Determinants of retail store network expansion via shop-in-shops

Karine Picot-Coupey
*Centre for Research in Economics and Management, Université de Rennes 1,
Rennes, France*
Jean-Laurent Viviani
University of Rennes 1, Rennes, France, and
Paul Amadieu
*Departement of Business Administration, Université de Montpellier 1,
Montpellier, France*

Abstract

Purpose – Why do some retail networks operate shop-in-shops along with stand-alone units while others do not? Drawing on a resource-based and intellectual capital (IC) perspective as a broad theoretical lens, the purpose of this paper is to focus on retailer-run shop-in-shops and examine the determinants of their adoption.

Design/methodology/approach – To gain a comprehensive understanding of shop-in-shop adoption by retail branded networks, a research design mixing a quantitative study ($n = 170$) and a qualitative study ($n = 19$) was adopted to test nine hypotheses regarding these determinants of the adoption of retailer-run shop-in-shops and explore in greater depth the processes whereby they actually occur.

Findings – The main findings show that intangible resources are major determinants of the choice to operate shop-in-shops while tangible resources are minor determinants. The more robust results of the analysis lie in the positive effect of own-label merchandise range, premium pricing strategy, positioning based on symbols, retail concept fast renewal and high sector specialisation on the choice to operate a shop-in-shop. The effect of financial constraints on the decision to expand via shop-in-shops is limited.

Research limitations/implications – The authors emphasise the importance of marketing-related and company-related characteristics in differentiating the likelihood of retail networks to expand via shop-in-shops. These results lend support to the relevance of a resource-based and IC perspective in explaining the propensity of retailers to develop via shop-in-shops.

Practical implications – The decision to operate shop-in-shops should depend on the extent to which intangible resources – the most important being retail positioning grounded in symbols, an own-label merchandise range, and a high retail branded network reputation – can be valued and enhanced. Expanding a retail network via shop-in-shops does not appear to be a financially constrained expansion strategy: it must be considered as a relevant first best strategy when an independent and young retail company has intangible resources to value but limited tangible resources.

Originality/value – The study contributes to channel management and retailing research in four ways. First, it precisely delineates the specific characteristics of shop-in-shops. Second, it provides theoretical explanations – based on a resource and IC perspective – of determinants that influence the choice of shop-in-shops. Third, it empirically tests the influence of marketing-related and company-related characteristics when adopting shop-in-shops. Fourth, it provides insights into how adopting shop-in-shops. To the authors' knowledge, the research is on the first to analyse theoretically and test the determinants for the choice of retailer-run shop-in-shops.

Keywords Resource-based theory, Determinants of the choice, Intellectual capital perspective, Retail growth strategy, Shop-in-shops

Paper type Research paper

Introduction

The presence of retailers within other retail stores via shop-in-shops is increasingly popular in both developed markets such as Europe, America and Japan (Misonzhnik, 2012; Jiang *et al.*, 2014) and developing markets such as India or China (Jerath and Zhang, 2010; Basu *et al.*, 2014), in sectors as varied as apparel, beauty, electronics or food (Fawkes, 2011; Veluet,

2015). Dating from the 1970s, the shop-in-shop format has gained momentum since the early 2000s, and is now repeatedly presented as an innovative option for retail store network expansion (Sorescu *et al.*, 2011; Netmeyer *et al.*, 2012; Gaupp and Kuhn, 2016).

A shop-in-shop – also referred to as a store-within-a-store, a concession or an in-store boutique – is a miniature boutique showcasing a specific brand, localised in a well-defined part of a store managed and known under a different brand (Netmeyer *et al.*, 2012). It is operated either by a manufacturer or a retailer under the roof of traditional retailers (Jerath and Zhang, 2010; Kim *et al.*, 2011). It attracted attention in marketing and retailing research in the 1970s and 1980s (Davidson, 1970; Ognjenovic, 1980; Worthington, 1984, 1985, 1988; McGoldrick, 1987), and knows a renewed interest since the 2010s (Jerath and Zhang, 2010; Kim *et al.*, 2011; Gaupp and Kuhn, 2016; Li *et al.*, 2016; Moussawi-Haidar and Çömez-Dolgan, 2017). This academic conversation has primarily focussed on retailers hosting shop-in-shops and on manufacturers running shop-in-shops. Still, the case of retailer-run shop-in-shops is, however unexplored but is considered a "fascinating direction for extending research" (Jerath and Zhang, 2010, p. 762). Undeniably, such a "retailer in a retailer shop" is particularly intriguing. Why do some retail companies choose to add shop-in-shops to their traditional monobrand stores while others do not? What are the determinants of shop-in-shop adoption?

Understanding shop-in-shops' adoption by retailers is important for two key reasons. First, outlet multiplication is one of the basic alternatives for expanding the retail store network (Morschett *et al.*, 2006). As such, it is worth understanding how shop-in-shops could contribute to innovative strategies to drive growth, considering that the introduction of original store formats along with the governance mechanisms supporting them facilitate retail innovation and expansion (Reynolds *et al.*, 2007; Sorescu *et al.*, 2011; Hristov and Reynolds, 2015). In an omnichannel context characterised by the multiplication of contact points with consumers (Brynjolfsson *et al.*, 2013; Verhoef *et al.*, 2015), the shop-in-shop format deserves much attention because it has been observed to help open new locations (Hansen and Sia, 2015). Second, when multiplying outlets, retailers must achieve a variety of important and sometimes conflicting objectives (e.g. Bradach, 1998; Sorenson and Sørensen, 2001; Fornari *et al.*, 2016). Handling such objectives via shop-in-shops instead of traditional company-owned stores and franchised stores could garner interest. In particular, the opening of shop-in-shop units does not require substantial capital investment, which could facilitate growth. Consequently, shop-in-shops could enable a retail network to reach a critical size much faster than with company-owned stores and, to a lesser extent, with franchised units. If there is a wealth of research on the determinants of the latter (e.g. Sorenson and Sørensen, 2001; Madanoglu *et al.*, 2011; Cyrenne, 2016; Achtenhagen *et al.*, 2017), there is curiously none about shop-in-shops. So far, little help has been offered to evaluate the relevancy of such a strategy.

Therefore, this research aims at investigating the potential determinants that favour the use of shop-in-shops by retail networks. Thus, the research addresses the specific case of retailers operating shop-in-shops and intends to determine if and to what extent specific tangible and intangible resources differentiate the likelihood of retail networks to expand via shop-in-shops. To do so, we draw from a resource-based and intellectual capital (IC) perspective as many marketing and business research have highlighted the importance of tangible and intangible resources in determining retail network's design (e.g. Bradach, 1998; Mariz-Pérez and García-Álvarez, 2009). Marketing-related and company-related characteristics offer relevant measures of retailers' valuable resources (e.g. Watson *et al.*, 2005; Chaudey *et al.*, 2013; Perrigot and Pénard, 2013; Hsu *et al.*, 2017) and can be hypothesised as potential determinants of the propensity of expanding a retail store network with shop-in-shops. Empirical analysis focusses on French retail companies from three sectors: the household, equipment and apparel sectors. Given the diversity of shop-in-shops' rates among these sectors (Jerath and Zhang, 2010;

Veluet, 2015), they provide a suitable frame in which to explore the factors that guide shop-in-shop adoption.

Our research contributes to the existing literature in three ways. First, to the best of our knowledge, there is no theoretical work either on retailer-run shop-in-shops or on the potential determinants of shop-in-shop adoption. We help narrow this gap by providing theoretical explanations – based on a resource and IC perspective – of determinants that influence the choice of shop-in-shops by retailers. Second, our empirical study highlights the effective determinants of shop-in-shop adoption: our main findings show that intangible resources are major determinants of the choice to operate shop-in-shops while financial constraints have a limited effect on the likelihood to expand via shop-in-shops. Third, from a managerial perspective, our research findings could help managers make better-informed choices when considering multiplying their outlets and help them determine whether, considering their retail network and company characteristics, opening shop-in-shops would be appropriate. Our results could also help retail hosts make more appropriate choices among retail brands to structure their assortment.

The remainder of the paper is organised as follows. The second section reviews the literature on shop-in-shops through resource-based and IC theories and proposes hypotheses relating to this issue. The mixed-methods design combining qualitative ($n = 19$) and quantitative ($n = 170$) studies is presented in the third section. The fourth section presents our research results, and a discussion thereof follows in the fifth section, which also concludes with the managerial implications of our research, its limits and avenues for future work.

Literature review and hypotheses
Description of a retailer-run shop-in-shop
The earlier studies on shop-in-shops do not focus on retailer-run shop-in-shops but on manufacturer-managed ones. They relate to our research in terms of subject but differ in terms of actors involved in the arrangement. A variety of descriptions are offered in the literature to date, the most important elements of which can help delineate the characteristics of a retailer-run shop-in-shop and achieve a comprehensive assessment of the concept.

The first academic article which refers to shop-in-shops is by Davidson *et al.* (1970) who analysed the motives for the adoption of this innovative arrangement between manufacturers and retailers. In the eighties, a small body of research has examined the concept from the concessionaire's and consumer's viewpoints (Ognjenovic, 1980; Worthington, 1984, 1985, 1988; McGoldrick, 1987) while some studies have investigated it as an innovation likely to help department stores face their difficulties (Sharples, 1982; McFadyen, 1983). There was then a shortcoming in the literature during 20 years. Recent years have seen renewed interest in this topic, with studies focussing more on branding and positioning issues (Netmeyer *et al.*, 2012; Badrinarayanan and Becerra, 2016; Gaupp and Kuhn, 2016; Banerjee and Drollinger, 2017) and on relationships between manufacturers and retailers within shop-in-shop arrangements (Jerath and Zhang, 2010; Kim *et al.*, 2011; Li *et al.*, 2016; Moussawi-Haidar and Çömez-Dolgan, 2017). It is worth noting that shop-in-shops were observed in an international context as a foreign operation mode (Moore and Birtwistle, 2004; Palmer and Quinn, 2005; Wigley and Chiang, 2009) or more recently in an online context (Abhishek *et al.*, 2015); however, this is not the focus of this study.

Considering these previous research, a retailer-run shop-in-shop can be described as a well-defined retail brand-specific space located inside host stores. First, this description emphasises the specific location of a shop-in-shop and the importance of the brand name, design and merchandise (Hart and Davies, 1996). A shop-in-shop is a unit located inside a store and designed with a specific retail environment to present a brand image that is consistent with the one expressed in monobrand stores and that strengthens its positioning in consumers' minds (Netmeyer *et al.*, 2012; Badrinarayanan and Becerra, 2016; Gaupp and

Kuhn, 2016). Second, this description also emphasises the specific relationships existing within retailer-managed shop-in-shops, between the two retailers. The hosted retailer – the concessionaire – is responsible for the retailing mix of its space in terms of merchandise mix, inventory, pricing and visual merchandising. Most of the time, the hosted retailer also recruits and manages a skilled sales force (Jerath and Zhang, 2010). This hosted retailer has no financial investment in premises or sites with shop-in-shops, unlike stand-alone stores (Kim *et al.*, 2011; Li *et al.*, 2016). The host retailer charges rent for the floor space used by the concessionaire, monitors the presence of different shop-in-shops and runs the store and its brand (Moussawi-Haidar and Çömez-Dolgan, 2017).

Hence, there are four features very specific to a retailer-run shop-in-shop: it is located within a larger host store; it is identified through its brand as a distinct part of the host retail store; the staff of the hosted retailer works full-time at the host retailer's store, performing functions that the latter is usually in charge of; and the host retailer calls on the services of an independent retailer to perform some of the functions it usually performs. Hence, a shop-in-shop arrangement involves a type of partnership between two retailers to share strategic and operational commitment, making the venture attractive for both.

In the literature, shop-in-shops have been considered from a store format perspective and an organisational form perspective, each shedding light on the unique characteristics of this little-studied model.

Shop-in-shop as a store format
A store format is a specific configuration of the retailing mix – product offered, approach to customer services and personnel, pricing policy adopted, location favoured, approach to store environment and communication proposed (Reynolds *et al.*, 2007; Calvo-Porral and Lévy-Mangin, 2014). From this perspective, the shop-in-shop – compared with stand-alone company-owned or franchised shops – is considered an innovative format because of its unique combination of attributes that eases consumers' shopping experience (Sorescu *et al.*, 2011; Badrinarayanan and Becerra, 2016; Moussawi-Haidar and Çömez-Dolgan, 2017). A shop-in-shop is of limited size and located inside another store. It allows implementing branded units in new and different locations with dedicated sales support (Kuhn and Beine, 2014). This small retail unit typically displays a narrower assortment of products or services than that offered in a monobrand store or focusses on a particular product range and associated services, but has considerable depth in the type of items that it specialises in selling (Netmeyer *et al.*, 2012). In terms of pricing policy, such specialised retail spaces usually follow a premium pricing strategy (Jerath and Zhang, 2010; Gaupp and Kuhn, 2016); however, shop-in-shops located in discount stores sell at low prices (Kim *et al.*, 2011). Expert advice is typically provided to customers in shop-in-shops.

The shop-in-shop's attributes have been observed to affect the operational efficiency of the concessionaire (Mossinkoff and Smit, 2008). Operating shop-in-shops in combination with stand-alone stores helps develop a strategic fit between the retail brand offer and new customer segments and is one way to develop new customer value propositions (Moore and Birtwistle, 2004; Jiang *et al.*, 2014). This approach strengthens the market coverage of the retail brand (Achtenhagen *et al.*, 2017). Because the footprint of the host retailer is expected to be much larger than that of a stand-alone branded store, the former could provide higher sales by attracting current non-consumers of the brand or by improving the loyalty of existing consumers (Netmeyer *et al.*, 2012; Li *et al.*, 2016).

The operational strength of the format also derives from the fact that, inside the host retail store, various shop-in-shops – and consequently brands – are implemented, enhancing the efficiency of cross-selling brands and of proposing complementary in-store services (Jerath and Zhang, 2010; Gaupp and Kuhn, 2016; Li *et al.*, 2016). Combining carefully selected brands in a single location lead to better brand exposure and brand reinforcement

(Netmeyer *et al.*, 2012; Banerjee and Drollinger, 2017). Operational efficiency is also likely to stem from the shared premises and cross-trained employees that are specific to a shop-in-shop format (Jerath and Zhang, 2010; Moussawi-Haidar and Çömez-Dolgan, 2017). Investments in shop-in-shops are lower than those normally made in stand-alone units.

Shop-in-shop as an organisational form
A retail format is supported and interacts with governance mechanisms (Sorescu *et al.*, 2011). To account for its specific characteristics, the shop-in-shop entails a new and specific form of governance (Kim *et al.*, 2011) and, as such, corresponds to a retail organisational innovation as defined by Hristov and Reynolds (2015). Within a retail network, the units and the head of the network are related by different types of arrangements involving varied degrees of integration (Chaudey *et al.*, 2013; Cyrenne, 2016). If the specificities of franchised and company-owned units in terms of governance and management have been extensively studied (e.g. Brand and Croonen, 2010), those of shop-in-shops have been rarely highlighted, although they are highly specific because they mix market and hierarchy characteristics (Kim *et al.*, 2011).

Three parties are involved in a retailer-run shop-in-shop arrangement: the host retailer who manages the store, the hosted retailer who manages the retail brand and the shop-in-shops, and the staff of the latter who operationally runs the shop-in-shop (Jerath and Zhang, 2010; Kim *et al.*, 2011). When operating shop-in-shops, the hosted retailer combines market governance methods because it relies on another independent retailer to sell its products with hierarchical governance mechanisms because its staff works inside the store of the independent retailer (Kim *et al.*, 2011; Li *et al.*, 2016).

The shop-in-shop can be examined according to the three dimensions usually considered when studying company-owned and franchised units, namely decision-making authorities, incentives, and monitoring and control methods (Sorenson and Sørensen, 2001; Yin and Zajac, 2004; Brand and Croonen, 2010). In terms of decision-making authorities, certain traditional decision rights that are within the domain of company managers are not in the hands of the hosted retailers. Promotion operations, hours of services and loyalty card programs are determined and operated by the host retailers (Netmeyer *et al.*, 2012; Kuhn and Beine, 2014; Li *et al.*, 2016). Regarding incentives, the hosted retailer's staff is not a residual claimant (Moussawi-Haidar and Çömez-Dolgan, 2017); however, shop-in-shops are often managed as business units (Kim *et al.*, 2011; Gaupp and Kuhn, 2016). In terms of monitoring and control methods, the staff is monitored by the hosted retailer by whom he or she is employed but is also supervised by the host retailer (Jerath and Zhang, 2010; Netmeyer *et al.*, 2012). The staff is cross-managed and cross-trained (Kim *et al.*, 2011). Considering these characteristics of shop-in-shops in terms of format and governance, if efficiency determines the form of retail operation, we would expect that companies operating shop-in-shops would have different characteristics from those that do not. What might theoretically explain the propensity to expand via shop-in-shops? Drawing from the resource-based and IC views, theoretical explanations can be suggested.

Determinants of shop-in-shops' use: a resource-based and IC perspective
What determines the rate of shop-in-shops in retail branded networks? Our proposed conceptual framework integrates the resource-based and IC perspectives to provide answer to this question. From these perspectives, the decision to operate shop-in-shops depends on the extent to which the resources and, in particular, the intellectual resources of the retail network can be developed, enhanced and valued via shop-in-shops.

The resource-based view (RBV) posits that competitive advantages of companies arise from their resources and capabilities (Barney, 1991; Peteraf, 1993; Galbreath, 2005) and explain persistent firm performance differences (Barney, 2001; Newbert, 2008). According to Barney and Arikan (2001), resources refer to the tangible and intangible assets companies

use to develop and implement their strategies. The distinction between tangible resources and intangible resources is a matter of degree (Newbert, 2008; Kozlenkova *et al.*, 2014). More tangible resources typically include financial, physical, human, and technological assets. More intangible resources typically include brand names, reputation, marketing know-how, management know-how and organisational capital (e.g. Barney, 2001; Barney and Arikan, 2001; Galbreath, 2005). Capabilities refer to the ability of companies to use their resources appropriately thanks to specific organisational processes (Yu *et al.*, 2014). Tangible resources include "those factors containing financial or physical value as measured by the firm's balance sheet" (Galbreath, 2005, p. 980). Resources are considered tangible to the extent that they have physical and material properties. Interestingly, tangible resources are often disregarded in the literature, for two main reasons. The first reason is that there is often a general consensus on what tangible resources are, which leads to little debate (Galbreath, 2005). The second reason could relate to the RBV, which argues that sustained competitive advantages are less likely to rest on tangible resources as these are easier to acquire or substitute. As a consequence, the focus has been more on intangible resources than on tangible resources (Schriber and Löwstedt, 2015). However, tangible resources deserve particular interest as a source of competitiveness (Hsu *et al.*, 2017). They are usually organised in three categories, namely physical facilities, materials (computers and databases) and financial resources (Schriber and Löwstedt, 2015). A sustained competitive advantage generally emerges from a unique bundling of resources that are valuable, rare, inimitable and non-substitutable (VRIN) (e.g. Barney, 1991, 2001; Newbert, 2008). Valuable resources refer to resources that "enable the firm to exploit an external opportunity and/or neutralize an external threat" (Kozlenkova *et al.*, 2014, p. 3). Resources are rare if they are possessed by a small number of competitors, are inimitable if they are costly to imitate, and non-subsituable if they are difficult to replace (Barney, 2001). These VRIN resources play an important role. Companies use them to develop and implement their strategy and achieve a sustained competitive advantage (Kozlenkova *et al.*, 2014). Following the RBV, companies' strategic choices are driven by the nature and amount of their tangible and intangible resources. In the retailing literature, the RBV has been widely used to explore the interactions between marketing resources such as effective retail positioning strategies (e.g. Siebers *et al.*, 2013) or brand orientation (e.g. Bridson *et al.*, 2013), technological innovation adoption (e.g. Thiesse *et al.*, 2009) and channel adoption (e.g. Zhuang and Lederer, 2006). From this perspective, retailers' tangible and intangible resources are key determinants of innovative strategic choices, such as operating shop-in-shops for retail branded networks.

The IC view expands the RBV by stressing knowledge as the critical resource and by adopting a less internally focussed approach (Choo and Bontis, 2002). The IC view results from dynamic business operation processes. IC encompasses the company's capabilities, culture, strategy, processes, intellectual property and relational networks (Bontis, 1998). Gathering IC is necessary to sustain competitive advantages because, most often, it is scarce and socially complex and thereby difficult to imitate. Sustained competitive advantages are achieved when some companies are able to create and build on IC while other companies are not able to do so. IC is traditionally regarded as a subset of intangible assets, comprising three basic components that must interact to create value: human capital, structural capital and relational capital (Roos *et al.*, 2006). Human capital is the primary component of IC and relates to human know-how in terms of skills, values and knowledge possessed by people in the company (Choo and Bontis, 2002). Structural capital refers to the processes and infrastructure that support human capital and, in a sense, is the skeleton of the organisation. Relational capital relates to the knowledge embedded in the relationships with relevant stakeholders, particularly consumers, suppliers and distributors. Such relationships are necessary to build, maintain and renew resources, structures and processes over time (Petty and Guthrie, 2000).

This RBV and IC framework is particularly relevant for analysing retailers' organisational decisions because the value of the latter derives from tangible assets and also from assets that are intangible in nature (e.g. Goldman, 2001). This framework helps explain how and why shop-in-shops allow for the development and enhancement of the value of resources. From this perspective, a shop-in-shop is a specific way to combine and deploy the resources of a retail company. Running shop-in-shops can help preserve and develop tangible and intangible resources and, especially acquire and strengthen IC, thereby reinforcing a retail network's competitive advantage.

With regards to tangible resources, real estate and rents are a major concern for retailers. Compared to stand-alone company-owned stores, shop-in-shops involve lower financial and physical investments as the premises used are those of the host retailers. Moreover, the information systems and CRM solutions used are the ones of the host retailer; the rent compensates the host retailers for the costs of their efforts. For the hosted retailer, operating shop-in-shops is a way to draw on the tangible resources owned by the host retailer, by sharing the available space and the existing information systems. The host retailer and the hosted retailer engage in cooperative efforts to reduce operational costs and more efficiently manage the tangible resources through this original arrangement.

Intangible assets consist of location-specific knowledge, know-how, well-trained staff, appropriate management processes, brand reputation and store concepts' design (Doherty and Quinn, 1999; Ailawadi and Keller, 2004; Dolbec and Chebat, 2013). Retailers' success depends strongly on their aptitude for appropriately managing these intangible assets and maximising their value (Watson *et al.*, 2005). The host retailer, the hosted retailer and the dedicated sales force of the latter complement each other and are likely to increase value. Retailers may decide to run shop-in-shops – in addition to stand-alone franchised or company-owned stores – to gain access to and to manage and value resources better, particularly IC.

Regarding human capital, a dedicated sales force is a source of human capital attributes. Because stores based on shop-in-shops are often highly scored in terms of level of standards and consumer services within them (Kim *et al.*, 2011), talented and committed human resources play a strategic role in running the shop-in-shop. Unlike franchisees, the dedicated sale force of the hosted retailer shares local market knowledge with the head of the retail network through feedback on consumer demands and behaviours (Kim *et al.*, 2011).

In terms of structural capital, the processes and structures that support human capital must be substantially different from those deployed in stand-alone stores. Information- and knowledge-sharing systems are specific (Netmeyer *et al.*, 2012; Jiang *et al.*, 2014).

Concerning relational capital, from the hosted retailer's point of view, the host retailer is regarded as external relational capital. The host retailer has information assets in terms of local market know-how (Jerath and Zhang, 2010). In foreign markets, the shop-in-shop is a means to learn about foreign cultures and customer behaviours (Petersen and Welch, 2000). Moreover, the host retailer and the hosted one are in an interdependent relationship (Kim *et al.*, 2011). The durability of cooperation depends on the type of complementarities that exist. Hybrid organisational arrangements – such as shop-in-shops – represent ways of gaining access to co-specific assets, i.e., assets for which there is bi-lateral dependence (Teece, 1986). With shop-in-shops, there are synergies and spill over effects between the hosted retailer and the host retailer on the one hand and among the various shop-in-shops on the other hand (Jerath and Zhang, 2010). Additionally, other operators of shop-in-shops can also be regarded as relational capital, which can be observed inside the host store.

Through this theoretical lens, we can better understand how the resources of a retail company in addition to those of the host retailer can interact to create value through running shop-in-shops. This view holds important implications for identifying the determinants of this

choice. Several marketing and retail companies' characteristics are relevant proxies of retailers' intangible and tangible resources and allow for the study of the determinants of the choice to expand via shop-in-shops.

Hypotheses

Drawing on these RB and IC perspectives, we develop a set of nine hypotheses about retailers' tangible and intangible assets that are most likely to favour the adoption of shop-in-shops. We hypothesise that the likelihood of retail companies to operate shop-in-shops would be higher when their positioning is based on symbols; their product range includes mainly own-label merchandise; their pricing strategy is premium; their targeting strategy is differentiated or concentrated; their retail concept is infrequently renewed; their brand reputation is high; their sector is highly specific; their retail network is young; and their financial situation is constrained. These marketing- and company-related characteristics are expected to differentiate retail networks that run shop-in-shops from those that do not.

Positioning of the retail concept

Retail positioning is a first proxy of retailers' IC; it is a critical intangible asset of a retailer in so far as it differentiates the retailer from its competitors (Hess and Ring, 2014). Retail differentiation through positioning is generally achieved either through functional or symbolic attributes (Morschett *et al.*, 2006; Antéblian *et al.*, 2013; Dolbec and Chebat, 2013). Symbolic positioning is reflected in assets that deliver an emotion-focussed experience to consumers through a specialised high-quality product range and reliable customer service (Antéblian *et al.*, 2013; Hess and Ring, 2014). These attributes precisely fit with the essential features of a shop-in-shop format. As a consequence, a retailer with symbolic positioning is more prone to operate shop-in-shops. Hence:

> *H1.* A retailer is more likely to operate shop-in-shops when the positioning of the retail concept is based on symbols.

Own-label merchandise

Own-label merchandise is another key intangible asset of retailers (Ailawadi and Keller, 2004; Netmeyer *et al.*, 2012; Calvo-Porral and Lévy-Mangin, 2014). Retailers can develop such own labels to gain positioning and differentiate their offering in consumers' minds (Ailawadi *et al.*, 2008; Nobbs *et al.*, 2012). Own labels are a source of relational capital with suppliers and customers alike. The own-label merchandise range displayed in the shop-in-shop is of primary concern for consumers (Gaupp and Kuhn, 2016) but also for the host retailer that structures its store offerings around appealing brands (Kuhn and Beine, 2014; Li *et al.*, 2016). As a result, operating shop-in-shops would be more appropriate for a retail banner with an important own-label merchandise range. Hence:

> *H2.* A retailer is more likely to operate shop-in-shops when the percentage of own-label merchandise in the total merchandise range is high.

Pricing strategy

Closely related to retail positioning and assortment is the pricing strategy (Gauri *et al.*, 2008; Hess and Ring, 2014). A premium pricing strategy is traditionally considered consistent with a positioning based on symbols (Dolbec and Chebat, 2013; Grzeskowiak *et al.*, 2016). Retailers pursuing a premium pricing strategy are prone to develop their store networks via units, through which they can control their prices and keep them consistent, such that they do not compromise their distinctive image (Jiang *et al.*, 2014). They should then be inclined to expand

via shop-in-shops because this format allows them to monitor such pricing decisions (Jerath and Zhang, 2010; Kim *et al.*, 2011; Kuhn and Beine, 2014; Liu and Shuai, 2015). Hence:

H3. A retailer is more likely to operate shop-in-shops when a premium pricing strategy is pursued.

Market targeting strategy
A store structured around shop-in-shops resembles a collection of specialty stores (Moussawi-Haidar and Çömez-Dolgan, 2017). Consequently, this approach requires hosted retailers to display highly specific branded offerings that meet the expectations of one or a few customer targets rather than going after the whole market with one offer (Netmeyer *et al.*, 2012; Gaupp and Kuhn, 2016). As a result, retailers that practice a differentiated or a concentrated marketing strategy will be more prone to expand via shop-in-shops. Hence:

H4. A retailer is more likely to operate shop-in-shops when a differentiated or concentrated marketing strategy is pursued.

Retail concept renewal
From an IC perspective, one important issue is dynamic differentiation. In retailing, store concept renewal means regularly rethinking the store concept to improve consumer experience and store performance (Sorescu *et al.*, 2011). Such renewals are likely to involve resource changes and make store concepts more innovative and more difficult to imitate (Hristov and Reynolds, 2015). For host retailers, frequently renewed retail concepts may be more interesting than infrequently renewed ones because innovations are expected to attract consumers (Jerath and Zhang, 2010). Hosted retailers, however, could prefer deploying renewed retail concepts in stand-alone stores to fully appropriate the rent derived from the innovative retail concept (Jiang *et al.*, 2014). Hence:

H5. A retailer is more likely to operate shop-in-shops when the retail concept is infrequently renewed.

Retail branded network reputation
Reputational resources – primarily a highly valued brand – are critical intangible assets (Hall, 1992). Brand reputation, which refers to how third parties perceive the salient characteristics of a brand (Veloutsou and Moutinho, 2009), is an essential source of competitive advantage in retailing (e.g. Burt and Davies, 2010). Our argument is that highly reputed retail networks should be more inclined and capable of running shop-in-shops. Retailers exploit high reputation through active extension because reputational assets increase their value with use (e.g. Mariz-Pérez and García-Álvarez, 2009). As a result, shop-in-shops can contribute to retailers' efforts in taking advantage of the network's reputation (Badrinarayanan and Becerra, 2016). Prior research has shown that retail network reputation is related to own-label merchandise range (Sayman *et al.*, 2002; Calvo-Porral and Lévy-Mangin, 2014), store network size (Lafontaine and Shaw, 2005) and the network's geographic scope of presence (Lafontaine and Leibsohn, 2005; Barthélémy, 2008; Mariz-Pérez and García-Álvarez, 2009). Hence:

H6. A retailer is more likely to operate shop-in-shops when the retail branded network reputation – measured through the percentage of own-label merchandise (H6.1), network size (H6.2) and the scope of internationalisation (H6.3) – is high.

Sector specialisation
Prior research has highlighted sector-related effects on decisions regarding retail organisational form (Chaudey *et al.*, 2013; Fadairo and Lanchimba-Lopez, 2014). From the

RB and IC perspectives, retailers with a high degree of sector specialisation would take more advantage of an expansion via shop-in-shops because it would provide a means to combine their resources with complementary resources form other shop-in-shops. Expanding via shop-in-shops would help achieve synergies with: the other operators of shop-in-shops also displaying highly differentiated but complementary offers; and the host retailer, who attracts customers through an assortment mixing specialised well-known must-have brands and highly original start-up niche brands (Mossinkoff and Smit, 2008; Li *et al.*, 2016). Hence:

H7. A retailer is more likely to operate shop-in-shops when sector specialisation is high.

Retail network age
Network age is considered an appropriate proxy of network's resources and IC (e.g. Norton, 1988; Perrigot and Pénard, 2013), including relational capital (Bontis, 1998). Following the RBV and IC framework, it is generally accepted that the more mature the retail network is, the greater its tangible and intangibles resources are (Gauri *et al.*, 2008). Considering that shop-in-shop is a format that allows for the operation of retail units while benefiting from the marketing and management competencies of the host retailer (Kuhn and Beine, 2014; Moussawi-Haidar and Çömez-Dolgan, 2017), the choice to adopt this format could more likely interest networks in the early stages of their life cycle. Young companies could find in the shop-in-shop a means to nurture their IC, particularly their knowledge of the local market and their managerial expertise (Petersen and Welch, 2000). With the objective of finding complementary resources, shop-in-shops should be a more appealing means to multiply units for younger networks than for mature ones. Hence:

H8. A retailer is more likely to operate shop-in-shops when the retail network is young.

Financial situation of the retail company
If intangible resources are essential in retailers' expansion decisions, tangible resources should not be ignored. These resources are known to be highly influential in the choice of an organisational form (Barney, 1991). If expansion via stand-alone company-owned stores requires a significant amount of money, expanding through shop-in-shops requires lower financial investments from the hosted retailer because it does not require any investments in real estate or information and CRM systems (Kim *et al.*, 2011; Li *et al.*, 2016). For a retailer, shop-in-shops can be an innovative means to bypass a lack of financial resources that could constrain the expansion (Kuhn and Beine, 2014).

The financial situation of a retail company is reflected in three elements. First, a company experiences financial constraints when its financial resources to fund its projects are insufficient or when raising external financial resources at a reasonable cost is challenging (e.g. Hyytinen and Väänänen, 2006; Carreira and Silva, 2010). In this respect, a high cost of debt can be a first proxy of financial constraints (Madanoglu *et al.*, 2011). Moreover, when the company has already used its debt financing capacity, collecting funds from debt holders is difficult; a high leverage is therefore a measure of actual or future credit squeeze (Madanoglu *et al.*, 2011). Second, internal financial resource constraints are reflected in low cash flow generation relative to the level of financial debt. With the fear of not being refunded, debt holders could be reluctant to increase their financial participation (Whited and Wu, 2006). Third, companies with family ownership face more financial constraints than companies that are part of a group because the latter generally have access to greater and more diversified financial resources (Andres, 2008; Achtenhagen *et al.*, 2017). Hence:

H9. A retailer is more likely to operate shop-in-shops when it faces significant financial constraints measured through a high leverage (H9.1) and cost of debt (H9.2), a low level of internal financial resources (H9.3), and no group support (H9.4).

Methodology
We adopted a research design mixing a quantitative study ($n = 170$) and a qualitative study ($n = 19$). Mixed-methods research takes the advantage of integrating qualitative and quantitative approaches so that it provides a more complete and comprehensive understanding of the problem (Teddlie and Tashakkori, 2009). It allows the research to gain in breadth and depth (Creswell and Creswell, 2017). Thus, using a mixed methods research design allowed us to simultaneously test our nine hypotheses about the influence of marketing and company-related characteristics when adopting shop-in-shops and explore in greater depth the processes whereby these hypothesised relationships actually occurred. To ensure its reliability and validity, we designed our mixed methods research following the recommendations of Creswell and Creswell (2017, pp. 204-206).

In terms of research field, our qualitative and quantitative studies address the French fashion retailing sector, which is considered one of the most developed in the world (Deloitte, 2015). The unit of analysis is a French fashion retail company at the network level. To ensure validity, the research empirical studies focussed on three sectors: the personal equipment sector (leather goods, shoes, jewellery and accessories), the home equipment sector and the apparel sector (women, men and children ready-to-wear, lingerie, and sportswear). Given the diversity of shop-in-shops' rates among these retail sectors (Jerath and Zhang, 2010; Chaudey *et al.*, 2013), they should provide a suitable frame in which to explore the determinants of the propensity to expand via shop-in-shops.

In terms of mixed methods research type, we adopted a concurrent triangulation design, illustrated in Figure 1. We used two main types of data: semi-structured interviews in the qualitative study and databases in the quantitative study.

Qualitative study: sample, data collection and data analysis
We conducted semi-structured interviews with 15 managers of retail branded networks, two department store managers, a multi-brand store owner, and a banker in charge of financing retail companies. Following purposive sampling guidelines (Teddlie and Tashakkori, 2009), this sample was selected to include companies exhibiting different shop-in-shop rates, and different marketing and company-characteristics, thus providing diverse and valuable information about shop-in-shop adoption. Table I provides key information on the companies and the interviewees.

The interview guide was structured around four themes and their possible prompts: retailer's business strategy and expansion plan; reasons for operating shop-in-shops; management of shop-in-shops; and relationships with host retailers.

Quantitative Study

Quantitative data collection
($n=170$)
+
Quantitative data analysis
(LOGIT and TOBIT models)

Qualitative Study

Qualitative data collection
($n=19$)
+
Qualitative data analysis
(Thematic Analysis)

+

Data results discussed to gain a comprehensive understanding
of shop-in-shop adoption by retail branded networks
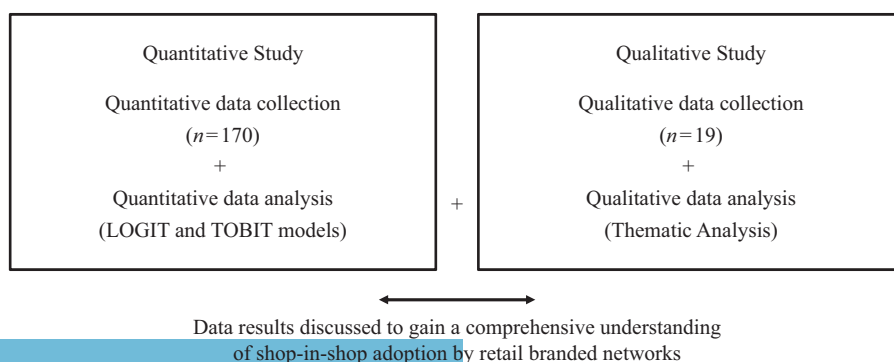
Figure 1.
Mixed methods
design – concurrent
triangulation strategy

Retail company	Year of creation	Turnover (M€) (2013)	Sector	Operation mode in France	Positioning	Interviewee
(A)	1970	82	Accessories	98 company-owned stores 200 franchised stores 6 shop-in-shops	Low and mid-range segment Positioning based on functional benefits	Retail marketing manager
(B)	1865	65	Jewellery	38 company-owned stores 26 shop-in-shops [+ 170 multi-brand retailers] Online store	Luxury segment Positioning based on symbols	Deputy CEO
(C)	2013	0.8	Jewellery	2 company-owned stores 2 franchised stores 3 shop-in-shops Online store	Mid-range segment Positioning based on symbols	Co-founder and managing director
(D)	2011	1.3	Ready-to-wear	4 company-owned stores 3 shop-in-shops Online store	Mid-range segment Positioning based on symbols	Founder and CEO
(E)	1987	8.3	Ready-to-wear	19 company-owned stores 33 franchised stores 37 shop-in-shops	Mid-range segment Positioning based on symbols	Retail manager
(F)	1995	79	Ready-to-wear	44 company-owned stores 45 franchised stores 72 shop-in-shops Online store	High-range segment Positioning based on symbols	Marketing manager
(G)	1900	17.4	Ready-to-wear	9 company-owned stores 15 franchised stores 10 shop-in-shops [+ 44 multi-brand retailers]	High-range segment Positioning based on symbols	Retail manager
(H)	1967	7.3	Accessories	6 company-owned stores 6 franchised stores 31 shop-in-shops	High-range segment Positioning based on symbols	CEO
(I)	1999	11.2	Accessories	16 company-owned stores 15 franchised stores 3 shop-in-shops	Mid-range segment Positioning based on functional benefits	Financial Officer

(continued)

Retail company	Year of creation	Turnover (M€) (2013)	Sector	Operation mode in France	Positioning	Interviewee
(J)	1996	50	Ready-to-wear	26 company-owned stores 29 franchised stores 3 shop-in-shops	Mid-range segment Positioning based on symbols and functional benefits	Retail manager
(K)	1990	49	Ready-to-wear	85 company-owned stores 75 franchised stores 23 shop-in-shops	Low-range segment Positioning based on functional benefits	CEO
(L)	1968	31.5	Ready-to-wear	15 company-owned stores 4 franchised stores 20 shop-in-shops	Luxury segment Positioning based on symbols	Retail manager
(M)	2012	1.4	Ready-to-wear and lingerie	2 company-owned stores 2 shop-in-shops Online store	Mid-range segment Positioning based on symbols and functional benefits	Founder and CEO
(N)	1992	181.2	Ready-to-wear and lingerie	127 company-owned stores 126 franchised stores 50 shop-in-shops	Mid-range segment Positioning based on symbols	Retail manager
(O)	2005	4.9	Sportswear	11 company-owned stores 3 shop-in-shops	Mid-range segment Positioning based on symbols and functional benefits	Co-founder and CEO
DS1	1912	1,384	Ready-to-wear Lingerie Beauty Accessories	62 company-owned stores Online store In total: 300 shop-in-shops	Mid-range and high-range segments	Store manager
DS2	2001	98	Ready-to-wear Sportswear Shoes	9 company-owned stores Online store In total: 44 shop-in-shops	Mid-range and high-range segments	Store Manager
MB store	1986	5.6	Ready-to-wear Accessories Shoes	4 company-owned stores In total: 12 shop-in-shops	Mid-range and high-range segments	Store Manager
IB						Investment banker

Table I.

Following the guidelines of Miles *et al.* (2013) and Saldaña (2015) about qualitative data analysis, the 19 semi-structured interviews were recorded, and subsequently fully transcribed for further qualitative data analysis. A thematic coding analysis was carried out with NVivo10 software, to address validity and rigor issues, with the objective of better understanding the processes whereby the marketing and company-characteristics influenced shop-in-shop adoption. To ensure the credibility, transferability, and validity of qualitative results (Miles *et al.*, 2013), we first controlled for data saturation. We then adopted an iterative pattern coding process: we initially coded the nine first interviews with retail managers operating shop-in-shops and controlled with the six final interviews. We finally coded the four interviews with the two department store managers, the multi-brand store owner, and the investment. We used these qualitative findings to assist in explaining and interpreting the findings of our quantitative study.

Quantitative study: sample, variables and method

Sample. Because there was no appropriate database for the purposes of our quantitative research, we constructed one using different complementary sources. The list of retail companies from which our sample was extracted is derived from the 2011 Retail Yearbook of the *Institut Français de la Mode* (IFM). Published every two years, this database is considered a reference in France. It lists the fashion retail networks operating more than ten stand-alone branded units, among which at least four are in France. The database provides three financial results as well as information about 20 characteristics about the organisation, management and marketing of the retail networks. These data are collected directly by IFM experts from the retail networks. The 2011 IFM Yearbook included 613 fashion retail networks in total, of which we excluded 191 foreign networks and 13 groups of independent retailers for sample homogeneity. On the basis of the SIREN identification number and the phone number, we then matched and crosschecked these 409 data with those presented in the Diane database. Diane contains very comprehensive information (accounts, ratios, activities, scanned annual reports, descriptive information, ownership and management) on 1.4 million listed and non-listed companies in France. We excluded companies that do not publish their accounts and those for which there was a significant discrepancy (+3 per cent) between the turnover in the Diane database and that in the IFM Yearbook. Finally, additional data were collected by e-mail and phone calls from spring to fall 2012. The final sample consisted of 170 French retail networks ($n = 170$) for which we had complete and consistent information.

Dependent variable. Regarding the objective of analysing the effect of different variables on the propensity to expand via shop-in-shops, the latter was computed in two ways:

(1) Shop-in-shop rate (SinSR): this rate is the total number of shop-in-shops divided by the total number of outlets (company-owned, franchised and shop-in-shops) for each retail network. It captures the amount of shop-in-shops used relative to the total number of outlets for a given retail network.

(2) Shop-in-shop dummy (SinSD): in our sample, the median value of SinSR is equal to 2.90 per cent, meaning that half of the retail networks in the sample do not exploit or marginally exploit shop-in-shops in their growth strategy. Thus, a dummy variable was computed; the variable equals 1 when SinSR is above its median and 0 otherwise. A SinSD value of 1 indicates that the retail network expands via shop-in-shops, whereas it does not when SinSD equals 0.

Independent variables. Table II lists the proxies used to assess our independent variables, which are expected to be possible drivers of the propensity of retailers to expand with shop-in-shops. These proxies have been used in many former empirical studies and are considered reliable and valid (e.g. Lafontaine and Shaw, 2005; Perrigot and Pénard, 2013; Hsu *et al.*, 2017).

Hypothesis	Variable	Measure of the variable	Reference
H1	Positioning of the retail company	Positioning based on symbols; Positioning based on functional benefits; Positioning based on functional benefits and symbols	Bradley and Gannon (2000), Morschett et al. (2006), Dolbec and Chebat (2013), Picot-Coupey et al (2014)
H2	Own-label merchandise	Percentage of own-label merchandise in the total merchandise range[a]	
H3	Pricing strategy	Discount; Low price level; Medium-low price level; Medium price level; Medium-high price level; High price level; Luxury price level[a]	
H4	Targeting strategy	Undifferentiated strategy; Differentiated strategy; Concentrated strategy; Personalised strategy	
H5	Concept renewal	Difference between 2009 (the year of the data) and the year of the last retail concept[a]	Lafontaine and Shaw (2005), Perrigot and Pénard (2013)
H6	Retail branded network reputation	Own-label merchandise range (6.1): percentage of own-label merchandise[a] Network size (6.2): total number of outlets[a] Scope of internationalisation (6.3): total number of countries[a]	Lafontaine and Shaw (2005), Pehrsson (2008), Mariz-Pérez and Garcia-Alvarez (2009), Picot-Coupey et al (2014)
H7	Sector specialisation	Ready to Wear; Ready to Wear and Accessories; Sportswear; Lingerie; Accessories, Home decoration	Fadairo and Lanchimba-Lopez (2014), Chaudey et al. (2013), Picot-Coupey et al (2014)
H8	Retail network age	Difference between 2009 (the year of the data) and the year of the first store in France	Lafontaine and Shaw (2005), Brand and Croonen (2010), Perdreau et al. (2011), El Akremi et al (2015)
H9	Financial resources constraint	High leverage (9.1): (Financial Debt/Equity) > Q3 High cost of debt (9.2): (Financial expenses)/(Financial Debt) > Q3 Low internal financial resources (9.3): Cash flow/financial debt < Q1 Member of a group (9.4): Group membership[a]	Capon et al. (1990), Cronin (1985), Andres (2008), Madanoglu et al. (2011)

Note: [a]Information collected from the 2011 Yearbook of the French Fashion Institute

Table II.
Presentation of the
independent variables
and their measures

Regarding retail positioning, we coded the three typical strategies that aim to differentiate the retailer from its competitors: positioning based on symbols, on functional benefits or on symbols and functional benefits (Morschett *et al.*, 2006; Dolbec and Chebat, 2013). Own-label merchandise refers to the percentage of own-label merchandise in the total merchandise range of the retailer (Dolbec and Chebat, 2013; Picot-Coupey *et al.*, 2014). Concerning the third variable, pricing strategy, we listed the seven main strategies that are recognised as relevant in retailing and coded based on these strategies. In terms of targeting strategy, the most commonly used sets include four target market approaches (Morschett *et al.*, 2006; Picot-Coupey *et al.*, 2014). Retail concept renewal was computed by the difference between the year the data were collected (2011) and the year the last retail concept was developed (Lafontaine and Shaw, 2005; Perrigot and Pénard, 2013). Retail branded network reputation was measured through three proxies: the strength of the retail store brand, measured by the percentage of own-label merchandise; the network size, measured by the total number of outlets in the retail network (e.g. Mariz-Pérez and García-Álvarez, 2009); and the geographic scope of internationalisation, which refers to the number of foreign countries in which the retail company operates (Pehrsson, 2008). Sector specialisation refers to the sub-sector of activity, and we distinguished the six sub-sectors considered relevant in the fashion retail industry (e.g. Chaudey *et al.*, 2013; Fadairo and Lanchimba-Lopez, 2014). Retail network age is the difference between the year the data were collected (2011) and the year the first store was opened in France (e.g. Lafontaine and Shaw, 2005; Perdreau *et al.*, 2011; El Akremi *et al.*, 2015). The longevity of the relationship between companies and their financial stakeholders is a specific case of relational capital. Because we had no direct measure of the age of this relationship, we considered the age of the company as a proxy (e.g. Brand and Croonen, 2010). Regarding financial resource constraints, scarcity of financial resources was measured by three financial indicators (Capon *et al.*, 1990; Cronin, 1985; Madanoglu *et al.*, 2011): high leverage (h-LEV) was measured by a dummy variable for the highest quartile of the leverage ratio; high cost of debt (h-COSTDEBT) was measured by a dummy variable for the highest quartile of debt cost; and low internal financial resources (l-FINRES) was measured by a dummy variable for the lowest quartile of the mean of internal financial resources. Finally, group membership was coded as a binary variable equal to 1 if the retail company was part of a group and 0 otherwise (Andres, 2008).

Method

To test our research hypotheses, logistic regression models were used. Because our dependent variables consist of both a ratio that takes a value between 0 and 1 (SinSR) and a dummy variable (SinSD), we chose to apply a homogeneous statistical methodology. The LOGIT model was adapted to these two types of dependent variables. Moreover, the independent variables are metric and non-metric, reinforcing the need to use LOGIT rather than OLS models. Nevertheless, regarding the intensity of shop-in-shops measured by SinSR, we also used the TOBIT regression model because it was more appropriate than the LOGIT model in this case (Greene, 2008) and because it provided a robustness check.

Research results: determinants of the propensity to operate shop-in-shops

We used our quantitative findings to test the influence of marketing and company-related factors on shop-in-shop adoption, and our qualitative findings to interpret how and why these effects occurred.

In our quantitative sample, the propensity of retail networks to operate with shop-in-shops varies greatly. The SinSRs are highly dispersed. SinSR has a mean of 18.82 per cent,

with a rather large standard deviation of 24.55 per cent (minimum rate $=$ 0 per cent; maximum rate $=$ 89.29 per cent). Our dummy variable SinSD splits retail networks into two groups. For those operating shop-in-shops (SinSD $=$ 1), the mean SinSR equals 37.46 per cent, with a very small standard deviation of 2.45 per cent. For those not operating shop-in-shops (SinSD $=$ 0), the SinSR is very low at 0.19 per cent (standard deviation: 0.0006). The t-test result (15.22) – presented in Table III – confirms the significant difference between the means of the SinSRs of the two groups. Such very contrasting views of retail branded networks in terms of whether or not they use shop-in-shops also emerged from our qualitative study. The sceptical views of interviewees A, I and J differ from those of other interviewees, as illustrated by these two quotes:

> Shop-in-shops are not for us. It's not an appropriate model … we don't fit the model (Interviewee J).

> The shop-in-shops are definitely a successful model for us. I think we have found the solution to develop our network, to … to develop our brand efficiently. It's an incredible development lever (Interviewee B).

What can explain the propensity of retail networks to expand – or not – via shop-in-shops? Tables III and IV, respectively, present the descriptive results of t-tests and one-way

Variable	Mean score (standard deviation) Retail networks with shop-in-shops (85)	Retail networks without shop-in-shops (85)	t-value	p-value (means difference $\neq$ 0)
Percentage of shop-in-shops	**0.375 (0.02)**	0.002 (0.0006)	−15.22	0.00
Percentage of own-label merchandise	**97.47 (1.26)**	71.4 (4.49)	5.59	0.00
Age of the retail concept	4.40 (0.49)	**5.97 (0.75)**	1.76	0.08
Age of the retail network	26.21 (1.64)	*31.45 (3.16)*	1.47	0.14
Total number of outlets	*180.74 (40.00)*	158.51 (37.67)	−0.41	0.68
Number of countries	**14.64 (1.84)**	5.60 (1.45)	−3.87	0.00
LEV_w	*1.83 (5.97)*	1.25 (4.78)	−0.58	0.56
$COSTDEBT_w$	**0.134 (0.0136)**	0.077 (0.009)	−3.44	0.00
$FINRES_w$	**7.24 (18.87)**	2.59 (9.66)	−1.75	0.08

Notes: No. of observations: 170. Method: summary t-test results comparing retail networks operating with shop-in-shops versus not operating with shop-in-shops. Shop-in-shops if SinSR > median (SinSD=1). Variables with w as postscript are winsorized at (2.5 percent, 2.5 percent)

Table III.
Descriptive results:
mean, standard
deviation and t-tests

Variable	Mean values of SinSR						F-value	p-value
Positioning	Functional 0.066		Symbolic *0.265*		Functional and symbolic 0.04		16.59	0.00
Pricing strategy	Discount 0.000	Low 0.071	Medium-low 0.037	Medium *0.140*	Medium-high *0.224*	High *0.324*	Luxury *0.368*	6.83	0.00
Targeting strategy	Undifferentiated 0.008		Differentiated *0.160*		Concentrated *0.236*		9.70	0.00
Sector specialization	Ready to wear 0.168	Ready to wear and accessories 0.195	Sportswear *0.297*	Lingerie *0.314*	Accessories *0.342*	Home decoration 0.111	2.20	0.06
Group	Yes 0.19			No 0.18			0.07	0.79

Notes: No. of observations: 170. Method: ANOVA

Table IV.
Descriptive results:
ANOVA F-tests

analyses of variance (ANOVAs F-test) comparing retail networks operating with shop-in-shops vs those not operating with shop-in-shops.

According to the results of the t-tests, retail networks featuring shop-in-shops have a significantly higher percentage of own-label merchandise (97.47 per cent) than those without shop-in-shops (71.4 per cent). These networks have significantly more recent concepts (4.4 years vs 5.97 years) and operate in a significantly larger number of countries (14.64 vs 5.6). They also have a significantly higher cost of debt (0.134 vs 0.077) as well as significantly higher internal financial resources (7.24 vs 2.59). According to the results of the ANOVA F-tests, the positioning strategy, the pricing strategy, the market targeting strategy and the degree of sector specialisation are significantly different between the retail networks operating with shop-in-shops and those without shop-in-shops. SinSR is significantly higher (26.5 per cent) when retail networks pursue a positioning strategy based on symbols than when their positioning is based on functional benefits (SinSR = 6.6 per cent) or mixes symbols and functional benefits (SinSR = 4 per cent). SinSR is also significantly higher the more premium the pricing strategy, the narrower the market targeting strategy, and the more specialised the sector (sportswear, lingerie, accessories). Regarding our descriptive results, the retail network's age, the retail network's size and the leverage ratio are not significantly different between retail networks operating with shop-in-shops and those not operating with shop-in-shops; group membership has no significant effect on SinSR.

Regarding the tests of our hypotheses, the LOGIT and TOBIT model results are shown in Table V. To account for the joint effect of RB- and IC-related variables on the propensity to expand via shop-in-shops, we constructed a synthetic model combining all of the independent variables. Because the number of the latter is relatively high compared with the sample size, a stepwise method was used to select only the most statistically relevant variables. The models are considered satisfactory, with a rather high pseudo R^2 (0.47 for SinSD; 0.48 and 0.56 for SinSR).

	SinSD	SinSR Logit	SinSR Tobit
Symbolic positioning	1.68** (2.54)	/	1.18** (2.20)
Own-label merchandise range	0.03** (2.25)	0.04*** (2.78)	0.005*** (3.11)
Pricing strategy	0.89*** (3.63)	1.15*** (3.60)	0.09*** (3.62)
Differentiated strategy	/	/	/
Concentrated strategy			
Age of the store concept	−0.09 (−1.44)	−0.11* (−1.82)	−0.01** (−2.15)
Total number of outlets	/	0.006* (1.74)	0.0001 (1.41)
Number of countries	0.05*** (2.61)	0.04 (1.40)	0.003* (1.66)
Ready to wear and accessories	/	−1.80 (−1.48)	/
Ready to wear and sportswear	2.90* (1.90)	1.86 (1.45)	0.36*** (3.12)
Lingerie	1.29 (1.36)	/	0.24** (2.38)
Accessories	2.87** (2.26)	2.89** (2.16)	0.39*** (3.36)
Home decoration	/	−1.53* (−1.70)	/
Retail network age	−0.03** (−2.45)	/	−0.002* (−1.72)
h-LEV	/	1.12 (1.41)	/
h-COSTDEBT	1.39* (1.85)	/	/
l-FINRES	/	1.19 (1.44)	/
Group	/	−1.51** (−2.44)	−0.09 (1.57)
Constant	−7.94*** (−4.40)	−8.21*** (−3.81)	0.79*** (−4.39)
Pseudo R^2	0.46	0.48	0.56

Table V.
Determinants of retail networks' expansion via shop-in-shops

Notes: No. of observations: 170. Methods: stepwise LOGIT and TOBIT. Dependent variable: SinSR, SinSD. "/" variable has not been selected in the stepwise procedure. *,**,***Significant at 10, 5 and 1 percent levels (Z-stat), respectively

Our quantitative results enriched with our qualitative results provide support for an analysis of the determinants of retail store network expansion via shop-in-shops in terms of resources and IC. When analysing respondents' discourse, it appeared that that retail network's intangible resources represent three-quarters of this discourse, suggesting that they are major determinants of the choice to operate shop-in-shops. Our quantitative study also shows positive relationships between symbolic positioning, own-label merchandise range, premium pricing strategy, retail branded network reputation, and the propensity to operate shop-in-shops, confirming that these intangible resources drive the decision to expand a retail network via this format. These factors are important in appropriately operating shop-in-shops and can also be correctly leveraged through this format.

H1 predicted that a retail network is more likely to operate shop-in-shops when its positioning is based on symbols. There is a significant and positive relationship between symbolic positioning and SinSD (coefficient = 1.68**) and SinSR (coefficient = 1.18**), providing support for *H1*. In their discourse, all respondents emphasised the fact that a premium-oriented positioning was necessary to operate efficiently shop-in-shops, as illustrated by Interviewee N:

> What are we talking about with shop-in-shops? We're talking about positive experiences for customers, well-trained and knowledgeable staff, exclusive items, […] It is not just products on shelves. Shop-in-shops are mini stores but high-profile ones. If we observe the hypermarkets today, why are they rethinking their way of doing with shop-in-shops? Because they're looking for new concepts, experiential concepts with products manufactured in front of consumers. Such premium-oriented positioning is just essential for setting up shop-in-shops.

The interviewees also commented on why and how shop-in-shops help in effectively expressing a symbolic positioning, and insisted on the fact that the synergies in terms of images between the host retailers strengthened their positioning. Interviewee D's experience is illustrative:

> The shop-in-shops allow us to assert who we are and that's what we need now. In our stores by definition we are alone. In department stores, we are located next to brands that share our vision of fashion, that "je ne sais quoi" which brings character and personality to a brand. Shop-in-shops are very interesting for us, … very interesting because of such synergies between these mini-boutiques. It is as if, … when looking at the map of a department store, it is like a tangible perceptual map.

Moreover, all the respondents underlined the role of shop-in-shops in expressing a brand positioning and increasing its awareness, as indicated by interviewee H:

> Being in this store is a way to reinforce our values. It's kind of a sounding board for our story, it's … it's a very worthwhile sounding board. It promotes our history, our brand values.

H2 predicted that the higher the percentage of own-label merchandise in the total merchandise range is, the more likely the retail network is to expand via shop-in-shops. *H2* also receives support because there are positive and significant relationships between SinSD (coefficient = 0.03**) and SinSR (coefficient = 0.04***; 0.005***) and the percentage of own-label merchandise. The importance of own-label merchandise range emerged from our respondents' discourse. For hosting retailers, own-label merchandise is a key asset of a brand, as explained by DS1 interviewee:

> It's a bit of an alchemist's job. Selecting the most appropriate brands for our department stores … well it is not only selecting a given brand because of its reputation, its exclusive products, … but it is also selecting it regarding the others, so that together they create a nice, consistent, appealing assortment for consumers and, and … All brands benefit from this "collection" of speciality stores. If I decide to partner with a brand, that's because they offer original products and these branded products are interesting for our target consumers.

It echoes the views of the hosted retailers who insisted on this importance of exclusive products for shop-in-shops as a means of differentiation. Interviewee G indicated:

> They're [the host retailers] interested in exclusive products, special, distinctive products, not in basic products. From my perspective, the question is, why are we a desirable partner for retailers and why are they desirable partners for us? From my experience, I would say it's because we have a story to tell and an experience to offer to our customers but … and, above all, we have excellent exclusive products we manufacture.

H3 is similarly supported. The more premium the pricing strategy is, the more likely the retail network is to expand with shop-in-shops (SinSD coefficient = 0.89***; SinSR coefficient = 1.15***; 0.09***). When analysing respondents' comments regarding the pricing strategy, it appears that they reported on this orientation of shop-in-shops towards a premium pricing strategy because this fits the in-store experience orientation. Interviewee A explained:

> Clearly, competition is not about, is … is not on prices in shop-in-shops. This would be a losing game for everyone, for …, for the brands, for the stores, for the consumers. That's clear. That's why we're not a desirable partner …. We are an innovative brand drawing young people, but our prices are not aligned.

Interviewee I further elaborated:

> In a way, our offer is too cheap for this type of format. We tried because, because … Actually we are quite well known internationally and our reputation was interesting for the international consumers. But it is not consistent with the assortment. That's not what consumers look for when they visit a department store, they look for consumer services, exclusive products and expensive products.

Because the variable associated with the market targeting strategy was not selected in the stepwise procedure, our quantitative results offer no support for *H4*, which predicted that the narrower the market targeting strategy is, the more likely the retail network is to operate shop-in-shops. Our qualitative study shows that, in their discourse, the respondents associate this targeting strategy with the positioning and the assortment, respecting the marketing strategy consistency. Interviewee F commented:

> Well … specific and clear brand positioning, consistent development of our assortment, matched to precise customer profile types, that's the shop-in-shops' winning formula.

H5 concerned the store concept renewal and predicted that the less frequently renewed a store concept was – proxied by the store concept age – the higher the propensity to operate with shop-in-shops would be. Contrary to *H5*, the coefficient for the age of the store concept is negative: the less renewed the store concept is, the lower the proportion of shop-in-shops in a retail network becomes (SinSR coefficient = −0.11*; −0.01**). In other words, the results support the view that the more frequently a retail concept is renewed, the more likely the retailer is to operate shop-in-shops. When analysing respondents' discourse about store concept renewal, it appears that the interviewees consider it as a necessity to keep their spaces in host stores, as explained by interviewee L:

> We have no choice but to change and change the concept. There are a lot of requests, a lot, … Many brands want to get there. If we don't come up with anything new, we're going to be kicked out of here soon.

This pressure for store concept renewal induced by shop-in-shops is viewed as a learning tool by many interviewees, such as interviewee M:

> In shop-in-shops, well, well […] we have to keep very, very close attention to details. It matters, it … they [the host stores] have extremely high demands on …, on products, on merchandising, on customer service, on […] they challenge us, they encourage us to do better, to renew our concept, it is continuous learning.

H6 concerned reputational resources and predicted that the higher the reputation of a retail branded network is, the more likely the retail network is to expand with shop-in-shops. Retail branded network reputation – proxied by the percentage of own-label merchandise range, network size and the scope of internationalisation – has a positive, significant relationship with the propensity to expand via shop-in-shops, providing support for *H6.1–H6.3*. All the interviewees mention reputation as a key factor in their decision to operate shop-in-shops. Existing reputation is important to get chosen by host retailers; and the shop-in-shop is a means to leverage reputation, as detailed by Interviewee E:

> Another main reason for operating shop-in-shops is that it … it allows us to strengthen our reputation. We had a quite good reputation, a nice brand that reflects the style of French living, rugby-inspired exclusive collections … I won't go so far as to say that we are unavoidable, nobody is, but … consumers expect to see us in department stores. It is also true in foreign markets. Our reputation allows us to make a place for ourselves and strengthen our reputation. It's a virtuous circle.

H7 posited that the more sector-specialised a retail network is, the more likely it is to operate shop-in-shops. This hypothesis is supported for the lingerie (SinSR coefficient = 0.24**) and accessories sectors (SinSD coefficient = 2.87**; SinSR coefficient = 2.89**; 0.39***) but not supported for the home decoration sector (SinSR coefficient = −1.53**), which has a negative coefficient. Expanding a retail network specialised in home decoration via shop-in-shops does not appear to be well adapted, despite the sector specialisation. This finding could be due to the sale space necessary to display products in this sector, which is significantly different from that required by the other sectors tested in the study. In our quantitative sample, the mean sale space of a home decoration store is 869 m^2 compared with 221 m^2 for retailers in the other sectors. The turnover by square metre is correlatively lower for home decoration stores (€3,418) compared with that for stores in other sectors (€7,469). Regarding such large sale space, the shop-in-shop format appears inappropriate. Our qualitative study shows that this store format provides retailers the opportunity to display their specific offer in complement with the ones of the other shop-in-shops, as illustrated by interviewee DS1's quote presented before. The value of highly specialised offers is enhanced when presented together with other different and complementary specialised offers with which competition is actually limited.

H8 predicted a negative significant relationship between retail network age and a retail network's propensity to expand via shop-in-shop. Our results offer support for *H8*. The younger a retail network is, the more likely the retail network will expand via shop-in-shops (SinSD coefficient = −0.03**; SinSR coefficient = −0.002*), result which also emerged from our qualitative study. Interviewee C's experience is illustrative:

> […] make ourselves known much more quickly. We didn't have a solid reputation, we weren't world-renowned! The brand was young, we just had two stores and we had to get a reputation. We had to "think big", to have a physical presence in Paris. It was easier for our young brand to enter Paris with shop-in-shops, we … we couldn't have opened our own-store.

H9 predicted a positive, significant relationship between financial constraints – proxied by a high leverage (*H9.1*), a high cost of debt (*H9.2*), limited internal financial resources (*H9.3*), and no group support (*H9.4*) – and retail network propensity to expand via shop-in-shops. The coefficients for leverage and financial resources are not significant, providing no support for *H9.1* or *H9.3*. The coefficients for cost of debt (SinSD coefficient = 1.39*) and group membership (SinSR coefficient = −1.51**) are significant and of the expected sign, providing support for *H9.2* and *H9.4*. Considering the relative value of the coefficients, the effect of financial constraints on the decision to expand via shop-in-shops is limited. All the interviewees, both large and small companies, mentioned financial arguments in relation to their choice of operating shop-in-shops. Three of the

companies interviewed (B, H and L) supported a high cost of debt and mentioned the financial advantage of replacing stand-alone stores by shop-in-shops. Interviewee B, from a very large company, commented on:

> We sold some of our stores because we were heavily indebted. We moved our Parisian store to divide our rent substantially. And our strategy was then to open shop-in-shops because it is significantly less expensive. For about the same budget we opened six shop-in-shops in department stores.

However if important, these financial questions do not dominate the discourse and the respondents addressed it in relation to their strategy and marketing objectives. Interviewee O's indicated:

> We had to open stores to stay competitive but we couldn't afford stand-alone stores but … but we could afford shop-in-shops in these high-traffic areas because operational costs were much lower. Actually the advantage of shop-in-shops is the speed of development. We could have developed with our stand-alone stores but at a much slower pace.

According to our qualitative and quantitative results, developing a retail network with shop-in-shops does not appear as a "by default" second best strategy but is actually an adapted means of expansion with respect to certain variables. In particular, the decision is more appealing for retail companies not belonging to a group.

Overall, intangible resources, including IC, and to a lesser extent, tangible resources appear to affect retail network decisions to expand via shop-in-shops.

Discussion and conclusion
The study aimed at investigating the determinants of retail store network expansion via shop-in-shops. To do so, we first examined the specificities of retailer-run shop-in-shops and applied the RBV and the IC theory to investigate the determinants of the propensity to operate shop-in-shops within branded retail networks. Then, we tested nine hypotheses with a mixed methods research design combining a quantitative study ($n = 170$) and a qualitative study ($n = 19$) on French retail networks. To the best of our knowledge, this research is the first to: examine the issue of shop-in-shops run by retail networks that traditionally operate stand-alone branded stores; and to provide theoretical explanations, from a resource-based and IC perspective, to the key factors that differentiate retail networks that operate shop-in-shops from those that operate only stand-alone branded units. The originality of our approach also lies in our mixed methods research design, which included the development of a unique data set mixing marketing and financial information and gathering high-quality secondary data for French retail companies. This research contributes in five main ways to the understanding of an increasingly popular retail format.

First, we found that the combination of the RBV and the IC perspective was appropriate in explaining retailers' choices to run shop-in-shops. This decision depends on the extent to which intangible resources – the most important being retail positioning grounded in symbols, an own-label merchandise range, and a high retail branded network reputation – can be valued and enhanced. Our research contributes to the existing literature by extending the use of the IC and RB theories to analyse shop-in-shops, in addition to explaining other options for outlet growth (e.g. Combs and Ketchen, 1999; Watson et al., 2005; Cyrenne, 2016).

Second, the negative relationship between the store concept renewal and the propensity to operate shop-in-shops appears to contradict the predictions of RBV, which suggests that the rent cleared from a frequently renewed concept could be better appropriated with stand-alone branded units. An alternative explanation, which emerged from our qualitative study, is that retail networks that frequently renew their store concepts are more highly prized by host retailers who find in them innovative and valuable partners whose fast-evolving offer

is more attractive for consumers. Retail networks that frequently renew their store concept can negotiate more interesting conditions with host retailers than retail networks running older concepts can. Under these conditions, retailers can effectively appropriate the rent derived from the newness of their store concept via shop-in-shops.

Third, in line with previous research results (e.g. Chaudey and Fadairo, 2011; Fadairo and Lanchimba-Lopez, 2014), the positive relationship found between sector specialisation and a retail network's propensity to expand via shop-in-shops confirms that sector specialisation has to be considered in retail organisational structure decisions. A shop-in-shop is a relevant means to enhance the resources of highly specialised retailers, given that their offers can be displayed in small-size retail spaces and that these offers are complementary to each other. This result and extends Jerath and Zhang's (2010) observation.

Fourth, we find evidence of a negative relationship between network age and the likelihood of a retail network to operate shop-in-shops, confirming the predictions of the RBV and the IC perspective. It is challenging for young networks to boost their resources (Petersen and Welch, 2000; Achtenhagen *et al.*, 2017). Operating shop-in-shops allows them to benefit from the marketing and managerial capabilities of the host retailer as well as of the other operators of shop-in-shops, thereby revealing complementary resources for their development.

Finally, our quantitative and qualitative results show that the effect of financial constraints on the likelihood to expand via shop-in-shops is limited. This finding challenges the views of previous studies on manufacturer-run shop-in-shops that put forward financial constraints as a key driver of the decision to operate a shop-in-shop (Worthington, 1985, 1988; McGoldrick, 1987; Kuhn and Beine, 2014). If our results show that retail networks that are not supported by a group and that support a high cost of debt are more likely to expand via shop-in-shops, we do not find any significant relationship between a high leverage or limited financial resources and the likelihood of retail networks to operate shop-in-shops. When analysing our respondents' comments, it appears that expanding a retail network via shop-in-shops does not appear to be a financially constrained expansion strategy but must be considered as a relevant first best strategy when an independent and young retail company has intangible resources to value but limited tangible resources.

In summary, these marketing (i.e. positioning, labelling of merchandise range, pricing strategy, age of the retail concept, retail network reputation) and company-related determinants (sector specialisation, retail network age and financial situation) differentiate the likelihood of retail networks to develop via shop-in-shops.

For host retailers and hosted retailers, this research highlights some key success drivers that would be worth considered. This includes:

- Reflecting on how each party can benefit from each other. Shop-in-shops have to be viewed as co-stores, in which the hosting retailer and the hosted ones are partnering for their joint success. According to the nested doll principle and the object-within-similar-object relation, each shop-in-shop has to be a mini-boutique on its own, with its specific design and its distinct experience. At the same time, these mini-boutiques are nested within the host store and the latter is the conductor who brings together the mini-boutiques to create a single and positive experience.

- Being mindful of the nature and effects of marketing and corporate resources that enable a retail brand to grow successfully through shop-in-shops. To make shop-in-shops a win-win, the host retailer has to offer a selection of distinct branded products and a story to tell to shoppers through its visual identity; the host retailer has to select potential operators of shop-in-shops whose offers are not directly in competition and are complementary. Hence, host retailers will derive benefits from such a format in terms of intangible resource enhancement and tangible resource complementarity, and hosted retailers will benefit from the arrangement in terms of increased attractiveness.

This research has several limitations that future work could address. First, the scope of the research was constrained by the available data, particularly with respect to the financial data. Because most of the retail companies were not listed, it was difficult to access reliable financial information (Madanoglu *et al.*, 2011). Future research could attempt to collect primary information, although difficulties associated with collecting such financial data information must also be considered (Madanoglu *et al.*, 2011). Second, the scope of our study was limited to fashion retailing in France. Studying one country and one sector increased the validity of our results but may have led to lower generalisability. It would be worth expanding this perspective to derive less sector-specific and country-specific results. Third, we performed a cross-sectional study although the decisions made by retail networks regarding organisational form are dynamic. It would be interesting to adopt a longitudinal approach, which would require the development of a database capturing several years of evolution. Finally, some of our interviewees commented on shop-in-shops playing the role of flagship units, depending on the location or the reputation of the host retailer; other interviewees mentioned pop-up shop-in-shops. Future studies could further investigate these matters.

References

Abhishek, V., Jerath, K. and Zhang, Z.J. (2015), "Agency selling or reselling? Channel structures in electronic retailing", *Management Science*, Vol. 62 No. 8, pp. 2259-2280.

Achtenhagen, L., Brunninge, O. and Melin, L. (2017), "Patterns of dynamic growth in medium-sized companies: beyond the dichotomy of organic versus acquired growth", *Long Range Planning*, Vol. 50 No. 4, pp. 457-471.

Ailawadi, K.L. and Keller, K.L. (2004), "Understanding retail branding: conceptual insights and research priorities", *Journal of Retailing*, Vol. 80 No. 4, pp. 331-342.

Ailawadi, K.L., Pauwels, K. and Steenkamp, J.B. (2008), "Private label use and store loyalty", *Journal of Marketing*, Vol. 72 No. 6, pp. 19-30.

Andres, C. (2008), "Large shareholders and firm performance – an empirical examination of founding-family ownership", *Journal of Corporate Finance*, Vol. 14 No. 4, pp. 431-445.

Antéblian, B., Filser, M. and Roederer, C. (2013), "Consumption experience in retail environments: a literature review", *Recherche et Applications en Marketing*, Vol. 28 No. 2, pp. 82-109.

Badrinarayanan, V. and Becerra, E. (2016), "Branded store-within-stores: differential impact of 'star' vs 'supporting cast' brands on brand and retailer outcomes", in Campbell, C. and Ma, J.J. (Eds), *Celebrating America's Pastimes: Baseball, Hot Dogs, Apple Pie and Marketing?*, Springer International Publishing, Heidelberg, pp. 525-526.

Banerjee, A. and Drollinger, T. (2017), "Store within a store: matched versus mismatched image perceptions", *Journal of Retailing and Consumer Services*, Vol. 36, pp. 53-61.

Barney, J. (1991), "Firm resources and sustained competitive advantage", *Journal of Management*, Vol. 17 No. 1, pp. 99-120.

Barney, J. (2001), "Is the resource-based 'view' a useful perspective for strategic management research? Yes", *Academy of Management Review*, Vol. 26 No. 1, pp. 41-56.

Barney, J.B. and Arikan, A.M. (2001), "The resource-based view: origins and implications", in Hitt, M., Freeman, R.E. and Harrison, J. (Eds), *Blackwell Handbook of Strategic Management*, Blackwell Publishing, Oxford, pp. 124-188.

Barthélémy, J. (2008), "Opportunism, knowledge, and the performance of franchise chains", *Strategic Management Journal*, Vol. 29 No. 13, pp. 1451-1463.

Basu, R., Guin, K.K. and Sengupta, K. (2014), "Do apparel store formats matter to Indian shoppers?", *International Journal of Retail & Distribution Management*, Vol. 42 No. 8, pp. 698-716.

Bontis, N. (1998), "Intellectual capital: an exploratory study that develops measures and models", *Management Decision*, Vol. 36 No. 2, pp. 63-76.

Bradach, J.L. (1998), *Franchise Organizations*, Harvard Business School Press, Cambridge and Boston, MA.

Bradley, F. and Gannon, M. (2000), "Does the firm's technology and marketing profile affect foreign market entry?", *Journal of International Marketing*, Vol. 8 No. 4, pp. 12-36.

Brand, M. and Croonen, E. (2010), "Franchised and small, the most beautiful of all; HRM and performance in plural system", *Journal of Small Business Management*, Vol. 48 No. 4, pp. 606-626.

Bridson, K., Evans, J., Mavondo, F. and Minkiewicz, J. (2013), "Retail brand orientation, positional advantage and organisational performance", *The International Review of Retail, Distribution and Consumer Research*, Vol. 23 No. 3, pp. 245-264.

Brynjolfsson, E., Hu, Y.J. and Rahma, M.S. (2013), "Competing in the age of omnichannel retailing", *MIT Sloan Management Review*, Vol. 54 No. 4, pp. 23-29.

Burt, S. and Davies, K. (2010), "From the retail brand to the retailer as a brand: themes and issues in retail branding research", *International Journal of Retail and Distribution Management*, Vol. 38 Nos 11-12, pp. 865-878.

Calvo-Porral, C. and Lévy-Mangin, J.P. (2014), "Determinants of store brands' success: a cross-store format comparative analysis", *International Journal of Retail & Distribution Management*, Vol. 42 No. 7, pp. 595-612.

Capon, N., Farley, J.U. and Hoenig, S. (1990), "Determinants of financial performance: a meta analysis", *Management Science*, Vol. 36 No. 10, pp. 1143-1159.

Carreira, C. and Silva, F. (2010), "No deep pockets: some stylized empirical results on firms' financial constraints", *Journal of Economic Surveys*, Vol. 24 No. 4, pp. 731-753.

Chaudey, M. and Fadairo, M. (2011), "Sector-based explanation of vertical integration in distribution systems; evidence from France", *5th International Conference on Economics and Management of Networks (EMNet) Electronic proceedings in Limassol, Spring-Verlag, Cyprus, 1-3 December*.

Chaudey, M., Fadairo, M. and Solard, G. (2013), "Network integration through franchised and company-owned chains: evidence from French distribution networks", *Managerial and Decision Economics*, Vol. 34 Nos 3-5, pp. 195-203.

Choo, C.W. and Bontis, N. (2002), *The Strategic Management of Intellectual Capital and Organizational Knowledge*, Oxford University Press, New York, NY.

Combs, J.G. and Ketchen, D.J. (1999), "Explaining interfirm cooperation and performance: towards a reconciliation of prediction from resource-based view and organizational economics", *Strategic Management Journal*, Vol. 20 No. 9, pp. 867-888.

Creswell, J.W. and Creswell, J.D. (2017), *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*, Sage, Thousand Oaks, CA.

Cronin, J.J. (1985), "Determinants of retail profit performance: a consideration of retail marketing strategies", *Journal of the academy of Marketing Science*, Vol. 13 No. 4, pp. 40-53.

Cyrenne, P. (2016), "The determinants of dual distribution revisited", *International Journal of the Economics of Business*, Vol. 23 No. 2, pp. 1-16.

Davidson, W., Doody, A. and Lowry, J. (1970), "Leased department stores as a major force in the growth of discount store retailing", *Journal of Marketing*, Vol. 34 No. 1, pp. 39-46.

Davidson, W.R. (1970), "Changes in distributive institutions", *The Journal of Marketing*, Vol. 34, No. 1, pp. 7-10.

Deloitte (2015), *Top 250 Global Powers of Retailing - Retail Trends 2015: Embracing Innovation*, Deloitte Touche Tohmatsu, London.

Doherty, A.M. and Quinn, B. (1999), "International retail franchising: an agency theory perspective", *The International Journal of Retail and Distribution Management*, Vol. 27 No. 6, pp. 224-236.

Dolbec, P.Y. and Chebat, J.C. (2013), "The impact of a flagship vs. a brand store on brand attitude, brand attachment and brand equity", *Journal of Retailing*, Vol. 89 No. 4, pp. 460-466.

El Akremi, A., Perrigot, R. and Piot-Lepetit, I. (2015), "Examining the drivers for franchised chains performance through the lens of the dynamic capabilities approach", *Journal of Small Business Management*, Vol. 53 No. 1, pp. 145-165.

Fadairo, M. and Lanchimba-Lopez, C. (2014), "Organizational choices and performance in distribution systems", *Applied Economics*, Vol. 46 No. 14, pp. 1609-1623.

Fawkes, P. (2011), "2011 PSFK's future of retail report", available at: www.psfk.com (accessed 8 February 2016).

Fornari, E., Fornari, D., Grandi, S., Menegatti, M. and Hofacker, C.F. (2016), "Adding store to web: migration and synergy effects in multi-channel retailing", *International Journal of Retail & Distribution Management*, Vol. 44 No. 6, pp. 658-674.

Galbreath, J. (2005), "Which resources matter the most to firm success? An exploratory study of resource-based theory", *Technovation*, Vol. 25 No. 9, pp. 979-987.

Gaupp, C.G. and Kuhn, M.M. (2016), "Determination of success factors of the shop-in-shop and the concession model in the fashion industry: an empirical analysis of consumer perception in the case of Hugo boss Benelux in Spain", in Campbell, C. and Ma, J.J. (Eds), *Looking Forward, Looking Back: Drawing on the Past to Shape the Future of Marketing*, Springer International Publishing, Heidelberg, pp. 590-599.

Gauri, D.K., Trivedi, M. and Grewal, D. (2008), "Understanding the determinants of retail strategy: an empirical analysis", *Journal of Retailing*, Vol. 84 No. 3, pp. 256-267.

Goldman, A. (2001), "The transfer of retail formats into developing economies: the example of China", *Journal of Retailing*, Vol. 77 No. 2, pp. 221-242.

Greene, W.H. (2008), *Econometric Analysis*, Pearson International Edition, London.

Grzeskowiak, S., Sirgy, M.J., Foscht, T. and Swoboda, B. (2016), "Linking retailing experiences with life satisfaction: the concept of story-type congruity with shopper's identity", *International Journal of Retail & Distribution Management*, Vol. 44 No. 2, pp. 124-138.

Hall, R. (1992), "The strategic analysis of intangible resources", *Strategic Management Journal*, Vol. 13 No. 2, pp. 136-139.

Hansen, R. and Sia, S.K. (2015), "Hummel's digital transformation toward omnichannel retailing: key lessons learned", *MIS Quarterly Executive*, Vol. 14 No. 2, pp. 51-66.

Hart, C. and Davies, M. (1996), "The location and merchandising of non-food in supermarkets", *International Journal of Retail & Distribution Management*, Vol. 24 No. 3, pp. 17-25.

Hess, R.L. and Ring, L. (2014), "Off-price versus price-off: use of discriminant analysis to identify competitive differences across retail formats", *International Journal of Retail & Distribution Management*, Vol. 42 No. 10, pp. 902-928.

Hristov, L. and Reynolds, J. (2015), "Perceptions and practices of innovation in retailing: challenges of definition and measurement", *International Journal of Retail & Distribution Management*, Vol. 43 No. 2, pp. 126-147.

Hsu, L., Kaufmann, P. and Srinivasan, S. (2017), "How do franchise ownership structure and strategic investment emphasis influence stock returns and risks?", *Journal of Retailing*, Vol. 93 No. 3, pp. 350-368.

Hyytinen, A. and Väänänen, L. (2006), "Where do financial constraints originate from? An empirical analysis of adverse selection and moral hazard in capital markets", *Small Business Economics*, Vol. 27 No. 4, pp. 323-348.

Jerath, K. and Zhang, J.Z. (2010), "Store within a store", *Journal of Marketing Research*, Vol. 47 No. 4, pp. 748-763.

Jiang, Z., Nagasawa, S.Y. and Watada, J. (2014), "Luxury fashion brand image building: the role of store design in Bally and Tod's Japan", *Management Decision*, Vol. 52 No. 7, pp. 1288-1301.

Kim, S.K., McFarland, R.G., Kwon, S., Son, S. and Griffith, D.A. (2011), "Understanding governance decisions in a partially integrated channel: a contingent alignment framework", *Journal of Marketing Research*, Vol. 48 No. 3, pp. 603-616.

Kozlenkova, I.V., Samaha, S.A. and Palmatier, R.W. (2014), "Resource-based theory in marketing", *Journal of the Academy of Marketing Science*, Vol. 42 No. 1, pp. 1-21.

Kuhn, M. and Beine, K. (2014), "Success factors of shop-in-shop–an empirical analysis at the example of a domestic appliances manufacturer", *Journal of Business and Economics*, Vol. 5 No. 7, pp. 1092-1097.

Lafontaine, F. and Leibsohn, D. (2005), "Beyond entry: examining McDonalds' expansion in international markets", in Stanworth, J. and Brodie, S. (Eds), *Proceedings of the 19th International Society of Franchising Conference*, University of Westminster, London, pp. 1-34.

Lafontaine, F. and Shaw, K. (2005), "Targeting managerial control: evidence from franchising", *RAND Journal of Economics*, Vol. 36 No. 1, pp. 131-150.

Li, J., Chan, T.Y. and Lewis, M. (2016), "What happens when manufacturers perform the retailing functions?", *Production and Operations Management*, Vol. 25 No. 8, pp. 1391-1403.

Liu, Q. and Shuai, J. (2015), "Reverse pricing and revenue sharing in a vertical market", *Managerial and Decision Economics*, Vol. 36 No. 5, pp. 299-313.

McFadyen, E. (1983), "How to achieve successful regeneration: Burton, Debenhams and Tesco reveal all (or nearly all)", *Retail and Distribution Management*, Vol. 11 No. 6, pp. 8-14.

McGoldrick, P.J. (1987), "Shops within shops: the consumer viewpoint: more control by store groups expected", *International Journal of Retail & Distribution Management*, Vol. 15 No. 4, pp. 9-12.

Madanoglu, M., Lee, K. and Castrogiovanni, G.J. (2011), "Franchising and firm financial performance among US restaurants", *Journal of Retailing*, Vol. 47 No. 3, pp. 406-417.

Mariz-Pérez, R. and García-Álvarez, T. (2009), "The internationalization strategy of Spanish indigenous franchised chains: a resource-based view", *Journal of Small Business Management*, Vol. 47 No. 4, pp. 514-530.

Miles, M.B., Huberman, A.M. and Saldaña, J. (2013), *Qualitative Data Analysis*, Sage, Thousand Oaks, CA.

Misonzhnik, E. (2012), "Store-within-a-store becomes expansion model dujour", available at: http://retailtrafficmag.com/management/siteoptimizer/stores_within_stores_becomes_expansion_model_dujour_10162012/ (accessed 8 February 2016).

Moore, C. and Birtwistle, G. (2004), "The Burberry business model: creating an international luxury fashion brand", *International Journal of Retail & Distribution Management*, Vol. 32 No. 8, pp. 412-422.

Morschett, D., Swoboda, B. and Schramm-Klein, H. (2006), "Competitive strategies in retailing – an investigation of the applicability of Porter's framework for food retailers", *Journal of Retailing and Consumer Services*, Vol. 13 No. 4, pp. 275-287.

Mossinkoff, M. and Smit, W. (2008), "Looking behind the scenes of shop-in-store-concepts: conceptual framework outlining four routes to success", working paper on Information Systems, University of Amsterdam, Amsterdam.

Moussawi-Haidar, L. and Çömez-Dolgan, N. (2017), "Percentage rent contracts between co-stores", *European Journal of Operational Research*, Vol. 258 No. 3, pp. 912-925.

Netmeyer, R., Heilman, C. and Maxham, J. (2012), "The impact of a new retail brand in-store boutique and its perceived fit with the parent retail brand on store performance and customer spending", *Journal of Retailing*, Vol. 88 No. 4, pp. 462-475.

Newbert, S.L. (2008), "Value, rareness, competitive advantage, and performance: a conceptual level empirical investigation of the resource-based view of the firm", *Strategic Management Journal*, Vol. 29 No. 7, pp. 745-768.

Nobbs, K., Moore, C.M. and Sheridan, M. (2012), "The flagship format within the luxury fashion market", *International Journal of Retail & Distribution Management*, Vol. 40 No. 12, pp. 920-934.

Norton, S.W. (1988), "Franchising, brand name capital, and the entrepreneurial capacity problem", *Strategic Management Journal*, Vol. 9 No. 51, pp. 103-114.

Ognjenovic, D. (1980), "Shop within a shop", *Retail and Distribution Management*, Vol. 8 No. 2, pp. 42-44.

Palmer, M. and Quinn, B. (2005), "An exploratory framework for analysing international retail learning", *The International Review of Retail, Distribution and Consumer Research*, Vol. 15 No. 1, pp. 27-52.

Pehrsson, A. (2008), "Strategy antecedents of modes of entry into foreign markets", *Journal of Business Research*, Vol. 61 No. 2, pp. 132-140.

Perdreau, F., Le Nadant, A.-L. and Cliquet, G. (2011), "Plural form and franchisors performance: early empirical findings from Europe", in Tuunanen, M., Windsperger, J., Cliquet, G. and Hendrikse, G. (Eds), *New Developments in the Theory of Networks Contributions to Management Science*, Springer, New York, NY, pp. 75-92.

Perrigot, R. and Pénard, T. (2013), "Determinants of e-commerce strategy in franchising: a resource-based view", *International Journal of Electronic Commerce*, Vol. 17 No. 3, pp. 109-130.

Peteraf, M.A. (1993), "The cornerstones of competitive advantage: a resource-based view", *Strategic Management Journal*, Vol. 14 No. 3, pp. 179-191.

Petersen, B. and Welch, L. (2000), "International retailing operations: downstream entry and expansion via franchising", *International Business Review*, Vol. 9 No. 4, pp. 479-496.

Petty, R. and Guthrie, J. (2000), "Intellectual capital literature review: measurement, reporting and management", *Journal of Intellectual Capital*, Vol. 1 No. 2, pp. 155-176.

Picot-Coupey, K., Burt, S.L. and Cliquet, G. (2014), "Retailers' expansion mode choice in foreign markets: antecedents for expansion mode choice in the light of internationalization theories", *Journal of Retailing and Consumer Services*, Vol. 21 No. 6, pp. 976-991.

Reynolds, J., Howard, E., Cuthbertson, C. and Hristov, L. (2007), "Perspectives on retail format innovation: relating theory and practice", *International Journal of Retail & Distribution Management*, Vol. 35 No. 8, pp. 647-660.

Roos, G., Pike, S. and Fernström, L. (2006), *Managing Intellectual Capital in Practice*, Routledge, Abington.

Saldaña, J. (2015), *The Coding Manual for Qualitative Researchers*, Sage, Thousand Oaks, CA.

Sayman, S., Hoch, S. and Raju, J. (2002), "Positioning of store brands", *Marketing Science*, Vol. 21 No. 4, pp. 378-397.

Schriber, S. and Löwstedt, J. (2015), "Tangible resources and the development of organizational capabilities", *Scandinavian Journal of Management*, Vol. 31 No. 1, pp. 54-68.

Sharples, S. (1982), "Is there a future for the department store?", *Retail and Distribution Management*, Vol. 10 No. 2, pp. 18-23.

Siebers, L.Q., Zhang, T. and Li, F. (2013), "Retail positioning through customer satisfaction: an alternative explanation to the resource-based view", *Journal of Strategic Marketing*, Vol. 21 No. 7, pp. 559-587.

Sorenson, O. and Sørensen, J.B. (2001), "Finding the right mix: franchising, organizational learning, and chain performance", *Strategic Management Journal*, Vol. 22 Nos 6-7, pp. 713-724.

Sorescu, A., Frambach, R., Singh, J., Rangaswamy, A. and Bridges, C. (2011), "Innovations in retail business models", *Journal of Retailing*, Vol. 87S No. 1, pp. S3-S16.

Teddlie, C. and Tashakkori, A. (2009), *Foundations of Mixed Methods Research: Integrating Quantitative and Qualitative Approaches in the Social and Behavioral Sciences*, Sage, Thousand Oaks, CA.

Teece, D.J. (1986), "Transactions cost economics and the multinational enterprise an assessment", *Journal of Economic Behavior & Organization*, Vol. 7 No. 1, pp. 21-45.

Thiesse, F., Al-Kassab, J. and Fleisch, E. (2009), "Understanding the value of integrated RFID systems: a case study from apparel retail", *European Journal of Information Systems*, Vol. 18 No. 6, pp. 592-614.

Veloutsou, C. and Moutinho, L. (2009), "Brand relationships through brand reputation and brand tribalism", *Journal of Business Research*, Vol. 62 No. 3, pp. 314-322.

Veluet, Q. (2015), "Shop-in-shop: quand la franchise joue aux poupées russes", available at: www.lesechosdelafranchise.com/dossiers/shop-in-shop-quand-la-franchise-joue-aux-poupees-russes/shop-in-shop-quand-la-franchise-joue-aux-poupees-russes-46872.php (accessed 8 February 2016).

Verhoef, P., Kannan, P.K. and Inman, J.J. (2015), "From multi-channel retailing to omni-channel retailing: introduction to the special issue on multi-channel retailing", *Journal of Retailing*, Vol. 91 No. 2, pp. 174-181.

Watson, A., Stanworth, J., Healeas, S., Purdy, D. and Stanworth, C. (2005), "Retail franchising: an intellectual capital perspective", *Journal of Retailing and Consumer Services*, Vol. 12 No. 1, pp. 25-34.

Whited, T.M. and Wu, G. (2006), "Financial constraints risk. Review of financial studies", Vol. 19 No. 2, pp. 531-559.

Wigley, S. and Chiang, C.L. (2009), "Retail internationalisation in practice: per una in the UK and Taiwan", *International Journal of Retail & Distribution Management*, Vol. 37 No. 3, pp. 250-270.

Worthington, S. (1984), "Shops within shops: a changing strategy for retailers", *International Journal of Retail & Distribution Management*, Vol. 12 No. 6, pp. 15-17.

Worthington, S. (1985), "Shops within shops: the concessionaire's point of view", *International Journal of Retail & Distribution Management*, Vol. 13 No. 5, pp. 32-35.

Worthington, S. (1988), "Concessionaires – a strategic option for retailers", *European Journal of Marketing*, Vol. 22 No. 3, pp. 14-20.

Yin, X. and Zajac, E.J. (2004), "The strategy/governance structure fit relationship: theory and evidence in franchising arrangements", *Strategic Management Journal*, Vol. 25 No. 4, pp. 365-383.

Yu, W., Ramanathan, R. and Nath, P. (2014), "The impacts of marketing and operations capabilities on financial performance in the UK retail sector: a resource-based perspective", *Industrial Marketing Management*, Vol. 43 No. 1, pp. 25-31.

Zhuang, Y. and Lederer, A.L. (2006), "A resource-based view of electronic commerce", *Information & Management*, Vol. 43 No. 2, pp. 251-261.

Corresponding author
Karine Picot-Coupey can be contacted at: karine.picot@univ-rennes1.fr

www.