Can digital marketing contribute to the creation of competitive advantage in small fashion retailers?

The case of Decathlon Morocco

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Abstract

Web 2.0 has changed the way of communication as it provides the opportunity to customers to interact with each other. This two-way communication process is a great opportunity for businesses, as the majority is investing in online visibility. However, small businesses tend to respond cautiously to the opportunities the online environment is providing.

This research project investigates the potential contribution of the use of digital marketing by small fashion retailers and provides a better understanding of the context in which retailers operate. Retailers' cautious attitudes tend to refer to the lack of focusing on the appropriate target group, and effectively communicating with them online. Relationship marketing is inclined to provide great opportunities for retailers, while the creation of online communities is considered as a reinforcing factor for building and maintaining customer relationships.

Preface

During my bachelor studies, I was first introduced to the concept of the opportunities the online environment provides and the generally cautious attitude displayed made me very curious. I was intrigued to learn about the development of emerging business innovations. At that time the perception of e-business was a bit different because the focus was set on the ability to sell online.

During my Masters study at PIIMT, I was happy to see that the subject 'Digital Marketing' was about to be integrated into the program. During these years I started wondering why small businesses were not as proactive in embracing the digital marketing opportunities available to them. During this period I also began following (on social media), a particular small fashion boutique established in Morocco, which was recommended to me by my friends. This small fashion boutique made a great use of Facebook posts and Instagram. The boutique owner posted pictures of the new collection, weekly. I soon realized that word was spreading, despite the competition of other sports stores. This example acted as a point of reference for evaluating other boutiques.

While working on the thesis proposal I opted for the topic "SEO and small fashion retailers", focusing on digital marketing and small fashion retailers however due to particular difficulties with this topic I decided to focus on the contribution of digital marketing to small fashion retailers. Even though the whole research process took longer than planned and had some downsides, I view the whole experience as very instructive and rewarding. Initially, it was difficult to organize my data. I also found it difficult to write my findings in a logical and structured manner. I really believe that each step taken helped me to develop a better understanding of the whole process, especially after receiving feedback from my supervisor. It enabled me to structure the information and expand my knowledge. The whole process taught me to develop better academicals skills.

There are many family members and friends, whom I would like to thank for their support and patience. But special thanks must go to Mr Salemi for his advice, support, perseverance and expertise.

Table of Contents

1   Introduction

1.1   Chapter overview

This Chapter provides a short introduction on the research topic. It elaborates on the background information and provides insights to the problem. Secondly, it explains the relevance of the research and provides a structural overview of the research process adopted.

1.2   Research background

The internet has an undeniable impact on our lives. It has created jobs, new industries and new services. It contributes in various ways to the attainment of marketing objectives by providing an interactive environment in which businesses can communicate with their customers (Riegner, 2007; Chaffey 2014a).

This interaction enables businesses to receive feedback on their performances and communication activities. Furthermore, it enables businesses to gather information about their customers and their behavioral patterns (Rakic and Rakic, 2014). In turn, this enables businesses to anticipate market reactions, and try to perform better in view of its target group. However, many companies are failing to link their businesses to the internet. This is called the 'Internet marketing GAP'. The internet marketing GAP appears because companies are copying the conservative marketing communication principles into the online environment, where consumers are using search engines, reviews and social media to find products or services. The creation of an in depth understanding of the online consumer behavior and the right use of the available digital marketing tools could help businesses create a competitive advantage on the internet (Bock, 2014).

This research project will address this issue and contribute to a better understanding of the context of small fashion retailers and their digital marketing opportunities.

1.3   Aim and objectives

The aim of this research is to provide small fashion retailers in Morocco with recommendations on the use of digital marketing. These recommendations will assist retailers in the design of a digital marketing strategy that will contribute to the development of competitive advantage.

The objective of this research project is to analyze how digital marketing can contribute to sustainable competitive advantage. The literature review presents an overview of existing research while the primary research presents and analyses the findings that derived from the interviews.

1.4   Research questions

To accomplish the research aim and objectives, the following research questions have been developed.

Main research question:

> *'How does digital marketing contribute to the development of competitive advantage of small retailers in the fashion industry?'*

Secondary research questions:

1. *What are the marketing strategies of small fashion retailers?*
2. *How do small retailers differentiate from competition?*
3. *How do target customers of small fashion retailers behave online?*
4. *What are the trends and developments in the fashion industry - small retail stores?*
5. *How do online marketing communication activities contribute to the online strategies of small fashion retailers?*
6. *What are the implications of the online environment for relationship marketing and the customer experience?*

1.5   Expected research outcomes

Research findings are expected to contribute to a better understanding of the online environment and its implications for small fashion retailers. This in return will help them revise their marketing strategies including digital marketing in the marketing mix which will enhance communication and interaction with target customers.

1.6   Structure of the dissertation

Chapter 1 – Introduction – This section introduces the reader to the research topic, aims and objectives, research questions and expected research outcomes

Chapter 2 – Literature review – This section provides an updated overview of existing research. This review was based on articles from international academic journals, industry reports, and book chapters

Chapter 3 – Methodology – This section provides an overview of the chosen methodology. The research approach, the research instrument, sample composition and primary research process are being presented

Chapter 4 – Analysis of findings – In this section the findings are presented and analyzed

Chapter 5 – Conclusions and recommendations – Conclusions from the findings are drawn and recommendations are made for small fashion retail companies.

2 Literature review

This chapter addresses the topics related to digital marketing, competitive advantage and the small fashion retailers industry, in order to develop a better understanding of the research subject.

2.1 Marketing strategy and its elements

According to the American Marketing Association the official definition for marketing (since 2007) is:

"Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." (Gundlach and Wilkie, 2009, p.260)

Or according to the Chartered Institute of Marketing (2009, p.2):

"Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitable."

Successful marketing depends on addressing numerous issues, for example, '*What is it that we are going to sell, for what price, where is it available and how we make the customer aware of our product or service*?' (Chartered Institute of Marketing, 2009).

To address these issues Borden (1984) designed a framework that covered marketing elements that required management decisions. It is better known as the 'Marketing Mix'. He described the concept as ''...a culinary receipt in which the mix of ingredients is important to be successful.'' hence its name: 'Marketing Mix'.

Constantinides (2006) presents an adjusted version of the service marketing mix designed by Boom and Bitner in 1981 who added three more Ps to McCarthy's (1960) model--People, Process and Physical evidence as shown in Figure 1. This 7P's approach is widely applied in many organizations and is considered to be the optimal Marketing Mix, according to the

Chartered Institute of Marketing (2009). They claim that each of the Ps is a key to success and has to be considered in its own right within the marketing planning process. In appendix B further explanation is provided about the function of each of the Ps.

Figure 1: The 7P's Marketing Mix

Source: Professional Academy, 2009

In addition to the marketing mix for the retail industry, a marketing mix that addresses the new realities of the internet was introduced. (Appendix B provides an explanation of the e- marketing mix).

2.2 Marketing communications strategy

Promotion is described as a method of communicating one's products and services. In the new process of promoting products and services, the focus has shifted from 'promote to' to 'communicate with' (Hughes and Fill, 2007).

Keller (2001) elaborates on various options to communicate products and services and states:

> *"A communication option is any marketer-initiated form of communication that is related directly or indirectly to the brand (e.g. an ad campaign, sweepstakes promotion, concert tour sponsorship, web site, etc.)."* (p.820)

These communications options grouped into media or communication types are known as the marketing communication mix (Keller 2001; Fill 2011), which consists of five categories as presented in Figure 2.

Figure 2: Marketing Communication Mix

Source: Fill (2011)

Types of media which refer to advertising include TV advertisements, paper and print, billboards or radio announcements. The key point of advertising is that all messages are paid, while Public Relations is about spreading branding messages for free, much as a product review in a magazine. Sales promotion tools include discounts, coupons or refunds for the customer. Direct marketing is communication with a person of the target group, for instance, through a telephone. Personal selling is about helping the consumers move from the awareness and knowledge stage, to conviction and action, usually through face-to-face contact (Fill, 2011).

With the introduction of the internet the ability to communicate online grew. Various types of online media evolved. For instance digital media alternatives such as direct e-mailing, digital advertising, blogs, websites, social media, mobile and online video emerged. Some of them are direct related to the traditional marketing communication media types, such as, direct e-mailing and digital advertising. While others, such as, social media are new and therefore create new opportunities for the communication of the brand (Fill, 2011; Bock, 2014).

The aim of communication is to inform, encourage, remind and persuade the customer to buy the products or services (Keller 2001; Fill 2011), but also gain attention and communicate the benefits of the products (Chartered Institute of Marketing, 2009). Fill (2011) states that the key points of marketing communications are 'audience centered' and 'engagement'. This means that the target audience is the center of attention and each message is focused on the audience, with the goal to engage them and provoke a conversation.

However without integrating the goals and the messages of communication the customer will not understand or receive any messages the business is trying to convey. The concept of integrating all promotional communication activities is known as *Intergraded Marketing Communication* (IMC). The purpose for integrating all marketing communication activities are focused on effectively conveying the message and communicate the brand experience to the customer across all channels (Fill, 2011; Kotler and Keller 2012).

Rakic and Rakic (2014) investigated the importance of integrating social media into the marketing communication process. According to Rakic and Rakic (2014) the new customer is less sensitive to traditional and mass communication tools, therefore the integration of the traditional tools with any online communication tools are fundamental. The value of *WoM* contributes to the competitive advantage of a business. Rakic and Rakic (2014) also claim that:

> *"Non-communicative instruments of marketing mix - product (above all brand and packaging), price, channels of distribution, people, process, physical evidence. All these instruments also "speak" a lot about the product and the organization. In other words, all instruments of the mix directly or indirectly represent products/services/organizations, and can contribute to the value of products and to the experience of consumers."* (p.193)

The 'outside-in approach' (focused on customers' perspective and on the customization of communication) is not a strategy that is replacing the traditional mass communication strategies. Their integration however contributes to increased competitive opportunities for businesses (Percy and Elliott 2005; Pelsmacker et al., 2007; Fill 2011; Rakic and Rakic, 2014).

In order to develop an effective marketing communication strategy, the most fundamental issue is to identify customers' needs. Therefore, analyzing their preferences and attitude towards marketing activities is essential. A company should obtain insight in the decision making process of their customer (Bliekendaal and Vught, 2004; Chartered Institute of Marketing, 2009).

The marketing communication strategy should be linked with the overall business strategy, and should be integrated and continually reviewed, in order to anticipate market trends and developments. Therefore, the collaboration between marketing and the different departments within the business is important (Chartered Institute of Marketing, 2009).

2.3   Competitive advantage

In an academic context different authors have developed their own definitions for strategy. For example, Mintzberg (1987) supports that strategy is a result of the planning approach and consistency of behavior and discusses strategy, through five elements, which are: *plan, ploy, pattern, position and perspective.*

Barney (1986) supports that strategy is providing superior business performance and according to Porter (1985), strategy is about being different by delivering a unique mix of values, which is created by a particular set of activities. In other words, it is about doing things differently, competitive advantage being a key element for company success and growth (Bogdan, 2014).

Michael Porter developed a model for analyzing the competitive behavior of businesses, called the 'Model of Generic Competitive Strategies'. This model presents alternative strategy approaches that enable businesses to outperform their competitors (Thompson et al., 2012).

Porter recommended three strategies based on these dimensions- the Low-Cost, Differentiation and Focus strategy. According to Porter, the business that pursues one of these strategies successfully will be rewarded with an above average profitability (Ormanidhi and Siringa, 2008).

Thompson et al. (2012) extended on this view by analyzing further focus strategies; Focused Low Cost and the Focused Differentiation. They also added the Best Cost Provider strategy. For instance, Toyota pursues a Best Cost Provider strategy, because they aim for satisfying customers with all of the required car features, and charge the customer a relatively low price for doing so. Figure 3 presents the adjusted version of Thompson et al. (2012).

Figure 3: This is the expanded version of M. Porter, Competitive Strategy
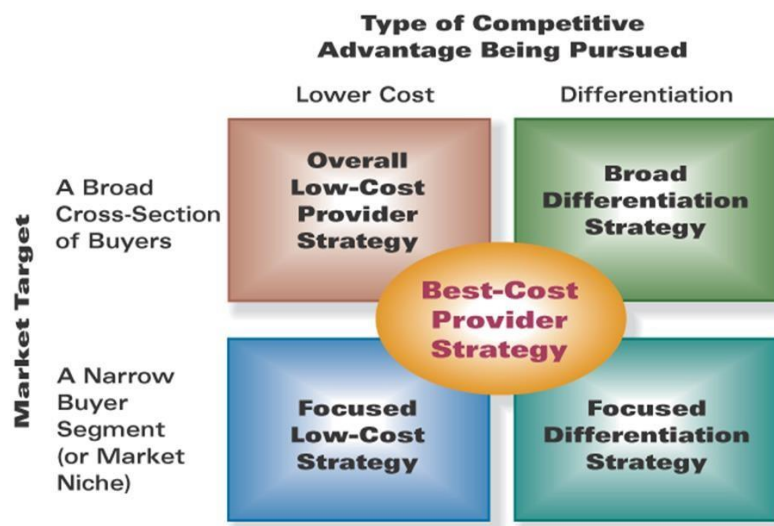
Source: Thompson et al. (2012)

Figure 3 presents the five extended competitive strategies. (Appendix C provides examples of the fashion retail industry for the five competitive strategies presented in figure 3).

2.4   Consumer behavior – understanding the digital consumer

"With the development of digital media, consumers change their behavior, so that they redirect from traditional (classic) to digital media." (Rakic and Rakic, 2014, p.190)

Thanks to the interaction between customers that is enabled by the online environment, the buying public is now able to read, hear and 'see' news via online channels, not restricted to TV, radio or print. It may seem obvious however, many companies are still not capitalizing on this opportunity.

Today's internet users are not only gathering information, but according to Rakic and Rakic (2014) they are also in control of online information - able to share, create, and react to information. Such online activities are all active user-activities, but a great percentage of time spent online is passive, and involves observation. These online activities are known as the 'consumer engagement process' (Gatautis and Kazakeviciute, 2012). Online customer behavior provides many opportunities for businesses. For instance, fan pages on Facebook are a great contribution to any business (Vernuccio, 2014).

In order to gather information about a product or brand, online consumers tend to rely on the help of their peers to make their buying decision (Bickart and Schindler, 2001; Gelb and Sundaram, 2002; Moran et al., 2014). This phenomenon is the digital form of WoM and is called e-WoM. According to research of Eccleston and Griseri (2008):

> *"Studies conducted over the past 30 years have shown that the level of trust and value in information received via WoM has increased by 50% to become dominant (Berry and Motiwala 2005), while the impact of traditional marketer-driven communication has declined."* (p.593)

And they claim:

> *"WoM information is considered more interesting, understandable, reliable, relevant, objective, credible and engaging."* (Eccleston and Griseri, 2008, p.593)

Eccleston and Griseri (2008) indicate the importance of WoM in comparison with the messages marketers spread. Thus, businesses must focus on stimulating e-WoM through the internet, by facilitating the sharing of (positive) customer experiences (Moran et al., 2014).

A current online trend between brands relates to community creation. Online communities are groups of online consumers with mutual needs and interests. An online community involves a relationship between the group of online consumers and a third party, which could be a company, brand, or another entity (McAlexander et al. 2002; Dubé et al. 2006;

Ouwersloot and Odekerken-Schröder, 2008). Heinonen (2011) supports that companies need to understand the developments of the online community relationships in order to obtain knowledge about online consumers and build a relationship with them.

2.5 Trends and developments in the industry

The fashion industry is undergoing numerous changes which affect their performance. In response to the fast developing technology and global financial crisis, the shopping behavior of customers has changed. Demographic changes and innovations result in new trends and developments, which retailers must anticipate and address. The section below presents the most important trends in the industry, which experienced numerous developments, such as:

- New way of shopping
- Demographic changes
- Technological changes
- Corporate social responsibility
- Fast fashion
- Partnerships

Appendix D provides further analysis of the trends and developments mentioned above.

2.5.1 Strong competition: Decathlon vs other sports retailers

Sports market is a global market which has been growing at an annual average rate of about 2 to 3% for over a decade (Ohl & Tribou, 2004). Due to strong competition, brands are very dynamic (Chantelat, 2008). They constantly seek better positioning and new ways of gaining market shares (Bouchet & Hillairet, 2008). In order to do this, these brands put more and more emphasis on innovation (Hillairet, 2005). Following decades of domination by the major international brands and a permanent status quo between manufacturers on one side (i.e. Nike, Adidas,...) and specialized retailers on the other (i.e. in France, Decathlon, Intersport, GO Sport, Sport 2000...), since the late 1990s, the industry has undergone a significant change. Its structure has been transformed; new balances and new actors' statuses have appeared. Sports goods manufacturers become retailers by developing their own stores networks (i.e. Quicksilver, Lacoste ...), and retailers become sports goods manufacturers through the creation of sub-brands under their control. Especially dynamic,

these retailers create brand models that compete with the manufacturers, and through innovation they are able to provide consumers with technical and high-performance goods at affordable prices. But how do these companies, whose basic trade is distribution, manage to generate innovations considered as difficult and expensive? How did their R&D departments become so competitive? Is their innovation and ideas management system the key of their success? In this paper we are going to examine the case of Europe's leading company in this sector, the Decathlon Group , which has a constellation of own brands named "passion-brands".

We will show how, starting from a vertical growth strategy, the Decathlon Group developed by creating new specialized brands and by launching a 'federator' innovation process as well as an R&D activity divided by sectors, not as a retailer owner of sub-brands, but as a manufacturer owner of ambitious and powerful autonomous brands. This strategy led to a dual system of innovation management, and finally, to a form of "variable geometry" management. This original organization finds its explanation in the fact that, beside its principal activity of retailer of sports articles, from now on, Decathlon Group has chosen to embark on a manufacturer's strategy with the announced ambition to make its very innovating passion-brands count in the eyes of the consumers.

In contrast to an external growth scheme based on the creation of a portfolio of strong brands by purchase / acquisition as most companies usually do on many markets (Ries & Ries, 2000; Aaker & Joachimsthaler, 2001; Lewi, 2005; Kapferer, 1997, 2006…), the Decathlon Group has invented a model of business growth based primarily on the development of a portfolio made up of new own brands. . At the same time, the group has developed, its own R&D department, an original management system of knowledge and innovations. In this way, the Decathlon Group is different from its main competitors such as Intersport and Go Sport which have not chosen to design and manufacture their own innovative and strong sub-brands. The latter has many own brands, but they are not built on characteristics related to technical performance or innovation (Lebrun, 2006). Today, the Decathlon Group has embarked on an upstream. Vertical expansion without seeking to enhance the attractiveness of its sales outlets. By creating specialized brands that directly compete with international sports brands, the group seeks to control the market from the top (making faster, better control of prices…), while maintaining its position as a leading French specialized retailer. As is usually the case with all big international companies, this strategy asserts its wish to "control" the whole upstream-downstream value chain to ensure better profitability (Aaker, 1996). However, when one retailer "controls" the whole channel, we notice an impoverishment of its offer along with a decrease in the number of referrals due to better coverage of its profitable brands. In its stores that focus on "in-house" goods produced by "passion-brands", the Decathlon Group retains much better margins. And, in order to make their conquest of

the market successful, each new passion brand is given an autonomy variable from one brand to another in terms of R&D, budgets, and human resources.

With a 2007 sales turnover of 4,476 Mde, including 56.60% realized outside of France, with more than 400 stores and more than 40,000 employees on the payroll, the Decathlon Group is a company which is involved in a true strategy of "expansion entrepreneurial" whose mainstay is the constitution of a portfolio of new brands, not only able to launch new lines of products on the market but also able to durably transform a whole market segment. In 2008, these new sport brands were: Quechua, Kipsta, Domyos, Geologic, Aptonia, Inesis, Wedze, Tribord, Kalenji, b'Twin, Géonaute, Fouganza, Artengo and Oxelo. Each one of them is positioned on a precise sporting branch of industry: b'Twin, for example, is specialized in mountain bikes and road bikes; Wedze in boardsport on snow, and Kalenji in walking, running and cross-country running. Together, these "passion-brands" make the Decathlon group one of the first ten world's manufacturers of the sector behind Quicksilver, Nike, Adidas, Timberland, Columbia, Salomon, The North Face and Patagonia.

5By giving an autonomous operation and R&D (variable depending on the case) to each "passion-brand", the group's ambition is to acquire specialized brands capable of lasting shine on the international scene. Each one focuses its resources on a number of priorities and rationalizes the human and material resources needed to launch innovative goods. As a result, in 2008, no fewer than 12 new goods were rewarded with several design prizes (IF Design Award; Reddot Design Award & Design Observer). If the whole competitive advantage of Decathlon was based, until now, on the attractive prices of its sub-brands (but to the detriment of the performance of the products), the group's new objective is a rapid rise in technical performance through its innovative "passion-brands" with the aim to match exactly the expectations of sports enthusiasts. Even premium products are being studied, whereas they were previously reserved for specialized and old brands like Eagle, Lafuma (outdoor) or Helly Hansen (sailing & boating). "The Decathlon example is interesting to follow for it shows that companies can pass from one policy to another. For twenty years, the company has been following a single brand policy which, given the success of the scheme, has created an unexpected effect: the brand is almost 'soviet'. Everyone wears Decathlon goods and the brand has become a sign of standardization. With the strong reactivity that characterizes it, the company decided to change policy overnight and, from now on, to grow under specialized own brands anywhere in the world" (Kapferer, 2006, p. 185). Finally, the Decathlon Group follows the strategy of a big company willing to increase its market share by seeking to enter high margin segments (Michel & Salha, 2005), although it was rather forced to do so. Indeed, the solution of sports specialized superstores – invented by Decathlon and successful either in France or in Europe - is a failure in countries where consumer patterns are different. Not to mention that, on some markets, particularly in the United States, there are situations of quasi-monopoly on behalf of local retailers (barrier at the entry) which cancel any thought of expansion of a newcomer, even a big one.

Therefore, to become a producer instead of being only a retailer, has not only been an economic necessity but also a quasi-obligation in order to develop.

6On a market where the technicality of the products and the technological progress are powerful consumption levers, the competitive success of specialized brands will inevitably require the development of an innovation and creativity management system particularly productive and efficient. To take up this challenge, the Decathlon Group has implemented pioneering strategies that are likely to outdo the strategies of leading brands with much higher marketing, communication and sponsorship budgets. For example, if the "passion-brand" Tribord or Quechua develops today a policy of new products similar to that of international sport brands, it also chooses a widening spectrum of customers with sectional positionings, ranging from the first price ranges (the X-basic swimming goggles of Tribord are sold 3 e) to virtually premium ranges. This rise reflects a new step in the development of the group brands. At the same time, it is a challenge to offer consumer goods that are, on one hand, at the best quality-price ratio, and on the other hand, the result of advanced studies in the field of ergonomics, design, bio-mechanics, physiology or choice of materials. In order to obtain, for each of its "passion-brands", products as technically advanced as those of the best sports brands, the Decathlon Group must seek for the excellence in its R&D activities, particularly in the innovation process.

Within the framework of many and various approaches, much authors have been interested in innovation processes : from the viewpoints of economic changes and progress (Schumpeter, 1939; Freeman, 1990; Kline & Rosenberg, 1986; Dosi, 1982; Amendola & Gaffard, 1988, etc.), of social and organizational changes (Rothwell, 1994; Chandler 1990; Callon, 1994, etc.), or from the sociological and managerial viewpoint (Crozier & Friedberg, 1977; Mintzberg, 1982; Akrich, Callon & Latour, 1988; Alter 2000, etc.). But whatever currents and theoretical origins, the innovation process shows nevertheless a dual permanent feature. First, it is an integral part of the goods launched on the market, and thus, implicitly, of their success (or unsuccess) with users. Then, chronologically, the process is always the same: gestation, development and diffusion.

8If, in the sports industry, the issue of the diffusion of innovation has been approached under the technological angle, in particular through the diffusion of new materials (Desbordes, 1998), on the other hand, the issue of the production of ideas, of creativity and procedures, more generally the upstream part of the innovation process, has never been studied with specific depth (Hillairet, 2006). Thus, our study will focus on the R&D of the Decathlon Group, especially on how innovative ideas are created and managed. According to us, the analysis of the innovation management in this company is part of the prospects of Akrich, Callon & Latour (1988) to make progress in the art of managing innovations: understanding the mechanisms by which innovations succeed or fail to develop principles that serve as guide to action. To a great extent, the success of the Decathlon Group innovations and "passion-brands" depends, first of all, on an excellent understanding and coordination between the various components of the company involved, but also on an atypical innovative projects management system.

With regard to the emergence and implementation of innovative ideas, whether at the individual or the organization level, the genesis of new solutions has always to go through a succession of identifiable

informal and cognitive steps (Deschamps & Ranganath Nayak, 1997) that widely participate in the mechanisms of creativity (Moles & Caude, 1970; Prost, 1995). This progression in the upstream part of the innovation process is indeed the core of the discovery step (Ait El-Hadj, 1989) and of the R&D in medium to large organizations, but also the core of the business project in smaller structures (Burgelman & Sayles, 1986). If this progression depends on the know-how, the perception, the value systems of the company and on the quality of its innovative behaviour, it also depends greatly on the ability to innovate of the people involved in new goods development projects (Robinson & Stern, 2000). Indeed, the steps of creativity that structure the start of any innovative project are largely determined by the creative skills and behaviours of consumers (Kao, 1989; Amabile, 1988). On the other hand, if it is no longer necessary to prove the role and the importance of the creativity management in the success of innovations (Heunks, 1998; Fitzgerald, 2000; Brabandère, 1998), does this creativity management constitute a competence factor in the success of a company? In the case of the Decathlon Group, some indicators appear to be moving in that direction.

In companies, innovation is driven by a proactive management of ideas that would include three distinct steps: first of all, a step of *fertilization*, then a step of *sowing of the new ideas*, an lastly, a step of *incubation* (Deschamps & Ranganath Nayak, 1997). The innovation process implemented within the Decathlon Group follows this modelling. It also divides into three great steps: the *upstream step (a)*, the *project step* (*b*) and the *marketing and communication step (c).*

<center>Methodological elements of research</center>

On the methodological level, this study about the innovation management within the Decathlon Group is initially based on studies about the sports industry innovations (Desbordes, 1998, 2001, 2002; Chantelat, 1992; Hillairet 1999, 2005, 2006), about the sports markets and industry (Wolsey & Abrams, 2001; Ohl & Tribou, 2004; Mullin & al, 2000; Scully 1995; Stotlar, 2000) and about the sports brands (Bouchet & Hillairet, 2008). Then, it is based on the expertise on the new products marketed by the Decathlon Group "passion-brands" since 2004. A thorough analysis of articles taken from professional reviews (particularly directed towards the industrial design and the sports articles market) usefully supplemented the knowledge of the company's innovation management. Lastly, this study is based on a research carried out by Richard & Abdourazakou (2008) who interviewed the Director of the innovation of the Decathlon Group "passion-brands", Irwin Wouts. On this last aspect, the interview as collection method of primary data was chosen because of its absence of formalism. According to the authors, this method, not very directive, seemed more adapted to an executive officer unfamiliar with more sophisticated techniques. By letting the interviewee structure his answer, it is relatively easy to understand its logic before rationalization a posteriori. Moreover, the choice of the interview procedure makes it possible to establish a trust relationship with the interviewee so that he can speak more easily about the innovations developed by its company.

(a) The upstream step called internal step of vision, aims to identify opportunities for new targets (customers and market segments), new sales approaches (i.e. the launch of a national campaign of advertising spots for the Wed'ze skis and snowboards, the Quechua Forclaz Light polar, the Kalenji Deefuz T-shirt or the b'Twin bicycles) and new marketing approaches (i.e. the launch of websites such as www. prêt-partez. decathlon. com where consumers have the opportunity to try more than 200 sports outfits for girls and boys on virtual models). In the company, this upstream step finds its concretization in 2-days creativity workshops gathering designers, R&D engineers and people in charge of marketing. Each workshop gives birth to 200 to 300 ideas of products or improvements (a few of which only will be taken into account). According to Irwin Wouts, director of innovation of the Decathlon Group "passion-brands", this step allows to "set relevant targets and high potential for innovation". In this process, the definition of the need according to a specific and latent use is essential to start the development of a new good. The listening of the customers, the feedbacks coming from the shops and the observation of sportsmen in the field, are the missions assigned to the product manager who will have to draw up the specifications. Then, in collaboration with advanced research and designers, the process engineers and the components engineers of Decathlon take over to establish the technical specifications (functional definition, materials, assembly processes, etc.).

(b) The project step is characterized, first, by a strong creative spirit in order to find innovative ideas that are achievable within a reasonable price. This second step incorporates all Decathlon R&D activity such as scientific research programs and design and ergonomics studies. If these studies are conclusive, the head of the prototyping industry will make a first prototype that is subjected to "torture tests" in a laboratory then to the "testers club", a panel of customers, high-level athletes and people from the company staff (the "decathletes"). Chosen for their skills, their level of expertise and their critical mind, they have to monitor the quality and safety of the future product. The final prototype will be made after intensive use tests and the final technical specifications will be established. Then, the various offices of production, in France and abroad, will take over. The mass production of the products will be carried out by a Decathlon subcontractor who will be responsible for the supply of components, the quality of the series produced, the delivery in due time to the different logistic platforms of the group, and so on.

 (c) The marketing and communication step is the third step of the Decathlon innovation process. It encompasses both the implantation of the goods in stores (merchandising) and the definition of a media plan to be implemented.

Depending on the nature of the projects, the importance of these three stages may be variable. While some projects will be inspired by the creativity of specialists and goods experts of the Decathlon Group, others, on the other hand, will be triggered by opportunities given by the observation of the markets and changing practices. According to P. Freychat, the Decathlon R&D Director, if we look at the very successful innovations of these last ten years (Flex concept, backpack Symbium, bra Topping Bra, Self Heat gloves, Supportive tights…), inspiration comes mainly from the observation of the use and simplification of the use like the b'Twin bicycle or the 2 seconds tent. Besides, the categorization of innovations invented by Decathlon is based, along with the goal of technical improvement, on this desire to simplify the use (figure 1). Eventually, the process varies according to the nature of the project and its actual intentionality's. But in any case, the project managers of the Decathlon Group try to "feed" the process both in quantitative (more plans for new goods are put in parallel to create a positive collective

Emulation) and qualitative modes (generation of many ideas with high growth potential). Many ideas come from the field of action. Staying in touch with places of practice, listening permanently to the sportsmen, setting a particularly dense network of technological and scientific observers and partners eventually determine a rather high threshold of creativity. Among the competitors, this creativity can be stimulated in different ways. At Nike for example, ideas and opportunities to develop new goods germinate in the "*Innovation Kitchen*". It is in this unique place, located on the Nike campus, that were born most of the ideas underlying the biggest commercial successes such as Michael Johnson's golden spikes, Cathy Freeman's wetsuit, or all Air Jordan models produced since 2001. The concentration of the whole of Nike's creativity in an only place is the natural outcome of the increasing business of the U.S. sports giant (basketball, football, athletics, horseback, etc.), the direct effect of which to reduce the resources is allocated to design new goods. If tens of millions dollars have been spent for the "*Innovation Kitchen*" since the beginning, approximately 90% of ideas that are experimented are never taking shape. At Nike, one prefers having a great deal of ideas in order to retain only the best ones. The resources invested in innovation and R&D by the American firm have no equivalent in the world.

Since its creation in 1976, the Decathlon Group has bet on a selective innovation in order to offer high-performance sports items thanks to the competence of its Research Center. But, unlike some major sports brands, the innovation culture of the Decathlon Group does not only focus on the material and technological dimension (processes, materials…). On the contrary, since 1997, the group has developed a tool, the Decathlon Research Center, the objective of which is to study the human body in motion. The studies made there are used to improve health, safety, comfort and pleasure of people practicing a sport. In total, nearly 300 engineers and researchers work in the field of engineering and innovation. For more efficiency, the R&D Research Center is structured on the mode of concentric radiation. The first circle consists of a hard core of

about thirty full-time specialists in three areas: anthropometry, biomechanics and thermic physiology. These three fields cover roughly 80% of the Decathlon Group R&D. Around this core, there are three additional circles. Firstly, a team of a dozen PhDs working on specialized topics during the time of their thesis (3 years, in general). Secondly, a team of students coming from engineering schools and from the university (2nd cycle – master) works on projects during six months. Finally, the third circle of skills consists of forty partner institutions: university laboratories, engineering schools, technical centers (i.e. the Technical Center of Leather and Footwear: physiotherapists, podiatrists, doctors…). The innovation process efficiency will get most of its substance out of this perfect union between these various circles of skills.

Around this concentric and centralized operation of R&D on all major projects and technological development programs, the Decathlon Group has established a "decentralized" research activity (whose importance is variable depending on the case) at the level of "passion-brands" that have obtained a certain autonomy in this matter. Thus, Quechua or Tribord have acquired knowledge and skills allowing them to run the development of new goods by themselves, the first one in the field of water sports, the second one in the field of mountain sports. They have their own R&D engineers, designers, stylists, technicians. In the end, a sprawling and collaborative R&D has been built within the group. One can even speak of a "subsidiary" of the engineering with delegation of projects and programs. Each "passion-brand" has developed an expertise in its field with a strong sectoral expertise (snow skiing, fitness, running, riding…) that it may share, if necessary, with other R&D centers of the group. Ultimately, each brand has an engineering department to develop new goods concepts, whereas the Decathlon Research Center is in charge of basic research related to the human body. From now on, all the Decathlon Group innovations are the product of this original structure and some very promising ideas.

Beyond its expertise in analysis of the movement and the athletes' body on one hand and in the design of sports goods on the other hand, the Decathlon R&D privileges a form of permanent and systematic creativity which leads to a great intellectual flexibility and a deep broadmindedness. With regard to Quechua, for example, there is somebody whose job is to develop innovation and run projects. This person has a certain ability to get used to changes, to breaks and to risk-taking. Through the creation of this job, the Decathlon Group gives itself the means to develop the winning combination of ideas production / opportunities for projects with high development potential. The organization of R&D, especially creativity, allows a permanent permeability to the outside world. "We regularly meet inventors and we are open to all proposals" says Irwin Wouts. Besides, it is not uncommon that proposals for new goods and ideas coming from outside have greater weight.

Table 1
The two innovation and ideas management systems implemented by the Decathlon Group

	Innovation and ideas management of *rational type*	Innovation and ideas management of *turbulent type*
Concerned product	The *Inergy Wetsuit* for surfers and body-boarders	The Tent *2 Seconds* A hiking self-unfolding tent
"Passion-brand"	Tribord	Quechua
Category 'Innovation (*scale Décathlon Group*)	Category 2 *Technological innovation*	Category 4 *Major innovation*
Source of innovation	Internal resources of the Company	External (an inventor) and internal (project manager) resources
1st inspiration	Technical improvement	Simplification of use
Duration of the project	Less than 3 years	More than 10 years
Technical Partners (sports expertise)	Yes A body-board champion and a surf champion + French pole of surfing	No A tent manufacturer (a subcontractor known by Decathlon) located in Asia
Exogenous industrial partners	Yes Yamamoto (Japan) worldwide leader of neoprene	Yes
Internal competing project	Yes	Yes
Strategic Objectives	Place the Company in an existing market and gain a share of the market without stirring everything up	Create a new type (a new family) of self-unfolding product with a double roof
Creating a new application	No	Yes
Creating a new segment	No	Yes
Technical break	No	Yes
1st interrogations	To have a maximum of elasticity and to limit freezing sensation at the top of the body « La liberté totale de mouvement » ["freedom of movement"]	To adjust a self-unfolding concept with the same comfort and space as the tents of competing trademarks « Lancé, c'est monté » ["just throw it, it's ready"]
Competition	Good products with powerful but too thick neoprene affecting the comfort and the gestures of the person practicing	Competing products instantaneously mounted but for other uses. Competing products having only a single roof. Competing products take time put up
Technical difficulties	Protect the person from cold while focusing on mobility (freedom of movement)	No satisfactory solution answering to the criteria *weight/space/ assembly*
R&D / analysis, testing...	Internal and external knowledge and competences (researchers, designers, engineers... of the Decathlon Group) Research Center, athletes...)	Internal knowledge and competences (engineers, stylists, designers, marketers...)
Demonstration of technical feasibility	Prototypes tested by bodyboarding and surfing champions	Prototype : a toy-tent
Registration of a patent	Yes (worldwide)	Yes (worldwide)

Conclusion: towards a management of innovation with "variable geometry"

In their policy of innovation and growth, the Decathlon Group and their "passion-brands" gave themselves the freedom to choose between a stable and rational R&D activity that allows the minimization of risks, but often to the detriment of a research that may be long and costly (i.e. *Inergy wetsuit*), and an unstable and turbulent R&D activity which is potentially generating outstanding innovations having the capacity to modify an entire market segment (i.e. tent *2 seconds*). In the first case, the chosen strategy, while acquiring a new know-how, rather seeks to strengthen a technical skill in a range of goods which requires investment in the field of technological and scientific research. In the second case, the chosen strategy is more like a prospective reasoning motivated by the desire to explore unknown horizons with the secret hope to succeed in finding outstanding innovations. Innovations that will become flagship or pervasive goods able not only to

create new market niches, but also to launch new ranges of goods from the basic technical concept. Innovations resulting from the Decathlon Research Center R&D and the "passion-brands" R&D decentralized units follow different paths according to whether they are located in specialized niches (water boardsports for example) and intended for expert sportsmen (like bodyboarders and surfers) or located in non-specialized niches (like hiking and camping) intended for the general public (like vacationers and hikers). The creation of so different new goods is carried out according to distinct strategic models. Either it is through a *rational type* innovation management system rather in keeping with what is done in most of the innovating companies, or through a *turbulent type* innovation management system in which external competences and resources play a more or less important part directing the project towards very original solutions.

26The R&D of the Decathlon Research Center and the "passion-brands" R&D decentralized units authorize "variable geometry" flexibility of the group in the definition of the best ideas for new products. The organizational and strategic flexibility of this company appears atypical and distinctive today on the sports markets and even beyond! We consider that the Decathlon Group distinguishes itself from its principal competitors by a true strategic originality which will allow it rapidly to join the restricted circle of big world manufacturers of sports goods. It must be remembered that this company was created and has grown as a retailer. Today, it has got a portfolio of innovating brands which are not plain retailer brands any more, like those sold by competitors (i.e. Intersport in Europe, Go Sport in France, Authority Sport in the USA). Thus, we cannot say anymore that Decathlon is a distribution company. While developing in a vertical way within the sports industrial channel, it is from now on, a company that has diversified its activities and that is pursuing a double goal of 1) strengthening its position of European leader of the sports articles distribution (building of new stores), 2) becoming an industrial group, owner of renowned trademarks. On the other hand, after the invention of the first superstores specialized in sport, the Decathlon Group must now prove that its model of "passion-brands" is perennial and profitable.

Notes

- [1]

  We make a point of thanking the people who evaluated the first version of this article and have improved it by their relevant remarks and suggestions. According to the customary formula, the remarks made involve us only as authors.

- [2]

  Since 2007, the Decathlon Group changed name. It became Oxylane Group. By convenience of language, in this paper, we will keep the original name which made all the success of the French company.

- [3]

  Even if, recently, the company also took the way of the external growth : indeed, the group bought, in 2008, the company Simond, a French brand specialized in the manufacture of ice axes, cramps and snap climbing hooks belonging to Wichard, the world specialist in fittings for pleasure boats.

- [4]

  The term "integration" does not seem, in the species, the right term; the term "expansion" seems more suitable.

- **[5]**

Beyond the R&D units, in order to encourage the emergence of the greatest number of ideas of innovations and new products, the Decathlon Group has created an annual contest, the Innovation Arward, for its 40.000 employees.

- **[6]**

Serendipity (or fortuity) indicates the fact of finding, by chance or chance, something which one did not seek at the beginning.

Figure 4: Start-ups in retail sector in 2013
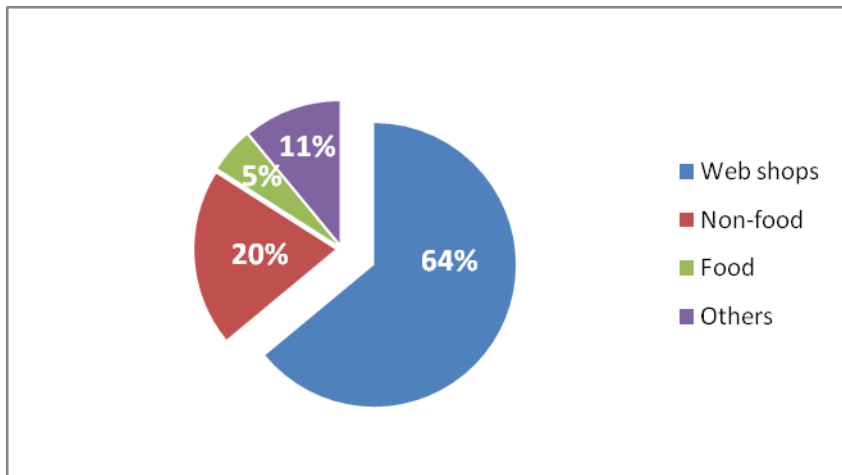
Source: Dutch Chamber of Commerce (2013)

Figure 4 also shows that the retail sector is dealing with a significant number of web shop start-ups, which has had a positive influence on increasing competitive rivalry in the sector. In order to survive and compete effectively with competition, industry players are making extensive use of sales promotions. The result of the increase in sales promotion is presented in Figure 5. This figure shows that the sales promotions result in an increase in sales and in turn, volume. However, the increase in value is not as great for the non-food sector.

Figure 5: Sales Performance Retail, 2014 - Q4
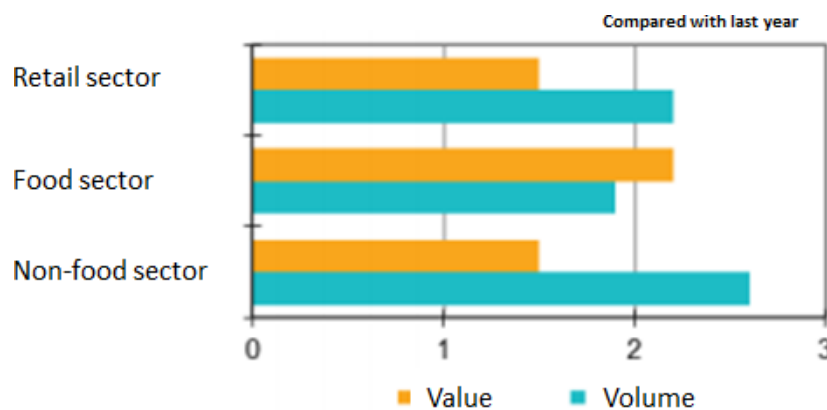
At the same time, competition is strong and the market often changes, forcing retailers to adapt their strategies accordingly. According to Mulder (2013), retailers should focus on improving their positioning and identifying and targeting a specific group of customers. In this way, the retailer develops a better understanding of its customers and is able to offer a more relevant product or service. The clear positioning and targeting creates more opportunities to build trust and loyal customers (ING Economisch Bureau, 2014).

2.6 The digital landscape

The internet is changing our lives, be it through daily communication means, or information gathering and has an undeniable effect on society. The development of the online environment has generated new industries, products and jobs. This is why the internet is considered to be the third industrial revolution (Lanzolla and Anderson, 2010).

The internet revolution is ongoing. It has already surpassed three stages – PC Era, Web 1.0 and Web 2.0 – which are presented in Figure 6 which presents each trend and innovation per stage. Web 1.0 is the stage in which the internet appeared as we currently know it. Web
1.0 is the stage in which the World Wide Web (WWW) was introduced (Bock, 2014). The World Wide Web gave access to information all over the world and could be considered as a one-way digital communication network.

Figure 6: Stages of the internet revolution
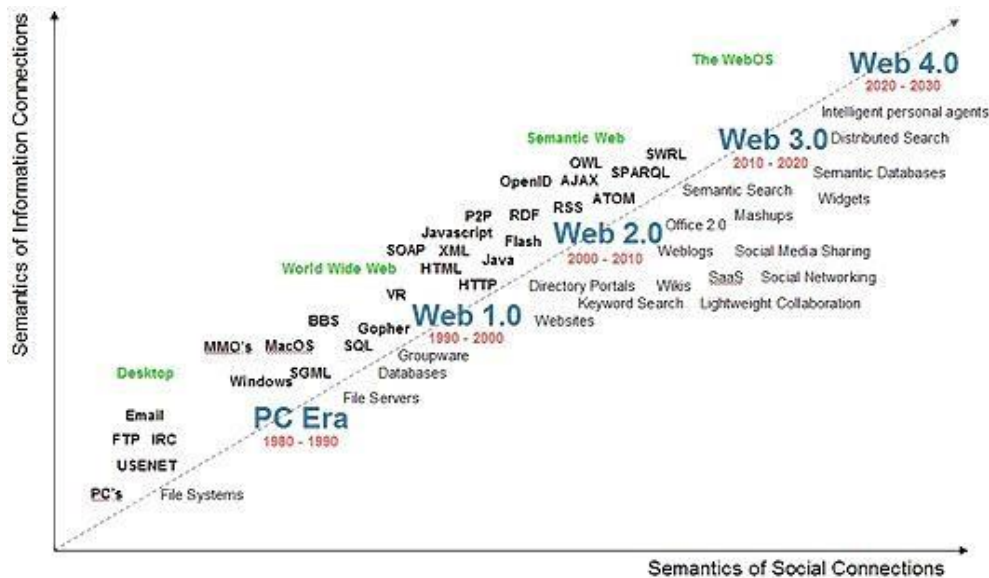
Source: Bock (2014)

Between 2000 and 2010 the internet witnessed a change towards a two-way communication network. Web 2.0 provided an interactive network with many communication platforms, for example, via social networking.

This resulted in a growing online content, which is created by the interaction process. Every internet user is able to create content by just posting anything on the internet (Kaplan and Haenlein, 2010.) The industrial revolution of the internet also signals the end of a paradigm and the start of a new era. New eras entail new opportunities and new issues (Bock, 2014).

According to Hoffman and Novak (1996):

> *"This revolution is the Internet, the massive global network of interconnected packet-switched computer networks, which as a new marketing medium, has the potential to radically change the way firms do business with their customers."*(p.1)

They indicate that the digital revolution offers numerous opportunities to businesses which they refer to as digital marketing opportunities. The internet is a communication tool which stimulates interaction. It changes the mass communication avenue of liaison with customers to a two-way communication process.

The opportunity to interact with customers enables businesses to build a relationship with the customers online (Riegner, 2007; Chaffey 2014a). The large variety of platforms contributes to the ability to target more precisely. Lastly, the online environment enables businesses to analyse various customer behaviour patterns and consequently anticipate market needs more effectively.

2.7   Using the internet as a sales tool

Figure 7: The AIDA model

Source: McManus (2010)

The AIDA model (Figure 7) was developed to present the stages of the decision making process (Saha, 2012). Awareness: in which the customer becomes aware of their problem. If the customer is paying attention, the salesperson responds by building interest. If the offer is relevant to customers, desire has to be created before leading them into action.

Selling or purchasing products and services through electronic channels refers to the phenomenon of e-commerce. There are many types of e-commerce, as not only businesses sell products to consumers or to other businesses, but online consumers are able to sell products to other consumers or businesses in a P2P context. Unprecedented success of sites such as eBay and Amazon can be attributed to this (Hom, 2013).

Online buying has become increasingly widespread. However; e-commerce brings some risks that differ from offline shopping. Online shopping risks relate to payments and receipt of products/services (Gatautis et. al., 2014).

The online communication about the product or service requires the seller to be open, honest and genuine (Jung et al., 2013). A well conducted sales message should persuade the

receiver, by affecting his/her beliefs and attitudes. Consequently, the message should affect the behavior of the receiver. The influence of the message is dependent upon the trust of the receiver, towards the message provider (Sparks et al., 2013).

Figure 8 presents the most frequently product categories online, in Morocco. According to the Moroccan Central Bureau of Statistics (2013), Morocco is the fourth highest country in Africa in terms of online purchases of products/services.

Figure 8: Frequently shopped online products categories
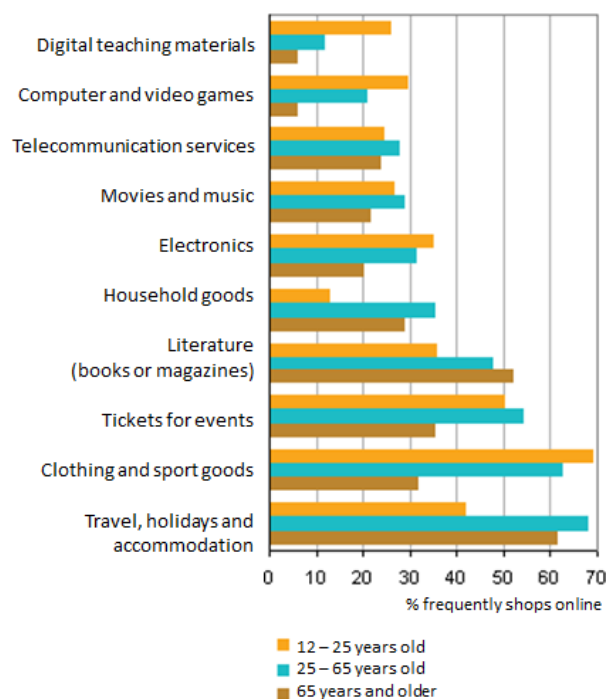
Source: cbs.nl

With online shopping representing a high proportion of all activity online, numerous opportunities are available to fashion retailers. However this may not be necessarily the case with smaller retailers who often experience caution from the side of the customer and lack of trust online customers require an online business to provide free return policies, no shipping costs and low prices, but for small businesses this simply may not be feasible - as the involved costs are quite high (ING Economisch Bureau, 2014).

2.8   Using the internet as a brand building tool

In Keller's customer based brand equity study, he (1993) states that brand knowledge, image and awareness, as well as the customer response to various marketing activities all show how the brand is perceived. Businesses should choose a unique, strong and favorable brand name, logo or symbol to create strong brand association. The unique visual elements are used to make the intangibles, tangible (Keller and Lehmann, 2006; Merz et al., 2009).

According to Merz et al. (2009) branding is a dynamic and social process and without social interaction with stakeholders, a brand or an organizational identity does not exist. Since the internet is considered to be interactive and ever-developing it can have a great contribution to brand building.

Another aspect of branding is building a relationship with the customer and developing customer loyalty. The digital age provides a positive contribution, because the level of online interaction is high and that allows for a higher level of engagement (Brodie et al., 2002; Anderson and Naurus, 1999; Wilkinson, 2001). However, the digital environment provides the ability for everyone to expose their brand online.

According to Hill (2010), since the digital age, the professionalism of branding has decreased. Brand communication is less effective, because branders may not be professional marketers. The danger of this trend is that brand owners are losing control of the content, frequency, reach and timing of their branding messages (Fournier and Avery, 2011).

Therefore, Hill (2010) supports that choosing a specific goal, defining a strategy, and posting frequently up-to-date information are all essentially supporting brand building. Content creation is considered to be a key facet of online branding as it enables businesses to create a visible brand (Kolb and Bruijntjes, 2012).

Content creation involves the creating, collecting, sharing and publishing of information online. This information is getting stored in the online virtual 'cloud'. Publishing and sharing information through different online media channels contribute to a more valuable content. For instance, some brands have a website with information about the brand, a social media

platform as well as a YouTube channel. These channels contribute to the visibility of the brand and therefore brand awareness.

For small businesses the use of the internet as a branding tool contributes to brand visibility, especially when they manage to create content. Online branding is very cheap and accessible for everyone.

2.9 Using the internet as a communications tool

Communication is the activity of conveying information through the exchange of messages in forms of speech, visuals, signals or behavior (Fill, 2011; Saha, 2012). Figure 9 presents the exchange of the information and the stages involved to reach the receiver.

Figure 9: Communication Process Model
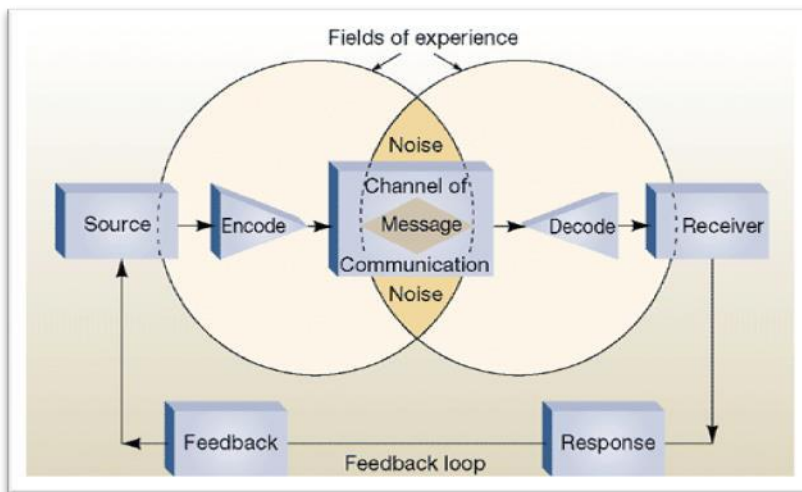
Source: Saha, (2012)

The communication process model of Figure 9 presents the direction and the journey messages have to cross, in which the source is the message sender. The sender defines the information to convey and its objectives. The nature of the information exchange is important in choosing the most appropriate media channel. The traditional communication theories define two types of channel communication; personal and non-personal communication (Saha, 2012).

In the process of conveying information to the receiver, there can be several issues (referred to as 'noise') which may affect the message. Upon seeing, hearing or reading the message

the receiver is able to respond to the information. In order to measure the effectiveness of the message, the feedback of the receiver is required. (Fill, 2011; Saha, 2012).

The internet provides various media channels (such as e-mail, social media platforms and blogs) which are useful for communicating information. These channels are all very popular for communication, for social, private and commercial reasons. However, using the internet as a communication tool possesses some advantages and disadvantages (Fill, 2011; Bock 2014).

Starting with the disadvantages, the internet provides an extremely wide range of media channels, and so, businesses may find it difficult to choose the most appropriate for spreading their message and reaching their target audience.

However, the internet also provides many benefits to the communication process. Apart from other media, the internet enables users to interact with each other, which makes the internet (according to Riegner (2007)) an interpersonal communication tool. The ability to interact provides a very effective element of communication, namely e-WoM (Bickart and Schindler, 2001; Gelb and Sundaram, 2002; Moran et al., 2014).

The internet as a communication tool also provides the ability to personalize the communication, referring to the creation of a relevant message, communicated to the right target audience. So the internet contributes to making mass communication, impersonal communication and one-way communication less relevant. The ability to interact online contributes to the responsiveness of the receiver. It enables businesses to anticipate the feedback of recipients and thereby create learning opportunities for businesses enabling them to improve their communication approach.

Businesses are able to measure the effectiveness of their message and observe and consequently test which type of message is the most effective for their target audience. In other words, it enables businesses to identify and understand the patterns of consumer behavior, which contributes to a more effective approach towards individuals and groups, in which marketers are able to create approaches that better fit their target group (Doting, 2014).

The low cost of online promotion is a major appeal for small businesses, with low marketing budgets. Communication with a target market can often be achieved with a minimal cost.

2.10   The need for social media marketing

Social Media is one of the major applications which go hand in hand with the evolution of the internet. Social Media has changed the previous one-way mode of communication, mass communication and passive behavior.

This has enabled users to interact and connect with each other (Fill, 2011; Bock, 2014). The innovation and new abilities of Web 2.0 facilitated the growth of social media, because it has supported the users' generated content.

Social Media has changed the anonymous customer, to a 'real' person. The customer has created an online profile and is acting in response to activities of others and businesses. These applications make social media powerful for businesses which can expect a direct and speedy reaction, to advertising campaigns, allowing them to act accordingly (Fill, 2011).

According to The Chartered Institute of Marketing, (2014) social media is a win-win endeavor, because the consumer receives relevant, engaging and useful content. At the same time, the marketer meets its targets more effectively

According to Krishnamurthy and Dou (2008), social media is defined as a conversational interactivity in which the user creates, disseminates and consumes the information, without a powerful center to dictate the dialogue. It consists of two dimensions; the social and relational. These dimensions have three key elements which are; self-expression, social connection and knowledge sharing.

According to Chen et al. (2011), interaction on social media also facilitates the Word-of- Mouth communication, because customers are communicating their personal evaluations on their purchasing process. People are likely to evaluate and share their purchasing experiences online.

Social media also provides the ability to personalize the online services of businesses (McDonald and Wilson, 1999; Bock, 2014). Web 2.0 and its applications provide different tools to gather data on online users. This provides insights to their behavior. Businesses that gather this information have the ability to create customer profiles. This personalized approach contributes to strengthening the relationship with the customer, because customer perception of personal attention is positive. Therefore, the customer is also more likely to become a loyal one (Ganesh et al., 2000).

According to research conducted by The Chartered Institute of Marketing and YouGov (2014) in the United Kingdom, there is a growing sense of brand activity across social media platforms. According to Austin (2014), it is interesting to see that the interactivity with brands was more likely to be on Twitter, rather than on Facebook, because the former is considered to be a more brand-friendly platform, because the brand interactivity is stronger on Twitter, while Facebook is associated with a private platform on which users communicate with friends, family and colleagues. Twitter users are using it as a work- related platform to keep up-to-date with the latest news (The Chartered Institute of Marketing, 2014).

Bronner and Hoog (2014) state that information provided by suppliers is no longer considered being the influencer in decision making. Park and Kim (2008) show that information from sources, such as, review platforms, 'blogs', Facebook and Twitter significantly influence consumer decisions, because customers tend to believe the shared experiences of their peers.

At the same time people can participate in the media process, which means that they can directly react on messages spread, share experiences and all this contributes to the value creation of a brand. Therefore, social media is the most promising potential for reaching the customer and interacting with stakeholders to create brand value (Hanna et al., 2011).

To conclude, stimulation of positive interaction among the customers could influence the online customer in their decision making process. This could provide more sales, and therefore awareness.

2.11   Search engine marketing (SEM)

Intelligent algorithms are developed to organize all the information available on the internet, including enabling internet searches.

Google, Bing and Yahoo are the three biggest search engines. These search engines are functioning based on keywords and find (with the use of intelligent algorithms) the most relevant web pages for the particular keyword (Shih et al., 2013). Nowadays, businesses are using these algorithms and mining tools to route traffic to particular websites and to evaluate predicaments of user behavior patterns, which is better known as 'Big data'.

The phenomenon to optimize traffic to the website is known as Search Engine Marketing (SEM). SEM is a form of online marketing, because businesses stimulate their visibility in search engines to promote their website. Within SEM there are two main approaches to stimulate the traffic, the paid and the non-paid type. For further explanation about SEM see Appendix E, this provides a more in-depth analysis of the opportunities of SEM.

SEM is considered to be an extremely powerful tool to generate traffic, especially for e- commerce purposes. Research by Dou et al. (2010) proves SEM is most effective in the case of stimulation of sales, which means it provides great e-commerce opportunities. Especially pay-per-click (PPC) advertisement is highly effective in generating online sales. They call it a great call-for-action provider, which persuades the customer to buy. However, they also state that it is an indispensable branding tool, in which a business is able to build up its brand name by exposing it to the searcher.

2.12   E-mail marketing

According to Feil (2014) e-mail marketing is the most effective tool to engage the customer and communicate a brand. In contrast to previous research Appendix F provides a short

explanation of previous claims about e-mail marketing. Feil (2014) claims that consumers prefer receiving brand information via e-mail. He supports this claim with research outcomes conducted by Blue Hornet (2014) which found that 70 percent of consumers want to communicate through e-mail rather than through text messages or direct mail. And Feil (2014) also supports this claim with the market research of GFK market research institute. They claim that consumers spend 29 minutes a day on e-mail, while they only spend 37 minutes a day on social media.

Feil's (2014) elaboration of five e-mail marketing trends is summarized in Table 1. He emphasizes the importance of implementing e-mail marketing and the requirements of this implementation. His reasoning is firstly that e-mail open rates have increased in the last years. This means that more people open e-mails related to brands. Secondly, the ability to gather personal data of your customers has also increased. Naturally, this is helpful in the process of creating relevant messages for the target group. Thirdly, e-mail marketing contributes to a cross-channel approach. Fourthly, there's a need for responsive designs, so the message is visible on every device. Finally, the need for a good headline to trigger the reader is imperative.

Table 1: Five e-mail marketing trends

Trends	Explanations
1. E-mail still performs	According to eMarketer's (2014) the e-mail open rates have risen from 26.2 percent in 2012 to 32.9 percent in 2014. The reason for that is the majority of consumers are opening their e-mail on various devises, such as, desktop, laptop, smart phone and Tablet.
2. Big data changed the message	E-mail messages are considered to be more personalised, which consequently contributes to the creation of customer relationships and the targeting process.
3. E-mail drives cross-channel	With use of e-mail messages marketers are able to stimulate other platforms. E-mail marketing enables the marketer to insert links to websites, social media platforms and more. It is seen as another traffic generator.
4. Responsive design takes over	The need for responsive e-mail messages is greater than ever. The percent that opens e-mails on smart phones is much bigger than desktops. Therefore the ability to open the e-mail on the smart phone is highly important. The format has to allow the smart phones with smaller screens than computers to also be able to open it properly.
5. E-mail delivers the headlines	The need for an attractive headline is of great importance. The inbox of a consumer is full of collected digital news and to stand out the message in the headline of an e-mail is essential.

Source: Feil (2014)

2.13   Digital marketing strategy

Due to the fact that digital activities became more important, a digital strategy is also required. According to Chaffey (2014), a digital strategy should be developed in order to grow as an online business. Digital goal setting contributes to the ability to also measure performance. It also should be developed in order to take advantage of the growing opportunities digital marketing offers.

Understanding the marketplace of the business is crucial to enable the development of effective strategies (Chaffey, 2007). During the development of these strategies, many practices experience some difficulties. This is often due to the lack of integration between goals and strategies (Chaffey, 2013a). In order to prevent these problems Chaffey recommends using a RACE plan (presented in table 2), which provides users with a structured plan which contributes to the digital marketing plan. It stands for:

Table 2: RACE plan

1.	REACH:	To build brand awareness and online visibility.
2.	ACT:	Engaging the audience with the brand online and offline.
3.	CONVERT:	Translate to online and offline marketing goals such as; fans, leads and sales.
4.	ENGAGE:	Building relationships with customers and fans to achieve retention goals.

Source: Chaffey (2013b)

The RACE approach is only effective if the online and traditional channels are combined (Chaffey, 2013b).

2.14   Delivering the online customer experience

Constantinides (2004) describes the satisfaction characteristics as controllable factors. He states that the controllable factors influence the customer's digital behavior. According to

Froman (2012) customer experience is about observing the behavior of the customer, listening to them and consequently asking questions. In which a two-way dialogue is important. It is all about understanding the online customer journey. Applying advanced analytics could contribute to a better understanding of customer satisfaction levels and to the understanding of their digital behavior.

The personalization of customer attention has a great effect on customer experience (Paradiso, 2014). This data is also known as 'Big data'. 'Big data' analysis is used to understand certain trends better (Skiles, 2014). It provides businesses with the ability to personalize their communication, which in turn refers to the trend of ending the 'one size fits all' communication approach.

Therefore, 'Big data' is expected to set the new trend in creating relevance to the customer and consequently delivering the customer their expected experience. That being said, the majority of small business owners have a reticent attitude towards the use of 'Big data', because it scares them or they believe that it isn't the most suitable fit for small businesses. Skiles (2014) however disagrees and believes that 'Big Data' gathering tools need not be expensive and that the concept be embraced.

2.15   Relationship marketing using digital platforms

According to Davies (2013) a relationship is an ongoing interaction with parties, participants or both. He states that quality and relevant content contributes to the value of the customer relationship. The value provides easy interaction and generates valuable insights to strengthen the relationship. In order to sell or engage with the customer, the business has to create a higher level of trust and confidence.

Lee-Kelley et al. (2003) define online Customer Relationship Management (E-CRM) as marketing activities which enhance the personal long-term relationship with customers through the internet. While Tan et al. (2002) describe it as the core of selling smarter by focusing on the most profitable customers and filtering through the less profitable customer. In the last couple of decades the popularity of CRM has seen an explosive growth (Palmatier et al., 2006), because 44444 businesses have acknowledged that developing a personal relationship created a more willing and loyal customer, who ultimately is more profitable.

A growing trend in CRM is building an online community. Online communities are considered to be an effective part of E-CRM, because they are focused on a particular target group, on effective communication and interaction. Online communities are associated with online trust by the customers (Alavi et al., 2011).

According to Heinonen (2011), customers tend to feel more confident because the focus lies upon the relationship instead of on the commercial goals. Online communities are also providing new opportunities for businesses, such as the chance to develop service innovations, opportunities to test innovations, opportunities to ask for feedback from loyal customers, which transform the community member to the key consumers or opinion leaders. These key consumers can provide the organization, brand or product with added value unless the business remains relevant to its key consumers (Alavi et al., 2011).

Building an online community, relates to the need for peer-to-peer interaction about brands. Applying this in the retail industry is very relevant, because there is a positive correlation between high quality and service image which can be easily exposed through online communities (McGee and Peterson, 2000).

2.16 Conclusion - Why should a small retail firm in the fashion industry invest in digital marketing?

In order to develop a strong marketing strategy it is important to address to all seven elements of the marketing mix. Each element should be focused on customer needs. In order to communicate with customers, businesses should develop an IMC strategy. The IMC strategy integrates all media tools used in order to accomplish the marketing communication goals.

The development of competitive advantage derives from a strategy which builds a distinctive position. This chapter elaborated on the expanded version of Porter, Competitive Strategy (Thompson et al., 2012). The effective implementation of one of these strategies enables a business to become successful

The customer behavior and needs are of great importance in the development and execution of successful marketing strategies

The retail sector in Morocco faced strong competitive pressures, therefore differentiating and develop a clearly formulated strategy with realistic goals is essential. Web 2.0 era provides companies with many opportunities for communicating their activities. The digital landscape provides various tools which contribute to sales activities as well as branding and communication. For small fashion retailers using the internet as a branding and communication tool seems to be most effective. This means that it contributes to the visibility and the creation of brand awareness.

The contribution of social media, search engine and e-mail marketing was discussed in this chapter. It provided insights on the ability to start a conversation with customer through social media. The contribution of SEM to visibility in search engines and lastly the undervaluation of e-mail marketing were discussed.

Fashion products are considered to be high involvements products. High involvements products imply a longer decision making process. According to the literature digital marketing provides various effective tools that enable businesses to create a stronger brand image.

Besides brand building digital marketing enables the small fashion retailers to build customer relations. This contributes to an increasing number of returning visitors that provide positive WoM while loyal customers tend to be less price and location sensitive. It enables therefore small fashion retailers to compete more effectively.

3 Methodology

3.1 Introduction

The purpose of this chapter is to elaborate on the choices and underlying philosophy of the research strategy, to explain the reasoning for the chosen strategy, and present alternatives and limitations.

The aim of this research is to investigate the contribution of online marketing activities to the business performance of small retailers. The main research question is:

> *'How does digital marketing contribute to the development of competitive advantage of small retailers in the fashion industry?'*

In order to provide an answer to this research question six secondary research questions have been developed. These topics correspond to the topics addressed in the literature review. The table below (Table 3) presents the topics that are related to the secondary research questions.

Table 3: Research topics and secondary research questions

Research topics	Secondary research questions
Marketing strategies	1. What are the marketing strategies of small fashion retailers?
Competitive advantage	2. How do small retailers differentiate from competition?
Consumer behaviour	3. How do target customers of small fashion retailers behave online?
Trends and developments	4. What are the trends and developments in the fashion industry - small retail stores?
Online business opportunities	5. How do online marketing communication activities contribute to the online strategies of small fashion retailers?
Relationship management	6. What are the implications of the online environment for relationship marketing and the customer experience?

3.2 Research design

The interpretive philosophy is adopted in this research and it represents the perception of the researcher. This philosophy requires understanding the complexity of the social world of business and management, which is associated with marketing, because it is all about people rather than subjects (Saunders et al., 2012; Johnson and Clarks, 2006).

This research analyses how online marketing can contribute to the competitive advantage and applies relevant concepts to the case of small fashion retailers located in Casablanca. It is focusing on the small fashion retailers in Casablanca, because this is a segment that could manifest considerable gains when engaging in digital marketing.

This research study aims to understand the research unit, the small fashion retailers and accurately translate the dynamics to the case of small fashion retailers. This is a problem- solving technique and is known as a case study approach (Sekaran and Bougie, 2010). Its advantage is its practical relevance, but the results gathered are not applicable to another context and this is a limitation for generalizing the results (Sekaran and Bougie, 2010; Zee, 2012).

This research study is a cross-sectional one (Saunders et al., 2012), which means that data is collected during a specific time period instead of using multiple measures over a longer time period (longitudinal study). The choice of cross-sectional study was made due to project time limitations. This research does not investigate changes, which are happening over time or under different circumstances. (Sekaran and Bougie, 2010; Saunders et al., 2012).

3.3 Data collection

3.3.1 Secondary research

Secondary research was conducted in order to develop a better understanding of the topic and insights to the research questions from the existing research. The literature review

provides a foundation for a better understanding of Dutch fashion retailers. It also presents new trends and developments in the field of online marketing.

3.3.2 Primary research

3.3.2.1 Research method

The two basic approaches used in primary research are the quantitative and qualitative methods (Sekaran and Bougie, 2010; Saunders et al., 2012). It is possible to combine data collection instruments of both methods to develop better insights into the research questions.

The quantitative research method concentrates on measurable data (Sekaran and Bougie, 2010; Verhoeven, 2011; Saunders et al., 2012; Thomas et al., 2014). This means that the data collected through quantitative research consists of numbers and the data is countable. The countable data is used to examine relationships between variables and is being analyzed through the use of various statistical techniques.

The quantitative research method is associated with survey and experimental research strategies (Saunders et al., 2012). Research instruments include: questionnaires, company records, governments publications and industry analysis (Sekaran and Bougie, 2010). The main advantage of this method is the generalization of the findings. The disadvantage is that the expressed questions are easily misunderstood, leading to the possible outcome that the reliability of the findings decreases (Saunders et al., 2012).

The qualitative research method concentrates on experiences of experts or participants in the industry (Sekaran and Bougie, 2010; Verhoeven, 2011; Hennink et al., 2011; Saunders et al., 2012; Thomas et al., 2014). Qualitative research is often concerned with the underlying reasoning and feelings. It also aims for information that provides new insights about the subject. Characteristics of the research process are the naturalistic and interactive aspects that provide the opportunity for altering and adjusting the questions during the process.

The qualitative research method is associated with action research, case study research, ethnography, the Grounded Theory and narrative research strategies (Saunders et al.,

2012). Research instruments used are: focus groups, interviews and observations (Sekaran and Bougie, 2010; Hennink et al., 2011; Thomas et al., 2014).

The qualitative research method is likely to use non-probability sampling, and as a result that it cannot be generalized, which is a disadvantage. The dependency of the researcher in the data collection process is an advantage, because non-verbal communication could be picked up by the researcher (Saunders et al., 2012).

In this research study the qualitative research method was adopted, because it concentrates on the underlying reasoning and feelings. This research study attempts to develop in-depth insights about the experience of the players in the industry.

3.3.2.2 Qualitative research method

Qualitative research is a broad term according to Hennink et al. (2011) that examines people experiences in detail. A specific set of research instruments are used to examine the experience of the participants. Focus groups consist of eight to ten participants who are experts in the field. The focus group sessions are developed to obtain the impressions, interpretations and opinions of the participants. A disadvantage is that the opinion of the participants cannot be considered to be representative, but it can be considered as exploratory information, which requires further research. The main advantage of this instrument is forming a generalization based on the gathered information (Sekaran and Bougie, 2010).

3.4   Reliability and validity

Reliability relates to the consistency of the findings (future studies). According to Sekaran and Bougie (2010) the principle of category reliability is one of the main ways to ascertain the consistency of findings. The category reliability refers to the ability of the researcher to effectively formulate the category. The categories should represent a reasonable sample of the population, so its requirements have to be clear and understandable to other parties. This means that another researcher could design the category based on the same characteristics.

Saunders et al. (2012) presents three issues related to reliability: the interviewer's bias, interviewee bias and participation bias. Interviewers and interviewee bias are difficult to avoid, because they are related to the non-verbal behavior of the interviewer. It could also be related to the interviewee's perception of the interviewer. The participation bias appears if the selected interviewees are not willing to participate, often because an interview is a time-consuming activity.

According to Sekaran and Bougie (2010, p.384) "validity refers to the extent to which the research results (1) accurately represent the collected data (internal validity) and (2) can be generalized or transferred to other contexts or settings (external validity)". In other words, internal validity for qualitative research refers to the level to which conclusions are supported by logical reasoning. External validity is the level to which the results can be replicated in another context.

3.5   Limitations

The major limitation of this research study is the low extent of generalization of the results, and as Sekaran and Bougie (2010), Saunders et al. (2012) state, this is a threat to external validity. This research study specifies its research to the research unit, namely small fashion

retailers. The results the research provides are only applicable to the case of small fashion retailers and not replicable to another context.

3.6   Conclusion

This chapter presented the design of the conducted research. This research is categorized as a case study, because it is specified to one particular research unit. The research unit is small fashion retailers in Casablanca. The research philosophy is Interpretive which represents the perception of the researcher and its time horizon is cross-sectional.

The section data collection was divided into secondary data collection and primary data collection. The secondary data focused on existing research. This enabled the researcher to develop a foundation for the research. The secondary data was also gathered in order to support the data collected from primary research.

Primary data collection was chosen for conducting interviews with small fashion retailers in Casablanca, in order to gather an insight and understanding of the situation. Therefore, the researcher developed a small fashion retailer profile and approached various small fashion retailers.

The researcher tested the research instrument beforehand in order to exclude unclear, irrelevant questions and include missing questions.

4 Findings

This section presents the findings from the qualitative research. The answers of the interviewees are contrasted with literature in order to address the main research question:

> *'How does digital marketing contribute to the development of competitive advantage of small retailers in the fashion industry?'*

4.1 Analysis and findings

4.1.1 Q1 - Marketing strategies

1. Does your company have a marketing strategy and if so, can you elaborate briefly on the marketing mix?

Four out of twelve interviewees claimed to have a clearly defined marketing strategy. They clearly defined the Ps of the marketing mix, their target group, their competition and had set goals. While the remaining eight interviewees had a less structured strategy for their store.

The problem of not structuring a marketing strategy is causing an increased possibility for overseeing opportunities and threats. As a result customers may migrate to competition. This could have a detrimental effect on a small entrepreneur.

Product - Regarding the seven Ps of the marketing mix, product has to address the customer needs (Chartered Institute of Marketing, 2009; Fill, 2011). According to the interviewed retailers they all sold fashion items in line with the needs of their customers.

According to 'Int1' customers demand unique fashion items instead of the standard fashion items available in large fashion chains. Their customers tend to like the "hipster-hype" and therefore they initially began by selling vintage or second hand fashion items. The remaining interviewees all focused their product strategy on the uniqueness of their products. For instance 'Int9' claimed that his customers demand high quality materials, brands and design.

Price - The element Price of the marketing mix is an element that contributes to market positioning. For small retailers it is extremely difficult to compete with large chains on price. A large chain possesses more resources which provide it with the ability to offer lower prices.

Offering additional services creates greater value for customers. These additional elements of the product offering allow the retailer to sell at higher prices. This consequently enables them to compete

with the large chains. What is Important for setting higher prices is the development of loyal customers, who are less prices sensitive (Chartered Institute of Marketing, 2009; Fill, 2011).

'Int8' stated that she builds a relationship with the customers with use of personal advice and service for the customer. 'Int8' states:

> *"I want my customer to feel welcome and at home. I like to give my customers advice during their visit and offer them a small paper with a fortune motto. People tend to feel special and return to my store"*

The returning customers are the customers who tend to be fewer prices sensitive and therefore she can compete more effectively.

'Int5' focuses on the needs of its target group, which includes trendy sun glasses for low prices. 'Int5' uses a sales technique in which she is offering second sun glasses with a €5 discount and the third with an additional discount of €2.50. This creates a win-win situation, because customer needs are aligned with the pricing strategy which stimulates higher sales

It can be concluded that the pricing strategy has to be aligned with the target group and the retailer should offer additional services and product information which create value to the customer. This value contributes to the willingness of customers to pay a higher price. In addition, investing in relationship building through personal attention contributes to the price insensitivity of the customer.

Place/distribution - The element Place of the marketing mix relates to the level of availability, which means that the product needs to be available in the right place, at the right time and at the right quantity (Chartered Institute of Marketing, 2009). According to Balasescu (2014) the location of the store is critical for the retail industry.

In Casablanca there are various shopping areas and the distance from a shopping area reflects the quality of the location. For instance, when the store is located within a shopping area, which is codified with a location, then may provide the store with more benefits. 'Int6, 7 and 9', benefit from their location, as many tourists pass through and buy their products. While 'Int12' is located far from a shopping area, this is codified as C-location, and therefore has a lower amount of visitors per day.

Attractive display of the products at store windows is important (Chartered Institute of Marketing, 2009). According to 'Int1, 2, 4 and 5' displaying the business activities online is another effective way to stimulate the place/distribution strategy of the marketing mix. It namely increases the visibility of the store and the products. This strategy is less location sensitive than a store window.

It can be concluded that the retail stores can benefit from their physical location. To decrease the relevance of the location, its online visibility is fundamental.

Promotion - The element Promotion of the marketing mix generates the opportunity to get in contact with the target group. It enables the retailer to communicate business activities to its target group (Chartered Institute of Marketing, 2009; Fill, 2011).

Communication of the business activities enables the retailer to create brand awareness, communicate special offers and differentiate from its competitor (Chartered Institute of Marketing, 2009). Although some retailers, (for instance 'Int3' and 'Int10') stated they do not have a promotion strategy whatsoever. Other stated they have to improve their promotion strategy in order to attract more customers.

Among the interviewees a popular strategy is cross-channel promotion activity. So, the interviewed retailers use varying marketing communication mix tools (Keller 2001). Some indicative promotion activities are distributing flyers; stickers; sponsored bags, Facebook Boosting campaigns, Google AdWords and more.

In conclusion, all twelve interviewees make use of varying promotion activities, however many of them are not clear about their objectives and the effect of their activities. Only 'Int1, 2, 4 and 5' have a clearly defined promotion strategy in which they aimed to be appealing, gain attention and, spread a consistent and relevant message. All the above contribute to the development of the brand.

2.   *What are your marketing objectives?*

Four out of twelve retailers have formulated clear marketing objectives for their stores. These retailers are: 'Int1, 2, 4 and 5'. These objectives include increasing brand awareness through offline and online visibility. By increasing their brand awareness these retailers are mainly aiming for a higher amount of visitors in the physical stores. Only 'Int5' aims for an increase in online sales.

As a result of the formulated objectives interviewees are able to measure their performance and learn from it. Lessons learned are valuable for future strategies.

'Int 6, 7, 9, 11 and 12' are currently formulating new marketing objectives, although they are not clear on the design of their online marketing strategies. These three interviewed retailers are changing their marketing objectives to include online marketing.

The remaining four retailers did not formulate objectives and *"...are just doing what feels good."* (Int8, 2014). This means they have not defined a clear direction for their business. This attitude could results in loss of customers.

4.1.1.a Conclusion: Q1 – marketing strategies

It can be concluded that key elements in strategies are: the uniqueness of the product in order to address to the customer needs;: product display which refers to online visibility and availability of products, cross-channel promotion of the store and brand were in many cases considered to be a key factors for success.

4.1.2 Q2 – Competitive advantage

3.   How do you differentiate from your competitors?

In order to create competitive advantage, businesses need to do things differently (Porter, 1985). Almost all the retailers are doing things differently by differentiating based on the uniqueness of their products. According to 'Int1':

> *"Customers are looking for that one unique festival outfit instead of the regular items of the H&M and ZARA."*

The retailers describe unique products as, unique brands, handmade pieces, second hand items and unique shapes. The number of retail chains in Morocco is gradually increasing and 54% of the total retail floor space is possessed by retail chains. This percentage is on average higher in larger cities (ING Economics Bureau, 2014) and explains customer need for unique products.

Besides providing the customer unique products, retailers also differentiate on personal service and ambience realizing that personal service and ambience are absent in large chains. This seems to be an effective way to address competition from large fashion chains.

Except for the differentiation strategy 'Int1' focuses on a particular target group, and creates an online community. According to 'Int1':

"In store we try to carry out our passion and online we try to bring together all the fans, remind them of our existence, inspire the fans and build a relationship. I think they feel engaged because we are where our fans are"

This approach by 'Int1' refers to the broad differentiation strategy of Thompson et al. (2012) in which the business offers something unique. According to 'Int1' they do not have many close competitors, because none of their competitors is building an online community, which contributes to business success and growth.

The creation of a community is an opportunity for many other retailers, because it creates value for the customer, creates loyal customers, brand ambassadors and consequently business success.

4.   What is the effect of your differentiating activities?

'Int1, 5, 6 and 8' observe significantly more visitors and those visitors were asking for particular products they have seen on the social media which were published by the interviewees. This indicates that the customer was attracted to the store by the online activities of the retailers.

The stores that differentiate on personal service and ambience have a higher amount of returning customers. This indicates that these elements are highly important for the target customer.

The positive effect of the differentiation strategies provide the interviewees also with growth in profitability and popularity. This growth has resulted in the expansion of the business.

In conclusion, doing things differently contributes to value creation for the customers. The communication of these differentiating activities contributes to the popularity and results in a significantly higher amount of store visitors.

5. Do you believe that online marketing could contribute to your competitive advantage and why?

Not everyone thinks online marketing can contribute to the creation of competitive advantage. According to 'Int6', their "in store experience" is their competitive advantage. They believe it is not transferable to an online environment. However a disadvantage of "in store experience" is that the customer cannot experience it beforehand. In other words the customer first needs to enter the store (Chartered Institute of Marketing, 2009; Fill, 2011).

'Int4' and 'Int5' stated that using Facebook boosting campaigns is the most effective way to attract customers to the store, because they support the idea of attracting the customer first before personal service and ambience are becoming effective.

Many other interviewees support the fact that online marketing contributes to brand awareness. According to 'Int11':

> *"It reminds customers of the existence of the physical store."*

Besides visibility, online marketing contributes to the customer level of trust. Since the consumer trusts his/her peers, the interaction regarding the brand among peers is essential (Moran et al., 2014).

'Int1' and 'Int2' stated: that *''...online marketing only works if it matches the target group''.*

In conclusion, online marketing communication contributes significantly to the attraction of customers, if the online message matches effectively the target group. Online visibility also contributes to the customer trust level towards the brand and can cause positive e-WoM.

4.1.2.a Conclusion: Q2 – Competitive advantage

It can be concluded that the majority of the interviewees differentiate on the uniqueness of the products and on the 'in store experience'. Both differentiation strategies refer to absence of these elements in the large chains, which makes their strategy less effective,

Besides, regarding to the 'in store experience', as mentioned by 'Int1, 2, 4 and 5' differentiating is not effective if the customers are not visiting the store. So focusing on the right target group and knowing what they like are critical elements. The creation of brand awareness through online media is a great tool to find and get in contact with your target group. The online visibility consequently contributes to the customer level of trust towards the brand and can result in positive e-WoM. Therefore the creation of an online community is an effective and logical strategy.

4.1.3   Q3 - Consumer behavior

6.   Can you briefly describe the profile of your target customers?

'Int2' stated:

> *"...as a retailer you need to know who your customer is, where your customer is, what the customer needs and why, in order to know what and where to communicate your brand."*

'Int2' raised a valid point. However in order to address to the customers it is required to gain knowledge about the target group. Among the interviewees the level of knowledge about the target customers differed significantly. For instance, 'Int3' described a broad target group and stated they are targeting men and women between the ages of 16 and 60 years old. In other words everyone who ever had visited the store. Or 'Int10' even states to target *"everyone in the whole world"*. This is an unrealistic target group profile.

While 'Int4' describes his target group as:

"Trendy and innovative Casablanca citizens, between the ages of 25 and 45 years old, who care about trendy sunglasses, nice designs and products made from quality materials."

This is a specific formulated profile, which enables the retailer to match its business activities with the target group. The right match between, for instance, product and customer needs, contributes to the effectiveness of the business activities (Mulder, 2013).

The interviewees who formulated an insufficient target group profile are wasting money and time on wrong targeted business activities.

Only 'Int 1, 2, 4, 5 and 9' were able to describe a homogenous group of customers they were focusing on. These descriptions were often based on demographics and lifestyle. The remaining interviewees gave a broad description of their target group, which is probably the reason for ineffective strategies.

7.   Can you describe the online behavior and activities of your customers?

Krishnamurthy and Dou (2008) described the purpose of online conversational interactivity as the need of the online user for self-expression, social connection and knowledge sharing.

'Int4' and 'Int5' stated that the online customer tends to be sensitive to online advertising. He was referring to Facebook boosting campaigns which is targeted specifically at the right audience, the audience who suits the target group of interest.

They emphasized that customers tend to react on the likes of their peers and Facebook boosting campaigns enable brands to target a particular group. Besides, it shows the targeted Facebook user which friend of theirs also likes the brand.

According to some interviewees there is a great difference between the online behavior of the different age groups. For instance 'Int2' stated:

> *"The people in their twenties are behaving differently online. For example, they are leaving Facebook, because their parents are starting to use it. So people in their twenties are starting to interact on different online platforms."*

Younger generations are more passive users and only tend to observe the posts on their social media platforms, while older generations tend to react and also share posts. The passive behavior of the young generation and their absence on the large social media platforms makes it more difficult to engage them. Therefore understanding the target group is essential in order to understand where they are and what they are interested in.

8.   How do your customers react to your online marketing activities?

According to literature spreading a consistent and relevant message (Mulder, 2013), which gains attention and is appealing to the target group are key elements of communication (Chartered Institute of Marketing, 2009; Fill, 2011).

According to the interviewees their customers do react positively on their online activities. 'Int3'

observed:

> *"People are planning a visit to Casablanca, especially to visit our store! They say they saw the social media activities and liked it so much, they want to pay a visit"*

According to 'Int1' some online fans visit the store and say: *"You guys are visible everywhere!"* This refers to the intensity of their online visibility of their store. Also other retailers experience positive reactions when people visit the store.

The positive reactions indicate the relevance, consistency, attractiveness of the communication as well as a good match with the target group. However, it tends to be difficult to get online consumers to interact with online activities initiated by the retailer.

'Int9' described social media posts as ''...a good reach'', but said that only a maximum of 5% of her followers "like" the post. Also 'Int11' highlights this problem and they both could not think of a reason why fans do not respond to their posts.

'Int2' explains she measures the amount of likes and responses on her posts. If fans do not respond as frequently and positively as they normally do, she simply removes the post. Her reasoning is that the post '...apparently did not match the expectations' and interests of their fans. Which refers to the principle of being appealing and relevant to the target group and addresses to the problem of 'Int9' and 'Int11' described above. In other words, their posts are not relevant, appealing, consistent and attractive enough for the target group.

4.1.3.a Conclusion: Q3 – Consumer behavior

It can be concluded that the majority of the interviewees have an insufficient understanding of their target group. It results in ineffective communication of their business activities and loss of money and time.

Regarding the understanding of their customer online behavior, the majority do observe online activities of their customers, such as, liking, sharing and reacting to postings. Only 'Int 1, 2, 4 and 5' do understand and are actively approaching their online customers.

The same issue appears with the understanding of customer reaction towards their online business communication activities. Their insufficient understanding of their target group results in a low engagement levels.

4.1.4   Q4 – Trends and developments

9.   Could you describe trends and developments in the retail industry?

As mentioned in Chapter 2 the retail sector is experiencing strong rivalry in the market. Apparently the players in the market have difficulties with surviving in a strong competitive

environment as the retail sector. It is remarkable however that the interviewees do not agree on that. Only 'Int9' found that she is unable to sell her products for the required price, because her competitors are selling the same products with sales discounts.

However the trends retailers identified is an increase in the demand for unique items, which translates to a need to sell something different from the products the customer can buy in the large chains. Also the "Hipster-hype" in Casablanca and some other cities in Europe or the United States were named as a trend in the retail industry. This lifestyle requires unique, handmade or second hand clothing.

And the trend for the growing need for online visibility. More and more businesses are investing in their online performance or in big data collection tools. According to 'Int4 and 5' big data is still more relevant to large chains, because they have the resources to organize this new development.

Neither do the interviewees elaborate on the increasing pressure of the growing number of web shops. This indicates that the retail sector is not struggling that much. Or it could mean the retailers are doing a great job in selling their products. Or lastly, the retail sector in Casablanca does not suffer as much as the retail sector in other parts of Morocco.

10.   What are the trends and developments in the field of online marketing activities   in your industry?

Chapter 2 elaborated on the changes which came along with the Web 2.0 age. The digital environment opportunities, such as, interaction, personalization of communication, intelligence developments, integration, industry restructuring and independence of location (McDonald and Wilson, 1999).

Chapter 2 provides information about the importance of creating e-WoM, stimulate user generated content and visibility. The interviewees observed some related trends and developments in the market such as:

- Businesses are investing in the quality of their posts ('Int11', 2014). It refers to businesses who hire a photographer or an online agency to help them create relevant posts.

- Decreasing popularity of Facebook. According to 'Int2' it referred to the younger generation switch to other social media platforms and the negative effect of Facebook which is collecting and selling data of its users.

- Businesses seem to pay for Facebook boosting campaigns, in order to reach their followers with their posts ('Int6' and 'Int7', 2014).

- The use of bloggers and collective sites has become more popular for increasing visibility and the amount of followers ('Int6', 'Int7' and 'Int12', 2014).

They observe the effectiveness of these trend and developments, but the majority of the interviewees had a reticent attitude towards these opportunities. The main reason for it is that it seems difficult and costly. According to literature it stimulates user generated content while social media is easy to use and a cheap way of branding.

4.1.4.a Conclusion: Q4 – Trends and developments

It can be concluded that the interviewees do not suffer from strong rivalry and they focused on the uniqueness of their products.

The digital landscape provides many opportunities, but the majority of the interviewees behave cautiously towards it. Their attitude towards trends and developments in the digital environment make them miss many opportunities, such as, improving their visibility, stimulating positive e-WoM and stimulating user generated content.

4.1.5 Q5 – Online business opportunities

11.   Which marketing communication activities are you using? (Online and Offline)

The principle of cross-channel communication is used by every interviewee. The importance of connecting the offline and online channels are clear to them. However the execution of it is often not in line with the IMC principle. Again only 'Int1, 2, 4 and 5' formulated a structured plan and strategy for their communication activities.

The remaining interviewees impulsively make use of the various offline and online communication alternatives, which are for instance events, leaflets or online tools, such as, website, Facebook, Instagram, Twitter.

Nevertheless the execution of especially the online activities is poor. For instance the website of 'Int3' consists of only one page which links to the stores' Facebook pages. Figure 10 shows this, in particular the red box.

Figure 10: webpage: www.maisonnl.com

Certain retailers are considering using blogs and bloggers in the future. Bloggers are considered to be trustworthy by the consumer (Brown et al., 2007; Armstrong and McAdams, 2009). They can influence the consumer with their opinion and recommendations. In the Dutch cosmetics industry large brands as, for instance, Andrélon (haircare brand) make use of bloggers to generate trustworthy content (Besocialized, 2014). Only 'Int2' and 'Int5' use affiliate marketing, banners and search engine marketing in their online promotion strategies.

12.   Can you elaborate on your online communication activities?

As mentioned in the part above the majority of the interviewees did not align their activities with structured plans. Only a few had set targets for their online communication activities. 'Int1' and 'Int2' have set targets for the amount of posts each day or week. These targets provide a goal and prevent an overload of postings and therefore an obnoxious business image.

While 'Int8' aims for a posting each week, they often put up three posts in one week, to compensate, in the event that they are not able to do so weekly. According to 'Int1, 2, 4 and 9', this is not effective because online fans get an overload of posts, which can be perceived as obnoxious.

According to 'Int2' relevance of your postings is the key factor for each posting. She also states that many retailer post photos of single items, just to show the items. In her opinion this does not contribute to the development of brand awareness or triggers the customer.

In order to pursue the relevance and consistence of the online communication activities it is required to develop an online marketing communications strategy.

13.   Do you pay for any of these tools?

The majority of the interviewees are reticent towards the ability to pay for the online tools. The reason for that is because they do not have the knowledge and are not aware of the effectiveness of the paid tools. Or 'Int9' believes that Facebook boosting campaigns also attract non-fans, which she wants to avoid, because she believes non-fans affect the quality of her fan group.

'Int1, 4 and 5' believe the ethos of 'all publicity is good publicity' and state that this is so because Facebook enables the businesses to set various target groups to reach with the boosting campaigns. Besides, Facebook is disabling company pages to reach their fans in an

Organic way, therefore it is required to use Facebook boosting campaigns in order to reach the fans with a Facebook post.

'Int1, 4 and 5' stated that Google AdWords is not very effective if the business does not have a web shop. Only 'Int2' uses affiliate marketing tools and banners. 'Int2', reports benefits in the amount of traffic to her website and an increase in brand awareness. Once more, 'Int1, 2, 4 and 5' stated that the online tool has to match the business strategies and the target group.

Although the majority of the interviewees are negative towards paying for online communication activities, it can be concluded that it becomes more difficult to reach the fans without paying for online communication activities.

14.   What is the aim of your communication activities?

Nine of the twelve interviewed retailers are aiming to create brand awareness through their marketing communication activities. The interviewees stated they use the principle of calling for action, the action being visiting the store. Unfortunately this objective is not as effective as it should be.

15.   What are the problems/issues you face with your communication strategy?

The issues retailers face with online marketing center around a lack of time, skills and a lack of knowledge of online marketing techniques. Some interviewees have even reported their own mind-set as the greatest hurdle to overcome.

According 'Int4' an 'Int5' a common problem of the communication strategy of retailers is incorrectly measuring the effectiveness of the posts. 'Int5' stated:

"They are measuring the effectiveness based on the amount of likes and comments they receive; which does not provide realistic numbers of the effect of your online activities"

He emphasizes that the retailer has to know the responsive numbers and measure the costs against the results accordingly. In this way, a retailer can accurately measure its profitability. He states in the end, ''...you have to make money, so it has to pay back the effort''.

Other challenges retailers face includes:

- Building a larger group of fans without buying likes.
- Finding the right match between fans and posts.

The difficulty of finding the match between a post and fans is also understandable assuming that many interviewees should define their target group more specific

16.   What are the results of your marketing communication activities?

Executing communication activities in a proper way provides great brand awareness and positive WoM. The online opportunities could expand the impact of it by stimulating the interaction, building a fan group or community and creating opinion leaders.

'Int3', states online information on products has targeted the customers' visits to the store. In other words, by previewing the article only, the customer already knows what to buy and is less prone to browse. According to 'Int1', the goal to build a community contributed to a large group of fans, who consequently contribute to greater WoM, online and offline.

Many retailers have a larger number of fans and visitors through their online communication activities, although three retailers are still not convinced that results are satisfactory. They stated that it does not directly generate revenue, it is time consuming and not their core business.

It is understandable the interviewees are still not convinced, as they are not experiencing the results which were promised by all online marketing gurus. The problem is related again to the formulation of their strategies and the defined goals to attain favorable outcomes (Chaffey, 2013a).

4.1.5.a Conclusion: Q5 – Online business opportunities

It can be concluded that the online environment provides many online business opportunities.

Almost each interviewee believed online marketing communication activities contribute to brand awareness and offline performance. This refers to the claim that using online communication tools is a win-win solution, because it contributes to engagement and brand awareness (Brodie et al., 2002; Anderson and Naurus, 1999; Wilkinson, 2001).

However they find it difficult to effectively make use of the online tools. The main problem is the lack of formulated strategies and defined goals (Fill, 2011; Kotler and Keller 2012).

4.1.6 Q6 – Relationship managements

17. *What do you do to strengthen the relationships with you customers? (Offline and Online)*

Strengthening the relationship with customers is essential in order to increase revenue. A good relationship with customers contributes to loyal customers. Loyal customers tend to pay a visit more often, tend to be less price sensitive and attracting existing customers is less expensive than recruiting new ones (Chartered Institute of Marketing, 2009; Fill, 2011).

Half of the interviewed retailers claim that they create a relationship with the customer by providing personal service and attention. Planning and arranging special events, such as private shopping nights for customers and their friends were also mentioned by some retailers as a way through which the customer relationship can be strengthened.

The majority of the retailers find it difficult to use online tools for obtaining or preserving the

relationship. 'Int2' states:

> *"We have not yet found an effective instrument to strengthen our relationship with our customers through online channels. I believe it is not yet possible, because you cannot approach each customer individually."*

'Int4' and 'Int5', identified e-mail marketing as one of the most effective tools in reaching the customer and preserving the relationship. They mentioned the ability to gather consumer data, which refers to the five e-mail marketing trends of Feil (2014). Unfortunately 'Int4' and 'Int5' could not elaborate on the usage of e-mail marketing, because it was competitively sensitive information.

According to research by Heinonen (2011) and Alavi et al. (2011) developing a relationship with the customer by building a community is a highly effective approach. However 'Int1' did not consciously use their community to strengthen their relationship with customers, and this means there may lay many opportunities for them.

18.   What is the effect of you efforts?

The majority of the interviewees state an increase in returning customers, an increase in customer loyalty, and a greater WoM are the results of their successful relationship management.

The main elements of successful relationship management according to the interviewed retailers are personal service and brand engagement, because the interviewees could experience the direct results of it.

4.1.6.a Conclusion: Q6 – Relationship management

It can be concluded that the interviewees find important the strengthening of their relationship with customers. In-store experience and e-mail marketing are described as the two main contributors for it.

Unfortunately the interviewees are overseeing many opportunities which influence the quality of the relationship. For instance, the creation of a community is a great contributor to customer relationships. This refers to the user generated content and the experiences shared by peers.

This shared experience tends to be more trustworthy, interesting, understandable, reliable, objective and relevant to the customer. On top of that, fashion items are high involvement products, which require an intensive decision making process and an online community is a great contributor to that.

4.2 Recommendations

The interviews with the twelve retailers provided deeper insights into the situation of the retailers and the online marketing opportunities and activities. Their contribution to this research provided the ability to address the main research question.

Eleven out of twelve interviewees were convinced of the ability of digital marketing to contribute to the development of competitive advantage for small fashion retailers. This section provides recommendations based on the interview findings.

4.2.1 Marketing strategies

It can be concluded that the majority of the interviewees did not clearly define their marketing strategy, their target group and did not know what their competitors were doing.

Analyzing their product strategy, it is concluded that they all differentiate on the uniqueness of their products in order to address the customer need for unique fashion products. They ensured the uniqueness of their products by focusing on:

- Products which are made or designed by themselves
- Selling vintage fashion product.

This approach is effective when competing with the large chains. However, it becomes difficult to compete when each small fashion retailer is differentiating on the uniqueness of its products. For instance, many vintage stores popped-up in the last few years, which may not be an effective product strategy. In this case it is required to strengthen the product strategy in order to create uniqueness.

The pricing strategy is not focused on offering low prices. The reason is that small businesses do not have the resources to offer volume and low prices. In order to be

competitive with higher prices, retailers could add values to their products, such as personal services which will allow them to sell at higher price.

According to literature, existing customers tend to be fewer prices sensitive (Chartered Institute of Marketing, 2009; Fill, 2011). It is important for the interviewees to build a relationship with their customers since loyal customers are more willing to pay higher prices.

The availability of the products or services is important in the development of an effective place strategy. In the retail industry location is also essential, therefore locating within a shopping area is important.

However, online display of products, which refers to online visibility, is another effective place strategy. Online display of products is a less location sensitive strategy. Therefore it is required for the interviewees to invest in online visibility, especially for the interviewees who are located outside the primary shopping area.

According to the interviewees they organized some offline and online promotion activities in order to communicate business activities to the customer. The problem was that they did not align all promotion activities with their goals or did not set any goals.

4.2.2 Competitive Advantage

Regarding to the differentiation strategy of the interviewees it can be concluded that the majority differentiates on the uniqueness of the products. In addition to that, many interviewees claimed to differentiate on personal service and ambience. Both differentiation strategies refer to the absence of these elements in large chains.

Critical to these differentiation strategies is that many interviewees claimed to differentiate on the same elements, which may make this strategy less effective. One interviewee claimed to create an online community, which appears to be a highly effective strategy,

because it contributes to value creation creates loyal customers, brand ambassadors and consequently results in business success.

4.2.3 Consumer behavior

Among the interviewees the level of knowledge about the target customer differed significantly. It can be concluded that the majority, (eight out of twelve), of the interviewees did not formulate a clear profile of their target group. This result in ineffective communication activities, such as, Facebook posts which are rarely liked, shared or responded. The interviewees fail to realize that the postings do not match the interests of their target group.

The development of an understanding of the target group is important because it enables the retailer to effectively approach the target group.

4.2.4 Trend and Developments

The interviewees found it difficult to describe important trends and developments in the field of digital marketing activities. They are aware of the basics and the importance of stimulating e-WoM, user generated content and visibility. The majority of the interviewees had a reticent attitude towards these opportunities because they think it is difficult and costly.

4.2.5 Online business opportunities

Digital marketing provides businesses with the opportunity to create brand awareness. This is essential for players in the fashion retail sector, because fashion products are considered to be high involvement products (Wolny and Mueller, 2013). These types of products tend to involve a longer decision making process and brand image (Armstrong et al., 2012). The digital landscape provides businesses with a large variety of tools to accomplish the creation of brand awareness.

According to the interviewees a cross-channel approach is the most effective approach for creating brand awareness. The interviewees are making use of Facebook and some other digital platforms in order to stimulate interaction, visibility and create a fan base. However it tends to be a challenge to reach the fans and to find the right match between postings and customer interests.

The main issues here are the lack of knowledge about the target group, clearly defined strategy and goals. Because the interviewees are not aware of customer interests the interviewees are posting irrelevant and not appealing material.

4.2.6 Relationship management

The creation of customer relationships is important especially provided that fashion products are considered to be high involvement products. Developing a relationship is creating trust, which consequently results in more loyal customers. Loyal customers tend to visit the store more frequently, spend more money and are fewer prices sensitive.

The interviewees use various tools to improve the customer relationships. However, they oversee the value of digital tools for the development of customer relations. Tools which create positive WoM are effective to build a relationship, such as, 'in store experience', online communities and e-mail marketing. There are still significant improvements to make in building customer relationships through the use of digital tools.

5 Conclusions

This research was performed to address the research question:

'How does digital marketing contribute to the development of competitive advantage of small retailers in the fashion industry?'

This research confirmed that the creation of a loyal customer contributes to the development of a competitive advantage for small retailers. Loyal customers are customers who are returning to the store, buying products frequently and spreading positive WoM.

In this research the contribution of digital marketing to the creation of competitive advantage was addressed. The literature and some of the successful interviewed retailers confirmed the involvement of digital marketing to the creation of loyal customers. It supports elements, such as, e-mail marketing and the creation of an online community. These elements engage customers to the brand.

In order to be able to create such a relationship with the customer the small fashion retailer has to be active. It's imperative not to wait for the customer to come to you. It is important that they 'see' you. This refers to the creation of brand awareness, which is built with the use of online visibility and interaction with the online fans. This implies that digital marketing activities on the channels that match the particular target group, contribute to the brand awareness of the customers.

However, besides actively approaching the target customer and engaging them, the retailer should have a clearly defined target group. The retailer needs to know: who the customer is, where they are, where they are interested in and why they are interested in these things. Knowing the customer enables the retailer to effectively approach the right target group, because they know their preferences. The match between the target customer and the marketing activities is often considered to be a challenge. In this way the retailer learns what the customer is interested in and can effectively approach the customer. This refers to the concept of being relevant to the customer. Relevant digital marketing activities tend to be an effective tool to attract the customer. Attraction of the customer is the potential key to selling products to that customer.

To conclude, digital marketing contributes to the development of competitive advantage for small fashion retailers, if the retailer clearly defines its target group and is able to effectively approach them with the digital marketing tools. However, integration of the digital and traditional marketing tools is fundamental in order to attract the customer, sell the customer appropriate products and build a relationship. Customer relationship creates loyalty and loyal customers are the competitive advantage of the small fashion retailer.

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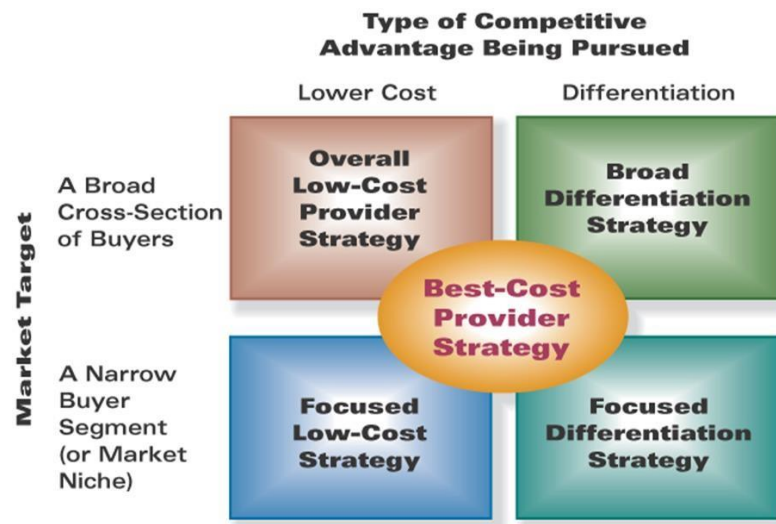Iprospect.nl. 2014. Checkit in Telecommerce - iProspect. [online] Available at: http://www.iprospect.nl/artikelen/checkit-in-telecommerce.html [Accessed: 3 Apr 2014].

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**Type of Competitive
Advantage Being Pursued**

Lower Cost | Differentiation

Market Target

A Broad
Cross-Section
of Buyers

**Overall
Low-Cost
Provider
Strategy**

**Broad
Differentiation
Strategy**

**Best-Cost
Provider
Strategy**

A Narrow
Buyer
Segment
(or Market
Niche)

**Focused
Low-Cost
Strategy**

**Focused
Differentiation
Strategy**

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Appendix A : Survey

Survey about Decathlon morocco

Gender

○ Male

○ Female

○ Other: _____

You are between the ages of

○ 15 to 25

○ 26 to 35

○ 36 or more

○ Other: _____

In which socio-professional category are you?

○ Trader, Craftsman, Company Manager, Executive.Intellectual.Prof.

○ Farmer, Technician, Employee, Supervisor, Worker

○ Job Seeker, Student, Housewife, Retired

○ Other: _____

What sport (s) do you practice at least once a month (in season if the sport is seasonal)?

○ No regular sport

○ Cycling

○ Jogging/footing

○ Walking / Hiking

○ Swimming

○ Stadium or indoor team sports (Football, Rugby, Basketball)

○ Other: _____

When you want to buy sports-leisure articles or clothing, what are your criteria for choosing a store?

○ Attractive promotional operations

○ The choice of brands available

○ The quality of the articles

○ The proximity of the store to the home

○ The prices

○ Customer service

○ Other: _____

How do you qualify customer advice?

○ Not very satisfying

○ Satisfying

○ Very satisfying

○ Other: _____

Submit