Chapter 3
Searching in the Past New Strategic Approaches:
Creating and Appropriating Value through Tradition

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ABSTRACT

Starting from the increasing difficulties for firms to create new value for customers and consequently to achieve competitive advantage, the present paper proposes an alternative strategic approach based on the notion of tradition. Specifically, tradition is defined as the whole set of competencies, knowledge, values, and culture that characterize a specific firm, territory, and/or age. Analyzing three successful Italian companies (Barilla Group, Brunello Cucinelli Group, Aboca), the paper clearly shows how tradition may be effectively employed to face competition, allowing companies both to create and to appropriate value.

INTRODUCTION

Globalization, defined as the continuous integration of economies, societies, and cultures through a globe-spanning network of communication and trade, has lead to the development of unidirectional and homogeneous patterns, followed by the majority of social and economic communities (Ohmae, 1989). This homologation process is also well evident at the level of single product and process, with a consequent loss of identity, that has made more and more difficult for firms to differentiate business initiatives, creating new value for customers and achieving a sustainable competitive advantage (Levitt, 1983). This issue increasingly matters for firms operating in developed countries, which are facing the challenge linked to the growth of emerging countries' economies (Luo & Tung, 2007; Bruton et al., 2008).

In this scenario, in addition to the well known and recognized importance played by technological innovation, firms may face competition exploiting tradition (Messeni Petruzzeli & Savino, 2014, 2015; De Massis et al., 2016), viewed as the "collections of cultural elements that may include symbols, material objects, myths, custodians, rituals, temporal qualities as well as collective identities and memories (Dacin & Dacin, 2008, p. 11). Specifically, a firm may use tradition as a distinctive resource (Barney, 1991; Messeni Petruzzeli, & Savino, 2014, 2015) both to create value as well as to capture it. In fact, traditions are repositories of elements through which it is possible to evoke collective memories, identities and social cohesion (Shils, 1981; Hibbert & Huxham, 2010; Negro et al., 2011). Hence, the usage of tradition allows to characterize products with elements strictly tied to a specific firm, territory, and/or age in order to overcome homogenization (Bessiere, 1998; Aoyama, 2007). Accordingly, a competition based on tradition implies also to re-think globalization processes, shifting from the "think global, act local" model (Kanter, 1995), which emphasizes the importance of global best practices, to "think local, act global", which aims at globally promoting local differences and peculiarities (Stone, 2001).

Creating value through tradition may be achieved using both traditional technology and design, applied at product and/or process level. However, to fully exploit the benefits arising from traditional elements, firms have to capture the created value, developing an idiosyncratic link between products and processes, and the image and identity of the firm, which has to reflect in its organizational routines the tradition it employs. On the basis of the extent to which companies leverage tradition both to create and appropriate value, we distinguish three different types of firms:

1. Tradition-based firm, characterized by a high involvement of tradition in both creation and appropriation;
2. Old looking firm, characterized by a high involvement of tradition only in appropriation;

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