

Exploring the Traits of Marketing Strategy Approaches: The Latte Arborea Case Study

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Abstract

In the marketing literature there are three main approaches related to strategy: the outside-in, inside-out and mixed approach. Although many researchers have given their contributions to this field of research, there are no studies that fully identify and define the distinctive characteristics of these three perspectives. Moreover, there is a lack of empirical studies on firms marketing strategy approaches. For these reasons, this article has two different objectives: 1) identify and describe the main characteristics of the three approaches and hierarchically structure them in a theoretical framework; 2) provide an empirical qualitative contribution to the marketing strategy debate (Latte Arborea case study). In order to achieve the first objective, we used a conceptual matrix (Webster and Watson, 2002) to locate the most quoted characteristics by the literature. Then, we discarded the less frequently quoted characteristics and joined some other similar ones that can be used together. The result is a theoretical framework which shows the hierarchical relationship between characteristics and their affiliation to the three approaches. For the second objective, we used a qualitative in depth single case study (Yin 1994; Dubois & Gadde 2002). The firm we studied is Latte Arborea, which is a leading company in the dairy industry within the Sardinian market (Italy). Data were collected from three sources: semi-structured interviews, Latte Arborea's social media and website (Dubé and Paré 2003). All the transcriptions coming from the data sources were uploaded and coded using the tools of Nvivo10. We based the semi-structured interview protocol on our theoretical framework and through the answers of the interviewees and the other data sources, we were able to identify Latte Arborea's characteristics in developing its marketing strategies. The result of this research is a managerial diagnosis tool which allows firms to identify their marketing strategy approach and their eventual problems.

JEL classification: M31.

Keywords: outside-in, inside-out, mixed approach, marketing strategy approach, single case study.

1. Introduction

Over the last three decades, marketing scholars have been paying an increasing attention to the role played by marketing strategies in obtaining and maintaining long-lasting competitive advantages (Barney, 1991; Srivastava et al., 1998; Russell, 1999; Miller et al., 2002). In particular, these studies highlighted the critical importance of both the firms' external environment and their internal resources for marketing strategy development (Ulrich and Smallwood, 2007; Riezebos and van der Grinten, 2012). Strategy researchers can be divided into two schools of thought focusing on two opposite strategic approaches: the outside-in approach and the inside-out approach (Miller et al., 2002; Day, 2011). The first approach focuses on players from the firm external environment, such as: clients, competitors, suppliers, external stakeholders, etc. (Tracey et al., 2005) as well as external knowledge, technology and innovation (Carter et al., 2011; Saeed et al., 2015). According to this approach, firms use external originated inputs to tune their internal resources and capabilities in order to fit in with the external environment dynamics (Day, 2011). On the contrary, the inside-out approach focuses on internal firm-specific resources and capabilities (Barney, 1991; Miller et al., 2002). According to this perspective, the success of a firm is based on the ability to leverage and exploit its current internal resources and capabilities by means of inside-out processes. That is, firms use their valuable, scarce, inimitable, and non-substitutable resources to create opportunities and manage threats coming from the external environment (Barney, 1991). In recent times, these two schools of thought have been converging in order to overcome the limits of the single-taken approaches (Combs and Ketchen, 1999; Makadok, 2001; Barney, 2014; Day, 2013; Kozlenkova et al., 2014). The result is a new perspective that combines the advantages provided by the inside-out and outside-in approaches. This

new approach, proposed by several scholars, has been named mixed approach.

Although research on marketing strategy has provided a wealth of insights about the three different approaches (Miller et al., 2002; Day, 2011; Kozlenkova et al., 2014), almost no attention has been devoted to examining the characteristics needed to describe and classify marketing strategy approaches. Therefore, the first aim of this work is to fill this gap through the identification and definition of the distinctive characteristics of the three different approaches and hierarchically structure them in a theoretical framework.

Once we did this, we focused on the second objective of this research which is to provide an empirical qualitative contribution to the marketing strategy debate. So, we looked for a suitable company to test the previously defined characteristics. In order to do so, we used the Single Case Study methodology (Yin 1994; Dubois & Gadde, 2002) and we looked for a medium size company located in Sardinia (Italy) with at least a 5-year long activity and with a wide range of products. The choice fell on 3A, with particular attention to its top brand Latte Arborea. After taking contact with the firm's top management we arranged several interviews. Then, the collected data (semi-structured interviews, social networks and website contents) have been coded using the software Nvivo.

Summing up, this article is structured as follows: at the first paragraph we suggest a theoretical framework which hierarchically organizes the characteristics and sub-characteristics of the three different approaches. In the second paragraph, we describe the methodology used for the single case study and, consequently, there is the data analysis, followed by the discussion of our findings and the conclusion of our study.

2. Theoretical Framework

The first part of the previous section has briefly illustrated how marketing strategy approaches have evolved in recent decades. In line with the literature evolution, it is clear that companies which want to compete successfully must understand and be aware of their marketing strategy approach and adopt one of the three of them coherently with their context. In this section, we briefly describe the path we followed to develop the theoretical framework that can also be used by the firms as a diagnostic tool to analyse their marketing strategy approach. Therefore, in order to fulfil the first goal of our research, we needed to carefully analyse the literature related to the marketing strategy.

In this way, the first step of the literature analysis was selecting articles relevant to our research and its core topic, marketing strategy. We did this by searching the Scopus and ISI Web of Knowledge databases with the “outside-in”, “inside-out” and “mixed approach” keywords. We obtained a base of 975 articles that has been further refined by limiting the research to the management, business, decision sciences and social sciences fields. The result was undergone to another selection based on the titles, keywords and abstracts of the articles themselves. By reading these, we decided whether the articles appeared to be concerned with, or relevant to, marketing strategy. This process provided 38 articles for in-depth review and coding, we added 12 more papers taken from the same articles references. Then, we obtained a final corpus of 50 articles covering a period going from 1978 to 2015.

From the 50 articles, we identified a first wide range of characteristics that can be associated with the marketing approaches. We matched the characteristics expressed by literature with the approaches. The criterion used to carry out the matching process was the coherence between characteristics and approaches' definition. Then, we used a conceptual matrix (Webster and Watson, 2002) to locate the most quoted characteristics by the literature. Finally, we discarded the less frequently quoted characteristics and joined some other similar ones that can be used together. The result is a theoretical framework (Table 1) which shows the hierarchical relationship between characteristics and their affiliation to the three approaches.

Supply-Chain Monitoring: It consists of a set of practices performed by the firm in order to acquire information about new products, materials or other changes taking place in the supply-chain. These activities are performed on both fronts of the firms: on the side of suppliers and on the side of distributors (Tracey et al., 2005).

Technological Change Monitoring: It concerns all activities performed by the company in order to identify all the technological innovations that can be applied in the firm activities. The firm monitors both the technological change taking place in its own industry and in other sectors. When a firm is aware of technological innovations, it can have a proactive behaviour in adopting them before its competitors do (Carter et al. 2011). On the contrary, if a firm doesn't pay attention to the aspect of the external environment, its competitors can gain a technological advantage.

External Knowledge: This label refers to the knowledge existing outside of the firm and also outside of the firm's industry borders. In fact, knowledge that radically changes the dynamics of a market usually comes from other industries (March et. al 1991). Thus, an outside-in firm must monitor the external knowledge and develop market-based capabilities in order to absorb and exploit it (Barrales et al., 2014).

2.1.2. External Stakeholders Satisfaction

The satisfaction of external stakeholders is crucial for firms which want to develop outside-in marketing strategies. Classical external stakeholders are: clients, shareholders, suppliers, creditors etc. (Srivastava et al., 1998). Nevertheless, in the outside-in approach the most important stakeholders are clients. Client satisfaction is based on the creation of a valuable offer which is perceived from the client and the satisfaction of clients' needs (Ordanini et al., 2013).

2.1.3. Market-based Assets and Capabilities

Depending on the context, market-based capabilities can be distinctive (Conant et al., 1990), dynamic (Barrales et al., 2014) or simple. A capability is distinctive when a firm is better in doing an activity or process compared to its competitors (Selznick, 1957). Moreover, distinctive capabilities are market-based if they are strictly related to the market. Dynamic market-based capabilities help other capabilities and assets change coherently with the evolution of the market (Teece, Pisano and Shuen, 1997). Finally, the last category to mention is the simple market-based capabilities. It is a residual category, due to the fact that a capability is considered to be simple in case it is neither dynamic nor distinctive but still important for companies applying an outside-in approach to their marketing strategy. Market-based assets are resources deeply rooted in the market: *“an asset can be defined broadly as any physical, organizational, or human attribute that enables the firm to generate and implement strategies that improve its efficiency and effectiveness in the marketplace [...] the value of any asset is realized, directly or indirectly in the external product marketplace”* (Srivastava et al., 1998). For example, they can be a firm's client portfolio or its reputation. They can be intangible, and if so, they can have a distinctive value as intangible assets are difficult to imitate.

2.1.4. Demand pull Innovation and Open Innovation

Even if Demand Pull Innovation and Open Innovation are two completely different kinds of innovation, both are triggered by external inputs. The first, in contrast with the technology push, highlights the role of demand as a source of innovation. The second refers to the fact that innovation can be also generated by the knowledge coming from a wide range of external stakeholders. More precisely, Open Innovation uses external knowledge to improve internal innovation and it expands the markets for exploitation of innovation. Therefore, firms looking for innovation are induced out of their borders (Chesbrough, 2003). In line with the literature, we divided innovation in two different sub-characteristics: Technological Innovation and Product/Service and Process/Activity Innovation.

Technological Innovation: this concept does not only refer to new tools or devices, but also includes better solutions that can be implemented to meet new explicit or tacit needs of the market. Nowadays, the majority of technological innovations comes from external insights. Demand Pull

Innovation and Open Innovation are both important for a company willing to implement an outside-in marketing strategy because they allow the firm to gain and maintain SCA on the long term.

Product/Service and Process/Activity Innovation: To face the external changes, firms modify and innovate their products and services under the inputs received by their clients or other stakeholders (Ordanini et al., 2013). Consequently, firms also have to adapt their producing processes and/or employees' tasks and activities when they launch new products/services or change the old ones.

2.2. Inside-out Approach

Firms have an inside-out approach when they focus on internal firm-specific resources and capabilities to shape their marketing strategies (Barney, 1991; Miller et al, 2002). For example, a firm can exploit an internal developed technology (by means of R&D) to reduce production costs and promote new marketing initiatives (e.g. launching a new product). The main characteristics of an inside-out approach are: Internal Efficiency (Williamson O.E., 1991; Carter et al., 2011); Resource Endowment (Srivastava et al., 1998); Distinctive Assets and Capabilities (Teece et al. 1997); Internal Stakeholder Satisfaction (Lillis and Lane, 1997); Technology Push (Jaakkola et al., 2010); Internal Knowledge (Nonaka et al., 2000).

2.2.1. Internal Efficiency

The Internal Efficiency is the ability of a firm to rationally exploit its internal resources. This happens when a firm gets the most out of the relationship existing between its output and the resources needed to obtain it. This characteristic can be divided further into three different sub-characteristics: Resource Efficiency, Process and Activity Efficiency and Organizational Efficiency.

Resources Efficiency: The firm looks for better procedures to identify and use its tangible and intangible resources with the purpose of reducing costs and increasing the income (Williamson, 1991).

Process and Activity Efficiency: This characteristic refers to the activities and the processes performed by the employees during their jobs, whereas by **Organizational Efficiency** we mean the manner in which the employees are organized in groups and the hierarchical relationships between them (Carter et al. 2011). These two characteristics are strictly related to each other because reshaping them can improve the workforce efficiency and reduce the costs of the firm.

2.2.2. Resource Endowment

The Resource Endowment of a firm is the firm's resource stock with regard to both the quality (variety and composition) and quantity of resources controlled by the firm (Srivastava et al., 1998). Considering the overall industry resource endowment, it is possible to determine the resource rarity. According to the literature, the development of "*sustained competitive advantage depends, in a critical way, on the resource endowment controlled by a firm*" (Barney, 1991). Therefore, companies, which develop marketing strategies from an inside-out perspective, have to carefully consider their resource endowment in order to generate SCA.

2.2.3. Distinctive Assets and Capabilities

In the Inside-out perspective, the only assets and capabilities that we take into consideration are the distinctive ones because of their relevance for this kind of approach. An asset can be considered distinctive when it belongs only to the firm or it rarely appears in the firm's industry. The firm must also be able to use it to gain SCA. For a capability to be distinctive, the firm forced to do better a particular activity compared to its competitors (Selznick, 1957).

Moreover, firms need to analyse their assets and capabilities in order to pinpoint their asymmetries with the competitors (Miller et al., 2002). Asymmetries are assets or capabilities that a company owns and its competitors do not. These asymmetries can be exploited in order to obtain SCA (Miller et al., 2002). This means that a firm which developed its distinctive assets and capabilities can be protected from imitation by the competitors.

2.2.4. Internal Stakeholder Satisfaction

Internal Stakeholder Satisfaction can be achieved by the firm through actively identifying and satisfying this category's needs. While the outside-in approach takes care of the external stakeholders, the inside-out approach deals with the internal ones. The main internal stakeholders are company owners, employees and managers. In general, owners, in order to be satisfied, require a repayment for their investments. This means that they desire a constant increase of income rate in the long term. Employees need a stable job and salary, improvements in working conditions, and a stimulating working environment (Burmam et al., 2009a; Burmam et al., 2009b) to become strategic players in the company (Lillis and Lane, 1997). Managers demand the same similarly to employees but, en plus, they desire that the company builds leader brands (Ulrich and Smallwood, 2007) and it expands its dimension and prestige.

2.2.5. Technology Push

The firm performs a technology push when it forces a technological innovation into the market developed by its internal unit (e.g. R&D), without considering whether that innovation is needed by its clients. Firms, in order to beat the competitors, need to develop proper strategies to manage the innovation. When R&D is an internal unit and innovations come from an engineering cultural heritage (Jaakkola et al., 2010), it will likely develop new technologies based on the previous ones. Moreover, firms can patent their innovations and exploit them in the long term gaining an SCA. Finally, pushed technological innovations need to be disruptive in order to be put onto the market without considering the users' satisfaction, otherwise they could be rejected.

2.2.6. Internal Knowledge

The Internal Knowledge of a firm is the knowledge developed and shared within the firm borders. Hence, differently from the outside-in approach, in this case the knowledge comes from the inside of the firm and in particular from employees (Spender, 1996). The employees are broadly considered, so the contribution of knowledge is required for all employees, it is not limited to those who work in the R&D unit. This means that an inside-out firm is required to include as much workers as it can in the knowledge producing processes and it should formulate marketing strategies based on this internal asset (Nonaka et al., 2000).

2.3. Mixed Approach

Even if the outside-in and inside-out approaches are usually seen as rivals, the still open academic debate is currently converging on a joined use of them (Hunt, 2011; Barney, 2014; Srivastava, 2001). The result is the mixed approach, a new perspective that combines the advantages provided by inside-out and outside-in approaches (Hunt, 2011; Kozlenkova et al., 2014; Day, 2013; Barney, 2014).

Researchers are exploiting the mixed approach to conceive theories capable of explaining more clearly the relationships between firm's performance, resources and their external environment (Kozlenkova et al., 2014; Day, 2013). In the meantime, managers are developing mixed approach marketing strategies with the goal of taking advantage of both the approaches in order to achieve SCA faster than competitors (Humbert et al., 1997; Urde et al., 2013).

Firms have a mixed approach when their marketing strategies present characteristics belonging to both the inside-out and outside-in approaches. Moreover, the mixed approach presents its own specific characteristics: Spanning Capabilities (Day 1994); and Inter-firm Cooperation (Combs and Ketchen, 1999), (the orange part of Table 1). To decide whether a marketing strategy belongs to the mixed approach, we need to check if its characteristics come from the outside-in and inside-out approaches at the same time, from the mixed approach itself or from the three approaches simultaneously. This is graphically represented in Table 1 by a row above the approaches.

2.3.1. Spanning Capabilities

Spanning Capabilities are able to create links and connections between outside-in and inside-out capabilities, in order to make them working together. Therefore, they can be seen as the link connecting the strongest points of the outside-in and inside-out perspectives. It is almost impossible to list each single spanning capability, but at least it is possible to provide some examples: client order fulfilment, pricing, purchasing, client service delivery, new product/service development and strategy development (Day, 1994). Since spanning capabilities can integrate abilities from both categories, they belong to the mixed approach.

2.3.2. Inter-firm Cooperation

Inter-firm Cooperation concerns partnerships between two or more companies. The cooperation between companies allows them to achieve their common aims more effectively thanks to the use of complementary assets and capabilities. When a company decides to cooperate with other companies, its aim is to reduce or share costs, to improve internal efficiency. This is clear mark that refers to the inside-out approach. But in the attempt to do this the firm needs to take a step outside its borders and join one or more companies in order to achieve a common aim (Combs and Ketchen, 1999), which is a trait of the outside-in approach. This is the reason why Inter-firm cooperation belongs to the mixed-approach.

3. Methodology

The methodology used to carry out the empirical part of this research is a qualitative in depth single case study. (Yin 1994; Dubois and Gadde, 2002). We choose this methodology because it enables the study of complex multi-variable phenomena evolving over time (Eisenhardt, 1989).

3.1. Research Setting

Regarding the case selection process, four criteria were used: 1) location in the Sardinian region of Italy; 2) long-running company; 3) wide range of products; 4) medium or big company size.

First of all, the ideal company is located in an economically developed area in Sardinia since our aim is to provide an example for a successful marketing strategy development in a region characterised by strong geographical limitation. Secondly, the chosen firm has been operating for more than five years. This is a specific reason, due to the fact that a marketing strategy requires not less than five years to be properly implemented. Besides longevity, the firm has to be developed in its size and in its products range since, we need to study a company, where the marketing is structured as a function and it has also been involved in different kind of products.

The choice fell on the cooperative 3A (Assegnatari Associati Arborea) which is a leading company in the dairy industry on the Sardinian market (Italy). In particular, we focused on its top brand Latte Arborea. We selected Latte Arborea since its headquarter is located in Arborea, a Sardinian municipality in a well-developed agricultural and farming area. 3A has been on the market since 1950 and it was doing consolidated marketing activity. It currently employs 292 workers and it has 240 associates. It owns 82% share of the Sardinian fresh milk market and it has an annual turnover of EUR 150,8 million in 2014. 3A is keeping pace with the times and the needs of the modern market context. For this reason, it developed a really wide and complete range of products. Besides of different kinds of milk, ripened and curd cheeses, mozzarella, yogurt, etc., 3A also launched a lactose-free full line production on the market, an innovative product called WEY, designed specifically for athletes and the most recent ice-cream mix.

3.2. Data Source

In this study, the primary unit of analysis is the firm 3A, in particular its top management (Benbasat et al., 1987). Data were collected from three sources: semi-structured interviews, Latte Arborea social network pages and the company website (Dubé and Paré 2003). We chose to differentiate our sources of data to triangulate the analysis and generate better and more robust conclusions (Benbasat et al., 1987;

Eisenhardt 1989; Yin 1994; Dubé and Paré 2003;).

Semi-structured interviews. Since “asking questions and getting answers is a task more complex than what may seem” (Fontana and Frey, 2000) we wrote an interview protocol to be used as a base for the interviews. This protocol is made of fifteen open-ended questions preceded by an introduction and followed by a conclusion (see Appendix A). The protocol was pilot tested on the Head of Customer Service at Toptal LLC to verify if the questions were all clear and well formulated (Yin, 2008). The feedback on ambiguities and difficult questions enabled us to refine the protocol prior to full scale utilization (Teijlingen et al., 2001). Afterwards, we conducted the first two interviews with interviewees Latte Arborea Milk Category Manager (and Head of Marketing) and Dairy Product Category Manager (Table 2). The interviews took respectively 45 and 60 minutes and they have been recorded, transcribed and coded with the software Nvivo 10. After the interview analysis we sent an e-mail with five additional questions to clarify some points and collect additional information (see Appendix B). A second round of interviews was organized and conducted with the Board Chairman, the CEO and the Production Manager (Table 2). These interviews took from 55 to 70 minutes and they have been recorded, transcribed and coded too. We decided to interview Latte Arborea top management since the five interviewees are key informants of the firm. Two of them deals with the firm’s marketing, one is concerned with the technical-productive area and the last two persons have a systemic vision and an overall point of view of the company. Choosing different informants with different roles within the company allowed to reduce the mono method bias, since the interviewees expressed their opinion on the same subject from different perspectives.

Data source	Interviewee	Position
Semi-structured interview	Interviewee A	Milk Category Manager and Head of Marketing
Semi-structured interview	Interviewee B	Dairy Product Category Manager
Semi-structured interview	Interviewee C	Board Chairman
Semi-structured interview	Interviewee D	CEO
Semi-structured interview	Interviewee E	Production Manager

Table 2. Summary of the interviews administered to Latte Arborea top managers

Social Networks. Latte Arborea Facebook page and Youtube channel have been carefully examined. For the company's Facebook page, we used Ncapture, one of Nvivo tools, to extract the page contents. To include the promotional videos published on the company's Youtube channel we uploaded them onto Nvivo 10 and then we transcribed the contents needed for the research (Table 3).

Website. We followed the same process for the firm's website: we used Ncapture to generate a Pdf file of the pages that we needed to code (Table 3).

Data source	Type	Number
Social network	Facebook Posts	831
Social network	YouTube Videos	5
Website	Page	24

Table 3. Summary of the social media sources

3.3. Research Process

As mentioned above, all the data from the three sources were uploaded and coded using Nvivo 10 tools. With Nvivo, the data were structured according to our theoretical framework (Table 1). NVivo allowed to use nodes to organise the data sources and to structure the data in it, in order to understand the marketing strategic approach used by Latte Arborea. We have identified three main nodes corresponding to the three strategic marketing approaches followed by 19 child-nodes which represent the characteristics of the outside-in inside-out and mixed approach. We also hierarchically organised three of them with additional child-nodes representing the sub-characteristics (Table 1). We want to find whether one approach prevails on the another two, or whether Latte Arborea is one of the companies that fall within the mixed approach.

To verify the correspondence between theory and practice, we compared each code with the definitions of the characteristics and sub-characteristics provided in the theoretical framework. We matched the codes and the definitions and we decided, case by case, whether a code matches a characteristic rather than another one. We used this process throughout the whole data. The coding process required careful reading of the interviews in order to consider the meanings of the phrases said by the interviewees to contextualize the meaning and get more robust results. We followed the same process to contextualize the contents published on Facebook and Youtube by Latte Arborea. We provide code examples for each approach in the tables below (Table 4, Table 5 and Table 6). The coding process was conducted separately and simultaneously by the two coauthors and, at the end of the process, we run a Coding Comparison Query by Nvivo 10, we discussed the inconsistencies and found a common solution until the value of Kappa coefficient was above 0.75.

Outside-in	Code Sample
Environmental Monitoring:	
Client Monitoring	“Then... we conduct an annual survey [...] to measure the brand health status... this on the consumer side, market”
Competitor Monitoring	“There are certain countries that are big milk producers, which can cause fluctuations in the price... this brings about market changes, consequently, significant implications in marketing strategies”
Supply-chain Monitoring	“The Cooperative 3A manages and controls all stages of the production chain: the food administered to lactating animals come from the direct cultivation of fields, ensuring the preparation of balanced food rations; the farming methods from Friesian and Brown Swiss are at the forefront; milking operations are carried out directly by the various farmer’s companies with technology that ensures compliance with strict hygiene standards”
Technological Change Monitoring	“Technological changes are mainly related with suppliers and considering the milk area it’s a monopolist... and it’s Tetra Pak. So, we and our competitors have that reference. Often, technological developments are followed almost simultaneously by other [competitors]”
External Knowledge Monitoring	“taking advantage from the opportunities that the company gives us to get out [of firm border], to confront ourselves [with other organizations], to improve our knowledge, to see what happened in other industries, we refine the ability to overthrow the knowledge gained on the initiatives that we must carry on in our firm”
External Stakeholder Satisfaction	A mission tightly focused on a main goal: "Increase the Cooperative members’ production value through sustainable management of the entire milk-chain and of all those who contribute to it: employees, workers, customers, consumers, territory. The commitment to support the local economy and the growth Cooperative members’ production value are closely intertwined with the values of mutuality, solidarity, social relations that are the basis of the business strategy".
Market-based Assets and Capabilities	“Over the past five years, the company has mainly dealt with an issue: market volatility. The milk market is particularly volatile, the product price changes very significantly from year to year. So, this aspect is new, actually it begun in 2006, however, we can state that it has been even more significant over the past 5 years”
Demand pull Innovation and Open Innovation:	
Technology innovation	“Often, inputs come from the law, legislation protects animal welfare. Therefore, most of the investments made by livestock farms comes from regulatory input. To give some examples, during the summer, cattle farmers activate large fans to give more ventilation to the cowshed and keep a fresh temperature; for the same reason they activate a kind of "showers" to entice cows to eat, consequently, cows always have a stable [milk] production”
Product/Service and Process/Activity Innovation	“Well... the lactose-free milk... has been an input coming from the market... We created an ad hoc product line that we are still implementing...”

Table 4. Outside-in approach code sample

Inside-out	Code Sample
Internal Efficiency:	
Resource Efficiency	“Let's say that profit margins have become thinner for everyone and we worked on every business unit trying to improve performance and reduce costs.”
Process and Activity Efficiency	“I ask [my providers] to find economy in the activities I do and then divide it by two, I do not if it's clear ... so, it's a collaboration, I think, it is working properly, especially in these times of economic difficulties because of the cost impact on the various production stages”
Organizational Efficiency	“The company is structured and organized with key employees able to give value to the precious product that is produced in the company. Actually, we have a very efficient organizational structure, key employees in charge at the departments and units are aware of really give that added value to the products”
Resource Endowment	In fact, we clash with the budget, cost or market size limitations (which are still at the regional level, or not very big). Reason why we can not do certain investments compared to others that have broader markets and, therefore, can better amortize certain types of machinery.
Distinctive Assets and Capabilities	“Because of the characteristics of the cooperative, milk has the peculiarity of being collected and processed in a few hours. This gives a different perception of taste and qualitative level than the milk which is purchased in Germany and then packaged in Parma and distributed long-life”
Internal stakeholder Satisfaction	“Our [company] is a cooperative and it has the purpose to reward at the best conditions the milk to the farmers company, who are the owners of the cooperative”
Technology Push	“We have taken advantage of this [lactose-free milk] innovation and then move it on other products. From these, the high digestibility line was born, the line of products with the orange box that then passes from milk, fresh cheeses and, at this point, we have the technology for each product, we are only waiting the marketing people say "it's time". So, we are ready to apply this innovation to every product”

Table 5. Inside-out approach code sample

Mixed approach	Code Sample
Spanning Capabilities	“Research and Development plays a role that has grown in importance and it's ... how can I say ... as an intermediary, it's a glue between the production, trade, marketing, suppliers, etc ...”
Inter-firm Cooperation	“Without cooperation it would be ... it would be hard! Especially for those who are on a small island like us... collaboration ... is fundamental for the company growth.... Even among companies of different sectors, the interchange knowledge always brings you to grow, and you could absolutely do not successful without this... For example, we have a great cooperation with Tetra Pak. They tested new machineries on us and this has been useful to become a market leader.”

Table 6. Mix approach code sample

3.4 Data analysis

As mentioned above, the data analysis was performed using the software NVivo 10, more precisely it was given a structure to interpret data obtained through interviews and other data sources such as company's Facebook page, YouTube channel and website. Through the data structuring, it was possible to obtain the necessary information to identify the marketing strategies approach used by Latte Arborea. We see each of them in detail:

Outside-in approach. Our data reveals that Latte Arborea has a focus on the market dynamics and its external environment. The outside-in approach enables Latte Arborea to adapt itself to market changes. This adaptation takes place using innovation-based marketing strategies. In particular, Latte Arborea considers important the monitoring of what happens outside the enterprise. As it has emerged from the dataset, this is an input for new products development, for the processes and operations modification and the related technology changes. The characteristics involved are Demand pull, Open Innovation and Environmental. Most of the codes related to this characteristic are assigned to the child-node Product/Service and Process/Activity Innovation. An example which explicates and summarises the Latte Arborea demand pull innovation attitude is: *“Well... the lactose-free milk... has been an input coming from the market... We created an ad hoc product line that we are still implementing...”* (Table 4). The creation of the product line HD (high digestibility), designed for consumers with lactose intolerance, manifests Latte Arborea's sensitivity to market input. Latte Arborea is also careful to convert market inputs into strategic and operational activities. This shows how company is opened to changes and it allows Latte Arborea to be competitive on the market. Therefore, change and innovation are the consequences of the external environment monitoring. Another characteristic that often emerges from interviews and from the Latte Arborea web channels is the Environmental Monitoring. The firm carries out periodic analysis to keep their clients control: *“Then... we conduct an annual survey [...] to measure the brand health status... this on the consumer side, market”*, but also the competitors are monitored: *“There are certain countries that are big milk producers, which can cause fluctuations in the price... this brings about market changes, consequently, significant implications in marketing strategies”* (Table 4). In other words, Latte Arborea to be dynamic in the market, catches information which describe external environment dynamics. This situation is achieved through its constant observation of the external environment. Latte Arborea gives the opportunity to its key employees to monitor and catch external knowledge through "contamination" with other realities: *“taking advantage from the opportunities that the company gives us to get out [of firm border], to confront ourselves [with other organizations], to improve our knowledge, to see what happened in other industries, we refine the ability to overthrow the knowledge gained on the initiatives that we must carry on in our firm”* (Table 4). Another strategic external environment variable is the supply chain monitoring: *“The Cooperative 3A manages and controls all stages of the production chain: the food administered to lactating animals come from the direct cultivation of fields; [...] milking operations are carried out directly by the various farmer's companies with technology that ensures compliance with strict hygiene standards”*. Because of Latte Arborea presents a market offer characterized by certified quality, it must rely on a supply chain with features which ensure high performance. Technological changes are less controllable because: *“Technological changes are mainly related with suppliers and considering the milk area it's a monopolist... and it's Tetra Pak. So, we and our competitors have that reference”* (Table 4). As for the External Stakeholder Satisfaction, in addition to the quality and attention on client needs, from 2010, the year when Latte Arborea began using the Facebook page more frequently and giving greater importance to the channel, the number of client iterations has increased. In the dataset, there are a few items which allow to identify Market-based Assets or Capabilities. Considering the importance paid by Latte Arborea to Environmental Monitoring, this is an unexpected data. However, 3A has a very close relationship with its territory. The brand Latte Arborea is named after the village where the 3A headquarters is established, Arborea: *“we are set in a context which is typical in economic, political and social terms. Above all, we must take into account that Latte Arborea is in the centre of the town of Arborea... so it's very tied to the territory, it's rooted in*

this village... It has very long time relationship with the surrounding territory... we are here for 60 years...”.

Inside-out approach. Our data shows that Latte Arborea faces Internal Efficiency in a very peculiar way. Latte Arborea, as the most companies of today's economic environment, is influenced by the global economic crisis. Furthermore, 3A has a peculiarity that has great influence on internal efficiency and raw material costs: the milk suppliers are simultaneously shareholders, so, the firm owners. In the interests of Internal Stakeholders Satisfaction managers claim: *"Our [company] is a cooperative one and it has the purpose to reward at the best conditions the milk to the farmers who are the owners of the cooperative"* (Table 5). This brings the company to *"[...] pay the raw material, which is the first company's production cost, [at a price] as high as possible"*. This is a really evident trade-off between Internal Stakeholders Satisfaction and Internal Efficiency. However, Latte Arborea's strategies have been able to cope with this problem with a triple action: 1) reduce costs in areas where the company has the opportunity to do so and increase process and activity efficiency; 2) improve the internal organization efficiency in order to give value to products; 3) give emphasis to the production processes and products quality through long-term marketing efforts. As regards the first strategic action, Latte Arborea has no possibility to reduce the cost of milk, so it must decrease costs in other areas (Resource Efficiency): *"Let's say that profit margins have become thinner for everyone and we worked on every business unit trying to improve performance and reduce costs"* (Table 5). Moreover, Latte Arborea often makes partnership with suppliers with the purpose to reduce costs (Process and Activity Efficiency): *"I ask [my providers] to find economy in the activities I do and then divide it by two, I do not if it's clear ... so, it's a collaboration, I think, it is working properly, especially in these times of economic difficulties because of the cost impact on the various production stages"* (Table 5). Referring to the second strategic action, the following statement is emblematic of how Latte Arborea organizes its staff to add value to its products: *"The company is structured and organized with key employees able to give value to the precious product that is made in the company. Actually, we have a very efficient organizational structure, key employees in charge at the departments and units are aware of really give that added value to the products"* (Table 5). Through the first two strategic actions, Latte Arborea has put the bases for the third action: use marketing to emphasize production processes and products quality. This allows to justify the products placement in the medium-high price range to clients and to convince them to pay a premium price. As evidence of this marketing strategy, it is available on the Latte Arborea website: *"Thanks to the constant controls we produce a surprisingly good milk which, with its starting excellent health and sanitary properties it just needs a minimum heat treatment of pasteurization that guarantees the maintenance of all its features"*. In an advertisement broadcasted in the local television channels, which is still available in the Latte Arborea YouTube channel, states: *"We are united by the desire to be genuine in everything (high selection of the animal feed). We are united by the attention to the health and welfare of animals (control of the cows health status). We are united by a commitment to always be transparent (accurate hygiene procedures during milking). We are united by the desire to raise the welfare of everyone (high-tech safeguards to protect the goodness)"*. The result of the triple action, like the managers acknowledge, is that *"The company has managed to win an important challenge: to develop [its dimensions] managing to keep intact the authenticity and quality of its products"*. Moreover, fully adhering to the inside-out approach, Latte Arborea bases its marketing strategies considering what are its capabilities and assets that allow it to be competitive on the market and differentiate itself from the competitors (Distinctive assets and capabilities): *"Because of the characteristics of the cooperative, milk has the peculiarity of being collected and processed in a few hours. This gives a different perception of taste and qualitative level than the milk which is purchased in Germany and then packaged in Parma and distributed long-life"* (Table 5). Among the assets that the company believes are distinctive there is *"the fact that there are cows in Sardinia"* because *"it's an element that amazes and attracts at the same time"*. Based on these new pieces of information and adding the already certified product quality, Latte Arborea has completely overhauled its image in 2010 and re-launched its brand. All because Latte Arborea wants to expand its market to the rest of Italy, and lay the foundations for export all over the world. Evidence of internal elements in the marketing strategies is the change of the payoff, among others. It became from *"Only from Sardinian farms"* to *"The happy island of cows"*. The new payoff, as well as introducing the animal welfare,

gives emphasis to the element of surprise, namely, even in a Mediterranean area there are herds of cows. In fact, a survey conducted by the Latte Arborea, showed that in the collective imagination, the breeding of cows is associated with an alpine context or, more generally, with the mountains. Consequently, since there are cows in Sardinia, new clients are amazed and attracted and it has become a Latte Arborea distinctive element.

Mixed approach. A very strong Latte Arborea characteristic which clearly emerges from the dataset is Interfirm Cooperation. Partnerships are considered essential by Latte Arborea. They are source of advantage for several reasons. For example, Latte Arborea works closely with advertising agencies to handle some specific activities: *"Another important supplier, especially for marketing department is the advertising agency [...]. So [this advertising agency] is our main contact for the marketing activities and it is our leading supplier service"*. While, with very important suppliers like Tetra Pak, Latte Arborea has a strong cooperation for other strategic reasons, for example, to have cutting edge machineries. The firm also cooperates with companies from other sectors to increase their knowledge. *"Without cooperation it would be ... it would be hard! Especially for those who are on a small island like us... collaboration ... is fundamental for the company growth.... Even among companies of different sectors, the interchange knowledge always brings us to grow, and we could absolutely do not be successful without this... For example, we have a great cooperation with Tetra Pak. They tested new machineries on us and this has been useful to become a market leader"* (Table 6). In our data, the word "collaboration" is often associated with "growth" and reflects a strategic importance on marketing strategies too.

Spanning Capabilities are able to connect inside-out and outside-in approach capabilities. In the available data sources, we found that *"Research and Development... plays a role that has been growing in importance and it's... how can I say... as an intermediary, it's the glue between the production, trade, marketing, suppliers, etc..."* (Table 6). Such statement makes us think that the company considers crucial to its marketing strategy both approaches because it creates connection between strong inside-out oriented functions like R&D and production with marketing and trade.

Concluding, 3A, in particular its top brand Latte Arborea, adopts the mixed approach to develop its marketing strategies. Latte Arborea, as it has emerged from the dataset, has characteristics belonging to inside-out, outside-in and mixed approach at the same time (Table 7). Despite of 3A and its top brand Latte Arborea follow a mixed approach, it is observable a sharp shift of the needle toward the outside-in approach on the "strategic balance". This attitude, in the long term, it could divert attention from the important elements of internal nature.

Firm	Mixed Approach																	
	Outside-in								Inside-out									
	Environmental monitoring					Demand pull and Open Innovation			Internal efficiency			Resource endowment						
	Client monitoring	Competitor monitoring	Supply chain monitoring	Technological change	External knowledge	External stakeholder satisfaction	Market-based assets and	Technology innovation	Product/Service and Process/Activity Innovation	Spanning Capabilities	Inter-firm cooperation	Resource efficiency	Process and activity efficiency	Organizational efficiency	Distinctive assets and capabilities	Internal stakeholder satisfaction	Technology Push	Internal knowledge
Latte Arborea	X	X	X		X	X			X		X	X	X	X			X	

*Table 7. Latte Arborea main marketing strategy approach characteristics.***4. Discussion and Conclusion**

In this study, we sought to contribute to the understanding of marketing strategies approach in the milk and dairy products industry. We have accomplished this by achieving the two aims of the current work. First, we identified and described the main characteristics of the three approaches and hierarchically structured them in a theoretical framework. Second, we provided an empirical qualitative contribution to the marketing strategy debate through the Latte Arborea case study. For these reasons, our study has theoretical and practical implication. Regarding to the theoretical implication, the main characteristics which discern the outside-in, inside-out and mixed approaches are comprehensibly divided, organized and described. This study also clearly represents the case when a firm is adopting a mixed approach and it also helps to reduce the shortage of empirical contributions in this field.

While our work is theoretical as well, it has the most implications of interested to managers and marketers. Specifically, we contribute to raise management's awareness about their style used to implement marketing strategies, through definitions of the three approaches' main characteristics. Furthermore, this study can also be used as a guide to the different approaches. Thus, it facilitates changing processes in the marketing strategy orientation and the identification of marketing objectives. Finally, it makes managers aware of the potential of Mixed Approach which can be used to exploit internal resources and, at the same time, helps take into account clients' needs.

This study also has its limitations. The first limitation is related to the research context. The qualitative and empirical data analysis was undertaken with data collected from just one company. To improve the debate further, yet maintain a link with practice, future researchers may want to explore gathering data from a larger sample. This further research could refine or expand upon our findings in several ways. Larger scale survey research could be used to triangulate our data and statistically confirm our findings at a more general level. In addition, studies in different organizational or industry settings could potentially increase the applicability of the theoretical framework. Another limit of this work is that it does not clarify the relationship between those three approaches (outside-in, inside-out and mixed approach) and the strategic orientations (market orientation, entrepreneurial orientation, innovation orientation, learning orientation). So, further research could illustrate the relationship among tactical and strategic levels.

Our findings underline the fact that marketers must be keenly aware of the marketing strategy approach of their firms and they have to be ready to modify it when their business changes.

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Appendix A: Interview Questions

- 0) I would like to start with the zero question, to introduce yourself and your firm, thus, what your company does and what is your role in it?
- 1) Could you tell me the main changes that in the last five years have characterized your firm's industry and, consequently, the firm itself?
- 1) During the time, did your company modify the way it interacts with its clients?
- Why?
 - Could you mention some examples that help to understand this change?
 - What kind of interaction did your firm have with clients in the past and what is it using now? (E.g. is the firm using social media to interact with its clients?)
- 3) What are the main competitors of the firm?
- 4) What are the capabilities and/or resources that make your company unique compared to its competitors?
- What is the role of brand?
 - Did your key capabilities and/or resources change during the time?
- 5) What are the most important suppliers for your company?
- Why?
 - What are their characteristics?
- 6) What are the practices that the firm regularly applies in order to monitor the operational environment (competitors, suppliers, new technologies, clients, knowledge, ect.)?
- Could you mention some examples?
- 7) Could you introduce an episode, if there is any, when the firm has started an innovation process due to inputs coming from clients or other stakeholders?
- 8) What are the main stakeholders of the firm?
- How are their needs being met?
- 9) How does your company do to reduce its operating costs?
- 10) Could you explain what are the practices, if there are any, with which the firm creates and supports internal knowledge?
- What are the practices that bring the external knowledge into the company?
 - Which is the role of the R&D in these practices?
- 11) What kind of relationship is there between the external change detecting practices (competitors, suppliers, new technologies, clients, knowledge, ect.) and internal efficiency improving practices?
- Are they balanced or is one more important than the other?
 - Could you make an example?
- 12) Could you tell me which organizations does your company collaborate with in order to develop new products and new technologies?
- What are the criteria your company has used to select these organizations?
- 13) Can we state that your company considers the partnership with other organizations a strategic value?
- Why?
- 14) How does your firm employ internal and external information in order to formulate and implement marketing strategies?

Appendix B: Additional questions asked by mail

After the interviews with the Latte Arborea Milk Category Manager (and Head of Marketing) and Dairy Product Category Manager we realized that more information is needed on the past of the 3A, so we decided to integrate the interviews asking further and more specific questions. Question number 4 here is similar to the question number 11 in the Appendix A due to the fact that interviewees' answer to the question 11 was not complete. Therefore, we reformulated the question and we focused on the marketing function. The questions that we sent by e-mail are:

1) Your company has been changing the way to communicate with clients during the past years. Why have you felt the need to do so? In which years (or period of the firm's "life") were made these changes?

2) The factors where 3A based its success have changed during the time. What are the success factors that you can pinpoint referring to the past? What are the current 3A success factors? What has determined these changes and what have been the most important circumstances (if it is possible to indicate the years) for these changes?

3) What are the practices that your company regularly applies to monitor its competitors? (e.g. monitoring competitors' new product launch, competitors new advertising campaigns, new entries in the market) Could you make me some examples?

4) What kind of relationship is there between client monitoring (competitor, supplier, ect.) and reducing cost (improving quality) practices in the marketing function? Are they balanced or reducing cost is distracting from client monitoring (or vice versa)? Could you make an example?

5) What caused the change in the image of the firm during 2011 and 2012? Were there similar changes in the firm's past? If yes, could you describe those changes?