

Sub –theme 25:

Demand –Side Approchaes to Value Creation in Technology Innovation,  
Entrepreneurship and Strategic Management

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Business model as storyteller. Exploiting high-context culture as  
differentiating factor in an Italian retail company: The Eataly  
experience

## 1. Introduction

Rapid growth of emerging business models is often related, in managerial literature, to the concept of replica from an ordinary model. Replicator organisations are emerging as a dominant economic phenomenon of our time. Replication, a familiar phenomenon sometimes referred to as the "McDonalds approach," entails the creation and operation of a large number of similar outlets that deliver a product or perform a service (Winter & Szulanski, 2001). Process standardisation and homogeneity are regarded as driving forces of a fast and profitable growth. It is increasingly recognised that a business model could be depicted as a complex set of interdependent activities (Porter, 1996; Rivkin, 2000; Winter & Szulanski, 2001). Reproducing such a "recipe" means recreating the knowledge underpinning a web of complex, imperfectly understood productive processes at new sites. A well established view contends that the potential benefits of local adaptation may be outweighed by the performance penalties and risks associated with the modification of complex, causally ambiguous knowledge (Baden-Fuller & Winter, 2005; Jensen & Szulanski, 2004; Winter & Szulanski, 2001). The prediction of this stream of literature is that the exploitation of a proven template for doing business by replication will be more successful when that template is copied precisely. Companies that succeed in moving rapidly from a business model prototyping stage to the deployment of managerial and organisational algorithms are the one that can better access profitable growth and scale and scope advantages preserving, at the same time, the uniqueness of the value proposition in the new markets (Martin, 2009).

The attention of authors was drawn by a fast growing Italian company that adopted - for the time being - an alternative approach to growth, preserving and enhancing deeply locally and culturally rooted rich value proposition through the constant adaptations and reconfigurations of the components of the business model. Business model is not perceived and used as a "recipe" that must be preserved but rather as a grammar that could be rearranged to deliver a culturally rich customer experience in the different local contexts generation adequate ad hoc semantics. The richness of company culture and its unique values are considered the differentiating factor that has to be preserved in business expansion: in this sense, business model is regarded as "sense making machine" more than a fixed blueprint that simply need to

be replicated. Given the lack of research on different ways of leveraging business models as storytellers, an exploratory approach through case study provides a useful methodology to understand this different option adopted by firms (Eisenhardt, 1989; Churchill, 1979).

The authors intended to reconstruct if the use of the business model as storyteller was an explicit strategy within the organisation, identify the level of consciousness of the role of high-context culture as differentiating factor at different organisational levels and define the key processes through which high-context culture was made explicit to the customers as a differentiating factor. The research was conducted through the analysis of video and press, internal documents, organisational artefacts and a series of in-depth interviews aiming at the definition of the pattern of growth and the role of high-context culture in it. The authors identified in the CEO of the company the adequate “informant” to start the investigation. The interview was finalised to the reconstruction of the strategy of growth adopted, the time line and the milestones, the identification of the role of culture in supporting the differentiation and in the selection of an adequate set of people that could represent the different aspects of company activities and functions that could eventually be interviewed to obtain insights on the growth mechanisms.

## 2. The business model construct and the “forgotten” cultural dimension

Overall the notion of business model can be traced back to the Schumpeterian theory of entrepreneurship as the creation of new business combining resources in new ways (Schumpeter: 1950). This paying attention to two specific aspects namely: a) talking about new business models means “that [they] do not exactly duplicate existing business but have some elements of novelty” usually based on implicit knowledge (Rumelt, 1987); b) to evolve successfully a new business model, especially in the current service economy, means that due account is taken to its social embedding and therefore to the “silent language” of the cultural dimension (Granovetter, 1973 ; Hall, 1959, Normann, 2001).

In a similar way to many other managerial constructs, such as strategy (Mintzberg, Ahlstrand and Lampel, 1988), business model is not defined in a consistent way in managerial literature. This potential confusion is increased by the misuse of business model construct in business community. As recently stated by Rajale (2009): “The current semantic confusion related to

business models is complicated by consultants and practitioners who use the term business model to describe any unique aspect of a particular business venture”.

### *2.1 The evolving nature of the business model construct*

Business model definitions, in the last forty years, has evolved following the evolution of managerial studies and the new forms of organisations, enriching the scope of the construct as well as its key aspects.

Early works defined business models as templates for organisational effectiveness, focusing on computerised models in which a simple modelling of business functions was seen as a necessary aid in managing company’s processes and routines (Kaufman,2000). In this definition business models are very much like the architecture supporting processes and enabling routines.

A decade later, the interest of scholars moved to considering business models as the layer between strategy and operations (Mintzberg, 1987; Davidson and Davis, 1990). Business models were described as tools to support strategic decision through the representation of the overall impact of managerial decisions on the corporate structure and components. Business models could also support decisions taken into specific functions of the organisations thus supporting sales efficiency and operational excellence.

Following the shift from value chains (Porter,1978) to value networks (Norman and Ramirez,1994) as key sources of competitive advantage in strategy literature, business models were described as models to support inter-organisational strategies (Lyons, 1997; Hamel, 2002) especially in digital environments (Hanson,2000; Magretta, 2002; Lee and Vonortas, 2004). Business models were used as support to the optimisation of the whole supply chain or as the map to support reengineering processes. In digital environments business models were used to depict the way by which companies aimed at delivering value to the market and the underlying revenue model in new and uncertain markets.

In recent years, the business model construct has been progressively enriched, becoming a fundamental part of business innovation and a source of new value creation. In particular, a strong emphasis has been given to the business models as the tools to transform into value the

outcomes of open innovation and collaborative environments (Onetti and Capobianco, 2005; Chesbrough,2004; Chesbrough and Appleyard, 2004). The production process to which customers take place as co-creators is no longer limited to the production and distribution of products and services but is related to the configuration of business models either partially or globally (Chesbrough and Rosenbloom,2002; Shaw and Ivens ,2005).

Despite these evolutions and modifications of business model construct, there seems to be some common background to what a business model stands for business models are the structures through which companies perform the two crucial macro processes of value creation and delivery and value capture from the market (Rajala, 2009). In this sense, the construct evolution follows the development of the sources of value creation and the way through which companies turn market opportunities into desired performance outcomes. In this sense, following the definition of Osterwalder and Pigneur (2009), business models are the missing link between strategy and business processes and describe the rationale of how an organisation creates, delivers and captures value. Hamel (2002), though sharing the same vision about the functions of business models (i.e. creating and capturing value in a very unique and hard to imitate way), encloses strategy (mission, scope of business and basis for differentiation) in the components of business models. Business models do not bridge between strategies and processes but represent the essence of differentiation, from strategy formulation to the assets and resources, internal and external, needed to support the strategy and turn it into operational processes. If strategies become a part of business models the construct will be less perceived as an architecture sustaining processes and receiving its shape from strategic decisions and more than the essence of business itself, a sort of corporate DNA, enclosing in itself the whole potential for innovation.

## *2.2 The components of business model*

There are many different representations of business model structure in managerial literature, from very simplified ones to rich and articulated. Despite this diversity it is possible to find some common features in many of these representations. Such features could be summarised in the following table (Table 1):

*Table 1: The components of business model*

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- a) The **offering** or **value proposition**. This represents “anything offered to the market that might satisfy a want or need of the targeted customers” (Chesbrough, 2007). In addition to this definition, the value proposition should also show the reasons for differentiation and explain why the offering itself is a better solution than the other ones available on the market. In many business models representations, such as the business model canvas (Osterwalder and Pigneur, 2009) which has gained large popularity among practitioners, the competitive dimensions of the offering is not particularly stressed in favour of a deep analysis of customers needs and wants. The misperception of the relevance of differentiation among the dimensions of value proposition might implicitly risk to produce offerings that lack of distinctiveness or are particularly weak when compared to existing solutions.
  - b) The **customer segments**. It is implicit in the definition of value proposition to have a clear perception of the receivers of the value created for the marketplace. A description of the targeted customers should not only focus on descriptive variable such as lifestyle or demographics, but should present a deep understanding of the behaviours of customers and the kind of activities they perform under the scope of the value proposition.
  - c) The **revenue model**. It explains the way through which the company extracts value from the market (Chesbrough and Rosenbloom, 2002) and is related to revenue sources, pricing policies and strategies, transaction models and margins and volume policies. Even though some authors include the cost structure in this part of the business model, it might be argued that costs should be more related to key processes, procurement and distribution structure and policies and value chain activities and be taken only as an input for the determination of the revenue model.
  - d) The **internal resources** and **assets**. These elements might be perceived as the internal building blocks that allow to develop and implement the business model. They are related to both tangible and intangible assets, as well as knowledge and relationship resources that support the value proposition and generate, through their combination in processes and value chains, a sustainable competitive advantage.
  - e) The **network** of suppliers and distributors. These subjects are the external part of the business model and they contribute to the creation of the value and its delivery to the final customers. The external network is composed by primary and secondary stakeholders (like debtors, public institutions, etc.) that might affect company’s performance.
  - f) The **key processes** and **value chain**. This part of the model shows how the company performs its key activities utilising key resources and assets and integrating with the external network

(Ankenbrand, 2011). This component of the business model bridges all the other parts and shows the different kind of relationships between all of them.

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Together with these elements, it is appropriate to consider the organisational **culture** and its values and beliefs as crucial elements of the business model. These aspects play a crucial role in shaping the business model and giving it consistency over time. This “soft” element is also the glue that virtually keeps the business model together by generating a common set of frames, perceptions and values among the employees. It is relevant distinguishing between business models marked by a low- context culture and those marked by a high-context culture. In low-context cultures little is left to assumption of members instead everything is spelled out and encoded in formal routines. Consequently culture is just a “glue” that keeps together the different parts. In high-context cultures implicit and unspoken rules known only by members are especially relevant. The silent language of the organization is fully understood only by those who are insiders. When business models are characterized by a high-context culture, the role of culture becomes pervasive and affects the survival and the sustainable development of the new venture and plays a key role to support narrative process towards customers. Here the process of replication and local adaptation of the business model is strongly path dependent from the cultural factor: i.e. feelings, values and especially a “silent language” full of meanings embodied in people (Hall,1959; Polany, 1966).

The Eatly experience presented in this paper is a very vivid example of how culture and beliefs could be the key differentiating factor in establishing a strong customer relationship and gaining a competitive edge in a relatively short period of time. In this case, the role of business models is the one of “storyteller”, i.e. it offers the narrative structure to decline culture and values into tangible offerings that could fit different customer behaviours and socio-economic contexts.

### 3. Business models as storytellers: the Eataly experience

*“Mixing food and food culture means creating love. Two such positive things always create love”*

O. Farinetti, Eataly Founder

Eataly is an Italian retailer that specialised in providing its customers with deep culturally rooted experiences related to food consumption. It started with a single outlet in Turin, Piedmont and then grew its business in Italy and abroad, specifically in Japan and in the United States. Its growth is not based on a single format expansion through a typical replication process, but rather on the definition of business models that could match local characteristics with the cultural based competitive advantages of the firm.

#### 3.1 The birth of Eataly: how entrepreneur's culture and experience turned into a business model

The insight at the bottom of Eataly project is well described by the founder, Mr Oscar Farinetti, that stated: “On the whole, consumers spend 25% of their money on food, there was a 75% still to address. This is Eataly challenge.” In this sense, food is seen as cultural product that could be sold through deep, motivating experiences, far away from need based, low context, mass retail food consumption. The three steps of the Eataly formula could be summarised as: Learn, Eat and Buy.

- a) **Learn** is the starting point of customer relationship. Eataly devotes a lot of efforts in providing formal and informal information and training to its customers.
- b) **Eat**. Product tasting, through restaurants and other forms of catering is crucial to the Eataly experience. Through product tasting customers complete their “transformation” experience and perceive food in a different perspective catching the cultural implications and meanings underneath its consumption.
- c) **Buy**. Eataly wants to bring high quality foods to everyday shopping for the average customers, in this sense differentiation from other “luxury food” icons (such as Fauchon



for the French market or Harrod's for UK). Local producers contribute to up to 70% of the whole assortment and are selected through a partnership with Slow Food association. This selection allows to reduce the length of distribution chains and provide more wealth to the producers instead of intermediaries. The fact that local producers play such a critical role forces the company to adapt its offering depending on local product availability and the presence of Slow Food experts that can support *in loco* the selection process and help the company to understand local customer behaviours and preferences.

The origins of this particular business idea are very much linked to the entrepreneur's background and the network that it generated over time. Before starting Eataly Mr. Farinetti had been the former owner of one of the largest Italian category killer chains specialised in consumer electronics. The success of this chain dates back in the eighties when Mr. Farinetti took the lead of the family retail business and devoted himself to communicate to customers how easy and affordable electronics could be. This storytelling ability and the willingness to change customer behaviour and attitudes could be identified as one cultural path that lingers between the lines of Eataly success. A parallel passion of Eataly founder was the perception of the cultural and social dimension of food consumption and the need to preserve deeply rooted local productions as cultural layers of both social and economic value. This passion brought him to be one of the first members of the Slow Food movement<sup>1</sup> and permitted him to establish strong relationships with its founder, Mr. Carlo Petrini. The unique skill provided by Slow Food consultants in selecting productions with deep cultural meanings - high context products - could be seen as the second pillar of Eataly uniqueness. A whole picture of Eataly original business model could be seen in Exhibit 1.

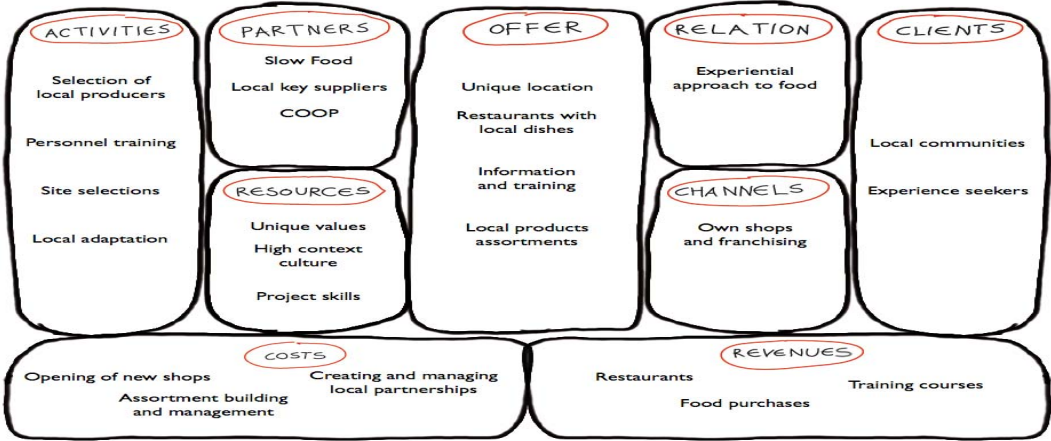
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<sup>1</sup> Slow Food was founded in 1986 by Carlo Petrini in Bra, Piedmont region as an alternative to fast food. Its mission is to preserve traditional and regional cuisine and to encourage farming of plants, seeds and livestock characteristic of local ecosystems. During the past years Slow Food organisation has expanded to include over 100.000 members with branches in over 150 countries. Slow Food is locally organised in over 1.300 *convivia* chapters. Each *convivium* has a leader (*priore*) responsible for promoting local artisans, farmers and products through regional events such as wine tasting, farmers' markets and taste workshops and other forms of promotion. Offices of Slow Food are present in many countries like USA, Japan, United Kingdom, France and Germany. In 2004, Slow Food, that produces a large amount of publications in several languages, opened a University of Gastronomic Science in Pollenzo, Piedmont and in Colorno, Emilia Romagna which goal is to promote awareness of good food and nutrition. The mission of Slow Food covers a wide range of issues such as: develop an ark of taste for every local territory where to preserve local foods and traditions; create *Praesidia* to promote local foods to the public; form and sustain seed banks to preserve heirloom varieties in cooperation with local networks; organise small scale processing for local small producers; promote taste education; develop social and political programmes to support local farming and family farming; encourage ethical purchases in local marketplaces.

Eataly business model is built on the exploitation of two rather unique skills: *storytelling* and *cultural meaning creation*. These elements are passed within the organisation through the recruiting process and an intense training activity aiming at making employees share the same beliefs on the role and meaning of food and its consumption. On the other hand, Slow Food consultants play the role not only of food chain experts, but also of “informants”, in the ethnographic sense, about local cultures and food stances.

It is usually stated that business models could play the role of organisational blueprints or matrixes helping the rapid replication of firms or sub-parts. This role could be easily played in low context cultures, when the replicability is only depending on process alignment and structure replications. How could a company replicate its “essence”? This question becomes crucial when it comes to locally based, deep culturally rooted business models such as the Eataly one. In this case, there is no such a thing as the business model blueprint that could drive the growth process. The approach shown by the Eataly experience and investigated by the authors is based on culture as replicating factor, allowing the business model to adapt to different environments and contexts without losing its dna.

*Exhibit 1: Eataly business model*



3.2 Using Business Models as Storytellers: Expanding Eataly through geographical boundaries

The process of national and international expansion depicted in exhibit 2 shows some peculiar characteristics in terms of use of business models as local storytelling supports. In the same words of the entrepreneur:

*“There is but only one scenario and it is crucial to adapt to it in the best possible way, every time”.*

The scenario is, in fact, the local context, with its network of suppliers and its consumption habits and cultural biases about food and narratives. In this sense, Eataly adoption of different business models allows to adapt the core competencies and skills of the company to different contexts, permitting to maintain the key differentiating aspects though re-designing parts or the whole business model every time. In this sense, business models could be seen as tools, machines that generate different grammars to adapt Eataly messages to the different contexts, playing the role of story tellers more than blueprints for replicability.

Eataly adapts most parts of the initial business model to specific local “scenarios”, in order to support its storytelling uniqueness in the different contexts. The selection of *local partners* is adapted to the availability of local producers sharing the same beliefs on biodiversity and cultural food values. The *value proposition*, despite its unique high-context cultural background, varies significantly including, excluding or mixing in various forms the role of grocery products, restaurants, training programmes in delivering Eataly deeply involving customer experience. The *channels* adopted to deliver cultural values and experiences to the local customer base vary in terms of format and revenue models including stand alone outlet, shopping mall shop, shop in shop, integration with other existing formats (like in the Bologna shop) and franchising. *Customer relationship* is very much dependant on local purchase behaviours and swings from co-creation activities to off shelves purchase. These variations have an impact on the *revenue models* of the different outlets that might be depending mostly on restaurants and catering or on local selected assortments or on franchisee fees depending on the specific local situation. On the other hand there are significant differences in the *cost structure* of the different outlets and there seems to be an effort in process standardisation only as far as logistics and core locally produced Italian good are concerned.

The elements of the business model that remain constant in the expansion process are very few and are more linked to processes or practices than to formal and tangible aspects. A crucial role is played by the availability of Slow Food experts with an adequate understanding of local cultural dimensions of food and small producers availability. On the other hand, the

narrative skill is differently declined depending on the context. In this sense, there are formats more related to formal training and oral narratives and ones more depending on tacit knowledge transmission through deep customer experiences. With such a complexity in delivering the proper meaning to the proper target population in each and every market it is somehow natural that the experiment of the franchising format was limited to a single experience as this kind of expansion model relies upon highly standardised processes and is far more effective when it comes to low context cultural products that do not require a contextualised story telling competence to gain market attention. A fundamental role is played by the internal culture that somehow “glues” all the different business models into a single, sense making process of adaptation and declination of same values, beliefs and skills.

*Table 2: Eataly expansion timeline*

<b>Openings</b>	<b>Format description</b>
2007- Turin	First shop, includes restaurants, local produces contribute to 70% of the assortment. Emphasis on consumer training and information (programmes for schools, programmes based on different menus preparations, co-creative initiatives, e.g. “Chef for a day”)
2007- Milan	Corner shop in Coin Department store in Milan. New format without restaurants and training programmes, more based on grocery on a small assortment selection of product excellences. The format idea followed the insight on milanese purchase behaviour which is faster, more down-town based than the one met in Turin.
2008-2012 Japan	Shop in shop format in different department stores. Strong integration of Japanese small producers in the assortment. Focus on key partner Italian producers to complete the assortment. Crucial role of Slow Food consultants to adapt to local tastes and define the proper cultural meaning of food consumption. Focus on restaurants and voluptuous consumption of Italian delis.
2008-Bologna	The format, supported by Coop supermarket chain, one of Eataly shareholders, includes a merge with an historical bookshop in Bologna downtown. In the case the informative role of the show is somehow expanded to embrace the library. The assortment is, also in this case, compose by local producers selected through Slow Food network.

Openings	Format description
2009-Pinerolo (Turin)	The main focus of this format, that is located in an old farm previously functioning as restaurant owned by Mr. Farinetti, is on restaurants and food preparation. In this case the format is far more similar to a food hall than to a traditional supermarket.
2009-Asti	This is a franchising downtown format. At present it is the only franchising experience and it appears that the difficulty to replicate internal culture is among the most relevant limitations to the adoption of such an expansion strategy.
2010-New York	Typical department store format for the New York downtown shop that shows all the characteristics of the first Eataly outlet in Turin Yet integrated with American products and tastes through the contribution of Slow Food. Restaurants and a brewery are in the facility and training courses are offered to the customers.
2010-Monticello d'Alba	This is the format which is more similar to a traditional supermarket, without restaurants and training services for customers. The trading area is typically sub urban and characterised by large shopping malls and supermarket chains. In this environment there was no room for time consuming experiences and this forced the company to shrink its formula. The essence of Eataly as storyteller is guaranteed by the crucial role of shop assistants and product information displayed.
2011-Genoa	This shop is the most similar to a replica as it has been conceived as a small version of the first Turin one.
2011- Via Lagrange (Turin)	This shop is very much based on the idea of food preparation, re-inventing the local and Italian tradition. It is managed by Mr Farinetti's son and it is defined as a place for experimenting and elaborating. All the food preparation processes are visible by the customer and a strong emphasis is given to taste exaltation, as a way to deliver to customers the implicit knowledge of good food or "right" food.
2012-Rome	This shop is going to be one of the largest ones of Eataly. The dominant idea at the back of this format is to show customers as much of the preparation processes as possible, turning shopping into a visual learning experience. The assortment will be depending on local products and biodiversity as in all the other shops and a large area will host restaurants and snack bars.

In addition, in 2013 and 2014 will be opened new points of sale in Piacenza, Milan (former Emerald Theatre) and those abroad in Chicago, Istanbul and Dubai.

*4. Research methodology and key findings*

In order to reconstruct the way Eataly plans and executes its growth strategy through the adoption of dynamic business modelling, the authors underwent a field research within the company that was based on the collection of data through the analysis of documents, organisational artefacts and in depth interviews with key players (Table: 3)

*Table: 3 Research goals and tools adopted*

<b>Research Goals</b>	<b>Research Tools</b>	<b>Informants</b>
Verify conscious use of business model as story teller	<ul style="list-style-type: none"> <li>• Video and press interviews</li> <li>• Internal documents</li> <li>• Store and artifact observations</li> <li>• In depth interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Communication Manager</li> <li>• Chief Executive Officer</li> </ul>
Verify how high-context culture shapes employees conducts	In depth interviews with heads or managers of major business functions	<ul style="list-style-type: none"> <li>• Head of Human Resource Management</li> <li>• Head of Communication</li> <li>• Head of Purchasing</li> <li>• Category Manager</li> <li>• Manager of Interior Design</li> </ul>

The objective of the observation was twofold:

- a) Verify with company's top management how conscious is the use of adaptive business models as a tool to support growth preserving core differentiating values.
- b) Investigate the way through which high-context organisational culture shapes the conduct of employees at different levels in the way they manage and execute the expansion of Eataly in different contexts both at national and international level.

The first objective was achieved through the collection and analysis of founders' recent interviews on press events and television, the analysis of internal documents provided by company and artefact analysis in different points of sales and through in depth interviews with top management, namely the CEO Mr. Francesco Farinetti who led actively several new openings both at Italian (Milan and Bari) and global level (Chicago, Istanbul and Dubai). Authors' interest was mainly focussed on the way Eataly manages new openings in order to identify its pattern of growth. The idea underlying these data collection is to detect the level of standardisation or adaptation of the company business model and how the company top management perceives new openings in a spectrum between pure replications and totally new projects.

Interviews was based on a set of questions related to the timeline and process identification for new openings. In particular, a specific set of questions was related to the analysis and comparison of different openings in terms of similarities and differences both in the process and in the business model definition. The authors investigated in particular the following topics: site selection; existence of predetermined formats; lay-out and space allocation on a fixed model; selection of suppliers and assortment definition; role of key partners and consultants; personnel training. The key findings could be summarised as follow:

- a) In choosing the location for new shops, Eataly's top managers do not look for standardisation or replication of existing formats: "eataly is an anti-model company". On the contrary, the quality of the building and its past history are the key factor affecting the decision. Quoting Mr. Francesco Farinetti himself: "The location has to be iconic and capable of creating deep emotional connections with the customer....it must have a past history and somehow be a landmark in the city. The opening of the new Milan shop will be at the Smeraldo theatre. We will respect the past role of this building and are planning to

have shows running in the shop all throughout the week as an integrating part of our offer.”  
“The Bari facility is part of the recent history of the town, just in front of the sea in the old fair area. It will be a door towards the sea for the customer and we will respect this role in selecting the right product categories and setting up theme restaurants in the store.” “The format adapts to the history of the location and the food tradition and is part of the narrative of quality food”. “All our locations have an history to tell: in Rome it is the forgotten air terminal of Ostiense, in Genoa it is the old harbour and its tradition, in Florence is an old and precious bookstore that was a landmark of the town..”.

- b) The new building is a way through which Eataly experiments new solutions and formulas that could then be integrated in future openings or remain ad hoc solutions. “Format must always be adapted to different realities...we continually strive to experiment through trial and error”. “Our approach is based on the uniqueness of our idea of using food to tell stories to our customers and deliver the richest possible experience to them”. “Our customers are attracted by the beauty and uniqueness of the location, by the quality of our restaurants and eventually by the fact that they could purchase good local food”. One of the key concepts expressed by top management is the one of flexibility: flexibility to the local tastes, flexibility in adopting ad hoc solution in a fast and continuous way (the New York store restaurant named “La Piazza” was decided 48 hours before the grand opening).
- c) The uniqueness of the location calls for strong adaptations of the layouts and the merchandising. This process is undertaken not only by Eataly’s staff but requires the involvement of partner suppliers and Slow Food consultants that play a key role company’s category management. “Categories are designed differently for every shop in order to fit the location and deliver an unique customer experience”, “we have shops as small as few square meters in Tokio underground and multi-floor ones like the one in New York: We want each shop to tell its own story and yet show the Eataly formula at its best”. Overall Eataly divides its formats depending on space availability and after some discussion top managers identified a small format with a single restaurant, an medium size format (1.000/1.200 square meters) with a wider exposition of local products and a large format (over 10.000 square meters) with several restaurants and a lay-out well divided into merchandise categories. Authors asked Mr. Francesco Farinetti if these formats could be considered as standards that drive the selection of the location, the evaluation of the shop profitability and the category management but the answer was that each shop is a stand alone projects and that these formats are more a post project taxonomy than a real driver for identifying growth patterns.



- e) This adaptation is not a finished project itself as continuous improving is generated through customers' feed-backs and shops hybridations. "When we opened the Turin shop there was no pastry shop inside it. After many requests from our customers we created a pastry laboratory and shop in shop that become one of our assets. We consider each shop a work in progress". "In the New York store we created many small labs in a shop area and this became a trademark of our large surfaces all over the world, showing 'transparently' what we do to our customers".
- f) If shop openings do not show any relevant trace of standardisation what will it be with the selection of suppliers and the definition of assortments? The interview described the way assortments are built starting from the idea of food and taste heritage: "In Italy we have the world's largest food heritage, not even China and its millennial cuisine have such a wide variety of food and delis". This brought managers to define a very adaptive approach to assortment building. Using a completely different stance when compared to traditional supermarkets Eataly does not adopt a fixed grid in building assortments depending on category roles but it adapts to local excellences. Local products and small producers play a crucial role and can have a different weight in shop assortments. "We take a snapshot of local excellences and promote them in our shops. In the Turin shop 70% of all products come from local producers, in Bologna this percentage is 45% and 55% in Rome".
- g) With such a wide range of producers to evaluate and with the complexity of creating ad hoc assortments for each shop the suppliers' selection criteria plays a crucial role in Eataly's strategy. This activity is managed with the active support of Slow Food consultants. "Slow Food is our strategic partner that always brings to us so many options and new ideas". Once the location as well as the lay out are planned the Slow Food local team scouts the territory in search of excellences. This process works for both the Italian shops and the international ones. A part of the assortment is always related to Italian food but its width depends on the single shop lay-out. Eataly directly imports Italian products in the different nations and this allows it to bring to local customers very unique products with a deep meaning and uniqueness. "In Japan we brought 1.200 Italian products never seen in that market, while in New York we directly imported over 3.000 different products".
- h) Eataly is a young company with its 2.200 employees with an average age of 29 years. All store managers made their careers internally as most of the training is on the job. Eataly has an internal school to form specific roles such as butchers, bakers, etc. Top managers defined social intelligence as one of the key characteristics of their employees. What

emerged strongly during the research was the fact that this competence was considered crucial to “learn” from colleagues and the environment the rich cultural context that glues the company together. It is not only learning and executing a job what is requested to employees, but a deeper understanding of the hidden meanings of each and every activity in delivering a rich and adaptive experience to customers all over the world. Eataly could be depicted as a flat and networked organisation with key supplier and consultants that are deeply integrated and entangled in the organisational processes. Each shop is divided into three separate areas: market with different product categories; restaurants and the learning part. These areas are directed by the shop director and an area manager. Category managers, in some cases such as the one of meats, are not Eataly employees but come from partnering companies that share same beliefs and vision about food consumption and that are related to the Slow Food movement.

From the results of the research it appeared clear to the authors that the top management of the company has a clear vision and strategy deeply based on the idea of project more than replication. Business model components are used more as a Tangram to come up with different shapes adapting to various environments than as a fixed jigsaw that must be replicated obsessively to support profitable growth. The glue that keeps this Tangram together is the organisational and network high-context culture that is rooted in the Slow Food movement values and the project competencies that top managers highlighted as crucial to their success. It is of the utmost importance to verify if these competencies and beliefs are present at the operational level of the company or are diluted in formal and rigid processes in the execution of very unique growth strategy.

During the interview authors also asked CEO to run a new set of interviews with Eataly heads of business functions and middle managers that, in the idea of top managers, could describe how the operative processes that support growth work. This second round of interviews aimed at highlighting the existence of formal standardised processes in running new openings or the presence, at a lower organisational level, of the perception of a replication process in dealing with new openings and company growth.

Five key persons have been identified by the CEO, Mr. Francesco Farinetti, as representative of all the functions and processes involved in the process of opening new shops at national

and international level. These five people belong to the following functions: communication in and out store; purchasing and category management; interior store design and lay-out; human resource management. These functions provide a wide angle view of the opening process and are potentially very influenced by Eataly's vision and culture as they could be defined as the gears of the sense making machine. In depth interviews were designed using the methodology of ethnographic interviews (Van Maanen, 1988; Spradley, 1979) and a four-step method of qualitative inquiry described in McCracken, (1988) to address the following topics: job description with reference to the presence of work routines and standardised processes in dealing with shop openings; critical situation management and patterns of behaviours; reconstruction of individual perceptions of Eataly's values and beliefs; reconstruction of individual relationship networks and sources of information in dealing with shop openings; measures and metrics for the evaluation of individual and functional efforts and results. A description of the questions could be seen in Table 3. Interviews lasted for one hour and a half. have been recorded and transcribed .

Table 4: A description of the questions for Eataly's executives interviews

Type of question	Question
Grand Tour	<i>Can you describe which are the main aspects of your job?</i>
Guided Mini Tour	<i>Can you tell us which issues you have recently dealt with during the opening of a new shop?</i>
Task related Grand Tour	<p><i>Which are the elements that influence the way you work at Eataly?</i></p> <p><i>Do you think that they are different from the ones you could encounter in other retailer organisations?</i></p> <p><i>Which are the main sources of information you use during your work?</i></p> <p><i>Which are the people and the functions you work more with?</i></p> <p><i>How is your job evaluated?</i></p>
Direct language question	<i>How would you describe the way openings are managed at Eataly?</i>
Hypothetical-interaction question	<p><i>How could you describe to a friend your work during an opening?</i></p> <p><i>How could you describe to a friend your job in general terms?</i></p>

Interviews offered the authors a deeper understanding of the way in which Eataly manages its growth process and the level of replication adopted. Amongst all the subjects interviewed there seems to be a deep “culture project” opposed to the format one and this is easily detected in all the areas of investigation. In regard with the different items analysed the main findings could be summarised as follow:

- a) In depicting their jobs all the interviewed used expressions such as “variable”, “rich”, “never the same” and when asked to better qualify these expressions they all highlighted the lack of routine and a constant tension between new openings and the constant re-interpretation of present shops. The technicalities related to each and every profession are described in a very plain manner: “I do the things that everybody does in my role”, “I design shops”, “I manage communication with the usual tools”. They seem to consider these aspects as not central to the way they perceive their job and responsibilities. Most of the time spent in depicting their job is devoted to the idea of managing complex project in a very mutable environment. “Managing communication in this company means dealing with different images as every shop is a unique reality”, “Shops are designed to surprise our customers and each shop is a special story” “We often change ideas while dealing with new shops and continue to experiment” are some of the expressions used.
- b) In order to manage and stay ahead in this turbulent environment constant communication and feed-backs with different functions and roles are crucial. “My job requires skills of adaptation to the evolving needs of the top management as well as the ones of category managers”, “While working on new shops you meet people that where involved in the previous openings or work in other shops and this is part of the transformation of the shop into something unique”, “in my job I constantly interact with category managers, the top management and procurement and logistics to be sure that the communication of the shop will respect its unique identity”. “Category managers help us in providing the right information to the customers depending on the shop assortment and local values”. The effectiveness of this constant flow of information is guaranteed by a common background and a unique set of values that allow people from different parts of the organisation “to see things in the same way”. This unique vision is not related to the output itself (conflicts and rapid changes of directions have been vividly depicted) but to the use of the same cultural dimensions and categories in dealing with new projects and with the growth itself. “We work in a team where everyone is important and can bring new ideas” but these new ideas are all knit together on a hard surface of common beliefs. These beliefs are related to the uniqueness of each and every Eataly shop, on the deep cultural experience that each shop must deliver to the customer and to a common sense of beauty and monumentality when dealing with new openings that mixes of sense of building a unique story to surprise and seduce customers. “We look at the beauty in adapting to each and every building which is already a monument in itself”, “Each shop progressively takes the shape of a unique piece

that need to be narrated”. These sort of expressions appeared to the authors somehow rare in the retail scenario and showed the existence of a strong and well established culture within the organisation that turns storytelling into an everyday job for most of employees in key functions of the organisation.

- c) The relevance of the cultural dimension in managing growth processes is well depicted also in the section of the interviews devoted to the assessment of one’s job performance. Speed in execution, flexibility and adaptation are the key metrics expressed by the subjects. When asked to explain what they mean by speed or flexibility most of the people interviewed quoted examples of how they dealt with multifunctional teams to come up with fast solutions to increase the experience of customers in the shops or enrich the meaning and cultural value of products or food preparation by bringing up bright project solutions. None referred to any kind of past experience or standardised process as a way to deal with the need of speed or local adaptation of pre-existing formats. In this sense, project culture more than dull replication seems to be the way through which people think they can express and show to other their organisational value.
- d) A very interesting aspect that emerges from interviews is subjects description of the opening of a new shop. Most of them used terms that could efficiently depict the opening of an exhibition or a play in a theatre. “Every opening is impetus and passion”, “It is a total delirium” that has its payback when “customers understand they are in front of good, quality, local food and start ordering it and understand”. This emphasis on the painstaking efforts to make people understand is very common in the interviews. This fact could be related to the high context culture of the company and its needs to use a wide array of tools to generate sense during shopping experiences. In Table 5 is reported a set of representative quotes as emerged from interviews and field research that highlight the link between variables and the findings.

Table 5: Representative quotes underlying research variables

Variables	Quotations
Eataly's high-context culture	<i>"Eataly tells the story and tradition of quality food in evocative places of town and territory", Founder</i>
Growth strategy by project and not by replication	<i>"Eataly is an anti-model company", Founder</i>
Business model adapts to local situation to preserve high-context culture	<i>"the format adapts to the history of the location and the food tradition and is part of the narrative of quality food", CEO</i>
Each opening is a stand alone narrative project	<i>"Each shop progressively takes the shape of a unique piece that need to be narrate, Head of Purchasing</i>
Project skill are more relevant than routinized process skills	<i>"We often change ideas while dealing with new shops and continue to experiment", Head of Communication</i>
Team work is fostered through the high-context culture	<i>"We see things the same way", Manager of Interior Design</i>

5. Discussion: how far can culture allow replications?

The pattern of growth of Eataly carries a huge burden in terms of lack of economies of scale and a constant need for expensive adaptations and re-inventions of parts of the business model. This fact forces management to consider each and every new project as a stand-alone one, strongly depending on the role of the "informants" of Slow Food consultants in local markets and the existence of local networks sharing the same beliefs about food culture. The need to share a high-context culture with employees make the cost of adaptation even higher and the results far less than predictable in the long run. Furthermore, the more business models tend to differ from one another the more it is difficult to manage integration processes and this might lead to the birth to sub-cultures, based on single business models organisational dogmas that might erode the cultural assets of Eataly as a whole.

On the other hand, the role of business models as "grammars" that permit the declination of complex cultural values into operative business solutions and competitive offerings open a new perspective that might be rich of implications for high-context productions such as design products, country of origin offers, fashion and niche producers that have a very unique cultural stance towards the meaning of their products and services.

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