The current issue and full text archive of this journal is available at
www.emeraldinsight.com/0959-0552.htm

International expansion and retail sales: an empirical study

Michael Etgar and Dalia Rachman-Moore
The Graduate School of Business Administration of the College of Management, Rishon Lezion, Israel

Received November 2006
Revised April 2007
Accepted June 2007

Abstract

Purpose – The purpose of this paper is to examine the effects of international expansion on the sales volumes of large-scale retailers.

Design/methodology/approach – Sales data of 200 largest retailers from around the world reported in the 2004 Deloitte "Global Retail Power" survey were analyzed with regression analyses.

Findings – It was found that: even though internationalization makes a positive contribution to retailers' sales volumes its impact is small; this effect is not impacted by the moderating factor of the degree of retailer specialization along product lines; while another moderating factor, namely the identity of the retailer's country of origin, does make a difference.

Research limitations/implications – The research methodology and the nature of the data precluded the use of more "soft" measures such as measures of managerial cognitions, perceptions and attitudes to analyze their impact on the effectiveness of internationalization for retailers. The research used cross-sectional data and further research should compare results in additional time points to capture the possible dynamic changes in this industry.

Practical implications – Retailers seeking to expand their sales volumes should not rely too much on internationalization but consider also other strategic options. They should therefore analyze carefully whether large investments in overseas operations are justified. This is particularly relevant for US retailers.

Originality/value – This paper focuses on the issue of internationalization as a viable retail strategy to achieve larger sales volumes. The study reaches its conclusions on the basis of an analysis of data from a large population of diverse, domestic-only and international retailers from around the world from different sectors and countries of origin, who – the international retailers – operate in different countries.

Keywords International business, Retailing, Sales performance, Country of origin, Management strategy

Paper type Research paper

Introduction

Since the 1990s, retailing has expanded to become a global phenomenon (Alexander, 1997; Brown and Burt, 1992; Dawson, 1994; Dawson and Mukoyama, 2003; Goldman, 2001; Moore and Fernie, 2004). A review of various lists of large-scale global firms such as the *Fortune 500* or the *Templeton Global Performance Index* (Gestrin, 2000) reveals the phenomenal growth of top retailers. Yet, there is growing evidence that international expansion by retailers has been accompanied by numerous retail failures,

The authors wish to thank Professor Michael Levy for his comments on an early draft of this paper and two anonymous reviewers for their comments on the current version. They thank the Research Unit at the School of Business Administration at the College of Management in Israel for its support for the research on which this paper was based. They also thank two anonymous referees for their fruitful comments on an early version of this paper.

0959-0552
DOI 10.1108/09590550810862660

withdrawals from foreign markets and active or passive divestments (Treadgold, 1990; Burt, 1991; Knee, 1993; Gestrin, 2000; Burt *et al.*, 2002, 2003, 2005; Moore and Fernie, 2004; Palmer, 2004; Burt and Sparks, 2004; Alexander *et al.*, 2005; Palmer and Quinn, 2007). Swoboda *et al.* (2005, p. 62) conclude that:

> As data on international sales show, international success is not easy to achieve [...] international retail activities are not as successful as the companies' advertising would lead us to believe.

Similarly, after analyzing data about 20 leading global retailers listed in the *Fortune 500* list, Gestrin (2000, p. 7) reaches the conclusion that " the growth of retail among the word's largest companies seems to have been largely achieved in domestic markets, not through global expansion." In a study of European grocery retailers over a period of 50 years, Burt and Sparks (2004) count over 250 cases of such divestments only in the food sector in Europe alone. Peter (2003) discusses research, which reveals that only a few large retail firms have a genuinely global presence.

The conflicting evidence as to the success of retailers in international markets raises the issue of the potential impacts of international expansion for retailers. While diverse aspects of retail international expansion have been widely researched and discussed (the summary of Moore and Fernie, 2004), much of this research is concerned with describing the characteristics of retail international expansion and is less concerned with the impact of internationalization on retailers' performance. This study addresses this issue using published sales data of a large population of large-scale retailers.

In this paper, we discuss first the retail performance metric used in this study, namely retail sales volumes, present several theoretical frameworks concerned with the effect of international expansion for increasing retailers' sales volumes and posit several research questions. The paper then proceeds to present the research methodology used to test these research questions, the results of the data analysis and finally their implications.

Theoretical background

Retail internationalization includes several diverse aspects (Brown and Burt, 1992; Dawson, 1993; Moore and Fernie, 2004) such as: international sourcing, financial investments by retail firms in retailing chains operating in other countries, and the cross-border transfer of retail know-how, managerial skills and marketing experience (Clarke and Rimmer, 1997). We shall focus on the internationalization of operations aspect, which Dawson (1994, p. 268) defined as the "operation, by a single firm, of shops or other forms of retail distribution in more than one country" and which is the most common and well-known aspect of international retailing.

The growth of international retailing activity has been accompanied by a growing research interest in this topic. Some researchers have followed the generic research framework of international marketing and detailed the scale and extent of retail international expansion (Dawson, 1994), its direction (Burt, 1993), motivations for international expansion and modes of foreign entry (Alexander, 1990; Williams, 1992). Significant research effort was dedicated also to studying the issue of specific entry modes strategies such as franchising (Sparks, 1995; Quinn, 1998, 1999; Doherty and Quinn, 1999; Quinn and Doherty, 2000; Doherty and Alexander, 2006) mergers and acquisitions (Palmer, 2006) and joint ventures (Palmer and Owens, 2006).

Some researchers analyzed internationalization experience of specific retailers in specific markets (Dawson, 2001; Hernandez, 2003) or of retailers from specific sectors such as food (Burt and Sparks, 1997; Dawson, 2001; Palmer, 2005; Swoboda *et al.*, 2005; Palmer and Quinn, 2007) or fashion and textiles (Moore, 1997; Doherty, 2000; Jackson and Sparks, 2005). Others developed unique frameworks for studying international retailing (Salmon and Tordjman, 1989; Goldman, 2001). What was needed was a broader analysis of the whole industry representing the experience of diverse sectors, countries of origin and target markets.

Initially, retail researchers tended to present internationalization as a deterministic trajectory which retailers follow rigorously without change or deviation (Treadgold, 1990). As more and more evidence accumulates about retail divestments and withdrawals from diverse markets (Palmer, 2004) the advantage of internationalization for retailers becomes less clear. Therefore, the issue of the effectiveness of the internationalization strategy for retailers and its impact on retailers' performance becomes an important research issue.

The importance of evaluating the effect of such crucial and focal strategic move of retailers today as internationalization, reflects the growing recognition of the need for measuring marketing effectiveness – the need to evaluate the effectiveness of diverse marketing strategies and activities of all marketers, suppliers, distributors and retailers along some kind of performance metrics (Miller and Cioffi, 2004; Rust *et al.*, 2004a, b).

To learn about this issue, we first considered the organization research literature. While, the issue of the effect of internationalization upon the organizational performance of firms in general has been extensively studied (Ruigrok and Wagner, 2004, 2003), and recent meta-analysis of this topic lists over 150 such studies (Ruigrok and Wagner, 2004) the conclusions are not well defined. Thus, Ruigrok and Wagner (2004, p. 20) summarize that "after close to a hundred accumulated studies, researchers still perceive the findings to be inconsistent, conflicting and mixed and the question therefore unresolved." In retailing, as more and more retailers entered the global markets, more evidence has accumulated concerning retail performance in general and in international markets and some initial effort is noted to evaluate the performance of food retailers (Burt and Sparks, 1997) while Evans (2005) has evaluated the financial performance of US large public retailers. However, to test the effect of internationalization, there is a need to complement this stream of research with an analysis of the effect of retail decision to enter international markets upon retail performance.

The sales volume metric

This study focused on a specific metric of retail performance, namely that of retail sales volumes. The importance of big sizes for retailers is discussed by Reynolds (2004, p. 5) who brings the examples of Ahold, Carrefour and Wal-Mart. Many large-scale retailers explicitly consider size and sales volume a major strategic goal. The Wal-Mart chain states in its web site its mission statement that:

> [. . .] we will continue to deliver savings to customers in 2006 with plans to open as many as 230 new international stores. Currently, Wal-Mart International operates over 2,670 retail units and employs more than 500,000 associates in Argentina, Brazil, Canada, China,

Costa Rica, El Salvador, Germany, Guatemala, Honduras, Japan, Mexico, Nicaragua, Puerto Rico, South Korea and the UK (www.wallmart.com; accessed August 15, 2006).

While this statement does not refer explicitly to sales size, the implication of increasing the number of its operating stores for retailer's sales volume is obvious. A similar focus on sales and on increasing the number of stores and employees is to be found in the reports of Ahold (www.ahold.com; accessed August 15, 2006) and Carrefour (www.carrefour.com; accessed August 15, 2006).

The focus on size in terms of sales is also found in international retailing literature. Researchers tend to describe international retailers by size vectors, such as their sales numbers, and/or by the number of their stores in global markets (Burt and Sparks, 2003), and often refer to sales when they talk about retail success in global markets. In his analysis of the issues facing international retailers in the twenty-first century, Dawson counts the issue of size as one of the major issues of international retailing (Dawson, 2000). The pursuit of larger sales volumes is also noted in the increasing incidence of mergers within the retail industry among different chains and of cross-border acquisitions of retail chains (Burt and Sparks, 2003; Howard, 2004; Palmer, 2006).

Organization theorists, strategic analysts and students of international retailing in particular discussed the advantages of larger sales volumes for organizations in general and for retail organizations in particular. Wheelen and Hunger (2003, p. 138) claims that "continuing growth means increasing sales" and similar views are presented by Peters (1992) and Daft (2006). A larger firm tends to be seen as a winner by the marketplace and by the financial markets. Howard (2004, p. 97) suggests that:

> [...] for public corporations especially, (sales) growth is rewarded and lack of growth is punished by market evaluation and related financial assessments – leading to virtuous or vicious cycles in the ability to invest and grow further.

Larger size implies inflow of more resources into the firm, creates more organizational slack in terms of unused resources, makes it easier to gain the support of key stakeholders and offers more opportunities for advancement, interesting jobs and higher compensation for managers and employees (Pull, 2003; Wheelen and Hunger, 2003).

The theoretical discussion as to the advantages of large sizes for firms includes market driven and cost driven arguments. The market driven argument based on the micro-economy of the firm and on the industrial organization theory Bain (1956) propose that large firms can affect the market, reduce competition and thus create monopolistic types of rents. Possible examples of such strategies in retailing are the development of retail brands and gaining control over supply channels and over dominant locations. All require substantial resources which are more easily accessed by larger firms.

The cost driven argument relates to the potentially beneficial impact that size may have on costs of production due to economies of scale and scope. The concept of economies of scale, rooted in the basic concepts of learning and experience curves (Henderson, 1979; Hall and Howell, 1985; Amit, 1986) suggests that, as the size of a firm increases, it can lower its operation costs. In the retail context, larger size allows retailers to achieve specialization in its purchasing activities by employing individual buyers for specific product sub-categories, to gain better purchasing prices or to employ more efficient IT systems. The concept of economies of scope refers to the ability of firms to utilize some common resources and knowledge bases across different markets (or industries), leverage organizational relatedness, transfer knowledge and ensure that it is shared, and effectively deployed, in different areas of the firm's activities (Hall, 1992; Grant, 1988; Itami, 1987; Markides and Williamson, 1994; Venkatraman and Subramaniam, 2002; Wheelen and Hunger, 2003).

While, there has not been an explicit, in-depth discussion of the advantages of larger sizes in international retailing, scholars tend to accept the same notions as expounded in the discussion of its advantages for producers of goods. Thus, Segal-Horn and Davison (1990, p. 7) suggest that internationalization leads to greater sizes of retailers, which in turn lead to operational improvements. Specifically, they state that:

> One of the most significant advantages of global trading is associated with size of operations. Economies of scope and scale allow for greater efficiency in current operations. Economies of scale permit the retailer to have greater bargaining power over producers and manufacturers, wider control over the quality and processing of the goods they purchase, and the rationalization of operational systems and methods. Additionally, economies of scope can allow for the sharing of investments, (either tangible such as fixed assets, or intangible such as expert knowledge), and costs across products, markets and businesses. Indeed, branding is a useful example of this active pursuit of economies of scope.

The advantages and disadvantages of internationalization for expansion of retail sales volumes

A review of the international retail literature reveals arguments presenting both the advantages and the disadvantages of internationalization for retailers' sales expansion (Table I). Some advantages as well as disadvantages reflect the external conditions of retailers' business environments. Others stem from the internal characteristics of the retail organizations.

The advantages

Several models propose that internationalization moves by retailers reflect factors stemming from their business environments. One such model is the push-pull model. Originally developed for studying international expansion of goods and brands (Johansson, 2006), it was adapted to explain retailing expansion as well

	Facilitators	Inhibitors
External factors	Pull-push model (Alexander, 1997; Kacker, 1988) The globalization of markets (Levitt, 1983) Life style marketing (Segal-Horn and Davison, 1990)	Geographical, psychic and cultural distances (Johansson, 2006) Lack of fit model (Miles and Snow, 2001) Psychic distance model (Johanson and Vahlne, 1977) International retail restructuring and divestment (Palmer, 2004)
Internal factors	Core competencies and asset specificity (Alexander and Myers, 2000) Experience and opinions of managers (Vida and Fairhurst, 1998) Knowledge integration (Palmer and Quinn, 2005)	Attitudes and managerial orientations (Mellahi *et al.*, 2002) Country selection and entry format choices (Johansson, 2006) Knowledge integration (Palmer and Quinn, 2005)

Table I. Theoretical arguments for and against internationalization in retailing

(Alexander, 1997). The push factors approach suggests that, due to limitations on sales expansion in domestic markets, retailers will seek additional sales abroad. The pull-factors approach shifts the focus to the possible attractive characteristics of foreign markets which promise higher potential for sales expansion, and claims that retailers will seek international expansion irrespective of the potential of their domestic markets (Kacker, 1988; Alexander, 1997).

Another argument in this line of thought is linked to Levitt's well-known claim about the globalization of markets (Levitt, 1983). Levitt claims that, due to global demographic and economic changes, global markets create mass markets for low-cost goods. A logical extension of this argument is that such development should also generate a growing global demand for mass-market retailing which delivers such goods. Another conclusion is that mass-market retailers with prior experience in countries with well-developed, internal mass markets could therefore well succeed in international markets and expand their sales.

Finally, Segal-Horn and Davison (1990) suggest the concept of life-style retailing namely that in different countries one can find pockets of consumers with the same life styles irrespective of the economic growth levels of their home economies. The emergence of a demand for goods and services related to specific life-styles creates demand for retailers catering to these life-styles, especially in fashion and related industries.

Arguments linked to internal factors. These arguments connect internationalization with the internal characteristics of retailing organizations. Alexander and Myers (2000) focused on the application of the concepts of core competencies and asset specificity as expounded by Pralahad and Hamel (1990), Bharadwaj *et al.* (1993) and Oliver (1998). These concepts emphasize the desire of managers to utilize specific retail firm assets and unique core competencies as the major motivators for international retail expansion. In retailing, these core competencies may include global brand recognition and management, unique global sourcing arrangements, and global supply channel management capabilities, marketing and customer management technology, use of IT, etc. An important source of competitive advantage for these international retailers is their knowledge of operating large-scale, modern stores.

Alexander and Myers (2000) also suggested that technological innovation or new concept development may also act as an important advantage for entering international markets by providing these innovators with the competitive advantage of pioneers in a new market segment. Vida and Fairhurst (1998) also identify the importance of the knowledge, experience and opinions of managers as major drivers for international retail expansion.

Another possible explanatory factor is the ability of some international retailers to develop and integrate learning skills. Those who advocate this view propose viewing a firm as a learning organization, which survives by learning to adapt to new environments (Nonaka, 1991; Nonaka and Takeuchi, 1995). Those organizations that venture into new markets must learn to adapt to them by developing the tools and mechanisms required to absorb new information about the new environment and to integrate this knowledge into the organization both in the form of tacit and explicit knowledge. If retailers have or can develop such capabilities, they can increase their sales in international markets and consequently their overall sales (Palmer and Quinn, 2005).

The disadvantages

International experience may however also negatively affect retailers' performance. First, any withdrawals from international markets have short-run negative impacts on sales volumes when foreign retail outlets are closed or sold. Second, foreign operations may also impact negatively domestic sales by diverting managerial and financial resources of a retailer from domestic markets to foreign markets (Palmer, 2006).

Like the positive effects, the negative ones can also stem from either external business or intra-retail environments. Johansson (2006) suggests that environmental factors such as geographical, psychic and cultural distances between the retailer's domestic and target markets, higher levels of target market uncertainty; requirements for greater financial commitments to operate in the target markets; the longer payoff times and unknown regulatory environments concerning issues like taxation, ownership rules and treatment of profits can all cause retailers to fail in any given foreign market.

Cultural distances are especially important contributors to retail failure and decline in sales. Such distances can negatively impact an international retailer in two ways. The first is the so-called the "lack of fit" model (Miles and Snow, 2001), the "cultural proximity" model or the "psychic distance" model (Johanson and Vahlne, 1977; Wiedersheim-Paul *et al.*, 1978; Cavusgil, 1982). These models refer to the differences between the domestic and targeted market cultures and the consequent differences between the needs and preferences of the customer population in the target market compared to those of the domestic market with which the retailer is familiar, and to which he has developed a successful response. Disregarding such differences may lead retailers to make inappropriate strategic and tactical decisions in the new markets and lose sales. Second, many international retailers operate in foreign markets with organizational structures based on cooperation with local partners who operate as franchisees, master franchisees, joint venture operators or investment partners. Cultural differences between the managers of the international chain and these local partners often generate conflicts, which increase costs of global operation (Palmer, 2006; Doherty, 2000).

Internal organizational factors and specifically the attitudes and orientations of the management of the retailing firm may also lead to retail failure in specific overseas markets. Mellahi *et al.* (2002) claim that, in many cases, retailer failure may reflect "management's lack of vision and the lack of will and ability to respond effectively and make the necessary adjustments to reverse the spiral of decline triggered by external factors." These researchers claim that such factors as managerial rigidity, over-confidence and arrogance, impulsive decision making and other negative personal characteristics of managers may lead firms to business failures.

Failures in international markets and corresponding contractions in global sales can also reflect lack of necessary core competencies needed to succeed in global markets or low quality of international managerial skills leading to selection of inappropriate target countries, or of wrong formats of entry (Johansson, 2006), Failures to develop tools and capacities to learn, absorb knowledge and adjust operations as required (Palmer and Quinn, 2005) can also lead to failures in international markets. Ruigrok and Wagner (2004) point out also to organizational issues such as the increase in control and internal coordination costs, a point reiterated by Ramaswamy (1992).

Intervening variables. To identify the net effects of internationalization upon sales, one must control for the potential effects of intervening factors. Following Ruigrok and Wagner's (2004) meta-analysis, this study considered three such factors- size, extent of product specialization and the country of origin. Size is an important intervening factor because large firms differ from small firms with respect to organizational design, management style and ownership structures in ways which increases their advantages in international operations (Lu and Beamish, 2001). In this study, we controlled for this parameter by examining the sales performance only of large-scale retailers with annual sales volumes of over $2.5 billion (see below).

Degree of specialization factor. Because internationalization is supposed to allow better utilization of economies of scale, the extent of product lines specialization is also important. Wider product lines allow retailers to utilize better their investments in store space, branding, IT systems and supply chain management. A major difference on the international scene in that context is between "specialists" retailers specializing in food or in non-food product categories and "generalists" retailers who combine both food and non-food product lines in one store (Levy and Weitz, 2004). Among the latter one can count such industry leaders as Wal-Mart (www.wallmart.com*; accessed August 15, 2006) and Tesco (www.tesco.com*; accessed August 15, 2006).

One important issue is the impact of internationalization when controlling for the extent of product lines. This issue is connected to the basic discussion in international marketing literature regarding the advantages of customization versus standardization (Johansson, 2006). Retailers who venture into international markets face the same dilemma, namely should they offer the same merchandizing mix around the globe or should they tailor it to suit local preferences. Thus, the Ahold chain operates a group of diverse retailing organizations with different names, brands, formats and merchandizing mixes around the world (www.ahold.com; accessed August 15, 2006). Other retailers, such as Marks and Spencer, have a longstanding preference for a single, globally uniform retailing format and merchandizing mix (www.marksandspencer.com; accessed August 15, 2006); Alexander and Quinn, 2002).

Another issue in question is whether the width of the product range moderates the effect of internationalization on retailers' sales volumes. On one hand, one may expect that "generalists" with a wider product range can better adjust it to diverse local conditions. On the other hand, "specialized" retailers can offer better focusing and clear-cut differentiation, which may lead to higher brand awareness and brand loyalty among international consumers who prefer that retail brand.

The country of origin factor. Ruigrok and Wagner (2004) suggest that, the identity of country of origin (which they define as "company nationality") can impact the effect of internationalization on performance – because of differences in the experiences, scope, mode and goal of internationalization. Following the discussion of Ruigrok and Wagner (2004) an important distinction is between retailers originating in the USA and in other countries. This differentiation was merited by the focal role of US-based retailers in the population of large-scale retailers in the world and by their image as retail leaders and innovators (Vida, 2000; Alexander and Freathy, 2003). Furthermore, following the push model of internationalization one can expect that US retailers who can draw on a huge affluent domestic market will arrive later on the international scene than retailers from non-US markets which are smaller and less affluent (Ruigrok and Wagner, 2003). This late arrival implies less international experience and consequently less organizational learning that eventually hinder successful international sales.

Research questions

Following the discussion in the previous section the following four research questions were set up:

RQ1. What is the effect of internationalization on the sales volume of large-scale retailers?

RQ2. What is the effect of internationalization on the sales volumes of large-scale retailers when we control for differences between specialists and generalists?

RQ3. Does the effect of internationalization on the sales volumes of large-scale retailers differ between "generalists" and "specialists" retailers?

RQ4. Does the effect of internationalization on the sales volumes of large-scale retailers differ between the US-based and the non-US based retailers?

Data and method

To test these research questions this study analyzed sales data of 200 largest diverse, global retailers. Specifically, it compared the sales performance of international retailers with that of retailers who have stayed in their original domestic markets while controlling with statistical means for individual differences among specific retail chains.

To study the performance of a wide population of retail firms from diverse industries, countries of origin and countries of operation we used the statistic database of the "Global Retail Power" study of large-scale retailers (Deloitte Consulting, 2004). For each retailer in the list, the study presents annual sales data, the name of its country of origin and all the countries in which it operates, as well as providing information about its product lines (food, non-food and mixed product lines). According to that survey, these 200 chains captured 29 percent of the worldwide retail market and their market share has been growing annually (Deloitte Consulting, 2004, p. G9). On average, the retailers on the list had annual sales of US$11 billion. But the minimum requirement to be included in the list was a sales volume of at least $2.5 billion. These entry requirements imply that all the survey participants possessed the resources needed for internationalization, had they desired to pursue this path.

The distribution of the retailers by their countries of origin and degree of specialization (DS) is presented in Table II.

To test the research questions posed above we used cross-sectional analysis and compared sales data of the reported retailers for one year. The data were taken from the "2004 Global Retail Power" published by the Deloitte Global Consulting Company, which presented the data for the 2002 annual year (Deloitte Consulting, 2004). This report was the most recent publication about these 200 retailers when this research was initiated.

Cross-sectional analysis is a well-known and respected research tool, which usually involves "selecting different organizations and investigating how (other) factors vary across these units" (Easterby-Smith *et al.*, 1991, p. 34). Cross-sectional analysis involves "observations of a sample or a cross section of a population that are made at one point in time" (Babbie, 2004, p. 101). We selected a cross-sectional analysis to compare the diverse sub-segments of retailers (e.g. domestic-only vs internationally involved) while controlling for the effects of potential exogenous dynamic changes in the retail global environments. We then performed *t*-tests and conducted an ordinary least squares regression analysis.

Measures

Retail sales are the dependent variable used in this study. A natural log of retail sales (in millions of US$) is used as the dependent variable, instead of the retail sales data, due to the right-skewed distribution of retail sales. This logarithmic transformation generates a more normal approximation of a bell shaped distribution curve (Neter *et al.*, 1993, pp. 586-7).

The internationalization variable measures whether a retail firm operated only in its domestic market or whether it had expanded also into non-domestic markets. The Deloitte study reports for each retailer the names of the countries in which it operated in the year of the survey. Retailers who operated only in their domestic markets were defined as domestic-market-only retailers. Retailers who operated in non-domestic countries as well were defined as international retailers.

Retailers who originated in countries from the European Common Market (ECM) can benefit from substantial advantages if they expand only within the area of the ECM due to the similar regulatory, economic and political environments prevailing in all ECM countries. However, almost all (45 out of 51) of those retailers who originated in ECM markets and expanded into foreign markets chose to operate both in ECM markets and in countries outside the ECM. Therefore, we decided to define all of these retailers as international operators.

The international variable (IV) received the value of 0 if the retailer was identified as a domestic-market only retailer and the value of 1 if it was defined as an international retailer.

The degree of specialization variable measures the type of main product categories carried by the retailer. The research differentiated between "generalist" retailers who carried both food and non-food product lines, and "specialist" retailers who carried either food or non-food product lines. The variable was coded 1 for "generalists" and 0 for "specialists."

Table II.
Distribution of retailers from the Deloitte list by country of origin and DS (percent)

Country of origin						
USA	Canada	UK	Northern and Western Europe	Japan	Other	Total
43.5	3.0	9.0	23.0	13.0	8.5	100.0 ($n = 200$)
Degree of specialization						
Generalists	Specialists	Total				
36.0	64.0	100.0 ($n = 200$)				

Country of origin in accordance with *RQ2c*, we clustered the countries of origin of all retailers into two categories: US-based retailers were coded 1 and non-US-based retailers were coded 0.

Results

The impact of internationalization

Table III shows that 58 percent (116 retailers) from the list are international retailers while 42 percent (84 retailers) are domestic-market-only retailers.

To examine *RQ1*, which investigates whether internationalization has an effect on sales volumes, we performed a *t*-test (Table III). The difference between the international and the domestic-only retailers (3.875 as opposed to 3.731) is significant at the 0.05 significance level. However, the value of R^2 is relatively low (0.041) indicating that the ability of the IV to explain the variance in the log retail sales data are relatively small.

The effect of internationalization while controlling for the degree of specialization

About 36 percent of the surveyed population of large-scale retailers was "generalists" and 64 percent were "specialists" (Table II). In order to examine *RQ2*, a regression analysis was performed with internationalization as the independent variable and the DS as a control variable.

The results from the regression analysis presented in Table IV reveal similar conclusions to the ones presented above. International retailers are likely to have larger sales than domestic ones, with low (0.029) but significant R^2 value. Analyzing the regression results for the effect of the DS variable reveals significant differences between "generalists" and "specialists" ($F = 7.988$, df = 1,197, $p = 0.005$) with the former having larger sales than the latter.

Table III. Mean difference between the log of retail sales for domestic-only versus international retailers in 2002[a]

	International retailers		Domestic-only retailers		
	n	Mean	n	Mean	Mean difference
Log retail sales (US$ million)	116	3.875 (0.378)	84	3.731 (0.292)	0.144*

Notes: [a]SD is presented in parentheses; $^{*}p < 0.005$

Table IV. Regression analysis with the log of retail sales 2002 (US$ million) as the dependent variable, internationalization as the independent variable and DS as the control variable

Source		b[a]	df	F	R^2
Overall main effect			2,197	8.372***	0.078
Internationalization	International	0.143	1,197	6.212*	0.029[b]
	Domestic	0			
Degree of specialization	Generalist	0.1220	1,197	7.988**	0.037[b]
	Specialist	0			

Notes: [a]Partial regression coefficient; [b]the change in the R^2 caused by adding this variable to the regression; $^{*}p < 0.05$; $^{**}p < 0.005$; $^{***}p < 0.001$

The effect of internationalization for "generalists" and "specialists" (RQ3)

While *RQ2* has shown that "generalists" have higher sales volumes than "specialists" retailers, *RQ3* tested whether the DS factor moderates the effect of internationalization on sales volume. In other words, the statistical procedure examined the additional sales that on average generalist retailers reap when they become international retailers and the additional sales added to sales of specialist retailers when those go international. The two numbers were tested for significant difference between them. Technically, this test was performed by adding to the previous regression an interaction term between the internationalization and the DS variables. The results, presented in Table V (regression 1), show that this term is insignificant at $p < 0.05$ ($F = 0.754$, df = 1,196, $p = 0.386$), indicating that there is no difference between the two groups of retailers in terms of the impact of internationalization on their sales volumes. That is, the DS factor does not moderate the effect of internationalization on sales volumes.

The effect of country of origin (US based vs non-US based) upon the contribution of internationalization (RQ4)

This research question examines whether the country of origin moderates the effect of internationalization on sales volume. It was analyzed by a two-step statistical procedure. First, within each group of retailers (US-based and non-US-based) it measured the difference between the average volume of sales of international and of the domestic-only retailers and tested its statistical significance. In the second stage, the two differences (one for the US-based and one for the non-US-based group of retailers) were compared and tested for statistical significance. For that purpose, we ran a regression using three independent variables: internationalization, country of origin and a term for the interaction between the two. Table V (regression 2) shows that the interaction term was significant ($F = 4.016$, df = 1,196, $p = 0.046$) and adds 0.019 to the R^2 of the main effects, which then becomes 0.073 (Table VI). The partial coefficient, as presented in Table V, is negative and significant (−0.201). Table VII shows that, within the US-based retailers group, the difference between the log of retail sales values achieved by the international compared to the domestic-only retailers is small (0.0536) and insignificant. For the non-US-based retailers, the results are different. The same difference is larger (0.2543) and significant at $p < 0.05$ levels. These results indicate that non-US-based retailers who enter international markets experience a greater increase in their sales

Independent variables	Additional interaction term	ΔR^2	b^a	F^b
Regression 1				
Internationalization	Internationalization*	0.004	0.091	0.754
Degree of specialization	Degree of specialization		(0.105)	(1,196)
Regression 2				
Internationalization	Internationalization*	0.019	−0.201	4.016*
Country of origin	Country of origin		(0.100)	(1,196)

Notes: [a]SD error of the partial regression coefficient is presented in parentheses; [b]df are presented in parentheses; $^*p < 0.05$

Table V. Interaction effects analysis: the effect of internationalization on the log of retail sales 2002 (US$ million) by DS and country of origin volumes than do their US-based counterparts. Therefore, we can conclude that country of origin moderates the effect of internationalization on sales.

Discussion and conclusions

This study contributes to the international retailing debate by focusing on the issue of the effect of retail internationalization on volume sales by analyzing sales data of 200 diverse retail chains. The results of the study show that internationalization does not offer large advantage for retailers in terms of larger sales volumes. The effect that was found is low-though significant. This finding tends to reinforce the conclusions of the meta-analysis study by Ruigrok and Wagner (2004) which found similar results for manufacturers. The study reaches its conclusion by comparing sales volumes of domestic-only and of international retailers from different countries of origin, sectors and modes of operation.

These results open the discussion as to the effect of internationalization on sales expansion at least for very large retailers. If indeed such effect is low, it may imply that the drive towards internationalization is motivated by other factors, for example, a desire to lower operational costs or to reduce risk (by operating in diverse economies). Alternatively, following the resource-based theory of the firm and the growing recognition of the effects of marketing networks (Achrol and Kotler, 1999; Ito and Rose, 2004), these results may reflect a desire on the part of retailers to improve their global competitive positions in both domestic and international markets, for example by strengthening the power of their brands and their vertical powers *vis-à-vis* global suppliers.

Another approach is to follow the logic of the upper echelon theory (Hambrick and Mason, 1984), which stipulates that organizational strategies reflect mainly the

Source		b [a]	df	F	R^2
Overall main effect			2,197	5.581*	0.073
Internationalization	International	0.161	1,197	10.237*	0.049[b]
	Domestic	0			
Country of origin	US	0.081	1,197	2.635	0.013[b]
	Non-US	0			

Notes: [a]Partial regression coefficient; [b]the change in R^2 caused by adding this variable to the other independent variable; $^*p < 0.005$

Table VI. Regression analysis with the log of retail sales 2002 (US$ million) as the dependent variable and internationalization and country of origin as the independent variables

	International retailers n	International retailers Mean	Domestic retailers n	Domestic retailers Mean	Mean difference
US-based					
Log retail sales (US$ million)	40	3.8702 (0.364)	47	3.8166 (0.334)	0.0536
Non-US based					
Log retail sales (US$ million)	76	3.8774 (0.388)	37	3.6231 (0.180)	0.2543*

Notes: [a]SD is presented in parentheses; $^*p < 0.001$

Table VII. Mean difference between domestic and international retailers in terms of log retail sales 2002 (US$ million) by country of origin[a] characteristics, motivations and the psychological and social drivers of the senior retail executives of the pertinent organization. The internationalization strategy of any retail organization may reflect therefore, the characteristics and motivations of the managers of that organization. Finally, a retailer may follow an internationalization strategy for organizational reasons, such as providing more attractive career paths for managers or to reward successful employees (Wheelen and Hunger, 2003).

We have also found mixed evidence as to the effects of moderating variables on the impact of internationalization on volume sales. The study found that, the factor "product mix specialization" does not carry any impact, which implies that the effect of internationalization on sales volume is the same for both "generalists" and "specialists" retailers. Generalist retailers do not exhibit any advantages in international operations in comparison to specialists retailers.

The results for the other moderating variable – "the country of origin" do reveal important effect with substantial differences between the US based and the non-US based retailers with the latter benefiting much more than the former from internationalization. These results may therefore reinforce the belief that retailers originating from large and affluent markets will be less motivated to engage in internationalization than retailers originating from less affluent and/or smaller markets. Another possible explanation is dynamic and, following Vida (2000) may reflect the relative late entry of US-based retailers into the global markets, which has not allowed them to benefit from potential economies of scale in international markets. If this is so, US-based retailers may catch up later on.

Several reservations need to be considered. First, our surveyed population based on the Deloitte report included only large-scale retailers with annual sales volumes of $2.5 billion or more, thus possibly limiting variance in the dependent variable (sales data). This, in turn, may limit potential differences between the sales volumes of domestic-only compared to international retailers.

Therefore, this study needs to be supplemented by studies of lower echelon retail chains with sales below $2.5 billion. Such an analysis may reveal whether the gap between the domestic-only and the international retailers increases or decreases when smaller retailers are added. Another recommendation is to replicate this study using sales data from a year in which the global economy was expanding. This will elucidate whether internationalization effects are affected by changes in international environments.

Following, the research could be expanded further by analyzing the impact of cognitive and attitudinal constructs representing internal managerial processes, such as managerial attitudes, willingness to engage in international activities, level of knowledge of international markets, etc.

Future research may also explore the effect of micro-retailing on the effects of internationalization. Such research should be concerned with defining types of retail core competencies and retail knowledge and evaluating their relative impact on the effect of internationalization on retail performance. In particular, following increasing research into the importance of knowledge accumulation in global operations (Johanson and Vahlne, 1977; Nonaka, 1991; Eriksson *et al.*, 2000; Palmer, 2006), such research should be directed towards exploring the effect of retail knowledge accumulation and the abilities of its transfer across international boundaries upon the success of retailers in global markets.

References

Achrol, R.S. and Kotler, P. (1999), "Marketing in the network economy", *Journal of Marketing*, Vol. 63, pp. 146-64, (Special Issue).

Alexander, N. (1990), "Retailers and international markets: motives for expansion", *International Marketing Review*, Vol. 7 No. 4, pp. 75-85.

Alexander, N. (1997), *International Retailing*, Blackwell Science, London.

Alexander, N. and Freathy, P. (2003), "Retailing and the millennium", in Freathy, P. (Ed.), *The Retailing Book: Principles and Applications*, Prentice-Hall, Harlow, pp. 297-310.

Alexander, N. and Myers, H. (2000), "The retail internationalization process", *International Marketing Review*, Vol. 17 No. 4, pp. 334-53.

Alexander, N. and Quinn, B. (2002), "International retail divestment", *International Journal of Retail & Distribution Management*, Vol. 30 No. 2, pp. 112-25.

Alexander, N., Quinn, B. and Cairns, P. (2005), "International retail divestment activity", *International Journal of Retail & Distribution Management*, Vol. 33 No. 1, pp. 5-23.

Amit, R. (1986), "Cost leadership strategy and experience curves", *Strategic Management Journal*, Vol. 7 No. 3, pp. 281-93.

Babbie, E. (2004), *The Practice of Social Research*, 10th ed., Wadsworth, Belmont, CA.

Bain, S. (1956), *Barriers to New Competition*, Harvard University Press, Cambridge, MA.

Bharadwaj, S., Varadarajan, P.R. and Fahy, J. (1993), "Sustainable competitive advantage in service industries: a conceptual model and research propositions", *Journal of Marketing*, Vol. 57 No. 4, pp. 83-99.

Brown, S. and Burt, S. (1992), "Retail marketing: international perspectives – introduction", *European Journal of Marketing Bradford*, Vol. 26 No. 8, pp. 5-8.

Burt, S.L. (1991), "The bigger they are, the harder they fall – one year in the life of coop AG", *International Journal of Retail & Distribution Management*, Vol. 19 No. 2, pp. 27-33.

Burt, S.L. (1993), "Temporal trends in the internationalization of British retailing", *International Review of Retail, Distribution & Consumer Research*, Vol. 3 No. 4, pp. 391-410.

Burt, S.L. and Sparks, L. (1997), "Performance in food retailing: a cross-national consideration and comparison of retail margins", *British Journal of Management*, Vol. 8 No. 2, pp. 133-50.

Burt, S.L. and Sparks, L. (2003), "The retail context: an overview", in Freathy, P. (Ed.), *The Retailing Book: Principles and Applications*, Prentice-Hall, Harlow, pp. 3-30.

Burt, S.L. and Sparks, L. (2004), "The international divestment activities of European grocery retailers", *European Management Journal*, Vol. 22 No. 5, pp. 483-92.

Burt, S.L., Dawson, J. and Sparks, L. (2003), "Failure in international retailing: research propositions", *International Review of Retail Distribution and Consumer Research*, Vol. 13 No. 4, pp. 355-73.

Burt, S.L., Davies, K., McAuley, A. and Sparks, L. (2005), "Retail internationalization: from formats to implants", *European Management Journal*, Vol. 23 No. 2, pp. 195-202.

Burt, S.L., Mallahi, K., Jackson, T.P. and Sparks, L. (2002), "Retail internationalization and retail failure: issues for the case of Marks and Spenser", *International Review of Retail, Distribution & Consumer Research*, Vol. 12 No. 2, pp. 191-219.

Cavusgil, S.T. (1982), "Some observations on the relevance of critical variables for internationalization stages", in Czinkota, M.R. and Tesar, G. (Eds), *Export Management*, Praeger, New York, NY, pp. 276-85.

Clarke, I. and Rimmer, P. (1997), "The anatomy of retail internationalization: Diamaru's decision to invest in Melbourne, Australia", *The Service Industries Journal*, Vol. 17 No. 3, pp. 361-82.

Daft, R.L. (2006), *Understanding the Theory and Design of Organizations*, Thomson Higher Education, Mason, OH.

Dawson, J. (1993), "The internationalization of retailing", in Bromley, R.D.F. and Thomas, C.J. (Eds), *Retail Change: Contemporary Issues*, UCL Press, London, pp. 15-40.

Dawson, J. (1994), "The internationalization of retailing operations", *Journal of Marketing Management*, Vol. 10 No. 4, pp. 267-82.

Dawson, J. (2000), "Retailing at century end: some challenges for management and research", *The International Review of Retail, Distribution & Consumer Research*, Vol. 10 No. 2, pp. 119-48.

Dawson, J. (2001), "Strategy and opportunism in European retail internationalization", *British Journal of Management*, Vol. 12 No. 4, pp. 253-7.

Dawson, J. and Mukoyama, M. (2003), "Concepts, dimensions and measurement of the retail internationalization process", paper presented at Asian Retail and Distribution Workshop, SARD, Kobe, April 23-26.

Deloitte Consulting (2004), *The Global Powers of Retailing*, Deloitte Company, New York, NY, available at: www.stores.org (accessed August 15, 2006).

Doherty, A.M. (2000), "Factors influencing international retailers' market entry strategy: qualitative evidence from the UK fashion sector", *Journal of Marketing Management*, Vol. 16 Nos 1/3, pp. 223-45, Special Millennium Edition.

Doherty, A.M. and Alexander, N. (2006), "Power and control in international retail franchising", *European Journal of Marketing*, Vol. 40 Nos 11/12, pp. 1292-316.

Doherty, A.M. and Quinn, B. (1999), "International retail franchising: an agency perspective", *The International Journal of Retail & Distribution Management*, Vol. 27 No. 6, pp. 224-36.

Easterby-Smith, M., Thorpe, R. and Lowe, A. (1991), *Management Research: An Introduction*, Sage, London.

Eriksson, K., Johanson, J., Majkgard, A. and Sharma, D. (2000), "Effect of variation on knowledge accumulation in internationalization process", *International Studies of Management & Organization*, Vol. 30 No. 1, pp. 26-44.

Evans, J.R. (2005), "Are the largest public retailers top financial performers? A longitudinal analysis", *International Journal of Retail & Distribution Management*, Vol. 33 No. 11, pp. 842-57.

Gestrin, M. (2000), "The globalization of retail: on your marks...", *European Retail Digest*, No. 26, pp. 6-9.

Goldman, A. (2001), "The transfer of retail formats into developing economies: the example of China", *Journal of Retailing*, Vol. 77 No. 2, pp. 221-42.

Grant, R.M. (1988), "On 'dominant logic' relatedness and the link between diversity and performance", *Strategic Management Journal*, Vol. 9 No. 6, pp. 639-43.

Hall, G. and Howell, S. (1985), "The experience curve from the economist's perspective", *Strategic Management Journal*, Vol. 8 No. 3, pp. 197-303.

Hall, R. (1992), "The strategic analysis of intangible resources", *Strategic Management Journal*, Vol. 13 No. 2, pp. 135-45.

Hambrick, D.C. and Mason, P.A. (1984), "Upper echelons: the organization as a reflection of its top managers", *Academy of Management Review*, Vol. 9 No. 2, pp. 193-206.

Henderson, B. (1979), *Henderson on Corporate Strategy*, Abt Books, Cambridge MA.

Hernandez, T. (2003), "The impact of big box internationalization on a national market: a case study of Home Depot Inc. in Canada", *International Journal of Retail, Distribution and Consumer Research*, Vol. 13 No. 1, pp. 77-99.

Howard, E. (2004), "Retail internationalization: how to grow", in Reynolds, J. and Cuthbertson, C. (Eds), *Retail Strategy: The View From the Bridge*, Chapter 5, Buterworth-Heineman, Oxford.

Itami, H. (1987), *Mobilizing Invisible Assets*, Harvard University Press, Boston, MA.

Ito, K. and Rose, E.L. (2004), "An emerging structure of corporations", *Multinational Business Review*, Vol. 12 No. 3, pp. 63-83.

Jackson, P. and Sparks, L. (2005), "Retail internationalization: Marks and Spenser in Hong Kong", *International Journal of Retail & Distribution Management*, Vol. 33 No. 10, pp. 766-83.

Johanson, J. and Vahlne, J.E. (1977), "The internationalization process of the firm – a model of knowledge development and increasing foreign market commitments", *Journal of International Business Studies*, Vol. 8 No. 1, pp. 23-32.

Johansson, J. (2006), *Global Marketing*, 4th ed., McGraw-Hill International Edition, Boston, MA.

Kacker, M.P. (1988), "International flow of retailing know-how: bridging the technology gap in distribution", *Journal of Retailing*, Vol. 64 No. 1, pp. 41-63.

Knee, D. (1993), *Survey of International Moves by Retailers, 1991-1993*, Oxford Institute of Retail Management, Oxford.

Levitt, T. (1983), "The globalization of markets", *Harvard Business Review*, May/June, pp. 2-11.

Levy, M. and Weitz, B. (2004), *Retailing Management*, 5th ed., McGraw-Hill, New York, NY.

Lu, J.W. and Beamish, P.W. (2001), "The internationalization and performance of SMEs", *Strategic Management Journal*, Vol. 22 Nos 6/7, pp. 565-86.

Markides, C.C. and Williamson, P.J. (1994), "Related diversification, core competences and corporate performance", *Strategic Management Journal*, Vol. 15 No. 5, pp. 149-66.

Mellahi, K., Jackson, P. and Sparks, L. (2002), "An exploratory study into failure of successful organizations: the case of Marks and Spencer", *British Journal of Management*, Vol. 13, pp. 15-29.

Miles, R. and Snow, C. (2001), *Fit, Failure, and the Hall of Fame: How Companies Succeed or Fail*, The Free Press, New York, NY.

Miller, A. and Cioffi, J. (2004), "Measuring marketing effectiveness and value; the Unisys marketing dashboard", *Journal of Advertising Research*, Vol. 44 No. 3, pp. 237-43.

Moore, C.M. (1997), "La mode sans frontiers: the internalization of fashion retailing", *Journal of Fashion Marketing & Management*, Vol. 1 No. 4, pp. 345-56.

Moore, C.M. and Fernie, J. (2004), "Retailing within an international context", in Bruce, M., Moore, C.M. and Birtwistle, G. (Eds), *International Retail Marketing: A Case Study Approach*, Elsevier, Amsterdam.

Neter, J., Wasserman, W. and Whitmore, G.A. (1993), *Applied Statistics*, 4th ed., Simon & Schuster, Inc., Needham Heights, MA.

Nonaka, I. (1991), "The knowledge creating company", *Harvard Business Review*, Vol. 69 No. 6, pp. 96-109.

Nonaka, I. and Takeuchi, H. (1995), *The Knowledge Creation Company: How Japanese Companies Create the Dynamics of Innovation*, Oxford University Press, Oxford.

Oliver, C. (1998), "Sustainable competitive advantage: combining institutional and resource-based views", *Strategic Management Journal*, Vol. 18 No. 9, pp. 697-713.

Palmer, M. (2004), "International retail restructuring and divestment: the experience of Tesco", *Journal of Marketing Management*, Vol. 20 Nos 9/10, pp. 1075-105.

Palmer, M. (2005), "Retail multinational learning: a case study of Tesco", *International Journal of Retail & Distribution Management*, Vol. 33 No. 1, pp. 23-49.

Palmer, M. (2006), "International retail joint venture learning", *The Service Industries Journal*, Vol. 26 No. 2, pp. 165-87.

Palmer, M. and Owens, M. (2006), "New directions for international retail joint venture research", *The International Review of Retail, Distribution & Consumer Research*, Vol. 16 No. 2, pp. 159-79.

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

Palmer, M. and Quinn, B. (2007), "The nature of international retail divestment: insights from Ahold", *International Marketing Review*, Vol. 24 No. 1, pp. 26-45.

Peter, G. (2003), "The myth of globalization", *MIT Sloan Management Review*, Vol. 44 No. 2, pp. 11-13.

Peters, T. (1992), "Rethinking scale", *California Management Review*, Vol. 35 No. 1, pp. 7-29.

Pralahad, C.K. and Hamel, G. (1990), "The core competence of the corporation", *Harvard Business Review*, Vol. 68 No. 3, pp. 79-93.

Pull, K. (2003), "Firm size, wages and production technology", *Small Business Economics*, Vol. 21 No. 3, pp. 285-8.

Quinn, B. (1998), "Towards a framework for the study of franchising as an operating mode for international retail companies", *The International Review of Retail, Distribution & Consumer Research*, Vol. 8 No. 4, pp. 445-67.

Quinn, B. (1999), "Control and support in an international franchise network", *International Marketing Review*, Vol. 16 No. 4, pp. 345-62.

Quinn, B. and Doherty, A.M. (2000), "Power and control in international retail franchising: evidence from theory and practice", *International Marketing Review*, Vol. 17 Nos 4/5, pp. 354-72.

Ramaswamy, K. (1992), "Multinationality and performance: a synthesis and redirection", *Advances in International Comparative Management*, Vol. 7, pp. 241-67.

Reynolds, J. (2004), "Introduction to retail strategy", in Reynolds, J. and Cuthbertson, C. (Eds), *Retail Strategy: The View From the Bridge*, Chapter 1, Buterworth-Heineman, Oxford.

Ruigrok, W. and Wagner, H. (2003), "Internationalization and performance: an organizational learning perspective", *Management International Review*, Vol. 43 No. 1, pp. 63-83.

Ruigrok, W. and Wagner, H. (2004), "Internationalization and firm performance: meta analysis review and future research directions", paper presented at Annual Meeting of the Academy of International Business, Stockholm, July 10-13, available at: www.uu.nl/content/WinifriedRuigrok.pdf

Rust, R., Lemon, K. and Zeithaml, V. (2004b), "Return on marketing: using customer equity to focus marketing strategy", *Journal of Marketing*, Vol. 68 No. 1, pp. 109-27.

Rust, R., Ambler, T., Carpenter, G.S. and Srivastava, K. (2004a), "Measuring marketing productivity: current knowledge and future directions", *Journal of Marketing*, Vol. 68 No. 4, pp. 76-89.

Salmon, W.J. and Tordjman, A. (1989), "The internationalization of retailing", *International Journal of Retailing*, Vol. 17 No. 2, pp. 3-16.

Segal-Horn, S. and Davison, H. (1990), *Global Markets, Global Consumers and International Retailing*, Cranfield School of Management, Cranfield.

Sparks, L. (1995), “Reciprocal retail internationalization: the Southland Corporation, Ito Yokado and YEleven convenience stores”, *The Service Industries Journal*, Vol. 15 No. 4, pp. 57-96.

Swoboda, B., Fascht, T. and Schwarz, S. (2005), “Enormously dynamic and differing strategies in retailing internationalization: a case study on the largest food retail companies”, *European Retail Digest*, No. 46, pp. 55-63.

Treadgold, A. (1990), “The developing internationalization of retailing”, *International Journal of Retail & Distribution Management*, Vol. 18 No. 2, pp. 4-10.

Venkatraman, N. and Subramaniam, M. (2002), “Theorizing the future of strategy: questions for shaping strategy research in the knowledge economy”, in Pettigrew, A., Thomas, H. and Whittington, R. (Eds), *The Handbook of Strategy and Management*, Sage, London.

Vida, I. (2000), “An empirical inquiry into the international expansion of US retailers”, *International Marketing Review*, Vol. 17 No. 4, pp. 454-75.

Vida, I. and Fairhurst, A. (1998), “International expansion of retail firms: a theoretical approach for future investigations”, *Journal of Retail and Consumer Services*, Vol. 5 No. 3, pp. 143-51.

Wheelen, T.L. and Hunger, J.D. (2003), *Strategic Management and Business Policy*, 9th ed., Addison-Wesley, New York, NY.

Wiedersheim-Paul, F., Olson, H. and Welch, L. (1978), “Pre-export activity: the first step in internationalization”, *Journal of International Business Studies*, Vol. 9 No. 1, pp. 47-58.

Williams, D.E. (1992), “Retailer internationalization: an empirical enquiry”, *European Journal of Marketing*, Vol. 26 No. 8, pp. 8-24.

About the authors

Michael Etgar and Dalia Rachman-Moore are both faculty members in the Graduate School of Business Administration of the College of Management, Rishon Lezion, Israel. Michael Etgar is the corresponding author and can be contacted at: etgar5@barak.net.il