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Supply chain capabilities for facilitating the internationalisation of retailers – a multiple case study of three Swedish retail companies

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ABSTRACT

Market-oriented aspects of retail internationalisation have received a lot of research attention since the 1990s. However, beyond these aspects lies also supply-chain oriented capabilities that are necessary for retailers to successfully internationalise into foreign sales markets. By using a perspective based on resource-based theories, this paper explores supply-chain oriented capabilities that facilitate retail internationalisation. The research is based on a multiple case study of three Swedish retailers. Through the perspective of research based theories, specifically capabilities, the empirical data is studied in a single-case as well as a cross-case analysis. Findings reveal three supply chain-oriented capability categories (leadership capability, integration capability and learning capability) of importance for retail internationalisation. Resources necessary for the capabilities are to be found internally at the retailer, but also externally at other firms. This research adds to the market-oriented knowledge on retail internationalisation by adding a supply-chain oriented perspective. Further, it provides an understanding of the early phases of retail internationalisation.

Introduction

When retailers find themselves in saturated domestic markets, taking on new foreign markets can induce new opportunities for business success. In fact, internationalisation offers attractive benefits such as turnover growth, increased employment rate and increased innovativeness (EIM 2010). However, retail internationalisation involves a considerable amount of uncertainty and occurs infrequently (Gielens and Dekimpe 2007), and can be perceived as a great challenge as most retailers lack routine to take on new foreign markets. Johanson and Vahlne (1977, 2009) describe internationalisation as a gradual learning-by-doing process, where companies acquire, integrate and use experiential knowledge to internationalise over time. In an initial stage of their internationalisation, retailers lack experience and knowledge about foreign markets and how to conduct business abroad. Thus, firms tend to first enter geographically and culturally-close markets, which are similar to the domestic market in order to reduce the...
psychic distance (O’Grady and Lane 1996; Elsner 2012). As retailers become more experienced, their international operations improve and they are likely to enter more distant markets.

Although retail internationalisation has received a lot of research attention since the 1990s (Gomes, Teixeira Carneiro, and Secches Kogut 2017), previous research has to a large extent focused on market-oriented issues. Such topics include motivation and internationalisation incentives (Alexander 1990; Corstjens and Lal 2012), market selection (Swoboda et al., 2007), market channels (Agatz, Fleischmann, and Van Nunen 2008; Huang and Sternquist, 2007), entry mode strategies (Agarwal and Ramaswami 1992; Doherty 1999; Picot-Coupey, Burt, and Cliquet 2014), and retail format (Swoboda and Elsner 2013). Although valuable from an internationalisation perspective, there are other aspects of the processes behind internationalisation that need to be illuminated.

Swoboda et al. (2008) distinguish between market-oriented processes and supply chain processes, of which the latter includes procurement, operations, and logistics. They argue that these two processes are linked and that supply chain processes are in fact needed as support to the marketing-oriented ones when firms internationalise. For example, design, planning, and execution of the material flow are needed to support any marketing strategy in the internationalisation process. However, previous research points to large difficulties when companies try to adapt their logistics systems to new, foreign markets (Straube, Ma, and Bohn 2008). While marketing-oriented challenges have been given much attention in previous research, these types of supply chain challenges have to a large extent been neglected (e.g. Marchet et al. 2016; Swoboda, Foscht, and Cliquet 2008). This paper suggests that beyond the frequently discussed marketing aspects of internationalisation, lies supply chain-oriented capabilities needed in order for internationalisation to succeed. Thus, we take the perspective of capabilities to understand supply chain aspects of internationalisation better.

The purpose of this paper is therefore to explore supply chain-oriented capabilities that facilitate the process of retail internationalisation. The major contribution of the paper lies in its identification and exploration of other capabilities needed than marketing-oriented ones, for a successful retail internationalisation process.

The paper is grounded in resource-based theories of the firm, which here mainly include the resource-based view of the firm, RBV, (e.g. Barney 1991; Wernerfelt 1984; Peteraf 1993), but also extensions such as dynamic capabilities (e.g. Winter 2003; Teece 2007; Helfat et al. 2009) and the relational view (Dyer and Singh 1998; Lavie 2006). Resource-based theories here offer a theoretical lens that helps to structure and better understand what role the supply chain plays when retailers expand their business internationally.

On resource-based theories

Since the beginning of the 1990s, a resource-based theory has been one of the dominating perspectives in strategic management research (e.g. Ketchen and Giunipero 2004; Lavie 2006). Seminal papers such as Barney (1991) and Grant (1991) questioned the market positioning perspective by Porter (1980, 1985) and argued that instead of a market position, a company’s competitive advantage is based on its resources and capabilities. Companies were considered as “bundles of resources” (Wernerfelt 1984) and
in contrast to the market positioning perspective, the resources were to be considered as heterogeneous and immobile (Barney 1991). Firm resources are typically defined as “all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness” (Barney 1991, 101). As a means to further develop the term, Grant (1991) made a more distinct difference between resources on one hand and capabilities on the other. While resources are tangible and intangible inputs to the production process (e.g. capital equipment, skills of individual employees, patents, brand names, finance etc) capabilities concern the “cooperation and coordination of teams of resources” (Grant 1991, 119). Thus, “while resources are the source of a firm’s capabilities, capabilities are the main source of its competitive advantage.” (Grant 1991, 119). Not all capabilities a company possesses will automatically lead to a sustainable competitive advantage, and it is, therefore, crucial to identify the ones that do. Such resources should be valuable, rare and difficult to imitate (Barney and Clark 2007; Sandberg and Abrahamsson, 2011). In addition, an organisation should be in place that allows for effective and efficient exploitation of the resource/capability at hand.

Today, many parallel views and research directions exist within the scope of resource-based theory and it is, therefore, more relevant to describe resource-based theories, rather than a theory (Barney 2001). Of particular importance is the acknowledgement that the resources and capabilities at hand need to be continuously renewed and updated. A theory of dynamic capabilities was therefore established at the end of the 1990s (e.g. Teece, Pisano, and Shuen 1997). Grounded in previous research, a dynamic-capabilities view simply emphasizes that the solution that today seems the best may not be tomorrow (Sandberg, Abrahamsson, and Kihlén 2011). Instead of a static resource base that for the moment is valuable, rare and difficult to imitate, strategic attention should instead target the continuous renewal of the present resource base. For this, organisational learning has been identified as a prerequisite (Zollo and Winter 2002; Sandberg and Åman 2010; Esper, Fugate, and Davis-Sramek 2007; Cao 2011). Learning mechanisms such as experience accumulation, knowledge articulation and knowledge codification (Zollo and Winter 2002) constitute the building blocks of such organisational learning. Experience accumulation is used as a term for tacit knowledge accumulation, typically acquired during trial and error experiences. Knowledge articulation occurs when individuals or a group of individuals expresses their opinions and beliefs about something and challenge each other’s viewpoints. This can be done through collective discussions, debriefing sessions or performance evaluation processes (Zollo and Winter 2002). Thus, knowledge articulation means to make the staff aware (explicitly) of company conditions, e.g. how operational processes are functioning and performing. Knowledge codification goes one step further than knowledge articulation and means that individuals codify their understanding of how the operational processes (or routines) are functioning and performing. Examples of this are when written tools, blueprints, decision support systems or project management software are created (Zollo and Winter 2002).

Notably, capabilities related to retail internationalisation have been given sparse attention in previous research. Some examples do exist, however (e.g. Cao 2011; Frasquet et al. 2018; Frasquet, Dawson, and Mollá 2013; Lowe, George, and Alexy 2012) and most of these specifically focus on dynamic capabilities. Frasquet, Dawson, and Mollá (2013), for example, study the development of dynamic capabilities and
distinguish between generic dynamic capabilities (entrepreneurial vision, knowledge acquisition, and learning, and adaptation capability) relevant for international firms in general, and retailer-specific dynamic capabilities (customer relationship management, brand building, location and store design management, and channel management), which are of specific relevance for retailers. Frasquet et al. (2018) take the distinction between generic and retailer-specific capabilities further and study how they support embeddedness in new markets. Similarly, Lowe, George, and Alexy (2012) focus on the development of capabilities over time as retailers enter and adapt to new markets. Finally, in the specific context of turbulent market environments, Cao (2011) finds three categories of capabilities: sensing, shaping, and transfer and reconfiguration. While all of the studies mentioned contribute to the understanding of capabilities in the context of internationalisation, common for all of them is also that they to a large extent focus on the marketing-oriented aspects of internationalisation. Supply chain aspects of the capabilities are given very little – if any – attention in previous research.

Except for development into dynamic view on capabilities, resource-based theories have also come to acknowledge that resources that are valuable, rare and difficult to imitate are also to be found between firms, typically embedded in the relationships of the members of a supply chain. Such ‘network resources’ are typically defined as ‘external resources embedded in the firm’s alliance network that provide strategic opportunities and affect firm behaviour and value’ (Lavie 2006, 638). As highlighted in this relational view (Dyer and Singh 1998; Lavie 2006) a sustainable competitive advantage must not necessarily be based on resources controlled by the own company. Rather, resource accessibility may be a sufficient criterion (Lavie 2006). Thus, companies should be valued not only by its ownership and control of certain resources but rather from the resource endowments of its alliance partners (Lavie 2006). Synonymous with the traditional resource-based view of the firm (in which rents are created based on internal resources that are valuable, rare and difficult to imitate), “relational rents” could be created based on “idiosyncratic interfirm linkages” (Dyer and Singh 1998), and hence form the basis for a company’s sustainable competitive advantage. According to Dyer and Singh (1998) the source for a relational rent may be found in the (1) investments of specific resources needed for the relationship, (2) knowledge exchange within the relationship, (3) the combination of complementary resources, and (4) lower transaction costs and more effective governance mechanisms (compared to competitors’ relationships and alliances).

As an extension of the relational view, and inspired by dynamic capabilities literature, dynamic supply chain capabilities have also been identified as a source for competitive advantage in an operations and logistics management setting (Beske 2012; Defee and Fugate 2010). In a supply chain setting the importance of inter-organisational relationships have for long been acknowledged, for instance Christopher (2011) claimed that ‘supply chain competes with other supply chains’. Based on a supply chain orientation (Mentzer et al. 2001) and a learning orientation (e.g. Zollo and Winter 2002) Defee and Fugate (2010) identified two ‘dynamic supply chain capabilities’ of particular importance. First, knowledge accessing held by two or more supply chain members means the ability to comprehend and understand where to get access to certain resources. In contrast to absorbing new knowledge and resources continuously, knowledge accessing is concerned with the knowledge on where to find it when needed. A second dynamic supply
Chain capability is concerned with co-evolving, which means a collaborative, continuous creation of joint resources that form the basis for a sustainable competitive advantage.

**Methodology**

This explorative research is based on a qualitative, multiple case study approach (Eisenhardt and Graebner 2007; Voss, Tsikriktsis, and Frohlich 2002; Yin 2003), which is suitable for explorative studies (Voss, Tsikriktsis, and Frohlich 2002). This research is mainly inductive as the findings are based on empirical data that has later been grounded in resource-based theories. In this study, key supply chain-oriented capabilities in the context of retail internationalisation are explored by applying a resource-based perspective.

**Case selection**

One of the key aspects in case study methodology is the case selection (Siggelkow 2007). An adequate case selection identifies suitable case companies with respect to the purpose of the study (Patton and Appelbaum 2003). The researchers have also strived to choose retailers from several retail sectors to ensure relevance in the retail industry as a whole. To ensure relevance, retailers have been selected based on specific selection criteria, including four key selection criterions. First, retailers with recent experience and knowledge of retail internationalisation have been chosen as they can provide rich and up-to-date empirical data. Second, retailers that use a traditional internationalisation approach by first entering markets with short psychic distance (Johanson and Wiedersheim-Paul 1975) have been chosen as this approach is very common among retailers in general (Elsner 2012). Third, retailers that use a standardised business concept in terms of products, marketing and sales channels in their internationalisation have been chosen, as the approach is very common among retailers since it simplifies foreign operations in terms of market operations and supporting operations such as logistics operations (O’Grady and Lane 1996). To understand the outcome of the foreign sales establishments, the chosen retailers have been present in one of the foreign markets for at least three years.

Based on the selection criteria, three large-sized, Swedish retailers have been selected that are operating in the home and leisure, fashion and hobby-material sector. They all have a strong domestic market position and have recently internationalised their businesses (by the opening of stores and e-commerce) in a traditional manner. The case companies are presented below.

**Company A**

Company A is a Swedish retailer that operates within the home and leisure sector. The company was first established in the late 1980s and is a store-based company with over 1,700 employees. In 2017, the turnover was about EURO 253 million and the operating margin was 6.1%. In 2014, the establishment of foreign sales operations started as the company entered Norway and later entered Germany in 2017. Company A has about 110 stores in Sweden, Norway, and Germany.
Company B
Company B is a Swedish fashion retailer that offers feminine fashion to young women. The company was founded in the late 1990s. The company has about 2,000 employees. The company sells its products by both store and online stores, where the stores are the main sales channel. The establishment of foreign sales operations started in 2007 when the company established stores in Norway and Finland. Since then the company has also established stores in Denmark in 2008 and Germany in 2010 as well as opened online stores in the EU in 2012. The company has about 180 stores in Sweden, Norway, Finland Denmark, and Germany. During the first decade of this century, Company B has had a high economic profit, but during the 2010s the company has been struggling as the global competition in the fashion sector has become more apparent due to the increase of international fashion retailers operating online. In 2017, the turnover of the company was about EURO 97.5 million and the operating margin was −0.36%.

Company C
Company C is a Swedish hobby retailer that offers hobby materials to private consumers. The company was established in the mid-1950s and has now about 650 employees. Since then the company has expanded to a company with three sales channels including stores, online stores and wholesale. In 2017, the turnover was about EURO 79.4 million and the operating margin was 0.53%. The company has been operating in foreign consumer markets since the late 1960s and has continued to expand abroad. Today, the company has over 100 stores in Sweden, Denmark, Norway, Germany, Netherlands, and Belgium. The company has also online stores in the EU.

Data collection
The data collection was performed during the time period of 2016–2018. The empirical data material included semi-structured interviews and secondary data material such as reports and written documents. The interviews were performed using a standardised interview guide with open-ended questions about marketing-oriented aspects as well as supply chain-oriented aspects. The interview guide was used for all informants and was distributed before the interviews in preparatory purpose. The majority of interviews took place at the premises of the case companies and lasted between 50 and 120 minutes. A few additional interview questions were also answered by phone and email. The informants ranged from key company staff (e.g. Company founder and Head of Expansion) highly involved in the retail internationalisation, to logistics managers highly involved in the supporting operations in the retail internationalisation. A high level of data triangulation was attained through the diversity of informants, which increased the validity of the study (Yin 2003). In Table 1, all informants from each case company are listed.

The interviews followed a top-down approach in terms of the hierarchy level of the informants, which gave the researchers an overview of the top management and the key operational staff (i.e. logistics organisation). The approach also ensured that no key informants were excluded from the study. Along with the interviews, the informants recommended each other, which increased the reliability of the study. By using
a standard interview guide, the data triangulation was simplified and as the answers of the informants corresponded, the reliability of the study also increased.

After the interviews were performed all interviews were recorded and transcribed. The empirical data was thereafter summarised in an objective case study report for each case company. The case reports were later reviewed by all interviewees to ensure that the interpretation of the author was correct, which improved the reliability of the study further (Voss, Tsikriktsis, and Frohlich 2002).

Data analysis

As a means to capture supply chain-oriented capabilities needed for internationalisation in the case companies, a resource-based perspective has been applied. The resource-based view of the firm anticipates that firms consist of bundles of resources (Wernerfelt 1984; Barney 1991; Barney and Clark 2007), from which different valuable, rare and imperfectly imitable capabilities are constructed. These distinctive capabilities lay the foundation for a company’s sustainable competitive advantage, which is manifested in above average profitable growth.

The identification and analysis of supply chain-oriented capabilities followed a two-step approach was used, where a within-case analysis of each company was followed by a cross-case analysis. A pattern-matching technique (Yin 2003) was used to identify common capabilities that support retail internationalisation.

Empirical data from the case companies

To identify the supply chain-oriented capabilities, the empirical data for each case company has first been analysed individually in a within-case analysis. The within-case analysis is summarised in Table 2.

Supply chain-oriented capabilities supporting retail internationalisation

From the cross-case analysis, three categories of supply chain-oriented capabilities supporting the retail internationalisation were identified: Leadership capability, integration capability, and learning capability. These categories of supply chain-oriented capabilities are further described below.

Leadership capability

As for marketing, finance, and other business practices, the supply chain processes require appropriate leadership capabilities in conjunction with the retail internationalisation. In
### Table 2. Empirical data to support the identified operational capabilities that support retail internationalisation.

<table>
<thead>
<tr>
<th>Leadership capability</th>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
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<tr>
<td>Company founder</td>
<td>The company founders initiated the retail internationalisation and encouraged further foreign market establishments. The founders have the courage and drive that motivates the board and the top management to expand into foreign markets. The company founders have in-depth company knowledge about the business concept, which has enabled them to evaluate foreign market potential. Furthermore, the company founders also have a good overview of the cornerstones of the company and to transfer them to foreign establishments. One of the key cornerstones in the company strategy is cost-efficient logistics. The recognised importance between marketing and logistics by the founders influence the decision making related to the retail internationalisation and have resulted in, for instance, the investment of a new central warehouse that has the capacity to provide multiple markets.</td>
<td>During the foreign establishments, the company founder was the CEO of the company. The company founder initiated new foreign market establishments and has been highly involved in the foreign establishments. The company founder was very confident in the business concept of the company and pushed for vast expansion. The strong founder-leadership capability is recognised by an enormous drive and involvement of the company founder, who also had the most decisive role under the past foreign establishments as he made the most of the strategic decisions related to the foreign establishments. Furthermore, the company founder has been highly involved in supply-chain-related decisions such as the development of in-house logistics.</td>
<td>The founders have been highly involved in previous foreign establishments and are still active in the company as shareholders. The founders drive the foreign establishment and encourage the company to keep expanding. Furthermore, two relatives of the founders work as market manager and establishment manager and are highly involved in the retail internationalisation. The founders have recognised the importance of efficient logistics in the retail internationalisation, and have been highly involved in supply-chain-related decisions.</td>
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<td>Top management control</td>
<td>The small group of strategic staff makes all strategic decisions related to the retail internationalisation and have been located at the head office. This centralised, small group has very short communication lines that allow fast communication and decision making. The capability helps the company to faster handle opportunities and challenges in the retail internationalisation. For instance, the company can benefit from acting quickly to seize a new market opportunity. Furthermore, the capability enables short communication lines and rapid decision making between the top management and the internal company functions such as logistics, which is important for the rapid change of logistics operations.</td>
<td>The retail internationalisation has been managed by a small group of strategic staff located at the head office at the company. The small number of strategic staff and the close distance between the strategic decision-makers have enabled short communication lines, which have enabled rapid decision making in the retail internationalisation. The top management control capability enables the company to be more responsive and flexible in the foreign establishments. Furthermore, there are short communication lines and rapid decision making between the top management and the internal company functions, which enables the operations to rapidly change in the foreign establishments. For instance, the capability enables the logistics operations to rapidly change in order to support foreign establishments.</td>
<td>The retail internationalisation of the company has been managed by a small group of strategic staff, which is located at the company headquarter. The small group at the headquarter creates short communication lines, which enables faster decision making. The top management control capability enables the company to fast adapt its resources to seize opportunities and challenges in the retail internationalisation, which includes supporting operations such as logistics.</td>
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<tr>
<td>Integration capability</td>
<td>Company A</td>
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<tr>
<td><strong>Organisational integration</strong></td>
<td>The top management of the company integrates internal and external resources in the foreign establishments. The CEO has assigned a project manager to be responsible for the overall integration of the foreign establishments. The project manager has a unique, overall understanding of the company in terms of company strategy and company functions as well as what resources that need to be obtained externally. Furthermore, this project manager has also close communication with the CEO and different company functions, which enables the project manager to efficiently integrate resources during the foreign establishments.</td>
<td>The overall integration of resources in the foreign establishments has been performed by the CEO and the establishment manager, of whom the latter has the overall responsibility for the foreign sales operations. The CEO and the establishment manager have together a good overview of the company functions that enables efficient integration of internal and external resources. The organisational integration enables frequent communication and coordination between the company functions and external resources. It ensures that company function and external resources, such as informal networks and external 3PL, collaborates.</td>
<td>The company coordinates both internal and external resources in the retail internationalisation. The company has a good overview of the company, which enables strategic staff to efficiently coordinate resources needed in the retail internationalisation. The strong leadership culture within the company enables efficient coordination of both company resources and external support. The short communication lines between the strategic staff as well as to company functions simplify the coordination of resources within the company, which support the retail internationalisation.</td>
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<td><strong>Functional integration</strong></td>
<td>The company has an internal integration capability that enables it to efficiently integrate operational resources in the retail internationalisation. The top management, including the project manager, communicates frequently with different company functions to ensure that the functions collaborate during the retail internationalisation. For instance, the logistics organisation often collaborates with the marketing function to together coordinate the product flow in order to better meet the consumer demand of the foreign markets. The integration between the logistics organisation and the marketing function results in good coordination of the product flow.</td>
<td>The company has an internal integration capability that enables the strategic staff to efficiently integrate company functions with each other in the retail internationalisation. The function managers have frequent communication with each other, which allows them to integrate and collaborate in the retail internationalisation. For instance, the logistics organisation and marketing function frequently collaborate to better coordinate the product flow to better supply the foreign markets.</td>
<td>The company has an internal integration capability that enables efficient integration between company functions under foreign establishments. The strategic staff and function managers have frequent communication to ensure that the company works towards the company strategy. The retail internationalisation includes the integration of several functions that are involved in realising the business concept into the foreign markets, including marketing operations and logistics operations.</td>
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<tr>
<td>Company</td>
<td>External integration</td>
<td>Learning capability</td>
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<td>A</td>
<td>The company has also the capability to integrate external support in the foreign establishments. In the establishment to foreign markets, the company has obtained market knowledge (i.e. customer behaviour, competitors and culture) and overall internationalisation knowledge (i.e. how to enter a foreign market) by hiring lawyers, external staff and export promotion organisations. Furthermore, the logistics organisation integrates external resources in terms of external logistics providers. The logistics organisation performs internal transport planning in-house and integrates multiple external logistics providers to perform the store distribution.</td>
<td>The company is a learning organisation that has a built-in preparedness and willingness to fast change its organisation and operations to better support the retail internationalisation. Furthermore, the top management control capability enables experiences and knowledge to be collected and processed centrally so that changes are designed in such a way that it benefits the company as a whole. The organisational learning capability is also established within the logistics organisation. The logistics organisation collects and interprets feedback from logistics staff and sales staff to adapt its organisation and operations to improve its logistics operations.</td>
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<td>B</td>
<td>The company has also the capability to integrate external support in the foreign establishments. For example, the logistics organisation has the capability to integrate both in-house operations and external support in its operations in the retail internationalisation. The logistics organisation performs all warehouse operations and transport planning, while outsourcing the actual transportation to foreign markets to external logistics providers.</td>
<td>The company has an organisational learning capability. The company has a learning culture within the organisation that encourages the company to fast improve its operations related to the foreign establishments. The strategic staff collects and reflects previous experiences and knowledge to adapt the organisation. Also, internal functions such as the logistics organisation frequently collect feedback from the foreign sales operations to improve the foreign supply-chain operations. For instance, the company has improved its transportation routines after problems with transportation to the foreign markets.</td>
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<td>C</td>
<td>The company has also the capability to integrate external support in the foreign establishments. For instance, the company integrates external support in form of informal networks to increase its foreign market knowledge as well as general internationalisation knowledge. Furthermore, external resources are also integrated into the logistics organisation. For instance, the logistics organisation performs warehouse operations and transport planning in-house, while transport operations are performed by external 3PL. Furthermore, during the first years of the foreign establishments, the company outsourced its logistics operations to a Swedish 3PL that managed the product flow for the multiple markets.</td>
<td>The company has an organisational learning capability. The company frequently questions its operations in order to improve its retail internationalisation. The strategic staff has frequent communication with different company functions to identify learnings. The organisational learning capability is also seen in the logistics organisation, as the logistics organisation frequently measures its performance within the organisation as well as collects feedback from the company stores in order to improve the logistics organisations.</td>
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Company A uses an emergent ad hoc approach in its foreign establishments, as foreign operations take shape as the company establish and expand abroad. The top management uses a trial-and-error approach in its foreign establishments and rapidly changes its organisation and operations from previous learnings. For instance, from learning of the foreign markets the strategic staff has changed the business concept slightly in order to meet local regulations and local demands better. Furthermore, other internal functions such as the logistics organisation have changed due to experience. Furthermore, the company has learned that the logistics should be centralised in terms of management and structure in order to cost-efficiently supply the foreign markets. Also, the logistics organisation has standardised its warehouse operations to gain better control of the product flow to the foreign markets.

The top management learns to a high degree from previous experiences and improves its organisation and operations in order to better support the foreign establishments. The top management can rapidly change the organisation and its operations if something is not working properly. For instance, the top management has learned from experience that logistics operations should be performed in-house in order to increase its control to more cost-efficiently supply the foreign markets. Furthermore, internal functions such as logistics changes frequently learn from previous experiences and rapidly changes its operations to better support the foreign markets.

The company has learned from experience gained from previous foreign establishments, which have enabled the company to improve its organisation and operations to better support the retail internationalisation. The top management uses a trial-and-error approach as the organisation and operations changes from learnings gained from previous foreign experiences. The experiential learning is also found in the logistics organisation as the organisation changes from past foreign experiences. For instance, the logistics organisation has changed its delivery quantity and delivery time to better meet the demand of the foreign markets.

<table>
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particular, the case companies indicate the importance of having the company founder being directly involved and supervising the expansion and a tight top management team with few individuals that together are able to rapidly and efficiently manage retail internationalisation.

**Company founder involvement**

Company founder involvement has in all three case companies been a major driving force for the retail internationalisation. Participating in the top management teams of the companies, the founders have played a key role both in individual foreign establishments as well as the retail internationalisation as a whole. This is in line with Frasquet, Dawson, and Mollá (2013), who identify entrepreneurial vision as an important aspect of retail internationalisation. Based on such an entrepreneurial spirit, their involvement typically stretches from strategic to operational aspects of the entire internationalisation process and spans all company functions involved. From a supply chain perspective, the company founders have for instance been personally involved in, and emphasised the importance of, efficient logistics operations, considering it as a crucial prerequisite for a successful expansion.

As a result of their personal commitment, the founders (also being the owners at the time of all expansions in the case companies) have enabled the necessary priority in the organisation for taking on such a great challenge as retail internationalisation. The personal presence and support of the founders have also allowed an authority to project managers and other employees working with the expansion. It has also enabled higher priority on supply-chain related projects in the company, such as the establishment of a central warehouse.

**Top management control**

Except for the involvement and commitment of the founders, all three case companies have had a top management team with very few individuals being involved in the retail internationalisation. Overall, the entire establishment process to a new market has been managed by a few top executives, often organised as a project management team. This means a tight span of control for the group, which has been combined with a wide scope of responsibility for each group member (e.g. Chow, Heaver, and Lennart 1995).

Although not formalised, such a project organisation facilitates short communication lines between the decision makers, which enables fast decision making related to the internationalisation. Overall, this helps the companies to faster handle opportunities as well as challenges related to the retail internationalisation. This capability is valuable for both handling marketing-oriented issues as well as supply chain-oriented ones. In a logistics and warehouse context, the need for short communication lines and rapid decision-making within the top management team has shown to be an important prerequisite for rapid change of product range, store fulfilments, etc.

Except for fast information gathering and decision-making within the top management group, the central control also allows efficient delegation and supervision of responsibilities to other, more operational company functions, i.e. it allows for smooth integration within the organisation. For instance, the top management group (in which the supply chain manager is included), sets conditions for the physical distribution of
goods and communicates these to the logistics manager, who adapts the logistics organisation to support the foreign establishments.

**Integration capability**

To successfully establish into foreign markets, the case companies emphasize the importance of integration between top management and internal company functions and external support. Furthermore, efficient integration has to be in place both between top management and functions as well as between different functions. From a supply-chain perspective, efficient integration enables logistics to better adapt to conditions made by the top management as well as to collaborate with other functions, in order to better support the foreign markets.

**Organisational integration**

As mentioned in the previous section about top management control, the central control enables the top management to effectively delegate responsibilities as well as to supervise during the foreign establishments. The delegation and the supervision are made efficient by the integration of the top management and the internal functions and external functions involved in the foreign establishments. The top management of the case companies has close communications with company managers and external support involved, which enables them to efficiently communicate conditions as well as receive information. This organisational integration allows the top management to better manage the functions (e.g. logistics function) involved in the supply chain that supply the foreign markets.

Usually, there is also one dedicated ‘expansion’ manager, directly subordinated to the CEO, who has the overall responsibility of the foreign establishments. This expansion manager works as a facilitator for enabling efficient integration between the top management and company functions and external support involved in the retail internationalisation. The expansion manager has close communication with both the top management and the company functions, which allows efficient integration of internal and external resources involved in the foreign establishments. From a supply-chain perspective, the expansion manager communicates with supply-chain related functions such as the purchasing function and logistics function to ensure efficient integration within the supply chain.

**Functional integration**

In addition to the organisational integration, the case companies also share a functional integration capability that allows efficient integration among the company functions. In retail internationalisation, the company functions of the case companies communicate and collaborate frequently in order to support the foreign establishments. For instance, the marketing function and logistics function collaborate frequently in order to efficiently coordinate the product flow in the foreign markets. Also, the purchasing function and the logistics function collaborate in order to improve the supply chain, from the suppliers to the foreign stores.

The functional integration is also encouraged by top management that frequently communicates with the different company functions and can identify potential
collaborations between different functions related to the supply chain to solve emergent challenges that need to be handled – often with short notice. By integrating company functions, knowledge and experiences can be better exchanged and discussed, which in turn can improve the overall company knowledge and it can also improve the foreign establishments. This sharing of knowledge between the company functions is described by Zollo and Winter (2002) as knowledge articulation, and this, in turn, facilitates learning.

**External integration**
In addition to the functional integration, the case companies have also an external integration capability in common. All case companies have hired external support in the foreign establishments in order to improve its knowledge about retail internationalisation in general as well as about specific foreign markets. The importance of external support is clearly seen; however, the case companies have used different kinds of external support. For instance, Company A has used external promotion organisations, while Company B has used informal retail networks. In terms of supply chain processes, the case companies have however used external logistics providers for supplying the foreign markets. As mentioned by Dyer and Smith (1998), a competitive advantage does not need to originate from the companies’ own resources. Instead, competitive advantage related to retail internationalisation can be created by integrating external resources. The integration of external support such as external logistics providers enables the case companies to take advantage of external resources such as prepared routines and knowledge about the foreign infrastructure to successfully establish and supply foreign markets. It also allows the case companies to focus in a higher extent on their core businesses. The external integration, especially between the retailers and their logistics providers, also indicates the presence of dynamic capabilities in the supply chain processes of the internationalisation (e.g. Defee and Fugate 2010). For instance, the use of logistics providers’ knowledge about foreign distribution is acknowledged by the case companies as a valuable input for the development of appropriate distribution design to the new region.

**Learning capability**
To improve the foreign establishments including the supply chain processes involved, the case companies highlight the importance of having organisational learning as well as to efficiently learn from previous experiences.

**Organisational learning**
From the analysis, it was found that the case companies share an organisational learning capability. The case companies have established a strong learning culture that encourages learning within the companies. Indeed, given the new contexts in the new markets, it is vital for the companies to continuously learn and develop in order to manage the internationalisation process in an efficient and effective manner. The top management of the companies collects and processes experiences from previous foreign establishments as well as new knowledge from external support. Furthermore, the learning culture is also found in individual company functions such as the logistics
function. The logistics function of the case companies collects and processes feedback from the foreign store personal as well as within the logistics functions, which contribute to a learning culture.

The organisational learning has been mentioned by Zollo and Winter (2002) as an important prerequisite for renewing the resource base of companies. The case companies have a learning culture that enables them to change their resources in order to improve the foreign establishments. From a supply chain perspective, resources such as warehouse facilities, logistics operations, and knowledge have changed due to learnings from previous foreign establishments, which have enabled the logistics function to better support the foreign markets.

**Experiential learning**

The case companies have learned to a high degree by trial-and-error from previous foreign establishments. Some knowledge has been acquired from external resources such as export promotion organisations and networks, however, most knowledge is experiential and comes from the companies’ own experiences. Typically, if something did not work in terms of management or operations, the top management rapidly changed the approach for the next establishment. Experiential learning has been derived from past experience by both top management as well as individual company functions of the case companies. For instance, experiential learning is found in the logistics functions as these have gained experience of how to better support foreign establishments.

Our identification of experiential learning is well in line with Johanson and Vahlne (1977), who describe internationalisation as a learning-by-doing process. Further, experiential learning as identified in this paper encompasses both experience accumulation and knowledge articulation (Zollo and Winter 2002). Experience accumulation is acquired by a trial and error approach in the case companies, and knowledge articulation is for example attained due to the previously identified integration capability. Interestingly, limited evidence of knowledge codification is identified among the case companies, indicating that internationalisation can succeed without having routines and processes in place. The more foreign establishments a company does, however, the more the need for such routines and processes is likely to increase.

**Concluding discussion**

A capabilities-perspective on retail internationalisation has gained increased research interest in recent years. In particular, the presence of marketing-oriented dynamic capabilities has been investigated (e.g. Frasquet, Dawson, and Mollá 2013; Frasquet et al. 2018; Cao 2011; Lowe, George, and Alexy 2012). In contrast, capabilities related to supply chain processes have been less researched so far in the literature. The purpose of this study has therefore been to explore such supply chain-oriented capabilities through an inductive, multiple case study of three Swedish retail companies. The analysis introduced the three capabilities-categories of leadership, integration, and learning that together spans the supply chain-oriented capabilities present in the three case companies’ internationalisation processes. Resources necessary for these capabilities are to be found internally at the retailer, but also externally, at other firms.
Interestingly, the three categories of supply chain-oriented capabilities found in this paper have some similarities with previous research done in a retail internationalisation context, but with a marketing-oriented focus. For example, Frasquet et al. (2018) find adaptation capability to be of importance to succeed in new, foreign markets, and the adaptation should not be at the expense of brand identity. In a similar vein, Cao (2011) illustrates the importance of learning in local stores and adaption to the new markets and suggests that ‘Learning by doing is one important way of sensing the local market’ (p. 468). Both of these examples relate to our proposed overall category learning. Thus, learning as an overall category appears to be of importance from a market-oriented perspective as well as a supply chain perspective. Furthermore, Frasquet et al. (2013, 2018) find channel management capability to be important in retail internationalisation, which in this paper relates to the proposed integration capability. However, in contrast to existing literature, when looking into details of the categories of capabilities proposed, this paper illuminates supply chain-oriented capabilities. Thus, the specific capabilities found in this paper offer novel insights into capabilities in a retail internationalisation context. Overall, our study shows that in addition to marketing-oriented capabilities, there is a need for supply chain-oriented capabilities when retailers take on new, foreign markets. This is in line with Swoboda, Foscht, and Cliquet (2008), who argue that market-oriented processes need support from supply chain processes for internationalisation to succeed.

From a managerial contribution point of view, the classification presented in the analysis of this paper constitutes a first attempt to structure different types of supply chain capabilities involved. It thus offers an opportunity for further understanding and penetration of how such capabilities are involved in the internationalisation process. From a theoretical point of view, the results indicate presence – as well as relevance – of a number of different resource-based theories. The results indicate that in order to capture the relevant capabilities involved it is necessary to go beyond an analysis based on the traditional, intra-organisational resource-based view of the firm (e.g. Barney 1991), and also include insights offered from the relational view (Dyer and Singh 1998; Lavie 2006) and dynamic supply chain capabilities (Beske 2012; Defee and Fugate 2010).

The research on the presence of supply chain capabilities in the context of retail internationalisation is in its infancy and there are many research opportunities. Of particular interest is to develop more solid categories of supply chain capabilities and anchor these in the different resource-based theories at hand. For this, more empirical evidence would be very valuable. Another interesting future research avenue relates to the interplay between marketing- and supply chain-oriented capabilities. In current research supply chain capabilities have been analysed in isolation from the marketing-oriented ones (although a relationship has been indicated), which has been a conscious choice by the researchers in order to limit the study. However, future research should take a multidisciplinary approach and handle the interaction and fit between different types of capabilities.

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