

# A Chronological literature review of Retail Internationalisation: *From the 50's to the '00's*

*Towards a perspective of current market inclines in retail  
internationalisation 2010 - 2015*

# Background

- Paper submitted to the EAERCDC Conference July 2017.
- Paper has been developed from the authors PhD Research into the *effects of Internal Branding on the internationalisation of retail organisations.*

# Introduction

- The international operations of retailers have been subject to substantial study since the early reviews of European and American activity (Carson, 1967; Dawson, 1994; Hollander, 1970; Knee, 1966; Yoshino, 1966).
- According to (Bianchi, 2011) citing (Alexander, 1997) the history of international retailing indicates that retailers from the United States and Europe were among the first to establish international operations in the early part of the 20th century.
- The international expansion of European retailers has been less well recognised and yet European retailers have long contributed to the international exchange of retail concepts and operations.
- European retailers, alongside US retailers, were instrumental in developing retail structures in Latin America in the first decade of the twentieth century while in some phases of international development, US retailers have been a more dynamic force within the global environment than their European counterparts (Hollander, 1970).

# The early years and the 60's

- The modern supermarket can trace its origins to the 1930s and this retailing innovation was followed during the 1950-60 decade by the planned shopping centres whose importance on the American retailing landscape mushroomed during the succeeding decades (Lord, 1984).
- In the post-1945 environment, US retailing did achieve a particularly high profile internationally, as retailers from both Japan and Europe looked to the US for inspiration and example. In Europe, for instance, Sainsbury's was instrumental in introducing the supermarket to post-war Britain and in the early 1950s, the first self-service store was opened by this company (Gary Akehurst and Alexander, 1995).

# The early years and the 60's

- Between 1950 and 1965 French retailing saw a doubling of large firms competing in the market and the independent retail sector had to respond to this competition by organising themselves into voluntary chains of single-line retail stores and around the same time the retail industry witnessed the emergence of shopping centres and enclosed malls which offered customers a one-stop shopping / entertainment experience and, to main street retailers, yet another challenge.  
(Michel, 1965)

# The early years and the 60's

- In the US, the discount department store dates largely from the 1960s and has had a profound impact on retailing patterns.
- Somewhat later in time has been the rapid rise in franchise fast food restaurants typified by McDonald's, Kentucky Fried Chicken and others.

# The 1970's

- By the 1970's the internationalisation of retail was in full swing (Hollander, 1970) and this momentum actually accelerated all the way into the mid 1990's. The 1960s and into the 1970s saw a fundamental change in the development of international retailing and a renewed interest was shown by European retailers in the international environment and because of these developments in their domestic markets European retailers were increasingly prepared to expand internationally (Gary Akehurst and Alexander, 1995).

# The 1970's

- In developed European markets, increasingly concentrated retail structures were encouraging retailers to look beyond their national markets and therefore this was a period of intense international retail activity by European retailers (G Akehurst, 1983, 1984; Burt, 1991, 1993).
- The economic uncertainty of the mid-1970s to the early 1980s led to restricted opportunities for international growth, but there were significant large-scale developments in North America by European retailers who sought to escape the unattractive conditions of European markets (Kacker, 1985). Therefore, according to (Gary Akehurst and Alexander, 1995) who cites (Ball, 1980; Dawson, 1978, 1979, 1982-a, 1982 -b; Goldman, 1981; Martenson, 1981; Siegle and Handy, 1981; Truitt, 1984; Waldham, 1978 ; White, 1984) this period saw a continued development of interest in the international or comparative retail dimension on both sides of the Atlantic



# The 80's and into the 90's: The European Explosion

- The process of retail internationalisation spread on a vast scale in the 1980s and 1990s. The Europeanisation of retailing was driven by integration within the European Community and sustained homogenisation of Euro consumers' needs (Komor and Pacut, 2009).
- Since 1989, there has been significant retail expansion in Europe based on the opportunity domestic retailers had to internationalise their brand by border hopping (Dawson, 2001, 2003). Retail internationalisation in the 80s and 90s saw aggressive advancement within the European community. At the end of 1989 ninety-four European retail specialists had a trading presence in two or more of the 12 member states, these

# The 80's and into the 90's: The European Explosion

- For every dollar invested by U.S. retailers during the 1980s in Europe, European retailers have spent well over \$10 buying into the United States. While European retailers have shown considerably more enthusiasm for moving overseas than their U.S. counterparts, Europe still represented a large opportunity for American retailers.

# The 80's and into the 90's: The European Explosion

- This "Europeanization" of mass merchandisers was driven by limited growth potential in home markets. Expansion was first seen in smaller markets, such as Belgium, the Netherlands, and Scandinavia. Retailers from these smaller countries had been among the earliest and most prominent to grow their businesses beyond their home markets, both within and outside Europe. Examples include Sweden's IKEA and Ahold of the Netherlands, as well as GIB and Delhaize "le Lion," both of Belgium. (Treadgold, 1993).

# The Noughties – Complexity Increases

- According to (Burt, 2010) a dominant feature of European retailing at this time was internationalization, for example, in 2000, 12.8% of all UK retail sales were accounted for by foreign-based organisations (Clark, Grant, and Leech, 2001; Dawson, 2003). In response to the emergence of new markets and changing customer behaviours, plus a more sophisticated understanding of customer needs, European retailing in the late 90's and into the 00's has been characterized by a myriad of new retail formats and formulas (Dawson, 2004)

# The Noughties – Complexity Increases

- With the onset of the new millennium, alongside new geographical markets, international retailers had to engage with new product and service markets. Many 'new product' market developments involved a significant element of service.
- A major characteristic underpinning retail change in Europe during the 00's is the growing role of time as a competitive tool (Burt, 2010). This time influence can be evidenced from the consumer perspective, the retail operational and channel perspective.

# The Noughties – Complexity Increases

- This period of retailing saw the appearance of new product markets, which previously did not exist, stimulating new retail offers and adding complexity to the trading environment. The ubiquitous mobile/cell phone and computer game shops found throughout Europe, are essentially a product of the past 20 years (Burt, 2010).

# The Noughties – Complexity Increases

- Carphone Warehouse, trading as The Phone House in continental Europe, was only founded in 1989, internationalised in 1996, and in 2008 had close to 2,500 outlets in nine European countries. In June 2008, it merged with the American electrical giant Best Buy.
- ‘Game’ is another great example of new retail, founded in 1991 and trading from over 1,350 outlets in nine international markets. The digitization of sound, pictures and text had huge implications for retailers during this complex time in international retailing.

# 2010 – 2014: A new era of internationalisation?

- During this period, international expansion, including stand-alone stores, department store concessions and e-commerce, continue to be an important driver of sales and profits. Examining the apparel and accessory sector, specialty retailers, including Primark, H&M, Fast Retailing, and Inditex, are rapidly expanding their fashion empires abroad.



# 2010 – 2014: A new era of internationalisation?

- Acquisitions are a trend in recent years, for example in 2014, Signet Jewellers, the largest specialty retail jeweller in the United States and the United Kingdom, acquired North American jeweller Zale Corp. creating one of the world's largest specialty jewellery retailers.
- Acquisitions have helped make Canada's *Hudson's Bay Company, HBC*, one of the fastest-growing department store retailers in the world. HBC acquired Saks in November 2013 and in September 2015, HBC purchased Germany's Galeria Kaufhof and its Belgian subsidiary Galeria Inno, marking its first foray into Europe.

# Towards a future: Retail Internationalisation and The Digital Disrupter

- As online shopping continues to grow at the expense of store visits, all the signs point to the growing importance of digital and the rapidly evolving retail landscape which involves consumers connected 100% of the time.
- This connectivity is now proving to be a transformative force for the international retail industry. It is now evident that there is a gap between consumer's digital behaviours, their expectations and retailer's response to this shopper expectation and therefore the in-store digital experience is more valuable to retailers than the pure on-line channel, which means Omni channel retailing is becoming a key strategy (Deloitte, 2015)

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# Towards a future: Retail Internationalisation and The Digital Disrupter

- As consumers move to buy more and more goods online, traditional store-based retailers are under severe pressure to find new ways to grow internationally.
- Rapid shifts in consumer shopping behaviour, driven by technological advances and changing preferences, are forcing companies to accelerate an Omni channel approach to the business, creating a more innovative retail environment where online and in-store shopping are a seamless experience for consumers.

# Towards a future: Retail Internationalisation and The Digital Disrupter

- Wal-Mart Stores Inc., the world's largest retailer, signed a \$3.3 billion deal in August 2016 to buy web retailer Jet.com Inc. Wal-Mart Chief Executive Doug McMillon sees the shift to online shopping and the expansion of Amazon.com Inc. as existential threats to the company's five decades of growth internationally (Nassauer, 2016).
- Until recently, for Wal-Mart, on-line has always come secondary to the core business of running thousands of sprawling stores around the globe. The Internationalisation strategy of retailers must consider that its on-line strategy will now play a major role in the overall international positioning and competitiveness of the organisation

# Conclusion

- International activity has increased steadily since the 1970's with the pace of development increasing in the '00s. This has been evident across the world with more intracontinental moves within Europe, Asia and the Americas and additionally the emergence of a new dimension with major inter-continental moves. Therefore, for large retail firms, internationalisation has become an accepted and widely used growth strategy albeit the changing consumer environment has more influential ingredients in the form of digitalisation for international retailers to consider going forward.

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