

Gordon Institute of Business Science

University of Pretoria

Organisational ambidexterity in emerging markets: A retailer's perspective

Girland Chibaya

Student Number: 1538 8078

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

7 November 2016

ABSTRACT

This thesis examines how retail firms in emerging markets balance exploration and exploitation under the banner of organisational ambidexterity. Balancing exploration and exploitation in organisations has emerged as one of the primary problems in management research. While a firm's ability to simultaneously pursue both exploitative and explorative innovation has been put forward as positively contributing to performance effects, scholarly endeavours to resolve the ambidexterity question have left a disparate gap in the understanding of how ambidexterity can be achieved, particularly so in retail firms operating in emerging markets.

A case study approach was used to investigate the experiences of a South African retail firm (Organisation A) in the fast moving consumer goods (FMCG) sector and how it implements and manages its business strategy to counter emerging market challenges. Five in-depth interviews were conducted and extensive secondary data was collected and analysed to build on constructs identified in existing literature. This study confirmed that there is empirical evidence that the paradox of exploration and exploitation exists and is practiced by retailers in South Africa. The research further confirmed that these firms use collaborations with independent informal retailers to gain a better understanding of township emerging markets. This study provides a deeper understanding of how formal retailers in South Africa combine their capabilities with informal retailers to create hybrid business models that they use to explore new markets while exploiting their existing capabilities.

KEYWORDS

ambidexterity, exploration, exploitation, retail, emerging markets

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination at any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

GIRLAND CHIBAYA

7 November 2016

ACKNOWLEDGEMENTS

Thanks be to God! For in him all things were created and are made possible.

A profound thank you to the following people:

My supervisor, Kerry Chipp, thank you for all your direction, knowledge, criticism and inspiration throughout this research project.

My former boss Mark Wood, thank you for assisting in connecting me with managers, executives and project participants to interview

My wife, Bongiwe, thank you for enduring this two-year marathon with me. I could not have done it without you.

To my family and friends, thank you for bearing with my unavailability at important functions and meetings during the course of this research.

To all the interviewees, I thank you for your openness, time and contribution.

TABLE OF CONTENTS

ABSTRACT	ii
DECLARATION.....	iii
ACKNOWLEDGEMENTS.....	iv
FIGURES.....	viii
TABLES	ix
CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM	1
1.1. BACKGROUND TO THE RESEARCH PROBLEM	1
1.2. RESEARCH SCOPE	2
1.3. RESEARCH AIM	3
1.4. ACADEMIC MOTIVATION	3
1.5. STRUCTURE OF THE REPORT	4
CHAPTER 2: LITERATURE REVIEW	5
2.1. INTRODUCTION	5
2.2. GLOBALISATION	7
2.2.1. Duality in Emerging Markets.....	8
2.2.2. Heterogeneity in Emerging Markets	9
2.3. TRADITIONAL APPROACHES.....	10
2.3.1. Standardisation versus Adaptation	10
2.1. ORGANISATIONAL AMBIDEXTERITY: DEFINITION AND RELEVANCE	13
2.1.1. Balancing Exploration and Exploitation.....	14
2.1.2. Managing Organisational Ambidexterity Tension	15
2.2. MULTI-CHANNEL RETAIL APPROACH	17
2.2.1. Ambidexterity through formal-informal multi-channels.....	17
2.2.2. Ambidexterity through the Franchising Model	19
2.2.3. Ambidexterity through Partnerships	20
2.2.4. Ambidexterity Through Inter-firm Collaboration	21
2.2.5. Ambidexterity Through Supply Chain Collaboration	22
2.2.6. Ambidexterity Through Hybrid Business Models.....	24
2.3. CONCLUSION OF THE LITERATURE REVIEW.....	26
CHAPTER 3: RESEARCH QUESTIONS.....	28
3.1. PURPOSE OF THE RESEARCH	28
3.2. RESEARCH QUESTION 1	28
3.3. RESEARCH QUESTION 2	28
CHAPTER 4: RESEARCH METHODOLOGY.....	29
4.1. INTRODUCTION	29



4.2.	RESEARCH METHODOLOGY.....	30
4.4.	POPULATION	31
4.5.	SAMPLING METHOD	31
4.6.	UNIT OF ANALYSIS	32
4.7.	RESEARCH INSTRUMENTS	32
4.8.	DATA COLLECTION.....	32
4.9.	ANALYSIS OF DATA.....	33
4.10.	LIMITATIONS	34
CHAPTER 5: RESULTS.....		35
5.1.	INTRODUCTION	35
5.2.	SAMPLE DESCRIPTION.....	35
5.2.1.	Primary Data.....	35
5.2.2.	Secondary Data.....	36
5.3.	BACKGROUND OF ORGANISATION A.....	37
5.3.1.	Location Background	37
5.4.	BACKGROUND OF THE SPAZA SHOP.....	39
5.5.	THE SPAZA CONVERSION BUSINESS MODEL	39
5.5.1.	Benefits of the Conversion	40
5.4.	RESEARCH QUESTION 1	42
5.4.1.	Introduction.....	42
5.4.2.	Organisational Ambidexterity - Concepts and Markers	43
5.4.3.	Balancing Standardisation and Adaption	44
5.4.4.	Balancing Stability and Change.....	52
5.4.5.	Balancing Differentiation and Integration	54
5.4.6.	Short-term Profitability and Long-term Sustainability	56
5.4.7.	Balancing Efficiency and Flexibility	58
5.4.8.	Summary of Findings	60
5.5.	RESEARCH QUESTION 2	61
5.5.1.	The Hybrid Business Model	61
5.5.2.	Management of the Hybrid Business Model	64
5.5.3.	Managing the Hybrid Business Model as a Franchise Model	65
5.5.4.	Managing Brand Equity	66
5.5.5.	Human Resource Management.....	67
5.5.6.	Management Through Knowledge Exchange	67
5.5.7.	Management Through Training and Development	69
5.5.8.	Management Through Mentorship and Direction	70
5.5.9.	Management Through Financial Support.....	71
5.5.10.	Management through Measurement of Performance	72
5.5.11.	Summary of Findings.....	74
CHAPTER 6: DISCUSSION OF RESULTS		76
6.1.	DISCUSSION OF RESEARCH QUESTION 1	76
6.1.1.	Introduction.....	76
6.1.2.	Organisational Ambidexterity Tensions.....	77



6.1.3.	Balancing Standardisation and Adaptation	78
6.1.4.	Balancing Stability and Change.....	80
6.1.5.	Balancing Differentiation and Integration	83
6.1.6.	Balancing Short-term Profitability and Long-term Sustainability	83
6.1.7.	Balancing Efficiency and Flexibility	85
6.2.	DISCUSSION OF RESEARCH QUESTION 2	86
6.2.1.	Managing the Hybrid Business Model.....	86
6.2.2.	Managing as a Franchise Model	87
6.2.3.	Managing Brand Equity	87
6.2.4.	Human Resources Management.....	88
6.2.5.	Management Through Knowledge Transfer.....	88
6.2.6.	Management through Training and Development	89
6.2.7.	Management Through Mentorship and Direction	90
6.2.8.	Management through Financial Support.....	90
6.2.9.	Management of Distribution Systems	91
6.2.10.	Management through Measurement of Performance	92
6.3.	SUMMARY OF QUESTION 1 & 2	92
CHAPTER 7: CONCLUSION.....		93
7.2.	MAIN FINDINGS	93
7.3.	THE HYBRID BUSINESS: FORMULATION AND MANAGEMENT MODEL.....	93
7.3.1.	The Hybrid Business Model Formulation.....	93
7.3.2.	The Hybrid Business Formulation and Management Model	95
7.4.	RECOMMENDATIONS FOR STAKEHOLDERS	96
7.5.	LIMITATIONS.....	97
7.6.	FUTURE RESEARCH DIRECTIONS.....	98
7.7.	CONCLUSION.....	99
8.	REFERENCES.....	100
9.	APPENDICES	119
APPENDIX 1: CONSISTENCY MATRIX.....		119
APPENDIX 2: SEMI – STRUCTURED INTERVIEW GUIDELINE		120
APPENDIX 3: CONSENT LETTER		122

FIGURES

Figure 1: Five Characteristics of Emerging Markets (Sheth, 2011).....	9
Figure 2: Innovation & Collaboration in Partnerships.....	21
Figure 3: Research Design & Methodology	29
Figure 4: Sample Description – Semi-Structured Interviews.....	35
Figure 5: Monthly Household Income - Diepkloof, Soweto (ROOTS_Survey, 2016).....	37
Figure 6: Monthly Household Income and Employment Status - Diepkloof, Soweto (ROOTS_Survey, 2016).....	38
Figure 7: Benefits of the Conversion to Organisation A and the Spaza Shop	42
Figure 8: Multiple Channel Formats Deployed by Organisation A in Emerging Markets (Source: Organisation A Strategy Documents)	49
Figure 9: Consumer Mobility and Shopping Centres in Diepkloof (ROOTS_Survey, 2016)	53
Figure 10: Key Elements used in Driving Change in the Hybrid Business Model Adopted	54
Figure 11: Flexibility Through provision of Added Services in the Converted Spaza Shop (Source: Organisation A's Website)	59
Figure 12: Levels of Exploration and Exploitation Observed in Organisation A	60
Figure 13: Reasons that driving ambidexterity in Organisation A -forced and voluntary	61
Figure 14: Compelling Reasons to Convert the Spaza Shop (Source: Organisation A Strategy Documents)	63
Figure 15: Reasons why Organisation A Measures Success of the Hybrid Business Model....	74
Figure 16: Managing the Hybrid Business Model – Summary of Findings	75
Figure 17: The Paradoxes of Exploration and Exploitation Observed in Organisation A.....	77
Figure 18: Hybrid Business Model Formulation in Retail Firms	94
Figure 19: The Hybrid Business Formulation and Management Model	95
Figure 20: Recommended steps in Developing and Managing a Hybrid Business Model Strategy	97

TABLES

Table 1: Commonly occurring themes for Organisation A (Source: Interviews)	43
Table 2: Themes signalling exploration in Organisation A (Source: Interviews)	44
Table 3: Observed Standardisation and Adaptation of the Marketing Mix (Organisation A)	46
Table 4: Seven themes followed by Organisation A in their Business Model Strategy	57

CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1. BACKGROUND TO THE RESEARCH PROBLEM

Historically, emerging markets have been dominated by low-income consumers with a much lower proportion of middle and high income consumers. According to Chikweche and Fletcher (2011), a new global market segment of middle income consumers has recently increased in proportion. This increase has been accompanied by challenges arising from their unpredictable purchasing behaviour and further exacerbated by their growing spending power. The dynamic and unpredictable nature of markets has resulted in the failure of many firms within dynamic industries such as retail. These failures have in part been, due to a lack of frequent and well-adjusted innovation that organisations should strive to accomplish (Scott, 2014). Although organisations may do well at either making the current competencies better for incremental innovation or exploring new prospects for major innovations, several have encountered challenges in simultaneously pursuing and achieving success in both areas.

Complexity in the South African market driven by an emerging middle class has resulted in further market dynamism. The country's middle class is characterised by relatively varied levels of income associated within specific occupations and specific levels of education. Research indicates that the emerging middle class is mostly comprised of black South Africans (83.4% of the country middle class). This segment of the population has grown from 6.31 million people in 2001 (14.0% of the total population) to 15.4 million people in 2013 (31.6% of the total population), representing an overall growth rate of 144.1% (Visagie & Posel, 2013). The middle class segment has become a lucrative investment opportunity for many South African retailers in the same way that it has effected retailers in emerging markets such as China and India (Kravets & Sandikci, 2014; Mashaba & Wiese, 2016; Sheth, 2011).

Driven by the emergence of the middle class, income disparity has become a matter of great concern in South Africa. Retail firms have found themselves in the difficult position of trying to serve consumers from distinct nodes of the income spectrum using a single business model. The fragmentation of societies in emerging markets and the resultant duality, has provided retail firms with challenges, forcing them to seek innovative ways of engaging and interacting in these markets (D'Andrea, Silvestri, Costa, Fernandes, & Fossen, 2010).

Heterogeneity leads to market dualities in emerging markets resulting in the formation of multiple segments. These segments possess distinct characteristics, whose distinctiveness follow no obvious pattern (Venkatesan, Farris, Guissoni, Fava, & Neves, 2015; Kumar et al., 2015; Sheth, 2011). Customers in emerging markets face the challenge of low income with most of them surviving on less than 2 USD/day (Bharti, Sharma, Agrawal, & Sengar, 2014; Gupta & Pirsch, 2014; Kolk, Rivera-Santos, & Rufin, 2013; Nakata, 2012; Prahalad, Di

Benedetto, & Nakata, 2012; Prahalad, 2012; Viswanathan & Sridharan, 2012). The many people who live in emerging markets are not similar, they represent multiple cultures, ethnicity, literacy levels, capabilities, and their needs are varied (Prahalad, 2012).

The lack of similarity in consumers is made worse by the poverty existing in these markets which limits their ability to have properly sized accommodation. This limits the available storage space for any purchases that customers make, hence in emerging markets shoppers rarely buy goods in bulk (Child, Kilroy, & Naylor, 2015; Kumar et al., 2015; Reinartz, Dellaert, Krafft, Kumar, & Varadarajan, 2011b). This results in them performing a lot of frequent buys which require them to be conveniently located close to shops as they wish to travel short distances to the shops. This drives the need for convenience to alleviate the customers' lack of mobility to travel long distances for purposes of shopping.

The need for convenience is driven by the fact that consumers in emerging markets are neither affluent and nor very mobile. Retail firms have therefore found themselves being challenged to come up with business models that focus on convenience shopping (Jayasankaraprasad, 2014; Kulkarni, 2011). Convenience is an advantage communicated in most consumer markets, nevertheless, it is not often discussed and used as a business opportunity (Sundström & Radon, 2015). The authors further document that differences exist between the market dynamics in emerging and mature markets. This has sometimes meant that strategies that might have worked well in mature markets might not work in emerging markets.

Serving multiple market territories in emerging markets simultaneously has been an ongoing challenge as some firms still do not fully understand the dynamism that exists in these markets (Child et al., 2015). Despite efforts to address product and service needs of emerging market customers, there is still limited practical and theoretical knowledge to guide these efforts made by retail firms (Nakata, 2012) especially in emerging markets. Most firms in these markets still lack strategy to tackle the difficulties brought about by dual markets, and this has been an ongoing challenge which has in some instances resulted in organisational failures and closures (Kumar, Sunder, & Sharma, 2015; Child, Kilroy, & Naylor, 2015).

1.2. RESEARCH SCOPE

Ambidexterity is defined as the ability to serve dual markets through both exploitation of existing resources and exploration of new ideas and techniques (Stettner & Lavie, 2014; Winterhalter, Zeschky, & Gassmann, 2015). It is also defined as the ability of a firm to simultaneously pursue both explorative (discontinuous) and exploitative (incremental) innovation (Junni, Sarala, Taras, & Tarba, 2013; Wu & Wu, 2015). It is a good attribute to have for retail firms, as it allows them to deal with the persistent challenge of balancing continuous improvement with innovative problem solving (Turner & Lee-Kelley, 2013).

The motivation of this this research was to explore ambidexterity through the lens of a retailer in an emerging market environment. Through exploring ambidexterity in retail, this research focussed on understanding how firms in emerging markets cope with the existence dual markets. This was done through an exploratory analysis of one case from the South African FMCG retail sector. An analysis of the theory on how retailers enhance coping strategies through partnerships in emerging markets was also part of the scope of this research. The industry scope of this research was limited to the South African FMCG industry, in particular the one organisation that was targeted.

1.3. RESEARCH AIM

The ability of a firm to simultaneously serve markets with dualities through both exploration and exploitation is called ambidexterity. This research on ambidexterity from the perspective of an emerging market retailer, focusses on how firms either explore through searching for new strategies and exploit through improved execution (Burt, Johansson, & Thelanders, 2011; Dimitrova & Rosenbloom, 2010a; March, 1991; O Reilly & Tushman, 2013).

Over the last few decades retail firms in developed markets have turned to non-store retailing channels, mainly through the use of the internet-based online channels to capture more market share (Arnold et al., 2015; Sundström & Radon, 2015). The aim of this research was to consult existing literature exploring how ambidextrous firms devise coping strategies to deal with the dual markets that they service. These findings to the current scope of retailers in emerging markets using a formal-informal retailing approach. Further aim of this research was to measure the benefits that retailers operating in emerging markets derive through exploration and exploitation of internal processes or external alliances to improve organisational performance (Lavie, Stettner, & Tushman, 2010; Kim, Kim, Pae, & Yip, 2013)

1.4. ACADEMIC MOTIVATION

This study intends to make at least two important contributions to the literature. It seeks firstly to make a contribution to the literature on duality in emerging markets by theorizing ambidexterity in the novel context of retailing in emerging markets. The study seeks to achieve this by arguing that the way firms operate in an emerging market context can mitigate the tension between exploration and exploitation. Secondly this study seeks to add to the literature of ambidexterity by extending it to the context of retail in Sub-Saharan Africa, which is less covered by prior studies. Academic research on how firms use coping strategies globally in dual markets has predominantly focussed on firms in mature markets in Europe and the United States of America, such as IKEA, Walmart and Carrefour (Burt et al., 2011; Child et al., 2015; Joharianzadeh, Sakhdari, Ziyae, & Aghviyeh, 2015; Siebers, 2012) and rarely focussed on

retailers in sub-Saharan Africa emerging markets. This research therefore addresses this gap in research.

Retail innovation in emerging economies is a topic that has received relatively little but increasing attention (Bailey, 2013; Bianchi, 2011; Burt, 2010; Chew & Anthony Dovey, 2014; Joharianzadeh et al., 2015; Paulo & Miotto, 2015; Reinartz, Dellaert, Krafft, Kumar, & Varadarajan, 2011c). To date, the focus of research into coping strategies used in dual markets has largely been conducted in mature markets from an online-offline perspective (Gajanan, 2007; Herhausen, Schogel, & Schulten, 2012; Lei, Jia, & Wu, 2015; Melis, Campo, Breugelmans, & Lamey, 2015; Verhoef, Kannan, & Inman, 2015; Yang, Lu, & Chau, 2013). Retail firms in emerging markets especially in sub-Saharan Africa, have not been the subject of much academic research. This study argues that there is a need for increased academic research into ambidexterity in retail firms coping with the duality that exists in emerging markets, as new theoretical insights can be drawn from this new growth market.

1.5. STRUCTURE OF THE REPORT

Chapter One of this report has introduced the research problem and outlined the scope and the aims of the study.

Chapter Two presents a detailed literature review of the subject areas which include: structure and challenges of emerging markets, the traditional approach used by firms to enter new markets, exploration versus exploitation, and standardisation versus adaptation. Furthermore, the chapter covers literature on formal-informal store formats used by retailers and the strategies used to cope with serving dual markets. Finally, the chapter looks at partnerships that firms adopt to support their strategy and ability to be ambidextrous. Some of these partnerships result in the creation of hybrid models, hence Chapter Two ends with a focus on these business models.

Chapter Three defines the research questions surrounding retail firm ambidexterity which this study hopes to answer. Chapter Four explains the reasons why a case study approach was chosen for this research. Chapter Five presents the findings from the various data collection methods used for this research. In Chapter Six the information presented in Chapter Five is analysed and links are made to the literature presented in Chapter Two. The study concludes with Chapter Seven, where recommendations for future research are given.

CHAPTER 2: LITERATURE REVIEW

2.1. INTRODUCTION

This chapter starts by looking at the structure of emerging markets and how retailers have traditionally dealt with challenges presented by operating in international markets. The second section provides an overview of the concept of ambidexterity and an emphasis on emerging markets is provided. Furthermore this chapter discusses the paradox of exploration and exploitation the main pillars of ambidexterity with a focus on how firms balance the tensions that exist. The next section zooms in on the concept of multi-channel strategy as a way of dealing with diverse markets. The role that franchise store models play in the exploration-exploitation debate is also explored. Also reviewed in this chapter is the theory on partnerships in emerging markets, focussing on how retail firms use alliances to foster ambidexterity and gain competitive advantage.

Companies are increasingly confronted by diverse and often conflicting environmental pressures when they choose to expand globally (Glenn, 2009; Kothari, Kotabe, & Murphy, 2013). Emerging economies have continued to gain in prominence in terms of their contributions to global gross domestic product and their lucrativeness has attracted a large number of expanding global firms. (Bang, Joshi, & Singh, 2015; Bianchi, 2011; Hyvönen & Tuominen, 2007; Ichii, Hattori, & Michael, 2012; Pels & Kidd, 2012; Sheth, 2011a; Venkatesan et al., 2015). The literature to be reviewed in this section analyses strategies used by firms traditionally expanding into new markets based initially on the how companies either use one uniform strategy to expand to all markets or adapt their strategy to new markets. The literature reviewed in this section defines the concept of organisational ambidexterity through its building blocks of exploration and exploitation.

Firm economists have over recent years adopted organisational ambidexterity, defined in humans as the ability to use both the left and right hands with similar skill (Blome & Schoenherr, 2013). This metaphor is now being increasingly used to describe firms that can simultaneously exploit through activities aligned with current knowledge and explore through activities adapting to and anticipating future trends (Sun & Lo, 2014). Ambidextrous firms are capable of exploiting existing competencies as well as exploring new opportunities with equal dexterity (Lubatkin & Simsek, 2006; O Reilly & Tushman, 2013).

Exploration and exploitation in most cases use the same resources (labour, capital, energy, entrepreneurship, information, expertise, management, and time) and hence this may lead to a conflict. Some retail firms use partnerships to outsource new areas of business that they seek to explore and hence are not experts in. In order to deal with dual markets firms sometimes rely on both internal ambidexterity and external partnerships to enhance their ability to explore and

exploit (Bianchi, 2011; O Reilly & Tushman, 2013; Reinartz, Dellaert, Krafft, Kumar, & Varadarajan, 2011a). The referenced articles further state that inter-firm (open innovation) and intra-firm (closed innovation) approaches to ambidexterity are complements rather than substitutes. Other literature argues that established companies often suffer from structural inertia, a tendency of mature firms to continue on their current trajectory. In this way they block themselves from change through exploration of new ideas and techniques (Luo et al., 2009b).

2.2. GLOBALISATION

In the age of globalisation, only few multi-national corporations (MNCs) traditionally been able to replicate their business models across the world without losing efficiency and effectiveness (Chiao, Lo, & Yu, 2010). Traditional business models that materialised in the mid-20th century where devised by firms protecting themselves from volatility in supply and therefore seeking economies of scale by influencing the whole supply chain through corporate ownership. These business models however are now incompatible with the challenges faced by firms in modern age markets where globalisation is prevalent (Mason & Mouzas, 2012). Most of the strategies of these models were based on the notion that for a firm to be successful it needed to distinguish itself from competing firms through marketing itself as an important fountain of competitive advantage (Kaufmann & Roesch, 2012).

The trend towards globalisation of markets has become progressively more important over the last twenty years (Reinartz, Dellaert, Krafft, Kumar, & Varadarajan, 2011; Tan & Sousa, 2013) driven by the fact that it increases opportunities for companies to expand operations in foreign markets. According to these authors, globalisation is among the most important challenges currently confronting firms. Firms are faced with a major decision of whether to make their operations global or remain local by operating in a single country (Burgess & Steenkamp, 2013). Most companies that have chosen to go global and expand into emerging markets have been trying to develop new retail strategies. This has often led to unpredictable and intricate patterns of retail change. Literature argues that firms have modified their overall approach to one that combines the best of globalisation and localisation and hence label it as 'Glocalisation' (Bang et al., 2015; Govindarajan & Ramamurti, 2011; Hoppner & Griffith, 2015; Iannilli, 2016; Sheth, 2011b).

Existing strategies devised to drive retail change in emerging markets have remained inadequate for addressing the complexities that characterise such markets (Mukherjee & Cuthbertson, 2016). These markets remain largely untapped (Bang et al., 2015; Prahalad, Di Benedetto, & Nakata, 2012), therefore leaving consumers unserved. Where retail firms do sufficiently serve these markets, the business models that they have used are at times insufficient to serve customers whose shopping patterns are complex. Some of these customers are still undecided between the duality of current and traditional values. They end up having complex shopping patterns resulting from their need to buy a mixture of traditional and modern products from diverse traditional and modern store types (Jhamb & Kiran, 2012). The duality can mainly be attributed to globalisation of emerging markets. This leaves retail firms with the challenge of making a choice of whether to innovate internally or externally through partners so as to match market demands.

2.2.1. Duality in Emerging Markets

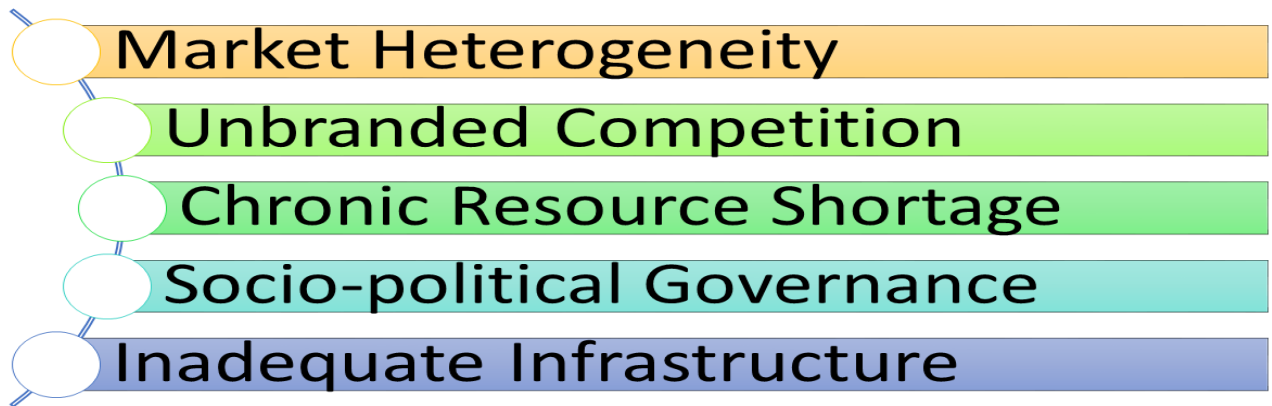
Economic globalisation has brought remarkable changes in values, lifestyles and cultures (Khare, 2013) which has speeded up the emergence of dual markets. Research on dual business models has underlined the challenge that confronts firms when they compete with diverse business models in a market (Winterhalter et al., 2015). This is mainly because emerging markets are generally fragmented and have dual markets composed of customers who traditionally have had limited access to financial resources (Schuster & Holtbrugge, 2012). Research also posits that cultural differences play an important role in dictating customer shopping choices, and product promotions have to be done according to cultural nuances (Khare, 2012).

The market duality arises from heterogeneity driven by high income disparities (Reinartz et al., 2011; Sheth, 2011) and consumer cultural diversity (Alimiené & Kuvykaitė, 2008; Burt et al., 2011; Dimitrova & Rosenbloom, 2010; Shankar, Ormiston, Bloch, Schaus, & Vishwanath, 2008). Cultural diversity and values influence consumers' product choices, shopping activities and consumption patterns. Cultural differences exist across and within countries in emerging markets; this creates differences in product and promotional choices. Cultural variances influence consumer demand patterns, and hence shopping behaviour becomes difficult to predict, creating enormous challenges for retailers.

In their research on market entry by multi-national companies (MNCs) into low income markets, Schuster and Holtbrugge (2012) argue that the unique challenges faced in these markets differ substantially from traditional markets. Firms cannot therefore apply traditional marketing methods due to the duality created by the mostly heterogeneous nature of these markets. They have to find new and innovative solutions to tackle these emerging markets.

Consumers in emerging markets live in largely poor communities with little or no access to resources such as electricity, water and efficient modern transportation. The informal settlements that they live in are not easily accessible and dwellings have limited storage space for bulk purchases (Pels & Kidd, 2012; Sheth, 2011). Although Sheth (2011) mentions the emergence of a middle class as a driver of complexity in emerging markets, his research focussed more on under-developed rather than developing markets. Developing markets refer to markets and regions going through considerable and fast economic growth (Reinartz et al., 2011), but instead Sheth (2011) focusses on less developed markets which are characterised by low per-capita income, are not entirely industrialised, and lack refined legal and accounting systems. Sheth (2011)'s claims that characteristics of emerging markets are as shown in the figure below are therefore not entirely relevant for emerging markets except for market heterogeneity.

Figure 1: Five Characteristics of Emerging Markets (Sheth, 2011)



2.2.2. Heterogeneity in Emerging Markets

The biggest differentiating factor between emerging and developed markets is the level of market heterogeneity in terms of income distribution and cultural diversity of consumers. Marketing in emerging market countries can be intimidating because of the challenge of heterogeneity arising from multiple segments and diverse customers (Molino, 2015; Mukherjee & Cuthbertson, 2016; Prahalad, Di Benedetto, & Nakata, 2012; Sheth, 2011; Tripathi & Dave, 2013). Emerging markets are composed of several levels based on differing customer characteristics depending on income levels and cultural differences. These multiple segments influence consumer shopping patterns in these markets. Consumer heterogeneity due to cultural diversity is a norm in emerging markets. Despite increasing globalisation, multiculturalism is driven by ethnic, cultural, demographic and economic differences across (inter-market heterogeneity) or even within countries (intra-market heterogeneity) (Meyer & Peng, 2015; Molino, 2015; Sheth, 2011a). Despite globalisation emerging markets are still multi-cultural, hence the heterogeneity encountered.

Retail formats have been explored as an important element of retail innovation in emerging markets (Reinartz et al., 2011). According to this research, the development of new retail formats to adapt to heterogeneity in emerging markets has always been viewed as a source of innovation. Retail formats are defined in the literature (Wang, 2011) as channels designed by retail firms to satisfy different consumption needs, based on place, magnitude, quantity demanded, target customers, merchandise assortment, store design, operations management, and service tasks. As a means of servicing heterogeneous emerging markets, small store formats with unique characteristics for each segment dominate the retail landscape in most emerging markets and are collectively known as “fragmented trade” (Molino, 2015). These firms operate on a low scale in these mostly local and fragmented markets (Pels & Kidd, 2012; Sheth, 2011a).

The literature reviewed in this section therefore indicates that emerging markets have always been serviced by small independent players existing as individual entities and serving smaller

parts of the bigger market. There literature also identifies that traditionally formal firms have always identified the disparities between emerging and mature market customers.

2.3. TRADITIONAL APPROACHES

Traditionally, for international firms expansions within developed countries have always been fairly easy as opposed to expansions into complex emerging markets (Burt et al., 2011; Kothari et al., 2013; Schuster & Holtbrugge, 2012). This has been mainly attributed to the fact that most developed markets are fairly uniform and hence multinational firms could standardise their operations into these markets. Due to the heterogeneity and resultant duality in emerging markets multi-national companies have found it difficult to gain ground in emerging markets (Bianchi, 2011; Dimitrova & Rosenbloom, 2010; Jebarajakirthy et al., 2009; Luo et al., 2009; Lynch & Jin, 2015; Mukherjee & Cuthbertson, 2016; Schrader, Freimann, & Seuring, 2012; Sheth, 2011).

In the past, innovations have usually trickled from developed markets to emerging markets. The expansion by multi-national firms is a typical example of how retailing innovation and expansion have traditionally happened. However, emerging markets have ceased just copying innovations from developed markets. Defined in literature as a process of “reverse innovation”, these firms periodically they also contribute novelties that are beneficial for developed markets in the rest of the world (Govindarajan & Ramamurti, 2011; Ozkaya, Droge, Hult, Calantone, & Ozkaya, 2015).

Evidence from research undertaken points to the strength of knowledge possessed by local emerging market firms in understanding their local markets and hence being able to adapt their business models (Kothari et al., 2013; Schuster & Holtbrugge, 2012). Firms are therefore continuously faced with a dilemma of whether to standardise or to adapt and the debate on this paradox has been ongoing for several decades. Some researchers have used the terms adaptation and standardisation interchangeably (Alimiené & Kuvykaitė, 2008).

2.3.1. Standardisation versus Adaptation

As business globalisation continues, firms encounter critical choices in strategic marketing strategies pertaining to marketing solutions such as whether to standardise or adapt (Alimiené & Kuvykaitė, 2008). According to this research, the major antecedents of standardisation are merging of cultures, uniformity of demand, low trade barriers, technological improvements and positioning of firms. Based on this, standardisation of the marketing mix would be achieved through product standardization, promotion standardisation, standardised channel structures or standardised prices.

A matter frequently argued in literature on international marketing is whether firms should adopt a strategy that is standardised through all markets or adapted to unique markets (Dimitrova & Rosenbloom, 2010; Jun, Jiang, Li, & Aulakh, 2014; Schmid & Kotulla, 2011). In most cases

when expanding internationally, organisations have faced the challenge of finding the ideal balance between standardising and adapting their marketing strategies across diverse markets in order to be prosperous (Dimitrova & Rosenbloom, 2010; Schmid & Kotulla, 2011). When retail firms follow a standardisation approach, they essentially use standard marketing business models and strategies to offer a similar marketing mix in all markets that they are present in globally (Dimitrova & Rosenbloom, 2010).

Although considered to be oversimplified, Porter's (1980) distinction between the basic strategies of low cost and differentiation adds to the theoretical basis for the standardisation and adaptation debate in international marketing (Midgley & Venaik, 2012). Globalisation of international businesses has over the last few decades sparked a debate on what strategies firms entering into foreign market need to adopt. The standardisation approach views globalisation as the main driver for a uniform market (Joharianzadeh et al., 2015) and hence is mostly applied by expanding multi-national firms who prefer using uniform business strategies in all their subsidiary business models. Most of the literature highlights standardisation as a strategy to enhance performance for expanding international firms. Many researchers propose that these firms should standardise their practices globally in order to derive value from the world-wide economies of scale and reduced administrative complexity (Jun et al., 2014). Midgley and Venaik (2012) and Tan and Sousa (2013) also point out in their research that, besides anticipated benefits from economies of scale, firms have generally pursued a standardised approach to marketing strategies because of the need to maintain a similar worldwide image, minimise friction between head office and affiliates, cost reductions, decision simplification, and improved operation efficiencies.

Firms who traditionally chose to standardise often have encountered difficulties emanating from diverse cultural settings. As a result they have struggled with choices of whether to use a standardised approach or an adaptation approach. Retailers IKEA (Burt et al., 2011) who have traditionally expanded using a standardised business model are a typical example of the standardisation-adaptation dilemma facing retail firms in emerging market. They operated with a uniform marketing mix across all the markets that they operated in. A close analysis of their strategy shows however that despite being labelled purely as a standardised retailer, IKEA use adaptation mainly for the customer-facing aspects of the business. A predominantly standardised approach has the risk of not capturing the entire market by offering products which do not fully match customer requirements. The fact that a product has worked before in other markets does not necessarily mean that it will work in emerging markets. This leaves retail firms with the risk of not being able to fully service the market.

The regular negative impact of product standardisation on global firm performance strongly indicate that in modern retail customised rather than standardised goods are preferred by consumers and are competitively better in international markets (Pardo-del-Val, Martínez-Fuentes, López-Sánchez, & Minguela-Rata, 2014; Tan & Sousa, 2013). McDonalds in India

follows the adaptation approach by not selling beef in their outlets in that country (Pardo-del-Val et al., 2014). There has been a debate on what approach to use other than the combination of both. Pardo-del-Val et al. (2014) also argue that standardisation can end up with negative consequences when attention is not paid to the differentiated nature of the markets, especially those encountered in emerging markets.

Proponents of adaptation focus on ensuring that the marketing mix be adapted or “personalised” to imitate the varying structures and cultural diversity associated with the diverse markets globally (Dimitrova & Rosenbloom, 2010). The literature also argues that despite increasingly tendency towards globalisation, contextual differences among markets in terms of consumer purchases, government regulations, and technology development are still noticeable. It is therefore crucial to have diverse marketing strategies and value propositions in different markets (Joharianzadeh et al., 2015). Adaptation however is too broad and can destroy the efficiencies that a more uniformed approach provides. The brand has an added risk of losing its identity if it is altered too much to suit the local markets.

Midgley and Venaik (2012) further found that firms that pursued standardisation and adaptation simultaneously outperformed firms using pure standardisation or adaptation strategies. Based on this finding, firms seeking to be ambidextrous have continued to seek the middle ground by standardising some features of the marketing mix while allowing others to be adapted to the local market. Joharianzadeh et al. (2015), in a study on franchise models, also proposed that a multiple form, diversity in target markets, and strategic orientations can enhance a franchisor's ability to accommodate adaptation-standardization duality. The benefit of being able to function on the continuum between adaptation and standardisation is raised by the literature reviewed in this section.

Sometimes firms expanding into new markets use alliances, i.e. they use local partners to pursue the adaptation arm of their expansion strategy. In this case these firms are still able to standardise their operations while the local partners are in charge of adaptation (Jun et al., 2014). ‘Glocalisation’ is an extension of alliances where strategy formulation is standardised based on the mother firm headquarters, while agents or affiliates in emerging markets manage the execution of strategy and are mainly in charge of the sales and distribution functions (Govindarajan & Ramamurti, 2011).

The ability to partly adapt while maintaining a standardised model to gain some of the advantages stated above links into the theory of ambidexterity which has been extensively covered by research over the recent years in different contexts.

2.1. ORGANISATIONAL AMBIDEXTERITY: DEFINITION AND RELEVANCE

Ambidexterity in organisations was originally defined in a ground-breaking article by March (1991) as the ability to explore and exploit. Since then, the term has repeatedly been used in the business literature to refer to the capability of firms to pursue two contrasting activities simultaneously, such as exploitation and exploration, efficiency and flexibility, standardisation and adaptation, global integration and local responsiveness, stability and adaptability, and short-term profit and long-term growth (Luo et al., 2009b; Sinha, 2015). The ability to manage duality is often a challenge in dynamic markets because often the requirements of both exploration and exploitation are conflicting as they use the same resources.

Building on that seminal article by (March, 1991), researchers have extensively studied how organisations can balance exploration and exploitation through developing ambidexterity to better cope with dualities. Few firms are ambidextrous in their approaches to innovation (Dunlap, Parente, Geleilate, & Marion, 2016; Winterhalter et al., 2015) as they tend to focus more on one side of the exploration and exploitation equation. Sinha (2015) defines exploration as referring to the discovery of new product offerings, resources, knowledge and opportunities, and associates it with radical changes and learning through experimentation. He further argues that exploitation refers to the improvement of existing products, resources, knowledge and competencies, and is associated with incremental changes and learning through local search. Notably the ability of an organization to both explore and exploit is seen as an essential requirement for a firm's adaptive capability (Sinha, 2015). According to Blome and Schoenherr (2013), exploratory innovation aims at developing new products or new markets and at satisfying new customers, while exploitative innovation takes place incrementally and looks at satisfying existing customer groups and markets. This has led to the progressively more accepted view that both exploratory and exploitative innovation should be carried out simultaneously if firms want to be ambidextrous.

In the literature it is pointed out that in the past fifteen years there has been a growing interest in research on ambidexterity (O'Reilly & Tushman, 2013; Lavie et al., 2010). These authors argue that although several theoretical frameworks have been used to explain organisational ambidexterity, the suitable lens through which to focus on ambidexterity should always remain that of dynamic capabilities. Researchers have defined dynamic capabilities (Kriz, Voola, & Yuksel, 2014) as the organisation's capability to integrate, construct, and reconfigure in-house and external capabilities to cope with quickly changing markets (O'Reilly & Tushman, 2013, p. 332). Strong dynamic capabilities are essential when firms face deep uncertainty, which they regularly do in interdependent markets that experience swift technological revolution and financial commotion, such as emerging markets (Teece, Peteraf, & Leih, 2016). This is linked to organisational agility which is defined as the ability to successfully manage uncertainty especially in complex markets. In their research, Winterhalter et al. (2015) found that firms may develop ambidexterity in their business models using domain separation. In doing so, organisations may

segregate value chain functions to address diverse extra customer segments in emerging markets.

Although the ability to be ambidextrous is of central relevance to the competitive advantage of firms, there seems to be a restricted understanding to date of the way it is managed by organisations (Turner, Swart, & Maylor, 2013). Firms grapple with how to balance and manage exploration and exploitation which are the main tenets of ambidexterity. O'Reilly and Tushman (2011), through their research on fifty companies, concluded that there was convincing evidence signifying that for organisations to survive in volatile markets they need to be able to successfully exploit their existing resources while also exploring new strategies and techniques.

2.1.1. Balancing Exploration and Exploitation

The ability of firms to balance exploration and exploitation forms the basis of ambidexterity (Raisch, Birkinshaw, Probst, & Tushman, 2009; Sinha, 2015; Stadler, Rajwani, & Karaba, 2014). This topic has been covered extensively in a large body of literature (Dunlap, Parente, Geleilate, & Marion, 2016; S. K. Dutta, 2013; Swarup Kumar Dutta, 2012; Good & Michel, 2013; Jebarajakirthy et al., 2009; Karrer, 2015; Kothari et al., 2013; Kriz, Voola, & Yuksel, 2014; Li, Eden, Hitt, & Ireland, 2008; Li et al., 2008; O'Reilly & Tushman, 2011; S. Raisch & Birkinshaw, 2008; Turner & Lee-Kelley, 2013; Wei, Zhao, & Zhang, 2014) since the original definition in the article by March (1991). The main debate in all these articles was around the basic problem facing firms who choose to engage in both exploitation and exploitation simultaneously.

The main argument in the above literature is about whether one firm can use both exploration and exploitation simultaneously or should apply them as separate approaches. Organisational ambidexterity, defined as the firm's ability to do well at both exploitation and exploration and their balanced deployment, is widely thought to be the key contributing factor to a firm's survival and sustained competitive advantage (Sun & Lo, 2014). The literature has further proposed that firms need to pursue both exploration and exploitation simultaneously in order to be ambidextrous and cope with dualities (Dunlap et al., 2016; S. K. Dutta, 2013; Good & Michel, 2013; He & Wong, 2004, 2004; Karrer & Fleck, 2015; Karrer, 2015; Lavie et al., 2010; Lin, McDonough, Lin, & Lin, 2013; Minoja, 2012; O'Reilly & Tushman, 2011; Raisch & Birkinshaw, 2008a).

The volatility that is prevalent in business environments has focused attention on knowledge as a main source of competitive advantage (Jansen, Van Den Bosch, & Volberda, 2005). The gaining of new knowledge helps firms explore through the development of new knowledge that goes beyond what is presently known about markets, products, technologies and capabilities (Good & Michel, 2013; Vorhies, Orr, & Bush, 2011). Recognising existing strengths also helps a firm to exploit through development of new knowledge about the firm's existing markets, merchandise, know-hows and competences to meet the demands of increasingly dynamic

emerging market environments (Stadler et al., 2014; Stettner & Lavie, 2014). This use of knowledge to enhance ambidexterity has gained prominence in recent years. In their research, Good and Michel (2013) and Vorhies et al. (2011) found that firms cannot do both exploration and exploitation at high levels without exposing themselves to negative impact on customer-centric marketing competences. This is because these two activities compete for the same pool of the firm's scarce resources which has often results in firms favouring one of them over the other. While retail firms in emerging markets face the simultaneous challenge of standardisation and local adaptation for using both exploration and exploitation, there is little insight in the literature about how retail firms can properly balance these approaches.

Efficiencies derived from balancing these two approaches far outweigh not doing it at all, hence it is imperative that firms allow for a delicate balance to exist between how they explore and exploit. Achieving high levels of both exploitation and exploration results in development of management and organisational capabilities which allows firms to compete in both mature markets and emerging markets (Chang & Hughes, 2012; Lin et al., 2013).

Understanding markets with dualities in retail has only started gaining prominence over the last decade with the emergence of online retailing to supplement the already existing brick-and-mortar channels. Based on the notion that exploration and exploitation are opposing actions, research on the theory of ambidexterity originally advocated a structural methodology of spatial separation between explorative and exploitative business areas of the business, to be coordinated and managed by the senior management team of a firm (Papachroni, Heracleous, & Paroutis, 2015). This separation of tasks would in a way help reduce the tension between exploration and exploitation activities.

2.1.2. Managing Organisational Ambidexterity Tension

A growing body of research on innovation focussing in business model formulation, provides a solution to the challenge of dealing with two fundamentally different business models in one firm (Khanagha, Volberda, & Oshri, 2014). The business strategies of organisations function as the firm's competitive game plan in which the objective, scope, and goals are defined. A principal focus of corporate strategy involves focussing on choices are made about the levels of investment in diverse tasks (He & Wong, 2004), exploratory and exploitative. An ambidextrous business strategy plays the role of creating a structure of ordered actions that feature how a firm will simultaneously compete and succeed in current and future product markets (Scott, 2014). According to this author, firms may adopt a competitively aggressive approach through their desire to develop new products and improve their new product market returns, while becoming proactive through market scanning and adapting in a turbulent markets.

It is therefore imperative that in markets that are heterogeneous and turbulent, firms pursue strategies that allow them to effectively serve customer needs. The use of multiple channels with different characteristics and formats can be an effective form of meeting consumers' needs in this regard (Gajanan, 2007; Gundlach & Loff, 2013; Xiong, Yan, Fernandes, Xiong, & Guo, 2012). The literature also suggests that exploitation and exploration therefore may require altered organisational structures, business models, and contexts to pursue the opposing factors.

The three main high-level application approaches at the organisational level recognised from the literature are those of temporal, structural and contextual ambidexterity. Structural ambidexterity involves a process where firms can implement an ambidextrous approach by using detached business units integrated at management level only, to perform either exploitative operations or explorative innovations. Linked to this is the theory of temporal ambidexterity which suggests that organisations alternate between prolonged periods focussing on exploitation and shorter periods focussing on exploration, through punctuated equilibrium (Papachroni et al., 2015; Turner et al., 2013). Lastly, some firms use the concept of contextual ambidexterity to balance alignment of activities that build an organisation's existing knowledge base and activities that shift away from the organisation's current knowledge toward new knowledge from external sources (Lavikka, Smeds, & Jaatinen, 2015).

Some of the tensions outlined below are variants of the exploration and exploitation paradox. The challenge that ambidextrous organisations face include their ability to simultaneously pursue:

- Standardization and adaption (Brei, D'Avila, Camargo, & Engels, 2011; Pardo-del-Val et al., 2014; Vrontis, 2003)
- Efficiency and flexibility (Joharianzadeh et al., 2015; Lavikka et al., 2015; Mason & Mouzas, 2012; Shah, 2012)
- Stability and change (Turner & Lee-Kelley, 2013) – the firm's capacity to balance the requirement to implement changes and the requirement to be achieve stability through maintaining daily activities
- Differentiation and integration (Andriopoulos & Lewis, 2009; Claver-Cortés, Pertusa-Ortega, & Molina-Azorín, 2012; Raisch et al., 2009)
- Short-term profit and long-term sustainable growth (Karrer, 2015; Wang, Huang, & Tan, 2013) - long-term profitability and success hinge on on a firm's capability to take part in enough exploitation to safeguard its current profitability and to engage in enough exploration to guarantee future sustainability.

The dual processes outlined above are usually regarded as incompatible in many firms and hence sometimes lead to organisational tensions as they both compete for the same scarce resources and entail different capabilities within the organisation. Rather than thinking of ambidexterity as a dichotomy, it can be thought of as an exploration-exploitation continuum (Lavie

et al., 2010; Lavikka et al., 2015). To be able to balance these dual tensions retail firms have traditionally used multiple channels to explore new markets (Yan, 2011). Because retailing is a context-driven discipline, market characteristics diverge across different regions according to the local economic, social, and institutional conditions (Paulo & Miotto, 2015).

2.2. MULTI-CHANNEL RETAIL APPROACH

2.2.1. Ambidexterity through formal-informal multi-channels

The strategy followed by retail firms to meet target customers is driven through the configuration of variables which determine the different store formats that they adopt. Different store formats are deliberately used to fulfil the needs of diverse customer segments (Kaswengi & Diallo, 2015; Tripathi & Dave, 2013; Yrjölä, 2014). Given diverse consumer shopping patterns, multiple channels are able reach potential consumer segments that would not be reached by singular channels. This has the advantage of helping grow market coverage and share. Implementing a multi-channel retail business model requires critical consideration of the basic building blocks of value creation. A wrongly implemented multi-channel strategy may lead to a channel misalignment between customers and the organisation.

When retailers sell merchandise to their customers through more than one channel, they are practicing a multi-channel strategy (Wheeler, 2012; Zhang et al., 2010). Maintaining multiple channels of business with customers is considered important for continuous growth, especially in highly competitive environments such as emerging markets. Gundlach and Loff (2013) also highlighted that the use of multi-channels has the advantage that each channel presents a set of distinctive features, therefore offering firms a chance to be more efficient in tailoring their product ranges to the diverse needs of their customers.

The emergence of the middle-class customer has contributed to the increasing diversity in the market and hence the need to create extra channels to serve this market. By incorporating new channels to their existing channel portfolios, firms seek to build upon competitive advantages such as a stable customer base, added revenue, and higher market share (Yang et al., 2013). An increase in channels has resulted in new challenges for research, which includes understanding consumer segmentation based on their information search and purchase behaviour in a multi-channel environment. Operating with multi-channel strategy also creates various challenges and decision making also becomes more complicated, since how the diverse channels interact is often at the discretion of the consumer.

In developed markets, an increasing number of retailers are evolving into being multi-channel retailers, by opening an online alternative next to their traditional offline retail outlets (Melis et al., 2015). For some retailers their multi-channel approach has been to open diverse physical retail formats to cater for the different segments within the markets that they serve (Burt et al., 2011;

Kaswengi & Diallo, 2015; Venkatesan et al., 2015). The large body of literature on multi-channel strategy reviewed in this section however mostly refers to a multi-channel approach as being the integration of online and offline channels. Part of the research literature refers to the physical store format as a single marketing channel which supports firm-consumer interactions (Pantano & Viassone, 2015). The existence of different versions of physical store formats in this regard would still be viewed as a single channel. This opens up a gap in the research where different store formats can be treated as different marketing channels. The ability to operate these formats parallel to each other requires the firm to be ambidextrous.

Serving customers through the use of either online-offline channels or through the use of unique physical store formats should both be viewed as multi-channel approaches and hence both require some form of ambidexterity because of the dual markets served (Winterhalter et al., 2015; Yan & Pei, 2012). Changes in emerging markets due to rapid growth in the middle class can be equated to the emergence of the market segment that mainly shops online. The multi-channel approach devised as a way of dealing with the online-offline market duality are somehow equivalent to existence of diverse store formats in emerging markets. The literature hardly looks at the design of multiple channels as a way to combat the ever-growing middle class, hence this research seeks to address this gap.

Ambidexterity in multi-channel retail firms is covered by a large body of literature and mostly focusses on dual-channel integration (Herhausen et al., 2015; Girju, Prasad, & Ratchford, 2013 and Cao & Li, 2015), multi-channel retail mix impact (Bianchi, 2011; Lei et al., 2015), loyalty impact resulting from addition of an extra channel (Grewal & Levy, 2007; Wheeler, 2012), consumer choices (Melis et al., 2015; Pauwels & Neslin, 2015), and cannibalisation of sales by overlapping channels (Harrison, 2015; Verhoef et al., 2015; Ziliani & Bellini, 2004). Ambidexterity theory is also proposed in the literature as a solution for online-offline channels, focussing on the issues created by customer migration from one channel to the other despite them still using different channels for different products and services (Lapoule & Colla, 2016; Picot-Coupey, Huré, & Piveteau, 2016).

The ambidextrous nature of retail firms in markets is observed through their identification that by using different channels or store formats they are able to tackle challenges presented by duality (Cao & Li, 2015; Duffy, 2004; Herhausen et al., 2015; Lapoule & Colla, 2016; Melis et al., 2015; Verhoef et al., 2015; Yan, 2011). The desire to achieve a share of global sales has led to a development of new channel formats. Some of these are managed by agents (franchisees) on behalf of principal companies (franchisors) wanting to mitigate the risk encountered when expanding into unknown markets (Watson, Worm, Palmatier, & Ganesan, 2015). Rather than assume all the responsibilities in a particular channel, the franchise channel selection strategy relies on selling the right to use its business model to an independent party.

2.2.2. Ambidexterity through the Franchising Model

The literature on franchising (Burt et al., 2011; Juste, Lucia-Palacios, & Polo-Redondo, 2009; Pardo-del-Val et al., 2014; Siebers, 2012; White, 2010) highlights that the franchise business model is a format chosen by multi-channel firms where multiple outlets operate under a common trademark in different places. Franchisees have strong incentives to operate efficiently through adaptation to local markets because of the amount of capital investment that they put in starting the business. The resultant effect is that franchise outlets perform better than firm operated outlets resulting in the franchise business model benefiting both the franchisor and franchisee. On the other hand, from a franchisor's perspective, franchising is advantageous in the face of high market uncertainty or when monitoring vertically owned franchisees is hard (Watson et al., 2015).

One of the key challenges franchisors face is the requirement to balance the standardisation-adaptation duality. Sometimes when standardisation is used as the main building block of the franchising model it has the negative effect of reducing the franchisees' ability to meet local market requirements and needs (Joharianzadeh et al., 2015; Pardo-del-Val et al., 2014). Despite this setback, the use of franchising models has gained prominence especially in emerging markets where the risk of using a full-on one hundred per cent owned model is risky for expanding multi-nationals. Most expanding international firms prefer entry by franchising or joint ventures, in an effort to reduce exposure to risk and costs in the host countries (Chiao et al., 2010).

Firms internalise those activities that they can exploit more competently, and outsource others to be explored by external partners at a lower cost (Baena & Cerviño, 2015). This is the main basis of the franchise model and the balancing of the allocated tasks leads to ambidexterity. Traditionally, franchising models have been an attractive business model for firms who wanted to expand quickly with low capital investment. Retail firms have also pursued the use of franchisees because of their closeness to customers and subsequent good knowledge of the local market, hence enhancing their innovating capabilities and ability to serve the market effectively. Partnering with local agents therefore allows expanding firms to be ambidextrous by using agents for exploration of new markets while they concentrate on exploiting resources and ideas that they already possess and are familiar with for the running of their business.

Research points out that most firms who opted for a franchising models focussed on operating under the principle of duplicating a proven and tested business formats in new market areas (Pardo-del-Val et al., 2014). Joharianzadeh et al., (2015) and Pardo-del-Val et al., (2014) argue that by focussing on uniformity firms become more efficient because of economies of scale achieved through standardisation of buying, marketing and product innovation, therefore enabling profitability through the use of the the franchisor's expertise in the area of the business. To enable maximum benefits from the buiness model, the franchise business model is generally linked to

standardisation. Based on the knowledge possessed by franchisees on local markets and their inherent entrepreneurial attitude, franchisors normally allow the franchisee to perform duties that enhance adaptability to enable franchise model formula to work.

The principal agency relationship that exists between the franchisee and franchisor creates a challenge of establishing a necessary level of uniformity for the system to achieve saving in terms of scale, while at the same time having to avoid the risk of disregarding adaptation in local markets (Juste et al., 2009; Lin et al., 2013; Lubatkin & Simsek, 2006; Meyer & Peng, 2015; Pardo-del-Val et al., 2014; Watson et al., 2015). This has further fuelled tensions emanating from how the two participants in the franchise business model can achieve a decent balance between adaptation and standardisation activities in markets that they operate in (Joharianzadeh et al., 2015; Tan & Sousa, 2013). Franchise contracts determine each participant's obligation and sets the consequences of unfulfilled obligations. Usually contracts with sufficient flexibilities are more suitable for balanced standardisation and adaptation activities, and hence ambidexterity (Joharianzadeh et al., 2015).

Research on tactics and strategy used by firms who pursue a diversified store format approach has tended to focus on alignment of marketing mix variables (Burt et al., 2011; Tan & Sousa, 2013), store images (Diallo, Chandon, Cliquet, & Philippe, 2013), consumer characteristics (Diallo et al., 2013), and perceived risk (Minguela-Rata, López-Sánchez, & Rodríguez-Benavides, 2009) encountered when entering into previously uncharted territory. This process in itself is risky and hence exploring new ideas and techniques is relevant for retail firms. This allows them to mitigate the risk, hence they end up partnering with suppliers or local agents who already know the market.

2.2.3. Ambidexterity through Partnerships

Transition towards an open and market-oriented economic system has driven emerging market firms to learn new ways of doing business and to fortify their competitive positions in their local markets (Chen, Tan, & Jean, 2015). To overcome the set of problems encountered in emerging markets, especially when trying to utilise business network's resources, firms strive to foster effective communications and collaboration between the multiple actors within the business network (Mason & Mouzas, 2012). Inter-firm collaboration takes place on different levels of the supply chain with the retail sector. It can range from collaboration between firms and their suppliers to a fully fledged joint venture between ardent competitors (Baena & Cerviño, 2015; Chiao et al., 2010).

Figure 2: Innovation & Collaboration in Partnerships

Why?	Who and When?	What?	How?
<ul style="list-style-type: none"> • Complimentary Network • Ecosystems • Gaining market share • Maintaining market strength • Acquiring technologies, products or new skills • Minimising uncertainty • Sharing risk with local agents • Speeding up entry into new markets 	<ul style="list-style-type: none"> • Inter-firm collaboration • Innovation Development Stages 	<ul style="list-style-type: none"> • Knowledge transfer 	<ul style="list-style-type: none"> • Strategic alliances

As illustrated in figure 2 above, the compelling reasons for partnerships in retail companies include gaining access to a restricted markets through complementary networks and ecosystems or overcoming barriers to entry; gaining market share; maintaining market strength; acquiring technologies, products or new skills; amalgamating resources; minimising uncertainty; sharing risk with local agents and speedy entry into fresh markets; and deriving new incremental revenue bases from utilising complementary assets (Chen et al., 2015; Koza & Lewin, 2000). According to the literature, when firms collaborate, normally an inter-organisation learning and knowledge transfer that occurs which is beneficial to both parties. The knowledge transferred is embedded in tangible goods such as products and technologies, or intangible goods such as brands, business practices, and services (Chen et al., 2015).

2.2.4. Ambidexterity Through Inter-firm Collaboration

A firm that wishes to strike a balance between supporting customers and developing innovative new products can enter into partnerships with other firms to execute one of these two functions. When engaging a partner to perform one of the two roles, and for externalisation to work properly, the firm must maintain strong ties with the partner and integrate the externally acquired knowledge base back into the organisation (Raisch et al., 2009).

In global competition, firms have to collaborate in inter-organisational business processes to be able to proficiently meet the needs of their customers (Lavikka et al., 2015). One of the challenges encountered by firms operating in highly unorganised and unstructured emerging markets is the dependency on local intermediaries (wholesalers and retailers) to 'push' products into half of the markets while they provide for the other half of the markets. Leveraging their

brands across various retail channels to ensure success is a major obstacle for multi-national firms in emerging markets (Kumar et al., 2015). Although they have access to capital and the ability to improve efficiencies and accountability through economies of scale, they lack the knowledge of local markets. Inter-firm relationships are therefore developed to facilitate access to valuable resources and knowledge, dictated by customer needs (Mason & Mouzas, 2012).

Traditionally, some retail firms have alleviated the complexities encountered in emerging markets through inter-firm collaboration that enabled them to extend their businesses by combining their own knowledge with the complementary knowledge of partners (Lavikka et al., 2015; Stettner & Lavie, 2014). Baena & Cerviño (2015) argue that this can be achieved through the following actions:

- a. Direct investment - setting up a new establishment from scratch or purchasing of a local firm.
- b. Establishing a joint venture with a local partner.
- c. Direct franchising - selling the business on an individual basis to franchisees in the host market.
- d. Master franchising - franchisors transacting with some form of intermediary who purchases from the franchisor entrant the right to develop their own network of outlets in the host market. These agents are called master franchisors and are allowed by the franchisor to sub-franchise and sell the format on to independent sub-franchisees. As a result, the master franchisor effectively adopts the role of franchisor.

As the literature on franchising has shown, retail firms entering into emerging markets understand that their knowledge on new markets may be insufficient (Yan & Pei, 2012), hence they use the franchise business models to explore these new markets through sharing information and subsequently reducing risks. F sometimes enhance their franchise model efficiencies through the involvement of other members of the supply chain to meet the fast-changing requirements of competitive markets

2.2.5. Ambidexterity Through Supply Chain Collaboration

In recent years, firms have been using their supply chain integration as a competitive strategy in the intensive, globalised competitive environment. A study by Narasimhan and Narayanan (2013) points out companies who acquire outside sources of innovation to order to improve product lines and shorten the time required to bring products to market are very good at utilising supplier leveraging, co-development, joint venturing and crowd sourcing with outside entities. These outside entities enhances the ability of a firm's supply chain to be agile, adaptable and aligned.

Other literature also shows that ambidexterity through balancing of both open and closed innovation, a form of exploration and exploitation, can be achieved through internal organisation or through alliances and acquisitions (Lavie et al., 2010; Li et al., 2008; Stettner & Lavie, 2014; Sun & Lo, 2014). The resultant information and resource sharing between marketing channels or members of the supply chain can therefore improve accuracy of which leads to higher profitability for firms (Ramanathan, 2012; Yan & Pei, 2012). By sharing relevant information firms can also better understand consumer and market trends within the environment that they operate in, which results in greater insights into consumer behaviour. This enables both partners to serve the consumer better (Mason & Mouzas, 2012; Popa & Duica, 2011; Ramanathan, 2012; Yan & Pei, 2012).

Literature reviewed for this section further explored a different kind of supplier-retailer partnerships called the 'competition channel strategy' (Kim et al., 2013). Research shows how retailers and supply network partners combine their cooperative and competitive dimensions to create collective actions used by channel members to pursue common interests. The need for speed to market and develop new products has in some cases pushed retailers to align with supply network partners (Blome & Schoenherr, 2013). The article by Blome and Schoenherr (2013) further documents that suppliers have increasingly become sources of innovation in the retail sector as they have increasingly taken over the role of innovators for both product and process. The need to foster supplier collaboration has elevated the role of supply chain management as a source of new technologies and innovation, therefore placing it as a key strategic element to enhance a firm's competitive advantage. The concept of ambidexterity based on Blome and Schoenherr's article (2013) has therefore gained ground as a form of supply chain management because it combines two apparently contradicting capabilities to bring about improved firm performance.

Based on literature reviewed for this section, this research seeks to investigate if it would still be possible for retail firms to pursue individual actions designed to achieve private gains in an attempt to outperform the firm that they are in partnership with. Although this research focusses on ambidexterity from a retailer's perspective only, can it consider the cooperation between supplier and retailers as a form of ambidexterity in this context? Can the resulting creation of new forms of retailing channels possessing favourable characteristics of both participants in a business model be described as a form of ambidexterity?

Exploring and exploiting to achieve ambidexterity should always be a value adding exercise (Bandeira-de-Mello, Fleury, Aveline, & Gama, 2015; Narasimhan & Narayanan, 2013; Oh & Teo, 2010), therefore this value can be created through inter-firm or supplier collaboration. Narasimhan and Narayanan (2013) have pointed out that firms create value for their customers through leveraging their own knowledge and that of their supply network partners. New business models and products are therefore a result of these processes of value creation. This is a form of hybrid

strategy, combining aspects of two or more pure strategies (Midgley, 2012). The creation of hybrid models as a result of such partnerships therefore results in alliance ambidexterity (Sun & Lo, 2014) which can be used to drive innovation to deal with challenges encountered in emerging markets.

2.2.6. Ambidexterity Through Hybrid Business Models

Firms that manufacture, distribute or sell products are always striving to develop flexible business models in response to challenges related to environmental factors (Mason & Mouzas, 2012). Therefore, the challenge for retail firms operating in emerging markets is to keep in touch with changing customer demand through the creation of flexible product and service offerings. The need to be flexible drives firms to reposition themselves in a market and to dismantle their previous strategies to meet changing customer needs (Kim et al., 2013; Mason & Mouzas, 2012; Pardo-del-Val et al., 2014; Shah, 2012; Wei, Yi, & Guo, 2014).

A firm that can capture the advantages of creating a hybrid business model through using partnerships will increase its market coverage, lower its costs and customise its approach to dynamic markets; hence it will gain substantial competitive advantage over competitors that are attached to traditional ways of retailing (Gundlach & Loff, 2013). Flexibility is often connected with the concept of ambidexterity as it enhances a firm's capability to simultaneously balance alignment with current customer needs and adaptation in order to develop new ways to fulfil customer needs at a business-unit level (Raisch & Birkinshaw, 2008).

The advantage of creating flexibility through partnerships in the form of franchising models has been explored in a large body of literature. Franchising has always been considered as a strategic market-entry mechanism for retailing firms (Baena & Cerviño, 2015; Jebarajakirthy & Lobo, 2015; Pardo-del-Val et al., 2014, 2014) as it provides an entry mode in new markets that allows firms to share risk, have reduced failure rate and achieve higher performance (Juste et al., 2009).

The principal-agent relationship between franchisors and franchisees has been the subject of research in the past twenty years (Pardo-del-Val et al., 2014), with most of it focussing on conflicts that arise when the two participants in a franchise business model try to balance standardisation and adaptation (Krafft, Goetz, Mantrala, Sotgiu, & Tillmanns, 2015). In franchise business models, franchisors sometimes play the role of supplier while franchisees concentrate on adapting to the local markets because of their better knowledge of these markets (Joharianzadeh et al., 2015; Kapoor & Kumar, 2015). At times this might not be favourable for the franchisors as they might want to pursue more standardised models to mitigate the risk of brand dilution (Emrich, Paul, & Rudolph, 2015; Garcia-deleone, 2015). This part of literature where the franchisor or franchisee might want to operate out of self-interest is covered under the agency theory which focusses on principal-agent relationships. Literature highlights that the management of the

principal-agent relationship is a major challenge of franchise business models (Jebarajakirthy & Lobo, 2015; Kozlenkova, Samaha, & Palmatier, 2014; Pardo-del-Val et al., 2014; Watson et al., 2015) and at times leads to failures. Research has found the franchise failure rate to be up to 30% due to some shortcomings in the effective coordination of the principal-agent relationships (Arnold et al., 2015; Minguela-Rata et al., 2009; White, 2010).

Burt et al. (2011) in their research argue that whilst IKEA operated a standardised business model when expanding into new markets, degrees of adaptation were observed in their customer facing operations of the business. Serving dual markets requires firms to understand customers, hence the franchise model uses franchisees to adapt to the local element through allowing them to manage customer-facing areas of the business. Customer interface plays a big role in ensuring that channels used by the retailer are positioned correctly. Sorescu, Frambach, Singh, Rangaswamy, & Bridges (2011) in their research on retail business models, define customer interface design as strategy adopted by retailers in designing structures that promote better interaction with its consumers. Interface choices require not only the positioning of the business in terms of pricing, product assortment, and complete design, but also the structure of the interface itself. Retailers therefore can help enhance their interaction with customers through the creation of hybrid models that utilise partnerships with other supply chain participants.

Based on insights gained from the reviewed literature, the question is whether retail firms who modify information flow between themselves as franchisors and their franchisees employ ambidexterity. And how this relationship is managed to ensure that the business model created is not a franchise model where one side imposes its strategy on the other, but a partnership where ideas are shared and desirable elements of both parties are used in the creation of a hybrid model. Superior innovations through the simultaneous performance of both exploitation and exploration in emerging markets, using partnerships through the creation of hybrid business models, have not been fully investigated. The simultaneous balancing of exploration and exploitation results in ambidexterity which is a favourable way of enhancing performance.

Internationally expanding retailers have traditionally considered a number of strategic choices or modes of entry which include wholly owned subsidiaries (acquisitions), joint ventures (majority or minority), and contractual entry modes such as management service contract, leasing or franchise (Baena & Cerviño, 2015). The choice of methods of entry has resulted in the creation of new business models in some cases with balanced levels of ownership and control have resulted in hybrid channels. Hybrid models go a step further than joint ventures and other modes of entry as they combine only the desirable elements of two or more pure traditional business models or partners. Hybridisation therefore is a symbiotic two-way relationship where the pursued business model is mutually beneficial to both participating partners. This raises two critical questions which this research tried to answer, namely whether ambidexterity only entails

managing existing formats or whether it also entails building new business models that combine desirable elements of traditional business models.

2.3. CONCLUSION OF THE LITERATURE REVIEW

The literature reviewed in this section is focussed on understanding the characteristics and underlying philosophy of organisational ambidexterity for retail firms operating in emerging markets. Strategies traditionally used by retailers doing business in these often complex markets were identified and reviewed. Emerging markets are difficult to serve due to their complexity and existing duality.

The most essential use of organisational ambidexterity is to integrate the two opposing nodes of exploration and exploitation used by firms to serve customers in dual markets. Ambidexterity can be temporal, structural or contextual. Several tensions arise during the process of balancing exploration and exploitation, namely standardisation versus adaptation, stability versus change, short-term profitability versus long-term sustainability, and differentiation versus integration. The result is that retail firms that are able to balance these opposing processes achieve competitive advantage which can be enhanced by leveraging on partnerships. This sometimes leads to the creation of new business models that create value for customers through combining desirable characteristics of traditional business models.

The question raised by this review is how firms manage the duality in these increasingly attractive markets by balancing exploration and exploitation as well as standardisation and adaptation. The literature reviewed raises the argument that income disparity and cultural diversity from the emergence of the middle class pose the biggest threat to the ability of retail firms to be ambidextrous. Serving emerging markets with duality therefore raises the question of which levers a retailer should focus on besides pricing which has been traditionally the focus of firms serving poor markets (Barki & Parente, 2010; Jayasankaraprasad, 2014; Midgley, 2012; Petrescu & Bhatli, 2013).

The applicability of ambidexterity has been explored through the literature reviewed in this section but there is still a need for empirical evidence of how this is managed in an emerging market context. The literature raises the fact that there is a need for a well-researched and detailed implementation plan for retail firms seeking to manage duality through ambidexterity in emerging markets. It also remains to be proven that business models adopted by retail firms either through partnerships or creation of hybrid models in emerging markets show evidence of ambidexterity. A thorough research on how the management of exploration and exploitation in these new channels occurs is required for the effective implementation of ambidexterity. The other challenge identified is to explore the benefits realised by these models either through value creation or value delivery (Winterhalter et al., 2015).

A study conducted by Mason and Mouzas (2012) shows that the use of network-focused approaches by firms transforms the idea of markets in the form of supply and demand curves, into a web of interconnected companies whose identities and relationships matter. By focussing on the markets that they operate in, firms can build business models that go beyond the concept of examining them from the viewpoint of a single company and explore the impact of the company on others in the business network. This is accomplished by the use of business networks to conceptualise and build flexible business models. In conclusion it can be remarked that exploring how firms work together in networks to satisfy end-customers provides a new angle for looking at the literature that to date has accepted a firm-centric view (Mason & Mouzas, 2012; Yrjölä, 2014).

The investigation of existing, new and likely flexible hybrid business models contributes to the current network-orientated (the acknowledgement of markets as networks of exchange relationships) and market-orientated (the need by firms to re-align their structures to the changing markets) perspectives. This provides an essential approach for firms to strategically view the structure of their business partnerships as they seek to adapt to the complex needs of emerging market customers. Relating to ambidexterity, it is relevant to note that alliance partners in a hybrid business model can therefore not effectively explore innovation without exploiting (merging and incorporating) each other's proprietary capabilities and knowledge (Sun & Lo, 2014).

CHAPTER 3: RESEARCH QUESTIONS

3.1. PURPOSE OF THE RESEARCH

The objective of the proposed research project is to explore the phenomenon of organisational ambidexterity through the lens of retailers and how they use agency theory (Meyer & Peng, 2015; Pardo-del-Val et al., 2014; Watson et al., 2015), network theory (Stadler et al., 2014; Webb, Kistruck, Ireland, & Ketchen, 2010) and the resource-based view of the firm (Chiao et al., 2010; Claver-Cortés et al., 2012; Lin et al., 2013; Pioch & Gerhard, 2014). The nature of the research is exploratory and aims to answer the following questions in order to increase insight and understanding of the research problem:

3.2. RESEARCH QUESTION 1

What forms of ambidexterity in retail firm management are realised in emerging markets?

3.3. RESEARCH QUESTION 2

How are the two business models in a hybrid model run simultaneously? How do firms manage the components of a hybrid business model, separately and together?

CHAPTER 4: RESEARCH METHODOLOGY

4.1. INTRODUCTION

The purpose of this chapter is to describe the research methodology to be used in this study to gather and analyse data. Firstly, reasons are given for using a case study method (Saunders & Lewis, 2012). Case studies are a critical and even attractive research methodology (Eisenhardt, 1989). Then the specific sampling parameters, namely the unit of analysis, population of relevance, sampling method and size, are detailed. Next, the data gathering process and research instruments to be used as well as the method of analysis are defined. The chapter ends with an outline of the limitations of the study.

Figure 3: Research Design & Methodology



The figure above is a brief representation of the research design used in this paper. A case research method approach was followed in order to fulfil the purpose of exploring organisation

ambidexterity from a retailer's perspective. The following is an account of the measures undertaken to decide on the method approach, collect and analyse the data.

4.2. RESEARCH METHODOLOGY

In order to investigate how retail firms balance the interplay between exploitation and exploration, the main building blocks of the ambidexterity process, a single in-depth case study was conducted. The main reason justifying the design choice is that case studies are more appropriate when the research purpose is to investigate how a specific phenomenon happens. The other key advantage of case study research is that it provides much more comprehensive information than would be available through other research methods such as surveys.

The case study method allowed the researcher to collect data through a number of different techniques and eventually present a comprehensive story (Eisenhardt, 1989). This method also provided flexibility because it was based on multiple data sources. The research focuses on the study of organizational ambidexterity and its application thereof to retailers operating in emerging markets. This research was conducted within the real-world context of the South African retail sector. The information used was collected in natural settings as compared with relying on mostly 'derived' data. The rationale for using a single case study is that this research was based on the researched company's successful creation of a hybrid business model; hence it satisfies the criteria of being a unique or extreme case (Robert K Yin, 2003).

A key strength of the case study method was the combination of semi-structured interviews, observation visits, media articles, financial performance data and other reports that were available for the data gathering process (Robert K Yin, 2003). An advantage of this method was its applicability to the South African market environment and hence the results can be extrapolated to other emerging markets. It is hoped that the research results obtained will relate directly to retail firms, economists, academics and other interested parties with everyday experience of retail ambidexterity issues.

4.3. INFORMED CONSENT

In the interviews, participants from the subject company, Organisation A, were briefed on the purpose of the research and their participation in the research was verbally requested. They were then asked to sign and submit a letter of consent (Appendix 1), outlining the intent of the research, the methodology and the requirements. Interviewees were then led through the interview guide. The questions of the interview were used to gain insights relating to the themes that were central to this research project. All collected data was electronically stored and transcribed, maintaining the confidentiality of the company name and sensitive information.

4.4. POPULATION

This research was only confined to Organisation A. It focused on Organisation A's strategy of creating a hybrid business model to cater for the needs of consumers in emerging markets. For the purpose of the research a population was first defined to help answer the research questions mentioned in Chapter 3.

A population is defined as any complete group of entities that share a common set of characteristics (Zikmund, Babin, Carr, & Griffin, 2010). The population of relevance for this research consisted of retailers of fast-moving consumer goods (FMCG) with operations in South Africa. These retailers may have other operations outside of South Africa, however, the focus of this research was especially on their coping strategies through ambidexterity for market dualities encountered specifically in South Africa.

The reason for narrowing the focus on the South African retail sector was to create a level of focus within a particular sector in an emerging market economy. South Africa as an emerging market economy has a complex and ever-growing middle class which at times has been difficult to define (Visagie & Posel, 2013). This is because the criteria used to define a middle class may be based either on level of income or affluence. Black economic empowerment has moved a sizable proportion of black South Africans into the 'middle class' (Mattes, 2015), thereby adding to the size and complexity. With an very high Gini coefficient above 0.60 (van der Berg, 2014), South Africa has one of the highest levels of income inequality in the world, which makes it an ideal candidate for this research. The other reason for focusing on South Africa was the limited research that has been conducted in an emerging market context in this field within the country.

4.5. SAMPLING METHOD

The primary research questions stated above informed the decision to use purposive sampling method used to sample the appropriate unit of analysis for this study (Rowley, 2012; Weiers, 2011). Yin (2003) argues that the selection of an appropriate unit of analysis will occur only when the researcher has accurately specified the primary research questions.

In choosing the single case used for this research, the researcher considered the practicalities of negotiating and maintaining access to information and data sources (Rose, Spinks, & Canhoto, 2015; Yin, 2003). The use of a single case made it possible to control for fixed firm effects, such as the organizational culture implanted by the founders of Organisation A. Careful investigation as suggested by Yin (2003) was used in order to minimise the chances of misrepresentation and maximised the access required to collect the case study evidence.

4.6. UNIT OF ANALYSIS

Based on the research questions to be answered, the sampling unit used for this case was an FMCG South African retail firm. The unit of analysis for this study were the features and strategy of the hybrid business model under investigation, together with opinions and perceptions of management and executives of the firm on how the hybrid business model is being managed.

4.7. RESEARCH INSTRUMENTS

The research instrument used in the first phase consisted of mass media articles, internet material, official statistics and archival sources (R. K Yin, 2007). The second phase involved personal observation visits to Organisation A's corporate and franchise stores as well as the converted Spaza shop in Diepkloof, Soweto. Phase 2 also encompassed the semi-structured interviews that were carried out during these visits (Saunders & Lewis, 2012).

4.8. DATA COLLECTION

The aim of this research was to use designated data gathering tools methodically and appropriately in gathering the evidence. In order to explore the level of ambidexterity adopted by retail firms operating in an emerging market, an exploratory-descriptive research design was adopted and semi-structured interviews were employed as the primary form of data collection.

Primary and secondary data was obtained from a variety of sources within Organisation A, in particular:

1. Organisation A specific data:
 - Organisation A's in-house presentations of the organisation's strategic direction, and the 'Spaza conversion' project
 - The company's website and intranet portal
 - Company sales and marketing reports
 - Interviews with five key players in the formulation and running of the business model
 - Shelf talk" in-house magazine for Organisation A
2. Retail industry Reports
 - Competition commission documents filed on Organisation A's request to implement the converted Spaza business model in

- ROOTS Survey data
 - Sector Skills Plan 2011 – 2016 for the Wholesale and Retail SETA
3. Media Articles from the following sources
- “CNBC Africa” News website
 - “Independent Online” News website
 - CITY Press Newspaper
 - “eNCA” News website
 - “Bizcommunity” News website
 - “Sowetan live” News website

4.9. ANALYSIS OF DATA

The analysis of data for this research consisted of examining, grouping, presenting, or otherwise recombining both quantitative and qualitative evidence to address the initial research questions of this study on retail firm ambidexterity (Yin, 2003). Quantitative text analysis, often referred to as deductive content analysis was used to examine the raw data gathered for this research. The content analysis involved interpreting and coding collected text material. This approach involved a systematic grouping process of coding and detecting of themes or patterns that underline the dependability and replicability of observations and ensuing analyses.

Throughout the evaluation and analysis process, this research remained open to new opportunities and insights. A deductive content analysis was used; this was based on the fact that the researcher was looking to retest existing data on ambidexterity in a new context of retail ambidexterity in emerging markets. The deductive analysis was based on earlier work on standardization-adaptation theory (Pardo-del-Val et al., 2014; Vrontis, 2003) and exploration-exploitation theory (Andriopoulos & Lewis, 2009; Sinha, 2015), models, mind maps and literature reviews (Elo & Kyngäs, 2008; Zikmund et al., 2010).

The general aim of this research was to test earlier theories on ambidexterity and dual markets in a different setting of FMCG retailing in an emerging market context. A qualitative approach was also incorporated primarily because of the need by the researcher to overcome some limitations of a survey-based quantitative approach through gaining more insights into ambidexterity in emerging markets. The researcher was interested in looking at the issue of ambidexterity, with a focus on the various decisions made by the organisation studied.

Interview data collected from the respondents was analysed for its contents to offer insights into clarifications and judgment that was not readily available from the other sources used for this research.

4.10. LIMITATIONS

The most significant challenge of this case study was the fact that only one company within one industry was considered. The other main challenge was the content analysis. Content analysis is a method of analyzing a broad range of 'texts' from transcripts of interviews and discussions (Cocker, Martin, & Sanderson, 2012; Elo & Kyngäs, 2008; Kohlbacher, 2006). It is also known as a method of analyzing documents. The literature states that content analysis does not normally proceed in a linear fashion and therefore is more complex and difficult than quantitative analysis (Elo & Kyngäs, 2008). Even though this theory on the qualitative content analysis process described in the paper by Elo and Kyngäs (2008) has evident applicability in studying many related real-world situations and addressing the main research questions raised in this research, the following limitations were encountered:

- One retail firm was used in this research and hence the findings might not be generalizable (Neale, Thapa, & Boyce, 2006).
- A concern is that this case study might have lacked rigor due to a bigger proportion of the data being qualitative (Neale et al., 2006).
- The researcher's background as a retail employee in the retail industry might have resulted in some bias in the findings obtained.
- The phenomenon of ambidexterity is complex and does not have direct answers. There was a possibility that only a limited amount of information about the topic was covered. Due to the vast applicability of ambidexterity some findings might have been general and not only applicable to a retail context or the specific case.

A final limitation, or more accurately a practical challenge of this case study research method was the way it was carried out, especially the need for in-depth access to the retailer case's sites and the scarce timelines required for the delivery of this project (Rose et al., 2015). Every attempt was however made to minimize the potential chances of misrepresentation through the use diverse sources and to maximize access needed to collect the data (Robert K Yin, 2003).

CHAPTER 5: RESULTS

5.1. INTRODUCTION

This chapter presents the research conducted through the methodology described in Chapter 4, the results from the collected data, and the responses to the research questions presented in Chapter 3. In the first part of this Chapter the secondary research data collected by organization A from the South African market are presented. In the second part an outline of the interviews conducted is given, details and characteristics of the respondents are presented, and observations before and during the interviewing process are highlighted. These observations are also referred to in Chapter 7 to describe ways of how research similar to this study can be done in the future. This chapter also outlines information obtained from publicly available documents relating to Organisation A and the South African retail sector.

5.2. SAMPLE DESCRIPTION

To help answer the research questions presented in chapter 3, Organisation A, a South African retail organisation was identified through purposive sampling. The information all relating to Organisation A, was collected and used for the findings to be presented in this chapter.

The following methods of data collection were used for this research.

5.2.1. Primary Data

5.2.1.1. Semi-Structured Interviews

Semi-structured open ended one-on-one interviews were scheduled and done over a period of eight weeks. The interviews for this research were carried out on a diverse group of five retail industry experts who are either working for or associated with Organisation A. The individuals interviewed were all involved in the formulation, implementation and current operation of the hybrid business model. This model is a result of the conversion of a previous Spaza shop into the current more formal supermarket format. A detailed sample description is shown below:

Figure 4: Sample Description – Semi-Structured Interviews

DESIGNATION	SOURCE
<i>Executive Project Manager – Organisation A</i>	Respondent 1
<i>Franchise Store Owner/Mentor– Organisation A</i>	Respondent 2
<i>Group Franchise Director– Organisation A</i>	Respondent 3
<i>Regional Store Manager– Organisation A</i>	Respondent 4
<i>Spaza Shop Owner/Manager</i>	Respondent 5

During the interviews, recordings and summaries were taken with the interviewees' consent. All the information collected from the interviews was analysed using deductive content analysis to

test the ambidexterity theory. The two research questions were used to group the data under the different headings based on deductive content analysis.

5.2.2. Secondary Data

5.2.2.1. Strategy Reports and Company Reports

Strategy documents obtained from Organisation A were used in the findings to be presented in this section. Other company reports were also sourced to add to the findings. The documents gave some detail on the path that Organisation A followed in the creation of the hybrid business model investigated for this research.

5.2.2.2. Organisation A's In-house Magazine & Media Articles

This research used published sources where from which the researcher drew information that consisted of material written about the company, such as books, magazines and other published reports. This was also used along with journalistic reports, and news articles looking at South African retail sector trends.

Part of the information for this research was obtained from Organisation A's internal monthly publication called "Shelf Talk" whose readership is the 38 000 people. This research also used information from Organisation A's internet and intranet websites.

5.2.2.3. Observation visits

The researcher used direct observation as a method of data collection. During a course of six months the researcher made repeated visits to the township of Soweto to conduct observation visits. Observation provided the opportunity to record activities, behavior and physical characteristics of the converted Spaza business model without having to depend upon peoples' willingness and capacity to respond to questions. Behavioral patterns of consumers in their natural settings and naturally occurring situations this market was also observed and recorded down for the purposes of this research.

5.2.2.4. Publicly Available Information Sources

In order to compile a historical record from which the organisation's information could be drawn, the researcher collected data from published sources. A diverse range of freely available data sources, including full-text journals, e-books, pictures, statistics and accounting data, and interview data were used for this research. The description of these sources is presented in the previous chapter in section 4.8.

5.3. BACKGROUND OF ORGANISATION A

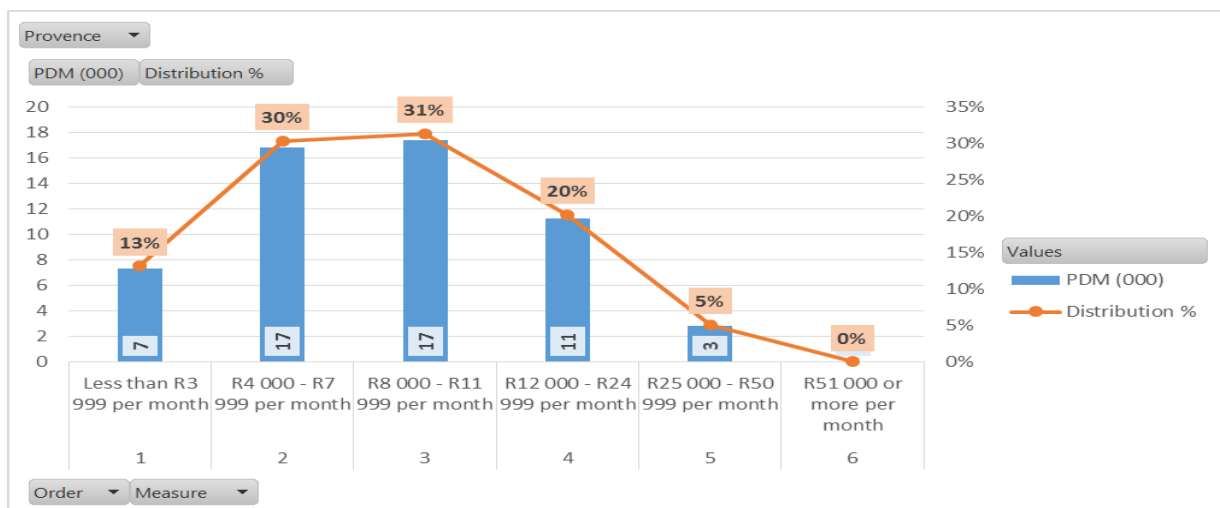
Organisation A is one of Africa's largest and most consistently successful food retailers, established in 1967. It can also be found in other regions of southern Africa, such as Botswana, Mozambique, Zambia, Zimbabwe, Lesotho, and Namibia. They have other supermarket store chains in South Africa that are part of their umbrella organisation. Over the years Organisation A has built a truly sustainable business, the growth and success attributed to a fundamental and unwavering belief in consumer sovereignty.

Organisation A runs a very successful franchise business operation in South Africa that has been a strong base that they have used to develop new business owners and building successful business leaders. As one of the sources mention, they *“adapted strong qualities of their franchise business model to support this small independent business and make a contribution to the economic revitalization of township communities”* (Organisation A strategy documents).

5.3.1. Location Background

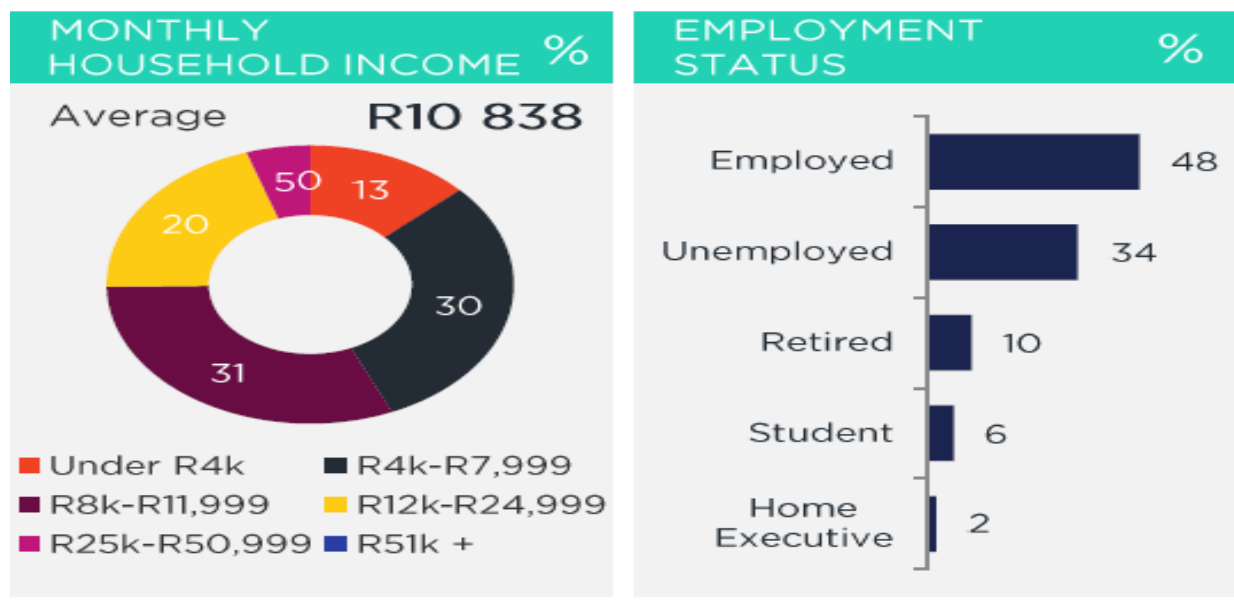
Soweto is an urban settlement or 'township' in South Africa, southwest of Johannesburg; with a population of approximately 1.3 million (StatsSA, 2015). The area that the case for this research is located is called Diepkloof Soweto, Johannesburg in the Gauteng province of South Africa. Diepkloof was established in 1959 to accommodate people being removed from Alexandra Township. Soweto has long been regarded as the dirty township beyond the high mine dumps south of Johannesburg's central business district. Soweto's image is now changing and it is increasingly being recognised as a good investment proposition. Private sector investment has followed with the growth of several shopping malls, the most noticeable being Maponya Mall. Smaller scale investment has seen several entrepreneurs developing several small businesses and eateries in response to the growing level of township tourism (Hoosen & Mafukidze, 2007).

Figure 5: Monthly Household Income - Diepkloof, Soweto (ROOTS_Survey, 2016)



According to the ROOTS_Survey (2016) data 74% of the Diepkloof households earn R12 000 or less per month. The level of unemployment in the area is 34% compared to the national unemployment rate of 26.6%. The level of poverty in this community drives both the spending patterns and the entrepreneurial spirit of the inhabitants. This according to sources, results in individuals venturing into informal businesses which explains the reason why there is a large amount of these in the townships. Secondary data from Organisation A make mention of a segment of the population that they classify as “survivors”. Based on their definition, a “survivor household” is any household with an income of R6 000 or less and makes up +/-70% of the country’s population

Figure 6: Monthly Household Income and Employment Status - Diepkloof, Soweto (ROOTS_Survey, 2016)



. Based on the report, 50% of these “survivors” are officially unemployed and 40% of these households depend on grants. This strategy report also points out that besides their formal income, “survivor” markets have what they call “hidden” or “unrecorded income” which is generally unaccounted for in official statistics. This unrecorded income is earned from various sources such as owning a small business, rental, informal loans, lobola income, sale of produce, employer gifts and ad hoc employment money. The size of this market therefore is much bigger than the official figures according to Organisation A, therefore making it lucrative for them to expand into.

Organisation A’s strategy documents also mention the following characteristics of township markets that make them challenging to operate in:

- the market is dominated by retailers using an informal approach to business
- there are limited government controls and support

- markets are composed of consumers with less income that is inconsistent.
- markets have volatile demand.

5.4. BACKGROUND OF THE SPAZA SHOP

The converted Spaza shop investigated for this research is located in Diepkloof, Soweto. According to the Spaza shop manager (Respondent 5) who is also the daughter of the shop owner, the Spaza has traded in Diepkloof for over 40-years and is currently run by the second generation, the business owner and his wife, together with their family.

According to the sources used for this research Spaza shops are “owner managed” informal convenience shops located mostly in the townships in South Africa. They are usually run from home and they serve the purpose of supplementing household incomes of the owners, selling everyday small household items. In recent years the trading environment has become more difficult, with new entrants competing for the local market in townships. Some of the Spaza shops have become more organized in recent years, increasing the range and variety of brands and categories they offer, while being conveniently located on commuter routes or close to shoppers’ place of work or home. This according to the sources has seen Spaza shops gaining popularity amongst modern trade shoppers.

The sources mention that a massive 48% of shoppers visit a Spaza outlet at least once every 7 days versus 38% in 2012. Added to this, shoppers visit Spazas, on average, more than four times a week (18 times per month) compared to supermarkets which they visit just once a week. This provides four times as many opportunities for brands to connect with consumers and increased opportunities to expose them to new products. An advantage of Spaza shops according to the findings is that they are open seven days a week, well into the evening, which is highly useful for consumers. This along with increased commuter costs makes them an attractive option for top up and short-term purchases.

5.5. THE SPAZA CONVERSION BUSINESS MODEL

This section details the role of Organisation A in formulating a hybrid business model in the township of Soweto within the Diepkloof area. Recognizing that several independent informal business owners were experiencing difficulty in trading, because of the tight economy and intense competition, Organisation A in 2016 undertook a pilot scheme opened in partnership with the Gauteng department of economic development. The aim of the project according to respondent 3 quoted in one of the sources was based on the following consolidated statement:

- *“When we talk to Spaza owners about the challenges, and how we might help, they frequently identify better access to quality products at good prices, a reliable distribution*

system, good business management systems, and business advice and mentorship as priority areas for them” (Respondent 3 – Franchise Director)

According to secondary data from the various sources, in February 2016 Organisation A officially launched a project to convert a Spaza shop into a formal store. Situated in Diepkloof in Soweto, the Spaza with a floor space of 80m² was owned and run by the same family since 1972. The pilot business model has been called a “Spaza-to-store” conversion and it is the first one of that nature to be conducted in South Africa.

5.5.1. Benefits of the Conversion

The main benefit that the Spaza shop has received from partnering with Organisation A is the complete facelift of themselves and their neighbouring shops. They have also received new refrigeration, IT systems, refurbishments and tailored business mentoring and advice. The owner and family running the business model have seen a significant increase in sales since the conversion in February 2016. The Spaza shop manager when asked about the magnitude of the impact on sales mentioned that the following:

- *“... [the owner] has seen a “720-degree” turn from the previous business model to the one now...” (Respondent 5– Spaza Shop Business Manager/Owner’s daughter)*

This comment was based on the fact that the turnover of the Spaza shop has increased significantly from R10 000 per week to on average R10 000 per day according to the Spaza shop manager. On the capabilities and advantages gained the Spaza shop manager mentioned after the conversion:

- *“We were just buying and selling ... that’s what you do in townships. The systems that Organisation A have brought make me think I’ve been playing all along” (Respondent 5 – Spaza Shop Business Manager/Owner’s daughter)*

The project has brought in qualities and capabilities that the small-business owner did not have before the partnership. The technical capabilities gained through better systems and better distribution networks have created a competitive advantage for the converted Spaza.

Respondent 2 (the mentor) felt strongly that the partnership brought more value to the Spaza owner than expected at the beginning.

- *“Organisation A, as a partner, brings a distribution network and efficient systems for ordering and managing stock ... a lot of our people don’t have systems to operate their businesses like this” (Respondent 2 – Franchisee/Mentor)*

A notable aspect of the business model is that it was created as a side-by-side partnership and not essentially as a franchise model where the bigger partner Organisation A would take over.

The initial goal for Organisation A when they entered into the partnership was not to make profit, but they wanted to use the initiative to show commitment to inclusive growth in South Africa through helping small township business owners. As respondent 3 mentioned on one of the websites:

- *“We believe large retailers have a responsibility to support local small business development[....]our spend on SMMEs quadrupled in 2015 and expenditure on BBBEE businesses rose by over 39.2% to R33 billion, with a focus on black-women owned businesses[...].” (Respondent 3 – Franchise Director)*

Organisation A believes that instead of viewing small businesses as competition and therefore eliminating them, it should be part of their duty to help them develop hence their participation in this business model. The benefits have been two way with knowledge and resources flowing in both directions. Organisation A according to the findings have learnt a lot of their association with the business model. As highlighted by Respondent 1, summarizes the role that the hybrid model has played for Organisation A:

- *“[...]the conversion model has given us insights to a market that we previously never played in and where not exposed to in the township[....]” (Respondent 1- Executive Project Manager)*

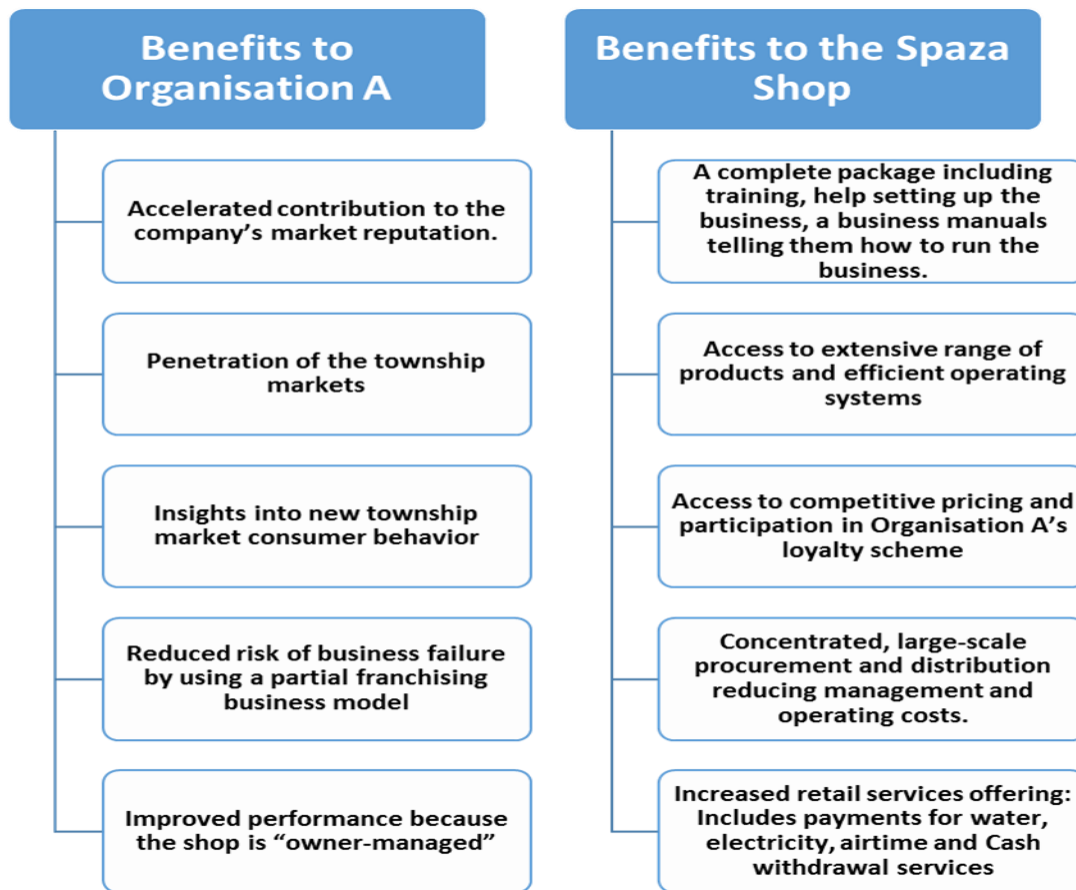
The benefits through increased knowledge and resources have been going in both directions. Organisation A according to the findings has learnt a lot from their association with the business model. Respondent 1 summarized the role that the hybrid model has played for Organisation A:

- *“[...] the conversion model has given us insights to a market that we previously never played in and where not exposed to in the township[....]” (Respondent 1 – Executive Project Manager)*

The converted Spaza shop (hybrid business model) has brought immense benefits to both partners (Organisation A, and the Spaza shop) as illustrated by a report on Organisation A’s website. This report states that opening stores that bring convenience to customers such as petrol forecourt food marts and converting the Spaza shop, has brought multiple benefits as shown in Figure 7 below, to both the organisation and the business owner. The benefits are not only limited to the participants in the business model but have extended to suppliers and more importantly the consumers who are in search of efficient and affordable shopping opportunities.

A summary of the benefits of the Spaza conversion model to both partners according to the interviews and the sources are shown in the figure below:

Figure 7: Benefits of the Conversion to Organisation A and the Spaza Shop



5.4. RESEARCH QUESTION 1

What forms of ambidexterity in retail firm management are realised in emerging markets?

5.4.1. Introduction

The interviews conducted and the sources used have pointed to the fact that segments exist within the South African retail market. Across all the answers given by the five respondents there was a common theme of the market heterogeneity resulting in the complexity that retailers encounter when they expand into township markets. All the respondents attributed the varied consumer segments to disparity in income levels and the major cause of heterogeneity in township markets. The following key themes were identified during interviews and mentioned by respondents. The themes were ranked according to the number of times they were mentioned by each of the respondents. A high ranking value as shown in the table below was deemed a factor that greatly affects Organisation A's level of ambidexterity and subsequently its structure for the management of the business model.

Table 1: Commonly occurring themes for Organisation A (Source: Interviews)

Rank	Theme	P 1	P 2	P 3	P 4	P 5	Total Count
1	Profitability	6	34	7	19	18	84
2	Customers focus	24	12	5	8	32	79
3	Store Formats	2	29	21	6	13	71
4	Product Innovation	6	3	8	13	14	44
5	Supply Networks	2	10	6	7	5	30
6	Pricing Strategy	5	4	4	7	9	29
7	Relationships - Customers & Suppliers	0	2	3	5	4	14
8	Informal Functions	1	6	3	3	0	13
9	Building Competitiveness	2	0	4	2	3	11
10	Focus on Convenience	1	2	3	0	5	11

Overall, the word “profitability” was used the most during the interviews. This is congruent with the research focus on the use of ambidexterity in an organisation to improve the profitability of the business.

5.4.2. Organisational Ambidexterity - Concepts and Markers

Organisational ambidexterity is rooted in an organisation’s ability to explore and exploit. Emerging market townships have a wide diversity in culture, language and income levels which makes serving these markets complicated. This research question probed if any forms of ambidexterity could be observed in the South African emerging market and especially for Organisation A.

The researcher sought to look for the existence of concepts listed below. The main indicator of ambidexterity as outlined in the literature is the firm’s skill to pursue two contrasting activities simultaneously. The following markers or concepts were used to find evidence of ambidexterity. These concepts refer to the firm’s ability to pursue exploration and exploitation under the paradox of ambidexterity:

- standardization and adaption
- efficiency and flexibility
- stability and change
- differentiation and integration
- short-term profitability and long-term growth.

These concepts refer to the firm’s ability to simultaneously pursue exploration and exploitation under the paradox of ambidexterity. Some of the words mentioned by respondents and found in sources relating to Organisation A include terms such as adaptation, continuous improvement, innovativeness, customization, diversification, differentiation, flexibility, entrepreneurship, sensitivity and responsiveness. All these words relate to the theme of exploration within

ambidexterity and they represent need to adapt the firm to its current and future operating environments. From the interviewees the following themes signaling exploration were deduced from the data:

Table 2: Themes signalling exploration in Organisation A (Source: Interviews)

Rank	Exploration theme	Frequency
1	Different	48
2	Change	21
3	Entrepreneur	19
4	Flexible	11
5	Improve	9
6	Adapt	2
7	Respond	1

In answering the above research question above, the following findings were made and grouped under the different headings in the next sections.

5.4.3. Balancing Standardisation and Adaption

The South African retail environment is as dynamic today as it has ever been. Organisation A from the sources understand that competition is intensifying in the traditional markets dominated by themselves and other major retailers. Market entry approaches into previously unexplored township markets, branding approaches when managing store formats in these markets and the levels of standardisation or adaptation of each single element of marketing mix can be correctly stated as factors directly impacting the success firms in emerging markets.

Company background information mention that Organisation A's core focus has been to strengthen its robust South African retail businesses. This has been achieved through balancing an organized approach to expanding into the challenging emerging markets of South Africa, and achieve geographical growth through the African continent. While Organisation A still maintains its standard store format in the malls that they operate in, they use several formats to serve rural markets, townships and customers looking for convenience shopping.

Most of the interviewees concurred that the organisation needs to be constantly changing in order to adapt to the current market environment. They went on to mention how Organisation A has made inroads in this regards by trying to understand the township market and introducing formats and products that serve this market. According to a report published by the Wholesale and Retail SETA used as one of the sources, a number of mid- to high-income retailers have been acquiring store networks that target the lower end of the market. Larger retail firms have been using these new acquired store networks to provide themselves with an established base

and brand. Added to this is the expertise on how to trade in the more basic township retail environments.

Organisation A has traditionally used diverse store formats to access new markets such as the township markets:

- *“We have a few ways to get into that market, whether it would be corporate, we have got franchise, then we have got an unusual brand which is express (located at service stations), and then we have this converted Spaza which we are experimenting with. And then there is a wholesale market that we serve in either the industry or individuals from a wholesale unit in our Steeldale Distribution centre[...].” (Respondent 3- Franchise Director)*

In relation to the deployment of multiple formats by Organisation A, Respondent 2 also mentioned:

- *“[...]organisation A are close to this [emerging market] because we are able to serve the customers using the different formats[...].” (Respondent 2 –Franchisee/Mentor)*

Because of the difference in customers’ shopping needs and patterns, research findings also showed that it is necessary to have products and store formats adapted to customer needs.

Organisation A’s ability to recognise that market heterogeneity exists in township markets and hence the customer demands are diverse pushed them to introduce the adapted hybrid business model. By maintaining dual attention on exploration and exploitation activities to serve these diverse customers Organisation A therefore exhibit a feature of ambidexterity. Adaptation of store formats in the township of Soweto as the sources has resulted in Organisation A operating in the same neighbourhood with 3 different store formats without reduction in sales in other formats in the form of sales cannibalisation.

According to the findings based on the interviews respondents argued that adaptation strategy especially in store formats and product ranges offers Organisation A advantages of meeting differences of local markets at various levels. In this way they end up achieving greater levels of customer satisfaction and loyalty. Respondents 1, 2 and 5 pointed out that although there are three different store formats within 400 metres of each other in Diepkloof where the business model is located, each store format serves different customers with varied profiles. Different retail grocery formats, both within the formal as well as the informal sectors, serve different customer needs and therefore tend to generally be complementary rather than direct competitors in relation to certain features of their product and service offerings. The existence of consumer diversity in the local market that the converted Spaza shop operates was emphasised by respondents who mentioned:

- “{Service station forecourt store format} caters for high market customers. Those customers that are really willing to spend, whatever amount it is [It] also caters for the late market, because I mean they are a 24-hour shop[.....]I then work then with the middle and the low class. [My] customers know what they need and they know that they will get it from me [...] the hypermarket store then caters for those customers, I call them the “look-at-me-now” customers [...]” (Respondent 5 – Spaza Shop Manager/Owner’s daughter)
- “As competition, the Spaza shop has Organisation A Diepkloof Square up the road from him and an Organisation A Express store all within a 1 km radius. So if we can make this conversion work then we can have a sustainable model.” (Respondent 1 – Executive Project Manager)

Value creation is the primary aim of any business entity. Organisation A as observed from the sources try to create value through balancing standardisation and adaptation of their marketing mix. Some of the Organisation A’s standardisation and adaptation techniques applied to its marketing mix and deduced from this research are presented in the table below.

Table 3: Observed Standardisation and Adaptation of the Marketing Mix (Organisation A)

Marketing Mix Element	Standardisation	Adaptation
Product	<ul style="list-style-type: none"> - Ranging of In-house private label brands and popular brands 	<ul style="list-style-type: none"> - Fresh produce and meat department that the Spaza orders on their own - Prepared meals to suit township market
Promotion	<ul style="list-style-type: none"> - Standard Advertising format across store formats 	<ul style="list-style-type: none"> - Use of advertising leaflets that target township market
Place	<ul style="list-style-type: none"> - Centrally located for convenience - Supply chain structures 	<ul style="list-style-type: none"> - Personal customer service provided by owner and his family
Price	<ul style="list-style-type: none"> - Pricing format such as odd pricing (adding 99 to the end of their pricing. e.g. R1.99 or R399.00) 	<ul style="list-style-type: none"> - Flexible pricing strategy adjusted lower to suit converted Spaza shop customers

5.4.3.1. Use of Product Innovation to balance Standardisation and Adaptation

The single biggest challenge that Organisation A faces is aligning their product offering to local market demand. Based on the ranking of the word crunch in table 1, the theme relating to product innovation was ranked 4th with respondents feeling that for Organisation A to be successful in tackling emerging markets, they had to stock the right product ranges. As prices and product availability in retail is becoming more and more transparent respondents highlighted the importance of Organisation A's focus on giving consumers a compelling reason to shop with them through product innovations or service innovations that differentiate them from competitors. Consumers in township markets do not shop at a retailer simply because it happens to be where a product is sold as findings suggested. Instead, they seek out retailers and shops that provide value in new and different ways. This can be further illustrated by some comments from the interviews:

- *“The challenge now becomes providing the right product ranges for these customers who have different incomes. My philosophy is that when I serve this market I am not only selling a tin of baked beans because every other retailer can offer that [...]” (Respondent 2 – Mentor/Franchisee).*
- *“At times it’s not about changing the product but changing the packaging and going smaller. Because things are tough[...]” (Respondent 4 – Regional Manager)*
- *“Again what we need to look at is a product range suited for the townships. Let’s do a proper market segmentation study. Let us do a proper target market study. Know the market that you guys are getting into, know what you are guys are going to offer” (Respondent 5 – Spaza Shop Manager)*
- *“They [organisation A branch in Benmore Gardens- Sandton] did very well. It’s an emerging market kind of store because there is a lot of construction workers in the area[...]Organisation A Benmore [store] did very well with serving that market [construction workers], they sold a range of products suited for these guys. Benmore [store] is an upmarket place but then because they knew that because of these construction guys, this food will go. Always have it in stock, and they did it really well. It really worked” (Respondent 5 – Spaza Shop Manager)*
- *“So we have got stores now in the townships, but they do not keep the full range [of products] at times that the customers need. Whatever we learn in Spazas we are going to replicate it in stores that we open in the townships going forward..” (Respondent 1 – Executive Project Manager)*

As mentioned by some of the respondents in the above statements Organisation A realises that in emerging markets where everyone sells almost identical product at times, adaptation is not only about changing the store format or the product type. As sources further state, it

also involves changing the product packaging and going smaller because of affordability and lack of proper storage facilities especially for fresh products at customers' premises.

To avoid a fully standardised product range, Organisation A as sources and interviews point out, pursues an ambidextrous strategy by allowing its franchisees to order a portion of their stock independently from their own suppliers. By allowing franchisees to have the flexibility of sourcing part of their supply independently, Organisation A promotes them to be innovative so that they can adapt their product offering to their local market.

- *“Everything is centralised although franchisees have their own suppliers in some products[...].” (Respondent 4- Regional Manager)*
- *“They [Organisation A franchise stores] do very well because they are flexible. They are very flexible [...] In creating product ranges, in terms of pricing...They have got the freedom to source their product elsewhere[...].” (Respondent 4 – Regional Manager)*
- *“Check their fresh food range. Go and compare it with the franchisees. You will see the variety, and in franchise stores it’s all the things that the people in the township eat.” (Respondent 4 – Regional Manager)*

The converted Spaza shop engages with consumers on an ongoing to help them innovate and source the right products for the market that they serve. It is important that Organisation A pursues adaptation through engaging with customers who are the principal source of information required for product innovation.

- *“We are very flexible, and what I really do well and that’s what the customers really like, is that I am very interactive with my customers....Even when a customer is unhappy, I make sure, they leave the store much more relaxed than when they came in.” (Respondent 5 – Spaza Shop Manager)*
- *“So we want to give our customers what we think they want, not what they want...” (Respondent 4 – Regional Manager)*

The Spaza business owners showed a great understanding of the fact that product innovation should be driven by customer requirements. The Spaza store manager mentioned that when a customer comes into their new store, she makes sure that the customer finds what they are looking for. If the product is not in stock, she then offers them an alternative product before making it a point that the next purchase order contains the product that the customer was looking for. This process is facilitated by Organisation A’s agile inventory plan where the Spaza shop can source their inventory at a nearby corporate store, therefore making them highly reactive to local demand fluctuations. This allows Organisation A to be flexible and respond to how their customers are currently by ensuring the customer have product availability when and where they want it.

5.4.3.2. Use of Multi-channels to Standardise and Adapt the Marketing Mix

The use of store formats is prevalent in Organisation A. Based on their strategy documents Organisation A uses multiple store formats based on the geographical regions and communities in which they operate. The store formats operated by Organisation A comprises of hypermarkets, supermarkets, family franchise stores and Express convenience stores run in conjunction with BP garages and hence located at service stations. Hypermarkets represent Organisation A's largest store format, with a total of 20 outlets throughout the country. Each Organisation A hypermarket is a model of a one-stop discount retailer featuring a highly effective mix of foods and general merchandise.

The table below from Organisation A's strategy documents outlines that while sticking to their corporate stores listed on the left, the organisation is also experimenting with new formats starting with franchise stores, additional channels and then vehicles.

Figure 8: Multiple Channel Formats Deployed by Organisation A in Emerging Markets (Source: Organisation A Strategy Documents)

Organisation A Emerging Market Strategy			
Corporate Stores	Franchise Store	Additional Channels	Vehicle
Hypermarket	Supermarkets	<i>Spaza Buying Club</i>	All Store Formats
Supermarkets	<i>Local Format</i>	Stockvel	Online
Local stores	Express Store	Dotcoza	
	Spaza's store		

According to Organisation A's strategy documents, their corporate-owned supermarkets around the country compete primarily on convenience as opposed to the hypermarkets which predominantly compete on price. Being smaller, supermarkets are better suited to experiment with merchandise that caters to customers whose priority is convenience shopping. Fresh food is the primary draw card at supermarkets, with larger stores offering a wide range of quality merchandise prepared in full view of the customer.

Ambidextrous organisations drive growth by meeting consumer needs better than their competitors do Findings indicate that Organisation A have managed very well to balance their attention and resource allocation for exploration and exploitation activities in the different store formats that they have in township markets. Core to their ambidextrous approach is a strong belief in understanding insights on consumer behaviour and designing their strategy to cater for

these needs. Organisation A achieved this through the introduction of multiple store formats that cater for the multiple segments identified by consumer insights. Organisation A has several formats that they use in the South African market. Respondent 1 mentioned that:

- *“We have a few ways to get into that market, whether it would be corporate, we have got franchise, then we have got an unusual brand which is express [located at service stations], and then we have this converted Spaza which we are experimenting with.”*
(Respondent 1 – Executive Project Manager)

It is also documented on Organisation A’s website in that:

- *“International experience suggests that small-format stores often spur growth and most leading global retailers have a multi-channel presence, including forecourt outlets.”*
(Organisation A Website)

Based on these insights, Organisation A has seen it fit to enter emerging markets with smaller format stores. The use of diversified formats to enter into township markets previously not explored fully by Organisation A has the benefit of extending the brand to completely new customers. These customers might not have been exposed to the brand and hence currently shopping at other retailers or informal traders as mentioned by respondents 1, 2, 3 and 5.

Questioned about the reasoning behind the exploration of diverse formats, especially the convenience stores at fuel service stations, respondent 1 mentioned that:

- *“Many Organisation A customers want to shop frequently in limited-offering stores that are convenient, well-located and easily accessible with longer trading hours, but they want competitive pricing too. This format provides all of this, and also allows customers to have easily accessible free parking”*

According to a report by the South African Wholesale and Retail SETA looking at the current trends in the country’s retail sector, the country has moved increasingly towards mall-based retailing. The report mentions that retailers are using several formats including online shopping which is an ever decreasing component of retailing in South Africa. They furthermore mention the franchising business model which is also a growing format in South Africa. Most major food retailers boast significant holdings in franchise divisions.

This report by the Wholesale and Retail SETA touches on recent developments on backward integration in the wholesale and retail sector. Retail firms have either partnered with or purchased segments of their supply chain to reduce supply costs or have resorted to sourcing goods directly from suppliers, thus reducing the function of wholesalers in the value chain. Wholesalers are now mainly transacting with small businesses and informal traders, who buy directly from them.

5.4.3.2.1. Use of the Franchise Model to Standardise and Adapt to New Markets

The use of franchisees as partners for entering into markets where corporate stores cannot serve efficiently is based on the pretext that these business owners have established bonds with communities that they come from. Organisation A has managed to highlight the benefits of both the standardized and adaptation approach through dexterously managing its franchise model, delivering a remarkably consistent customer experience and branding while still allowing for locally relevant products and service variations in segments across the country.

Globally, franchising can be considered as one of the fastest growing retail format over the past decade. Franchising as a growth strategy allows franchisors to grant other parties the right to use their brand, processes and value propositions in different locations (Joharianzadeh et al., 2015; White, 2010). According to Organisation A's in-house magazine and website, in 1994 Organisation A decided to develop a chain of independently owned supermarkets, trading under the organisation's brand name in the form of franchise stores. This was partly due to the fact that most of these franchise store owners and families would be members of the community and hence have a better understanding of the market than Organisation A. This was the beginning of franchising for Organisation A and unknowingly to them, a major step towards organisational ambidexterity. Franchising provided Organisation A with a greater ability to meet the convenience needs of the customers both in suburban areas and small country towns. This was facilitated through creating smaller stores that generally traded for longer hours and were run by owners with fiercely competitive spirits.

Respondent 1 the Franchise Director emphasised that, because of the advantages derived from pursuing a franchise business model, it is a very useful tool to get into the emerging township markets. Traditionally Organisation A's franchise stores are owner-managed and they receive product and operational support from the head office. The franchise stores are fully branded with Organisation A's name and hence enjoy the benefits of being associated with the brand. The franchise format has allowed Organisation A to extend their reach to smaller convenient locations with longer opening hours.

Organisation A's website mentions that Organisation A in partnership with a major fuel distributor has administered the rollout of small-format stores located at service stations in the major metropolitan areas. These stores are also operated as franchise models and are fully branded as Organisation A stores.

- *"...these stores stock between 1500 and 2500 product lines and they stay open 24/7, catering to the convenience retail market."* (Organisation A Website)

The information collected identifies that despite the positive spinoff realised from these franchising partnerships by Organisation A, there are still tensions that exist due the challenge

encountered by firms on how to manage the two opposing and yet complimentary activities of standardisation and adaptation. There have been recent tensions between Organisation A and its franchisees as documented by one of the journalistic articles used as a source for this research:

- *“Organisation A is at the centre of a heated row with franchisees who accuse the supermarket giant of resorting to bullying tactics and holding them to an unfair franchise model that contravenes the Consumer Protection Act.” (Sunday Times, 2016)*

These tensions are consistent with franchisee-franchisor business model through their quest to balance between standardisation and adaptation. On being asked to comment on the challenges of their franchise business model Respondent 1 mentioned that:

- *“...there are advantages and disadvantages in franchisingadvantage is we do not provide any set-up capital.....on the other hand there is risk over the brand...if the brand is not used.” (Respondent 1 – Executive Project Manager)*

5.4.4. Balancing Stability and Change

Organisation A has maintained an enduring and stable organisational identity to gain long-term success while also adapting quickly to the increasingly volatile South African market. This has enabled them to ensure profitability and survival. These ongoing paradoxical challenges concerning the management of Organisation A’s brand identity in the face of constant dynamic changes were a main feature in the findings in this research. Respondents highlighted the need for change in order to keep abreast with the volatile South African retail environment:

- *“[...] Look there is a few things that we could do going forward.” (Respondent 1 – Executive Project Manager)*
- *“The biggest problem is that sometimes Spaza Owner is resistant to change...” (Respondent 2 – Franchisee/Mentor)*
- *“[...]business model has changed over the years, I think it further highlights that retail businesses should continue reviewing their business model based on trading conditions[...].” (Respondent 2 – Franchisee/Mentor)*
- *“[...]I see major difference [because of the change in business model]...It [the business] definitely has changed and it has changed for the better...” (Respondent 5 – Spaza Shop Manager/Owner’s daughter)*

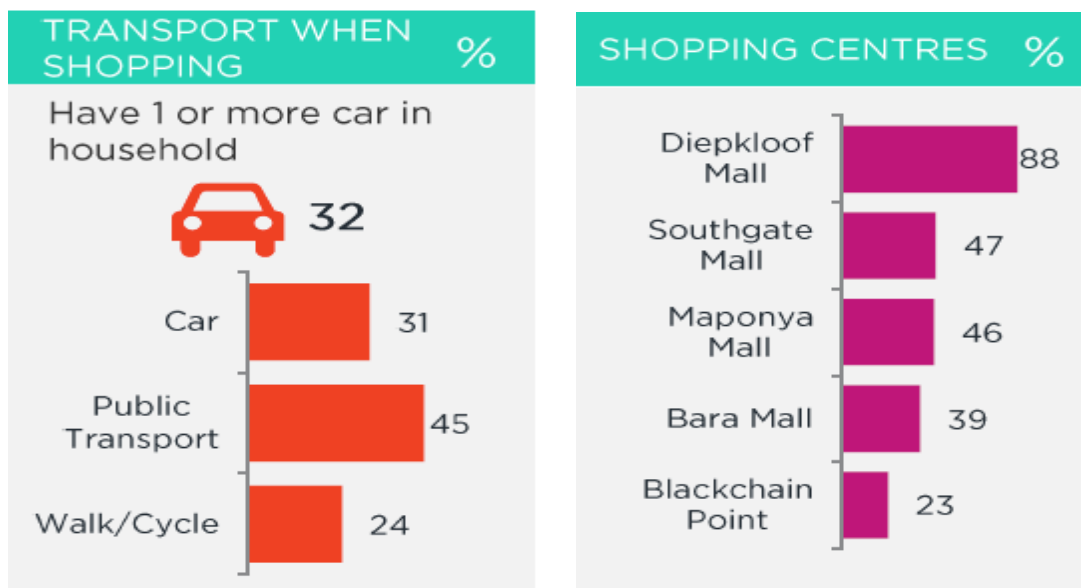
- *“The franchisees have taken our robust model and said I am going to change it like this and do it like that, to make it even better for my community[...].” (Respondent 3 – Franchise Director)*

From the statements above it is clear that Organisation A believes in change and at times have used agents and partners to implement these changes and be able to trade in challenging markets. Balancing stability and change in the converted Spaza model has come with the risk of brand dilution for Organisation A. The organisation has therefore maintained a close eye on the operations of this shop together with other franchisees which is one of the roles of the Franchise Director and his team at Organisation A head office.

5.4.4.1. Using Convenience to Balance Stability and Change

Organisation A has identified that convenience can be a driving force for the business opportunities that exist in emerging markets. To keep abreast with the dynamic environment, they have constantly reviewed their operating model and introduced change in the form of new store formats that serve new markets. Respondents highlighted that because grocery purchases represent a frequent shopping activity, Organisation A has always looked at reducing consumer costs associated with travel time in emerging markets by conveniently locating supermarkets close to areas where customers reside in township markets. This strategy was driven and supported by the statistics shown below describing the neighbourhood of Diepkloof and extracted from one of the sources (The ROOTS Survey 2016) used for this research.

Figure 9: Consumer Mobility and Shopping Centres in Diepkloof (ROOTS_Survey, 2016)



The dynamic retail environment has necessitated change in the way Organisation A focuses on store formats. They now place more importance to having their stores more accessible and convenient as outlined in the findings. By identifying that the population of the market that they

intend to serve mostly do not own cars as presented in the graph above, Organisation A has of recent created a new range of store formats that are either located at fuel refilling stations or partnered with Spaza owners. This expedition has been the main driver of them taking part in this partnership under investigation for this research.

5.4.5. Balancing Differentiation and Integration

The paradox of differentiation and integration involves the debate between either setting up dual structures to pursue exploration and exploitation separately or integrating these structures. This is classified as architectural ambidexterity, and during this research there was evidence that Organisation A to a certain extent have tried to balance the application of differentiation and integration. Organisation A is a large firm with several business units that are interconnected by end-to-end business processes. These business units are both loosely integrated and differentiated so that they can collaborate and deliver value in their individual capacities.

The following areas of focus (Figure 10) were identified as the key elements utilised by Organisation A to drive change using the hybrid business model that they have created with the Spaza shop:

Figure 10: Key Elements used in Driving Change in the Hybrid Business Model Adopted



No distinct separation of exploitative and explorative activities into these distinct organisational units were observed. This means that none of the business units mentioned above were only focused on either exploration or exploitation on its own, but there was an observed utilisation of a combination of both. A balanced mix was observed with integrating mechanisms that enable Organisation A to address exploitative and differentiating mechanisms to allow for explorative activities within the same organisational units.

Balancing differentiation and integration has enabled Organisation A to deliver effective outcomes. It was notable from the findings that Organisation A focussed on subdivision of tasks into distinct organizational units managed at a high level, so as to develop appropriate contexts for exploitation and exploration.

5.4.5.1. Balancing Differentiation and Integration through Partnerships

Companies that pursue an architecturally ambidextrous strategy focus on balancing both segregated efforts and integrated efforts to target either exploration or exploitation. Organisation A takes advantage in the knowledge that exists within their supplier networks to create partnerships that provide value to their customers. Also notable are partnerships that they have with both non-competing firms (gym companies, car rental companies, medical insurance companies, movie houses and restaurants) and competing firms (the converted Spaza business model).

Teaming up with a smaller but competing firm in the converted Spaza business model has resulted in a win-win outcome for both of the partners (Organisation A and the Spaza shop). Organisation A respondents all agreed that the township market is a difficult market to serve as they have traditionally lacked sufficient knowledge of this market and hence cannot enter it on their own:

- *“[...] in the emerging market we think we are probably still in our infancy in being able to supply that market[...].” (Respondent 3)*
- *“[...]the bottom end of the market is now being squeezed tight between the formalized and non-formalized retailers who are trying to get into that market[...].” (Respondent 3)*
- *“We know we can’t go to the townships on our own, and just take over and roll out all our stores[...].” (Respondent 1)*
- *“It wasn’t our intention to conquer that Spaza market, I don’t think it is conquerable...” (Respondent 3)*

Although Organisation A are market leaders and much bigger than the Spaza shop, findings indicate that they have gained considerable insight into a market that they have always considered as complex and therefore difficult to enter. In the converted Spaza business model, the business owner has been continuously seeking to add value through their affinity to customers and product knowledge that is relevant for the market.

This partnership with the Spaza business was influenced by the market structure which determined the available choice and power of Organisation A as the prospective partner. It was

found that Organisation A are taking advantage of this partnership and business model to acquire new information on serving township customers:

- *“We have definitely learnt a lot, we have learnt that for customers in these markets, that convenience is more important sometimes than price. We did not believe that in the emerging market but we now do[....]” (Respondent 3)*
- *“[....]Obviously from a ranging and marketing we have learnt a lot, in terms of what works and what does not work, we have been able to fine tune the margins as well...” (Respondent 1)*

5.4.6. Short-term Profitability and Long-term Sustainability

According to the findings, the creation of the converted Spaza business model was never about profit in the beginning. It was more about doing well in the community, and making the business sustainable for future trading which alludes to their focus on balancing short-term profits and long-term sustainability.

- *“Our CEO’s viewpoint is that he does not want us to lose any money as he said as long as we do not lose any money, I am quite happy to uplift local communities... As a company our philosophy has always been to try and uplift people, small suppliers, invest in our communities and all those things.” (Respondent 1 – Executive Project Manager)*
- *“So by converting the Spaza it makes Respondent 2 more profit, and it makes “Spaza business owner” more profit, and for us we may make a bit, but it wasn’t our intention [...] obviously they have to be profitable[...].” (Respondent 3 – Franchise Director)*
- *“So if we are going to make some money out of it, it will be good, but if it’s not it will still be great as we have performed a socially responsible act by helping local entrepreneurs with their businesses[...].” (Respondent 1 – Executive Project Manager)*
- *“[...] essentially the model must be sustainable. It would have been great if the government put in some money[...].” (Respondent 1 - Executive Project Manager)*

These comments illustrate Organisation A’s pursuit of the profitability versus sustainability paradox. The points made highlight that although profit remains the main focus of organisation A there is still a need to build a sustainable future business through investing in communities that the business serves. Both margins and year-on-year growth are metrics included in their key performance indicators that they measure regularly according to the findings.

The basic business model strategy for Organisation A’s state that they focus on the following seven themes geared to ensure that the business can grow sustainably and profitably. These

are shown in table 4 below. These seven themes clearly show that while Organisation A partially focusses on immediate gains and profitability, they also incorporate the need for long term sustainability through their strategic focus on exploration activities that allow them to serve more customers efficiently. This is a form of ambidexterity as maintaining this balance allows the organisation to exploit for the current situation while exploring for the future.

The essential achievement for the organisation their quest to serve emerging markets has been their ability to build long term relationships with their customers. Respondents mentioned the need for Organisation A to create lasting relationships with customers for long-term sustainability of the business. Organisation A state on the website that they are *“constantly looking for better ways to bring their valued customers new product innovations, exciting initiatives, promotions, events and special offers”*.

Table 4: Seven themes followed by Organisation A in their Business Model Strategy

	Themes Followed
1	Growing selling space ahead of the market.
2	Building deeper customer relationships.
3	Revolutionising their product offer.
4	Building a cost effective replenishment system.
5	Building the best shopping experience with lean efficiency
6	Sustaining a thriving franchise business model
7	Work as one organisation through alignment.

Respondents also supported the notion of building customer relationships to create a business that is sustainable in the future.

- *“...so once you have that bond with the community...Other retailers can open as much stores as they want in that area but they will never beat Organisation A. Because the relationship between the brand and the community is so strong. So they have a big allegiance to Organisation A[...].” (Respondent 4 – Regional Manager)*

- *“...I am very interactive with my customers... have actually done that so well to the extent that it has actually shocked me[...](Respondent 5 – Spaza Shop Manager/Owner’s daughter)*
- *“[...] (Our competitors) do not try to get to know the customer, they only just try to get to know the money. They forget that actually, customer is money rather than forgetting to know the customer [...] We knew every single customer who walked into the (this) store by name and we also knew actually what they were here to purchase.” (Respondent 5 – Spaza Shop Manager/Owner’s daughter)*

The ambidextrous nature of Organisation A is evidenced through their strategy to pursue new township markets while maintaining their traditional customer base services through their traditional store formats. This ability to balance the two activities of acquiring new customers while keeping existing ones can be linked to ambidexterity in their strategy.

Their converted Spaza business model is a risk averse and efficient way of maintaining the existing relationships with customers in their traditional store formats while gaining new customers in previously unexplored markets.

5.4.7. Balancing Efficiency and Flexibility

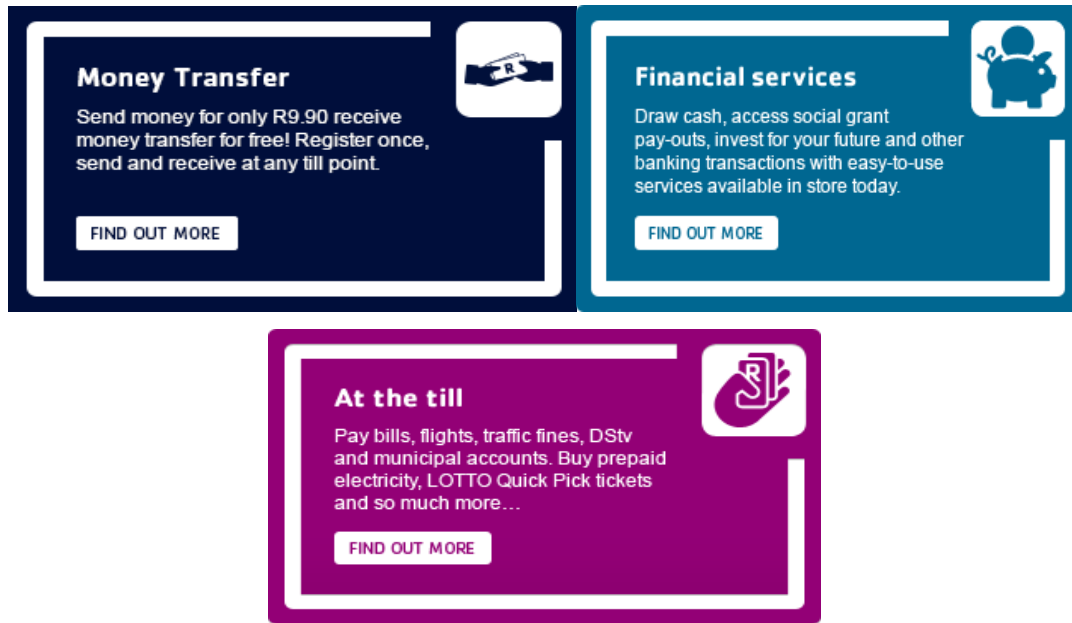
The balance between efficiency and flexibility is another tension that exists in Organisation A as they seek to balance exploration and exploitation. Information obtained from the sources, Organisation A focusses on deliberate flexibility while being efficient with their basic operations. The converted Spaza business model has adopted most of the favourable aspects of Organisation A’s franchise store business model. Of clear significance is the ability of franchise stores to be more efficient while being flexible compared to corporate stores. This is mainly because their franchise stores fully run by the business owner and corporate stores are employee managed. As some of the respondents mentioned:

- *“Franchisees traditionally trade in their stores with higher trading densities, so if you had 2 stores side by side one being cooperate one being franchise, you would probably see that the franchise store would have a 30% premium in sales, and that’s because you do have an owner working in the store all the time [...] Franchising is therefore a pretty useful tool to get into the market”.(Respondent 3 – Franchise Director).*
- *“We sell everything. We are very flexible, and what I really do well and that’s what the customers really like [...] “(Respondent 5 – Spaza Shop Manager/Owner’s daughter).*

To maintain stability in the converted Spaza shop business model, Organisation A have introduced basic products and services, some which are shown in Figure 10 below, which are

currently offered in their corporate and franchise stores only. They have now introduced these products and services to the converted Spaza shop to serve a market that has never experienced them. This adds extra value in creating efficiency while being flexible through introduction of new products and services to new markets.

Figure 11: Flexibility Through provision of Added Services in the Converted Spaza Shop
(Source: Organisation A's Website)



The introduction of new services previously not offered to Spaza customers, mentioned above is a typical ambidextrous approach being used by Organisation A to manage the business model. This is achieved through offering services that build long term efficiency and flexibility at the same time.

5.4.7.1. Use of Pricing Strategy to Balance Efficiency and Flexibility

According to one of the sources used for this research, one of the primary drivers of competition between retail grocers in South Africa is the fact that a large amount of the consumers are price sensitive and shop between retailers and formats in order to get the lowest prices. This source further highlights that at least 70% of South African consumers are very aware of price differences between various retailers and formats. It is based on this finding that Organisation A has deployed a flexible pricing strategy.

Organisation A applies flexible pricing across the different formats where it has a presence. Different pricing strategies are applied for the different formats as gathered from the sources. The corporate stores are the lowest priced while the convenience stores located at fuel service stations are the most expensive because of the shopping convenience offered and ability to be open 24 hours a day.

Organisation A uses its core competency of being perceived as competitively priced in their corporate stores and other store formats to attract customers to the converted Spaza hybrid model. When asked about the advantages of the business model in terms of pricing, Respondent 5 speaking from the perspective of a Spaza owner was content with the level of flexibility in Organisation A when asked to review prices:

- *“The prices in (Organisation A’s other business model) were really ridiculous. So that actually had an impact in the business because the customers were like, no! We won’t be buying from you because this is too expensive. Fortunately the Organisation A business was flexible and they had to go and review that[...].” (Respondent 5 – Spaza Shop Manager/Owner’s Daughter)*

By balancing exploiting their current pricing strategy in corporate stores and exploring new pricing strategies for the price sensitive customers who shop at the new converted Spaza business model, Organisation A exhibits a form of ambidexterity.

5.4.8. Summary of Findings

The findings presented above can be summarised using the model below which points out all the drivers of the different types of ambidexterity observed within Organisation A’s operation of the converted Spaza business model. Evidence for research question 1 supports the existence of both exploration and exploitation in the business model under investigation. These findings are summarized in the table below:

Figure 12: Levels of Exploration and Exploitation Observed in Organisation A

ALIGNMENT OF:	OBSERVED EXPLOITATIVE BEHAVIOUR	OBSERVED EXPLORATIVE BEHAVIOUR
Strategic Intent	Focus of Cost Minimization and Margins	Focus on Innovation and Growth
Critical Tasks	Operations, Efficiency and Incremental Innovation	Adaptability, New Product Development
Competences	Operational tasks	Entrepreneurial Activities
Structure	Formal structures	Adaptive Structures
Controls, Rewards	Margin targets	Year on Year Growth
Culture	Focus on efficiency at a low risk	Risk taking Behaviour, Agility, Experimentation and Flexibility
Leadership Role	Authoritative leadership with a top down approach	Visionary and involved leadership

There was an observed strategic bias towards balancing the exploitative and explorative behaviours presented in the table above. The findings in this section illustrate that Organisation

A pursues an ambidextrous approach relating to the strategic intent, critical tasks, and competencies, structure of the business, measurement controls, culture and their leadership role.

The reasons that have driven Organisation A to be ambidextrous can be summarised as being divided into either forced or voluntary ambidexterity. Based on the interviews and the sources, the following findings are the summary of the reasons why Organisation A is ambidextrous.

Figure 13: Reasons that driving ambidexterity in Organisation A -forced and voluntary

Rank	Event that caused ambidexterity	Forced/Voluntary Ambidexterity
1	Giving back to the community	Voluntary
2	Understanding new markets	Forced
3	Seeking an increase in market share	Forced
4	Experimenting	Voluntary
5	Corporate social responsibility exercise	Voluntary
6	Adapting to local markets	Forced
7	Expose the brand to new customers	Forced
8	Helping small businesses	Voluntary
9	Create competitive advantage to outwit rivals	Forced

Voluntary ambidexterity is the exploration and exploitation that has happened without any impetus on the business to do it. Based on the sources, it includes all the actions that Organisation A have done out of their goodwill without the intention of making profit in the short run. Forced ambidexterity on other hand is exploration and exploitation that Organisation A has to do in order for them not to lose market share in the competitive retail market of South Africa.

5.5. RESEARCH QUESTION 2

How are the two business models in a hybrid model run simultaneously? How do firms manage the components of a hybrid business model, separately and together?

5.5.1. The Hybrid Business Model

Findings have shown that in creating the converted Spaza business model, Organisation A has merged the desirable characteristics of their franchise store model with those of the Spaza shop to come up with a hybrid business model. The second research question seeks to determine the way in which the new business model is being managed. The main focus in this instance was to look at how the business model is managed separately as business units and together as part of Organisation A. As documented in the response by the Franchise Director, organisation A has “*experimenting*” with the hybrid business model before they make a decision on whether to roll out more stores or not as mentioned by some of the respondents:

- “[...] and then we have this converted Spaza which we are experimenting with [...] It started off as more of a social development scheme, and then, it turned into wow this could be the future of all retailers.” (Respondent 3 – Franchise Director)

This conversion is the first ever business model of its kind according to findings as documented by the information below from the sources:

- “A new pilot project situated in Diepkloof, Soweto has been undertaken through partnership between Organisation A and local government, resulting in the Market Spaza becoming the first ever Spaza-to-store conversion in the country” (Shelf-Talk – In-house magazine for Organisation A, 2016).
- “[...]the first ever Spaza-to-store conversion opened [...]in Diepkloof, Soweto[...]pilot project in a newly formed partnership[...]” (CNBC Africa website, Corporate image website, Transform SA website, IOL news website)
- “So the idea of getting into Spaza conversion was that lets have a look at that market, let’s see how robust it is, let’s learn more about the communities that support that Spaza, and why they would support a Spaza against a supermarket.” (Respondent 3- Franchise Director)
- “The side spin off that is that we know that our brand is now exposed to a different type of clientele. We have also got someone who will grow. So he may go from a Spaza to a mini market, to a supermarket, to whatever he wants to do. We are creating a growth pattern for him as an entrepreneur and franchisee. Customers are generally excited about being able to buy quality food or food that is viewed as being safe” (Respondent 3 – Franchise Director)
- “[...]the benefit for us is essentially that we invest in communities, we actually get exposure in the townships, and there is no argument about it.” (Respondent 1 – Executive Project Manager)

Figure 14 below shows that the current business model is receiving ongoing management and support in the form of Organisation A’s regional support team, national specialist team and a systems support team.

Figure 14: Compelling Reasons to Convert the Spaza Shop (Source: Organisation A Strategy Documents)

Compelling Reason to Convert		
1	Conversion	<ul style="list-style-type: none"> • Organisation A know how. • Organisation A Buying power for equipment • Regional and National Support
2	Product	<ul style="list-style-type: none"> • Access to 30,000 Organisation A listed products • Access to Organisation A Marketing Machine • Organisation A Cost price and Promotional Negotiations • Organisation A Money Market Services
3	Logistics	<ul style="list-style-type: none"> • Daily deliveries 7 days a week
4	Training and Development	<ul style="list-style-type: none"> • In store Training – Protea Glen • Systems and Technology • Store Operations • Finance and Accounting • Entrepreneurial Development Program • SETA accreditation
5	On Going Support	<ul style="list-style-type: none"> • Regional Support team • National Specialist team • System Support
6	Finance	<ul style="list-style-type: none"> • Organisation A IT non refundable Contribution R295,000 • Organisation A Opening stock contribution R50,000.00 • Organisation A Franchise Funding Partners

What makes managing the two sides of this new business model which have merged to form a hybrid model challenging is the nature of the relationship that exists between the participants. The two partners have moved from viewing each other as competitors to collaborating in the hybrid business model. The advantages that have been gained by bringing together different competences and sets of knowledge and information from the two partners are clearly illustrated in the comments below from the respondents:

- “[...]there is more feet into the business and the turnover is really just great[...].”
(Respondent 5 – Spaza Shop Manager/Owner’s daughter)
- “Turnover was [...] in a good week it was about R10 000 for the week. Come Organisation A now the store has grown, the range in the store is now more. Turnover is now R10 000 per day! So for my business it has been a good turnaround strategy....”
(Respondent 5 – Spaza Shop Manager/Owner’s daughter)
- “The business model has grown business revenue with sales now exceeding R320k per month on 80 square metres which translates to about R4000 per square metre per month[...].” (Respondent 2 – Franchisee/Mentor)

- “[...] It’s that he has been able to increase his sales and operate as a normal supermarket without a major brand name attached to his store[...].” (Respondent 3 – Franchise Director)
- “His sales have gone up 10 times[...].” (Respondent 3 – Franchise Director)

In franchise business models the conflict occurs when firms try to balance the two contradictory activities of standardization and adaptation. Firms face the challenge of establishing a necessary level of standardisation for the business model to achieve a saving in terms of scale and at the same time avoiding the risk of disregarding adaptation in local markets, leading to the standardization-adaptation tension.

5.5.2. Management of the Hybrid Business Model

Organisation A has a well-established franchise store business with well-defined operating structures. They have leveraged on this structure and setup to manage the new converted Spaza hybrid business model according to the findings of this research. The Spaza shop owner still runs some aspects of his business in the usual way with an emphasis on customer services and ensuring that they provide a personal service that is not offered by traditional stores.

The converted Spaza shop before the conversion was the same as the other shops run by a informal retailers whose owner profile is mainly that of entrepreneurs. The owner of the converted Spaza believes he has always been good in generating ideas needed to serve the township customers that frequent his store. Like most of the Spaza owners, the owner of this Spaza shop and his family were initially not academically astute with little or no formal education. The owner manages the business through her daughter who has formal education in “*business management and entrepreneurship*”. When asked about her role in business Respondent 5 who doubles up as the Store Manager highlighted that:

- “I have always been working for my dad[...].I used to be the one that my dad used to feed off[...].” (Respondent 5 – Spaza Shop Business Manager/Owner’s daughter)

All the respondents emphasised the importance of training and provision of educational backing in order for the business model to succeed going forward. The two themes that emerged from the interviews revolved around knowledge sharing and exchange. The other theme was around creating competitive advantage through gaining access to the benefits accrued from economies of scale possessed by Organisation A.

Organisation A manages the converted Spaza business model as partnership rather than as one of their generic franchise store models. Respondents mentioned that by creating the hybrid

business model, Organisation A did not intend to take over the Spaza store through imposing themselves onto the smaller player but instead manage it as a partnership.

5.5.3. Managing the Hybrid Business Model as a Franchise Model

The hybrid business model is currently being managed using the same structures that Organisation A uses to manage their franchise business model. Organisation A has a thriving franchise element where interested entrepreneurs can become involved in running their own stores, according to findings. According to these findings Organisation A prefers the franchising model because it is less risky. As mentioned by some of the respondents Organisation A has leveraged on their existing franchise stores business model structures to manage the hybrid business model:

- “[...]we are very fortunate that we do have a pretty structured model under the Organisation A brand of franchise [stores division] [...]We are also as a team, and there isn't many of us in the Franchise division[...]but that team's duty is to ensure that “Spaza Business owner” makes money.” (Respondent 3 – Franchise Director)
- “So we have got the franchise model, we have got the IT systems, we have got accounting systems, we also have relationships with the banks and we also have logistics ability nationally which everybody does not have” (Respondent 1 – Executive Project Manager)
- “[...] the advantages of having a franchise store next to cooperate stores is that they are very flexible. A franchise can tap into markets where corporate stores does not[...].” (Respondent 4 – Regional Manager)
- “Check their fresh food range. Go and compare it with the franchisees. You will see the variety, and in franchise stores it's all the things that the people in the township eat.” (Respondent 4 – Regional Manager)

Organisation A have subsequently isolated the advantages that they have realised from operating their franchise business model and applied these to the management of this hybrid business model. For Organisation A to be able to explore township markets that are not favourable to their corporate stores they have fused their franchise store good qualities with the Spaza shop qualities to manage the hybrid business model. To ensure effective operations Organisation A has invested in areas of sales and business development, training, merchandise stock management, legal, IT systems, marketing and operations just to name a few. They also need the elements of finance and accounting to measure the success of the business model. The legal aspect is important for purposes of managing the partnership so that there is no negative impact on the brand.

5.5.4. Managing Brand Equity

In 2007 Organisation A went through one of the most extensive re-branding exercises ever undertaken in the country according to their website. Being a big brand, one would have expected Organisation A to insist on their brand being used as the new name of the hybrid business model. However, on visiting the new business model supermarket, the researcher noted that there was no Organisation A branding visible on the outside of the store at all. The hybrid model is being managed as an independent entity and is using their own brand name. The new converted Spaza store is still using its old name, albeit looking much better in appearance and well stocked with products from Organisation A. The only visible branding was on the products and services offered by the converted Spaza sourced from Organisation A. The employees were also wearing uniforms from organisation A.

As the respondents mentioned in relation to the branding:

- *“But I think the fact that our name is not on the store also adds value to the Spaza. It is advertised as “Spaza Business owner’s store and it might be “Spaza Business owner’s Organisation A at some point, we don’t have an issue putting our brand name on the business. We will brand the maybe later but we just wanted to make sure that we have everything in place before we do that[...].” (Respondent 3 – Franchise Director)*

Organisation A is cognisant of the fact that maintaining, improving, and upholding their brand is important so that their name is viewed in a positive light based on the hybrid business model. Respondent 3 (the Franchise Director) pointed out that he focuses on governance for Organisation A, and part of his duties is to manage the converted Spaza in such a way that the operations of the business model does not negatively impact on Organisation A’s brand. Although he is interested in the performance of the business, he mentioned that it was the duty of Organisation A’s operations department to look after that and give feedback to him.

- *“My role has now changed more to a governance role with regards to are there positive contributions or negative, are they adopting the right pricing policies, are they supporting the brand or not[....]” (Respondent 3 – Franchise Director)*
- *“[....] They also have to operate their businesses correctly according to our company policies.” (Respondent 1 – Executive Project Manager)*

The statements above confirm the need for Organisation A to keep a close eye on the hybrid business model as their brand is now associated with the store.

The Spaza Store Manager felt that there was no need for them to be swallowed into the bigger brand name of Organisation A as they have established themselves as a brand in their community over the years.

- “[...] they wanted to brand us[...] I am a brand myself[...] when you guys come you partner with me[...]” (Respondent 5 – Spaza Shop Business Manager/Owner’s daughter)

The new business model is a conduit for Organisation A extend their brand to the township markets through providing products and services that were previously not available through the traditional Spaza shops.

5.5.5. Human Resource Management

Organisation A manages the hybrid business model through providing leadership and direction in recruitment and management of employees. Although most of the workers at the converted Spaza are family members of the business owner, Organisation A still has one employee as part of the contingent of the seven employees. When asked about how many people are employed at the converted Spaza. Respondent 5 said:

- “[...] we are all family... my dad is here, my aunt is here, my mum is here and my cousin is here[...] Five of us is immediate family, one is an Organisation A employee, but she is now family. As you can see now she has adapted to the culture of this store, and then the lady she is also an external[...]” (Respondent 5 – Spaza Shop Manager/Owner’s daughter)

The recruitment of the one external member of staff was carried out by the management Spaza model, while Organisation A played a role in placing the one team member. This illustrates Organisation A’s need to ensure that day to day operations are monitored through having at least one team member with the experience in working for the organisation. Organisation A practices a hands-off approach in managing recruitment and management of employees in the hybrid business model.

5.5.6. Management Through Knowledge Exchange

The interviews and sources used for this research highlighted a strong view that for the hybrid model to be managed effectively, there should be a constant free-flow of information in both directions between the two parties. The findings also support the fact that partners in this business model use each other to gain knowledge of capabilities that they do not have.

Setting up the converted Spaza shop as one of Organisation A’s stores has provided the benefit of easy access to information and systems. This includes the ability by both parties to

communicate in real-time through sending and receive e-mails on the company's internal mail system. The Spaza shop also has access to electronic ordering systems incorporated in SAP, which they use to replenish stock quicker than they would have with a manual system. The clear lines of communication brought about by this easy access to systems allows Organisation A to communicate regularly with the converted Spaza shop, therefore ensuring that the two parties are aligned at all times.

Organisation A based on the findings above have acquired knowledge through participating in the partnership. Also mentioned in the findings are partnerships with suppliers that have facilitated the smooth running of the converted Spaza business model, albeit being at a lower scale. Organisation A has partnered with twelve of the biggest suppliers who have assisted in providing some insights on their products' consumer behaviour and shopping patterns. Commenting on the role played by suppliers in the establishment of the converted Spaza business model, one of the respondents mentioned:

- *“The initial stock for [...] Spaza we had most of it donated by our suppliers, so they donated all of the shelving, they donated all the lighting, and all the air cons and everything[...].” (Respondent 3 – Franchise Director)*
- *“We have trade shows with our suppliers once every year, with regards to Spaza Business owner's store, we roped in a lot of suppliers in asking them to donate stock and buy advertising so that “Spaza Business owner” could, have the best possible start in life[...].” (Respondent 3 – Franchise Director)*
- *“[...] we have a programmes that we partner with 12 of the biggest suppliers, they help us with insights, they also help us with supply, they also help us with free stock in some cases, and they also help us with lots of resources.” (Respondent 1 – Executive Project Manager)*

Organisation A realised that their suppliers have more information on customers than the retailers. They also realised that the benefit of partnerships with suppliers emanate from the fact that some of their suppliers do thorough research on their consumers. This means that they end up having more customer knowledge and information than Organisation A, who distributes and sells a diverse range of products.

- *“We are being led by some major suppliers in terms of market research [...]they will also want to develop products in marginal products (sic) [...]” (Respondent 1 – Executive Project Manager)*

- “[...] some suppliers they have a massive channel of goods that go through that informal market. They understand that market much better than we do...because they can see the future[...].” (Respondent 3 – Franchise Director)

The statements above highlight the importance of knowledge transfer that occurs between Organisation A and their suppliers which they subsequently use to manage the hybrid business model. Suppliers have better ways of understanding their products’ consumers hence are the best sources of knowledge in this regard. With better knowledge of consumer demands and needs Organisation A have been better at putting together the right product ranges for the township markets.

5.5.7. Management Through Training and Development

Lack of formal training is a challenge that Organisation A has identified as a weakness of their hybrid business model partner. Access to important information and mentoring is a big challenge affecting Spaza shop owners. According to findings, the majority of Spaza shop owners start their businesses as survival strategy to deal with employment. Most of them are therefore not sufficiently prepared to deal with the dynamics of the business environment. Consequently the majority of them lack the special skills and professional business intelligence to handle their businesses in a competitive manner.

Organisation A have subsequently structured their training programme to provide the Spaza business owner and his employees with thorough training on operations, systems and processes. This has allowed the employees to fulfil various functions within the converted store, giving them an opportunity to practice the skills and competencies they’re learning. As mentioned by the respondents:

- “A lot of times what limits the ability of entrepreneurs in the township to succeed and do better is their level of education. There are no courses that are currently available to educate these guys and improve their business skills[...].” (Respondent 2 – Franchisee/Mentor)
- “[...] if we train them to be business people this enhances their chances of succeeding[...].” (Respondent 1 – Executive Project Manager)
- “The third part is how do we manage and support that brand going forwardwe have another group of people that is doing [.....] the training of the franchisees” (Respondent 3 – Franchise Director)

- *“We need to invest more time in training and development and we have now based on that developed [...]Training development programmes[...].” (Respondent 1 – Executive Project Manager)*

According to their website, Organisation A has training interventions designed for its franchise business owners. Training exposes the previously less academically astute small business owners to new information which helps them run their businesses effectively and efficiently. Organisation A website also mentions that the company currently has a comprehensive 67-day initial training programme for franchise business owners which they have made accessible to the Spaza business owner and his employees. The resultant effect has been the improvement of the capabilities of the people who work in the business model as was confirmed by some of the respondents who mentioned that Organisation A was very good at training and developing franchise business owners. Organisation A also provides ongoing training and support in all aspects of operating a successful business to the converted Spaza shop business owner. The employees of the converted Spaza shop have all attended various formal courses and seminars over the past year which has helped them gain retail skills, technical skills, computer skills and product knowledge.

5.5.8. Management Through Mentorship and Direction

Notable from the findings is the mentoring role played by Respondent 2 in the converted Spaza shop. Organisation A uses the mentor for the purpose of facilitating training and knowledge transfer. He played a big role in the identification and formulation of the hybrid business model.

- *“Respondent 2 was the architect I think of this[...] and he was also very forward thinking[...]he provides...the stock. He also provides the support[...].” (Respondent 3 – Franchise Director)*
- *“So Respondent 2 essentially is our mentor[...] he knows the Organisation A way more than we do... He has been helpful in providing his staff to come and help us, when we did not know anything[...] Providing me with the skills that Organisation A does provide[...].” (Respondent 5 – Spaza Shop Manager/Owner’s daughter)*
- *“We have also enlisted the services of an existing Franchisee (Name given - Respondent 2), as our master Franchisor in Gauteng, and mentor to the converted Spaza owners” (Respondent 1 – Executive Project Manager)*
- *“[...]for this project I initially was more than a mentor to the Spaza owner ...I have with the Spaza owners where I am mentoring the owner of the converted Spaza... I took the risk on behalf the Spaza. I ordered stock on their behalf and they would come and*

collect at my shop[...]I would help them with my bakkie to carry stock[...]I offered a lot of advice on the ranging and ordering[...]" (Respondent 2 – Franchisee/Mentor)

Organisation A is managing the hybrid business model through providing the converted Spaza business owner with tailored business mentoring and ongoing support courtesy of the experienced mentor (Respondent 2). Entrepreneurs such as the Spaza business owner are by no means experts especially in formal business, hence the need to be mentored by someone with more experience in running a formal business. Through the converted Spaza business model Organisation A is looking to grow the business according, not necessarily in terms of people, but in terms of revenue. Their aspiration is to have the Spaza business owner expand and one day run a bigger franchise store.

5.5.9. Management Through Financial Support

The most important aspect of the hybrid business model is the financial help that Organisation A provides to the converted Spaza business owner to help running the business. The respondents mention that Organisation A had to waive initial setup costs that would have not been affordable for the small business owner.

- *“This Spaza conversion project gives a guy an ability to get a store for less than a million rand without having to invest any other capital in the business.” (Respondent 1 – Executive Project Manager)*
- *“[...] normally when a franchise store opens they have to pay a certain amount into the setup of the business and securing the stock. In this regard these payments and risk were waived[...]" (Respondent 2 – Franchisee/Mentor)*
- *“[...] they get loyalty benefits and they are supposed to pay to us franchise fees and royalties [...] But we do not charge them a franchise fee. We actually give them the loyalty, without having to charge the franchise fee.” (Respondent 1 – Executive Project Manager)*
- *“[...] normally when a franchise store opens they have to pay a certain amount into the setup of the business[...] In this regard these payments and risk were waived.” (Respondent 2 – Franchisee/Mentor)*

According to information from Organisation A’s website, a prospective franchise business owner would normally require in excess of R10 million for business set-up costs. This figure would have been out of reach for the Spaza business owner, hence the decision by Organisation A to waive this cost. Information from the company website also mentions that over and above the initial setup costs franchisee would be required to pay a small percentage of the gross annual turnover to Organisation A. This amount is payable with postdated payment prior to opening of the store. This figure is then adjusted at the end of the financial year to take care of any surplus

or deficit. All these fees which would have been unaffordable for the Spaza owner have either been scrapped or reduced for easier management and support of the hybrid business model.

Supply chain costs are the other potential costs that could be incurred by the converted Spaza business owner in running the hybrid business model. The supply chain part of the business model is managed in such a way that costs of acquiring stock are minimized according to the findings. Instead of sourcing their goods from Organisation A's distribution center, the converted Spaza store gets their stock from an Organisation A corporate store which is located a few kilometers from them. This has greatly reduced their supply chain costs which they would have struggled to keep up with if Organisation A had used the generic franchise model on them. Organisation A only charges the converted Spaza store for the cost of goods supplied. Some of the respondents confirmed from the interviews

- “[...]we do not charge him a fee, we give him a loyalty rebate for drawing stock from us....” (Respondent 1 – Executive Project Manager)
- “I sometimes get some of my stock from the Southgate (which is an) Organisation A corporate store[..]” (Respondent 5 – Spaza Shop Manager/Owner's daughter)
- “We now supply the Spaza from our store in Southgate, so they get daily deliveries...We have an online ordering function at Southgate, and we basically supply fresh product to him daily, if he orders before 10 am, he is able to get an order on the same day. That way he keeps his cash flow better, and also gives him the benefit to replenish more often hence his in-stock situation should improve.” (Respondent 1 – Executive Project Manager)
- “However now they get their stock at Southgate which is a corporate store[..]” (Respondent 2 – Franchisee/Mentor)

5.5.10. Management through Measurement of Performance

The business model is managed in such a way the key performance indicators are constantly compared to targets set at the beginning of the project. This is to ensure that both parties assess the competency of the business model through measuring its return on investment. Organisation A have put forward a list of key performance indicators such as sales, profit margin, unit growth and other to measure the success of the converted store.

The measurement is done monthly and budgets are reviewed based on the performances observed. Factors that are crucial to the success of the hybrid business model are managed constantly by Organisation A and the Spaza business owner. Organisation A want to run the business model at the lowest cost possible hence it is imperative that they manage these costs by constant measurement and feedback.

- “[...]we need to[...]keep the costs down[...]we are busy bringing the development costs of these sites down. Crucial to the success of this project is keeping all costs as low as possible.” (Respondent 1 – Executive Project Manager)

Respondents mentioned that it is critical that they know how the business model is performing based on a set of key performance indicators (KPI's):

- “I am an entrepreneur. But every 3 months I always go back and review, what I did in profit last month, what did I do ok, what am I not doing right, what should I change, what I should include” (Respondent 5 –Spaza Shop Manager/Owner's daughter)
- “We measure his figures. Monthly we get his management accounts... we know exactly if his expenses or his margin is going in the right direction or his sales are going wrong direction. We address those issues every week in our meetings[...].” (Respondent 1 – Executive Project Manager)
- “We look at their financials monthly to make sure that they are making the money that we thought they would be making according to the business plan. Based on this we use this to seek alternatives expand the brand [...]” (Respondent 3 – Franchise Director)
- “[...]we look at normal KPI's, which is turnover, employee costs, gross profit...” (Respondent 4 – Regional Manager)

Organisation A's main reasons of measuring the success of the business model is to allow them to plan, track progress, facilitate accountability and implementation of corrective actions based on performance. This is illustrated in the diagram below:

Figure 15: Reasons why Organisation A Measures Success of the Hybrid Business Model

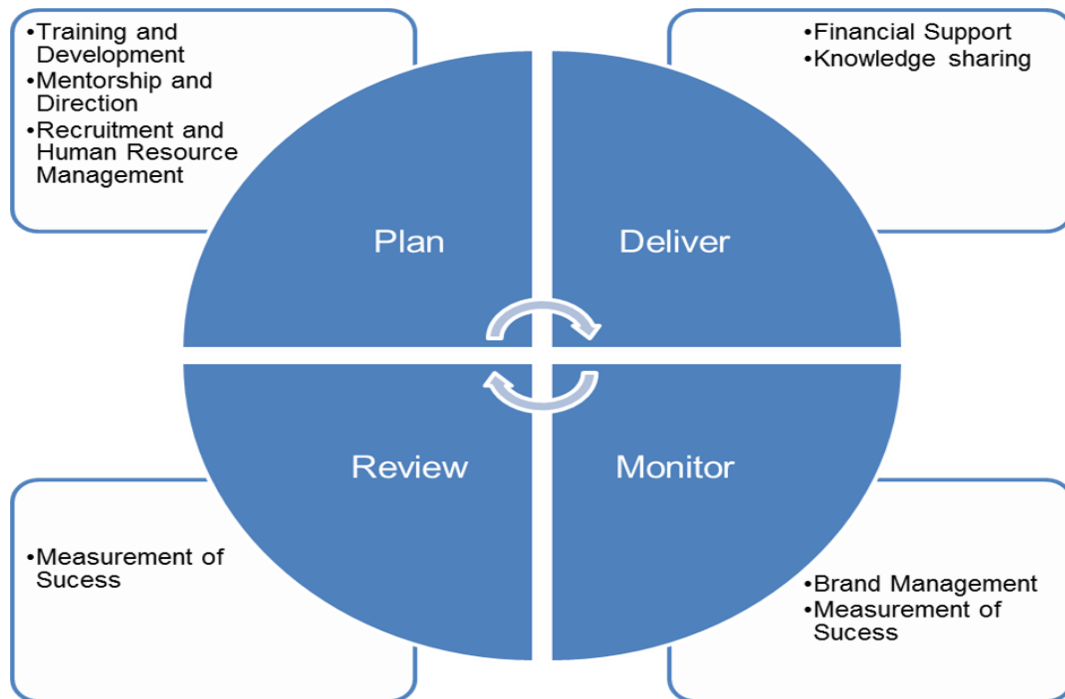


Organisation A is already looking to expand the business model based on results obtained from the measurement of success and evaluation of the business model. They have constantly been measuring their success and hence ascertained that this is a viable business model.

5.5.11. Summary of Findings

This section looked at the findings to answer the question on how the hybrid business model is being managed. The findings are depicted in form of the diagram below.

Figure 16: Managing the Hybrid Business Model – Summary of Findings



The figure above provides a summary of the ways that the hybrid business model is being managed. The planning phase ensures that all the appropriate goals and targets are set. The delivery phase is the execution phase which involves investments of finances and transfer of knowledge between the two parties. Financial support is mostly managed from Organisation A, while knowledge sharing is a two way process managed at both entities separately and administered together at a management level. To ensure that the business model operates effectively it has to be constantly monitored

CHAPTER 6: DISCUSSION OF RESULTS

In this chapter, the research findings from Chapter 5 are discussed in detail. Furthermore the research findings are linked to the literature that was reviewed in Chapter 2. To answer the research questions put forward in Chapter 3, the researcher used five in-depth semi-structured interviews with questions designed on the basis of existing literature pertaining to exploration and exploitation, the main components of ambidexterity. Several other sources which included company strategic documents, company website, and journalistic articles from news websites, observations and publicly accessible surveys were used for this research.

The data coding and analysis allowed for the researcher to group the information into sub-headings different forms of ambidexterity observed in the business model. A deductive content analysis was then used to work from a more general point of view of retailing in emerging markets to the more specific hybrid business model. The data collected was used to provide insights into the respective components and differentiating features supporting the theory of ambidexterity through exploration and exploitation.

Whilst the dilemma between balancing exploration and exploitation is not an entirely new topic, the results discussed in this chapter contribute to an enhanced understanding existing literature in the field of ambidexterity and dual markets. The relevance of the results and literature in the context of this research will be explored in this section. The conclusion of this chapter refers back to the objectives of the research outlined in Chapter 1 and a statement of whether or not these objectives have been met.

6.1. DISCUSSION OF RESEARCH QUESTION 1

What forms of ambidexterity in retail firm management are realised in emerging markets?

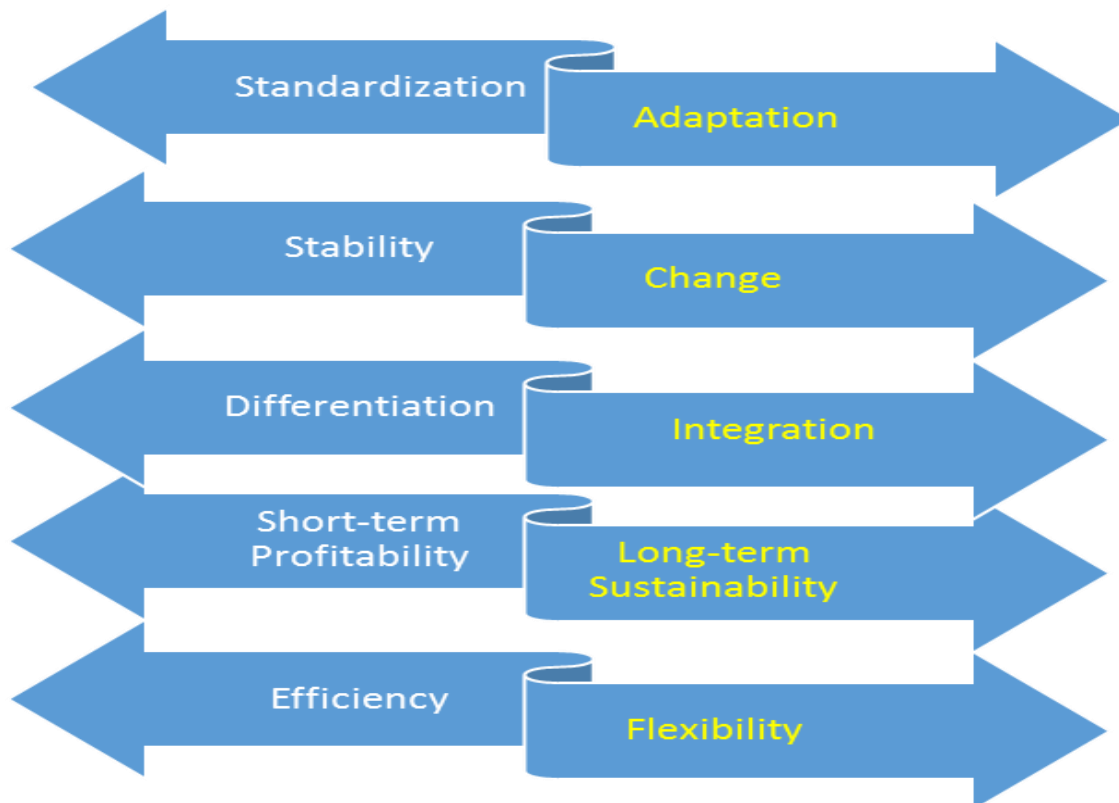
6.1.1. Introduction

Research question 1 sought to clarify whether ambidexterity exists in the retail firm management of the hybrid business model which was investigated for this research. The purpose was to explore whether there are features observed in the management of the investigated business model that exhibit the paradox of exploitation and exploration. This was investigated through observation of any occurrence of the antecedents mentioned in literature such as standardization versus adaptation, short term profit seeking versus growth, efficiency versus flexibility and differentiation versus integration.

6.1.2. Organisational Ambidexterity Tensions

The aim of this research was to find any evidence of explorative and exploitative behaviour exhibited by Organisation A. The findings from this research were then used to confirm or dispute literature that was reviewed in chapter 2. Commonly occurring themes identified from the interview results and sources used are presented in Table 1 in the previous chapter. These were identified as the commonly occurring themes driving the creation and operation of the business model that was investigated for this research. These top ten themes were ranked according to frequency of occurrence and sorted in descending order with the most commonly occurring theme being on top. Based on these themes the following forms of ambidexterity were identified as characterising the business model under investigation:

Figure 17: The Paradoxes of Exploration and Exploitation Observed in Organisation A



The contention made by Dunlap et al. (2016) that ambidextrous firms must be adept at having a competitive advantage in both exploration and exploitation so as to be a better performing organisation is supported by the evidence from the success of the researched business model. The findings presented in chapter 5 showed that the majority of respondents and activities observed in this research exhibited evidence of organisational ambidexterity in Organisation A's design and management of the business model. The observed closeness to one and at times confluence of new or existing technologies; new and existing product features and functions where some of the observations made that support literature that was reviewed in Chapter 2. Other features which featured strongly included the focus by Organisation A on both new and

existing customers, as well as existing and new market segments or routes to market (He & Wong, 2004; Lavie et al., 2010; O Reilly & Tushman, 2013). There is evidence of explorative product innovations to meet the emerging customer needs in the township markets with new technologies, features and functions materially different to existing products and services which is aligned to the literature put forward by Chang & Hughes (2012). Evidence also points out that Organisation A practice exploitative innovations to meet the existing needs of customers in served by their traditional store formats with improvements in existing technologies and products (Sinha, 2015; Stadler et al., 2014; Stettner & Lavie, 2014).

6.1.3. Balancing Standardisation and Adaptation

When entering new markets, firms have to adapt or standardize their marketing mix as discussed in literature (Brei et al., 2011; Burt et al., 2011; Dimitrova & Rosenbloom, 2010b). The paradox of standardization and adaptation is a matter that has been debated the most especially in retailers expanding into international markets over the years. As reviewed previously in chapter 2, firms need to maintain a balance between a standardised (exploitative) approach and an adapted (exploratory) approach. The research findings confirm the fundamental decision that Organisation A grapples with in their day to day operations regarding the degree to which they are standardising or adapting their national marketing mix. Some elements of their marketing mix as observed in the research findings such as price, place and promotion have been more adaptable than others. Evidence point out that Organisation A has put the most effort and focus on products which confirms the literary view that to a certain extent the most difficult aspect to adapt in retail businesses is the product as the firm has to set aside the most resources to gather customer insights and develop the right products (Wei, Yi, et al., 2014).

6.1.3.1. Balancing Standardisation and Adaptation in Product Innovation

Chang & Hughes (2012) suggested that product innovation is typically classified by its closeness to one or a confluence of new or existing product features and functions; or new or existing customers, market segments and routes to market Once a retail firm decides to expand into emerging markets as observed from the findings, the first question concerns whether product alterations are required and if so, which ones. Certain products that Organisation A stocks are good contenders for standardization while others are not. Consumer non-durables, including food products, are the most sensitive to differences in cultural tastes and traditions, making them more likely to require changes for a number of markets.

Adapting products for the new markets has not been easy based on the size of Organisation A as it has created tensions. As The reason of the reluctance in making radical changes to product ranges in emerging market stores has been, firstly the fear of brand dilution and

secondly, agility with respect to the length of time it takes to make a simple decision considering the size of organisation A. Evidence presented in Chapter 5 confirms that Organisation A's strategy is spread evenly across the following product innovation touchpoints: Selling the product as is, modifying products for different townships and markets, designing new products for emerging markets and incorporating all market differences into one flexible product design and introducing a global product.

The literature was convincing of the positive link between the adaptation of products to markets and their performance (Brei et al., 2011). As observed with Organisation A, both strategies of using standard products and customised products simultaneously in one business model has been working well for them in their franchise model and the converted Spaza. The relative strength of their brand and fear of brand dilution (Emrich et al. 2015).

6.1.3.2. Balancing Standardisation and Adaptation: Multi-channel Format and Franchising

A distinctive characteristic of emerging economies is the wide variety of dominant channel formats as described in literature (Venkatesan et al., 2015). Brei et al. (2011) mention that standardisation involves the use of the same marketing mix in different regions and markets but however evidence from this research supports the view that Organisation A pursues both standardisation and adaptation in their approach to township markets. Evidence supports the literature which says ambidextrous firms use standardisation which allows focus on common segments, use of economies of scale as well more consistent promotions while understanding that immense differences between markets do exist and hence requires a flexible approach.

Pardo-del-Val et al. (2014) discussed that both standardisation and flexibility are naturally linked to franchising. Evidence from this research supports this view as Organisation A uses franchise stores together with other store formats to achieve a higher adaptation to local markets. As one of their strategic priorities, Organisation A in the findings document that they will continue to develop store formats and channels that meet the dynamic customers' needs under both their corporate banner and franchise store formats. These findings were supported by most of the respondents as they felt the business is doing well in using different store formats to serve the diverse markets.

Organisation A has implemented various new space growth tools in order to gain more market share. These findings can be linked to the literature by Zhang et al. (2010) which argues that, the search for improved financial performance motivates traditional single-channel retailers to evolve into multi-channel retailers. Retail formats implemented by Organisation A include corporate stores, franchise stores and lately the converted Spaza hybrid business model. These

are some of the ways that Organisation A has been exploring new markets while maintaining their main business model which is the corporate store format.

Organisation A's strategy which covers diverse retail formats has specific initiatives to challenge competitors through attracting new customers and maintaining their own customer base. While the decision to sell through multi-channels prompts concerns about cannibalisation (Herhausen et al., 2015; Zhang et al., 2010), findings from this research state that the new converted Spaza hybrid business model has not taken any sales from the other two organisation A store formats located with a one kilometre radius. This is because they are all three different formats and hence serve different markets according to the findings.

Experimenting with diversified retail formats demands a focused approach on ensuring that customers undergo a seamless and cohesive experience as stated by Organisation A on their website. This skill to explore new markets with a multi-channel approach while ensuring the brand identity and image is maintained is a clear evidence of Organisation A's ambidextrous nature. In theory, a retailer may choose any combination of pricing and format strategies. Organisation A in this regard use a variety of format combinations to occupy several niches so as to serve different segments of the market (Gauri, Trivedi, & Grewal, 2008) which culminated in their partnership with a converted Spaza business owner in the business model investigated for this research.

The tactics deployed by the converted Spaza business model aligns with what is mentioned in literature by Tripathi and Dave (2013) on customer retention and the process that retailers go through to influence their relationship building activities and strategies that promote repeated shopper visits. As the research confirmed, the most important factor in maintaining a relationship with customers is the constant engagement between the store employees and customers.

6.1.4. Balancing Stability and Change

Stability and change can be envisaged as being two key organisational dimensions that coexist as being symbiotic and balancing by virtue of their interwoven nature. The evidence for this research question supports the existence of ambidexterity in the form of organisation A's pursuit of both stability and change. Organisation A's core strategy is explicitly intended to bring about change in order to ensure the long-term success of the firm. They have made their primary business more efficient through exploiting, while at the same time finding new growth opportunities through exploration. In support of these results it would be useful to reflect on Turner and Lee-Kelley (2013) and Burchell and Kolb (2006) who stated that organisations need to pursue strategies that allow for change, while simultaneously maintaining some of those stabilising elements that served them well in the past and may preserve them in the future.

Organisation A have taken cognisance of the fact that to ensure long-term success of the firm, they have to implement changes but however without neglecting the important aspect of any successful strategy which involves ensuring the long-term preservation of certain qualities of the business. While it is important for Organisation A to change, they realise that it is also important to retain aspects of their values, experience, knowledge, systems and practices that underwrite their status and past success. Organisation A pursue change initiatives that are linked to their strategic direction so that they are able achieve firm effectiveness and economic goals by surviving in their competitive environments. They on the other hand maintain the status quo in some of their business features and processes, which include all aspects of acquired learning and accepted practices.

Established ambidextrous firms develop radical innovations and protect their traditional businesses. As described in literature they are capable of performing simultaneous, yet contradictory knowledge management processes of exploiting current competencies and exploring new domains with equal dexterity. Exploration as mentioned by literature is the search of new external knowledge and opportunities which can be linked to the findings. Organisation A has been in constant search of how to improve their business according to the sources (Lavie et al., 2010; Lin et al., 2013, 2013; Sinha, 2015), with their main focus being to produce radical change that enhance the firm's ability to quickly adapt to the complexities encountered in the complex and dynamic emerging markets. Sources used mention that Organisation A have over the recent years refreshed themselves without substantively altering their strategy which is partly a form of incremental innovation (Lin et al., 2013; Scott, 2014).

6.1.4.1. Balancing Stability and Change Through Product Innovation

Organisation A have placed a constant focus on revolutionising their product offering and improving product ranges in markets which they serve is a strategic initiative that kept cropping up in the interviews and sources analysed for this research. As literature confirms the findings that because market heterogeneity (Sheth, 2011) that characterises emerging markets, firms in pursuit of addressing these differences end up making changes in design, packaging, price, or distribution of goods (Brei et al., 2011; Kumar et al., 2015). The interviewees strongly emphasised the view that serving township emerging markets with the right product ranges was imperative for Organisation A. Across all the five respondents the value of having the right product ranges for emerging market customers was emphasised and underlined.

The findings strongly highlighted the fact that emerging customers have unique product range requirements hence the need for Organisation A to continuously change and adapt their products to these new markets. Organisation A understand that for them to build a business with long-term sustainability they have to master the art of new product innovation and existing product improvement. Organisation A's ambidexterity endeavours were observed through their

constant review of product ranges in emerging market stores. They have also introduced new products with the aim of specifically serving these complicated markets while maintaining existing products in corporate stores. Raisch et al. (2009) mention that incremental innovations which are designed by Organised A to meet existing customers' demand are exploitative and while radical innovations which they have introduced to meet the needs of emergent customers in township are explorative.

Some of the respondents mentioned organisation A have not necessarily abandoned their traditional product ranges when they created catalogues for emerging market stores. Instead they tried to find a proper balance between the traditional ranges and the new ranges to align themselves with the emerging market customers' needs. This means that Organisation A's innovation is limited as they mostly practice incremental innovation in this business model. Coupled with this, Organisation A allows the Spaza business model owner to order a certain portion of stock from his own independent suppliers which gives the business owner flexibility. This form of ambidexterity allows Organisation A to explore using new products in township markets while exploiting their established product ranges in their corporate stores where they already have a good reputation.

Changing product form and packaging as highlighted by Kumar et al. (2015) is normally the forte of suppliers in an emerging market situation as retailers don't have these capabilities however Organisation A have achieved this through allowing the converted Spaza business owners to source a substantial amount of product on their own. The converted Spaza business owner through their independent suppliers possess this characteristic that makes them ambidextrous as they are able to cater for emerging marketing customers with smaller product packages. The Spaza owners also have the freedom to innovate and design their own products especially in the prepared meals department.

Organisation A however have not played a significant role in driving flexibility through influencing suppliers to change product form and shape to suit the emerging market converted Spaza store. Although evidenced in the converted Spaza business model the concept of packaging format flexibility in the bigger Organisation A is still in its infancy stages. They have been exploring selling smaller packaged formats at a low scale in collaboration with some of their suppliers. This exploration has progressed slowly because Organisation A is wary of the negative effect that might be brought about by up-scaling the idea quickly resulting in brand dilution. This concurs with literature on brand dilution (Emrich et al., 2015; Garcia-deleone, 2015) which highlights that brand weakening might occur as a result of ill-judged brand extension and changes.

6.1.5. Balancing Differentiation and Integration

Andriopoulos & Lewis (2009) point out that proponents of architectural ambidexterity advocate for dual structures and strategies to differentiate efforts, focusing actors on one or the other form of innovation. Organisation A's secret to their business model has been the creation of organisationally distinct units that are tightly integrated at senior level (O'Reilly & Tushman, 2004). The evidence presented previously supports that ambidexterity exists in the way that Organisation A is structured to manage the converted Spaza business model that was researched. For organisation A to be able to explore and exploit they have separate but aligned structures with targeted integration at both senior and strategic levels of the business. To be able to effectively manage these sub-units Organisation A uses partnerships with service providers and suppliers as well as their own internal structures. The success of the business model has mainly attributable to the ability of Organisation A's senior leadership to tolerate and resolve the tensions arising from the separate alignments especially considering that the business model is partly run as a franchise store.

6.1.5.1. Balancing Differentiation and Integration through Partnerships

An equilibrium of the opposing efforts to target either exploitation or exploration is crucial and it is better managed using partnerships as the different sub-units might fight for the use of the same resources (Andriopoulos & Lewis, 2009). Organisation A have always wanted to explore the township market but setting up completely separate structures to pursue this strategy has been their challenge. In this business model that was researched they have now opted to use separate but integrated teams to manage the business model in conjunction with partners. Comments from the respondents show that Organisation A's main reason for partnerships has been to create a symbiotic relationship with their partners, where benefits are reciprocal. Evidence shows that they have implemented this business model without completely taking over the Spaza business despite their robust balance sheet as documented in the findings.

These findings support the literature which states that the market knowledge competence that is in this case possessed by the Spaza business is an organisational competence, and the resulting market knowledge a strategic asset (Hung Chen, Kang, Lee, & Chen, 2015; Ozkaya et al., 2015) that makes them a valuable partner in the business model.

6.1.6. Balancing Short-term Profitability and Long-term Sustainability

In a perfect world, all firms balance short-term profitability with long-term sustainability, however many organisations find it difficult to balance these opposing goals. Balancing sustainability and profitability has always been a difficult process as literature documents (Bang et al., 2015; Luo et al., 2009b; Sheth, 2011; Sorescu et al., 2011). Evidence from the findings suggest that Organisation A faces an ongoing challenge of adapting to the need for rapid business growths

while also managing long term sustainability of the business. When organisation A entered into the business model under investigation, they focussed initially less on profitability and more on sustainability. The balance has now started shifting slowly after they realised that the business model is sustainable and hence can be used as a profitability vehicle going forward. It is documented in literature that organisations in the retail industry must possess ambidextrous capabilities to balance profitability and sustainability (Wang et al., 2013) in order to be sustainable and survive going forward. Placing more importance on profitability over sustainability or vice versa would have serious repercussions on Organisation A. From time to time when firms face increased competition in the trading environment they either reduce their product offerings, increase price cuts or cut costs throughout the supply chain. Organisation A's strategy as outlined in the findings is a balance between some features of short-term profitability pursuing and long term-sustainability.

The triple-bottom line (people, environment, profit) is noted as the key to sustainability (Zwilling, 2015). It recognizes that the success of a business is not determined solely by monetary gains. Based on the findings when Organisation A entered into this partnership, the main reason was to give back to the community hence be perceived as socially responsible. This strategy has started paying off as the business is already realising a significant jump in revenue in the business model. The converted Spaza hybrid business model has seen an improved financial performance with findings documenting that turnover has jumped by almost turn fold. These main findings support the theory on multi-channel retailers which states that this strategy gives firms low-cost access to new markets, increased customer satisfaction and loyalty, and finally creates a strategic competitive advantage (Zhang et al., 2010). All these qualities have been noted in the findings from this research.

These findings are linked to the literature stating that, by using multi-channels, firms can better satisfy their customers' needs through exploiting the benefits and overcoming the deficiencies of each channel. Based on the analysis of the data collected for this research, it can be deduced that Organisation A's ambidextrous characteristics fall into the categories stated above grouped into the next sections for ease of analysis.

6.1.6.1. Balancing Short-term Profitability and long-term Sustainability through Customer Focus

Customer centricity has been regarded as a major source of competitive advantage in the rapidly globalising environment (Driggs, 2008; Reinartz et al., 2011d). Organisation A, as mentioned on their website and other sources document that they are always looking for ways to do more in getting new customers. This is important because it builds customer life value (Kumar, Shah, & Venkatesan, 2006) as specified by literature as a description of the benefits that are realised by companies who choose to be ambidextrous when dealing with customers.

Findings document that Organisation A's major source of competitive advantage has been through accumulation of consumer capital through galvanising their ongoing relationships with customers. Organisation A has created customer capital through their exploration processes, by using information accumulated from their loyalty programme. They have built consumer capital through galvanising their ongoing relationships with customers. By exploiting existing knowledge possessed by their employees they have been able to improve their customer facing services. Their loyalty programme has over five million subscribing customers, which has allowed them to engage with their customers easily and frequently using the information collected. They have been able to implement strategies to service their customers' buying needs and hence creating a sustainable business model.

Organisation A based on the findings have created a sustainable business model through offering new services such as automated payment systems, airtime purchases and other services which were never offered before the conversion of the Spaza. These findings confirm the franchising literature reviewed in chapter 3 which suggests that retail firms looking to explore new markets use franchise models to handover customer facing tasks of the business model to the franchisee (Burt et al., 2011; Joharianzadeh et al., 2015).

6.1.7. Balancing Efficiency and Flexibility

Sinha (2015) pointed out that the challenges of trade-off between efficiency and flexibility have been debated since the middle of the last century in the organizational theory stream. Findings from this research indicate that although Organisation A have identified that differences in the firm structures are needed for creating innovation on one side of the equation versus implementing, on the other, they are still struggling to reconcile both these activities.

As documented in the findings, actions by Organisation A conforms to the literature on architectural ambidexterity which stresses that organisations sometimes change structure and strategy to enable differentiation of segregated efforts that target either exploitation or exploration (Andriopoulos & Lewis, 2009). Organisation A have created specialised roles within the business such as the mentorship role and the role performed by respondent 1 to target activities that enhance their exploratory activities while using the existing structures under the Franchise director to drive the exploitative processes. Findings suggest that Organisation A have implemented spatial separation of work into distinct units so as to effectively manage the hybrid business model, however these activities are integrated at a management level headed by the Franchise director who manages the exploitative tasks most of the explorative tasks are managed by the Spaza business owner.

6.2. DISCUSSION OF RESEARCH QUESTION 2

How are the two business models in a hybrid model run simultaneously? How do firms manage the components of a hybrid business model, separately and together?

Research question 2 set out to find out what how the composite businesses that form the hybrid business model are being managed separately and together. Due to the advanced level of integration of the two businesses most of the respondents answered this question on the basis of the business model being one organisation. The sources analysed specified varied ways on how the current model is being managed. The research results are discussed in the next sections.

6.2.1. Managing the Hybrid Business Model

Regrettably, in the modern world, only a few organisations can afford to have independent structures to focus solely on exploration hence most of the activities in the researched hybrid business model are managed together with other functions rather than separately. Organisation A has structured the management of the hybrid model so that it is carried out within existing functional designs, completely integrated into the regular organisational and management structure.

To promote innovation through balancing exploration and exploitation activities, careful management of the firm's activities needs to be carried out. The way the current model is being managed is designed to cover the important aspects of supervision the operations, product, logistics, training and development, and finance. To be able to balance the pursuit of exploitation and exploration, Organisation A in conjunction with the Spaza owner have managed the hybrid business model through a disciplined approach built on support and trust. This confirms findings in the literature on ambidexterity (Lin et al., 2013) which mentions that practices such as training and knowledge transfer when used managing this businesses are an important ingredient for innovation.

Optimising existing resources and exploring the means to create new ones in times of scarcity is at the core of Organisation A's dilemma. Solving this dilemma has dynamically conditioned Organisation A's ability to compete in the complex emerging market. This confirms the arguments put forward by Raisch et al. (2009) on how successful firms achieve ambidexterity through alignment and efficient management of modern day business demands while simultaneously adapting to changes in the environment.

6.2.2. Managing as a Franchise Model

Emerging market economies are characterised by fast-growing markets and rapid changes but also by high improbability, institutional gaps and hyper-competition, which create serious strategic challenges for firms (Lapersonne, Sanghavi, & Mattos, 2015). According to the findings in chapter 5, the hybrid business model is currently being managed through incorporating some of Organisation A's franchise stores business model. As literature posits, the organizational ambidexterity concept argues that firms can effectively pursue more than one strategy at a time (Hansen, Nybakk, & Panwar, 2015) and Organisation A from the findings clearly shows this ability through their franchising model and multi-channel strategy.

The converted Spaza shop according to the findings do not only sell the branded products or services from Organisation A, but they are heavily involved in ensuring that the business adheres to a system established by the franchisor (Felício, Duarte, Caldeirinha, & Rodrigues, 2014). To help the converted Spaza owner and his workers understand Organisation A's system rigorous training is offered. A mentor who understands the Organisation A business is allocated to partner with the Spaza to give direction and ensure strict adherence to systems. Lastly electronic and printed manuals documenting all the relevant business processes are provided.

6.2.3. Managing Brand Equity

The evidence presented in the preceding chapter shows that during the whole process of managing the hybrid business model by Organisation A as a franchise store has the one ever present risk of brand dilution. Pardo-del-Val et al. (2014) posited that franchise models as discovered in the findings for Organisation A are a good way for firms to expand quickly at relatively at a minimum cost. In the franchise business model, the brand name and its reputation are the most important strategic assets (Felício et al., 2014). As presented in Chapter 5, franchisees normally pay a fee to access the franchisor's assets. However in this business model the franchisor (Organisation A) waived these fees for the franchisee (Spaza shop) allowing them to partially use the use of Organisation A's brand equity, advertising, and other brand elements at no cost. Connected to this, there is however a substantial risk attached to the brand that organisation A needs to manage as these duties are included in the role of the Franchise director. Nyadzayo et al. (2011) highlighted in literature that that both franchisees and franchisors share the incentive to promote and sustain franchise brand equity. However, often franchisees have little motivation to safeguard the franchise brand equity if there are no negative effects on their short-term profits.

Despite this local partnership bringing massive benefits for Organisation A's growth, it also brings the risk of brand dilution. The evidence for this research question supports the idea that

because franchisors put in years of hard work and efforts to create and successfully brand they need to put in a lot of effort to ensure their brand is not diluted by franchise partnerships. The management of the brand in this case is overseen by the Franchise director who ensures that anything that the Spaza shop does is not to the detriment of the brand. It is Organisation A's main concern and responsibility to guard their brand against the risk of dilution as observed in the findings.

6.2.4. Human Resources Management

The root of an ambidextrous organisation's success lies in the capabilities of the people who work for it. The employees have to be culturally astute and understanding of the overall organisation in order to fully execute any duties allocated to them. Based on the findings presented in section 5.5.5, the hybrid model is being managed in such a way that the cultural aspect of the organisation is preserved. The qualities that the family run converted Spaza shop employees possess can be linked to literature which argued that ambidexterity combines with the ownership (Luo et al., 2009). Ownership of the business is prevalent within the employees as employees still view it as a family business.

The management of human resources function in this hybrid business model is the duty of the converted Spaza business owner although Organisation A is represented by one employee among the seven workers at the store. The rest of the employees are family members who are managed by the owner's daughter who is the store manager. Organisation A has built up a culture and infrastructure for this hybrid business model in which the Spaza owner is in charge of managing the recruitment of employees. This setup also allows for open communication and feedback channels leading to a greater room for creativity and innovation. This has encouraged the Spaza shop employees to develop new ideas that upgrade the firm's capabilities. The culture that is created by this form of set up allows for value addition and inspires employees, both of which help to sustain growth — short-term growth from immediate gains in revenue and cost savings, and long-term growth maintained by motivated employees.

6.2.5. Management Through Knowledge Transfer

Lin et al. (2013) posited that practices facilitating learning and knowledge transfer are particularly important to innovation. According to the resource based view theory, sources of value creation for performance, from both the franchisor and franchisee's view, are intangible resources and capabilities – in this case know-how and brand equity, which are unique and non-imitable resources (Felício et al., 2014). The findings presented on how organisation A has opened up to this external alliance with the Spaza shop supports the literature on open innovation which states that firms can and should use external ideas as well as internal ideas,

and internal and external paths to market, as the firms look to improve their performance (Narasimhan & Narayanan, 2013).

Knowledge is a critical ingredient that is core to a firm's ability to generate innovation and central in the development of new products. Knowledge in this model is transferred in several ways as presented in section 5.5.6. Knowledge sharing is a crucial part of management of the hybrid business model as posited by Lin et al. (2013). Partnerships with other firms, inter-firm learning, and a firm's culture are practices that, when combined together, form capabilities that assist the firm to integrate, reconfigure, gain, and utilize their knowledge resource to perform better.

Knowledge is the most critical industrial resource that a businesses should embrace as it is a valuable organisational survival kit in this present dynamic retail environment. In a partnerships such as this hybrid model Organisation A has identified that it is important to promote openness in the sharing of information so as to create trust. Therefore the business model is managed in a way that there is a free flow of information. This can be linked to the literature on franchise models and agency theory (Perryman & Combs, 2010) which argues that at times principals and agents in this kind of relationship might act out of self-interest due to mistrust. The transfer of knowledge in this hybrid model is managed through training and development.

6.2.6. Management through Training and Development

Findings from strategic documents indicate that Organisation A has practical, hands-on programmes where trainees spend time learning all aspects of the business, from running fresh produce departments to cash office and floor management processes. Some researchers have argued that practices facilitating learning and knowledge transfer are particularly important to innovation (Lin et al., 2013) as they equip employees with knowledge that allows them to differentiate their organisations from others. Organisation A have recognised that in order for the business to continue exploring and exploiting they should have well trained staff hence they have several training programmes designed to serve this need.

The process that Organisation A practices through working together with the converted Spaza hybrid business model owners facilitates learning and knowledge transfer, and as outlined in the literature by Lin et al. (2013) this leads to the simultaneous achievement of incremental and radical innovation, which is referred to as innovation ambidexterity. According to the literature having sufficient knowledge is viewed as a resource that is core to an organisation's ability to generate innovation and central in the development of new products (Kozlenkova et al., 2014; Lin et al., 2013; Lynch & Jin, 2015). Findings also show that the learning has not been one directional, as it was mentioned several times that Organisation A has learnt a lot from

partnering with the Spaza business owner. They have learnt things about the market that they would never have come across if they hadn't experimented with this business model.

6.2.7. Management Through Mentorship and Direction

Aldrich and Yang (2014) entrepreneurs acquire the knowledge they need to organise their businesses throughout their business life. Spaza owners as presented in the findings are normally academically lacking and hence must be exposed to knowledge and find ways to learn it, or develop it on their own. There are different ways of learning but however being attached to a mentor allows the converted Spaza business to learn through imitation based on mimicking the processes that the mentor uses in his own store.

As presented in Chapter 5, Organisation A ensures adequate knowledge transfer through the use of a mentor who is a successful franchisee in his own right. Knowledge is an important organisational asset (Minguela-Rata et al., 2009) that needs to be managed in the hybrid business model by Organisation A. The above-mentioned knowledge can and must be properly managed as a firm's operations and effectiveness is greatly dependent on it. As provided in the evidence, the duties of the mentor range from providing knowledge on business operations to helping with physical resources.

The use of a mentor in managing this business model is to counter the requirement for ambidexterity which is a management challenge especially within a single firm like Organisation A. As argued in literature by Lavikka et al. (2015) managing ambidexterity becomes highly challenging in inter-firm collaborations such as this hybrid business model as the two partners have different norms, values and interests. The use of a mentor in this case facilitates the bridging of the gap between the two partners to enhance collaborative knowledge management and foster effective collaboration.

6.2.8. Management through Financial Support

Management of finances forms the backbone to the success of this business model. Because of their robust balance sheet, as documented in literature, some firms become more skilled in accomplishing certain activities because they possess unique resources (Kozlenkova et al., 2014). This is particularly true for Organisation A as the findings as presented in section 5.5.1 in the preceding chapter state that when they entered into this business model their aim was not even to be profitable but it was a corporate social responsibility project. A firm with a smaller balance sheet would not experiment in business models that do not have a guaranteed return on investment as Organisation A did.

This study also highlights that based on the resource-based logic, if a firm possesses valuable resources such as Organisation A's financial purse, which is not the case for many other retail

firms, then these other firms might find it too costly or difficult to imitate their available resources and capabilities. The role that Organisation A plays in this hybrid business model is linked to the literature by Cegarra-Navarro & Dewhurst (2007) who posit that performance and competitiveness of all firms are affected by availability of financial resources.

To create value, the business model is also managed in such a way that the running costs of the business model are minimized and the benefits passed onto the customers. Costs that are normally a hindrance for small retailers post their startup hence the need to focus on minimizing them in this business model. Organisation A besides waiving start-up deposit required to open a franchise store which is normally in excess of R10 million, offered a non-refundable contribution of R295 000 to the converted Spaza shop together with some opening stock. These aspects support the theoretical elements based on research by Winterhalter et al. (2015) in which they argue that business models entail value creation, value delivery and value capturing elements with the aim of providing a holistic view of the business.

6.2.9. Management of Distribution Systems

Organisation A have a well-established supply chain and a centralised, agile and aligned distribution system to meet the fast changing requirements of the dynamic South African market. Deliveries to Organisation A's stores are a combination of direct-store-deliveries, deliveries from the distribution centre and the new distribution model where the converted Spaza shop picks up their supply at a nearby corporate store. Added to all this the business owner of the converted Spaza is allowed to order a portion of stock from his own private supplier. This method of management allows for flexibility which is linked to the advantage of franchising as specified in literature (Mason & Mouzas, 2012; Pardo-del-Val et al., 2014; Shah, 2012; Wei, Yi, et al., 2014).

The business model is being managed in such a way that all the advantages that Organisation A possess in their well-run supply chain is beneficial to the day-to-day running of the hybrid model. By being able to get daily deliveries for seven days of the week the converted Spaza shop is able to provide its customers with fresh food and maintain high levels of availability which is an advantage that most of their competitors cannot match.

As mentioned by Kumar et al. (2015) in the literature reviewed in Chapter 2, firms can leverage on an efficient distribution system to ensure that they serve their unique formats efficiently with the right products. Although this literature was based on a supplier formulating a distribution system to service unique formats, parallels can be drawn on how Organisation A is managing this hybrid business model using their established in-house logistics and supply chain department.

6.2.10. Management through Measurement of Performance

Because organizational ambidexterity is critical for a firm's long-term success, it is imperative that Organisation A frequently measure the performance of the hybrid business model against set targets as concluded from the findings. Because exploitation and exploration are fundamentally incompatible because they compete for scarce organizational resources(Wei, Zhao, et al., 2014). The effects of ambidexterity on performance are dependent on a firm's ability to allocate resources effectively and hence managing the business by measuring success will ensure that Organisation A optimizes their resource allocation processes to address performance gaps.

Findings in section 5.4.6 point out that by incorporating the franchise business model in the running of the hybrid business, Organisation A has pushed to manage the business model as a low cost business model. It is relevant to constantly measure the relevant key performance indicators to ensure that no unnecessary costs are incurred in the business model. On the other hand Organisation A has invested a lot of financial resources through subsidizing the hybrid business model hence it is imperative that they do not lose any more money going forward.

6.3. SUMMARY OF QUESTION 1 & 2

The findings of this research support the literature on ambidexterity reviewed in Chapter 2. Theory states that excelling at both exploitation and exploration and their balanced utilization, has always been considered as the key driver of a firm's continued existence and sustained competitive advantage. Evidence from this research shows that there is some form of ambidexterity that exists in Organisation A. The ambidexterity that exists in Organisation A's strategy emanates from their structural setup, where they have a substantial portion of their business as franchise stores. They have traditionally pursued this business model to enter markets which they cannot sufficiently serve with their corporate stores, this is in agreement with franchise model literature on why firms choose to use this model.

The franchise setup has demanded that organisation A balance standardization and adaptation which they have done well. Added to this they have created structures and processes to manage the franchise business model which they have utilized to enter into the partnership with the Spaza shop in Diepkloof to create a hybrid business model. The side by side partnership although partially modelled along the lines of a franchise store is slightly different hence Organisation A has implemented ways of managing the model so that the business gets returns from it.

CHAPTER 7: CONCLUSION

7.1. INTRODUCTION

The previous chapter provided an analysis of the findings, which was gathered from the interviews and several sources used for this research as presented in Chapter 5 and 6. This chapter concludes by emphasizing the main findings and also provides recommendations to various stakeholders based on the findings. Further to that, this chapter reviews the background of the research problem and the underlying objectives of this research. The main findings are summarized and a model giving a consolidated framework on how retailers in emerging markets are ambidextrous is presented. Furthermore, the limitations of this research are discussed with suggestions for future research.

7.2. MAIN FINDINGS

This research used the existing literature on ambidexterity to investigate a firm's ability to explore and exploit. Insights gained from this were used to answer the research questions presented in Chapter 3. While the research findings presented in Chapter 6 are consistent with the existing literature on ambidexterity, this study contributes to the broader theory and expands the theory of exploration and exploitation to an emerging market context. The research found that ambidexterity exists in emerging market retailers and is to a large extent supported by partnerships. Another observation made is that an organisation can be tacitly following an ambidextrous strategy without directly putting their strategy forward as being ambidextrous.

The exploration and exploitation paradox and how companies exploit their current capabilities while simultaneously exploring fundamental new competencies has been extensively researched and covered in existing literature. Most literature has focused on intra-organizational (within organisation) exploration and exploitation, but a few researchers reviewed in Chapter 2 also are starting to investigate inter-organizational exploitation and exploration. The findings in this research have been used to explore a firm's ability to serve a market with a hybrid business model. Drawing from ambidexterity literature, this research investigated the questions of what forms of ambidexterity exists in emerging markets and how the firm under investigation integrates or manages the separate business models.

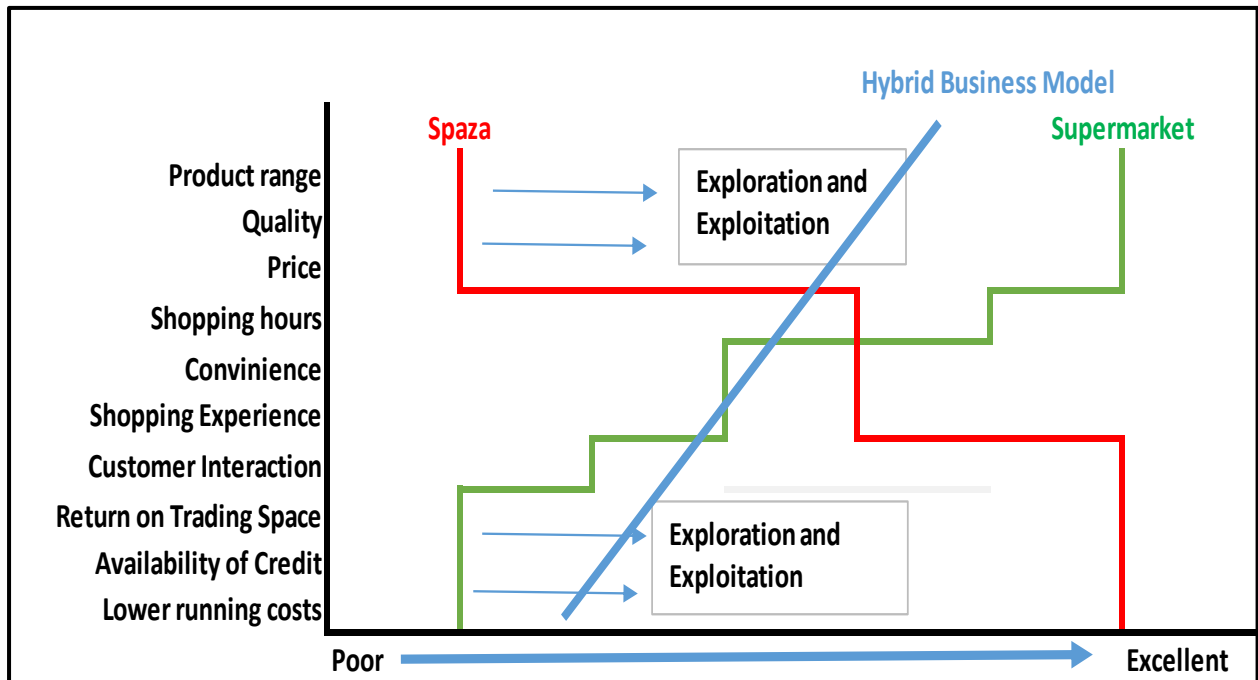
7.3. THE HYBRID BUSINESS: FORMULATION AND MANAGEMENT MODEL

7.3.1. The Hybrid Business Model Formulation

Reflecting back on the literature of exploitation and exploration in firms expanding into unknown markets the following business model (Figure 18) is put forward to elucidate the major findings of this research. The two original business models of the Spaza shops and supermarkets have inherent weaknesses and strengths. On one hand Spaza shops often locate their premises in residential homes or informal establishments which supports their convenience, lower running

costs and better returns per square metre. Informal grocery stores also tend to offer less product choice and a more restricted range of services, as well as often charging higher prices than would be the case in the large retail grocery stores. Through utilizing an ambidextrous strategy, Organisation A has been able to find middle ground using the hybrid business model as represented in the figure below.

Figure 18: Hybrid Business Model Formulation in Retail Firms



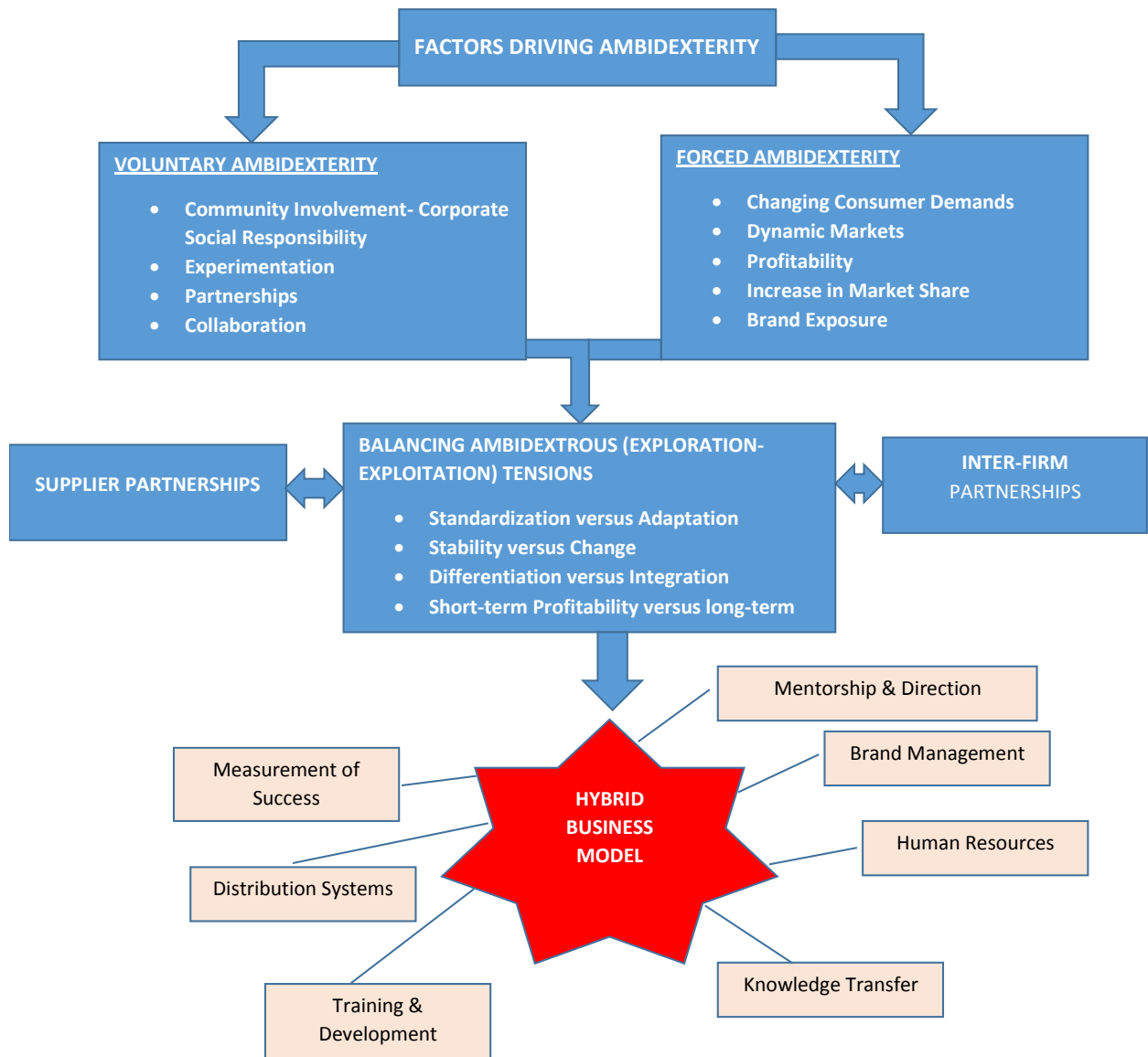
This research confirmed that ambidexterity indeed exists in emerging markets. The contribution of this research to the existing body of literature is four fold. Firstly, this research has shed light on how a firm can implement ambidextrous strategy through a hybrid business model. Secondly, this research is among the first to explain how firms in a South African emerging market context can overcome the duality that exists in these markets. In this field the research particularly highlighted how a firm can partner with smaller retailers originally perceived as competition to create a hybrid business model. Thirdly, this research shows how an emerging market retailer employs different degrees of domain separation to reach new customer segments in emerging markets. Fourthly, this work provides evidence of how a hybrid business model is managed from an FMCG retailer perspective. By doing this, the research provides evidence of how tensions between exploration and exploitation in a hybrid business model can be managed.

The findings have confirmed that hybrid business models entail value creation, value delivery and value capturing elements as outlined in the previous chapters and in the literature (Winterhalter et al., 2015). This study of Organisation A's ambidextrous strategy which culminated in their partnership with the Spaza business investigated and documented key components of the model structure and how it is being managed both separately and together

7.3.2. The Hybrid Business Formulation and Management Model

Based on this research and the findings in Chapter 6, a graphical representation of the ambidexterity process resulting in the formulation of a hybrid business model was developed. The model also presents ways in which the hybrid business can be managed and what areas to focus on.

Figure 19: The Hybrid Business Formulation and Management Model



The model above highlights the insights gathered from the five respondents, information from Organisation A's internal and external sources, as well as observations made by the researcher. The model also illustrates that ambidexterity can either be forced, voluntary or a combination of both. Within these groupings there are several factors such as the need to increase profitability, exposing the brand to new markets, corporate social responsibility and experimentation that drive adoption of ambidextrous strategies. To balance the tensions that result from adopting this strategy, firms may use partnerships with suppliers or other firms to create a hybrid business model. The last step of the model highlights that for a hybrid business

model to function efficiently it has to be managed through the capabilities that exist between the partners taking part in the hybrid business model. The firm with better capabilities in the different functions will be given the responsibility to manage those while some important tasks are managed by both.

7.4. RECOMMENDATIONS FOR STAKEHOLDERS

While it seems collaboration between retailers, suppliers and manufacturers has been present for as long as the retail industry itself, it has become more fundamental to success as consumers grow more demanding. There is nothing that stops South African retail companies from being creative if they have to conquer the emerging markets in townships. As Kumar et al. (2015) mentioned, a CPG manufacturer in India identified an opportunity among low-income consumers who wanted to buy the company's high-end home insecticides products for domestic use, but couldn't afford them. The company responded by developing low-cost packaging and distribution channels that allowed it to offer dramatically less expensive options using smaller and cheaper packaging distributed to right channels. This flexibility not only opened a new market for the company, but also allowed it to develop brand loyalty that consumers could take with them when their income increased and they could afford higher-end products from the same manufacturer.

Going into emerging township markets alone can be detrimental for the branded bigger retailers, it is therefore recommended that retailers partner more with suppliers and other formal or informal retailers to deliver products and business models that are unique and aligned to township markets. Retail companies should be willing to take the necessary risks associated with these partnerships knowing that their future success will bring immense benefits to the business. They need the complimentary help from partners in order to pursue an ambidextrous approach that allows their brand to still serve their current customers, while serving new customers through changing store format and product form and shape in township emerging markets. Development of local suppliers, and improvement of standards and quality will benefit several stakeholders. This will result in retail growth which helps to drive broader economic development, which in turn benefits many enterprises and township renewal.

By choosing to collaborate with independent retailers (both formal and informal), retail firms in emerging markets will gain cooperative advantages based on the valuable knowledge transfer that's occurs in these partnerships. This research recommends that retail firms leverage on inter-firm relationships where they partner with informal retailers in emerging markets whom they have always considered as competition. The benefit to formal retailers in collaborating is mainly that they are able to avoid risks associated with exploring new markets on their own through creation of partnerships with players that are already operating in the prospective markets. These informal retailers have a long history within these markets and hence they have immense knowledge and capabilities to serve this market which they have developed over the

years. Inter-firm collaboration enhances innovation capability in emerging market retailers hence is critical especially if the alliance is from a formal-informal retailer perspective.

The findings suggest the following stages that retailers are recommended to follow in order build valuable partnerships and implement hybrid business models successfully:

Figure 20: Recommended steps in Developing and Managing a Hybrid Business Model Strategy



Because collaboration is not only about working together but broadly involves building of trust between the two partners. Lack of openness in sharing information puts a strain on relationships, hence it is recommended that retailers who plan to enter into partnerships be prepared to share information so as to eliminate distrust stemming from both parties acting in vigorous self-interest.

7.5. LIMITATIONS

The main challenge of this research was the fact that only one company within one industry was investigated. The other challenge was the content analysis. Content analysis is a method of analyzing a broad range of ‘texts’ from transcripts of interviews and discussions (Cocker et al., 2012; Elo & Kyngäs, 2008; Kohlbacher, 2006). It is also known as a method of analyzing documents. The literature states that content analysis does not normally proceed in a linear fashion and therefore is more complex and difficult than quantitative analysis (Elo & Kyngäs, 2008). Even though the theory on ambidexterity researched for this study has evident applicability in studying many related real-world situations and addressing the main research questions, the following other limitations were encountered:

- One retail firm was used in this research and hence the findings might not be generalizable (Neale et al., 2006).
- A concern is that this case study might lack rigor due to most of it being qualitative (Neale et al., 2006).
- The researcher’s background as a retail employee might have resulted in some bias in the findings obtained.
- The paradox of ambidexterity is complex and does not have simple answers. There is a possibility that only a limited amount of information about the topic was covered.

Due to the vast applicability of ambidexterity some findings might have been general and not only applicable to a retail firm context or specific case.

A final limitation, or more accurately a practical challenge, of this case study method was that it was very demanding because of the way it was carried out, especially considering the need for in-depth access to the retailer sites and the limited time (Rose et al., 2015).

7.6. FUTURE RESEARCH DIRECTIONS

Apart from the typical limitations in the last section that apply to any research that has a component of qualitative research, this research also explicitly highlights three areas of future research stemming from the researcher's efforts to link the hybrid business model in an emerging market with the ambidexterity perspective. Firstly, this study has focused on identifying the forms of ambidexterity that exist in emerging market retailers. Literature on ambidexterity has, however, offered other means to overcome dualities in the form of contextual ambidexterity (S. K. Dutta, 2013; Lavikka et al., 2015; Turner et al., 2013; Wei, Zhao, et al., 2014) and alliance ambidexterity (Sun & Lo, 2014). These forms of ambidexterity should be explored in future research. Further extensions of this research may include an understanding of how other types of inter-organizational relationships such as customer-supplier relationships develop organizational ambidexterity.

This study investigated a big retail firm active only in emerging markets that adopted a hybrid business models. Through this setting, it becomes evident that the international context is important where it would be interesting to look at reverse innovation and how a firm originally from emerging markets explore through expanding into developed markets. Literature on reverse innovation is rare, but there are a few occurrences of reverse innovation in emerging markets noted in literature. A typical example is when General Electric company developed inexpensive products for emerging economies and then sent them to the United States and other wealthy nations for sale (Immelt, Govindarajan, & Trimble, 2012). There is also evidence of some retail firms from South Africa who have expanded into other African countries and developed markets with notable success.

As this research only analyses the concept of ambidexterity in the context of a grocery retailer is South Africa, extensions of this research may include an understanding of how other retail and non-retail businesses deal with serving dualities that exist in emerging markets. The research could also be extended to show how retail firms in South Africa that are expanding to emerging markets in the rest of Africa deploy ambidextrous strategies in their enterprises.

7.7. CONCLUSION

This research has shown that organizations that achieve a balance between exploitation and exploration normally reap the benefits through success and survival, but raises challenging tensions. This research project identified that organizational ambidexterity exists in retail firms operating in emerging markets with the ability to explore being supported by partnerships. Further to this finding this research shows that these partnerships built to support exploration within ambidexterity sometimes result in creation of new business models that are a fusion of traditional strategies brought together in a hybrid business model. In managing these models there is always risks and returns associated with them and hence the research also looked at how the models are managed together and separately. The results from this research have contributed to providing retail companies in emerging markets with a better understanding of ambidexterity and how they can use partnerships to create hybrid business models as presented in figure 18 and 19. The case presented also offers insights into the intricacies of ambidexterity and may spark future attempts to refute or elaborate these findings and offer the potentially valuable role of a different perspective.

8. REFERENCES

- Aldrich, H. E., & Yang, T. (2014). How do entrepreneurs know what to do? learning and organizing in new ventures. *Journal of Evolutionary Economics*, 24(1), 59–82.
<http://doi.org/10.1007/s00191-013-0320-x>
- Alimienė, M., & Kuvykaitė, R. (2008). Standardization/adaptation of marketing solutions in companies operating in foreign markets: An integrated approach. *Engineering Economics*, 1(1), 37–47. Retrieved from
<http://www.ceeol.com/asp/getdocument.aspx?logid=5&id=8574ef4858e9438f9e78d0ece417dce2>
- Andriopoulos, C., & Lewis, M. W. (2009). Exploitation-Exploration Tensions and Organizational Ambidexterity: Managing Paradoxes of Innovation. *Organization Science*, 20(4), 696–717.
<http://doi.org/10.2307/25614688>
- Arnold, D. J., Quelch, J. A., Bailey, C. J., Bharti, K., Sharma, V., Agrawal, R., ... Singh, M. C. (2015). The trends, promises and challenges of urbanisation in the world. *The International Review of Retail, Distribution and Consumer Research*, 20(1), 241–252.
<http://doi.org/10.1017/CBO9781107415324.004>
- Baena, V., & Cerviño, J. (2015). New Criteria to Select Foreign Entry Mode Choice of Global Franchise Chains into Emerging Markets. *Procedia - Social and Behavioral Sciences*, 175, 260–267. <http://doi.org/10.1016/j.sbspro.2015.01.1199>
- Bailey, C. J. (2013). Competing in low-income markets using dynamic and adaptive market sensing capabilities, (November 2013), 1–113. Retrieved from
<http://hdl.handle.net/2263/40066>
- Bandeira-de-Mello, R., Fleury, M. T. L., Aveline, C. E. S., & Gama, M. A. B. (2015). Unpacking the ambidexterity implementation process in the internationalization of emerging market multinationals. *Journal of Business Research*, 69(6), 2005–2017.
<http://doi.org/10.1016/j.jbusres.2015.10.146>
- Bandeira-de-Mello, R., Fleury, M. T. L., Aveline, C. E. S., & Gama, M. A. B. (2016). Unpacking the ambidexterity implementation process in the internationalization of emerging market multinationals. *Journal of Business Research*, 69(6), 2005–2017.
<http://doi.org/10.1016/j.jbusres.2015.10.146>
- Bang, V. V., Joshi, S. L., & Singh, M. C. (2015). Marketing strategy in emerging markets: a conceptual framework. *Journal of Strategic Marketing*, 4488(July 2015), 1–14.
<http://doi.org/10.1080/0965254X.2015.1011200>

- Barki, E., & Parente, J. (2010). Consumer Behaviour of the Base of the Pyramid Market in Brazil. *October*, 56(56), 11–23. <http://doi.org/10.9774/GLEAF.3062.2006.wi.00004>
- Bharti, K., Sharma, V., Agrawal, R., & Sengar, A. (2014). Marketer's Mindset: Key to Develop Bottom of the Pyramid Market. *Procedia - Social and Behavioral Sciences*, 133, 169–179. <http://doi.org/10.1016/j.sbspro.2014.04.182>
- Bianchi, C. (2011). The Growth and International Expansion of an Emerging Market Retailer in Latin America. *Journal of Global Marketing*, 24(4), 357–379. <http://doi.org/10.1080/08911762.2011.602324>
- Blome, C., & Schoenherr, T. (2013). Ambidextrous governance in supply chains: The impact of innovation and cost performance. *Journal of Supply Chain Management*, 49(4).
- Brei, V. A., D'Avila, L., Camargo, L. F., & Engels, J. (2011). The influence of adaptation and standardization of the marketing mix on performance: A meta-analysis. *BAR - Brazilian Administration Review*, 8(3), 266–287. <http://doi.org/10.1590/S1807-76922011000300004>
- Burchell, N., & Kolb, D. (2006). Stability and change for sustainability. *University of Auckland Business Review*, 8(2), 33–41. Retrieved from <http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=22900734&site=ehost-live>
- Burgess, S. M., & Steenkamp, J.-B. E. M. (2013). Editorial: Introduction to the Special Issue on Marketing in Emerging Markets. *International Journal of Research in Marketing*, 30(1), 1–3. <http://doi.org/10.1016/j.ijresmar.2013.01.001>
- Burt, S. (2010). Retailing in Europe: 20 years on. *The International Review of Retail, Distribution and Consumer Research*, 20(1), 9–27. <http://doi.org/10.1080/09593960903497773>
- Burt, S., Johansson, U., & Thelander, Å. (2011). Standardized marketing strategies in retailing? IKEA's marketing strategies in Sweden, the UK and China. *Journal of Retailing and Consumer Services*, 18(3), 183–193. <http://doi.org/10.1016/j.jretconser.2010.09.007>
- Cao, L., & Li, L. (2015). The Impact of Cross-Channel Integration on Retailers' Sales Growth. *Journal of Retailing*, 91(2), 198–216. <http://doi.org/10.1016/j.jretai.2014.12.005>
- Cegarra-Navarro, J. G., & Dewhurst, F. (2007). Linking organizational learning and customer capital through an ambidexterity context: an empirical investigation in SMEs1. *The International Journal of Human Resource Management*, 18(10), 1720–1735. <http://doi.org/10.1080/09585190701570882>
- Chang, Y. Y., & Hughes, M. (2012). Drivers of innovation ambidexterity in small- to medium-

- sized firms. *European Management Journal*, 30(1), 1–17.
<http://doi.org/10.1016/j.emj.2011.08.003>
- Chen, P. L., Tan, D., & Jean, R. J. B. (2015). Foreign knowledge acquisition through inter-firm collaboration and recruitment: Implications for domestic growth of emerging market firms. *International Business Review*, 25(1), 221–232.
<http://doi.org/10.1016/j.ibusrev.2015.01.009>
- Chew, E., & Anthony Dovey, K. (2014). Learning to create sustainable value in turbulent operational contexts: the role of leadership practices. *The Learning Organization*, 21(4), 243–257. <http://doi.org/10.1108/TLO-05-2013-0019>
- Chiao, Y.-C., Lo, F.-Y., & Yu, C.-M. (2010). *Choosing between wholly-owned subsidiaries and joint ventures of MNCs from an emerging market*. *International Marketing Review* (Vol. 27).
<http://doi.org/10.1108/02651331011047998>
- Chikweche, T., & Fletcher, R. (2011). “ Rise of the middle of the pyramid in Africa ”: theoretical and practical realities for understanding middle class consumer purchase decision making.
<http://doi.org/10.1108/JCM-10-2013-0729>
- Child, P., Kilroy, T., & Naylor, J. (2015). Modern grocery and the emerging-market consumer : A complicated courtship. *McKinsey&Company*, Agosto, 8.
- Claver-Cortés, E., Pertusa-Ortega, E. M., & Molina-Azorín, J. F. (2012). Characteristics of organizational structure relating to hybrid competitive strategy: Implications for performance. *Journal of Business Research*, 65(7), 993–1002.
<http://doi.org/10.1016/j.jbusres.2011.04.012>
- Cocker, F., Martin, A., & Sanderson, K. (2012). Managerial understanding of presenteeism and its economic impact. *International Journal of Workplace Health Management*, 5(2), 76–87.
<http://doi.org/10.1108/17538351211239135>
- D’Andrea, G., Silvestri, L., Costa, L., Fernandes, F., & Fossen, F. (2010). Spinning the Wheel of Retailing in Latin America. *International Studies of Management and Organization*, 40(2), 52–73. <http://doi.org/10.2753/IMO0020-8825400203>
- Diallo, M. F., Chandon, J.-L., Cliquet, G., & Philippe, J. (2013). Factors influencing consumer behaviour towards store brands: evidence from the French market. *International Journal of Retail & Distribution Management*, 41(6), 422–441.
<http://doi.org/10.1108/09590551311330816>
- Dimitrova, B., & Rosenbloom, B. (2010a). Standardization Versus Adaptation in Global Markets:

- Is Channel Strategy Different? *Journal of Marketing Channels*, 17(March), 157–176.
<http://doi.org/10.1080/10466691003635127>
- Dimitrova, B., & Rosenbloom, B. (2010b). Standardization Versus Adaptation in Global Markets: Is Channel Strategy Different? *Journal of Marketing Channels*, 17, 157–176.
<http://doi.org/10.1080/10466691003635127>
- Driggs, W. K. (2008). Creating Customer Loyalty : A Customer-Centric Approach, 1–12.
- Duffy, D. L. (2004). Case study Multi-channel marketing in the retail environment. *Journal of Consumer Marketing*, 21(5), 356–359. <http://doi.org/10.1108/07363760410549177>
- Dunlap, D., Parente, R., Geleilate, J.-M., & Marion, T. (2016). Organising for Innovation Ambidexterity in emerging Markets: Taking Advantage of Supplier Involvement and Foreignness. *Journal of Leadership & Organizational Studies*, 23(2), 175–190.
<http://doi.org/10.1177/1548051816636621>
- Dutta, S. K. (2012). Dynamic Capabilities: Fostering Ambidexterity. *SCMS Journal of Indian Management*, April - Ju, 81–92.
- Dutta, S. K. (2013). Ambidexterity as a Mediating Variable in the Relationship between Dynamism in the Environment, Organizational Context and Strategic Renewal. *Jindal Journal of Business Research*, 2(1), 27–41. <http://doi.org/10.1177/2278682114533177>
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research Published by : Academy of Management Stable URL : <http://www.jstor.org/stable/258557> Linked references are available on JSTOR for this article : Building Theories from Case Study Research, 14(4), 532–550.
- Elo, S., & Kyngäs, H. (2008). The qualitative content analysis process. *Journal of Advanced Nursing*, 62(1), 107–115. <http://doi.org/10.1111/j.1365-2648.2007.04569.x>
- Emrich, O., Paul, M., & Rudolph, T. (2015). Shopping Benefits of Multichannel Assortment Integration and the Moderating Role of Retailer Type. *Journal of Retailing*, 91(2), 326–342.
<http://doi.org/10.1016/j.jretai.2014.12.003>
- Felício, J. A., Duarte, M., Caldeirinha, V., & Rodrigues, R. (2014). Franchisee-based brand equity and performance. *The Service Industries Journal*, 34(9), 757–771.
<http://doi.org/10.1080/02642069.2014.905922>
- Gajanan, S. (2007). Multichannel Retailing And Its Implications On Consumer Shopping Behavior. *Journal of Shopping Center Research*, 14, 1–27. Retrieved from [http://jrdelisle.com/JSCR/2006_07_Articles/Gajanan and Basuroy v3a.pdf](http://jrdelisle.com/JSCR/2006_07_Articles/Gajanan%20and%20Basuroy%20v3a.pdf)

- Garcia-deleone, S. (2015). a Business Model Designed To Tap Into the Bottom of the Pyramid, 8(1), 136–150.
- Gauri, D. K., Trivedi, M., & Grewal, D. (2008). Understanding the Determinants of Retail Strategy: An Empirical Analysis. *Journal of Retailing*, 84(3), 256–267.
<http://doi.org/10.1016/j.jretai.2008.06.004>
- Girju, M., Prasad, A., & Ratchford, B. T. (2013). Pure Components versus Pure Bundling in a Marketing Channel. *Journal of Retailing*, 89(4), 423–437.
<http://doi.org/10.1016/j.jretai.2013.06.001>
- Glenn, M. (2009). Organisational agility : How business can survive and thrive in turbulent times. *The Economist: Economist Intelligence Unit*, 28. Retrieved from
<http://www.emc.com/collateral/leadership/organisational-agility-230309.pdf>
- Good, D., & Michel, E. J. (2013). Individual Ambidexterity: Exploring and Exploiting in Dynamic Contexts. *The Journal of Psychology*, 147(5), 435–453.
<http://doi.org/10.1080/00223980.2012.710663>
- Govindarajan, V., & Ramamurti, R. (2011). Reverse Innovation, Emerging Markets, and Global Strategy. *Global Strategy Journal*, 1(3-4), 191–205. <http://doi.org/10.1111/j.2042-5805.2011.00023.x>
- Grewal, D., & Levy, M. (2007). Retailing research: Past, present, and future. *Journal of Retailing*, 83(4), 447–464. <http://doi.org/10.1016/j.jretai.2007.09.003>
- Gundlach, G. T., & Loff, A. G. (2013). Dual Distribution Restraints: Insights from Business Research and Practice. *The Antitrust Bulletin* , 58 (1), 69–105.
<http://doi.org/10.1177/0003603X1305800103>
- Gupta, S., & Pirsch, J. (2014). Consumer Evaluation of Target Marketing to the Bottom of the Pyramid. *Journal of International Consumer Marketing*, 26(July 2015), 58–74.
<http://doi.org/10.1080/08961530.2014.848084>
- Hansen, E., Nybakk, E., & Panwar, R. (2015). Pure versus hybrid competitive strategies in the forest sector: Performance implications. *Forest Policy and Economics*, 54(1), 51–57.
<http://doi.org/10.1016/j.forpol.2015.02.001>
- Harrison, N. (2015). *ONLINE RETAIL REPORT: THE GAME IS CHANGING*. Retrieved from www.oliverwyman.com
- He, Z.-L., & Wong, P.-K. (2004). Exploration vs. Exploitation: An Empirical Test of the Ambidexterity Hypothesis. *Organization Science*, 15(4), 481–494.

<http://doi.org/10.1287/orsc.1040.0078>

- Herhausen, D., Binder, J., Schoegel, M., & Herrmann, A. (2015). Integrating Bricks with Clicks: Retailer-Level and Channel-Level Outcomes of Online-Offline Channel Integration. *Journal of Retailing*, 91(2), 309–325. <http://doi.org/10.1016/j.jretai.2014.12.009>
- Herhausen, D., Schogel, M., & Schulten, M. (2012). Steering customers to the online channel: The influence of personal relationships, learning investments, and attitude toward the firm. *Journal of Retailing and Consumer Services*, 19(3), 368–379. <http://doi.org/10.1016/j.jretconser.2012.03.012>
- Hoosen, F., & Mafukidze, J. Land Use Management and Democratic Governance in the City of Johannesburg (2007). Johannesburg. Retrieved from www.planact.org.za/wp-content/uploads/2014/08/11.-Case-Study-Diepkloof.pdf
- Hoppner, J. J., & Griffith, D. A. (2015). Looking Back to Move Forward : A Review of the Evolution of Research in International Marketing Channels. *Journal of Retailing*. <http://doi.org/10.1016/j.jretai.2015.04.005>
- Hung Chen, H., Kang, H.-Y., Lee, A. H. I., & Chen, S. (2015). Strategies, decisions and operations for keeping exploitative and exploratory activities balanced. *Knowledge Management Research & Practice*, 13(2), 198–213. <http://doi.org/10.1057/kmrp.2013.42>
- Hyvönen, S., & Tuominen, M. (2007). Channel Collaboration, Market Orientation and Performance Advantages: Discovering Developed and Emerging Markets. *The International Review of Retail, Distribution and Consumer Research*, 17(5), 423–445. <http://doi.org/10.1080/09593960701631482>
- Iannilli, V. M. (2016). towards Emerging Paradigms in Italy : An Evolutionary Reading towards Emerging Paradigms, 9370(June). <http://doi.org/10.2752/175693814X14035303880678>
- Ichii, S., Hattori, S., & Michael, D. (2012). How to win in emerging markets: Lessons from Japan. *Harvard Business Review*, 90(5).
- Immelt, J. R., Govindarajan, V., & Trimble, C. (2012). How GE Is. *Harvard Business Review*, (January), 1–12.
- Jansen, J. J. P., Van Den Bosch, F. A. J., & Volberda, H. W. (2005). Managing Potential and Realized Absorptive Capacity: How Do Organizational Antecedents Matter? *Academy of Management Journal*, 48(6), 999–1015. Retrieved from <http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=19573106&site=ehost-live>

- Jayasankaraprasad, C. (2014). Consumers' Cross-Format Shopping Behavior in an Emerging Retail Market: Multiple Discriminant Analysis. *Journal of International Consumer Marketing*, 26(1), 29–57. <http://doi.org/10.1080/08961530.2014.848081>
- Jebarajakirthy, C., & Lobo, A. (2015). A study investigating attitudinal perceptions of microcredit services and their relevant drivers in bottom of pyramid market segments. *Journal of Retailing and Consumer Services*, 23(4), 39–48. <http://doi.org/10.1016/j.jretconser.2014.12.005>
- Jhamb, D., & Kiran, R. (2012). Emerging Retail Formats of Punjab in India : A Retailers Perspective, 6(April), 67–78.
- Joharianzadeh, F., Sakhdari, K., Ziyae, B., & Aghviyeh, M. A. (2015). Can Franchisors Balance Adaptation and Standardization ? Toward Theorizing Ambidexterity in Franchisors, 2(10).
- Jun, X., Jiang, M. S., Li, S., & Aulakh, P. S. (2014). Practice Standardization in Cross-Border Activities of Multinational Corporations: A Resource Dependence Perspective. *Management International Review*, 54(5), 707–734. <http://doi.org/10.1007/s11575-014-0218-3>
- Junni, P., Sarala, R., Taras, V., & Tarba, S. (2013). Organizational Ambidexterity And Performance : A Meta-Analysis. *The Academy of Management Perspectives*, 27(4), 299–312.
- Juste, V. B., Lucia-Palacios, L., & Polo-Redondo, Y. (2009). Franchise firm entry time influence on long-term survival. *Journal of Retail & Distribution Management*, 37(2), 106–125.
- Kapoor, S., & Kumar, N. (2015). Fruit and Vegetable Consumers' Behavior: Implications for Organized Retailers in Emerging Markets. *Journal of International Food & Agribusiness Marketing*, 27(3), 203–227. <http://doi.org/10.1080/08974438.2014.940118>
- Karrer, D. (2015). Organizing for Ambidexterity : A Paradox-based Typology of Ambidexterity-related Organizational States, (October), 365–383.
- Karrer, D., & Fleck, D. (2015). Organizing for Ambidexterity : A Paradox-based Typology of Ambidexterity-related Organizational States, (October), 365–383.
- Kaswengi, J., & Diallo, M. F. (2015). Consumer choice of store brands across store formats: A panel data analysis under crisis periods. *Journal of Retailing and Consumer Services*, 23, 70–76. <http://doi.org/10.1016/j.jretconser.2014.12.003>
- Kaufmann, L., & Roesch, J.-F. (2012). Constraints to building and deploying marketing capabilities by emerging market firms in advanced markets. *Journal of International*

Marketing, 7215(4), 1–53. <http://doi.org/10.1509/jim.11.0116>

- Khanagha, S., Volberda, H., & Oshri, I. (2014). Business model renewal and ambidexterity: Structural alteration and strategy formation process during transition to a Cloud business model. *R and D Management*, 44(3), 322–340. <http://doi.org/10.1111/radm.12070>
- Khare, A. (2012). Influence of Culture on Indian Consumers' Preference to Shop at Small Retail Stores. *Journal of Global Marketing*, 25(2), 100–111. <http://doi.org/10.1080/08911762.2012.720536>
- Khare, A. (2013). Culture, small retail stores, and Indian consumer preferences: A moderating role of demographics. *The International Review of Retail, Distribution and Consumer Research*, 23(1), 87–109. <http://doi.org/10.1080/09593969.2012.734256>
- Kim, S., Kim, N., Pae, J. H., & Yip, L. (2013). Cooperate “and” compete: Coopetition strategy in retailer-supplier relationships. *Journal of Business and Industrial Marketing*, 28(4), 263–275. <http://doi.org/10.1108/08858621311313875>
- Kohlbacher, F. (2006). The Use of Qualitative Content Analysis in Case Study Research 1 . Introduction : Qualitative vs . Quantitative Research ? 2 . Research Question , Aim and Structure of the Paper, 7(1), 3–13.
- Kolk, a., Rivera-Santos, M., & Rufin, C. (2013). Reviewing a Decade of Research on the “Base/Bottom of the Pyramid” (BOP) Concept. *Business & Society*, 20(10), 1–40. <http://doi.org/10.1177/0007650312474928>
- Kothari, T., Kotabe, M., & Murphy, P. (2013). Rules of the game for emerging market multinational companies from China and India. *Journal of International Management*, 19(3), 276–299. <http://doi.org/10.1016/j.intman.2013.03.007>
- Koza, M., & Lewin, A. (2000). Managing partnerships and strategic alliances: raising the odds of success. *European Management Journal*, 18(2), 146–151. [http://doi.org/10.1016/S0263-2373\(99\)00086-9](http://doi.org/10.1016/S0263-2373(99)00086-9)
- Kozlenkova, I. V., Samaha, S. A., & Palmatier, R. W. (2014). Resource-based theory in marketing. *Journal of the Academy of Marketing Science*, 42(1), 1–21. <http://doi.org/10.1007/s11747-013-0336-7>
- Krafft, M., Goetz, O., Mantrala, M., Sotgiu, F., & Tillmanns, S. (2015). The Evolution of Marketing Channel Research Domains and Methodologies : An Integrative Review and Future Directions. *Journal of Retailing*, 1–17. <http://doi.org/10.1016/j.jretai.2015.05.001>
- Kravets, O., & Sandikci, O. (2014). Competently ordinary: New middle class consumers in the

- emerging markets. *Journal of Marketing*, 78(July), 125–140.
<http://doi.org/http://dx.doi.org/10.1509/jm.12.0190>
- Kriz, A., Voola, R., & Yuksel, U. (2014). The dynamic capability of ambidexterity in hypercompetition: qualitative insights. *Journal of Strategic Marketing*, 00(0), 1–13.
<http://doi.org/10.1080/0965254X.2013.876075>
- Kulkarni, V. R. (2011). Customer Expectation Management in Convenience Stores Format in Organized Retail in India, 33–47.
- Kumar, Sunder, S., & Sharma, A. (2015). Leveraging Distribution to Maximize Firm Performance in Emerging Markets. *Journal of Retailing*, 91(4), 627–643.
<http://doi.org/10.1016/j.jretai.2014.08.005>
- Kumar, V., Shah, D., & Venkatesan, R. (2006). Managing retailer profitability-one customer at a time! *Journal of Retailing*, 82(4), 277–294. <http://doi.org/10.1016/j.jretai.2006.08.002>
- Lapersonne, A., Sanghavi, N., & Mattos, C. De. (2015). Hybrid Strategy, Ambidexterity and Environment: toward an Integrated Typology. *Universal Journal of Management*, 3(12), 497–508. <http://doi.org/10.13189/ujm.2015.031204>
- Lapoule, P., & Colla, B. (2016). The Multi-channel impact on the sales force management. *International Journal of Retail & Distribution Management*, 44(3).
- Lavie, D., Stettner, U., & Tushman, M. L. (2010). Exploration and Exploitation Within and Across Organizations. *The Academy of Management Annals*, 4(1), 109–155.
<http://doi.org/10.1080/19416521003691287>
- Lavikka, R., Smeds, R., & Jaatinen, M. (2015). A process for building inter-organizational contextual ambidexterity. *Business Process Management Journal*, 21(03), 1140–1161.
<http://doi.org/10.1108/BPMJ-12-2013-0153>
- Lei, J., Jia, J., & Wu, T. (2015). Pricing strategies in dual-online channels based on consumers' shopping choice. *Procedia Computer Science*, 60(1), 1377–1385.
<http://doi.org/10.1016/j.procs.2015.08.212>
- Li, D., Eden, L., Hitt, M. A., & Ireland, R. D. (2008). Friends, acquaintances, or strangers? Partner selection in R&D alliances. *Academy of Management Journal*, 51(2), 315–334.
<http://doi.org/10.1002/smj>
- Lin, H. E., McDonough, E. F., Lin, S. J., & Lin, C. Y. Y. (2013). Managing the exploitation/exploration paradox: The role of a learning capability and innovation ambidexterity. *Journal of Product Innovation Management*, 30(2), 262–278.

<http://doi.org/10.1111/j.1540-5885.2012.00998.x>

- Lubatkin, M. H., & Simsek, Z. (2006). Ambidexterity and Performance in Small- to Medium-Sized Firms : The Pivotal Role of Top Management Team Behavioral Integration. *Journal of Management*, 32(5), 646–672. <http://doi.org/10.1177/0149206306290712>
- Luo, Y., Rui, H. H. H., Yadong Luo, Huaichuan Rui, Luo, Y., Rui, H. H. H., ... Huaichuan Rui. (2009a). An Ambidexterity Perspective Toward Multinational Enterprises From Emerging Economies. *Academy of Management Perspectives*, 23(4), 49–70. <http://doi.org/10.5465/AMP.2009.45590140>
- Luo, Y., Rui, H. H., Yadong Luo, Huaichuan Rui, Luo, Y., Rui, H. H., ... Huaichuan Rui. (2009b). An Ambidexterity Perspective Toward Multinational Enterprises From Emerging Economies. *Academy of Management Perspectives*, 23(2008), 49–70. <http://doi.org/10.5465/AMP.2009.45590140>
- Lynch, R., & Jin, Z. (2015). Knowledge and innovation in emerging market multinationals: The expansion paradox. *Journal of Business Research*, 69(5), 1593–1597. <http://doi.org/10.1016/j.jbusres.2015.10.023>
- March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science*, 2(1), 71.
- Mashaba, N., & Wiese, M. (2016). Black middle class township shoppers: a shopper typology. *The International Review of Retail, Distribution and Consumer Research*, 26(1), 35–54. <http://doi.org/10.1080/09593969.2015.1068827>
- Mason, K., & Mouzas, S. (2012). Flexible business models. *European Journal of Marketing*, 46(10), 1340–1367. <http://doi.org/10.1108/03090561211248062>
- Mattes, R. (2015). SOUTH AFRICA'S EMERGING BLACK MIDDLE CLASS: A HARBINGER OF POLITICAL CHANGE? *Journal of International Development*, 27(1), 665–692. <http://doi.org/10.1002/jid.3100>
- Melis, K., Campo, K., Breugelmans, E., & Lamey, L. (2015). The Impact of the Multi-channel Retail Mix on Online Store Choice : Does Online Experience Matter ? *Journal of Retailing*, 91(2), 272–288. <http://doi.org/10.1016/j.jretai.2014.12.004>
- Meyer, K. E., & Peng, M. W. (2015). THEORETICAL FOUNDATIONS OF EMERGING ECONOMY BUSINESS RESEARCH. *Journal of International Business Studies*, 47(1).
- Midgley, D. (2012). Marketing Strategy in MNC Subsidiaries : Pure versus Hybrid Archetypes.

- Midgley, D., & Venaik, S. (2012). *Marketing Strategy in MNC Subsidiaries : Pure versus Hybrid Archetypes*.
- Minguela-Rata, B., Lo´pez-Sa´nchez, J. I., & Rodrı´guez-Benavides, M. C. (2009). The effect of knowledge complexity on the performance of franchise systems in the service industries: An empirical study. *Service Business*, 3(1), 101–115. <http://doi.org/10.1007/s11628-008-0049-z>
- Minoja, M. (2012). Stakeholder Management Theory, Firm Strategy, and Ambidexterity. *Journal of Business Ethics*, 109(1), 67–82. <http://doi.org/10.1007/s10551-012-1380-9>
- Molino, C. Del. (2015). Achieving customer- management excellence in emerging markets
Achieving customer-management excellence in emerging markets, (September).
- Mukherjee, M., & Cuthbertson, R. (2016). Applying the scenarios method to capture uncertainties of retail development in emerging markets. *The International Review of Retail, Distribution and Consumer Research*, 3969(June), 1–24.
<http://doi.org/10.1080/09593969.2016.1147475>
- Nakata, C. (2012). From the special issue editor: Creating new products and services for and with the base of the pyramid. *Journal of Product Innovation Management*, 29(1), 3–5.
<http://doi.org/10.1111/j.1540-5885.2011.00873.x>
- Narasimhan, R., & Narayanan, S. (2013). Perspectives on Supply network - enabled innovations. *Journal of Supply Management*, 49(4).
- Neale, P., Thapa, S., & Boyce, C. (2006). Preparing a Case Study : A Guide for Designing and Conducting a Case Study for Evaluation Input. *Pathfinder International Tool Series*, (May), 1–12.
- Nyadzayo, M. W., Matanda, M. J., & Ewing, M. T. (2011). Brand relationships and brand equity in franchising. *Industrial Marketing Management*, 40(7), 1103–1115.
<http://doi.org/10.1016/j.indmarman.2011.09.004>
- O Reilly, C. A., & Tushman, M. L. (2013). Organizational Ambidexterity: Past, Present, And Future. *The Academy of Management Perspectives*, 27(4), 324–338.
- O’Reilly, A. C., & Tushman, M. L. (2011). Organizational Ambidexterity in Action: *Havard Business Review*, 53(4).
- O’Reilly, C., & Tushman, M. L. (2004). The ambidextrous organisation. *Havard Business Review*, 74–82.

- Oh, L.-B., & Teo, H.-H. (2010). Consumer Value Co-creation in a Hybrid Commerce Service-Delivery System. *International Journal of Electronic Commerce*, 14(3), 35–62.
<http://doi.org/10.2753/JEC1086-4415140303>
- Ozkaya, H. E., Droge, C., Hult, G. T. M., Calantone, R., & Ozkaya, E. (2015). Market orientation, knowledge competence, and innovation. *International Journal of Research in Marketing*, 32(3), 309–318. <http://doi.org/10.1016/j.ijresmar.2014.10.004>
- Pantano, E., & Viassone, M. (2015). Engaging consumers on new integrated multichannel retail settings: Challenges for retailers. *Journal of Retailing and Consumer Services*, 25, 106–114. <http://doi.org/10.1016/j.jretconser.2015.04.003>
- Papachroni, A., Heracleous, L., & Paroutis, S. (2015). Organizational Ambidexterity Through the Lens of Paradox Theory: Building a Novel Research Agenda. *The Journal of Applied Behavioral Science*, 51(1), 71–93. <http://doi.org/10.1177/0021886314553101>
- Pardo-del-Val, M., Martínez-Fuentes, C., López-Sánchez, J. I., & Minguela-Rata, B. (2014). Franchising: the dilemma between standardisation and flexibility. *The Service Industries Journal*, 34(9-10), 828–842. <http://doi.org/10.1080/02642069.2014.905925>
- Paulo, S., & Miotto, A. P. (2015). Retail evolution model in emerging markets : apparel store formats in Brazil. <http://doi.org/10.1108/IJRDM-03-2012-0025>
- Pauwels, K., & Neslin, S. A. (2015). Building With Bricks and Mortar : The Revenue Impact of Opening Physical Stores in a Multichannel Environment. *Journal of Retailing*, 91(2), 182–197. <http://doi.org/10.1016/j.jretai.2015.02.001>
- Pels, J., & Kidd, T. (2012). Characterizing Emerging Markets. *Organizations and Markets in Emerging Economies*, 3(2), 8–22.
- Perryman, A., & Combs, J. (2010). WHO SHOULD OWN IT? AN AGENCY-BASED EXPLANATION FOR MULTI-OUTLET OWNERSHIP AND CO-LOCATION IN PLURAL FORM FRANCHISING. *Strategic Management Journal*, 33(2), 368–386.
<http://doi.org/10.1002/smj>
- Petrescu, M., & Bhatli, D. (2013). Consumer Behavior in Flea Markets and Marketing to the Bottom of the Pyramid. *Journal of Management Research*, 13(1), 55–63. Retrieved from <http://search.proquest.com/docview/1346877698?accountid=41574>
- Picot-Coupey, K., Huré, E., & Piveteau, L. (2016). Channel design to enrich customers' shopping experiences: Synchronizing clicks with bricks in an omni-channel perspective – the Direct Optic case. *International Journal of Retail & Distribution Management*, 44(3).

- Pioch, E. A., & Gerhard, U. (2014). Organizational culture as differentiator in international retailing. *Service Industries Journal*, 34(8), 729–749.
<http://doi.org/10.1080/02642069.2014.886194>
- Popa, V., & Duica, M. (2011). Supply chain information alignment in the consumer goods and retail industry: global standards and best practices. *Electronic Journal of Information Systems Evaluation*, 14(1), 134–149. Retrieved from
<http://search.proquest.com/docview/1022116985?accountid=12253>
- Prahalad, C. K. (2012). Bottom of the pyramid as a source of breakthrough innovations. *Journal of Product Innovation Management*, 29(1), 6–12. <http://doi.org/10.1111/j.1540-5885.2011.00874.x>
- Prahalad, C. K., Di Benedetto, A., & Nakata, C. (2012). Bottom of the pyramid as a source of breakthrough innovations. *Journal of Product Innovation Management*, 29(1), 6–12.
<http://doi.org/10.1111/j.1540-5885.2011.00874.x>
- Raisch, S., & Birkinshaw, J. (2008a). Organizational Ambidexterity: Antecedents, Outcomes, and Moderators. *Journal of Management*, 34(3), 375–409.
<http://doi.org/10.1177/0149206308316058>
- Raisch, S., & Birkinshaw, J. (2008b). Organizational ambidexterity: antecedents, outcomes, and moderators. *Journal of Management*, 34(3), 375–409.
<http://doi.org/10.1177/0149206308316058>
- Raisch, S., Birkinshaw, J., Probst, G., & Tushman, M. L. (2009). Organizational Ambidexterity: Balancing Exploitation and Exploration for Sustained Performance. *Organization Science*, 20(4), 685–695. <http://doi.org/10.1287/orsc.1090.0428>
- Ramanathan, U. (2012). Supply chain collaboration for improved forecast accuracy of promotional sales. *International Journal of Operations & Production Management*, 32, 676–695. <http://doi.org/10.1108/01443571211230925>
- Reinartz, W., Dellaert, B., Krafft, M., Kumar, & Varadarajan, R. (2011a). Retailing innovations in a globalizing retail market environment. *Journal of Retailing*, 87(SUPPL. 1), S53–S66.
<http://doi.org/10.1016/j.jretai.2011.04.009>
- Reinartz, W., Dellaert, B., Krafft, M., Kumar, V., & Varadarajan, R. (2011b). Retailing Innovations in a Globalizing Retail Market Environment. *Journal of Retailing*, 87(1), S53–S66. <http://doi.org/10.1016/j.jretai.2011.04.009>
- Reinartz, W., Dellaert, B., Krafft, M., Kumar, V., & Varadarajan, R. (2011c). Retailing

- innovations in a globalizing retail market environment. *Journal of Retailing*, 87(SUPPL. 1), S53–S66. <http://doi.org/10.1016/j.jretai.2011.04.009>
- Reinartz, W., Dellaert, B., Krafft, M., Kumar, V., & Varadarajan, R. (2011d). Retailing innovations in a globalizing retail market environment. *Journal of Retailing*, 87(SUPPL. 1), S53–S66. <http://doi.org/10.1016/j.jretai.2011.04.009>
- ROOTS_Survey. (2016). *ROOTS - Market Research & Insights*. Retrieved from <http://sparkmedia.co.za/roots-insights/gauteng/diepkloof/>
- Rose, S., Spinks, N., & Canhoto, A. I. (2015). *Management Research: Applying the Principles*. New York.
- Rowley, J. (2012). Conducting Research Interviews. *Management Research Review*, 35(3/4), 260–271. <http://doi.org/10.1108/01409171211210154>
- Saunders, M., & Lewis, P. (2012). *Doing Research in Business and Management: An Essential Guide to Planning Your Project* (1st ed.). Harlow: Pearson.
- Schmid, S., & Kotulla, T. (2011). 50 years of research on international standardization and adaptation—From a systematic literature analysis to a theoretical framework. *International Business Review*, 20(5), 491–507. <http://doi.org/10.1016/j.ibusrev.2010.09.003>
- Schrader, C., Freimann, J., & Seuring, S. (2012). Business Strategy at the Base of the Pyramid. *Business Strategy and the Environment*, 21(5), 281–298. <http://doi.org/10.1002/bse.727>
- Schuster, T., & Holtbrugge, D. (2012). Market entry of multinational companies in markets at the bottom of the pyramid: A learning perspective. *International Business Review*, 21(5), 817–830. <http://doi.org/10.1016/j.ibusrev.2011.09.007>
- Scott, N. (2014). Ambidextrous Strategies and Innovation Priorities: Adequately Priming the Pump for Continual Innovation. *Technology Innovation Management Review*, 4(7), 44–51. Retrieved from <http://search.proquest.com/docview/1614470622?accountid=14648>
- Shah, A. M. (2012). Business Strategies in the Emerging Markets. *Journal of Asia-Pacific Business*, 13(1), 4–15. <http://doi.org/10.1080/10599231.2011.616143>
- Shankar, S., Ormiston, C., Bloch, N., Schaus, R., & Vishwanath, V. (2008). How to Win in Emerging Markets. *MIT Sloan Management Review*, 49(3), 19–23. Retrieved from <http://www.redi-bw.de/db/ebSCO.php/search.ebSCOhost.com/login.aspx?direct=true&db=buh&AN=33007480&site=ehost-live>

- Sheth, J. N. (2011a). Impact of Emerging Markets on Marketing : Rethinking Existing Perspectives and Practices, *75*(July), 166–182.
- Sheth, J. N. (2011b). Impact of emerging markets on marketing: Rethinking existing perspectives and practices. *Journal of Marketing*, *75*(4), 166–182.
<http://doi.org/10.1509/jmkg.75.4.166>
- Siebers, L. Q. (2012). Foreign retailers in China: the first ten years. *Journal of Business Strategy*, *33*(1), 27–38. <http://doi.org/10.1108/02756661211193794>
- Sinha, S. (2015). The Exploration–Exploitation Dilemma: A Review in the Context of Managing Growth of New Ventures. *Vikalpa: The Journal for Decision Makers*, *40*(3), 313–323.
<http://doi.org/10.1177/0256090915599709>
- Sorescu, A., Frambach, R. T., Singh, J., Rangaswamy, A., & Bridges, C. (2011). Innovations in retail business models. *Journal of Retailing*, *87*(SUPPL. 1), S3–S16.
<http://doi.org/10.1016/j.jretai.2011.04.005>
- Stadler, C., Rajwani, T., & Karaba, F. (2014). Solutions to the exploration/exploitation dilemma: Networks as a new level of analysis. *International Journal of Management Reviews*, *16*(2), 172–193. <http://doi.org/10.1111/ijmr.12015>
- StatsSA. (2015). City of Johannesburg. Retrieved from
http://www.statssa.gov.za/?page_id=1021&id=city-of-johannesburg-municipality
- Stettner, U., & Lavie, D. (2014). Ambidexterity Under Scrutiny: Exploration And Exploitation Via Internal Organization, Alliances, And Acquisitions. *Strategic Management Journal*.
- Sun, B., & Lo, Y.-J. (2014). Achieving alliance ambidexterity through managing paradoxes of cooperation. *European Journal of Innovation Management*, *17*(2), 144–165.
<http://doi.org/10.1108/EJIM-01-2013-0011>
- Sundström, M., & Radon, A. (2015). UTILIZING THE CONCEPT OF CONVENIENCE AS A BUSINESS OPPORTUNITY IN EMERGING MARKETS. *Organizations and Markets in Emerging Economies*, *6*(2), 7–22.
- Tan, Q., & Sousa, C. M. P. (2013). International Marketing Standardization: A Meta-Analytic Estimation of Its Antecedents and Consequences. *Management International Review*, *53*(5), 711–739. <http://doi.org/10.1007/s11575-013-0172-5>
- Teece, D. J., Peteraf, M. A., & Leih, S. (2016). Dynamic Capabilities and Organizational Agility: Risk, Uncertainty and Entrepreneurial Management in the Innovation Economy. *California Management Review*, *38*. [http://doi.org/10.1016/0737-6782\(88\)90039-2](http://doi.org/10.1016/0737-6782(88)90039-2)

- Tripathi, G., & Dave, K. (2013). Store format choice and relationship quality in apparel retail: A study of young and early-middle aged shoppers in New Delhi region. *Journal of Retailing and Consumer Services*, 20(5), 479–487. <http://doi.org/10.1016/j.jretconser.2013.04.003>
- Turner, N., & Lee-Kelley, L. (2013). Unpacking the theory on ambidexterity: An illustrative case on the managerial architectures, mechanisms and dynamics. *Management Learning*, 44(2), 179–196. <http://doi.org/10.1177/1350507612444074>
- Turner, N., Swart, J., & Maylor, H. (2013). Mechanisms for managing ambidexterity: A review and research agenda. *International Journal of Management Reviews*, 15(3), 317–332. <http://doi.org/10.1111/j.1468-2370.2012.00343.x>
- van der Berg, S. (2014). Inequality, poverty and prospects for redistribution. *Development Southern Africa*, 31(2), 197–218. <http://doi.org/10.1080/0376835X.2013.871196>
- Venkatesan, R., Farris, P., Guissoni, L. A., Fava, M., & Neves, M. F. (2015). Consumer Brand Marketing through Full- and Self-Service Channels in an Emerging Economy. *Journal of Retailing*, 91(4), 644–659. <http://doi.org/10.1016/j.jretai.2015.04.003>
- Verhoef, P. C., Kannan, P. K., & Inman, J. J. (2015). From Multi-Channel Retailing to Omni-Channel Retailing. Introduction to the Special Issue on Multi-Channel Retailing. *Journal of Retailing*, 91(2), 174–181. <http://doi.org/10.1016/j.jretai.2015.02.005>
- Visagie, J., & Posel, D. (2013). A Reconsideration of What and Who is Middle Class in South Africa. *Development Southern Africa*, 30(2), 149–167. <http://doi.org/10.1080/0376835X.2013.797224>
- Viswanathan, M., & Sridharan, S. (2012). Product development for the BoP: Insights on concept and prototype development from university-based student projects in India. *Journal of Product Innovation Management*, 29(1), 52–69. <http://doi.org/10.1111/j.1540-5885.2011.00878.x>
- Vorhies, D. W., Orr, L. M., & Bush, V. D. (2011). Improving customer-focused marketing capabilities and firm financial performance via marketing exploration and exploitation. *Journal of the Academy of Marketing Science*, 39(5), 736–756. <http://doi.org/10.1007/s11747-010-0228-z>
- Vrontis, D. (2003). Integrating Adaptation and Standardisation in International Marketing: The AdaptStand Modelling Process. *Journal of Marketing Management*, 19(3), 283–305. <http://doi.org/10.1362/026725703321663674>
- Wang, Huang, J., & Tan, B. (2013). Managing organizational identity in the e-commerce

- industry: An ambidexterity perspective. *Information and Management*, 50(8), 673–683.
<http://doi.org/10.1016/j.im.2013.05.002>
- Wang, E. (2011). Understanding the “retail revolution” in urban China: a survey of retail formats in Beijing. *The Service Industries Journal*, 31(2), 169–194.
<http://doi.org/10.1080/02642060802706964>
- Watson, G. F., Worm, S., Palmatier, R. W., & Ganesan, S. (2015). The Evolution of Marketing Channels : Trends and Research Directions. *Journal of Retailing*.
<http://doi.org/10.1016/j.jretai.2015.04.002>
- Webb, J. W., Kistruck, G. M., Ireland, R. D., & Ketchen, D. J. (2010). The entrepreneurship process in base of the pyramid markets: The case of multinational enterprise/nongovernment organization alliances. *Entrepreneurship: Theory and Practice*, 34(3), 555–581. <http://doi.org/10.1111/j.1540-6520.2009.00349.x>
- Wei, Z., Yi, Y., & Guo, H. (2014). Organizational learning ambidexterity, strategic flexibility, and new product development. *Journal of Product Innovation Management*, 31(4), 832–847.
<http://doi.org/10.1111/jpim.12126>
- Wei, Z., Zhao, J., & Zhang, C. (2014). Organizational ambidexterity, market orientation, and firm performance. *Journal of Engineering and Technology Management - JET-M*, 33, 134–153.
<http://doi.org/10.1016/j.jengtecman.2014.06.001>
- Weiers, R. . (2011). *An Introduction to Business Statistics. South-Western Cengage learning* (Vol. 2).
- Wheeler, E. (2012). *Multi-channel Retailing : An Introduction Contents*. Louisville. Retrieved from RetailCustomerExperience.com
- White, D. W. (2010). The Impact of marketing strategy creation style on the formation of a climate of trust in a retail franchise setting. *Journal of Marketing*, 44(1/2), 162–179.
<http://doi.org/10.1108/03090561011008655>
- Winterhalter, S., Zeschky, M. B., & Gassmann, O. (2015). Managing dual business models in emerging markets : An ambidexterity perspective Managing dual business models in emerging markets : An ambidexterity perspective. *R&D Management, forthcoming*, in press.
<http://doi.org/10.1111/radm.12151>
- Wu, Y., & Wu, S. (2015). Managing ambidexterity in creative industries: A survey. *Journal of Business Research*. <http://doi.org/10.1016/j.jbusres.2015.10.008>
- Xiong, Y., Yan, W., Fernandes, K., Xiong, Z. K., & Guo, N. (2012). “Bricks vs. Clicks”: The

- impact of manufacturer encroachment with a dealer leasing and selling of durable goods. *European Journal of Operational Research*, 217(1), 75–83.
<http://doi.org/10.1016/j.ejor.2011.08.012>
- Yan, R. (2011). Managing channel coordination in a multi-channel manufacturer-retailer supply chain. *Industrial Marketing Management*, 40(4), 636–642.
<http://doi.org/10.1016/j.indmarman.2010.12.019>
- Yan, R., & Pei, Z. (2012). Incentive-Compatible Information Sharing by Dual-Channel Retailers. *International Journal of Electronic Commerce*, 17(2), 127–157.
<http://doi.org/10.2753/JEC1086-4415170205>
- Yang, S., Lu, Y., & Chau, P. Y. K. (2013). Why do consumers adopt online channel? An empirical investigation of two channel extension mechanisms. *Decision Support Systems*, 54(2), 858–869. <http://doi.org/10.1016/j.dss.2012.09.011>
- Yin, R. (2003). *Case Study Research: Design & Methods*, 3rd ed. (L. Bickman & D. Rog, Eds.), Thousand Oaks, CA: Sage Publications (Volume 5). London: Sage Publications.
<http://doi.org/10.1097/FCH.0b013e31822dda9e>
- Yin, R. K. (2003). *Applications of case study research. Applied social research methods series ; v. 34* (Vol. 2nd). California: Sage.
- Yin, R. K. (2007). *Case Study Research Design and Methods*.
- Yrjölä, M. (2014). Value Creation Challenges in Multichannel Retail Business Models. *Journal of Business Models*, 2(1), 89–104. <http://doi.org/10.5278/ojs.jbm.v2i1.725>
- Zhang, J., Farris, P. W., Irvin, J. W., Kushwaha, T., Steenburgh, T. J., & Weitz, B. A. (2010). Crafting integrated multichannel retailing strategies. *Journal of Interactive Marketing*, 24(2), 168–180. <http://doi.org/10.1016/j.intmar.2010.02.002>
- Zikmund, W., Babin, B., Carr, J., & Griffin, M. (2010). *Business research methods*.
- Ziliani, C., & Bellini, S. (2004). Retail Micro-Marketing Strategies and Competition. *The International Review of Retail, Distribution and Consumer Research*, 14(1), 7–18.
<http://doi.org/10.1080/0959396032000154266>
- Zwilling, M. (2015). Building a Sustainable Business is More Than Profit | SmallBizClub. *SmallBizClub*, (January). Retrieved from <http://smallbizclub.com/leadership/open-culture/building-a-sustainable-business-is-more-than-profit/>



9. APPENDICES

APPENDIX 1: CONSISTENCY MATRIX

TITLE: Organisational Ambidexterity in Emerging Markets: A Retailer's Perspective

PROPOSITIONS/ QUESTIONS/ HYPOTHESIS	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS
<p><u>Research Question 1</u></p> <p>What forms of ambidexterity in retail firm management are realised in emerging markets?</p>	<p>(Bandeira-de-Mello, Fleury, Aveline, & Gama, 2016; Joharianzadeh et al., 2015; Juste et al., 2009; O'Reilly & Tushman, 2011; Pardo-del-Val et al., 2014)</p>	<p>Semi-structured interviews</p> <p>Media Articles</p> <p>Company Documents</p> <p>Observation</p> <p>Publicly available information (ROOTS Survey, Competition commission documents)</p>	<p>Qualitative analysis</p> <p>Content analysis</p>
<p><u>Research Question 2</u></p> <p>How are the two business models in a hybrid model run simultaneously? How do firms manage the components of a hybrid business model, separately and together?</p>	<p>(Kumar et al., 2015; Lin et al., 2013; Mason & Mouzas, 2012; Pardo-del-Val et al., 2014; Raisch et al., 2009; Shah, 2012; Wei, Yi, et al., 2014)</p>	<p>Media Articles</p> <p>Observation</p> <p>Company Documents</p> <p>Publicly available data</p>	<p>Content analysis based on open ended questions to determine the range of management strategies used.</p>

APPENDIX 2: SEMI – STRUCTURED INTERVIEW GUIDELINE

THESIS TITLE: ORGANISATIONAL AMBIDEXTERITY IN EMERGING MARKETS: A RETAILER’S PERSPECTIVE

Name: Girland Chibaya
Institution: Gordon Institute of Business Science
Course: MBA 15.16

A. MARKET BACKGROUND

- a. Could you tell me your perspective on South African consumers? Do segments exist in the market that you serve in your view? If answer is yes then explore further.
- b. How do you deal with low, middle and high income groups?
- c. Please explain further.

B. THEORY & CONCEPTS

- a. Could you tell me about the business model of the organisation we are discussing (A or B)?
- b. Do you have standard practices used everywhere? Please tell me about these?
- c. What is the degree of flexibility in the model? Do you adjust to local conditions? Please tell me how this is done
- d. Have you seen a change in the business model? Are there any exciting developments?
- e. What are your core strengths? Have these changed over time?

C. CORE COMPETENCES

- a. Who stands out as excellence in your industry (retailing)? Why? What market do they serve?
- b. Who has been good at developing offerings for new markets? Who is able to go into new environments, such as townships?
- d. Do you ever collaborate with your competitors or supply chain partners?
 - i. If yes. In what areas have you collaborated in?
 - ii. What were the benefits?
 - iii. What are the disadvantages?

D. MODEL DESIGN & MANAGEMENT

2. You have (initiative for organisation A or B) in the business. How were you involved in this initiative? How would you describe it?
 - a. How was the idea of the business model conceived?
 - b. What do consumers get out of this model?

- c. How has the business model changed the way you run business?
3. How are you managing the partnership or business model? Separately or together?
 - a. What capabilities are necessary to build and maintain, to win in this chosen business model?
 - b. What management systems are necessary to operate, build and maintain the key capabilities?
 - c. How is the partnership/ hybrid model benefiting you and your partners?
 - d. How would you describe your organisations' relationship with management, staff or owners in the partner organisation(s)?
 - e. What are some of the challenges? How can this be improved on?
 - f. Are you satisfied with the quality of communication with staff in the partner organisation? How might it be improved?

E. MEASUREMENT OF SUCCESS

4. How do you measure the success of the business model that you are currently using?
 - a. Is your business growing its population of satisfied customers and revenues?
 - b. Is your business enhancing its margins?
 - c. Is your business building a robust balance sheet?
 - d. Is your business leveraging trends?

F. ADDITIONAL INFORMATION

5. Is there anything else you would like to add?

APPENDIX 3: CONSENT LETTER

Gordon Institute of Business Science University of Pretoria

Dear Sir/Madam

In partial fulfilment of my MBA course, I am conducting research on retail firms' coping strategies strategy with regards to ambidexterity (ability to serve customers with diverse shopping patterns using one business model) in emerging markets. I am trying to find out more about the coping strategies used by retailers in emerging markets with dualities (segmented markets based on customer incomes and cultural diversity) such as South Africa. Our interview is expected to last about an hour, and will help us understand how South African retail companies are coping with serving diverse customer requirements despite the complexities in emerging markets. **Your participation is voluntary and you can withdraw in advance or at any time during the interview without penalty. Please sign in the space (signature of participant) below if you wish to participate in the interview.** Of course, all data will be kept confidential and no direct mention of participant names will be made in the research article. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Research Supervisor Name: **KERRY CHIPP**
Research Supervisor Email: chippk@gibs.co.za
Research Supervisor Phone: 011 771 4175 / 011 771 4000

Researcher name: **GIRLAND CHIBAYA**
Researcher Email: girland2012@gmail.com
Phone: 082 802 2766 / 011 856 7257

RESEARCHER

Signature of researcher: _____

Date: _____

PARTICIPANT

Signature of participant: _____

Date: _____