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The market trend of a large-
scale retail's store: Decathlon
Italy.

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INTRODUCTION

The thesis starts with my direct experience, more than two years, in Decathlon, a sporting goods large retail store.

Since I was child, I practiced and I interested in the sports world: starting from artistic gymnastic, I played at rugby (sport I still practiced today) and athletics. The interest in the sport and the economic dynamics led me to live in close contact with a sports firm. Hence, the idea to use the company I work for as a case study of my thesis.

I started my research with company documents and interviews to define more clearly the various aspects of the company: history, opening in new markets worldwide, dwelling on the Italian reality. It is not a mere case study but I worked in: part of the elaborate illustrates the theme of the retail industry and how the customer, over time, changed their own needs and how to satisfy them. Due to the increasing use of e-commerce, I wanted to dwell on the importance of customer loyalty and the "face to face" relationship that cannot be replaced by technology.

Then, I described the theme of large-scale distribution, I consulted many books to support my thesis: the retail sector in general, the management organization, the budget, the costs and taking decisions to manage them at the best way, how to maximize profits, innovation, human resource management and how to motivate them, competition, the customer and the new supply in the market approach, customer satisfaction, marketing, strategies for communicating to customers today and new communication channels.

Decathlon aims is to reconcile the long-term interests of its customers, its partners, the environment, starting from the interest of its employees, based on the responsibilities of them. The responsibility is a value from the first day of life of Decathlon Italy: 20 years ago.

The company's mission is to extend the benefits and pleasure coming from the practice of sport in all Italian cities where shops are, through a range of quality products at the lowest price possible and thanks to e-commerce.

The management focuses on confidence and decision-making autonomy, for everybody to develop self-confidence. The company adopts internal growth policy only; each employee begins with a substantial experience in the store near the customer. This policy ensures coherence with the meritocratic principles that underpin the company. The selected profiles are sporty, practical, curious and smiling. The proceeds are shared with all employees to strengthen the coherence between responsibility and business project.

Employees are innovation lovers; this pushes the company to innovate on products, services and technologies and to constantly reinvest to keep up with the times. Countless products are manufactured in Italy and in the Mediterranean basin and the company is fully aware of the human responsibilities and risks related to production processes.

The environmental priorities are related to environmental protection, eco-friendly product design, the construction of the buildings following the compatible building parameters.

Starting from the fundamental pillars for the company, I wrote my thesis dividing into four chapters. In the first chapter I created an overview of the company based on its history, the management organization, the importance of human resources and the future global expansion.

In the second chapter, I tried to compare Decathlon within the European sports market, highlighting differences with its most important competitor: Intersport. Later, I focused on the importance of the supply chain both in Decathlon and in the large-retail stores.

In the third chapter I focused on the case study and the importance of the budget, used for business planning tool. Decathlon, works with goals to one, five and ten years. Given the commercial reality which job for, I keep in touch with the meaning of objectives, organization

and planning for a year. In the second instance, I analysed the financial statements of the year 2014 by dwelling on the most relevant indices and evaluation of the budget.

In the fourth chapter I have studied four different strategic areas to work on to make more competitive the Decathlon position in the Italian market. The areas are: the costs, innovation, human resources knowledge and finally, the customer experience. Today, there are all important: the cost reduction is the goal pursued by most every company, innovation is one of the pillars which Decathlon is based, human resources of the company are selected depending on various skills and competences and potentially increasing profile. In addition, there is a wide range of internal knowledge training aimed at supporting the task each employee has to perform and to enrich his or her personal baggage. Not least, in importance, the customer experience that today is one of the fundamentals issue in order to compete globally.

Finally, I have compiled the elaborate more managerial and less economic, not to mention the analysis of financial statements. I used data and information coming from my work daily experience, not forgetting the importance of teamwork learned thanks to rugby, that has a relevant importance in the workplace. As supports, I have read and studied various book finding in the university libraries: the Library of Economics of the University of Padua and Venice and the Library of Decathlon.

Putting together concepts learned from books and coming from my direct working experience I theory and practice to better understand the dynamics that characterized Decathlon.



OVERVIEW OF THE FIRM

"Our mission is to make the pleasure and benefits of sport accessible to all"¹

1.1 HISTORY OF THE FIRM

In 1976, the first Decathlon store was opened in Englos, near Lille, in the northern of France. Michel Leclercq, the chief, had the idea to provide sports equipment for everyone, beginners or sportsmen, with the available distribution of products with the best value for money.

In 1985, was created the Ecole Internationale des Métiers (international trade school) with the aim to release of shares to Decathlon colleagues.

The next step was in 1986, when the firm started to produce articles signed Decathlon, with the first production of bike: the Challenger model.

In 1991, the production activities of cycling started in Italy too, and in 1994 was opened the footwear production in Veneto.

In 1992, the first Decathlon store was opened out of France, in Spain.

In 1993, was opened the first Decathlon store in Italy, in Branzate, near Milan. Two years later were opened others two stores in Corsico and in Lissone.

Still today, In Italy, Decathlon has 106 stores, three logistic warehouses and two production offices. Employees are about 6,000.

In 1996 Decathlon reached the milestone of 10,000 employees worldwide. At the same time, were born the first "Marchi Passione": Tribord and Quechua.

In 1998 born the first Italian deposit in Basiano and the headquarters of Decathlon Italy including all services, in the Campus of Lissone.

In 2000 born the first brands of components, with the goal of innovating materials that make up the products of the multinational.

¹ Michel Leclercq (1938), Founder of Decathlon, 1976.

² Philip Kotler (1931), marketing author, consultant and professor, 1967.

Today the “Marche Passione” are 20:

<u>Aptonia</u> , for nutrition	<u>Domyos</u> , for fitness sports	<u>Inesis</u> , for golf	<u>Newfeel</u> , for walking	<u>Simond</u> , for climbing
<u>Artengo</u> , for racket sports	<u>Fouganza</u> , for riding	<u>Kalenji</u> , for running	<u>Orao</u> , for technical glasses	<u>Solognac</u> , for nature sports
<u>B'twin</u> , for cycling	<u>Geologic</u> , for precision sports	<u>Kipsta</u> , for team sports	<u>Oxelo</u> , for slipping sports	<u>Tribord</u> , for sea sports
<u>Caperlan</u> , for fishing	<u>Geonaute</u> , for technological products	<u>Nabaiji</u> , for swimming- pool sports	<u>Quechua</u> , for mountain sports	<u>Wed'ze</u> , for snow sports

The core business is the creation, production and distribution of sporting goods and the connected technology components.

The “Marche Passione” are designed and developed in in-house centre of R&D and they are part of the commercial offer with the international sports brands.

Since 1997, the centre of R&D studies the human body in motion with the aim of improving the safety, health, comfort and fun sport. Decathlon engineers and researchers work closely thanks to a network of specialized laboratories to develop and test new products that are used for the products in the store. The R&D centre offers the know-how of “Marche Passione” and base them on the optimization of knowledge and methodologies (engineering, innovation, design, marketing, merchandising). The innovations of the R&D centre are guaranteed by the brands recorded components.

More than 60,000 tests are performed annually on the products of “Marche Passione”, prototypes during production and on finished products later. Today Decathlon provides technologies for more than 74 different sports.

The “Marche Passione” reflects the approach and values of Decathlon. They are characterized

by innovation, technology and emotion that can evoke the use of them. Today the “Marche Passione” generates the great part of the turnover of the shops Decathlon.

In particular, the technical products, recover their position in the first few meters of each courses in each departments’ store and they has a clear communication. They are characterized by combining quality, low costs, low prices, high stock rotation, bid amount and at the same time technical value.

1.2 MISSION, VISION AND VALUE OF THE FIRM

Responsibility and vitality are the two values of the firm. They are lived out every day in the heart of their global brands.

Vitality is also know as “get-up-and-go”. The co-workers are positive and full of energy, they are enthusiastic with a passion for innovation and a love for creativity. They strive relentlessly for progress and revolution: like all sportspeople, they love action.

Responsibility and generosity are two words always linked together in their life. They complete each other perfectly. Their management matchers’ generosity in its actions with high expectations, a sign of responsibility.

Decathlon is committed to training their co-workers and developing their skills. The management is based on close involvement, based on decision-making and responsibility.

1.3 FIRM'S ORGANIZATION

In recent years, the European commercial distribution went through a process of radical restructuring, in response to the economic environment changes and the evolution of consumption and buying behaviour. The modern forms of distribution have grown at the expense of traditional ones, the sector is concentrated and in all countries a few large groups have gained significant market share. Enterprise development has also gone beyond national

borders and internationalization initiatives have multiplied. An important moment of this evolution has involved changes in the nature of internal competition within the sector. In a first phase, mainly at the expense of traditional distribution the growth of firms and the conquest of the market shares they have achieved. Subsequently, however, a fierce competition has also developed in the most modern part of the sector, among them large companies.

The research for new competitive advantages in direct competition led then commercial enterprises identify and pursue new strategic orientations. Some have sought innovations in commercial formulas for new ones identified, and differentiate existing ones. They have adopted technological innovations as a vehicle for the realization of organizational savings and the use of new marketing methodologies. Then, finally tried to establish a new type of relationship with suppliers. Large commercial companies have defined the structure of the assortments increasingly independent of the supplier needs and in line with their business objectives. The amplitude range and depth of assortments has been accompanied by gradual rejection of suppliers. The conquest of a greater market power was manifested by the development of high self-promotional and advertising activities and linked to the offering of the sign and label products. The distribution companies are therefore increasingly integrated fully some of the functions that were previously carried out by the industry and the culmination of this process was precisely the development of commercial brands. Thanks to them, the sign becomes a brand and commercial enterprises create a direct relationship with consumers whose aim is the conquest of the highest fidelity in the purchase.

The mass distribution formula was established in the second half of the nineteenth century following the occurrence of a number of circumstances. The development of the population and its concentration in large urban centres along with revenue growth of a large middle class has favoured the formation of a high demand. The development of the well of non-food

consumption of mass production required a network of large dimension shops in which sell products with rapidity. (Colla Enrico, 1995) The offer consisted the then existing specialty stores small size, with a reduced range and a service level based on the intervention of personnel for the choice of the goods. This entailed the presence of margins and high prices and the inability for customers to concentrate their non-food purchases in a single store. Entrepreneurs who first warned of the existence of these opportunities developed for larger stores, with a wide and deep assortment and based on the introduction of the free service, with constant prices and lower than the specialty stores. The characteristics of the formula in fact allowed obtaining at the same time a higher level of sales and lower operating costs.

These were possible given the lower level of service offered, following the introduction of the free service and reduced staff presence, factors that were translated into the labour cost. The location was central, as that of specialty stores but the size of large retailers had allowed the use of buildings with several floors. Thanks to that the cost of the product rotation in relation to sales was lower than that of the specialized shops. Economies of size were therefore made using both staff of the space. To lower operating costs were added to the lower purchase costs, resulting from higher sales volumes and the resulting negotiating power. New companies also obtained financial benefits from their large size: the financial charges on bank loans were lower than those charged to their smaller competitors and they could get additional discounts from suppliers in the event that their payment was timely. The result consisted of gross margins and prices below those of competitors and therefore greater product turnover that helped to reduce operating costs, margins and prices. In the first stage of their development, which can be terminated with the beginning of the twentieth century, the great warehouses in fact practiced a gross margin of approximately 20% politics, so much lower than those of today but above their competitors of the time, specialized shops. Throughout the twentieth century until the '70s, albeit with alternate patterns dependent on

the succession of economic crises and wars, mass distribution grows in number and share in all the major developed countries in Europe. After the Second World War, in the 50s and 60s the shops are modernized or rebuilt from scratch, as in Germany and recapture some of the lost market shares due to the tragic economic situation. In the next step the department stores face a number of new strategic threats. The high population growth and economic welfare have in fact favoured the increase in car traffic in town centres and the consequent difficulties of accessibility and parking retrieval. Born then new commercial competitors, new distribution systems located in suburban areas where potential buyers are becoming more numerous. (Colla Enrico, 1995)

There are significant differences in the presence of department stores in each European country and in its market share. In Italy it was instrumental in slowing the growth of large retailers legislative and administrative barriers early '70s just when these forms of distribution could begin their development. In this country, moreover, the specialized distribution small size has always had a wide circulation and a strong competitive position. Large retailers will have any chance of developing in the future in shopping centres that are undergoing rapid expansion.

In Germany and in Britain the post-war reconstruction of the towns destroyed by bombing has favoured the installation of large-scale distribution of new plants and easier accessibility. Here the management has also been timelier in renewing the structure of the assortments in the direction of multi-specialization.

In France and in Belgium large retailers had to undergo a very strong competition from hypermarkets. In France, in particular, there has been a strong shift to the outskirts of large stores with a strong development of planned shopping centres, such as department stores have never been able to integrate successfully. The great Parisian stores have been able to defend their positions, but it was not in the provinces and suburban shopping centres, where

instead have had to realize some closures. Spain, unlike Italy, has no place legal limits to the opening of large stores and has thus been able to develop in these country major chain stores.

In Portugal and Greece, the distribution remained highly fragmented and has not yet emerged large companies are able to make the necessary investments for development or large retailers.

In all European countries the number of exercises of this type has decreased and the market share has shrunk to an even greater extent, despite the growth in consumption of non-food products. Hypermarkets and large specialist outlets, as well as the independent specialized exercises together in forms of association as franchising have conquered a portion of the share lost by large retailers. These forms of distribution, in fact, have been able to offer the consumer an offer with clearer positioning and competitive advantages in price or price range or a clear differentiation at an acceptable price. Businesses have pursued new strategic guidelines in order to contain the reduction in market share in the industry, to defend the profitability and to identify new areas of development for the company. The strategic guidelines were followed more repositioning of the formula by the assortment restructuring and the search for new forms of differentiation. The assortment restructuring consisted to adapting composition and to changing markets and competition, reducing the amplitude and increasing choice in households remaining products. Most expanded departments were those of menswear and women for whom the price factor is less important in the purchase. The largest distribution is differentiated over that with a different definition assortment by means of a different positioning in relation to the average level of price. Some companies have chosen a more moderate price position and have given more space in the set to the commercial brands that offer the opportunity to counter the domestic brands with good quality products.

The main factors that will influence the evolution of this distribution formula concern

characteristics of consumer markets and offer new competitive challenges and management difficulties.

The offer manifests a progressive accentuation of the high number of products and brands, in response to a continued segmentation of the market. Large retailers tend to respond to evolving canvas through an assortment internal segment and an expansion of choice in some departments. In this way, however, it becomes difficult to provide a unit of the offering image. The small-specialized surfaces are often able to meet the needs of an increasingly segmented demand as well as the large distribution offers a greater choice in a single category of products with a competitive price level.

The internal and external pressure on gross margins of companies will push to achieve concentrations in search of economies of scale and improvements in productivity through better use of the labour factor. The search for higher margins further encourage business to concentrate supply in a limited number of product categories in which to propose a wider choice and to introduce a greater number of references with high margins.

As a result of these difficulties it is easy to predict that the retail market share, over time, will decline in favour of new distribution formulas such as on-line. In the new competitive environment, the main factors critical to the success of businesses will then consist of the ability to simultaneously achieve a reduction in costs and an effective diversification. The quality of the management able to achieve these objectives will be increasingly the determining element.

Anyone working in a corporate environment, from top managers to the operator, it routinely works with the organization. It is, in fact, what allows any company to deliver value to its customers every day.

The organization is a real discipline full of theories, techniques and methods of application.

Leading the organization to excellence of a company means ensuring that all resources

(people, materials, tools) are coordinated with each other (processes) so as to orient the results (output) to the company's goals.

Dealing with organization, often it is common to think that the existing organizational structure cannot be modified, and then to not discuss it. The organizational structure, however, is the tactical planning of a team: everything is built on its foundations, and it can take various forms, more or less desirable, depending on the type of business and its primary success factors. (Azzariti Ferdinando, 2013)

The main organizational structure configurations are three: functional structure, divisional structure and matrix structure. These types of organization differ from the structure.

Decathlon adopts the functional structure that is the most commonly applied in the large-scale retail trade. The company is divided into homogeneous areas of activity:

- Administration department that takes care of keeping the accounts and to manage the company's IT system. The Administration department in Italy is organized in three different teams Store Controller that daily ensures the production of a balance sheet in line with civil standards and tax base. It is close to the customer (shops, services, deposits) and it remains to listening, to provide support and advice on piloting activity, preparation of budgets, ordinary and extraordinary activities.
- Management control that programs management control function of the company, determine the objectives to be achieved and periodically controls the degree of achievement of objectives. The store controller is an effective business partner that supports the decisions, monitors respect to the implementation of corporate strategies and returns constant feedback on performance achieved. Decathlon considers management control not as the documentation of the past but a crucial element for future projections. Data processing is functional in decision-making on alternative proposals. The analysis of Store Controller is not only a result of specific requests, but provide essential information

for managers and it is proactively enhancing for entrepreneurship. The organizational model approach to projects, working groups and other will be based on the "what" and not the "how." The way to realize the project is left to individuals belonging to the group, to facilitate the circulation of ideas and initiative training. The budget is the basic element for the programmed path toward corporate objectives: the budget is respected, it requires great approach and relationship skills. The right relationship is a key capability especially in the presence of deviations to be analysed and corrected. Interpersonal skills and ability to work in teams combined with the administrative knowledge and the planning process are the tools with which the Store Controller is able to research and propose alternative solutions, including complex. The Controller is a professional who prepares the budget of a company, make sure that costs and revenues are in line with expectations and possibly propose solutions to management corrective or improvement actions. Its main tasks are: to study the company's analytical accounting, monitoring the achievement of business objectives (by identifying any deviations), identifying areas for improvement, ensuring the consistency of the expenditure with the provisions in the company's financial statements, participating in policy in accounting field, ensuring revenue goals. He is an internal consultant who intervenes to support the different business functions to allow an effective control of the company's performance. The Controller is responsible for all those specific activities that allow you to maintain a constant monitoring business performance. The controller takes care of corporate activity will achieve its profit targets. It is important to know the company and have the ability to analyse data in order to be proactive in providing solutions designed to ensure the achievement of objectives. The Store Controller must have a constant relationship with the various department heads. Among the specific knowledge, the Controller must be an expert of

the structure and business organization and management of work processes and structure. It must be able to perform the accounting records and to prepare and analyse financial statements. He must know the forecasting, monitoring and reporting.

- Technical department (IT department)
- Marketing department that identify the characteristics of the goods and the services must have, in order to satisfy the needs of consumers. To know the consumers needs makes marketing research and thanks to advertising spreads the reputation of the company and its products. In 2014 the marketing campaign was seen as protagonist the theme "Meno del 2012". All campaigns, branding and product, have had as its focus the expression of our ability to lower prices . In 2015, communication has evolved, integrating the price factor the value factor. The slogan used "Aumentiamo il valore, abbassiamo i prezzi" has allowed us to put the value of our products in prominence remember our ability to ensure low prices all year. This year, the communication will change and will develop around three main themes:
 1. Decathlon is the creator and designer of exclusive products: it tells to customers the ability to conceive exclusive sports products (thanks to Marche Passione). It wants to affirm the real difference of its products to competitors.
 2. Decathlon is distributor of products and technical quality for the best price: it will continue to talk about the value for money and the price of its products, revealing the background to the creation of products (test and design).
 3. It will develop a "user to user communication" will be the sports users (employees, trainees, customers) to talk to sports users, the brand takes a step back and let users speak: in that way the message gains credibility. To do that it will support a lot reviews of our products and the testimonies of users. The users , customers and employees will be the first communication actors. The price will be part of the

communication, but not the central aspect.

The main issue is the motivation that drives everybody to play a sport. In that way Decathlon wants to stimulate dialogue and sharing. Decathlon wants to do branding, telling that whatever their sporting passion and motivation why we practice, Decathlon is able to satisfy it. "Parola di sportivo" is the theme of the campaign. The goal is to have recommendation of the product, made by users: to talk about the value of the products through the reviews of the users who will become the main message of the campaign. This strand will accompany the product communication throughout 2016. The brand wants to increase brand awareness, particularly the ability to tell the creators and producers of quality products for all sports. Decathlon wants to increase the dialogue on our products inviting users to make purchases recommended by other users and invite all users to leave their opinions about the products used.

- Logistic department includes a series of activities concerning the control and accommodation in stock of goods received from suppliers. The leaving of such goods and their transfer to the processing departments or sales areas. Also, it takes into account the packaging and handling of products expeditions. The logistic function in Decathlon occupies in the world 2,500 employees, the 6% of the staff.
- Research and Development department looks at ways of producing products technologically advanced and develops innovations in production processes, in order to improve the quality of goods and reduce manufacturing costs. Decathlon Italy is continuing its commitment: to create and deliver effective and innovative products, designed for the well-being of athletes. This objective is achieved through a process that integrates listening to customers, the analysis of the human body in motion and the constant search of the best components.

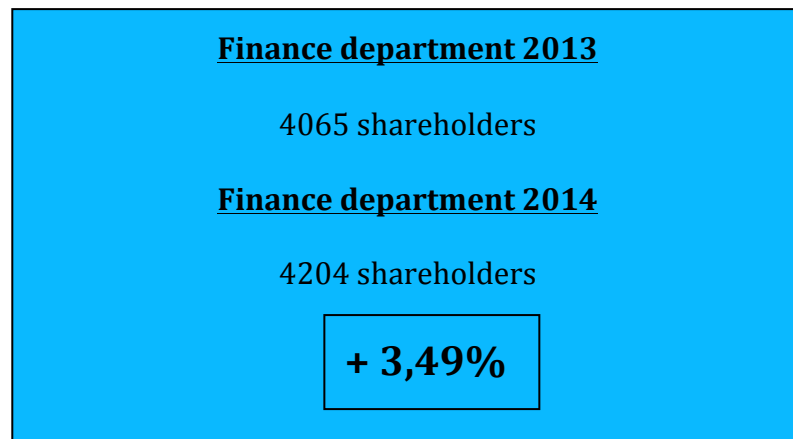
Research and Development 2015

40 new patents

50 researchers that work in R&D department of Decathlon

70,000 tests carried out annually by "Marche Passione"

- Human resources department is responsible for managing relationship with employees, from recruitment to the resolution of working relationship. Hiring people who love sport, vital, practical, effective in their first job and potentially suitable to make another one tomorrow.
- Finance department manages the procurement of the necessary monetary in the pursuit of business, choosing from different funding sources taking into account the needs of the company and of the costs involved. At the same time, when management creates temporary surplus of liquid assets, the finance function provides to employ them in the most effective manner. Decathlon is in the corporate form of a limited liability company and therefore not listed. It is possible for each employee to invest in the company: profits at year-end are redistributed in the form of dividend. The value is determined by the economic performance of Decathlon world. Through this form of investment each employee is encouraged to give his best to allow himself obtain the benefits. Each employee can invest their savings, 50% of the employee benefits (italian TFR) and the dividend received from the company that is shared among. In 2004 the company's stock option plan for the employees with permanent contracts and apprenticeship changed. The initiative aims to increase the motivation to achieve business objectives and strengthen the sense of belonging to the company. In 2014 the plan has garnered the support of 4204 employees, which is the 82,85 % of those eligible.



- Production department organize and carry out the production process. In commercial companies it is responsible for the distribution of goods. The production and marketing function operate closely because the company has to produce the goods and services required by consumers, corresponding to their needs. The production is carried out in 22 countries:

- 46% Asia (North East)
- 28% Europe
- 26% Asia (South)

In Italy the production is focus on five areas:

1. Cycling: bike for child, the looms high range-racing bike, mountain bike for man (low price only)
2. Plastic: ski for man, woman and child, ski poles, canteens, components for skiing, diving kit, buoys, nylon bags, fins
3. Optical: diving masks and sunglasses
4. Textiles: socks, hats, clothing for cycling, bathing suits, and development of technical textiles
5. Footwear industry, located in Padua: hiking boots, snowboard boots, footwear for leisure. (The subcontractors and suppliers reside in the industrial footwear industry of Riviera del Brenta)

- Purchasing department ensures the acquisition of goods intended for use in the production process. This department contact and select suppliers to choose those that offer better conditions in terms of asset quality, price, time delivery, after-sales service.
- Sales department is responsible for marketing and distribution of goods and services produced by the company. The main tasks concerning the organization of the commercial network, customer relations, collection and order management.

The main advantage of these structures is the ability to achieve high efficiency in local and to obtain a high degree of specialization in the roles and therefore a greater operational efficiency in each function.

By contrast, the main disadvantage is the compartmentalized risk: each function works as a little “plant” and often the risk is a poor coordination therefore there is difficult to achieve common goals.

This type of structure is common in firms making substantially homogeneous products or services serving markets with similar characteristics, and where efficiency is an important competitive factor.

1.4 FOCUSING ON HUMAN RESOURCES IN DECATHLON ITALY

On December 2014 the staff of Decathlon Italy had 6442 employees including the resources worked in the Campus of Lissone (Monza-Brianza), in the 100 stores and in the 3 logistic centres. Most of the resources are concentrated in the North-West of Italy and overall female population is larger than the male.

In compliance with the regulations, Decathlon Italy counts among its 212 employees between disabled and protected categories.

Despite the uncertain domestic economic situation, in 2014 the company has maintained a commitment to invest stable employment as evidenced by the high percentage of permanent contracts, it grew in the last year of 17.85%.

A very high proportion of labour relations is part-time, a figure that together with the important percentage of female staff and students highlights the company's focus to combine work and family and personal commitments of all collaborators.

Decathlon Italy confirms a dynamic and growing company, with the average age of resources equal to 28 years and an average turnover in 2014 recorded a slight increase.

Training is central to the development of people and company performance. Thanks to the school of education, internal training facility in Decathlon, have analysed the training needs of staff and entertainment activities are planned.

In 2014 more than 122,000 hours of training were provided. 100 training modules are made annually of which 60 are managed at the local and central level 40 to level. Training is mainly carried out by tutors, who are ambassadors of corporate values and carried out this mission to enrich their activities: in 2014, 96% of training hours were provided by internal staff or training e-learning. For each employee is defined a specific training program that continues throughout the course of his career and includes moments in the classroom, on the job training and continuous talks. Opportunities for rapid career advancement in the various sectors are real and accessible to all: 100% of the employees who has a role of responsibility at central or local level have grown internally.

In 2014 Decathlon Italy was the first company to which the skills acquired in the form of Credits have been recognized and certified by the academic world. The aim is to enhance the professional training of the employee and to increase the percentage of outward Decathlon as a school of management.

Decathlon strongly believes in the enhancement of the skills acquired and to that end encourages each employee to a competence Portfolio. This document is issued to the employee who makes the express request and to those who end their experience at the company. Is a custom tool that contains within it: the employee master data, historical formations followed, the declaration of acquired skills, experience certificate and citizen's training booklet.

The strong will is to leave a concrete sign and tangible experience at the company. Certification of skills has allowed for finalizing important agreements with several Italian universities following a proven relevance between training and the academic world. Consequently working students have the possibility of being recognized a number of CFU of their studies. On 31st December 2014 were entered into agreements with some of the most important Italian universities: University of Turin, University Ca' Foscari of Venice, University of Milan, University Alma Mater of Bologna, University of Rome La Sapienza, University of Catania.

Giving the opportunity to students to employees the skills acquired in the company can see recognized directly within their degree course represents an important milestone.

In the biennium 2015-2016 the priority is to expand the mapping of university agreements in order to allow as many students to take advantage of this great opportunity. Continue to invest in this project means to enhance the growth of employees through formal recognition and enhancement of professional skills acquired through experience in Decathlon.

The protection of health and safety is a priority objective that Decathlon Italy pursues through a constant cooperation and training of all people working in the company. The data show an improvement of the indicators related to accidents between 2011 and 2015.

A slight increase in the number of accidents and 20 days and between 20 and 40 days, and as a percentage are still lower than in the period 2006-2010.

It is unchanged since the accident more severe, or 40 days, in percentage positive nonetheless due to an increase of stores and the number of personnel in force.

The improvement achieved over the years is the involvement of each employee on good working practices, the latter dictated by law than by internal company rules. In particular, the standardization of assessment tools of personal risk made by both internal and external to Decathlon has allowed in the years to reduce the dangers and therefore the risks present in the workplace. The analysis of accidents has allowed us to identify and reduce occupational hazards through existing training tools administered during insertion and update of the collaborators. Finally, the maintenance of plant and equipment in the sites about prevention optical allowed us to prevent criticality in performing everyday activities of the employees and the free use of our environments by customers.

To promote and strengthen relations with employees and increase their satisfaction, the company has put in place several instruments and listening initiatives. Every year more than 4,000 Italian employees participate in internal satisfaction survey called "Il collaboratore vincente", which involves the whole Decathlon network in the world and allows you to detect opinions and perceptions on different topics (tasks and responsibilities, professional development, remuneration). In addition, the various corporate sites (shops, stores, services) is periodically carried out further investigation of inner satisfaction called "Diagnostico Umano", to monitor the perceptions within the teams and identify appropriate improvements. The company adopts a mobility policy that applies to all employees that may be required a shift that determines the need to change residence or domicile. The policy has a number of incentives and benefits like mobility premiums, reimbursement of transportation and removal costs, allowed for the accommodation, which favour mobility circuits and internal growth, while respecting the needs of people.

1.5 THE NEW CUSTOMER AND MARKET'S EXPANSION

Companies from all sectors should take account of the new millennium consumer who is looking for thrills and consumer experiences that gratify and are able to satisfy his desires as well as needs. (Foglio Antonio, 1996)

The new consumer buying behaviour that integrate and overlap: on the one hand is guided by the price giving his preference to low cost offers, the other is willing to recognize a premium price for those assets that can convey an emotion. The same subject will be conquered by the myth of the past and sees in the new social groups a way to share feelings, experiences and lifestyles. The large distribution companies, must be able to seize the opportunities and threats inherent in each of these trends and offer an answer that operationally put the customer value: This means putting the consumer at the centre of its activities. They have three roads you can take:

- *Innovation*: the understanding of customer needs translates into an offer that creates value for the consumer and is perfected in effective communication and shared understanding of the value created.
- *Branding*: especially through people and through the outlets.
- A proper *pricing policy*. (Ceccarelli Piercarlo, 2008)

Starting from the premise that the value of a product comes from what the market is willing to pay it, it is necessary draw some guidelines: knowing what the customer wants and the value of the offer compared to its competitors, do not match the prices of competitors without consider the specificity of its offer, consider the product only as one factor in the decision to purchase, focus on buying factors which the customer is sensitive.

The retail companies are exposed to new consumer behaviours, directly or through companies downstream of their supply chain. The consumer of the new millennium is a very demanding and selective individual, looking for services in addition to products, pragmatic

and with a higher cultural level and a higher purchasing power. In everyday life of it's purchasing decisions he seeks emotions, chasing desires more than needs and prefers to experience products. Observing the habits of consumption, it showed that the same person might have different buying styles depending on his mood, the circumstances, the distribution channel or bids that are from time to time presented. To describe this plot, the large retail complex has identified four scenarios that integrate and overlap:

- The low cost.
- The new standard.
- The post-modern.
- The tendency to form new social groups with whom to share emotions, experiences and lifestyles. (Busacca Bruno, 2004)

The low cost phenomenon was born in the mid-90s when the pioneers of low cost have tried to launch the first airlines "No frills". If these are the origins of the phenomenon, there is no doubt that within ten years the low cost has become part of everyday life. The low cost phenomenon is expanding, accelerated by the low costs of the products manufactured in China and India. In establishing their commercial and marketing strategies, the retail companies cannot overlook some aspects:

- Recognize the price as the most important element of the offer.
- Not to be confused with low cost poor quality: it expresses excellence on only a few essential elements of quality.
- Do not overlook the fact that the low cost often needs the distribution formula of large retailers.

The presence of low-cost carrier market is changing the nature of competition: ignore the competitors who are adopting an effective policy of low prices is a serious mistake and, at the same time, responding to the phenomenon with a price war is not the right solution to the

problem. Cut prices, in fact, are likely to reduce profits without bringing new low cost competitors out of the market.

Recent research has revealed that only a third of companies adopting higher price levels and almost 40% asks its customers a lower price than what they would be willing to recognize. The phenomenon of misalignment between the price fixed by the company and the one perceived to be fair by the customers is one of the greatest opportunities in the short term a significant recovery in corporate profitability. The distribution also plays an important role in determining the success of low cost; it is true that high-value offerings have educated customers to expect lower prices for the same good, if purchased in the most cost-effective channels. The phenomenon has meant that in stores at low cost has increased both the proposal of famous brands offered at competitive prices, and the average quality of tenders by private labels. Large retailers at low cost are growing.

The new consumer, one that will be conquered by low cost offerings, has a second identity that coexists with the first: he is willing to recognize an appropriate premium price for those goods or services capable of interpreting and meet a new type of needs, those emotional involvement. The trend is seen, frequently, in the modern consumer is to save on those products without emotional investment, to be able to allocate their discretionary economic capacity towards products and services that meet the specific needs related to the sphere of being, of social affirmation and the care of oneself and one's family. Emotional involvement and though crucial, however, is not enough because the consumer is willing to recognize a price differential to the goods and services that must also possess other requirements:

- Must be really different from the other products in the technology, design or both.
- They must have distinctive characteristics capable of generating a functional performance superior to the competition.
- Must be able to integrate the technical and functional benefits and the emotional with the

brand values and corporate culture: this helps to develop the involvement of consumer.

- They must be experienced as personal experiences that gratify the buyer. (Piercarlo Ceccarelli, 2004)

However, it is important to not confuse a choice of premium type with a luxurious choice. From a sociological point of view, luxury is synonymous with membership to an exclusive group, an elite. However, anyone who buys an asset for premium, is research wing of values and a way of life that wants to share in that sense the status symbol, as an expression of the economic value of the good possessed, gives way to the symbol style, which gives the product a representation of their tastes, their own culture, its own style. By virtue of a high price but not prohibitive, the target audience of premium goods is wider than that of traditional luxury, addressing a group of consumers with average income medium-high. (Vescovi Tiziano, 2015)

Companies understand that virtue is not in the middle. To respond to the phenomenon of polarization of consumption, companies directly or through companies, must be able to stand out from the side of the price or the supply side: the goods that can neither highlight your convenience or better meet the competition new consumer needs get stuck and are destined to lose revenue and profitability. The good behaviour of a company that wants to win in this competitive environment can be summarized:

- Recognizing the value of the price in its tender without neglecting the value of service and image.
- Focusing on innovation driven by the market.
- Doing not confuse the premium price with the luxury: they are two different markets.
- Exploiting all the opportunities from the different distribution channels.
- Considering the potential of the mass market. (Michel Leclercq, 1998)

Increasingly, there is discussing about post-modern consumer, a chameleon party that knows how to combine innovation with authenticity, globalization and localization, the modern with

tradition, progress and regress. The beginning of the new millennium has sanctioned the transfer post-industrial economy and post-modern culture. On the one hand, the post-industrial era has left behind the concept of mass consumption to embrace the concepts of direct and personalized interaction between producer and customer. On the other hand, the post-modern age represents a break with the past because of the scepticism towards the combination that associates progress in well-being: the awareness that progress has not only the positive aspects that improve our daily view but also relapses negative about the nature that surrounds us and the health of the planet we live on. The profile of post-modern consumer that takes shape:

- He has a *new emotional need*, social and relational: search solutions, has more sophisticated needs, and not just products that respond only temporarily to its evolving needs.
- He is *informed* and judicious choice.
- He is *pragmatic*: making its choices rather than on the basis of ancient dependencies of brand, depending on his mood, the circumstances, the offers and the distribution channel.
- He is *sensitive* to the time variable: the consumer has too little time and wants to have the necessary and relevant information quickly.
- It is *active and participatory*: want to participate in the experience of the process of creating brand by customizing its perception of the value in a unique and original experience.
- It is a *social animal*: the consumer wants to make its voice heard as an individual but also as a community.
- He is *nostalgic*: the consumer attaches value to offer that aesthetic elements reminders of the past, but with high technological content. (Ceccarelli Piercarlo, 2008)

The consumer experience becomes the essence of the supply-demand relationship and interaction of the consumer with the external environment. In particular, it is noted that it cannot be reduced to mere enjoyment of the fine but becomes an expression of the human

personality and its identity, according to the logic not related to mere utilitarian function, but about the emotional and relational sphere. The new consumer is looking for more than product experiences, sensations and emotions rather than use values. The Mini-Cooper embodies the characteristics of the new consumer: high performance and cutting-edge technology, and a nostalgic reminder of the past in the design. The 20,000 cars sold in 2006 have responded to the need to live in safe and comfortable driving experience in a dimension that, for the forms and references to the past causing the consumer returned back over the years. The new Fiat 500 is a response to the same reasons, in a different market segment, proposing a design that recalls the 50-year model is a high technology content. Companies sell not only products, but also experiences to live and enjoy: in the new market environment, some of the classic marketing principles are out-dated and are establishing new standards. The model focuses on physical attributes and the benefits of goods and services is in crisis and has given way to a model in which dominates the experience that such property is able to give life to the consumer. With experiential marketing identify recent trends that glimpsed in the emotional involvement and experiences in creating a new source of competitive advantage. For advocates of this approach to the market, a company does not sell a simple product but the experience inherent in the use of the latter. The dimensions of the phenomenon are surprising: 95% of consumer choice is in fact dictated by the unconscious. The novelty of experiential marketing is to export the successful policies already employed in the luxury industry, art and culture to other sectors whose core business just would lend it for emphasizing the emotional involvement of the consumer. In its purchasing decisions all the more consumers perceive differences between the various proposals the more this differentiation is based on components important to him, especially as the company is able to generate competitive advantage. The company must enter into close relationship with the individual to whom it is addressed; it must know a detail to grasp the characteristics of the

experience of consumer who wants to live. The tools available to the company are not the classic ones but these new techniques able to grasp the internal process of consumption, not limited only to the time of purchase. The experiences can be grouped into five types:

- *Sensory experiences* are the first level: taste, smell, touch, hearing and sight to get a sensory impact on customers in order to add value to the identity of the brand or product.
- *Emotional experiences* to which belong the inner affairs of the consumer: the aim is to create emotional situations linked to the brand, able to arouse emotions, feelings, and moods.
- *Cognitive experiences*: the objective of creating stimuli and experiences for the mind by appealing to the intellectual and creative abilities of man.
- *Behavioural experiences* cover the physical and bodily actions, which are, involved customers, for example by showing them new lifestyles.
- Incorporate the relational experiences in them all the previous modules but go beyond to the *subjective experience* of the individual because it fit into a broader social context. In this phase, the experience is able to put the individual in connection with the ideal itself, with other individuals and with the darkened cultures. (Quartapelle Alberto, 1994)

The selection of a company will be all the more valuable the more it is characterized by the following requirements:

- Engage the consumer in order to let them live fully the business of buying and consumption.
- Assign greater importance to the symbolic value than practical. The reference to social and mental processes used to load.
- Offering multifunctional products and services in order to satisfy the needs and desires composites. The rationale is to enhance the shopping experience or consumption by integrating products and services with additional attributes to differentiate their offerings and facilitate customization and customer loyalty.
- Grant the consumer the ability to interact with the company to self-determine the offer. This

is the element towards which converge the preceding requirements, and especially the condition so that the experience becomes personal subjectivity expression.

One of the most significant trends of the last two years to recognize it in overcoming the tendency to individualism, typical of the last two decades, in which the consumer was mostly isolated and straining towards personal fulfilment. In recent years, however, we have witnessed a trend towards the gradual re-establishment of a connective tissue of social relations: the individual has rediscovered the value of groups and communities, to be understood as a collection of people, even random, who has something in common. Bernard Cova, defines tribes as micro-social composed of heterogeneous groups of individuals united by a shared passion, a common experience or emotion. The tribes are unstable, acting on a small scale, have no fixed boundaries and clearly defined, are held together by sharing emotions, lifestyles, opinions and consumption practices. Does not require members of the agreement or rules codify clear rules to which the request is accepted. A group of individuals can be recognized as a tribe if you have the following requirements:

- A common experience, an identical emotion, a passion shared by heterogeneous individuals that allow the tribe to turn into a social gathering place.
- The presence of a space, also virtual, in which are exchanged emotions and passions.
- The absence, or nearly so, of strict rules and enforcement measures.
- The existence of interrelationships between a numbers of the micro-group members.
- A strong ritualization.
- The search for the binding value in products or services that share. (Cova Bernard, 1998)

The search for a group to which to belong to and identify with is thus the trend. But it is the consumer to make the glue between these new forms of sociability. In these terms, the consumer qualifies not only as an instrument for the satisfaction of personal needs but also for the satisfaction of personal needs as a means to create social bonds. The consumer

therefore focuses on those goods and services that, for their intrinsic value binding, allow and facilitate social interaction: the link is more important than good. The tribe, with the characteristics just described, can be formed around a product, to a mark but also to a passion. MyNutella is an example of a community that developed around a product: it was created by Ferrero in order to understand what soul any person to sink the spoon in the most delicious cream in the world, because it brings joy, makes you feel good and unites. MyNutella is the official space in which the Nutella lovers meet, compare and excite. Subscribers are about 15,000. An example of a tribe that originated around a brand is represented by Ducati, which is characterized by the fact that it is open to all fans, even if not in possession of a motorcycle. The exchange of technical information and the use of Ducati is one of the pillars upon which the community which participates in the company itself by providing users hundreds of pages with technical information on products. There are several sections that invite members to share and publicize the experiences with their bikes. The company participates in the community life by offering events and gatherings, organizing driving courses, stimulating the members to provide ideas and suggestions to the parent company in order to improve the bike and accessories. Within the community is important the phenomenon of collecting as it is synonymous with a high level of loyalty. There are almost 500,000 members.

Finally, Slow Food is an example of a tribe of lovers, together by the pleasure of good food. Born in Italy in 1986, it counts more than 83,000 members in more than 122 countries worldwide. Slow Food promotes the right to pleasure, at the table and not only. In fact responding to fast food, Slow Food studies, defends and disseminates the agricultural traditions and Fine Dining of every corner of the world, to deliver the pleasure for future generations. And 'an association of people who meet, exchange knowledge and experience: you can become members to become part of a small community, attending dinners and tasting

events and adhere to all the events organized by the movement. The tribes of the phenomenon are widespread and although it was initially limited to the young, it is rapidly extending to the adult population. The tribes may be short-lived, the members have to choose which group they belong and are free to decide when to get out. Each individual may belong simultaneously to several groups, each of which can play a different role. Companies move from a one-to-one to a logical one-to-community logic. The tribal groupings that are one of the most obvious manifestations of the new consumer landscape, they share strong emotional ties, shared passions and similar experiences. This approach undermines the old beliefs of marketing, in fact, while once it was essential to emphasize the high-tech footprint of a product, should today often minimize this aspect instead emphasizing the image that the product can give to those who possess it and value binding in it implicitly. Consumption remains an individual act: what is being shared is user experience. It is therefore essential to devise actions that highlight the concept of community, which identify the places, even virtual, where consumers can meet, that promote the rituals can strengthen the collective identity of its members. This change results in a transformation of the one-to-one marketing paradigm that is not able to take into account the value of the binding role in the act of consumption and the impact of the commissioning of the brand discussion within communities and groups of clients. Consumer preferences are not static and developed only in the relationship with the company, but rather are the result of intense and varied social activities. For this reason, marketers must move from a predominantly individualistic orientation to a collective approach that analyses the consumer as a global network, with complex and multiple interactions. The company may promote and support these forms of association through a series of initiatives designed to:

- Facilitate the meeting and the relationship between the components of the group, for example by organizing events, promoting forum for the exchange of information on shared

interests, by encouraging an active and numerous participation in the community.

- Enhance the value of the bond between the members: through rituals or by creating recognizable elements between members of the community.

Companies, to seize new opportunities, put the centre on customer value. The analysis of consumer buying scenarios leads us to a clear conclusion: the new party with which companies are confronted has changed. In this scenario, the traditional marketing tools designed to give a scientific representation of the market become insufficient, even indispensable, to describe the new dynamics of consumption. So, to compete in a scenario so varied and changing, companies can only operationally put value for the customer at the centre. This is an imperative that companies claim to pursue for decades, but in reality, the practical cases where this paradigm has actually been pursued are not many. The customer has always been seen more as a target than as the starting point of the company. This is the key: from customer and build around it all the major business processes (innovation, production, branding, pricing) being clear elements of value for the customer. Value offer for the customer assumes that they know their needs to arrive at a proposal that involves elements of quality perceived and its price. If the market does not perceive the determinants of value, then they do not exist. If the offer is perceived higher value than the competition, then the company has no assurance as to whether that performance is sustainable. Defined then the value for the customer, is interest for companies to direct all business levers towards this goal. One viable by the companies is innovation: the understanding of customer needs translates into an offer that creates value for the consumer and is perfected in effective communication and shared understanding of the value created. If the process is successful, the increase in value for the customer consolidates the trust and loyalty of consumers by creating a true virtuous circle. Another lever on which companies might act is that of branding: in view of the fact that now the publicity itself is insufficient to create sustainable

difference of the brand, you need to take alternative routes between this and the support of the brand through people and through retail outlets. The consumer needs to experience memorable purchase and so the store becomes the place where the advertising promise takes shape and direct contact with the sales staff helps to create customer value. Starting from the value of a product comes from what the market is willing to pay it; you can draw some guidelines for companies:

- To know what the customer wants and offer value compared to competitors.
- Avoid matching the prices of competitors without considering the specific nature of its offer and its advantages and competitive disadvantages.
- Consider the product as a factor in the purchase decision, but not the only.
- Focus on purchasing factors that the customer is sensitive and on which competitors are weak. (Drucker Peter, 1995)

Decathlon is already present in 25 countries worldwide and has 979 stores. In some countries is present with the online trade only.

The forecasts for the future are to improve the trade in the new frontiers both online and stores.

Given the increasing worldwide urbanization, the intention is to open new stores in new urban zones: in the Asian, South American and African areas.

The countries that are growing rapidly and where the GDP will grow represent a great market opportunity. Areas, which possess these characteristics, are:

- Saudi Arabia
- Asia
- South Africa
- South America
- Iran

- Ethiopia

Decathlon does not study directly the new frontiers, but subcontract this task at two major companies that perform market analysis: McKinsey and CityScoop. Thanks to the results of their research, Decathlon has decided to focus its projects in three areas of the world, paid special attention to the Asian market.

Asia plays a central role in the development of this project, as in the past the shops sprung up around the country have seen the development of the city all around. The shops, which were opened in remote rural areas, were later incorporated into the urban ring.

Asia and Africa are the two continents in which the forecast about the population growth and urbanization are bigger than the rest of the world.

From 2013 to 2025 it is expected that global growth world will be focused on 20 cities and these will drag 33% of the worldwide turnover.

Focusing on Asia and Africa, we find top three places of each continent. Respectively:

1. Beijing and Riyadh
2. Shanghai and Tehran
3. Tianjin and Jeddah

In 2025 we will expect that the 31% of the volume of business will come from Asia and will contribute in a percentage of 50% of the growth in sales of sporting goods. Still today Asia is an important consumer: among the top 911 cities in the world for sales of sporting goods, 215 are located in China (23.6%). The cities of Asian zone are the perfect blend for the size and the market feasibility: thinking about the four stores that Decathlon opened in Bangkok in five years. The Asian area is also a favourable market due to the meagre legislation, the low tax rate and the protectionist measures almost no existent.

1.6 DECATHLON'S FOUNDATION

The Decathlon Foundation is one of the means to express the values of Decathlon. Its action goes beyond the clients, because the Foundation has the goal of allowing people in fragile situations to have a better life thanks to the sport of physical activity. Created in 2005, under the direction of Yves Claude, the Decathlon CEO, and their shareholders, the Foundation is founded on the spirit of solidarity of the Decathlon collaborators.

With the practice of sport by the beneficiaries in the centre of projects, the Foundation currently has three field actions:

- Helping our collaborators to build projects in collaboration with an association, an NGO or all other not-for-profit organizations.
- Supporting them humanly and financially (building or renovation of sports grounds, equipment and sport material, trainings to teach sport.
- Following the project and measure its impact thanks to the local involvement of Decathlon collaborators, in all countries where Decathlon is set up.

All employees of Decathlon network may submit a project to the Foundation. The main requirements which projects must comply with are:

- Find fulfillment in a country where Decathlon is present with shops, warehouses or production sites.
- Have as beneficiaries persons in difficulty to better integrate them, educate them and to treat them through sport.
- Addressing to a no-profit organization.
- Actively involve one or more Decathlon employees working in or near the place where the project.
- Having a time duration of 2 years, at least.
- Request clothing, equipment, training or sports facilities.

Globally in 2014 were 38 supported projects, benefiting 19981 people in need with the help of 70 employees Decathlon for a total budget of € 1,071,552. In Italy, in 2014 the Foundation Decathlon has supported 9 projects by making available a budget of € 180,000. A regional example is the project of Padua and Torri di Quartesolo stores: "Together for wheelchair rugby". With finance provided by the Foundation, the Association A.S.D. Padova Rugby bought four new baby strollers to give opportunities to people (with disabilities of at least three limbs) to train consistently.

There are about 400 projects supported so far in the world, and tens of thousands of people have benefited.

DECATHLON POSITION IN THE EUROPEAN SPORT PRODUCTS MARKET



*"The only sustainable competitive advantage is the ability to learn and to change more rapidly than others."*²

2.1 IMPACT OF SPORT INDUSTRY IN EUROPEAN ECONOMY

Sport is not a leisure activity and personal well being only, but also has a great impact on the industry. Since, it contributes 294 billion € to the European Union's gross value added, and employs 4,500,000 people, this area is considered an important growth factor. In its broadest sense, that sport is a real industry, which can be seen as a growth engine for the economy in general as it creates value added and jobs in a number of sectors, both manufacturing and the services, and it stimulates the development and innovation.

To support the role of the economy in the sports industry as an economic engine, Antonio Tajani, Vice President and Commissioner for Industry and Entrepreneurship, and Androulla Vassiliou, Commissioner for Sport, during a meeting underline sports industry's economic importance. The meeting brings together representatives from all economic sectors related to sports, interest groups, academia and sports associations.

Beyond its remarkable positive impact on the industry, the sport also benefits tourism: the world every year 12 to 15 million international trips are made to the main purpose of attending sporting events.

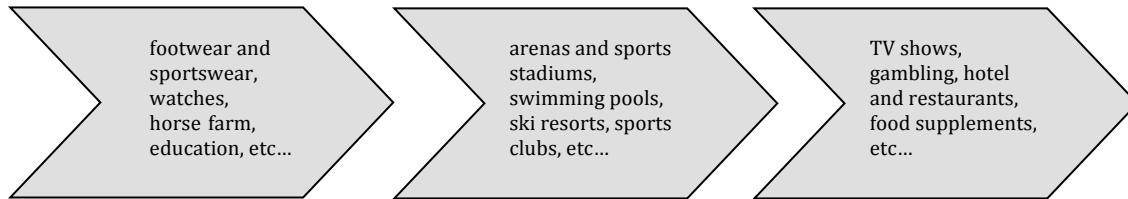
The sports industry is also characterized by rapid and continuous waves of innovation, often in close collaboration with other sectors, leading to the gradual spread of the different markets for new products to be allocated to different uses. For instance, it is important to focusing on five issues:

² Philip Kotler (1931), marketing author, consultant and professor, 1967.

1. Gross value added and employment generated by sports

The sport definition of Vilnius includes all upstream industries that produce goods and services needed for the sport and those downstream that sport is an important factor of production: media, tourism, advertising.

The supply chain that below it is based on this meaning of sport:



Based on this understanding, which takes into account the multiplier effects of the upstream/sports/downstream sectors and other sectors that are not part of the chain, the contribution of sport to the gross value added in the European Union amounted to 294 billion €, representing almost 3% of total gross value added.

This added value is generated to a greater extent from the upstream (137 billion €) than downstream (108 billion €). In comparison, the sport practiced generates less value added (49 billion €).



The sports industry, upstream and downstream, generating direct employment for 4,500,000 people: the 2.1% of the European Union workforce.



In total, the number of jobs created by the sports activities is 7,300,000 million, the 3.5% of total employment in the European Union.

That figure exceeds 3%, the gross added value generated by the sport, which means that commercial activities related to the sport have more labour intensive than the other, and therefore the growth of the economy related to the sport creates more jobs than the growth of the economy as a whole. In addition, all new jobs in the supply chain of the sport creates 0.65 jobs also in related areas.

2. Benefits of the retail and manufacturing sector

The retail sporting goods market is an important upstream activities. According to the study of 2012, retail sales of sports items in the EU amounted to more than 61 billion euro in 2005, from less than 20 Euros per capita in Bulgaria, Poland and Romania to more than 300 in Luxembourg.

The main markets for sporting goods are: United Kingdom, France, Italy, Germany and Spain. Nowadays most of these items are produced in Asia, but the design is created in Europe and then that has positive effects for EU suppliers.

The EU has an important role of defending the intellectual property rights: in 2013 European customs authorities seized counterfeit sports shoes worth more than 36.5 million €.

The manufacture of sporting goods remains an important upstream activity for the European Union with considerable positive impact on the textile, clothing, leather and footwear. Indeed, the sub-sector of technical textiles has become an essential increasing and it improves textile industry dynamics and represents a growing share of production.

3. Stadiums and other sports facilities

Sport generates more than 3 billion € of value added in the construction sector. Sports activities require substantial investment in stadiums, sports halls, buildings and infrastructure. Some of these investments are used in new construction projects, part of

reconstruction or maintenance work. The restructuring of a number of football stadiums in view of UEFA EURO 2016 in France will require investments of 2 billion €, while for the 2012 Olympics has been spent 2,9 billion € on construction projects. Many of the facilities built for sporting events can subsequently be used for the general public and for physical education, creating additional benefits that are difficult to quantify (healthier and more productive, longer life expectancy).

Sporting events can also have a positive impact on the regeneration of urban areas.

4. Tourism: between 12 and 15 million € come from international trips each year

Sport is a particularly tourism: the active or passive participation in a competitive sport is a primary motivation importance to travel outside of usual environment, and the tourist element or recreation can enhance this experience as a whole. It is estimated that on average international travel performed worldwide each year the main purpose of attending sporting events are between 12 and 15 million €. In the next two or three years the rate of growth of this tourism niche market should be equal to about 6% per year. In the European Union, the main countries of origin of the sports tourism are the United Kingdom, Germany, Italy, Spain, Denmark, Sweden and Finland. Furthermore, an indirect effect of the sports events is that the main tourist destinations are developing products related to sports to attract a greater number of tourists.

Sporting events, especially games and tournaments, create not only flows of visitors and revenue but also interest in the places where you play.

5. Sport is a driver of innovation

The sports industry is characterized by rapid and continuous waves of innovation, often in close collaboration with other industrial sectors (textiles, electronics, aerospace and so on).

The innovations have reciprocal effects: benefits from advances in other sectors, and at the same time produce innovations that benefit other sectors in turn.

Innovations can be divided into three groups, depending on whether they are addressed to the competitive factor, application of the rules or spectators. The most obvious driver of innovation in sports is the need to allow the athletes to improve their performance. For examples are the new materials: carbon nanotubes, nano-composites, shape memory alloys, self-repairing polymers and technical textiles. More and better sports products: shoes, clothing, skis, bicycles, boats, poles and rods but also new foods and sports drinks.

Another category of innovations less obvious is the need to ensure fair and appropriate application of the rules, not only at sporting events (for example: the arbitration activities), but before and after them (for example: doping controls).

The third group of innovations are driven by the desire to improve the experience of the public, not only for those who attend sporting events personally but also for those who follow them elsewhere (usually on TV). These two groups of spectators present some common problems and needs, such as the need for information and the customization. New technological tools can often satisfy both needs simultaneously, allowing each viewer to enjoy the event in a personalized way with functions such as a command replay, shooting from different angles and historical information and statistics. Other necessities instead, such as comfort and safety, are not shared by the two groups of spectators and must be addressed separately. The innovations in the field of ergonomics, wireless networks, air-conditioned environments and closed circuit security cameras have helped to make safer and more comfortable experience for those who attend a sporting event.

These three groups of innovations mean that both the cutting edge of sports technology in different fields of applied science: textile technology, mechanical kinesiology, new materials, sensors, actuators, human-oriented design and so on. Most of the time the innovations in the sports industry are transmitted to other sectors, resulting in direct and indirect benefits for the whole European Union economy.

If you look to the direct effect of sport on the European Union's gross value added, using the broad definition of the term, the amounts are smaller and amounted to 174 billion €. Most of this value is generated by the service sector (127 billion €), it representing 73% of value added.

The following table shows the top five sectors in terms of added value: they are all services.³

Service sector	Value added
Recreational, cultural and sporting	53 billion €
Educational	22 billion €
Hotels and restaurants	17 billion €
Health care and social assistance	9 billion €
Retail trade, except of motor vehicles and motorcycles repair services	8 billion €

Taken together, the construction and manufacturing sectors (respectively 3,2 and 20,6 billion euro) Contributed almost 24 billion €, the 15% of total value added generated by the sport, while tourism (hotels and restaurants) it contributes around 21 billion, the 12%.

In manufacturing, the sectors with higher added value for the sport are⁴:

Manufacturing service	Value added
Printed matter and recorded media	3,4 billion €
Ski manufacture, attacks and sticks	3,4 billion €
Ice skates and roller	2,9 billion €
Equipment for water sports, pool tables, bowling alleys	1,5 billion €
Manufacture of sports boats, canoes, gliders, sports aircraft, hot air balloons	1,4 billion €
Clothing and fur items	1,3 billion €
Motor vehicles, trailers and semi-trailers	1,3 billion €
Leather and leather products	1,2 billion €

³ [http://europa.eu/rapid/press-release MEMO-14-35 it.htm](http://europa.eu/rapid/press-release_MEMO-14-35_it.htm) [Accessed 14 November 2015; Re-accessed 12 March 2016]

⁴ [http://europa.eu/rapid/press-release MEMO-14-35 it.htm](http://europa.eu/rapid/press-release_MEMO-14-35_it.htm) [Accessed 14 November 2015; Re-accessed 12 March 2016]

Machinery and equipment	1,2 billion €
Textiles	1,1 billion €
Fabricated metal products, except machinery and equipment	0,9 billion €
Chemical products and man-made fibres	0,6 billion €
Rubber and plastic products	0,4 billion €

Based in the broadest sense of sport and including only the direct effects, most of the added value is generated by Germany, followed by the United Kingdom, France, Italy and Austria.

2.2 DECATHLON VS INTERSPORT

“We have some constraints to be respected regarding the use and communication of InterSport logo, we adhere to some initiatives that are planned at European level slope down the territory, but we have full autonomy in planning and development of campaigns or events for the Italian territory, membership and the opening of new stores.”⁵

In assessing the industry dimension of sport in Italy, there is a very distinctive segment as regards the role and the numbers expressing. These companies dominate are mainly manufacturers of sporting goods, but the relevant function is still covered by sales outlets, which over the years have maintained the centrality of the Italian relationship with the basic tools for practicing sport: or example with sweaters, shoes, balls , balls, rackets and so on.

Through stores of specialized retail brands, modern version of the old shop almost entirely disappeared now. It is sold the most products useful to those who do sports. To support that sometimes replace the big brand manufacturers in the promotion and communication. There appear to be significant, in this context, the description that Antonella Martiniello, the young office coordinator marketing Intersport Italy, told about the strategies of communication and marketing in general, linked to the Swiss brand chain stores, which Italy is leading representing more than one-fifth of the market value of sporting goods.

⁵ Antonella Martinello, marketing coordinator department of Intersport

Intersport is an international company, which has its headquarters in Bern in Switzerland, with over 5,200 stores in 39 different countries. In Italy our brand has a network of nearly 500 affiliated stores that develop a total turnover of about 1 billion €. Sporting Goods Intelligence recently estimated the market sporting goods in Italy for a value of 4 billion and 400 million of which Intersport holds a 22.7% stake.

They started as a purchasing centre that could be to have all affiliates competitive advantages in terms of business conditions and purchasing power, but in the last ten years they have evolved and today they are perceived as true sales network with Intersport teaches.

Intersport does not do e-commerce and their affiliates have the full autonomy to do so, if they want. It's definitely an interesting tool and fast growing, but in Italy in the sporting goods market there is still a big on-line sales and even if it is done both by their affiliates from their competitors, still has a marginal importance. As for Intersport, evolution is mainly the sales point; their goal is to increase the number of stores. They specialty stores that have a reduced area because they treat a few product categories but in depth and shops of 3-4,000 meters that have a wider assortment.

It is exclusive brands that only Intersport stores may have. They are developed from central Switzerland, where there is the research and development office; are products that come only to our chain in Europe and in Italy, which they select those most suited to the Italian, market. They are on a placement "entry level" and, especially in this period of crisis, being able to find the same quality at a lower price is very appreciated by the consumer. The exclusive brand products represent 5% of total turnover, which is in great growth since we estimate that reaching a presence of 20% within the next three years.

The management of corporate communication, which includes sponsorships as intended to increase the visibility of the brand, is an increase in activities by marketing the Italian office. They constraints to be respected with regard to the use and communication of Intersport

logo, they adhere to some initiatives that are planned at European level slope down in the territory, but we have full autonomy in planning and development of campaigns or events for the territory Italian, membership and the opening of new stores.

The Intersport shops are affiliated or independent contractors who maintain their teaching to which flanked the opportunity to use their brand, while in the case of the project teaches the franchise of shops is totally Intersport brand.

Most sponsorship activities is done at the international level, for example, they sponsor Euroleague Basketball, they sponsored the UEFA Cup, the races of the Ski World Cup and other international events. In Italy they have sponsored some matches of the national football team as the last qualifier to Europe 2012 and they are very active on the territory by sponsoring several local events in support to their stores. Sponsoring small running marathons, tournaments of beach tennis or beach volleyball, a series of minor leagues they can create a more direct link with the end consumer.

In the overall planning they have two important moments, the Autumn-Winter opening from September with the return to the sport and the opening of the spring-summer, from March when they reopen the season after the sales. So far they have mostly used printed paper instruments, but seeing the evolution of the market, new technologies, they are also beginning to approach the part digital and social. The TV is a tool that they hold in high regard, but in the last two years they have not used. The selection of these tools is made according to the target. Theirs are a very broad target, composed primarily of families and sports fans of all ages, and especially us to serve sports magazines generalist high diffusion and suitable for young people. Now with web they can do targeted schedules, then speak to a segmented audience.

Even though they are not directly sponsor clubs or athletes. This is always a partnership between the company Intersport and technical brand, such as Nike, Adidas and Puma in the

case of the national team. They also did some event in which it has participated testimonial, but always in collaboration with the brand that sponsored.

Intersport is the largest network of sports shops with over 5,200 stores worldwide.

In Italy the group has nearly 500 affiliated stores, 1 owned and 4 franchised.

The international character and the strength of the network provide very strong partnerships with leading brands in the sector that translate into more and updated assortments, complete and competitive, able to meet the needs of all types of consumers, from those looking for the latest news in terms of technology and performance, to those in sports they have found the solution to their free time.

2.3 COMPETITIVE ANALYSIS AND STRATEGY TO HARD SELL OF DECATHLON

Customer loyalty is a special case of the more general phenomenon pertaining to the repetitiveness of consumer behaviour in which the systematic use of the same brand and the services offered by the same point of sale springs from a precise act of will of the buyer, due to existence of a structure of preferences. The value of the trust resource must be interpreted as the ability to increase the level of loyalty from customer loyalty possessed. The correlation between customer loyalty and the strength of the competitive position of the company is first of all justified by the lack of loyal buyers to the actions of competitors. The monopoly power that the company can exercise on this demand segment by virtue of the distinctive elements that characterize their offer translates into less competitive vulnerability. Brand loyalty is the main determinant of the attractiveness of the latter in commercial companies. The creation of a loyalty to the store takes the form of fewer constraints in the composition of assortments, the possibility to increase their profit margins by orienting consumer choices towards their brands or references to more profitable, as well as in a non-confrontational logic of the consolidation of interaction with industrial enterprises. The relative stability of the

preferences expressed by loyal consumers has a positive degree of freedom to which the firm has the choice of how to use its market power. If it is based on the correct adjustment of supply to demand heterogeneity factors, the value attributed to the differentiation allows the adoption of pricing policies to ensure better financial results and to optimize the value for money that characterizes the brand or the sign over existing alternatives. The ability to accelerate the rate of reinvestment of profits and reduce the risk of substitution results in the consolidation of long-term competitive position and the resulting increase in the value of the company. Moreover, the loyalty of customers either directly influence the rate of corporate development or therefore determines not only the current position of the enterprise market, but also the future trend of the same. Customer loyalty, like all invisible asset-based consumer cognitive system is attributable to the positive values associated by the consumer the experience of buying and using. This diffusivity led the so-called halo effect, causing the customer to extend the loyalty developed against a certain asset on other products or services marketed under the same brand or with the same sign. In a greater propensity to the innovations, these results, introduced by the amplifying considerably the opportunities for extension and deepening of the range. Opportunities not only due to inherent competitive nature, but also the positive effects of better utilization of fixed production costs and advertising investments. The remarkable use of experience gained by the faithful customers and the expected strength of the relationship with them established by the enterprise, constitute the fundamental preconditions to the growth of the business of competent resources, interaction with these customers it supplies the capacity for innovation and improvement continuous supply system, which largely depend on the depth and breadth of the knowledge base of the company. The potential customer loyalty is reflected in the economic capital size, the value of the company, since this is due not so much to the income

flows that the company produces both now accumulated to the potential to produce in the future and these flows for a long time positive.

Customer loyalty is primarily due to the positive impact, which it exercises on the soundness of the competitive advantages achieved by the company. Loyalty, therefore, reduces the risks specific to the company and then the capitalization rate, that would make the present value of the economic capital. Secondly, the loyalty of customers affects the return on equity, as well as the rate of profit. This fact is expressed by the difference between the return on equity of the capitalization rate: the second variable is reduced thanks to the reduction of business risk while the former is increased by being able to take a premium pricing policies and to curb the marketing investments using communications among consumers. Thirdly customer loyalty by promoting the strengthening of the network of firm relations and the achievement of better economic and competitive results, it not only stabilizes revenue streams and future but also to increase the value of capital growth opportunities economic. In the early 80's Michael Porter identified a model that made the synthesis of the thought of many researchers that it is still considered a necessary step for a first analysis of the sector. The model of the "five forces" relates essentially to the position of a company in a given sector along two dimensions:

- *The vertical relationship*, from upstream to downstream, and goes from suppliers to competitors and clients. It is the aspect that draws more attention in strategic analysis.
- The second is *the change*, a size originated from the action of companies wishing to enter the industry and pressure from substitute products

Great importance has bargaining power between the parties, which can vary from sector to sector, and determines prices and other trading conditions.

1. Bargaining power of customers: the stronger the bargaining power of customers is the company's weaker position. This occurs when:

- Few of them acquire a significant part of the production

- The product or service offered by the company is no different from that of competitors
- Costs incurred to switch from one provider to another are low
- Vertical integration upstream
- The value of what the buyer is buying a lower value compared to the total costs of the same buyer

2. Contractual power of suppliers: is null or low in the case in which the product is made of an easily available in the market commodity. Are in a strong position when:

- Buyers of a sector are many but the suppliers are few
- The products offered by vendors are not substitutes
- The value of the products or services purchased from a certain supplier is a significant share of total enterprise costs
- The brand of the supplier has a high attractiveness

3. The threat of substitute products: it is rare that a product has no substitutes. The threat comes from:

- The existence of a price ceiling that a sector can be applied to a product
- The strong competitive pressure
- The difficulties or costs that clients of a sector address for switching from one product to another

4. The threat of new competitors in new entrants in a given sector is drawn by two factors, namely, the presence of low barriers and high profit margins. Barriers to entry are dictated by:

- Economies of scale
- Access to technology
- Product differentiation
- Transaction costs

- Access to distribution
- Cost disadvantages independent of size
- State intervention

5. The rivalry among competitors: in some areas the rivalry is high, in others we are in the presence of a few producers. The rivalry depends on 8 factors:

- Number of competitors and their size
- Pace of development
- Characteristics of the product
- Cost structure
- Exit barriers
- Different rivals
- Operational capacity
- The determination of the results in different time intervals (short, medium, long term)

When a company comes to the market it occurs two things: the sale or marketing. The sale is the act of selling: a good, a product, a service, a project. Consumers connect to it the price, the service immediately, the quality, speed, and distribution. And by selling the company focuses its attention on the product and the consumer for you to purchase a greater volume of goods or services. The marketing, however, is not for sale. Instead, a broader action that fulfils the enterprise because all his attention is given to the needs and desires of the consumer, the product and all its variables of marketing are just the tool to meet those needs. Businesses have gradually identified four basic approaches, depending on the external environment found:

- Static Environment: orientation to the product that is typical of those companies that assume the market preference only for products with higher performance and higher quality.

These companies focus all its efforts on the research and development to offer, through new technologies, more and more advanced products.

- Dynamic environment: trade direction that is typical of those companies that start from the belief that the market, left free to act, never acquire sufficient volumes of goods or services. These companies focus all their efforts marketing activity used as a tool to convince the market to purchase significant volumes of goods in order to ensure the required profit for the business entity.

- Turbulent Environment: marketing orientation is not part of the entity's needs but by the belief that success depends on clients, desires and needs of consumers. The customer cannot be forced to buy the company's products since it is only willing to buy what best meets their needs. Marketing with its process, allows identifying the needs of the consumer and the best way to meet them.

- Environment Complex: the orientation of the report is given by the process of creating value and is becoming a collaborative process that will require the simultaneous participation of all market actors. The firm's success is able to strategically manage the relationships needed to create a network. Thus it stands at the centre of a constellation becoming the linchpin of the entire value creation process.

Decathlon does not fit into any of these categories because it is in a transition period between marketing orientation and orientation to the report. Surely, even the competitors do not fall exclusively into one of these categories as the market online marketing is becoming increasingly popular. Everyone is looking for a strategy to satisfy the customer who travels physically in stores and to ensure that this is likely to return as opposed to buying on-line.

To compete successfully a company is to finalize a number of competitive advantages over the competition and, above all, must specifically stated above as the eyes of customers. You must first define the competitive arena in which you compare the competitors: it can be wide or

defined on a single product or market. It is therefore important to take into account four variables:

- The width of the range of products and services considered
- Customer segments
- The geographical horizon
- The number of activities that make up the value chain

Each of these variables has a weight, depending on the objectives set by the company in the competitive arena definition: if the goal is not the short-term the market definition should be broader going to consider:

- Market opportunities not currently served by any company.
- Changes in technology, in price levels and supply conditions that could widen the circle of substitutes.
- The risks of entry of companies from other markets.

It must also identify the competitive arena thinking in terms of substitution in two different perspectives:

- *Substitution on the demand side* to understand all the ways in which customers can meet their needs.
- *Supply-side substitution* to identify all competitors who have the capacity to serve the same customers.

You should always keep a profile of competitors, identifying their main features. Decathlon asks customers themselves, that is, starting from the application, in order to identify which of their competitors make their choices under review. The more the customer sees two competitors close together in the offer, the more likely you can choose to switch between them. In contrast, the more treats them away, so the lower the probability of abandoning the one to choose the other.

Two American authors, Day and Reibstein propose three ways to anticipate the responses of competitors: game theory, behavioural theory and coevolution.

- Game theory of John Forbes Nash consecrated the game theory as an autonomous discipline, but its usefulness in strategic management was only recognized in the late '90s. The validity and strength of game theory consists of four principles:

1. The strategic vision: the ability to analyse a strategic situation, anticipating its future development and make a decision.
2. To know themselves and each other of unrelated businesses focus on future strengths and highlight those of the opponents' weakness.
3. Repeated patterns and situations that do not occur: this determines the possible recurrence of specific factors.
4. Coordination and cooperation: with the presence or absence of consequent actions that can displace the strategic groups or the individual forces on the field.

- Behavioural theory: often the actions of the management of the various competitors are irrational. The best players are not those who apply the theory of games and act accordingly, but those who understand what drives their rivals and prepare an appropriate response, which is based on knowledge and study of the same rivals.

- The coevolution is a theory that takes its cue from what happens in nature where different species can co-evolve and are not necessarily antagonistic: the classic example is that of the bees that feed on the nectar of flowers, and the flowers by bees reproduce; the selection makes the flowers that survive more attractive, and therefore are more likely to be pollinated, and the bees which pollinate most feed on, so they have more chance of surviving. So not only compete, but also collaborate: with customers, with suppliers, with competitors leads to a greater competitive advantage. (Day George and Reibstein David, 1997)

The major Decathlon competitors are, in order of most competitive:

- Intersport
- Asics
- Nike
- Adidas
- Sportdirect

The international brands are competitors Decathlon worldwide, Intersport and Sportdirect are European competitors. Unlike European competitors, the international brands are also direct providers of their products to the French chain. The difference and the difficulty of reaching their performances are due to the difference of the core business: their production is not directly selling. Nevertheless, Decathlon has tried to establish a sales network in the United States but was always readily undermined by the opening in the surrounding areas of single-brand stores: Nike, Adidas, Asics.

However Sportdirect differs for different sales concept of area and because it does not have exclusive brands but only international brands. The Group Provides an unrivalled range of products, offering exceptional quality and unbeatable value, from a wide variety of third-party and Group-owned brands, both in-store and online.

The United Kingdom store portfolio Consists of Approximately 440 stores. Also it operated in 20 countries in Europe, including Belgium, Austria, Slovenia and France.⁶

Rather than competing, in the example of Decathlon, we can talk about a different offer in the market as the "Marche Passione", much younger than the international brands are, to date, improving the quality and the technical nature of its products.

⁶ <http://www.sportsdirectplc.com> [Accessed 14 January 2016; Re-accessed 19 March 2016]

Intersport, is the only brand in the market that offers as well as international brands, of its exclusive brands, and so what customers, a competitor, consider more not only from the market, but also.

The targeting can be defined as the process of defining their target market through the analysis of marketing opportunities found in different market segments. For market segmentation it means identifying with similar characteristics to the needs and expectations, which the company can respond with the same marketing mix. But it is important to distinguish whether the enterprise will appeal to business-to-consumer markets or in business-to-business markets. The purchasing behaviour of these two groups is different, they are different also the segmentation criteria. The segmentation of the market are obtained qualitative information and quantitative that identify to whom and how many segments you can identify their offer. To be successful segmentation must have certain requirements:

- There must be strong differences in consumer expectations
- Segments must be identifiable and measurable
- It must be possible to compare costs and revenues of the segmentation
- Segmentation must provide benefits that justify the resources used in the marketing mix
- The benefits for potential customers who are part of a given segment should be stable over time: if the benefits change, both the positioning of the service offered compared to that of the competitors and the communication must be changed

Decathlon, has set itself so well of clear objectives and designed to make a difference to customers' eyes: the wide range of products is designed to satisfy not only professional sportsmen. Its target is in fact the family that wants to participate in sports, in addition to countless athletes who want to get closer to a particular sport. The mission is extended to more customers the pleasures and benefits of sport by giving them the opportunity to meet their needs at the lowest possible price. One of the cornerstones of the Decathlon trade policy,

in fact, is the least in local price: namely, offer customers resident in the radius of 20 km the lowest price for that particular product, especially those of international brands, readily available from other adjacent sports shops the sale Decathlon points.

The objective is therefore the optimization of what brings value and efficiency of that which does not bring value in economic terms. Why the Decathlon offer can be divided into three macro-areas, depending on the objective has to the customer:

- Technical Product: aims to attract more intensive sports. The offer therefore provides a range of products that increases in technical, designed to satisfy the needs of those who practice sport regularly but decides not to invest in international brands.

- Consumable product: has the purpose to bring back the customer so that it can regain the product. They are all quick-change products; just think of the service live bait that Decathlon offers for fishing enthusiasts, unlike competitors.

- Product to extension of use: has the aim to increase the turnover because the product can be used not only for sports practice but also for everyday life. The clothing, rather than the technical material, is often used for extension of use.

Given the complexity of existence sports brands in the market, Decathlon, is seeking differentiation through a large park service, in addition to the wide range of products:

- Satisfied or satisfied with the policy: Decathlon is committed to change the 'purchase.

Upon presentation of the receipt or invoice and within 30 days from the date of purchase, if the purchased product does not satisfy the customer, this can change your mind. If the customer has the Loyalty Card Decathlon days become 365 (upon presentation of the receipt or invoice showing the number of the Decathlon card).

- Instalment payments: Decathlon offers customers who want to satisfy their desire to sport the possibility of buying goods with instalment payments so that they can immediately use the products without sacrificing liquidity. They can use this service to all residents in Italy

aged between 18 and 75 years with provable income. In addition the zero rate at 5 and 10 months, is refunded to the customer the amount of tax revenue equal to 16 €, in the form of good spendable within 1 year.

- The return(in italian, reso): the customer can make the returned product is defective or non-conforming, both in the case of product purchased in the store and in the case of product purchased online.

The customer can exercise this right if the defect is apparent within 2 years from the delivery of the goods and denounces the flaw in Decathlon within 2 months of discovery.

If the customer can not find his receipt or invoice, it is sufficient that bring with them any proof of purchase (on the track Decathlon card, cash receipt, credit card, bank statement) so you can trace the transaction and to proceed with the repair of product under warranty or with the issuance of a card made or the reimbursement of cash.

When returning a product purchased in the store, you will receive a “carta reso” be spent within 5 years from date of issue, in all Italy Decathlon shops in several instalments.

Except defective products, Decathlon not reimburse cash products purchased in store.

If the amount exceeds 999 €, you will need to provide to the store on your IBAN and BIC / Swift, for the refund to be made by bank transfer, as required by law.

- The gift card is a card for those who want to give sport by choosing the equipment to direct practitioner. It is valid for 2 years and is expendable in one or more tranches until the credit. It can be used at any store or on-line.

- The loyalty card: given that sports have their own stores of trust, Decathlon, one of the best-known chains of the sports industry, has decided to offer attractive benefits to its loyal customers with its loyalty card. The Loyalty Card Decathlon is basically a classical paper: is free and is designed to build loyalty with discounts and privileges customers who have chosen the shops of the brand to buy their own sports. To join the loyalty program just take out the

card by filling out the registration form in a Decathlon store or online, in the section of the official website of the group. From the time of signing the holder you receive a loyalty card to start now to reap the benefits guaranteed by the loyalty program, which are basically three:

- The possibility to receive directly to your email address reporting of special offers and exclusive privileges or invitations to events organized in your Decathlon store of trust
- Make sure purchases and to receive all notices from Decathlon and information necessary to buy quality products with maximum safety (faulty products are registered in the terminal and communication with loyal customers is continuous)
- Accumulate loyalty point's convertible into vouchers.

Every time a customer buys an article in a sports store in this group, simply present the card at the checkout Loyalty Decathlon to immediately earn 1 point for every € spent.

Once you reach the threshold of 400 points, they are automatically converted into a good Loyalty, a voucher worth 6 € spendable at any Decathlon store within the following three months.

Another important advantage of the loyalty card Decathlon is the ability to use it in place of paper receipts: on paper records all purchases made by the owner of the same and related guarantees. Then, through the card code you can be traced back to a purchase that has lost the receipt or purchased in previous years: in this way the ticket can be reissued to a warranty.

- The club card: it is the club retention tool. It is a card reserved for companies, schools, gymnasiums, institutions and schools. The institution that has acquired points with every purchase. In addition, it acquires also points thanks to its members: that is, when a member of the Club, also owner of Loyalty Card Decathlon makes purchases, 100% of acquired points is accumulated on his personal card, while a 50% bonus accumulates on Club card.

In this way, the Club gets faster loyalty coupons that will allow him to renew and expand its sports equipment. The Loyalty card for Club is free and can be obtained solely by a

representative of the Club (President, Vice-President, Treasurer, Head of Purchasing and Sales Director) at the reception of a Decathlon store.

- The trocathlon: is the free event and reserved for Decathlon card holders that sell used sports at low prices and sell sports equipment that is no longer used.

It 'a service account-sale that is promoted twice a year: in the last two weeks of March and in the last two weeks of October. The customer who deposits and later sells sports equipment are given a good amount of the value of the goods sold be spent in any store or online.

- Delivery Service: Decathlon, offers customers who choose bulky products the possibility of home delivery. For this service makes use of a local private transport service in order to ensure greater rapidity and professionalism in the service.

- The possibility to order their product online is operating for some time the website Decathlon.it. The customer can choose to buy from the comfort of home products that is interested in and pick them directly into the nearest store or have them delivered at home.

- Stringing card: for all tennis lovers, there is an exclusive service of the racket stringing.

- Temporary output (in Italian, uscita provvisoria): some departments, provide technical material with the ability to test it for free for three days, giving the client the possibility to test it and then evaluate a future purchase.

- Lifetime warranty on bicycles: concerns the lifetime warranty on frame, fork, handlebar and handlebar of the bicycle attachment. If broken, simply return the bike in the store or in the case of online purchase, made following the online procedure. Each broken part is repaired or replaced free of charge by the laboratories of the Oxylane network. If the bicycle is out of production is replaced by its equivalent from the current range.

- Support post-sale Domyos for the technical material of the fitness area, the brand passion Domyos offers directly to the customer after-sales service without requirement that the customer returns to the store with his product. The customer can contact the customer

service that autonomously sends a technician to fix the problem. Domyos warrants this product, under normal conditions of use, for 5 years on frame and 2 years for parts and labour from purchase date of purchase. The obligation to Domyos, by virtue of this warranty is limited to replacement or repair of the Product at the discretion of Domyos. This warranty does not apply in case of: damage caused during transport, use and/or storage outside or in a humid environment (except trampolines), improper installation, improper use or abnormal, faulty maintenance, repair by technicians not authorized by Domyos, use outside the private sphere.

- The laboratory is the service for maintenance, repairs and customizations of sports equipment. It consists of more than 2,500 technicians distributed in 750 stores located in different distribution countries Decathlon, which can carry out maintenance, repair and customization of various types of sports equipment. The technicians receive regular training on the services offered in the laboratory to ensure quality service. They are provided to the client a diagnosis and a free quote. In accordance with the legal conditions of the Decathlon guarantee card, the company will repair all the products of "Marche Passione" of Decathlon, in a maximum period of 15 days to change them. For other brands, this term goes to 30 days.

- Purchasing online: you can make the return in a product purchased online store and you can choose between the Charter and the reso cash refund. If the amount exceeds 999 €, it will require that the customer provides to store IBAN, BIC/Swift, for the refund to be made by bank transfer, as required by law. And it is possible to make online an online product purchased. The customer can choose only between the replacement of size, with the same model or refund. Decathlon offers the service of free returns online with TNT, even if the package has been received with SDA.

- @-reservation: the customer can check directly from the website the availability of a product in a specific store. It has the ability to make a reservation of the same product and pass it to

withdraw in the same shop as soon as the confirmation of availability. The product is put aside solely for that particular customer.

- Rent: the Decathlon Group is the rental service that allows you to rent your own sports equipment in locations that want (both Decathlon stores that external partners) through the online booking on the site www.decathlonrent.com. The online booking of decathlonrent allows customers to save 20% on the list price using the Decathlon card.

Many of the services offered are related to the possession of the Loyalty Card. In this way, the loyal customer can enjoy exclusive services and decathlon will be brought back into the store. Another big change that places Decathlon in the transition between marketing orientation and orientation to the new report is the company's desire to change the sales approach. The route is one for which the customer has to return to the store, just to fight especially the growing competitiveness on-line purchase. The customer has to perceive the difference between Decathlon and another competitor through the relationship that is established when entering a store. It is therefore not only to recommend listing the technical specifications of a given product but also to tell the customer their experience on the use of that product. For this reason, every sports department has to its internal staff passionate about that particular sport that tests products undergoing training and is free to do so during his workout. The degree of customer focus will be higher as will collect the difference between a mere list of technical specifications and the account of a user. His memory will be that will push him to choose to return to the store instead of buying online. The tale of a user, to have had direct experience with that particular product allows giving the customer both positive feedback is negative, it allows to establish a relationship that virtually would not find. Fundamental element in the sales process is to get the customer to understand their needs and establish a relationship of trust that lasts. Putting the customer at the centre of the sale helps to improve their

professional effectiveness. This leads to rapidly achieve concrete economic results by customizing interventions on customer needs.

Loyalty to customers is a particular case of the more general phenomenon pertaining to the repetitiveness of consumer behaviour, in which the systematic use of the same brand and the services offered by the same store comes a precise act of the will by the purchaser, due the existence of a hierarchically ordered preference structure. The creation of a loyalty to the store takes the form of fewer constraints in assortment composition, the possibility to increase their profit margins by orienting consumer choices towards their brands. The relative stability of the preferences expressed by loyal consumers is reflected positively on the degrees of freedom that the firm has the choice of how to use its market power. If it is based on the correct adjustment of supply to demand factors of heterogeneity, the value to be attributed to this differentiation allows the referral of price policies to ensure better financial results and to optimize the value for money that characterizes the brand or the sign over existing alternatives. The ability to accelerate the rate of reinvestment of profits in the first case and to reduce the risk of substitution in the second, resulting in the consolidation of long-term competitive position and the resulting increase in the value of the company. Moreover, the loyalty of customers either directly influence the rate of corporate development and therefore it determines not only the current company's market positions but also the future trend of the same. Loyalty to customers, like all invisible asset-based consumer cognitive system, is characterized by high portability due to the generalization of positive values associated by the consumer experience of buying used. This diffusivity is realized in the effect alone, prompting the customer to extend the loyalty developed against a certain good or service to other products marketed under the same brand or teaches. This results in a greater propensity toward the innovations introduced by the amplifying considerable extent the opportunities of extension of the range. Opportunities not only due to inherent competitive

nature, but also to positive effects resulting from better utilization of fixed production costs and advertising investments, and more generally from the rationalization of business capabilities. The generative potential of customer loyalty is reflected in the size of the economic capital, i.e. the value of the company as this is due not so much to the income flows that the company produces immediate but the accumulated potential to produce in the future, for a long time, these positive flows.

The link between the company's value and loyalty to customers is primarily due to the positive impact that it exercises on the soundness of the competitive advantages achieved by the company. Loyalty thus reduces the risks specific to the business, and thus the capitalization rate, that would make the present value of the economic capital.

Loyalty to customers affects the return on equity, as well as the rate of profit. This fact is expressed by the difference between the return on equity and the capitalization rate: the second variable decreases due to the decrease of business risk while the first is increased with the ability:

- To adopt a premium pricing policy.
- To limit the marketing investments using interpersonal communications favourable activated by consumers and their lower sensitivity to competitors'.
- To reduce the costs associated with customer management.
- To achieve a positive leverage effect in industry-distribution relationships.
- To rely on a higher trend rate of growth of the customer portfolio, which considered the lifetime value, results in a substantial increase in positive income.

Customer loyalty, encouraging the strengthening of the network of firm relations and the achievement of better economic and competitive results, not only stabilize revenue streams and future but also to increase the value of the economic capital growth opportunities.

The orientation towards customer satisfaction depends on the company's ability to adequately oversee the components of the confidence that consumers have in the brand or commercial logo. This is therefore an essential prerequisite for the government management of cognitive dimension of customer loyalty, which in the supply-demand relations are essentially:

- In a demonstration of the ability to create value, why should be obvious and tangible in any conduct the company's determination to think and act as if it were itself a customer, so that the question, in every interaction with the offer, will confirm the expectations of obtaining benefits in excess of the price paid and the fairness perceptions and skills that inform business decisions.
- Anticipating and managing customer expectations because the company must demonstrate a consistently proactive behaviour with respect to the changes taking place, highlighting the relational relationship with demand segments in order to exceed customer expectations and the food in this way trust on which this report is based.
- Demonstrating responsibility exclusively in their interest because the company recognizes that it is his duty to educate and assist customers seeking to prevent damage and loss in the purchase and consumption of goods and services selected.

Beyond the direct relationship between customer satisfaction and production of trust, orientation to customer satisfaction it promotes the development of customer loyalty by facilitating the application of new sources of competitive advantage of the company and therefore the maintenance of the competitiveness. Firstly, since it is based on understanding the process by which the individual consumer comes to value possible alternative offer, it entails full recognition of the unique characteristics of each customer attaches to their needs, encouraging the implementation of micro strategies segmentation of demand and the achievement of economies of variety and quality.

Secondly, orientation to customer satisfaction means to take the viewpoint of providing a complete solution to the problems that consumers encounter in the different phases of purchasing and usage. This represents a strong incentive to seek continuously identify areas for improvement and integration of the supply system, realizing the economies of speed and the most suitable critical interrelationships to increase the value offered to the market.

Thirdly, the orientation to customer satisfaction, facilitating constant and direct interaction with consumers on a functional level is both linguistic and cultural, strengthens the ability to perceive the weak signals of the environmental scenario change and activate learning processes based on experimentation, ensuring in this way the co-evolution of corporate capabilities and needs of the application. Certainly the actual adoption of a management philosophy focused on customer satisfaction involves the crossing of major problems related to the problems that hinder the widespread participation in the programs and events, and the types of collaboration that it entails. The orientation towards customer satisfaction makes it obvious pockets of inefficiency that slow down the generation of value processes, constitutes a clear threat to established relationships, presupposes the structural integration, fosters creativity and continuous improvement, requires the involvement of expertise at all organizational levels, stimulates learning experimental as well as rational adaptive, stimulating the search for innovative solutions to customer's problems. In summary, the overcoming of the obstacles described involves the implementation of an organizational and management change process, divided into the following main stages:

- Statements of the centrality of customer needs.
- Explicit recognition of the link between the quality of the company and the enhancement of the knowledge and creativity of human resources.
- Realization of a global involvement in personnel Management Company, on problems related to customer satisfaction.

- Apply orientation to customer satisfaction that included the development and optimization of the internal customer-supplier relationships that feed the business processes.
- Continuous search for incremental improvements to products and processes.
- Measurement of all appropriate activities to create value for the customer.
- Assiduous approach to innovation, supported by significant investments in external relations and in research and development.
- Activation of partnership strategies with competitors and complementary, with suppliers, intermediaries and in general all those involved in the chain of the firm's quality.
- Constant comparison with the performance of the best competitors and with optimal quality standards of the various business activities.
- Transition from conditions of the results of self-control to control conditions in the different phases of critical processes and integration of traditional evaluation systems with information characterized by high values perspective.

2.4 OVERVIEW OF SUPPLY CHAIN OF DECATHLON AND DEVELOPMENT OF FIRM

The growth of commercial retail companies is often determined by the will of entrepreneurs and managers to increase their levels of income, power and social image arising from the increase in company size. It is, however, also imposed by the need that the company make for a continuous adaptation to the environment in which it operates, worth its survival in the long run. On going changes in the pattern of consumption and consumer buying behaviour, in the commercial legislation and development of technologies as well as in strategies of competitors in fact require companies a continuous reaction and adaptation efforts. This adaptation can be achieved through the relocation or restructuring of a sales network, as well

as through the development of an innovative distribution formula. The company that manages to increase its size can improve its competitive position thanks wing entry to the market ahead of competitors. But it gets, at the same time, the realization of a number of economies that further improve its competitive position. The existence of significant economies of scale and standardization has encouraged the development of companies that possessed an innovative distribution formula and differentiated from those of competitors. Focusing their resources on this business with a specialization strategy they have pursued the goal of rapid development and the conquest of the market leadership.

The development abroad has allowed multinational companies to obtain other benefits of economic and strategic. Two notable ones to achieve higher profits, the creation of a high business value, and the acquisition of technological and commercial know-how of experience in markets destined to a remarkable development.

The attractiveness of a distribution formula essentially depends on its rate of development, the potential level of market share it has reached and the average profitability achieved by the companies that operate there. The rate of development can be estimated on the basis of an assessment of the development of the overall demand for the different categories of goods and services, so the consumer segmentation based on their consumer behaviour and buying. The company's growth can be achieved not only through the chain expansion in the territory of a particular distribution form, but also through the development of other than those in which it is already committed to the company. Diversification allows the company to better exploit the specific competencies achieved in the main business development and that are valuable for the management of other business areas. The entry into new strategic areas can also reduce the overall risks of the company through the simultaneous presence in a number of formats, whose trends are cyclical. The balance of financial flows, including activities that absorb high cash flow and others that they generate, may accompany the balance of risks. A

company can diversify in response to competition or anticipate their competitive moves that might damage some of its areas of activity. May also have the objective of developing new capabilities can provide a positive contribution to the areas of existing activities. Diversification may also present difficulties and obstacles to obtaining the potential benefits and the company faces the risk of incurring additional costs or competitive disadvantages. Diseconomies may be born after the creation of additional costs of coordination between the various units, while competitive disadvantages can result from compromises made between the different needs of different business areas that share some activities, such as logistics. In these cases you may experience a greater rigidity of the structures and less flexibility of adaptation to the needs of customers of one of the two businesses to take account of those of the other. Disadvantages can also arise from the differentiation when there are any contradictions or inconsistencies between different products. The presence in the same group of highly aggressive forms of distribution and other based on the qualitative differentiation could lead to negative reactions from customers. Nature as to diversify is sometimes imposed by the competitive situation, but it is often the result of a strategic choice and rarely its own independent innovation. The distribution forms to which diversifies may be similar to those in which the company already operates, as belonging to the same product sector or they may be completely different. While in the first case you can usefully carry out an analysis of synergies, in the second, as the business areas are different, prevails at group level the purely financial logic of the conglomerate companies. Once the choice of the area in which should be diversified, the company has at its disposal various methods used, can choose:

- Direct development is possible when they are available in company expertise and fully usable resources in the new business, which therefore must be especially similar to the previous.

- The acquisition is a realization mode of diversification rather frequently. It can be justified by the possibility to obtain the sales areas that would be very difficult to create in a short time given the current difficulties in many countries to have the necessary permits and the growing scarcity of usable surfaces.
- The strategic alliance: they are less frequent as a diversification mode except between companies from different countries.

The intensity of competition among the different commercial companies has increased at all levels in Europe in recent years and the strategic decisions have become more numerous and frequent. Following the evolution of consumer behaviour and to changes in the competitive landscape, commercial enterprises have expressed in recent years a special effort in the realization of the cost reduction strategies. Even companies that predominantly pursue differentiation strategies could not be separated by continuous activities aimed at reducing costs following the spread new forms of distribution. These strategies have been especially concentrated on finding the size and growth economies, is on reducing purchasing costs, as the logistics and administrative. The achievement of the maturity stage of many forms of distribution in many countries has also facilitated the spread of differentiation strategies. These consisted of a range expansion policies and the image of teaching support, as well as in other even less susceptible to imitation, such as the development of commercial brands and innovation in distribution forms. The search for economies of size has prompted companies to pursue market development strategies, realized with a growing number of acquisitions, mergers and strategic agreements. This resulted in a significant concentration of companies both nationally and internationally. The growth of companies is also evident in an increase in diversification of activities operations, and financial resources created in mature industries have been directed toward those with greater development. Diversifications have made preferably by means of internal development, but were also numerous acquisitions and

strategic agreements, especially abroad. The birth of diversified groups favoured, finally, the spread of portfolio strategic management methodologies. These can be used to optimize an overall point of view the investment strategy in the different forms of distribution as well as to take advantage of all opportunities to achieve synergies in the management of various common activities.

The supply of the products of the Marche Passion, to be sold in stores, is made by Decathlon Production Italy.

Founded in 2009 as a spin-off of the business unit of Italy Decathlon Oxyprod he is engaged in production and is currently present with two offices in Italy. In the headquarters of Desio, in the province of Monza and Brianza, it is managed the production of plastic optical industries, mechanical and textile industries through subcontractors and suppliers based in Italy and Europe. The footwear sector is instead managed in the headquarters of Vigo, in the province of Padua, where contractors and suppliers reside primarily in the Padua industrial district. As part of the Decathlon Oxyprod network adopts the "Human Production Responsibility" policy, which defines the management system and tools that need to be implemented at production sites and at contractors, in order to improve and promote fair working conditions and conform to the ethics of the group.

The assessment of working conditions is a prerequisite for the start of commercial relations with suppliers. Subsequently, in the process of selecting suppliers, environmental and ethical social aspects are evaluated along with the economic and quality of product or service to be provided. After starting the collaboration all suppliers of finished products and components are subjected to regular checks and inspections on the following:

- Quality Audit, carried out annually
- Social Audit, carried out every three years based on the type of product
- Process Audit, carried out every two years

- Audit of environmental aspects, produced every two years

The audit activity is carried out both through third-party audits and through periodic checks conducted by internal auditors. During the visits conducted at the respective suppliers, they are checked very carefully some critical thematic areas such as the presence of child labor, the practicability of the emergency exits, the fire control. In the event of detecting a non-compliance, the company shall make such an immediate halt of production. With reference to the Audit of the environmental impacts, currently in the experimental stage, the company foresees the extension of compulsory schooling to all suppliers who will be required to obtain a minimum score in order to be allowed in the list of qualified suppliers.

The 2014 were a year of confirmation regarding the production of products in Italy to the Passion Brands service. All sectors that contribute to turnover confirmed the positive trend of the recent past. The worldwide turnover of the year amounted to € 212000000. To underline once again the strategic importance of bicycle assembly which still represents the activity with the greatest weight in terms of turnover. Technology and automation of the typical Italian territory have led to a consolidation by processes linked to the injection of the plastic world. The sectors more traditionally associated with the manufacturing world, such as footwear and textiles have reacted in a globally competitive market through continuous innovation that has characterized the new products designed with cutting-edge components and accessories from a technical point of view and functional. It remains a strong desire to continue to have control of the production chain starting from the finished product going upstream to the component and sometimes the base material, according to the type of industrial process involved. Over time they were built and certified a reliable supplier base to ensure quality standards for Decathlon.

The certification of suppliers is through the Audit Quality and Social:

- Quality Audit is aimed at ensuring uniformity in the productive over time. It is tested and certified by specialized technicians

- The Audit Social inspired the Social Charter Decathlon is vice versa the set of controls that allow you to control the working conditions of people employed at the suppliers (operators, controllers, technicians, storekeepers). In the first place: the individual's safety, the use of protective devices, compliance with evacuation procedures, the compartmentalization of dangerous products, the type of activities carried out by pregnant women. Then the guarantee of the rights and dignity of each one: the regular payment of salaries and overtime, non-use of child labour or forced, the respect of the weekly day of rest and the maximum number of hours/week, consumption of leave during the year, to have changing rooms, mess hall, adequate services to the number of employees on the production site. This second type of audit is applied rigorously and uniformly in any place of production. Independent international company that formalized evaluation carries out verification. The continuity of implementation is monitored by direct internal staff that deals with managing the production and regularly visit suppliers. Even compliance with environmental regulations is delegated to the Audit Company.

It should be emphasized that during 2015 we have wanted to explore the theme of wastewater in plants typical dyeing and printing of textile process. It was investigated in detail that the treatment plants were in a position to properly dispose of the waste liquids and which objectives and concrete action plans were under way to reduce the general consumption of a valuable resource, which is considered the water.

Vendors represent Decathlon Italy of the key interlocutors for achieving success, so the company is committed to research in external collaborators professionalism and commitment to the sharing of business principles and compliance with legal regulations. In line with the principles of the code of ethics, relationships with suppliers are based on respect,

transparency, and integrity. The management of the supply chain includes a number of activities which do provide products and services, where quality, type of delivery, price and ability to meet delivery deadlines are only some of the aspects taken into account in the supplier qualification process. The Purchases & Commodities Office is the business function that in Italy is responsible for supply chain management, pursuing three specific objectives:

- Optimize the purchasing process through specific methodologies, tools and a dedicated team.
- Reduce costs through professional negotiations, increased competition among suppliers, centralized purchasing, increase productivity of different services, shops and stores through a review of the main processes.
- Increase the quality of products and services purchased.

The service is responsible, in particular, the purchase of all goods and services not intended for sale, the so-called indirect purchases, such as public services: marketing and facility, IT, business travel and other services. Decathlon Italy is committed to raise awareness and promote among its suppliers the principles of environmental and social sustainability. In 2014, about 8% of the purchases of indirect suppliers participated in information activities on sustainability. Main suppliers have been involved in the production processes and products, which have a particularly significant impact from the environmental point of view (such as couriers and office supplies manufacturers, manufacturers of printers and electronic equipment). In addition, for the work suppliers are required to explain the approach and actions implemented in the area of sustainability.

For monitoring the risk of non-compliance with applicable standards, in July 2013 Decathlon Italy has adopted a model of organization, management and control pursuant to Legislative Decree. N. 231/2001 on administrative liability. The code of ethics which is also an integral part of the model 231, sets out the principles and rules of conduct that guide decision-making

and the daily conduct of each employee. The code of ethics is binding and applies to directors, members of corporate bodies, managers, executives and employees, as well as to all employees and independent contractors who operate in standards and on behalf of the company. The code of ethics has spread internally through the intranet and, simultaneously, is present in the website Decathlon Italy. The contracts, with certain categories of partnership is also expressly reiterated the commitment to ethical principles adopted by the company. Some principles refer to ethical conduct and prescribe, among other things, to operate properly, avoiding conflicts of interest. Through the code of ethics Decathlon Italy constantly promotes the integrity and legality as fundamental principles behind each activity. To this end they are made specific training activities for all employees in senior positions or belong to areas particularly exposed to the risks or control functions or Audit. Upon the adoption of the model 231, Decathlon Italy has appointed a supervisory body, independent and self-appointed to supervise the adequacy and effectiveness of the model that performs additional monitoring activities. The Supervisory Board shall report regularly to the relevant governing bodies on the implementation of the model and the detection of any problems. To ensure maximum autonomy and avoid the risk of conflicts of interest, the members of the Supervisory do not belong to the Decathlon Italy or companies forming part of the Decathlon Network Board of Directors. The company strives to compete with integrity and following the laws of antitrust and competition. In this regard the reports that in 2015 there were no legal actions for unfair competition.

The contrast to corruption is a commitment that the company claims priority. To this end, through the above model 231, Decathlon Italian measures and monitors the main risks associated with its activities among which are related to corruption by providing:

- Rules and procedures for preventing offenses.
- Processes for the management and control of financial resources in risky activities.

- Employee training.
- Reporting systems and sanctions.

To date 252 is the number of Italian employees trained in anti-corruption procedures provided by the 231/2001 model.

REACH stands for Registration Evaluation Authorisation of Chemicals, is an integrated system for registration, evaluation and authorization of chemicals which places particular emphasis on public access of information on chemical substances and safe use of the same priorities, ensuring a greater level of protection for human health and the environment. The REACH Regulation of the European Parliament and of the Council, approved December 18, 2006 implemented by D.M. on 22 November 2007 and subsequently entrusted to the Ministry of Environment and Protection of Land it applies in all 28 EU countries, plus Norway, Iceland and Liechtenstein.

The REACH Regulation provides for the obligation to inform customers of the presence of so-called substances of very high concern, which can cause skin reactions, ie:

- CMR (carcinogenic effects, mutagenic and toxic for reproduction)
- PBTs (persistent, bio-accumulative and toxic)
- The PVB substances (very persistent and very bio-accumulative)

Guests can contact Decathlon to know the composition of the products, for information on chemical substances used in products and, for more specific information about skin reactions caused by the use of the products. In the event of skin reaction we administer a questionnaire asking the customer or your doctor to request a photo of the skin reaction and to receive the product used, to allow the REACH system to properly conduct the analysis. In cases of in-depth inquiry of the chemical composition of the products, using item number, we send the request directly to the REACH system. In both cases the customer service Decathlon following the request, establishes a first contact with the customer within 48 hours agrees to provide

feedback and to translate the concluding letters carrying the analysis results within 45 days, the time required to perform the tests.

DECATHLON ITALY: MARKET TREND OF LARGE- SCALE RETAIL'S STORE



*"And in today already walks tomorrow."*⁷

3.1 PLANNING BUDGET IN DECATHLON

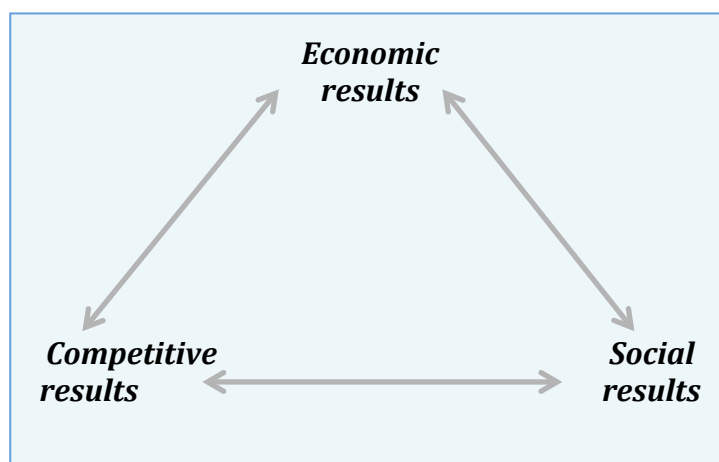
The direction is the continuous succession and interweaving of decisions and consequent actions in which they depend to a greater or less mediated business results. Having to decide, having to act and above all having must be able to act. Directing means making sure that someone is acting accordingly to the chosen directives. This requires an activity of commands, transmission of directives to executive levels. These are the basic functions of the business process, which is completed with the verification of what actually executed: the control phase. The management, organization and detection are moments that encapsulate activities both directives are enforceable. Play effectively the directives activities is just a prerequisite to the effective flow management. Much depends on the effectiveness and efficiency then configures itself from the executive activities. The distinction between tasks of decision, command and control is in fact totally independent of the activities to direct characters. There are two ways to set the direction of activities:

- Wait for the occurrence of events or the emergence of a problem before starting some form of decision-making.
- Foresee events and anticipate, with respect to their occurrence, some decisions.

Which is the best of all is hard to say if it proves to be dangerous not decide anything in advance, just as dangerous is to think of having to decide everything in advance. You may not

⁷ Samuel Taylor Coleridge (21 October 1772 – 25 July 1834), Poet and literary critic, 1798.

want all ex-ante, because the thought of not leaving any unresolved problem of choice, in addition to having to come to terms with the reality of contingencies, would be very expensive activity, probably often not balanced by adequate benefits. A logical approach to the conscious management, inspired by the will to be rulers of events instead of slaves is the first policy option. It is appropriate to distinguish between those who prefer to set their management activities with an orientation to the present and those who are attentive to the future and its economic implications. They are those who tend to take on behaviour proactive and not reactive, that address the events and tend to anticipate the decisions. In this case they are trying to schedule and plan the business activities and the organizational unit for which you are responsible. The proposals to use formal systems of planning and directional control must be made possible from a manufacturing point of view. These systems are characterized by the fact of being a set of procedures, methodologies and information tools, they have a purpose: to try to influence the behaviour of the people working at different levels in the company so that they take on behaviours that can facilitate and enable the achievement of results desired. Recent studies have shown that successful companies as Decathlon have been able to combine economic objectives with the achievement of social and competitive results and how these will be created between the positive circuits.



In this logic, there has to operate when the profitability targets are not suffering from myopia and are not exaggerated, but they are compatible, in the medium/long-term vision, with investment in people and building relationships towards the people concerned. In particular it is appropriate to serve the customer service, try to understand their problems and needs. These are valuable directions, such as those that suggest to address challenging of creating value for the shareholders. They are indications that force to review the traditional directional control parameters going from ROI to the NPV of cash flows. Matters is the emergence of a purpose recognized the company: to be such and therefore to institute economic order, must be lasting: that must take place in conditions and always search for the conditions to present themselves able to last a long time according to convenience, in a changing environment.

Planning will define the overall objectives of a business and company policies and make choices about the underlying structure of the company. In the activity of programming will define the objectives of operational management: the focus, therefore, is focused on choices related to short periods of time and relating the coordinated, effective and efficient use of resources. This distinction has the merit to implement the proposal to emphasize that the company is characterized by two moments, which are closely related but distinguishable: the operational and the strategic moment. While the first relates to the coordinated use of inputs, data certain products, certain markets, certain technologies and certain enterprise relationships with multiple interlocutors of the external environment, the second is the time when you compose the choices relating to all these aspects that assumes as the first data. It follows a different duration and significance of the effects due to the choices made during the planning process than those made during programming. The former can be defined strategic choices and the ordered set of them defines the business strategy. The latter are often irreversible in the short term as they have binding structural effects.

These two decision-making activities are an expression of the will of foreshadowing of the objectives, guidelines for management activities. They are the result of a series of early decisions, analysed in their mutual relations and coordinate with each other. With them it decides in advance what actions to take to try to achieve their goals for the future. These two activities are very different from that of forecasting is an activity called to envisage the probable evolution of some external environment phenomena and enterprise but in the absence of decisions by the management aimed at dominating the evolution of the phenomena themselves. Forecast is a prerequisite to planning and programming. Forecasts are always necessary for the conduct of a shrewd and timely administration; appear indispensable particularly for simple or complex events not destined to repeat itself in circumstances or known ways. The economic action errors and perplexities of the companies, the obstacles to follow them according to convenience, the outlook assigned to the plans of operations and programs thicken and change the data on which management usually takes place.

The direction is not identified nor ends with the planning and programming. It is completed by the control function is through a comparison between desired results and actually achieved results that accrue learning opportunities arise and drivers of change. It is in fact in the control phase that activates the accumulation of experience processes; increase if you identify the causes of certain results more or less in line with the set objectives.

If the decision is to use a support system for planning and control is necessary to know the specific requirements that characterize the reality in which there is located to operate. The programming and control requirements are related to the critical management areas. In a company of large retailers such areas depend on the finding of some variables:

- *The external environment*

- The strategy in his reflections on the management point of view, on the *organizational* and on the *economic* and *financial*. (Drucker Peter, 1964)

The *external environment* variable includes the political, social and economic in which the company operates and can be a source of specific programming needs and control. This is through regulatory straitjacket is due to requests or unofficial pressures but to which it is appropriate to follow up. Also an important place in supermarkets can be given by macro-economic trends, such as the development of prices. Acceleration in price developments generates drainage of liquidity and an increase in bank interest rates. This means critical business area and in particular the management of working capital, with precise impact on business processes.

The second variable, *corporate strategy* is observed in its concrete manifestations. These include: the management perspective, an organizational and economic-financial. Of management, which is characterized by its abundance and diversity of combinations of product, market and technology implemented by the company, it is central to define key management areas. From the characteristics of the individual combinations are dependent characteristic factors of success, i.e. those factors which if respected allow a company to achieve satisfactory results in a certain combination. Their correct identification is related to the attention and care of the needs of customer's satisfaction. The satisfaction of those needs makes some critical factors to respect them, without compromising the company's independent survival skills you need to effectively manage some areas.

About organization and management areas, Decathlon focuses primarily on the role of the people: the level of customer satisfaction also depends on the possession of specific technical and professional skills as well as personal skills. In this case the training area is surely relevant. The goal is given by the rate of customer repurchase and his approval rating

detected through market surveys on more or less extensive than current and potential customers samples.

In retail companies, and in particular in Decathlon, the budget has become an instrument of planning and control system. Initially the budget was primarily designed and used as a profit plan. It was therefore an instrument designed to stimulate an early management of income and cash flows. Today, in fact you do not write more than budget without devoting some reflections on its impact on the behaviour of the people called to work along the lines of the budget process itself. The budget has thus become a powerful management tool to the balanced pursuit of a number of purposes:

- It is a financial planning tool.
- It is a tool to support the operational management decisions observed in the aspects of economic convenience.
- It is one of empowerment and motivation tool.

The motivational theories, in fact, suggest to set ambitious budget goals, reached by commitment. Only then can the budget is stimulating. (Dearden John, 1976) Conversely, for the purpose of financial programming, it is appropriate that the guiding criterion is prudence. Finally, if the aim is to prepare a support of a budget decision-making inspired by principles of economic rationality that remains is to work out a realistic budget. This could lead to budget highlighting results also very different from each other. To make them compatible enough explain clearly which of the three goals was privileged in developing the budget. Therefore, if you want to use the same budget for one of the other purposes it will be sufficient to affix the necessary changes.

The budget notes, aggregates, organizes and communicates financial information only to quote. It therefore requires that there are of the tools able to detect what actually occurred, to

produce information to be compared. If not they would lose enormous opportunities for understanding of the past, of the reasons that led to successes and failures.

Decathlon, like many retail companies, using the budget as a tool to prepare for the future. For Decathlon, therefore, the budget is a key tool for the future direction of its management. It is specifically for that task in which decision-making is focused on operational choices or the operational management decisions, rather than on the establishment of a technological capabilities, organizational and distribution as programming. For this, the manager of each store, Decathlon is personally required to prepare their budgets taking into account local market needs. It is configured so a store of large retailers that can adapt to the customer who lives in 10-20 kilometres away from the store. The director that refers to the managerial and financial structure of Lissone manages the responsibility. In Lissone, in fact, is home to the administrative centre and management Decathlon Italy. The 106 directors of Italian shops, draw up its own annual budget, making then head to 15 legal-administrative figures that control and support so that what is put in the budget is ambitious, legal and accessible.

Directional control is therefore the process by which managers ensure that resources are obtained and used effectively and efficiently to achieve the objectives of the local organization. The management is responsible for influencing the directors in order to implement the organization's strategies. The budget functions range from a informative forecast planning a financial and motivational. If the annual target is to pursue motivational and educational purposes, the budget must have different content than those, which characterize it when it is used as a financial planning tool. The delegation for creating their own local budgets means that the management is not only organized in a coordinated manner but is also conditioned to a set of management activities in advance so. That is what prevents a succession of results not in line with the desired ones. A good state of vigilance and attention to the result multiplies the resources and personal energy, enriches the whole personality,

and stimulates creativity and dominance in all areas. Any level you wish to have in the company, the fact remains that when you look at the past can be a source of illusions; look at the present is partial. The company management does not just have to look to the future, through the budget and creating opportunities to make it happen.

In addition to the economic forecasts should be provided for the possible technological developments, the evolution of some social phenomena and the likely constitute the national and international political context. All these predictions can be used to process one or more scenarios and then as script on the likely future external environment. The action program and the consequent budget using forecast results. Are, therefore, drawn up taking into account the likely evolution of the external environment, and if desired, also the likely situation in which the company would find, if they do not significant changes compared to the programs and actions undertaken in the last period covered by the budget. It is therefore to develop a projection of the current economic and financial situation in a near future, assuming that the activities are carried out by an internal management perspective, in a perfectly way to what occurred in the past. In this way, the budget is not used as address and coordination instrument, but as a predictive model. The forecast, therefore, of any kind whatsoever, is instrumental to the budget and does not coincide with the latter. The set of predictions is fed so both direct and brokered the budget process. In particular, the indirect link that is required to draw up to the directors is due to the fact that the same predictions are the basis of the reflection process on the strategic dimension of management. Being an action program imposes on those who prepare the budget to take an active attitude towards the likely evolution of the external environment.

The action program is an integral part of the budget document and can be prepared in many forms but must contain for business will, concise indication of:

- Goal you want to achieve

- Actions that you believe need to take to achieve this objective
- Distribution in time of these actions
- People who must act

In this way, they are able to interpret the most of the figures contained in the budget and because certain quantitative targets have not been reached or have been largely overcome. In summary, to quote figures in order to be defined as the result of budget data, they must be based on explicit action programs. (Hofstede Geert, 1968) Budget and action programs are integrated with each other so that the income and financial results highlighted by compel budget to revise the action programs. On the other hand, you can never deny that the budget is always the result of a compromise, a compromise between the results of the past and hopes for the future and respect of operational profitability. The important thing is to make explicit the resized hopes, the reasons for the downsizing and content of the final choices.

3.2 MANAGING BUDGET DURING ENVIROMENTAL TURBOLENCE AND DIFFICULTIES

Even for large distribution companies there are phenomena with a different degree of predictability. The need for flexibility is gathered reflecting on the idea of environmental turbulence. The turbulence is greater the more the phenomena that characterize it are:

- Difficult to predict
- Rapid in their manifestation
- Rare intensity

In this context there are some things that allow you to continue to use the budget effectively. It can in fact be induced to overcome difficulties opting for a non-planned management. (Durcker Peter, 1980)

A first solution to return full effect to the budget is to prepare themselves mentally and operationally to the possibility of having to resort to the revision of the budget.

This means having procedures that provide for the use of the revised budget. The philosophy on which rests this solution is that of the open-feedback system according to which in the cycle of programming and control will remit systematically frustrating the objective.

Of course, the review of the budget can mean triggering a costly organizational process.

But the idea is that the budget is a tool that helps to grow, to learn to think about the future and therefore, although it has a cost, this is also a cost for the future.

The changes that trigger the revised budget process must also be significant changes, which reduce the original aims. Review the budget in this case also it means forcing people to take notice of the change and to quantify, where possible, the consequences.

The revised budget is never easy to achieve operationally; like any process of change creates resistance. Some companies prefer to use a contingency budget or emergency budget; the development of this budget, unlike the revised budget, does not call into question the whole business budget does not provide for a reformulation of the same from the sales budget to the budget double, but provides for a budget to manage the problem.

It is a specific budget, referring only to the actions to be undertaken to respond to the event unexpected.

This solution is more than acceptable, since proximity of the expiry of the proper object of the original budget should concentrate the effort of reflection on the next period. A second trick is to draw up the so-called flexible budget. At the base of the flexible budget is the idea to develop a different budget for each different hypotheses of the volume of activity. The extension of this idea from the budget of indirect costs to all components of income and its budget, characterizing the master budget, is not complex. (Durcker Peter, 1980) Firms might only want to say to cope with a high number of quantitative elaborations, but personal computers and computers allow to overcome with times and low costs this problem. Instead, there is another problem and this time of conceptual order. The amount of revenue, direct

cost variables and the resulting margins are conditioned in multi-product company, from sales mix. Therefore, the flexible budget according to the original setting should be developed with levels hypotheses of different activities, but while maintaining the sales mix. Which means to assume that increases and decreases in production and sales volumes, as compared to a base.

They should keep unchanged the percentage of the different products on total sales revenues. There is no reason to proceed to the development of the budget, with reference different assumptions of activity levels, while also providing different sales mix. In this case, the flexible budget would move away more and more from the original proposals applications from theory to get closer to those who, in this paper, alternative or multiple budget scenarios were defined. However it is still a distinction between these two types of budgets, since the latter unlike the flexible budgets are formulated with supply to hypotheses of different scenery and no longer simply to different hypotheses of volumes and sales mix. Moreover the practice of using the flexible budget is not underestimated in its organizational impacts as:

- Creates a sensitivity to the effects of change through an analysis of the various economic results due to different assumptions of volumes and sales mix; (Durcker Peter, 1980)
- Creates a willingness to accept change; if you are confronted with a fixed budget, drawn up on a single hypothesis, it is as if you had spelled out the certainty that we can or should have a single budget, almost as if the budgeted numbers should then be inescapably real ones: in this context to accept the change may be more difficult. (Durcker Peter, 1980)

Flexible companies in the budget must therefore not lose its role as a management tool, although the characteristics of the driving forces for companies to give themselves this structure are such as to render more difficult the processing. The budget can and must help to

create a "culture of change", the introduction to the flexibility. It must force more than ever to think about the future, since this means grasping the sense of uncertainty.

In an environment characterized by increasingly competitive pressures accentual, where companies are seeking competitive advantages, strategic control can be a useful tool.

It is a control that tries to capture the strategic dimension, even in moments of reflection focused on operational management.

Strategic control therefore does not require a new instrument, but first of all a new depth of field and a wider spectrum of observation for traditional instruments.

So, to answer the need for a constant orientation to the future, you can suggest using the logic of rolling budgets that, as we have previously highlighted, it has the advantage of maintaining the open horizon. The elaboration of the budget and without solution of continuity.

At the end of the chosen period it processes the budget for the corresponding period of the year following that originally covered by the budget. Complexity is not a phenomenon induced by single environmental turbulence or by the high articulation of combinations products, markets and technologies in which a company operates. The complexity comes as difficulty in understanding, uncertainty in defining, no clarity in the becoming of phenomena.

First, this tool should not be conceived as an instrument to establish a set of simple principles, which are relevant to the order reigning in determinism. It would be illusory and frustrating to do it, because you should always only encounter never succeed in achieving fully what he set out with the budget.

Therefore, there is a recipe simply because of the complexity, you cannot think of programs that automatically make it possible to deal with it effectively. The complexity requires instead the strategy, because it is the only strategy that can enable to move forward in what is uncertain and speculative.

Consider qualified aspect of the budget the method that the set of rules arising from a rigid use of the instrument; for example, using it as a limit spending or commitment to undertake only certain actions; work with your budget only has to force people to think systematically about the future, reasoning in overall business term and not to areas or to compartmentalize:

- Seeing in the budget a tool to develop the ability to make decisions in a context where everything is not perfectly predictable, be structured and quantifiable; which it means overcoming purely rational and mechanistic vision of business management.
- Developing a budget that endorses the strategy as an art to collect the maximum of certainty to deal with what is uncertain.
- Thinking of the budget as a simulation model, highlighting the results that we encounter. If it continues to proceed in a certain way, forces or take different actions to achieve the same actions in a different way. (Ansoff Igor, 1976)

In summary, as often happens, the problems are not the instrument, but it depends on how it is used. Thus in the presence of complexity, changing mode of use of the budget it renews its effectiveness. The legacy of the seventies, the eighties was accompanied by a cultural evolution of the customer that has led him to request products and services:

- Of increasingly high quality
- Characterized by an ever wider variety
- In ever shorter time
- At ever lower costs.

To seize all or some of these trends you think the importance and diffusion that today has taken the quality to the touch in some sectors; are examples of the spread cashmere and fleece and the return of silk in clothing, the return to the furnishing wood, the search for new materials in the luggage.

Think also of the evolution that is experiencing some sectors: the publishing industry, with the change in sizes and colours of book covers, in truth editorial suggestions, the choice of distribution channels; the car industry where Toyota announced that by two thousand will be able to deliver customized car in fifteen days. At operational level, the result of these phenomena, and the explosion of the support structures to the manufacturing and sales process. They have soared first the cost of analysis and development of the application followed, in quick succession, the distribution costs, the costs incurred to be able to offer pre and services.

After sales and research facilities and development costs of new products or processes, moreover, as the entire business of the plurality of these structures must it is organized, coordinated and controlled it until also multiplied the structures that carry precisely this coordination work. A second problem was in the fact that we could not limit to have the centre of the management accounting, as an object of cost calculation, the product or the service centre responsible functional and divisional. It was necessary to analyse the costs of structures other than manufacturing and the causes of failures. A third problem was in new dynamic costs as well as emerging from their non-superficial analysis: costs, especially overhead costs, the costs overheard, do not vary in relation to production volumes of sale, but in relation to the degree of management complexity; born transaction costs. According to Miller and Vollmann there are four types of transactions that determine the overhead costs:

- *Logistic transactions*, resulting from movements of raw materials and finished products.
- *Balancing transactions*, due to the need to balance the demand for materials and production capacity available to the needs arising from customer requests.
- *Quality transactions*, carried out in order to ensure that the response is in accordance with specific customer requirements.

- *Changing transactions*, due to the changes that need to be introduced in the manufacturing process level, to adapt to changes in demand.

And it is always in front of these dynamics of costs, related to the degree of management complexity, which has felt the need to propose a new category according to which classify costs: the category of costs chunky. These are costs the behaviour here is not linearly related to products and production and sales volumes, but characterized by relations with the structures supporting the production/sale and with the degree of management complexity. (Miller Jeffrey and Vollmann Thomas, 1985) These relationships are expressible discontinuous functions, so that their total amount several, interrupting the continuity of the report, to vary the degree of complexity. This phenomenon occurs, for the classification of expenses in relation to production and sales volumes, both in the fixed cost category in the variable costs.

It emerged in the preceding pages is a major challenge: in the periods in which to program, or decide in advance what actions to take to achieve the goals, it is more difficult, that activity becomes paradoxically more important and critical to the success of a business. Ask yourself questions to act:

- What it means to increase revenue next year focusing on the volumes on the edge?
- What are the consequences of long delays in the payment terms granted to customers?
- What impacts have the increases in raw materials and finished products? (Cavazzoni Gianfranco, 1988)

It means anticipating much costly financial strains, as they are harmful, even under the image profile. Wait until the final results are achieved appears all the more inappropriate, instead must try as much as possible to anticipate them. This means carry out a direction with a constant orientation to the future.

It is an attitude not easy to recruit and retain, but the budget with its procedures and its formal rituals can be a particularly useful tool in this regard. It forces managers to think and decide what actions to take before their management. With this analysis, scheduled for the budget, they could realize that achieving revenue objective had consequences:

- Unacceptable because externally penalizing in economic terms.
- Financial in such case, abandoning or putting in order the second goal of turnover, manager could find new markets for existing products.
- To be acceptable limit, in which case, however, manager would have to seek to constantly monitor the performance of loans to customers and unit and total contribution margins; everything to delay, if necessary, its action in the course of operations, and in any case to manoeuvre with caution and wisdom these two delicate levers. (Harrigan Kathryn, 1985)

If the economic dimension, the financial management regains a renewed centrality of concerns, including the tools that allow effective governance are involved in this rediscovery. Among these we are all of the management accounting tools, but in particular the budget. And this, in fact, the tool that forces you to think and decide in advance by highlighting the consequences in terms of income and financial results.

But the budget can perform a plurality of functions, for more contrast in potential between them. Needless to deny that in periods of inflation one of these functions is a priority. It is the function of guidance and coordination of the management observed in its income aspects and its financial implications. They are rediscovered as the original role of the budget. Glenn Wlesch called it in 1957, profit plan and suggested to consider comprehensive only where the analysis anticipated by income dynamics did later analysis early by income dynamics did later analysis early cash flows buoyancy final double. (Wlesch Glenn, 1957) The best-known and used economic budget, according to this approach is therefore necessary to involve at least

the calculation of net cash flow estimate. If want to deepen, analytically, the financial dynamics must also resort to cash budget or cash budget. The elaboration of the budget cash flow does not face any major conceptual obstacles. Recalling that with this tool manager can implement an initial, rapid, although not exhaustive, verification of financial feasibility of the overall budget of the program, it is also appropriate to point out that:

- Is a representation "to climb" of a dynamic first earnings then observed its consequences on the financial dynamics; this is the phase in which we analyse the transition from the potential cash flow or also called net working capital flow to net cash provided by operations.
- Is a scheme, which seeks to isolate the effects of operations to those of financial management, fiscal and balance? Therefore, we can think of to draw first the cash flow from current operations considering interest and taxes.
- It does not exist, as in the case of the income statement, one universal schema can set to climb; it is merely to decide in what order to put the individual flow amount and the changes in level quantities in order to highlight the different cash flow patterns considered more useful in helping to direct.
- The financial dynamics has two closely interrelated but conceptually separable moments.
- The time connected with the operational management and the results obtained with it.
- The consequences of decisions and subsequent action on the level of access to financial resources, the risk capital remuneration, any interventions on capital and tax planning.

(Shillinglaw Gordon, 1977)

From a methodological point of view there are some specifications for a proper understanding of the information provided by the instrument and its subsequent misuse. Some errors can be caused by the simplistic formulations that pose cash flow as the result of

the sum of net income with depreciation. The result of this summation is in fact absolutely not a real cash flow, but simply a potential flow. This would be a real flow only on all revenues and all costs pertaining to were respectively collected and paid for ready cash, but business is very difficult the occurrence of a similar situation. Therefore the operating income or net income to which are added depreciation represents a flow, which, as it incorporates credits may more properly be called a net working capital flow generated from operations. However to be able to speak properly in net working capital flow must be added to the operating income, plus depreciation, all other costs without outlay, as the allocations to the severance pay. The latter in particular constitutes a negative component of income, but does not represent an operating cost which is reflected immediately on the working or on the case, since, inter alia, the associated outlay will never current management. Without these adjustments to switch from net working capital flow to net cash flow you will have to wonder how, due to management, are varied accounts receivable (less than cash income), inventories and trade payables. As a result, from net working capital flow deduct the change in accounts receivable and inventory and will add the change in trade payables. It should be stressed that this step is important because the net working capital positive flow is a necessary condition, but not sufficient to safeguard the enterprise liquidity. So we can very well arise in which, even in the presence of a flow of positive net working capital, with consequences that this entails in terms of financial requirements. The treasury budget does not want to recall here the technical aspects, but only one of its qualifying characteristics. This tool is in fact the clearest example of why it is important to work in a rolling budget and what it means to have always a constant orientation for the future. The cash deficit, which was not done promptly in front, is practical little use. Otherwise it appears the systematic search for information to avoid being unprepared for possible deficits, anticipating as much as possible any such

difficulties. It increases the company's credibility with its financial, but above all the bargaining power.

The elaboration of the budget in a context characterized by high rates of change in prices and environmental turbulence, for what has been written here, makes it advisable to adopt some measures. Chief among these is the choice whether or not to try to return certain meaning to information accounting so-called "historical cost". The opinions of scholars in the field are extremely different; because we try to be objective any revaluation process contains elements of subjectivity. It can also consider suggesting, given the aims of the management accounting and budget:

- If manager decides to return at current values, and then to inflate, the income statement and balance sheet information, proceeding to do so only partial revaluations; in particular to re-evaluate those elements of the assets and income which are most affected by their possible historical evaluation (for example: property, plant acquired in the past depreciation of such assets, and inventories if valued at LIFO).
- If manager decides, however, to deflate the income statement and balance sheet information, he could conceive the idea of a constant value budget. (Dearden Jhon, 1976)

In both cases, however, with the adoption of inflation accounting results highlighted with the budget and the subsequent management relations move away to an extent sometimes consistent with the results highlighted by an accounting set to historical values. Although this approach is the only one under which the financial statements, prepared in statutory and tax, you process still in Italy. Nevertheless the two alternatives listed are those that allow, as partial and imperfect, assessments and appraisals of the closest to the real business results. It should reaffirm the different purposes of management accounting than the general accounts.

Managers make it acceptable, indeed almost indispensable for the first, off revaluation account. The goal of those who produce information with the management accounting is to provide information to help you decide correctly, without the risk of inducing in error by misinformation. The second trick is to precede the budget by a short document, in which the premises are made explicit in the budget in terms of predictions of what has been considered the most likely evolution of certain macro-external environment variables. It is to have a document where the values are specified on the basis of which we are made to the budget so that we can figure out if:

- The budget is valid because the premise-predictions proved close to the values that they had at the end of the same period of macro-variables
- In the case of variation in the actual performance of such macro-variables, the changes are of a size such as to determine the need to resort to a revised budget

The macro-variables to which we refer are the gross domestic product, the amount of consumption, public and private investment, and the rate of assessment of the cost of living or in consumer prices.

The third suggestion is to develop a budget that tends sliding as much as possible to become a strategic budget. Such would be the budget that is:

- Focusing on critical areas to which particular attention is paid in the process of drafting the budget itself.
- Sliding and then with an open time horizon, such as to keep the attention over the time dispelling chosen in part to the periods of an excessive short-term orientation.
- With a time horizon usually differs from and in any case by this untied the horizon going to connect to the duration of the operating cycle of the management and the characteristics of the market served.

- In the high structural complexity businesses, facilitate the understanding and strategic diversity management.

A fourth suggestion is to not overlook the flexible budget. This can be especially useful for calling that the term itself is made to the concept of flexibility: to be understood as the ability of an enterprise to adapt to changing market trends. They must take control of the future-oriented philosophy of the steering control, an imperative. This means creating a new mental attitude. To spread a similar focus the budget and the final should always be processed in the predictive model logic. It is appropriate that allow systematic projections into the future. They must provide information to stimulate the answer to the question: today you are here and here, if you continue like this, where you will be tomorrow? In a world characterized by rapid and unpredictable dynamics, the verify ex-post that the final results achieved were very different from the desired ones can be useless action. Delayed corrective action that has already been particularly costly it can be in terms of lost opportunities.

The last device that is suggested to be taken to keep unchanged the effectiveness of the budget even in times of inflation concerns the definition of the sustainable growth rate. This is especially critical, in fact, if on one side the growth is a goal characterized by a long-term orientation and is, therefore, of for constructive if, on the other hand, if not weighted in its financial effects, it can be destabilizing. The growth, in fact, in itself absorbs financial resources as well as for possible new investments in fixed assets, including increases in gross working capital. On the other hand, the financial requirement also increases when an actual growth but not only monetary, such as that determined by inflation. Therefore a non-driven growth, regardless of its nature, can upset the financial dynamics, creating a liquidity drain to generate a liquidity crisis and then come to compromise the financial strength of a company. The consequences of such a development, however negative, in a period of inflation would also aggravate by a high cost of money. Financial expenses could rise up to become excessive

if returned to the operating income. The increase of the degree of indebtedness, due to an increase not supported by adequate free cash flow, can mean approach or exceed the point of no return. This point is reached when the total amount of liabilities is equal to or greater than the size of turnover. In this case, in fact, borrowing costs explode due to the multiplier effect that this imbalance causes. The risk that it reaches the point of no return is greater the more the firm exceeds that which can be defined its sustainable growth assay. Recalling that the visible growth rate of a company can be measured by the percentage change in invested capital, it can specify that the sustainable rate is the rate of change that the company can afford, given a certain capacity to generate income, certain the increase in venture capital policies is, a goal rarely maximum debt not to exceed. It is sufficient to recall that the degree of indebtedness, being the ratio of the means of third parties and its own power increases in a company only if the percentage change of the invested capital is greater than the percentage change of their own means; by contrast, the debt ratio will decrease if the percentage change of the investment is less than the percentage change of their own means; most recently, the debt ratio remains unchanged if the percentage change of the invested capital is equal to the percentage change their means.

In particular is therefore the return on equity (ROE) that affects the sustainable growth rate, since, if the percentage change of the invested capital is greater profitability, occurs:

- A liquidity drain
- It generates an increase in the percentage of liabilities in excess of the increase in percentage of equity
- Hence a worsening of the level of indebtedness.

Therefore manager can define the sustainable growth rate as the percentage change in that capital invested may bear as a result of management, given the chosen target of indebtedness.

It follows that if the aim was to maintain unchanged the degree of debt no capital increase would be invested linked to a change of liabilities. Otherwise if it were possible to increase the level of debt that would result in a possible increase in capital by increase of liabilities. Conversely if the objective was to reduce the degree of debt the variation of the means of third goes to decrease the variation linked to that of only its own means.

This report and the preceding reflections suggest the sustainable growth rate as a goal-constraint. Therefore, in the budget execution level you can follow two logical paths:

- The first moves of determining the profitability likely to be achieved in terms of budget and come to identify the sustainable growth rate given by the profitability and set the goal of debt
- The latter initially sets the desired growth rate and the goal of debt and consequently determines the profitability targets to be achieved in the period of budget. The sustainable growth rate that flows from it is indeed to be able to sustain the desired growth, even allowing you to achieve the desired goal of financial stability if the processing of the budget these profitability targets resulted not be reached, it follows that the growth targets original are not sustainable and therefore or reviewing the objectives of the level of debt or proceed to a capital increase for cash, or resize the growth entities.

The latter route is more oriented to the growth of the first, but in reality the two paths can also intertwine. The choice, however, is conditioned by the manoeuvrability that the economic levers that affect variable-objective and in particular the degree of financial risk appetite of senior management. Where this is particularly high there are no internal limits to growth. It will probably be the external financial market to deliver us. It is also the case of emphasizing that the management of growth, especially, where not only wants to be a growth in size but a real development requires attention to the availability of resources other than financial

resources. The development, in contrast to the growth, often turns into critical resources people and technological expertise. The feedbacks regarding the need for such resources are estimates, which should play when the budget is drawn up. Managers should be aware of sustainable growth in its reflections on all management dimensions. Only in this way makes the difference between a budgets just thought for the growth of a budget that matches the size growth development. In some cases, in fact, the corporate experience teaches that it is better to sacrifice in part the dimensional growth to allocate development resources. This choice is typical of a long-term strategic orientation. The fact remains that, the period of inflations and the high cost of money, the financial resource and a critical resource. Profitability, so interpreted, it ennobles: is an end come through. It therefore does not lie in itself, but must be sought as a condition to sustain a constructive long-term development, which is based on the real potential for self-dimensional growth of the company.

3.3 ANALYSES AND ASSESSMENT HAVE 2014 BALANCE SHEET

In Italy, Decathlon has 106 stores, three logistic warehouses and two production offices. Employees are about 6,000.

The merchandising of stores is driven by two objectives:

1. Be "Quick store", to enable customers to quickly find the suitable items to their passions sports.
2. Ensure the "best free choice" to allow customers to understand the offer independently and to choose the best product in connection with the use desired.

The commercial policy includes the best offer, stock availability and ability to facilitate the purchase.

The production value of the retail perimeter amounted in 2014 € 917 million, up 5.7% compared to € 867 million in 2013.

The progression of the stores in comparable areas (stores open for at least two years), amounted to -1.6%.

Regression is mainly due to the decrease in the purchasing power of customers linked to the continuing economic crisis.

EBIT (earnings before interest and taxes), consolidated operating income before taxes amounted to € 58.7 million, an increase of 9% compared to 2013.

EBIT is obtained by rearranging the income statement:

Sales - cost of goods sold = Gross operating margin - operating costs

Depreciation and amortization are among the operational costs.

Alternatively it can be achieved based on the net operating income (defined as gross operating result of the management of taxes and non-operating costs) and subtracting the extra operating costs. EBIT is used as a measure of operating results in the calculation of cash flows from operating activities. Subtracting that measure investments in fixed capital (CAPEX) you get the value of the free cash flow (FCF).

The profit for the year amounted to 36.7% million € brings equity to 60.4% million €.

At the international level, Decathlon has recorded a turnover without VAT of 7 billion €, up 7.7% compared to 2013.

Decathlon, as a company operating in the retail, achieved during the year 2014 a growth of + 7.9% turnover. The growth is partly due to the opening of 5 new stores. The growth in turnover was generated by the strategy based on price reductions, in favour of a strong increase in volumes sold. Consequently, the margins achieved in the year 2013 were lower than in 2013 in percentage terms. This explains the increase in useful not proportional to the increase in turnover. At the end of 2014, the company conducts its business in 94 sale points and 3 logistics warehouses.

ANALYSIS OF THE BUDGET OF 2014⁸

Profitability indicators

With regard to the operational area, the total production value was EUR 1,038,567,454.

Description	31/12/2014	31/12/2013	Variation (%)
Sales revenue	EUR 1,036,567,454	EUR 962,500,975	+7,90%

The main operational management costs:

Description	Value
Raw material costs	EUR 688,757,608
Fee for services	EUR 83,683,478
Personell costs	EUR 166,892,271
Enjoyment of third party assets	EUR 63,820,087
Total	EUR 1,003,153,444

To sustain improvement in terms of profitability, I compared the indices:

- ROE

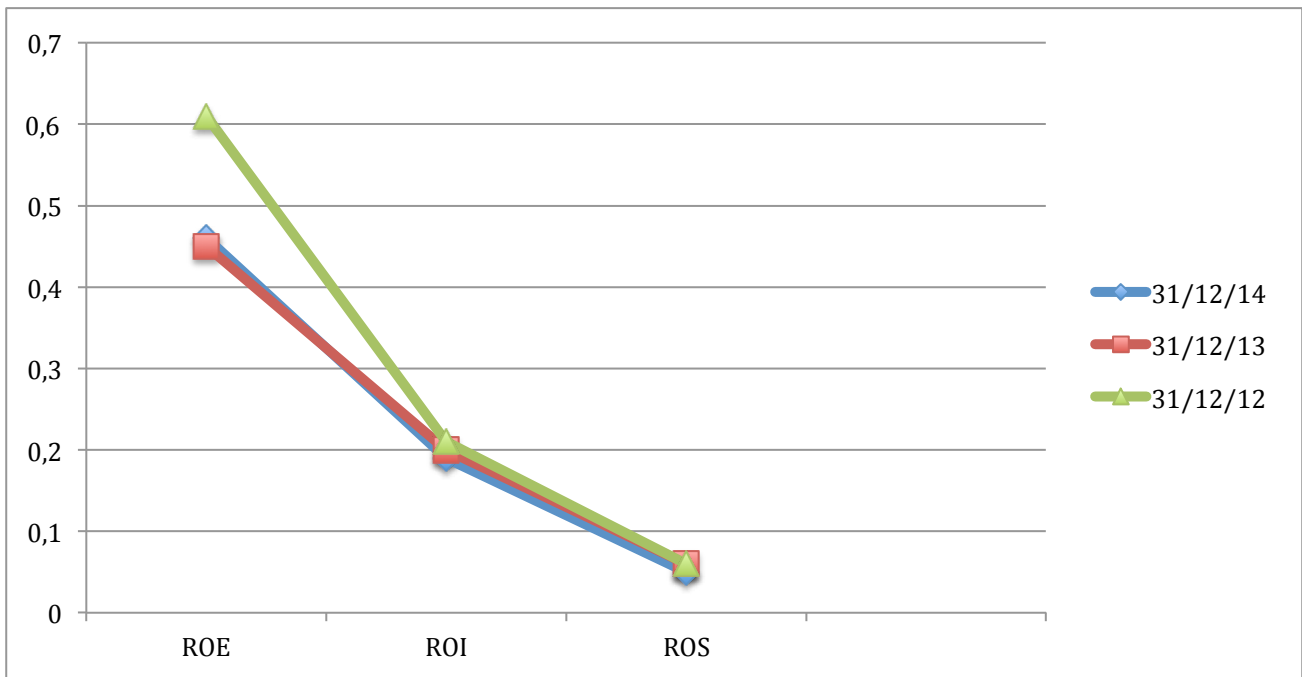
- ROI

- ROS

of the last three years.

Profitability ratio	31/12/2014	31/12/2013	31/12/2012
ROE	0,46	0,45	0,61
ROI	0,19	0,20	0,21
ROS	0,05	0,06	0,06

⁸ <http://www.registroimprese.it/?gclid=CL6F8feWj80CFbYK0wod1LQFbw> [Accessed 23 March 2015 ; Re-accessed 17 November 2015]



ROE measures the return on equity is the ratio of the income of a period and the value of the net assets of that period.

$$ROE = \text{NET INCOME} / \text{SHAREHOLDER'S EQUITY}$$

In 2014 it was equal to 0.46, in very slight increase over the figure of 0.45 in 2013.

ROI indicates the profitability and economic efficiency from operations regardless of the sources used, so far as they have made the assets used in business management. It is being the ratio of operating income and capital employed.

$$ROI = \text{NET PROFIT} / \text{TOTAL INVESTMENT}$$

In 2014 he remained almost unchanged compared to 2013.

The *ROS* is the ratio of EBIT to net revenues and expresses the ability of business revenue to help cover the extra-ordinary costs.

$$ROS = \text{NET INCOME (BEFORE INTERESTS AND TAXES)} / \text{SALES}$$

In 2014 it was € 0.05, down slightly from the previous year.

Liquidity indicators

The *primary liquidity index* that expresses the company's ability to cover short-term outputs (generated by current liabilities) with the revenue generated by the post office more liquid current assets amounted to 0.23 in 2014, down slightly to 2013 when it stood at 0.24.

The *secondary liquidity ratio* is 0.6, slightly down compared to 2013 (EUR 0.63). This index highlights the company's ability to meet its short-term commitments, using all the assets that will be realized in the short term.

The *turnover rate* of the receivables is minimal because the grade distribution of the value of receivables of a commercial nature is minimal. The index value is not so significant.

The *payables turnover ratio* is calculated as debt to suppliers of average daily purchases and fit-day average stay of payment of debts. It equal to 73.27 days on the rise compared to 2013 when it was 72.97 days. To consider that almost Group companies, and intercompany carry all of the purchases of goods out.

Financial soundness indicators

The *primary structure quotient*, calculated as the ratio between equity and fixed assets, recorded a variation of decrease from 0.50 in 2013 to 0.46 in 2014 showing a slight worsening of the degree of coverage of fixed assets.

The *degree of global debt*, i.e. the ratio of total debt to total equity amounts to 2.72. Compared to the previous year the index is growing due to a more than proportional increase in debt due to the increase in payables to the parent company and a growing debt to the pension

funds, compared to their own means, i.e. the increase of extraordinary reserve as profit for the year. It has gone from € 669,644 to € 1,132,311.

The analysis of the financial strength highlights, inside sources, a preponderance of debt compared to equity.

The debt is mainly made up of short-term debt including the most important item consists of the relationship with the parent Decathlon S.A.

The *rotation of the invested capital* is defined as the ratio between total assets and production value, and is equal to 0.27. It remains almost unchanged compared to 2013.

The *lifespan stock* is equal to the rate of rotation of products in stock, and it is 40.1 days. Compared to 2013, 41,21 it sees a slight improvement in this indicator. The index's reflection comes from the reduction in the average price for article.

Investments

Investments made during 2014 concerned the opening of 5 new stores.

Research and development

Product development and marketing strategies are carried out predominantly by the parent company through the technical direction.

Relationships with subsidiaries, affiliates, parent companies and affiliates

Relations with the parent company Decathlon S.A. and its subsidiaries are both trade and financial and paying interest at market conditions.

According to art. 2428 of the Italian Civil Code, shows the main transactions with the parent company occurred in 2014.

Company	Nature of relationship
Decathlon S.A.	Commercial / Financial
Crid S.r.l.	Commercial / Financial
SIDI S.r.l.	Commercial / Financial
SBM2 S.r.l.	Commercial / Financial
Forem S.r.l.	Financial
Libra S.r.l.	Financial
Oxydi S.r.l.	Administrative
Oxyprod S.r.l.	Administrative

Own shares and shares / units of holding companies

Since this is a limited liability company have no treasury shares.

It is not; moreover, the operations performed or occurred the ownership of shares in the parent company during the year.

Market risk

The company is exposed to market risk cannot be quantified, and that risk is potentially determined by two factors.

Firstly the economic situation of the international economy and Italian, that even though they are present minimal signs of recovery, may cause bending of the new applications of the products marketed. It should also be considered a risk of the margin reduction potential (increase in the cost of raw materials). To deal with this risk Decathlon has already developed over the past years and will continue to implement a trade policy designed to bring about a large increase in quantities sold: namely, the reduction of prices.

Credit risk: by acting on the retail market as a retail trader, almost all the customer bonds is paid immediately. The risk credit is nil.

Liquidity risk: given the premises exposed to the credit risk and the financial strength of the company, there is no risk of not being able to meet its payment obligations.

The *risk of changes in cash flows*: about currency risk, defined as the set of the negative effects of changes in exchange rates on an asset or liability, the company shows a low exposure.

Human Resource information

Decathlon in Italy 31/12/2014 had a total of 7,010 employees of which 849 entered into during the year. The average workforce of 2014 amounted to 6422 employees. The initiative of the company is to transform the employees employed under contracts of apprenticeship placement contracts into permanent contracts with the thresholds higher than those of the existing rules.

Human capital is the first success factor for the growth and development of Decathlon Italy: every employee, from the stage of integration, has a training plan established to support the development of its technical and operational capabilities, as well as managerial skills. The company in 2014 invested 67.000 hours in training to their associates.

There is, within the company a form of internal communication that uses different channels, including a periodical newspaper and participation of employees at meetings. The aim is to disseminate information to employees relating to the economic and organizational process performance. The company also devotes a portion of its payroll organization of recreational and sporting events whose objective is to facilitate sharing of business sense and increase the performance of sports activities.

Since 1994, there is a savings plan open to all employees, whose objectives are: to increase the company's value through the participation of all employees on the business and divide with them the economic benefit obtained. It is in fact divided between the employees of realized operating profit.

Outlook

Considering, for the year 2015, the foreseeable expansion of the distribution, through the opening of new stores. This strategy determines positive expectations on the increase in turnover.



PLANNING DIFFERENT MARKET STRATEGY

"The biggest waste in the world is the difference between what we are and what we could become."⁹

4.1 REDUCING COSTS: STRATEGY AND CONSEQUENCES

Business growth at national and international level, as well as their concentration and diversification, are driving over the years an increasing convergence of different distribution systems in Europe, and it is evident a tendency to spread to all major forms of distribution and many signs.

The intensity of competition between the various companies has therefore increased at all levels and strategic decisions have become more numerous and more frequent.

The competition has grown in terms of sales outlets, the distribution shape or area of business, and company as a whole.

Firstly, being everywhere increased the overlap of the commercial areas of the various sales points, has faced a more intense competition. At local level a store is, in fact, in competition with other to the same shape and distribution with those of different forms of distribution, but with an offer at least in part replaceable. If the single point of sale belongs to an independent entrepreneur and the company has just one shop, this is the only type of competition it faces. The considerable decrease of small independent operators in Europe, however, has progressively reduced these situations. Increasing importance has acquired the second level of competition, the shape of the distribution, or strategic business area. The main business companies have more or less large shops often more forms of distribution networks, and each of these networks in competition with the other as a single body.

⁹ Ben Herbster (1904-1984), First President of the United Church of Christ, 1954.

Companies practice a consistent approach in all stores of the same distribution form. In some specifically trained a certain adjustment of supply it is made of store to local market specificities, but variations occur within common strategic lines to the entire network. If the commercial company works only with a distribution form, and is therefore a specialized company, its business strategy coincides with the shape of the distribution. In the initial phase of the life cycle of a distribution form the competition it is particularly evident in relation to other (interformat competition). The new distribution forms, thanks to its innovative nature, however, can achieve a rapid rate of growth because businesses, which first create and develop the new formula have a high competitive advantage, based on the strong differentiation of the formula

The innovation is, in fact, in the discovery of a mix of commercial service attributes (proximity, price, range, quality, additional services etc.). Very different from that of other forms of distribution which meets some of the needs of one or more segments of consumers better than other forms of distribution. The enterprises of the distribution form instead compete among themselves so mostly indirect, through research of the best locations in not overlapping geographic areas, essentially pursuing development strategies.

In the maturity stage of the life cycle of forms of distribution increases the number of companies engaged in the new format, and begins to manifest a systematic closeness between the outlets of various brands. Against direct competitors finding a competitive advantage is now manifested through leadership strategies in costs and differentiation. The quality of the location remains a critical success factor but is no longer the only one, given the repetitive purchase of consumers and their willingness to change the initial choices on the basis of experience. (Normann Richard, 1985) The differentiation or cost leadership makes it possible to attract successful businesses also part of the closest points of sale to purchasers of its competitors, offsetting the disadvantage of the location with the commercial offer specific

advantages. In this case the degree of relative innovation that businesses are able to express is less than the previous and the individual strategies are more easily can be limited. The differentiation is often based on the services ancillary to the main supply core (assortment and price) and the intangible factors that help to create the image. At this level the two basic strategies are however not exclusive strategies. The differentiation is often imitated, at least in part. Also a company that mainly pursues a differentiation strategy cannot overlook the relationship between price and overall service offered, i.e. the bid. But even companies that are pursuing a cost leadership strategy must continually seek elements of differentiation, since their costs are often imitated factors such as those relating to differentiation.

Finally holding may be present in most forms of distribution and in this case and in competition with all other present in the same formats or other at least in part replaceable. The strategy of a diversified is then divided into even partially different strategies in the various forms of distribution. These are, in fact, characterized by different competitive situations, depending on the structures of the sectors and of the various phases of the life cycle in which they are located. Business strategy or group but is not limited to a sum of sizes and areas of business strategies, but also consists of a series of guidelines and decisions aimed at achieving general competitive advantages and common to most enterprise sizes. It consists mainly of decisions on the choice of formats in which to be present, to the overall organizational structure of the company and the use of financial and human resources. (Spranzi Aldo, 1993) Particular attention is paid to the management of synergies between the different business areas and different markets. The commercial companies have developed into larger and geographically more they have become, more prominent scale of competition relating to distribution forms and the organization as a whole.

Following the evolution of consumer behaviour and to changes in the competitive landscape, commercial enterprises have expressed in recent years a special effort in the realization of the

cost reduction strategies. The economic crisis has contributed particularly to lead to greater consumer attention to the price/quality ratio of its products and distribution forms. The changed economic conditions and the effect they have had on consumers have also favoured the emergence of numerous forms of distribution of discounters. These have developed a strong price competition in relation to other formats that have had to react by means of strategies for reducing costs as well as differentiation. The cost minimization has played an important role especially in inter-format competition, since consumers may shift their preferences from a distribution shape even if the difference in price is significant. The development of a new distribution form has low price usually triggers a price competitive with other forms of distribution, and all firms in the sector rediscover the need to reduce the production costs of the service and those of purchase. A typical example is the recent development of hard discount in the sports sector in the UK, France and Italy, which has reactivated a strong price competition in the supermarket sector and hypermarkets and superstores (in Britain). In this case, in fact, all the major companies in the sector have reacted with cost reduction strategies, without abandoning their differentiation strategies. Even companies that pursue mainly differentiation strategies could not be divorced from an on going activity aimed at reducing costs. The consumer moves, in fact, his preferences among the signs as a function of differentiation only if it considers that any price differences between the various offers are surely justified by a higher overall value. (Spranzi Aldo, 1993) In the field of large sports distribution, in particular, the difference in the price that the consumer is willing to accept as a function of the differentiation of a same shape distribution is rather limited. Since then the imitability of differentiation factors is high, it follows that the cost factors always cover a considerable importance. In department stores and in the one-price stores, for example, the gradual erosion of the market shares has led many firms to groped to achieve economies of scale and reductions in spreads through initiatives and acquisitions

costs. In small-specialized areas chains it has often made a strong centralization of certain functions (purchasing, communications, merchandising) also in order to reduce costs through maximum standardization of the offer. Companies that have been able to increase their size by developing the sales, as the industry there is considerable opportunity to achieve economies of scale resulting from the development, achieved the best results. In general corporate activities that best lent themselves in recent years to the reduction of business costs were those related to purchases, to physical distribution and management of stocks.

The remarkable development of the average size of the points of sale and businesses has favoured the achievement of a series of consequent to its size growth economies. Some of these economies are derived from the simple increase in the size of the points of sale of various forms of distribution, when these are located below the ideal size, such as to allow the optimal offer presentation.

Considering that, that have led companies to change the size of existing stores, when the surrounding market was such as to permit this and there were no other barriers.

Were then realized economies of scale in the business area level (a company or a division within a diversified group), employees by the increase in purchase volumes and sales of products and services. Exports were not only purchases but also other activities (logistics, communications, personnel management and general management) where production savings from centralized management.

Large companies have also achieved other savings in capital costs, the financiers' costs and purchases of investment goods.

The increase in size of the undertaking or business has been achieved mostly through the development in the area through the deployment of the network outlets. Such multiplications have allowed obtaining other economies, in addition to the previous ones. The question of economies of standardization associated with the production of the same form of distribution

model and that are achieved through a reduction of the same form of distribution model and that are achieved by reducing the amount of certain fixed costs related to the development of the network. They include the costs of store design, layout and merchandising systems, payment systems and operational risks, such as order management, job scheduling, monitoring of stocks. These economies are increasingly important to handle the forms of distribution have been defined more strictly and operating systems have become more sophisticated and expensive.

Other types of savings came from expanding the range of enterprise to new products and services.

Decathlon has made other economies of scale and gets more competitive advantages thanks to the diversification of its activities.

In particular, it obtained more benefits from diversification into distribution forms within the same industry sector. By doing so, in fact, it was greater sharing of material resources (logistics) and intangible (marketing and merchandising, management and human resources) and has made greater synergies between the different formats of the company.

The acquisition costs are in all commercial companies the largest component of the cost structure, being able to overcome it, the 80% of the total turnover of an enterprise. They decreased in relation to the increase of the volume of purchases and the increased bargaining power that comes commercial company. The succursalists companies have therefore always pursued network development strategies also because the increase in their market share meant the increase in purchase volumes and the achievement of better sales conditions from suppliers. (Spranzi Aldo, 1993) Smaller companies and limited possibilities of development have instead sought to achieve improvements in purchasing costs through various forms of association with other companies such as buying groups, the Voluntary unions and cooperatives. Of different origin, these types of associations tend to have similar structures in

European countries and to move closer to a single model, with an overall structure made of three or four organizational levels. The highest is that of international central, not always present, and then there are the central purchasing at national level and the numerous associated companies that operate regionally. At the fourth level, finally, there are the numerous entrepreneurs owners of outlets associated or affiliated company regional and/or national central. In addition to purchasing, which remains the most important function, the national central have gradually developed a series of other activities and related services, for example, marketing, financial management and training. Member companies have, given their limited geographical spread, size insufficient to be able alone to launch promotional campaigns, developing commercial brands have early prices. In this way, individual entrepreneurs or small businesses have been able to gain the advantages of the big size without losing their entrepreneurial autonomy. The purchasing groups can be formed, as in France, by independent entrepreneurs, owners of one or a few points of sale, all using the same sign. Or they can be formed, as in Italy and Spain, by companies with a multi-regional or regional spread, often in the form of cooperatives formed by small and medium entrepreneurs. In these cases the associated companies develop such a policy once partly autonomous from the central structures and in the group there are different signs for the same distribution form. The Voluntary unions are formed, on the third level, a limited number of regional distribution companies. It is a wholesaler source organization but now supplemented by a substantial direct retail business in the modern forms of distribution, and still an important clientele of independent merchants. The centralization of marketing is sometimes difficult, given the presence of medium-sized companies succursalists able to independently perform business functions and often jealous of their signs. The trends prevailing in Europe, common and both organizations are those of reducing the number of independent entrepreneurs and diffusion of the association, the development of the network

by local Cooperatives with points of sale in property and internal concentration of small businesses. Finally, the consumer cooperatives are organizational forms originally highly fragmented, as each point of sale was owned by a cooperative society. Some of them, in the face of intensifying competition in the sector, have been able to modify their structures and in order to reduce costs and increase their market power, have achieved a process of concentration that has made them more similar succursalists companies.

Finally, there are central purchasing, made up only of succursalists, which are associated mainly to improve their purchasing costs, given that retain complete autonomy in all other aspects of business management. Usually these are plants that have a short duration corresponding to the time required to exchange all information on the purchasing costs by different vendors and groped to generalize to all members of the alliance the best conditions obtained by a member symbol. (Spranzi Aldo, 1993) Enterprise development and the achievement of high dimension of the sales networks of the chains have created conditions for growing economies in the performance of the logistics function. This was made possible by the development of centralization in physical distribution and concentration of the delivery points of sale, as well as by the methods of just-in-time deliveries and the use of methods such as the direct product of profit calculation. The centralization of a number of advantages in relations with suppliers reinforces, in fact, their negotiating position since it enables the delivery of larger batches of product to a smaller number of reception points, thus reducing the cost of delivery of suppliers. At the same time, also it allows a greater choice of suppliers, making possible the purchase of products of small businesses that are not able to direct deliveries to a large number of shops but that can make them to a limited number of stores.

The cost of physical distribution is reduced with the centralization of the store, in which the cost of the space per unit of product is lower than that of the shops or stores for the manufacturer. The concentration of deliveries from central warehouses also reduces the

percentage of losses and errors and allows you to limit the congestion of vehicles in the reception areas of the stores.

Centralization of physical distribution has spread particularly in the great food and it is now dominant in the distribution sector of large retail chains and superstores. Furthermore it has spread more at the succursalists and to a lesser extent at the different associative forms.

They constitute, in fact, the limits of its development the high level of investment required for the construction of warehouses and the homogeneity of the served sales networks, which must also be of substantial minimum dimensions.

In supermarkets, unlike the clothing of the big distribution shops, they are still widespread delivery systems to point of sale. They have been determined in the past by the large size of the stores and their limited territorial concentration as well as the dissemination of organizational systems based on decentralized decision-making that entrust responsibility to purchase also to shop staff.

Well in this area, however, it is more and more developing the centralization of deliveries and spreads the creation in enterprises in a series of regional platforms.

Direct deliveries in fact have a series of defects, resulting therefore disadvantages of cost. For the products and high rotation shops tend to maintain each having a high stock, and the number of transport travel is greater with this system, which is also incompatible with the just in time. They have also the most difficult to make a check on the standards and delivery times and often create congestion of the means of transport in the reception areas of goods in stores. Centralization of physical distribution, finally, is also favoured the innovations in information systems that make it possible to sales outlets to maintain low inventory levels. Another trend that accompanies the centralization of physical distribution of products is the use of specialized external companies in this activity. The delegate commercial companies increasingly widely conducting these functions to specialized companies that manage the

platform and provide the services of receipt of goods, transport, and store delivery and inventory management. In Britain long since the physical distribution of most grocery goods was carried out in this way and it is becoming increasingly common also in Germany and France. The cost of inventory management in stores was also reduced following the widespread use of the direct product profit. It is a concept of US origin, the definition of which dates back to the '60s, which only in recent years has been truly used thanks to the technological development of information systems. In Europe they have been developed some general patterns by sectorial organizations such as the Institute Française de Merchandising de Merchandising (France), the Institute für Selbstbedienung (Germany), the Institute for Grocery Distribution (UK) and Indicod (Italy). The model was developed before and applied by some leading companies in their respective countries as Sainsbury, Ahold, Casino and GS. The direct product profitability is an accurate measure of the profit contribution of each reference, because it takes into account not only the purchase costs but also of all the other costs chargeable to it directly. Its use, therefore allows to optimize the allocation of space and exhibition of the products and to obtain, in this way, savings in inventory management of the shops. (Romeo Richards, 2013) The direct product profitability allows to realize further improvements in the marketing and purchase decisions and thus achieve further cost reductions also in these functions.

The reduction of administrative costs: other reductions in administrative costs related to the purchase of products and companies through the development of new technological systems in communications obtained reorder functions with suppliers. The main benefits of this system consist of savings that is realized thanks to the almost total elimination of paper documentation. The system also requires the standardization of documents and procedures. With the improvement of efficiency in order system you can achieve further savings in logistics and physical distribution and finally undergoes a decrease of the same cost of

communications. It is possible that with the continued growth of international development of commercial enterprises and the creation of international purchasing power determine the birth, in the future, of a generalized system to all of Europe.

4.2 IMPROVING PROFITS THROUGH INNOVATION

When we are trying to translate the traditional formulas of investment in actual operations analysis we encounter the presence of many factors of uncertainty, pushing early to give up the pretence of objectivity in the assessment; inevitably, therefore, the investment analysis begins to be perceived as a theoretical exercise, required to ensure that a higher level will be accepted, as seemingly rational choices that are taken on the basis of different considerations. And appropriate, therefore, to change this, stating better investment analysis function in decision making and to clarify that in addition to this function, there are other, equally, if not more important:

- Organizational communication
- The results of monitoring

Decisions to invest in innovation are complex problems; the choice must take account of the impact of the various alternatives on different competitive performance, the ability to adequately manage liquidity flows, technology risk and associated investment market. In formal investment analysis processes, these aspects are analysed in a systematic way, based on predefined guidelines, which define the role of the different business actors and the procedures to be used in the analysis. Of course, even in the absence of a structured analysis, the enterprises decide whether or not to carry out the investment. However, the definition of some kind of general guidelines can be a medium that can improve the quality of decision, helping those who are responsible for choosing to identify the necessary information and the most appropriate ways to collect, and to derive from them some brief consideration.

To clarify the support of a formal analysis process discovery phase of the information to be recorded, you can refer to two types of managers in some paradigmatic way, the bean counter and the preacher. (Shilling Melissa, 2012)

The bean counter is the manager only interested in the benefits quantified in an objective, in particular in economic and financial shape. This attitude, if adopted uncritically, limits the analysis of a few aspects of investments, such as labour productivity or increase in production capacity; so it is likely to unfairly penalize the most innovative solutions, giving de facto zero to all benefits are difficult to express in financial terms. (Shilling Melissa, 2012)

The preacher and the managers who increasingly sponsoring innovation as such excessively rough analysis, however, may overestimate some investment effects, accepting alternatives that really should be rejected. This is the case, for example, firms that introduce too sophisticated technologies than the available skills and the actual needs, the inability to critically analyse proposed projects, which are then accepted creed so.

In fact, adopting a formal process of analysis, the company clarifies which factors should be taken into account, forcing the bean counter to take account of the competitive implications of an investment project and the preacher and estimate the expected financial results.

Once identified properly the information to be analysed, it is necessary to identify how to detect them. In the past, this stage did not present any particular problems. Normally, in fact, investment in innovation impacted on a small number of enterprise performance, related mainly to the business where innovation was given. It was then possible to identify a unit whose organizational fully entrust the analysis.

With increasing complexity of organizations and the pervasiveness of the innovations, the set of skills necessary to analyse in a complete investment tends to grow. And 'therefore inevitable involve more different organizational entities.

Then it becomes essential to clarify the roles that each entity must carry out. Otherwise, the analysis of an investment would tend to become more than a normal operation planning, the occasion for a clash of type deistic between those who believe in innovation, and then accused the opposition of being an obstacle to the progress of Luddite mould, and who finds it unjustified to invest significant figures often with no guarantee of adequate economic benefits; inevitably, the choice of investments would become a pure political negotiation process, in which the most powerful units would be attributed to higher investment budget. On the contrary, know what information and estimates, which must be provided by each function, you can integrate different experiences and better understand the investment implications. It good to point out, in this sense, that the test result will not be the decision, this will result even from a process of negation, in which the weight of the estimates provided by the different functional areas and different organizational levels will depend on their power to 'inside the enterprise and its credibility with respect to the specific question. However, the political process is mediated and the different functional areas are somehow obliged to find objective elements that further corroborate his point of view. In this way, it avoids in particular the risk that a decision is taken completely ignoring some of its consequences on the company. (Teece John, 1989)

To exploit the potential of a real investment, it is necessary to intervene in the management of various activities of an enterprise: a CAD/CAM system that helps reduce the development time of a new product really creates value if the company adopts a policy of more aggressive product; a production system that improves the quality of the process should be enhanced in contacts between business units and customers; the creation of environmentally friendly products must be accompanied by a promotional campaign that emphasizes the attention to the environment of the company. It must do, spread across the entire enterprise a good understanding of performance on which acts innovation and competitive opportunities that

may arise. The issue is not trivial; misunderstandings are indeed very common and arise from different meanings with which different bodies of the undertaking using certain terms, such as reduced time, improved quality, increased flexibility, which characterize an investment in innovation. More than a theoretical description, some examples may be helpful to clarify the issue:

- A survey conducted by the Manufacturing Roundtable between production managers at some of the top managers of large US companies revealed how both groups were aware of the importance of investment strategy aimed at improving performance "time". The apparent coherence of the two different assessments, however, was denied by an in-depth analysis: for the responsible production, it was necessary to reduce lead-time in production for the top management, however, the time for developing new products. (Teece John, 1989)

- An average of cutlery manufacturing company realized significant investment to improve the intrinsic quality of its products, only to discover to have a quality level already higher than that of the competitors, and customers do not ready to recognize any premium price for further increase of performance of the products. On the contrary, the Company did not adopt investments improve the quality of production processes, which resulted in the end, his real competitive problem. (Teece John, 1989)

- Producing undertaking realized mechanical components, in a plant production, six different product families, through stand type machine alone. The company decided to invest in the production system to increase flexibility, measured in this case by the setup time of the machine tools. The choice fell on a system composed of numerical control machines, each of which is equipped with an independent tool magazine, which contained all the tools necessary to achieve the company's mix; thanks to investment, setup times went down, on average, by about ten minutes few seconds. Six months after the activation of the system, the number of household of parts produced was doubled; consequently, the tool magazines not

they were able to contain all the required tools. The transition from a family of products to another, therefore, it required a replacement, manual, tool present in the warehouse. The average time of setup passed forward. The end result of this investment was so opposite of expectations. The problem arose just from a different meaning attached to the production function from the vertex the term flexibility. For the production, flexibility meant possibility of change the product quickly within a fixed mix; the solution technological choice was therefore consistent with this requirement. For the summit, flexibility in fact meant able to do any type of product, the choice of policy product was then geared to a rapid expansion of the product mix, with but the result of a strong inconsistency with the real opportunities provided by innovation.

To avoid these problems, manager should be increased, compared to the past, the amount and the quality of the information that the different areas of business activities and the different organizational levels are exchanged on investment. In this sense, a process formalized analysis can play an important role as a link, both lateral and vertical, as obligate unit of interacting, facilitating then the dissemination of information. It is important to emphasize the relevance of this aspect even for those proposing the investment. Through a process of formalized evaluation, manager is better able to understand the consequences of its proposal. So, will manager increase confidence in future investment results, without compromising the company's future with the proposed projects to result in a failure? A good investment analysis system should therefore provide benefits for both the company as a whole and to the individual functional areas; the acceptance of the system, at least in the medium term, represents in this sense an implicit criterion to assess the goodness.

The analysis phase of a real investment also has the function of allowing the post audit verification of the actual investment results and the possible introduction of new interventions. To understand the actual results of an investment, in fact, must a priori have

been defined target values of innovation performance and forecasting/plans on the possible evolution of the context in which it operates. The post auditing and control of an investment is one of the most important phases of the process and, at the same time, the one where the more difficult and, consequently, lower the operational consequences and the reference models. The post audit, as mentioned, is the critical reading of the actual investment results. It allows a learning phenomenon on:

- The actual performance of innovation, so you can intervene on innovation management mode, identifying those most appropriate to exploit it's potential. (Shilling Melissa, 2012)
- The way in which the investment has been analysed. Questioning the process of analysis, you can understand if some important information sources have been neglected. This will improve the analysis of subsequent investments, decreasing the risk of failure. (Shilling Melissa, 2012)

The verification of the investment results can be translated in some cases a real control action, or adjustment of innovation, which takes on different connotations depending on the type of investment:

- For individual projects (a new production system), determining actual performance may induce changes in the business rules. For example, if the new production system has less flexibility than expected, you may decide to change the production mix, and reduce variability;
- For investments which represent a preliminary part of complex projects, the detected information may serve to update activation schemes of the subsequent stages or, in the worst cases, cancel, to avoid additional losses. For example, consider a major research and

development project, divided into sub-projects, a number of which depends on the results of previous stages; it is only after verifying the results of the first phase, market compatibility, the actual accessibility of some objectives, the availability of additional financial resources, which will be able to decide whether and how to complete the project.

The control period was intense in this case as occurs on the performance projects in order to improve the company's results; It has not done so far that of another instrument intentionally not an exception of control, verification and evaluation. It is not, in fact, in your reasonable notice to use the control of the investment for inspection purposes, such as verifying that the correct behaviour by the person proposing the investment on the part of his superior or of finance and control staff. Investment results, and that a choice long-term, they are of course subject to a strong component of variability, not controllable by those proposing the investment. To use for evaluation the differences between estimates and actual data information, you would then need to be able to spin off, very precisely, the only part of these deviations that actually it just depends on who proposed the investment. Presence of several parameters that are interrelated (demand, behaviour of competitors, evolution of technology) makes this operation very difficult.

If, regardless of this difficulty, we wanted to use control for inspection purposes in excessively hard so you inevitably get discouraging those who proposed the investment. Evaluated, at least in part, based on factors that go beyond his will he would feel subject to the arbitration of superiors; would tend, therefore, inevitably, to create reserves, underestimating the investment potential and is limited to proposing only choices definitely profitable.

It well to observe, moreover, that the absolute absence of post auditing has, in practice, similar effects. In the absence of a control of investment, in fact, you are not able to understand if any unsatisfactory results depend on a bad judgment to estimate the innovation performance, the direct responsibility of the functional manager, or rather corporate policy

choices not consistent with those benefits. In the absence of specific directions, usually the summit tends to attribute the responsibility for failure to functional managers, who consider themselves so unfairly penalized. In the medium term, this brings the functional managers to propose only safe investments. To overcome these problems, you need to achieve, a post investment audit, however, giving the results a learning value and self-control for those who proposed the investment rather than a tool for evaluation.

The above developments have highlighted the objectives that a company aims to achieve through the analysis of an investment in innovation; these objectives are the guide to identify a series of performance with which to evaluate alternative methods of analysis. Among these, in particular, they characterize the quality of the analysis; these were offset to the cost and time required by the process.

With completeness of the analysis refers to the ability to take into account all relevant factors, which affects the investment that constitutes, in our view, the most important requirement for all, associated with the analysis of investment objectives:

- In terms of decision support, errors that are committed neglecting a significant investment performance are generally much higher than the errors that result from incorrect measurement of some performance
- In terms of understanding of the benefits and opportunities, it is evident that if a factor is not taken into account will immediately lose all the opportunities for improvement associated with it. It is very high, in addition, the risk of corporate policies that do not take into account the investment weaknesses not highlighted in the analysis, with consequences obviously negative
- In terms of post audit and control, completeness is perhaps even more essential. Normally, in the post audit, trying to understand which parts of the deviations between actual results, budgets and investment is due to external factors and which ones to the characteristics of the

investment. Consider, for example, the case of an investment in a new product that has led to the realization of the product according to the specifications provided, with a high delay with respect to the expectations. If the performance is not taken into account in any reduction of product sales compared to forecasts will be charged entirely to market factors, not controlled by the company, on the contrary, the delay in development time is probably the main cause of decline in sales. The error of assessment also results in an inadequate learning. If reference is always made in the previous case, it is evident that in the absence of an explicit detection of the development time will not even be possible to understand, ex-post, the relevance.

Precisely defines the ability to understand the relative importance of the different investment performance against corporate objectives as a whole. This performance is definitely significant as it helps the decision maker to identify the relevance of different investment characteristics and highlights the parameters with respect to which is more important to deepen the analysis is to estimate that in the final balance. However, it has perhaps been over-emphasized in the past, in accordance with:

- The objective traditionally assigned to the analysis of investment: to objectively determine the correct decision
- Prevalence of investments in the small, considered therefore unable to fundamentally alter the competitive position of the company. (Shilling Melissa, 2012)

The goal of arriving at a decision by analysing objective stimulated the search for high accuracy, since inaccuracies could lead to a wrong choice; on the other hand, since investments acted significantly only on a few factors, it was possible to sacrifice completeness for increased accuracy. Today, on the contrary, the precision must normally be considered to be a secondary benefit with respect to completeness of the analysis.

With measurability means the possibility of basing the investment analysis of quantitative variables, which can be associated with measurable indicators. The measurability is

important both in the understanding of the characteristics of the investment that in the control phase. To quote the use of measurable parameters makes it easier sharing among different business entities. Checking the results would reduce, in the presence of non-measurable goals, in the simple opportunity of confrontation between the different business areas whose outcome would depend almost exclusively by power relations, with a strong motivation of the people involved. The use of measurable quantities, allows, from this point of view, an increase in the degree of the control process thus favouring a greater involvement.

About costs and times, finally it is appropriate that the benefits expected from the analysis of a real investment are compared with the costs and the time required between the various components of costs, that relating to the retrieval of information is usually the most important. Often, in accounting we will just consider only the costs of the information obtained from the outside, possibly in the form of advice; But it is likely to heavily underestimate the overall costs of the analysis, since it neglects the value of the time spent, at different levels, from the entity's internal staff. More attention is paid, in general, the costs for the elaboration of analysis models and investment, aim to translate information into terms comparable to each other, for the accident implementation of such models. The different investment analysis techniques account for a differentiated way of this cost category; in some cases requiring the use of non-standard software and simulation models you can even reach into significant absolute values.

Among the various benefits of course there are trade-offs. To grow of all the garments that are taken into consideration, inevitably decreases the accuracy and measurability of the information, since some elements can be complex to associate a quantitative indicator, similarly, the use of complete and based on measurable indicators processes normally involves a increase of the cost. The selection of the correct position, under such trade-off

obviously depends on the characteristics of individual investment and those of the company. It is therefore not possible to construct a ranking of the performance of general use.

It can point out how often companies tend to pay more attention to the analysis costs compared to its benefits; They are seen frequently cases of investments exceeding one billion, the analysis of which are dedicated to a few million. This procedure is extremely dangerous and results in waiver of different benefits of an accurate and formalized investment analysis. No theory of probability must be scholars to understand that you need is a slight increase in the probability of success of an investment of a few billion, for criminally justify the additional resources required from an accurate analysis.

One of the most successful products in the last year, the result of innovation Decathlon was the comforter Quechua brand. To realize the duvet from the mountain with the best features possible has been gathered three qualities: heat, light and compact. This is why the engineers decided to combine the benefits of natural down associated with the feather and the synthetic batting advantages. They used a mixture of 75% down and 25% feather for his great ability to retain air and keep the heat inside the body. This mixture of down and down also guarantees so lightly and allowed to create a jacket that weighs just 380 grams for the size woman. The natural down is a very compressible material, the jacket can be folded in his small bag and take up very little space at the bottom of the backpack. And was chosen to fill the front and back of the jacket with this blend of natural down and feathers, this allows you to keep your body warm without having to wear bulky clothing. In addition to natural down it has been chosen the best performance and was therefore chosen to use the technique synthetic wadding. And the synthetic wadding was then placed on the arms and sides, in places where we need to have freedom of movement. Finally it is worked on cutting the product to optimize the supply of heat.

To communicate the innovation to the customer have been used the most known media: TV commercials, radio spots, billboards and shops set up ad hoc to quickly find the product to the customer.

The turnover of this product has been great from the start. Not only experienced hikers but also for extension of use given the colours used it. Many customers have chosen it as the product offers the best ratio quality/price and technicality.

4.3 DECATHLON: A KNOWLEDGE-BASED FIRM

Recognition of the importance of the personal component in the economic process of value creation, despite its different composition has come to consider the labour factor a business asset of fundamental importance to which the functionality of the other components and dynamics of the corporate system. In fact, any company activity is promoted by the people who make it up and is determined with the help of their competence, motivation and efficiency. The personal component in its governing and executive bodies is the true engine of Decathlon especially in the current economic context in which we see more and more pronounced in the transition from an economy based on production of goods to one based on services and where technological innovation leverages productive combinations in which predominates the technical component. No doubt, the main drivers of vehicles continue on which depends the success over time of the economic process is human resources. (Turco Massimo, 2004) The profound technological changes require professional skills, always more and adequate technical skills and experience, to allow the human factor of being able to interact with more and more complex mechanical factors in which the software component becomes more marked way. The evolution of technology and knowledge, new forms of organization of production and services, as well as new dimensions of competition showed powerfully the role of human resources, their quality, their involvement in a long-term

perspective it create favourable conditions for the company. The management of knowledge, of which the human resource can be considered the chest, in company post-Fordism has assumed a key role in achieving economic equilibrium. The human resource is a particular factor of production completely different than all the others because it is subject to unknown moral conditions to the remaining factors, so that the latter cannot be ascribed uncritically all the conditions identified by the doctrine. The role of human resources within the company's system, you can highlight an instrumental approach and a constitutive approach. According to the first approach still the most widely used today, it is created within the undertaking a linear relationship between strategy, structure and operating systems of human resource management, so once defined the productive strategy, human resource is considered a passive element comparable to an object subjected to some behavioural changes in order to facilitate its integration into the corporate complex. In other words, the elements that contribute to the company's value are treated as mere tools irrelevant to assemble purely and simply from the summit of the organization, responsible for the strategy chosen in management. Constitutive approach the linear relationship between strategy, structure and operating systems of human resource management is replaced by a relationship of interdependence, or evolutionary. In this context, human resources come into constitutive and not just instrumentally in the definition of competitive advantage and value creation. This means considering the personal component as supplier human services as such bringer of knowledge, planning, expertise, innovation, and more generally of value. The fundamental contribution of human resources requires that you develop certain conditions and behaviours, which allow you to enhance the human services, to recombine the expertise and relationships in the functions of market changes and to enhance the role of man in the business. Constitutively approach account, which is becoming increasingly widespread, companies are required to have to manage human resources and to redefine the product-

process-market on the basis of a report based on the increasing quality of service performance. From this perspective it is also to change the meaning of the employment relationship, which is not configured more like predetermination by the decision-making bodies of the place, the time and the means of implementation, but it is characterized by greater and wider autonomy of employees in the execution of the work, the interdependence between the different work roles, from the abandonment of a rigid hierarchical structure and especially results oriented. The company's ability to be competitive in the markets in which it operates and to enjoy a fair future profitability is linked to its ability to innovate frequently the products or services offered, to continually renew, reflect early enough in production processes, organizational and distributional the development of technical and scientific progress. This requires the ability to adapt to changes both in relation to customers, both to strategic needs, as well as internal structures and processes that stimulate their actors and create specific and distinctive skills for the individual firm. Important turns out, in this regard, the so-called organizational learning, which is the set of processes that lead the organization to analyse and rethink their processes, to review their strategic directions and routines established, to pay attention to all the signals coming from the environment, to experience technical and organizational innovations. Several studies show that the traditional sources of competitive advantage require to fully expressing their effectiveness, which are least supported by the skills. In particular, with reference to product technologies, the shortening of the life cycle of products is no longer able to rely on a static technology, because the increasing pace of change of the products themselves, means that any technological threshold is met, is quickly out-dated, and must then be renewed. This continual need for change and innovation, not only requires human resources capable of consistently ensuring excellent performance, but actually makes it less effective protection on the same products offered by patents, given the need to continuously innovate. Add to this the ability of competitors in the

imitation, which has also developed considerably. With regard to process technology becomes more and more difficult and rare that the technology can provide an advantage over competitors since competitors, thus effectively nullifying any competitive gap, can also acquire the technology systems. Furthermore, the advantages arising from sophisticated technologies given the speed of their obsolescence can produce intense but short effects, so they should be used as quickly as possible. With the growing importance of the free market areas and production sites across the country of origin of the company vanishes even the possibility of sustaining competitive success through protection or market closure. In the global market, in fact, the elimination of protected markets is forcing companies to be competitive not only in the local market but also in the global economy. The increased efficiency with which you manage the financial markets by allowing greater availability of funds, causing the loss of importance of another traditional source of competitive advantage, namely that related to financial resources. In financial markets, inefficient, in fact, the skills or the ability to raise capital through substantial financial resources provides protection against competitors less able to acquire the necessary resources for financial management of the company. Finally, although the economic benefits of large market shares provide significant benefits in terms of economies of scale, the trend towards more fragmented markets, with the need to cater to the specific tastes of particular segments of demand, make it obvious the reduction of the effects of economies scale than in the past. How briefly highlighted, it flows that traditional sources of competitive advantage are exposed to the risk of a progressive loss of importance, so it is crucial organizational capacity, the function of the personal component, the operating modes are managed and how the performance and the skills offered. Latter can be a source of competitive advantage in time to be at the centre of a continuous improvement and updating.

The competitive advantage built on the proper handling of personal component, based on intangible resources presents the long-term character, to the difficulties of competition to imitate the resources on which it focuses. Especially since, while the physical capital is consumed both physically and technologically, human resources, where properly incurred, they grow through their own use and, if considered from the perspective of learning organization, is not susceptible to obsolescence. If the competitive variable consists of the knowledge possessed by individuals and organizations by individuals belonging, we must consider the company in a new way, looking like a portfolio of competence, that development in which innovation is continuous research a constant and not as a place of knowledge and sediment stagnant within certain business areas. Important will reveal strategies to increase and amplify what is already known to reach new thresholds of innovation, compared to those of the past related to the potential growth of the markets. The new strategic policies to operate require the support of processes that facilitate the creation of new knowledge, through continuous monitoring and distributed environment, the search for new management solutions, business and organizational, as their testing and their subsequent critical analysis. Therefore, the company's ability to shape itself and its powers on the basis of external modifications becomes discriminating. There are about it, companies that although competitive in a given time out from the arena for the competitive endogenous inability to cope with environmental pressures and to adjust its invisible structure. To overcome this critical situation, the company's ability to change must be synchronized with respect to changing markets, technologies, felt needs. This is only possible internalizing the organizational learning culture, so that change becomes for the enterprise a real everyday action. The director of the culture of change that can guide the business skills, so as to influence the competitive advantage are represented, firstly, by the flexibility of the structures, which must be characterized by low coordination and switching costs. Another

important change is the exploitation of the resource as time to establish itself on the markets it is important to possess a valid wealth of knowledge, but it is even more discriminating in the accumulation speed and the utilization of the same, in the sense of anticipating the competition. To welcome the new competitive challenge, companies are brought to identify and exploit sources of advantage linked to innovation, culture of change, the flexibility of the structures and the speed of response. From a strategy that seeks to combine these processes to innovate and to anticipate changes emerging entrepreneurial recipes that understand a strong determination to translate into action and as theorized. The reduction of the temporal gap between knowledge and action is essential, because in this new competitive environment created is particularly risky to employ a long time to translate knowledge into action subject to rapid obsolescence. Certainly, to this end, it is crucial the role provided by the technology, which should help reduce the time that elapses from the retrieval of information and the development of knowledge to its disclosure and use within organizations. Imagine the moments of change, determine the manner of its start-up process and eventually learn from the on-going change is extremely necessary to build, redefine and steer towards these changes skills and capabilities, so as to allow to face the new challenges of the market. As long as that new skills are developed, the company is able to defend its competitive position relative to its competitors. The effective change for a company, it must be wanted and internalized by the staff member and not induced.

If this is the precondition, then the approach to change can only be systematic, meaning that derives from the integration and coordination of those who manage it. In particular, it must involve four fundamental dimensions of the company:

- Leadership with his foresight and leadership style
- Enterprise structure with relationships and there tasks
- Processes with planning, operations and control

- Human resources with the skills, knowledge, motivation and commitment

The sources of competitive advantage, in fact, are no longer acquired through resources easily available in the market or through standardized managerial logic, but producing at the particular own internal knowledge, specific skills, online relationships with the needs of corporate stakeholders. (Borgogni Laura, 2008) From this point of view are the managers, the managers of the functional areas, company technicians, covering typical organizational positions to be all of those knowledge and skills that are generally defined as core competencies. It is part of the virtuous circles of interaction between the different configurations of the knowledge that this translates into distinctive competence, spendable in competitive play and indeed, the source of corporate competitiveness. Only when knowledge is skilfully combined and managed, it becomes strength of the company, promoting the generation of value. It is not enough, in fact, to achieve the success that the company possesses skills but need such capabilities give rise to unique skills, not possessed by other organizations as well as to differentiate the company from competitors. Only in this way the possessed skills in the various functional areas, they become professional skills of value creation. Moreover, the competitive advantage you get when the company has skills difficult to imitate until after a certain time and behind large investments, heavily sediment, for their ability to be stored within the organizational structure and staff and unique in the sense that they are peculiar to a particular structure. In this way allows the diversity of the production processes, the originality of the products and differentiation in profitability. Specifically, the distinctive skills identified in the set of knowledge and exclusive relationships of a company, help to define the culture of each specific organization. Their training comes a process of accumulation occurred over the years and by means of which the firm is recognized and appreciated on the market by its customers. In this configuration the customers buy products and services from a particular company if they ascribe significant value and sustained over

time. The firm's success is, in defending its distinctive competence and evolve booby basis of market needs. On the other hand the distinctive competence can be recognized in the company population enjoying it, it defends it and evolves and the enterprise that seeks to root it from time to time in it and regenerate it. The company has a dual challenge in which to try:

- Update old acquaintances
- Build new ones

Such action should be continuous, in a short time, the exclusive jurisdictions and their company, as a result of environmental changes, technological advancement and the related processes of learning and following the process of imitation that competitors lead, or They turn into basic skills or become irrelevant. (Borgogni Laura, 2008)

The distinctive skills are different from the basic capabilities have become common knowledge over time and in possession by other companies operating within an industry and economic environment. The distinction between capacity and competence aim is to allocate the first on the significance of the facts and the second effect. In particular, the skills of value creations are the result of combinations and recombination of basic skills. What changes from one company to another it is the way and the degree to which the skills are to be combined, giving rise to the typical skills of each company. Renewal capacity and consequently the formation of distinctive competencies derived from the reconfiguration of individual skills, collective and relational ties behaviours. It changes one of these variables to promote new value-creating skills. The realization of specific skills is obviously a goal to strive for the prospect of lasting competitiveness. The problem to be solved is to draw guidelines for the management of actions to highlight the action levers that appear more effective and practicable to build unique expertise and direct enterprises evoked in perspective. Examined the value of intellectual services, as well as related core competencies in promoting the competitive advantage, it is possible to identify some implications on interventions for the

management to deal with the challenges of the competitive factors and the most effective levers to favour the formation of specific business skills. The main levers that management can use to improve business competitiveness and the results arising from intellectual work are:

- Technological tools: the first lever of the strategic policy of which management may benefit is the technology, which includes all the tools that are of assistance to individuals involved in the company at the end of utilization, coding and transfer of knowledge. It plays a key role as it facilitates the administrative processes, namely those related to the management, organization and the recognition. Also important is the role that technological instruments play in information and communication processes in decision-making processes, the relationships with internal and external stakeholders and the transfer of information at lower hierarchical levels. The technology investment, involving the corporate infrastructure, if supported by appropriate individual knowledge facilitates the formation of distinctive skills and allows them to express themselves effectively use the factors to be used in the economic and productive combination, in the resolution of problems of choice economic and care of rational ties.

- The organizational structure: it is the second strategic force he can count on the management. It characterizes the company and is based on the ability to place in an organizational structure suitable to govern the flows of knowledge present and to stimulate renewal. The organizational configuration undoubtedly facilitates the circulation of knowledge, but for this to happen continuously requires that individuals who work are provided with once the exchange of knowledge culture.

- Personnel policies: the perspective of the company Decathlon, knowledge-based, human resource is considered the most critical resource to ensure the dissemination and application of core competencies needed to achieve business success. This is because men to which

people are the primary resources create the skills. The main problem is to coordinate human resources and ensure that they are prepared to learn, to broaden their horizons of knowledge, to have good relations with other individuals, as well as mutual respect and trust. In doing so the knowledge resides within all parts of the organization and not just in some men, or in some functions. The managerial lever of personnel policies has become essential to the nature of the services associated with the product or service offered and especially the relationship with customers. The forces driving the competitive system and technology have emphasized this aspect. It is no accident that the critical professional roles have become those of interface with customers. Likewise, it is no coincidence that companies that invest and focus on technology put at the centre of its attention to new figures contact with customers. Services technically more complex and more demanding customers and differentiated are realistic trends converge in determining a push toward advanced forms of personnel management. Thus it is important to overcome the approach focusing on the charismatic role of the only manager. The company has excellent professional organization called to tune their management systems on the knowledge wavelength workers and business professionals. Traditional and innovative professional profiles have in common the need to combine technical expertise and relationship and customer service skills. It should, however, more and more manage the totality of the relationship with these professionals in all its phases, from recruitment to career training to performance management, overcoming and integrating the traditional tools are too rigid and focused on moments of working life too limited.

- The corporate culture is the set of assumptions that identifies and distinguishes the company in the outside world and characterizes the environment in which people are called to work. Comparable to a reservoir of information and ideas, is the fuel of economic action. For it to be to create and nurture the competitive edge you need that top management create an organizational environment based on distinctive principles of trust and belonging.

Confidence stems from the familiar to take certain actions, the reliability and can be produced by interpersonal contact. It certainly offers opportunities to generate and share knowledge. Beside the trust, the other element that identifies the culture of an organization based on knowledge, is the membership of which is closely linked to the motivation of individuals. Motivate people means overcoming all those cultural resistance, with which you will inevitably come across when you decide to move from a traditional logic to one based on knowledge. In these terms it becomes important to cure the context in which it operates to be characterized by greater encouragement and recognition of the power of individuals ability to knowledge flows, as well as their willingness to act and to act as part of a dynamic system. It will nicely combined and integrated use of the levers set out to ensure the success of the management and the excellence of the company's results. It is, finally, their use balanced that allows the creation and development of core competencies in all its representations as a real competitive factor. There is no doubt that the ability to define and communicate a specific and distinctive business idea is, however, the key link, the basic orientation for the use of other levers that allows operating a viable competitive perspective. The new paradigm that reflects the competitive advantage is no longer connected only to investment to discourage the entry of competitors but also to the ability to produce at lower costs and offer products and services that are distinguished by a higher quality or higher levels of performance, introducing them on the market before others.

Finally, the possession of knowledge if until some time ago could increase the chances of reaching a competitive advantage positions, with the acceleration of the competitive dynamics becomes indispensable asset to compete more and further as to guarantee the continuous updating of the same knowledge.

4.4 THE CUSTOMERS EXPERIENCE

The customer experience has to do with customer perceptions. To understand why, it is necessary to know that customers judge their experience based on three criteria:

- Addressing the needs
- Simple
- Pleasantness

Every time you interact with a product, a person or an automated system assess the extent to which the interaction has helped us to achieve the goals, how much effort they had to dedicate them, and how they found it pleasant. (Busacca Bruno, 2004)

Once the company has met the basic needs of the customers if they do not want to fail comes in the next level of customer experience. Almost always the ease of use or interaction is only one option for companies where customers have no choice. On the contrary, it frequently happens that the ease of interaction would result in a competitive advantage or even writing a new sector. Meet the needs, make it simple to purchase a product or use a service or access to technical assistance. It is not hard to believe that these are important aspects of the customer experience but it is different to say that a company should make pleasant interaction with customers. Not everyone agrees that the pleasantness is a crucial element of the customer experience, and some believe that only a few sectors, such as media or retail should worry about the satisfaction of the customers and not the production or shipping agents.

For decades, companies say they want to satisfy customers and instead disappoint them, but this approach does not work anymore. Recent market changes have led us into a new era, one that Forrester calls the customer was: a time when the focus on the consumer is more important than any other strategic imperative. Competitive barriers of the past, the strength in manufacturing, the power distribution network, the mastery of information, today are not enough to save companies. One after another, these investments were marketed: today, every

company and even a single individual with a smartphone, can take advantage of a global network of factories to supply chains. After the huge investments in technology, companies are realizing that the Internet cloud provides all the necessary computing resources. The boundaries between sectors have dissolved. (Manning Harley and Bodine Kerry, 2013)

Customers have never exercised so much power: thanks to online reviews, social networks and mobile phones connected to the web, today can learn even more of the vendors about products, services, competition and prices. The rules of the game have changed, companies want to really offer a better customer experience but more and more often fail to see the whole picture. The way the back office, the long-time business partners, incentive programs and the sclerotic business processes undermine their efforts. Today it is necessary to create and sustain a system of interdependent practices and self-reinforcing able to connect employees, partners, processes, policies and technologies, orienting them to the customer. This is not the old imperative of customer focus is a new approach that requires new management. The analysis of a process and every incentive to find out if it helps to centre the ultimate goal: excellence in customer experience. In most areas the customer experience generates profits. Not because it makes customers feel loved but because it is considered a business discipline. In fact, in most sectors, the customer experience is the best way to lower costs and increase revenue. The surest way for many retail companies is to begin by reducing costs. In difficult times, it is often the only system that allows you to get financing, and even in good times, all companies like to save a little. To generate profits by investing in improving the customer experience the company needs, first of all, find the right things for which to spend, and it is equally important to avoid spending for changes that are not really a priority. The customer experience stimulates the gains from returning customers. The correlations that are evident are very strong: and customers are offered a negative experience, these, they will turn to someone else. This is a great selling point for the competitors; it is sufficient that

present themselves as a credible alternative. A positive customer experience increases loyalty, while a negative decreases it. A positive customer experience, coupled with the loyalty increases revenue. A greater number of purchases by existing customers, a turnover that remains stable as a result of a lower attrition rate and new sales caused by word of mouth are three easily positive effects in the long run.

The guest rating is crucial for Decathlon Italy. For this the company offers the opportunity for consumers to publish opinions and reviews online on the products purchased, considering them an important instrument of listening and improving its offering and services. The opinions about the products are moderated by the Customer Service according to a "etiquete" prohibiting the publication of sentences and offensive remarks and advertising links. The 96% of the reviews proposals from customers are published and collected feedback are visible on the site. The evaluation is expressed on a scale from 1 to 5; the commitment of Italy Decathlon is aimed, in particular, to guarantee a response within 48 hours to all customers who have expressed an assessment equal to 1/5 and 2/5. In 2014 we have been received 25,947 reviews on the Italian site with average rating of 4.17/5 with a 91% recommendation rate. The total of the negative reviews is 6%.

For 2016 in commitments to increase customer satisfaction, there is to increase considerably the reviews on the site starting from the idea that every opinion counts. The new commercial policy is to require all customers to leave an opinion on their purchases. In 2014 the invitation was extended only to customers who had purchased products with less than 10 reviews on the site. Extend the reviews to ensure that our benefit of all internal and external customers. Integrating the option to leave a review on the e-commerce service. Increasing the number of comments on the workshop service left by our customers even when the service function. Animating directors and regional directors on the answers as to leave the negative comments.

Another important subsidies used by Decathlon Italy to enhance the customer experience is linked to the events that each store delivers to its customers. With the aim to enhance the pleasure and the benefits of sport, in line with the company values, which represent pleasant occasions aggregation and sharing. The demonstrations are, on average 40 per year in each store and realized in cooperation with local sports associations and clubs. The staff of Decathlon Italy, with the collaboration of the involved clubs, guide customers in different activities in which everyone can experience the pleasure of sport and test the Decathlon products.

As markets become mature, companies seek to increase customer satisfaction and to keep their current customers rather than devoting additional resources to pursue potential new customers. The fact that it costs five to eight times more win new customers, rather than keeping old ones, is key to understanding the drive for analysis and monitoring of customer satisfaction.

Measuring customer satisfaction is a relatively new concept for many companies that have been focused almost exclusively on the income statement and balance sheet data. It is now recognized that the new global economy has changed things forever. Increased competition, the crowded markets with little product differentiation and years of continuous growth in sales followed by two decades of flattened trend, suggest that strategies must change.

It must be recognized that customer satisfaction is the key to this change.

Only by doing so you can keep customers and figure out the best way to attract new customers. The competitors who will succeed recognize that customer satisfaction is a strategic weapon that can bring a greater market share and increased profits.

The real problem, however, is how to do this and do it well. You need to understand how you can quantify, measure and monitor customer satisfaction. Without a clear and precise sense of what needs to be measured and how to collect, analyse and use the data as a strategic weapon

to drive the business, no business can be effective in this new world of business. Floors made using the results of the analysis of the customer satisfaction can be designed to reach customers and to make processes able to increase profits

Too many companies have out-dated and somewhat unreliable methods of measuring customer satisfaction. Analyse sales volume; listen to the vendors that describe the moods of their clients. Monitor the number and frequency of complaints. Care to refine the credit reports, acknowledging to customers dissatisfied with pay as late as possible, if at all. Although these approaches are not completely worthless, they are not a valid substitute for a well-designed program of analysis of customer satisfaction.

Because the customer satisfaction concept is new to many companies, it is important to be clear on what exactly is meant by this term.

Customer satisfaction is the state of mind that customers have of a company when their expectations were met or were superior during the entire life cycle of the product or service.

The achievement of customer satisfaction leads to be loyal to the company and to repurchase the product.

There are some important implications of this definition:

- Since customer satisfaction is subjective, it is not a quantitative condition, the measurement will not be exact and require sampling and statistical analysis.
- The measurement of customer satisfaction should be performed including the gap between customer expectations and perceptions attributed to performance
- There must be some connection between customer satisfaction and bottom-line performance measurement.

The term satisfaction can refer to a number of different aspects of the relationship with a client. (Manning Harley and Bodine Kerry, 2013)

For example, manager can refer to any or all of the following:

- Satisfaction with the quality of a particular product or service
- Satisfaction with a steady business relationship
- Satisfaction with the value for money of a product or service
- Approval because a product or service has met or exceeded customer expectations.

Each sub-fund may customize this list by the nature of the industry and the specific customer relations. The variables used in the measurement of customer satisfaction will be different depending on the type of object of the search satisfaction. For example, because manufacturers usually analyse the delivery time and compliance with the technical specifications, the satisfaction measures employed by their suppliers should include these critical variables.

A clear definition of customer satisfaction can help the company to identify opportunities for product and service innovation, and serves as the basis for performance evaluation and commission systems.

It can also serve as a basis for a customer satisfaction survey program to ensure that quality improvement efforts are properly focused on the issues that are most important to the customer.

Decathlon, uses customer loyalty, to offer exclusive advantages. The Decathlon loyalty card allows customers to take advantage of exclusive benefits, first of all being able to test products for free, so you can choose whether or not to purchase the product. Giving the customer a choice testing products, Decathlon is separated cleanly from their competitors. The customer, therefore, is unsure about purchasing can evaluate, through a personal test the product. This unique service creates a significant competitive advantage as it leaves maximum freedom of choice to the customer and prompts him to recommend products through the story of a personal experience. Storytelling is the tool that today, given the extensive use of technology, brings the most value added to each product.

The Decathlon customer can also participate in exclusive events dedicated to him, be a sport. Given the close relationship between Decathlon and local sports clubs, we are organized events in which the customer is given the opportunity to try a sport for free and test the products and because of that, the club can give greater visibility.

To date, the events organized outside the shop directly in the club or in the environment best suited to play a particular sport is a great success. The communication of the same does not happen only in stores but also through word of mouth of those who participate: the positive experience lived brings the customer back into the store and asking for information on subsequent events.

Events are organized at the local level have the goal of making Decathlon, not a multinational but a local reality. Are in fact organized events linked to the most practiced sport by customers but also linked to minor sports to so intrigue the customers and give them a chance to discover new sports. Events involving all groups: from hiking, tennis passing the football, basketball, rugby, water sports and fitness activities. At the same time, cycling, running and Nordic walking.

The customer then, given their experience, has an incentive to come back and to inform himself or herself. The store is encouraged to organize events and to develop closer links with clubs in order to satisfy the customer recognizes the added value of commercial activity. Not just mere sales activities but also to service activities.

Another important new feature of 2016, based on customer satisfaction is the theme of communication. Through social networks Facebook and Twitter, the customer Decathlon Italy is encouraged to tell their sports experience through the hashtag #Lofaccioperchè. The customer is asked the reason why practice that particular sport to stimulate dialogue and sharing. Decathlon want to do branding, telling that whatever their sporting passion and motivation why we practice, Decathlon is able to satisfy it through the supply of its products.

The price is therefore part of the communication, but not the main thing.

To date, the direct customer experience is the most inspiring source to ensure that the customer perceives the competitive advantage, let him word of mouth and is himself an actor in Decathlon.

CONCLUSION

Starting from the idea of analysing a business case of large retailers, linking theory and practice, I explored various topics related to the dynamics of business management.

After collecting information both about the case study, both theoretical and I have compiled the elaborate in order to better illustrate some management dynamics.

Due to the daily complexity of the environment in which firms lives, it is relevant to underline the importance of four key factors that determine the success of Decathlon. The good position, in the large retail market, acquired by Decathlon is due to:

- strategy used to reduce costs
- the relevant role of innovation
- a good management of human resources
- the improvement in customer experience

Reducing costs is a crucial point of each firm: it is one of the key factors of Decathlon. Managers daily studying the best strategies to increase the productivity of the resources and then share them with all employees. Each store shares with the other its factors of success.

Decathlon strongly believes in innovation: great innovations ripen slowly and usually starting from the union of many small insights, often from different people, which at some point coalesce materialized into a real step forward, creating a very strong discontinuity than it was first. Due to that, the Research and Development department of each “Marche Passione” participate every year to an internal context: they must present their product innovation to a jury which reward the best in terms of raw material, costs, margin profit, use and market share. In that way, each year, the “Marche Passione” are stimulated to create a good product and to keep up with the new materials and design of the market.

Innovation is not only about product, it is about people: creativity is something that firms don't buy. To do that, Decathlon, has a good human resources policy: from the assessment in

job hiring to the knowledge process. It gives training courses, which are planning yearly, of each employee: in that way employees are stimulated to learn the news about the products but also to the firm. They can give their ideas and opinions, employees at each levels is free to pursue own projects aimed at improving the company. The human capital is one of the strength that makes difference from competitors.

Decathlon put the customer experience at the centre of its commercial strategy: due to the rapid change in buying behaviour of customers all around the world, the French multinational decide to construct its customer strategy around the customer. Customers have the possibility to test for free the products and then decided to buy or not. To test products, Decathlon, organize sporting events for its customers: differently from the competitors, customer has the possibility to keep in touch with products and experts of the sports.

These four key factors made the success of Decathlon that improve day by day its economic performance. The combination of that success' factors creates the competitive strength of the firm.

The company's vision to ten years is the organizational factor, which allows the company, through careful planning to achieve their objectives. Planning to one, five and ten years, it allows to plan both in the long and in the short term and to correct the strategy in order to achieve the economic result.

The careful planning of each activity is the key to success that allows Decathlon to be always in time to satisfy its customers.

Starting from an analysis of the company through the story, the three fundamental concepts of mission, vision and value, the business organization, the importance for Decathlon human resources and their training and the new policy of expansion I wanted to give a vision general company and its strengths.

I later contextualized the firm within the European market, thus studying the impact of sport on the European economy, and then by focusing on various sports brands and then move on to directly analyse the competition between Decathlon and its most important competitors, Intersport.

Analysing the market, I wanted to highlight the most relevant aspects of the Decathlon trade policy and corporate strategy of differentiation towards competitors: are relevant supply chain and count the development of the company.

After analysing the European framework in which the company operates, I focused on the Italian reality, for an economic analysis. I used the budget as a starting point, since it is the most widely used by the tool to plan for one year, five and ten years. Given my experience in the store, I noticed that it is mainly used not only as an economic form of prediction, but is also reflected in everything that characterizes as provided to the customer to differentiate ourselves and the organization of human resources. Planning and scheduling are the tools most commonly used to ensure the organization and the success of any business project.

Given, in fact, the future prospect, I focused on four fundamental aspects of the company's strategy and I analysed them with a view to future improvement. The four aspects analysed were: the costs and their reduction, the importance of innovation for future profits, the knowledge and skills of human resources, ultimately the customer experience as a means of differentiation. Given the exponential growth of online commerce, it is important to show customers the difference between a sale and a shop on-line. The services offered and the direct experiences that can make are important elements to return the customers in the store. One of the strategies used by Decathlon are sporting events, dedicated exclusively to our customers. Participating on those events has the opportunity to test the products and have them instructors and technicians responsible for that specific sport, as a rule are offers of free

trial lessons. In this way the shop is working with local sports clubs and with customers: become so through their relationship.

Decathlon therefore, from the reality of large retailers, passes to be local reality, because the goal is to satisfy customers and collaborate with clubs that are about 10-20 minutes from the store to be able to not only compete globally but especially locally. This is to recognize the customer first as a local reality and then on a multinational scale. The production is often localized because, as Italian, is often as much as possible, fallen in the local realities of small and medium-sized enterprises. There is a great attention to the subdivision of production because it does not make respect for small and medium enterprises only by a multinational company, and therefore are small given amount of production to different companies.

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*“Il talento non basta: occorre tenacia.
Tra una persona talentuosa
senza tenacia e un'altra tenace,
ma senza talento, sarà quest'ultima
a ottenere i risultati migliori.”*
Beppe Severgnini, Italiani di domani.

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