

2018

Implementing Product Diversification Strategies for Small and Medium Retail Businesses' Sustainability

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Walden University

College of Management and Technology

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Justin Vogl

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Walden University
2018

Abstract

Implementing Product Diversification Strategies for Small and Medium Retail

Businesses' Sustainability

by

Justin D. Vogl

MA, Ashford University, 2013

BA, Ashford University, 2011

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

April 2018

Abstract

Small businesses make up about 90% of all business entities and employ about 60% of the total workforce, yet 50% of small businesses fail within their first 5 years. The purpose of this qualitative multiple case study was to explore how SBOs use the appropriate product diversification strategies to remain sustainable. The sample population were 3 small retail business owners in a large-sized county in the Washington, D. C. metropolitan area who employed fewer than 19 people and have successfully used product diversification strategies to remain sustainable beyond 5 years. Data were collected through interviews, observations, and company document reviews. Data analysis entailed using an alphabetic coding process to identify the frequency and importance of themes. Grounded in the conceptual framework of the model of market orientation, this study revealed 4 themes that could help small business owners use the appropriate product diversification strategies to remain sustainable: customer-centric decision-making, market-trend orientation, resource orientation, and complementary products and services. The implications for positive social change include the potential to give small business owners a decision-making framework to achieve sustainability and growth, which would contribute to healthy economic conditions through consumerism, higher employment rates, and a reduction in poverty. The findings of this study could benefit local, small businesses and communities.

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Section 1: Foundation of the Study

Background of the Problem

Small and medium enterprises (SMEs) play an active role in creating a healthy, competitive economy and maintaining social and political stability in a country (Neagu, 2016). SMEs generate the largest number of new jobs with a low cost in capital (Neagu, 2016). Small businesses are important to the U.S. economy; just over half of all private sector workers employed in firms of less than 500 employees (Feinberg, 2013). With SMEs representing over 99% of the total number of enterprises in most economies in the world, they constitute an important alternative to fighting unemployment (Neagu, 2016).

New businesses are important in promoting employment and growth in the U.S. economy, as well as providing competition to well-established businesses (Feinberg, 2013). Less attention, however, has been given to the competitive sustainability of small firms, which may explain the high exit rate of small business due to business failure. Mokhtar (2013) found that small business owners (SBOs) typically lack the strategies and the long-term vision to lead to better business performance. Without having a clear growth strategy, SBOs may place the survival of the business at risk or may not achieve their full growth potential.

Problem Statement

The volatile nature of small and medium enterprises (SMEs) has caused nearly 50% of all small business start-ups in the United States to close within 5 years (Small Business Administration [SBA], 2016a). In 2014, there were 19,376 new, small business start-ups in Virginia; however, 21,051 Virginia small businesses failed in that same year (Bureau of Labor Statistics [BLS], 2016b). The general business problem is some SBOs lack strategies to sustain their business beyond 5 years. The specific business problem is some SBOs in the retail industry lack strategies to use product diversification strategies to remain sustainable.

Purpose Statement

The purpose of this qualitative multiple case study was to explore how SBOs use the appropriate product diversification strategies to remain sustainable. The participants of this study were three small retail business owners in Fairfax County, Virginia, who each employed fewer than 19 people and had successfully used product diversification strategies to remain sustainable beyond 5 years. The results of this study could positively contribute to social change due to the number of people who rely on the sustainability of small businesses for employment. Providing SBOs with an implementation framework for making product diversification decisions could help them remain sustainable or achieve growth. Small business sustainability and growth can contribute to healthy economic conditions through consumerism, higher employment rates, and a reduction in communities' poverty.

Nature of the Study

I used a qualitative research method, with a multiple case study design, to conduct this study. Researchers use qualitative methods to effectively identify and explore the meaning, interpretations, and experiences of participants (Birchall, 2014). By using a quantitative or mixed method study, a researcher can gain insight into the correlational or causal relationships among variables, but they will not be able to explain *why* or *how* participants make certain choices. Researchers using quantitative methods answer closed-ended questions to test hypotheses or examine relationships among variables, while qualitative researchers seek to answer open-ended questions that provide vivid accounts of participants' ascribed contextual meanings to events or situations (Koch, Niesz, & McCarthy, 2013). Gaining experienced-backed insights from SBOs was essential for providing recommendations on how and when to use product diversification strategies.

Researchers use case studies to explore contemporary phenomena/business problems in-depth and in a real-world context (Yin, 2014). Utilizing multiple cases facilitates achieving data saturation, which is the point where new findings have become redundant and a researcher can demonstrate they have a sufficient understanding of the concepts they are exploring (Roy, Zvonkovic, Goldberg, Sharp, & LaRossa, 2015). Other potential qualitative design choices included narrative, phenomenology, ethnography, and grounded theory (Lewis, 2015). However, the focus of narrative, phenomenology, and ethnography designs excluded them as viable options for my study.

Researchers use narrative (historical) research as a historical recount, or chronology, of a single participant's life experiences; researchers use phenomenology to explore the meaning participants attributed to a single event; researchers use ethnography to explore the lived culture, behaviors, and beliefs of a group (Ingham-Broomfield, 2015).

Researchers use grounded theory for generating new theory through studying social systems and human interactions (Ingham-Broomfield, 2015), which was not applicable for the goals of this study. A case study design was suitable for my research because it provided a flexible structure for exploring the complexity of the research problem (Hyett, Kenny, & Dickson-Swift, 2014).

Research Question and Interview Questions

The following research question guided the study: How do successful SBOs use product diversification strategies to remain sustainable beyond 5 years? I used the following open-ended questions to identify and explore the product diversification strategies SBOs used to remain sustainable:

1. How did you choose a product diversification strategy?
2. How do you diversify your products and/or services?
3. Did you consider your product diversification strategies as more consumer driven or market driven?
4. What additional resources did your product diversification strategy require?
5. How, if at all, do your available resources, either tangible or intangible, affect your product diversification decisions?

6. How do you assess the effectiveness of your product diversification strategies?
7. What additional information would you like to add about how you have chosen to implement your product diversification strategy?

Conceptual Framework

To explore how SMEs implement product diversification strategies to enhance their sustainability, I used a modified conceptual framework that was created to help businesses manage marketing strategies. Mitchell, Wooliscroft, and Higham's (2010) model of market orientation (MMO) was adapted from marketing models originally developed by Narver and Slater (1990) and Dobni and Luffman (2003). Mitchell et al.'s model included six operational components that direct a business' market orientation, which eventually influenced organizational performance: intelligence generation, organizational coordination, customer orientation, competitor orientation, market responsiveness, and profit orientation. Each operational component of the framework can serve as a lens through which a business owner could view their tactical and strategic decision-making, providing a SBO a guide to evaluate their product diversification decisions against multiple business and marketing perspectives (Lonial & Carter, 2015). To remain sustainable, a SBO could apply similar operational components to inform their product diversification strategies, decision-making, and implementation practices. Nagayoshi (2015) stated that although firms can have great products and strategies, efficient planning for strategy *execution* is necessary to achieve a sustainable competitive advantage. An adaptation of Mitchell et al.'s MMO could assist business

owners' real-options reasoning, which is the cognitive process of strategic decision-making and uncertainty reduction through market research and understanding of related organizational capabilities (Chintakananda & McIntyre, 2014; McGrath, 2006).

Operational Definitions

Business success: Business success is when business owners find that there is a high acceptance of their products or services, they have personal gratification, a sense of pride and leadership, and when their business remains open and profitability for 5 or more years (Ho & Barnes, 2013; SBA, 2016a).

Model of Market Orientation: The model of market orientation is a marketing framework that will serve as the conceptual framework for this study (Mitchell et al., 2010).

Product: A product can be defined as a good or service (Dixon, Karniouchina, van der Rhee, Verma, & Victorino, 2014). A good is a material product offering while a service is a non-material product (Dixon et al., 2014).

Product diversification: A strategic choice that occurs when a business owner offers a new product in their existing market (related diversification), or they attempt to enter a new product market (unrelated diversification) (Barbero, Casillas, & Feldman, 2011; Su & Tsang, 2015).

Small Business Administration: The Small Business Administration is an agency in the United States that has the mission of conducting policy studies, economic research, and publishing data on small businesses' characteristics and contributions (SBA, 2016a).

Small business: A small business is an independent business having fewer than 500 employees (SBA, 2016a).

Sustainability: Sustainability is the ability to achieve longevity, continuity, and the ability to be maintained (Florea, Cheung, & Herndon, 2013).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions are facts that researchers accept or take for granted, without empirical evidence (Ellis & Levy, 2009; Leedy & Ormrod, 2015). It is important for researchers to explicitly identify their assumptions to prevent misunderstanding and to demonstrate that the research has been thoroughly considered (Ellis & Levy, 2009; Leedy & Ormrod, 2015). My first assumption was that small businesses had limited resources, reducing their competitive strategy choices (Armstrong, 2013). Second, I assumed the goal of a SBO is to remain sustainable beyond 5 years and achieve profitability and business growth. Third, I assumed that SBOs understand the importance of being market- and customer-oriented. Fourth, I assumed that some of the components of the MMO influence the decision-making practices of the sample population. Lastly, I assumed the sample population of SBOs would provide truthful answers to my interview questions that reflected their success in product diversification.

Limitations

A limitation is an uncontrollable threat or deficiency that may weaken the validity of a study (Ellis & Levy, 2009; Leedy & Ormrod, 2015). Identifying the limitations of a

study prior to conducting the research may help focus the researcher and their audience. Explicitly stating the limitations may allow other researchers to interpret whether, or to what extent, the study is valid and transferable to similar studies (Cooper & Shindler, 2014). This study was subject to six limitations:

1. The sample size of the population.
2. One industry (retail).
3. One geographic region (Fairfax, Virginia).
4. Since this study was cross-sectional, I was not be able to account for seasonal adjustments and popularity of the products and services that a business owner offered, which was a limitation.
5. I sampled only SBOs that had achieved success when using product diversification strategies is.
6. Because I was the only person collecting data, interpreting the interview results, and producing the findings, there was a potential for researcher bias.

Delimitations

Delimitations are the factors, constructs, or variables that a researcher intends to deliberately excludes from a study (Ellis & Levy, 2009; Leedy & Ormrod, 2015).

Outlining delimitations may constrain the scope of the study and make it more focused and manageable (Ellis & Levy, 2009). Delimitations, at the risk of generalizability, are

controlled research elements and conditions for exploring a business problem (Ody-Brasier & Vermeulen, 2014).

Limiting the location of the sample population to small retail businesses in Fairfax County, Virginia made the data collection, analysis, and interpretation more manageable. Limiting the study to only three small retail businesses with fewer than 19 employees kept the study focused. Excluding large businesses was a delimitation that both focused and made the study more manageable for a single researcher. While delimitations are purposeful and necessary in some research, they may hinder the transferability of the findings (Bloomberg & Volpe, 2016).

Significance of the Study

Contribution to Business Practice

The findings of this study have the potential to contribute to SBOs' effective business practice of defining and implementing a product diversification strategy to remain sustainable. Understanding how the multidimensional decision-making processes are involved in implementing a product diversification strategy will be useful for SBOs. Using a knowledge-based view, Macher and Boerner (2012) concluded that firms' knowledge sets are interdependent. A business owner should understand the full scope of a problem and the potential effects of possible solutions before making a decision; a well-researched problem is more likely to lead to a full understanding of a problem, leading to an efficacious path to finding a solution. On the contrary, ill-structured, poorly researched problems lead to an unclear understanding of how to provide a solution. This

interdependency supports the need for SBOs to use a structured framework when making strategic decisions.

Implications for Social Change

Cant and Wiid (2013) noted how crucial the successes of small businesses are to the economy, in general. They concluded that some important factors necessary for the success of products and services were (a) effective marketing through brand recognition, (b) brand equity/loyalty, (c) pricing, and (d) satisfying target markets. A product diversification implementation strategy designed by a business owner to consider these factors could drive small business product performance. When small businesses perform well, they contribute to the overall positive economic conditions within a society, for example, job creation, increased borrowing and spending, increased consumption, flexible pricing tactics, and better control of supply and demand (Chow & Dunkelberg, 2013). Because SMEs represent about 90% of global economic entities and employ about 60% of the total workforce, they play an essential role in the global economy (Briciu, Groza, & Putan, 2012). The effect of small business sustainability on a global scale demonstrates the significance of strategic decision-making and implementation, such as deciding how to use a product diversification strategy.

A Review of the Professional and Academic Literature

The purpose of this qualitative multiple case study was to explore how SBOs use the appropriate product diversification strategies to remain sustainable. The review covers product diversification, the conceptual framework, decision-making strategies,

and small business performance. The central research question of this study was: How do successful SBOs use product diversification strategies to remain sustainable beyond 5 years? I used the literature review to help identify current themes within the MMO framework and product diversification strategies.

This review of the professional and academic literature includes 84 total references: 69 peer-reviewed articles, 5 government sources, 1 article from an edited book, 2 articles from conference proceedings, and 7 academic articles from non-peer-reviewed journals. In this review, 87% of the references were within 5 years of the expected graduation date. Of the 69 peer reviewed references, 88% were published within 5 years of the expected graduation date.

I used two strategies to search for relevant articles. First, I entered keyword and phrase combinations in the online library's searching feature to identify potentially useful articles. I used words and phrases, in various combinations, such as *product diversification*, *small business*, *competitive strategy*, *decision-making strategies*, *small business profitability*, *marketing strategies*, and *small business failure*. I used the following databases to find scholarly and peer-reviewed articles: (a) Business Source Complete, (b) ABI/Inform Collection, (c) ProQuest, (d) SAGE Journal, (e) Google Scholar, (f) ScienceDirect, and (g) Emerald Management Journal. The second strategy I used was to identify useful articles from the reference lists of selected articles that I previously cited.

History of Product Diversification

In 1957, H. Igor Ansoff coined the term *diversification strategy* as a standalone business strategy (Ansoff, 1957; Manrai, Rameshwar, & Nangia, 2014). Ansoff (1957) defined diversification as a potentially high-growth, high-risk strategy that requires careful planning and analysis prior to making any decisions or taking action. Barbero et al. (2011) further defined product diversification as a strategic choice that occurs when a business owner offers a new product in their existing market or they attempt to enter a new product market. As a competitive strategy, product diversification involves thoughtful action to mitigate risk and the turbulence of external business environments.

Market fluctuations and internal capabilities have the ability to dictate how a business owner can or will use product diversification strategies. Coad and Guenther (2013) found that diversification tends to happen in bursts, or interrupted episodes, versus a consistent flow of diversification. They found firms diversify less as they age (Coad & Guenther, 2013). They also found that if firms diversify, taking into account size and age (larger and older firms have a lower exit rate), they will be less likely to exit, which means diversification, if not implemented too aggressively, can increase the likelihood of business sustainability (Coad & Guenther, 2013). If a business owner does decide to use a product diversification strategy, the same market and resource influences may dictate the type of diversification strategy they choose.

Product diversification strategies can differ in nature, depending on market and resource factors. Dasi, Iborra, and Safon (2015) discussed how a strategy is dependent

on an exploration or exploitative orientation, which both consume resources in differing amounts. Explorative orientation is the process of businesses looking for new avenues for growth or revenue. Exploitative orientation is the process of businesses focusing on what they are already good at (such as a niche market). Though product diversification is a broad, strategic term, there are different forms in which it can manifest; namely related and unrelated diversification.

Related diversification. Kim and Rasheed (2014) defined a diversification strategy as the result of a business' decision to pursue opportunities in related or unrelated industries by exploiting the financial, physical, and intangible resources that the firm possesses. Su and Tsang (2015) described related diversification as diversifying within an industry, while unrelated diversification involved cross-industry diversification. Related diversification strategies are generally regarded as easier and less risky to implement. Kistruck, Qureshi, and Beamish (2013) stated that related product diversification requires a business to make only minor adjustments to their existing operations. While research diversification strategies in charitable organizations, Kistruck et al. (2013) found that related product diversification led to increased efficiency while unrelated product diversification led to a decrease in efficiency. Coad and Guenther (2013) posited that firms more often diversify into related business activities rather than unrelated ventures.

Unrelated diversification. Unrelated diversification may be a more complicated strategy in some cases. When implementing unrelated product diversification strategies,

business owners must consider secondary stakeholders and build relationships to navigate challenges, such as different regulatory laws, industry specific challenges, and geographic concerns (Su & Tsang, 2015). These considerations are usually not as important when implementing related product diversification strategies (Su & Tsang, 2015). Pratyaksa, Sayoc, Koga, and Siy (2015) found that firms diversify into other industries due to limited or declining opportunities in their current industry. This implies that amidst the complications that unrelated product diversification can bring, it has value if implemented thoughtfully and purposefully.

Deciding on either a related or unrelated product diversification strategy should revolve strictly around how well it may contribute to business performance. Purkayastha (2013) evaluated the relationship between related diversification, unrelated diversification, and business performance, finding inconsistencies in the results of whether one type of diversification was more effective. Purkayastha determined that industry characteristics would dictate whether related or unrelated diversification strategies could be successful, not just internal tactics. This implies that evaluating the influence of the external market on the potential diversification strategy is essential in strategic decision-making.

Product Diversification and Firm Performance

SBOs implement competitive strategies to grow and to remain sustainable. Diversification is an important strategy for businesses that want to grow, create a competitive advantage, or to survive in the competition (Kang, 2013). Pretorius and

Holtzhauzen (2013) found 10 reasons that lead to business decline. An overambitious growth strategy and an unclear strategy for product and market were two of these reasons (Kang, 2013), both of which directly relate to product diversification. Popescu (2014) stated that, with half of all businesses failing in the first year, many of them fail because they expand beyond their capabilities. Luqman, Windapo, and Cattell (2013) noted a deficit of research regarding product diversification and the inconclusiveness in the findings of the current research; however, they recommended that diversification strategies should expand or stray far from the business' core mission. Focusing on the core mission and niche market is essential to maintaining a source of competitive advantage (Luqman et al., 2013). Benito-Osorio, Colino, and Zuniga-Vicente (2015) found that businesses should strategically operate within optimal diversification limits; not diversifying excessively or extremely limiting. A common recommendation amongst researchers is for businesses to avoid straying far from their core business when using a product diversification strategy.

Hashai (2015) researched within-industry diversification to determine at what levels the diversification will result in increased firm-performance. Hashai evaluated the amount of within-industry diversification (similar product lines), the adjustment costs (adapting resources for the new products), the coordination costs (creating effective linkages between products), and synergy (the related benefits of the products). Hashai evaluated the economies of cost, or the ability to save resources during related diversification, by comparing these three elements. Small amounts and high amounts of

diversification produced lower firm performance due to strains on cost, while moderate within-industry, or related, diversification improved firm performance (Hashai, 2015). Zahavi and Lavie (2013) also found that businesses could benefit from the economy of scope, which related diversification offers (producing more costs less than producing fewer products due to the sharing of resources). However, one drawback to closely related diversification is businesses may suffer from a negative transfer effect, which is the lack of distinction between product lines (Zahavi & Lavie, 2013). Customer perception and brand image are important components for SBOs to tactically consider.

The consumer's perception and loyalty to a brand can determine how a business owner diversifies their product or service offerings. Seiber and Zhang (2013) examined the perceptions of customers based on retail stores' pricing, appearance, product selection, shopping experience, convenience, and store policies. When retail stores did not attempt to isolate themselves or differentiate themselves too far from the competition, their customers were satisfied and they achieved sustainability (Seiber & Zhang, 2013). Related product diversification strategies are ways to offer new products, but not offer products that create an extreme isolation or differentiation from the competition. Customer satisfaction can have a positive effect on the size of a customer base and market share. Increased customer base can lead to increased market shares. Market share is a generally accepted way to evaluate the performance of a business (Ritthaisong, Johri, & Speece, 2014). The absolute market share measure represents the ratio of a business' sales versus the total sales in that particular market (Ritthaisong et al., 2014).

The relative market share measure represents the ratio of a business' total market share in relation to the total market share its three largest competitors (Ritthaisong et al., 2014). Market shares and relative size of market shares in an industry can be indicative of profitability.

Product diversification strategies can be a predictor of business profitability and eventual sustainability. Manrai et al. (2014) found that companies that used product diversification strategies were more profitable and were able to increase their tangible assets. Ho and Barnes (2013) researched entrepreneurs' perceptions of what defines success. Success is an important, subjective concept to define, as it helps guide research. In addition, it is important for goal setting for the entrepreneurs. Ho and Barnes found that SBOs largely defined success in three ways: (1) the high acceptance of their products or services, (2) personal gratification, and (3) a sense of pride and leadership. The high acceptance of a business' products or services implies that the success of a diversification strategy is measured by sales profitability and customer loyalty.

Change and change management are important considerations when trying to achieve profitability and sustainability through product diversification strategies. In general, firms that change more frequently, outperform those that do not (Klarner & Raisch, 2013). Klarner and Raisch identified two, overarching categories of change rhythm: regular and irregular. Regular changes in an organization were significantly related to higher levels of performance, while irregular changes were not significantly related to high performance. This was especially found to be true in dynamic

organizations. However, in less dynamic settings, some stability was found to be beneficial. Additionally, frequent change allowed organizations to remain adaptable, but too much frequency was detrimental, resulting in information overload. The frequency in which a product diversification strategy is implemented can affect its potential effectiveness, depending on the frequency in which the business makes strategic changes, market conditions, type of industry the business competes in, and whether related or unrelated diversification strategies are used.

Though related product diversification strategies are considered safer and more profitable strategic choices by many researchers, there are opposing findings worth noting. Doaei, Anuar, and Ismail (2014) found that, contrary to past results that found related diversification to be profitable due to the transferability of tangible and intangible resources, the results were not significant. Doaei et al. found no significant relationship between related diversification and financial performance. Instead, they found that unrelated diversification had a negative effect on financial performance. These findings indicate that product diversification strategies may not have a significant, positive effect on financial performance.

The exact benefit and application of product diversification strategies is a debatable topic among researchers. Patrisia and Dastgir (2016) provided an opposing viewpoint on how a diversification strategy may be beneficial or detrimental. They found that the benefits of a diversification strategy could be increased market power and increased risk reduction. However, a diversification strategy may also have a negative

impact on performance when higher internal coordination costs lead to lower performance. Dasi et al. (2015) found that, in the short term, discretionary slack, or additional/surplus resources, might lead to increased exploration and innovation. Dasi et al. then found that in the long-term, the continued reliance on discretionary slack could lead to managerial complacency and diminishment of control. In sum, if a business has discretionary slack, it is best to use it sparingly to explore and diversify, but not rely on it for these purposes. Product diversification should be a strategically planned endeavor.

Model of Market Orientation

Having a model, or framework, to make strategic decisions can be a beneficial tool for SBOs. In relation to product diversification, Seiber and Zhang (2013) found that it may not be enough to simply offer a new or niche product or service; other factors that influence the consumer experience should be considered, which involves market research. Mitchell et al.'s (2010) MMO was adapted from marketing models originally developed by Narver and Slater (1990) and Dobni and Luffman (2003), which were used as market research frameworks. Mitchell et al. then created an updated, more robust MMO model for market research called sustainable market orientation (SMO). SMO offered a more comprehensive macroeconomic and macromarketing approach, versus the MMO, which was limited to a microeconomic and functional management approach (Mitchell et al., 2010). The MMO, however, emphasized a marketing management focus on internal business dynamics to achieve efficiency and profitability. The older and more focused MMO model was better geared towards a small business with limited resources

and a microeconomic approach, versus a large corporation with multiple stakeholders influencing their decision-making.

The MMO outlined multiple operational components that direct a business' market orientation, which eventually influence organizational performance. A similar framework applied to small business' product diversification strategies may help guide the decision-making practices of the business owners to remain sustainable. Shepherd, Haynie, and McMullen (2012) noted that in business, it is not always cost effective or prudent to put excessive resources into information gathering, so many decisions are a result of conjectures based on incomplete information. Shepherd et al. assumed, however, that business owners are rational and able to decide what pieces of information are relevant for adequate decision-making. Shepherd et al.'s research demonstrated the usefulness of a conceptual framework to provide SBOs with limited research resources a structure to test conjectures without bias.

Product diversification, strategy, and execution should be interrelated concepts to achieve optimal success. Nagayoshi (2015) found that firms may have great products and strategies, but strategy execution is necessary for a sustainable competitive advantage. Strategic planning and execution work best when applied to a framework or plan. Mitchell et al.'s (2010) MMO contained six interrelated, operational components: intelligence generation, organizational coordination, customer orientation, competitor orientation, market responsiveness, and profit orientation. The MMO framework mapped a plan that was purposefully overlapping to address all aspects of market research. Jones

and Rowley (2011), in their model of entrepreneurial marketing orientation, illustrated how the intersection of customer orientation, entrepreneurial orientation, innovation orientation, and market orientation could improve firm performance. Tokman et al. (2013) also posited that any strategic action or commitment made by small businesses would overlap, or perhaps conflict, with various orientations such as market orientation or customer orientation. This alludes to the concept of creating an adequate and calculated strategic orientation balance based on market conditions, consumer needs, resources, and risk understanding and tolerance.

Real-options reasoning. Central to a business leader's decision to implement a product diversification strategy is understanding the business environment, associated risks, and the potential for achieving a competitive advantage. Chovancová, Osakwe, and Ogbonna (2015) found many factors could influence a small business' sustained competitive advantage. Considering this, if a firm decides to introduce or not introduce a product diversification strategy, a comprehensive analysis should be conducted. This logic gives way to real-options reasoning. Real-options reasoning is the cognitive process of strategic decision-making and uncertainty reduction through market research and understanding organizational capabilities (Chintakananda & McIntyre, 2014; McGrath, 2006). SBOs have the ability to achieve real-options reasoning by using a decision-making framework strategy.

The MMO is a simplistic framework that SBOs are able to use to understand strategic options. The more options that are visible to a small business with limited

resources, the more valuable that business can potentially become (McGrath, 2006).

When small businesses compete in larger markets, this type of framework becomes an essential tool. Considering real options, Chintakananda and McIntyre (2014) evaluated how a network effect would influence a firm's competitive advantage and strategy in the face of market uncertainty. They first identified two types of real options: deferral and growth options. A strong or weak network may have the ability to influence a firm's decision to either grow or defer growth/entry in the face of high or low market uncertainty (Chintakananda & McIntyre, 2014). A weak network may increase opportunity recognition due to business leaders' desire to expand, and find ways to open new doors that would otherwise not exist (McGrath, 2006). On the other hand, a weak network may be limiting and create greater uncertainty and misinformation (McGrath, 2006). Qualitative and longitudinal studies have helped business owners understand the complexities and negative consequences of having strong network ties (Hoang & Yi, 2015). Some negative consequences of strong and diverse network ties are incompatible dynamics, configurations of the relationships, and poor task-role alignments that may result in an inefficient resource exchange (Hoang & Yi, 2015). These concepts point to the importance of understanding real options, and maintaining a balanced customer and market orientation, to expand the relevant business research, networks, and reach.

Customer orientation. An important component of the MMO is customer orientation (Mitchell et al., 2010). When deciding on a competitive strategy and market positioning, gaining positive customer perceptions is essential (Seiber & Zhang, 2013).

Yu et al. (2014) examined the relationship between customer service quality, perceived value, customer satisfaction, and repurchase intention in the sport and fitness industry. They found that service quality was directly related to perceived value and customer satisfaction; however, service quality did not directly influence repurchase intention, implying that perceived value and customer satisfaction played a mediating role between the variables (Yu et al., 2014). They found that customer satisfaction was the most influential variable to influence re-purchase intention in the sport and fitness industry (Yu et al., 2014).

Bolton, Gustafsson, McColl-Kennedy, Sirianni, and Tse (2014) explained how the customer experience could be determinant of success. When applied to product diversification, a customer-oriented focus could help a SBO decide how to diversify. Bolton et al. learned that spending the time to build value in individual customers made it difficult for a competitor to achieve brand loyalty with the same customer. This customer loyalty is achieved because a value-building approach enables SBOs to establish a relationship with their customers. In terms of product diversification, this could involve allowing customers to have input on new products or services that the business offers, which is known as value co-creation (Bolton et al., 2014). Word-of-mouth (WOM) reviews are also a valuable byproduct of assuming a customer-oriented approach using product diversification strategies. Jones and Rowley (2011) found that creating networks and establishing WOM recommendations made customer orientation a key business approach. Using product diversification strategies to encourage positive WOM could

help performance and profitability, which implies that a marketing aspect should be included in all product diversification choices. Nieto, Hernández-Maestro, and Muñoz-Gallego (2014) discovered that 20-50% of all purchasing decisions are based on WOM reviews. WOM can also generate brand awareness, which can help retail business owners achieve differentiation from larger businesses (Mitchell, Hutchinson, Quinn & Gilmore, 2015). This differentiation can help smaller businesses avoid price competition with larger retailers (Mitchell et al., 2015). The perception of customer satisfaction is based on any discrepancies between the customer's expected product/service quality and the actual quality (Nieto et al., 2014). Customer perception and psychological satisfaction can be important elements when deciding how to use product diversification strategies.

Appealing to customers on a psychological level can be an effective tactic in implementing a product offering strategy. Zhou, Wang, Zhang, and Mou (2013) reported that nostalgic consumption stems from insecurity, vulnerability, dissatisfaction, and fear. Companies use three strategies to entice nostalgic purchases, appealing to these consumption practices: adopting nostalgic appearances, manufacturing techniques, or communicating slogans/narratives. Zhou et al. found that personal and social insecurities led to an increase in nostalgic purchases. These insecurities led to up-market purchases as a comforting effect (Zhou et al., 2013). SBOs may be able to use related product diversification strategies to offer lines of similar products that have differing appeals, depending on the market and industry, to establish loyalty and create customer value.

While promoting a product diversification strategy, brand-orientated marketing tactics and other customer-centric tactics drive customer relations and value. Viewing the marketing department separate from a firm's market orientation, Wirtz, Tuzovic, and Kuppelweiser (2014) found that the marketing department could contribute to new product performance and customer relations performance. The concept of gearing product select towards a target consumer base is an important component in any business strategy framework. Tripes, Kral, and Zelena (2013) stated that the best strategic choice that a business can make is the one that the customers most want and what is in-keeping with the current market trends (customer and market orientation).

Competitor orientation and market responsiveness. Two other important components of the MMO that are applicable to product diversification strategy decision-making are competitor orientation and market responsiveness (Mitchell et al., 2010). These two components, inclusive with the other four operational components, contribute to overall market orientation. The updated SMO referred to market responsiveness as sustainable market orientation (Mitchell et al., 2010), but the focus is still the same; understanding the market demand to leverage a sustained competitive advantage. A market orientation is a customer-centric view of doing business by gathering market intelligence, disseminating the intelligence, and the responsiveness surrounding the acquisition of the intelligence (Gagnon, Michael, Elser, & Gyory, 2013). A high level of market orientation can create a competitive advantage for a business as long as they execute the process more efficiently than their competitors (Gagnon et al., 2013).

The six MMO components can be used to orientate the focus of a business strategy depending on the market, industry, and business goals. In their research on learning goal and performance goal organizational orientation, Che-Ha, Mavondo, and Mohd-Said (2014) conducted a quantitative study with 223 Malaysian corporations serving as the sample population. By using a survey methodology, Che-Ha et al. found strong empirical evidence that demonstrated a positive relationship between market orientation and business performance. Martins and Rialp (2013) studied strategic orientation and the environment in which a business operates. They found in benign, uneventful market environments, SMEs that have either a conservative or an entrepreneurial orientation performed equally well (Martins & Rialp, 2013). They found that in hostile market environments, the entrepreneurial oriented businesses that focused on innovation, risk-taking, and proactive behaviors yielded better results (Martins & Rialp, 2013). Risk-taking and straying from the niche market may be more suitable in a hostile environment (Martins & Rialp, 2013). Only focusing on diversification within the niche market, or not diversifying at all, may be best suited when the market conditions are docile (Martins & Rialp, 2013). Along with volatile or docile market conditions, a business owner's resource availability is indicative of their strategic decision-making.

Resource-Based View

Though organizational resources are not explicitly listed as a component of the MMO framework, it would be prudent of a SBO to consider resource availability and allocation prior to implementing any competitive strategy. Su and Tsang (2015) found

that while managers are eager to adopt a product diversification strategy, they might want to consider a resource-based view (RBV) and diversify into areas that identify with their core competencies, which will maximize the use of their resources. Through the lens of the RBV, businesses that are able to accumulate resources and capabilities that are rare, valuable, nonsubstitutable, and difficult to imitate, have the ability to achieve a competitive advantage over competing businesses (Gligor & Holcomb, 2014).

Kozlenkova, Samaha, and Palmatier (2014) stated that a resource has the potential to achieve a sustained competitive advantage if the resource is valuable, rare, imperfectly imitable, and exploitable. In other words, the organization has to possess the resources, are able to use them properly, other firms do not possess it, and other firms are unable to adequately duplicate them (Kozlenkova et al., 2014). When examining how a SBO may use a product diversification strategy to remain sustainable, many factors have to be considered. The RBV can be used to identify the inimitable resources that a business can leverage when choosing to offer a new product, enter a new market, or how the resources could even create a disadvantage (Bromiley & Rau, 2014).

Businesses are more likely to diversify into industries that have ties to their core market than they are to diversify into industries that lack specific linkages (Neffke & Henning, 2013). They identified the concept of the RBV of product diversification, which stated a firm should diversify only into areas where they have strong resources giving them a competitive advantage, even if the resources had been previously underleveraged (Neffke & Henning, 2013). Simply stated, the concept of RBV favors

related product diversification over unrelated product diversification (Neffke & Henning, 2013). Neffke and Henning also discovered that firms are 100 times more likely to diversify into industries that their core industry is strongly related to, versus one that has weak linkages.

The tenets of the resource-based theory, or the RBV, reject the notion that external forces sufficiently explain the success of a business, pointing to the importance of how internal resources can be used to achieve a competitive advantage (Hsu & Ziedonis, 2013). Hsu and Ziedonis noted that it is not important if a business has resources that are valuable, scarce, and nonsubstitutable, but it is important how and why they use them. Intangible management resources, such as the use of knowledge and best practices, are examples of resources geared towards proper planning and effective resource usage. The knowledge-based view (KBV) is an expansion of the RBV to include what the firm knows, such as experience and best practices. Knowledge, as a resource, is important for a business to develop and manage to achieve sustainability through resiliency (Popescu, 2014). Knowledge is an intangible asset that is a source of competitive advantage because it is inimitable, specific, rare, and valuable for organizations (De Luca, Maia, Cardoso, de Vasconcelos, & da Cunha, 2014). From the perspective of the KBV on product diversification, Neffke and Henning (2013) proposed that firms should diversify into areas where they already have a strong knowledge and skill base, emphasizing the importance of human capital. Takeuchi (2013) stated that knowledge creation fuels innovative business practices. The KBV is a dynamic concept that differs from other

schools of thought due to its singular intent on knowledge as the key driver of strategy (Takeuchi, 2013). Another expansion of the RBV and KBV was the practice-based view (PBV). The PBV contained the concepts of management skills and management practices for leveraging decision-making and improving performance (Bromiley & Rau, 2014). All of these theories and concepts can aid a SBO in developing a strategic approach for improved firm performance within the scope of organizational resources.

Tangible and intangible resources. The central focus of the RBV revolves around business owners' ability to use their assets effectively. Business resources can be either tangible or intangible (Kozlenkova et al., 2014). Small business owners base many strategic decisions on what type of resources are available to them. Song, Yu, Ganguly, and Turson (2016) stated that, in relation to large companies, small firms have a difficult time acquiring capital, which in turn relates to limited tangible resources. Ritthaisong, Johri, and Speece (2014) explored how rice-milling firms in Thailand could gain a sustained competitive advantage, using the RBV as a theoretical framework. They were able to generalize that there is a link between strategic, valuable intangible resources and organizational performance, allowing firms to gain and maintain a sustainable competitive advantage (Ritthaisong et al., 2014).

Limited tangible resources give SBOs less flexibility to explore competitive strategies at a low risk (Song et al., 2016). However, a combination of intangible assets may improve business performance and competitive advantage (De Luca et al., 2014). Relying on knowledge and best practices may be an option to leverage resources without

having large amounts of capital or tangible assets. Strategically planning product diversification strategies is essential to ensure sustainability. SME's often have reduced capital, which makes them especially vulnerable to changing economic conditions (Neagu, 2016). Following a strategic framework and leveraging intangible resources is an essential tool for SBOs with limited resources to make product diversification decisions.

Intangible resources and product diversification decision-making. Limited tangible resources in small firms make the intangible resources, such as knowledge, more value to the decision-making process. The value of intangible resources has given way to the development of extensions, or new components, of the RBV. Bagnoli and Giachetti (2015) found that knowledge resources were more valuable than property resources in small firms. From a market-based view (MBV), firms tend to first define their product and market position, and then identify the resources they need to achieve that. From the RBV, firms base their strategic choices first on their unique, valuable, rare, and inimitable resources. However, a KBV integrates both the MBV and RBV strategies to either exploit or explore internal and external knowledge or resources. In a comparative analysis of marketing research theories, Kozlenkova et al. (2014) reviewed the MBV and how it overlapped with the intangible resources component of the RBV. From the perspective of the MBV, Kozlenkova et al. stated that with as much as 70% of a firm's market value coming from intangible resources, business owners must focus on customer

relations, knowledge, and brand equity to increase organizational performance and sustained competitive advantage.

There are cumulative effects of using the different components that comprise the RBV in small businesses. Lonial and Carter (2015) evaluated the intangible assets such as entrepreneurial orientation, market orientation, and learning orientation, which are difficult for competitors to duplicate. Lonial and Carter found, that while each of the orientations has been known to positively affect performance in large businesses, all three are necessary for small businesses to maximize their performance capabilities. When deciding to use a product diversification strategy, a SBO can evaluate multiple segments of their business from different perspectives, or orientations, to be sure they are making informed decisions based on their intangible resources. Making product diversification decisions based on a combination of market fluctuations, customer preferences, core competencies, and resource availability is an example of using the principles of the RBV, KBV, PBV, and MBV.

Decision-Making Strategies for Small Businesses

Deciding how to leverage resources and information is just as important as having the resources and information. Wong, Tseng, and Tan (2014) found that a sustained competitive advantage is not achieved through simply a result of tangible or intangible resources, but rather how well both types of resources are used to support the organization's strategic goals. Tripes et al. (2013) noted that organizations should have strong knowledge of their resources and external environment to be able to make

appropriate strategic decisions. Tripes et al. also stated that a competitive advantage results from the relationship between internal processes and the external environment, highlighting the relationship between market orientation, resources, and knowledge (RBV and KBV).

With knowledge of internal resources and the external market in mind, strategic decisions, such as a product diversification strategy, should be formulated in a pragmatic manner. Much of research that is available on product diversification strategies provides inconclusive and ambiguous findings (Chen & Yu, 2012; Luqman et al., 2013), which means that business owners may need to identify less precise methods for making strategic decisions than relying on known research. Pelta and Yager (2014) described most decision-making strategies as being imprecise, but supported the idea of using a model or decision-making framework to guide strategic choices. On the other hand, quantifiable data may also be a precise way to make decisions. Osakwe (2016) found that using analytics to inform strategic decision-making might be superior to relying on a form of personal bias or experience alone. Osakwe noted that recent empirical evidence showed that using decision-making rationality in the form of some type of guide, model, or quantitative tool drives entrepreneurial competencies, customer-centric performance, and supports overall organizational effectiveness. A competency-focused approach to decision-making can give a SBO a competitive edge.

Vast market competition is a driver for change and innovation. Adeoye (2012) stated that a competitive market is one of the leading complexities that organizations will

face. Market responsive, as found in the MO, is an important characteristic of remaining competitive (Mitchell et al., 2010). Dixon et al. (2014) stated that managerial decision-making was an important factor in product and service offerings. Product and service diversification strategies can lead to the addition or subtraction of these offerings, based on market and consumer adaptations. Adeoye stated that changes in the business environment are continuously causing companies to adapt, formulate, and implement strategies to continue to deliver product to the customer. Dixon et al. concluded that any new product/service offering needed to align with the business' organizational strategy.

Decision-making strategies to aid product diversification choices are an important element for small businesses to remain competitive. Adeoye (2012) found that business owners should develop and implement appropriate strategies to protect and develop their operations in dynamic business environments. The rapidly changing market creates a need for this strategic planning. Luqman et al. (2013) found that geographic location and market diversification have an impact on how firms should use product diversification strategies, but overall, they recommended that diversification should not stray far from the business' core mission, maintaining their competitive advantage. Benito-Osorio et al. (2015) also recommended not straying far from the core business when using a product diversification strategy. Popescu (2014) stated there are several external factors that may force business owners to make internal adjustments. These factors could include supply and demand, inflation and unemployment, growth, capital, and aggregate demand and supply. Other variables that a business owner must consider are their strengths, talents,

and skills, emphasizing the concept of staying close to the niche market. Business, brand, and product specific decision-making should be based on a type of balanced guide, model, or framework.

Brand management. A goal of product diversification decision-making strategies is ensuring the product and service offerings and the quality is oriented to the branding. Branding, or brand management, is a byproduct of establishing trust and loyalty in a brand or business. Oxborrow and Brindley (2014) stated that regardless of the type of competitive strategy that a SBO uses, they must establish trust and offer a level of commitment to the customer. Trust is an important component of brand management and can be influenced by product diversification decisions. Chovancová et al. (2015) found that branding strategy was an important competitive factor for the growth of small enterprises in a competitive marketplace, especially since small and medium enterprises are at a disadvantage compared to big businesses. Mitchell et al. (2015) qualitatively explored small business branding in the retail industry, using semi-structured interviews and purposeful sampling. Small businesses owners in the retail industry use branding strategies as an important way to keep up with the evolving, external business environment and provide their firms with a source of competitive advantage (Mitchell et al., 2015).

A product diversification strategy that is customer orientated, as depicted by the MO, will keep customers informed, build value in each customer, and lead to product offerings that are suggested, or co-created, by the customer (Bolton et al., 2014; Mitchell

et al., 2010). This information can be gained from customer feedback, through market responsiveness, and intelligence generation (Mitchell et al., 2010), which in turn can lead to brand loyalty. In terms of brand orientation and management, Osakwe, Chovancová, and Ogbonna (2016) found it necessary for SMEs to recognize their local market conditions, or market-sensing. They emphasize the importance of brand orientation by stating that a manager/owner's attitude towards their brand orientation is a determinant of success. This concept was grounded in the RBV, which stated that the firm must first develop appropriate valuable, rare, and inimitable resources (Kozlenkova et al., 2014; Osakwe et al., 2016). Osakwe et al. found that using intangible resources was imperative to success and the concept of brand orientation overwhelmingly contributed to a strategic competitive advantage.

Gensler, Völckner, Egger, Fischbach, and Schoder (2015) identified that product offerings are related to a company's brand; therefore, brand image is a reflection of the customer's perception of a product and association of a product or network with a brand. This concept relates to the tactical decision of not straying far from the business' core business or niche when implementing a product diversification strategy, as a bad product experience could result in negative brand perception, affecting the original niche market (Gensler et al., 2015). Focusing on brand image in the early stages of a small business' life could increase the chances of sustainability. Laukkanen, Nagy, Hirvonen, Reijonen, and Pasanen (2013) found that growing SMEs demonstrated greater brand and market

orientation than stable or declining SMEs. This implies that there are benefits of effectively using product diversification strategies by newer, small businesses.

Risk management. Much like with the concept of real-options reasoning, reducing uncertainty and creating a more predictable business environment is a way to increase rational management and reduce the risks associated with diversification (McGrath, 2006). Brustbauer (2016) found that about two-thirds of SMEs lack the resources to reliably support risk-management activities. Even though entrepreneurs and business leaders are familiar with their businesses, a risk management tool may help facilitate awareness and guide decision making in their current business environment. A framework such as the MO, when applied to product diversification could help reduce uncertainty and manage risk. Brustbauer found that risk management efforts had positive effects on business' competitiveness, long-term success, and sustainability.

Implementing different forms of business analysis can help business owners evaluate the risk of product diversification strategies. Anthony (2012) found that a strengths, weaknesses, opportunities, and threat analysis (SWOT) would help SBOs orientate their businesses to the areas of the market and their consumers, while helping to identify their strengths and weaknesses in each area. Using this information, business owners would be able to determine how to use a product diversification strategy based on their circumstance while minimizing potential risks. Product diversification requires safe and cautious decision-making and strategic planning that includes risk management, especially with unrelated diversification (Kang, 2013). Kang found one of the positive

aspects of product diversification, namely unrelated product diversification, was that the act of diversifying alone forced managers to engage more with stakeholders (customers) in strategic planning and in risk management efforts. These actions may directly contribute to SBOs achieving a sustained competitive advantage.

Product Diversification and Small Business

Product diversification is a strategic effort that SBOs can use to innovate and produce new initiatives for growth and profitability. A product diversification strategy can be a low-cost competitive strategy that SBOs with limited resources can implement. Small businesses do not have to grow to the size of a large business to be competitive and perform well; they need to be innovative and constantly improving (Bello & Ivanov, 2013). Since small firms do not have the abundant resources that can serve as a safety net that large firms do, they need to rely on effective strategic planning to make the right decisions the first time (Cordeiro, 2013). Dixon et al. (2014) described the importance of managerial decision-making on product and service offering, concluding that any new offerings need to align with the business' organizational strategy.

Alignment and planning are essential to successfully implementing any business strategy. Cordeiro (2013) studied small business strategic planning success and failures and discovered that growth and innovation were a direct result of business owners using a strategic planning process. Steyn and Niemann (2014) stated that strategy, corporate sustainability, and governance are inseparable principles. Sustainability for a small business, as a strategic goal, is achievable by adapting to stakeholder and societal demand

(Steyn & Niemann, 2014). SBOs, due to limited product offerings and resources, should focus on establishing brand identity and brand equity as a strategic goal for achieving sustainability (Spence & Essoussi, 2010). In terms of product diversification strategies, since small businesses have limited products and resources, the effects of any degradation of their brand equity could be magnified compared to that of a large company (Spence & Essoussi, 2010). For SBOs attempting to implement a product diversification strategy, Spence and Essoussi recommended offering limited products that have a close association with each other and the businesses core competencies. This is consistent with findings stating that a business owner should not stray too far from their niche market (Benito-Osorio et al., 2015; Luqman et al., 2013). Product diversification strategies give SBOs options to achieve a safe level of adaptation within an existing business model.

Small Business in the Retail Industry

The retail industry gives way to a multitude of avenues for a product diversification strategy to be effective. Business retailing can range in format, such as from small general stores, department stores, chain stores, supermarkets, discount department stores, franchises, superstores, to internet-based retailing (McArthur, Weaven, & Dant, 2016). The smaller retail businesses have the advantage of being able to leverage customer relationships and market responsiveness better than larger retailers. Strategies that the small business retailers use are similar to the operational components outlined in the MO; namely intelligence generation, organizational coordination, customer orientation, and market responsiveness. Being market-oriented and relying on

supply chain relationships is a way that small business retailers can leverage market trends through new product and service offerings (Quinn, McKitterick, McAdam, & Brennan, 2013). A customer oriented small business retailer can take advantage of customer-closeness, which a large business cannot, for achieving a competitive advantage (Quinn et al., 2013).

Quinn et al. (2013) posited that incremental diversification strategies were an innovative way that small business retailers could use competitive strategies effectively to remain sustainable. Being innovative and practical with product and service offerings is an important approach to business sustainability. Meltzer and Capperis (2016) discovered that businesses offering frequently consumed products and necessity goods and services were more likely to remain sustainable than businesses only offering discretionary goods and services. This suggests that small businesses that do not innovate and diversify too far from their niche, or what has worked in the past, are less susceptible to local shocks in business-related costs and consumer demands (Meltzer & Capperis, 2016).

Small businesses in the retail industry generate a lot of revenue and create many employment opportunities across a supply chain. Retail sales totaled \$4,219,821,871,000 in the United States in 2012, which equated to roughly \$13,443 worth of retail sales, per capita (United States Census Bureau, 2016a). In Virginia in 2012, retail sales totaled \$110,002,385, which equated to roughly \$13,438 worth of retail sales per capita (United States Census Bureau, 2016b). In 2014, the retail industry employment accounted for

4,859,600 jobs in the U.S. (BLS, 2015). The BLS projected a 7% growth rate in retail industry employment from 2014 – 2024, which is on par with the average, national employment growth rate (BLS, 2015). This 7% increase would result in 331,000 new jobs created in the U.S. by 2024 (BLS, 2015). In 2015, retail jobs in Virginia accounted for 57,080 – 93,500 of total state employment (BLS, 2016c). With the prevalence of small retail businesses in operation and the amount of revenue and employment that they generate, strategic planning to create and maintain a sustained competitive advantage is necessary.

Achieving a Sustained Competitive Advantage

The MMO was designed to help business owners focus on the market-oriented integration of firms' internal capabilities to generate long-run profitability, maintain or increase the consumer base, improve competitiveness, expand market share for its products and/or services, ensure organizational responsiveness in providing customer value and satisfaction, and meet strategic goals (Mitchell et al., 2010). Warnier, Weppe, and Lecocq (2013) concluded that firms could sustain a competitive advantage if they implemented a value-creating strategy that was not simultaneously implemented by many competitors. This implies that innovative diversification, or diversifying within a niche, would create the most value and competitive advantage.

Hyytinen, Pajarinen, and Rouvinen (2015) conducted a quantitative study, using a survey methodology, to establish the correlation between the level of innovativeness start-up firms engaged in and their survival rate, noting that innovation and

diversification levels were related topics. Contrary to much of the previous literature, Hyytinen et al. discovered firms that were more innovative at start-up had a 6-7% lower survival rate than those that were less innovative. Hyytinen et al. posited that this was, in part, due to a complicated start-up process. Other researchers have found innovation that increased market power and lowered production costs were positively correlated with firm survival. In a quantitative examination of the timber industry, Jaron (2016) also concluded that innovation might be a SBO's key to achieving a competitive advantage. The prevalence of creativity and innovation are key assets for the sustainability of organizations (Madden, 2015). In sum, innovation or diversification should not be used as tools to simply attempt to find an inexpensive way to remain sustainable, the implementation should be purposeful.

Purposeful product diversification strategies should include a plan to access the amount of diversification necessary to achieve a sustained competitive advantage. Benito-Osorio et al. (2015) found that businesses should strategically operate within optimal diversification limits by not diversifying excessively or in an extremely limiting manner. Each industry, market, and business will differ in the mix, but some researchers found that a safe practice was to be mindful of niche markets. Bresciani, Vrontis, and Thrassou (2013) noted that a diversification strategy that was distant from the business' core, or niche, market could result in failure. However, properly entering a new market that was close to the core business had the potential to create and sustain a competitive advantage (Bresciani et al., 2013). The same logic is applicable to the geographical

influences in an industry or market. Oh, Sohl, and Rugman (2014) examined product diversification strategies from a geographical and complexity perspective. They found that complex diversification strategies hindered profitability for firms operating in foreign markets. On the other hand, Oh and Contractor (2014) found that product diversification lowered the positive performance of firms operating in their home-regions while it lessened the negative performance of firms expanding into other markets. These two findings were in direct opposition to each other, highlighting the ambiguous research results on product diversification.

Aside from the various influences and strategic decision-making factors that can affect a sustained competitive advantage, business owners should define what their competitive advantage is and how to measure it. García-Castro and Ariño (2011) examined different ways for a company to measure a sustained competitive advantage, other than through just economic measures. A company achieving above average profits may reinvest those immediate profits into human capital, tangible assets, technology, employee benefits, or other expense aimed at propelling future growth. Any of these investments could indirectly contribute to a sustained competitive advantage. Armstrong (2013) found that small firms have less choice in terms of how to achieve a competitive strategy, so their choice should be competency based. Armstrong concluded that when small businesses offer a unique product (differentiation strategy) and maintain a low overhead, they have a better chance at growth. SBOs could target customer satisfaction as their means to achieving a sustained competitive advantage. Small businesses in the

sport and fitness industry achieved high levels of customer satisfaction from successfully using differentiation strategies (Tripes, Zelena, Voracek, & Kral, 2013). High service quality, innovation, and responsiveness to customer needs led to customer satisfaction, establishing a sustained competitive advantage (Tripes et al., 2013). Overall, García-Castro and Ariño stated that a sustained competitive advantage was a multidimensional performance measure that evaluated a value creating strategy over time, compared to business competitors and industry business cycle.

Small Business Effect on the Economy

Small business sustainability can have an impactful effect on the economic health of a country and state. This is primarily because small businesses are the most prevalent type of business in the United States. Small businesses comprise 99.9% of all firms and 99.7% of firms with paid employees (SBA, 2016a). In 2016, there were 681,517 small businesses in Virginia, making up 97.7% of all businesses in the state (SBA, 2016b). Briciu et al. (2012) stated that SMEs play an essential role in the economy of any country in the world, as they represent about 90% of the economic entities and employ about 60% of the workforce. Because of this, small businesses are the main driver of raising state employment rates, state household incomes, state household consumption, state tax revenue, and growth in state economies (Shukla & Shukla, 2014).

Job creation, innovation, and societal advancement are other benefits that small businesses provide to the general economy. Small businesses are a principal engine of jobs creation, growth, and innovation for the American economy (Gale & Brown, 2013;

Shukla & Shukla, 2014). Small business start-ups account for 20% of gross US job creation, which is about 2.9 million new jobs annually (Decker, Haltiwanger, Jarmin & Miranda, 2014). Gagnon et al. (2013) discovered that small businesses are often viewed as drivers of innovation that lead to socially, economically, and environmentally sustainable outcomes. Ojokuku, Sajuyigbe, and Ogunwoye (2014) stated that small businesses play a leading role in technological development, employment, domestic capital formation, redistribution of income, creating future entrepreneurs, and import substitution. The economic contributions of small businesses to the economy are compounding and profound.

The purpose of this qualitative, multiple case study was to explore how SBOs use the appropriate product diversification strategies to remain sustainable beyond 5 years of opening their business. The review of professional and academic literature contains scholarly articles and government research documents. The literature review is comprised of article summaries, statistical reviews, and a synthesis of multiple data sources. The sustainability of small businesses may be an essential factor in contributing to healthy economic conditions through consumerism, higher employment rates, and a reduction in communities' poverty.

Summary and Transition

Section 1 covered the following topics: (a) background of the problem, (b) problem statement, (c) purpose statement, (d) nature of the study, (e) research question, (f) interview questions, (g) conceptual framework, (h) operational definitions, (i)

assumptions, limitations, and delimitations of the study, (j) significance of the study, and (k) a review of the professional and academic literature. The review of the professional and academic literature covered the following topics: (a) history of product diversification, including related and unrelated diversification strategies, (b) product diversification and firm performance, (c) the model of market orientation, (d) the resource based view, with a detailed review of tangible resources, intangible resources, and product diversification decision-making, (e) decision-making strategies for small businesses, with a focus on brand management and risk management, (f) product diversification and small business, (g) achieving a sustained competitive advantage, and (h) small business sustainability's effect on the economy.

Section 2 will cover (a) the purpose statement, (b) role of the researcher, (c) participants, (d) research method and design, (e) population and sampling, (f) ethical research, (g) data collection instruments and techniques, (h) data organization technique, (i) data analysis, (j) reliability and validity, and (k) a summary and transition. Section 3 will include a presentation of the findings, applications to professional practice, implications for social change, recommendations for actions and future research, the researcher's reflections, and a conclusion.

Section 2: The Project

Purpose Statement

The purpose of this qualitative multiple case study was to explore how SBOs use the appropriate product diversification strategies to remain sustainable. The participants of this study were three small retail business owners in Fairfax County, Virginia, who employed fewer than 19 people and have successfully used product diversification strategies to remain sustainable beyond 5 years. The results of this study could contribute to positive social change given the number of people who rely on the sustainability of small businesses for employment. Providing SBOs with an implementation framework for making product diversification decisions could help them remain sustainable or achieve growth. Small business sustainability and growth contribute to healthy economic conditions through consumerism, higher employment rates, and a reduction in the poverty of some communities.

Role of the Researcher

The role of a researcher is to use research methods to connect a study from an initial, formative idea, through the stages of a literature review, pilot study, data collection, data analysis, discussion of findings, conclusion, and future research agendas (Whiteley, 2012). Researchers collect data through interviews, empirical observations (interactions and symbolism), reviewing documents, and examining artifacts. As a qualitative researcher, I served as the research instrument (Erlingsson & Brysiewicz, 2013). My role was to create the research and interview questions, contact the potential

participants/sample population, collect data, use proper interview protocols, identify emerging themes in the data, and triangulate and analyze the results.

Personal bias can be a critical issue in qualitative research (Leedy & Ormrod, 2013). Methodological rigor must be taken to exercise reflexivity, objectivity, and to mitigate personal bias (Whiteley, 2012; Yin, 2014). Qualitative researchers should also be aware that data collection could come from both formal and informal collection techniques, which could result in subjective data interpretation (Whiteley, 2012).

Following the ethical standard set forth by the U. S. Department of Health and Human Services, and stringently adhered to the Walden University's Institutional Review Board, I was mindful of the guidelines of the *Belmont Report*, the first guide to human research ethics, written in 1979 by a U. S. government commission (Belmont Report, 1979; Rogers & Lange, 2013). The *Belmont Report*, written by The National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research Subjects of Research, summarized the ethical principles and guidelines for the protection of human populations in research settings (The Belmont Report, 1979). The report included guidelines for vulnerable groups, such as racial minority populations, the economically disadvantaged, the very sick, and institutionalized persons (Rogers & Lange, 2013). The report serves as a policy, rather than specific recommendations, for the U. S. Department of Health and Human Services (The Belmont Report, 1979). It established an analytical framework to guide the resolution of ethical human research problems by following three basic ethical principles of research involving human

subjects: (a) the respect for persons, (b) beneficence, and (c) justice. I followed each of these principles closely while conducting my research.

As the most widely used qualitative data collection approach, interviews can provide depth in a research inquiry by allowing researchers to gain deeper insights from rich narratives (Venkatesh, Brown, & Bala, 2013). I used in-person interviews as an exploratory tool to understand the research participants' perceptions and understandings of the phenomenon of interest (Frels & Onwuegbuzie, 2013; Venkatesh et al., 2013), which is how SBOs use product diversification strategies. As dictated by proper interview protocol, interviews with participants were audio recorded, transcribed, analyzed, and the interpreted data was returned to the respondent for member checking (Erlingsson & Brysiewicz, 2013). Qualitative researchers rely on interview processes, or protocols, as a tool to achieve representation, data saturation, and data triangulation to ensure validity in the study (Frels & Onwuegbuzie, 2013). I did not know the SBOs I chose as participants in this study. Not having a relationship with the sample population reduced the risk of personal bias during the in-person interviews and increased the validity of the study.

Participants

SBOs in the retail industry were the participants in this study. The participants must have been in business for 5 years and have successfully used product diversification strategies. Additionally, the business owners must have employed no more than 19 people. I selected the participants by reviewing the Central Fairfax Chamber of

Commerce online directory (Central Fairfax Chamber of Commerce, 2016). I called or visited each potential participant to determine who would qualify as a part of the sample population and who was willing to take part. The participants must have had experience with the phenomenon that the researcher was exploring (Yin, 2014). The purposefully selected, small retail business owners must have demonstrated success with using product diversification strategies. The in-person interactions helped me establish rapport, trust, and a working relationship with each potential participant.

Marshall, Cardon, Poddar, and Fontenot (2013) suggested choosing a minimum of three participants to interview, which is a common number of interviewees for a case study. However, a researcher's goal when conducting multiple interviews is to reach data saturation, which is when new information provides diminishing returns, redundancy, and replicated data (Marshall et al., 2013; Roy et al., 2015). I informed and sought permission from each participant to record and transcribe the in-person interviews. Recording interviews allows researchers to review the data multiple times to ensure completeness and accuracy in understanding the participant's experiences. During the interviews, I took notes to highlight key points of references and potential themes. Before conducting any research, I gained approval from the Walden University Institutional Review Board.

Research Method and Design

Research Method

I used a qualitative method to explore how SBOs use product diversification strategies to remain sustainable beyond 5 years. Understanding *how* small business owners use product diversification strategies requires an in-depth understanding of decision-making and real-life experiences. A qualitative method affords a researcher the ability to gather thick descriptions to gain contextual understanding and eliminate ambiguity in the findings (Hyett et al., 2014). A qualitative method is the best choice for conducting an exploratory study to develop a deep understanding and experienced-backed insight from SBOs regarding a particular phenomenon (Venkatesh et al., 2013).

A quantitative or mixed methods study can provide insight into the correlated or causal relationships between variables, but they will not provide explanations of why or how participants make certain choices. Quantitative methods answer closed-ended questions that confirm a hypothesis or establish a relationship between variables, while qualitative methods answer open-ended questions that provide vivid accounts of participants' ascribed contextual meanings to events or situations (Koch et al., 2013). The mixed method is a combination of qualitative and quantitative methodologies (Frels & Onwuegbuzie, 2013). The mixed method falls short of providing thick descriptions and interpretive creativity when analyzing the data. A qualitative method is best used for a subjective analysis of experiences, while a qualitative or mixed method is better suited for objectively analyzing raw data (Birchall, 2014; Koch et al., 2013).

Research Design

I used a multiple case study design to conduct this research. Researchers use case studies to explore contemporary phenomenon/business problems in-depth and in a real-world context (Yin, 2014). A case study is advantageous when a researcher is exploring how or why a set of events have occurred in an uncontrollable setting (Yin, 2014). Exploring multiple cases may lead to data saturation, which is the point where new findings have become redundant and a researcher feels they have a sufficient understanding of the concepts they are exploring (Roy et al., 2015). A case study was suitable for my research because it provided a flexible structure to explore the complexity of the research problem (Hyett et al., 2014). A case study design enabled me to gain insight on how SBOs use product diversification strategies, directly from the individuals involved in the decision-making (Hancock & Algozzine, 2015).

Other qualitative design choices include narrative, phenomenology, ethnography, and grounded theory (Lewis, 2015). Narrative (historical) research is a historical recount, or chronology, of a single participant's life experiences (Ingham-Broomfield, 2015). Narrative researchers attempt to find meaning in the spoken or written stories of an individual, with consideration to the environmental context (Hunt, 2014). Phenomenological research is used to explore the meaning of lived experiences of a single event (phenomenon) on a specific group (Hunt, 2014). Ethnographic research is used to explore the cultural systems, behaviors, intricacies, and beliefs of a group (Hunt, 2014; Ingham-Broomfield, 2015). The pointed nature of narrative, phenomenology, and

ethnography excluded them as viable options for my study. Grounded theory is used to help researchers move beyond descriptions and to generate new theories through studying social systems and human interactions (Hunt, 2014; Ingham-Broomfield, 2015), which was not applicable for goals of this research.

Population and Sampling

The sample for this study was selected using purposeful sampling techniques. Purposeful sampling is the process of narrowing the potential participants based on their knowledge or expertise based on the study criteria (Leedy & Ormrod, 2013; Poulis, Poulis, & Plakoyiannaki, 2013). Contextualizing the case selection may result in the research findings being more relevant to the business problem being researched (Poulis et al., 2013). However, purposeful sampling to achieve high contextualization may lead to the research findings being less generalizable, whereas a highly generalizable study would not be as contextually rich (Tsang, 2013). I focused the sample population on profitable SBOs that had experience using product diversification strategies.

Shabankareh and Meigounpoory (2013) stated that a sample size should closely follow the concept of data saturation. Selecting an appropriate sample size is directly related to the concept of data saturation. Data saturation is the point where new findings have become redundant and a researcher feels they have a sufficient understanding of the concepts they are exploring (Roy et al., 2015). A large sample may create wasted data, whereas a small sample size may not have enough repetitive data to reach saturation (Roy et al., 2015). Ultimately, the sample size is determined by the rate and thoroughness of

data saturation (Molenberghs et al., 2014). I started with three small retail business owners and was prepared to increase the population if saturation was not reached.

Other criteria for purposefully selecting the sample population was small retail business owners that have been in business for 5 years or more. I interviewed each business owner in their natural business setting, recorded the interviews, and provided the participants with the data for member checking, which is the process of presenting descriptions, or interpreted data, to the respondents to verify accuracy (Whiteley, 2012). They must have successfully used product diversification strategies at some point in the life of their current business. The businesses must have been located within the boundaries of Fairfax County, Virginia. Additionally, the business owners must have employed no more than 19 people.

Ethical Research

I conducted this study after receiving approval from Walden University's IRB (Approval No. 10-11-17-0582598). I was mindful of the guidelines of the *Belmont Report* and followed the ethical standard set forth by the U. S. Department of Health and Human Services. Walden University's Institutional Review Board stringently adheres to these standards. I was also mindful of participant privacy, the accuracy of information, intellectual property, and restricting access to the participants' information (Myers & Venable, 2014).

Informed consent is a procedure that allows the research participants to understand their privacy and rights (Myers & Venable, 2014). Informed consent is an

ethical principle that researchers must use to enable the participants, to the greatest possible extent, to freely give their permission to participate in the study (Myers & Venable, 2014). I engaged the participants with a Participant Consent Form, which included a sample of the interview questions and explained that I would like to audio record the interviews. A component of informed consent is an explanation of the voluntary nature of any participation (Myers & Venable, 2014). I explained that participation in the study did not include compensation or incentives, was completely voluntary, and they would have the freedom to notify me of their intention to withdraw from the study at any time they wished. To withdraw from the study, the participant was able to notify me by telephone, email, or in-person.

After receiving the participants' consent, I contacted each participant by either email or telephone to schedule the in-person interview date and time. Protecting the rights, anonymity, and privacy of the participants is important while gathering data, storing the data, and the data analysis is paramount (Yin, 2014). To assure an adequate level of ethical protection, I will store the data electronically on a personal, password-protected, external hard drive for 5 years. I will delete the data after that time. Additionally, I will store any written data in a locked cabinet, which will be shredded after 5 years. The participants were informed that they will have access to the study results upon request. I ensured the confidentiality of the participants and their organizations by not specifically referring their names, brands, or other identifying products in the study. I instead referred to the participants as Participant A, B, and C.

Data Collection Instruments

I was the primary data collection instrument for this study. In a qualitative study, serving as the primary research instrument, the researcher is responsible for building the relationships necessary to elicit accurate personal experiences from the participants (Bender & Hill, 2016; Marshall & Rossman, 2016). Yin (2014) recommended using multiple sources of data, stating that various sources of evidence can be highly complementary. As the data collection instrument, I could have chosen to collect data from participant interviews, direct observations, participant-observation, archival records, company documentation, and physical artifacts (Barbour, 2014; Bender & Hill, 2016; Yin, 2014). I conducted in-person, semistructured interviews with open-ended questions, following a prescribed, seven-question interview protocol. A secondary data collection technique was company document reviews, such as advertising materials, inventories, financial statements, or profit and loss statements. I used a combination of data saturation, data triangulation, thick descriptions, and member checking techniques to enhance the reliability and validity of the data collection instruments and processes (Elo et al., 2014; Houghton, Casey, Shaw, & Murphy, 2013; Hussein, 2015; Hyett et al., 2014; Loh, 2013).

For this study, I developed interview questions that helped me gain a comprehensive understanding of how a small retail business owner may use product diversification strategies. To gain meaningful information from these exploratory multiple case studies, and to generate meaningful information, creating a semistructured,

open-ended interview instrument was necessary (Bender & Hill, 2016; Leedy & Ormrod, 2015). I provided each participant with a copy of the Participant Consent Form to review again and sign before I started the interview questions. I began each interview with light conversation, before asking the first interview question, to establish rapport, comfort, and trust (Leedy & Ormrod, 2015). Establishing rapport and trust is an important aspect for giving the participants space and comfort to honestly share their experiences (Bender & Hill, 2016).

I used the Voice Recorder audio recording application on my Samsung laptop computer to record the in-person interviews. I used an interview guide to ask the seven pre-scripted questions. I supplemented these questions with follow-up questions depending on the answers the participants gave me. I took notes during the interview to highlight certain remarks, aspects, or key moments of the interview. I used the VoiceBase and InqScribe applications on my laptop to assist in transcribing the audio recording. After transcribing the recorded interview answers, I emailed the participants the themes I developed from the transcribed interviews to ensure my interpretation was accurate to their explanation. Once all of the participants agreed with my interview interpretations, I further analyzed the data to develop emergent themes and subthemes. I triangulated the interview results with my company document review and retail store observations. Hussein (2015) defined data triangulation as the use of multiple data sources in a single study for validation purposes. Hussein stated the idea of data triangulation is that the robustness of a single source of data can vary based on how it

was collected, when it was collected, and where it was collected from, so using multiple sources may increase the validity of the research. Using one data collection method may increase the credibility and generalizability of another data collection method (Hussein, 2015; Hyett et al., 2014).

Data Collection Technique

I conducted in-person, semistructured interviews that adhered to a strict interview protocol. The benefit of semistructured interviews is that the researcher has a pre-scripted set of thoughtfully designed questions to guide the interview, but has the freedom to supplement additional questions as the participant shares their experiences (Bender & Hill, 2016; Leedy & Ormrod, 2015). A disadvantage to this method may be if the researcher is either uncomfortable with their questions or relies too heavily on the scripted words. I conducted the in-person interviews at the business owners' place of business, but in a secluded space for privacy. I allowed the participants to select the dates and times that were most convenient and least obtrusive to them. I allotted an hour of time for the entire process, but the seven, prescribed interviews did not take more than 45 minutes to complete. Prior to the in-person interview, each participant was e-mailed a copy of the questions so that they could be prepared to provide accurate answers.

I gained the participants' permission to audio record the interview and used the Samsung Voice Recorder application on my laptop. I had a printed copying of the interview questions to take notes on during the interview. The purpose of taking notes during the recorded interview was to note any key moments, expressions, or observations

that I may not have remembered later or may not have been evident in a transcription. Taking notes was advantageous when interpreting the data and comparing the findings of all the interviews. After the interview, I saved the recorded file to my laptop. To transcribe the interview, I uploaded the audio file into the VoiceBase application on my laptop, which provided a full transcription. Next, I copied and saved the raw transcription into a Microsoft Word file. Finally, I loaded the raw transcription into the InqScribe application on my laptop. InqScribe allowed me to listen to the recorded audio interview at a slower speed while simultaneously reviewing and editing the raw transcription from VoiceBase for accuracy.

While onsite at the retail store location, I recorded any observations that I had, such as product displays, product selection, advertisements, customer interactions, and general perceptions of the environment. After the interviews, I reviewed company documents. These documents included advertising materials, inventories, online content and financial statements (Barbour, 2014; Bender & Hill, 2016; Yin, 2014). The advantage of observations and document reviews is that a researcher may be able to find a deeper meaning and context than with just interviews alone. Additionally, analyzing multiple sources of data allows a researcher to validate their findings through triangulation (Hussein, 2015; Yin, 2014). A disadvantage is that the interpretations may be subjective and influenced by bias. After I completed data analysis, I returned the synthesized data to the participants and conducted member checking, allowing them to

add or make changes to enhance the meaning of their responses (Birt, Scott, Cavers, Campbell, & Walter, 2016; Whiteley, 2012).

Data Organization Technique

Protecting the rights, anonymity, and privacy of research participants and their intellectual property is important while gathering, organizing, analyzing, and storing the data (Myers & Venable, 2014; Yin, 2014). I will store the data electronically on a personal, password-protected, external hard drive for 5 years. I will delete the data after that time. Additionally, I have stored any written or collected data in a locked cabinet, which will be shredded after 5 years. The participants were informed that they will have access to the study results upon request. I ensured the confidentiality of the participants and their organizations by not specifically referring their names, brands, or other identifying products in the study.

I stored the audio interview, interview transcriptions, and data analysis electronically. The company documents and observations may be stored electronically or in a reflective journal/notebook. I am the only person who has access to the data. The electronic data are stored on a password protected, external hard drive. I will delete this data after 5 years. I have stored all of the raw data, company documents, notes, and other written observations in a locked safe and will shred them after 5 years.

Data Analysis

There are multiple types of triangulation techniques; data, investigator, theory, and methodological (Hussein, 2015; Yin, 2014). Data triangulation is most appropriate

for this multiple case study. By using the data triangulation method, a researcher collects information from multiple sources with the goal of corroborating the same findings (Cope, 2014; Yin, 2014). Once the triangulated data from each interview converges and reaches a redundancy, data saturation has been achieved (Roy et al., 2015; Yin, 2014). Developing and using a coding system to identify emergent themes in the data will allow me to create a visual, decision-making framework for how small retail business owners use product diversification strategies.

I started the coding process with a baseline set of codes that I derived from the MMO conceptual framework. The MMO framework contained six operational components relating to market orientation. I assigned each of the six operational components (intelligence generation, organizational coordination, customer orientation, competitor orientation, market responsiveness, and profit orientation) a letter code, ranging from A-F. Next, I read through the interview transcription and placed the appropriate letter code, in a different color font, behind the word or phrase that matched the MMO theme. For example, if the participant said they like to offer new products based on customer recommendations, which would match the MMO framework code of customer orientation, which was a letter C. A phrase or concept may have had multiple codes assigned to it.

As I progressed through the transcribed interview, I identified new concepts that were either stressed as being important by the participant or were found to be frequent words or phrases. I created a new letter code for those findings; not every concept fit

exactly with the MMO conceptual framework. After identifying themes within the interviews, I created a spreadsheet to organize the data. The spreadsheet was created in Microsoft Excel and included the theme at the top of the chart with the corresponding letter next to it in parenthesis. I placed the words or phrases that I identified in the interview in the column under the corresponding heading. This organization helped identify frequency. Lastly, based on a combination of frequency, overlap, implied importance, or lack of importance, I combined or eliminated themes to make new categories and adapted framework.

Reliability and Validity

The quality and rigor of research studies are measured by their reliability and validity (Loh, 2013). Loh stated that trustworthiness was the general term used to explain the quality of a qualitative study, while reliability and validity are terms synonymous with quantitative studies. The common criteria used to assess the rigor of qualitative research are dependability, credibility, confirmability, and transferability (Cope, 2014; Houghton et al., 2013; Loh, 2013). The common criteria for qualitative research are analogous to the reliability and validity presented in quantitative research. Qualitative research, however, cannot be judged comparatively to that of quantitative research (Houghton et al., 2013). My qualitative case study used multiple techniques to demonstrate the trustworthiness of the research.

Reliability

Reliability refers to how stable the research data is, namely in quantitative studies (Houghton et al., 2013). The concept of reliability is often compared to the criteria of dependability in qualitative research (Houghton et al., 2013). Elo et al. (2014) stated that dependability refers to the stability of data over time and under varying conditions. To ensure the dependability of my qualitative research, I was consistent with my interview protocol across all participant interviews. The interview protocol included consistent recording, transcription, member checking, and data interpretation for procedural replication (Whiteley, 2012).

Validity

The concept of validity in quantitative research is comparable to the qualitative research criterion of credibility, transferability, and confirmability (Houghton et al., 2013). To validate research findings in a qualitative study, a researcher can use data saturation, data triangulation, thick descriptions, and member checking techniques (Elo et al., 2014; Houghton et al., 2013; Hussein, 2015; Hyett et al., 2014; Loh, 2013). I used a combination of each of these validation techniques to demonstrate credibility, provide the opportunity for other researchers to gauge transferability, and reach confirmability.

Credibility. Credibility refers to the perceived value and believability of the research findings (Houghton et al., 2013), and that the data has not been misinterpreted or manipulated. Member checking is a technique that can enhance the credibility of case study findings (Loh, 2013). After transcribing the participant interviews and analyzing

the context, I returned my interpretations to each participant to ensure I fully understood what they were explaining. Achieving data saturation is also an important aspect of proving the credibility of a qualitative case study (Houghton et al., 2013). To reach data saturation, I continued to explore the case study until I no longer identified any new data.

Transferability. Transferability refers to the potential or reasoning that research findings can be generalized or transferred to other settings or groups (Elo et al., 2014). Houghton et al. (2013) stated that transferability refers to whether particular findings can be transferred to another similar context or situation while still preserving the meaning of the original study. However, transferability is not a definitive term. The subjective nature of whether data and findings can be transferred between studies need to be validated through the using thick descriptions (Loh, 2013). Identifying, in detail, the limitations, delimitations, controls, or any other pitfall in the study will add to the validity and encourage triangulation and thick description (Hyett et al., 2014). I detailed the context of all data and findings to ensure thick descriptions were present for other researchers to determine the level of transferability that my findings may have.

Confirmability. Confirmability refers to the potential for congruence between two or more independent parties regarding the objectivity, accuracy, and relevance of the data's findings and meaning (Elo et al., 2014). Houghton et al. (2013) stated that confirmability refers to the neutrality and accuracy of the research data. Hussein (2015) found that the idea of data triangulation is that the robustness of limited data sources can vary based on how it was collected, when it was collected, and from where it was

collected. Validating the research by using multiple data sources will aid in the confirmability of the findings (Hussein, 2015). I followed a strict interview protocol, used data triangulation, achieved data saturation, and conducted member checking to ensure the accuracy of the data and findings.

Summary and Transition

The purpose of this qualitative case study was to explore how SBOs use product diversification strategies to remain sustainable. Section 2 covered the following topics: (a) purpose statement, (b) role of the researcher, (c) participants, (d) research method and design, (e) population and sampling, (f) ethical research, (g) data collection instruments, (h) collection technique, (i) organization technique, (j) data analysis, (k) reliability and validity, and (l) a summary and transition.

In Section 3, I present the findings of the research study, applications to professional practice, implications for social change, recommendations for actions and future research, the researcher's reflections, and a conclusion.

Section 3: Application to Professional Practice and Implications for Change

Section 3 begins with an introduction of the study, to include the purpose of the study and a brief summary of the findings. Section 3 will also cover the following topics: (a) the presentation of the findings, (b) application to professional practice, (c) implications for social change, (d) recommendations for action, (e) recommendations for further research, (f) reflections, and (g) a conclusion.

Introduction

The purpose of this qualitative multiple case study was to explore how SBOs use the appropriate product diversification strategies to remain sustainable. The semistructured interviews encouraged the SBOs to give candid insight into their strategic decision-making. I was able to ask follow-up or clarifying questions based on the responses to the initial interview questions, which further encouraged the participants to provide detailed information.

I conducted the semistructured interviews with three successful SBOs in Fairfax, Virginia. After analyzing the participants' responses to the interview questions, I triangulated the findings by using company documents, such as advertising materials, product catalogs, and online content and location-specific observations to identify common themes. I used the MMO conceptual framework as a baseline for identifying emergent themes, and then added or subtracted themes based on my findings. I chose additional themes based on the participants' repetitive answers and/or answers that the participants stressed as being very important. I identified the following emergent themes

for how SBOs use product diversification strategies to remain sustainable beyond 5 years: customer-centric decision-making, market-trend orientation, resource orientation, and complementary products and services.

Presentation of the Findings

I used semistructured interviews, supported by company document review and observations, to collect data to answer the following research question: How do successful SBOs use product diversification strategies to remain sustainable beyond 5 years? The findings of this study supported the six components of the conceptual framework: intelligence generation, organizational coordination, customer orientation, competitor orientation, market responsiveness, and profit orientation (Mitchell et al., 2010). Each of these components was prevalent in this study's findings, except competitor orientation (Table 1). However, there were a few minor variations to the MMO components due to the specificity of this study.

Table 1

Frequency of MMO Components

MMO components	Number of mentions	Percentage of total
Intelligence generation	15	8%
Organizational coordination	7	4%
Customer orientation	47	26%
Competitor orientation	1	1%
Market responsiveness	26	15%
Profit orientation	14	8%

I was able to reach data saturation when the data analysis led to repetitive information. The use of member checking confirmed my data interpretation, further validating data saturation. I found new themes that formed either one of the emergent themes or a subtheme (Table 2). The four emergent themes that I identified were customer-centric decision-making, market-trend orientation, resource orientation, and complementary products and services. Along with these emergent themes, I identified several subthemes. The subthemes were comprised of a mixture of new concepts and MMO components that were relevant only as supporting principles for small business' product diversification strategies. All of the themes in this study have some level of overlap and can be used in conjunction with each other.

Table 2

Frequency of New Themes

New themes	Number of mentions	Percentage of total
Resource-orientation	23	13%
Complimentary products	21	12%
Organic decision-making	12	7%
Demographics	14	8%

Participant Information and Background

All of the participants in this study were small retail businesses. Each participant had 19 or fewer employees, was located in Fairfax, Virginia, and was in business for 5 years or more. The participants in this study included a retail furniture storeowner, a bicycle shop owner, and a firearms storeowner. Each participant's business achieved growth because of a successful strategic planning.

The participants answered most interview questions similarly, which justified data saturation. I gained the most insight from each participant through the interview process. I triangulated the findings of this data by using company documents, such as advertising materials, product catalogs, and online content and location-specific observations. At the conclusion of the data collection and analysis, I returned my interpretation of the participants' interview question responses to each participant for member checking. Through the member checking and data saturation, I was able to demonstrate validity and reliability in the study (Birt et al., 2016; Hussein, 2015).

The retail furniture storeowner (Participant A) was in business for over 30 years. The owner had previous experience in the fashion design industry. The concept of this store was to offer furniture to a diverse consumer base by offering both high-end and value products. An interior design service was also available to the costumers to help them furnish their entire home. Through the high-end showroom, the value furniture selections, and catalog sales, Participant A was able to reach a variety of market segments. The bicycle storeowner (Participant B) was in business for over 15 years. Participant B was able to expand the business by opening a new retail location and purchasing a mobile bicycle delivery/service franchise to support the primary business. Participant B maintained a lean inventory of base products and chose to diversify based on a combination of consumer needs, market trends, resource availability, and adequate profit margins. The firearms storeowner (Participant C) owned the store for over 15 years. Participant C maintained a lean inventory of base products and supported it with related accessories and services. Participant C's product diversification strategy fluctuated as the market trends fluctuated. Participant C used product diversification strategies to attract new market segments and better service the existing customer base.

General Observations

During the data collection and analysis, I identified some commonalities in each SBOs' decision-making and strategic approach that were worth documenting. These observations may not be directly related to the business owners' product diversification strategy; however, they could influence other strategic choices that affect overall business

success. These observations, or combination of observations, could somehow influence the outcome of a product diversification strategy.

First, each SBO visibly displayed signage that advertised his or her core vendors and brands sold. Second, each business owner was involved in, and passionate about, their respective industry. Third, each business owner maintained a lean inventory. Maintaining a lean inventory served as a cost savings strategy and a way to simplistically cater to their target consumer markets. Fourth, each business owner understood the importance of reaching multiple market segments within their industry. Lastly, each business owner stressed the importance of their ability to make decisions organically and implement new ideas with ease.

Overall Findings

The overall findings of this study suggested SBOs that choose to implement a product diversification strategy should use a related product diversification strategy, focus on their niche market, and use a decision-making framework. The products or services that a SBO chooses as a part of their diversification strategy should have ties to their core market rather than an industry that lacks specific linkages (Neffke & Henning, 2013). Using a related diversification strategy ensures that new products or services have a linkage to the core market. Each participant maintained a base product selection that all diversification related to in some way. Not straying too far from the niche market is important for SBOs achieving or keeping a competitive advantage (Luqman et al., 2013).

Since each participant in this study had similar experiences when successfully implementing a product diversification strategy, I can assume that their collective strategies could form a framework for other small retail business owners to follow. Morgan (2012) stated that since no singular study or factor can fully capture all of the variables involved in marketing and business performance, a comprehensive framework may offer a business owner the inclusion of multiple variables and findings. The emergent themes identified in this study can serve as a baseline framework that other small retail business owners can use to develop a diversification strategy.

An interesting finding in this study was that none of the participants mentioned their competitors in relation to implementing a product diversification strategy. One of the six components of the MMO was competitor orientation (Mitchell et al., 2010). Though competitor orientation was not one of the emergent themes or subthemes in this study, it does not necessarily mean that understanding competitor strengths and weaknesses is not a factor in SBOs' market research or intelligence gathering.

Emergent Theme 1: Customer-Centric Decision-Making

The most prevalent theme in this study was customer-centric decision-making. Customer-centric decision-making is when SBOs use customer feedback, suggestions, and preferences to make product diversification decisions. This theme was based on the MMO component of customer orientation (Mitchell et al., 2010). Customer-centric decision-making was the most frequently mentioned theme, by all participants, as noted in Table 3.

Table 3

Frequency of Customer-Centric Decision-Making

Participant	Number of mentions	Percentage of total
Participant A	15	26%
Participant B	22	27%
Participant C	10	26%

Participant A noted that it was important to stock the bestselling and most requested furniture items, even if the profit margin for that product was not very high. In an example about a popular sofa, Participant A stated they now sell that couch for \$200 less than they originally did, with the goal of moving more units. Participant B offered a variety of product lines based on the multiple market segments that shopped at his/her store. In regards to deciding of what base products to stock the store with, Participant B offered that “You sort of start trying to hit as many bases as you think you can, and then add or subtract inventory” (personal communication, November 16, 2017). The variety of products on the showroom floor also validated this finding. Participant C also diversified based on the different market segments that would visit his/her store. Participant C advertised special events on different days of the week with the goal of capturing the interest of a variety of customers.

Customer co-creation. A subtheme to customer-centric decision-making is customer co-creation. Each participant mentioned how, through customer requests, they

decided to add new products to their inventory. Co-creation is very customer-centric because the consumers are deciding what products will be offered to them, which builds value in each customer (Bolton et al., 2014). Participant B noted that they might first learn about a new market trend through requests from their customer base. Participant B stated, “If a customer suggests something . . . then we can react pretty quickly as a small business” (personal communication, November 16, 2017). Each participant sells certain requested products through catalog sales rather than inventoried products. Catalog items were not stocked as a part of the base product inventory, but were ordered depending on what customers requested. When discussing customer-centric product diversification and maintaining a lean furniture inventory, Participant A said, “We can sell it off the magazines and our catalogs and also it's consumer driven . . . we don't have to show every dining table, you can just show that book” (personal communication, November 13, 2017). Catalogs sales are a way that SBOs can easily participate in co-creation, maintain a lean inventory, and remain flexible as market trends change.

Emergent Theme 2: Market-Trend Orientation

The second most prevalent theme in this study was being market-trend oriented, as depicted in Table 4. Market-trend orientation is when SBOs use new trends, innovations, and intelligence gathering to make product diversification decisions. I based this theme on a combination of the MMO components of market responsiveness and intelligence generation (Mitchell et al., 2010). I discovered that in most cases when the participants discussed business research, they were also referencing market trends.

Table 4

Frequency of Market-Trend Orientation

Participant	Number of mentions	Percentage of total
Participant A	13	24%
Participant B	18	22%
Participant C	10	26%

MBV. The MBV is a viewpoint from which businesses choose their product offerings and market position first, and then allocate their resources to support that choice (Kozlenkova et al., 2014). While I will note in the third emergent theme that a small business' available resources dictate product diversification decisions, the MBV is still relevant to some degree. Each participant in this study noted that available resources could influence their product diversification decisions; however, once they were able to commit to a strategy, they would adjust intangible resources to support the product selection and market position. For example, Participant C first chose new product offerings based on the product availability in the industry. Subsequently, adjustments were made to support that decision, such as offering accessories or services to fit that new product. Participant C noted that some of their vendors will create a product demand through advertising, but not produce enough of those products to distribute to retailers, which influences how a product diversification can be implemented. "The biggest resources are making sure the product is available. If it's not available, when can we get

it” (Participant C, personal communication, November 28, 2017)? The other participants had similar experiences with navigating and accommodating market trends; tangible resource availability was the primary focus, accommodating market trends via intangible resources was secondary.

My observations in the participants’ stores demonstrated the owners’ ability to follow market trends. I was easily able to identify the products that were recently introduced and popularized in their respective industries. Participant A noted that a representative from their store would attend a bi-annual vendor showcase to keep up with market trends. In reference to the vendor showcase, Participant A stated, “Because we don't manufacture, we are a retailer, what our vendors do is they introduce new products. For example, what's current, what's fashionable, what's selling, colors, finishes, styles. And, that is one way that we diversify our products. We look at the new introductions and we would like to have something on our floor that shows a client when they walk in that we are an up-to-date, cool, current furniture store” (personal communication, November 13, 2017). From the perspective of the MBV, intangible resources such as market research, market knowledge, and product knowledge can improve customer relations, organizational performance, and a sustained competitive advantage (Kozlenkova et al., 2014).

Intelligence gathering. One of the six components of the MMO is intelligence gathering (Mitchell et al., 2010). According to the participants’ interview data, I learned that gathering intelligence and market responsiveness in small retail businesses are

similar actions. Not only do the business owners have to be able to offer new industry trends, but they have to be able to research their intended markets to offer the correct products based on demographics, current events, and seasonality. Gathering intelligence is an intangible resource that SBOs use to stay in touch with current trends and innovations. Participant B mentioned that to keep customers coming into the store, he/she must continue to be able to offer the products that customers will want. When asked how he/she chose certain products for their product diversification strategy, Participant B stated, “We chose them because they’re the leading brand, they’re the brand most people called the phone asking for” (personal communication, November 16, 2017).

Based on intelligence gathering, SBOs should collect, disseminate, and act on market insight (Martensen & Mouritsen, 2014). Market intelligence is used to collect ideas, information, and knowledge about markets and customers. Business owners can use market-based information to develop customer-related strategies, new business cases, products, and processes (Martensen & Mouritsen, 2014). By thoroughly researching market trends, a SBO can improve their real-options reasoning and decision-making abilities.

Demographics, current events, and seasonality. Gathering intelligence, as a component of being market-trend oriented, is multi-faceted. The participants all seemed to understand the importance of industry and market trends, as well as understanding how to apply those trends to achieve growth and a competitive advantage. Participant A mentioned that his/her product diversification stemmed from demographical research

combined with what industry experts touted as the biggest trends. Participant C is in a unique situation, where the market trends are often affected by local, national, and global news or politics. Participant C stated, “Depending on the time and the year or what's going on in the world, that effects our diversification strategy a lot” (personal communication, November 28, 2017). Participant C’s comprehensive market-trend oriented approach resulted from a combination of current events, demographics, and new vendor products. Cant and Wiid (2013) found that external circumstances can profoundly impact small businesses, such as society, economics, and technology. Participant C was good at posting visible advertisements and arranging product displays in a way to demonstrate this level of adaptability.

Emergent Theme 3: Resource Orientation

The third most prevalent theme in this study was resource orientation. Being resource oriented was not directly derived from the MMO components, but rather emerged through participant interview responses. I found during the data analysis that the MMO component of organizational coordination overlapped with the concept of resource availability, so I decided to group them into an emergent theme (Table 5). Participant A, B, and C articulated in their interviews that resources and resource availability were a factor in choosing a product diversification strategy. However, it was difficult to view resources as a business challenge through my observations and document reviews. The way and frequency in which the participants discussed resource challenges solidified this as an important factor in decision-making.

Table 5

Frequency of Resource Orientation

Participant	Number of mentions	Percentage of total
Participant A	12	22%
Participant B	13	15%
Participant C	5	13%

Being resource oriented is not only a concept focused on tangible resources such as money, physical space, product availability, or number of employees, but it also includes intangible resources that can maximize the use of the tangible resources. Each participant had a level of expertise in their industry that benefited their decision-making abilities. With limited tangible resources, SBOs must strategically decide what resources to acquire, and when (Song et al., 2016).

Product diversification timing. During the interviews, each participant, either explicitly or implicitly, mentioned that the timing of their product diversification strategies was key to maximizing resources. Participant A found that product diversification was most effective when the market was dynamic and profits were high. This gave him/her more flexibility in decision-making and resource expenditure. Keeping the product selection static when the market was slow was good for preserving resources, such as money. Participant C mentioned that he/she purchases new inventory when a current event spurs a new market trend. When the market is active or in a state of

fluctuation, risk-taking may be more suitable (Martins & Rialp, 2013). When sales are low or the market trends seem docile, limiting or eliminating product diversification strategies may be the best decision for that time (Martins & Rialp, 2013). When I visited Participant C's store, due to current events slowing product demand coupled with high product availability, his/her baseline products were not the driving the most profits, so product diversification was low and the business model shifted to a customer service based approach.

Organic decision-making. Being resource oriented means that SBOs need to be able to make logical product diversification decisions in a rapid and cost-effective manner. Many factors can go into making strategic decisions, making it necessary to adapt to customer and market demands efficiently. Participant A stated that, unlike large businesses that have many resources, small businesses have to be able to make strategic decisions in an informal, organic manner. "As a small business . . . a lot of them are family owned and operated, and so you lack the formality in big companies. It's more informal decision making, it's in a much more impulsive environment. It's not the result of, you know, thoughtfully considering data" (Participant A, personal communication, November 13, 2017). Participant A also mentioned that, since there are limited employees, each person takes on multiple roles, which further saves resources but also requires an organic work environment. "In a small business people wear different hats, so the same person who is determining what product to buy or how to diversify, is probably also doing other important functions such as accounting or sales or marketing or

customer service or planning deliveries or human resources, you know, so you have one person wearing multiple hats, which leads to decision-making regarding product diversification in a more organic manner” (Participant A, personal communication, November 13, 2017). Participant C discovered that an organic decision-making model leads to better customer-centric decision-making and fast market-trend orientation.

Cost savings strategy. Each participant mentioned finding ways to reduce costs and increase profit margins was an important factor when deciding on a product diversification strategy. One technique that Participant A and B used was maintaining a lean inventory. They purposefully only stocked their stores with limited products that were known sellers or products that were a part of their current diversification strategy. Since it is expensive to buy and maintain a large inventory, it is not an ideal tactic for small businesses. Selling through catalogs or online sales is an effective way to diversify a product line and to extend market reach. Participant A noted that, in many cases, they sold products through specials orders so they did not have to pay for the inventory in advance. “Because we do special order products, or people, customers come in, they'll buy like a leather sofa...when we buy that sofa it doesn't even touch our showroom” (Participant A, personal communication, November 13, 2017). Both Participant A and B used this strategy, and even delivered the products to their customers to expand their region of service.

Each participant found ways to save on inventory costs to preserve capital. Participant A would base product diversification decisions on the seasonal savings that

vendors made available for some inventory. Participants A and B had a similar approach to diversification. They mostly worked with the same vendors to take advantage of savings incurred through economies of scale; the more they bought, the more money they could save. Participant A said their vendors would “take 15% off the wholesale price, or they would take 20% off the wholesale price if you buy five items, or they'll offer us a deal” (personal communication, November 13, 2017). In reference to their main vendor, Participant B noted that because of the great economies of scale they are able to receive when ordering inventory, “we try to give them about 80% of our business every year” (personal communication, November 16 2017). Participant C stated that he/she based the product diversification strategy on “highest profit margin, least cost” (personal communication, November 28, 2017). Ensuring an adequate profit margin through cost-reducing measures was a factor in product diversification selection for Participants B and C; Participant A focused on the number of product units they were able to sell versus just profit margins.

Aside from money, the participants’ recognized that other resources had to be considered when implementing a product diversification strategy. They mentioned employee training, space for inventory, and research time and effort as potential resource hurdles. Learning new skills can be a costly intangible resource that is important for employee development so they can effectively explain and sell the new products or services (Sahut et al., 2013). Participant B (personal communication, November 16, 2017) noted that sending employees to training courses was costly and only happened

when profits were high. Participant C noted that he/she leveraged the product training that their core vendors provided, thus keeping training course costs to a minimum. However, the time it takes the employees to undergo new product training is also an expended resource and could increase payroll costs. Participant A noted that purchasing a lot of inventory is not only costly, but it takes up space on the showroom floor. Maintaining a lean inventory keeps costs low as well as reduces the burden on other resources. Maintaining a lean and precise inventory was very visible in each participants' stores.

Emergent Theme 4: Complimentary Products and Services

The fourth emergent theme that I discovered was complimentary products and services (Table 6). The frequency of each mention was not as high as the other emergent themes; however, this theme was stressed by each participant as being an important aspect of their product diversification strategy and overall decision-making. In each case, the participants diversified their products and services to compliment or promote another product or service. The participants all used a related product diversification strategy that did not stray far from the niche market and was complimentary to their core market and product lines (Luqman et al., 2013; Neffke & Henning, 2013).

Table 6

Frequency of Complimentary Products and Services

Participant	Number of mentions	Percentage of total
Participant A	3	5%
Participant B	12	14%
Participant C	6	16%

Participant A offered an interior design service to serve as both an add-on service to buy and as a way to help sell other products. Participant B offered a service center located in the store, and offered a mobile service and delivery truck option. These options catered to varying market segments and customer needs. Each accessory, product, or service that Participant B chose to add had to compliment the baseline products. Participant C offered training classes and a service center that promoted product sales and expanded their market segment. Participant C chose accessories and new products that would support of the current baseline inventory. Participant C learned that, depending on the state of the market trends, the add-on services and complimentary products could result in the “highest profit margin and also the least cost” (personal communication, November 28, 2017). Based on all of the data sources, I found that offering complimentary products and services as a component of a product diversification strategy is a valuable tactic for small businesses.

Applications to Professional Practice

The data from the participant interviews, observations, and documents revealed four emergent themes that have the potential to serve as a decision-making framework for SBOs that wish to implement a product diversification strategy. The emergent themes of customer-centric decision-making, market-trend orientation, resource orientation, and complementary products and services are structured, yet flexible, strategic components that encompass the best-practices of each participant in this study. SBOs in the retail industry can use these themes as a model to develop well-planned, purposeful, business management strategies to understand their business environment and strategically plan for business survival (Obasan, 2014). Though many decision-making strategies are imprecise, using a model or decision-making framework to guide strategic choices increase the chances of success (Pelta and Yager, 2014). Central to all strategic and tactical decisions is finding techniques to create an environment that is customer-centric and responsive to the market fluctuations.

Product diversification is an important strategy for businesses that want to grow, create a competitive advantage, or to survive in the competition (Kang, 2013). A common element that was evident in each emergent theme was that SBOs should focus on their core competencies to maintain a competitive advantage (Pedro, Shamsuzzoha, Toscano, and Cunha, 2012). The participants in this study all used a related product diversification strategy. Each emergent theme supported the concept of not diversifying far from the niche product or services, core competencies, or even out of a specific

industry. When SBOs choose to implement a product diversification strategy to achieve a sustained competitive advantage, adhering to the emergent themes of customer-centric decision-making, market-trend orientation, resource orientation, and complementary products and services can help reduce the owners' uncertainty and help them make informed decisions.

Implications for Social Change

Small businesses play an essential role in the economy as they represent about 90% of the economic entities and employ about 60% of the workforce (Briciu et al., 2012). With the economy so dependent on small business success, developing various strategic models for SBOs to use could improve their success rate. The findings of this study, (a) customer-centric decision-making, (b) market-trend orientation, (c) resource orientation, and (d) complimentary products and services, may provide small retail business owners with the product diversification strategies used by other SBOs to remain sustainable beyond 5 years.

Small business sustainability can have vast, and compounding, social implications. Small businesses are an indispensable catalyst and contributor to the economic growth in every nation (Obasan, 2014). Chow and Dunkelberg (2013) found the more successful a business is, the more money it is likely to borrow and spend to enable growth, thus contributing to economic health. The benefits of this type of cash flow reach all areas of business and society through competitive rates, increased consumption, flexible pricing tactics, and better control of supply and demand (Chow &

Dunkelberg, 2013). If SBOs can implement product diversification strategies that help them remain sustainable, some of the positive social implications are increased employment levels, increased consumerism, reduced poverty levels, and overall healthy economic conditions in local communities.

Recommendations for Action

The purpose of this qualitative multiple case study was to explore how SBOs use the appropriate product diversification strategies to remain sustainable. The findings of this study indicate that SBOs should evaluate their current product diversification strategies, and other decision-making strategies, to determine how to apply the emergent themes. I have identified five actions that I recommend a SBO complete to help them make product diversification decisions.

- Identify the current product diversification strategy.
- Assess how, if at all, the strategy adheres to the emergent themes of (a) customer-centric decision-making, (b) market-trend orientation, (c) resource orientation, and (d) complementary products and services.
- Conduct a SWOT analysis from the perspective of each emergent theme.
- Evaluate how intangible assets are currently leveraged.
- Create a holistic product diversification strategy.

After reviewing the current product diversification strategy, the next step could be to conduct a SWOT analysis. The SWOT analysis would help the SBOs orientate their business strategy to their customers and the market while identifying their strengths

and weaknesses in each (Anthony, 2012). The SWOT should be applied to each of the four emergent themes as they relate to the business owner's product diversification strategy.

After evaluating the current business processes, as they apply to customers and the market, a SBO can focus on intangible assets. Arikan and Stulz (2016) found that one of a business' valuable and scarce assets is their managerial talent. Internal assets, such as employee knowledge and leadership ability, are essential intangible components when considering a product diversification framework. This is also compatible with the RBV, with the resource being human capital. Instead of only applying resources to evaluating market conditions, customer demands, or tangible resources, the role and skill of employees should be considered. This can be accomplished through a shift in organizational culture to one that promotes knowledge management and customer-centric actions. As noted by each participant, training and understanding market trends is important for satisfying consumer needs. From this point, the business owner would be able to determine how to use a product diversification strategy based on their circumstance.

Recommendations for Further Research

The key limitations in this study that could affect generalizability were the sample size and type, regional limitations, and the cross-sectional research design. For further research on product diversification, I would recommend:

- Increasing the sample size

- Changing the sample population
- Conducting the study in a different region
- Using a cross-sectional research design

I was able to reach data saturation after three qualitative interviews with subsequent data triangulation. However, if any of the controls or other elements in this study were altered, a larger sample size might be necessary in a future study. If the focus of the study shifted from small retail businesses to any other industry, a larger sample size might be necessary to reach data saturation. The participants in this study were all located in Fairfax, Virginia. Small businesses in other regions may have unique geographic or demographic challenges that require different decision-making strategies. Expanding or changing the geographic limitations in a future study could elicit different results.

This study was conducted using a cross-sectional research design. A future study could use a longitudinal research design to capture decision-making strategies as seasons, current events, market trends, and demographics change. What may be successful for a SBO in the present may not be successful in the future, so it is important to foster an environment of continuous learning (Metaxas & Koulouriotis, 2014). Changing other aspects of the research design, or even the research method, might also yield new data and findings.

Reflections

I have been able to learn and apply a lot of new information during the DBA Doctoral Study process. The literature review and preparatory research allowed me to gain a broader understanding of the dynamic of business management and decision-making. This holistic approach was vital for my success in this study. As a result, I was able to understand the skill and meaningfulness of success that each of the participants in my study achieved.

Before exploring how SBOs used product diversification strategies, I was unclear how much effort they put into strategic of decision-making. I learned that, whether the decision-making process is organic or mechanistic in design, the competitive strategies that these SBOs choose to employ were well thought out and implemented. The emergent themes outlined above helped each SBO with their real-options reasoning, driving calculated decision-making.

Summary and Study Conclusions

The purpose of this qualitative multiple case study was to explore how SBOs use the appropriate product diversification strategies to remain sustainable. Using Mitchell et al.'s (2010) MMO as the conceptual framework for my study, I was able to identify four emergent themes that may help a SBO remain sustainable beyond 5 years. The analysis of each participants' data produced very similar findings. For small retail business owners to successfully implement a product diversification strategy, they should exhibit customer-centric decision-making, be market-trend oriented, be resource oriented, and

offer complementary products and services. Product diversification is a holistic competitive strategy that requires SBOs to analyze their business environment, competencies, capabilities, and consumer base prior to the decision-making process.

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Appendix A: Invitation to Participate

Good afternoon,

My name is Justin Vogl and I am a doctoral student at Walden University. I am currently conducting a research study to learn about how small business owners use product diversification strategies to remain sustainable in a competitive business environment. I am inviting small retail business owners to participate in this research if they employ less than 19 people, and have successfully used product diversification strategies to remain sustainable beyond 5 years, to be in the study.

If you agree to participate, I would conduct an in-person interview of no more than 45 minutes, and request any relevant advertising material, business plans, profit/loss statements, etc., that could help with the research. The research is completely voluntary. If you would be interested in participating in this study, I will provide a consent document that outlines the details of the study and rights of the participants.

If you would be interested in participating in this study, you may contact me via email at Justin.vogl@waldenu.edu, or via phone at 571-331-1443.

Thank you very much for considering to be a part of my research study.

Appendix B: Interview Protocol

- I. Introduction and consent form review.
- II. Sign consent form.
- III. Review interview questions.
- IV. Turn on recording device.
- V. Ask the questions in sequential order and ask follow-up questions as necessary.
- VI. Turn off the recording device.
- VII. Discuss the member checking process.
- VIII. Thank the participant for their time and help.
- IX. End protocol.