decathlon can be considered as an example of business which for 20 years has been focused on a single brand and then decided to follow the passion brands strategy, moving from one policy to another. Moreover, Decathlon Group aimed entering high

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margin segments. But it was not sure that sports specialized superstores, invented by Decathlon and functional in Europe, would have the same results in countries in which consumers have different habits. A particular situation is that of the United States in which the monopoly is so strong that it is quite difficult for a retailer to enter and expand in that market. That’s why the company invested in the United States in 1999, but after only 7 years was forced to abandon that market. So, being a retailer is not enough, to be successful a business needs to start producing. Moreover, innovation together with creativity are the only options to have a possibility to survive in a market such that. In Decathlon’s case, it has been identified a model which describes its innovation process. It is divided in three main steps: the upstream step, the project step and the marketing and communication step.\textsuperscript{79} Also called the internal step of vision, it is the first phase in which needs, target opportunities, sales approaches and marketing approaches are identified. Decathlon creates a 2-days creative workshop mustering designers, R&D engineers and marketing engaged people. They usually propose around 300 ideas and finally only few of them are developed. The innovation director for the French company, Irwin Wouts, defined this step as fundamental to set relevant targets and high potential for innovation.\textsuperscript{80} Even customers play a relevant role in the upstream step, providing feedbacks directly from shops. Product managers, instead, are in charge of observing sportsmen in action in order to create new specifications to improve products. While, the technical specifications are established by process engineers. In the second step it is important to combine a creative spirit with rationality, trying to develop innovative ideas which can be reach at reasonable prices. In this phase the R&D department becomes the protagonist and carries the studies. If they find convincing results, they will start creating a prototype and test it, also in the hands of selected customers. Finally, if the prototype passes all the tests, it will be sent to all the production offices. The final step starts with the implantation of products directly in stores and the creation of a media plan. Some projects are the fruit of the creativity of specialist and experts working for Decathlon, while, some others are developed by the observation of the markets. The director of the R&D department, Philippe Freychat, stated that the majority of successful innovation of Decathlon come from inspirations stimulated from the observation of the use and simplification of the use.\textsuperscript{81} Moreover, the Decathlon Group has invented an annual contest for its employees,

\textsuperscript{79} Hillairet D., Richard G., Bouchet P., \textit{cit.}
\textsuperscript{80} Hillairet D., Richard G., Bouchet P., \textit{cit.}
\textsuperscript{81} Hillairet D., Richard G., Bouchet P., \textit{cit.}
called “The Innovation Award”. It has the aim to stimulate and encourage creativity and the spread of ideas of innovations for processes and products. An important characteristic that makes Decathlon’s innovation approach different from that of other companies is the existence of a tool dedicated to the study of the human body in motion, the Decathlon Research Centre, born in 1997. It is structured as a concentric radiation with some layers. The first one is composed by thirty specialists in the areas of anthropometry, biomechanics and thermic physiology which are the main fields in which Decathlon invest for R&D. Around this there other three circles, one represented by a team of doctors in philosophy, the second is a team of engineering students and the third one groups partner institutions. The collaboration among these different circles guarantees a greater efficiency in the process of innovation. Moreover, a collective and collaborative R&D has been created with the whole group and can also be considered a sort of subsidiary. Each passion brand has its own experts in the filed in which it is developing products, but they can collaborate with the central Research Centre and also with the other passion brands R&D departments. This strong organization around R&D gives a large development potential to the company and makes it always prepared to the fast-changing surrounding world. Anyway, the success of Decathlon is not possible only through the technical part but also thanks to the organizational and human sphere. In fact, what makes the difference in successful companies today is the new concept of freedom which becomes part of the management and make it more flexible. It is defined as a sort of disorder which of course implies risks for the business as for example the loss of control. But, great companies, such as Decathlon Group, are able to establish a balance between order and disorder, they make these two antagonistic forces coexist in the centre.\textsuperscript{82} The duality of the management system of innovation and creativity stays in the contraposition of a rational organisational capacity belonging to the traditional management of innovation and disorder brought by creativity with a sort of creative brainstorming. Decathlon has been able to avoid hierarchical or technical restraint to let creativity spread according to the will of the collaborators of the company. It is important to remember that the French company has born as a retail company but, effectively, we cannot consider it a distribution company anymore due to the numerous brands it has created. Moreover, it

\textsuperscript{82} Hillairet D., Richard G., Bouchet P., cit.
will keep growing trying to strengthen its position of European leader of the sports articles distribution and becoming an industrial group, owner of renowned trademarks.\textsuperscript{83}

3.5 Decathlon Vision 2030

One of the latest projects launched by Decathlon is Decathlon Vision 2030. It started around October 2019, the idea is to think about the future ten years, not only about the company but more generally about how will be the world in 2030. It has been decided to use the word “vision” because it’s a synthesis of contributions and ideas, a sort of dream to strive for. Moreover, it’s a really ambitious project because it involves all Decathlon United and it would be used as a landmark for the business plan.

More precisely, the Vision has three main objectives:

1. Build the vision in a shared and more open as possible way (in and out participation and sharing, including not only Decathlonians but also external people);

2. Create a network to sustain the vision (nowadays the main form of networks is the digital one, in fact, it has been created a dedicated community on the platform G+ for the employees and an Instagram page to reach external participants; Decathlon is promoting the Vision even on its Linkedin and Facebook profiles);

3. Keep the network active even after the final writing of the project, it will be the tool to remain in a permanent vision exercise.

As already mentioned, Decathlon has a great consideration of its collaborators, giving them the chance to take decision and even make proposition for the company, but also of

\textsuperscript{83} Hillairet D., Richard G., Bouchet P., \textit{cit.}
its customers, listening to their opinion and always trying to satisfy them. This approach is absolutely confirmed in the Vision 2030 because collaborators are the starting point, but the greatest ambition is to include customers.

The process has been studied in a precise way, identifying some roles:

- **Vision Relay**: chosen for the principle of territoriality, it works in contact with the Area Leader and will develop the vision locally;
- **Ambassadors**: in Italy, it has been decided that Store Leaders will be ambassadors of the vision, making the project live in the workplace;
- **Participants**: first of all, the employees of the company but also external people, anyone who would like to express his opinion and give contributions;
- **Core team**: the international team engaged in writing the rules of the game worldwide. For each country, it has been selected one person for each theme that will be presented later.

In Italy there are 37 Vision Relays, I've been selected as VR for the Basso Piemonte area, I'm following the project for my store and the other two of the area, organizing meetings and workshops and updating them via emails. In October, I followed a one-day training in Rome completely dedicated to the Vision.

Decathlon Vision 2030 moves around three themes: the first one is the future of people, generally speaking how will be human life in ten years; the second one is dedicated to the future of sportspeople, focused on the business of the company it means how will be perceived sports in 2030, what will change in sports activity or in sports equipment; and finally the future of living which is dedicated to the infrastructures and cities layout. The three themes are supported by two pillars, sustainability, which nowadays has become fundamental in every field, and big data and connectivity, which have also become part of our everyday life.

Furthermore, the process has been divided into phases. The starting one, ended in mid-January 2020, was the co-inspiring phase. On the web portal of the vision there was a page called inspirations with many articles and videos about the future in different ambits, some were dedicated, for example, to the environment or to innovations in technology. People were asked to answer to some questions divided into the three themes, just after being inspired having a look to the webpage of inspirations. Instead, Vision Relays organized physical and digital workshops to inspire Decathlon’s employees. In order to
have results geographically related, people were also requested to use hashtags of their cities of provenience. This first phase reached around 17.000 contributions from all over the world, from Decathlonians and not. All the answers have been analysed and through a system which recognizes the repetition of some key words, four territories have been extrapolated: firstly, the future of humanity, secondly, technological and environmental changes, thirdly, fundamental pillars and vital changes, and finally, from “I” to “we”. These four territories have become the core of the second phase of the vision, the co-exploring phase, in which they will be deeply analysed with some questions proposed to participants. Again, there will be physical and digital events to involve people that then will be asked to leave their contributions on the platform. To follow, there will be the third phase which will begin with the personal writing where Vision Relay will be protagonists writing down the specific project for their own territory. The final part will be the Co-Writing phase, Decathlon United Vision 2030 will be defined and write by the international Core Team, giving some general guidelines that will be applied in a local way. Decathlon is getting prepared for the future, but it doesn’t want to take decision alone and just for itself, it would like to cooperate with territories and be not only a business example but even a social one.

3.6 Interviews with three store leaders

3.6.1 Bernardo Vallone, store manager in Santa Vittoria d’Alba, Italy

I interviewed Bernardo Vallone, the actual store manager of Santa Vittoria d’Alba, a point of sale of around 4.000 square meters in the South of Piemonte, in Italy. He entered the company in November 1998 when he was 32 years old. Thanks to some previous working experiences he entered as department manager of Laboratories and Services in the store of Grugliasco, in the peripheral are of Turin. After around 5 years he became collection manager and also manager of the mountain department. The store of Grugliasco has also an internal café which he managed for few years. In 2004 he opened a new store, that of Cuneo, starting his mansion as store manager. He had been selected thanks to great economic and human performances obtained when he was department manager, and also

because his profile mirrored the necessary requirements identified by Decathlon to become store manager. In 2010 he was protagonist of another opening that of his actual store, Santa Vittoria d’Alba. Decathlon is very accurate in recruiting, in fact, it has created a “craft card” for each existing work position of the company in order to have clear profiles. Going deeply into the figure of store manager, Bernardo identified some essential requirements such as bringing management and Decathlon’s strategies to life, planning and organizing resources to effectively meet the needs and requests of sports users and enhancing the talents of collaborators, helping them in their growth. Moreover, he mentioned some fundamental capacities such as analysis and synthesis skills, operational problem solving, effective communication, initiative and decision-making with result orientation and finally it is expected the maximum flexibility.

Discussing with Bernardo, he underlined how the organizational change of the company has influenced the management of the small reality of a single store. The territorial independence get stronger and store managers has more freedom of testing solutions locally. In this way, who is in close contact with clients has the chance to take decision. Besides, the collaboration among stores of the same area has become much stronger, trying to move in the same direction in order to satisfy the local demand. At the beginning of the solar year, every store usually organizes a meeting with all its collaborators, to make a point on the previous year, but especially to prepare a project for the incoming year. At the beginning of February 2020, Decathlon proposed a new format called “Sport Adventure” which gathers all the stores under the same area, in order to develop a general local project. The main strategies always come from the top management, but each area is asked to implement them locally, trying to exploit the aspects which better meet their needs. The Basso Piemonte area, which includes the stores of Cuneo, Santa Vittoria d’Alba and Alessandria, had a meeting on the 4th of February 2020 in a conference hall in San Damiano d’Asti, in which the Area Leader, Patrick Vaccari was also present. The new strategies and proposal of Decathlon for the year 2020, regarding both economics ad human aspects, were shown to all the collaborators. Sport Leaders were asked to express their opinion and to think about which strategies could be applied to the whole area or more precisely to a specific store. This underlines once again the importance and responsibility that Decathlon gives to its employees, making them first players in the decisional process. After the bigger meeting the Store Leaders selected three volunteers from every store which would like to participate in the concrete part of writing down the
project for 2020 for the Basso Piemonte area. Furthermore, each store took some time to discuss and decide which points of the general project to exploit in an even more precise way. Bernardo sustained that what marks Decathlon is the attention spent in listening to clients’ needs, attempting to satisfy a declared or latent requirement of the customer.

Concentrating more technically on the procedures for creating new stores, Bernardo has an important experience and suggested some fundamental points, always keeping in mind that it is not a standard procedure. First of all, the physical opening of a new point of sale must arise from an effective need on the territory and a physical pool that allows the store to generate enough turnover to ensure its survival. Of course, the company performs market researches, anyway, a simple way to notice it is through the passage of Decathlon’s fidelity card at the tills, because customers who want to subscribe the fidelity program are required to indicate their postal code. From the point of view of urbanization, the selected area must have a great accessibility and driveability. Most of the times Decathlon rents buildings even if sometimes, especially in situations in which the future perspectives are promising, it decides to buy them as investments for the company. Decathlon has a real estate service which manage entirely this aspect, the properties are often leased. The host building should have a shape that allows to express Decathlon’s layout. The French company has a specific one, called “Plan de Masse”, the shop is segmented by sports, the dedicated space and the position of these sports is a local act that must responds to what is the customer’s need and the diffusion of sport in the area where it is located. A particular attention is always given to sustainability, in fact, during the year stores have become more and more eco-friendly, for example the lighting system is no more 100% artificial but inclusive of natural light or renewable energy devices such as solar panels. The will of Decathlon to act sustainably cannot always be satisfied, because it also depends on who creates and rents the properties. Regarding the internal layout, as I already treated before, there exists a dedicated team based in France, with branches in every country, that seeks to adapt layouts and services based on changing customer needs and changing technological possibilities. About every two years, every store is checked and, if necessary, the concept can be modified as for example the tills barrier or the conformation of the laboratory. Thanks to the notoriety that the brand acquired during the years, it even changed the external graphic of its buildings. At the beginning they usually presented enormous sport images, because it was necessary to communicate to customers which kind of products Decathlon was selling. Nowadays,
instead, the brand is known worldwide, the stores are painted with the colours of the sign, white and light blue, with a dynamic cut. A clear example is the store of Santa Vittoria d’Alba shown in figure 12.

Speaking about the image of Decathlon Italy, Bernardo sustained that it is widely appreciated. The biggest and more developed part of Decathlon’s production is made in Europe and particularly in Italy. In fact, Italy is recognized for the ability of enterprises to respond to demand in logical time, for a great adaptability in business premises, and a functional problem solving. However, he recognized a strong disadvantage of the country which is the high cost of labour due to strong national taxes. For example, in Spain this cost is much lower, and they can afford more customizations in stores. Another thing that struck him about Spain is the presence of really small stores in city centres and enormous ones (up to 12,000 square meters) in city outskirts. This is due, again, to subsidized fixed maintenance costs of buildings in Spain, contrary to what happens in Italy. This gives, to Spanish stores, the incredible opportunity to present the range in its breadth and to practice sports directly on site. The best example is the Decathlon’s store in Madrid which has an indoor ski slope.

Given the great experience that Bernardo has in Decathlon’s company (more than 20 years), I asked him which were the largest changes of the company during the years. The policy “Sportspeople satisfied or satisfied” always existed but it was formalized around 10 years ago. Decathlon is convinced that if the goal is customers satisfaction, it is necessary to do everything possible. The company growth a great ambition, speaking to all people around the world. Of course, it is almost impossible to satisfy all the needs of customers, that is why Decathlon decided to identify as its main segment practicing sport people, not professional, not competitive, just passionate.

3.6.2 Norbert Goz, store manager in Chioggia, Italy

Norbert began his adventure in Decathlon Group as sport leader of the mountain department in 2008, in the point of sale of Fiume Veneto, Pordenone. He has been trained as a sales operator and after becoming an expert in cross-country skiing he had the chance to visit the headquarter of Quechua, in France. In 2011 he was promoted to Sport Team Leader for the mountain department and moved to Decathlon San Giovanni Lupatoto, Verona. “This was a really strong experience”, he commented, “I had to manage a team
of 20 collaborators and a really profitable commercial perimeter”. In 2014 he moved another step in his career becoming Store Operations Leader in Curtatone, Mantova. He maintained the same role but, in 2016, he moved to one of the main stores of the city of Milan, Decathlon Milano Cairoli, with around 120 collaborators. Norbert thinks that the experience of a city centre store, in such an economic power city as Milan, was fundamental to growth both, as a human being and as a Decathlon’s worker. His chapter as Store Leader started in 2017, with the transfer to an historic store, Decathlon Mestre. Recently, in March 2020, he moved to Chioggia always as store director.

I discussed with Norbert about the role of store leader and the steps to accomplish so as to become it. In order to obtain the position, he had firstly to guarantee the KPIs of the Store Operations Leader. Then, he has been thoroughly trained in the socio-economic environment. I asked Norbert to identify some fundamental characteristics a good store leader should have, “Listening, leadership, ability to make decisions, team-work and organization, are certainly the main qualities of a store leader”. The store director has to perform several functions as the management of the annual budget considering the personnel expenses, property management costs and other general expenses, and the income statement management and subsequently its monthly piloting. Moreover, he has to learn how to animate the commerce applying the business strategies and transmitting them to the team of department managers, and consequently to all the collaborators. The director is also responsible for the safety of the point of sales, in charge of ensuring the application of all current regulations. He is also a key role in the outside communication and in the partnership with clubs and businesses.

Considering his experience in six different stores, we made a reflection about the strategy of Decathlon Group in duplicating point of sales. Norbert sustained that procedures and actions coming down from the headquarters remain strictly the same in every point of sales. While, the most volatile variable is the purchasing behavior of individual customers that varies from shop to shop, obviously influenced by the geographical place in which the store is located: the "mountain" shop has of course a commercial policy more focused on outdoor sports than the shop located in the city center where the customer need is more urban. Furthermore, I asked him to describe what makes Decathlon different from its competitors and his answer was “the vest”, referring to the uniform worn by collaborators. Norbert asserted that the staff makes the difference and that “every single collaborator present in the shop is support and help to all customers, putting passion in the sale and
enthusiasm in trying to meet the individual needs of our customers”. At any rate, compared to the competition, according to Norbert, there is a lot of work to be done about the online part. He would suggest to structure a team dedicated only to e-commerce, from product availability to deliveries and everything related to the online universe.

During the years, Norbert had the possibilities to visit stores in other countries. Recently he has been to England. In his opinion, confirming the duplication strategy, there are no particular differences if not some related to the proposed commercial operations, different from the Italian ones.

3.6.2 Debora Primo, store manager in Brighton, England.

Debora started her career in Decathlon as sales assistant in the store of Mestre, Venezia, in the water sports department. In March 2012 she became Department Manager in Decathlon Fiume Veneto, close to the city of Pordenone. She participated to the opening of the point of sale of Torre Di QuarteSolo and was promoted as human resources manager. Finally, in 2015, she decided to move to England and worked as Department Manager in training of the water sports department. In March 2017 she was promoted as Store Manager in training in Stockport, Manchester. Lastly, in July 2017 she was nominated to follow the opening of the new outlet of Brighton, which she inaugurated in October 2017 as Store Manager. “It is a bit easier to grow in the company in England, rather than in Italy. That is because of the number of possibilities, Decathlon is investing in many new openings in England, and the low number of trained employees. Let’s say that the competition for a workplace in Decathlon UK is lower”. This is also a difficulty that Decathlon UK is facing, they acted a fast acceleration but there are not so many profiles ready to work, the staff rotation is a problem even because they do not have a lot of applications. With Debora, we discussed mostly about the formations she had to incur in order to become a store manager. The first one was the “Store manager in training”, mostly focused on human management. It underlines the importance of cooperating with collaborators and to animate them especially from the point of view of performances. Moreover, in this formation, it is explained how to develop a store project involving different aspects such as the economic and human one, it has to be goal-oriented and it must be written involving collaborators opinions and ideas. Another training she followed was called “Store Manager Induction”: a four days full immersion formation about
finance, health and safety in the workplace, legal requirements, geo-marketing and catchment area, and an introduction about the functioning of warehouse from the supply side. Finally, she was sent to the headquarter, in France, to attain the “Value and Intentions” training, which was held by the founder of Decathlon, Michel Leclercq. This formation is then proposed by the director in every store of the world, to all collaborators. It is based on the mission of Decathlon in which customers’ need is at the center of attention but also employees’ well-being. She sustained that one of the most important things a good store manager should learn is to inspire his team.

Furthermore, we talked about the reality of Decathlon U.K. The first store, Surrey Quays, opened in London in 1999, nowadays there are 44 stores around England. The hardest difficulty the company has in England is a scarce notoriety. The brand is not so well-known as in other European countries and the competition is really strong. Sports Direct is the leader in the English sporting goods market. Moreover, there is a strong mentality which links only famous brands such as Nike, Adidas and Puma, with high quality. However, in UK, Decathlon’s online commerce works pretty well, producing between around 15 and 20% of total revenues. That is a matter of culture, the e-commerce spread before than for example in Italy or other countries of south Europe. That’s why the online service is completely separated from physical stores, moving the online incomes in each store would translate in splitting the resources to work on different levels. So, in Decathlon Brighton when a client needs to make a return of a product bought online, Sport Leaders send it directly to the warehouse and the customer will receive its refund directly on the used payment method. Instead, in Italy, customers have the possibility to receive refunds for online purchases directly in stores. In UK, Trocathlon does not exists because it would give an even cheaper image to the brand. Another great difference between England and Italy is the approach to customers loyalty. In Italy more than 50% of clients have subscribed the Decathlon’s card while in England this percentage decrease around 20 and 30 %. This is clearly related to the scarce notoriety of the brand but also to the lower investments that the company makes in the country. In fact, there is not a national project dedicated to fidelity and, for example, there are no Sport Days in England.

The decision to open the point of sale of Brighton firstly arised from an online survey sent around the countries in which customers were asked to vote the city in which they would like to have a Decathlon’s store. The results shew Brighton and Bristol as the most wanted cities also because there was a high concentration of online orders. The two stores
are both working pretty well. Of course, Decathlon kept in mind some fundamental characteristics such as the wealth index analysis, the sportiness of the population (which depends also on sport facilities). Brighton, thanks to its conformation, hills in the back and sea in the front, plus some important sports events, two of the most famous marathons in UK, has a high level of sportiness. Another characteristic considered by the company is a minimum amount of people to open a store, which should be around 400 and 500 thousand people. At first, the idea was to open the store outside the city, the most classical Decathlon’s format in industrial area. But, considering how much people walk in Brighton and how few people own a car, the company decided to open in the most central street of the city. That is why Brighton point of sale is defined an “High Street store”. In contrast with typical store the surface is quite limited, just over a thousand square meters, and Sport Leaders need to adapt Decathlon’s concepts to their reality. The layout of products arriving from the international team must be modified according to the available sales area. The conversion rate is quite low and so it is the average basket of customers. Due to the central position of the building, renting costs are high, compared to the surface. In this type of store “the focus is moved on the theatricalization of the technicality of products and space is absolutely a luxury”, concluded Debora.
4. How Decathlon exploits replication

Considering that replication strategy refers to the creation and operation of a large number of similar outlets that deliver a product or perform a service, Decathlon results a good example of this process because it operates exactly in this way. The company had, and is still doing it, expanded its business replicating the same format of store all around the world, always taking into account about local specifications. Physically speaking, it can be said that the store format that we described before has been replicated, more or less, in the same way in many different places with different requirements. The “more or less” can be considered acceptable because, as we found out before, replication is a flexible process which can be adapted considering the context and all the factors affecting it. Decathlon’s stores are recognizable, starting from the outside, due to the sign and the colours of the brand but also moving to the inside, the internal organization presents some elements which can be related to replication. First of all, even if every store can organize its own “Plan de Masse”, the logic behind it is the same for everyone. Decathlon United has developed it thinking about which parts of a store are mainly reached by customers. In other words, the company studies what is usually called flow of customers, the typical path of a customer. Following this analysis, it is important to locate in the most visible places the sports families more popular in a certain zone, which can provide more profit. It is up to the individual shop to establish which sports to implant, after doing some researches about the sports activities more practised locally. Even the distribution of classic or automatic tills and the structure of the hospitality are designed by the headquarter, the number depends on the quantity of customers. In fact, as mentioned before, some stores present a separated hospitality, some others have it together with the principal till. Another example: since more or less one year, every Italian store presents a unique queue for the tills, the so called “serpentine”. Before this design they use to have various separated tills with independent queues for clients. Decathlon decided to experiment this system in few stores around Italy and, after noticing that it ensures a greater fluidity in the flow of clients, it decided to replicate it everywhere. This kind of experimentation is the typical procedure of Decathlon United not only nationally but also across countries. When the company develops an innovation, it starts testing it in some selected stores, if it obtained good results it is exploited in more and more points of sales. Talking about the exposure of products, the DAOs have been previously mentioned, there exist predefined layouts provided by national *equipes* that stores have to follow.
Products are divided by families related to sports activity, and by the level of practice which determines the different ranges, every family has a layout for every range. The choice of the range to apply often depends on the availability of the sales area. So, if we see a certain product, let’s say a blue t-shirt for yoga close to a pair of black trousers and blue shorts in a certain store, we are going to find the same t-shirt in the yoga section, close exactly to the same products. This allows clients who visit a different store from their habitual one to find the products exactly where they expect to find them. But DAOs are not always so effective, especially in small stores, collaborators need to make changes in order to exploit the sales area as much as possible, trying to maintain a logic in the implantation and a captivating aspect. Another granted freedom is that of ordering single products instead of entire families of products. In Decathlon Brighton they used to apply this method in order to promote some items for short periods of times, for example seasonal products which are usually placed in the commercial areas of the shop. Moreover, the decision of which range to sell is also up to Sport Team Leaders, after analysing sales, customers local habits and most popular local activities. This is really important because once again the power and responsibilities of collaborators are valorised. We mentioned that Decathlon sales principally its own Passion Brands products but also other brands, defined as AMI. The decision to expose also the external brands is nationally established. As said in paragraph 3.2, the intention of the company is to remove the external brands from its catalogue and sell only its own Passion Brands. In England this vision is already a reality while, in Italy brands such as Nike, Adidas and Asics still represent a great part in sales. The presence of AMI products in Decathlon Italy could be explained by its seniority. The first Italian store was opened in 1993, at that time the company was only at the beginning of the production of its Passion Brands. Another reason could be the chance to compare different brands. Decathlon kept improving its equipment and is trying to reach higher standard of quality in order to compete with sports industry world giants.

Another characteristic which is replicated in every store is the communication, intended as signs which indicates products or services around the store. Every lane is indicated with a sporting image and the name of a sport, there are indications for the hospitality, the tills, the changing rooms and the laboratory, everything is studied to offer an independent shopping experience. Moving to the offered services, the basic ones, such as the possibility to make online order through the help of SLOs, using a kiosk or directly
collaborators’ smartphones, are active in every store around the world, the internet revolution has already reached all the evolved or evolving countries. Other ones, as for example the e-reservation is up to local realities. In Italy, for example, all the stores use it. Instead in England, being the from-home online purchase much more widespread, not all the stores give this option to customers, for example for a small store such as Decathlon Brighton is not so profitable to implement this service. Laboritories, instead, are present in almost every point of sale, except in the “basic” stores, due to lack of physical space but also to their goal, which is to increase the notoriety of the brand, giving to customer just an idea of the available products or services, but the possibility to browse the online catalogue and make orders directly from kiosks guided by skilled-workers. Other services, such as Decathlon Rent or Trocathlon (second-hand sale) can be offered only in bigger stores because it is necessary a dedicated space for the storage of items. Considering that the advertisement of the company is made through national radio or tv announcements, this could be a problem and create confusion in customers who think that these services are available in every store.

Regarding the management of a store, at the top there is always a director, identified as Store Leader. To apply for this position, it is necessary a discrete experience in the company and some fundamental characteristics that has been identified in the previous interviews. It can even happen that director are asked to follow new store openings. This was the case of Bernardo Vallone and the opening of Cuneo and Santa Vittoria d’Alba points of sale. The figure of the director is usually flanked by other two managers, one dedicated to human resources (SAL) and the other to the workplace safety and budget expenditures for the store (SOL). Depending on the dimension of a store’s staff these two managers can take also care of a department and, in the smallest outlets, even the director could be in charge of a store section. In Decathlon Brighton for example, the Store Leader, Debora, manages also the human resources related duties, while the safety manager is also Sport Team Leader of the hiking department. This decision is made in accordance between the store and the company, trying to save money without hiring supernumerary employees. Then, as we said before there are Store Team Leaders, guiding a team dedicated to a certain department, and Team Leaders, commonly known as vendors or shopping assistants. These two figures execute more or less the same tasks in every store, there could be just small changes in the distribution of responsibilities across teams of Sport Leaders.
I’m working for Decathlon Group since 2016. I started as a seasonal worker in Santa Vittoria d’Alba point of sale, in the water sports department. In November of the same year I’ve been proposed a contract as Sport Leader, and I moved in the fitness department. In mid-September 2017 I asked for a transfer to the outlet of Mestre, in order to have the chance to subscribe to the University Ca’ Foscari of Venice. In 2019 I had the possibility to conduct the internship for the University in Decathlon Brighton, in the south of England. Finally, in September 2019 I decided to return to my home-town, obtaining the transfer back to Decathlon Santa Vittoria d’Alba where I’ve been proposed to participate in the Vision 2030, the project I mentioned above. I have personally lived three quite different realities which allowed me to notice what is being replicated and what is not. The point of sale of Santa Vittoria and Mestre have both the most typical format of Decathlon’s store, big one-floor buildings located in industrial and peripheral areas. The first one has a sales area of around 4 thousand squared meters, while, the second one of around 6 thousand. The British one, is a High-Street store, located in a central street of Brighton, with a surface of around 1 thousand squared meters divided into three levels: ground floor, mezzanine and top floor.

At the beginning of my career I followed some trainings to become a complete Sport Leader. The first thing I had to do in all the three stores, before starting to work, was the security formation, in order to get familiar to the workplace structure. In England the security system is checked once a week because the country provides strict regulations. Then, I followed the sale formation, in order to learn how to lead customers in choosing a product and the different tools available for sale. After that I have been thought technical characteristic of items related to my department and the “ascent of the range” technique (literally from the Italian “salita in gamma”) in order to be able to suggest a better product then the first selected option of a customer. As basic tasks, they show me how to do “facing” and the various stock controls such as inventories. I also had the chance to actually try some products, that because Decathlon believes in the importance of personal experience during the sales phase and it promotes sports not only to clients but especially to collaborators. In addition, I learned how to read and adapt layouts, the DAOs, to the available space. As we said, Decathlon’s collaborator has to be multi-qualified, in fact, I was trained as cashier, a sort of warehouse worker and receptionist (assigned to hospitality). All these experiences made me able to move easily among the three stores. The tasks to accomplish are always the same, it may only change some modalities. For
example, the hospitality is managed in three different ways, in Mestre it is an independent section, in Santa Vittoria d’Alba is associated to the first till, while in Brighton all the hospitality procedures can be executed from every till. However, in any case, the operations, and even the used software, are exactly the same and a trained SLO is able to face them. So, the trainings are created globally and then translated into countries necessities, in order to have a global unique figure of Sport Leader Omnichannel. This is an example of established routines which are part of the content of knowledge transferred among outlets. It is also recognizable the allowed flexibility to arrange for modifications. The three outlets present a different range of products due to the different available space and the locally most practiced sports activities. For example, Santa Vittoria d’Alba presents big cycling and mountain departments due to a favourable surrounding environment: the store is located in an adjacent area to the Langhe hills, ideal for cycling, and the Maritime Alps around 60 kilometres far. Instead, in Mestre the fishing department is much more developed than usually, because the store is really close to the Venetian lagoon. While, in Brighton few people own a car or use public transportation, the largest majority of inhabitants moves on foot. Moreover, the city is famous for two marathons, the Brighton marathon and the half marathon. For this reason, the walking and running department is quite extended and has one of the highest ranges. This reminds the concept of context underlined in explaining how to conduct a replication strategy. Before starting a replication process, an organization has to analyse the environmental constraints and the local demand. Anyway, the disposition of items according to sports families can be recognized in every store. In my case, when I moved from one shop to another, I had no problem in finding products around the store because I knew already Decathlon’s logic behind layouts.

As explained in paragraph 3.2, stores can promote products locally exploiting the commercial areas. Brighton’s shop has some commercial areas, but, being such a small building, this dedicated space is quite limited and sometimes it is used to complete the layout instead for its main purpose. In fact, I noticed a higher use of “one-plus” sale. It means to expose complementary items, usually small accessories, in the layout which are not part of the same sport families, in order to increase sales. One of the greatest differences I would highlight is the type of clientele. As Debora affirmed Decathlon is not yet a famous brand in the United Kingdom, many people came into the store just to understand what kind of products were available. This explain also why the conversion
rate is low. Moreover, the approach with clients is really different between Italy and England. I perceived a greater detachment in UK, but this can be connected to a cultural factor. While in Italy the average customer needs and wants to be followed and addressed from the collaborator during the complete purchasing experience, in England clients just ask for essential information such as prices and other sizes availability. This vains Decathlon general efforts to have skilled, well trained and specific Sport Leaders. Generally, in Britain, people have a more developed approach to technological devices, even the payment through automatic tills is really common, while in Italy the company is still working to educate its customer to use them. This can probably explain also why Decathlon’s online commerce is so profitable in UK, people prefer it because it is faster and easier, and it is affirmed as a common method of purchasing.

The concept of independency of SLO is confirmed in all the three realities, every store works for increasing its profitability and all the collaborators are asked to give their contribution in the project. Collaboration, together with connectivity are parts of the values of the company. At the beginning of every year, Sport Team Leaders usually organize a meeting for their teams in which they launch objectives for the incoming year. SLOs are asked, if they have the pleasure, to engage in some activities as for example taking care of commercial areas dedicated to the department, controlling the correctness of stock, handle with a specific sport or managing the end of lines. In this sense there is a distribution of responsibilities and the Sport Team Leaders is facilitated in his work and the Sport Leaders have the chance to get involved in something more than the basic tasks. My personal best witness of this is about the Vision2030. Decathlon’s is involving all the collaborators and even the customers from all over the world to build the future following a unique direction.

I think that the application of the replication strategy in Decathlon Group is pretty clear in almost every aspect of the business. From the physical structure of stores, to the internal layout, to the product offer and even more to the trained staff. The company operates always in the same way, trying to transmit its values not only to collaborators but especially to customers, confirming the importance of transferring knowledge. During the years it was able to develop and keep improving a functional format of business which started from France, spread firstly around Europe and nowadays around the world. From the beginning the main goal was to sustainably bring the power of sport to everyone,
everywhere and Decathlon has been able to maintain and transmit the message from store to store, to every collaborator and finally to all its customers.
Conclusion

This work main subject was the replication strategy which can be used to expand a business through the creation and operation of a large number of similar outlets that deliver a product or perform a service. Its main components have been analysed and transfer of knowledge together with routines emerged as the two factors which can mostly influence the success or failure of a replication. Moreover, this thesis wanted to highlight an example. The Decathlon Group’s case has been demonstrated to be a business which implemented the strategy of replication. After analysing the industry of sports goods and the main businesses leading it, the focus moved on the French company which had an incredible growth during the last years. Decathlon created a successful business format and was able to replicate it in more than 50 countries all around the world. From the external point of view, it reproduced similar shop designs in order to be recognizable. Within, it exposes products following a global logic and offering the same services to customers. But, as replication strategy promotes, the process has to be flexible in order to respond to local necessities such as environmental constraints and customers’ demand. That is why Decathlon changed his pyramidal organizational approach giving the chance to all Decathlonians to take choices and propose solutions, it understood how much the direct contact with the customer is important. In this sense, we can recognize the transfer of knowledge in the transfer of the values according to which the business is operating. Even its training system confirms the transfer of knowledge and skills. From Store Leaders to Sport Leaders Omnichannel, everyone has to follow a certain training course which is the same in every point of sales, even in different countries. The tasks of the different working figures of the company are the same in every store and this create global routine in running the business. Decathlon has been able to expand in more than 50 countries maintaining its identity but, at the same time, it adapted to different cultures and habits in order to accomplish its mission: sustainably bringing the power of sport to everyone, everywhere.
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