Discussion Paper:

A significant element of retail internationalisation (RI) research has been to investigate the strategic approaches adopted by firms as they diversify operations across borders. This is derived from literature not specific to retailing, most significantly upon the Uppsala model popularised by Johanson and Wiedershiem-Paul (1975). This model shows how firms develop foreign market participation in an incremental and chronologically-sequenced fashion, accumulating experience, building confidence and adapting market entry methods, operational management and product and service offers (Davies & Fergusson 1996; Whitelock 2002). While several authors (e.g. Cannon & Willis 1981; Dawson 1993; Turnbull 1987) have shown that the Uppsala model is not wholly applicable to retailing, its core proposition of a firm’s approach towards internationalisation evolving over time has resonance within subsequent research, most notably in the work of Salmon and Tordjman (1989) and Treadgold (1991).

Treadgold (1991) describes how retailers chronologically evolve their strategic and tactical approaches to foreign markets as exposure to them increases and confidence grows. Elements of this model may be criticised as being excessively prescriptive, however it does emphasise the adaptable nature of a retailer’s strategic approach to internationalisation (Alexander & Myers 2000; Bianchi & Ostale 2007; Huang & Sternquist 2007). The implication of this is that at any given moment in the internationalisation process, and in any given market, a retailer may execute a marketing strategy at variance with previous stages or with the strategy executed in other markets (Alexander 1997; Dawson 1994).

Salmon and Tordjman (1989) identified three strategic approaches for internationalisation dependent on the retailer’s trading characteristics and internal capabilities. Each of these strategies are defined by the nature of the goods sold by the retailer, the degree of market involvement desired, the nature of the operational control demanded, and the retailer’s experience. Each is characterised by the retailer’s foreign market entry method, its structure and control of non-domestic businesses, the store formats operated, branding and market communications, and the products sold (Salmon & Tordjman 1989; Dawson 1994; Sparks 1996).

The international investment strategy demands the cross-border transfer of capital by one firm usually in the form of the acquisition of a foreign retail business (Alexander 1995; Hamill & Crosbie 1990). As a consequence, business in one market may be distinctive by comparison with those in other markets; foreign operations may be executed under different brand names and selling different products in different formats. The multinational strategy requires the establishment of retail structures in foreign markets related but not identical to those operated in a firm’s domestic market. Typically multinational retailers use de-centralised management structures and adapt their store formats, branding, customer communications and product offer based on the cultural and consumer preferences prevailing in whichever national market they it operates (Sternquist 1997). The global strategy demands the roll out of standardised retail formats selling very similar products and using identical branding and marketing communication across multiple markets (Sternquist 1997). While these three generic strategies adequately describe possible approaches toward
internationalisation taken by retailers, there have been few investigations of the implications for success of each beyond noting that each strategy may be more or less applicable to different specific retailers dependant on the goods they sell, their international experience and their degree of marketing orientation (Hollander 1970; Salmon & Tordjman 1989; Williams 1992a/b; Dawson 1994; Sparks 1996; Sternquist 1997; Alexander & Myers 2000).

While the findings of Salmon & Tordjman (1989) and Treadgold (1991) remain valid at a wide level, their application to specific retail sectors and in context of contemporary market dynamics may be questioned. Most importantly the nature of the evolution of a retailer’s internationalisation strategy has not been coherently examined. Meanwhile, it is unclear exactly where the line between multinational and global is drawn, how these distinctions are explicitly expressed in terms of the marketing strategies employed by and how these interpretations of generic strategies apply to specific categories of international retailer.

Fashion firms have been historically acknowledged as among the most prevalent and successful of international retailers (Hollander 1970; Fernie et al 1997; Doherty 2000 & 2007; Moore & Burt 2007). As a growth strategy, the cross-border expansion of a fashion retailer’s distribution network has been deemed a popular and often commercially successful process thanks to a variety of factors specific to the manufacturing and marketing of fashion goods. The literature reviews these as including the management vision and flexibility of market participants (Hutchinson et al 2007), the international allure of famous fashion brands (Laulajainen 1992; Moore et al 2000; Wigley et al 2005), the diversity and ease of market entry methods (Dawson 1994; Treadgold 1991), and the potential for ‘invisible’ international functions such as off-shore manufacturing, cross-border shopping and international format and business practice imitations (Dawson 1994; Sparks 1996).

However, these factors are also responsible for the poor application of wider RI theory to the fashion sector. As a result, while specific examples of international fashion retailing have been studied in some depth, there have been few attempts to study them in terms of the wider strategic approaches outlined above or in context of the factors deemed crucial to success in the industry. Studies of high-end designer brands’ experiences of RI (e.g. Louis Vuitton – Lualajainen 1991; Burberry – Moore & Birtwistle 2004; Gucci – Moore & Birtwistle 2005) are often indicative of a globalised approach (i.e. domination of a single brand name, identical retail formats and arenas, identical seasonal product collections and globally uniform brand imagery). Meanwhile, the popularity of franchising and licensing in the international fashion industry (Doherty 2000; Quinn & Doherty 2000) – and the consequent implications on centralised power – suggests that some retailers may have a less strict interpretation of the global strategy. Similarly, negative consumer responses toward globalisation, the psychological importance of fashion to consumers, cultures and societies (Horn & Gurel 1981) and not least the international variance in climate and human physiology would suggest that a highly adaptive approach may be appropriate (Wigley et al 2005).

Comprehensive reviews of the global fashion market are complicated by the diversity of products and companies operating within it, complex distribution and marketing structures and
subjective interpretations of brand imagery and competitive positioning (Saviolo 2002). Hence it is uncertain how fashion companies (as a collective whole or as individual firms) may fit into the strategy model developed by Salmon & Tordjman (1989). While Moore et al (2000) provided a classification scheme for international fashion retailers, a typology integrating the nature of the goods sold by the retailer, its degree of market involvement, nature of the operational control, and experience as typified by its foreign market entry method, structure and control of non-domestic businesses, store formats, and market communications, has not been provided.

This paper will demonstrate the diversity of internationalisation options available to a fashion retailer, by illustrating a ‘snap-shot’ of the UK sector and the forms of internationalisation apparent within it and exported from it. These may be expressed in terms of retailer’s merchandise ranges, branding and marketing communications, retail formats and channels, management structures and operational policies. Evidence of uniformity or distinction in how these are expressed in the UK and abroad will be indicated. In anticipation of presentation at the conference, further conceptual framing and primary research will be carried out. This will be aimed at establishing a conceptual framework illustrating the range of internationalisation options for a fashion retailer which may then be developed to provide a comprehensive model for contemporary internationalisation within the wider retail industry.

References


