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Exploring key logistics characteristics supporting embeddedness in retailers’ geographical expansion

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ABSTRACT
The purpose of this paper is to explore how the logistics organisation and operations support embeddedness in retailers’ geographical expansion. More specifically, this study identifies four key logistics characteristics that are crucial for geographical expansion and describes how each of these supports retailers’ embeddedness related to their geographical expansion. The findings illustrate how the characteristics: Centralised logistics control, Centralised logistics structure, Standardised logistics operations and Continuous learning and improvement, support societal, network and territorial embeddedness related to the geographical expansion of retailers. The paper is empirically grounded in an explorative, qualitative, multiple case study of three Swedish retailers that have geographically expanded their businesses. Company visits and interviews with a variety of informants, ranging from company owners to operational logistics staff, have been conducted.

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Logistics; embeddedness; geographical expansion; retail; case study

Introduction

As a result of the overall trend of internationalisation and globalisation, many retailers have expanded their businesses geographically to new countries and regions. Retail expansion beyond the domestic domains, for instance through the establishment of online sales or physical stores, is typically driven by growth incentives, saturated domestic markets and ease of legal trading barriers. It constitutes a critical business success factor for many retail companies (Akehurst and Alexander 1995; Burt et al. 2008; Dawson 2007; Wood and Reynolds 2014) and is a relatively well-researched topic. For instance, internationalisation incentives (Corstjens and Lal 2012), market selection (Swoboda, Schwarz, and Hälsig 2007), market channels (Agatz, Fleischmann, and Van Nunen 2008; Appel 2016; Huang and Sternquist 2007), entry mode strategies (Doherty 1999; Picot-Coupey, Burt, and Cliquet 2014), and retail format (Swoboda and Elsner 2013) are all topics that have been addressed extensively. Alongside these business and marketing-oriented research streams, logistics has been acknowledged as a crucial prerequisite and a key ingredient for successful geographical expansion (Abrahamsson and Rehme 2010; Creazza, Dallari, and Melacini 2010; Marchet et al. 2016; Swoboda, Foscht, and Cliquet 2008). For instance, logistics has been considered to be ‘the backbone of the internationalisation process’...
(Marchet et al. 2016, p. 74) and Abrahamsson, Aldin, and Stahre (2003) argue that the retailer’s logistics operations should ‘support strategic market moves’ of the company such as expansion into a new market. Despite this, a majority of research on retailers’ geographical expansion has been geared towards market-oriented processes and other customer-facing elements (Wood and Reynolds 2014), neglecting the ‘back-end’, supply chain processes (Haag, Sallnäs, and Sandberg 2019; Swoboda, Foscht, and Cliquet 2008). An exception is research conducted by economic geographers on how larger US and western European retail transnational corporations (TNCs) adapt their distribution and supply networks to new markets mainly in Asia (e.g. Coe and Hess 2005; Coe and Lee 2006, 2013; Tacconelli and Wrigley 2009; Wood and Reynolds 2014; Wood, Coe, and Wrigley 2016). Although these studies provide important insights into retail logistics operations they are limited to the local development in the new region, neglecting the overall logistics operations of the company. They are also concerned with expansions characterised by high economic, geographic, institutional, cultural as well as psychic distances (Magnani, Zucchella, and Floriani 2018), often with focus on food retailers. In contrast, non-food retailers’ expansions into more similar markets are less researched (Lowe and Wrigley 2010). In addition, the focus on large TNCs means that smaller retailers, in the ‘beginning’ of their internationalisation processes are less researched. Overall, these shortages suggest a need for more research regarding the role of logistics in retailers’ geographical expansion.

To confront this matter, we draw on the concept of embeddedness. The lens of embeddedness acknowledges that economic activities and behaviour are path dependent and intertwined with their surrounding society and space (Granovetter 1985; Hess 2004). An appropriate embeddedness, including involved logistics operations, is decisive for a successful geographical expansion (e.g. Appel 2016; Burt, Johansson, and Dawson 2017). Considering the embeddedness of a geographical expansion offers new insights into how strategies and operations related to new technologies, products and processes could be designed and introduced (Appel 2016). Accordingly, embeddedness offers a new lens through which the role of logistics in geographical expansion can be better explored and understood.

The purpose of this paper is to explore how the logistics organisation and operations support embeddedness in retailers’ geographical expansion. More specifically, the study sets out to identify key logistics characteristics that are decisive for geographical expansion and describe how each of these supports retailers’ embeddedness of their geographical expansion. In doing so, this paper strengthens and accelerates attention to logistics issues in an area otherwise dominated by a customer-facing, marketing perspective. The paper is empirically grounded in a multiple case study of three Swedish retailers. Overall, there is a need for more in-depth empirical case studies that are able to enrich and deepen the knowledge about logistics in retailers’ geographical expansion (Burt, Johansson, and Dawson 2016).

The remainder of the paper starts with description of the concept of embeddedness and its relationship to existing literature regarding logistics organisation and logistics operations in a geographical expansion context. It is followed by an overview of methodology and the three case companies. The analysis thereafter elaborates on how four different logistics characteristics support embeddedness of the geographical expansion.
of the case companies. Finally, discussion and conclusions chapters summarise the findings and outlines some further research topics in the area.

**The concept of embeddedness and its relationship to the role of logistics in geographical expansion**

Geographical expansion renders a wide range of different institutional, cultural and organisational challenges (Wrigley and Lowe 2010), including logistics-related ones as the complexity of logistics operations tend to increase with internationalisation (e.g. Marchet et al. 2016; Schmidt and Wilhelm 2000; Swoboda, Foscht, and Cliquet 2008; Swoboda and Anderer 2008). Instead of supplying one single market, logistics needs to supply multiple sales markets. To do that, existing logistics need to expand in order to handle larger product volumes and store networks that span over several geographical regions, while at the same time adapt to local regulations and achieve cost-efficiency and customer service. These logistics matters in geographical expansion hence constitute a major challenge recognised by both researchers as well as practitioners (Marchet et al. 2016; Straube, Ma, and Bohn 2008).

In recent years, social science researchers interested in retail internationalisation have acknowledged the concept of embeddedness as a useful lens through which challenges related to geographical expansion can be better understood (e.g. Lowe and Wrigley 2010; Tacconelli and Wrigley 2009; Burt, Johansson, and Dawson 2016, 2017; Frasquet et al. 2018).

In essence, the concept of embeddedness describes the interaction between rational, economic actions on the one hand, and their embedded social structures and behaviours on the other (Granovetter 1985; Hess 2004). It is recognised that economic actions always, to some extent, tend to be influenced, or sometimes restricted by, the social structures and behaviours that surrounds the actions of individuals and organisations. Embeddedness has been highlighted as vital to market competitiveness (Frasquet et al. 2018; Lowe and Wrigley 2010), and inability to generate appropriate embeddedness may result in failure regarding a geographical expansion (Appel 2016; Burt, Johansson, and Dawson 2017). All company functions, including logistics as is targeted in this research, must therefore contribute to such an embeddedness.

Out of a ‘plethora’ of different understandings of embeddedness, and based on the seminal contributions from Polanyi (1944) and Granovetter (1985), Hess (2004) outlined three types of embeddedness that have been frequently applied in research related to internationalisation; societal, network and territorial embeddedness. In the following, these are further presented and related to existing logistics research on retail geographical expansion.

**Societal embeddedness**

The societal embeddedness refers mainly to the legacy of the cultural, institutional and economic environment of the expanding company’s home market (Tacconelli and Wrigley 2009), but also its history and former experiences outside the home market such as previous expansions (Burt, Johansson, and Dawson 2016). The societal embeddedness, described by Hess (2004) as the genetic code of the company, could hence be considered as the attribute of the expanding company, which is continuously shaped by its experiences (Appel 2016; Burt, Johansson, and Dawson 2017; Frasquet et al. 2018; Lowe and Wrigley 2010).
From a logistics research point of view, there has been an emphasis on centralisation and standardisation as a means to efficiently expand geographically. For instance, Tacconelli and Wrigley (2009) found in their study of western retail TNCs expansion strategies into the Chinese market that whereas these retailers heavily had customised their customer-facing activities and offerings, their logistics and supply chain strategies were kept centralised as in the home markets. In a similar vein, Appel (2016) concludes that internal embeddedness (i.e. back-office operations) could foster and strengthen an external embeddedness (i.e. customer-facing aspects).

Centralisation is expected to offer control of costs, as well as an overview and leadership as a means to efficiently and effectively coordinate the logistics resources needed in the geographical expansion process (Abrahamsson, Aldin, and Stahre 2003; Swoboda and Anderer 2008). Centralisation also typically facilitates the formalisation and standardisation of logistics operations, which in turn enables the creation of economies of scale and scope (Abrahamsson and Rehme 2010; Coe and Hess 2005; Wood and Reynolds 2014) as well as experience curve effects (Burt et al. 2008; Swoboda, Foscht, and Cliquet 2008). Standardised operations also enable flexible and smooth adjustment to new conditions such as a new geographical region (Sandberg and Abrahamsson 2010; Swoboda and Anderer 2008). Flexibility is also enhanced by the fact that centralised logistics operations facilitate pooling of resources. For instance, Abrahamsson and Rehme (2010) argue that in ‘modern retailing‘ the logistics organisation should be considered not only as a platform for cost efficiency but also as a source for growth and market expansion. For this, the capacity of scaling up operations in for instance the distribution system is crucial.

**Network embeddedness**

Network embeddedness refers to a company’s formal as well as informal intra- and interorganisational, as well as horizontal and vertical relationships, that together shape the company’s access to e.g. information, resources, markets, and technologies necessary for the expansion. The relationships enclosed in network embeddedness cover both relational aspects of individual companies and the structure and evolution of the network as a whole (Hess 2004). From the individual firm perspective, the network embeddedness is typically shaped by factors such as the design, durability and stability of the relationships (Hess 2004). In contrast to territorial embeddedness (see below), the network embeddedness is not limited to include relationships at the new market, but include relevant relationships throughout the entire company including activities and nodes also in the home market (Burt, Johansson, and Dawson 2017; Frasquet et al. 2018; Wood and Reynolds 2014). Of particular importance, the transfer and capture of knowledge have been acknowledged as important features of network embeddedness (Frasquet et al. 2018; Dawson 2007). For instance, knowledge exchange across a dispersed network of stores that spans across geographical regions becomes essential, e.g. with help from appropriate IT systems (Wrigley and Lowe 2010).

Transportation and distribution networks (of companies) play an essential role in a company’s efforts to expand internationally, from supplier to point of sales (Creazza, Dallari, and Melacini 2010; Bygballe, Bø, and Grønland 2012; Tracey, Lim, and Vonderembse 2005; Masson et al. 2007). Creazza, Dallari, and Melacini (2010) and Bygballe, Bø, and Grønland (2012) present taxonomies for physical distribution networks
and claim that, in addition to traditional cost control, these networks are crucial for logistics-based strategic leverage in terms of customer satisfaction. In these networks, transportation planning in particular, including for instance how the new markets should be supplied, plays a fundamental role for internationalisation choices (Marchet et al. 2016; Melacini, Creazza, and Perotti 2011). Appropriate embeddedness of the transportation planning hence becomes essential. Embeddedness is further challenged by the fact that transportation planning and its execution could be handled by a third-party logistics provider, i.e. these services are outsourced. As a result, a geographical expansion is intrinsically aligned with these other members, and outsourcing decisions, i.e. ‘who should be doing what’ are crucial logistics-related decisions to be dealt with (Swoboda, Foscht, and Cliquet 2008). An appropriate, embedded relationship with third-party logistics providers that can operate and manage the physical distribution becomes essential, especially in the new region. A strategy observed to enhance this is to use third-party logistics providers from the retailer’s domestic market (Coe and Hess 2005; Fernie and Sparks 2019; Lowe and Wrigley 2010).

**Territorial embeddedness**

In essence, territorial embeddedness stresses the need for the expanding retailer to adapt to local cultures of consumption, business practices, supply networks, logistics and distribution channels, etc. (Dawson 2007; Wrigley and Lowe 2010), i.e. be ‘anchored’ in a particular space (Hess 2004). This ‘spatial logic of embeddedness’ (Hess 2004), with locally oriented business rationales and boundaries, shaped by formal regulations such as law, emphasises the need for adoption of retail operations by the expanding retailer. In line with Coe and Lee (2006); Coe and Lee (2013) investigated the ‘strategic localisation’ conducted by the joint venture of Samsung and Tesco in South Korea, stressing the need for localisation of products, sourcing, staffing and decision-making. From a logistics point of view, the territorial embeddedness may result in a distribution design adjusted to local requirements (Appel 2016). Regional sourcing systems are possibly to emerge in the new geographical regions as a means to improve territorial embeddedness (Coe and Hess 2005; Wrigley and Lowe 2010; Wrigley, Coe, and Currah 2005), i.e. a local supply network could be created as a means to cope with local culture, business practices and consumer behaviour. This embeddedness is decisive not only for local logistics performance but also for timing of market entry, store format and location. In a wider sense, local networking and partnering have been identified as a key ingredient for overcoming difficulties and challenges related to foreign market expansion (Hutchinson et al. 2009). Thus, the use of local third-party logistics providers in new foreign markets may enhance territorial embeddedness, but may also decrease network embeddedness.

Investigating the logistics strategies of western retail transnational companies (TNCs) expanding into the Chinese market, Tacconelli and Wrigley (2009) suggested that these retailers conducted a variety of logistics strategies in conjunction with their expansion, and that territorial embeddedness could be managed in different ways. Whereas some companies seem to have transferred their logistics solutions from their home markets (e.g. Tesco and Wal-Mart) in which centralisation offering economies of scale and scope is an essential ingredient, other companies (Carrefour) have adopted a decentralised logistics strategy with e.g. local suppliers taking responsibility for store replenishments.
Methodology

This research has followed a qualitative, multiple case study approach (Voss, Tsikriktsis, and Frohlich 2002; Eisenhardt 1989; Eisenhardt, Kathleen, and Graebner 2007), which explores and empirically ‘discovers’ (Meredith 1993) how logistics characteristics support embeddedness of retailers’ geographical expansion. This approach allows in-depth understanding of the content and context of the studied phenomena (Voss, Tsikriktsis, and Frohlich 2002). The research can mainly be considered as inductive, although data collection and analysis have also been guided by the existing literature presented in the chapter above. In particular, Hess (2004) typology of embeddedness has here framed the research.

Case selection

The case selection is identified as one of the key aspects in case study methodology (Siggelkow 2007) as it ensures that the studied phenomena can be researched in a proper manner. Case companies need to be purposefully selected with respect to the aim of the study (Patton 2014). As a means to identify suitable case companies for the study at hand, the researchers have – together with colleagues – scanned the Swedish retail industry for candidates. The researchers have strived for candidates that together could provide the researchers with rich empirical data material, covering several retail sectors to ensure relevance in a variety of retail sectors. Major selection criteria have been companies with relatively recent knowledge and experience of geographical expansion, in combination with top management teams that have been willing to share their knowledge and data with the researchers. Another important selection criterion has been a presence in at least one of the new markets for a minimum of 3 years in order to gain an understanding of the time and event after the initial establishment period. Finally, a natural need for logistics operations has also guided our case selection process, i.e. cases with retailers without physical products and/or completely outsourced operations (e.g. belonging to for instance a larger group that manages all logistics) have been considered to be outside the scope of this research.

The three case companies also have a number of key characteristics in common that are representative for the following reasons:

They have all expanded into regions with short economic, geographic, institutional, cultural as well as psychic distances (Magnani, Zucchella, and Floriani 2018) to the domestic market (i.e. Sweden). This is the dominating behaviour for retail expansion in general, not only in a Swedish context (Elsner 2012), but so far existing embeddedness-oriented research has been focused on European or US-based larger Transnational corporations (TNCs) expanding into the Asian markets (Lowe and Wrigley 2010).

They have all expanded their businesses based on a standardised business concept in terms of products, marketing and sales channels (e.g. physical stores and online stores). Such a ‘replication strategy’ (Winter and Szulanski 2001) is the leading, most common expansion approach among retailers as it simplifies foreign operations in terms of market and logistics operations.
They have all had an outspoken growth strategy in combination with a relatively strong market position and a saturated domestic market, which have been identified as the major incentives for geographical expansion (Assaf et al. 2012).

Table 1 includes a brief presentation of the general facts about the three case companies and their geographical expansion.

**Data collection**

The data collection following the recommendations of Yin (2003), was conducted during 2016-2018 and includes mainly semi-structured interviews, field visits and secondary data material such as written documents and reports. A standardised interview protocol with open-ended questions guided the interviews, including (1) the company’s market strategy, (2) the expansion process (covering the phases of the expansion, typically ranging from market analysis to the opening of the first store in the new market), and (3) logistics organisation and operations in the company. The interview protocol was distributed before the interviews in order to prepare the informants. Most interviews took place at the premises of each retailer and lasted between 50 and 120 minutes. A few supplementary interview questions were also answered by phone and email. The informants range from general management staff (for instance Company Founder, Head of Expansion and Project Manager) who are highly involved in the foreign marketing operations, to logistics employees (for instance Logistics Manager) involved in the logistics organisation and operations. The informants are presented in Table 2.

For the identification of suitable interviewees, a top-down approach in terms of hierarchical level has been followed, which gave us an overview of the top management and the logistics organisation. From these first interviewees, further informants were suggested

### Table 1. Brief presentation of the geographical expansion of the case companies.

<table>
<thead>
<tr>
<th></th>
<th>Company A</th>
<th>Company B</th>
<th>Company C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sector</td>
<td>Home and leisure</td>
<td>Fashion</td>
<td>Hobby materials</td>
</tr>
<tr>
<td>Company turnover (EUR)</td>
<td>253 million</td>
<td>97.5 million</td>
<td>79.4 million</td>
</tr>
<tr>
<td>Operating margin (%)</td>
<td>6.1</td>
<td>−0.36</td>
<td>0.53</td>
</tr>
<tr>
<td>Number of physical stores per foreign market</td>
<td>87 (Sweden), 19 (Norway), 2 (Germany)</td>
<td>88 (Sweden), 38 (Norway), 24 (Finland), 20 (Denmark), 13 (Germany)</td>
<td>18 (Denmark), 38 (Sweden), 19 (Norway), 3 (Germany), 25 (Netherlands and Belgium)</td>
</tr>
<tr>
<td>Foreign market entries via e-commerce</td>
<td>None</td>
<td>Norway (2009), Finland (2009), Denmark (2009), Germany (2010), and 23 other European markets (2012)</td>
<td>Nordic countries (since the late 1990s), and EU countries (since the mid 00s)</td>
</tr>
</tbody>
</table>

### Table 2. Informants in the study.

<table>
<thead>
<tr>
<th>Company</th>
<th>Title(s) of informant(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Company Founder, Project Manager, Logistics Manager, Logistics Developer, Supply Chain Excellence Manager, Warehouse Manager</td>
</tr>
<tr>
<td>B</td>
<td>Head of Expansion, Logistics Manager, Transport and Customs Manager, Brand Director</td>
</tr>
<tr>
<td>C</td>
<td>Supply Chain Director, Establishment Manager</td>
</tr>
</tbody>
</table>
based on a snowball approach. By using the same interview guide for all informants, the
answers could be more easily compared, increasing the reliability of the study. In Company
C, two interviews were conducted. To strengthen the empirical data collection in this case,
reports and other written documents were gathered. Research-related documents found
on the internet were scanned and checked with the informants. In addition, the informant
with the job title Supply Chain Director had significant insights into the company’s expan-
sion processes and was centrally positioned as a member of the top management team
where all major decisions regarding geographical expansion were taken. Thus, this infor-
mant was able to provide in-depth information regarding logistics operations as well as the
company’s geographical expansion processes. The interview with the Project Manager was
thereafter conducted to supplement the information given by the Supply Chain Director.

All interviews were transcribed and an objective case study report, including citations
and other data sources (e.g. reports and written documents), was written for each case. To
further increase the internal validity, the case study reports were sent to the respondents
to let them verify the empirical data.

Data analysis
To ensure a structured data analysis, the empirical data analysis was divided into two
steps, starting with a within-case analysis of each company followed by a cross-case
analysis (Eisenhardt 1989; Yin 2003). The within-case analysis covered the three areas in
the interview guide, i.e. (1) market strategy, (2) the expansion process, and (3) the logistics
organisation and operations within the company, and was framed by Hess (2004) three
types of embeddedness. Through an iterative process, by combining empirical evidence
from these three areas, a pattern of logistics characteristics facilitating the dif-
f
ferent types
of embeddedness of the geographical expansion was developed for each case company.

Thereafter, a cross-case analysis followed, in which key common characteristics
of the logistics operations and activities in the case companies were identified,
which support embeddedness. The analysis process could be described as
a thematic analysis, in which different ‘themes’ were qualitatively uncovered from
the within-case analyses (Fugard and Potts 2015; Jonsson and Tolstoy 2014), and
later combined, merged and condensed as a means to achieve solid, representative
logistics characteristics. To ensure construct validity, a ‘chain of evidence’ (Gibbert,
Winfried, and Wicki 2008; Yin 2003) between interview protocols, extended case
descriptions and the cross-case analysis was maintained throughout all the steps in
the analysis.

Case company descriptions
Company A
Company A is a Swedish retailer of home and leisure products targeting private con-
sumers in the low-cost segment. The company was founded in 1986 and is still controlled
by the founders. In 2017, the turnover was about EUR 253 million and the operating
margin was 6.1%. It is a store-based company without e-commerce operations. Its first
geographical expansion beyond the Swedish market was conducted in 2014 when Norway was entered. During 2017 the German market was entered.

In its geographical expansion, the company has striven to replicate its domestic business concept in terms of offering, sales channel and product range. As a low-cost company, a crucial priority throughout the expansion processes has been to ensure economies of scale. Company management therefore strives to keep a high level of centralisation in all business operations, including the logistics organisation and operations. Members of the logistics management team are physically located at the headquarters, whereas operations are conducted at a central warehouse. According to management, this enables proximity as well as involvement in top management matters such as geographical expansion. At the same time, the existence of a centralised warehouse ensures economies of scale and standardisation of operations. Overall, the logistics function has been acknowledged and described during the years of expansion as a service-oriented function that performs operations with respect to conditions set by the top management.

Before the first foreign market entry in 2014, Company A decided to centralise its warehouse operations and invested in a new central warehouse in order to reduce the logistics cost and to achieve better control of the logistics organisation and the product flow. To ensure store delivery within a day to all markets, the central warehouse is located in the south of Sweden in proximity to important infrastructure such as harbours, railways and a European highway. The construction of the central warehouse has taken place in two stages; first a warehouse of 72,000 sq m that was complemented with another 46,000 sq m in 2018.

In terms of logistics operations, the company uses standardised logistics operations for all customer markets. These operations are designed to reduce the total cost of the company, so a higher cost for the logistics organisation is justifiable as long as it reduces the total cost. For continuous improvements of logistics operations, feedback from previous store deliveries is used. To ensure storage capacity, standardised product labels are used for all company-specific products, which enables only one picking slot per product. Suppliers of famous brands, such as Coca-Cola, still require individual picking slots for each customer market, due to different market prices. The coordination and transparency of market-specific products are ensured by a new warehouse management system, which was established in connection with the centralisation of the logistics organisation.

Company B

Company B is a Swedish fashion retailer of affordable fashion targeting young women. The company was founded in 1997 and started as a family-owned, store-based company that offered knitted garments in the Swedish market. In 2014 a private equity investor acquired the company, but management continues to be inspired by the founder family’s vision and ideas. The company began its geographical expansion to Norway and Finland in 2007, and today the company has a total of 183 stores in Sweden, Norway, Finland, Denmark and Germany, as well as online stores in most of the other EU countries. During the years of geographical expansion, Company B was very successful in terms of high economic profit and growth. However, recent years have been challenging as the global
competition in the fashion industry has become much more apparent, mainly due to the increase in international fashion companies operating online. In 2017, the turnover of the company was about EUR 97.5 million and the operating margin was –0.36%.

Stores are the main sales channel and account for the largest proportion of the total sales, while the online stores are viewed more as an important marketing platform rather than an actual sales platform. (According to the company, sales are very limited in a country without physical stores.) The company has, as far as possible, conducted its expansion with a standardised business concept in terms of business offering, sales channels and product range for all customer markets. Strategic decisions are made at a centralised level at the headquarters, which includes market-oriented decisions as well as logistics-related decisions regarding the logistics organisational design and its operations.

Since the first foreign market entry in 2007, the logistics organisation and logistics operations have changed considerably. At the time of the foreign market entries, the entire logistics function was outsourced to a third-party logistics provider, with little insight and involvement in the expansion strategies. However, as foreign sales increased, so did logistics costs, and according to the interviewees it became necessary for the company to take control of the increasing logistics costs. Therefore, in 2014 the company in-sourced its logistics operations, which resulted in a reduction of the company’s total logistics cost of approximately 50% in the first year. Since then, logistics has become one of the strategic functions of the company, clearly seen as an important tool for changing the negative profitability development. At the very centre of the logistics function is the central warehouse, ensuring cost-efficient, standardised operations of e.g. purchasing, picking and packing, and store replenishment. At the same time, the centralised logistics operations in the warehouse are recognised as an enabler for continuous development and adjustment towards different market needs.

**Company C**

Company C offers a wide range of hobby materials to private consumers of different ages, men and women, amateurs and professionals. The company was founded in 1954 as a mail-order company but started to expand rapidly with physical stores in Sweden, Denmark and Norway during the 1980s. Today, Company C has over 100 stores in total in Sweden, Denmark, Norway, Germany, the Netherlands and Belgium, as well as online stores in the EU. In 2017, the turnover was about EUR 79.4 million and the operating margin was 0.53%. The physical stores dominate sales, representing 75% of turnover. Online sales and wholesale business account for 10% and 15% of the turnover, respectively. The founder family still controls the company and occupies a number of top management positions in the company.

Throughout its geographical expansion, the company has kept a fairly standardised business concept in terms of stores and product range but has also allowed some local adjustments in terms of products for the local markets. The company’s ambition is to be seen as a local company, and adaptations to be seen as a local brand are therefore considered important. In order to be able to offer local adjustments at an affordable cost, centralised support functions such as logistics are emphasised as important by management. Overall, ‘behind the scenes’, standardised logistics operations should
enable cost-efficient and time-efficient store replenishments as well as reliable, fast deliveries to online consumers.

In line with this, the majority of products are distributed from a central warehouse to stores and online customers. The Belgian and Dutch markets are exceptions, as these markets were entered by acquiring an existing strongly locally oriented retail chain. To keep these local brands and products offered by the acquired retail chain, store replenishment from the Swedish central warehouse is supplemented with deliveries from a satellite warehouse in Amsterdam.

As for the two other case companies, the importance of logistics has grown in recent years as the companies have become more geographically dispersed. The Supply Chain Director has taken a position in the top management team and continuous efforts to achieve increased standardisation of the logistics operations are stressed by top management. This enables, for instance, improved opportunities to tackle workload peaks between different types of logistics flows (store replenishment and online sales). New warehouse management software was also recently introduced to further allow information sharing and rapid allocation of resources between the different logistics flows.

**Analysis**

According to the company descriptions above, the three case companies have all followed the most common expansion approach, in which the existing, domestic store concepts, products, and targeted customer groups have been replicated in the new markets (Winter and Szulanski 2001). For the case companies, being in the ‘beginning’ of their internationalisation process with limited experience, the geographical expansions conducted have been major company events, supervised by the company owners themselves. All larger company functions have combined their expertise to manage the expansion processes, typically including the establishment function, marketing, sales and logistics.

For this particular research, targeting the role of logistics in retail geographical expansion, four key logistics characteristics and how they support embeddedness have been identified. Each of these characteristics are examined in greater depth below.

**Centralised logistics control**

A general pattern among the case companies, and in line with existing literature (e.g. Abrahamsson, Aldin, and Stahre 2003; Chow, Heaver, and Lennart 1995), is that a centralised control of logistics planning and execution plays a decisive role for the logistics function. In all three companies, this is stressed as a key priority, especially in the light of geographical expansion when logistics-related costs may increase rapidly. To achieve centralised control, white-collar logistics staff are physically and organisationally located at the headquarters in close proximity to top management and other top executives from other functions. The logistics function is represented in the top management teams, and a relatively tight scope regarding people and reporting structures within the logistics function means that decisions and information can be easily disseminated to the operational parts of the logistics function. Also, in the other direction, complete
information and overview regarding the operational situation can rapidly be provided and disseminated to top management when needed.

As pointed out by informants, the advantages of having centralised logistics control go beyond simple cost control to also facilitate the logistics function’s involvement and internal partnership in the entire geographical expansion. The more direct the involvement in the decision-making for the process, the better the possibilities for seeking conformity between logistics and overall strategy regarding the geographical expansion (e.g. Swoboda, Foscht, and Cliquet 2008). In addition, the overview and fast decision lines also mean that market responsiveness increases, for instance can local adaptations to replenishment principles or redistribution of goods be enhanced relatively easily, avoiding too bureaucratic processes. Overall, a centralised control enables the logistics function to be an important ‘conversation partner’ in the geographical expansion process and act proactively to satisfy requirements at different markets, rather than ‘only’ an organisation that executes existing plans and strategies.

In terms of embeddedness, a centralised control of logistics is a fundamental cornerstone of the companies’ legacy, which pervades all company activities, including geographical expansions. As such, the centralised control in conjunction with the geographical expansions is hence part of the societal embeddedness of the company. Network embeddedness is above all enhanced through the organisational and physical proximity between the logistics function and other involved company functions in the expansion processes. Extensive and rapid knowledge exchange supports the embeddedness, and logistics issues in conjunction with the geographical expansion become part of top management’s agenda. A centralised control of logistics is also an important feature for flexibility and rapid response towards different markets, i.e. it is an important ingredient for territorial embeddedness. The way the centralised logistics control supports societal, network and territorial embeddedness is presented in Table 3.

Centralised logistics structure

Second, a centralised, physical logistics structure is at the very heart of geographical expansion and has been highlighted in the previous literature as a key priority (e.g. Abrahamsson, Aldin, and Stahre 2003). All three case companies highlight their central warehouses as an essential ingredient of their expansion efforts. In Company A, a centralisation of the warehouse resources was conducted before entering the first foreign market (Norway), and this was considered by management to be a necessary prerequisite. In a similar manner, all companies stress the importance of physical centralisation for cost-efficient operations as well as a major factor for future expansion plans.

The case companies also show that, alongside cost efficiency due to resource pooling, a centralised logistics structure could also be seen as an enabler for centralised control of physical operations in the supply chain, as well as standardisation of working processes, e.g. picking and packing procedures. Although not automatically accomplished, physical concentration improves overview, short communication lines and other coordination activities that are important for the realisation of centralised logistics control. In a similar manner, the implementation of standardised processes is simplified by a physical centralisation of activities.

Moreover, a centralised physical logistics structure not only offers cost efficiencies based on economies of scale and scope but also flexibility and responsiveness. It allows
### Table 3. Centralised logistics control.

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<td>Centralised logistics control A</td>
<td>As for all major strategic moves in the company, owners personally supervise the expansion, including the logistics planning and execution. The expansion started when the CEO was assigned an expansion project by the founders... It is the CEO who have pushed us to do this (expansion) so fast, and so powerful. He has been the prime mover. <em>(Project Manager)</em></td>
<td>Top logistics managers (including Supply Chain Manager and Logistics Manager) are physically situated at the headquarters, close to other top executives involved in the expansion. This has opened up opportunities for participation in cross-functional development projects related to the expansion. An 'inhouse' logistics organisation, with few outsourced functions and staff, enables generally short lead times from decision to execution. This is acknowledged as highly valuable in the context of geographical expansion. &quot;We have had clear directions on what to do, clear mandates, and quick and short decision paths... And Company A's top management has worked very close with each other throughout the expansion.&quot; <em>(Project Manager)</em></td>
<td>The central warehouse operations in conjunction with the expansion are managed directly by the Logistics Manager, organisationally situated next to the Supply Chain Manager, ensuring that logistics operations adapt fast to the local conditions when necessary, e.g. regarding inventory levels and custom requirements.</td>
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<td></td>
<td>A supply chain manager with overall end-to-end logistics responsibility is member of the top management team supervising the expansions in specific team meetings.</td>
<td>During the expansion, (logistics planning and operations was outsourced). As the logistics costs increased dramatically during the expansions, the top management decided to take logistics inhouse. Now white-collar logistics staff are all situated at the headquarters, ensuring close interaction and rapid alignment with other top management functions. 'As sales increased, logistics costs increased and then logistics became an important aspect for us. Therefore, we had to have it inhouse.' <em>(Logistics Manager)</em></td>
<td>During the expansion, the top management decided to use standardised product labels for all company products. This central decision was made in order to more easily meet local regulations of all foreign sales markets as well as to simplify company operations such as logistics operations.</td>
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for resource pooling of different kinds, e.g. flexible staffing between different activities and logistics flows, as well as resource allocation and concentration towards different geographical markets when needed, described as ‘fire-fighting’ abilities to tackle upcoming events and challenges.

Similar to a centralised control of logistics operations, the centralised physical logistics structure characterises the entire companies’ operations and plays a major role in the societal embeddedness of the company. The planning and execution of the geographical expansion is hence based on the existence of a strong, well-organised central warehouse. For instance, it is well recognised by owners and top management that the central warehouse is vital for cost-efficient expansion as well as achievement of control and flexibility. The existence of a central warehouse also means close contact among different company functions, enabling an appropriate network embeddedness. Different organisational functions involved in the geographical expansion, including the network at the new market (in particular stores and logistics service providers) becomes aligned and coordinated through the central warehouse. Indeed, the central warehouse functions as an informal ‘hub’ of coordination and knowledge exchange among concerned network members. The central warehouse also enables territorial embeddedness, in particular due to the possibilities of allocation and concentration of resources at different markets at different times. Thus, ‘localisation’ as is highlighted in the previous research (Coe and Lee 2006, 2013), is here enhanced by means of a centralised structure. In Table 4, the way the centralised logistics structure supports the three types of embeddedness is presented.

**Standardised logistics operations**

A third, key logistics feature supporting the geographical expansion of the case companies is the use of *standardised logistics operations*. Overall, standardisation is emphasised as a measure for maintaining operational cost efficiency while at the same time tackling

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<td>C</td>
<td>Top management including the CEO and Supply Chain Director, highly prioritise the daily logistics operations related to the geographical expansion. <em>From 2016, logistics is a part of the top management team . . . I think that is because of our CEO with 30 years of experience, who has recognised the supply chain as an important function, and that planning is an important activity. And he realised that there was a gap in the basic planning of products and how to get [products] out on the shelves.</em> (Supply Chain Director)</td>
<td>With the Supply Chain Director being a member of the top management team, a logistics perspective is considered in all decisions regarding geographical expansion, including participation in different types of development projects. Thus, centralised control of logistics constitutes an important ground for coordination among different functions in the company. <em>Logistics will in the future have something to say about future coming establishments.</em> (Supply Chain Director)</td>
<td>The company has an inhouse logistics organisation with few external, outsourced activities which, according to management, allows for the necessary control of logistics operations needed for smooth operations in different countries. In particular, since the entrance into the Dutch and Belgian markets and the use of the satellite warehouse in Amsterdam, this is acknowledged by top management as a key priority.</td>
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Table 3. (Continued).
Table 4. Centralised logistics structure.

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<tr>
<td>Centralised logistics structure</td>
<td>A</td>
<td>A central warehouse located in the south of Sweden supply all stores in all countries. This central warehouse was new in 2014, and considered as a prerequisite for the planned geographical expansion (to Norway, later on same year). It is strategically located in proximity to a port, a terminal, a railway and a European highway. There were four criteria that determined the location (of the central warehouse). (1) We wanted proximity to a port because Company A uses many shipping containers. We wanted to be close to (2) a terminal and (3) a railway. Gothenburg is the big port so want to be able to use trains to transport to warehouses. Also, (4) we wanted to be close to a European highway.</td>
<td>The centralised physical structure, mainly the central warehouse, facilitates coordination within the logistics function as well as towards other functions within the company. It improves information sharing as well as harmonisation and management of competing requirements on e.g. service offerings and logistics cost, which the latter is very important in the geographical expansion. It is possible to operate an (logistics) organisation of many warehouses, but it becomes very costly. If we had not carried out the centralisation, we would not have had as much capital to invest in other things. For example, in the expansion.</td>
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Table 4. (Continued).

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<td>B</td>
<td>Physical centralisation was conducted after the expansions into foreign markets due to rapidly increasing logistics costs. The central warehouse is considered to be the heart in the company’s operations, also from an expansion point of view as the warehouse is prepared for future expansions.</td>
<td>The centralised logistics structure, in particular the existence of a central warehouse, is acknowledged by top management as an enabler and informal hub of information exchange regarding the physical flow of products, e.g. between the retailer and logistics service providers at the new markets.</td>
<td>A smaller warehouse for the Norwegian market is controlled by the central warehouse as a means to facilitate and smoothen processes in conjunction with customs (outside EU). The central warehouse, and the fact that it has some extra capacity in the form of space and handling, provide opportunities for resource allocation and concentrating on different markets at different times, thus supporting different initiatives for local adoptions. ‘We also have the capacity to expand quite quickly… Actually, we have a warehouse facility that are too large so we have the capacity to double our sales without any problems… The warehouse is also customised for twice as many employees.’ (Logistics Manager)</td>
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<tr>
<td>C</td>
<td>For the owners, it is a well-established fact that centralised logistics e.g. in the form of a central warehouse, enables economies of scale and scope. Throughout the expansions, the existence and utilisation of a strong central warehouse has been considered as an important prerequisite.</td>
<td>The company owns its central warehouse, which is situated next to the headquarters. This means that all strategic logistics staff are physically close to the headquarters, which allows for short information and decision-making lead times. It also allows for alignment towards e.g. the stores at the different markets.</td>
<td>The existence of a central warehouse is according to the Supply Chain Director imperative for successful resource pooling of staff, e.g. between picking and the assembly of different sales packages for different markets, and between picking for stores and online stores.</td>
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the increased complexity that comes with geographical expansion. Independent of market destination or sales channel (physical or online store), all three case companies thus strive towards equal and standardised logistics processes and activities. Standardised operations are considered to go hand-in-hand with control and performance measurement of logistics operations.

In the light of geographical expansion, a high degree of standardisation has proven to be important as it enables the case companies to achieve cost-efficient handling (especially activities in the central warehouse) due to the creation of economies of scale and scope. Meanwhile, in line with previous scholars (e.g. Abrahamsson and Rehme 2010; Swoboda and Anderer 2008), the case companies indicate that standardisation paradoxically also enables local adjustments at the different markets. For instance, a share of the product flow for Company A and Company C is distributed from local suppliers via satellite warehouses instead of the central warehouse in order to meet local conditions and to incorporate market-specific products into the product range. According to the informants, the existence of these flows is only possible when there are standardised processes to ensure accuracy as well as cost efficiency.

The findings show that due to the search for economies of scale and scope, standardisation of logistics operations is together with centralised control and a physical structure significant for the societal embeddedness of the companies. The geographical expansions conducted have therefore been guided by standardisation as a key element. The high level of standardisation also constitutes an important ground for achieving network embeddedness, as it supports uniform communication both internally among functions and externally towards e.g. logistics providers. The case companies also indicate that standardisation facilitates purchasing of logistics services as well as coordination between central warehouse and satellite warehouses. Finally, territorial embeddedness could also be facilitated through standardisation of the logistics operations, especially as it enables adjustments towards different markets without loss of cost efficiencies. In Table 5, the way the standardised logistics operations supports societal, network and territorial of embeddedness is presented.

**Continuous logistics learning and improvement**

A fourth characteristic of the role of logistics in the case companies’ geographical expansion is their logistics-related learning and continuous improvement behaviour within an expansion into a specific market as well as between expansions to different markets. To ensure cost-efficient, flexible and smooth operations, the three characteristics discussed above, i.e. centralised control, a centralised physical structure and standardisation, are crucial to successful expansion. In addition to these, however, informants also emphasise the need for rapid learning and development of their operational activities. From a logistics point of view, a geographical expansion clearly means a number of new, unique and unforeseen challenges that need to be addressed and managed, often at short notice. Local conditions may require adapted handling and distribution processes, e.g. in relation to customs. Thus, the other three characteristics should be complemented with a fourth one, addressing the continuous updating and improvement of existing operations. An obvious important source of information and a driver of this development is the newly opened stores. By receiving continuous feedback from these stores regarding accuracy in deliveries and lead times, the logistics operations can be further fine-tuned. As
such, a trial-and-error approach is required where a sufficient rather than perfect logistics solution can be established.

Except for the continuous improvement that occurs within an individual expansion into a specific market, learning and adapting work routines between different market expansions have also been acknowledged as important by the case companies. For instance, Company A initiated a project to document and codify its expansion process into Norway as a means to facilitate a smoother expansion into its next market, Germany. So far, however, most of the knowledge and experiences are embedded in the key staff involved, typically establishment and project managers.

Characterised by growth ambitions and a continuously changing competitive landscape as a result of e.g. increasing e-commerce, the case companies are fostered in the

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<td>A</td>
<td>Standardised logistics operations are considered as a crucial component for competitiveness in the low-cost oriented business model by the company. New markets are expected to bring economies of scale and scope, which means that there is a strong focus to avoid local assortment, but also local logistics solutions. ‘For us it does not matter if the store is in Germany or in Sweden. We pick it all and there is a departure time from here. We get our orders ready.’ (Logistics Manager)</td>
<td>Standardised operations facilitate uniform contracts and other communication towards external partners, such as third-party logistics providers. Internally, standardisation of operations is an important prerequisite for measuring as well as harmonisation of logistics performance (such as picking and packing).</td>
<td>The high level of standardisation regarding logistics operations such as picking and packing in the central warehouse results in similar operations in the different geographical markets, but at the same time it enables minor changes in local behaviour (e.g. shelf fulfilments) without loss of control and additional costs. ‘For us it does not matter if the store is in Germany or in Sweden. We pick it all.’ (Logistics Manager)</td>
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<td>B</td>
<td>As for the experiences of establishing inhouse logistics and its 50% decrease of logistics costs, standardised operations are considered vital condition for cost efficiencies, also in an expansion context. Standardised operations throughout the entire supply chain are in general expected to improve communication and purchasing of distribution services from logistics service providers. Standardisation of product labels is highlighted as an important strategy for rapid replanning of product quantities to different markets.</td>
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<td>C</td>
<td>Standardised operations are in place as they are seen as crucial in order to keep track of logistics costs and to find areas for improvements. ‘That was one thing we said, we try and we copy the concept to the fullest. Therefore, no resources have been used for something German specific.’ (Supply chain Director) Standardised processes are considered a key element for cost efficient coordination between the central warehouse in Sweden and the satellite inventory in Amsterdam. Local logistics solutions, but based on the same standardised processes, exist for the Benelux-countries that enables local adaptations to logistics performance and the use of local logistics service providers in a smoother way.</td>
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need for continuous learning and improvement of existing operations. To achieve societal embeddedness logistics-related continuous learning and improvements in the geographical expansion processes are therefore necessary. As for all logistics operations, the ones in conjunction to the geographical expansion are continuously evaluated and subject for improvements. The attention to continuous learning and improvement is also instrumental for the achievement of network embeddedness, as the different network members in the distribution system (e.g. stores, logistics service providers and the central warehouse) need to be aligned and together continuously shape the logistics practices throughout the distribution system. Territorial embeddedness is also strengthened by the companies’ focus on continuous learning and improvements. Indeed, to follow up the logistics operations and their performance at the new market, and change them when needed, is considered as a necessary prerequisite for a successful expansion. Although the general focus on centralisation and standardisation is strong in all three case companies, the empirical findings also indicate room for local adaptations regarding logistics, such as store replenishment processes and order quantities. For instance, Company B learned from experience that the use of local third-party logistics providers worked best for store replenishment in foreign markets and therefore changed from domestic to local third-party logistics providers, while the other case companies still use domestic logistics providers. Such adaptations also impact on embeddedness, as the use of domestic providers enhance network embeddedness, while the use of local providers enhance territorial embeddedness. Also, societal embeddedness can be enhanced by using domestic providers as it allows the company to more easily transfer its domestic attributes into foreign markets. From the analysis, it seems as both approaches can be appropriate for geographical expansion. The way the continuous logistics learning and improvement supports the three types of embeddedness is presented in Table 6.

Discussion

Embeddedness has been highlighted as a useful lens for improved understanding of retailers’ geographical expansion (Burt, Johansson, and Dawson 2016; Frasquet et al. 2018). Accordingly, this research has identified four key logistics characteristics decisive for geographical expansion, and described how each of these supports retailers’ societal, network and territorial embeddedness of their geographical expansion. In short, the findings reveal that case companies’ geographical expansions are socially embedded in a strong legacy of centralised control and structure, and standardised operations that are combined with an emphasis on continuous learning and improvements. The geographical expansions are for the case companies’ major events that are naturally shaped by these characteristics. Rooted in operating routines and part of the company’s legacy, they serve to inform employees about how to execute logistics under uncertainty such as a geographical expansion. The identified logistics characteristics also serves to facilitate network embeddedness. Of particular importance is their role for appropriate coordination throughout different parts of the supply chain, ranging from stores and logistics service providers in the new region to the central warehouse. For instance, standardisation of processes facilitates timely and correct predictions and expectations between different parts of the companies. The identified characteristics also facilitate territorial embeddedness. Although the case companies strive towards relatively standardised offerings and
Table 6. Continuous learning and improvements.

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<td>Cont. learning and improvements</td>
<td>Management emphasises the role of the central warehouse as a ‘problem solver’ during critical phases of a geographical expansion. ‘Logistics at Company A is more of a performer, to be flexible . . . They don’t dictate, they are more a victim of the conditions.’ (Project Manager) After the first foreign expansion into Norway, the company initiated a project to document and codify the expansion process, including logistics issues. This strengthens the societal embeddedness of the company as the codification can highlight learning and improvements.</td>
<td>The central logistics function continuously collects feedback from the outbound logistics flow in order to improve the logistics operations.</td>
<td>Experiences and close contact with the store managers are considered a crucial source of information regarding logistics performance improvements, such as the timing of store replenishment processes, and order quantities. ‘We can take a higher cost in the warehouse if it simplifies the work in the store.’ (Logistics Manager)</td>
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<td>B</td>
<td>The use of blue-collar staff that is employed by the retailer (and not outsourced) ensures relatively stable employments and long-term personal relationships, fostering development, innovation and exchange of ideas among the employees.</td>
<td>The company has two separate product flows for physical stores and online stores. Logistics operations are however kept almost identical as a means to facilitate learning across the different flows. “We always ask questions and we get a lot of feedback from our stores and if things doesn’t work, then it is our role to change.” (Logistics Manager) The logistics organisation uses local hauliers, as it allows the company to utilize local distribution networks. “I have always had a love for local hauliers.” (Logistics Manager)</td>
<td>During and after an expansion, management emphasises the importance of continuous improvement based on feedback from the operations at the new market, especially the new stores plays here an essential role. Based on feedback from Norwegian staff, the time of delivery of seasonal products was changed in order to better meet the local demand. From previous experience, the Logistics Manager have decided to use local hauliers as they had better local knowledge about regions regulations.</td>
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logistics operations (as a means to ensure economies of scale and scope) the identified logistics characteristics also offer opportunities for local adoptions when needed. For instance, a centralised control together with a focus on continuous learning and improvements enhances rapid but cost-efficient reactions towards customer requirements such as changes in replenishment frequencies and order quantities.

The findings from this research outline how different logistics characteristics individually facilitate three types of embeddedness in retailers’ geographical expansion. However, they also provide insights into how different types of embeddedness, with the logistics characteristics as a basis, can be achieved simultaneously. Well-known logistics characteristics such as centralised control, physical structure and a high level of standardisation play an essential role in the companies’ societal embeddedness of the geographical expansion, whilst they simultaneously provide support for network as well as territorial embeddedness. Especially interesting from a logistics point of view might be the logistics characteristics’ ability to achieve societal embeddedness and territorial embeddedness simultaneously. As argued by Burt, Johansson, and Dawson (2016), ‘Every retailer is deeply embedded in its home society and has to become similarly embedded in the host market when it internationalizes’ (Burt, Johansson, and Dawson 2016, p. 716). This does however not mean that the logistics operations and organisation need to be locally designed and adjusted. Rather, what is shown in the cases is that centralised logistics control and standardisation fostered in a strong societal embeddedness from the ‘home market’

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<td>C</td>
<td>Beside the attention to KPIs, the logistics function has in recent years adopted a number of technologies such as voice picking. These technologies are thought to ensure future flexibility and resource pooling in the central warehouse, which is needed for future expansions. Earlier, staff worked in one specific product flow (e.g. store or online store) using one type of picking technology. By educating staff about various technologies, increased the allocation of staff between the different flows in the warehouse. ‘Now we have removed those barriers so now everyone (the staff) can move around.’ (Supply Chain Director)</td>
<td>In recent years top management has emphasised the development of more specific KPIs, which has helped to identify new improvement areas among the company functions, for instance in the interface between marketing activities and logistics operations.</td>
<td>As a result of their centralised logistics control, logistics-related KPIs are followed up carefully by the Supply Chain Director, which enables not only improvements regarding general cost efficiency and service improvements, but also development efforts towards different markets. ‘There are actually different costs of handling an order. E-commerce orders are much more expensive than store orders.’ (Supply Chain Director) ‘I believe that the hardest thing right now is to learn what differ between the flows. When I first started no one knew this. We have since been able to improve the (logistics) operations further.’ (Supply Chain Director)</td>
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constitutes the foundation for territorial embeddedness at the new, host market. Centralised control and structure, as well as standardisation, enables flexibility from which necessary adjustments such as localised assortment offerings and other logistics services can be achieved. Related to the work of Coe and Lee (2006); Coe and Lee (2013), the centralised logistics and standardisation could be seen as crucial ingredients for ‘strategic localisation’, from which territorial embeddedness is achieved.

Overall, however, in comparison to other existing research findings the case companies of this study demonstrate a fairly low level of localisation. The explanation for differences in other studies could be due to different contextual factors. As previously noted by Burt, Johansson, and Dawson (2016) the concept of embeddedness may operate in different ways in different retail sectors, which makes the possibility to generalise the results to other retail sectors limited. For instance, the food sector, which has so far dominated research on the geographical expansion of retailers (Coe and Hess 2005; Wrigley and Lowe 2010), may have another logic, in which for instance local brands and assortment may cause less centralised logistics operations and structures due to local sourcing (Coe and Lee 2013). A ‘stubbornly local nature of food sourcing’ (Coe and Hess 2005, p. 463) here renders another logic than the case companies investigated in this research. This is also acknowledged by Swoboda, Pennemann, and Taube (2012) who recognise that in contrast to food retailers, non-food retailers tend to develop more standardised assortments across countries and develop a more integrated supply chain processes.

Another contextual factor that may hinder generalisation and comparison to other existing research is the fact that existing research is mainly based on larger western European or US TNCs expanding into China or other Asian markets. In contrast, the case companies to this study have relatively short economic, geographic, institutional, cultural as well as psychic distances (Magnani, Zucchella, and Floriani 2018) between their home market and their new ones. As noted by Lowe and Wrigley (2010), western retailers entering another western mature economy are less researched. The authors concluded that instead of challenges related to the introduction of a relatively novel ‘modern retail’ product at the emerging market, market entry into another mature western market with similar domestic retailers instead requires embedding of an alternative brand of a long-established product. This puts more emphasis on competition based on back-office efficiencies, e.g. logistics operations. These insights are also valid for the case companies investigated in this research, and from a logistics point of view, this could be a reason for the relatively sparse adoption of logistics practices in the new markets.

**Contribution and future research**

In terms of theoretical contribution, this research presents a comprehensive view on key logistics characteristics that together facilitate the embeddedness of retailers’ geographical expansion. Besides the previously mentioned specific research on Western retail TNCs expansion into Asian markets, logistics issues in conjunction with retailers’ geographical expansions have received limited research attention. The identified logistics characteristics could be considered as a first attempt to describe and express the logistics role in geographical expansion and thus serve as a platform for further consolidation of research
on these matters. The research also acknowledges the role logistics has for interaction between, and reinforcement of, different types of embeddedness, providing valuable insights not only for logistics scholars but also for other research disciplines interested in embeddedness.

From a managerial point of view, an improved understanding of how logistics supports geographical expansion could guide managers in making informed decisions regarding their expansion. The characteristics could be considered as important enablers for a successful expansion, avoiding pitfalls that are warned of from a logistics perspective (e.g. Abrahamsson, Aldin, and Stahre 2003; Abrahamsson and Rehme 2010).

Research on the logistics role in geographical expansion is still in its infancy and this explorative research suffers from several limitations, in particular those related to contextual matters as were elaborated above. This however also opens up for several new research opportunities. As discussed above, this research has had a focus on retailers with limited international market coverage, i.e. they are at the ‘beginning’ of their geographical expansion. They are also relatively small and experience and knowledge related to expansion as well as resources are generally limited in the case companies, and an expansion into a foreign market is a relatively advanced operation for the case companies in question. These contextual factors are in contrast to previous research in the area, where global food TNCs such as Tesco and Wal-Mart may handle an expansion differently due to more resources and experience and less criticality. More research into these matters, e.g. a classification on contextual factors, would here be a valuable contribution.

Apart from research on contextual matters, the researchers would like to stress opportunities in relation to the use of other theoretical lenses in combination to the concept of embeddedness. For instance, recent research on the combination of embeddedness and dynamic capabilities (e.g. Frasquet et al. 2018) here contributes to new insights regarding the evolution of the embeddedness. From a logistics point of view, we see that recent advancements of dynamic supply chain capabilities (Defee and Fugate 2010; Beske 2012) in combination with embeddedness here render an interesting future research topic.

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chain, and the intersection between logistics and different strategic management issues such as dynamic capabilities, the strategy formation process and business models.

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