



**MK7227 Postgraduate Dissertation**  
**Student Number: U1441653**

	Comments	Max Mark	Actual Mark
<b>Introduction</b> <i>Identification of a valid topic, research question and objectives framed to Masters Level standard with academic rationale developed, clear industry contextualisation of the research topic</i>	Supervisor Comments:	10%	
	2 <sup>nd</sup> marker Comments:		
<b>Critical Literature Review</b> <i>Depth and breadth of literature search, engagement with seminal authors and papers, evidence of a critical approach toward the scholarly literature</i>	Supervisor Comments:	25%	
	2 <sup>nd</sup> marker Comments:		
<b>Research Methodology</b> <i>Evaluation of research philosophies and</i>	Supervisor Comments:	15%	

<i>perspectives. Justification of methodological approach, sampling strategy, data analysis and reliability and validity measures as applicable</i>	<b>2<sup>nd</sup> marker Comments:</b>		
<b>Data Analysis and Interpretation</b> <i>Evidence of rigor in data analysis and interpretation procedures, identification of key patterns and themes in the research data, integration of academic theory into explanation of findings</i>	<b>Supervisor Comments:</b>	<b>35%</b>	
	<b>2<sup>nd</sup> marker Comments:</b>		
<b>Conclusions and Recommendations</b> <i>Research question and objectives addressed with implications to theoretical and managerial concepts considered. Recommendations provided for theory, practice and future research</i>	<b>Supervisor Comments:</b>	<b>10%</b>	
	<b>2<sup>nd</sup> marker Comments:</b>		
<b>Organisation, presentation and references.</b> <i>Well structured and ordered dissertation</i>	<b>Supervisor Comments:</b>	<b>5%</b>	

<i>with correct use of grammar and syntax. In-text citation and bibliography conforming to "Cite Them Right"</i>	<b>2<sup>nd</sup> marker Comments:</b>		
<b>Total</b>	<b>First Marker Total</b>	<b>100%</b>	
	<b>Second Marker Total</b>		
<b>Supervisor General Comments:</b>		<b>Agreed Mark:</b>	
<b>2<sup>nd</sup> Marker General Comments:</b>			

Supervisor's Name: .....

Signature: .....

2<sup>nd</sup> Marker's Name: .....

Signature: .....

The American Retail Market: Why is it so hard to crack, and how to infiltrate it successfully? An investigative analysis.

A dissertation submitted in partial fulfilment of the requirements of the School of Business and Law, University of East London for the degree of **MSc International Business Management**

**May 2016**

**13,698**

I declare that no material contained in the thesis has been used in any other submission for an academic award

Student Number: U1441653

Date: May 2, 2016



## Dissertation Deposit Agreement

***Libraries and Learning Services at UEL is compiling a collection of dissertations identified by academic staff as being of high quality. These dissertations will be included on ROAR the UEL Institutional Repository as examples for other students following the same courses in the future, and as a showcase of the best student work produced at UEL.***

***This Agreement details the permission we seek from you as the author to make your dissertation available. It allows UEL to add it to ROAR and make it available to others. You can choose whether you only want the dissertation seen by other students and staff at UEL ("Closed Access") or by everyone worldwide ("Open Access").***

### I DECLARE AS FOLLOWS:

- That I am the author and owner of the copyright in the Work and grant the University of East London a licence to make available the Work in digitised format through the Institutional Repository for the purposes of non-commercial research, private study, criticism, review and news reporting, illustration for teaching, and/or other educational purposes in electronic or print form
- That if my dissertation does include any substantial subsidiary material owned by third-party copyright holders, I have sought and obtained permission to include it in any version of my Work available in digital format via a stand-alone device or a communications network and that this permission encompasses the rights that I have granted to the University of East London.
- That I grant a non-exclusive licence to the University of East London and the user of the Work through this agreement. I retain all rights in the Work including my moral right to be identified as the author.
- That I agree for a relevant academic to nominate my Work for adding to ROAR if it meets their criteria for inclusion, but understand that only a few dissertations are selected.
- That if the repository administrators encounter problems with any digital file I supply, the administrators may change the format of the file. I also agree that the Institutional Repository administrators may, without changing content, migrate the Work to any medium or format for the purpose of future preservation and accessibility.
- That I have exercised reasonable care to ensure that the Work is original, and does not to the best of my knowledge break any UK law, infringe any third party's copyright or other Intellectual Property Right, or contain any confidential material.
- That I understand that the University of East London does not have any obligation to take legal action on behalf of myself, or other rights holders, in the event of infringement of intellectual property rights, breach of contract or of any other right, in the Work.

I FURTHER DECLARE:

- That I can choose to declare my Work “Open Access”, available to anyone worldwide using ROAR without barriers and that files will also be available to automated agents, and may be searched and copied by text mining and plagiarism detection software.
- That if I do not choose the Open Access option, the Work will only be available for use by accredited UEL staff and students for a limited period of time.

**/cont**

**Dissertation Details**

<b>Field Name</b>	<b>Details to complete</b>
Title of thesis <i>Full title, including any subtitle</i>	The American Retail Market: Why is it so hard to crack, and how to infiltrate it successfully? An investigative analysis.
Supervisor(s)/advisor <i>Separate the surname (family name) from the forenames, given names or initials with a comma, e.g. Smith, Andrew J.</i>	Rula, Al-Abdulrazak
Author Affiliation <i>Name of school where you were based</i>	University of East London
Qualification name <i>E.g. MA, MSc, MRes, PGDip</i>	MSc
Course Title <i>The title of the course e.g.</i>	International Business Management
Date of Dissertation <i>Date submitted in format: YYYY-MM</i>	2016-05
Does your dissertation contain primary research data? (If the answer to this question is yes, please make sure to include your Research Ethics application as an appendices to your dissertation)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Do you want to make the dissertation Open Access (on the public web) or Closed Access (for UEL users only)?	Open <input checked="" type="checkbox"/> Closed <input type="checkbox"/>

**By returning this form electronically from a recognised UEL email address or UEL network system, I grant UEL the deposit agreement detailed above. I understand inclusion on and removal from ROAR is at UEL's discretion.**

Student Number: U1441653

Date: May, 2<sup>nd</sup> 2016

The American Retail Market: Why is it so hard to crack, and how to infiltrate it successfully? An investigative analysis.

## TABLE OF CONTENT

**Table of Contents**

<b>Chapter 1 .....</b>	<b>12</b>
<b>1.0 Introduction .....</b>	<b>12</b>
1.2 Objectives:.....	15
1.3 Project Outline.....	15
<b>Chapter 2 .....</b>	<b>16</b>
<b>2.0 Literature Review .....</b>	<b>16</b>
2.1 Literature Review Introduction:.....	16
2.2 What is internationalization and reasons for its advent: <i>An empirical overview of internationalization over the years</i> .....	18
2.3 Market cultural differences in the empirical literature. ....	21
2.4 The consumer as focal point .....	25
2.5 Conclusion .....	29
<b>Chapter 3 .....</b>	<b>30</b>
<b>3.0 research Methodology.....</b>	<b>30</b>
3.1 Case Study Data .....	32
<b>Chapter 4 .....</b>	<b>35</b>
<b>4.0 Data Analysis .....</b>	<b>35</b>
4.1 Introduction.....	35
4.2 Company's history: .....	35
4.3 Market Behavior: .....	37
4.5 Correlation:.....	41
4.6 Conclusion .....	56
<b>Chapter 5 .....</b>	<b>56</b>
<b>5.0 Conclusion .....</b>	<b>56</b>
<b>Chapter 6 .....</b>	<b>59</b>
<b>6.0 Recommendation .....</b>	<b>59</b>
<b>7.0 Bibliography.....</b>	<b>61</b>

**ABSTRACT:**

**Purpose** – The aim of this dissertation is to understand and examine the different levels of difficulties foreign food retailers have had through out the years in their attempts in entering the U.S. food retail market.

**Methodology / Approaches** – This study uses qualitative approach to discover what were the common denominators in the failures and short lived success of **Sainsbury, Tesco** and **Carrefour** in their attempt at conquering the American food market.

There will also be an attempt to evaluate what marketing and entrance strategies each firm used, and look for similarities or differences that could have been a factor in their final outcome.

**Results** – The findings from this research not only confirm that the US is indeed a very hard market to enter for foreign food retailers, but gives initial insight as to what could some of the main reasons be. This study offers an understanding on the impact that cultural differences, also at corporate level, have on the lack of success of many international food retailers. In addition, it highlights how cultural changes are a dynamic factor, that change over time with the progression of generations, and as a consequence creates a shift in consumer's needs and wants.

**Recommendations** – The main goal for most foreign retailers trying to infiltrate the American market is to develop a strategy that is solely focused on the American experience and that is culturally relevant. It will

be clear that research of past trends, prior to entering the new market, will no longer suffice, managers will have to invest in analyzing future trends and changes. Being able to strategically “predict the future” is more and more significant, when entering a country with constant ethnic, language and cultural changes.

**Value / Originality** This research explores an area of international marketing that has not been deeply researched and uncovered. This study provides insight on topic that are looked upon from a different angle, and should help bring to light some of the issues that are not yet clear.

**Keywords:** Globalization, Internationalization, International marketing, culture, food retailers.

## Chapter 1

### 1.0 Introduction

“Today in a city of any significant size, a grocery shopper can be served by a high quality supermarket, a price emphasis supermarket, a true discount store, a ‘mom and pop’ store, a quick shop operation, or a large integrated shopping center” David Appel, 1972.

The last 20 years have shown a growth of retail foreign direct ventures in a variety of up and coming markets in Europe, Asia and South America. There was an average of 250 of the top retailers that operated in 6.8 countries by 2007 (Deloitte, 2009).

The top 250 retailers out of Europe was present in 14.9 countries in 2010, showing an increase from 11.1 countries in 2007 (Deloitte, 2012). French and German according to Deloitte (2012) are the most international in capacity.

The top most well known retailers gain a big portion of their sales from international operations. A prime example can be taken from one of the retailers subject of this study. **Tesco’s** sales space in 2006 was outside of the UK by 44%, deriving mainly from Central Europe and East Asia (Dawson, 2007). Even though internationalization has grown greatly, many retailers find it very difficult to establish a network in a foreign market. These difficulties are brought upon by the fact that expanding to foreign markets requires the relocation of retail management technology or the creation of worldwide trading relationship across different financial, cultural and social boundaries (Alexander, 1995). In the literature there are multiple examples of failed attempts at internationalization. Prime samples are Marks & Spencer’s failure in

Canada and the US, Walmart failure in south Korea, and Germany and finally **Tesco's** in the US.

In accordance with Burt et al. (2003) more work is necessary to understand the various failures that occur in the retail internationalization process. The companies subject of this research are all very successful in their spectrum, however also analyzing their failures will prove useful.

With the high pace at which the world is moving, globalization and internationalization of companies is becoming more and more necessary to their success. In the past two decades there has been huge growth in the number of companies that try to infiltrate markets in developing countries in hopes of conquering a growing sector or they enter established markets with the intention of gaining market share. Other reasons companies expand in other countries is because often going global brings forth many advantages such as creating new jobs, offsetting a domestic slow growth, creating economies of scale.

Internationalization of retail firms has become a huge area of investigation. The current issue, however, is not understating if and where internationalize, but to investigate how to create success in diverse cultures and continents (Dupois and Prime 1996).

While entering a foreign market is never easy, successfully entering the American market has been quite difficult for a lot of companies especially in the food / groceries retail industry. As pointed out by Parks and Sternquist (2007) not much research has been done to uncover entry mode methods and selection in the retailing sector, which precludes us from being able to pin point why the food market is in fact so difficult to penetrate in the US, without further research to add to the literature. Global business leaders say that the US is second behind China for entry

barriers despite ranking third in the best opportunity market category, bringing forth a big oxymoron for retailers looking to be successful in such a big pool.

This research is focused on examining the US market from an outsider point of view. By using the failures of **Tesco**, **Sainsbury** and **Carrefour** as examples, this study examines what marketing and entrance strategies each firm used. This research compares the three companies' experiences in hopes to extrapolate the common denominator in the failing factor. This study will also try to uncover if the lack of success in the American market by these companies can be narrowed down to a series of factors such as time of entry, the economy, consumers' culture and the entry strategies used by each.

In the American food retailer industry, there are four stages that can be identified. The first one is identified by the chain store revolution. The second is characterized by the insertion of the supermarket structure that brought forth economies of scale and economies of scope to the stores. The 3<sup>rd</sup> main phase was highlighted by the growth of computerization and the boom of product variety which happened in the 1980s 1990s, paving the way to the modern super centers and the birth of Walmart. The last and 4<sup>th</sup> stage, its characterized by Walmart's evolution, and the beginning of a real first national chain. (Basker, Noel 2008)

The American food retail was highly impacted in the late 1980s by the leverage buyouts (LBOs) and an increased corporate debt level. A lot of food retailers had no other choice but to divest assets, and decrease capital spending programs. At this stage of the American food retail industry, well capitalized European food retailers, finally saw an

advantageous opening, and were able to use this opportunity that presented itself. (Wringley, 1997).

Given these series of background notions, that highlights some of the reasons companies look at the US market as one that is important to enter, it becomes explicit that the goal of this study, is to critically evaluate how an international food retailer could successfully operate in the US.

Based on this theme of internationalization in the US market, the questioned posed is:

The American food retail market: why is it one of the hardest to crack, and how to infiltrate it successfully?

## 1.2 Objectives:

1. To discover what makes the American food retail market so hard to successfully infiltrate from foreign retail corporations.
2. To discover what are the main factors that need to be thoroughly analyzed in order to appeal to the American market.
3. To establish what are the main marketing cultural differences that keeps the American market hard to completely understand.
4. To pin point a common error that has been made over the years by retailers entering and failing in the U.S. market.

## 1.3 Project Outline

To obtain the data needed for this research it was decided to utilize a qualitative approach. The secondary data will be evaluated based on various cases of failures. Different themes come to life, some of which

matched with the literature research but that also brought to life other influences.

This study will be organized in six main chapter. In Chapter 1, this study will present the topic of the research and its contextual setting. The objectives of this study are presented with justification. Chapter 2 is the Critical literature review, where academic journals in this research topic are critically evaluated, and highlights the limited coverage of this topic regardless of the various cases available for analysis. Will also revisit how has retail internationalization been viewed and studied over the years. Chapter 3 reassesses the research question and what the main objectives are, by explaining which research methodology will be used for this study. The data found along with the various sources utilized are explained. Chapter 4 introduces the main subjects of this study, analysis of data through out the chosen periods, correlation between the various company analyzed, the descriptions and the conclusion. Chapter 5 shows and summarizes the findings of this research, relating the results and all relevant uncovered theories to the area of the studies in which this research falls in. Chapter 6 will contain conclusions and recommendations for this research study.

## Chapter 2

### 2.0 Literature Review

#### 2.1 Literature Review Introduction:

Internationalization in its broadest term is being able to make a certain product in a way that it can meet the needs of different groups in different parts of the world.

The amount of empirical work relating to international retailing, highly increased towards the end of the 1980s.

What needs to be noted however, is that the new information is based on, and referred to older work in this subject area. The authors that were researched were Hollander (1970), Kacker (1985) and Waldman (1978). The early material was not necessarily observational, as it was, found Hollander's (1970) work, was the inspiration and beginning point for further research activity (Alexander & Myers 2000).

Globalization has been going through drastic changes over the years, creating a competitive environment in which retailers have a hard time following compliance (Church, 2014). Corstjers and Lal link the lack of success in retailers attempt at globalization to the fact that it has been observed that firms tend to use cross industry patterns to gain knowledge, which can in actuality be deceiving. Alexander (2000) backs this train of thought by suggesting that "intellectual influences on the development of retail" could directly impact and constrain the development of a deeper understating of the internationalization process. This study aims to nullify these recurring thoughts in the empirical literature. As a very general and perhaps obvious suggestion, for a successful globalization effort, retailers should have something new and innovative to present, a strong home market and be very strategic about time on entry.

Not of less importance however, as pointed out by Bertsch (2013) and backed by Mc Laughling (2003), retailers should have a relevant concept of culture which has a huge effect on business during their stage of internationalization, as it will be seen in later chapters.

These empirical findings will be of great guidance in trying to understand what were **Tesco**, **Sainsbury** and **Carrefour's** steps and where did they go wrong. This could potentially help in finding the right formula to endure and succeed in the internationalization process of the US market. This chapter presents a critical literature review of what causes the US to

be such a hard market to infiltrate by international retailers and how companies adapted their strategies over the years. As a first step will try to find a common ground for internationalization and how scholars view it in the retail market.

In order to obtain a fluid and coherent discussion this chapter is structured as listed: sub chapter 2.2 focuses on the empirical literature that has tried to define internationalization and understand why retailers chose internationalization. In sub chapter 2.3 the focus shifts to try and identify cultural differences in the market, and the understanding of the consumer in order to succeed in a foreign market like the US. In this chapter the focus will be to analyze today's cultural differences, with the help of theories found in the empirical literature since Hofstede in the 1980 to most recent years. This analysis will then provide a solid set of theories to utilize in the study of **Tesco, Sainsbury and Carrefour's** American experiences.

Chapter 2.4 will focus on what scholar's view to be the main issues and mistakes in the internationalization process, and how to approach foreign markets such as the US. Sub chapter 2.5 will be the conclusion to the chapter.

## 2.2 What is internationalization and reasons for its advent: *An empirical overview of internationalization over the years*

Internationalization as described by Muñiz- Martinez (1998) 'is a corporate strategy which attempts to establish the area of operations of an enterprise and analyze in what business sectors it ought to be present'

To understand why the U.S. has been such an elusive market for many retail companies across the world it is imperative to explore retail

internationalization. Corstejns (2012), whose agreeable argument states that in today's world globalization and internationalization are "irresistible".

The economy struggles of the U.S., Europe's recession and the fast growth in developing regions bring forth great chances in increased revenues and profit.

One of the main findings that supports how highly sought out internationalization has become in the retail industry it's brought forth by Chan et Al (2011). Chen highlights the fact that in the years between 1993 and 2003 the retailers present in the top 100 transnational companies increased from 0 to 14.

The most popular reason for internationalization by retailers seem to be found in most empirical research of the subject to be due to an over flooded home market. Ryo and Simpson (2011) are in accordance with this theory, however they are giving added insight; for the internationalization process to occur there are certain steps that are essential. Those steps are listed in their study as having a specific production system, selling and distribution.

As analyzed by Wrigley (2000) internationalization of food retailers is motivated by a strategic market behavior, which is defined by Cotterill and Westgren (1994 p.431) as "how large corporations organize and position themselves in markets to improve corporate performance".

According to their studies the research is composed of two main components: Strategic business unit (SBU) analysis and corporate level strategic analysis. Wrigley with his research is attempting to address issues that aren't discoursed in the literature on retailer internationalization. He points out that most of the literature thus far has focused on identifying the main reasons for international diversification and investments but hasn't offered much insight into how the process

actually works.

This train of thought is proven to be followed by Williams as well (1992), who is also of the belief that the subject surrounding the motivation for retail internationalization has received the most coverage and attention in the empirical studies. From what he was able to analyze he concluded that the main reasons retailers go internationally are:

- When it provides an increase in sales and consequently profits.
- when it brings forth expansion that cannot be achieved domestically.

Another factor Williams (1992) is able to add to this study is what he found in Doyle's research "Retailers internationalization. An Empirical Study" to be the determining factor for a firm's international advantage: a differential advantage.

They sustain that long term good performance can be found in the existence of a sustainable competitive advantage obtained from a low cost of differentiation strategy based on the firm's strength and weaknesses. The attempt to understand why retailers choose to internationalize is not simply studied from an empirical point of view. In a research conducted by Barclay's, on the opportunities for retail, the first point used it's once again that the USA as one of the main destination of choice by most retailers, it is also the most difficult to become successful in, followed by China. This finding maintains the relevance of this research, while still not adding much of value to understating why, the US is such a hard market to conquer. Barclay's study finds that the main reason to enter the market in a new country are saturation and consumer culture in accordance with what has been analyzed thus far. This research however introduces new concepts worth investigating.

Lowe (2013) divides the reasons for retail internationalization in three main factors: push pull and facilitating. Push factors remain in accordance with the reason thus far listed in this analysis. Pull factors

focus on a condition brought forth by foreign markets such as a higher retail growth or informal retail sector when there is less competition than in the same market, Finally the facilitating factors are a set of conditions that help retailers expand abroad: the growth of a global culture, which closes the gap further in consumers taste and needs across the world. The rise of the market which allows for a non physical or completely physical expansion, and with cheaper advertising through social media. The Barclay analysis by Lowe shows a correlation between the markets that are considered the toughest to enter and those that necessitate the utmost degree of sales growth. In the case of the US it represents a market with “high potential costs and risks upon entry” (Lowe, 2013, p.4) but at the same time it can bring forth success and substantial returns. According to studies by Evans et Al. (2008) sales and market shares decline in the home markets aren’t the only reason of internationalization. This train of thought is followed by Moore et Al (2000, p923) who believes that internationalization has to be looked upon from a different point of view because “the various authors’ interpretations of these motivations were [...] bound and influenced by the [...] conditions of the time”. This statement can be found to be quite relevant as this research set to uncover the issue international food retailers continuously incur when entering the US market over the years. While the time and generational needs are continuously changing, not enough evidence and studies are found in the empirical literature that explains these happenings.

### 2.3 Market cultural differences in the empirical literature.

In today’s research in trying to understand cultural differences in the market across nations, it is necessary to examine cultural theories, and analyze what progress, or lack of, has been made in the empirical

research on the subject, since Hofstede in the 1980's.

Vanderstraeten and Matthyssens (2008) strongly believe that cultural based segmentation could be of great value for segmenting the market. However, they question the lack of importance posed towards the differences that can be found within subgroups which "cannot be ignored" (Vanderstraeten and Matthyssens, 2008, p. 231). Researchers chose to only analyze dissimilarities only on a national cultural level. With a similar approach in market analysis, Coe (2006) needs to be mentioned. He separates himself in his approach of study by focusing on a geographical aspect instead of merely economic and strategic. He strongly believes that the internationalization of retail companies should be analyzed by economic geographers to which it would be recommended a pairing with cultural economic experts as well.

This approach might be a valid way to begin and understand the US as a market, while also backing the Vanderstraeten and Matthyssens (2008) idea of the importance of intra country differences. What seems to be happening in a lot of retailers' analysis when approaching the North American country, is that it is treated as a unit.

This notion, might be attributed once again to Hofstede's initial contribution to the subject. "Before Hofstede, most research treated culture as a single variable" (Minkov & Hofstede, 2011 p.11). even though the notion that culture was a very complex factor to analyze was a common one, many researchers simply did not want to take on to that task. That was not the case for Bond (2002), a cross cultural psychologist, who believed that Hofstede's 1980 contribution to the study of cross culture held under some sort of compulsion his colleagues, who often misunderstood what Hofstede did, and as a consequence did not develop cross cultural psychology in a more productive direction. As the main

focus of this research is the American market, the country's individualism is a chapter in Bond's research of great significance. Bond even though his research focuses on social sciences and empirical psychology, believes that the US represents "the contrasting culture against which most cross cultural comparison are made" (Bond, 2002, p.74).

Even though the United States of America is a country that for the most part has one unique culture and language, it is characterized by "intra-country cultural differences" (Bertsch, 2013 p.1)

In his analysis Bertsch is able to recognize that factors as a country's size, the way the country is affected by immigration, which brings forth new cultural influences, can create what he refers to as in regional cultures.

Garreau pointed out the identification of how vast and diverse the US is, already in 1982. This was particularly significant to explain how he believed that each different region views the outside world, including other regions, differently.

Much of the published work fails to treat America as a multitude of cultures and regions, but instead analyzes and studies the country as homogeneous.

Berscht research is to great value to the matter at hand. His attempt to validate Garreau's theory of the existence of sub nations could potentially help come to a closer theory to explain what make the U.S. market so out of reach for foreign retailers. Berscht approaches his research with the help of researches that will be able to look into the main differences of a selected group of managers picked in different areas of the US. This theory is supported and followed by Alesina (2003). He focuses on the size of the country as a factor that can't be ignored when considering entry strategies. he criticizes the tendency of most economics of taking the borders of countries as exogenously given, like a geographic variable

as he puts it.

Bertsch supports this line of thought and he gives it an added value by suggesting that in order to be able to create valid hypothesis to support the cross-cultural theory the research need to focus on the “perceived value as held by adults born, raised and currently residing in different regions within the United States” (Bertsch 2012, p.4).

Ratna et Al. (2012) take a slightly different direction when analyzing the geographical and cultural issues surrounding the United States. In his study he attempts to empirically calculate the “economic significance of social barriers to communication” (Ratna 2012, p.402). Social diversity is studied by focusing on language, religion and culture. What was found from this studies is that “diversity has a positive impact on per capita gross state product and that effects of diversity decline in the presence of linguistic isolation. ” (Ratna 2012, p.403 )

This study will prove useful in the attempt to identify what mistakes are continuously being made by companies, when entering the American market. As previously stated culture is one of the measures used to calculate social diversity. This study is in accordance with Pagell’s et Al. research even though they shift focus a bit. In this research it is argued that operation management research has mainly focused on differences between countries or regions and have been overlooking national cultures and its importance, which is relevant to us when looking at a country with a composition such as the one of the United States. This particular issue is of great importance to managers who are faced with internationalization on a more and more continuous basis. All too often retailers see cultural differences and diversity as a difficulty instead of a way to build competitive advantage. In a different school of thought, we can find the Uppsala model for internationalization, where it is suggested that firms pursue internationalization through an incremental process: a firm would start by entering markets that are perceived as psychically

similar to only later expand into more foreign markets. We will find this theory to be substantially founded in the case of **Tesco**, **Carrefour** and **Sainsbury**.

## 2.4 The consumer as focal point

According to Rajamma et al. (2010) Generation Y is now the most influential buying segment in US history. It has been forecasted by demographers that people born between 1977 and 1995 will form over one third of the US population by 2015, making Gen Y the biggest US market fragment.

In addition, this generation is also factually the most ethnically diverse and prone to consumption. Consumers now have a numerous amount of options on where to shop for their goods. They can benefit from specialty stores, big box discounters (Walmart) and more, however for a retailer to gain a consumers' loyalty, Pan and Zinkhan (2006) calculated that the decision of a customer to be loyal to a specific retailer derives from three specific factors: "product relevancy, market relevancy (convenience, service), personal aspect (demographic, personality characteristics)" (Rajamma et al. 2010, p.389).

Globalization and an increase in migration requires retailers to obtain the right knowledge of "relevant antecedent of retail patronage" (Rajamma et al. 2010, p.393).

Generation Y is viewed, by some marketers as the first real global consumer, and as example of their globalism "they drink Coke, surf the web on their Macintosh computers, wear Nike sneakers, and so forth" (Rajamma et al. 2010, p. 401).

The global consumer was also identified by Hassan (2003) who considered this sector of consumers a new factor that modern firms are to keep under scrutiny when looking into internationalization.

Hassan underlines the importance of understanding the orientation of the global consumer in the beginning stage of corporate knowledge about how to be relevant and compete in the world's market (Craig and Douglas, 1996). Keeping consumers in mind according to Levitt (1983 p.93) the multinational should be capable to make universal merchandises for a global audience since "the world's needs and desires have been irrevocability homogenized".

The thought of being able to create one unique product on a global scale might sound ideal, especially when dealing with food retailers. Much discussion and disagreement on the matter of standardization of products has happened.

Regardless of the increasing homogeneity of consumers needs across the globe, some authors along with the main focus of this research as well, focus on products and marketing efforts to be tailored on a country to country basis, and as we would see in the case of countries the size of the US, China or Russia, might be necessary to be on a region to region basis.

The idea that certain product might be globalized by grouping countries based on target customers being similar (Huszagh et al., 1985) seems to be, what has been referred as arrogance on the part of **Tesco** while entering the US.

Even though there isn't a vast literature to cover and analyze the difficulty retailers from across the world have been having in entering the US market a contribution can be found thanks to Muñiz-Martinez (1998). He recognizes that globalization in retail is less noticeable and studied than it is in the case of more industrially oriented sectors. At the same time, however he can't deny that it is slowly becoming a trend. Even though his study dates to almost 20 years ago, its findings can still prove to be relevant and insightful to date. Muñiz- Martinez analyzes the

experience in the U.S. of 200 leading retailers in Europe. He is in accordance with previously analyzed theories of internationalization, where it was found in one of the many theories that it can be caused by a saturated home market.

The notion in the difficulty involved in entering the US market is vastly known and acknowledged, this is to the extent where Evans and Lane (1992) wrote a research piece of work titled “Learning how to succeed in American market” to underline that this is an obstacle not only for retailers from far places and completely different cultures, but also for the US’ neighbors and in this particular instance their analysis is focused on the experience of Canadian retailers.

One of the easily pin pointed mistakes made by **Tesco** and perhaps **Sainsbury** as well, in their analysis prior to entering the US was to take for granted that the shared language and similar culture the United Kingdom and the United States had, should have made the transition of the UK retailers effortless.

With this analysis Evans and Lane completely put a halt to this notion. At the time this report was written, of 32 Canadian retailers in the United States only 11 were still viable, and of those only 7 were actually growing. This study also pointed out that in contrast at that time US retailers in Canada were thriving. Even though at this point its quite too early to establish if the findings of this study can be used on a more general bases, in educating retailers across the globe, it presents a specific list of strategic decisions prior to entry.

To help exemplify their theory they are comparing the United States to a game of chess to underline how the same “board” is viewed differently from a novice or a grand master. By saying this they mean that even though the US and Canada’s chess boards” might look the exact same,

each counts on its own specific variation.

Some of the mistakes Evans and Lane pointed out of the Canadian approach can probably ring true to the UK and other countries that failed in conquering the American market. Some of those assumptions were the belief that a home success would automatically transfer over and that the US and Canada ( or the UK) are one of the same, size aside. The first most valuable advice which is in line with what has been discussed in previous sub chapters, is to treat the US as a foreign country no matter the similarities in language and culture that might exist, and to use managers with prior US know-how.

To learn from one's mistakes its what is emphasized in the study by Ryu and Simpson (2011). In their study they see the value in learning how to be successfully internationalized by analyzing what they refer to as "the big three" and their failures. In their study they analyze Walmart failure in Germany, Carrefour failure in The US and Tesco in China. This particular case will be of great interest for this research paper. It mirrors the technique that will be used in trying to understand what is the best way to enter the American market, by trying to find mistakes that have been made in the past and by trying to find a common potential error to explain the lack of success. It is important for companies to not simply focus on their individual results when failing to enter a foreign market. To keep a similar analogy previously used by Evans and Lane (1992) Ryu and Sampson (2011) compare internationalization to a game, of which it is necessary to know the rules in order to play, and this has been proven to be, thus far one of the biggest challenges because of the continuous evolving and growth of the rules over time. The only constant, as it is concluded in this study is awareness of global market culture.

The main tool that could prove of use to managers and marketers confronted with multiculturalism in the market place, is said by Douglas

et al (1994, p.300) to be the fact that: “a strong theoretical and conceptual frameworks are needed, integrating constructs from the different research traditions and disciplines”. Luna and Gupta (2001) bring forth an alternative way to look at culture, and ways to analyze it. A distinction between an etic approach, with which they describe Hofstede’s (1980) definition of culture, and an Emic approach which focuses on trying to understand the viewpoint from the inside of the subject of study. An Emic approach, unlike the Etic one does not attempt to compare two or more cultures directly, but to encourage a full understanding of the culture of study. Emic approach is the most relevant to this study, as it focuses on consumption and what meaning objects have, in the lives on individuals; it also has applied values theories in order to explain how information is organized in the environment (Luna and Gupta, 2001). However, both Emic and Etic refer to similar paradigm, but from two different points of views: “between cultures and within cultures” (Luna and Gupta, 2001, p.49)

## 2.5 Conclusion

In the past couple of decades, it has been possible to witness a number of international retailers that failed to successfully enter the US market. The empirical literature on the subject as pointed out by Williams (1992) it is still not as vast and complete as it should be.

Conversely internationalization has been since defined by Muñiz-Martinez (1998) and renewed a fundamental part into studying how to enter the US Market by Morris (2013) and Corstjens (2012).

As noted by Coe (2006) in order for the process of internationalization by retailing companies to succeed there has to be an economic-

geographical approach involved. Bertsch goes a step further by highlighting the fact that different cultures and geographical factors can also be found in within one country when of such a significant size such as with the US, Russia or China, which highlights the need of making use of an emic approach as introduced by Luna and Gupta (2001).

Bertsch is followed in his line of thought by Alesina (2003).

Finally, the lists of some of the mistakes made by retailers are directed and analyzed by Muñiz-Montez (1998) and a great contribution to the subject in brought forth by Evans and Lane who specifically focus on the case of Canadian retailer's failure in the US.

Even tough due to the nature of the issue at hand, there might never be a cookie cutter solution to the problem, it is still of great relevance and importance that an attempt at finding what exactly the problem is, should be given, and perhaps the more recent theories presented by Luna and Gupta, as by Rajamma might provide a more solid base of research to start from.

## Chapter 3

### 3.0 research Methodology

From the information obtained from the literature review it was recognized that there appears to be a gap in the knowledge with respect to how different companies actively apply the process of internationalization in the US.

The available literature very clearly outlines that the majority of attempts from international food retailers, trying to enter the US market have been failures.

It is clear that a specific point of agreement on what characteristic make this particular market virtually impenetrable, has yet to be identified.

Therefor the question presented for this investigation was “The American Retail Market: Why is it so hard to crack, and how to infiltrate it successfully?”. The objective of this research are:

- To discover what factors render the American food retail market hard to successfully enter from foreign retail corporations
- Establish what are the main marketing and corporate cultural differences that keeps the American market hard to completely understand
- To try and pin point a common error that has been made over the years by retailers entering and failing in the US market.

When approaching how to analyze and address the question, and fulfill the set objectives, the first step was to determine whether it could be investigated using a qualitative or quantitative approach.

Qualitative investigation's main aim is to gain data that is factual, measurable and that can be analyzed in order to give answers that can be backed by numbers. From an epistemological view point, it is a positivist approach and makes use of methods found in the natural sciences when testing a social reality. Quantitative research would then create hypothesis that can be confirmed with numbers from the collected data. This type of research could normally assume that the collected data would not be influenced by theories that were already in existence.

Qualitative research, on the other hand is more instinctive and centered around getting information from a more inductive approach. Qualitative is characterized by the use of description and words to dive deeper into what is going on in a real life situation. On the contrary to quantitative research, is based on the idea that it agrees with the train of thought that in the non empirical, real world, things are in constant movement and change, and using scientific methods might not always allow to take what is needed. This type of research recognizes that the way people differ

from one another can have a deep impact on the collected data and that the actual understanding of the individuals that can produce the data. Based on this information this research is better carried out utilizing a qualitative approach.

Because of the real life nature of this topic, and the fact that there seems to be multiple theories that could apply, (is also a reason for selecting a qualitative approach) it is with the goal to hopefully understand how to successfully internationalize on US soil since as of today is still not carried out successfully by a lot of internationally successful retailers. As it was lined out in the literature review, there are different points to observe what might be the cause for retailer's failure in the US and different lessons that can be learned from some of the main global retailers that failed in the US.

This research will be carried out by obtaining information from secondary data, with the hair of existing case study information on the chosen firms of investigation.

### 3.1 Case Study Data

This research is an academically informed case study that could contribute to the understanding of the landscape of retail internationalization in the US and the unique trials encountered by the companies pursuing it.

There are various conflicting opinions on the validity of this methodology; Markusen (2003) points out that there are many issues dealing with generality. Keeping the critiques in mind, it is fundamental to note that this case study is not only theoretically informed but it is also comparative, which is of vital importance for the outcome of this study.

This research is a case study of the market entry of already prominent retailers into a very competitive and developed American economy.

Entry methods will be studied by company's cultural awareness, associated risks, management commitment, cultural differences, an analysis of the companies' fit, market attractiveness and marketing decisions, in order to evaluate their understanding and appreciation of the foreign market structure and consumer culture.

These main dimensions of comparison are developed into the research, providing what it shaped to be a significant conceptual leverage.

Following the functionalist paradigm as described by Burrell and Morgan, this research goal is to provide a solution to a problem. The approach is theoretical in nature, and focuses on the selected firms. The inductive approach of choice will allow this research to analyze the firms' issues and problems incurred while attempting to enter the US market. The final aim is to formulate a theory as a result of said analysis. Case study seems to be the best fit for this type of research. The case study approach was said to be the best choice method to be able to understand what's going on in the world at the same time that it is happening (Yin, 2012).

The case study approach, in accordance with Yin's believes should be utilized when attempting to answering the why's and the how's. Why is the American market so hard to infiltrate and how to overcome the difficulties are both issues that fall in the category as described by Yin. Even though the case study is probably the better option for this research, they are argued not give enough room for generalization. Case studies, are qualitative by nature and will provide and analytical generalization.

Never the less the case study methodology is the selected one for this research because when the goal is understanding, extension of

experience and increase in conviction that which is known, the apparent weakness becomes strength.

Another reason the case study was the method chosen for this research, is the scarcity of investigation, there is for making an exploratory and theory building approach appropriate for this specific area.

According to Hutchinson et al.(2006) an exploratory case study is the right method of choice for a research study of a subject where the present knowledge base is poor and the literature available cannot provide any notable framework or hypothesis. This approach has been credited an effective way to gain a deeper and richer information about activity that deal with an organization like for example internationalization. As an addition the case study approach will be able to respond to the request for more depth in the field of food retail internationalization.

The three food retail companies taken as case studies have various general common traits. They were involved in distribution of food goods in addition to their size and home success.

The information used for the research was obtained from existing literature and case study material found in public domain. As the process of food retail globalization began in the 90s, **Tesco's** failure has left a US entry failure legacy that provides a fairly big data base of information along with the experiences of **Sainsbury** and **Carrefour** (in less depth) as well.

In the next chapter, the three companies will be evaluated through the data analysis. Data in regards to entry methods, cultural challenges and market analysis conducted by the three firms, will be analyzed as shown in table 1.0.

The material is all empirical, and there will be use of hypotheticals theories, in order to evaluate real life scenarios and understand what main factors influenced the outcome in the three separate experiences.

## Chapter 4

### 4.0 Data Analysis

#### 4.1 Introduction

The important and relevant findings from the research will be discussed here. Just to provide a clarification of the progression: the case study analysis, being based on secondary data, takes the form of a narrative analysis. As stated in the previous chapter, the data analysis involves secondary case study research on the cases based on the experience in the US market by Tesco, Carrefour and Sainsbury.

#### 4.2 Company's history:

This chapter will take a closer look at three specific food retail international companies. **Tesco**, as described on the company's website was founded in 1919 by Jack Cohen in the East end of London. The company grew exponentially over the years and in 1995 they opened their first international business in Hungary, through the acquisition of the pre existing retailers S-market's 26, this was followed by a store in "Thailand in 1998, Malaysia in 2002, Turkey in 2003 China in 2004" (Tesco web) and finally in 2007 Fresh & Easy was opened in southern California.

As it is obvious by the motivation of this research the US venture was not a successful one and Tesco had to sell Fresh & Easy to YFE holdings Inc. in September of 2013. According to Bernstein's research Tesco was the only UK food retailer with a platform for international growth. The company had been way very selective when entering international

markets, and “has favored building scale in the existing markets, rather than rushing” (Bernstein, p.17)

The second company focus of this research is **Sainsbury PLC**, the company, as listed on their corporate website, was founded in 1869 by John James Sainsbury, making the company 50 years older than **Tesco**. In June 1987, 20 years prior to **Tesco**’s entry to the US, “**Sainsbury PLC** paid \$261 million to take over a USA food chain composed of 49 stores between Massachusetts, Maine and New Hampshire.” (Wringley, 1997 p.7) Their main reason for doing this was in order to diminish “dependence on British food retailing” (Wringley, 1997, p.7) their initial impact in the US was quite impressive. Between 1987-1997 Sainsbury turned Shaw’s into a major regional chain. There was a huge expansion into Rhode Island, Connecticut and 119 stores were built. At this stage **Sainsbury** was a strong contender for market leadership and their profitability was progressing in a very impressive manner.

In 1994 **Sainsbury** made a second major US acquisition by purchasing 50% of voting stock on Giant Food Inc. which at the time was number 15 largest merchant in the US and market leader in Washington D.C. area. Adding another 3.2% of the equity (\$62 M) Sainsbury was on the right path to becoming top 10 food retailer in the USA. In March of 1999 Sainsbury decided to expand and undertake the under developed Egyptian food retail industry. After Only 2 years more than 100 stores were opened. (Sebora et al. 2014)

Finally, we can introduce **Carrefour**. The third international food retailer whose attempt into the US market fell short and unsuccessfully.

**Carrefour** supermarkets as lined out on the company’s corporate webpage was founded in 1959, it’s a French retailer with operations in over 30 countries around the world. This is the newer among the

companies taken under study in this research. Its first supermarket was officially opened in 1960. In 1973 the first international expansion is opened in Spain, followed by Brazil in 1975, Argentina in 1982, Taiwan and the US in 1989, in 1993 it enters Turkey and Italy, Malaysia and Mexico in 1994, China in 1995 and finally Poland and Singapore in 1997. In 2010 **Carrefour** opens their first cash and carry outlet in New Delhi.

**Carrefour** entered the American market merely 2 years after **Sainsbury**, which could be deemed a risky move that will be further analyzed in next chapters.

Each company entered the US market following different approaches. By analyzing, comparing and contrasting each company's entry strategy this research aims to finding common tactics that brought forth similar results both in the positive and more specifically in the negative.

#### 4.3 Market Behavior:

The US food industry is predicted to grow at a constant rate of 2.9% CAGR through 2022 (US food industry forecast to grow through 2022, 2016) giving consumers a vaster array of choices. With an increasing number of competitor's retailers have to be aware of how consumers respond to the various options to them presented.

The grocery retailing sector is the largest industry in most countries and in the US is a \$400 billion industry, with an increased popularity of warehouse supercenters such as Walmart. These types of stores offer pricing on average 26% lower than the traditional grocery store, making pricing a major factor in the popularity of this format. (Morganosky, 1997)

Retailers need to focus on positioning, which is defined as: “the design and implementation of a retail mix to create an image of the retailer in the customer’s mind relative to its competitors” (Levy and Weitz, 2001). Store image, is what will gain the consumers loyalty, if the retailer is viewed as desirable, and this is described as “when the store image is congruent with their self-image or the image to which they aspire” (Devlin et al. 2013, p. 655)

As mentioned in the Literature review by Rajamma et al. (2010) and Hassan (2003), consumers are evolving and a new group of consumers will be the main buyers. This newer generation is no longer solely focus on price, but quality and convenience plays a major role in the choice of retailers to shop in.

As defined by Cotterill & Westgren (1994, p.431) “research on market behavior is how large corporations organize and position themselves in markets, to improve corporate performance”.

Scholars propose two main components for this type of research:

1. Tactical business unit exploration whose focus is on the strategic options of the business in specific markets, keeping under account their competitors.
2. Strategic analysis at corporate level which focuses on how the corporate performance is affected by the changes in the business portfolio.

With the use of Cotterill & Westgren’s framework, an analysis of marketing research and and interpretation of **Tesco**, **Sainsbury** and **Carrefour** diversification in the US will be undertaken.

According to Chinta (2006), all retail markets in the US are driven by consolidation and the necessity for efficiency.

For the focus of this study, only the food retail environment will be kept under consideration, and with Chinta's analysis it is clear that the main driver in this case is Walmart, and in order to compete and be relevant large retailers are becoming more demanding towards their manufacturers.

This study analyzes a period of time which falls in accordance with the entry to the USA of the three retailers focus of this research and in the case of Tesco, whose life span not only is 20 years later, but in a completely different environment, paves the way for what's to come.

In the year approximately between 1980 and 2000 the average American living consumer has changed drastically. The number of people speaking Spanish at home increased by 60%.

Three times as many people as before, now watched cable television. Chintas defines these changes "growing fragmentation" (p.66).

Another category of consumer that's expected to grow by 52% of the population by 2005 is the so called "new consumer" who has more spending money, is more educated, with on average at least one year of college and has more access to information and computers. These customers have less time, and want more choices.

They are the consumer that require quality over quantity and they value convenience. In today's world technological changes have greatly impacted the food retailing industry. Social media, mobile payments, digital loyalty platforms have become factors to be highly considered in any marketing scheme.

Historically speaking during those years, changes can be found also on a corporate level. They were three main factors that brought changes to the corporate American landscape during the 1990s: a financial

reengineering, the advent of Walmart and the super center style stores, and finally the changing in the antitrust guideline analysis of the Federal Trade Commission (Wringley, 2002)

The entering of European retailers played a big part in that revolution as well. These factors in addition to the time of entry of **Carrefour**, **Tesco** and **Sainsbury**, will be of help in identifying what factors prevented the firms from succeeding in the US market.

When entering a new country and a new market retailers face the decision between using a global integration strategy or national responsiveness strategy (Gollfihofer, Turkina 2013).

The national method would mean tailoring the strategy to the host country whereas staying global would imply aligning operations across cultures.

Implementing a strategic alignment is not easy, because of the many differences amongs the countries, and their different requirements. In the fore front the issue of culture, and cultural distance needs to be addressed because it has been shown to be a crucial factor in a global strategy.

Cultural distance is tacit, and because of this a multinational global retailer will face many challenges in a host country with high cultural differences.

A good example is Walmart attempt in the German market: the lack of enough cultural knowledge and a bad fit with the local culture, prevented even a company as established as Walmart from succeeding.

The strategy of choice can either help to reduce or add to increasing cultural distance. Hofstede (1980) defines culture as the group of characteristics that separates groups of humans. Each culture has norms, institutions and values.

Cultural differences also have a big impact on strategies and decisions within the firm.

Those differences however, cannot simply be described by country of origin, because this would imply that each country has and maintains a unique set of characteristics that will have an affect on any decision made in the firm, internally. (Pagell et al. 2005). Even though it might ring true in certain situations, that there are in fact countries share language, religion, borders, beliefs and so forth. Because of this, using basic data such as distance for example, to highlight the depth of their differences would be a big mistake

#### 4.5 Correlation:

To analyze the outcome of the three firms chosen for this research it will be of great aid to have a system to structure the analysis. This research will focus on time of entry, in order to identify the American market environment at the time, Location in which each firm decided to enter, in order to identify the customer which, they hoped to capture, their entry research and their mode of entry of choice. Another big factor that will be kept under consideration for each company will be how they were affected by competing with Walmart both locally and internationally.

Here below these factors are summarized in a table:

As we will see through out the study, finding relevant information especially in the case of **Carrefour** was not an easy nor fully successful task, as the company virtually cancelled its few unsuccessful years in the US from its records.

Table 1.0

COMPANY	YEAR OF ENTRY	LOCATION	RESEARCH	ENTRY MODE
TESCO	2007	West coast	Undercover research	solo
SAINSBURY	1997	East coast	10 year before entry	acquisition
CARREFOUR	1998	East coast	10 year before entry	Joint venture

#### 4.5.1 Tesco

**Tesco** entered the U.S. after 20 years of research to back up this move (Glynn, 2006). The company entered the American market based on their global success. It was said by a senior analyst that **Tesco** entered the U.S. market with “zero operational risk” which is speculated that it was removed because of the success **Tesco** had in its other international operations.

**Tesco's** approach to their international market was successful also because of joint ventures and small acquisitions. For example, in China it partnered up with Hymall, they bought Fre'c Group in Japan, worked with Lotus in Thailand and Home plus in South Korea. They moved away from this strategy when entering the U.S. and entered the American market without any partnership in place. Another divergence from the international strategies used thus far was no longer only entering markets that are under developed and bring opportunity for market leadership and give **Tesco** a chance to not initially need the support of a central distribution infrastructure.

**Tesco** began its international expansion in the 1970 by purchasing a small Irish company. In the 1990's **Tesco** expands strongly across Europe. It began by moving to up and coming markets like Hungary, Czech Republic and South Korea. The strategy was to buy into successful companies, which resulted in strong positions in these markets.

Even though this strategy of expansion was bringing success **Tesco** was still out showed outside of the UK by corporations such as Walmart and Carrefour.

Because of this big disparity **Tesco** was facing, the company started to analyze countries for expansion, with strong emphasis on the market potential for growth and the competitive situation in the market. At the time the criteria for a market to be approached was dependent on the presence of a potential growth and a low rivalry. These two points of reference for entry does not explain why the selection of the US; a market that might have had growth potential but that certainly had a huge rivalry.

**Tesco** announced their intention of entering the US in 2006. They opened their first store in November 2007 and had 100 scheduled openings.

For the US market **Tesco** adopted the **Tesco** express concept and focused on fresh foods. The areas they first entered were Phoenix (AZ), Los Angeles, Las Vegas (NV), and San Diego (CA) putting them in the wealthiest most populous markets in the country. Besides the economical advantage of that area, the west coast is an area in which the population should be swayed by the healthy life style element brought forth by **Tesco**, with Fresh & Easy.

Based on a potentially positive response from the consumer residing on the west coast, it was estimated that **Tesco** US business could have represented £5.4 billion in revenue at 5.2% margin in 2013.

Here below are also other factors from which **Tesco's** success was predicted and speculated:

10,000 square foot stores with sale density of \$20/sqf a week (as for the average C-store), 70% in year 1, 80% in year 2, a rollout of 150 stores/year moving to 200/year from 2011; break even operating margin in year 1, 4% in year 2 and 7% in year 3.

**Tesco** U.S. was expected to earn above those figure once fully mature for 3 key reasons:

1. Focus on fresh produce exposes Tesco to higher gross margin products
2. Less pricing pressure in C-stores because consumers will choose convenience over price
3. Being on the west coast meant less direct price competition with Walmart, because Walmart is mainly present on the center of the US.

From Hogbin's analysis, it was suggested that **Tesco** US strategy is well conceived and its approach should optimize the impact of market entry. **Tesco** US was estimated to achieve 11% ROCE and contribute 6.5% to group EBIT in 5 years.

Unlike for **Sainsbury**, as we will see further in this study, globalization has been a key point of Tesco's strategy throughout the years. However, not all the company's transnational attempts have been successful, as it is also clear by the motivation of this study.

When **Tesco** decided to expand, it spent numerous years exploring the US market through out the late 80' and early 90s.

Tesco's market selection decision was highlighted by certain important characteristics: maintaining spatial focus was more essential than diverse markets; there is almost no contest from the indigenous competitors in their markets of choice. "Dynamics for the international retailers are

relatively level [...] Capitalized on opportunistic events unfolding within the existing portfolio of international markets” (Palmer, 2005 p.30).

**Tesco's** growth main characteristic was the fact that it was spatially regional and less global. **Tesco** Strategy focused on dominating smaller Central European markets that were not on the radar of the other large retail multinationals, such as **Carrefour** who was more focused on the bigger markets.

Tesco was entering markets in an incremental manner: instead of entering several markets simultaneously. By doing so they were able to limit significant start up losses.

When first looking into an international development **Tesco** had not laid out in a clear manner the corporate model to utilized in transferring their core competencies.

In the years 2005 and 2006 **Tesco** sent a team of executives under cover to study potential competitions. According to “Business Week” the agents sent by the company pretended to be Hollywood film producers shooting a film about supermarkets. By doing so they were able to collect intelligence of competitors like Walmart, Kroger, Whole Foods and Trader's Joe.

By doing so the company was hoping to offset the risks of negative consumer response, and force competitors to match their consumer plan and capabilities without being aware of **Tesco's** format prior to its opening.

The steps taken by **Tesco**, concept trial and rollout were believed to be what would have mitigated risks and improved execution (Berstein research)

Because of **Tesco** entering the US after **Sainsbury's** failure, it strengthened the greatly frequently held opinion of the delicacy in

international development by UK retailers and “repeated the mantra of the United States being the grave yard of their overblown ambitions” (Love, 2010 p387). Conversely, those views were challenged, at least in part by **Tesco** and its transformation from domestic to multinational giant. **Tesco** international presence prior to the US was developed rather quickly.

In East Asia, for instance, the company went from not being present in 1996 to being 33% of its overall operation area in the Asian territory in merely 10 years.

By 2008 **Tesco** had joined companies such as Walmart and Carrefour in the top 5 group of multinational retailers according to international sales (Lowe, 2010).

During those years **Tesco**’s organizational structure and operating skills were in continuous transformation due to the process of “continued morphing” (Lowe, 2010 p.387).

One of the important skills established, were “market leading small retail skills.

Those abilities were established to benefit from a competitive advantage in a market with an emerging convenience culture” (Lowe and Wringley, 2010).

**Tesco** started reviewing its market entry in the US with help of the new skills and 10 plus years of researching the American market, while refusing to enter via acquisition of a regional food retailer. The growth that the company was experiencing in the small format store operation and an increasing belief in the potential of the Walgreens type, known as dense, convenience focused neighborhood stores, perhaps aiding in countering the Walmart threat by creating presence in the Urban markets it has been exploring for a US entry.

**Tesco** understood that there was a position for the traditional vs the supermarket, which fit right in between Walmart super center and discount retailers with smaller stores, higher level of profitability than regular supermarket chains.

Looking to Aldi and Trader's Joe gave Tesco evidence the threat of Walmart could be accommodated.

With Tesco analyzing the convenience format as entry mode, Tesco was modeling itself a bit towards traders Joe. That type of urban market was proving difficult for supercenters to enter.

The first more clear risk was not only the fact that **Tesco** ventured in a host economy and consumer culture were as very resistant to UK and European retailers, but its entry was also based on a market entry medium that was never tested, the smaller format store. Essentially **Tesco** was entering Walmart's home court which Carrefour was forced out of.

Tesco attempt to obtain territorial and network insertion came about by combining three processes referred to by Home and George (2010) as splicing, transference, and enhanced imitation.

Transference refers to the imitation of its present abilities in a new market, without any local adaptations, which as mentioned in previous chapters it was an error in assuming that home success automatically transferred over (Evans & Lowe 1992). Splicing is the formation of new competencies in the new market, by recombining the existing competencies acquired from other parts of **Tesco's** operations.

Enhanced imitation is the formation of innovative abilities in that market, by mimicking and actively adapting the best practices of the rivals found in that industry.

In the time frame between April and October 2005, 15 **Tesco** managers, who were selected directly by the CEE Leahy, were based in California to evaluate if the US market was feasible. Specifically, they were placed in Los Angeles and Denver. Their assignments dealt with ethnographic investigation of consumer's cultures by observing how they ate, shopped and cooked.

Another collection method was collecting assessments of the responses of a selected number of consumers to a full size, pretend store built specifically for the data collection. (Evans & Lowe 1992).

In today's word technological changes have greatly changed the food retailing industry. Social media, mobile payments, digital loyalty platforms have become factors to be highly considered in any marketing scheme especially if paired with the added notion of the new consumers. The global shopper that doesn't want to waist time, and that will do everything from behind a laptop if possible, hence this important aspect of **Tesco** US, that separated it from its other international operations is the implementation of online marketing techniques. To spread the word about the new brands.

Wright (2006) has identified that online marketing methods, blogs included, are more rooted in the culture of the leading American companies than in the British ones nevertheless **Tesco** decided to make use of a blog in order to create a direct line of conversation with potential customers.

#### *4.5.2 Sainsbury*

**Sainsbury** went through a 10 year long struggle to enter and establish its self in the USA market. Competitive pressure and a corroding home

market share, forced the company to succumb to an ever growing financial market pressure, arduous core market focus and to sell. According to Wrigley's (1997) Analysis of **Sainsbury** US experience, **Sainsbury** entry strategy can be broken down into 4 phases: in the 1<sup>st</sup> phase the company was dealing with acquisitions and market entry. This stage ended in 1987 with the purchase of 16 stores from Landi chain for \$ 19.4 million in Worcester Massachusetts.

At this stage there are two views on what were the motivations behind this move. One focuses on "capital logic driving diversification" and "weak regionally structured US food retailing industry in the 1980s" (Wrigley, 1997 p.9). the second view point is based on the perceived cultural closeness of the US market and observed resemblances in corporate thinking between the companies. The latter once again just like in the case of **Tesco**, fall in accordance with transference and erroneous assumption of closeness. Instead it needs to be noted that at the time of entry, the US industry was in the middle of the 1958-88's leverage buy out (LBO) move previously introduced.

**Phase 2, covers a period** from 1987 to 1991, which is characterized by principal agent problem controls. **Sainsbury** was viewed as not sufficiently aggressive with the LBOs, market share expansion openings were missed and a lack of direction from London made it difficult for the company to assert control.

**Phase 3 1991-1993** was a stage where even though there were some important improvements made, the recession, which hit New England particularly strongly, nullified their improvements.

Changes were made, specific responsibilities were now established, therefore transforming Shaw's traditional property developer- led store to a UK model, in attempt to gain some distance from the recession that was hitting properties in the US.

**Phase 4 1994-96.** Shaw saw a strong increase in profitability; at this stage **Sainsbury** was able to make a \$400 million acquisition on stake in Giant.

**Sainsbury built its US operations** by “simply” transferring key features of what was referred to as “big capita- retailer dominance” model along with components of its corporate culture and operating philosophy.

Wringley (1997) in analyzing **Sainsbury** entry strategy underlines the fact that the company’s effort in the transfer was neither smooth nor uniform. Its position brought forth determined export is a UK model of food retailing based around strong capital investment, proactive store development tight control of distribution and logistics, innovative supply chain management and own label product development.

**Sainsbury** USA experience can be divided in two waves, one before and one after 1998. To put **Sainsbury** diversification strategy in context its important to understand its USA experience pre 1998. The changes that occurred in the US food retail industry in the mid 90’s which exploded, after 1996, into an acquisition driven consolidation had a significant impact on Sainsbury operations. (Wringley, 2000)

The state of structural revolution that the US food retail industry was experiencing had a direct consequence on creating difficulties for **Sainsbury**’s performance in its US operations. The time frame of **Sainsbury**’s US operations coincided with an era that came after a period of over 40 years, characterized by the fact that the share of the US food retail market was dominated by the top ten firms in a consistent way, whereas the market shares of the top five had dropped a bit. At the same time the conditions of the food retail industries of the north west of Europe started to change deeply. The competitive advantage begins to shift to the major multiregional food retailers. This shift highlighted that

in this stage benefit were more and more conferred by scale of operation and firm industry consolidation (Wringley, 2000)

After **Sainsbury** exited its position in Giant, it was left with only \$3 billion in annual sales in their US operations; even though as reported on the Telegraph (1998, p.3) David Brenner, chief executive, suggested that the minimum amount required to have sustainable advantage in the US market, was of \$10 billion per year.

To be able to understand if **Sainsbury** can fulfill its strategic potential of US expansion by acquiring Star Markets, it is important to analyze and evaluate its core competencies. Core competencies and managerial skills are able to be transferred. Throughout its period of US diversification **Sainsbury** competencies have shown to be linked to a UK model of food retailing. The main competencies are: merchandising, systems, logistics and store development competencies.

As noted by Wringley (2007), however transferring management skills has not been very successful.

#### *4.5.3 Carrefour*

**Carrefour** is second on a global scale to Walmart, and it's the largest retailer in Europe, with operations in over 30 countries.

**Carrefour** obtained market position by making use of different market entry strategies: it went from using greenfield investments, joint venture, acquisition and franchising.

When entering the US in 1998, it made use of a joint venture. They entered a market that was well established and consumer relevant.

A major factor was that a lot of the firm's innovations regarding its hypermarket format were not new, unique or significant to the American consumer (Dupuis & Prime, 1996).

Seeing that large lots for parking have been around and large stores such as K-mart and Walmart have already introduced that retailing formula. It also has to be noted that at the time of **Carrefour** entry in the US Americans were not yet accustomed themselves to the new trend of retailers that made purchasing food goods, and non food goods in the same place

**Carrefour** has been very successful in exporting the hypermarket concept, a format that is a good fit for the development phase in developing countries, but for the French company it has proven to be somewhat of a challenge to compete in a highly developed market. Its first challenge came when entering Japan as the first greenfield foreign entrant. **Carrefour** was faced by great pricing competition from local retailers. When **Carrefour** finally decided to enter the US market, in 1988 when it entered Philadelphia, they were faced by similar hardship as in Japan.

Just like with the Japanese venture, the company entered a “well established, consumer relevant market” (Ryu & Simpson, 2011 p.10).

**Carrefour** in its Philadelphia location, also was faced by a strong resistance from the employee union going on strike, which created a consequently negative public opinion towards the multinational brand. And pushed the company into recession.

**Carrefour**, whose US venture lasted merely 5 years, showed a poor global strategy, lack of innovation in the US marketplace and lack of the ability to adapt to the US consumer. The company had a misplaced and over estimated confidence, they were unable to take the correct and appropriate steps for market success on an international spectrum. The company as suggested by Begley & Boyd (2003) should not bask on past success, without planning for the future, by working on a stronger internal policy there is gain in a global mindset.

**Carrefour** portfolio is highly diversified based on their belief that they can achieve stability through diversity. However, on the corporate culture and style that worked well in France, was not a good fit for the American east coast market. Once again the cultural factor is found to be what impacted in part both **Tesco** and **Sainsbury** into achieving the negative outcome of the attempt at entering the US market.

**Carrefour** overall success over the years is due to its decentralized organizational structure, a style that allows the firm to focus on local needs. The main Parisian office is in charge of dealing with long term strategies, policies and financial matters. In addition, it delivers intellectual capital in the form of information and experience, and it deals with capital investments and new store locations.

The firm kept the decentralization strategy as it expanded on an international level. Store managers are responsible for creating a profitable environment for the store and have power over almost all aspects of the store (Bell et al, 2001).

However, what is striking about the findings on the US venture of the firm, is the lack of documentation and availability of actual objective data on the subject.

### **What do we gather from the data?**

After going through the various case studies, what can be gathered from the data collected? Both the literature review and the case study data gave a decent base for a background; but did the information recovered enough to satisfy the objectives of the research and more specifically did it answer the question “Why is it so hard to crack the American market and how to infiltrate it successfully?”

From the data it is very clear that the US retail market its quite difficult to enter successfully from foreign retailers, regardless to their proximity (Canada), assumption of culture similarity (UK) or international presence

and dominance (France). The why however, seem to be determined by various factors. Some were previously shown in the literature review and some were tackled from the research. What was uncovered from this research in hopes to satisfy the objective initially set up are listed here below.

Objective (i): To discover what makes The American food retail market so hard to successfully infiltrate from foreign retail corporations.

From what was discovered in the literature, the most common factor were consumer and corporation culture, and the same can be said of the information gathered from the data collected. Culture whether it be in the corporate spectrum, managerial for research or marketing techniques has been a recurring theme that will require a more in depth research analysis from the retailers and management team prior to entering any international market, but particularly for this case the US

Objective (ii) What are the main factors that need to be thoroughly analyzed in order to appeal to the American market.

From looking at the experience of the firms in this study, it is obvious that the timing of entrance is also a factor that needs to be analyzed in depth.

The analysis showed that entering in a transitioning period requires the impossible ability to see the future. Sainsbury and Carrefour entered the country around a stage of economical instability, that was not there during their pre- entry analysis of the the market, and Tesco, a younger venture, entered during the advent of a new generation of consumer that did not exist in the previous 10 years of market analysis conducted by the company.

Objective (iii) To establish what are the main marketing cultural differences that keeps the American market hard to completely understand.

When it comes to understanding culture, there are various aspects worth of analysis. Corporate culture, even though not the main focus of this research, is a very significant factor worth of mention. Retailers organizational culture might in fact have a direct correlation with their performance in the American market, a market in which strong culture independently of content is present, and strong value is placed on adaptability strong performance was to be expected. This can also be said with a culture adaptability is also a cursor to a short term performance, which as a consequence showed that a combination of the two would be extremely powerful.

However, from the research conducted it was possible to establish that consumers' culture has to be looked upon on in a generational way. Keeping in mind who will tomorrow's main consumers be, and what needs will have to be satisfied in order to obtain a competitive advantage in the market.

Objective (iv) To pin point a common error that has been made over the years by retailers entering and failing in the U.S. market.

From this research as well as from the analysis of Bertsch (2013) Bond (2002) and Alesina (2003) a common mistake that was recovered, was analyzing the American consumers culture as a congruent unit. This recurrence was seen in all three experiences analyzed. In addition to that, the lack of malleability and openness to including a management team, if

not American with at least American experience was a clear and recurrent factor that most certainly contributed to the US failures.

#### 4.6 Conclusion

In conclusion, even though as shown, reasons for failure were not all the same across the board, it is possible to define the conceptualization of failure in international retailing is the capability of retailers to respond and adapt.

### Chapter 5

#### 5.0 Conclusion

This research came to be because of the fact that international companies, in this case food retailers are more likely to fail than succeed, when entering the US market, and when they fail the same mistakes that caused the failure seem to be repeated over and over. This encouraged to ask why this is an occurrence, and after having identified the breaches in the literature relevant to the topic at hand to ask “why is America so hard to infiltrate”

A secondary research study was carried out, which gave an opportunity to compare the experiences of three major multinationals, in their failed experiences in the US.

Analyzing the data and information obtained from the case studies and the literature confirmed the recurrent lack of success from the retailers, but also highlighted the lack of substantial data to pin point the cause of said failures.

The theme of consumer culture, strategy, marketing environment and internationalization were highlighted as the main factors that affected the internationalization process of the companies under study.

From the material analyzed, pertaining to **Tesco** in particular, it was clear that the process of internationalization in the US did not have a clear path that could have lead to success.

From the research it became clear that independently from the ground work and research conducted prior to entering the US market, all three companies hat do go through a learning and awakening stage while the internationalization stage was on going. Because of this, to be able to have applicable lessons from which to learn effectively it is of critical importance for the different processes and governance to be in place.

Thus the main learning from this research is that if companies were to take past lessons seriously and analyze failures just as much if not even more than success, the significant difference could have made the outcome of future retailers considering the US as an expiation territory.

The results of the theoretical analysis show that for each of the three companies, different aspects where the reason for internationalization failures in the US market. This paper's aim was in fact to bring forth theories to conceptualize said failures. Simultaneously this research thrived to rate a structured framework in internationalization retailing and advised research position for future investigation. It's a response to Burt et al. (2003) who calls for more work on interpreting retail internationalization failure occurrences, creating a frame zone that allow for further researchers to analyze the subject in question.

As noted the literature on the subject of internationalization is vast, however does not dive deeply in the failures and more specifically in the difficulties encountered in internationalizing in the US. This research emphasis is on the theoretical and conceptual rather than pragmatic measurements. Empirical analysis will be required to verify if the

theoretical connections between the findings in this research can be established.

This paper purposely focused on one single industry, food retail, however theoretical institutional findings may be transferable on a cultural corporate level.

When looking at the failures by **Tesco**, **Carrefour** and **Sainsbury**, one common place that seem to be a recurring error, has been the level of analysis of the foreign market held by each respective firm. Often overly confidence behavior led the companies to believe that their home and foreign success would translate in a successful venture on US soil as well. It is also clear from the research, that Walmart has also been a big factor in the ability of foreign food retailers to gain market share in the US. The pace at which the world is moving seem to be moving along a bit faster in US. The multiculturalism that compasses the country is also another factor to be kept under consideration and that has often times gone unmentioned. The changes in culture and ethnicity that are predicted for the years to come, will have a huge impact also on marketing schemes, and consumer capture.

The ideal entry mode hasn't been discovered, but this research pin pointed certain factors that will be very relevant and useful for use by future businesses and their American or other wise international ventures. Because of the investigative nature of this qualitative research, it is quite common to discover information originally not sought for, and perhaps unrelated to the topic of study. In the case of this study a few added questions were analyzed and provided information on what was used in this research, such as corporate and psychological social culture; which were observed to be of interest for further future research on the topic.

## Chapter 6

### 6.0 Recommendation

Resulting from what has been already pointed out in the conclusion, previous chapters and the data analysis two main recommendations can possibly be identified, that can directly relate to the conclusion drawn as an answer to the research question. Said recommendations are:

Culture - when entering the US, it has shown that a deeper level of market analysis is required. The size and multicultural presence of the country make it very difficult to analyze over long periods of time, as it was done by **Tesco**, and obtain valid and useful results.

After analyzing the findings of this research it is recommended to analyze and study the cultural market environment by not going too far back in the past, and by attempting to obtain an analysis of future trends especially while dealing with a country that has a growing and ever changing cultural make up.

Because of the pace of cultural changes in relation to the changes of technology, what was available to research markets 10 years ago is no longer available. In order to understand the culture of a potential customer it is recommended to analyze the past no further than 5 years, and to perhaps focus on a potential consumer based on who the main consumer is projected to be 5 to 10 years down the line. As mentioned during this research, the years between 1980 to 2000 saw an incredible amount of changes in the cultural environment of the United States. On top of that, companies will need to focus on the composition of the population in the US. Cater to an increasingly Hispanic community, a more educated up and coming generation and with a population that is increasingly showing more interest for quality over quantity or convenience.

Companies need to realize that trends of today, might not be relevant 5 10 years down the road, and a continuous study of the cultural environment is fundamental to have a chance at success in this though market.

The second recommendation is in regards to management, and more specifically decentralized vs local management. As it was observed during the analysis of the three companies subject of this study it is of great importance for a firm to utilize a managerial team with vast experience in the US market. One could argue that the better option would be to hire locally, to ensure that corporate cultural knowledge is authentic. The three companies showed a tendency to standardization, and utilization in the US market of the same format implemented in their respective home markets.

Senior management as also state by (Evans et al., 2008) need to view the world in a polycentric or region centric way, and acknowledge the need of culture sensitivity when proposing a business strategy across the US market. Just as Hutchinson et al. (2006) suggested for SME's, big corporations such as **Carrefour**, **Tesco** and **Sainsbury** should be encouraged to take part in training sessions and trade talks sponsored by government organizations.

Perhaps the undercover approach, as the one utilized by **Tesco** cannot, and should not provide the type of knowledge necessary for success.

## 7.0 Bibliography

"Wal-Mart, Tesco and Carrefour do battle in the East", 2008, *Strategic Direction*, vol. 24, no. 2, pp. 5-7.

Ahmed, G. (2013), 'The New Global Trade Order and Retail Trade & Marketing', *Journal Of Business & Retail Management Research*, 7, 2, pp. 1-12.

Alesina, A. (2003), 'The Size of Countries: Does it Matter?', *Journal Of The European Economic Association*, 1,( 2/3), pp. 301-316.

Alexander, N. (1995). Internationalisation: Interpreting the motives. In P. J. McGoldrick, & G. Davies (Eds.), *International retailing: Trends and strategies* (pp. 77-98). London: Pitman.

Alexander, N. , Myers, H. (2000), 'The retail Internationalisation process', *International Marketing Review*, Vol. 17, (4/5), pp. 334 – 353.

Aklamanu, A. (2014), 'Understanding Failure in Internaational Retailing: An Institutional Framework for Future Investigation', *China-USA Business Review*, Vol. 13, No 3, 178-198.

Baek, J 2004, 'How Does the Global Retailer Localize Its Format?: The Case of Toys "R" Us and Carrefour in Japan', *Journal Of Global Marketing*, 18, 1/2, pp. 151-166.

Basker, E. "Handbook on the Economics of Retailing and Distribution"  
Department of Economics, University of Missouri, USA

Basker, E, & Noel, M. (2009), 'The Evolving Food Chain: Competitive Effects of Wal-Mart's Entry into the Supermarket Industry', *Journal Of Economics & Management Strategy*, 18, 4, pp. 977-1009.

Bertsch, A. (2013), 'The Melting Pot vs. The Salad Bowl: a call to explore regional cross-cultural differences and similarities within the U.S.A', *Journal of Organizational Culture, Communication and Conflict*, vol. 17, (1), pp. 131-148.

Bond, MH 2002, 'Reclaiming the individual from Hofstede's ecological analysis--A 20-year odyssey: Comment on Oyserman et al. (2002)', *Psychological Bulletin*, 128, 1, pp. 73-77.

Burt, S., Dawson, J., & Sparks, L. (2003). Failure in international retailing: Research propositions. *International Review of Retail, Distribution and Consumer Research*, 13, 355-373.

Craig S., C, & Douglas S.P., (2001), 'Conducting international marketing research in the twenty-first century', *International Marketing Review*, 18, 1, p. 80.

'Carrefour: Past History Hard to Match, But Spending as If It Were Achievable' (2003), *White Book - Carrefour: Past History Hard To Match, But Spending As If It Were Achievable*, pp. 1-48.

'Carrefour achieves best first half results in three years 2008', *Checkout*, 34, 9, p. 18.

Chan, P. Finnegan, C. Sternquist, B. (2011), 'Country and firm level factors in international retail expansion', *European Journal of Marketing*, Vol. 45 (6) pp. 1005 – 1022.

Chinta, R. (2006), 'Retail Marketing Trends in USA and Their Effects on Consumers and The Global Workforce', *Business Renaissance Quarterly*, 1, 2, pp. 65-79.

Choueke, M. (2009), 'Lessons in marketing come from the heart', *Marketing Week*, 32, 24, pp. 18-22.

Church, N.F. (2014), 'Impact of culture on retail industry compliance', *Journal Of Business & Retail Management Research*, 9, (1), pp. 89-97.

Coe, NM (2006), 'The Strategic Localization of Transnational Retailers: The Case of Samsung-Tesco in South Korea', *Economic Geography*, 82, 1, pp. 61-8.

Conlumino, (2013), *The Global High Street, Opportunities for Retailer*.

Corstjens, M. & Lal, R. (2012), 'Retail Doesn't Cross Borders', *Harvard Business Review*, 90, (4), pp. 104-111.

Craig, C.S., Douglas, P.S. (2006), "Beyond national culture: implications of cultural dynamics for consumer research", *International Marketing Review*, Vol. 23 Iss 3 pp. 322 - 342

Dawson, J. (2007). Scoping and conceptualising retailer internationalisation. *Journal of Economic Geography*, 7, 373-397.

Deloitte. (2009) ' Feling the squeeze: Global powers of retailing" available at:

[https://public.deloitte.com/media/0460/2009GlobalPowersofRetail\\_FINA\\_L2.pdf](https://public.deloitte.com/media/0460/2009GlobalPowersofRetail_FINA_L2.pdf) (accessed April 13)

Deloitte available at: ' Switching channels: Global powers of retailing.'

[http://www.centromarca.pt/folder/conteudo/705\\_GPR\\_2012.pdf](http://www.centromarca.pt/folder/conteudo/705_GPR_2012.pdf) (accessed April 14)

Dupuis, M. and Prime, N., (1996). 'Business distance and global retailing: a model for analysis of key success/failure factors'. *International Journal of Retail & Distribution Management*, 24(11), pp.30-38.

Evans, J, Bridson, K, Byrom, J, & Medway, D. (2008), 'Revisiting retail internationalisation', *International Journal Of Retail & Distribution Management*, 36, 4, pp. 260-280.

Evans, W, & Lane, H (1992), 'Learning how to succeed in the American market', *Business Quarterly*, 57, 2, p. 77.

Gollnhofer, J, & Turkina, E. (2015), 'Cultural distance and entry modes: Implications for global expansion strategy', *Cross Cultural Management*, 22, 1, pp. 21-41.

Goodnow, JD (1986), Developments in International Mode of Entry Analysis, *International Executive*, 28, 1, pp. 18-19.

Gunz, H, & Whitley, R. (1985), 'Managerial Cultures and Industrial Strategies in British Firms', *Organization Studies (Walter De Gruyter GmbH & Co. KG.)*, 6, 3, p. 247.

Hassan, S.S., Craft, S., Kortam, W. (2003), 'Understanding the new bases for global market segmentation', *Journal of Consumer Marketing*, Vol. 20 (5) pp. 446 - 462.

Harzing, A.W. (2003), 'The Role of Culture in Entry-Modes Studies: From Neglect to myopia?' *Managing Multinationals in a Knowledge Economy: Economics, Culture (Advances in International Management, Volume 15)* Emerald Group Publishing Limited, pp.75 - 127.

Higgs, M. (1996), "Overcoming the problems of cultural differences to establish success for international management teams". *Team Performance Management*, 2(1), 36.

Hutchinson, K, Quinn, B, & Alexander, N 2006, 'SME retailer Internationalization: case study evidence from British retailers', *International Marketing Review*, 23, 1, pp. 25-53.

Huszagh, S, Fox, R, & Day, E (1985), 'Global Marketing: An Empirical Investigation', *Columbia Journal Of World Business*, 20, 4, p. 31.

Jean, Lee S.K., Yu, K., (2004), "Corporate culture and organizational performance", *Journal of Managerial Psychology*, Vol. 19 Iss 4 pp. 340 - 359

Kelly, J, & George, W. (1982), 'Strategic Management Issues for The Retailing of Services', *Journal Of Retailing*, 58, 2, p. 26.

Levitt, T. (1983), 'The globalization of markets', *Harvard Business Review*, 61, 3, pp. 92-102.

Lincoln, Y, & Guba, E. (2009), 'The only Generalization is: There is not Generalization', in R Gomm, M Hammersley, & P Foster (eds), *SAGE Publications Ltd*, London, England, pp. 27-45.

Lowe, M. & Wrigley, N. (2010), 'The 'Continuously Morphing' Retail TNC During Market Entry: Interpreting Tesco's Expansion into the United States', *Economic Geography*, 86, 4, pp. 381-408.

Luna, D., Gupta, S.F., (2001), "An integrative framework for cross-cultural consumer behavior", *International Marketing Review*, Vol. 18 Iss 1 pp. 45 - 69

Markusen, JR 1998, 'Multinational firms, location and trade', *World Economy*, 21, 6, p. 733.

Martin, J. (2014) 'How small British firms can crack the US market' *BBC News*, available at: <http://www.bbc.co.uk/news/business-28756060> (accessed 5 March 2015).

Mayrhofer, U. (2004), 'International Market Entry: Does the Home Country Affect Entry-Mode Decisions?', *Journal of International Marketing*, vol. 12, (4), pp. 71-96.

Mclaughlin, E (2003), 'Cultural analysis', in Robert L. Miller, & John D. Brewer (eds), SAGE Publications, Ltd, London, England.

Miller, C. & Olson, P. (2007), 'Tesco's Landing', *Forbes Asia*, 3, 10, pp. 44-45.

Mills, L. (2001), 'An American misadventure' *The Telegraph*. Available at: <http://www.telegraph.co.uk/finance/2743250/An-American-misadventure.html> (Accessed 14 March 2015).

Minkov, M. Hofstede, G. (2011), "The evolution of Hofstede's doctrine", *Cross Cultural Management: An International Journal*, Vol. 18 Iss 1 pp. 10 - 20

Morris, R. (2013), ' Fresh & Easy failure: can UK firms make it in the US?' *BBC News*. Available at: <http://www.bbc.co.uk/news/business-22168463> (Accessed March 5 2015).

Moore, C. Fernie, J & Burt, S. (2000) "Brands without boundaries – The internationalization of the designer retailer's brand", *European Journal of Marketing*, Vol. 34 Iss: 8, pp.919 – 937.

Muñiz-Martínez, N. (1998), 'The Internationalization of European retailers in America: the US experience', *International Journal of Retail & Distribution Management*, Vol. 26 Iss 1 pp. 29 – 37.

Olsen, W. (2012), 'Interviews', in *Data collection: Key debates and methods in social research*, SAGE Publications Ltd, London.

Pagell, M, Katz, J, & Sheu, C. (2005), 'The importance of national culture in operations management research', *International Journal Of Operations & Production Management*, 25, 4, pp. 371-394.

Palmer, M. (2005), "Retail multinational learning: a case study of Tesco", *International Journal of Retail & Distribution Management*, Vol. 33 Iss 1 pp. 23 - 48

Park, Y. Sternquist, B. (2008) 'The global retailer's strategic proposition and choice of entry mode', *International Journal of Retail & Distribution Management*, Vol. 36 (4), pp.281 – 299.

Picot-Coupey, K. Burt, S. Cliquet, G. (2014) 'Retailers' expansion mode choice in foreign markets: Antecedents for expansion mode choice in the light of internationalization theories.' *Journal of Retailing & Consumer Services*. Nov2014, Vol. 21 (6), p976-991.

Polisello, D., Amal, M., & Hoeltgebaum, M. (2013), 'Determinants of Entry Mode Choice: a Case Study of a Brazilian Multinational', *Base*, 10, (2) , pp. 181-194.

Quer, D. Claver, E. Rienda, L. (2007) 'The impact of country risk and cultural distance on entry mode choice: An integrated approach', *Cross Cultural Management: An International Journal*, Vol. 14 (1), pp.74 – 87.

Rajamma, R, Pelton, L, Hsu, M, & Knight, D 2010, 'The Impact of Consumers' Need for Uniqueness and Nationality on Generation Y's Retail Patronage Behaviors: Investigating American and Taiwanese Consumers', *Journal Of Global Marketing*, 23, 5, pp. 387-410.

Ratna, N, Grafton, Q, & MacDonald, I 2012, 'Does Multiculturalism Pay? Empirical Evidence from the United States and Canada Does Multiculturalism Pay? Empirical Evidence from the United States and Canada'.

Rousey, S.P., Morganosky, M.A., (1996),"Retail format change in US markets", *International Journal of Retail & Distribution Management*, Vol. 24 Iss 3 pp. 8 - 16

Ryu, J., & Simpson, J. (2011), 'Retail internationalization: Lessons from "Big Three" global retailers' failure cases', *Journal Of Business & Retail Management Research*, 6, (1), pp. 1-10.

Sousa-Poza,A. Nystrom, H., Wiebe, H. (2001) "A cross-cultural study of the differing effects of corporate culture on TQM in three countries", *International Journal of Quality & Reliability Management*, Vol. 18 Iss: 7, pp.744 - 761.

'Tesco: U.S. Entry Highlights Ongoing Growth Opportunities' (2007), *Black Book - The Best Of Bernstein - Pan-European Edition (Fourth-Quarter 2007)*, pp. 15-18.

(2008) 'Tesco's American dream: Doing it differently', *Strategic Direction*, 24(2), pp.11-15.

*The Global High Street, opportunities for Retail* (2013) Available at: <http://www.barclayscorporate.com/content/dam/corppublic/corporate/Documents/research/the-global-high-street.pdf> (Accessed 21 March 2015).

'US food industry forecast to grow through 2022' 2016, *DEMM: Engineering & Manufacturing*, p. 23.

Vanderstraeten, J., Matthyssens, P., (2008) "Country classification and the cultural dimension: a review and evaluation", *International Marketing Review*, Vol. 25 Iss: 2, pp.230 - 251

'Wal-Mart, Tesco and Carrefour do battle in the East: International retailers find mixed fortunes in their expansion strategies' 2008, *Strategic Direction*, 24, 2, pp. 5-7.

Westjohn, S., Singh, N., & Magnusson, P. (2012), 'Responsiveness to Global and Local Consumer Culture Positioning: A Personality and Collective Identity Perspective', *Journal Of International Marketing*, 20, (1), pp. 58-73.

Williams, D.E. (1992), 'Retailer Internationalization: An Empirical Inquiry', *European Journal of Marketing*, Vol. 26 (8/9) pp. 8 - 24.

Wrigley, N (1997), 'British food retail capital in the USA--part 1: Sainsbury and the Shaw's experience', *International Journal Of Retail & Distribution Management*, 25, 1, p. 7.

Wrigley, N (1997), 'British food retail capital in the USA--part 2: Giant prospects?', *International Journal of Retail & Distribution Management*, 25, 2, p. 48.

Wrigley, N. (1997), "British food retail capital in the USA: preface and update", *British Food Journal*, Vol. 99 Iss 11 pp. 409 - 411.

Wrigley, N. (2000), 'Strategic market behaviour in the internationalization of food retailing', *European Journal Of Marketing*, 34, 8, p. 891.

Wrigley, N. (2002), 'Transforming the Corporate Landscape of US Food Retailing: Market Power, Financial Re-engineering and Regulation', *Tijdschrift Voor Economische En Sociale Geografie (Journal Of Economic & Social Geography)*, 93, 1, p. 62.

Yin, R. (2012). *Applications of case study research* (3rd ed.). Thousand Oaks, CA: SAGE

Youngsun, P, & Sternquist, B (2008), 'The global retailer's strategic proposition and choice of entry mode', *International Journal Of Retail & Distribution Management*, 36, 4, pp. 281-299.