

An Integrated Perspective on Special and Limited Editions

The Case of Alfa Romeo

Master Thesis

MSc in Management of Innovation and Business Development

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Date of submission

15th of May 2019

Characters/pages: 224.135/94

ABSTRACT

This research wants to investigate how special and limited edition products can be employed as multipurpose tools in a car manufacturer company, focusing on the case of Alfa Romeo. Specifically, the analysis follows three main directions in order to qualitatively explore how these product variations can help marketing, product life cycle management and product fit in the case of business model changes. This research provides a more concrete understanding of the use of special and limited editions as business strategies. Firstly, the analysis shows that special and limited edition models can represent valuable marketing strategies leveraging on factors such as scarcity, exclusivity, differentiation and time pressure. Secondly, these product variations are demonstrated to be precious strategic tools in order to act on a product life cycle and, more particularly, on the flexibility and extension of its curve. Lastly, special and limited edition models have proved to be helpful tools in order to create a business model fit between old and new products after a change within a company's business model. The findings of this research are useful in order to inform management practices and future research, and they can be broadly applied to the automotive industry.

Table of Contents

1. Introduction	1
2. The Alfa Romeo Brand	7
2.1 The automotive industry landscape	7
2.2 History and evolution of Alfa Romeo	8
2.3 The Alfa Romeo brand values	11
2.4 Alfa Romeo special and limited edition models considered in this study.....	11
3. Literature Review	18
3.1 Special edition and limited edition products	18
3.1.1 Overview	18
3.1.2 Managerial purposes and consumer behaviour	18
3.2 Product life cycle	23
3.2.1 Overview	24
3.2.2 Product life cycle stages and strategies	25
3.2.3 Product life cycle extension strategies: how to sustain product's sales	30
3.2.4 Alternative views on the product life cycle.....	33
3.3 Business model and business objectives	34
3.3.1 Business model taxonomy	35
3.3.2 Changes within the business model.....	37
4. Methodology and Methods	40
4.1 Research philosophy	41
4.1.1 Ontology.....	42

4.1.2 Epistemology.....	42
4.1.3 Axiology.....	43
4.2 Approach to theory development.....	43
4.3 Methodological choice.....	44
4.4 Strategy.....	45
4.3.1 Case study.....	45
4.5 Time horizon.....	46
4.6 Techniques and procedures.....	46
4.6.1 Primary data collection.....	46
4.6.2 Secondary data collection.....	48
4.6.3 Data analysis.....	48
4.7 Quality of the research design.....	53
5. Analysis.....	55
5.1 Special and limited editions as marketing tools.....	55
5.1.1 Special and limited editions implemented as marketing tools to leverage on the scarcity appeals.....	58
5.1.2 Special and limited editions implemented as marketing tools to create brand awareness.....	60
5.1.3 Special and limited editions implemented as marketing tools to create time pressure.....	60
5.2 Impacts of special and limited editions on the product life cycle.....	62
5.2.1 How the purpose of special and limited edition strategies varies according to the different stages of a product life cycle.....	64
5.2.2 PLC flexibility: the use of special and limited editions as product life cycle extension strategies.....	68
5.3 Special and limited editions and strategic fit in a business model reconfiguration scenario.....	73
5.3.1 Overview of Alfa Romeo’s business model and the role of special and limited editions.....	73
5.3.2 Business model changes and alignment with previous products: the role of special and limited editions....	75

6. Conclusions	78
7. Implications.....	84
8. Limitations	86
9. Future Research.....	88
9.1 In-depth future research	88
9.2 Wider-scope future research	89
10. References.....	91
11. Appendices	99
11.1 Appendix A – Transcript of the first interview (19th of March 2019)	99
11.2 Appendix B – Transcript of the second interview (11th of April 2019)	107
11.3 Appendix C – Sales figures obtained from Alfa Romeo	113

1. Introduction

Nowadays, it is increasingly more difficult for brands to differentiate themselves among competitors and deliver products with a high degree of novelty. Products' lives are getting shorter due to the many adjustments, changes and incremental innovations in most of the industries.

Besides, acquiring the relevant knowledge has become easier and highly accessible and companies are relying more and more on open innovation and collaborations to find solutions for the market.

Therefore, in an almost saturated market where holding a competitive and sustained advantage over competitors is a hard challenge, companies have to rely on different strategies to keep the hype and attention of customers, who have the possibility to choose among a great number of producers and customized alternatives.

One common strategy for brands is to add new extensions to the existing product lines, with changes in features or with limited availability in time or quantity to catch customers' attention. For this purpose, companies may implement special and limited edition products.

For instance, different companies from different industries have been creating various limited and special editions. Montblanc, for example, has created a limited edition of one of its pens in order to celebrate Mahatma Gandhi, while Spiegel has launched a limited edition iPhone case to recall the iMac G3 (Shafiulla, 2012; Johnson, 2018).

A particular industry in which the use of special and limited editions is widely employed is the automotive industry. This industry is changing with a steady pace towards new horizons, focusing on hybrid and electric systems, carpooling and car-sharing economies and autonomous driving (Zamboni, personal communication, 2019). Due to continuous incremental improvements and more sustainable solutions, the car industry is facing a hard challenge in keeping the hype for the existing models. High initial investments, high costs of production, core rigidities, different regulations and policies and major planning efforts make it difficult for car manufacturers to quickly change and rapidly adapt their offers to the latest technological and technical improvements and renewed market demands.

It is necessary to clarify what are the peculiarities of the automotive industry and its products in order to proceed with the research. Designing and manufacturing a product line in the automotive industry requires a large initial investment.

Besides, a car is a complex product in which many different parts need to fit and be assembled together and, furthermore, selling a car requires specific distribution, sales channels and solid after sale services.

On the consumer side, a car represents a durable good, since the periods between successive purchases of new models are generally long compared to other product categories, such as commodities and other goods with a short-term life. Additionally, cars are usually sold at relative high prices, which makes it difficult for average customers to afford to buy more than one at a time.

Therefore, due to the durable attribute and the high selling prices of cars, in this analysis it is assumed that, in this market segment, customers generally show a rational purchase behaviour. In their choice among several alternatives, they pay attention to the brand, the motor's feature and power, the product's unique characteristics and design, the comfort of driving and many other product's specifics.

Moreover, a car can be generally described as a conspicuous consumption good. For instance, people usually spend a lot of time searching for the right car to buy, which then will possess and communicate specific personality traits of its owner. For example, car lovers want them to be admired and envied by the rest of the community and thus, they show their sports, elegant or luxury cars with unique features as extensions of themselves.

Nowadays, customers can easily personalize their cars with a vast choice of colours, interiors, materials and other characteristics, and it is increasingly more difficult for different brands to offer a high degree of differentiation to the market, as customers can generally find similar characteristics among competing brands.

Special edition and limited edition are terms widely used in the automotive market and companies usually advertise them with strong efforts on different channels, such as online and on television. They are recognized to be important marketing strategies employed by all car manufacturers (Zamboni, personal communication, 2019) and they can be implemented in different ways, for example they can be used as a product's launch strategy or as a half-way-of-life revitalization effort. Interestingly, some car brands which generally compete in a high premium market, such as Lamborghini with the Aventador Pirelli special edition and the Aventador Miura Homage limited edition, heavily rely on limited and special editions (Lamborghini 2019a; Lamborghini, 2019b).

Typically, an advertisement of a special or limited edition gives people the feeling of something valuable added on the basic model, a special element, and sometimes it is represented by substantial and truly attractive features. Normally, the higher the special or limited edition delta price compared to the basic model, the more attractive the features that are added on.

For example, BMW launched the BMW Individual M850i Night Sky special edition whose exterior, painted by hand, is a tribute to the so called 'blue hour', a phenomenon that happens during the twilight in the morning and in the evening when the sky is covered in a blue shade coming from the residual sunlight. Furthermore, the words 'Night Sky' are written on the interior door sill, complemented by two mosaics from the

Muonionalusta meteorite. On top of that, the BMW special edition has been presented the 3rd of January 2019, the night when the Quadrantids meteor shower was expected to be visible to the naked eye (BMW, 2019a).

Car manufacturers implement these strategies in order to create brand awareness and deliver strong feelings for the brand. For instance, Fiat has frequently used special and limited editions in order to sustain the sales of Fiat 500 and keep the hype for this model which is still showing market demand after more than eleven years. Indeed, Fiat collaborated with Riva Yacht and Gucci in order to create two iconic edition models. Fiat 500 Riva special edition is inspired by the yacht's design and it incorporates elegant wood trim (Fiat Press, 2019a), while Fiat Gucci limited edition is inspired by the design of the Gucci fashion brand (Fiat Press, 2019b). The new limited edition launched in 2019 is represented by Fiat 500-60° which incorporates features and details that recall the style of the '60s and it wants to celebrate the 60th anniversary of the iconic Fiat 500 (Fiat, 2019).

However, there is a general confusion between the concepts of special editions and limited editions and researchers have never explored their purposes, uses and implications and there are no clear definitions which help to clarify their differences and similarities.

Indeed, the past literature has only explored to some extent the concept of limited edition products while, instead, the broader and equally important matter of special edition products has never received attention and the correlation of the two concepts has been overlooked.

Furthermore, the past research has rarely given an actual and precise definition of what limited edition products are, what are their characteristics and how these vary according to the product category and industry to which they belong, such as the concept of limited edition products within the automotive industry. Moreover, there is no study on the use and implications of special and limited edition products in their respective market segments.

The existing research on limited edition products mainly focuses on the consumer behaviour perspective, without analysing the limited edition strategy from the side of the business. For instance, almost no study investigates how to create and implement a successful limited edition strategy and there is no evidence on how to create a fit between this strategy and the type of industry a particular company is operating in.

Which implications special and limited edition products have on the production? What impacts do they have on overall sales, costs and profits? How can they help a company to create brand awareness? How can they be implemented within the product life cycle management? These and many other questions need further investigation to provide the literature with new insights.

This research will explore the topic of special and limited editions within the automotive industry in order to demonstrate how these strategies can be implemented as multipurpose tools within a business setting. Specifically, this paper will explore the use and function of special and limited edition products within the automotive industry.

This analysis will be conducted within the boundaries of the Alfa Romeo car company and the analysed data and sales figures refer only to the EMEA market segment. Furthermore, the research will focus only on analysing the function of special and limited editions within three main theme areas selected by the researchers, namely marketing and consumer behaviour, product life cycle management and product fit within the context of business model reconfiguration. Finally, this paper will explore the phenomenon of special and limited edition products with the only use of a qualitative research analysis.

Within these delimitations, this research project wants to answer this research question: can special and limited edition products be implemented as multipurpose tools in a car manufacturer company? This broad question has been divided in three subquestions in order to facilitate the analysis and focus on three distinct themes. Specifically, the research wants to analyse how special and limited edition products can be used as marketing tools, how they can be implemented within the product lifecycle management and how they can be used as tools in order to create a fit between old and new products after a business model reconfiguration.

The research question is composed as follows:

How can special and limited edition products be employed as multipurpose tools in a car manufacturer company?

- a. How can special and limited edition products be used as marketing strategies?
- b. How can special and limited edition products be used as strategies within a product life cycle?
- c. How can special and limited edition products be used as tools in order to create a fit between old and new products after a business model reconfiguration?

The following research is structured in eight different parts. Firstly, the Alfa Romeo case company and brand will be presented and described. In this section, the chosen special and limited edition car models analysed in this research will be introduced. This section will outline the Alfa Romeo brand values as well as its core capabilities and objectives. Furthermore, a description of the changes within the business over the year will be presented in order to form the basis for the research analysis.

Then, the literature review chapter will explain the existing relevant theories and research on the special and limited editions topic. This part will be structured according to the three different themes of the research

question to facilitate the reading and the following analysis. Specifically, the first sections will outline the few relevant researches on the topic of limited edition products with a focus on the marketing and consumer behaviour theme. This review will be useful in order to test the validity of these existing findings on the case of Alfa Romeo company and its products. Additionally, particular attention will be placed on the role of factors such as the scarcity condition, the conspicuous consumption and the time pressure feelings created by products offered to the market with some sort of constraint on their selling.

Successively, the fourth chapter will outline the methodology and methods implemented by the researchers. Initially, the first part of this chapter will outline the chosen and followed research philosophy and the general assumptions, with a focus on the importance of the research question for this study. Then the entire research design, approach and strategy will be presented, followed by a careful description of the data collection process. Finally, the data analysis section will describe how the researchers of this paper have implemented the gathered data in order to answer the research question and provide insightful results.

The fifth chapter, instead, will present the analysis of the case study carried out in order to answer the delineated research question and related sub-questions. The analysis will be presented divided in three main parts in order to follow the structure of the three main themes which are covered by the formulated sub-questions.

In particular, the first section will focus on examining the existing findings concerning the special and limited edition roles within the context of marketing and consumer behaviour. The second section will cover instead the analysis of the role of special and limited edition within the product life cycle management, always referring to their implementation in the Alfa Romeo company. On one hand, the study will examine the different purposes of special and limited edition car models in the different stages of a product life cycle. On the other hand, particular attention will be placed on analysing the role of these special model variations as means to act on a particular product life cycle curve flexibility in order to create life extension at an advantageous time for the business. Lastly, the third section will analyse special and limited edition vehicles as tools created in order to align old and new products, thus creating a strategic fit, within the scenario of business model changes.

Finally, the researchers will present the findings of the case study in the conclusion chapter, maintaining the classifications in themes as a guideline to follow in order to keep order in the structure.

The following chapter, instead, will discuss the relevant implications of this research in order to assess the generalization of the presented findings within the broader automotive industry. Moreover, the researchers will briefly discuss whether these findings are applicable for companies belonging to other industries than the automotive one.

Thus, these two chapters will focus on inform future management practices and want to form a basis in order to develop further studies.

The last two chapters of this master thesis will present the main limitations encountered during the entire project and a guideline to follow in order to develop future researches on the subject and generate new literature.

2. The Alfa Romeo Brand

2.1 The automotive industry landscape

Around the end of the nineteenth century, the first cars started to be commercialized and the automotive industry began its life. From the 1909 to the 1919, the industry went through several phases of growth and saw a yearly increase of about the 25% in the production volume (Klepper, 1997). During its development, the automotive industry saw the evolution of its products, which have been subject to several product and process innovations such as the Ford assembly line and the Toyota lean manufacturing. Few manufacturers are now concentrated within the industry and they lead the entire production.

In 2017, the automotive sector has reached 346.2 billion in revenue on the Europe market and it is still growing. A 25% increase in growth has been predicted between the 2017 and the 2022, namely with around a 5% yearly growth and by the 2022 the sector is expected to reach 434.5 billion in revenue (MarketLine, 2018).

Nowadays, the automotive industry can be divided in three different segments, namely the car, the truck and the motorcycle segments. Specifically, the car segment accounts for more than the 81% of the total industry, while the remaining is shared between the other two segments (MarketLine, 2018).

Within the European automotive industry, brand reputation is a key, vital factor which is used as a mean in order to create barriers to entry. While the Germans automakers have been leading the sector for years, Italian car manufacturers account for almost the 6% of the market. Furthermore, the market is driven by different forces, such as the shift in customers' demand, the stricter safety and fuel economy regulations and the increasing amount of data and information available for the market (MarketLine, 2018).

Moreover, new waves of technological changes and innovations are expected to influence the automotive sector in distinct and new ways. Currently, there are three main challenges the industry is facing, which will impact the entire automotive market and its profitability: electrification, self-driving vehicles and shared mobility (Zamboni, personal communication, 2019; Andersen, Dauner, Di Domenico, Lang, Jentzsch, Palme & Sadek, 2018).

Electrification refers to the shift from gas-powered to battery powered vehicles and it will rise as a new standard within the industry thanks to the decreased batteries price and the creation of complementary services. Self-driving vehicles, instead, refer to the technological change which are making cars able to self-drive themselves. Several countries are currently studying regulations and norms in order to make the autonomous-driving challenge possible and it is predicted that, by the 2035, one out of four vehicles will be self-driving.

Finally, shared mobility refers to the increased opportunity to use a vehicle only when its needed, instead of buying one for person. Indeed, this represents a valuable change in a world where population is constantly increasing and younger generations are developing the predisposition of sharing services and products.

These changes can be seen as mutually reinforcing and they will significantly impact the automotive industry, providing technological discontinuity, shift in profits, revenues and capital investments (Andersen et al, 2018). Currently, these transformations account for 1% of the total industry profit, but their share are estimated to reach the 40% by the 2035. If on one hand the global sales of vehicles will increase due to the new emerging markets, on the other hand, with rise of the new on-demand mobility services, the global sales will level out (Andersen et al, 2018).

Furthermore, these developments will broaden the market and open the way to new suppliers, which will be able to create new components and meet the market demand. On the other hand, current traditional manufacturer of vehicles are seeing their position challenges, as they will have to start investing in the future different growing areas. Particularly, they have to develop new competencies and consider new suppliers never involved before in the production of vehicles. Therefore, these manufacturers should prepare to evolve their business model and core objective to face the upcoming changes (Andersen et al, 2018).

Additionally, they have to change their entire approach and they have to rethink it from selling a product to selling mobility more broadly, as the future will be characterized by shared and public transportations and the boundaries of the industry will become blurred. Indeed, they will increasingly include in their business a more sustainable mentality to address environmental challenges, affordability, efficiency and convenience, for instance in order to solve the congestion in the cities and its subsequent negative externalities (Hannon, Knupfer, Stern, Sumers & Nijssen, 2019).

2.2 History and evolution of Alfa Romeo

Alfa Romeo history dates back to 1906, year of birth of Società Italiana Automobili Darracq which was initially based in Naples before being moved to the Portello district in Milan. At the beginning, the company had low ambitions and prospects due to the crisis of the 1909. In that year, Cavalier Ugo Stella proposed to set up a new company in order to increase the fortune of the factory and the 24th of June 1910 Anonima Lombarda Fabbrica Automobili (A.L.F.A.) was born in Milan (Alfa Romeo Museum, 2019).

The historical 24HP was the first car to be created by the company and it has been designed by Giuseppe Merosi (Alfa Romeo, 2019a; Alfa Romeo Museum, 2019). Unfortunately, despite the change in its name and its initial success, A.L.F.A. failed to obtain an important order from the government at the beginning of the World War I and for this the company was unable to take off financially.

In 1915, Nicola Romeo acquired the company and changed its name in Alfa Romeo. From this year, Alfa Romeo became the synonym of purest passion for the automobile (Alfa Romeo, 2019a).

During the World War I, the production of cars stopped and continued again only at the end of the 1919, initially with the assembly of stock parts and then with the creation of new models (Alfa Romeo Museum, 2019).

Since its creation, the company has associated itself with the motor racing world. In the early '20s, Giuseppe Merosi created the legendary Alfa Romeo RL and, in the 1923, Ugo Sivocci won the Targa Florio marking the start of the iconic Quadrifoglio badge, which will appear on the future Alfa Romeo cars (Alfa Romeo Museum, 2019). From this moment on, the Quadrifoglio badge has ruled in every renowned competition (Alfa Romeo, 2019a) and, in 1929, Enzo Ferrari introduced the Scuderia Ferrari as the racing team for Alfa (FCA, 2019b). Besides, the Quadrifoglio became the symbol of the sportiest cars and it still represents the most advanced performance and technology (FCA, 2019b).

Therefore, the Targa Florio win marked the start of a great era of victories for the company, which won the first World Championship and the Gran Premio Tipo P2. These series of winning brought great popularity in Italy and worldwide (Alfa Romeo Museum, 2019), as commented by Henry Ford: *‘When I see an Alfa Romeo go by, I tip my hat’* (FCA, 2019b).

In these years, the company added to its production new lines for aeronautical engines and industrial vehicles. However, the situation was only apparently looking prosperous as a new global crisis was bringing along further difficulties.

Nonetheless, in the 1933 the company was full of debts and it was acquired by the state-owned institution IRI (Institute for the Industrial Reconstruction), which was able to transform Alfa Romeo to an efficient industrial firm producing airplane engines (Alfa Romeo Museum, 2019).

Consequently, Alfa Romeo went through a golden era and produced many iconic cars. This prosperous period stopped with the start of the World War I, when the company was militarized until the end of the conflict.

Only after the World War II the production slowly started again, and the company moved from hand-crafted car production to an industrialized production (Alfa Romeo Museum, 2019). Then, in May 1950, the Alfa Romeo models 158 and 159 won the first Formula One World Championship Grand Prix (FCA, 2019b).

In these years, the company introduced the Alfa Romeo 1900 which was the first car to be produced without a separate chassis and created on the assembly line. Furthermore, this was a period of enormous development for the firm as two of the most iconic car models were introduced, namely Alfa Romeo Giulietta and Giulia. These two cars brought unexpected growth and popularity which went beyond any prediction and, for instance, Alfa Romeo Giulietta was called *‘Italy’s Sweetheart’* (Alfa Romeo Museum, 2019).

The following models developed a reputation of modern, fast, and technologically advanced cars. However, after this period of growth, a new energy, social and political crisis arose, and Alfa Romeo was sold to the Fiat Group in 1986 (Alfa Romeo Museum, 2019).

Besides, the years after the crisis saw periods of racing and commercial success alternated between difficulties. In the meantime, Fiat Group became Fiat Chrysler Automobiles (FCA) and it set up the foundation for a great revival of Alfa Romeo which is still lasting.

Additionally, Alfa Romeo re-debuted in the Formula 1 Championship in these recent years.

Therefore, Alfa Romeo brand is connected with its glorious racing history which is attested by all the victories achieved over the years starting with its very first vehicles. For instance, Alfa Romeo won big wins such as the first World Championship for Grand Prix in 1925 and the first two F1 Championship in 1950 and 1951. Moreover, Alfa Romeo obtained eleven Mille Miglia, four Le Mans, ten Targa Florio and hundreds of other victories among minor competitions. As described in the previous paragraphs, the company's racing success stopped only during the periods of conflicts and, during the middle fifties, Alfa Romeo concentrated on the re-launching of its production in order to achieve the success with Giulia and Giulietta. During the '60s, the company returned competing within the racing world (Alfa Romeo Museum, 2019).



Figure 2.1 - Alfa Romeo Tipo 159 “Alfetta” first arrived in the Formula 1 First World Championship (left) and Alfa Romeo C38 for F1(right), retrieved from www.alfaromeohalloflegends.com and www.fiatpress.com

All in all, the Alfa Romeo logo over the years has become an unmistakable icon of the purest driving emotions for millions of car enthusiasts. The logo has also evolved in order to testify the important steps reached by the company over its history. For example, the 1925 logo with the golden laurel crown symbolized the victory of the first world championship.

Despite all the changes, the logo has never lost its original symbols linked to the city of Milan, specifically the cross of the municipality and the Visconti serpent (FCA, 2019c)



Figure 2.2 - The evolution of the Alfa Romeo logo, retrieved from www.fcaheritage.com

2.3 The Alfa Romeo brand values

Alfa Romeo has always created its model in order to deliver an inspirational, beautiful and human-centric driving experience. Since its birth, the company has never drastically modified its core values, which have instead evolved over the years in order to better respond to the changes of time and of the industry (Eumenidi & Zamboni, personal communication, 2019). Indeed, each car Alfa Romeo produced has been a symbol of uncompromising technological quest and a representation of both the made-in-Italy and the engineering evolution. Thanks to its heritage and iconic models, Alfa Romeo can be considered one of the most desired brands for car enthusiasts (Alfa Romeo, 2019a).

Alfa Romeo's three core values can be summarized as such: best in class performance, winning legacy and Italian design. Indeed, the company wants to deliver cars which offer the best in class performance and superior handling. Then, each car leverages on the brand's racing history and success. Finally, the Italian design is a distinctive factor which recalls the Italian high-fashion appeal in the design of the cars. Indeed, while other car manufacturers build cars, Alfa Romeo creates them (FCA, 2019a; Eumenidi & Zamboni, personal communication, 2019).

2.4 Alfa Romeo special and limited edition models considered in this study

The current line-up of Alfa Romeo offering is composed of five models: Giulia, Stelvio, 4C, 4C Spider, and Giulietta. In addition, there are versions Quadrifoglio of Giulia, and Stelvio.

Limited and special edition models have been frequently used by the company over its lifetime, especially during the last decades. These car models have been created for different purposes and with different objectives. Indeed, almost every current model has seen the production of parallel special and limited versions.

For the purposes of this research, the following limited and special editions have been considered.



Figure 2.3 – Alfa Romeo MiTo Urban special edition, retrieved from www.alfaromeo.it

The Alfa Romeo MiTo Urban (*Figure 2.3*) represents a special edition of Alfa Romeo MiTo and it has been introduced in the market in March 2018. It offers a more iconic brand design composed of 16 inches alloy wheel, a spoiler and different satin chromo options such as the headlight, the tube pipe and the mirror caps, which highlight at the same time the sportive nature and the style (Alfa Romeo, 2019f).

The special edition has been equipped as a standard with different features, such as the seats and the steering wheel in tecno-leather. The created bundle has been offered to the customers at a convenient price compared with a normal price for a customization (Alfa Romeo, 2019f; Eumenidi & Zamboni, personal communication, 2019).



Figure 2.4 – Alfa Romeo MiTo R.I.A.R., retrieved from it.motor1.com

The Alfa Romeo MiTo R.I.A.R. (*Figure 2.4*) is a limited edition produced in only 46 units, number which symbolizes the years since the creation of the Italian Register of Alfa Romeo (Registro Italiano Alfa Romeo). The units have been offered only to the members of the Register, namely customers already owning an Alfa Romeo model and enjoying the brand. The MiTo R.I.A.R. differentiates from the basic model for an engine of 15 horsepower more powerful compared with the other offered engines. Moreover, the limited edition has been offered full-optional with 17inches dark alloy wheel which recalls the style of the 8C Competizione, a specific identifiable badge, a special carbon-look design of the interior and leather seats (Motor1, 2019a).



Figure 2.5 – Alfa Romeo MiTo SBK Limited Edition (left) and Alfa Romeo MiTo SBK Special Edition, retrieved from it.motor1.com

The Alfa Romeo MiTo SBK limited edition and special edition (*Figure 2.5*) have been introduced in order to emphasize the collaboration between Alfa Romeo and the Superbike Championship. On one hand, the limited edition has been delivered to the market in 200 numbered units and with the Quadrifoglio engine. This particular edition has been created with a specific bundle of 18inches alloy titanium wheel, accentuated side skirts, red Brembo brake callipers and a specific interior design with special features, such as the carbon seatbacks. Moreover, the external painting has been realized in Alfa Romeo Black and Red colours with lateral SBK stripes.

On the other hand, the Alfa Romeo MiTo SBK special edition has been offered in the market in four different colours, namely white, blue, black and red all of which complemented with SBK stripes. This special version is characterized by more mainstream features compared with the limited edition model, which instead offers 16inches alloy wheels and more traditional engines (Motor1, 2019b).



Figure 2.6 – Alfa Romeo Giulietta Veloce S, retrieved from www.autoblog.it

The Alfa Romeo Giulietta Veloce S (*Figure 2.6*) represents a limited edition model offered in 200 units. The limited version has been created in order to highlight the sportiness of the Alfa Romeo brand. It comprehends the same engine of the more sportive 4C model. The bundle of features includes carbon-look side skirts, 18 inches dark alloy wheel, red brake callipers, carbon mirror caps and a specific identifiable badge. Moreover, the interiors are featured by a specific dark look with red stitching, in addition to different packages coming as standard with the edition (Autoblog, 2019).



Figure 2.7 – Alfa Romeo Giulia B-Tech, retrieved from www.fiatpress.com

The Alfa Romeo Giulia B-Tech (*Figure 2.7*) is a special edition of model Giulia, and it is characterized by a black glossy paint job, a black window frame and the front grill insert of the iconic trilobe. Moreover, the edition offers other attributes which aim at delivering great levels of comfort, safety and connectivity. The dark interior with aluminium finishing highlights the sportiness of the vehicle. The Giulia B-Tech has been created in order to blend style and technology together (Alfa Romeo, 2019g; Quattroruote, 2019).



Figure 2.8 – Alfa Romeo Stelvio NRing (left) and Alfa Romeo Giulia NRing (right), retrieved from www.fiatpress.com

The Alfa Romeo Giulia NRing limited edition and the Alfa Romeo Stelvio NRing limited edition (*Figure 2.8*) are born in 108 units each, and they have been developed in order to celebrate the record-breaking time achieved at the Nürburgring racetrack by Alfa Romeo. Indeed, Alfa Romeo Stelvio has hit the fastest time ever recorded by a production SUV, while the Alfa Romeo Giulia has held the fastest time ever posted for a production four door sedan (FCA, 2019b; Alfa Romeo, 2019d).

Moreover, the number 108 represents the 108 years of the Alfa Romeo brand reached in 2018 (Fiat Press, 2019c). Both the limited editions are characterized by a unique grey exterior colour, an extensive use of carbon fibre inserts, such as the bonnet and the roof, and glossy black features. On the interiors, the sportiness is highlighted by the large use of the carbon fibre, red colour and carbon fibre Sparco seats (Alfa Romeo, 2019d).



Figure 2.9 – Alfa Romeo Giulia Racing (left), F1 car C38 (center) and Alfa Romeo Stelvio Racing (right), retrieved from www.fiatpress.com

The Alfa Romeo Giulia Racing limited edition and the Alfa Romeo Stelvio Racing limited edition (*Figure 2.9*) have been produced only in 10 units each, with the purpose of celebrating the company's come back to the Formula 1 Championship, which represents the competition that Alfa Romeo won in its first year of creation. For this reason, Giulia and Stelvio are characterized by a special livery that recalls the single-seater car of Formula 1 and by other exclusive attributes such as a dedicated exhaust meant to magnify their sportiness (Alfa Romeo, 2019e).

Moreover, these variants of the Giulia and Stelvio models are characterized by carbo-ceramics brakes, carbon fibre Sparco seats and an extensive use of the carbon fibre implemented with the aim of reducing the total weight. Indeed, the weight of these special cars is way lower compared with the basic sportive versions (Alfa Romeo, 2019e).



Figure 2.10 – Alfa Romeo 4C Launch Edition, retrieved from www.fiatpress.com

The Alfa Romeo 4C Launch Edition (*Figure 2.10*) is a limited edition of the 4C model which has been introduced in 500 units for the European market. The vehicle has been produced in only two colour options, red and white, and it includes a carbon fibre aerodynamic kit. The sportive nature of this variation is empathized by the use of dedicated air intakes, a racing exhaust and special suspensions (AlVolante, 2019).

3. Literature Review

3.1 Special edition and limited edition products

The next sections will review the existing literature on the subject of special and limited edition products, in order to build a base to develop this research. Firstly, this chapter will outline some useful definitions on the subject in order to present a basic overview. Subsequently, the following paragraphs will focus on the proposed theories on limited edition products and on the related consumer behaviour consequences. This will be useful further on in the analysis in order to test and apply the existing knowledge in the case of Alfa Romeo.

Specifically, three main aspects will be studied in this section: the scarcity condition, the time pressure feeling and the concept of conspicuous consumption goods.

3.1.1 Overview

Given the lack of literature on the topic of special edition products, this research bases on the knowledge provided by the managers of Alfa Romeo company and on the assumptions developed by the authors. Specifically, in the following sections limited edition products are considered to be part of the broader set of special edition products. In turn, special edition products are defined as a type of product line extensions.

The definition of limited edition products on which this research paper is based draws on the assumption that limited edition products represent a common type of product line extensions, as explained by Esch and Winter (2010). As outlined in their study, limited edition products are characterized by the exceptional variant of limited availability which is added to the permanent product line offers. Specifically, the company has committed either to produce only a precise amount of the limited edition items or limit their selling period or region (Suzuki, 2008 in Mitomi, 2017; Balachander & Stock, 2009). Limited time availability and limited quantity availability represent the two main typical restrictions of limited edition products that this literature review will consider.

Furthermore, limited edition products differ from typical line extensions not only for their limited availability features, but also for having distinctive and unique attributes (Esch & Winter, 2010), which link them to the broader class of special edition products (Zamboni, personal communication, 2019).

3.1.2 Managerial purposes and consumer behaviour

The scarcity condition

Focusing on a consumer behaviour perspective, the existing literature has identified the scarcity factor as the main purpose of limited edition strategies. Scarcity is defined as a situation of excess demand in the market

which can occur due to demand or supply, and it is considered to be an important marketing instrument (Balachander & Stock, 2009).

Limited edition products represent the standard example of scarcity due to supply as the scarcity situation is intentionally created by the company (Gierl & Huettl, 2010). Indeed, in the case in which the company decides to restrict the production of units to a certain number, limited edition products are difficult to obtain even if consumers are willing to pay a premium price (Jang, Ko, Morris & Chang, 2015). Scarcity due to supply may also occur in the case of limited editions with a restricted selling period, as the company deliberately creates a time frame in which consumers are able to purchase the product.

The work of Jang et al. (2015) well describes the two different types of scarcity messages companies can signal while offering limited edition products: limited time scarcity and limited quantity scarcity.

Limited time scarcity is a strategy implemented when a brand wants to maximize the sales revenues during the promotional offer period. In this situation, the firm sets a limited time availability during which consumers are encouraged to purchase as many limited edition products as possible.

On the other hand, in limited quantity scarcity conditions a company produces only a limited quantity of goods and, therefore, only a predefined number of consumers can buy the limited edition product. The scarcity situation generated by the limited quantity availability provides a sense of exclusivity and uniqueness (Balachander & Stock, 2009; Boorstin, 2005) and thus, limited edition products are perceived as more special and valuable compared to standard products.

Consequently, this scarcity condition positively influences consumers' value perception and product evaluation and the overall limited edition product attractiveness is enhanced (Jang et al., 2015). As outlined by Jang et al. (2015), the ability to signal exclusivity and uniqueness to the customers is exclusively associated with the limited quantity scarcity condition, as only a predefined number of consumers can acquire the limited edition products. Therefore, consumers perceive products that are limited in quantity as more special and valuable compared to products that are sold under a restricted time period.

Consumers usually search for products and experiences that make them distinguish from the outside world because they feel the need to be special and unique. This need can be addressed by companies through the delivery of unique, differentiate, prestige and exclusive products (Lynn & Harris, 1997).

These arguments are built upon the uniqueness theory which explains how this uniqueness striving is constrained by the need for social approval and affiliation (Snyder & Fromkin, 1980, in Lynn & Harris, 1997). In fact, consumers want to feel special and unique as long as they do not result in isolation or disapproval. In many cases, consumers' brand preferences conform to those of others in the society, either due to informational influence – when consumers see others' behaviour as a standard to follow – or to normative influence – when consumers feel the need to conform to gain rewards and be associated with others.

The study of Lynn and Harris (1997) suggests that consumers' need for uniqueness is positively related to the desire for scarce products, innovativeness, preference for unique shopping venues, distribution locations and customized products. However, they found out that the pursuit of uniqueness is mediated by the individual differences in the consumers' tendency for consumption. Interestingly, they also discovered that these differences in the need for uniqueness are not associated with the consumer susceptibility to social influence. Therefore, marketers can implement uniqueness appeals without the concern of alienating people who are strongly persuaded by normative influence. Another marketing implications is that, in order to promote appealing limited edition products, companies may find a leverage in those consumers who seek uniqueness.

Scarcity message on conspicuous consumption products

The study of Jang et al. (2015) investigates the differential effects of limited time scarcity and limited quantity scarcity messages on two dissimilar categories of limited edition products, specifically conspicuous and non-conspicuous consumption products.

As defined by Gierl, Plantsch and Schweidler (2008), conspicuous consumption goods are characterized by satisfying distinctive social needs for their owners. These customers want to communicate specific traits of themselves to surrounding people based on the key features of the products they possess (Gierl & Huettl, 2010).

The features that people owning conspicuous products want to signal are described by Jang et al. (2015) through the analysis of four dimensions: social status, uniqueness, conformity and visibility.

People who buy expensive conspicuous consumption products are aware that these goods are priced considerably more than functionally equivalent products and thus, they feel respected and envied from the others when they possess them. Consequently, conspicuous consumption goods help consumers to fulfil their needs for social status, prestige, power and wealth.

Then, expensive products help people signal value and uniqueness and be respected and admired within their social group. Moreover, people who own and consume expensive goods are more easily included by members of those prestigious groups, as they show conformity to them.

Clearly, these conspicuous products have to be visible to others in order to signal all the previous characteristics. Some examples of conspicuous goods are products such as cars, jewellery, fashion items and watches.

The findings from Jang's et al. (2015) work suggest that there is a connection between the type of limited edition products, conspicuous and non-conspicuous, and the type of scarcity message sent by the brand, limited time and limited quantity scarcity message.

They found out that conspicuous products promoted with a limited quantity message have a greater impact on consumers purchase intention than those products promoted with a limited time scarcity. On the other hand, a

limited time scarcity approach works better in connection with non-conspicuous products, as it allows for a greater impact on consumers' purchase intention than a limited quantity approach.

The research conducted by Gierl and Huettl (2010) also focuses on conspicuous and non-conspicuous products and more broadly concludes that, for conspicuous consumption products, scarcity due to supply will have a higher impact on the positive attitude toward a limited edition product than scarcity due to demand.

On the other hand, they conclude that consumers usually do not pay much attention on limited edition signals when non-conspicuous products are promoted.

Accordingly, managers need to select the type of scarcity signal which is appropriate to the type of product. Suppliers may plan a scarcity strategy when promoting conspicuous consumption products while, instead, non-conspicuous consumption products are better signalled by scarcity arising due to high demand.

More specifically, when creating a scarcity condition for conspicuous products, managers are advised to restrict the quantity availability of the product instead of its time frame selling period, which is a better tactic for non-conspicuous limited edition products (Gierl et al., 2008).

Time pressure feeling

Thereafter, the existing literature in consumer behaviour has examined how limited edition products can trigger customers' time pressure feelings. In line with what previously reported by Mitomi (2017), the existing research has frequently mistaken time constraint with time pressure.

Time constraint is defined as the situation in which a company, or another entity, sets a time frame on consumers, for instance by limiting the selling period of a particular product.

Time pressure, instead, can be seen as the type of mental stress perceived by consumers when they have restricted time to make purchasing decisions (Suzuki, 2004 in Mitomi, 2018). In his work, Mitomi (2017) finds that consumers who feel time pressure tend to reduce the amount of information processed and increase the perceived risk. Accordingly, time pressure can be described as *'the amount of information that must be processed in a certain period of time, or the amount of time given to process a certain amount of information'* (Ben Zur & Breznitz, 1981 in Mitomi 2017, p. 280). Another similar definition is given by Suri and Monroe (2003), who state that *'time pressure can be viewed as a perceived limitation of the time available to consider information or make decisions'*.

Building on these definitions, limited edition products with time constraints are those products characterized by a limited sales period. These time constraints set on limited edition products trigger consumers' time pressure feelings which, in turn, can be related to the previously discussed scarcity and exclusivity elements. In line with the previous literature, Mitomi (2018) argues that consumers tend to perceive a higher quality for products sold under a time constraint. More specifically, his work explains that the assessed quality for a

limited edition product is higher as the time constraints become stronger. For instance, he assumes that limited edition products with time constraints are generally seen as more attractive and that they transmit a feeling of premiumness to consumers due to the scarcity element, namely the difficulty to be purchased. Thus, it can be said that time constraints create time pressure in the consumers' minds, which consequently accelerates consumers' purchase processes. In essence, a time limit increases consumers' desire to purchase (Aggarwal and Vaidyanathan, 2003 in Mitomi 2018).

Furthermore, his work explains that, in situation characterized by time pressure, consumers tend to base their decision making on unique features that they would not consider otherwise, or at least not that strongly. This is also because, in these situations, consumers usually change their information processing method, selection and assessment. Particularly, consumers under time pressure are more likely to choose high-quality brands over low-quality ones and top of the line products with many enhanced features over standard and basic products (Nowlis, 1995 in Mitomi, 2018; Dhar & Nowlis, 1999 in Mitomi, 2018).

In the research by Jang et al. (2015), limited edition products are said to enhance consumers' product evaluation due to the urgency to purchase evoked by the scarcity message. This, in turn, increases the product value perception and attractiveness, highlighting the unique character and the social status associated with the consumption of the limited edition product. In this way, limited edition products with time constraints tend to hinder consumers' ability to make rational decisions and to objectively compare different product alternatives.

Suri and Monroe (2003) point out that also a great amount of information can cause the impression of time pressure to consumers, as they perceive to have little time available for the decision making. In this study, they analyse the effect of different kinds of information on consumers' product evaluation under time pressure. They found out that product features and brand information usually have a relative positive role, while price information can either have a positive or negative impact on product evaluation. Particularly, their study shows how time pressure affects the customers' trade-off between sacrifice and quality.

Broadly, price is perceived to be a sacrifice in situation in which consumers demonstrate a high motivation to process the available product information, while it is seen as a quality indicator when consumers have a low motivation to process them. Further on in their work, they explain how consumers process information differently depending on motivation and time pressure.

Specifically, consumers are more likely to apply a systematic processing method when they feel little time pressure and they have a strong motivation to process the available product information. On the contrary, when the strong motivation is combined with situations of high time pressure, consumers tend to apply a heuristic processing method. When consumers have low motivation to evaluate the available information, irrespective of the time pressure, they are more likely to process information heuristically.

Therefore, Suri and Monroe (2003) demonstrate that time pressure can either restrict, interfere with or increase consumers' motivation and effort in the information processing.

Additionally, time pressure can induce preferences reversal in consumers during their information processing stages. In fact, under these circumstances, they generally process less information than in situation where no time pressure is perceived. Besides, time pressure might limit the importance and accessibility of information which consumers can get for each alternative option (Mitomi, 2018).

However, the past researchers have not analysed the time pressure feeling in relation to limited quantity availability. Furthermore, as emphasized by Mitomi (2018), there is no prior discussion within the literature on time pressure felt by consumers for products with time constraints longer than few minutes, such as for time constraints of several days to several weeks or few months.

Other responses to the scarcity factor

The existing literature has extensively studied the concept of scarcity in order to analyse how consumers respond to it. For instance, both the studies of Stock and Balachander (2005) and Jang et al. (2015) illustrate how product scarcity can be implemented by companies as an instrument to signal quality to uninformed customers. As a matter of fact, limiting the availability of the product to a few people make customers feel part of an elite. Therefore, they perceive limited edition products as higher quality and more valuable since they assume the company made a credible commitment only to a predefined number of products.

Balachander and Stock (2009) and Jang et al. (2015) also recognize in the limited edition products the willingness to make a brand's offering more unique and differentiated leveraging on the exclusivity factor. People are motivated to buy limited edition products because of their exploratory tendency, which stimulates them to seek diversification and new sensory experiences (Esch et al., 2010). Furthermore, Balachander and Stock (2009) identify other two possible motivations companies may have to introduce limited edition products. For instance, a brand may decide to bring to the market a limited edition extension in order to increase price competition or to test the demand and cater consumers' needs.

3.2 Product life cycle

In this section, the researchers will outline the existing literature on the subject of the product life cycle, first focusing on the traditional product life cycle view and theory and then introducing the new insights some authors brought on the argument.

This section will start with an overview of the product life cycle concepts, followed by a description of its traditional phases and related strategies. This aims at creating a base to discuss the purposes and implications

of using special and limited edition products as tools within the product life cycle framework during the research analysis.

3.2.1 Overview

A special edition or a limited edition represents an extension of the basic product and thus it can be located within the same product life cycle curve. Levitt (1965) and Cox (1967) were among the researchers who first diffused the concept of product life cycle (PLC). Early on, the research focused on how to exploit this concept in order to find and take advantage of the regularities within the evolution of new industries.

The broad applicability of the product life cycle in different fields made its notion well recognized and popular and, since then, many researchers conducted empirical and theoretical investigations on it. The formulation of the PLC concept had the important role of depicting how market structures and innovations evolve in new industries characterized by significant opportunities for products innovation and process innovation.

The PLC view of evolution illustrated by these authors recognizes the relative importance of two types of innovation: product innovation and process innovation. Specifically, product innovation is said to be essential in the first stages of the product life cycle, when the market is characterized by growth and entry of many firms. Then, product innovation should be replaced by process innovation as, with the evolution of the industry, growth slows down, entries decline as well as the number of the producers in the market. Later on, in the '70s and '80s, other authors address the driving factors of the product life cycle. Without building a formal model, they explore how the development over time in uncertainty and technological change influence the shape of the PLC (Klepper, 1997).

A clear definition of the product life cycle concept is presented in the work of Marcu and Gherman (2010), who define it as *'the period between the time of the product appearance on the market and the time of disappearance from its circulation area'*.

The PLC depicts the development of sales and profits of a product over its lifetime and shows the nature and potential of that product on the market it is brought into. In their study, Marcu and Gherman (2010) describe four distinctive points which characterize the product life cycle concept. Specifically, products have a limited life and their sales are divided in different stages, each of these comes with changes, problems and opportunities. Just like products sales, products profits also go through different phases where they rise and fall.

Finally, they explain the importance of adapting specific strategies to the specific stage of the PLC, whether they are marketing, finance, production or other kinds of strategies.

Thus, the product life cycle represents a useful management tool, marketing model as well as the basis for product planning and control. It depicts the evolution of a product as measured by its sales over time (Cox, 1967).

Conducting a study within the ethical drug industry, Cox (1967) defines two important measures of product life, namely catalogue life and commercial life, which then he applies to other industries. In fact, his paper suggests how there is a recognized universal distinction between catalogue and commercial life in the broader concept of products lifespan.

Building on this, Cox (1967) generalizes the study made on the ethical drug industry and distinguishes two important aspects which have to be considered while analysing a product lifetime: market life and commercial life. Product market life can be described as the length of time between the introduction of the product into the market and the removal of the same product from the market. On the other hand, he demonstrates that commercial life is a concept more difficult to define and generalize to fit every industry. For instance, there is the need to apply standards such as units sold, sales revenues or other indicators of commercial success, in order to frame the product's commercial birth and death. Therefore, a product' commercial life is relative to its level of commercial success achieved along its life.

Within the product life cycle theory, it is fundamental to distinguish whether the focus is an entire industry, a product category, a particular company or a specific product of a brand. Indeed, the life cycle of a single product can vary for different companies belonging to the same industry at the same point of time and it affects different companies in distinctive way even though they belong to the same industry. Therefore, in order to foresee a product's growth pattern, it is first necessary to distinguish between the industry pattern and the pattern of the single firm.

For the purpose of this paper, the following research will concentrate on how companies implement the product life cycle concept for their specific products' strategies.

3.2.2 Product life cycle stages and strategies

The product life cycle, therefore, can be represented by a bell-shaped curve divided in four main stages (Levitt, 1965) reflecting the evolution of the product sales over its lifetime (*Figure 3.1*) (Marcu & Gherman, 2010). Namely, the four phases are market introduction (Stage I), market growth (Stage II), market maturity (Stage III) and lastly, market decline (Stage IV) (Levitt, 1965). In the following sections, they will be examined individually and in connection with their related product strategies.

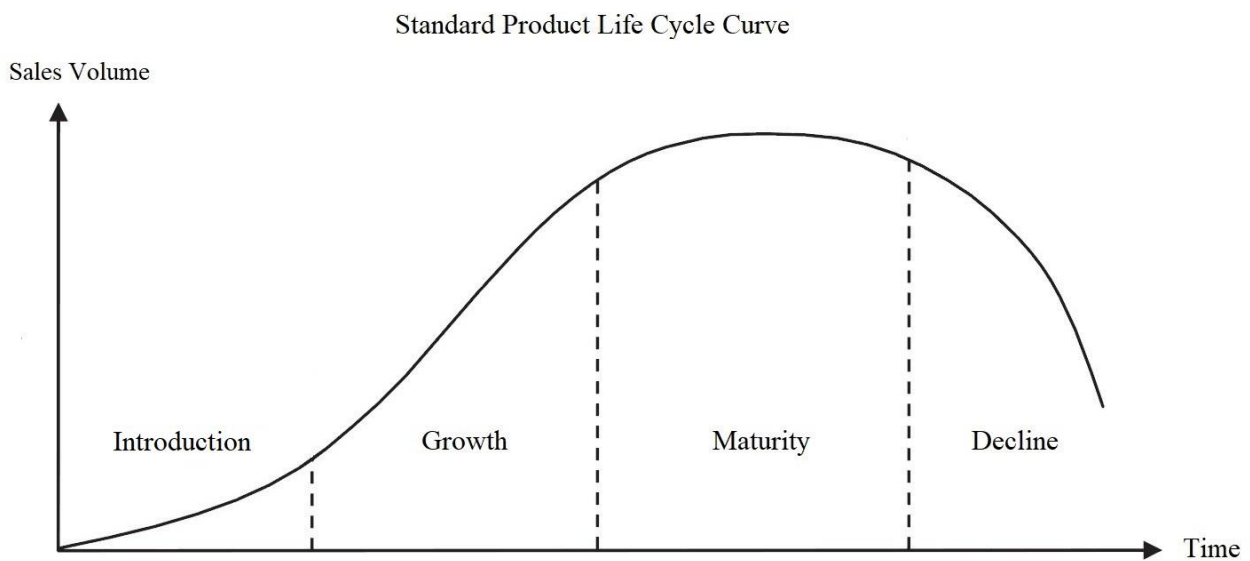


Figure 3.1 - Standard representation of the product life cycle (PLC)

Furthermore, the product life cycle model represents the basis for developing the adoption model of an innovation (Polli & Cook, 1969).

As briefly mentioned in the previous paragraphs, it is important to distinguish between the product life cycle and the industry life cycle, which rarely match (Levitt, 1965). An industry life cycle is given by the sum of all the products belonging to that industry while, for example, the product life cycle of a single company reflects the specific strategies implemented by the same company and thus, its sales volume vary accordingly (Bush & Sinclair, 1992).

Nonetheless, there is no such thing as a standard PLC curve which is able to fit every product. Indeed, even within the same industry or category product, the PLC curve can assume different shapes and slopes, depending on several factors such as the newness of the product, the need for such product in the marketplace and the competitive offer. Some product curves may experience a shorter maturity stage than others or there may be cases where the growth stage has a faster pace. Additionally, those products affected by fashion trends can even experience a second phase of growth. Thus, the product life cycle model has to be adapted to the particular situation (Cox, 1967; Polli & Cook, 1969).

Golder and Tellis (2004) proposes the definition of three turning points which mark the transition from one stage of the PLC to another, namely commercialization, take-off and slowdown. Commercialization refers to the point in time when a product starts to be sold to customers. Take-off, instead, represents the moment in which the sales of the products quickly rise and there is the passage from product introduction to the market

to its phase of growth. Finally, slowdown can be defined as the moment when a product shifts to its maturity phase and the sales rise at a slower pace.

As Golder and Tellis (2004) explain in their study, there are three important reasons to define the different stages and turning points of a product life cycle. Firstly, the early identification of the turning points allow managers to predict and design in advance the next moves to take, in order to avoid early withdraw or excessive investments. Secondly, recognizing in advance the different stages of a product life cycle is necessary to delineate different targeted strategies for each stage, the right distribution channels and the different level of production and promotional activities. Lastly, each stage of the PLC is characterized by different cost and price choices; for instance, during the last two phases, customers are more sensitive to the price variable. The importance of planning ahead within the context of product life cycle and related strategies is supported by most of the authors, such as Marcu and Gherman (2010) and Levitt (1965).

Finally, it has to be noticed that some authors argue about the existence of two more phase of the product life cycle, namely the product development (Marcu & Gherman, 2010) and the expiration stage (Chang & Chang, 2003). Particularly, Marcu and Gherman (2010) divide the initial introduction phase in two periods: product development and product introduction.

The product development phase is the period before the introduction phase, where the product has not yet reached the market for sale. Chang and Chang (2003), instead, argue that the decline phase can be split in two different periods: expiration and decline phase. Specifically, the expiration stage refers to the long right tail part of the curve, the period where the products' sales are decreasing after the long period of maturity before reaching the final decline moment.

However, this research will consider only the most common definition of the PLC and its widely recognized four stages: introduction, growth, maturity and decline stage.

Stage I: Introduction

The first stage of the product life cycle takes the name of introduction stage (or introduction stage) and it refers to the birth of the product, its launch in the market and its market acceptance. This initial phase, as well as the other three ones, does not have a standard fixed duration. Instead, the introductory length of period of a product depends on several factors such as the newness of the product – for instance whether that product is already existing with different features in the market –, the complexity of it, the customers' need and the presence in the market of substitutes (Levitt, 1965).

The introduction stage is a critical period full of uncertainties regarding the future and the success of the product and the industry. For instance, some products fail to make it to the second phase as they do not achieve market acceptance.

Concerning the introduction of innovative products, due to the high rate of fail within the introduction stage, some firms may decide to enter the industry in its second stage of the PLC, when competitors have already made the first move and created a market for the product (Levitt, 1965).

Generally, during the introduction stage of a product, it is essential for companies to adopt strategies which allow them to create market acceptance and a product awareness.

As suggested by Marcu and Gherman (2010) in their research, commercial and non-commercial advertising and personal selling represent three among the most cost-effective strategies to adopt during this stage. Indeed, they state the importance of great advertising investments in the introduction period in order to create market coverage.

Stage II: Growth

The second stage of the product life cycle is the Growth stage and it starts when the product obtains market acceptance and its sales volume begins to rise (Levitt, 1965). At this moment of the product life cycle, competition becomes stronger due to the entrance of new firms and, in the case of an innovative product, second movers (Levitt, 1965; Marcu & Gherman, 2010).

Therefore, companies have to develop different strategies and move the attention to the product features and characteristics. Brand and product differentiation become increasingly important and generally, sales are boosted by the cascade effect of satisfied customers. There is no longer the need to create a market for the product, in the case in which the market did not exist before (Marcu & Gherman, 2010, Golder & Tellis, 2004). In this stage, strategies focus on creating more efficiencies, improving the perception of the brand and enhancing the overall product's quality. For instance, there may be the need to find better and more efficient distribution channels or to improve the process of production (Levitt, 1965; Anderson & Zeithaml, 1984).

Furthermore, improving the customers' brand perception and creating brand affiliation it is useful in order to increase the customer base (Levitt, 1965). Finally, the product needs to develop a sustained competitive advantage and in order for the sales to grow it is necessary to always improve the delivered quality and value (Marcu & Gherman, 2010).

Stage III: Maturity

The third stage of the product life cycle is represented by the maturity stage, when the majority of the potential customers in the target market already use and own the product. Therefore, the sales volume levels out and the growth slows down (Levitt, 1965; Polli & Cook, 1969).

During this period, the competition is stable (Marcu & Gherman, 2010) and the company's attention moves to new strategies and points of improvement. For instance, it may be necessary to improve the existing distribution channels (Levitt, 1965). Sales promotion and advertising become even more important than before

and, in order to keep up the product's sales volume, managers have to drive the attention to other factors such as the price. Even during this phase, creating and reinforcing brand awareness is a key tactic to retain and maintain the market share (Levitt, 1965, Marcu & Gherman, 2010).

Bush and Sinclair (1992) define the Porterian strategies as the main strategies which companies implement during the maturity stage of their products in order to obtain and sustain a competitive advantage, namely cost leadership, differentiation and focus strategy. Respectively, the cost leadership strategy refers to the ability of a company to reduce the costs required in order to create the product without affecting its quality. The differentiation strategy states instead that a company can bring to the market a product improved in its characteristics compared to its original version in order to create new demand. Finally, a focus strategy refers to the decision of a company to address its product to a particular niche of customers.

These strategies are better implemented together, creating a hybrid strategy in order to succeed in the marketplace (Bush & Sinclair, 1992). For instance, a cost leadership strategy is generally not able alone to provide a stable and sustained competitive advantage to the company, but instead it has to be combined together with a differentiation or a focus strategy to achieve the goal.

Marcu and Gherman (2010) and Anderson and Zeithaml (1984) further stress the importance of creating hybrid strategies in order to win in the market. Specifically, Marcu and Gherman (2010) highlight the benefits of combining a differentiation and a consumer brand fidelity strategy can have on a business, while Anderson and Zeithaml (1984) suggest companies not to strictly focus only on cost-oriented strategies but to embrace also a customer-oriented perspective.

Finally, some products go through what it can appear a never ending maturity stage, meaning that their sales level out in this period and hardly enter the decline phase. Examples of this are whiskey products, such as the Macallan Fine & Rare born in 1926, and cigarettes, whose PLC extends for decades (Polli & Cook, 1969).

Stage IV: Decline

The fourth stage of the product life cycle is the decline stage and it represents the last phase of it. In this phase, customers are losing interest for the product which is selling increasingly less with a consequent decline in its sales volume (Levitt, 1965). As a lot of companies start to abandon the market with their products, competition becomes weaker.

Companies generally lower the prices and their margins decrease (Levitt, 1965). As Levitt (1965) and Cox (1967) explain in their studies, the primary focus during this last stage of the PLC is the price as a promotional tool and, therefore, sales promotion are increasingly employed.

Levitt (1965) suggests that the most effective way to recognize in which stage a company is at a given time is to proceed backwards and try to identify in advance the next stage. In this way, managers can revise the future and constantly assess the competitive environment. Looking at the future is useful as it provides more perspectives to the present without the distortions of the everyday pressures.

Moreover, Levitt (1965) recognizes that it is not possible to provide universal advices on how to foresee the specific slope and duration of a product's life cycle. However, his research wants to suggest how to effectively implement the product life cycle concept as a managerial and competitive instrument in the business settings. For instance, the PLC can be a valuable asset for managers who want to launch new products. In order to exploit its potential, managers should start by foreseeing the expected profile of the product's cycle they want to bring to the market. Precisely, trying to forecast the expected cycle of a product's life allows managers to take a more rational approach to product planning and a correct strategic planning can make the difference between product fail and success in the market.

Besides that, advance forecasting and planning can help in the generation of valuable lead time, which is of great importance to design strategic moves to be implemented once the product is already brought to the market, such as competitive moves, tactics and product's life expansion or stretching strategies.

As previously discussed, the product life cycle curve of a single company and the curves of its products differ from the product life cycle of the industry. For instance, in the in the PLC curve of a single company, sales slowdown faster after the growth stage compared to the PLC curve of the entire industry. This happens due to the fact that the company is sharing the expansion – the *boom* of sales after the introduction – with the competitors. This effect is also reflected in the curve which depicts the company's unit profits over time. Indeed, if the PLC curve is compared with the profits curve, it can be observed that profits start to decline earlier than sales due to the entry of more competitors into the market, thus generating a what Levitt (1965) calls *profit squeeze*.

3.2.3 Product life cycle extension strategies: how to sustain product's sales

The described curve of the PLC is usually declining in its slope. Thus, in order to sustain both sales and profit curves, a company should try to address appropriate actions and strategies at each stages of the product life cycle. This is the idea of advance planning suggested by Levitt (1965), '*planning in advance of the actual launching of a new product to take specific actions later in its life cycle*' (p. 88), which is a great potential tool for long-term product strategy.

As it is showed in his study, it is possible to bring to the market products which will illustrate repeatedly and systematically extended and stretched sales life, such as the nylon's life. In this case, the subsequent extensions of the nylon's life cycle were not planned in advance to happen but instead they are the result of the

combination of different strategies, which were designed and implemented later on in the product's life. Precisely, this example promotes four different strategies which can help managers to extend product's sales and make the product's sales curve more flexible: support more frequent usage of the product among current users, develop broader and varied usage of the product among current users, generate new users and create new uses building on the basic material.

Arnett, Sandvik and Sandvik's (2018) definition of life cycle flexibility derives from the fact that '*competitive advantage seems to be built not only on the ability to design a new service but also (and often more importantly) on the ability to redesign and to adapt a service according to contextual changes and technical opportunities after it has been first released on the market*' (p. 286).

In their paper, they stress the importance for companies of demonstrating a competitive advantage in order to be successful. An organization's competitive advantage comes from its abilities to effectively respond to consumers' needs and deliver increasingly more value to them. However, achieving competitive advantage is a challenging path along which firms have to adapt and integrate both internal and external environmental changes where the aim is to constantly provide renewed and greater value to the market than competitors.

They demonstrate the interconnection of four important organization's pillars: new product development capability, product advantage, life cycle flexibility and organizational effectiveness. Specifically, new product development capability influences both product advantage and life cycle flexibility which, in turn, affect the overall organizational effectiveness. However, they do not explore in depth how to strengthen a product's life cycle.

On the contrary, Smith (1980) illustrates two ways to improve the life cycle of a product. The first one is product reintroduction and the second one is product updating, essential to maintain the momentum in the marketplace and optimize the investment in the market share. Updating has often been used either as competitive response move or incidental activity, rather than as a part of a long-term product strategy.

The business maintenance strategy described by Smith (1980) requires a companion design strategy in order to be successful. Companies must seek flexibility to replace a module containing rapidly changing technology and they have to keep in mind that design and marketing are interactive and dynamic over the product life. The fundamental question to ask is whether it will pay out to alter the PLC curve and this requires managers to first assess growth opportunities.

Michell, Quinn and Percival (1991) propose the concept of extended life cycle of a product in which the product life extension is conceived early on in the initial product planning. Particularly, they divide the maturity period of the traditional PLC in two distinct and consecutive phases: sales maintenance of a basic product and product proliferation (*Figure 3.2*). In this way, they want to emphasize the importance of a well-

planned effort in order to infuse new life at an advantageous time. Thus, the expectation of this paper is to stimulate the design of an active, rather than reactive, marketing plan to be executed during the period of market maturity. On top of this, they stress the importance of marketing adjustments as means of achieving competitive differentiation at the particular stage of product maturity.

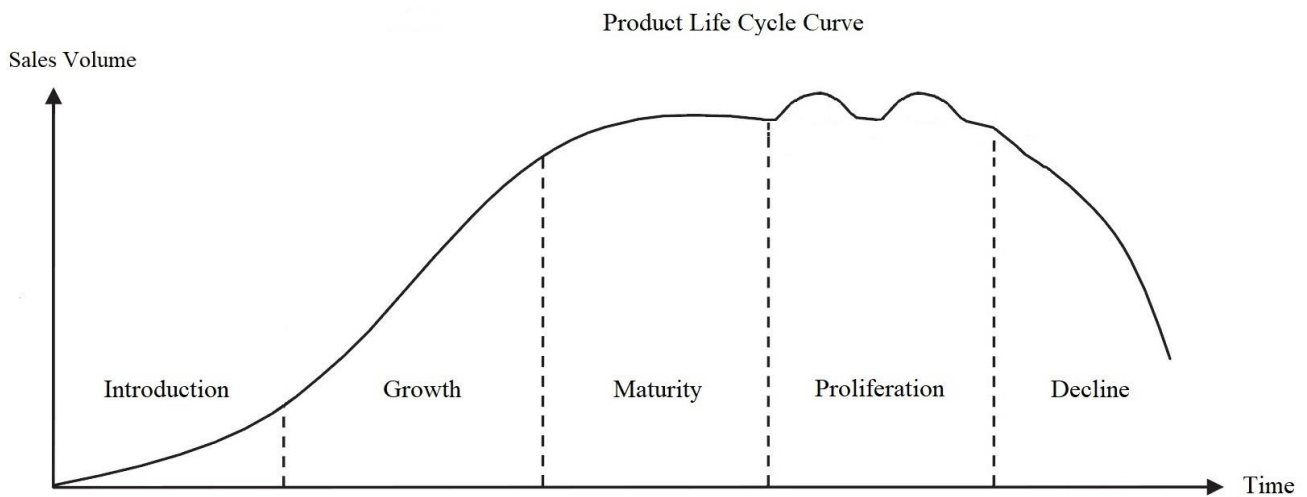


Figure 3.2 - Alternative representation of PLC with the proliferation stage, adapted from Michelle et al. (1991)

Furthermore, Michell et al. (1991) analyse the possible marketing strategies aiming at extending the life of mature products and they group them in a generic range of secondary-stage strategies. The classification of the strategies is the following: secondary take-off, dynamic adaptation, recycle, rejuvenation, stretching and harvesting and process-based.

Secondary take-off strategies reflect all the tactics described before, such as promoting more frequent and/or varied usage of the product among existing customers, attracting new users or creating new uses for the original basic product. Often, these strategies are implemented when the market encounters minor technological improvements.

Dynamic secondary adaptation strategies are defined as defensive plans where the company adapts the marketing mix elements in order to hold market share and they can also entail radical changes in the product. Secondary recycle strategies, instead, aim at protecting the product from the decreasing competitive distinctiveness and they can comprehend actions such as image modification and product repackaging. The main purpose is to improve the customers' perceived modernity of the specific product.

In a context of changing marketing environment, for example due to economic or ecological issues, secondary product rejuvenation strategies seem to be the most beneficial for the product's life and the corporate image itself, as they try to change the utility appeal of the product in question. These strategies are labelled as

defensive since they try to restore the profits to an acceptable level. There are four main categories in which this type of strategies can be divided: recapture, redesign, refocus and recast strategies. Recapture strategies' aim is to minimize the manufacturing complexity by marketing either an abandoned product or a product which is in decline respectively to previous and current users. Redesign strategies, instead, focus on the modification of an abandoned or declining product to gain again customers' interest. Then, through refocus strategies a company can reposition a declining product emphasizing features which may attract current customers. Finally, recast strategies are implemented to modify an existing product in order to sell it to new users.

Ultimately, product life cycle extension strategies can represent the basis for successful growth and it is essential to closely engage together different elements such as product development, manufacturing, distribution, finance, marketing and sales.

3.2.4 Alternative views on the product life cycle

However, the product life cycle concept has also led to many criticisms about its validity in the real managerial life. For instance, the existing research is almost entirely qualitative with a substantial lack of empirical evidence. Moreover, distinct products life cycle curves may have different shapes and lengths and thus, there is no actual standard representation which will fit every case. An example is represented by those products which move almost directly from the introduction phase to the maturity phase. Additionally, the research does not provide clear distinction between the PLCs for product form, product class and product brand type and there is not enough literature on how life cycle curves differ changing the focus of studying - e.g. industry, company or single product's sales.

Interestingly, some scholars argue that the product life cycle can be classified more as a dependent variable determined by strategic marketing moves, which leads to the conclusion that the shape of the PLC curve can be altered through and it is a consequence of these actions, while the traditional literature argue for the opposite view (Dhalla & Yuspeh, 1976; Michell et al., 1991).

Besides, the advance forecasting and planning of the PLC is criticized due to the fact that it usually neglects the competitive environment variable (Michell et al., 1991) which is a great influence for the product life. Furthermore, to support their arguments, Dhalla and Yuspeh (1976) also comment on the non-cyclical behaviour of those products which show a second life or a reincarnation demonstrating a new period of growth after the maturity period. Indeed, the advocates of the product life cycle theory explain how it is possible for products to gain a second momentum after the rather flat maturity period and, as previously discussed, they have formulated few useful strategies managers can implement to stretch the life cycle curve. However, they still represent the PLC curve with the usual bell-shape graph. Instead, concerning the classification of the PLC four different stages, they explain how difficult it can be to indicate the movement of the specific product from one stage to another, since there is no objective rule to implement. Additionally, they specify how the PLC

can have little validity and how it can be a harm for top executives who are encouraged to overlook existing brands and focus on new products. Precisely, the concept of the product life cycle was first introduced in the 1960s with a completely different environment and scenario from today, when aggressive brand proliferation is no longer an effective strategy as in those years. They demonstrate how nowadays the focus should be on extending the life of current brands and products through the implementation of targeted marketing strategies (Dhalla & Yuspeh, 1976).

Christiansen, Varnes, Gasparin and Storm-nielsen (2010) propose an alternative way to comprehend the life cycle of products and explain the view of value creation, also called the network process perspective. In their paper, value creation can be seen as a dynamic interactive process where negotiations, complexities and *interessement* characterize the relationship building which is based on co-creation.

The research bases on the example of the Egg chair originally designed in the 1950s by Arne Jacobsen and shows how the life cycle of this piece of design does not follow the standard path of birth, growth and decline periods and, instead, after fifty years it has even more value than before as proved by the boost in its sales.

For this reason, Christiansen et al. (2010) also comment that the product life cycle is better understood as a dependent variable and that it is a consequence of marketing actions.

Specifically, they argue that value arises from the relationships between customers, products and brands and these connections are formed, modified and regenerated over time. Therefore, value creation can be well understood in terms of value constructions which are repeatedly negotiated in networks enclosing several actors. Their paper states that value creation is a never ending process and it is demonstrated how the value of the Egg has been qualified and re-qualified within its fifty-year life in specific actor networks.

Finally, they argue how the success of the Egg, and more broadly the success of an innovation, is in the hand of actors other than the firm itself. Particularly, the value is not predictable nor certain and it is generated by the constant negotiations between actors.

3.3 Business model and business objectives

In this last section of the literature review, theories on the business model and business objectives will be proposed in order to address the effects that limited and special edition products could have within the context of business model and business objectives changes. Specifically, it will be considered their potential ability to create linkages and organizational fit between old and new products when a company makes important changes in its business model.

First of all, it is important to define what the existing literature define as business model. Afterwards, the paper will present the existing theories about business model changes and reconfigurations, explaining the

importance of the alignment between core business model design and objectives, core capabilities and strategic choices.

3.3.1 Business model taxonomy

Massa and Tucci (2014) define the business model as the set of activities which answer the questions about who the customers are, what does the customers value, how does a business make money and what is the economic logic that explains how a business can deliver value to customers at an appropriate cost.

The literature provides more understanding of the concept providing a business model taxonomy. Understanding the different types of business models is essential for creating a successful business able to compete. Indeed, a wrong design of a company's business model can bring it to failure.

Chatterjee (2013) defines four different types of business models based on a categorization by efficiency, perceived value and efficiencies created by the established environments. The taxonomy comprehends the efficiency-based business model, the value-based business model, the network value business model and, lastly, the network efficiency business model.

The efficiency based business model relies on human or capital resources, which are essential since this model focuses on creating products in a more efficient way compared to other businesses in the market. Additionally, process innovation can play an important role within this model, as it can help in the creation of business efficiencies. The success of this model basis on a better assets' utilization and on the creation and improvement of efficiencies of all the company's assets. For instance, a business has to be able to shift the demand in place or in time in order to survive, it has to unlock the capacity to create economies of scale and, lastly, it should challenge price orthodoxies, such as the boost of sales caused by a new price.

The value-based business model focuses instead on the creation of a want and desired item, a product that allows the firm to charge a premium price. Companies operating under this business model should secure and invest in knowledge professionals such as scientists or engineers.

In order to create value while offering a want item, a company should focus on the visible attributes of the product to attract the interest and catch the desires of customers. Besides, in a value-based business model, it is necessary to analyse what attributes customers value the most by studying the consumer behaviour. This is useful in order to isolate the value drivers which allow a firm to identify those attributes that should be more visible in the product. As a matter of fact, those attributes that customers value the most are sometimes invisible and thus not seen by the market.

The rapid creation of prototypes and the time to market are crucial variable in this model. Sometimes, lead users can be included in the development of prototypes or intermediate products and this can help to achieve

success. Moreover, the creation of such an intermediate product can be implemented in the production of different want items, bringing a particular value-based business model to succeed.

Network value or loyalty based business model represents a variation of the value-based business model. Indeed, here the focus is shifted on the repeated purchase of the product by a core group of customers. These customers can create network externalities and virtuous circles, which in turn may increase the overall customer base. In this case, the customers assume the role of brand ambassadors.

For developing a profitable network value or loyalty based business model, it is essential to create a critical mass of customers who will repeatedly purchase the product. The literature suggests several strategies in order for a business to create a critical mass of customers and discourage the competition, namely competition based on price and a get big fast strategy.

Moreover, the literature proposes to use customers and potential competitors for the initial marketing of the product. In the case of employing potential competitors for this purpose, the business has the opportunity to fast scale the market and discourage them to offer a similar product. An iconic example of this strategy is the case of Microsoft and IBM, where Bill Gates offered to write the OS for IBM who, after the market scale of Microsoft, has not been able to compete with it.

On the other hand, a company may prefer a get big slowly strategy and focus its development on a niche of customers before moving to a bigger market.

Network efficiency business model refers to a configuration where value is generated from the environment. This business model has to create a hub able to facilitate the transactions between buyers and vendors. The efficiencies created within the platform network are the key for this type of businesses.

In order to develop this type of business model, the company need to unlock the ecosystem capacity by the persuading different and opposite stakeholders to use the product. Moreover, it is necessary for a business to communicate to the market that this business model has a collaborative logic which bases on the belief that suppliers and customers themselves are required in order to attract other and more customers (Chatterjee, 2013).

The literature is rich of examples where a business failure could have been avoided with a different positioning of the business model in the initial taxonomy (Chatterjee, 2013). As a matter of fact, the same business idea developed under different models could lead to different outcomes (Chesbrough, 2010). Once the selection of the right business model and value logic, it is necessary to specify the company's core objectives which will define how to create and capture value.

Choosing the right business model is essential for companies to succeed and they have to be aware of the constant need for fine-tuning the developed model over the lifetime of the business. As a matter of fact, changes within the environment, such as modifications in the competitions or in the customers, require introducing tailored and related changes in the business model.

All the previously described types of business model can follow different migration path. Generally, the majority of the businesses initially develop a value-based business model, which then will evolve during the life of the specific business (Chatterjee, 2013). Business model definition requires trial and errors and adaption ex-post (Chesbrough, 2010). The business model can be used as a source for competitive advantage and a business model reconfiguration or innovation can be implemented to better compete in mature industries (Massa & Tucci, 2014).

3.3.2 Changes within the business model

The literature on business models has been reviewed in order to understand how a company can introduce important changes in its business and what it requires in order to achieve these transformations. However, there is a lack of research about how a business can deal with previous core choices undertaken during a past model.

For instance, the design of a business model and the strategic choices made under it bring specific consequences on how a business operates and deliver value to its customers and stakeholders (Casadesus-Masanell & Ricart, 2010).

Moreover, when developing a particular business model there are a set of core capabilities that the company needs to acquire and develop in order to sustain the business. Leonard-Barton (1992) uses the term core capabilities in order to define the set of differentiated skills, assets and routines which strategically distinguish one company from another, and which are required in order for a business to succeed in its industry. Core capabilities can be classified within four main types of knowledge: employee knowledge, technical systems, managerial systems and value and norms. The connection between these different types of knowledge make a specific company's core capabilities difficult to imitate for competitors (Leonard-Barton, 1992).

In order for a business to develop and carry out its projects, it is necessary that these projects are aligned with its core capabilities (Leonard-Barton, 1992). Furthermore, an optimal configuration of a company's strategic choices can induce a virtuous circle which reinforces those choices and the core capabilities behind (Casadesus-Masanell et al., 2010). On the other hand, an inappropriate set of knowledge can inhibit the development of a business and it takes the name of core rigidities, which represent the flip-side of core capabilities (Leonard-Barton, 1992).

The existing literature emphasizes the need for always evolving the core capabilities in order to survive and to face the changes in the marketplace (Leonard-Barton, 1992).

Once the business model has been designed, strategic choices made, and core capabilities developed, making some modifications and changes could be costly and difficult for the business (Casadesus-Masanell & Ricart, 2010).

Companies often fail to experiment and develop new business models, which can instead be essential in order to obtain more efficiency within the business (Hayashi, 2009). Indeed, experimentation can help managers to identify the weaknesses of their business choices and practices, fine-tune their strategies and, if necessary, move to a new business model (Hayashi, 2009).

To help managers in this challenge, the research has developed a five-step process. Firstly, a company should analyse its surrounding environment and look for other firms which have been through a business model change, in order to understand what and how they did it. Then, the company should state its beliefs and develop hypotheses in order to test and verify those beliefs. Consequently, the firm has to design and develop the experiments for its business model change and, finally, it has to generate and analyse the results in order to decide whether or not to implement the proposed changes (Meyers, 2010).

Nowadays, changes in the business model have gained more popularity than ever, the literature has pointed out their potential to both generate innovation and be means of innovation themselves. It can be said that they represent a new dimension of innovation other than product and process innovation (Massa & Tucci, 2014).

With the diffusion of the internet and of the Information and Communication Technologies (ICT), experimentation and innovation within the business model have risen, creating new opportunities for business activities.

There are three main reasons behind the shift in how businesses are conducting their activities. Firstly, the post-industrial technologies, namely the development of new technologies and industries, has signed the creation of new types of products and services. Software as a service (SaaS), market for ideas and open source services represent clear examples of these new products which require the development of new organizational structures (Massa & Tucci, 2014). The second reason refers to the necessity of companies to reach new markets or customers at the bottom of the pyramid (BoP), which requires the development of new organizational structures able to better respond to a different economic, cultural, and social environment. Lastly, companies increasingly focus on sustainability and contribute to solve social issues through their activities.

Particularly, Massa and Tucci (2014) propose three definitions to describe business models and their configurations: business model design, business model reconfiguration and business model innovation.

Briefly, business model design refers to the activity of creating a business model for a newly formed organization and it is often linked with the entrepreneurial activities.

Business model reconfiguration, instead, concerns the change of the activities of an already born and running company and these changes can occur with different degrees of radicalism. There are two different types of barriers which a company faces when going through a business model reconfiguration, identified by Chesbrough (2010) as structural barriers and cognitive barriers. Structural barriers refer to a conflict between the current assets of an established business model and the complexity to move to new ones. Cognitive barriers refer instead to the inability of managers to identify and understand the need for a change or the rise of new opportunities for the business. In this scenario, managers are trapped in a dominant logic of how the value is currently retained.

Massa and Tucci (2014) suggest three tools which can be implemented in order to overcome these barriers. The first one is the construction of a map of the business model useful to clarify the processes underlying it and understand the alternative combinations of these processes. The second tool is identified in the action of giving authority in the company for experimentation. The last tool is represented by the experimentation itself, by putting emphasis on cumulative learning from failures.

Finally, business model innovation refers to the creation of a brand new business model which is different from all the others used within the industry. A business model innovation can be implemented both by a new and an already existing organization.

Business model innovations fall into three different categories: industry model innovation, revenue model innovation and enterprise model innovation. An industry model innovation refers to an innovation introduced within an industry value chain by moving into new industries, readjusting existing ones or creating brand new ones. A revenue model innovation refers to a change in how the revenues of a business are generated, while an enterprise model innovation indicates the change in the role the company plays in the industry.

Concluding, business models can never be fully planned ex-ante as they will always need changes and experimentations and they are shaped through a discovery-driven process (Massa & Tucci, 2014). However, every change which a business model can adopt has to be carefully evaluated; a lot of companies in the past have made changes which destroyed their base value, customers loyalty and trust (Chatterjee, 2013).

4. Methodology and Methods

The methodology and methods implemented in order to address the problem statement of this thesis build on the theory and frameworks outlined by Saunders Lewis and Thornhill (2015). The term methods indicates all those techniques and procedures which are implemented in order to collect and analyse data such as interviews, product sales data and qualitative analysis techniques. Methodology, instead, indicates the theories on which the research is based and carried on (Saunders et al., 2015, p.4).

This chapter uses the framework of the so called '*Research Onion*' (Saunders et al., 2015, p. 124) as a guideline in order to develop and structure the research project and design the research methodology. This has proven useful in giving sense, order and structure to the entire research and critically revising it. As depicted in *Figure 4.1*, the following sections will progressively '*peel the onion*' starting from the outer layer, the philosophy, and reaching the hearth of it, the techniques and procedures, by going through other four distinctive layers, namely approach to theory development, methodological choice, strategy(ies) and time horizon.

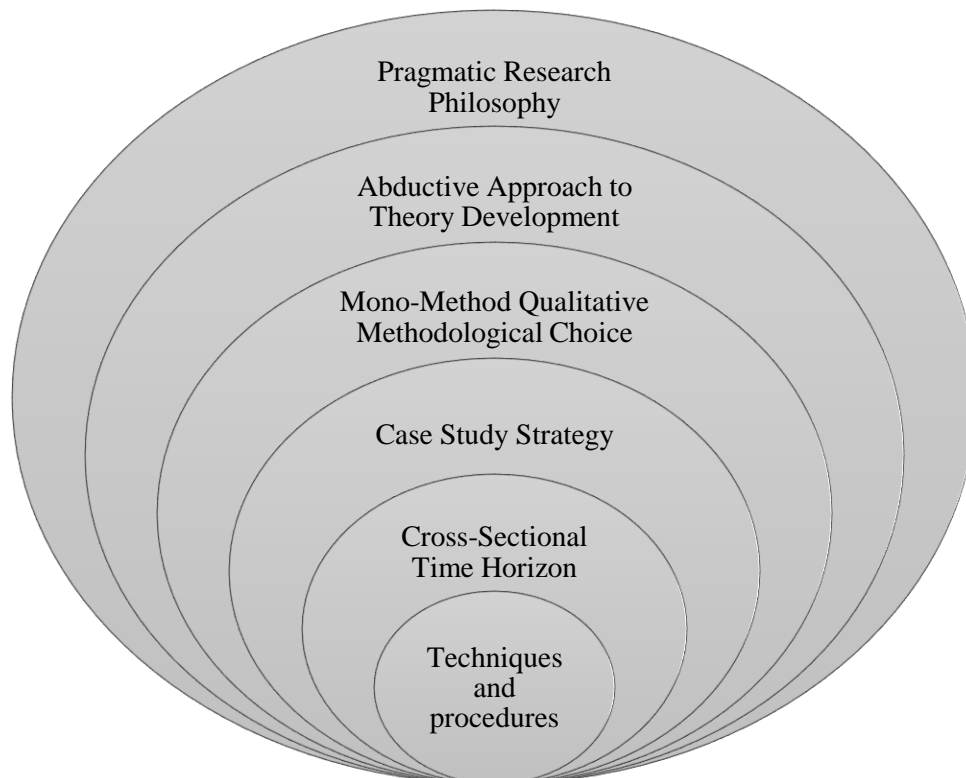


Figure 4.1 - Research Onion adapted from Saunders et al. (2015, p. 124)

4.1 Research philosophy

Research philosophy is about developing knowledge in a specific field with a set of beliefs and consistent assumptions. These assumptions determine the way research questions are conceived and addressed, they affect the sources of data, the chosen methods and the interpretation of the results. There are three types of assumptions, specifically ontological, epistemological and axiological assumptions (Saunders et al., 2015, p. 127) and they vary according to the philosophy.

The following three sections (sections 4.1.1 – 4.1.3) will present the relevant assumptions divided by type.

Saunders et al. (2015) recognizes five major different research philosophies in business and management research: positivism, critical realism, interpretivism, postmodernism and pragmatism. Once the research philosophy is selected, it will strongly impact the subjects of the research investigation and the way the research is carried out.

The authors of this thesis recognize the philosophy of pragmatism as reflecting their own beliefs and assumptions and will implement and contextualize it in this research. Within the philosophy of pragmatism, the research question leads the whole research philosophy and design, and it emphasises the importance of practical outcomes and theoretical implications to support business and practically inform future practice (Saunders et al., 2015, pp. 135-144). Pragmatists try to combine the views of positivists and interpretivists together and combine subjectivist and objectivist thoughts, values and facts, rigid knowledge and contextualized experiences. Thus, central elements such as knowledge, theories, concepts, hypotheses and research outcomes play the important role of enabling actions to be successfully carried out in different particular contexts. The research starts with doubts and beliefs, and researchers' values drive the entire research, thus emphasizing the key role context plays in generating the research findings.

This thesis recognizes the leading roles of the specific problem statement and research question throughout the entire research design and process. The research design of this thesis basis on the following research question: how can special and limited edition products be employed as multipurpose tools in a car manufacturer company? This broad question is divided in three sub-questions, namely: how can special and limited edition products be used as marketing strategies? How can special and limited edition products be used as strategies within a product life cycle? How can special and limited edition products be used as tools in order to create a fit between old and new products after a business model reconfiguration?

Therefore, the research question of this study wants to find the theoretical implications not addressed by the existing literature and shed light on their practical outcomes for the business and management.

Precisely, the findings of the study aim at helping managers to recognize and implement special and limited editions as strategic multipurpose tools. What has been partially explored by the previous research on the topics

of special and limited edition products will be reviewed and applied in this thesis, which will also address factors which have not been exhaustively considered before. Besides, the data collection and the formulation of the propositions to be tested have their foundation in the defined research question.

As previously outlined, the reasoning behind this specific research question finds its basis on the researchers' interest in exploring the phenomena of special and limited editions within business settings, in particular within the automotive industry. Once having established that there is a lack of research on the topic, the researchers have identified three main themes which they believe are important in order to investigate the utility of special and limited editions as business means. The identifications of these themes, namely marketing and consumer behaviour, product life cycle management and business model fit, has been crucial in order to further specify the research question objectives in three more detailed sub-questions.

4.1.1 Ontology

Assumptions about ontology focus on the nature of reality and, within business and managements, ontology concerns about how the researchers perceive the circle of business and managements and how they study objects such as organizations, management practices and so on. The nature of reality in the pragmatist philosophy is rich and complex, filled with experiences and practices and the reality itself is seen as the combination of the consequences of ideas.

For instance, this research a main underlying assumption which will shape the direction of the data analysis. The researchers recognize that a particular business strategy, which is initially implemented with a specific purpose and addressed to achieve a specific object, can instead have further positive impacts not previously considered by the management. In this specific case, the strategy is represented by the launch of special and/or limited edition car models, superficially described by the existing research as a marketing strategy to act on the consumer behaviour by creating feelings such as scarcity and time pressure.

For instance, a company may launch a special or limited edition model with the purpose of creating brand awareness. However, the same edition could have different unforeseen positive impacts on other areas such as on the extension of the product life cycle curve.

4.1.2 Epistemology

Epistemology assumptions focus on what forms acceptable, valid and legitimate knowledge and explain how this knowledge can be transferred to others (Saunders et al., 2015, p. 127). Within the business and management context, there are several types of knowledge that can be recognized as legitimate and valid and the chosen epistemological assumptions will drive the research methods preferences.

Within the philosophy of pragmatism, epistemology is about the practical meaning and implication of knowledge in particular settings and the focus is on solving problems and contribute to future practices. Moreover, true theories and knowledge are defined as those which will successfully enable successful actions.

This thesis recognizes the importance of the managerial observations and comments to contribute to the acceptable knowledge. Therefore, the subjective point of view expressed by a particular company can constitute a legitimate source of data which can form the basis to provide new knowledge about facts and business practices. Both facts and opinions can constitute acceptable knowledge. Particularly, depending on the different context different types of contributions to knowledge can be made and the different observed phenomena can acquire different meanings.

4.1.3 Axiology

Finally, axiology assumptions focus on the role that values and ethics play within the research process. These assumptions want to explain how researchers' values impact and shape the research process and how they combine with the values of the research participants. This is useful for researchers in order to evaluate the credibility of their research process. Indeed, researcher has to be able to express their values in order to critically review what is the research about and how the research is carried on (Saunders et al., 2015, p. 128).

In the pragmatist philosophy, the research is value-driven, and it is initiated and sustained by the doubts and beliefs of the researchers. Choosing one topic over the other suggests that you think one of the topics is more important. For instance, this research is mainly based on data gathered through interviews because the researchers believe that personal interaction with the respondents has a higher value than the respondents' view expressed through an anonymous questionnaire or survey. Furthermore, respondents' comments and observations expressed during an interview can provide new insights useful to develop further argumentation on the topic. For instance, during the second interview, the respondents have pointed out possible drawbacks in the use of special and limited edition in the context of a business model reconfiguration, fact that has not been considered before by the researchers. Thus, this insight has been valuable for the research and probably it would not have reached the researchers through other data collection techniques such as surveys or questionnaires.

4.2 Approach to theory development

There three different approaches to theory development: deduction, induction and abduction.

This thesis implements an abductive approach to theory development, thus moving back and forth combining both deduction and induction. Abduction is used to generate a new theory or modify an existing one which

will be subsequently tested thanks to the collection of meaningful data (Saunders et al., 2015, pp. 144-150). Thus, the theory generation or modification will also include already existing theory where researchers think it is appropriate. Particularly, abduction starts with the observation of a surprising fact which will represent the conclusion that researchers want to test through the analysis of the gathered data, which are collected in order to explore a phenomenon, find themes and patterns. The researchers will outline a set of possible propositions which, if proven to be true, will verify the conclusions.

This research builds on the existing theory about limited edition products, their implementation and their impact on customers' purchase behaviour. The previous research is used as a grounded theory to test and apply to this particular research project. However, since past researchers mostly focuses on the consumer behaviour perspective, this research has also the purpose of extending the existing literature from a business perspective side. Moreover, the past research has never addressed the theoretical and practical distinctions between limited edition and special edition products, which instead will be accounted in this investigation. For instance, while critically reviewing the past literature, the researchers have recognized the necessity to further clarify and extend the current research and contribute with new managerial implications on the specific matter.

Therefore, this research combines the two different approaches of deduction and induction, hence moving both from theory to data and from data to theory.

However, the authors have set some delimitations on the research, defining the specific context in which the research is carried out and in which the proposed theory extensions can work in practice.

4.3 Methodological choice

There are two types of research design which represent how the research question will be addressed and how data will be collected and analysed: qualitative and quantitative research design, which can also be combined together in a mixed research design (Saunders et al., 2015, pp. 165-174).

Given the chosen philosophy of pragmatism and the abductive approach to theory development, a qualitative research design and, specifically, a mono-method qualitative methodological choice seems to fit this particular research and match the consequent strategy choice described in the next section.

Generally, a qualitative research aims at investigating the meanings of social phenomena. In a mono method qualitative research this is done through a single data collection technique and a consequent qualitative analytical procedure. The aim is to explore how respondents interpret their own reality and thus, subjectivism plays an important role in the research. In a qualitative research design, data collection techniques are generally not standardized in order to create a more naturalistic and interactive process where questions and procedures can progressively be adapted and altered if it is needed.

This research implements semi-structured interviews as data collection technique as they allow respondents to freely answer the questions and argument upon the information they provide. Such a procedure requires researchers to establish connections and trust with the respondents in order to get access to data, meanings and understandings.

4.4 Strategy

In order to conduct a research, it is necessary to select one or multiple strategies which fit the specific research design. The purpose of the research design inevitably affects the choice of strategy.

This research combines together different purposes and it can be described as a combined study (Saunders et al., 2015, pp. 174-177).

As with most researches, the descriptive approach it is used in this thesis in order to carefully delineate the issue and establish the ground to conduct the study. However, it is then complemented by a more insightful exploratory purpose in order to address open and flexible questions which aim at investigating how special and limited edition products can be employed as multipurpose tools within certain context delimitations. The quality of the contributions generated through the interviews is critical to the purpose of the study whose direction may change or adapt after gathering some new data.

As a matter of fact, the direction of this study has been modified after the first interview, as new data brought a new understanding on the differences and similarities between limited and special editions within the automotive industry.

4.3.1 Case study

The strategy chosen for this research is the case study, as it allows to determine specific boundaries and dynamics of the analysed matter within its particular setting (Saunders et al., 2015, pp. 184-187). The case study strategy well suits both the qualitative methodological choice and the semi-structured interview technique and it allows researchers to generate rich and deep insights and understandings.

This thesis uses a single case study strategy basing the research on the Alfa Romeo's practices and implementation of special and limited edition products. Therefore, the research topic is studied in the context in which the company operates. This specific research strategy allows to generate insights from the study of the subject in its real life setting within the automotive industry segment. The Alfa Romeo specific case study has been chosen as this brand extensively uses special and limited edition models and the brand itself has evolved over the years since 1910. In particular, Alfa Romeo strongly relies on elements like Italian design, style perception and the '*made in Italy*' factor.

Therefore, the case study strategy makes it possible for this research to explore the phenomenon of special and limited edition strategies which has not been extensively considered by the past literature. Moreover, it does not represent only a solid basis to test the current theory but also a great basis from which researchers can extend the scarce existing studies.

In this particular study, researcher decided to apply a holistic unit of analysis; therefore, the study is concerned only with the company as a whole.

4.5 Time horizon

A research can represent either a study conducted over a given period of time or a study which focuses on a specific and smaller time frame, respectively defined as longitudinal and cross-sectional study (Saunders et al., 2015, p.200).

Due to the nature of the strategy implemented and the available time to carry on the project, a cross-sectional time horizon has been chosen. As defined by Saunders et al. (2015), this time horizon can be defined as a snapshot as data are collected at a specific point in time, already established beforehand. Indeed, the purpose of this research is not to study the development over time of a phenomenon but instead to explore the specific strategies of special and limited edition in a particular setting and their implications for the business and management.

4.6 Techniques and procedures

4.6.1 Primary data collection

In order to meet the objectives of this case study and answer the research question, the data were collected through two semi-structured interviews. Given the nature of the study, the research design and the need to collect qualitative data, non-probability, self-selection sampling in order to conduct the interviews has been chosen (Saunders et al., 2015, pp. 295-304). The data gathered from the two interview sessions can be defined as qualitative as they are based on the meanings articulated through dialogues and words. Furthermore, these data have been analyzed through the researchers' conceptualization (Saunders et al., 2015, p. 394).

Two managers of Alfa Romeo have been selected based on their affinity to the studied issue, namely a Product Marketing Manager and the Product Planner at the Alfa Romeo Headquarter.

The sample size of the respondents and the number of the conducted interviews do not represent a key factor, since the aim of the research is not to search for commonalities. Instead, it has been ensured that the interviews provided all the necessary information and data in order to conduct the analysis.

Thus, primary data has been collected using semi-structured interviews with qualitative and non-standardized questions. A list of themes to be covered during the interviews has been carefully selected by the researchers and the interviews schedule included important key questions and comments to open and close the discussion and some prompts to encourage further observations. As typical of semi-structured interviews (Saunders et al., 2015, p. 391), some question annotated in the interview schedule has been omitted and some others have arisen in relation to the discussed topics to conduct a deeper investigation. Furthermore, the order of the questions varied in order not to prevent respondents from freely expressing their comments.

The two semi-structured interviews have been conducted face to face and they took place in Turin, where the Alfa Romeo is headquartered. The two interviews had an interval of approximately one month one from the other; this gave sufficient time to the researchers to interpret and analyze the first round of data in order to establish which information was still needed and required to collect during the second round.

Particularly, in the first interview only one respondent took part – the Product Marketing Manager – while during the second interview he joined the Product Planner, who was the principal respondent. Therefore, this second data collection round saw the valuable interaction between the two colleagues and the researchers ensured that both the participants had the possibility to state their own comments and opinions freely.

The interviews have been conducted in Italian and fully recorded with cellphones and the files have been stored both locally in the cellphones and on a cloud storage. The researchers have translated the files audio in English and the transcripts have been validated by the interviewed members.

The researchers have accurately overcome the traditional quality issues concerned with semi-structured interviews (Saunders et al., 2015, pp. 396-401). In fact, the collection of data was rigorous, and the interviews avoided questions which would have led respondents to biased answers. The researchers took part as interviewers and collected beforehand the necessary knowledge on the subjects, contexts and themes investigated and demonstrated attentive listening skills. The nature of the opening comments and the approach researchers had to the questioning included rigor, precision and thoroughness. The location and setting of the interviews were appropriate, quiet and without distractions. At the end of each interview, the researchers summarized and test the understandings and received the feedbacks from the interviewees in order to validate the outcomes and findings.

Moreover, this research uses another source of primary data represented by the sales figures of Alfa Romeo's car models over the years. These data were asked for by the researchers during the interviews and extracted specifically for the purpose of this project from the Alfa Romeo database and sent to the researchers via email by the product marketing manager. The company's database automatically registers the sales data. Moreover, these data are also collected by third companies from public registers due to the specific regulations of the automotive market and finally revised. Therefore, this prevents data to be mistakenly reported. Furthermore, all the sales figure concerning the automotive industries represent data disclosed publicly. These ensures the validity of these sales data.

Additionally, these data have a quantitative nature as they are based on meanings derived from numbers and they are collected in a numerical and standardized way (Saunders et al., 2015, p. 569). While the sales figures are mainly perceived by Alfa Romeo's management as quantitative data useful to develop strategic, cost and financial analyses, this research uses these figures in order to develop graphic aids which will be qualitatively interpreted to complement the analysis. They have been implemented in order to execute a comparative and contextual analysis started with the qualitative data collected through the two semi-structured interviews. Additionally, these secondary data prove the consistency of the qualitative analysis and findings drawn from the previous interview sessions. Thus, these numbers will not be used with the purpose of generating diagrams and statistics, but rather they will be implemented in the analysis through the use of conceptualization.

Moreover, the data collection through interview sessions has represented for the respondents an opportunity to be assured about the scope and purpose of the collected used information (Saunders et al., 2015, p. 394).

4.6.2 Secondary data collection

This research uses document secondary data in order to complement the primary data. These data are represented by the information found in the websites of Alfa Romeo's company, FCA Group, Alfa Romeo's Museum and specific websites and blogs about the automotive sector. These data have been used in order to delineate the background of the case company description and to describe the specific feature of the presented car models. Moreover, information about the brand history and the car models was collected also through the visit to the Alfa Romeo's Museum based in Arese, Milan (Italy).

The use of several websites and blogs has assured the quality of the findings, which have been carefully compared from source to source.

4.6.3 Data analysis

This research wants to investigate whether special and limited edition products can be employed as multipurpose tools, within the context and delimitations outlined in the introduction. Specifically, this research

question has three sub-questions which have to be answered. Firstly, researchers want to investigate how special and limited edition products can be implemented as marketing tools, with respect to the concepts of scarcity, time pressure and conspicuous consumption which have emerged from the literature review. Secondly, researchers want to examine how special and limited edition products can be implemented as tools to help the product life cycle management, with respect to the concepts of PLC and PLC strategies, with a particular focus on the concept of product life cycle curve flexibility and extendibility. Finally, researchers explore how special and limited edition products can be used as a strategy to create a fit between old and new products after a business model reconfiguration. Therefore, the research question can be outlined as it is presented below:

How can special and limited edition products be employed as multipurpose tools in a car manufacturer company?

- a. *How can special and limited edition products be used as marketing tools?*
- b. *How can special and limited edition products be used as tools within a product life cycle?*
- c. *How can special and limited edition products be used as tools in order to create a fit between old and new products after a business model reconfiguration?*

The entire research has been characterized by an interactive, flexible yet systematic combination between literature review, building of assumptions and propositions, data collection and data analysis. In order to answer the research question, neither a purely deductive nor a purely inductive approach could fit the purpose. Indeed, researchers have moved both from theory to data and from data back to theory in order to build and test previously explored theories and newly developed argumentations. *Figure 4.2* shows how the steps of this research process can be briefly summarized.

Researchers have extensively made use of aids such as whiteboards, shared memos, notes and research reflections. In order to improve the work efficiency, researchers used focus sessions and brainstorming tactics during the entire project, which have proved to be extremely efficient and effective especially during the classification of themes, the propositions building and the data analysis.

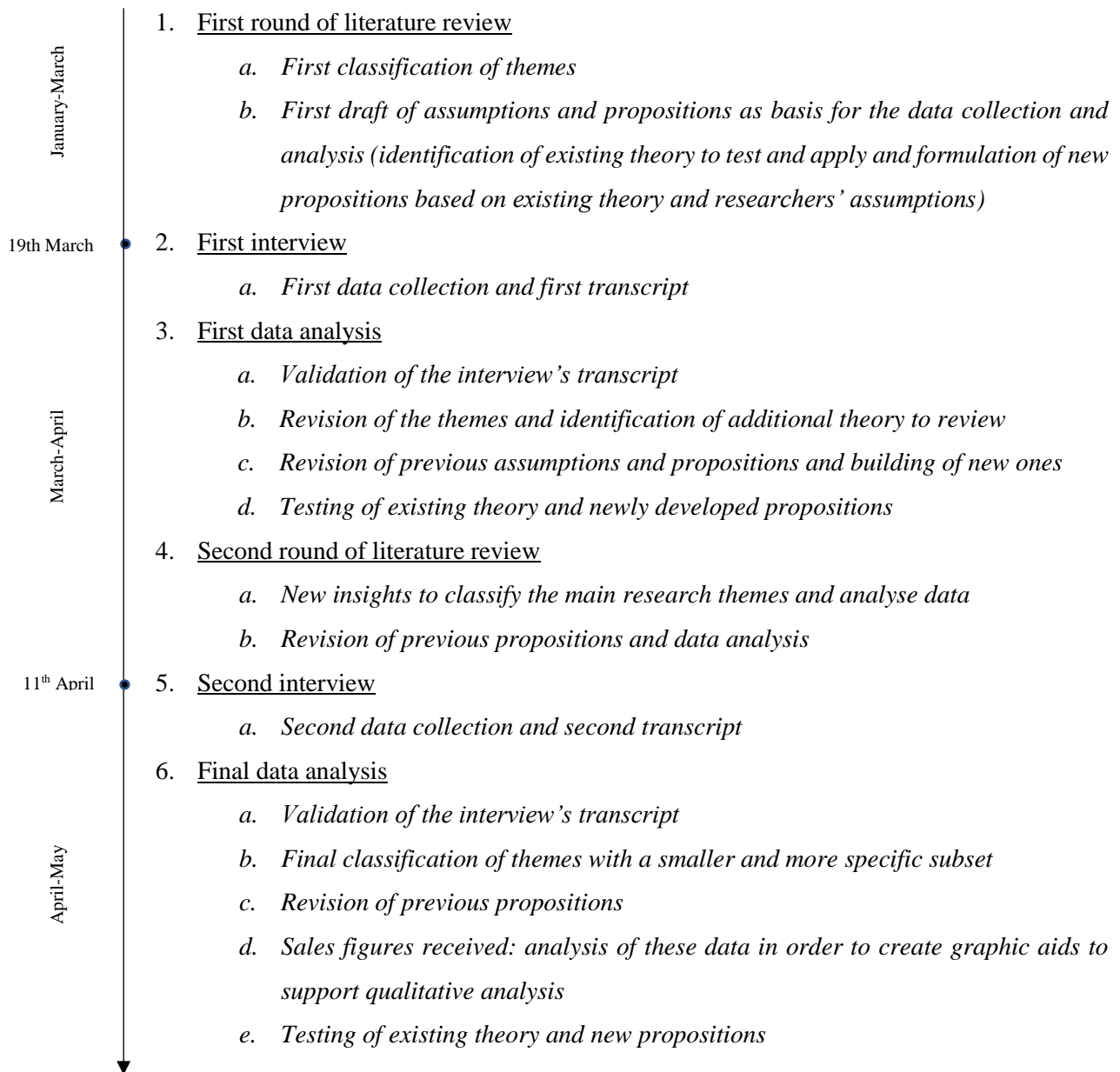


Figure 4.2 – representation of the research process steps

The next sections will explain how each sub-question has been addressed during the data analysis, and they will follow the same theme structure which has been used to explore the existing literature in the third chapter. This theme structure, which shapes the entire research, has emerged progressively during the project and has been continuously revised and adjusted. Particularly, the data collected from the two interviews have been classified and divided into three main general themes, namely marketing and consumer behaviour, product life cycle management and product fit within the context of business model reconfiguration, which subsequently reflect the three subquestions which have been explored.

A deductive approach to explore the use of special and limited editions as marketing tools

After a careful and extensive literature review on the purposes of special and limited editions and on their impact on consumer behaviour, two main variables have been considered by the researchers: scarcity factor and time pressure feeling. With these variables in mind, researchers stated the first proposition to be tested.

First proposition: special and limited editions can be implemented as marketing strategies in order to leverage on the scarcity condition and time pressure feeling in customers' minds.

Subsequently, data have been collected through two interview sessions with the two managers of Alfa Romeo company, in order to verify and study the impact of those variables in this specific case and test the outlined propositions.

Since the literature review has provided no evidence about the use of special edition products, researchers have used the knowledge provided by the case company. Specifically, it is assumed that, within the automotive industry, limited editions are a subset of special editions. In particular, the first interview has shown that special editions and limited editions mostly share the same purposes and implications, as they have a lot of similarities. Thus, researchers have studied special and limited edition products in parallel explaining why and when they can be implemented with similar or different scopes.

The interviews transcripts have been organized by themes and the generated data have been used to test the fit of the first proposition within the selected case study. Particularly, the observations and comments made by the two respondents directly pointed out the considered variables and their implications, thus allowing a straightforward comparison with the theory.

Therefore, it has been possible to analyse how the case company applies what the existing theory within marketing and consumer behaviour proposes.

An abductive approach to explore the use of special and limited editions as product life cycle strategies

The lack of previous research on the purposes of special and limited edition products encouraged the argumentation about why, how and when these products can be launched in the market. The existing literature about product life cycle theories and strategies and especially the concepts of PLC curve flexibility and extendibility represent the ground from which the second proposition has started to develop. Indeed, researchers started to consider how special and limited edition products can be used within the PLC management.

Second proposition: special and limited edition products can be used as product life cycle strategies. The research on this theme can be divided in three subsequent stages. Firstly, the first round of data has been collected and used to assess the applicability of the traditional PLC view within the automotive industry and, particularly, in the Alfa Romeo company.

Afterwards, more specific argumentations about how special and limited editions can be used as tools to improve the life of a product – in this case represented by a car model – have been made, with a particular focus on whether special and limited editions could be assimilated to the PLC extension strategies in order to make the PLC curve more flexible.

Then, the second interview and data analysis – including both qualitative data from the interview and sales figures – aimed at proving the proposition and create visual aids to assess the utility of special and limited editions within the product life cycle management, especially within the context of extendibility of the product curve.

Specifically, the researchers have decided not to correlate the sales figures with the product revenues as they do not consider this connection particularly relevant for this research. Furthermore, the data needed in order to conduct this type of analysis are considered sensitive and thus, not provided to the researchers by Alfa Romeo company.

An abductive approach to explore the use of special and limited editions as tools to create a business model fit

The last theme this research has explored concerns the fit between old and new products in a scenario of business model reconfiguration.

While arguing about the implications of using special and limited edition products as strategies, the specific case of Alfa Romeo brand suggested new insights. Indeed, the company has recently faced a slight business model shift towards a different target of products and delivered values to customers.

During the first interview, researchers have acknowledged that, even though the new business plan includes brand new product lines which differentiate from the past ones, there are some models which have been carried on from the old to the new plan. Furthermore, the company has been making an extensive use of special and

limited edition models. Thus, researchers created the basis to formulate the third proposition to be tested with further analysis and data collection.

Third proposition: special and limited edition products can be used as tools to help a company to create a fit between old and new products after a change within the business model.

Thus, first and second interviews have generated the necessary data to verify the stated assumption. Questions about the brand, the changes within the product lines and delivered values, and the overall reinterpretation of the company's objectives over these years have made it possible for the researchers to argue about the use of special and limited editions as tools to help managers create a business model fit. Specifically, researchers have implemented these qualitative data in order to study how Alfa Romeo has leveraged the launch of a limited edition in order to carry on the Giulietta model after the modification of the brand's business objectives.

4.7 Quality of the research design

The two traditional methods to assess the quality of a research design are reliability and validity and the process through which this is accomplished is called validation (Saunders et al., 2015, pp. 202-207).

This research can be proved to be both reliable and valid. First of all, the research design and process can be replicated and achieve the same findings. Specifically, the whole research project is consistent, and it has been carried out by two researchers who agreed about data collection techniques and analysis. The entire process has been carefully planned with rigorous logical structure; memo, whiteboards, frameworks and focus sessions have helped the researchers to design and conduct the analysis and generate the consequent conclusions. This proves the internal reliability of the research. Moreover, the research would be easily replicable in other occasions and by other researchers and the implemented techniques and procedures of data collection and analysis would prove consistent. This proves the external reliability of the research.

More particularly, researchers have thoroughly avoided any threat to the overall reliability. Saunders et al. (2015, p. 203) classifies these threats in four groups: participant error, participant bias, researcher error and researcher bias. Factors which could have influenced and altered the interview process have been eliminated: the interviews took place in a quiet and private space with no distractions or people walking in, the time was set up before in order to avoid busy hours and tight schedules and researchers did not interfere with the accuracy of the recording. Secondly, the implemented measures, the analysis and the interpretation of the data appropriately measure the studied phenomenon.

Saunders et al. (2015) also proposes other four alternative quality criteria which could be seen as a better fit for qualitative research: dependability, credibility, transferability and authenticity criteria.

In this particular qualitative setting, the transferability criterion – which is the parallel criterion to external validity – helps researcher to better understand the concept of generalizability. As required by the transferability criterion, the authors of this study outlined a full description of the research question, design, setting, findings and their interpretations in order to make possible for the readers to assess the transferability of this research to another particular setting they are involved in.

Finally, the validation process has been applied by the researcher through the technique of member validation explained by Saunders et al. (2015). The interviews were conducted in Italian to two different managers of Alfa Romeo and they have been translated in English by the researchers. After the translation, the interviews transcripts were sent back to the interviewed managers in order for them to confirm the accuracy and validate the data. Furthermore, notes, observations and interpretations have also been validated from the managers in order to assess the quality of data, findings and understandings.

5. Analysis

In this chapter, the researchers will use the collected data in order to test the previously outlined propositions. Firstly, the first proposition will be analysed and tested: researchers will explore whether and how special and limited editions can be implemented as marketing strategies in order to leverage on the scarcity condition and time pressure feeling in customers' minds. Secondly, researchers will explore how special and limited edition products can be used as product life cycle strategies, focusing on their launch in the different stages of a PLC. Finally, the last section of the analysis will investigate and explain how special and limited edition products can be used as tools to help a company to create a fit between old and new products after a change within the business model.

5.1 Special and limited editions as marketing tools

In this first section of the analysis, researchers will address the first proposition outlined in the methodology and methods chapter.

First proposition: special and limited editions can be implemented as marketing strategies in order to leverage on the scarcity condition and time pressure feeling in customers' minds.

Specifically, this part of the research will test and apply the existing theory and literature concerning the matter of limited edition and its implications on consumer behaviour in the case of Alfa Romeo company.

Based on the interviews conducted with Alfa Romeo it can be argued that the automotive industry shows some peculiarities in the definition and implementation of special and limited edition products (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019).

In the automotive market, a special edition car presents specific features which make it unique in its kind and distinguish it from the standard and always available model it is linked to. For instance, a special edition can be characterized by new colours, specific wheels, different interiors, more powerful engines and so on. However, even though new features are added on, a special edition car is still part of the same car model of which it shares the same main parts. For instance, the MiTo Urban special edition differs from the basic MiTo for features such as distinctive 16-inch alloy wheels, satin chrome headlights frames, rear spoiler, satin chrome exterior mirrors caps and chrome exhaust outlet. Specifically, new attributes are included to the standard model in order to re-communicate an existing product, create or re-create brand awareness and attract customers.

Since the delta price between the basic model and the special edition of a car is usually affordable, the special edition is mostly intended for mainstream customers. Special editions can be linked to a commercial campaign or set up with specific features already available on the market but decreasing in demand.

From a business perspective, special editions are seen as tools often implemented in order to keep up the sales volume, and their effect on the product life cycle curve can be noted (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019).

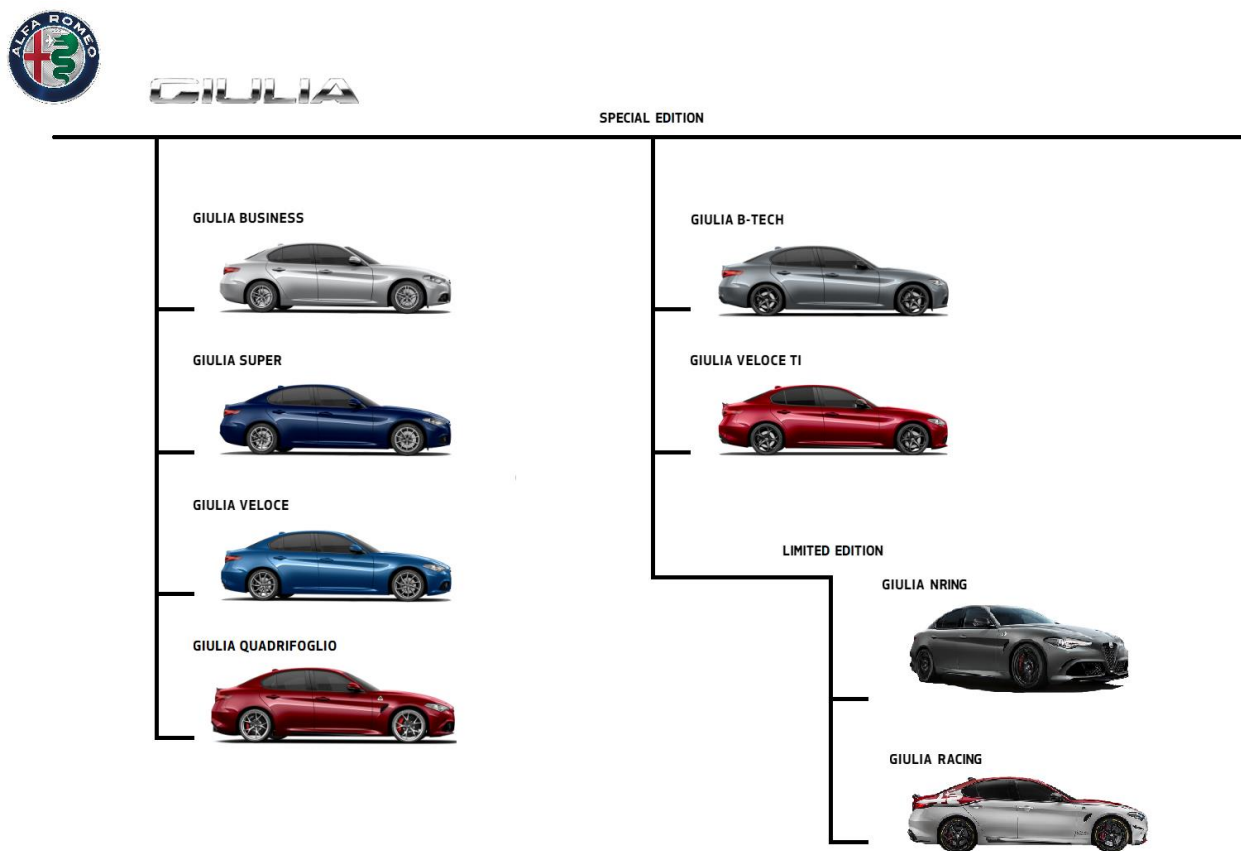


Figure 5.1 - Representation of Alfa Romeo Giulia model and editions, adapted from www.alfaromeo.it

Limited editions, instead, can be seen as a subset of the broader special editions group (Figure 5.1) and they can be implemented in different scenarios in order to obtain specific results. Limited editions are also characterized by specific features which distinguish them from their basic model and, generally, they have even more visible attributes which remind and symbolize the brand. It can be said that limited editions can be defined as those special editions with a limited time of production and limited number of cars offered to the

market. They have a significant delta price compared to the standard model and they can entail a badge inside with a progressive and identifiable number to emphasize the limited availability aspect.

Furthermore, Alfa Romeo managers state that limited edition cars are usually sold to clients who have a loyal, closer and more direct relationship with the brand compared to the mainstream sale channels through which special editions and standard models are sold. Indeed, customers cannot buy a limited edition car by simply showing up at the dealership, but a special kind of relationship has to be built between the brand and these clients. Thus, considering this insight, it can be concluded that the typical customers of limited editions are generally represented by car enthusiast, car experts and collectors and they represent a different subset of premium customer type (Eumenidi & Zamboni, personal communication, 2019).

The purpose of a limited edition car is mostly to create model and brand awareness among customers, to be a '*halo car*'. Traditionally, halo cars are those attractive sport cars which are sold in small volumes but symbolize the entire brand and capture the attention of the market. In this sense, a limited edition car is thought to draw the imagination of current and new customers, in order to give more visibility to the brand.

Therefore, limited editions are mostly designed and delivered with a marketing strategy in mind; although the economic return is still important, the most valued aspect is the return on the image given by these products. Indeed, limited editions can affect only to a small extent the overall product sale due to their limited selling volume, while special editions, which are not strictly limited in quantity, focus more on the mass market function, resulting in larger profits.

In the automotive market, limited editions are usually characterized by a quantity constraint rather than a short time frame in which they are available. However, there are few cases in which brands decide to promote a special edition constraining its time availability. One example is the BMW Serie 1 Digital Edition which was available only for online purchase and only for 100 hours. In this case, in addition to new customizable features possible to add during the online purchase – which was a new sale channel for the automotive market –, BMW set also a time frame in which this special edition was available for the market (BMW, 2019b).

Interestingly, special editions could be assumed to have some sort of limited time frame in which they can be purchased by customers, as they do not represent a permanent type of their standard model. However, contrary to what the literature has described so far, special editions' time frame availability is a long-term selling period, as they usually last for several months. For instance, Alfa Romeo MiTo Urban limited edition was available on the market for eight months.

Taken together, special and limited editions aim at communicating to the outside world the brand's values and principles through elements such as partnerships or unique contents which demonstrate technological and design excellence. For instance, some editions produced by Alfa Romeo recalled its brand history and the emotions it entails. An example can be represented by the Alfa Romeo Giulia N Ring which recalls the several lap records achieved by Alfa Romeo vehicles at the Nürburgring during its lifetime (Alfa Romeo Hall of Legends, 2019).

Special and limited editions represent a model ambassador, a key flag both for a specific product model and for the overall brand (Eumenidi & Zamboni, personal communication, 2019). Besides, the profits they generate for the brand are measured both in monetary terms and, perhaps more importantly, in terms of consumers' brand awareness and media resonance. The desired achievement is identified in the spreading of the premium character of the brand to remind existing customers and to appeal to new ones.

5.1.1 Special and limited editions implemented as marketing tools to leverage on the scarcity appeals

In the case of Alfa Romeo, special editions and limited editions are designed, produced and advertised in order to provide a sense of uniqueness and to make customers feel they are purchasing a more special and valuable car. Managers conduct extensive marketing analysis in order to meet customers' specific needs, such as the desire for diversification and uniqueness, and combine them together with the brand's requirements (Zamboni, personal communication, 2019).

However, as the literature suggests, a product which is delivered to the market with a limited quantity availability better succeeds in communicating a scarcity message to the customers, who consequently will perceive it as more exclusive and unique. Indeed, as found out from the collected data (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019), Alfa Romeo draws a thin line between special and limited editions. In general, special edition cars represent a non-permanent unique variation of the basic car model. Limited edition cars, particularly, constitute an even more unique subgroup as they are produced in smaller numbers and they may include a badge with a progressive and identifiable number to emphasize the restricted production number.

Therefore, even if special and limited editions are both implemented by Alfa Romeo with the aim of creating feelings of uniqueness and increasing the customers' perceived attractiveness, limited edition cars better fulfil these objects due to their higher limited availability nature. Indeed, they gain an even higher positive influence on value perception and product evaluation also because they are usually acquired by car experts and lovers and they are more difficult to obtain than special editions, which customers can easily buy at their dealerships.

For this purpose, two editions are introduced: Giulia B-Tech special edition and Giulia Racing limited edition. Giulia B-Tech special edition has been introduced to the market in September 2018 (Quattroruote, 2019) and it incorporates more attractive details in its design compared to the basic model Giulia, such as different window frames and interiors, sleek and firm lines and a superior elegant design (*Figure 5.2*).

On the other hand, Giulia Quadrifoglio Racing limited edition has been presented at the Geneva International Motor Show 2019 and it will be launched to the market in only 10 units (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019). This limited edition wants to celebrate Alfa Romeo's comeback to the most prestigious circuits in the world and it is a tribute to its glorious sport career. The Giulia Quadrifoglio Racing has the distinctive livery *Rosso Competizione*, the sinuous lines and the extensive use of the carbon fibre which remind the Alfa Romeo Racing C38, the F1 single-seater. Alfa Romeo points out the unique balance between power and emotion of this limited edition, also outlining the use of the most premium materials (*Figure 5.3*) (Alfa Romeo, 2019e).



Figure 5.2 and Figure 5.3 – Alfa Romeo Giulia B-Tech special edition (left) and Alfa Romeo Giulia Racing limited edition (right), retrieved from www.fiatpress.com

Thus, as showed in the case of Alfa Romeo, special and, more specifically, limited editions can be implemented within the automotive industry as marketing strategies to make the particular product appeal to the customer leveraging on the scarcity effect, which will induce feelings of exclusivity and uniqueness. These perceptions on a customer will then positively affect his or her evaluation of the car, increasing product value and purchase intention.

5.1.2 *Special and limited editions implemented as marketing tools to create brand awareness*

As described before in the case of the Giulia Quadrifoglio Racing, Alfa Romeo implements limited editions which recall the traditional features of its brand. Such use of a limited edition – or in general a special edition – can be seen as an effort to create a strong brand awareness and affiliation towards existing and new customers. Indeed, a car brand manufacturer can leverage specific features, trademarks or strengths of its brand in order to create a limited available version. This version will serve as a mean to bond with customers and communicate the history and values of the brand. In the case of Giulia Quadrifoglio Racing, Alfa Romeo has leveraged the historic career of the brand and its successes within the racing world and has created a version of the Giulia model in order to create strong brand emotions. For instance, this special edition car represents a tool to engage customers, communicate the core values and create brand awareness by symbolizing the powerful company's storytelling, which bases on the Alfa Romeo's willingness to deliver strong feelings and emotion, in Italian called *'la meccanica delle emozioni'*.

5.1.3 *Special and limited editions implemented as marketing tools to create time pressure*

The past researches have only focused on the effects of time pressure on consumers' purchase behaviour towards limited edition products with limited time availability, without questioning whether time pressure is perceived also when products are offered in a limited quantity.

However, this paper argues that, specifically within the automotive market, time pressure can be perceived by customers not only in the case of limited edition products with a time constraint on their selling period, but also in the case of products delivered to the market with a limit on their quantity. Indeed, customers do not know how long it will take until the limited edition car units will be sold out and thus, they perceive the same mental stress which could be caused by limited edition products sold under a time constraint. As presented by Esch. et al. (2010), consumers face a *'use it or lose it'* situation due to the time pressure feelings.

This time pressure feeling can be lower or stronger depending on the number of units available in the market. For instance, a small number of limited edition units is usually sold faster compared to a larger number of units. Thus, it can be concluded that customers' time pressure feeling becomes higher as the number of available units in the market decreases.

Therefore, in this case, the time pressure feeling is not associated broadly to the category of special edition cars, but it is related to the specific subset of the limited editions.

For example, the Alfa Romeo Giulia NRing has been presented only with an availability of 108 units. The interviews respondents explained how this little product availability influenced some customers, stating that a Greek customer, as soon as he heard about the upcoming edition launch, was able to reach out the product planner in order to secure a unit (Eumenidi & Zamboni, personal communication, 2019).

Within the car market, time pressure feelings may emphasize the attractiveness of limited edition models due to the before mentioned scarcity condition and perception of uniqueness and exclusivity. This, in turn, may trigger the urgency to purchase and accelerate the customers' purchase process.

The existing research explains that the urgency to purchase generated by limited edition products may hinder the ability to make rational and objective decisions. However, in the car purchase decision process, customers usually apply a rational behaviour. In fact, a car is classified as a durable good for which customers usually pay a high price and, due to the large expense and the durability attribute, customers carefully conduct an objective evaluation and comparison before purchasing the selected car.

Thus, even though the literature suggests that time pressure feelings can decrease the amount of information processed by customers and increase the perceived risk due to the lack of time to consider alternatives, in the automotive segment these considerations do not always apply. Indeed, clients who buy a limited edition car are usually car experts and lovers who have extensive knowledge and attention to details and thus they are willing to consider and process all the relevant information. Moreover, customers who want to purchase a particular limited edition model are already persuaded by and excited about that particular brand and do not take into consideration other alternative brands.

Additionally, the existing research points out that customers usually base their decisions regarding limited edition products on unique features which would not be considered for the purchase of standard products.

In fact, always with respect to the automotive industry and specifically to the Alfa Romeo brand, those special attributes, such as chrome trims and superior window frames, would not be considered otherwise precisely because they do not belong to the standard car models, but they have to be appreciated. Limited edition cars are special thanks to those unique features which are highly valued by the target customers. Despite this, these customers do not overshadow the main characteristics which are always well considered and analysed before buying any kind of car. In this way, it can be said that a car purchase decision is normally made under a rational behaviour.

Concluding, within the automotive market segment, limited editions can be implemented as a tool with the aim of generating time pressure feelings in specific group of customers. These feeling caused by the time constraint imposed by the company will positively influence customers purchase intention, increasing their urgency to purchase and, eventually, accelerating their purchase process.

5.2 Impacts of special and limited editions on the product life cycle

The automotive industry has been commonly associated with the concept of product life cycle, as it relies on its application as explained in the traditional theory. For instance, Klepper (1997) analyses in his research the early phases of the automotive industry in the American market. The automotive industry has a strong necessity for advance planning due to the complexity of its products. Besides, as previously mentioned in the literature review chapter, the action of preplanning is essential in order to be able to better respond to different situations in the marketplace.

For this precise reason, the professional figure of the product planner, who is responsible for defining the life cycles of different products from their development to their conclusion, represents a fundamental role within the business. The product planner typically possesses specific and specialized skills which allow him or her to foresee and consider different scenarios which may develop during the life of a product, such as the need for a Mid-Cycle Action (MCA) (Eumenidi & Zamboni, personal communication, 2019).

Within the automotive industry and, generally, in all the industries, when considering a product life cycle it has to be considered what is the specific focus of analysis. For instance, the literature explains how the sales over time can be analysed focusing either on the entire industry, on a specific company or on a particular product. Furthermore, a PLC curve can be also drawn taking as subject of analysis a particular product of a company, as for example the PLC one of the Alfa Romeo's car models.

For example, *Figure 5.4* represents the volume of vehicles sold from the 1990 to the 2017 within the European Union. Unfortunately, the data before the '90s are difficult to find as, while the automotive industry has been developing for over a century, it went through different wars and regulations. Besides, only in the last decades more specific directions have been implemented in order to carefully track the sales within the industry. Even though the amount of data is limited to a restricted timeframe, it is possible to state that the European automotive industry is going through its maturity phase, based on its visible constant trend over almost thirty years. The decrease in slope after the new century, for example, can be attributed to the economic crisis. On the other hand, in the year 2004 the sales volume has risen on around one million units per year due the entry of other countries in the European Union.

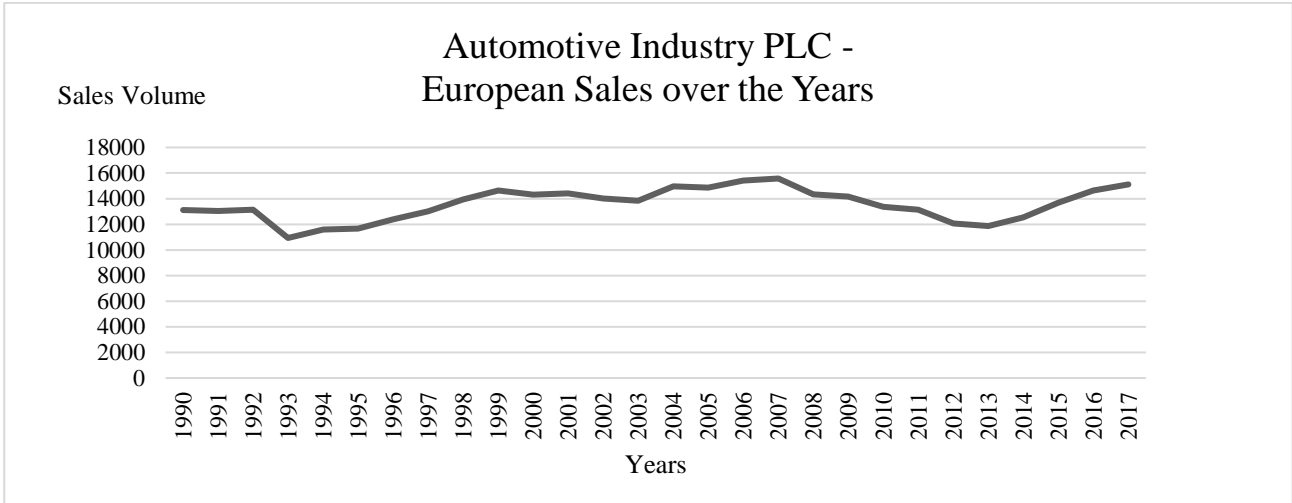


Figure 5.4 - PLC of the Automotive Industry – European Sales over the Years (from 1990 to 2017), data collected from ACEA (2019)

Figure 5.5 represents instead the product life cycle of the Alfa Romeo MiTo model, which has been launched in the market in 2008. At Alfa Romeo, it is generally believed that a car model has a life cycle of approximately nine to ten years (Zamboni, personal communication, 2019).

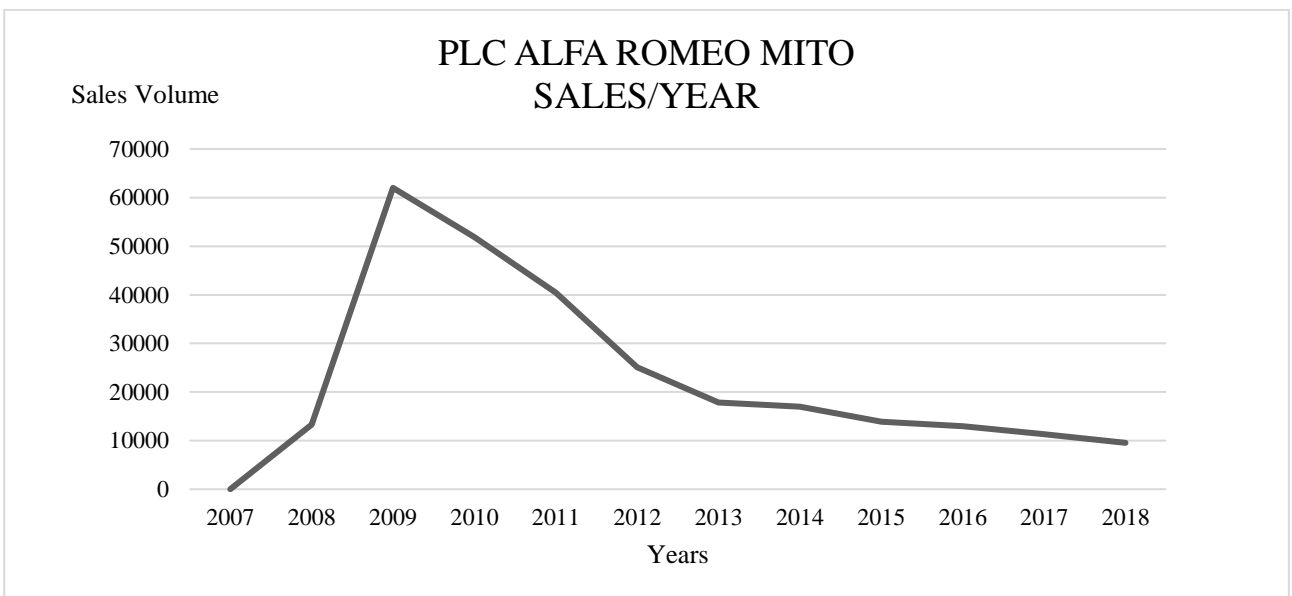


Figure 5.5 - Alfa Romeo MiTo PLC – sales over its lifetime, data obtained from Alfa Romeo

The before mentioned graphs show how the shape of the PLC curve varies according to the subject of study. Specifically, the product life cycle curve of the automotive industry has different shape, slope and trends compared to the product life cycle curve of a particular car model. In particular, the product life cycle of the automotive industry is developed from the product life cycle of each product belonging to that industry.

The fact that the European automotive industry is in its maturity stage helps to understand why the product life cycle of the Alfa Romeo MiTo is introduced to the market with a short introduction phase. Indeed, MiTo represent one among the several car models available in the market and do not require customers to acquire new knowledge on how to use it, as they have already developed familiarity with other similar vehicles.

5.2.1 How the purpose of special and limited edition strategies varies according to the different stages of a product life cycle

In this section of the analysis, researchers will continue to explore the multipurpose nature of limited and special edition and they will test the truthfulness of the second proposition.

Second proposition: special and limited edition products can be used as product life cycle strategies.

Specifically, this section will focus on exploring the second proposition within the context of the PLC stages. Researchers will analyse how special and limited edition strategies can address different purposes according to the considered phase of a product life cycle. They will explain how special and limited edition products can be employed at different phases of a product life cycle in different ways and with different aims in mind.

As explained in the literature review, each phase of a product life cycle requires different and specific strategies and tactics due to the distinct nature and characteristics of these stages.

During the first stages of the PLC, special and limited editions are more likely to offer new, specific features in order to attract customers and offer them a higher degree of differentiation. On the contrary, the last phases of the PLC are usually characterizing by different business needs, namely the need for cost reduction and thus, the degree of experimentation and newness of the features decrease (Eumenidi & Zamboni, personal communication, 2019).

Stage I: Introduction

During the first phase, the company focuses on achieving market acceptance. As previously discussed, the automotive industry is showing a general short introduction phase and companies concentrate their efforts on creating model awareness and a product advantage. Special and limited editions can be created for this purpose.

Particularly, they can help the companies to generate faster adoption and greater marketing coverage, as they are marketed in order to achieve higher resonance (Eumenidi & Zamboni, personal communication, 2019).

For example, Alfa Romeo launched the 4C model with a limited launch edition available only in 500 units in order to create model awareness and over 1000 people have shown up with the intention to purchase the car (*Figure 5.6*) (AlVolante, 2019). As outlined in the previous sections, special and limited edition products, indeed, can be seen as important marketing strategies in order to affect consumer behaviour by, for example, creating feelings of scarcity and time pressure. Moreover, as discussed before, special and limited editions can help customers to focus on those characteristics and features of the product which could be otherwise overlooked. Thus, using a special or a limited edition in this early stage of the product life cycle can be of great value to communicate those attributes that the company want to emphasize.



Figure 5.6 - Alfa Romeo 4C Launch Edition, retrieved from www.fiatpress.com

Moreover, in the scenario in which a company wants to speed up the initial plant set up and moving fast to market, special and limited edition models can help in creating a limitation on the level of customization of the product's features. An extensive personalization can bring to the company complexity and difficulties during this early stage of the PLC. For example, a company may decide to move fast to market and create a limited launch edition with only one colour available, in order to deliver a standardized yet exclusive product without losing the interest and attraction of customers.

Stage II: Growth

As explained earlier in the literature review, during the second stage of the product life cycle, sale volumes increase thanks to the cascade effects generated by satisfied customers. In this period of the PLC, companies shift the focus on creating higher brand awareness in the market, enhancing the efficiency and providing differentiation.

In this context, special and limited editions may be implemented with the purpose of increasing the marketing efforts and outcomes in order to achieve a higher brand recognition within the market segment. For example, Alfa Romeo launched the MiTo R.I.A.R. limited edition model in only 46 units in 2009, when the MiTo model was going through its growth phase (Motor1, 2019a). This limited edition had the intention to promote the MiTo model in its expansion phase in order to create strong feelings for it and for the brand in general.



Figure 5.7 - Alfa Romeo MiTo R.I.A.R. limited edition, retrieved from it.motor1.com

Moreover, special and limited editions can be implemented as a differentiation strategy by offering different and special features not available in the basic models. Indeed, as already explained, customers are more likely to focus their attention on the features of a particular car model when this is labelled or marketed as a special or limited edition. For example, the Alfa Romeo MiTo R.I.A.R. drives the customer's attention to its iconic and traditional alloy wheels and its overall sportiness.

Stage III: Maturity

The maturity stage is marked by the levelling of the sales volume. As presented in the literature review, the main strategies to be used in this phase are cost leadership, differentiation and focus strategy. As stated by Bush and Sinclair (1992), creating hybrid strategies is beneficial for the business.

For instance, special and limited editions can be implemented in order to create hybrid strategies, combining cost reduction and differentiation efforts. By limiting the degree of customization, special edition car models can address needs for cost reduction, while by offering a specific bundle of features they can enhance the delivered and perceived product's differentiation.

Furthermore, implementing in a special edition features decreasing in competitiveness or overlooked by customers, a company can reduce both the manufacturing efforts and the investment necessary for gaining customers' interest. Indeed, as explained in the theory, customers generally perceived an enhanced modernity for features and optional when they are re-marketed within a special edition, even if these attributes were decreasing in demand and previously neglected.

For instance, the Alfa Romeo MiTo Urban has been created with a different styling thanks to the implementation of existing features and characteristics already available in the existing production but not yet exploited in the MiTo model. This has allowed Alfa Romeo to address cost reduction issues while executing a differentiation strategy and gaining customers' interest (Eumenidi & Zamboni, personal communication, 2019).

Furthermore, special and limited editions can be conceived as focus strategies, aiming at a different and specific type of customers, such as car enthusiasts and brand passionate customers (Eumenidi & Zamboni, personal communication, 2019).

For example, Alfa Romeo MiTo SBK special edition and Alfa Romeo SBK limited edition represent two different models created and marketed with the end of reaching the SBK passionate (Motor1, 2019b).

Stage IV: Decline

The decline stage has been presented in the previous chapters as the period in which the product is reaching the end of its life and the sales are declining. The focus of the company moves on price promotion.

In this specific stage, for example, a special edition can help the company to deliver a great customer advantage by providing a specific bundle of features at a more competitive price. Thus, also in this case a special edition can be seen as a hybrid strategy, combining cost reduction with differentiation needs.

5.2.2 PLC flexibility: the use of special and limited editions as product life cycle extension strategies

This section of the analysis will focus on exploring the second proposition with a focus on the PLC curve flexibility, specifically within the context of product life cycle curve extendibility. Researchers will analyse whether and how special and limited edition products can serve the purpose of extending a product's sales period.

As outlined in the previous sections and in the literature review, advance planning is an important process for the management of a product's life cycle, as it allows to address actions and strategies at each stage of the PLC in order to sustain sales and profits.

During the interviews with the product marketing manager and product planner (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019), the researchers found out that Alfa Romeo acts with a high degree of flexibility in planning actions to be executed along its products' lives. Specifically, a key and valuable ability of Alfa Romeo's managers is to be able to intervene in a particular product life cycle when they feel the need to respond to both the emergent market requests and internal business needs. Indeed, some product initiatives are included early on during the product life cycle forecasting, while others are designed and cumulated over time both in a proactive and reactive way. Generally, Alfa Romeo's managers confront the newly intended actions and strategies with a basic scenario planned in advance, in order to account for all the possible scenarios.

Advance planning can be particularly useful for executing actions and strategies during the maturity and decline stages of a product's life. However, this research believes that companies should also demonstrate flexibility when a product needs specific interventions in particular moments of its life.

In the case of Alfa Romeo, the launch of special and limited edition models is decided at different points in time in the product planning depending on the needs of both the brand and the particular car model. Special and limited edition cars can be included in the initial planning of the main product or they can be designed as strategies later on in its life cycle along with the design of other specific actions and interventions. Indeed, the PLC is used by Alfa Romeo as a guideline in order to understand which products need modifications and interventions and to plan targeted marketing and communication strategies. In fact, the PLC represents for Alfa Romeo a valuable forecast which allows managers to anticipate production moves to better manage the

life of products (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019).

Thus, it can be concluded that special and limited edition products' planning can occur at different stages of the main product's life depending on the specific needs, and that the product planning is a constantly evolving process and a flux of modifications and interventions.

The planning of a product's life within the automotive industry presents some peculiar characteristics. As legislations, policies and technologies evolve fast within the automotive segment, car manufacturers have to account for frequent changes and improvements while planning in advance the life of a particular car model. For instance, a mid-cycle action is generally taken halfway of a life cycle of a model in order to introduce new permanent contents and improvements and refresh the design of the car (Eumenidi & Zamboni, personal communication, 2019). In this way, managers are able to extend the life of the particular product making it more attractive and up to date for the customers.

While such actions represent a must in order to keep the product alive, other strategies such as special editions can be helpful to intervene in the life cycle curve flexibility and extension, especially in the moments of the maturity stage when the sales are lowering down before the decline period (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019). Indeed, special editions are recognized as an instrument which can keep the product life cycle curve flat postponing the product's decline or, in few cases, they can even modify the slope of the curve and create a visible spring in the life cycle (Eumenidi & Zamboni, personal communication, 2019).

As outlined in the literature review, a company's competitive advantage depends also on the company's ability to redesign and adapt a product according to the contextual changes and technical opportunities after the first product launch in the market, in order to always provide more and renewed value to customers.

For instance, product updating allows managers to maintain the product's momentum in the marketplace and optimize its investment.

However, it is necessary to first analyse the product's growth opportunities and assess whether it will pay out to operate on the PLC curve flexibility.

This study wants to demonstrate that special editions can be useful in order to infuse new life at advantageous time, thus acting on the flexibility of the product life cycle curve.

In this specific case, this part of the analysis will focus on the special edition products instead of including also the limited edition products. As a matter of fact, while limited edition cars are generally produced and released on the market in a small number, special editions last for longer time and are offered in larger number and,

therefore, they can have a greater impact on the product sales volume (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019).

The Alfa Romeo MiTo Urban has been introduced in March 2018 as a run-out special edition of the MiTo model and it represents a reshuffle of existing elements (*Figure 5.8*).



Figure 5.8 - Alfa Romeo MiTo Urban special edition, retrieved from www.alfaromeo.it

The Alfa Romeo MiTo Urban special edition can be seen as a strategy which has some similarities with the secondary recycle strategy explained before in the literature review. Indeed, Alfa Romeo's managers focused the effort on the MiTo's image modification in order to improve customers' perceived modernity. This has been done by reshuffling the existing model features not considered before by customers in order to attract their interest and minimize Alfa Romeo's manufacturing effort and complexity.

The final scope was to restore sales and profits to an acceptable level before approaching MiTo's end of life, thus exploiting the investments and holding the market share. Therefore, the launch of such a special edition requires a dynamic approach and adaptation of various particular features and a targeted adaptation of the marketing mix.

The Alfa Romeo MiTo Urban has been announced around the end of the maturity stage of the MiTo product life cycle and it has been introduced when the product sales have already started to decline, as shown in *Figure 5.5*.

The launch of the Alfa Romeo MiTo Urban special edition has generated a new small growth in the sales volume, as represented in *Figure 5.9*. For instance, after February 2018, the MiTo product life cycle curve has faced a new pick and the sales have been sustained for the six months after it.

Looking at *Figure 5.5*. and *Figure 5.9*, it can be argued that it is likely that the MiTo life cycle curve would have been decreasing in its slope a lot faster without the introduction of the special edition model. As a matter of fact, even if it is difficult to assess exactly in which stage of its PLC MiTo was when the Urban edition entered the market, the average lifespan of a car considered by Alfa Romeo model is about nine to ten years. For instance, MiTo Urban has been introduced in 2018, when the life of the product was approaching its end phase.

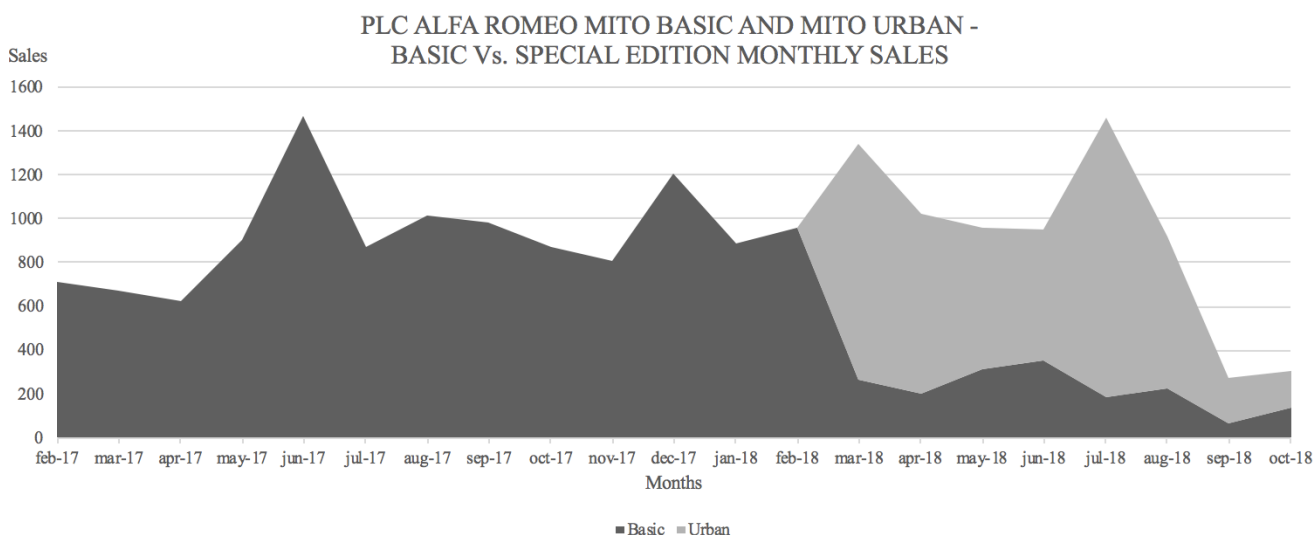


Figure 5.9 - Alfa Romeo MiTo monthly sales Feb 17- Oct18, graphic based on data obtained from Alfa Romeo

Although the sales volume within the automotive segment has to account for factors such as the seasonal nature of sales (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019), it is a fact that MiTo Urban has visibly increased the product’s sales. For instance, between March and October 2018 MiTo Urban has reached 5490 units sold, while the basic ¹MiTo model has only reached 3596 units (*Figure 5.10*).

¹ In order to distinguish between the Alfa Romeo MiTo and its special edition MiTo Urban, the former will be indicated as *MiTo basic* and the latter MiTo Urban.

	SALES MITO BASIC	SALES MITO URBAN
<i>March 2018</i>	269	1076
<i>April 2018</i>	198	828
<i>May 2018</i>	313	642
<i>June 2018</i>	351	601
<i>July 2018</i>	183	1278
<i>August 2018</i>	229	690
<i>September 2018</i>	66	209
<i>October 2018</i>	141	166

Figure 5.10 - Alfa Romeo MiTo basic¹ and MiTo Urban monthly sales Mar 18 – Oct 18, based on data obtained from Alfa Romeo

Surely, some of the MiTo Urban customers would have still bought the car even without the introduction of the MiTo Urban special edition. However, it has to be noticed that the marketing and the advertising efforts made on the special edition have probably persuaded even those customers who were not interested in the Alfa Romeo MiTo in the first place.

Therefore, Alfa Romeo MiTo Urban special edition has been useful for the company in order to exploit the investment made on the product and leverage the unused resources. Indeed, the elements and features that have not been selling in the past years were shuffled and incorporated in this special edition. As a result, these attributes, which were perceived as less modern and charming by the customers, have become more interesting and have helped the product to increase again its hype, thus avoiding a more rapid decline. As a matter of fact, this special edition has helped the company to maintain the products sales for approximately one year before the definitive product's end of life.

This example shows how a special edition can be implemented as a tool in order to intervene on the flexibility of a product's life cycle curve. Specifically, special editions can be introduced in specific phases of a product's life with different purposes. For instance, the special edition analyzed in this section has been introduced in a moment where the product sales started to decline, and the end of the product's life seemed close. This has allowed the company to further extend the life of the product, generating a new period of sales and profits. Such use of special edition products could be assimilated to the secondary product rejuvenation strategies, as they can be both defined as defensive strategies which aim at restoring sales and profits. Particularly, such

special editions can be implemented as strategies to modify or integrate previous elements and features in decline or abandoned to gain again customer's interest.

5.3 Special and limited editions and strategic fit in a business model reconfiguration scenario

As part of the agenda for the second interview with the product planner, the third proposition of this research has been explored. Specifically, researchers have investigated whether and how the use of special and limited editions can help a company to create a fit within the context of business model and business objectives changes.

Third proposition: special and limited edition products can be used as tools to help a company to create a fit between old and new products after a change within the business model.

Firstly, it is important to briefly categorize Alfa Romeo's business model and business objectives. Secondly, this section will define how special and limited editions can be classified in relation to the firm's strategies and business model objectives.

5.3.1 Overview of Alfa Romeo's business model and the role of special and limited editions

Using the taxonomy provided by Chatterjee (2013), the current business model of Alfa Romeo is in line with the perceived value-based business model description. Indeed, the business model implemented by Alfa Romeo focuses its attention on the creation of a want item. Specifically, the case company wants to deliver a unique vehicle which offers a perfect blend of sportiness, Italian craftsmanship, and racing heritage (Zamboni, personal communication, 2019). Alfa Romeo wants to provide its customers with what in Italian is called '*la meccanica delle emozioni*', which can be translated as the creation of a product that is more than a car, as it provides strong feelings and emotions. While other car manufacturing companies build cars, Alfa Romeo creates them. Indeed, the company wants to sell the driving pleasure in a car which entails innovation, passion, beauty and functionality. The heart of its business model is to deliver to customers vehicles which combine sportiness, high performance, technical evolution, functionality, comfort and timeless beauty. For instance, Alfa Romeo explicit core values can be distinguished in three different pillars: best in class performance, winning legacy and Italian design (FCA, 2019a; Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019).

These core values, along with the brand power, sustain the company in maintaining a competitive advantage over competitors (MarketLine, 2018; Eumenidi & Zamboni, personal communication, 2019). For instance,

Alfa Romeo differentiates from its main competitor BMW thanks to its Italian design and passion in creating cars which deliver strong emotions (Eumenidi & Zamboni, personal communication, 2019).

The current business model of Alfa Romeo focuses its attention on premium, upscale customers, namely those clients who are willing to pay a higher price in order to purchase a higher quality product. Generally, these customers are looking for conspicuous products, they are informed about the Alfa Romeo's history heritage and they share its values.

As it is usually done within perceived value based business models, Alfa Romeo emphasizes both visible and not visible attributes of its vehicles in order to communicate to the market its values. This is achieved by the company also thanks to the launch of special and limited edition models. For instance, customers generally perceive the particular and unique features implemented in special and limited edition cars as more visible, features which can otherwise go unseen to the mainstream customers (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019).



Figure 5.11 – Formula 1 C38 (left) and the Alfa Romeo Stelvio Racing Limited Edition (right), retrieved from www.fiatpress.com

For example, Alfa Romeo Stelvio Racing limited edition (*Figure 5.11*) strongly highlights the sportiness of the SUV model thanks to the same livery of the Alfa Romeo F1 car model and a special aerodynamic package (Zamboni, personal communication, 2019; Eumenidi & Zamboni, personal communication, 2019).

5.3.2 Business model changes and alignment with previous products: the role of special and limited editions

As already explained in the previous sections, the automotive industry possesses some peculiarities. For instance, a car manufacturing company generally requires high initial investments and its products are characterized by relatively long life cycle, if it is considered that a car model usually sells for nine to ten years. Due these peculiarities, every choice made within an organization's set-up process brings severe and rigid consequences. Thus, if a company decides to make some changes in its business model, such as changes in its products or targeted customers, it has to consider the expenses and sunk costs that might be faced.

For example, the decision of a firm to earlier dismiss an old product which is no longer in line with the new revised business model will most likely impact the company's cost structure.

Within the automotive industry, and especially within the context of perceived value based business models, the core capabilities each car manufacturer has to possess are highly specialized and a change in a particular company's objectives may create important core rigidities (Leonard-Barton, 1992).

In order to better delineate the issue, it can be helpful to consider the changes and innovations the automotive industry is going through. For example, a company willing to shift from an internal combustion engine production to an electric engine one has to take into account that this change will make the existent types of knowledge obsolete, thus creating core rigidities.

If the example mentioned above is more radical, there are other changes within a company's business model which require the assessment and alignment between old and new required knowledge, skills and activities.

For example, a car manufacturer company which decides to add the category of sport utility vehicles (SUV) to its product lines has to acquire a new set of knowledge and specific skills.

The third proposition on the use of special and limited edition models in order to create a strategic fit between a company's old and new products has arisen from the consideration that Alfa Romeo has gone through a business model reconfiguration over the recent years. The business model changes made by the case company have had an impact on different areas; overall, the company has decided to communicate its core values in a more explicit and visible way.

Specifically, over its life, Alfa Romeo has interpreted and reinterpreted its core values in relation to the historical context, trends and company and brand's necessities. Indeed, Alfa Romeo has evolved the concept of the product itself by producing cars with a higher focus on sportiness and performance.

This change has consequently increased the products selling prices; therefore, the company's customers has also shifted to a different premium segment, which is generally characterized by a higher income, higher age and higher education (Eumenidi & Zamboni, personal communication, 2019). Additionally, Alfa Romeo has

opened up to a new automotive segment producing a type of vehicle not present before in its business, represented by the SUV Stelvio.

Indeed, the creation of the FCA Group has brought new directions within the corporate objectives. For instance, the holding group is now striving to reinforce and differentiate two of its most valuable brands, one of each is represented by Alfa Romeo.

Thus, the FCA willingness to focus its efforts and investments on Alfa Romeo is leading the brand towards a renewed value system. Besides, the brand is seeing a transitioning to enhanced position in the marketplace with higher quality, premiumness and sportiness delivered to customers.

As explained by the interviewed managers (Eumenidi & Zamboni, personal communication, 2019), Alfa Romeo has been able to continuously create more efficient business models thanks to its flexibility.

This flexibility allows the firm to address both internal company's needs and external market requirements, always remembering the historical brand image. Besides, these reconfigurations have never required Alfa Romeo to completely revise its knowledge. Indeed, the company has rather developed new abilities building on the existing knowledge and expanding it to operate in different contexts.

Therefore, in this specific case it can be argued that Alfa Romeo has leveraged its core capabilities.

During these recent changes, Alfa Romeo has decided not to dismiss the products which have been created under the old business model, but instead it has carried them on to the new plan. For instance, Alfa Romeo Giulietta has been produced under the old business views with a different target customer in mind compared to the newly produced models. However, the Giulietta model has undergone different refinements in order to fit to the new business model. Specifically, Alfa Romeo has achieved this alignment through the launch of the Giulietta Veloce S limited edition. This edition has been created in order to give to the old model a more sportiness character and this has been done both through new features and the implementation of the same engine of the Alfa Romeo 4C (Autoblog, 2019).

However, there may be some drawbacks in using special and limited edition models to align old and new products in a business model change scenario. Indeed, during the second interview with the Alfa Romeo's managers (Eumenidi & Zamboni, personal communication, 2019), it has emerged an important reflexion on the hazard of implementing special and limited editions for this purpose.

For instance, a special or a limited edition of an older model marketed together with a new product, may emphasize the discrepancies between the two vehicles. The communication of a special or limited edition, which has the aim to align old and new products, can give the wrong message to customers who may consequently focus on the dissimilarities between the products. Therefore, the company should strategically

decide when and when not to market old and new products together, in order to avoid or mitigate potential negative effects.

Finally, special and limited edition models can represent a powerful tool to align old and new business objectives and keep up the hype of the old products. However, their communication strategy has to be carefully planned in order to avoid the potential negative consequences of a 'double-edged sword' effect.

6. Conclusions

Concluding, this study wanted to investigate how special and limited edition products can be employed as multipurpose tools in a car manufacturer company. Specifically, the research analysis has been divided into three main themes: marketing and consumer behaviour, product life cycle management and product fit within the context of business model changes.

Firstly, the researchers have explored the sub-question of how special and limited edition products can be used as marketing strategies. Indeed, the first proposition this study has explored stated that special and limited editions can be implemented as marketing strategies in order to leverage on the scarcity condition and time pressure feeling in customers' minds.

Specifically, researchers have applied and tested the theory on limited edition products and the related consumer behaviour aspects within the Alfa Romeo case. Particularly, the analysis chapter of this research has considered the main themes covered by the existing literature, namely the scarcity condition, the time pressure feelings and the conspicuous consumption of products.

As assumed in this research, within the automotive industry, limited editions are a subset of the broader group of special edition model and they both share some similarities and have distinctive differences. Indeed, they both represent a non-permanent variation of the car model they belong to and they both entail specific features and characteristics that make them unique and special. The main difference between the two types of edition is that special edition models are not limited in the number of units available to the market but they generally last for some months, while limited edition models are launched in the market with a limited and already established quantity availability. This distinction reflects the fact that, if special editions are created in order to be delivered with an affordable price variation to what can be defined a more mainstream segment of customers, limited edition models are designed to be offered to customers which are usually defined as brand enthusiasts, and car experts.

Drawing on these assumptions and statements, this research extended the existing literature on limited edition products on the broader category of special editions, demonstrating how they can have similar impacts when implemented as marketing strategies.

Both special and limited editions can be used as marketing strategies in order to engage customers and create or re-create brand awareness and affiliation towards existing and new customers. Indeed, the special features of these models can be designed to recall specific elements of a brand, such as its history and success. This can be helpful in order to bond with customers and communicate the brand's core values using the special or limited edition car as model ambassador of the specific car model or key flag of the overall brand.

Furthermore, the particular features implemented in special and limited edition car models, such as more powerful engine or a superior quality of the interiors, can attract customers by communicating the brand's core characteristics and skills, such as technological and design excellence and premium character.

Concerning the scarcity condition proposed by the existing literature, researcher found out that special and limited editions can be used both in order to provide customers with a sense of uniqueness, exclusivity and differentiation, and make them feel that they are buying a more special and valuable car. The uniqueness and exclusivity perceived by customers derive by the fact that they are purchasing a product somehow offered with particular restrictions. As explained in the analysis chapter, limited edition models are more effective to create a stronger scarcity condition in the market due to their limited quantity scarcity message.

The researchers have also pointed out some other key differences in the purposes for which these two types of model variations can be employed. Particularly, special editions can be used as a marketing strategy in order to keep up the sales volume and profits focusing on the company's mass market by offering a unique bundle of features at an affordable delta price from the basic car model. On the other hand, limited edition car models can be implemented to obtain more specific results. Indeed, a car manufacturer company may decide to introduce in a limited edition model more polarizing features at a higher delta price, creating a so called *halo car* in order to give high visibility to the brand in the market. Moreover, as explained by the past researches, limited edition models entail a higher degree of exclusivity compared to special edition models, as they are limited in quantity and they can have a progressive identifiable badge which emphasizes their limited availability aspect. Since limited edition cars are generally sold in smaller amount than special edition ones, they can be implemented as a tool to achieve a higher return on brand image, rather than with an economic purpose.

Consequently, the study has considered the concept of time pressure proposed by the literature on the matter of limited edition products in order to apply it to the case of Alfa Romeo. If the existing research states that generally time pressure feelings are associated with the creation of a product launched in the market with a time constraint on its selling period, researchers here have demonstrated that time pressure feelings can be generated also with a limited quantity scarcity message. Specifically, it has been demonstrated that customers cannot know for how long the limited edition models will be available in the market as it is not possible to predict the number of interested clients nor the time before the model will be sold out. Therefore, this research states that customers can perceive the same mental stress caused by a limited time scarcity message also in the scenario of limited quantity availability. Moreover, the fewer the units available in the market, the stronger the perceived time pressure and consequently the higher the urgency to purchase.

On the other hand, researchers have described how a special edition model can be assumed to have a sort of time constraint in their selling period, as it does not represent a permanent variation of the basic car. However, the time pressure feeling perceived in this case by the customers is not comparable to the one generated by limited edition models as the customers have a long time frame in which they can decide to purchase the car. Indeed, the existing research did not provide any insights about products whose time frame availability is longer than few minutes or hours.

Following, this study assumes that, generally, customers apply a rational behaviour when purchasing a car due to its characteristics such as durability and relative high price.

Therefore, the case analysed in this research does not strictly match what the previous literature argues about the behaviour customers have when evaluating a limited edition product. While the existing literature explains that time pressure feelings may decrease the amount of information assimilated by customers and the time to compare alternative products, the researchers of this study argued that these considerations do not always apply within the automotive market. The analysis has pointed out that the target customers of limited edition vehicles are generally represented by car experts and brand enthusiasts who already possess the necessary knowledge to assess the product and are not willing to consider the alternatives offered by other brands.

Concluding, the first proposition of the research has been tested and verified and it can be stated that special and limited edition car models can be implemented as marketing strategies leveraging on factors such as scarcity, exclusivity, differentiation and time pressure.

Secondly, the researchers have investigated the second proposition stating that special and limited editions can be implemented as strategies within a product life cycle. Firstly, the study has analysed how special and limited editions can be used with distinctive purposes in the different stages of the product life cycle. Successively, the analysis has shifted to the use of limited and special editions as tools to act on the product life cycle flexibility.

Specifically, researchers have found out that, during the introduction phase of a car model life cycle, special and limited editions can be used as tools in order to help a company increase the speed of the adoption period in the market, creating a great marketing coverage and media resonance. The analysis demonstrated how using a special or a limited edition can contribute to communicate those product's attributes the firm wants to highlight and create acceptance and awareness for the basic model – associated with the limited edition – in the market. Furthermore, a car manufacturer company can use special and limited edition models to speed up the initial plant set up in order to move fast to the market. Indeed, these variation from the basic model allow the firm to avoid the complexities and difficulties which are generated by offering customers a high level of

personalization, while still maintaining the hype. For instance, special and limited editions generally do not offer rooms for customization.

In the growth stage, instead, special and limited edition models can be used to increase the total marketing effort to gain brand recognition and awareness. Indeed, the researchers have demonstrated how these variations from the basic model can promote its expansion. Additionally, in this stage special and limited edition can be implemented as differentiation strategies, always to gain market interest and increase the customer base.

On the other hand, special and limited editions can be leveraged during the maturity phase of a car model in an effort to create hybrid strategies. For instance, they can be of great value in order to combine cost reduction and differentiation. Indeed, a special or limited edition can limit the customization of the model while offering a special bundle of features already existing in the company and not previously exploited because neglected by the market. Thus, implementing special and limited editions can be useful to use those features and assets available in the company by re-marketing them to attract customers.

Moreover, special and limited edition models can be used as focus strategies in order to target specific types of customers and leverage on their needs and preferences.

Lastly, these variations of a basic car model can be used in order to create a promotion strategy during the decline phase of the particular life of a vehicle. In this case, choosing a special edition over a limited edition could offer more advantages as it allows to leverage on the sales volume by offering a larger number of products at an attractive price for customers.

Successively, the researchers have focused on analysing whether and how special and limited edition models can act on the flexibility of their related car model life cycle infusing new life at advantageous time. For this specific purpose the researchers pointed out that special editions represent a better choice than limited editions, since they are available in the market for longer time and they are offered in a larger number, thus having a greater impact on the product sales volume.

Through the analysis of the Alfa Romeo case, the research has demonstrated that special edition models can be implemented as an instrument which enable managers to keep the product life cycle curve flat for longer time during the maturity stage and postpone the end of the product life. The increase in the product's sales generated by the special edition can even modify the slope of the curve creating a visible spring which represents a new small growth.

Therefore, when the assessment of growth and opportunities suggests that it would be beneficial to act on the flexibility of the PLC, special editions can represent a tool to keep the product's momentum in the marketplace.

A special edition implemented for this purpose may share some aspects with the extension strategies proposed by the existing literature and, more specifically, with the secondary product rejuvenation strategies. For instance, a company may decide to keep up the sales volume by introducing a special version of the basic car model which entails a reshuffle of existing features in order to minimize the manufacturing complexity while increasing the perceived product modernity. Indeed, the final purpose of using special edition as extension strategies is to restore sales and profits before approaching the end of the product life.

Therefore, this study has tested and verified the second proposition demonstrating that special and limited editions can be used as strategies for product life cycle management. Specifically, special and limited editions can fulfil diverse and distinctive purposes depending on the stage of the product life cycle and on the specific company's objectives.

Finally, the researchers have focused on how special and limited edition products can be implemented as tools in order to create a fit between old and new products after a business model change, thus investigating the third proposition.

As outlined in the previous chapters, car manufacturer companies generally require high initial investments and their products have a long life cycle. However, the existing literature emphasizes the need for companies to adapt and to evolve in order to survive and compete in the marketplace. In this industry, when a company decides to make some changes within its business model and objectives, such as a business model reconfiguration, it has to consider the collateral expenses and related rigidities. For these reasons, dismissing old product lines before the end of their life cycle can be costly and generate sunk costs.

The researchers have demonstrated that, in this scenario, special and limited edition models can help to create product refinements and alignment with the modified business model, products and brand's value.

The analysis has outlined how special and limited editions can entail characteristics and features which communicate to the customers the shift that the company has been through and they can link old products with the new ones.

However, the researchers have pointed out how the use of special and limited editions for a business model fit purpose can have potential drawbacks. As a matter of fact, limited and special editions could highlight the differences between old and new products rather than establish a fit, above all in the automotive industry where the attention is conveyed on the visible attributes of the vehicles.

For this reason, these special versions of a car model can be employed in the scenario of a business model change only with a carefully advance planning.

Concluding, the researchers have tested and verified the third proposition explaining how special and limited editions could be employed for a business model fit purpose. Moreover, the study has highlighted the potential double edge sword of such strategy.

In the end, the researchers have answered to the stated research question, demonstrating that special and limited edition products can be employed as multipurpose tools by a car manufacturer company. Specifically, the research has demonstrated that these product variations can be implemented as strategies addressing marketing, product life cycle management and business model fit purposes.

7. Implications

The conclusions of this study can be applied to all the companies within the automotive industry and the findings of this research can be used as a guideline for practical outcomes. Indeed, Alfa Romeo has been used as a representative of the European car manufacturer companies, since the entire automotive industry shares the same main characteristics as well as an extensive use of special and limited editions. For instance, all cars are considered to be complex products whose production requires large initial investments. Furthermore, they represent durable goods in the eyes of customers, and may acquire the status of conspicuous consumption goods. Additionally, car manufacturer companies usually make large use of advertisement in all forms, in order to raise brand awareness and attract the interest of the targeted market.

Mainly, the competition focuses on the brand advantages created and developed by each company, leveraging core competencies and core values. Moreover, the visibility which is given to each car model in the marketplace focuses on the product's specific features. These features, in turn, can be designed in order to be special and exclusive in order to outwit the offerings of the competition.

Finally, the traditional concepts of the product life cycle and its curve represent a model generally employed by all the car manufacturer firms within the automotive industry. Indeed, it is acknowledged that the pre-planning and the planning are considered valuable processes for the management of these companies, in order to foresee the life cycle of their products and set up the appropriate production assets.

However, in order to generalize these findings to the entire category of car manufacturer companies it is necessary to first assess how the use of special and limited editions is related to the specific degree of flexibility and planning a business operate with.

More in general, these conclusions could be extended to other companies operating in different industries, which primarily function with a value-based business model and thus, value as well the visible features of their products in the marketplace. Particularly, companies which deliver conspicuous consumption goods could also use the findings of this research as a guideline in order to implement effective strategies through the use of special and limited editions.

Generally, these directions on the use of special and limited editions as means to achieve distinctive objectives in different areas of a business could be followed by a wide range of firms. For instance, this research could represent a guideline for companies which wish to infuse new life at advantageous times to a particular product with minimum manufacturer efforts and implementing existing resources. On the other hand, some firms may want to implement special or limited edition products as launch strategies and offer a less customizable item in order not to slow down the sales while still finishing the set-up of the main product.

However, it is more difficult to generalize the findings to the service industries, as it would be necessary to first assess the uses and the implications of special and limited editions in these types of businesses. Indeed, the extension of this study to the world of product-services requires the formulation of further assumptions and propositions and it could represent a valuable topic to investigate in the future research.

Moreover, this research has considered a company within an industry which largely implements the traditional concept and understanding of product life cycle. However, it would also be interesting to analyze the role that special and limited edition product strategies assume in an alternative PLC view. As a matter of fact, advocates of a modified view of the product life cycle concept demonstrate how current and future businesses should now focus on extending the life of existing brands through the implementation of tailored marketing strategies. Therefore, the role of special and limited editions as marketing strategies could address this issue. However, it should be first analyzed the effects and implications of implementing special and limited editions which are not based on a previous life cycle analysis of the considered product.

Additionally, managers could use the findings of this research as a basis to inform their future practices concerning the implementation of special and limited editions. They should evaluate the multipurpose nature of these instruments and assess whether these product variations could be designed as strategies in order to achieve specific objectives in the three considered business areas.

Particularly, companies could make use of the findings of this thesis in order to assess if and how they are leveraging the maximum potential of special and limited editions. This research wants to help managers in the implementation of these types of products and give them an integrated perspective on the diverse objectives these products can address. Thus, this study aims at delivering a concrete support for managerial decisions and actions concerning special and limited edition products with new insights not presented by the previous literature.

Concluding, not only car manufacturer companies, but also companies operating within different industries can look at this work in order to understand and leverage the holistic nature of special and limited edition products.

8. Limitations

The research presents some limitations concerning its process, design, data collection and analysis.

First of all, the single case study strategy focuses on the analysis of the phenomenon of special and limited edition cars only within the context of one single company, namely Alfa Romeo. Indeed, the research has not focused on searching the differences and commonalities of the implementation of special and limited editions as multipurpose strategies in different companies. However, as previously outlined in the quality assessment and in the implications, Alfa Romeo can be seen as a representative among the car manufacturing industry and the findings of the research can thus be generalized to it.

Thus, a direction for the future research could be to study the different purposes of special and limited edition car models focusing on the investigation of commonalities and differences in a larger sample of automotive firms in order to expand and build on this research thesis.

Secondly, the limited time forced the researchers to select only a small amount of special and limited editions examples in the Alfa Romeo company, thus restricting the study of the other potential impacts not considered in this research. This also includes the possibility of accounting for other purposes limited and special editions can fulfil within the automotive reality.

However, this research has succeeded in providing new insights on the subject of special and limited edition products, within the context of the automotive industry. This study could represent a valuable start to develop further research on the topic. Moreover, concentrating the study on few distinct purposes of special and limited editions has allowed the researchers to stay focused and investigate in-depth the selected themes.

Furthermore, demonstrating that special and limited editions can be implemented as multipurpose tools requires the aggregation of different topics in both the literature review and the analysis section. The combination of different specific themes, however, can create a confusion in the reader's mind.

In order to overcome this limit, researchers have analysed the impact of these strategies on few carefully selected areas to keep the reader attention and prove what they consider are the most relevant points in a harmonic aggregation of three main different themes: marketing and consumer behaviour, product life cycle management and business model and brand's objectives.

With respect to the existing research, the lack of literature on limited and particularly special editions provided the researchers with little or no definitions and basis to develop the project. In particular, while few papers on limited edition products could represent a starting point for this study, the concept of special edition products does not seem to have been explored before. Thus, the researchers have gained benefits from the Alfa Romeo

managers who, during the interviews, outlined the general distinctions and similarities about the two phenomena within the automotive industry.

With regard to the data collection and analysis, the researchers could not get access to some sensitive data, such as quantitative data about the company's profits, costs and investments concerning the special and limited editions. However, these types of data did not harm the quality and strengths of the research findings. Indeed, the data obtained from Alfa Romeo were sufficient to complement the qualitative analysis with graphics depicting the product life cycle curves in terms of sold units over time.

Additionally, primary and secondary data have been collected in different times. For instance, the primary data concerning the sales of Alfa Romeo's car models have been received after the semi-structured interviews took place. This has not allowed the researchers to instantly compare numeric data with qualitative observations from the managers. Nonetheless, this temporary gap has given the researchers the possibility of reviewing the first findings before gathering more information and combining them together.

Moreover, the adoption of a qualitative research design could have been complemented by a quantitative analysis in order to better support the findings. For instance, a statistical analysis concerning the impact of special and limited edition models on the products life cycle could have been beneficial to quantify the sales volume extension. However, researchers have complemented the qualitative analysis with a graphical representation generated from the sales figures of the considered examples, which has been useful in order to represent the qualitative findings. Moreover, the fact that special and limited editions have been recognized by Alfa Romeo managers as effective instruments to be used in product life cycle management provides a valid proof of these findings.

Finally, the two researchers were limited by the physical distance as they rarely were in the same place at the same time in order to carry on the research process. Indeed, the researchers of this thesis believe that face-to-face meetings and working physically in team are generally more efficient and effective. For instance, the impossibility to constantly gain instant feedbacks and comments can lengthen the time required to undertake the research. In an effort to overcome this limit, the researchers well managed the distance by implementing phone and video-calls and sharing on-line documents in order to instantly share suggestions and comments on their progresses.

9. Future Research

The existing literature on the phenomena of special and limited edition products has focused its attention mostly on the consumer behaviour aspect linked to the phenomena. The current research, instead, represents a base for the use of special and limited editions as multipurpose tools and it links together different business themes. Special and limited editions are powerful instruments which a company can use to address different objectives and achieve specific results.

Nonetheless, there is the need to expand the research and the literature on the topic, as it provides great possibilities for future researches. Specifically, an initial research should address the theoretical distinction between special and limited edition products and their characteristics depending on the specific industry. There are two main paths which future research could follow: the first one could provide a deeper and quantitative analysis based on the current research, the second one could include a wider study including new and different themes.

9.1 In-depth future research

A first future research direction could address the limitations of the current study focusing on a quantitative analysis of the special and limited editions phenomena. Particularly, it would be insightful to carry out a quantitative research in relation to the use of these products within a product life cycle. Indeed, the efficacy of these strategies has been proven in this paper through a qualitative analysis with data collected from interviews, but it lacks the support and extension of a more rigid scientific process. There is the need for a more detailed and profound analysis about the impact of special and limited editions on each phase of the product life cycle, in order to measure and quantify in-depth their efficacy along the PLC curve.

Furthermore, future researches could conduct a wider analysis on the use of special and limited editions within the entire automotive industry in order to generate a more comprehensive overview of the topic. Indeed, the research process has brought the attention on the extensive use of these products made by car manufacturer companies.

An interesting direction for future researches could be the study of the use of special and limited edition models within car manufacturer firms characterized by a higher degree of planning and lower degree of flexibility, as for example the lean manufacturing systems implemented by Toyota. For instance, the current research has not taken in consideration how the implementation of these strategy can vary according to the particular flexibility and planning schedule of different companies. More generally, a cross-comparison between brands

could be useful in order to find similarities and differences in the use of these products and provide valuable guideline for the management.

Moreover, the automotive industry landscape is currently facing several changes concerning the general configuration of the car manufacturers' business model. For instance, many companies have already developed new models focusing on delivering a mobility service, rather than selling just products. For example, Mercedes and BMW created Car2Go and DriveNow respectively, which represent two different carsharing options. Furthermore, they are trying to migrate to a network efficiency business model, merging their two services in a new platform called ShareNow (YourNow, 2019).

On the other hand, Alfa Romeo is currently investing on sharing mobility with the platform U-go by Leasys (Alfa Romeo Press, 2019). The company wants to first offer the Alfa Romeo Giulietta model to private customers and successively give them the option to share the vehicle through a peer to peer platform.

Therefore, the future research could investigate the impact of using special and limited editions within the context of industry changes which are shaping the automotive market. Particularly, it would be interesting to analyse the use of a special or limited edition model as a strategy to better address the particular needs of the sharing economy customers.

Additionally, special and limited editions have been analysed in relation to a business operating with a value-based business model, offering an overview of how these could be valuable strategies in order to make the invisible attributes of a product visible or to emphasize some of its features. A research connecting the use of these products to the different types of business models could be carried out.

Furthermore, a deeper analysis of the double-edge sword effect of limited edition within the context of business model fit could be carried out in the future. This could help managers in the transition to a new business model or in the challenge of creating a fit with newly modified objectives.

9.2 Wider-scope future research

Special and limited editions have wider effects on company strategies and operations than what has been researched in this paper. Indeed, the researchers have focused this study on the investigation of the use of these products as tools within three main themes.

Within the automotive industry as well as in other industries, special and limited editions have been largely implemented in order to create collaborations between brands. The fashion and furniture industries represent a clear example of this purpose. As described in the introduction of this research, Fiat developed a special edition of the Fiat 500 model in collaboration with the yacht building company Riva (Fiat Press, 2019a) and a

limited edition with the Italian fashion company Gucci (Fiat Press, 2019b). Louis Vuitton has developed a limited edition line with the brand Supreme (Louis Vuitton, 2019).

Further analysis on the impact of special and limited editions concerning the collaboration between brands and industries could be developed in order to gather a broader understanding on which benefits and purposes they can address.

Moreover, both special and limited edition can be used in order to quickly produce prototypes in order to test the product market response. Thus, this could represent another direction for future analysis.

The current research does not consider the impact on a business project management of the creation of special and limited edition products. For instance, it would be interesting to analyse how special editions in general are developed as projects and what are, if any, their distinctive characteristics.

Nowadays, the creation of shared value is increasingly important for companies in all the industries, as they are trying to create a higher value for the social environment. Lacoste developed a limited edition T-shirt where it changed the traditional crocodile logo with one showing the endangered species in order to sensitize the customers to save them. The company limited the offering availability in a creative way, offering each piece in the number of units representing the remaining animals showed in the logo (Lacoste, 2019).

Furthermore, several brands have started the production of special edition products together with the association (RED) in order to spread awareness on the AIDS/HIV issue. Those products are characterized by the iconic red colour and a part of these products profits are invested in campaigns fighting the disease. Different brands have decided to commit to this cause collaborating with (RED), from telephone to beverages companies, from luxury to skateboards brands (RED, 2019).

Therefore, special editions in general are able to enhance the shared value created by companies and to engage them socially for the community and the environment. Future researches could investigate the use of these strategy for this specific purpose.

Limited editions in the past have been used in order to create a revival of some products. For example, the Egg chair designed by Arne Jacobsen has been brought back in the market in 2008 through a limited edition available in 999 units (Christiansen et al., 2010) and this has infused new life to the product. A direction for the future research could be the investigation of special and limited editions as strategies implemented in order to revitalize old products.

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11. Appendices

11.1 Appendix A – Transcript of the first interview (19th of March 2019)

Respondent: Product Marketing Manager Niccolò Zamboni

Researchers: Nicole Valerio

Martin Gasperini

Questions and answers are divided by theme respecting the order of the interview.

Q question

A answer

AUTOMOTIVE INDUSTRY

***Q1:** Sharing economy and sustainability issues are becoming more and more important as well as the AI. How do you see the global automotive industry, and which are the changes in place in this environment?*

A1: The automotive industry is rapidly and significantly changing towards three distinctive main pillars: engine technologies and car power supply, with a focus on the hybrid and electric systems, carpooling and car sharing economies and autonomous driving.

***Q2:** About these changes in the automotive industry, is Alfa Romeo embracing this new technological trajectory?*

A2: Of course, Alfa Romeo is committed to these three important pillars as they are three main innovative directions in the automotive world and the firm has recently showed it through the launch of the new Tonale Concept at the last Geneva Motor Show. One of Alfa Romeo's most important pillar is the technological and technical innovation. In the past, the company focused on delivering mechanical excellence in an effort to ensure a distinctive driving pleasure.

The current and future challenge that the brand Alfa Romeo is facing is to maintain this technological and technical excellence, with a different interpretation, focusing on electric cars, cars with driving assistance, improved driving safety and last but not least car sharing.

THE BRAND ALFA ROMEO

***Q3:** How does Alfa Romeo fit within the FCA Group and what does Alfa Romeo bring in it?*

A3: FCA is a global OEM group which is the 7th world's player and which operated in all the continents. FCA has a broad and diversified brand portfolio, starting with the automotive brand and the brands which focuses on after sales services and production of industrial machinery. Within the FCA panorama, Alfa Romeo is a premium brand with a sporting vocation and the objective of representing worldwide the made in Italy and the Italian standards of design and quality. Of course, Alfa Romeo has different vocations from the other FCA's brands; for instance, Jeep aims at delivering the excellence with its off-road capability and 4x4 drive and other brands such as FIAT, Ram, Chrysler focus on other pillars.

***Q4:** How has the brand Alfa Romeo changed before and after FCA?*

A4: The brand Alfa Romeo has a long history that goes back over a hundred years. Throughout its history, Alfa Romeo has had several evolutions and ownerships and often they went hand in hand. The DNA of Alfa Romeo is the vocation to driving pleasure, sportiness, design and technical excellence.

***Q5:** Has the Alfa Romeo's vocation changed during the years?*

A5: Between the end of the '80s and the beginning of the 2000, Alfa Romeo made some industrial choices focusing mostly on the excellence and design care. With the birth of FCA, Alfa Romeo decided to make heavy investments in order to rediscover the mechanic excellence which was put in the background. The company achieved this objective by investing in innovative technologies and platforms to embrace an even more sporting vocation thanks to the introduction of the rear-wheel drive.

***Q6:** What is Alfa Romeo trying to create now compared with the vehicles born under the past business models?*

A6: Alfa Romeo has always had the objective of offering a product of desire, as it combines several elements which again are the design, the drive pleasure and the technological excellence that altogether manage to deliver to the customers unique and strong feelings both aesthetic with the beauty of the cars and practical during the driving. While the objective of creating a car of desire has never changed, during the years Alfa Romeo carried on several projects with different specific objectives and vocations which resulted in particular product typologies.

What can be said is that also cars produced under the past business model such as MiTo and Giulietta wanted to evoke strong feelings. Indeed, MiTo and Giulietta represented the key products within their segment in terms of technology, design and performance. However, the new car offering that Alfa Romeo is developing encompasses even more advanced technological excellence, showing the positive results of important investments.

Q7: *What does it imply for Alfa Romeo positioning in the market? And what are the new, if they are new, competitors which are playing in this market?*

A7: Alfa Romeo's new objective is to fully ride the wave of the premium segment, which has always been one among the company's objectives and strategies. At the moment, Alfa Romeo has a line-up which allows the firm to have important presence in market segments in which the premium share is higher than the segments of products such as MiTo and Giulietta. Therefore, thanks to the new products it is easier for Alfa Romeo to establish itself in an even higher premium segment.

Q8: *How has this shift changed the competitors Alfa Romeo is now facing?*

A8: We cannot say that Alfa Romeo has changed its competitors, the main ones have not changed. However, we succeeded in expanding the customer base - of who wants to buy our cars - thanks to the new product offering. This represents the main key of the mission Alfa Romeo is now living in these years: expanding the customer base which is represented by premium consumers.

The segments we covered in the past were customer segments in which the premium presence was lower compared to nowadays; while in the past Alfa Romeo's cars mainly covered the EMEA region, and this is stated by the different regions data, nowadays Alfa Romeo has a global vocation and presence, since there are segments where the share is higher in regions outside of EMEA borders compared to the past.

Q9: *How does Alfa Romeo position itself among competitors such as BMW and Mercedes? Which is the Alfa Romeo positioning?*

A9: Alfa Romeo wants to be a benchmark in the premium car market, it wants to represent Italy in the premium world, like the Germans are doing with BMW, Mercedes etc., the British with Jaguar and Range Rover, and the Japanese with Lexus. Alfa Romeo can be defined as the Italian premium offer. Alfa Romeo's car offering focuses on the target customer which is closer to the one of BMW, since the tagline of both is the driving pleasure and the strong feeling for the brand, rather than other typologies of positioning represented for example by Audi.

Q10: *Which is Alfa Romeo's competitive advantage, comparing it for instance with BMW?*

A10: Compared with BMW, Alfa Romeo has a technical and mechanical excellence which is even higher than the one BMW offers. Moreover, Alfa Romeo offers a unique and exclusive Italian design.

SPECIAL EDITIONS AND LIMITED EDITIONS

Q11: *How does Alfa Romeo define special editions and limited editions?*

A11: The main difference between special editions and limited editions is the presence or absence of limitations, which can be in terms of volume of production or production time frame. I would say that the limited edition can be defined as being a type of special edition, it is a deep dive of the more general special edition concept.

A special edition is characterized by specific features which make it different from the standard product offered and make it unique in its kind.

A limited edition is a special edition which not only has these different features compared to the standard range, but also has a limited-time of production.

Q12: *How are special and limited editions implemented in Alfa Romeo?*

A12: The purpose of introducing special and limited editions is to communicate to the outside world the values and pillars of the brand through partnerships and/or unique contents which describe even more the technological and design excellence. For instance, we have some editions which aims at recalling the brand history. The main functionality is within the marketing: a special or limited edition represents a model ambassador, a key flag for a specific product model and for the overall brand.

Q13: *How do you assess the efficacy of special and limited editions?*

A13: A special or limited edition has to generate a profit for the brand, which is measured not only in monetary terms, but also, and perhaps more importantly, in terms of consumers' awareness and media resonance. The monetary returns is of course a main KPI; however, the return in terms of brand and product model awareness among the consumers' minds and the spreading of the brand's premium and increasingly premium status is the achievement we search for.

Q14: *Based on the literature, limited editions are used as a marketing tool and the profits one can make are difficult and limited. How do you argue this?*

A14: For a brand like Alfa Romeo, but this is true in the overall automotive industry, the goal is profit maximization. The economic performance is not the main reason why Alfa Romeo chooses to produce a special or limited edition. For instance, the contribution that special and limited editions bring to the total profits is of low economic value.

The difference between a special edition and a limited one is that a limited edition has a more emotional and communication function than a special edition. A special edition focuses more on the mass market function and we can say that it results in larger profits compared to a limited edition.

Q15: *During the launch of a new product, do you already have in mind the production of a special or limited edition or do you usually decide later on in the lifecycle of a car which strategy to implement?*

A15: It depends on the moment and on the needs of both the brand and the particular model.

Q16: *We have seen that Giulietta is born under the old business model but is now promoted and boosted by special/limited editions. Does it represent a specific strategy for the business model fit or alignment? How are the different objectives communicated?*

A16: Special and limited edition models can also be seen as a tool useful for this purpose. For example, even though Giulietta is born under the past business model, it has some product features which are sufficient to be communicate as and aligned to new products such as Giulia and Stelvio, as their DNA does not substantially differ. Therefore, it happens that we produce particular range animation in which all these three cars are presented altogether, for example the case of B-Tech or the possibility for tailoring/personalization.

Q17: *Generally, customers are influenced by the scarcity effect, even more in the luxury products market, as they value the uniqueness of a product and want to differentiate from the mass market, being labelled in a higher status. Do you value this factor when planning for a special or limited edition?*

A17: Definitely. Every activity connected to the product, such as product development, innovation, special and limited editions, is the result of extensive marketing analysis and we consider the needs of both the customers and the Alfa Romeo brand, then combining these together with the communication requirements.

PRODUCT LIFE CYCLE

Q18: *Does Alfa Romeo make use of the product life cycle model?*

A18: The PLC is one of the fundamental pillars on which every automotive brand must rely on in order to plan its short, medium and long-term strategies. The PLC is a guideline in order to understand which product models need intervention and modification for specific communication or selling purpose.

Q19: *When do you take corrective actions, which may include special or limited editions, do you wait to see the sales stall/decline, or do you take them in advance?*

A19: Every activity is taken in view to the PLC forecast as the planning of the product life is a key activity of Alfa Romeo brand and the in-depth PLC analysis, especially in the marketing prospect, allow us to foresee and anticipate the moves in terms of product in order to better manage the lifecycle of the model. Special and limited editions are different from range animations which are embedded in the PLC. The average lifespan of a car is usually up to nine or ten years and halfway we generally act with an MCA (Mid-Cycle Action), with which we introduce both new contents and a design refresh. This allows us to extend the PLC curve, making it more flexible. Special and limited editions, instead of modifying the length of the PLC curve (they don't act to stretch the curve as the range animation), they either keep the curve flat (instead letting it decline) or, in few cases, they create a new slope which is reflected by a new small spring.

Q20: *In this regard, has the PLC always be truthful? Have you ever had a forecast which has not proven to be true? For instance, is there a model which you thought should have go out of production before but instead you kept on producing it since the sales continued to grow?*

A20: The PLC model is affected by endogenous but above all exogenous factors. Therefore, based on the competitors' moves in the premium market, the PLC is influenced and can be defined as dynamic.

Q21a: *How does Alfa Romeo define the birth or introduction of a new product and its death or end? Do you define the birth as the launch of a product's concept or as the first sold piece? Do you define the end as the last produced or sold piece?*

A21a: The starting and ending point of a product life are the result of intense marketing and sales analysis, both on a brand and group (FCA) level. The PLC reflects anything that is the starting or finishing of a model production, namely the beginning and the end of the production.

Q21b: *Is this the definition even in the case in which sales continue while the production has already ended?*

A21b: Yes, it is.

STRATEGY

Q22: *Are there substantial changes in the intended and realized strategies? Both in terms of general products and special and limited editions ones.*

A22: The strategies of the Alfa Romeo brand are carefully planned, and, in most cases, what is planned will be realized later on in the expected modalities and timeframes. However, there may be both internal and external factors which force us to adjust the intended strategies with minor changes.

Q23: *Are special and limited editions used also with other strategic purposes (e.g. cost reduction, differentiation)?*

A23: These product strategies have mostly a communicative purpose. However, among the development of special and limited edition, there are some particular strategies to support the PLC, which can be characterized by such product features that they create, based on marketing analysis, a highly competitive advantage.

OPEN INNOVATION

Q24: *Does Alfa make use of open innovation?*

A24: Alfa Romeo is based on knowledge and information sharing (such as technological and technical innovative knowledge) and on innovation within and outside the brand.

Q25: *Which are the main examples of special and limited editions in Alfa Romeo and what do they offer?*

A25: The main examples are MiTo, Giulietta Veloce S, special editions B-Tech, 155 GTA, Alfa Romeo Racing, 4C Competizione. Each one with a different vocation, some of these produced in a limited number (B-Tech).

MiTo and Veloce S have the objective of reintroducing the top of the range car in terms of sportiness, with unique technological, technical and aesthetical contents.

The objective of the B-Tech special edition is to introduce in Alfa Romeo new aesthetic and technological contents.

The objective of the limited edition Racing series (Giulia and Stelvio Quadrifoglio) is to be a Halo model of what is the presence of Alfa Romeo in the F1 through Alfa Romeo Racing Team. Alfa Romeo wants to celebrate this with unique technical contents.

The limited edition 4C Competizione wanted to make an already high profile car more personalized/tailored.

11.2 Appendix B – Transcript of the second interview (11th of April 2019)

Respondents: Product Planner: Victor Alfredo Eumenidi
Product Manager: Niccolò Zamboni

Researchers: Nicole Valerio
Martin Gasperini

Questions and answers are divided by theme respecting the order of the interview.

Q question

A answer

AUTOMOTIVE INDUSTRY

***Q1:** What would you say are the peculiarities of the automotive industry?*

A1: Generally speaking, I always say that the Automotive industry is peculiar because it requires a lot of planning in order to obtain results; you are going to produce an item that has a great degree of complexity with remarkable constraints, namely different laws in different countries. Without a great planning of the product life cycle, it is hard to obtain optimal economic results. Moreover, it could be categorized as a product with a high degree of personalization and customization, a durable good where customers reflect on its purchase and a conspicuous good, as it reflects the buyer personality and communicates a status symbol.

***Q2:** Specifically, what are the peculiarities of Alfa Romeo among the competition, considering the main competitors being the Germans, particularly with BMW?*

A2: Yes, our main competitors are the Germans, and concerning BMW we try to differentiate from them with the Italian style and design, attention to the interiors which remember the Italian feeling associated for example with the high fashion.

Like BMW, we have one of our pillars basing on the driving pleasure - handling, the feeling of the steering. Moreover, another of our pillars is the technique, not only understood as the technology (such as the display, which is required in order to sell and to compete in the industry) but also considering the study of both materials and perfect shape in order to define the weight distribution and so on. [The

technique pillar] aims not only the performance but it has the aim of safety and CO₂ too, increasing the compliance with the different regulators.

Q3: *How extensive is the use of limited and special editions within the automotive industries? We have seen different brands using them, either planning and/or executing them at the basic product launch or in other points along the life cycle, as for instance the BMW Digital Edition or Mercedes one.*

A3: There are different versions of limited editions and special editions, some of them are studied by the Headquarter and usually use newer features, such as a new color, specific wheels or different interiors. Moreover, there are different versions of special editions, such as the BMW Digital Edition you mentioned before, which is linked to a commercial campaign at a market level, and special editions implementing features already available in the market but decreasing in demand, in order to create a bundle and re-communicate the car.

For example, I figure out a wheel which did not sell that well and I use it together with different features to create a limited edition with more appeal to customers.

Q4: *How do you define premium customers? How would you say Alfa Romeo's customer base has changed in these years?*

A4: Our customers over the years have always been represented by the premium sector; what has changed is the type of customers, namely people with different age, instruction, income, gender and so on. During the years, we have expanded our portfolio to segments never served by Alfa before, with a change in products, for example with the Stelvio that is an SUV of segment D, like the BMW X3 or Audi Q5, a market where we have never competed before. This pushed us to move to a different type of customers compared to the segments B or C. We are moving outside our historical carpark, there is no one who 5 years ago bought an Alfa Romeo SUV because it did not exist back then. It could be considered as an expansion phase.

Q5: *How have Alfa Romeo's values changed over the years?*

A5: Rather than a change, we have had an evolution over time. There has not been a brand repositioning nor a change in the brand's pillars. However, it is possible to see different phases that the company has been through, and in every phase it tried to best execute those values and pillars, trying to fine-tune them to the particular situation.

SPECIAL EDITIONS AND LIMITED EDITIONS

Q6: How does Alfa define a special edition and a limited edition?

A6: In my opinion, they are two different things aiming at a different type of customers. A special edition is a mainstream edition and it is, for example, what we have done with Giulia and Giulietta Veloce S where few new features have been added and they were launched to give the opportunity to re-communicate the products without changing what is the main parts. I say mainstream since the customers who already wanted a Giulietta are going to buy the special edition with an extra affordable price.

A limited edition, instead, is a numbered version with highly polarizing features. A customer who is interested in a Giulia Quadrifoglio, for example, will be attracted from the Giulia Racing (a newly Limited Edition just presented at the Geneva Motorshow), but it will not buy it because firstly, it has an important delta price far higher than the normal version and secondly, because it has highly polarizing features. The Nürburgring limited editions have been created to celebrate the Giulia and Stelvio record holder at the Nürburgring in their respective category. They were available only in 108 units for the EMEA Market and they entailed technical features such as the carbo-ceramic brakes. They have been sold to collectors or car passionate who represent different types of customers compared with the usual clients of Giulia and Stelvio. These customers were happy to pay a high delta price both because the limited edition models have been numbered and because these cars symbolize the Alfa Romeo achievement.

Q6a: We have intended limited editions as being part of the broader circle of the special editions, which in turn are a subset of the basic product line. Is it correct to intend them in this manner?

A6a: It could be seen like that, for example with the Giulia and then the B-Tech which is a Special Edition and, lastly, the Giulia Racing as the limited edition.

Q6b: Moreover, we have intended that two different types of limited editions could exist, a limited edition with a time constraint and a limited edition with a quantity constraint.

A6b: In my opinion, a limited edition has to be numbered, there must be a badge inside the product with a progressive and identifiable number.

Q6c: The distinction has been made since the existing literature seems to stress the time pressure feeling in consumers, and our assumption is that even in the case of limited quantity it is possible to feel the time pressure since consumers cannot predict when the product will be sold out.

A6c: Absolutely, when we produced the Giulia NRing delivering only 108 units, a customer in Greece was able to get in contact with me in order to secure it, due to its strong willingness to have it. He was feeling the time pressure, and, in the end, he was able to get it.

Q7: *How are limited editions sold to the customers? Time of arrival, loyalty customers?*

A7: Limited editions follow a different way to be sold to the customers, there is a path where customer loyalty and relationships are identified and thus, there is a more direct relationship with these clients.

Q8: *What are the main purposes of special and limited editions?*

A8: A special edition is more about the brand, it wants to communicate the product and attract the customers and create/re-create awareness. A limited edition is also used for the same purpose, but it follows a more specific development. They represent two completely different products, one mainstream and the other one more as a Halo car. A special edition is more a strategic tool, while a limited edition is more about marketing.

Q9: *Could limited editions be implemented as a strategy for cost reduction, due to their limited degree of customization?*

A9: This depends on which phase of the product life cycle you are. In the last phases, namely maturity and decline, you could use it for this purpose. For instance, on the MiTo Urban, which finished its production the last July, we made a run-out that was a reshuffle of the contents of the car for pushing the contents that did not sell before. Moreover, a fixed bundle helps the communication, a fixed bundle that was containing a high advantage for the customer with many contents and little personalization. Moreover, you have to consider that going to the end of the life cycle the margins to do something new is always less.

Q10a: *How do you relate special and limited editions to consumers' brand awareness?*

A10a: Limited editions, in particular, are Halo cars able to create model and brand awareness, and their economic return is still important, but it is not the main aspect, as you value more the return on the image. Special editions are often used in order to keep up the volumes and their effect on the product life cycle curve can be seen. On the other hand, limited editions can affect in minimum part the overall product sales, due to their low selling volumes.

Q10b: How do you measure it?

A10b: It is difficult to quantify with real KPI, but you try to pass a strong message about a model using communication channels and so on. Some KPIs could be articles made on the product, researches about the brand or the limited edition on search engines and social interaction.

PRODUCT LIFE CYCLE

Q11: How do you predict the curve? Are there cases in which limited editions are used without preplanning?

A11: Some competitors plan ahead all the interventions on a product and its life cycle, such as model year, limited edition, range animations and so on. In our case, we have more flexibility, we are able to create new interventions during the life cycle for better responding to market requests. The curve could be predicted in different ways, for instance sometimes all the initiatives could be included from the beginning and some others they are cumulated after.

STRATEGY

Q12: How a change in the business objectives could affect the old predictions? Are they likely to be changed or kept as planned?

A12: Due to our flexibility, I rarely see this happening. There has never been a change in the pillars, but if the market requires a change we are able to respond to it. We maintain some fixed points but thanks to this flexibility we are able to change the old predictions. If there is the necessity we leverage on the flexibility to improve the prediction.

Q13: Our hypothesis was that with a change in the business objectives, and with some core rigidities and important investments, you try to align the old products with the new values/objectives through special or limited edition. This is how we intend the flexibility. What is your view?

A13: It could be seen on the model year of Giulietta, where we made some product refinements in order to introduce new features and align the car to the newest products. In this case, we updated our predictions.

On this aspect there are some discussions since some segments are different and it is not possible to implement this strategy; it is possible to make refinements at the end of the life cycle but nothing radical. It could be seen, per comparison, as incremental innovation. This example was not about a special edition, but a special edition or limited edition could be used for this purpose. In the past, we made cross-range versions such as the B-Tech, but it is not well fitting your hypothesis. It has to be noted that this strategy could be used as a double-edged weapon, with a different product for different customers; if you communicate the different products jointly their differences could be marked more, and a bad communication could affect negatively the newest product.

11.3 Appendix C – Sales figures obtained from Alfa Romeo

YEAR	SALES – ALFA ROMEO MITO
2007	0
2008	13307
2009	62014
2010	51915
2011	40416
2012	25106
2013	17872
2014	16994
2015	13900
2016	12950
2017	11320
2018	9525

MONTH	SALES – ALFA ROMEO MITO
<i>February 2017</i>	711
<i>March 2017</i>	668
<i>April 2017</i>	627
<i>May 2017</i>	902
<i>June 2017</i>	1470
<i>July 2017</i>	872
<i>August 2017</i>	1014
<i>September 2017</i>	986
<i>October 2017</i>	874
<i>November 2017</i>	809
<i>December 2017</i>	1203
Total 2017	11320
<i>January 2018</i>	888
<i>February 2018</i>	956
<i>March 2018</i>	1345
<i>April 2018</i>	1026
<i>May 2018</i>	955
<i>June 2018</i>	952
<i>July 2018</i>	1461
<i>August 2018</i>	919
<i>September 2018</i>	275
<i>October 2018</i>	307
Total 2018	8800

MONTH	SALES – ALFA ROMEO MITO URBAN
<i>March 2018</i>	1076
<i>April 2018</i>	828
<i>May 2018</i>	642
<i>June 2018</i>	601
<i>July 2018</i>	1278
<i>August 2018</i>	690
<i>September 2018</i>	209
<i>October 2018</i>	166
Total	7426