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RESEARCH

Lukas Morbe

International Retailers' Performance in Host Countries

The Roles of Strategies, Consumer Perceptions and the Local Environment

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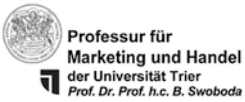

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The Roles of Strategies, Consumer Perceptions and the Local Environment

With a Foreword by
Univ.-Professor Dr. Prof. h.c. Bernhard Swoboda

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Foreword

Retail firms have internationalized their businesses dynamically since the 1990s. Many of the world's prominent retailers derive a significant proportion of their sales from international operations. However, retail business and retailers' success is still local. In extant literature however only 14 quantitative studies address international retailers' performance and thereof only six address local performance of these retailers in foreign markets. Therefore, the dissertation of Dr. Lukas Morbe significantly contributes to this important area of research at least with two of the three studies, which constitute the dissertation of Lukas Morbe.

- *International Strategy's Effects on Retailers' Local Implementation and Performance.* International retailers strategically seek local performance because their business is local. However, knowledge of the contribution of retail firms' international strategies to subsidiaries' local performance is limited. Based on the prominent I/R strategy framework, the authors conceptualize integration/ responsiveness as the transfer/local generation of firm-specific advantages and analyze (direct and indirect) paths of varying degrees of I/R via local implementation decisions to performance. Because retailers' firm-specific advantages have a limited geographic reach, different successful paths are expected in close and distant countries. Empirically, a survey based on face-to-face-interviews with 126 retail CEOs and expansion managers, partial least squares structural equation modelling and bootstrapping-based mediation analyses were conducted. The results reveal surprising and only indirect paths of international strategy to local performance through local standardization/centralization.

- *An Inter- and Intra-format Perspective on Transfer and Perception of Retail Formats.* This study addresses the role of retail formats in transfer and positioning decisions of international retailers by analyzing the effects of country and format-specific core attributes for retailers´ local positioning as a strong brand. Based on categorization theory inter- and intra-format hypotheses are proposed. For grocery retailers consumer surveys were conducted in two home countries (France, Germany, known as formats' origin) and a host country (Romania, accounting for expansion of Western retailers into emerging markets) to compare the effects of core attributes on retail brand equity (RBE) and loyalty. Results show that similar core attributes affect RBE in inter-format competition, while the RBE-loyalty links differ between countries. Further attributes are important in intra-format competition but core attributes are predominant. Retailers transferring formats abroad should place particular emphasis on managing core attributes when aiming to succeed in inter- and intra-format competition.

- *Country Environment, Retailers' Resources and Local Performance: A Cross-classified Multi-level Approach.* Retailers have dynamically expanded into countries selected based on their attractiveness, local competition, or cultural proximity. However, knowledge on the relevance of such environmental factors for retail formats' local performance is limited. To provide insights into their relevance, we conceptualize country-specific and store format-specific environments as antecedents of local performance and consider firms' resources as moderators. We analyze data from the leading provider of retail intelligence on 624 store formats from 90 grocery retailers across 115 countries. The results of cross-classified multi-level models show that purchasing power and rule of law (country level) enhance local performance, whereas local intra-format competition (format level) diminishes it. Country level effects are moderated by retailers' degree of internationalization (firm level), while surprising interactions occur of the format level environment.

With his work, Dr. Lukas Morbe makes a significant contribution to international retailing research. I am particularly happy with his work, as Dr. Morbe presents the sixteenth dissertation at my chair for Marketing & Retailing at the Universität of Trier. He was additionally and mainly responsible for the intensive ERASMUS exchange programs of the whole faculty, has organized conferences, and supported textbooks during his more than four years at my chair. I thank Lukas Morbe for a long time of working together, since his initial bachelor and further master studies as well as later (nearly ten years). He is a great expert in all management and marketing areas of retailing. Furthermore, he is a very honourable, hardworking and kind minded person. I wish Dr. Morbe very warmly all the best for his career as well as his private live in the future.

Univ.-Professor Dr. Prof. h.c. Bernhard Swoboda

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This doctoral thesis has been developed during my time as a research assistant at the Chair for Marketing and Retailing at the University of Trier. After more than four years this journey has come to an end and I am able to present this piece of work. Without many people along my way the thesis at hand would not have been possible and I would like to express my thankfulness to them. Among them are my supervisor, my colleagues, and last but not least my dear family and friends.

First I would like to express my thanks to my supervisor Prof. Dr. Prof. h.c. Bernhard Swoboda, who gave me the opportunity to pursue my doctoral thesis in 2013. I acknowledge his patience and many controversial discussions that led to the improvement of my thesis. From him I have learned a lot about the academic world and about how different opinions on good and bad research or leadership can be. Besides, I would like to thank him for the possibilities he offered me to attend several international conferences. I had the opportunity to present my research at conferences of the most important international business and marketing associations in Vancouver (Canada), Leuven (Belgium), New Orleans (USA), Groningen (Netherlands) and Dubai (UAE). Furthermore, I attended workshops and doctoral colloquiums in Berlin, Fribourg (Switzerland), and Trier. At these conferences and workshops I benefited from fruitful discussions with scholars and doctoral students from around the globe that helped to improve my work.

Moreover, I thank Prof. Dr. Thorsten Semrau (University of Trier) for evaluating my thesis as a second advisor and Prof. Dr. Rolf Weiber (University of Trier) for agreeing to chair the defense committee.

Furthermore, I would like to thank my colleagues at the Chair for Marketing and Retailing of the University of Trier. I would like to thank my predecessors Dr. Edith Olejnik, Dr Stefan Elsner and Dr. Karin Pennemann who introduced me to the work at the chair already during my time as a student and research assistant and who paved my way in many regards. A big thank you goes to my colleagues Dr. Julia Weindel, Dr. Cathrin Huber, Dr. Johannes Hirschmann, Christoph Seibel, Nadine Batton and Amelie Winters for their support, for many hours of sipping coffee and eating cake, for many TBAs, and for the fun and positive atmosphere we had even when times were stressful and office days were long. Thank you very much for the long and fruitful discussions, your helpfulness, your encouragement even when I was close to surrender and all these unforgettable memories we had and now share. I also like to thank our secretary Ursula Fassbender for her wide-ranged support throughout the years.

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Finally, my biggest gratitude goes to my family and friends. Without their continuous support, this journey would not have been possible. First and foremost, I would like to thank my parents to whom I owe everything I am. I thank my father who cannot celebrate this day with me but who showed me how proud he was until his final days. I thank my mother who never hesitated to give me all the necessary support and freedom. She protected me throughout the years by coping with so many issues on her own because she did not want me to worry or be distracted. I am also very grateful for the support of my sister, my friends within and outside the academic word and my significant other, who was patient for over four years before we could finally move together. Thank you for being part of my life, for all the good advice, the good times we had and sure will have.

Lukas Morbe

Content

Figures

Tables

Abbreviations

adjR .....adjusted R-square

ACul.Dist.....added cultural distance

AL .....Albania

ANOVA .....analysis of variance

AO.....Angola

AR.....Argentina

ASS.....assortment

AT .....Austria

AU.....Australia

AVE.....average variance extracted

b.....unstandardized coefficient

BE .....Belgium

BJ.....Benin

BN.....Brunei

bn.....billion

BW .....Botswana

ca. .....circa

CD.....Democratic Republic of Congo

CEO .....chief executive officer

CFA.....confirmatory factor analysis

CFI .....comparative fit index

CG .....Republic of Congo

CA.....Canada

CM .....Cameroon

CMV.....common method variance

COO.....country of origin

CR.....Costa Rica

CRI.....country risk index

CZ .....Czech Republic

DegreeInt. .....Degree of internationalization

df .....degree(s) of freedom

d-G .....geodesic distance of estimated to observed covariance matrix

d-ULS.....euclidian distance of estimated to observed covariance matrix

DO .....Dominican Republic

EFA .....exploratory factor analysis

e.g. .....exempli gratia/for example

EoS .....economies of scale

et al. .....et alia/and others

EUR .....Euro (currency)

f^2.....effect size measure

FDI .....foreign direct investment

FI.....Finland

FR .....France

FSAs .....firm-specific advantages

GA.....Gabon

GDP .....gross domestic product

GR .....Germany

H .....hypothesis

HN.....Honduras

ICC.....intraclass correlation

i.e. .....id est/that is

I/R .....integration and responsiveness

ItTC .....item-to-total-correlation

IV .....instrumental variable

KE .....Kenia

KH .....Cambodia

KMO.....Kaiser-Meyer-Olkin criterion

KW .....Kuwait

LAY .....store layout

LOC .....location

log .....logarithm

LOY.....loyalty

LS .....Lesotho

MG .....Madagascar

MNC.....multinational corporation

MNE.....multinational enterprise

MO .....Macao

MT.....Malta

MV .....mean value

MW .....Malawi

MZ.....Mozambique

N .....sample size

n.....subsample or group size

n.a. .....not available

NI .....Nicaragua

No. .....number

ns .....not significant

OLS.....ordinary least squares

OM .....Oman

p.....*p*-value

p. .....page

PL .....Poland

PLS .....partial least squares

POLCON.....political constraints index

pp. .....pages

PRI.....price

RT .....Portugal

PurchP .....purchasing power

Q^2.....predictive ability (Stone-Geisser criterion)

r.....correlation coefficient

R^2 .....R-square

RBE .....retail brand equity

RMSEA .....root mean square error of approximation

RO .....Romania

SA .....Saudi Arabia

SEM .....structural equation modeling

SER .....service

SI .....Slovenia

sig. .....significance level

SME .....small and medium sized enterprises

SN .....Senegal

sqm .....square meters

SRMR .....standardized root mean square residual

STD.....standard deviation

SV .....El Salvador

SZ .....Swaziland

t.....*t*-value

TG.....Togo

TLI.....Tucker-Lewis index

TM.....Turkmenistan

TR .....Turkey

UK.....United Kingdom

US.....United States of America

USA .....United States of America

US$.....United States Dollar (currency)

VIF .....variance inflation factor

vs. .....versus

WVS.....World Value Survey

ZM.....Zambia

ZW .....Zimbabwe

%.....per cent

α.....Cronbach's alpha

β.....standardized coefficient

λ .....standardized factor loading(s) (CFA)

Λ .....unstandardized factor loading(s) (CFA)

Δ .....delta/difference

χ^2.....chi-square

A. Introduction

1. Focus and Relevance

The exchange of goods between countries and regions has started early in the history of mankind. Important phases in the development of international trade in a wider sense were for example already antique advanced civilizations, including Egyptians, Romans or Greeks who already involved in sea trade (e.g., Warnking 2015, pp. 11-12). Further peaks arised in the middle ages with formation of the Hanse in Europe or in the colonial time with Dutch and English trading houses (e.g., Braudel 1986, pp. 65-80). However, modern retail businesses and their current forms of internationalization only date back to the 19th century. In the context of industrialization, manufacturers like Singer, Faber or Kodak established retail sales subsidiaries in the UK in 19th century (Godley and Fletcher 2000). For this thesis however, the focus is on business that conduct retailing, which entails the buying of goods and selling them mostly to consumers and without significant processing, as their major business activity (CDTTD 2006). Businesses by Julius Meindl or Thomas Lipton are early examples of such retailers, which operated grocery and specialty stores internationally around the same time. Not much later, retailers like Woolworth in 1909 and C&A in 1911 were pioneers in the internationalization of fashion and general merchandize stores (Dawson 1994). During the 20th century, internationalization of retailers picked up pace, as shown in a periodization by Alexander (1997).

Among the worlds' largest retailers today, (which belong to the largest companies in the world in terms of revenues, Fortune 2017), those with the highest degrees of internationalization have not started their expansion before the end of World War II. Table A—1 shows the current size and degree of internationalization of the largest retailers in the food and non-food sector. Among the food retailers with the highest degree of internationalization, Schwarz Group operated the first international stores in France in 1988, Aldi in Austria 1968, or Auchan in Spain in 1981. The largest retailer Wal-Mart did not operate abroad before their entry in Mexico in 1991. The end of the Cold War and the fall of the Iron Curtain facilitated increasing internationalization activities of Western European Retailers into Central and Eastern European countries and lead to significant expansion of retailers like Metro or Tesco (e.g., Myers and Alexander 1997). As the comparison between 1992, 2002, and 2016 shows, especially food retailers' international expansion was highly dynamic in the 1990s and has continued since, albeit more thoughtfully. Among the largest non-food retailers still the market leaders in the huge US-market dominate, while other players such as IKEA require an international presence to reach comparable revenues.

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Food sector	Total Sales in EUR[1]			No. of countries			Foreign Sales	Non-food sector	Total Sales in EUR[1]		No. of countries		Foreign Sales
	1992	2002	2016	1992	2002	2016	2016		2000	2016	2000	2016	2016
Walmart (US)	36.0	218.8	438.7	2	11	28	23.8%	Amazon.com (US)	3.7	127.0	5	14	41.3%
Costco (US)	12.0	36.2	104.7	3	6	9	27.0%	Walgreens (US)	27.3	100.8	1	10	25.0%
The Kroger Co. (US)	10.0[2]	49.2	99.2	1	1	1	0.0%	Home Depot (US)	55.5	82.3	3	3	8.2%
Schwarz Group (DE)	6.0	20.7	90.2	2	16	27	62.3%	CVS Health (US)	23.0	69.6	1	3	n.a.
Carrefour (FR)	34.0	61.9	85.7	5	29[2]	35[2]	53.2%[3]	Target (US)	41.8	66.0	1	1	0.0%
Aldi (DE)	16.0	32.2	82.2[3]	7	12	17	66.2%[2]	Lowe´s (US)	25.3	55.8	1	3	6.0%
Aeon Co. (JP)	n.a.	22.1	66.7	1	7	11	5.4%	Best Buy Co. (US)	19.9	33.9	1	4	8.1%
Tesco PLC (UK)	11.0	38.5	58.2	1	10	10	22.2%	IKEA (SE)	9.5	35.1	34	40	94.9%
Albertsons (US)	n.a.	33.9	53.7	1	1	1	0.0%	JD.com (CH)	0.0	32.2	0	1	n.a.
Auchan (FR)	12.0	25.4	52.8	2	15	17	65.2%	TJX (US)	11.3	28.5	4	9	23.0%
Edeka Group (DE)	13.0[2]	25.8	49.6	1	6	1	0.0%	Rite Aid (US)	15.1	29.1	1	1	0.0%
Rewe Group (DE)	19.0	33.7	43.7	1	12	11	27.3%	Apple (US)	n.a.	26.6[4]	0	19[4]	n.a.
Metro AG (DE)	40.0	46.4	37.1	10	26	27	n.a.	Macy´s (US)	14.7	24.4	1	1	0.0%
Seven&I (JP)	n.a.	n.a.	36.6	n.a.	n.a.	19	35.4%	LVMH (FR)	3.0	24.3[4]	51	70	90.0%

Notes: [1] based on currency exchange rates at 31st December of reference year; [2] Estimate; [3] French overseas territories counted as domestic; [4] Estimated for own retail operations only; n.a. = not available.

Table A—1: Internationalization of the worlds' largest retailers

Source: Own research, Deloitte (2004, 2017)

International retail firms continuously take further expansion steps by entering single or multiple markets (Mohr and Batsakis 2017a). Still, not all internationalization efforts are successful and geographic reorientations or divestments from certain countries also occur (e.g., Coe et al. 2017; Pederzoli and Kuppelwieser 2015). Recent examples of market entries are Lidl's new presence in the USA and in Latvia in summer 2017 (Lidl 2017). Recent market exits can be reported for Casino, who decided not to continue their Franchise Business with their local partner in the United Arab Emirates (Groupe Casino 2017) or Rewe's withdrawal from the Romanian market with their supermarket chain Billa, which was announced in 2015 and completed by 2017 (Rewe Group 2015). These dynamics underline the importance of research on retail internationalization in general the relevance of analyses of local performance in the host country in particular.

Retailers' international expansion can be based on various motives. First, there are certain push factors which limit growth opportunities in home markets such as economic stagnation or increasing competitive intensity, government restrictions, high cost of land or labor etc. Second and perhaps more important, proactive or pull motives relating to opportunities and the attractiveness of foreign markets have been identified, such as host market growth or future demand potential, underdeveloped retail structures or niche opportunities (see e.g., Alexander 1995; Chen and Sternquist 1995; Eren-Erdogmus et al. 2010; Muniz-Martinez 1998).

As Akehurst and Alexander (1995) point out, useful research on the topic of retail internationalization requires a clear definition. This is especially relevant, because international activities of retailers include at least two dimensions,

namely the internationalization of their store operations on one side and the internationalization of their sourcing activities on the other side (Coe and Hess 2005). For the purposes of this doctoral thesis the former is focused, because the stores are the place where the actual retail transactions with the customers take place. Thus retail internationalization is defined according to Dawson (1994) as the operation of shops or other forms or retail distribution, by a firm or alliance across more than on country. Despite the growing relevance of online retailing (e.g., Schu et al. 2016, as one of currently few studies), this thesis furthermore focusses on brick-and-mortar retail outlets, because they still account for the majority of retail sales and because such operations face specific challenges in the context of internationalization.

These specific characteristics of retail internationalization have led scholars to question the relevance of general international business theory to international retailing (Burt and Carralero-Encinas 2000; Dawson 1994). Scholar have identified a number of challenges, which are specific to retailers' internationalization.

The first one refers to the fact, that retail formats are the actual products of retailers and internationalization involves the transfer of a retail format across borders (e.g., Goldman 2001; Jonsson and Foss 2011). This means, retailers need to establish a local presence in shape of a subsidiary or alliance in their host countries. Retail formats entail numerous elements, such as diverse supply-chain and marketing related processes as well as the formats specific marketing-mix (Swoboda and Elsner 2013). Therefore, their transfer is complex and most retailers' international expansion takes small geographic steps only (Rugman and Girod 2003). Furthermore, retailing is highly culture bound, because consumption habits and expectations towards retailers vary strongly between nations (e.g., de Mooij and Hofstede 2002; Gamble 2009). In each country the local retail offer rather than a retailers' international strategy guides consumers to the stores. Due to these complexities, leveraging the full benefits of an international presence, such as scale and efficiency, while remaining sensitive to the important differences in local environments is challenging (Treadgold 1990). Scholars have therefore pointed out early the importance of a balanced international strategy (Salmon and Tordjman 1989; Sternquist 1997). International retailers need to understand, how their international strategy and local implementation can yield positive performance outcomes locally.

Second, competitive structures may vary significantly between countries and cultures (Dimitrova et al. 2016; Goldman et al. 2000). With increasing competition in the international marketplace, retailers increasingly strive for differentiation by strategically relying on strong retail brands. As Table A—2 shows, many retail brands today contribute strongly to retailer's firm values (Kantar Millward

Brown 2017). Still, competition in retailing takes place locally as each store usually only serves consumers within a certain trade area (Cleeren et al. 2010; Gonzalez-Benito et al. 2005). New entrants into a market usually need to win consumers from incumbent inter- and intra-format competitors (Gielens et al. 2008) or from more traditional retail structures (Goldman et al. 2000; Paswan et al. 2010). Retailer's therefore need to ensure that their brand attracts consumers in the local competition (e.g., Swoboda et al. 2013b). Due do different competitive contexts and varying consumer expectations however, perceptions and brand evaluations between countries may differ (Diallo and Cliquet 2016; Dimitrova et al. 2016; White and Absher 2007). Retailers need to understand how to use their retail brand locally to bind consumers to their stores.

Rank/ Retail Brand	Brand Value in bn. US$	Rank/ Retail Brand	Brand Value in bn. US$	Rank/ Retail Brand	Brand Value in bn. US$	Rank/ Retail Brand	Brand Value bn. US$
1. Amazon	98.9	7. Lowe's	13.0	13. 7-Eleven	9.4	19. Lidl	6.9
2. Alibaba	49.3	8. Aldi	12.1	14. Target	9.3	20. Macy's	5.4
3. Home Depot	36.4	9. CVS	12.1	15. Tesco	8.9	21. Wholefoods	5.3
4. Walmart	27.3	10. ebay	11.5	16. Kroger	7.9	22. Nordstrom	5.3
5. Ikea	18.1	11. JD.com	10.5	17. Carrefour	7.7	23. Auchan	5.1
6. Costco	14.5	12. Walgreens	10.3	18. Woolworths	7.5	24. M&S	4.8

Table A—2: Retail brands with highest brand value

Source: Kantar Millward Brown (2017)

Third, due to retailers' need for a physical presence or representation, each host country, in which a retailer operates comes along with a relatively high commitment and risk (e.g., Daunfeldt et al. 2010). Retailers' hence make significant efforts to select their markets for entry and manage their country portfolios (e.g., Metro Groups' fine-grained process, Swoboda et al. 2007). Retailers are involved in various interactions with local administrations and business environments (Burt et al. 2016; Coe and Lee 2006; Tacconelli and Wrigley 2009). Furthermore, retailers often address a wider consumer base, and are dependent on the wider population's income (e.g., Amine and Lazzaoui 2011). However, political and economic situations in countries may change rapidly. Table A—3 shows the countries with the highest rank in the Global Retail Development Index in 2007 and 2017, which aims to depict a markets' attractiveness for retail entries (A.T. Kearny 2007, 2017). While some markets take similar positions, others have changed considerably in the ten-year period. Peru for example, was not among the top counties in 2007 but a steady economic growth has brought the country into the top ten in 2017. Vice versa, while Ukraine was still considered highly attractive in 2007, the recent political crises have caused a significant drop. Retailers therefore need to understand, how the external environment in their host countries affects their local performance.

Global Retail development index 2007[1]	Attractiveness	Risk	Saturation	Time pressure	Total Index	Global retail development index 2017	Attractiveness	Risk	Saturation	Time pressure	Total Index
India	42	67	80	74	92	India	63.4	59.1	75.7	88.5	71.7
Russia	52	62	53	90	89	China	100.0	64.5	24.4	92.5	70.4
China	46	75	46	84	86	Malaysia	77.1	87.1	23.3	56.2	60.9
Vietnam	34	57	76	59	74	Turkey	75.8	60.4	31.7	71.4	59.8
Ukraine	43	41	44	88	69	Arab Emirates	92.3	100.0	0.9	44.4	59.4
Chile	51	80	42	43	69	Vietnam	26.7	25.4	72.4	100.0	56.1
Latvia	32	77	21	86	68	Morocco	34.6	55.4	64.5	69.8	56.1
Malaysia	44	70	46	54	68	Indonesia	49.3	45.5	52.1	76.7	55.9
Mexico	58	83	33	33	64	Peru	45.5	62.2	50.8	57.6	54.0
Saudi Arabia	40	65	66	35	64	Colombia	49.7	71.1	48.7	44.9	53.6

Notes: [1] Calculation methods and scales have been further developed between 2007 and 2017

Table A—3: Countries with highest retail development index 2007 and 2017

Source: A.T. Kearny (2007, 2017)

From the above challenges for retailers' internationalization, the following key research questions are identified for the present doctoral thesis:

(1) How do retailers balance their international strategies and local implementation in order to be successful in close and distant host countries?

(2) How can retailers, which transfer their familiar formats abroad, bind local consumers to their retail brands in the local inter- and intra-format competition of their host countries?

(3) How does the environment of retailers' host countries affect their local performance and which firm-specific resources may help retailers to cope with the environmental challenges?

In order to address these focus areas, first, a literature review on important decisions in retailers' international expansion and operations as well as on performance outcomes is shown. Based on this review, detailed research objectives are deducted, in order to build the basis for the studies in this thesis. Subsequently, three studies are presented, each of which aims to shed further light on one of the above key research questions. The thesis concludes with general implications for research and practice and an outlook on further research fields.

2. Research Gaps and Literature Review

2.1. Overview

The following literature review aims to provide a comprehensive overview of the relevant literature on retailers' internationalization, including core decisions, consumer perceptions and performance outcomes. To ensure that the foundation for this thesis is topical and state-of-the-art mainly research from the year

2005 onwards is considered in this chapter. Literature reviews, which also include earlier work can be found in articles by Swoboda et al. (2009) as well as Alexander and Doherty (2010). The chapter is structured as follows: In section 2.2 literature on retailers' international market selection and geographic internationalization patterns is summarized. Section 2.3 includes the literature on retailers' international strategies and the relevance of firm-specific advantages in this context. In section 2.4 the scarce research on international retailers' coordination mechanisms is addressed. In section 2.5, studies with a focus on standardization and adaptation of the retail offer are summarized. Section 2.6 covers the literature on the related consumer perceptions of international retailers. Finally in section 2.7, extant studies are introduced, which address international retailers' performance outcomes. Any studies which can be allocated to sections 2.2 to 2.6, but also include empirical evidence on performance outcomes, are summarized in the first relevant section but repeatedly mentioned in section 2.7. Furthermore, in chapter 2.7 also studies earlier than 2005 are considered, due to the scarcity of research in this field and the topicality of this work for the thesis at hand. The chapter concludes with an identification of this doctoral thesis' key research objectives, which serve as a guideline for the subsequent studies.

2.2. International Market Selection and Internationalization Patterns

Retailers' international market selection is defined as the decisions a retailer takes regarding which foreign markets to enter and operate in (Alexander et al. 2011). Retailers' international market selection decisions are taken cautiously and might involve complex systematic decision-making processes (Doherty 2009; Swoboda et al. 2007). As shown in Figure A—1 extant research has identified a number of country characteristics, which affect a country's likelihood of being selected as a target market, while firm characteristics are also relevant. Furthermore, a temporal dimension is addressed and path dependencies occur.

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Mohr and Batsakis (2017a)	- Under which conditions do retailers expand simultaneously into multiple markets? - Do resources affect such simultaneous market entries and is their effect moderated by psychic distance?	- Resource based view - Time compression diseconomies	- N = 836 market entries of 102 retailers over 10 years - Logistic regressions	- Simultaneous expansion requires more resources than sequential international expansion. - Simultaneously expanding retailers are likely to possess greater intangible assets, financial resources and intangible assets when compared to sequentially expanding retailers. - Cultural distance strengthens the effect of some off these resources on retailers' simultaneous international expansion.
Schu and-Morschett (2017)	- How do country attractiveness factors as well as distance affect the market selection of online retailers? - In which order do online retailers enter markets and is there a path dependence?	- Dynamic capabilities - Institutional theory	- N = 825 market entries by 140 online retailers. - Rank ordered logistic regression	- Market size, rule of law, and local market knowledge, as well as a common language and the logistics performance of a target country have a positive effect on the likelihood of selecting a target country. - Cultural, geographic and added geographic distance negatively affect market selection. - Online retailers chose markets with low geographic distance from one of their previously entered countries. Hence, a path-dependent process is apparent.

Figure to be continued.

Figure A—1 continued

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Hoffman et al. (2016)	- How does institutional environment affect international expansions of franchise firms? - Do political, regulatory, infrastructural or economic institutions affect franchise firms' market selection?	- Institutional theory - Transaction cost theory.	- N = 101 market entries of 88 franchise firms - Panel regression.	- A positive relationship between a good governance system in a country and franchise expansion occurs. - Also, a country's business climate, including entry regulations, taxes, and communication infrastructure, affects franchise firms' expansion into that country. - Franchising firms need a communication infrastructure to build and maintain brand equity as a key source of competitive advantage and to spread the promotion costs over more franchised units.
Pederzoli and Kuppelwieser (2015)	- How have retail companies' internationalization processes changed after the 2008 economic crisis? - Has the geographic focus of expansion shifted after the crisis?	- Theories on investment decisions under risk - Past literature on retail' internationalization	- N = 109 retail firms over a 10 year period - Qualitative and descriptive analyses based on media publications	- The pace of retail internationalization increased after the 2008 crisis, and the number of companies active in the international arena increased. - The number of actions per company decreased indicating a more cautious attitude and a more thoughtful evaluation of decisions. - After the crisis, retailers have mainly moved into countries with newly developing economies.
Lynn et al. (2014)	- Do retailers follow a gradual internationalization process as described by the Uppsala model? - How this process specifically apply for fashion retailers in a niche market?	- Uppsala model - Transaction cost theory	- N = 3 fashion retailers - Qualitative and descriptive case study analyses	- Only partial support for a gradual internationalization process as described by the Uppsala model is found. - After cautious early expansion, fashion retailers experience a period with more rapid internationalization. - During initial internationalization, geographically and economically close markets were chosen. However, no incremental patterns were observed thereafter. - After initially entering culturally close countries, firms later chose markets close to existing host countries.
Aliouche and Schlentrich (2011)	- How can countries be assessed with regards to their attractiveness for US franchise firms based on their risk/opportunity profiles? - Which countries are most attractive for US franchise firms?	- Transaction cost theory; - Uppsala model - Eclectic theory	- N = 143 countries - Scoring model based on proxies for risk and opportunity of each country	- For market selection, market risks (political, economic, legal, regulatory), market opportunities (population, GDP per capita) and distance (cultural, geographic) should be considered. - Countries with large markets and strong political and legal systems are the most attractive, smaller unstable African countries are the least attractive and China though attractive from a market opportunity perspective, has significant risks.
Alexander et al. (2011)	- What are the underlying drivers of market selection of retailers? - How can gravity models be applied to explain retail market choice?	- Economic gravity theory	- N = 23 European countries including 13 home countries and 10 host countries - OLS regressions	- The likelihood that a retailer from country A enters country B can be calculated with a gravity measure involving the GDP of both markets and their the geographic distance – the larger and the closer a host country is, the more likely will retailers enter. - There is a positive effect of host market retail sales per capita as well as exchange rate stability on the level of international activity in the market, while host country retail structural development has no effect.
Etgar and Rachman-Moore (2010)	- Do expansion in proximate markets or diverse markets lead to quicker growth? - Which differences occur in the expansion of generalist and specialist retailers?	- Risk reduction theory - Competitive advantage concept	- N = 250 of the world's largest retail chains - OLS regressions	- Retailers select either proximate markets to reduce risk or global diverse to multiply their competitive advantages most effectively. - A globally diverse expansion strategy is more effective, measured in growth of the foreign sales volume, than a strategy focusing on proximate markets only. - These results only apply to generalist retailers but not to specialist retailers.
Doherty (2009)	- What determines the market and partner selection in the international franchising activities of fashion retailers? - How do strategic and opportunistic selection decisions differ?	- Agency theory - Management process approaches	- N = 6 UK fashion retailers - Qualitative case study analysis	- Retail firms adopting a strategic approach undergo a market screening process before market attractiveness factors ultimately lead to the market selection decision. In the strategic partner selection process that follows, finance, business know-how, local knowledge, and further factors are relevant. - In case of an opportunistic approach to market and partner selection, the process reverses, with partner selection directly influencing market selection.
Lopez and Fan (2009)	- Which pattern can be observed in the internationalization process a fashion retailer? - What were the motives and which entry decisions were made?	- Stage model of internationalization	- N = 1, international fashion retailer - Qualitative and descriptive case study analysis	- Push and pull motives for internationalization occur. - The internationalization of Zara follows a stage model by firstly entering geographically or culturally close markets before taking opportunities in more distant markets. - Zara used franchising and joint ventures for rapid expansion. Low advertising efforts help to increase internationalization speed.

Figure to be continued.

Figure A—1 continued

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Hutchinson et al. (2009)	- What are the barriers that impede (but not necessarily prevent) international retail activity by SME retail firms? - Are these barriers of internal or external nature?	- Resource based view - Past literature on distance and cultural differences	- N = 20 including 9 SME retailers and 11 business support firms. - Qualitative analysis of interviews with managers	- Barriers to SME retailers' internationalization can be internal, e.g., financial restrictions, management attitudes to growth or lack of knowledge and external, e.g. host country differences in culture and legislation. - Internationalization at the stage of entry as well as the growth in foreign markets are affect by these barriers - Factors that help to overcome the barriers are specialist/niche characteristics, brand identity and networking/partnering capabilities.
Sakarya et al. (2007)	- How can market selection models for retailers incorporate the future potential? - How does the consideration of future potential improve market selection models for emerging markets?	- Economic development theory - Porters diamond	- N = 1 country (Turkey) - Case study and descriptive analysis of macro-level data	- Long-term market potential can be estimated based on formula including current and future population as well as the difference between the current GDP and the average GDP of a developed market. - Based on Porter's diamond, favorable attribute configurations for the local industry can be identified. - Consumer receptiveness towards foreign fashion retailers is proposed as a determinant for market selection models.
Alexander at al. (2007)	- Which factors determine the direction of retailer's international market selection? - How do particularly a shared language and psychic distance explain market selection?	- Past literature on market selection - Psychic distance concept	- N = 17 Western European countries with inward or outward international retailing activity - OLS regressions	- Retailers tend to select less developed markets as their preferred targets. However, it appears that they favor markets with a lag between economic size and development and retail structures where potential retail spending figures have yet to be realized. - Language and hence, by implication, culture and psychic distance play a fundamental role in determining direction of expansion.
Swoboda et al.(2007)	- How do international retailers and cash and carry wholesalers select markets for international expansion? - How can market selection be designed in a strategic step-by-step procedure?	- Past literature on market selection - Decision process models	- N = 1 international retailer and wholesaler - Qualitative analysis based on management interviews	- A stage models for market selection is presented, starting with pre-decisions for market selection - The subsequent detailed market selection procedure can be summarized in three steps: 1. Inter-country market selection (funnel approach: preliminary country evaluation, knock-out criteria, scoring models, ranking); 2. Adjustments through management decisions (gaps in portfolio, synergies, trade-offs); 3. Country-specific market selection (three-step feasibility-study).
Waarts and van Everdingen (2006)	- To what extent are the historical expansion patterns of retailers that operate across Europe driven by cultural factors? - Can these patterns be explained based on cultural clusters?	- Cultural frameworks by Hofstede and Hall - Internationalization stage models	- N = 9 fashion retailers' market entries across 16 countries - Descriptive and cluster analyses	- A cultural map is developed in which three cultural country clusters are identified. - Foreign expansion is driven by geographical and cultural proximity, however, geographical proximity is of special importance during the first stage of expansion; cultural proximity in the following stages. - Retailers fist expand within their own cultural cluster before entering further and more distant cultural clusters.
Gripsrud and Benito (2005)	- Which countries are being selected when a retailer goes abroad? - What factors explain the pattern of foreign expansion pursued by retailers?	- Economic spatial-interaction models	- N = 470 entries 86 retailers in 39 countries. - Logarithmic regression model	- The selection of foreign markets is influenced attractiveness factors and distance. - Retailers first enter closer, but may then move on to geographically and culturally more distant countries. - Attractiveness factors like a high customer concentration are important at both the early and the intermediate phases of internationalization.

Figure A—1: Literature review on market selection and internationalization patterns

Source: Own creation.

Because retailers need to be physically present and operate their format in each host country, every market entry means a high commitment and risk. Retailers hence select their countries for market entry carefully. Based on an example of the Metro Group, Swoboda et al. (2007) point out how complex the related decisions processes can be, by showing the firms' three stage systematic country selection procedure.

Scholars have addressed the role of a number of host country characteristics as antecedents of market selection. First, the relevance of several economic attractiveness factors has been identified, mostly based on economic theories (i.e., market size, purchasing power, or market growth and growth potential, e.g., Alexander et al. 2007, 2011; Gripsrud and Benito 2005; Sakarya et al. 2007). Second, also regulative and administrative environments of potential host countries were addressed from an institutional perspective (e.g., a countries' governance system, rule of law, entry regulations or legal and regulatory risks, Aliouche and Schlentrich 2011; Hoffman et al. 2016; Schu and Morschett 2017). Third, the role of geographical and more prominently cultural distance is pointed out. However, only few studies conclude that a low distance generally makes a country more attractive (Alexander et al. 2007; Gripsrud and Benito 2005). Other scholars refer to behavioral or learning theories and highlight how the role of distance varies over time. Lynn et al. (2014) or Lopez and Fan (2009) show, that retailers prefer closer countries only in earlier stages of internationalization while the preference chances at later stages. Schu and Morschett (2017) as well as Waarts and van Everdingen (2006) explain that market based learning occurs during internationalization process, which helps retailers to cope with additional distance at higher degrees of internationalization or experience.

Beyond learning and knowledge, further firm characteristics determine retailers' market selection and expansion patterns. Smaller retailers with less resources evaluate the challenges of potential target countries differently than larger retailers (Hutchinson et al. 2009). Furthermore, only retailers with higher resource endowments are able to enter several distant countries at once or within a short period of time (Mohr and Batsakis 2017a) and generalist retailers follow different expansion patterns, than specialist retailers (Etgar and Rachman-Moore 2010). Finally, Pederzoli and Kuppelweiser (2015) analyze retailers' expansion patterns before and after a global economic crisis and find changes in response to such overall environmental conditions.

In conclusion, although certain country characteristics appear to make countries more or less attractive for retailers, market selection and expansion patterns are still very individual to each firm. The literature leaves a number of gaps. First, being present in a country is only one dimension of the expansion decision. Most of the above studies do not consider how strongly a retailer commits to a market or how intensely a market is penetrated. More importantly, all of the above work only implicitly assumes that market selection decision are taken with a firms' long term survival and success in mind. Still, this research does not provide any evidence on which markets yield the best performance outcomes or how such outcomes may vary for different retailers operating in the same foreign market.

2.3. International Strategies and Firm-specific Advantages

International strategies include all strategies adopted by a firm, in order to efficiently generate, transfer and exploit firm-specific advantages (FSAs) across borders while coping with the additional challenges arising from international operations (in line with e.g., Harzing 2000; Rugman and Verbeke 1992). As Figure A—2 shows, studies address the international transfer of retail formats, impediments to such transfers and the strategic roles of resources and capabilities which build the basis for FSAs.

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Burt et al. (2016)	- Can the concept of embeddedness be applied to retailer internationalization? - How do retailers transfer and adapt their business model when embedding in institutional environments?	- Embeddedness concept	- N = 1 international non-food retailer - Qualitative case study analysis with management interviews	- Three categories of embeddedness occur: societal embeddedness (in the firms' internal history), network embeddedness (in the firm's network of partners) and territorial embeddedness (in the local country). - Retailers' international strategies balance three processes to execute these types of embeddedness: transfer of culture and governance (societal) negotiations with supply chain partners (network) and adaption of local practices (territorial embeddedness).
Swoboda et al. (2014b)	- Can different international strategy clusters be identified among international retailers? - Are there differences in the performance outcomes between the clusters?	- Integration-Responsiveness Framework	- N = 90 international retailers - Two-step cluster analysis	- Retailers use all four strategies from the Integration-Responsiveness framework. - No strategy can be identified as clearly superior overall, but between sectors different tendencies occur. - Preferences for the strategies differ across sectors, food retailers successfully apply multinational or transnational strategies while non-food retailers more successfully apply global or transnational approaches
Frasquet et al. (2013)	- How do dynamic capabilities of retailers affect retailers post entry development? - Which different dynamic capabilities are relevant to this development?	- Dynamic capabilities conceptualization - Internationalization process models	- N = 5 international retail firms - Qualitative analysis based on management interviews and descriptive data	- Two levels of dynamic capabilities can be separated. - First level dynamic capabilities (entrepreneurial vision, knowledge acquisition and adaptation capability) are relevant to the internationalization process in general and second level dynamic capabilities (customer relationship management, brand building, location management and channel management) are linked to particular strategies used by individual retail firms as they internationalize.
Jonsson and Foss (2011)	- How do international replicators build a format for replication? - How do these replicators can adjust the format in order to adapt to local environments and under the impact of new learning?	- Replication as strategy view	- N = 1 international non-food retailer - Qualitative analysis based on management interviews	- Description of the flexible format replication approach - Ikea applies a design hierarchy of higher order features, which stay fixed across countries and lower order ones which are adapted. - To manage flexible format replication successfully, efficient knowledge flows are needed. - A company must have gone through explorative and exploitative stages of replication before being able to employ flexible replication.
Chan et al. (2011)	- Which contribution do the specific capabilities have on international retailer's performance? - Which external (host-country-specific) factors influence sales growth and ROI?	- Resource based view - Economic views on market attractiveness factors	- N = 200 largest retailers in terms of sales. - OLS Regression (separate for internal and external factors)	- The internal factors do not have an influence on ROI. - Retail portfolio management (number of formats) and experience (number of international markets served) have a negative influence on sales growth. - Expansion speed positively affects sales growth. - No external factors show an influence on ROI. - The level of development and country income have significant positive effects on sales growth, while population and country risk have no influence.
Gamble (2010)	- To what extent do Japanese retailers attempt to transfer their home country practices to China? - Which factors facilitate or constrain the transfer of organizational practices?	- Various approaches on the transfer of organizational practice	- N = 8 Japanese retailers operating in China - Qualitative analysis based on management interviews	- Single approaches, such as business systems, culturalist, industry sector, agency or international division of labor perspectives are inadequate to explain the complex patterns of organization practice transfer. - Context specific, firm level perceptions of sources of competitive advantage are the crucial motive to transfer home country practice into the host country. - Crucial constrains for transfer arise from practices and norms in the host market.

Figure to be continued.

Figure A—2 continued

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Bianchi (2009)	- How can retailers from emerging markets compete internationally? - Which resources and capabilities can help emerging market retailers to overcome their disadvantages?	- Resource based view	- N = 1 emerging market fashion retailer - Qualitative analysis based on management interviews	- Resources and capabilities, such as organizational learning, local and regional partnerships, adaptations to local conditions, innovation orientation and experienced managers allow retailers from emerging markets to internationalize successfully. - Emerging market retailers have advantages when entering other emerging, i.e., retail concepts that were already designed for the economic development and institutional context of emerging markets.
Cao and Dupuis (2009)	- How do core competencies affect the internationalization of retail firms? - Which competencies are related to which strategies the host country?	- Core competencies approach - Grounded theory	- N = 18 international retailers' subsidiaries in China - Qualitative case study analysis with management interviews	- Different competencies are associated with different strategies: replication competencies with standardized strategies; competencies in understanding consumption habits with adapted strategies; competencies in integration and coordination with cost leadership strategies; competencies in retail concept management with a differentiated strategy; competencies in external relations with branding strategies and competencies in flexibility with penetration strategies.
Burt et al. (2008)	- How can international retail activities be classified and categorized? - Are there similarities in the patterns and processes of the internationalization of retail firms?	- Various economic and behavioral theories on decisions in the internationalization process	- N = 3 international grocery retail firms - Qualitative and descriptive analyses based on various secondary data	- No single international strategy or approach but different patterns, geographical spreads and periods of retrenchment and reconsideration of activities occur. - There is a general need for responsiveness, but it is sought after via different routes. Also, the locus and degree of managerial autonomy and empowerment varies from the chain to the format to the regional level and various mechanisms for knowledge transfer and best practice dissemination are employed.
Pederzoli (2006)	- Which are the most important components of a successful strategy in retailing? - How important is each identified component in connection with the others?	- Various economic and behavioral theories on decisions in the internationalization process	- N = 37 western retailers over ten years - Qualitative analysis based on an systematic review of press articles	- Four components of the Internationalization process are identified: location/management, culture, entry and growth, other important elements. - Fundamental variables for successful internationalization strategies are: original and well-defined format, centralized organization, strong control of distribution channel, global marketing strategy, global positioning, offensive orientation, large financial resources.
Girod and Rugman (2005)	- Can flagship-network support the successful internationalization of retailers? - Do different geographic scope and advantages affect the role of flagship-networks?	- Transaction cost theory - Internalization theory - Concept of firm-specific advantages	- N = 3 international retailers - Qualitative analysis based on management interviews	- Flagship-network are networks between the retailer, key suppliers, key partners, selected competitors and key organizations in the non-business infrastructure. - Flagship network strategies help to overcome internal and environmental constraints to resource transfers, which hamper foreign direct investment. - Flagship relations of retailers have different reasons and depend on the firm's endowment with transferable firm-specific advantages.

Figure A—2: Literature review on international strategies and firm-specific advantages

Source: Own creation

In order to operate internationally, retailers needs to transfer their retail format abroad. Scholars frequently highlight that retailers' business models are highly embedded in local environments, such that a simple replication or transfer of retail formats is not possible (Burt et al. 2016; Gamble 2010; Girod and Rugman 2005). Still, few studies demonstrate how at least certain parts of a retail formats are replicated across borders. Jonsson and Foss (2011) identify core elements that are internationally replicated, while peripheral elements are adapted. Also Gable (2010) analyses which organizational practices are replicated, and identifies those that are most important for a transfer of firm-specific advantages.

The important role of such advantages is highlighted in several studies, which point the strategic role of diverse endowments with resources, competencies or

capabilities. Frasquet et al. (2013) identify that dynamic capabilities affect the internationalization process and strategies. Also Cao and Dupis (2009) identify a link between retailers' core competencies and different strategies in the international context. Bianchi (2009) points out, which resources help emerging market retailers in their international activities and Girod and Rugman (2005) show that networks with partners can support retailers' transfer of firm-specific advantages. Still, because retailers and environmental challenges are diverse, there are only cautious attempts to categorize international retailers' strategies. Burt et al. (2008) conclude that the various routes and mechanisms cannot be clearly categorized, while Pederzoli (2006) lists important components of retailers' international strategies, which however occur in various manifestations.

Still, only Swoboda et al. (2014b) provide initial insights on international strategies' possible impact on performance, referring to the prominent I/R-framework. The authors show different strategy preferences of successful retailers' within between different sectors. Chan et al. (2011) relate certain capabilities to international retailers' performance but do not draw a clear link to international strategies in relation to these capabilities.

In summary, retailers need to find ways to generate and internationally exploit advantages while this is particularly challenging due the local embeddedness of their business. Extant research only provides initial insights on solutions for this issue and conceptual disagreements occur. While some studies conceptualize international strategies as being firm-specific (e.g., Burt et al. 2008; Pederzoli 2006), others have regarded individual subsidiaries in order to draw inferences to retailers' international strategies (e.g., Cao and Dupuis 2009; Gamble 2010). Furthermore, while endowments with resources or capabilities are often linked to strategies, a clear link between strategies and possible ways to implement them has not been drawn. This is an important gap, given the complexity of the transfer of retail formats and the diversity of possible advantages entailed in these formats.

2.4. Coordination

Coordination encompasses the linkages a firm establishes between its geographically dispersed units in order to ensure an alignment of local activities with the objectives of the organization (in line with e.g., Cray 1984; Kim et al. 2003; Swoboda and Anderer 2008). As shown in Figure A—3, researchers have highlighted mostly structural, fewer also cultural and systemic coordination mechanisms and highlight the roles of learning and knowledge transfer.

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Pioch and Gerhard (2014)	- How do international retailers define their organizational cultures, codify and transfer them into practice? - Do they homogenize organizational cultures across borders?	- Past literature on organizational Culture - Resource based view	- N = 9 non-food retailers - Qualitative case study analyses based on information from company websites	- Each company either directly or indirectly postulates and aspires to a specific organizational culture and communicates mission and vision statements. - Cultural aspirations vary slightly depending on the sector , company structure and country of origin - A view that retailers' organizational culture within and between countries become increasingly homogenized can be supported. This also points to the development of a retail industry-specific macro culture.
Cao and Pederzoli (2013)	- How does the institutional environment affect international retailers' local operations? - How do international retailers strategically respond to institutional environments of emerging market?	- Institutional Theory - Grounded Theory	- N = 18 international retailers in China - Qualitative case study analysis with management interviews	- International retailers tend to choose decentralization strategy while the psychic distance between the home country and host country is high. - Retailers need to commit to cultivating local markets by investing in training for local employees to transfer and acquire skills and competences, e.g., in accounting, finance or distribution procedures. - New entrants need to create added shared value by bringing new technologies to local industries.
Miozzo and Yamin (2012)	- What are the determinants of headquarters-subsidiary relationships in service multinationals? - How do these responsibilities vary for different service sectors (including retailing)?	- Resource dependence theory	- N = 8 international service firms including two retailers - Qualitative case study analysis	- General pressures for coordination of processes and global supply chains reinforce centralization. - Institutions and regulations influence headquarter subsidiary relations; regulatory conditions in the host country may strengthen headquarters' control or force local partnerships and increase subsidiary autonomy. - Sectors, which serve local clients, such as retailing act less centralized, than those whose multinational operations are designed to serve global clients.
Tran et al. (2010)	- How do knowledge flows from headquarters influence subsidiary performance? - How do the effects differ depending on quality, quantity and timing of knowledge flows?	- Knowledge-based theory	- N = 105 sales subsidiaries of a global fashion-retailer - Non-linear regression	- Knowledge flows from headquarters have a significant, visible effect on subsidiaries' sales performance. - The impact of information quantity on performance is curvilinear; performance increases with more information but only until up to a certain level. Beyond that level, effect turns negative. - Quality and timing of knowledge flows have a positive influence on subsidiary performance.
Wang (2009)	- How do retail managers learn in international markets? - How is knowledge exchanged between subsidiaries in different markets?	- Concept of federative view of the multinational corporation	- N = 1 international retailer - Qualitative case study analysis with management interviews	- Subsidiaries often do not gain autonomy only by learning from headquarters or from direct experience in the host country. They also seek ways to accumulate additional know-how from other subsidiaries. - The choice of learning partners is mainly influenced by the perception of distance between markets (especially in the initial stages of local market development) and less licensee or investment relationships.
Swoboda and Anderer (2008)	- Which structural, systemic, and cultural instruments do retail firms use to coordinate international activities? - Do coordination patterns vary for firms in different competitive strategy clusters?	- Systems theory - Contingency theory - Porters' competitive strategies	- N = 60 international retailers - Cluster analyses and group comparisons with data from a management survey	- On the level of the three dimensions of coordination, retail firms make most intensive use of systemic coordination. This is followed by structural and, at least, by cultural dimensions and instruments. - The more holistic view of successful strategy–structure–systems–culture archetypes shows that systemic coordination/monitoring is very important in all strategy/performance gestalts, while substantial differences in cultural coordination occur.
Palmer (2005)	- How do international retailers learn from experience? - How does the knowledge acquired from experience inform their decisions?	- Learning theory	- N = 1 international retailer - Qualitative case study analysis with management interviews	- Uncertainty or "shocks" in the international retail marketplace facilitate learning while the size of the domestic market inhibits change and so disables international learning. - How far lessons learned from international experiences for future expansion are applied depends on the company's capacity to identify the sources of international learning in different contexts, and to absorb and institutionalize this knowledge.
Palmer and Quinn (2005)	- How can effective learning be realized in international retail firms? - How can international retailers experiential learning be conceptualized?	- Learning theory	- None/ Conceptual	- Framework of four components: 1. Dimensions of international retail experience, 2. Degree of leaning, 3. Locus of learning diffusion and 4.Outscomes - 1. Includes the internal strategic, external strategic processes and internal operational functions; 2. is separated into adaptive and generative learning; 3. includes forward, reverse, receptive and extrinsic learning diffusion; 4. relates to direction of international operations, and momentum of timing of decisions.

Figure A—3: Literature review on coordination

Source: Own creation.

Literature on the international configuration of retailers value chain activities or supply networks, albeit somewhat related, is not further considered in this summary (e.g., Cambra-Fierro and Ruiz-Benítez 2011; Coe and Hess 2005; Swoboda et al. 2008).

The most comprehensive work is presented by Swoboda and Anderer (2008) who identify structural, systemic and cultural coordination mechanisms and indicate that retailers' performance might be related to such mechanism. Structural mechanisms are also addressed by Miozzo and Yamin (2012) and Cao and Pederzoli (2013), who analyze subsidiary-headquarter relations and point out that the degree of centralization or decentralization may depend on cultural distance of or regulations in host countries. Cultural mechanisms are analyzed by Pioch and Gerhard (2014), who show how international retail firms actively pursue a homogenization of their organizational culture between countries.

Further work highlights the roles of learning and knowledge transfers in the international context. Initially, knowledge is transferred from the headquarters to host countries, for example by specific training programs (Cao and Pederzoli 2013). Tran et al. (2010) show how such knowledge flows can affect retail subsidiaries' performance and thus provide an initial indication to the performance implications of coordination mechanisms. Still, local subsidiaries also learn from experience and such experiential learning can be dispersed throughout the company (Palmer and Quinn 2005). Learning can be facilitated by local partnerships (Wang 2009) but also by uncertainties in the external environment, which force retailers to find for new solutions locally (Palmer 2005).

These studies provide initial insights into international retailers' coordination mechanisms. Still further research is required, because they are mostly based on qualitative analyses of small samples. Apart from the studies by Swoboda and Anderer (2008) and Tran et al. (2010) no quantitative insights on coordination mechanisms or their possible impact on international retailers' performance exists. Furthermore, only vague links of coordination to international strategies are drawn, although intense interrelations and a need for alignment are known from research in other industries (e.g., Grøgaard 2012; Kim et al. 2003).

2.5. Adaptation and Standardization Decisions

The degree of adaptation or standardization describes the extent to which practices or elements of the marketing mix are different or similar abroad compared to the retailer's home country (Swoboda and Elsner 2013; Zou and Cavusgil 2002). The studies summarized in Figure A—4 have pointed out the role of host country conditions or psychic distance for local adaptation and standardization

decisions, different degrees of adaptation for marketing mix elements, connections between the marketing mix and back end processes, as well as developments in the adaptation of the marketing mix over time.

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Liu et al. (2016)	- How do luxury fashion retailers' manage the standardization-localization dilemma in their internationalization? - How do they deal with this dilemma in the specific context of China?	- Concept of value perceptions - Diverse views on standardization and adaptation	- N = 22 luxury fashion retailers in China - Qualitative case study analyses based on management interviews	- Foreign luxury retailers balance the global–local dilemma in China by implementing more adaptive marketing communications than in other mature markets. - At the same time, foreign luxury retailers retain tight strategic control of key branding dimensions at head offices in their home markets, as part of a successful long-term luxury brand management strategy. - Over localization may cause confusion over brand identity and country of origin.
Swoboda and Elsner (2013)	- How do standardization or adaptation of processes and offerings affect retailers' performance in the host country? - Is the effect of processes mediated by offerings?	- Flexible format replication approach - Profit maximization theory	- N = 102 retailers in two countries each - PLS-based structural equation modelling	- Retailers transfer offers (marketing mix elements) and processes (supply chain and marketing differently and hierarchically, separating core and peripheral elements of processes and offerings. - Standardization of core marketing program elements and adaptation peripheral marketing elements increase performance. - The processes are only indirectly associated with performance but their effect is mediated by the offerings.
Coe and Lee (2013)	- How can retailers ensure sustained growth in a host country by strategic localization? - Which connections with the host economy and society occur over time?	- Embeddedness concept	- N = 1 international grocery retailer - Qualitative case study analysis with management interviews	- Post-entry dynamics in host retail markets occur, demonstrating that strategic localization not static, but a dynamic set of processes that evolve through time and in relation to the changing competitive conditions in the host market. The dimensions of change identified are driving format innovation and adaptation, deepening and reshaping supply networks and expanding the retail offer by including new services and interacting with the local culture and community.
Burt et al. (2011)	- Can retailers with a global strategy standardize marketing mix elements between countries? - Does the degree of standardization vary in countries with different cultural settings?	- Diverse perspectives on standardization and adaptation	- N = 1 international non-food - Qualitative case study analysis with management interviews	- Despite a standardized concept (low price, centralized sourcing, central design etc.), some parts of the marketing mix need to be adapted. - Adaptations arise from the length of time in the market, consumer cultures, subsequent exposure to the market and growing experience. - Standardization in international retailing should be considered from the perspective of replicating the concept, rather than replicating the activities.
Wigley and Chiang (2009)	- How does the retail marketing mix of a fashion retailer vary between countries? - Which role do overarching strategies and environmental differences play for adaptation decision?	- Diverse perspectives on standardization and adaptation	- N = 1 international fashion retailer - Qualitative case study analysis with management interviews	- Adaptation of certain marketing mix elements should be guided by monitoring activities of differences between markets. - Adaptations should be undertaken for price, advertising and product range. - Maintenance of global consistency in product design and brand image is important; Furthermore, also shelf space and store layout, logistics, information and customer relationship should be standardized.
Tacconelli and Wrigley (2009)	- Which organizational challenges occur for retail firms China? - Which adaptations and strategic responses do the retailers use to cope with these challenges?	- Embeddedness concept	- N = 40 international retailers in China - Qualitative case study analysis with management interviews	- Strategic challenges lie in the need to embed retail operations in China's real estate market, logistics and supply network as well as consumer culture. - Consumer culture needs high adaptation while logistics and supply network can be mostly standardized - Degree of adaptation varies between the retailers hence, there is not a single optimal strategic response to the challenges.
Yahagi and Kar (2009)	- How does the cross-border transfer of business models occur in railing? - Does the adaptation of business format elements follow a continuous creative process?	- Management process approaches	- N = 1 international retailer in three countries - Qualitative case study analysis with management interviews	- The transfer of the business format across borders involves a process of continuous creative adaptation, in which small managerial innovations take place continuously and cumulatively. - Continuous adaptation was triggered by two major changes in the retail offer: a shortened cycle of high-variety, small-lot inventory and a shift of mainstay products to fast foods and daily delivered foods.
Evans et al. (2008)	- How does psychic distance affect retailers' local performance? - How is this relation mediated by entry and adaptation strategy?	- Concept of psychic distance	- N = 102 non-food retailers worldwide - Path model with mediation analysis	- Psychic distance affects local performance directly and via the mediating variables. - The relationship of psychic distance and financial performance is mediated by retail strategy adaptation. - The effect of psychic distance on performance as strategic effectiveness is mediated by entry strategy.

Figure to be continued.

Figure A—4 continued

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Aoyama (2007)	- Does structural paradox occur due to forces for adaptation and standardization? - Does this structural paradox prevent retailers from accomplishing vertical and horizontal oligopoly?	- Concept of global oligopoly - Various views on standardization/adaptation	- N = 2 international retailers in Japan - Qualitative case study analysis with management interviews	- Contradictory forces for localization and standardization complicate international retailers' front-end and back-end operations. - International retail firm fail to transfer their low-cost retailing strategy; their high market share elsewhere does not create a pressure to introduce their sourcing and supply chain practices in foreign countries. - However, the necessary local adaptations go against their trademark corporate strategies.
Fam and Yang (2006)	- How is promotion budget allocation of small retailers affected by environmental uncertainty? - Do budget allocation decisions and outcomes vary between countries?	- Environment-strategy-performance-paradigm	- N = 337 retail stores of small retail chains in two countries - SEM in two separate country groups using LISREL	- Between countries the use of in-store-promotions and outdoor-promotions varies, but still in both countries of in-store-promotions are more popular than outdoor-promotions in both countries. - The effect of environmental uncertainty on budget allocation varies between countries. - When environmental uncertainty is increasing, allocating more budget to outdoor-advertising will lead to a significant positive change in market share.
Coe and Lee (2006)	- How do international retailers adapt their offerings to various cultures of consumption? - How do international retailers manage the connections to the local supply base?	- Theory of the global production network	- N = 1 international grocery retailer - Qualitative case study analysis with management interviews	- High degrees of adaptation occur for product design, sourcing, employment and strategic decision-making. - The adaptations require connections to local suppliers and understanding of cultural market conditions. - Strategic localization of retailers needs to be conceptualized as a dynamic that evolves over time. - Localization has a two-way dynamic with a wider impact on the parent corporation.
Bianchi and Ostale (2006)	- What explains successful retailers' failure in particular in emerging markets? - Which mistakes are made by retailers in host countries?	- Institutional theory	- N = 4 international retailers in Chile - Qualitative case study analysis with management interviews	- Retailers fail if they not adapt their retail format to the local market's norm and if they do not acquire legitimacy in society, meaning from consumers, competitors, suppliers, retail executives and the business community. - Expatriate managers sent from the home countries may not sufficiently integrate into local society or understand local business and consumption practices.
Evans and Bridson (2005)	- How does particularly psychic distance affect adaptations of the retail offer?	- Concept of psychic distance	- N = 102 international non-food retailers - SEM in two country groups	- Perceived psychic distance influences the adaptation of the marketing mix positively. - In detail market structure, business practices and language enhance the degree of adaptation. - No significant influence on retail offer adaptation occurs cultural, legal, politic and economic distance.

Figure A—4: Literature review on standardization and adaptation

Source: Own creation.

While global standardization would be the most efficient option, a need for local adaptations arises from differences in host countries' environments. Evans and Bridson (2005) show that an increased psychic distance leads to higher marketing mix adaptations. In a subsequent study, Evans et al. (2008) also point out, that the effect of psychic distance on retailers' local performance might be mediated by adaptation decisions. Bianchi and Ostale (2006) specify further, that adaptations are required in order to gain legitimacy in local institutional contexts. Fam and Yang (2006) add, that higher uncertainties in specific markets might lead to different preferences regarding retailers' promotional activities.

Still, because adaptations are effortful and costly, certain elements of the marketing mix are often standardized. Studies find differences in the degree of adaptation or standardization of different marketing mix elements. Liu et al. (2016) show that luxury retailers need a standardized branding but still adapt commu-

nications. Wigley and Chiang suggest standardization of branding, product design, or store layout but adaptation of communications, price and product range. Burt et al. (2011) observe similar hierarchies in marketing mix elements and conclude that retailers should replicate a concept instead of replicating activities. Swoboda and Elsner (2013) show different relations of different marketing-mix elements to retailers local performance. While for core elements, standardization positively affects performance, for peripheral ones adaptation does.

The authors furthermore point out that retailers' adaptation decisions are affected by their back end processes, as also indicated in previous studies. Taconelly and Wrigley (2009) suggest, that adaptations in the marketing mix should be designed such that standardizations in logistics and supply networks can be maintained. In contrast, Aoyama (2007) shows how retailers were unable to transfer their pricing strategies to Japan, because their supply chain practices could not be replicated in the local context. Due to these internal interrelations and necessary relations to local partners, Coe and Lee (2006; 2013) point out that adaptation needs to be regarded as a dynamic that evolves over time. Yahagi and Kar (2009) describe such a dynamic of adaptations as a continuous innovation process involving the whole organization.

This research highlights the challenge for international retailers to find a balance between efficient standardized processes and adaptations to local consumer needs and business or institutional environments. However, again gaps can be identified. First, most of the studies are qualitative analyses of one or few retailers within a specific host country. Quantitative evidence including comparisons of several countries are scarce. Furthermore, adaptation and standardization decisions have been discussed in relation to back end processes and distance but rarely in the context of a retailers' overall international strategy.

2.6. Consumer Perceptions and Expectations

In this section, extant literature on the perception of and expectation towards international retailers by local consumers in retailers' host countries is reviewed. Figure A—5 summarizes the work in the field, which covers a number of different perspectives. It includes only studies which explicitly analyze consumers' perceptions and expectation towards foreign retailers. Studies address the consequences of a mismatch between consumer expectations and retailers' offers or practices, analyze how images and attitudes towards international retailers' brands are formed in host countries, point out the role of country of origin perceptions and disclose difference in consumers stores decision criteria in relation to international retailers. Studies focusing private label products only, like those by Diallo (2015) or Diallo et al. (2012), are not considered.

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Diallo and Cliquet (2016)	- How is international retailers' store image perceived across different emerging markets? - How are these perceptions related to customer characteristic and knowledge cues?	- Signaling theory - Consumer learning theory	- N = 505 consumers in Brazil and Vietnam one grocery retailer - ANOVA based on latent constructs	- Emerging market customers positively assess modern retail stores and consider services, merchandise, and store layout. - Differences and similarities between countries for store image and image attributes/dimensions occur. - Customer knowledge of retailers affects store image perceptions in both countries. - Significant differences arise due to age, gender, and education, but not concerning household income.
Zielke and Komor (2015)	- Which differences in price–role orientations occur between developed and emerging markets? - How do these differences influence store format preferences?	- Information economics - Time allocation theory - Theory of wealth an cultural change	- N = 323 consumers from Germany and Poland - ANOVA and moderated OLS regression	- Price-consciousness, value-consciousness, price-quality inferences and prestige sensitivity vary for functional vs. hedonic products and for high vs. low price products in developed vs. emerging markets. - Discounter preferences are higher in Germany for groceries and electronics but in Poland for clothes. - Hypermarket preferences are equal for groceries but higher for all other product categories in Poland.
Marujama and Wu (2014)	- How does a retailers' country of origin (COO) affect store choice? - Which role do the perceived importance of COO and support for local retailers play store choice?	- Diverse perspectives on Country-of-origin effects	- N = 500 consumers in China - Probit models	- Consumers perceive retailer COO and being supportive of domestic retailers as important factors when choosing between foreign and domestic retailers. - Still, consumers' perceived importance of retailer COO did not have a significant impact on consumer store choice behavior. - In contrast, consumers' perceived importance of supporting domestic retailers has a negative effect on consumers' choice of foreign retailers.
Kan et al. (2014)	- Which role does country image have for consumers' hypermarket patronage intention in China and Spain? - Do cultural differences affect this role?	- Theory of reasoned action - Hofstede's cultural dimensions	- N = 563 consumers in Spain and China - Structural equation modelling	- In Spain, country image has a direct effect on consumers' hypermarket patronage intention while in China this effect is indirect. - Spanish consumers tend to rely more on the experience attributes of a hypermarket store and are less likely to be affected by subjective norms. - In contrast, Chinese consumers have stronger ethnocentric tendencies than Spanish consumers.
Swoboda et al. (2014a)	- Which role do core attributes of particular formats play in determining retailers' local positioning in inter-format competition? - How does this role vary in developed vs. emerging countries?	- Associative networks	- N = 2,459 consumers in Germany and Romania - Multi-group structural equation modelling	- Consumer perceptions of format specific core attributes differ between formats in Germany and Romania, while most of the core attributes of the formats affect retail brands with equal strength in both markets. - Additional country-specific attributes are also relevant to varying extents, depending on the particular format that is used. - Retail brand equity determines loyalty to all formats in both countries.
Paswan et al. (2010)	- Which motives affect consumers' preference for and spendings at small domestic vs. larger international retailers' stores? - Are such effects moderated by gender?	- Theory of reasoned action	- N = 981 consumers in Mexico - descriptive, regression	- Familiarity and functional benefits positively motivate the consumers' preference for small domestic stores and their portion of spending. - Functional benefits of larger stores of international retailers negatively motivate the small store choice and the portion of spending. - Women associate large stores with greater functional benefits and greater support for the local economy.
Pioch et al. (2009)	- Can Wal-Marts' failure in Germany be explained from an institutional perspective? - Which role does consumer acceptance of their market propositions play?	- Institutional theory	- N = 818 consumers from UK and Germany - Cox regressions; Mean value comparisons	- Wal-marts failure can be explained by a missing adherence to salient local norms in grocery shopping. - Norm adherence affects retail patronage and this effect is not clearly mediated by legitimacy. - Economic norms have a high relevance across different countries, while norm saliency between countries varies for further norms and social norms were less important than expected.
Gamble (2009)	- Which expectations do Chinese consumers have towards foreign retailers? - How can international retailers react in order to gain acceptance?	- Grounded theory	- N = 3 international non-food retailers China. - Interviews with staff in the stores.	- The demanding nature of Chinese consumers puts pressure on international retail firms, to provide good quality products at low prices. - Improved customer service can improve differentiation; this requires attention to staff recruitment and training. Chinese customers' expectations constitute demand side pressures to up-skill service workers.
Chaney and Gamble (2008)	- Which influence does retail store ownership have on consumer perceptions in China? - Does this effect vary for regions and demographic groups?	- Diverse perspectives on Country-of-origin effects	- N = 1010; consumers in China - Descriptive and Chi-square tests	- Demographic factors are important when Chinese consumers evaluate stores from different countries of origin, especially, young, higher educated and higher income receiving consumers are more attracted to foreign than to locally owned stores. - Shanghai's consumers rate foreign owned stores more attractive than Chengdu's consumers.

Figure to be continued.

Figure A—5 continued

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Merrilees et al. (2007)	- Which differences exist in how retailer brand attitudes are realized across countries? - Do brand attributes equally affect store loyalty?	- Service quality models	- N = 454 consumers in Estonia and Canada - Multi-group Structural equation modelling	- For brand attitude formation, consumers from both countries are strongly guided by personal service. - The role of store organization in influencing brand attitudes differs between the two countries. Price had a greater influence on brand attitudes in Canada. - Location was important as an influence on loyalty in both countries while the effect of brand attitudes on loyalty is positive but stronger in Canada.
Burt et al. (2007)	- How is a retailers' store image is perceived by consumers from different cultural backgrounds? - Which role do different degrees of awareness and experience with the retailer play?	- Diverse perspective on image formation	- N = 24 consumers - Qualitative analysis of experiments	- The company image is based upon a combination of "core" universally recognizable elements which contribute to image, and culture specific elements, which take on greater importance in specific markets. - Between countries, different interpretations and meanings attached to similar subjects/objects. - Familiarity increases shift the focus from a form-based view, to a more process-based view of image.
White and Absher (2007)	- How do retail store decision criteria of customers in Western EU states differ from Eastern EU states? - What are the salient attributes in both groups of countries?	- Diverse views on adaptation and standardization and image perceptions	- N = 1221 consumers from Western and Eastern Europe; - Factor analyses, Group comparisons	- In many of the tested dimensions, Eastern European customers have much higher expectations on retail stores than Western customers - Eastern European customers rated "style and quality" as the most important variable for store selection - Having a store where "location is convenient" was ranked significantly higher by Western, than Eastern European consumers.
Burt and Mavrommatis (2006)	- How do a retailers Image perceptions vary between countries? - Are absolute or relative image perceptions transferred across countries?	- Diverse views on adaptation and standardization and image perceptions	- N = 300 consumers in Spain and Greece - Factor analyses, Group comparisons	- Consumer perceptions of brand image differ between the host market and the domestic market. - Still, when the local competitive context is taken into account, the images across both countries are found to be perceptually distinct from the local competition and occupy a similar market position. - Rather than focusing on the transfer of a standardized retail image retailers should concentrate transferring their strategic market position.

Figure A—5: Literature review on consumer perceptions and expectations

Source: Own creation.

The relevance local consumers' expectations becomes obvious, when regarding cases of mismatch between retailers' offers with such expectations. Gamble (2009) shows how Chinese consumers' expectations forced international retailers to improve their services, in order to be accepted. Pioch et al. (2009) even conclude that a mismatch between German consumers' shopping habits and Wal-Marts' retail offer may have caused the firms' failure in the German market.

International retailers often struggle to gain local consumers' acceptance due to consumers' ethnocentrism. Maruyama and Wu (2014) report, that many Chinese consumers are skeptical towards foreign retailers and try support local stores instead. Chaney and Gamble (2008) report that ethnocentricity and its effect on retail patronage differ between different consumers segments and regions in China. Kan et al. (2014) provide further insights how a retailers' country of origin affects consumers' purchase behavior and identifies direct and indirect effects which vary between Spanish and Chinese consumers. Paswan et al. (2010) add, that Chilean consumers' preferences for domestic over international stores are party based on their higher familiarity and trust with domestic stores.

Additionally, also consumers' criteria for store and format choice may vary. Zielke and Komor (2015) report, that consumers' different price role orientations of between countries shape their preferences for discounters vs. hypermarkets when purchasing certain product categories. Furthermore, White and Absher (2007) report that the expectations regarding several elements of a retailers' marketing differ in Eastern compared to Western Europe.

Given these challenges for local acceptance and differences in expectations, several studies have addressed possible differences in brand images or attitudes and their formation between countries. Burt et al. (2007) analyze visual images of a retailer and find that consumers from different cultures may interpret such visual cues differently. Burt and Mavrommatis (2006) compare the retail brand image of Marks and Spencer between home and host country and find differences when regarding absolute perceptions of image dimensions. However, they find that the retailers' relative positioning in relation to its competitors remains mostly the same. Diallo and Cliquet (2016) use a similar approach and compare the image of hypermarkets operated by Casino Group in the two host countries Vietnam and Brazil. They find generally positive images in both countries but variations in how different retail attributes shape these images.

Merrilees et al. (2007) take a different approach by focusing on a specific retail format, while different retail firms represent this format in two countries. The authors show how brand attitudes towards discount department stores are formed and how such brand attributes affect consumer loyalty. The authors report differences between Canada and Estonia. Swoboda et al. (2014a) also compare specific formats between countries, while different retail firms represent these formats in two countries. They compare the effects of various retail attributes on retail brand equity (RBE, defined as consumers perceptions of a retail brand as being strong, unique and attractive) and RBE's effect on loyalty for discounters, hypermarkets and supermarkets between Germany and Romania. The results indicate, that format-specific core attributes exist, which dominantly influence RBE for each retail format and remain mostly stable in both countries.

The research markedly demonstrates the challenges international retailers face in order to cope with the skepticism of ethnocentric consumers, varying expectations and store selection criteria in their host countries. Still, few examples show, that retailers can still manage to position themselves as strong, attractive and unique retail brands in their host countries. The two groups of extant studies on brand formation and positioning however still suffer from a number of weaknesses. The former group only regard one specific retailer between countries and do not account for the role of different retail formats. The latter group addresses the formation of brand attributes or RBE for specific formats, but allows

different retailers to represent these formats in both countries. In such designs effects cannot clearly be allocated either to the role of the retail format or the specific positioning of the considered retailers.

2.7. International Retailers' Performance

International retailers' performance can be addressed on two levels. The first one refers to the implications of a retailer's international activities for the firms' overall performance. The second one addresses performance outcomes of the operations in specific host countries. As Figure A—6 shows, research in the former stream mostly mirrors the generic multinationality-performance debate (e.g., Hennart 2011; Nguyen 2017). Studies analyze, whether internationalization in general or the degree, speed or geographic scope of internationalization affect retailers' overall firm performance, while only one addresses the effect of international strategy in terms of I/R.

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Shi et al. (2017)	- How does geographic and format diversification affect retailer performance? - How do these to types of diversification interact?	- Corporate diversification theory	- N = 250 international retailers over 6 years - Generalized methods of moments regression	- A positive impact for geographic diversification on international retailers' Tobin's Q occurs. - Format diversification has a negative impact. - a negative effect for the interaction of both diversification strategies occurs, i.e., retailers should focus on one diversification strategy. - Additionally, certain format types might benefit more from geographic diversification than others.
Mohr and Batsakis (2017b)	- How does internationalization speed affect retailers' performance? - How is this relation moderated by geographic scope and international experience?	- Theory of the growth of the firm	- N = 110 international retailers over 10 years - Non-linear regression with FGLS estimator	- Between internationalization speed and firm performance an inverted U-shaped is found. - Rapid international expansion of firms' international sales operations is less beneficial if a firm is focused on a narrow range of overseas markets instead of international expansion across a wider range of overseas markets. - firms with higher levels of international experience benefit more from rapid internationalization.
Oh et al. (2015)	- How does inter- and intra-regional diversification affect international retailer's performance? - How is this effect moderated by product diversification?	- Three-stage paradigm of internationalization - Regional strategy theory	- N = 65 international retail firms over 14 years - Non-linear regressions	- Intra-regional diversification has an inverted S-curve relationship. - Inter-regional diversification has an S-curve relationship with firm performance. - Product diversification (i.e. a retail firm's diversification across its retail formats) has a negative moderating effect on the relationship between inter-regional diversification and firm performance.
Dimitrova et al. (2014)	- How does a retailer's international involvement by inter-regional diversification affect retailer performance? - Is this effect moderated by distance?	- Corporate diversification theory	- N = 16 major international retailers over 15 years - Fixed-effects OLS panel regressions	- Retailers operating in fewer regions outperform retailers that operate in more geographic regions. - Retailers that have operations in fewer geographic regions benefit from sales and management synergy resulting in competitive advantages. - Cultural distance between the home and host countries moderates the relationship between DRII and retailer performance.
Mohr et al. (2014)	- What is the effect of home region concentration on firm performance? - Do foreign entry timing, internationalization speed and international experience moderate this effect?	- Regional strategy theory	- N = 128 retail firms over time 15 years - Fixed-effects OLS panel regressions	- Economies of scope have a positive and significant impact on firm performance. - A direct positive effect of home region concentration on MNE performance can be found. - Positive moderating effects of being a first mover and of internationalization speed can be found. - The expected negative effect of international experience cannot be supported. Instead, a tendency towards a positive moderation can be observed.

Figure to be continued.

Figure A—6 continued

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Swoboda et al. (2014b)	- See Figure A—2			
Assaf et al. (2012)	- How does a retail firm's degree of affect performance? - How do mergers and acquisitions, age at entry to international markets or country of origin, moderate this influence?	- Organizational learning theory	- N = 43 store chains over 10 years - Frontier analysis with Bayesian estimator	- The relationship between the degree of internationalization and performance is U-shaped such that firms at lower levels or very high levels of internationalization perform better than firms at intermediate levels. - The impact of internationalization on performance is stronger for retailers, which internationalize through more extensive M&A. Retailers using M&A appear to achieve a higher level of cost efficiency that retailers that expand using their own resources.
Chan et al. (2011)	- See Figure A—2			
Etgar and Rachman-Moore (2008)	- How does international expansion influence retailers' sales volumes? - How does this effect differ for generalists vs. specialists and for retailers from the US vs. other countries?	- Past literature on the internationalization-performance link	- N = 200 international retailers - T-tests and OLS regression analysis	- Internationalized retailers do only generate slightly higher sales than domestic-only retailers do. - There is no significant difference between generalists and specialists concerning the impact of internationalization on performance. - Non-US-based retailers who enter international markets experience a greater increase in their sales volumes than do their US-based counterparts.

Figure A—6: Literature review on international retailers' overall performance

Source: Own creation.

Etgar and Rachman-Moore (2008) address whether retailers' sales grow faster from internationalization that from other growth options and find that the answer depends on the size of the domestic market. Assaf et al. (2012) find, that higher degrees of internationalization have a U-shaped effect on retailers performance, such that firms at lower levels or very high levels of internationalization perform better than firms at intermediate levels

Several studies regard international activities as a dimension of firm diversification and address the geographic scope of the activities across countries or regions in interaction with format diversification. Shi et al. (2017) report a positive effect of international diversification on performance but a negative interaction with format diversification. The authors furthermore point out, that certain formats benefit more from internationalization than others. Oh et al. (2015) report similar results regarding a negative moderation of format divarication on the internationalization-performance link. The authors further point out that the effects on performance might be inverted S-shaped instead of linear. Dimitrova et al. (2014) also adopt a diversification perspective and report better performance when international operations are limited to few regions only.

The analysis of advantages from operating across one or few regions only, originates in the theory of the regional multinational, which finds frequent application in retail research (e.g., Rugman and Girod 2003). Besides the already mentioned work by Oh et al. (2015) and Dimitrova et al.(2014), also Mohr et al.(2014) follow this perspective and find positive performance implications of a home region concentration. Retailers tend to perform better if the expand only in certain

geographic regions (e.g., with a certain continent or free trade area) than if they scatter their activities across several regions. Additionally the authors highlight a potential impact of internationalization speed, which is further specified as being inverted U-shaped by Mohr and Batsakis (2017b).

Only two studies address other antecedents of retailers overall performance in the international context. Swoboda et al. (2014b) analyze the existence of different international strategy gestalts based on the most prominent integration and responsiveness (I/R) framework. The authors cautiously conclude that food vs. non-food retailers are differently successful with different international strategies. Chan et al. (2011) analyze the effects of internal capabilities and characteristics of a retailers' first host country on overall growth and performance.

The second level at which international retailers performance can be analyzed is the local performance in specific host countries. As shown in Figure A—7 studies address the effects of adaptation and standardization, psychic distance, decisions at entry and knowledge flows on local performance.

Author(s) and year	Research question	Theory/ framework	Sample and method	Core findings
Swoboda and Elsner (2013)	- See Figure A—4			
Tran et al. (2010)	- See Figure A—3			
Evans et al. (2008)	- See Figure A—4			
Gielens and Dekimpe (2007)	- Do competitors' prior decisions affect retailers' decisions on their entry timing and size? - Does complying with the industry norm affect performance?	- Theories on Inter-organisational learning	- N = 75 international retailers in Eastern Europe - Sequential Hazard-Poisson regression	- Retail firms tend to copy entry modes and timing of previous entrants into a specific country. - Retail managers pay closer attention to the actions of their home competitors and react differently to same-format than to different-format competitors. - Deviations from prevailing industry practice in terms of timing and size, hurt the efficiency of retailers' operations in subsequent years.
Evans and Mavondo (2002)	- Is there a relationship between psychic distance and organizational performance?	- Concept of psychic distance	- N = 102 non-food retailers worldwide. - OLS regressions	- Out of the two components of psychic distance, business distance is positively linked to organizational performance, which indicates the existence of a psychic distance paradox, while cultural distance is not. - Disaggregation of the psychic distance construct in its two components increases its explanatory power.
Gielens and Dekimpe (2001)	- What are the effects of decisions at entry on retailers' local performance? - Which firm and host-country characteristics moderate these relationships?	- Diverse views on decisions at market entry	- N = 169 subsidiaries of 75 retail firms - Gompertz curve model	- Strategic decisions made at entry influence the foreign subsidiary's' future performance. - Higher long-run post-entry sales and efficiency can be expected when entering early, with substantial scale, using no partners or acquired assets. - Three of the host-market control variables have a significant impact: the population, the wealth and the transitional nature of the market, while the risks of emerging economies have lasting negative effects.

Figure A—7: Literature review on international retailers' performance in their host countries

Source: Own creation.

Focussing on local performance in the host country, two studies by Gielens and Dekimpe (2001, 2007) analyze decisions at entry and their longer-term effects on performance. Significant effects on long-term performance can be found for

order of entry (i.e., being an early mover), scale of entry (i.e. larger scale entries are more successful) and mode of entry (i.e. organic entry modes are most successful, Gielens and Dekimpe 2001). Furthermore, for second and late movers, positive effects of mimicking earlier entrants' behavior regarding entry mode and timing have been reported (Gielens and Dekimpe 2007). Furthermore, both of these studies include country-specific control variables in their models, which provide initial insights, that the host country environment might have a substantial impact on local performance.

Regarding the host country environment, a research focus has also been on distance, especially on psychic distance, which is defined as the perceived business and cultural distance from the managers' perspective. Evans and Movondo (2002) initiated the discussion about the role of psychic distance in the retail context. They report an unexpected finding, indicating that the retail firms in their sample actually performed better in more distant than in close countries. Further research however shifted away from merely focusing a direct effect of psychic distance on local performance. Evans et al. (2008) point out, that psychic distance affects retailers' decisions in the international context, namely entry modes and adaptations decisions, and these decisions in turn affect local performance outcomes.

The interaction of adaptations with the psychic distance of the host countries has been analyzed by Swoboda and Elsner (2013). In detail they compare between psychically close and distant countries, how adaptations of back end processes affect local performance via adaptations in the marketing mix. The authors report that retailers have core and peripheral processes and marketing mix elements. Although the effects slightly vary between close and distant countries they conclude, that the former should be standardized and the latter should be adapted in order to increase local performance. A further study on the local performance of retail outlets was conducted in the context of a vertically integrated fashion retailer (Tran et al. 2010). The authors analyze the role of knowledge flows for local performance. They find that the effect of such knowledge flows is positive, but varies depending on the timing as well as on quantity and quality of the transferred knowledge.

In summary, the above research has contributed substantially to the understanding of the performance implications of retailers' international activity. Still, the former perspective on international retailers' performance leads to vague managerial implications only. Top managers cannot ensure the success of international retail firms, simply by steering the overall degree of internationalization, number of countries of operations or geographic scope. Although these are

important decisions, the existence of a clear optimum for such decisions is questionable. As shown in the research on market selection (Lynn Childs and Jin 2014; Waarts and Everdingen 2006), retailers' ability to cope with more different or challenging environments might grow over time or with increasing degrees of internationalization or experience. Furthermore retailers' might be differently endowed with transferable FSAs or learn over time how to refine their format to facilitated replication in different contexts (Jonsson and Foss 2011).

Therefore, a focus on how to increase performance in each individual market is important. If retailers learn how to succeed locally in each host country's idiosyncratic environment, they might be able to push their current boundaries towards further successful internationalization. Extant research on local performance has already disclosed important levers for retailers' local success in their host countries. However, further questions still have to be answered. They arise for example from unclear performance implications of different international strategies, vague knowledge on how to actively manage and respond to local consumers' perceptions in each host country as well as limited extant findings on the role of environmental determinants for local performance outcomes.

2.8. General Research Objectives

The above literature review leads to several major conclusions, from which the objectives of this doctoral thesis are deducted. A major finding is that the studies explaining how retailers take their internationalization decisions clearly outnumber the studies that analyze how these decisions actually affect performance. Furthermore, many case study based approaches often provide qualitative insights and mostly relate to narrowly defined examples only. However, the multitude of different challenges highlighted in these examples shows, how individual international operations are to each firm and in each different target country.

Accordingly, an overall purpose of this thesis is to provide quantitative evidence on the antecedents of international retailer' performance, based on larger-N studies. An important requirement is to account for the individuality of retailers regarding their formats and resource endowments as well as the individual challenges in each host country to the best possible extent. Therefore, the focus in all further elaborations is put upon performance indicators, which relate to the outcomes in a specific host country. The detailed focus of each the three studies that comprise this thesis arise from the following gaps in the above research:

The first gap relates to the local performance implications of international strategies. First, a conceptual disagreement in the understanding of international strategies as being local vs. firm-specific hast been identified (e.g., Burt et al.

2008; Cao and Dupuis 2009). Furthermore, analyses of the coordination of local operations and their degree of adaptation or standardization do not draw clear relations to international strategies (e.g., Cao and Pederzoli 2013; Evans et al. 2008). This is an important gap because such decisions are often used to implement international strategies (as shown in other industries e.g., Harzing 2000; Lin and Hsieh 2010b). Finally, the performance outcomes of international strategies are still vague (see only Swoboda et al. 2014b, referring to the most prominent I/R framework), while for certain implementation decisions effects on local performance are known. Such effects may however vary in close and distant countries (Evans et al. 2008; Swoboda and Elsner 2013). A clear conceptualization of the performance implications of international strategies, in which overall strategy and local implementation are considered (as suggested by e.g., Grøgaard 2012; Haugland 2010), is still missing. Study 1 addresses this gap.

The second major gap arises from the focal nature of studies regarding the perceptions and outcomes of retail brands in the international context. Examples of variations in consumer expectations and skepticism towards foreign retailers highlight the importance of establishing locally strong retail brands (e.g., Kan et al. 2014; Pioch et al. 2009). Extant studies in the field indicate a varying importance of different retailer attributes for building strong brands. However, they either compare one retailer (Burt and Mavrommatis 2006; Diallo and Cliquet 2016) or one specific format (Merrilees et al. 2007) between countries only. This narrow focus limits the generalizability and does not allow for comparisons. Only Swoboda et al. (2014a) analyze three different formats between countries and show that different format-specific core attributes have a dominant impact on RBE for each format. However, their approach still aggregates data of different domestic and international retailers in both markets and does not disclose how such format-specific core attributes are relevant for individual retailers. In Study 2 therefore both perspectives are integrated, intra-format (e.g., discounters vs. hypermarkets) and intra-format (for specific retailers within these formats).

The third gap arises from the scarcity of research on the effects of host country environments on the local performance of retailers. Many studies have highlighted the role of environmental variables for market selection (e.g., Alexander et al. 2011; Aliouche and Schlentrich 2011; Gripsrud and Benito 2005) while only implicitly assuming that markets are selected with the firms' performance in mind. However, only initial evidence on the actual role of the multi-facetted local environment for retailers' performance exists (Chan et al. 2011; Gielens and Dekimpe 2001). Furthermore, differences in retailers' expansion patterns indicate that different formats and firms cope differently with environmental challenges (Etgar and Rachman-Moore 2010; Hutchinson et al. 2009; Mohr and Batsakis 2017a). However, an analysis, which comprehensively accounts for

general and format-specific environmental determinants as well as firms' different resource endowments, is still missing. In Study 3, this gap is addressed.

In summary the subsequent key research objectives are identified, which build the basis for the conceptualization and conduct of the three detailed studies:

(1) The first objective is to examine, how retailers balance their overall international strategies and local implementation in order to be locally successful, by analyzing strategy-implementation-performance paths and how such paths differ in close versus distant host countries.

(2) The second objective is to shed light on how stable the dominant role of format-specific core attributes is in affecting retailers' RBE between countries and whether the findings from the inter-format perspective also hold true from the intra-format perspective.

(3) The third objective is to analyze, how the general and format-specific environment in a retailers' host country affects retailer's local performance and whether firm-specific resources help to mitigate such effects.

Subsequently, each of the three key research objectives is addressed in a separate study in the subsequent chapters B to D. Each study raises more detailed research questions that relate to the respective objectives stated above and entails specific conceptual frameworks and analyses. All three studies relate to retailers local performance outcomes in their host countries. However, while in Study 1 and 3 directly retailers' local performance is analyzed, in Study 2, brand equity and consumer loyalty are addressed. Although these Indicators are not performance outcomes in a narrow sense, they are still considered as important performance indicators in marketing related research. Based on the results of the three studies, Chapter E provides a summary and a general discussion and points our theoretical and empirical implications. The structure and contribution of these three studies are introduced next.

3. Structure and Contribution of the Studies

3.1. International Strategy's Effects on Retailers' Local Implementation and Performance

Retailers have dynamically expanded abroad, first entering closer and subsequently more distant countries and need to balance their firm-wide international strategy and local implementations for success in each host country. In retailing, internationalization requires transferring a whole retail format abroad and is hence challenging (e.g., Goldman 2001; Rugman and Girod 2003). Strategic

options can be deducted from the I/R framework: Firms' can pursue integration by transferring FSAs across borders or responsiveness by generating new FSAs abroad (e.g., Grøgaard 2012; Rugman and Verbeke 1992). Still, local offers attract consumers to the stores, such that the local implementation is vital for local success. Therefore, the study analyses paths through which retailers' choice of I/R strategies affect local performance via two important local implementation decisions, standardization/adaptation and centralization/decentralization. Furthermore, such paths are compared between close and distant countries.

The motivation for Study 1 is twofold. First, the extant literature on I/R mainly focusses on strategy types, such as global, multinational or transnational (e.g., Bartlett and Ghoshal 1989, p.18; Lin and Hsieh 2010b; Prahalad and Doz 1981). Typologies can be criticized for conceptual disagreements and vague managerial implications (e.g., Devinney et al. 2000). Therefore, scholars call for analyses of I/R as distinct continuous strategy dimensions but provide only initial results (e.g., Grøgaard 2012; Haugland 2010; Venaik et al. 2004). Second, in the retail context, conceptual work points out I/Rs' relevance while only few empirical evidence has been shown (e.g., Salmon and Tordjman 1989; Sternquist 1997; Swoboda et al. 2014b). In contrast, the importance of local implementation for success is known from quantitative (Evans et al. 2008; Swoboda and Elsner 2013) and case-study based work (e.g., Bianchi and Ostale 2006; Moore et al. 2004). In summary, strategy-implementation-performance paths are likely to occur but only initial knowledge on such paths exists.

Study 1 therefore analyses the following research questions:

- How do retail firms' I/R strategies affect local performance in a foreign host country directly and via indirect paths through local implementation decisions?
- How do such paths vary in close and distant countries in which the transfer of formats is less or more impeded by the limited geographic reach of retailers' FSAs?

The conceptual framework of Study 1 is built around the concepts of retail firms' FSAs and the limited geographic reach of such FSAs, which are both rooted in internalization theory (e.g., Rugman and Girod 2003; Rugman and Verbeke 1992). FSAs can be transferable across borders, and hence facilitate successful integration. When FSAs are not transferable, pursuing responsiveness by generating new FSAs locally can be successful (e.g., Grøgaard 2012). The geographic reach describes, that FSAs might be differently transferable across different countries or regions (Girod and Rugman 2005). Furthermore, firms are expected to align their implementation decisions with their international strategy

(e.g., Grøgaard 2012) while the implementation decisions differently support I/R. Centralization/decentralization is rather linked to the know-how part and adaptation/standardization to the offering part of a retail format and FSAs in these two parts might differ in their transferability or reach (Goldman 2001; Jonsson and Foss 2011). Accordingly, different paths of I/R via these implementation decisions occur and these paths may vary between close and distant countries.

The empirical analysis in Study 1 is based on data from a structured survey with managers of international retail firms from German-speaking countries. Out of 758 retail chains, which occur in the commercial Hoppenstedt database, a potential sample of 193 firms that operate in at least two foreign countries was identified. 126 interviews with CEOs or expansion managers of 102 of these firms were conducted. Each respondent was asked on their firms' I/R strategy and on their implementation decisions and local performance regarding one close and one distant country in which they operate. The emerging two groups of countries were analyzed separately, using PLS-based structural equation modelling and bootstrapping-based mediation analyses.

The results of Study 1 show that no direct effects of I/R on local performance, but instead indirect paths to local performance via the implementation decisions occur. In close countries, an integration-standardization and a responsiveness-decentralization path to performance are successful, while a responsiveness-adaptation and an integration-centralization path to performance are negative. Hence, neither a complete alignment of the implementation decisions with integration nor with responsiveness yields optimal success. In distant countries, a positive integration-centralization and a negative responsiveness-decentralization path to performance are identified. These findings show that more than a mere alignment between strategy and implementation is required for local success. Instead, both strategy and implementation need to be balanced in accordance with varying transferability of different types of FSAs into different host countries.

3.2. An Inter- and Intra-format Perspective on Transfer and Perception of Retail Formats

International retailers, aim to succeed in local competition of each hot country, by positioning themselves as strong retail brands. Retail brand equity (RBE) which is defined as consumers' assessment of a retailer as a strong, attractive, and unique brand, is known to affect consumer loyalty and performance (Hartman and Spiro 2005; Keller 1993). Retailers tend to use their preferred format for internationalization (Gielens and Dekimpe 2001; Swoboda and Elsner 2013) A retail format is a generic positioning profile that consumers link a set of typical

core attributes (Martínez-Ruiz et al. 2010). Study 2 therefore analyses, whether retail attributes (i.e. consumers perceptions of a retailers' marketing mix) affect RBE equally or differently in retailers' home and host countries, and whether RBE equally or differently affects loyalty. These relations are analyzed from an inter-format perspective (i.e. comparing discounters and hypermarkets), and an intra-format perspective (i.e. comparing different retailers within these formats).

The motivation for study 2 emerges from a substantial gap in extant literature. Several studies have analyzed retailers' format transfer across borders, without regarding the essential consumer responses across countries (e.g., Jonsson and Foss 2011; Swoboda and Elsner 2013). Those studies, that consider consumer responses either analyze one particular retailers' positioning across countries (e.g., Burt et al. 2007; Burt and Mavrommatis 2006; McGoldrick 1998) or different consumer expectations towards retailers across countries (e.g., Erdem et al. 2004; Zielke and Komor 2015), but usually neglect possible difference between formats. Only Swoboda et al. (2014a) provide initial insights on an inter-format comparison across developed and emerging countries, but do not consider the intra-format perspective. However, intra-format competition is often more intense than inter-format competition (e.g., Cleeren et al. 2010). Retailers might hence manage their RBE with a particular focus on local intra-format-competition such that studying this perspective seems valuable.

In summary in Study 2 the following research questions are addressed:

- Whether format-specific core attributes remain equally important in affecting RBE when formats are transferred across borders (inter-format)?
- Whether the retailer-specific importance of core attributes for RBE is similar when transferring their formats across borders (intra-format)?

The conceptual framework of Study 2 is based on associative network and categorization theory. Information about a brand is stored as a node in consumers' memory, which is associated with retailer attributes. When particular retail attributes are evaluated more favorably, the association with the retailers' brand and hence their relevance RBE increases (e.g., Keller 1993; Swoboda et al. 2013a). In turn, stronger retail brands are more likely to be activated in a decision situation which increases loyalty (e.g., Swoboda et al. 2016b). Furthermore, consumers categorize retailers with similar attributes into a format categories which contain the most distinctive information about this category (Keaveney and Hunt 1992; Willems and Swinnen 2011). For each format hence the most distinctive attributes (i.e., the core attributes) will be most strongly associated with the retail brands within this format (e.g., Keaveney and Hunt 1992). From an intra-format perspective however, deviations from the category are possible,

if consumers learn that a specific retail brand does not perfectly match the format category (e.g., Hartman and Spiro 2005; Willems and Swinnen 2011).

The empirical analysis of Study 2 is based on a survey with a total of 3,237 consumers from medium-sized cities in two home (Germany, France) and one host (Romania) countries. The counties were chosen to ensure a developed home and an emerging host country, in which at least two retailers of two formats are present. Data was collected on two leading German (Kaufland, Real), and French (Carrefour, Auchan) hypermarkets, and two German discounters (Lidl, Penny), which operate in Romania. Randomly selected consumers were questioned on one retailer each. For analyses on the intra-format level, the data for all hypermarkets (discounters, respectively) within a country was pooled. For the intra-format perspective, each retailer is analyzed separately. Multi-group structural equation models with MPLUS 7.3 facilitated home-host comparisons.

The results of Study 2 underline that format-specific core attributes affect RBE almost equally in host and home countries and in inter- and intra-format competition. From the inter-format perspective, the results for discounters show, that the expected core attribute price affects RBE strongly in Germany and Romania, while no significant differences between countries occur. Beyond the expected price, also assortment affects RBE in both countries. Similar, for hypermarkets, RBE is significantly affected by the expected core attributes assortment, layout, and service, without any significant differences between countries. These core attributes are the major levers for retail brand managers across countries. From the intra-format perspective, only few deviations from these findings can be observed. Only for Kaufland, service does not significantly affect RBE in home and host country, while instead price does. Regarding the effects of RBE on loyalty, generally positive effects occur, which highlight the relevance of RBE for local success across countries. Still, these effects are weaker in host than in home countries. In summary, the categorization theory based reasoning was mostly confirmed in a similar way across countries. When positing their retail brands internationally, retailers hence face format-specific boundaries, which limit the options for local differentiation especially in intra-format competition.

3.3. Country Environment, Retailers' Resources and Local Performance: A Cross-classified Multi-level Approach

In their dynamic international expansion, retailers have selected host countries based on their attractiveness, competition or cultural proximity (e.g., Alexander et al. 2011; Gripsrud and Benito 2005). In these countries retailers make strong commitments, offer culturally bound assortments and interact intensely with the local environment (e.g., Coe and Lee 2006; Tacconelli and Wrigley 2009). Still,

the local performance differs between countries, store formats and firms. Study 3 therefore analyses the implications of two different levels of the host country environment for local performance. The country level environment refers to the environment, which is equal for all retailers within a country, while the store format level environment differs for competitors across different store formats in a country. Furthermore, because firms' resources may help to overcome environmental challenges, these resources are considered as moderators.

The motivation for Study 3 originates from a partly unclear role of the environment in extant literature on international business and retailing. Country environments are considered in studies on market selection (Papadopoulos and Martín 2011; Ragland et al. 2015) or entry mode choice (Morschett et al. 2010; Schellenberg et al. 2017). However, analyses of local performance after entry focus decisions or resources as antecedents, while the environment plays a subordinate role (e.g., Chang et al. 2012; Nguyen and Rugman 2015a, b). Other studies point out that country-effects on performance generally occur but do not further specify them (e.g., Makino et al. 2004; Tong et al. 2008). In retail research host country environments have been related to decisions at entry (e.g., Alexander et al. 2007; Swoboda et al. 2015) but rarely to local performance (e.g., Chan et al. 2011; Evans and Mavondo 2002; Gielens and Dekimpe 2001). In contrast, retail research within countries shows that local environments directly affect success (e.g., Gauri 2013; Obeng et al. 2016). Furthermore, only initial indications for the relevance of different levels of the environment exist, namely a general country level environment and a format level environment.

Therefore, the following research questions are addressed in Study 3.

- Whether and how do the host country- and store format-specific environment affect local store formats' performance?
- How do international retail firms' resources moderate the relationships between environment and performance?

The conceptual framework of Study 3 is based on a review of international business literature on antecedents of performance, which mostly refers to economic (Buckley and Casson 1976, pp.36-40; Rugman 1979, pp. 3-10), behavioral (e.g., Kogut and Zander 1993; Ruigrok and Wagner 2003) and resource-based theory (e.g., Barney 1991; Peng 2001). Similar approaches are used in studies on international retailers' overall performance (e.g., Mohr et al. 2014; Oh et al. 2015), while studies on retailers' local performance are scarce (e.g., Evans et al. 2008; Gielens and Dekimpe 2001). Still, local performance may vary, because retailers differently adapt to local culture and consumption patterns (Bianchi and

Ostale 2006; Swoboda and Elsner 2013) and legal regulations or local competition vary (Dimitrova et al. 2016; Huang and Sternquist 2007). Based on an economic reasoning and extant literature, purchasing power and rule of law (country-level) as well as added cultural distance and intra-format competition (store-format level) are identified as determinants of local performance. Furthermore, a firms' degree of internationalization and economies of scale are considered as resource-based moderators.

The empirical analysis of Study 3 is based on secondary data from the Planet Retail database (Planet Retail 2016). All data of grocery retailers concerning their operations of hypermarkets/superstores, supermarkets, discount, and convenience/neighborhood stores in their respective host countries was retrieved. After all adjustments the dataset contains 624 retail chains, operated by 90 firms across 115 countries. The average sales per square meter of each chain in a country indicates local performance. Additional secondary data on the local environments and firm characteristics was used. The data has a cross-classified multi-level structure, as local formats are nested in firms and countries, while the two cluster variables are non-hierarchical. Accordingly, cross-classified multi-level modelling with Bayesian parameter estimation is conducted. Cross-classified as well as cross-level interactions are included to test moderations.

The results of Study 3 support the idea, that different levels of environmental variables are relevant in retailing. Purchasing power and rule of law (country level) enhance format level performance in a host country, whereas local intra-format competition (format level) diminishes it. The country level effects are moderated by retailers' degree of internationalization (firm level) while the effect of intra-format competition is not moderated by the firm level resources. Resources from a higher degree of internationalization can thus help to cope with certain but not all environmental challenges. Added cultural distance (format level) has a negative but insignificant effect on average which is however significantly enhanced by economies of scale (firm-level). Beyond these empirical results, Study 3 may also inform future research regarding the use of cross-classified multi-level modelling for analysis of cross-classified and cross-level moderators in international business contexts.

4. Further Remarks

To elaborate the aforementioned research questions in more detail, this thesis contains three studies, which focus the local success of international retailers from different perspectives. Despite the different perspectives, Studies 1 and 2 are organized following the below structure:

- Introduction
- Conceptual Framework and Hypotheses Development
- Empirical Study (including sample, measurement, method and results)
- Discussion and Conclusions (including theoretical and managerial implications)
- Limitations and directions for further research

These structures are retained irrespective of the considered theories and applied methodology. With regards to theory, Study 1 is based around the concepts of FSAs as well as the geographic reach of these FSAs, which are rooted in economic transaction cost and internalization theory (e.g., Girod and Rugman 2005; Grøgaard 2012; Rugman and Verbeke 1992). Study 2 is based on associative network and categorization theory which established in research on consumer-based brand equity and consumer perceptions of retailers (e.g., Keaveney and Hunt 1992; Keller 1993; Swoboda et al. 2013a). Regarding the methodology, Study 1 applies PLS-based structural equation modelling complemented by bootstrapping-based mediation analyses for two groups of host countries. Study 2 applies multi-group structural equation modelling to conduct home-host country comparisons from an inter- and intra-format perspective.

Only Study 3 deviates slightly from the above structure. Because the hypotheses of Study 3 are derived from different literature streams, a broader review of relevant work is required. A separate paragraph for a literature review precedes the hypothesis development to point out possible antecedents of international retailers' local performance. The resulting conceptual framework and hypothesis manly refer to an economic and resource-based rationale. With regards to the applied method cross-classified multi-level modelling with different types of interactions is applied, to account for the non-hierarchically nested data structure.

This remainder of this doctoral thesis is structured as follows: After the specific research questions are illuminated in detail in the three studies in chapters B, C and D, a summary is presented in chapter E, to respond to the general research questions. Finally, an outline of objectives for future research is provided.

B. Study 1: International Strategy's Effects on Retailers' Local Implementation and Performance[1]

1. Introduction

Balancing international strategy and local performance is important for retailers who have aggressively expanded abroad, first into close countries and then distant ones. However, retailers—in contrast to exporting manufactures, for example—do not easily internationalize as they transfer an entire format abroad (e.g., discount formats with characteristic offering parts like low prices and know-how parts like efficient concepts and practices, see Goldman 2001). Therefore, successful transfer of the firm-specific advantages (FSAs) entailed in a retail format is challenging (Girod and Rugman 2005). Strategically, firms' can pursue integration, defined as transferring FSAs across nations, and responsiveness, defined as generating FSAs locally (Rugman and Verbeke 1992). Beyond strategy, local implementation in a subsidiary remains of paramount importance for local performance as local offers and decisions attract consumers to stores. Therefore, we analyze paths through which firms' choice of I/R affect local performance via local subsidiaries' implementation (retail-offer standardization/similarity in host vs. home country and decision-making centralization/headquarters' vs. subsidiaries' authority in planning/investment; Moore et al. 2004; Swoboda and Elsner 2013). The successful paths in close versus distant countries are likely to be different.

Scholars have intensively analyzed international strategies, mostly based on the I/R framework (often as responses to environmental pressures, see Bartlett and Ghoshal 1989, p. 307) and with a focus on strategy types such as multinational, global, and transnational (Figure B—1). However, studies on typologies are criticized because they have conceptual disagreements and contradictory implications when analyzing performance within and between strategy types or because they take only a firm-specific or subsidiary-specific view (i.e., do not bridge both; Johnson 1995; Lin and Hsieh 2010b). I/R is seldom regarded as a predictor in causal models, although clearer performance implications could be drawn from overcoming typologies and understanding I/R as distinct continuous

[1] Reprinted with permission from Elsevier Ltd. For original publication see:

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L. Morbe, *International Retailers' Performance in Host Countries*,
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strategy dimensions. Scholars call for such studies and suggest separating international strategy and local implementation (e.g., Grøgaard 2012; Venaik et al. 2004) and analyzing strategy-implementation-performance paths (e.g., Grein et al. 2001; Haugland 2010). However, no study has elaborated such paths theoretically and empirically (see for a stepwise approch on marketing paths, Grein et al. 2001; and for a moderated approach, Qu and Zhang 2015). This research gap is important because strategy-implementation-performance paths are likely to differ and may vary in different foreign host country environments.

	Without performance implications	**With performance implications**
I/R as criterion in causal model	- Luo (2001, 2002) (e) - Fan et al. (2012) (c) - Breunig et al. (2013) (e)	- Johnson et al. (2013) (e)
I/R as underlying mechanism for taxonomies/ typologies	**Firm-typologies** - *Salmon and Tordjman (1989)* (c) - Rugman and Verbeke (1992) (c) - Leong and Tan (1993) (e) - *Sternquist (1997)* (c) - *Helfferich et al. (1997) (c)* - Devinney et al. (2000) (c) - Harzing (2000) (e) - Pla-Barber (2002) (e) - Mukherji et al. (2004) (c) - *Leknes and Carr (2004) (e)* - Kasper et al. (2009) (e) - Romelaer and Beddi (2015) (c) - Verbeke and Asmussen (2016) (c)	**Firm-typologies** **Performance within groups (fit)** - Roth and Morrison (1990) (e) - Ghoshal and Nohria (1993) (e) - Lin and Hsieh (2010b) (e) - Meyer and Su (2015) (e) **Performance between groups** - *Treadgold (1990) (c)* - Johnson (1995) (e) - *Swoboda et al. (2014b) (e)* - Tian and Slocum (2014) (e)
	Subsidiary-typologies - Prahalad and Doz (1981) (e) - Jarillo and Martinez (1990) (e) - Taggart (1997a, 1997b, 1998) (e) - Rugman et al. (2011) (c) - Meyer and Estrin (2014) (e)	**Subsidiary-typologies** - Roth et al. (1991) (e) - Lin (2014) (e)
I/R as predictor in causal model	- Venaik, et al. (2004) (e) - Kim et al. (2003) (c) - Grøgaard (2012) (e)	- Grein, et al. (2001) (e) - Haugland (2010) (c) - Qu and Zhang (2015) (e) - *This study* (e)

Note: *Italics* indicate studies focusing retailing, (e) empirical studies, (c) conceptual studies.

Figure B—1: Review on I/R-literature

Source: Own creation.

Scholars have also analyzed international strategies in retailing research. Swoboda, et al. (2014b) indicate I/R strategy types' direct links to performance. Earlier studies link strategy types and selected implementation decisions (conceptually or case study based, Helfferich et al. 1997; Leknes and Carr 2004; Salmon and Tordjman 1989; Sternquist 1997). Other studies address further strategy conceptualizations (e.g., linking various internationalization decisions, Alexander and Myers 2000; Burt et al. 2008; Pederzoli 2006) or format replication (i.e., transferability of format elements, Goldman 2001; Jonsson and Foss 2011). Beyond that, only twelve quantitative studies address international retailers' performance but mostly focus other antecedents. These studies address the degree/scope of internationalization (Assaf et al. 2012; Etgar and Rachman-Moore 2008; Oh et al. 2015) timing/mode of entry (Dimitrova et al. 2014; Gielens and Dekimpe 2001, 2007; Mohr et al. 2014), standardization of offers (Evans et al. 2008; Swoboda and Elsner 2013), strategy types (Swoboda et al. 2014b),

psychic distance (Evans and Mavondo 2002), and allocation of promotion (Fam and Yang 2006). This literature provides initial insights into the strategy-implementation and strategy-performance link. Insights on the implementation-performance link can be drawn from qualitative or case study-based work on standardization and further implementation decisions in subsidiaries. For example, Coe and Lee (2006; 2013) or Tacconelli and Wrigley (2009) stress retailers' need to interact with the local environment; Bianchi and Ostale (2006) or Wigley and Chiang (2009) see adaptation as crucial for success. Quantitative studies also find effects of adaptation on performance but are partly contradictory. Swoboda and Elsner (2013) show positive links of standardization with performance, and Evans, et al. (2008) link successful adaptation to psychic distance. Finally, few scholars stress the role of further implementation decisions, e.g., centralization or the management of knowledge and learning (Currah and Wrigley 2004; Moore et al. 2004).

In summary, these research streams highlight the importance of I/R in retailing and indicate important strategy-implementation or -performance links and implementation-performance links. However, the findings are partly inconclusive, and quantitative evidence is scarce. There is a substantial gap, because the existence of the strategy-implementation link and an implementation-performance link logically imply that there are possible strategy-implementation-performance paths. Such possible paths have, to the best of the authors' knowledge, not been addressed, yet. Still, these paths are highly important because retail firms are likely to pursue an overarching international strategy based in their FSAs, while their implementation in subsidiaries needs to be designed for local success.

Therefore, we aim to analyze whether and how retail firms' I/R strategies affect local performance in a foreign host country directly and via indirect paths through local implementation decisions. By regarding I/R as retail firms' international strategy dimensions and as predictors in causal models, we shift from strategy typologies. Specifically, we aim to analyze how such paths vary in close and distant countries in which the transfer of formats is less or more impeded by the limited geographic reach of retailers' FSAs (Girod and Rugman 2005). Answering these research questions adds the following novel and important insights to extant knowledge.

First, we contribute to the literature on international strategies, i.e. the most prominent I/R-framework (e.g., Verbeke and Asmussen 2016, for criticism see Devinney, et al. 2000). We argue that analyzing I/R's direct and indirect paths to performance reveals more nuanced implications than typology-based analyses. However, we do not conceptualize I/R as external pressures (e.g.,

Swoboda et al. 2014b) but as firms' strategy chosen in accordance with the transferability of FSAs (Rugman and Verbeke 1992). We thus provide an internalization theory-based reasoning and empirical insights into the implications of I/R for local implementation and performance. In doing so, we respond to calls to analyze strategy-implementation-performance paths (e.g., Haugland 2010).

Second, we contribute to the understanding of the importance of the limited geographic reach of internationalizing retailers' FSAs. Girod and Rugman (2005) indicate that retailers' FSAs have specific transferability: some FSAs "can be exploited globally and lead to benefits of scale, scope or exploitation of national differences," while others benefit a firm "only in a particular location (or set of locations) and lead to benefits of national responsiveness" (Rugman and Verbeke 1992, p. 763). A limited geographic reach of FSAs affect retailers' total performance (mostly in the regionality debate, see Mohr et al. 2014; Oh et al. 2015), but its relevance for the more important parameter of host country performance remains vague. We therefore provide extended theoretical rationales and more in-depth empirical insights into variations of retailers' strategy-implementation-performance paths due to the limited geographic reach of retailers' FSAs in close and distant countries (going beyond studies on coordination mechanisms, see e.g., Martinez and Jarillo 1989; Rabbiosi 2011).

The remainder of our study proceeds as follows. Drawing on theory and empirical evidence, we derive hypotheses on I/R's paths to local performance in close and distant countries. We test these hypotheses based on data from 126 management interviews using partial least squares (PLS). After presenting the results, we discuss the implications of the study and avenues for further research.

2. Conceptual Framework and Hypotheses

2.1. Conceptual Framework

To address our research aims, we build on the theoretical considerations of two research streams: studies on international strategy, particularly those that consider how retailers successfully transfer FSAs through I/R, and studies that analyze the geographic differences in successful subsidiary-specific strategy implementation (e.g., standardization/centralization for a subsidiary in China). In Figure B—2, retail firms' I/R are conceptualized as direct and indirect antecedences of subsidiary-specific performance. Different paths to success are expected for close and distant countries.

We understand retailers' internationalization as a transfer of FSAs, as rooted in internalization theory (for a review, see Buckley and Casson 2009). FSAs are

defined as capabilities that give firms competitive advantages, e.g., superior offerings, or decision processes. Internalization leads to benefits of integration when non-location-based FSAs can be transferred across borders. In addition, benefits of responsiveness can occur when a firm generates host-country-specific FSAs (Rugman and Verbeke 1992). Thus, a possible link between retailers' choice of I/R and local performance arises from the transfer or local generation of FSAs as both can constitute competitive advantages (Grøgaard 2012; Mohr et al. 2014). Furthermore, firms seek an internal alignment between international strategy and implementation (e.g., Grøgaard 2012). Retailers pursuing integration will locally standardize retail offers and centralize decisions, for example. I/R may hence also affect local performance indirectly through such implementation decisions.

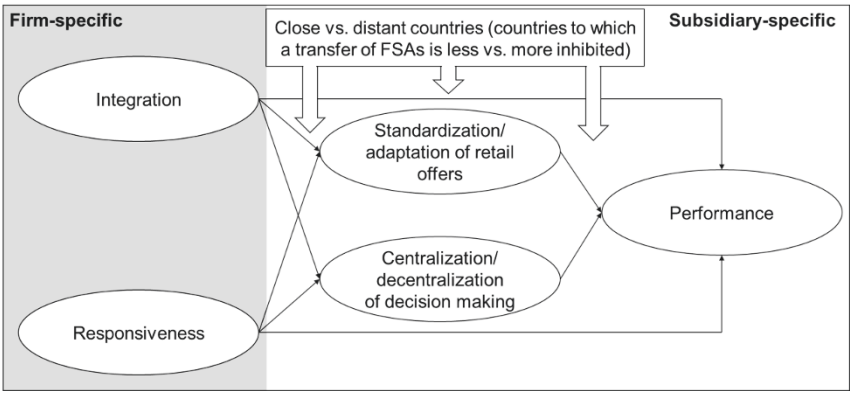

Figure B—2: Conceptual framework
Source: Own creation.

To assess the strength and direction of the possible strategy-implementation-performance paths, we consider two characteristics of the retail industry. First, because an entire format is transferred abroad, most retailers operate successfully mostly in certain regions (e.g., the largest retailers worldwide, Walmart in the Americas and the Schwarz Group in Europe), and their FSAs become less transferable outside these regions, i.e., are subject to geographic reach (Girod and Rugman 2005; Rugman and Girod 2003). With increasing distance between the host and home country, higher transaction costs and risks or lower access to complementary resources hamper the transfer of FSAs (i.e., make integration less successful) or inhibit the generation of host country-specific FSAs (i.e., make responsiveness less successful, Oh et al. 2015; Rugman and Verbeke 2008b). Thus, performance effects of I/R are likely to differ in close vs. distant

countries. Second, retail formats include an offering part (elements visible to customers) and a know-how part (decision processes) (e.g., Goldman 2001). Both parts may entail FSAs but are not equally transferable. FSAs in the know-how part have a higher geographic reach than FSAs in the offering part (Jonsson and Foss, 2011; for manufacturers, see Banalieva and Dhanaraj, 2013). Implementation decisions relate to these two parts of the format differently: centralization relates to the transfer of the know-how part, whereas standardization relates to the offering part. Consequently, the paths via these implementation decisions are likely to differ across countries. An alignment of strategy and implementation may even lead to degrees of centralization or standardization that are unfavorable in a specific country, thus creating negative strategy-implementation-performance paths.

Based on these theoretic rationales and additional empirical evidence, we next develop hypotheses regarding the direct effects of I/R on performance and, in particular, the indirect paths of I/R to performance through implementation decisions in close vs. distant countries.

2.2. Hypotheses on I/R's Direct Performance Implications

According to the theoretic rationale, I/R may directly affect retailers' local performance. Any FSAs in a country—transferred or generated—can increase local competitive advantages and performance. However, retailers' FSAs are more likely to remain within their geographic reach in close (vs. distant) countries (Rugman and Verbeke 2008b). Accordingly, the transfer of FSAs (i.e., integration) is more likely to be successful in close countries. By contrast, in more distant countries, where transferring FSAs is more difficult, retailers are more likely to require additional host-country-specific FSAs. Although potentially difficult, generating FSAs remains an option when current FSAs exceed their geographic reach. Hence, responsiveness is likely to directly affect performance.

Few scholars regard direct effects of the degree of I/R on performance as conceptually possible (e.g., Haugland 2010), while most see a need for interactions with further decisions (e.g., Lin and Hsieh 2010b). However, empirically Swoboda, et al. (2014b) indicate links between strategy and retailer performance. In summary, we initially hypothesize the following:

H1. Retail firms' strategies regarding I/R directly affect performance in the host country, where (a) integration affects performance more strongly in close than in distant countries and (b) responsiveness affects performance more strongly in distant than in close countries.

2.3. Hypotheses on I/R's Indirect Performance Implications

Firms strive for internal alignment between international strategy and local implementation (e.g., Grøgaard 2012). Retailers pursuing integration will prefer standardized offers and centralized decisions for their subsidiaries, as both support a transfer of FSAs. Conversely, responsiveness relates to adaptation and decentralization, as both facilitate local generation of FSAs (e.g., Salmon and Tordjman 1989). For example, successful retailers use their preferred retail format for internationalization to retain the entailed FSAs, while local adaptation of offers creates host-country-specific FSAs and ensures responsiveness (e.g., Bianchi and Ostale 2006; Gielens and Dekimpe 2001).

These relationships underlie the indirect paths of I/R to local performance. However, according to our theoretical reasoning, standardization (centralization) supports a transfer of less (more) transferable FSAs as it relates to the offering part (know-how part) of the format. Therefore, in a specific host country, either standardization or adaptation (centralization or decentralization, respectively) is superior. Aligned with the firms' I/R, a subsidiary realizes one specific degree of standardization and centralization in a country but the realized strategy-implementation-performance path can be positive or negative. We therefore subsequently address the paths of I/R to performance first through standardization/adaptation and then through centralization/decentralization.

2.3.1. I/R-Standardization-Performance Paths

As indicated, standardization and adaptation in a host country align differently with I/R. Standardization facilitates a transfer of FSAs in the offering part of a retail format, whereas adaptation supports the generation of new FSAs. As both transfer and generation of such FSAs can increase local performance, an integration-standardization-performance path and a responsiveness-adaptation-performance path might occur. Still, the actual performance implications of I/R through standardization or adaptation in a country depend on which mechanism is locally superior.

The geographic reach of FSAs in the offering part of the retail format is relatively low. Because such FSAs become less transferable with increasing distance, we assume that standardization as a means to transfer FSAs (i.e., integration) positively affects local performance in close countries only. By contrast, the path from integration through standardization to performance will be negative in distant countries since the FSAs in the offering part exceed their geographic reach (Banalieva and Dhanaraj 2013; Goldman 2001). Rather, host-country-specific FSAs must be generated through adaptation. Thus, the path of responsiveness

through adaptation to performance will be positive in distant and negative in close countries. Because retailers implement one specific degree of standardization in a host country, a positive path from either integration or responsiveness implies that the opposite path must be negative.

While an I/R-standardization link has been shown empirically (e.g., Harzing 2000), studies on retailers address only standardization-performance effects. Most studies generally highlight the adaptation of retail offers as a success factor (e.g., Bianchi and Ostale 2006), while few indicate that increasing distance affects successful standardization (Evans et al. 2008) or that the success of standardization/adaptation depends on the examined retail offers (Swoboda and Elsner 2013). However, the theoretical rationale leads us to propose the following hypotheses:

H2. The path of integration through standardization to performance is (a) positive in close countries but (b) negative in distant countries

H3. The path of responsiveness through adaptation to performance is (a) negative in close countries but (b) positive in distant countries.

2.3.2. I/R-Centralization-Performance Paths

As indicated, centralization and decentralization in a host country align differently with I/R. Centralization (decentralization) facilitates the transfer (generation of) FSAs in the know-how part of a retail format. The transfer or generation of such FSAs can increase local performance, while the paths integration-centralization-performance and responsiveness-decentralization-performance are subject to analysis in close vs. distant countries.

The geographic reach of the know-how part of a retail format is considered relatively high, with headquarters as the locus of essential knowledge (e.g., Ambos and Mahnke 2010). Because such FSAs are still transferable despite a higher distance, we assume that centralization as a means to transfer FSAs (i.e., integration) positively affects local performance in distant countries. Retail subsidiaries particularly depend on knowledge from their headquarters, especially in distant countries, where local managers have less experience with a foreign format (e.g., its complex planning processes, Jonsson and Foss 2011) and where complementary resources are more difficult to acquire (e.g., Rugman and Verbeke 2008b). By contrast, decentralization as a means of generating local FSAs (i.e., responsiveness) is beneficial in close countries, where subsidiaries

are more likely to be capable of making elaborate decisions or acquiring complementary resources (Young and Tavares 2004). We therefore assume a responsiveness-decentralization-performance path in close countries.

In retailing, only case study-based evidence indicates local performance implications of centralization (e.g., Miozzo and Yamin 2012). However, strategic noncompliance and headquarter-subsidiary conflicts are fateful for retailers, and thus centralization is superior for subsidiaries with diverging interests between headquarters and local decision makers (Moore et al. 2004; Rugman and Verbeke 1992), as is often the case in distant countries (e.g., Gaur and Lu 2007). These findings support our reasoning, and thus we hypothesize the following:

H4. The path of integration through centralization to performance is (a) negative in close countries but (b) positive in distant countries.

H5. The path of responsiveness through decentralization to performance is (a) positive in close countries but (b) negative in distant countries.

3. Empirical Study

3.1. Sample

Our data derive from standardized survey questionnaires with fixed-choice closed-ended questions and was collected in face-to-face interviews with international retailers from Austria, Germany, and the German-speaking part of Switzerland. We used a culturally homogeneous sample to ensure the comparability of firms, to avoid variation due to home country differences in our sample, and to avoid possible biases arising from translations into further languages. This decision helped ensure that the observed differences in strategy-implementation-performance paths arise from the host rather than home country environment. The firms in the sample—used in one study—were drawn from the commercial Hoppenstedt database from the section ‘Retail trade’ (also see Swoboda and Elsner 2013).

We identified 758 retail chains, chose those operating in at least two foreign countries, compared this list with further information from national retail associations, and identified a potential sample of 193 firms across all three home countries. We approached firms from all three countries by contacting the chief executive officers (CEOs) to request an interview at headquarters. The request was sent by postal mail, then by electronic mail, and followed up with telephone calls. A total of 65 managers declined to participate; others did not respond to the requests. In all, we conducted 126 interviews with managers (53%

CEOs/heads of chains and 47% expansion managers) from 102 retailers, corresponding to a response rate of 53% (82 German, 12 Austrian and 8 Swiss retailers). The high response rate reflects the convenience of the process for the managers and their interest in the topic.

The firms in the sample largely match average values of international retailers from other countries: 5,772 million Euro in total sales, 25,508 employees, a foreign sales share of 41.6%, and operations in 19.1 foreign countries for 23.7 years (see Table B—1).

	MV	STD	Close countries[1,2]		Distant countries[3]	
Number of total sales in million Euro	5,772	10,371	Western Europe	85.3%	Eastern Europe	46.1%
Sales abroad in %	41.6	25.9	Eastern Europe	11.8%	Asia	31.4%
Number of employees	25,508	56,268	Other	2.9%	Americas	17.6%
Employees abroad in %	40.4	25.9			Other	4.9%
Number of operating countries	19.1	23.5				
International experience in years	23.7	17.1				
Country experience in close countries in years	19.5	14.1				
Country experience in distant countries in years	10.9	5.2				
Retail sector	38.8% food					
	61.2% non-food					

N = *102*.
[1] We asked: Please choose two different countries for your evaluation in which you work at least for five years: a country where the transfer of FSA is less vs. more inhibited, i.e., a typical psychic close market (with similar legal, political, economic, cultural environment than your home market) and a typical distant one. Inter-group differences were controlled with the ten dimensions of psychic distance (Evans and Mavondo 2002), and additionally (objective) geographic, cultural, and economic distances. All mean value differences were significant ($p < 0.01$; two sided t-test).
[2] Western Europe: all countries apart from PT, FI; Eastern Europe: CZ, PL, SI; others: CA, US (overlap chosen distant countries).
[3] Eastern Europe: all countries (incl. ALB); Others: AU, AR, TR.

Table B—1: Sample distribution

Source: Own creation.

For each retailer, we require data regarding two host countries that differ in terms of how easy vs. inhibited transfer of FSAs is. Because no pair of host countries exists in which 102 international retailers operate and because the geographic reach of each retailers' FSAs is different (Girod and Rugman 2005), we use psychic distance to separate both country groups. Psychic distance is defined as a manager's perceptions of a host country's cultural and business distance compared to those of the home country and is known to affect retailers' foreign performance (Evans and Mavondo 2002). We chose this distance, rather than selecting intra- vs. inter-regional countries as proposed in the rationality debate (within vs. outside a firm's home region in terms of continents [e.g., Asia], Oh et al. 2015; Rugman and Girod 2003). This measure is useful because retailers are differentially endowed with transferable FSAs (Girod and Rugman 2005) that exceed their geographic reach at different points (Mohr et al. 2014), and psychic distance is known to affect retailers' performance (Evans and Mavondo 2002; Swoboda and Elsner 2013). We defined the distance to the managers and asked them to nominate one close and one distant country in which

they have operated for at least five years to ensure a certain amount of experience (i.e, one country in which the cultural and business distance are perceived low and one in which both are high acc. to Evans and Mavondo 2002; see Swoboda and Elsner 2013).

We successfully checked for significant differences between the country groups: first using ten psychic distance evaluations by the managers and additionally by objective geographic and cultural distance measures (all of which may inhibit the transfer of FSAs, see Rugman and Verbeke 2008b). The mean value differences for all ten psychic distance measure of Evans and Mavondo's (2002) are highly significant for all items ($p < 0.001$); the ranges of mean values were 1.6-2.2 in close countries and 2.8-3.6 in distant ones. The objective inter-group differences were tested using the following distance measures (Ghemawat 2001; Rugman and Verbeke 2008b): geographic distances, i.e., great circle distance of home and host country (e.g., Kraus et al. 2015); cultural distance, i.e., Kogut-Singh-index for the six cultural dimensions of Hofstede, et al. (2010); and economic distances, i.e., GDP per capita. The resulting mean values were 842.7 km for close and 3,415.2 km for distant for geographic distance ($p < 0.001$); 1.3 and 1.7 for cultural distance ($p < 0.01$); 11,459.3 EUR and 26,838.1 EUR for economic distance ($p < 0.001$).

Each respondent answered questions regarding their firms' subsidiaries in both the close and the distant country. This procedure yielded two datasets on two subsidiaries of each of the 102 retailers and represented an appropriate solution to ensure distinct areas of analysis. The close country group mostly contained Western European countries, and the distant country group primarily included Eastern European and Asian countries. The hypotheses were tested separately in the country groups; in the close (distant) country group, the transfer of FSAs was expected to be easier (more limited). The data were not pooled because of the different firm/subsidiary-specific contexts and methodological reasons (i.e., the nested data structure would not be adequately testable; see Maas and Hox 2005).

3.2. Measurements

Regarding the measures, we first considered hierarchy of the effects and then relied on questions from previous studies; however, we also developed appropriate scales for our specific context in comprehensive pretests. Third, we tested the measurements (multi-item scales) for reliability and validity based on PLS-based CFA (in line with our method for hypothesis testing, see Table B—2).

	Close countries									Distant Countries								
	MV	EFA (> .50)	ItTC (>.50)	KMO (X^2) (>.50)	Factor-loading CFA	Indicator reliability (>.30)	AVE	Composite reliability (>.60)	Cronbach's alpha (> .60/.70)	MV[5]	EFA (> .50)	ItTC (>.50)	KMO (X^2) (>.50)	Factor-loading CFA	Indicator reliability (>.30)	AVE	Composite reliability (>.60)	Cronbach's alpha (> .60/.70)
Integration																		
Economies of scale	3.06	.868	.636	.595 (163.06)	.894	.799	.818	.899	.775	3.06	.868	.636	.595 (163.06)	.875	.766	.816	.898	.775
Competition global	3.19	.935	.636		.914	.835				3.19	.935	.636		.930	.865			
Responsiveness																		
Achieving local advantages	2.96	.956	.788		.945	.893	.894	.944	.788	2.96	.956	.788		.944	.891	.894	.944	.788
Responsive to local market	3.11	.931	.788		.946	.895				3.11	.931	.788		.947	.897			
Centralization of decision making[1]																		
Investment decisions	3.87	.698	.465	.612 (144.92)	.710	.504	.725	.886	.805	3.60ns	.689	.443	.619 (102.69)	.603	.363	.686	.864	.768
Planning	3.09	.928	.782		.923	.852				3.02ns	.903	.708		.925	.855			
Controlling	3.20	.910	.736		.905	.819				3.18ns	.888	.675		.916	.839			
Standardization of retail offer[2]																		
Store layout	3.81	.670	.420	.727 (66.28)	.716	.513	.518	.811	.695	3.59ns	.678	.443	.740 (68.40)	.728	.530	.536	.822	.712
Prices	3.07	.654	.407		.701	.491				2.75†	.706	.465		.692	.479			
Services	3.45	.779	.543		.731	.534				3.05*	.789	.566		.763	.582			
Communication	3.01	.784	.550		.731	.534				2.71†	.758	.526		.746	.557			
Assortment[4]	3.49	.466	.282		-	-				3.16*	.571	.375		-	-			
Performance[3]																		
Sales development	2.66	.906	.777	.737 (151.41)	.891	.793	.796	.921	.871	2.87ns	.895	.766	.742 (170.62)	.878	.771	.823	.933	.893
Return on investment	2.58	.878	.730		.867	.751				2.72ns	.904	.782		.899	.808			
Market share	2.38	.895	.758		.917	.841				2.69*	.925	.824		.943	.889			
Strategic effectiveness[4]	3.50	.764	.619		-	-				3.73ns	.865	.762		-	-			

Notes: [1] How strongly does your company decentralize or centralize following [decisions] in country […]? (Please estimate as follows: 1 totally decentralize/done by subsidiary to 5 totally centralized/done by headquarter.).
[2] How strongly does your company adapt or standardize the following [elements] in country […] in comparison to the home market? (Please estimate as follows: 1 totally adapted to 5 totally standardized.).
[3] How successful was your company in country […] on average over the past three years? (Please estimate as follows: 1 Declining/constant, 2 Increase of up to 10%, 3 Increase of 11-20%, 4 Increase of 21-30%, 5 Increase of more than 30%). How satisfied are you with the overall development? (1 very unsatisfied to 5 very satisfied).
[4] Excluded.
[5] Mean value comparison (*$p < 0.05$; †$p < 0.10$; ns = not significant; two sided t-test).

Table B—2: Measurements

Source: Own creation.

Because most retailers are not obligated to publish their performance data, especially not for specific countries, we relied on self-reports. We measured local performance using three financial performance indicators (sales development, return on investment and market share) and a strategic effectiveness indicator on five-point Likert-type scales (Cavusgil and Zou 1994; Evans and Mavondo 2002). However, as the effectiveness indicator did not fulfill the requirements for factor loadings (in the CFA; .536 in close and .621 in distant countries) and indicator reliability (.288 and .388), it was excluded from further analysis. Financial performance was thus our performance measure (similar to Swoboda and Elsner 2013).

This and the subsequent scales were pretested. In our pretest we asked three retail CEOs to evaluate I/R and performance measures (with semantic adjustments only) and to judge the strategic importance of marketing mix elements and business functions for international retailers, which we selected from the extant literature. Subsequently, we asked the participants in two international senior management seminars to list and to evaluate the importance of marketing mix elements and business functions for their own and other well-known international retailers and discussed the results. They evaluated I/R and performance measures as well. The evaluations were compared with secondary data, and all results were discussed afterwards, resulting again in few semantic adaptations. We concluded the procedure by identifying the following measures.

To measure integration and responsiveness, we used Harzing's (2000) five-point Likert-type scale, which has been used in previous retailing studies (e.g., Swoboda et al. 2014b) and considers I/R as actively chosen strategies (for alternative measures see e.g., Venaik et al. 2004). Two questions measured how strongly firm strategies focus on economies of scale and worldwide positioning (integration), while two questions measured whether a firm's strategy aims at achieving local competitive advantages and responding to local markets (responsiveness). The items loaded on two factors and met all reliability and validity requirements.

To measure the degree of standardization of retail offers, we chose five traditional retail marketing elements (assortment, price, communication, store layout, and service; e.g., Pan and Zinkhan 2006; different from Swoboda and Elsner 2013, who aimed for a hierarchy in the measures). However, in the literature, there is no agreement on this measure (results may change with different measures, see Evans et al. 2008; Swoboda and Elsner 2013). We chose three items to measure the degree of centralization of decision making for different business functions (e.g., Cray 1984; Gates and Egelhoff 1986): planning, invest-

ments, and controlling. These are crucial for strategic decisions in retailing (Miozzo and Yamin 2012). We do not differentiate between business functions (e.g., Kim et al. 2003), and our study is limited in this respect. For both constructs, a common five-point semantic differential was applied (1, fully adapted/ decentralized, to 5, fully standardized/centralized). Because assortment does not fulfill the requirements for indicator reliability (.216 in close and 317 in distant countries), we excluded assortment from the analysis. Both constructs met the requirements for reliability and validity.

We also controlled for variables that may affect host-country performance: retail sector (as a dummy variable, 0 = non-food vs. 1 = food retailers), country experience (number of years in operation in the evaluated country), retail firm size (total number of employees), and the geographic scope of operations (number of countries of operation). Finally, we controlled for the entry mode (with a dummy variable, 1 = full- vs. 2 = shared-control modes, see Swoboda and Elsner 2013).

With regard to validity, we assessed face validity in the pretests. Table B—3 shows the results for construct and discriminant validity. Additionally, the variance inflation factors were lower than the recommended thresholds (O'Brien 2007): integration 1.473 (1.415), responsiveness 1.801 (1.418), standardization 1.780 (1.506), and centralization 1.855 (1.275) in close (distant) countries. Therefore, we conclude that multicollinearity was not a problem in this study.

			Squared latent correlation and AVE									
		AVE (distant)	1	2	3	4	5	6	7	8	9	10
AVE (close)		-	**.818**	**.894**	**.725**	**.518**	**.796**	**1.000**	**1.000**	**1.000**	**1.000**	**1.000**
1	Integration	**.816**	**-**	.126	.314	.116	.008	.023	.002	.001	.068	.037
2	Responsiveness	**.944**	.123	**-**	.267	.390	.002	.037	.040	.120	.009	.000
3	Centralization	**.686**	.162	.126	**-**	.260	.004	.042	.002	.032	.066	.008
4	Standardization	**.536**	.210	.241	.089	**-**	.023	.061	.000	.080	.051	.024
5	Performance	**.823**	.055	.024	.109	.066	**-**	.003	.000	.015	.068	.002
6	Retail Sector	**1.000**	.022	.037	.025	.001	.002	**-**	.007	.118	.085	.021
7	Country experience (log)	**1.000**	.002	.009	.000	.024	.001	.006	**-**	.029	.035	.006
8	Firm size (log)	**1.000**	.001	.119	.000	.029	.016	.117	.004	**-**	.027	.044
9	Geographical scope (log)	**1.000**	.073	.009	.016	.014	.000	.085	.004	.027	**-**	.001
10	Entry mode dummy	**1.000**	.090	.005	.000	.034	.029	.036	.006	.098	.017	**-**

Notes: Close countries above (distant countries below) the diagonal; Discriminant validity: Squared correlation < AVE.

Table B—3: Discriminant validity

Source: Own creation.

3.3. Method

Our methodological approach included tests for possible biases and the method of hypothesis testing.

We assumed a limited probability of non-response bias, which was addressed in two ways. By analyzing secondary data, we checked for any significant differences between respondents and non-respondents concerning the total sales and number of employees abroad (if available). We did not find significant differences for retailers in similar sectors. Furthermore, we compared the correlations and mean values for the performance of early and late respondents, and the two respondent groups (i.e., CEOs/heads of chains and expansion managers) and again did not find any significant deviation.

We also checked for the probability of single-respondent bias. For 24 of the firms in the sample, we were able to interview a secondary respondent (primarily expansion managers), and when we compared the responses of both groups, we found high correlations and nonsignificant mean value differences for all measures. Given that we personally interviewed each senior executive, we assume that single-response bias is likely to be reduced in our dataset.

To reduce the probability of common method bias, we assured the respondents of confidentiality a priori, and we used concisely formulated questions and an appropriate questionnaire design (e.g., a mixed order of questions), as well as different scales for measuring the independent and dependent variables (Podsakoff et al. 2003). A posteriori, when we could not obtain objective performance data (not published by most retailers), we employed Harman's single-factor test (the factor explained 26.6% (25.4%) of the total variance in close (distant) countries). We further included a method factor to compare the amount of variance of each indicator explained by its substantial construct with the amount of variance explained by the method factor (Siponen and Vance 2010). The average variances explained by the substantive constructs of the indicators were .704 and .727, whereas the average explained variances of the method factors were .012 and .008. Further, the ratio of substantive variance to method factor variance was 59:1 and 86:1, and only a few of the method factor loadings were significant. These procedures were applied since others, such as the marker variable technique (Williams et al. 2010), are not yet applicable in PLS due to the lack of consistent model fit criteria. We thus cautiously conclude that no critical common method bias occurs in this study.

To test the hypotheses, a PLS-based structural equation modelling (SEM) approach was used (Ringle et al. 2015). We require SEM because we analyze latent variables which are measured using multi-item scales. The PLS-based approach to SEM allows for such analysis despite relatively small sample sizes. Furthermore, the PLS estimator is bootstrapping-based and thus has relaxed assumptions regarding the distributions of standard errors. Therefore it is especially appropriate for mediation models, in which non-symmetric standard errors

are likely to occur. However, we are aware of the method's shortcomings, e.g., a lack of appropriate fit measures.

3.4. Results

The descriptive results indicate that the mean values for centralization are similar in close and distant countries (mean value differences for the items range from .020 to .270, $p > .100$), whereas the standardization of retail offers often differs (differences range from .220 to .400, for significance see table B—3), indicating that retailers adapt more in distant countries. Performance does not significantly differ (differences from .210 to .310), apart from a significantly higher development of market share in distant countries ($p < .050$). To test the hypothesis, we applied a hierarchical procedure: first, the controls; second, the direct effects of I/R on performance; third, indirect-only mediation; and fourth, competitive mediation (see Table B—4). To analyze the path of I/R to performance and thus justify mediations of standardization and centralization, we used bootstrapping tests (following the procedure by Preacher and Hayes 2008) based on the latent variable scores from the PLS estimations in models 4a and 4b (Zhao et al. 2010).

The overall quality of the models was satisfactory. The blindfolding procedure was used to assess the Q^2 value, which evaluates the prediction relevance of the model, and the Q^2 values were positive for both country types (close: .135, distant: .148). The effect sizes and R^2 values (close: 17.6%, distant: 18.7%) were satisfactory. Additionally, the f^2 values, which show the effect sizes of the exogenous variables, were satisfactory (standardization: .059 and .027 and centralization: .047 and .070 in close and distant countries, respectively). The control variables were mostly nonsignificant.

We tested our model for possible biases from endogeneity, by checking whether the results change if the two exogenous variables are endogenized by including two antecedents. We used low-cost orientation as an established antecedent of integration (Fan et al. 2012) and mass-market (vs. niche) orientation as an antecedent of responsiveness (following Girod and Rugman's (2005) reasoning of the lower vs. high transferability of general merchandize vs. niche retailers' FSAs). The former significantly determines integration (close: $\beta = .417$, $p < .001$; distant: $\beta = .307$, $p < .001$), whereas the latter significantly determines responsiveness (close: $\beta = .248$, $p < .001$; distant: $\beta = .199$, $p < .05$). However, none of the effects of I/R on the subsequent variables changed significantly (the highest z-value in specification tests is .931, nonsignificant, Hausman 1978). We carefully conclude that endogeneity did not cause substantial bias in this study.

	Close countries								Distant countries							
Results of PLS models	***Model 1a***		***Model 2a***		***Model 3a***		***Model 4a***		***Model 1b***		***Model 2b***		***Model 3b***		***Model 4b***	
	Beta	t-value	Beta	t-value	Beta	t-value	Beta	t-value	Beta	t-value	Beta	t-value	Beta	t-value	Beta	t-value
Integration and implementation																
Integration → standardization					.135	1.708†	.136	1.694†					.326	4.389***	.326	4.381***
Integration → centralization					.432	4.961***	.432	4.931***					.317	3.423***	.317	3.315***
Responsiveness and implementation																
Responsiveness → standardization					-.576	9.340***	-.576	9.137***					-.377	5.152***	-.377	5.274***
Responsiveness → centralization					-.363	4.290***	-.363	4.294***					-.245	2.466*	-.244	2.430*
H1: International strategy and performance																
Integration → performance[1]			.101	.758ns			.144	1.191ns			.182	1.405ns			.046	.331ns
Responsiveness → performance[2]			.166	1.238ns			.223	1.618ns			-.054	.471ns			.109	.902ns
Implementation and performance																
Standardization → performance					.233	1.777†	.319	2.149*					.168	1.527ns	.192	1.428ns
Centralization → performance					-.279	2.369*	-.282	2.011*					.260	2.586**	.278	2.587**
Controls																
Retail sector	.056	.568ns	.053	.529ns	.049	.492ns	.064	.644ns	-.024	.198ns	.003	.023ns	.030	.277ns	.034	.317ns
Country experience (log)	-.022	.202ns	-.043	.404ns	-.019	.173ns	-.056	.485ns	-.038	.381ns	-.029	.286ns	-.078	.847ns	-.088	.949ns
Firm size (log)	-.109	1.043ns	-.169	1.658†	-.101	.937ns	-.165	1.612ns	-.191	1.743†	-.128	1.471ns	-.175	1.512ns	-.197	1.819†
Geographic scope (log)	.274	2.639***	.247	2.251*	.286	2.786***	.250	2.247*	.019	.194ns	-.037	.366ns	-.028	.261ns	-.042	.361ns
Entry mode dummy	.082	.763ns	.075	.709ns	.135	1.303ns	.130	1.196ns	.248	2.55*	.177	1.607ns	.174	1.805†	.156	1.349ns
R^2 Performance	8.9%		11.2%		14.6%		17.6%		7.2%		10.5%		18.1%		18.7%	
Standardization					40.6%		40.6						33.4%		33.5%	
Centralization					43.0%		43.0						21.4%		21.4%	

Results of Mediation Analyses	Indirect effects		95% Conf. Interv. Limits[3]			Indirect effects		95% Conf. Interv. Limits[3]		
Path	effect	SE	lower	upper	sig. level	effect	SE	lower	upper	sig. level
H2: Integration-standardization-performance	.043	.037	-.004	.145	$p < .10$[4]	.074	.062	-.024	.192	ns
H3: Responsiveness-adaptation-performanmce[5]	-.180	.083	-.366	-.034	$p < .05$	-.096	.051	-.186	.019	ns
H4: Integration-centralization-performance	-.113	.057	-.241	-.015	$p < .05$	.063	.045	.005	.192	$p < .05$
H5: Responsiveness-decentralization-performance[5]	.100	.059	.007	.242	$p < .05$	-.083	.043	-.191	-.017	$p < .05$

***$p < 0.001$; **$p < 0.01$; *$p < 0.05$; †$p < 0.10$; ns = not significant; SE: Standard error according to bootstrapping procedure.

Notes: [1]Effects not differently strong between countries: t-value = .528, $p > .10$ and [2]t-value = .640, $p > .10$ (Hair, et al., 2016, p. 293); [3]Bootstrap samples = 5,000; test based on 95%-confidence intervals does not yield more detailed *p*-values; [4]Lower limit of 90% confidence interval = .002; [5]Wording for the scales standardization (to adaptation) and centralization (to decentralization) changed for traceability reasons and due to negative effects of responsiveness on both scales.

Table B—4: Results

Source: Own creation.

The effect stability was supported by rival models. In addition to our proposed model with partial mediation (4a and 4b, see Table B—4), rival models with an indirect-only mediation (3a and 3b) were tested. Because no common agreement exists on how rival models should be compared in PLS, we considered the adjusted R^2 (adjR^2; as the adjustment penalizes the inclusion of unnecessary predictors) and three available fit values to compare the models. For close countries, all of these values supported a preference for the partially moderated model 4a (Model 4a: adjR^2 = .095, SRMR = .78, d-ULS = 1.154, d-G= .633; Model 3a: adjR^2 = .082, SRMR = .82, d-ULS = 1.201, d-G = .639). For distant countries, the tendency was less clear, but again a slight preference for model 4b emerged (Model 4b: adjR^2 = .108, SRMR = .76, d-ULS = 1.102, d-G = .690; Model 3b: adjR^2 = .120, SRMR = .77, d-ULS = 1.117, d-G = .690).

A further alternative model in distant countries that included only the significant relations was not preferred by any of the values (adjR^2 = .106, SRMR = .80, d-ULS = 1.207, d-G = .692, see Appendix G.1.1). To avoid possible over-estimations of the indirect paths and for reasons of comparability, we refer to the proposed partially mediated models 4a and 4b for our hypothesis tests. Furthermore, alternative models were calculated to avoid possible biases from the unbalanced sample. For these models, the cases from Switzerland and Austria were excluded, and no significant differences in the coefficients compared to the full sample were observed (all differences: $p > .10$, see Appendix G.1.2).

Concerning H1, the direct effects of I/R on performance were nonsignificant in all of the models. Integration does not affect performance (close countries: $\beta = .144$, $p > .10$; distant countries: $\beta = .046$, $p > .10$) or responsiveness (close countries: $\beta = .223$, $p > .10$; distant countries: $\beta = .109$, $p > .10$). The results do not support H1a, as integration does not affect performance more strongly in close vs. distant countries, or H1b, as responsiveness does not affect performance more strongly in distant vs. close countries (t-value = .528, p > .10 and t-value = .640, p > .10; based on a t-test for PLS-based coefficients, see Hair Jr et al. 2016, p. 293). Hence, irrespective of distance, firm-specific I/R strategies do not directly affect subsidiary performance.

H2 assumes that the path of integration through standardization to performance is (a) positive in close countries but (b) negative in distant ones. The results support H2a because the path of integration through standardization to performance is positive and marginally significant in close countries ($\beta = .043$; $p < .10$). H2b is not supported. In distant countries, the path of integration through standardization to performance is nonsignificant ($\beta = .074$, $p > .10$). Hence, in close countries, integration leads to better performance through the standardization of retail offers.

H3 assumes that the path of responsiveness through adaptation to performance is (a) negative in close countries but (b) positive in distant ones. The results support H3a because the responsiveness-adaptation-performance path is negative in close countries (β =-.180; $p < .05$). H3b is not supported because the path is nonsignificant in distant countries (β = -.096, $p > .10$). Hence, in close countries, responsiveness leads to worse performance outcomes through adaptation of retail offers.

The results support both H4a, as the path of integration through centralization to performance is negative and significant in close countries (β = -.113; $p < .05$), and H4b, as the integration-centralization-performance path is positive and significant in distant countries (β = .063, $p < .05$). In summary, in close countries, integration leads to worse performance outcomes through the centralization of decision making, whereas this path leads to better performance outcomes in distant countries.

Finally, the results support H5a: in close countries, the responsiveness-decentralization-performance path is positive and significant (β = .100; $p < .05$). The results also support H5b, as the path is negative and significant in distant countries (β = -.083, $p < .05$). Thus, responsiveness leads to better performance through the decentralization of decision making in close countries but worse performance in distant countries.

4. Discussion and Implications

This study contributes to research on international retailing by providing novel insights into successful international strategy-implementation-performance paths and variations of these paths in host countries, which differ regarding the transferability of FSAs. We thus extend the initial findings in extant literature, which already indicate a link of firm-specific international strategy and subsidiary-specific implementation and performance in retailing. We have derived these paths by regarding I/R from the view of FSAs and considering I/R as predictors of implementation decisions and performance across countries. Our research shows that I/R are still important determinants (despite criticism, see e.g., Devinney et al. 2000) and that analyzing international strategies' paths to performance helps draw clearer performance implications of international strategy (compared to typology-based analyses of I/R or further frameworks). Because our study builds on extant research (Swoboda et al. 2014b) and covers only 102 responses on activities in two country groups, we cautiously draw implications for research and conclusions for managers.

4.1. Research Implications

A few scholars have elucidated I/R as predictors in causal models (e.g., Grein et al. 2001; Grøgaard 2012; Qu and Zhang 2015). The present study complies with those models and follows calls for analyses of the paths of I/R to performance (Haugland 2010, who criticizes typologies regarding theory and implementation/performance implications). We propose a theoretical foundation for such models (which was missing to date, Lin and Hsieh 2010a) by applying an internalization theory-based reasoning to address I/R as a strategy relating to the transfer of FSAs rather than external pressures (Grøgaard 2012; Rugman and Verbeke 1992). Accordingly, we provide insights into retailers' international strategy, which are novel in two regards. First, they enhance extant research by highlighting paths of I/R through local implementation decisions to performance in close and distant countries. In doing so, they disclose that although I/R has no direct effect on performance, indirect performance implications occur via the implementations decisions. Second, our results support the idea that superior paths of I/R to performance vary in close and distant countries due to the limited geographic reach of retailer' FSAs. Subsequently, major research implications regarding these two major findings are discussed.

To provide a richer discussion, we additionally highlight the notably stable relationships between integration and standardization/centralization (close: $\beta = .135$, $p < .10$, distant: $\beta = .326$, $p < .001$; close: $\beta = .432$, $p < .001$, distant: $\beta = .317$, $p < .001$) and between responsiveness and standardization/centralization (close: $\beta = -.576$, $p < .001$, distant: $\beta = -.377$, $p < .001$; close: $\beta = -.363$, $p < .001$, distant: $\beta = -.245$, $p < .05$). Retailers who transfer (generate) their FSAs tend to implement standardization/centralization (adaptation/decentralization) as expected.

Our *first major contribution* addresses our understanding of the nature of I/Rs' implications for local performance, which remains vague. According to theory, I/R can be successful either through transferring FSAs or by generating host-country-specific FSAs. However, our results show no direct effects of I/R in the models with and without the implementation decisions (models 2 and 4). We discuss three implications in detail.

The results exceed and partly contradict I/R studies, which imply that certain international strategies might be more successful than others (e.g., Swoboda et al. 2014b). However, scholars analyze international performance in general. Thus, not surprisingly, it is not the choice of I/R on its own but rather its implementation that drives subsidiaries' performance.

Our results indicate that more is needed than just an alignment between a firm's strategy and its implementation decisions to improve performance for the following reasons (e.g., Ghoshal and Nohria 1993; Lin and Hsieh 2010b). The strong links between I/R and standardization/centralization make obvious that retailers seek internal alignment. However, some of the paths of I/R via the apparently well-aligned implementations decisions on performance are negative because, although I/R are not mutually exclusive, the corresponding implementation decisions in a country are. In a subsidiary, only one specific degree of standardization/centralization is realized. Hence, retailers must decide whether to design local implementation in line with either integration or responsiveness. Our partly negative results for the strategy-implementation-performance paths highlight the challenging decisions regarding an appropriate local implementation. We hope that our paths approach can stimulate future research.

Our results have implications for the understanding of I/R as predictors in causal models (see Figure B—1). Scholars conceptualize I/R as external, host-country-specific pressures and implementation decisions as internal, subsidiary-specific decisions (Grein et al. 2001; Qu and Zhang 2015). We conceptualize I/R as a firm-specific strategy (retailers realize one international strategy, see Sternquist 1997; Swoboda et al. 2014b) and implementation decisions as subsidiary-specific. Thus, we add to the subsidiary-specific literature and the literature on (mostly) firm-specific typologies by bridging the gap between these two levels of analysis.

Our *second major contribution* addresses the limited geographic reach of FSAs and how it relates to successful strategy-implementation-performance paths. Because "retail formats do not travel well", retailers' FSAs have a limited geographic reach (Rugman and Girod 2003, p.25). We show how the paths of I/R to local performance vary due to this limited geographic reach, and we provide insights into successful I/R paths in countries to which transferring FSAs is less vs. more inhibited. We complement the regionality debate, as we show that the variations in the transferability of FSAs not only occur within or between regions but also may be caused by inter-country distances (Rugman and Verbeke 2008b). Moreover, our results are in line with our reasoning that centralization (standardization) is mostly related to the transfer of FSAs in the know-how (offering) part and of retail format. Depending on whether the FSAs are transferable or need to be newly generated, these two implementation decisions are not equally successful in supporting I/R in different countries. We therefore discuss the paths for success in both types of countries. In advance, we highlight interesting links that were not hypothesized, namely the implementation-performance relationships. In close countries, standardization affects performance positively ($\beta = .319$, $p < .05$) and centralization negatively ($\beta = -.282$, $p < .05$),

whereas in distant countries, the effect of standardization is nonsignificant (β = .192, p = .13), and the effect of centralization is positive (β = .278, p < .01). These links are notable because scholars rarely address the important centralization decisions. Furthermore, the links underlie the paths, which are discussed below.

In close countries, two paths are advantageous: integration-standardization-performance and responsiveness-decentralization-performance. The opposite paths are negative: responsiveness-adaptation-performance and integration-centralization-performance. Thus, there are tradeoffs when transferring or generating FSAs abroad. Retailers that focus exclusively on integration (responsiveness) and align their implementation decisions strictly with this strategy—standardization/centralization (adaptation/decentralization)—cannot exhaust their full potential regarding local performance. Instead, integration can positively affect performance only when it is implemented by standardizing retail offers while avoiding too much centralization. By contrast, responsiveness is advantageous only when a retailer decentralizes while avoiding too much adaptation. Both transferring FSAs (integration) and generating FSAs locally (responsiveness) lead to local success only when the strategy is appropriately implemented. Theoretically, this means that transferring FSAs based on the retail offer through standardization appears to be successful, but FSAs in the know-how part of a format should be generated in the subsidiary through decentralization. While the former result is comprehensible, the implication that FSAs in the know-how part do not seem to be transferable into close countries requires discussion. One reason could be that FSAs in the know-how part can be successfully transferred even without high centralization, and thus higher levels of centralization restrict the subsidiary's autonomy more than necessary. Alternatively, although know-how-based FSAs are transferable through centralization, they might not be sufficiently distinctive from those of local competitors.

In distant countries, our results show a superior integration-centralization-performance path and a negative responsiveness-decentralization-performance path. The further paths are nonsignificant. Consequently, in distant countries, a mechanism that fosters the transfer of FSAs through high integration, low responsiveness and central decision making is superior. Focusing on integration rather than responsiveness also leads to positive (albeit nonsignificant) trends in the paths through standardization. Again relating the implementation decisions to different parts of the retail format, our results support the extant literature. They indicate that the know-how part of a retail format remains transferable into more distant countries (Goldman 2001). Retailers that are endowed with transferable FSAs in the know-how part of their format (and hence pursue integration and centralization) are more successful in distant countries (indicated by

Girod and Rugman 2005). However, since we have not explicitly measured the endowment with FSAs, we call for further research on the geographic reach of FSAs in relation to strategy and implementation.

4.2. Managerial Implications

Executives in headquarters know their international strategy and FSAs but may be surprised to realize there is no direct effect of I/R on local performance. Conversely, executives in subsidiaries know local implementation drives performance, particularly in retailing, but may be surprised to realize the firm's strategy affects local implementation and performance. Thus, executives may learn from this study that it is not solely the strategy of transferring/generating FSA but rather the implementation of I/R that determines success in a country.

Executives may question whether it is superior for local performance to align implementation decisions with the firms' specific international strategy or in light of the local environment. Our results strongly indicate that transferring or generating FSAs through I/R leads to success in a country only when locally appropriate degrees of centralization and adaptation are chosen. For example, despite pursuing responsiveness, adapting retail offers and decentralizing decision making are not always the best options. Instead, tradeoffs between the varying and potentially negative relationships among strategy, implementation, and performance must be recognized.

Of course, we provide results only for groups of close and distant countries representing the dispersion of retail activities abroad, but executives need country-specific information. Therefore, we propose that they first cautiously identify which of their FSAs are transferable and for which of their FSAs transfer is challenging and then determine what degrees of standardization and centralization are most suitable to support the locally successful transfer or generation of FSAs, respectively.

5. Limitations and Further Research

As previously noted, further research is required to better understand the path of international strategy to performance, as our study is not without limitations. We highlight three issues of this nature.

First, although we devoted special attention to data collection, broadening the database would allow further conclusions. For example, additional countries, subsidiaries, or a broader set of retailers (e.g., differentiating food and non-food

retailers, Swoboda et al. 2014b) with further origins could be studied in different contexts. The choice of close vs. distant countries facilitates our comparison, but future research may use objective inter-country difference measures. Alternatively, analyzing particular countries is advantageous but challenging, as it is difficult to obtain larger samples of international retailers (the largest survey contains 102 firms, see Evans and Mavondo 2002). Conducting interviews in foreign entities as well would provide an alternative.

Second, strategy and implementation are complex, and our attempts to adapt the scales to the retail context were intensive but to some extent remained exploratory (e.g., the I/R scales, although alternatives were mentioned). Alternative measures may be applied for the standardization decisions (as no agreement on traditional marketing mix elements exists) and for the measure of centralization. Additionally, more fine-grained measures of different process or business functions might yield more detailed results.

Third, our study is static in nature, whereas international strategy and local implementation change over time (e.g., Jonsson and Foss 2011), offering room for reciprocal studies. We view I/R as firm-specific; however, other scholars may consider varying I/R between subsidiaries (e.g., Meyer and Estrin 2014). Furthermore, we focused on I/R as the most prominent international strategy framework and two important implementation decisions representing offering and know-how parts of retail formats. Scholars may refer to alternative or extended international strategy frameworks (e.g., the I/R-transactional completeness or the I/R-regionality model, Devinney et al. 2000; Verbeke and Asmussen 2016) and additional endowments with FSAs (e.g., resources/capabilities, which are not commonly agreed upon in retailing, e.g., Girod and Rugman 2005). An analysis of further implementation decisions would enhance the scope of possible implications, e.g., mechanisms to support knowledge flows (Jonsson and Foss 2011), common goals/values (Grøgaard 2012), or supply-chain processes (Swoboda and Elsner 2013).

C. Study 2: An Inter- and Intra-format Perspective on Transfer and Perception of Retail Formats[1]

1. Introduction

Retailers have dynamically expanded abroad by transferring their formats into developed and then into emerging markets. In local competition in the largest retail sector, grocery retailers aim to bind local consumers by positioning their format as strong retail brands (Euromonitor 2016). Consumers' assessment of a retailer as strong, attractive, and unique brand, which is defined as consumer-based RBE, is known to affect consumer loyalty and retailer performance (Hartman and Spiro 2005; Keller 1993). Scholars show that successful retailers retain their preferred formats for international expansion (e.g., Gielens and Dekimpe 2001), but they also argue that adaptations are vital to meet local consumer needs (e.g., Bianchi and Ostale 2006). However, retail formats are considered generic positioning profiles (e.g., Martínez-Ruiz et al. 2010), which consumers link to particular core attributes (e.g., low price for discounters) and which affect the options for adaptation. Therefore, this study analyzes whether such format-specific core attributes, namely, consumers' evaluations of retailers' marketing mix, affect RBE and whether RBE affects consumers' loyalty equally or differently in retailers' home and host countries. These relationships are analyzed in two important spatial competition perspectives, intra-format (e.g., discounters vs. hypermarkets) and intra-format (for specific retailers within these formats such as Lidl or Auchan). Shoppers consider both perspectives and such unexplored transfer and positioning decisions across nations are likely to differ in both perspectives.

Scholars have often addressed format transfer strategies by analyzing which transferred retail attributes are standardized or adapted abroad (e.g., Goldman 2001; Jonsson and Foss 2011; Swoboda and Elsner 2013) without considering the essential consumer responses to these transfer decisions. Concerning these responses, scholars have investigated consumer-based positioning differences across nations (for particular retailers such as Dia in Spain and Greece, Ikea in Sweden and the UK or Marks & Spencer in the UK and France, see Burt et al. 2007; Burt and Mavrommatis 2006; McGoldrick 1998) and consumers' expectations toward international retailers across nations (e.g., Erdem

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et al. 2004; White and Absher 2007; Zielke and Komor 2015). However, this research stream often considers only one retailer and does not account for format differences in positioning decisions. Only Swoboda et al. (2014a) analyze inter-format differences in developed and emerging counties. They find different perceptions of core attributes but mostly similar effects on grocery formats' RBE.

Nevertheless, these authors do not theoretically conceptualize the role of core attributes as drivers of RBE across formats and countries, and they neglect an intra-format perspective. This is an important research gap because spatial competition research underlines retailers' intense competition primarily within formats, such as one hypermarket retailer vs. another (for literature reviews see Cardinali and Bellini 2014; Cleeren et al. 2010). This competition might particularly affect retailers' transfer and positioning decisions by leading them to differentiate in home and host countries.

We aim to advance the literature by providing a more nuanced account of inter- and intra-format perspectives by analyzing whether similar core format attributes predict RBE and loyalty in retailers' home and host countries. Accordingly, we ask, first, whether format-specific core attributes remain equally important in affecting RBE when the formats are transferred across borders (inter-format) and, second, whether the retailer-specific importance of core attributes for RBE is similar when transferring their formats across borders (intra-format).

We offer valuable research contributions by providing a broader and theoretically based conceptualization of whether the relationship between retail attributes, RBE and loyalty remain equal or vary when comparing different formats and specific retailers within these formats in home and host countries. Although these relationships have been acknowledged in retail studies, they have seldom been considered in format-specific and international research. We contribute to the understanding of format-specific core attributes from an inter-format perspective (i.e., for two important grocery formats) and the role of these core attributes in retailers' local positioning from an intra-format perspective (i.e., for specific retailers) across nations. As a result, we advance Swoboda et al.'s (2014a) findings, who analyze an inter-format perspective but call for further analysis and an intra-format perspective. Investigating specific retailers with the same format contributes to our understanding of possible boundaries in their transfer strategies. Moreover, analyzing hypermarkets, which are preferably used for foreign expansion, and discounters, which show increasing market shares in Europe, has a high practical relevance (Euromonitor 2016). We consider major retailers from different countries, namely, French and German hypermarkets and German discounters, because France (Germany) has the

strongest tradition of and market shares for hypermarkets (discounters) in Europe. Considering two home countries allows us to assess possible home country-based differences in retailers' strategies. Focusing on the emerging country Romania (according to IMF 2015) accounts for Western European retailers' preference to serve Eastern European markets and for possible differences in consumer behavior between developed and emerging countries (e.g., Zielke and Komor 2015).

The remainder of this study proceeds as follows. Drawing from theory and empirical evidence, we derive hypotheses on the role of core attributes for RBE and on the RBE-loyalty link from the inter- and intra-format perspectives. We test them with data obtained from 3,237 face-to-face interviews. We discuss the results and implications of the study and avenues for further research.

2. Conceptual Framework and Hypotheses

To address our research aims, we use associative networks, particularly categorization theory. The theory explains how information about retail brands and formats is structured in consumers' memory and provides rationales for the relevance of core attributes for RBE between and within formats (Hartman and Spiro 2005; Keaveney and Hunt 1992). In the framework in Figure C—1, we assume that retail attributes affect RBE, which, in turn, affects conative loyalty (Swoboda et al. 2014a), i.e., consumers' intention and readiness to repurchase at a store (Oliver 2015, p. 434). The inter- vs. intra- format comparison in retailers' home and emerging host countries provides insights into likely moderations (e.g., different consumer expectations in host countries; White and Absher 2007; Zielke and Komor 2015). As retail attributes, we consider price, assortment, store layout, location and service, which are frequently analyzed in the context of grocery retailing (e.g., Jara and Cliquet 2012; Jinfeng and Zhilong 2009).

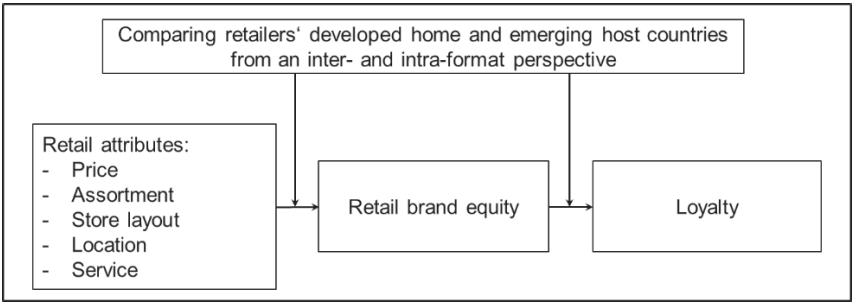

Figure C—1: Conceptual framework
Source: Own creation.

According to associative network theory, information is stored in consumers' memory as a network of nodes and associations. When information is retrieved, the activation of a node leads to a flow of activation of other nodes (e.g., Lei et al. 2008). In our context, a retail brand as a node is linked to associations and other nodes, such as retail attributes. As particular attributes of a retailer are evaluated more favorably, the relevance of these attributes for RBE increases (Keller 1993). In turn, strong retail brands cause higher behavioral relevance because they are likely to be activated in a decision situation (Allaway et al. 2011; Swoboda et al. 2013b).

According to categorization theory, consumers structure information by categorizing retail brands within the same retail formats into a retail format category schema (i.e., a hypermarket vs. discounter category; Keaveney and Hunt 1992; Willems and Swinnen 2011) that contain the most distinctive information about a format. Once a retail brand has been allocated to a category, consumers are likely to link RBE to the attributes that are constitutive of the category (Hartman and Spiro 2005; Keaveney and Hunt 1992) because retail formats address distinct types of benefits and shopping situations, and different core attributes exist for formats (e.g., Martínez-Ruiz et al. 2010; Reutterer and Teller 2009). From the inter-format perspective, these core attributes are likely to affect the RBE of formats most strongly. Therefore, we expect that the core attributes of each format affect RBE equally across nations (despite possibly different expectations towards certain attributes across nations, Erdem et al. 2004; White and Absher 2007). From an intra-format perspective, specific retailers are categorized into a format category schema across nations given that most retailers retain their preferred format for internationalization (Gielens and Dekimpe 2001). In every encounter with a retail brand, consumers compare new information about the brand with their format category schema (Willems and Swinnen 2011). In case of major discrepancies consumers learn to evaluate specific retailers separately from the category (Hartman and Spiro 2005; Keaveney and Hunt 1992). Hence, for retailers within the same format, different effects of the core attributes on RBE in the home and host countries may occur.

2.1. Inter-format Perspective

According to categorization theory, a retail format category in consumers' memory is linked most strongly to the most typical attributes of that format. These core attributes are most important for format and store choice (Martínez-Ruiz et al. 2010; Solgaard and Hansen 2003) and may be similar or different across nations, corresponding to the similarity or difference of format categories in consumers' memories. Theoretically and according to first empirical findings

(Swoboda et al. 2014a), we expect that similar core attributes affect RBE across nations, as the distinct benefits provided by discounters vs. hypermarkets remain equal. Discounters are known as no-frills, limited-choice grocery retailers with relatively low service levels (Cleeren et al. 2010; Gonzalez-Benito et al. 2005). These characteristics reflect their cost orientation, which makes low prices and an everyday low price strategy their dominant attributes (e.g., Willems and Swinnen 2011). Across both developed and emerging countries, high price consciousness leads to consumer preference for discounters, albeit consumers' price-role orientations may differ between those countries for certain types of products (Zielke and Komor 2015). We therefore consider price the core attribute of discount formats across nations. Hypermarkets are characterized by extended product choice (breadth/depth of assortment), which they offer in large stores (Cleeren et al. 2010; Gonzalez-Benito et al. 2005) to provide one-stop-shopping convenience to consumers (Morschett et al. 2006). Consumers visit hypermarkets for large-basket or multi-purpose shopping trips (Leszczyc et al. 2004; Reutterer and Teller 2009). To support multi-purpose shopping, hypermarkets usually offer a range of complementary services in specialized service units (Solgaard and Hansen 2003). Furthermore, the store layout of hypermarkets is typically experience-oriented (Marques et al. 2015). Accordingly, assortment, service and store layout are considered the core attributes of hypermarkets in developed and emerging countries.

In summary, according to theory and empirical findings, the categories by which the two formats are represented in consumers' memories based on the benefits they offer are likely to remain similar in developed and emerging countries. We therefore expect that the same core attributes affect RBE and hypothesize the following:

H1. The core format attributes identically influence RBE within each specific format in emerging and developed countries, particularly the following:
(a) Price predominantly affects the RBE of discounters.
(b) Assortment, store layout, and services predominantly affect the RBE of hypermarkets.

2.2. Intra-format Perspective

Studies show perception differences of specific retailers between home and host countries (e.g., Burt et al. 2007; Burt and Mavrommatis 2006). This appears to contradict the categorization-theory-based reasoning. However, if a retailer stands out strongly from its competitors within a format in a country, consumers shift away from a categorized evaluation and learn to evaluate this retailer individually (Hartman and Spiro 2005; Keaveney and Hunt 1992). Differences for

specific retailers between developed and emerging countries may occur due to adaptations to local consumer's expectations, for example. For both formats in focus, we therefore expect such differentiation to be likely but within format-specific boundaries.

Price has been identified as the core attribute of discounters according to the above theoretical reasoning. Although consumers in developed and emerging countries differ in terms of price role orientations, e.g., regarding value-consciousness or price-quality-inferences, price will most likely retain its relevance for discount retailers (Zielke and Komor 2015). However, if evaluations of discounters are driven by price-to-value rather than mere price-level evaluations, assortment perceptions gain importance (Zielke 2010). Specific discount retailers may therefore differentiate from local competition based on their assortment, e.g., offering more national (vs. store) brands. Accordingly, assortment adaptations—in particular, in emerging countries—may cause different effects on RBE for specific discount retailers (e.g., Diallo 2012). For specific hypermarket retailers the core attributes assortment or store-layout may face different expectations across nations and therefore leave more room for local differentiation. In emerging countries, different expectations regarding merchandize quality, assortment breadth/depth or the ease of finding the required products might occur (White and Absher 2007). Several options for intra-format differentiation in the assortment of hypermarket retailers exist e.g., based on quality (Leszczyc et al. 2004) or the numbers of product categories and stock-keeping units (Briesch et al. 2009). Furthermore, because consumers spend much time in large stores and aim for multi-purpose shopping, hypermarket retailers are sensitive to emerging country consumers' different expectations regarding store layout or services (Cambra-Fierro and Ruiz-Benítez 2011). Hence, for specific retailers, we expect different effects of the core attributes on RBE in home and host countries due to different consumers' expectations in emerging countries and adaptions in local competition.

In summary, specific discounters are likely to be evaluated equally concerning price across nations because they cannot easily deviate from the category schema, but differences concerning assortment are likely. Specific hypermarkets are likely to differentiate from the category schema across nations, i.e., consumers evaluate them differently. We hypothesize the following:

H2. For specific retailers within the discount format, (a) the dominant influence of price on RBE remains equally strong, whereas (b) the dominant influence of assortment on RBE varies between developed and emerging countries.

H3. For specific retailers within the hypermarket format, the dominant influence of (a) assortment, (b) store layout, and (c) service on RBE varies between developed and emerging countries.

2.3. RBE and Loyalty

When consumers decide where to shop (again), they retrieve information from their memory and the activation of one node leads to a flow of activation to linked nodes. Because RBE describes the strength, uniqueness and attractiveness of a retail brand, this node is likely to be activated in a decision situation (Swoboda et al. 2013b). RBE was shown to affect consumer loyalty towards a certain retailer in developed and emerging countries (e.g., Jinfeng and Zhilong 2009). Swoboda et al. (2014a) found equal effects of RBE on loyalty for hypermarkets, discounters, and supermarkets (from an inter-format perspective). However, scholars have noted that the RBE-loyalty link might differ across nations, particularly in emerging countries. Possible reasons are cultural differences (e.g., Zhang et al. 2014) or country-of-origin perceptions affecting RBE effects (Maruyama and Wu 2014). Consumers may be less loyal to modern retail formats because of their familiarity with and their support for traditional stores and local businesses (Paswan et al. 2010), as well as their affect and trust for them (Anand and Sinha 2009).

In summary, although we cannot analyze particular causes of differences in a country comparison, we see differences to be likely because retail brands in consumers' memories in emerging (vs. developed) countries might be less present or relevant for loyal behavior. Accordingly, we hypothesize the following:

H4. The relationship between RBE and loyalty varies between developed and emerging countries for (a) discount and (b) hypermarket formats and for (c) specific discount and (d) hypermarket retailers.

3. Empirical Study

3.1. Context and Sample

We initially focused on the grocery sector as it is the most important retail sector and on all European and Asian emerging countries (IMF 2015) to identify those in which the inter- and intra-format hypotheses for the dominant grocery formats could be tested. In grocery retailing, three formats dominate: hypermarkets (selling space > 2.500sqm, wide/deep assortment, price range from medium-high to low), discounters (400–1000sqm, limited depth of assortment, aggressive

prices) and supermarkets (400–2,500sqm, mostly grocery assortment, medium price) (Cleeren et al. 2010; Solgaard and Hansen 2003). Further formats are less important (Planet Retail 2013). We choose hypermarkets and discounters to realize an eligible sample across nations. Developed and emerging markets were defined and chosen according to the classification of the IMF (IMF 2015, i.e., income, export diversification, integration into the global financial system, political, economic and historic criteria). Per format, at least two retailers that originate from the same Western country and use the same brand abroad were required to increase the generalizability of our observations. These conditions were not met for supermarkets in any country, while for hypermarkets and discounters, they were met in Poland and Romania only (for details, see Appendix G.2.1). We selected Romania for several reasons: Romania has a much lower GDP per capita and leading retailers within a format are present: Lidl and Penny (No. 2 and 3 discounters in Germany), Kaufland and Real (No. 1 and 2 hypermarkets in Germany), and Carrefour and Auchan (No. 1 and 5 in France). Moreover, the home countries are useful because France (Germany) has the strongest tradition of hypermarkets (discounters) in Europe. Finally, Romania accounts for Western European grocery retailers' preference to expand into Eastern European countries.

Accordingly, we conducted three consumer surveys in the years 2013/14 in France, Germany, and Romania addressing the above-mentioned two retailers in France, four in Germany, and all six in Romania. A typical medium-sized city in each country was chosen for the field studies: Metz (France) and Trier (Germany), each characterized by more than 250,000 inhabitants in the region, and Cluj-Napoca (Romania), with more than 300,000 inhabitants, which compensates for the lower purchasing power and density of competition in Romania. In all cities, we ensured that various modern retail chains and the chosen retailers were present and that there were no other medium-sized cities within a 30-minute driving distance. However, because we observed one city and competitive context in each country, the results are limited in this respect.

To obtain the consumer samples, we randomly selected inhabitants at the city center equally over each day of the week and within a limited period of time. We applied quota sampling based on population data from the city's registration offices. Every third person who passed the trained interviewers and complied with the sample quota was asked to participate. To further reduce possible selection bias, every interviewer questioned equal numbers of inhabitants by using a standardized questionnaire. The interview time was approximately fifteen minutes. Each respondent was interviewed on one specific retailer, which was selected randomly while assuring they had shopped at this retailer within the past six months. We aimed for 250 respondents per retailer (Kline 2011, p. 12)

and assigned two interviewers in France, four in Germany and, for reasons of safety, seven in Romania.

We collected data from a total of 3,614 respondents. The sample sizes per retailer are sufficiently comparable for hypothesis tests: N = 250–264 per retailer in France, N = 248–316 per retailer in Germany and N = 273–368 per retailer in Romania. After removing 161 incomplete questionnaires and a total of 216 outliers according to Mahalanobis distance, 3,237 cases remained. The sample distribution mostly satisfied the planned quota sample (see Table C—1). Tests showed no deviations from univariate and multivariate normality; hence, the maximum-likelihood estimator was chosen to test the hypotheses.

	Realized quota sample (%)			Planned quota sample (%)		
Age groups	Male	Female	Total	Male	Female	Total
			Germany			
15–24	9.1	9.0	18.1	6.9	6.6	13.5
25–49	22.8	22.9	45.7	21.5	20.7	42.2
50–64	8.8	11.9	20.7	10.6	10.7	21.3
>64	7.1	8.4	15.5	9.6	13.4	23.0
Total	47.8	52.2	100.0	48.6	51.4	100.0
			France			
15–24	6.1	9.5	15.6	7.5	7.2	14.7
25–49	24.8	25.1	49.9	19.5	20.0	39.5
50–64	9.9	9.9	19.8	11.5	12.2	23.7
>64	6.7	8.0	14.7	9.4	12.7	22.1
Total	47.5	52.5	100.0	47.9	52.1	100.0
			Romania			
15–24	9.7	11.2	21.0	9.0	8.6	17.6
25–49	21.5	20.9	42.4	22.1	21.6	43.7
50–64	10.6	12.3	22.9	10.0	11.0	21.1
>64	5.7	8.0	13.7	7.2	10.4	17.6
Total	47.5	52.5	100.0	48.3	51.7	100.0

Table C—1: Sample distribution

Source: Own creation.

3.2. Measurement

Regarding the measurement, we considered the hierarchy of effects by applying an appropriate questionnaire design (e.g., randomizing the question order), and we relied on previous studies using seven-point Likert-scales (ranging from 1 to 7, strongly disagree to strongly agree, for details see Appendix G.2.2).

We measured conative loyalty with three items (adapted from Chaudhuri and Holbrook 2001, visit retailer next time, continue purchasing, chose retailer over competitors; α = .840–.908). RBE was measured with four items (well-known, strong, attractive and unique brand, α = .769–.802) according to Verhoef et al. (2007) because this measure is established in most retail studies (Keller 1993). Because different inventories of retail attributes and related items have been provided in the literature, we discussed the attributes with a focus group in each country (each n = 5) and chose five attributes that were perceived to be most

important (price, assortment, store layout, location and service) and initially selected four items each that comprehensively represented these attributes. These scales were quantitatively pretested (n = 120 for both formats in each country). We finally used three items for each attribute that yielded satisfactory values for reliability and validity. Used measures include price (fair, consistently good, lower than competitors; α = .847–.877 in all countries); assortment (good variety of products, everything I need, good variety of store brands; α=.783–.848), location (optimal, easily and quickly accessible; α = .868–.919), store layout (allows convenient and easy shopping, welcoming atmosphere, appealing; α = .830–.881), and service (friendly/helpful, requests treated with respect, pleased with service; α = .877–.906). However, the study is limited in this respect because the chosen attributes and items can affect the results. The scales were translated into German, Romanian and French by applying the translation procedure proposed by Hult et al. (2008). Because our sample did not fully match the planned sample and because consumer loyalty is likely to be affected by gender (0 = male; 1 = female) and age, we controlled for both.

3.3. Method

Methodologically, we proceed twofold. The measurements were tested for reliability, validity and possible biases and for measurement invariance between countries.

To test reliability, we scrutinized factor loadings and the corrected item-to-total correlations (see Appendix G.2.3). The values exceeded the recommended thresholds (≥ .500, ≥ .300) except for the “well-known brand” item for RBE, which was excluded from the analyses. To assess construct reliability, we ensured adequate values for Cronbach’s alpha (≥ .700) and composite reliability (≥ .600, Bagozzi and Yi 1988; Nunnally and Bernstein 1978). To determine construct validity, we examined the factor loading of the confirmatory factor analysis (CFA ≥ .500) and the average variance extracted (AVE ≥ .500) values, which provide support for convergent validity (Bagozzi and Yi 1988; Hair et al. 2014, p. 619). We tested for discriminant validity by assuring that all AVEs exceeded the squared correlations between the constructs (see Table C—2, Fornell and Larcker 1981). The fit values for the confirmatory models were found to be satisfactory and, thus, are considered acceptable (Hair et al. 2014, p. 579).

We aimed to reduce the probability of non-response bias in three ways. We ensured respondents of the survey’s confidentiality, put special emphasis on the questionnaire design, and offered incentives motivating respondents to participate (Castiglioni et al. 2008). Because in each study 250–400 inhabitants declined to participate, we compared the respondents’ demographics to our quota

using a χ^2-test and did not find differences in the percentage distribution of gender and age. We used weighting adjustment by census data (Groves 2006) and found no substantial deviations (see Appendix G.2.4). Thus, the threat of non-response bias was reduced. Common-method variance (CMV) was addressed a priori by using an appropriate questionnaire design, such as randomizing the question order, which is known to reduce CMV. A posteriori, we used a single-factor test (Podsakoff et al. 2003). The model with all items loading on a single factor (CFI .661; TLI .624, RMSEA .158; SRMR .088; $\chi^2(189) = 15{,}565.285$) showed significantly worse fit values than the proposed model (difference to proposed model: $\Delta\chi^2 = 14{,}523.921$ (20), $p < .001$). Additionally, we applied the marker variable technique using the latent variable approach (see Appendix G.2.5) and the available income as a marker variable, which can be seen as theoretically unrelated to our constructs (Lindell and Whitney 2001; Williams et al. 2010). Significant correlations among the constructs remained, which indicates as reduced threat of CMV in the data.

Germany (n = 1,031)								
	AVE	**1**	**2**	**3**	**4**	**5**	**6**	**7**
1. Loyalty	**.768**	-						
2. RBE	**.538**	*.496*	-					
3. Price	**.653**	*.279*	*.052*	-				
4. Assortment	**.588**	*.297*	*.519*	*.313*	-			
5. Location	**.791**	*.195*	*.089*	*.174*	*.073*	-		
6. Store Layout	**.641**	*.266*	*.442*	*.175*	*.388*	*.065*	-	
7. Service	**.705**	*.229*	*.429*	*.284*	*.313*	*.073*	*.378*	-
France (n = 452)								
	AVE	**1**	**2**	**3**	**4**	**5**	**6**	**7**
1. Loyalty	**.652**	-						
2. RBE	**.597**	*.466*	-					
3. Price	**.673**	*.247*	*.341*	-				
4. Assortment	**.653**	*.362*	*.549*	*.405*	-			
5. Location	**.689**	*.193*	*.267*	*.229*	*.306*	-		
6. Store Layout	**.664**	*.310*	*.563*	*.362*	*.624*	*.369*	-	
7. Service	**.679**	*.247*	*.418*	*.337*	*.362*	*.221*	*.467*	-
Romania (n = 1,752)								
	AVE	**1**	**2**	**3**	**4**	**5**	**6**	**7**
1. Loyalty	**.720**	-						
2. RBE	**.585**	*.417*	-					
3. Price	**.717**	*.303*	*.458*	-				
4. Assortment	**.578**	*.367*	*.575*	*.514*	-			
5. Location	**.690**	*.192*	*.181*	*.267*	*.239*	-		
6. Store Layout	**.720**	*.367*	*.266*	*.345*	*.562*	*.141*	-	
7. Service	**.763**	*.268*	*.443*	*.383*	*.435*	*.194*	*.367*	-

Notes: AVE = Average variance extracted (≥ .500); values in italics represent squared correlations between constructs.

Table C—2: Discriminant validity

Source: Own creation.

We tested across-country measurement invariance based on CFA (Appendix G.2.6). Because full metric and scalar invariance was not attained, partial invariance was ascertained by freely estimating some intercepts and factor loadings while retaining at least two intercepts and factor loadings fixed across nations

for each variable (Byrne et al. 1989). The partial scalar invariance model was used for hypotheses testing.

To test the hypotheses, we applied multi-group structural equation modelling (SEM) using Mplus 7.3. With regard to H1 and H4a/b, we tested for country differences by pooling the data on all discounters within Germany and Romania and on all hypermarkets within Germany, France, and Romania. With regard to H2, H3 and H4c/d, we tested for country differences for each retailer. The significance of the differing effects was assessed using χ^2 difference tests (see Tables C—3 to C—4). The fit values for all SEM models were satisfactory (value ranges are CFI .924–.961; TLI 912–.955; RMSEA .050–.078; SRMR .068–.081). We estimated rival models (Appendix G.2.7). Models I (hypermarkets) and II (discounter) excluded the direct effects of retail attributes on loyalty because it is theoretically reasonable that the attributes affect RBE only. The fit of the rival models was significantly poorer than in the proposed models (hypermarkets: $\Delta\chi^2 = 111.840$ (15), $p < .001$; discounter: $\Delta\chi^2 = 73.864$ (10), $p < .001$). In models III and IV, a revised relationship was tested: RBE-attributes-loyalty. The model fits again were poorer than for the proposed model (hypermarkets $\Delta\chi^2 = 692.525$ (13), $p < .001$; discounters: $\Delta\chi^2 = 253.662$ (22), $p < .001$). Based on these results, we used the proposed model (Kline 2011, p. 102). Finally, because the sample sizes for hypermarkets are larger in Romania in the inter-format models, we calculated model V with weighted groups but without further insights.

3.4. Results

Subsequently, the results regarding the effects of retail attributes on RBE from an inter- and intra-format perspective are presented first, followed by the effect of RBE on loyalty. For the comparisons between countries, unstandardized structural coefficients are used (Raines-Eudy 2000). From the inter-format perspective, the results for discounters show that price affects RBE strongly in Germany and Romania (b = .742, $p < .001$; b = .606, $p < .001$), while no significant differences occur between the countries (see Table C—3). H1a is supported. Additionally, assortment shows a strong effect on RBE in Germany and Romania (b = .701, $p < .001$; b = .590, $p < .010$), while for the other attributes, the coefficients are notably lower, yet still mostly significant. For hypermarkets, RBE is significantly affected by assortment (Germany: b = .490, $p < .001$; France: b = .535, $p < .001$; Romania: b = .537, $p < .001$), layout (Germany: b = .535, $p < .001$; France: b = .574, $p < .010$; Romania: b = .427, $p < .001$), and service (Germany: b = .424, $p < .001$; France: b = .318, $p < .010$; Romania: b = .298, p < .001).

	Discounter GE (n = 487)		Discounter RO (n = 513)		χ^2-Diff.	Hypermarkets GE (n = 544)		Hypermarkets FR (n = 452)		Hypermarkets RO (n = 1,241)		χ^2-Diff.	χ^2-Diff.
Effects	b	β/*p*	b	β/*p*	GE/RO	b	β/*p*	b	β/*p*	b	β/*p*	GE/RO	FR/RO
PRI→RBE	.742	.367***	.606	.305***	ns	.096	.057ns	.106	.080ns	.290	.171***	†	ns
ASS→RBE	.701	.347***	.590	.297**	ns	.490	.294***	.535	.307***	.537	.318***	ns	ns
LOC→RBE	.029	.014ns	.243	.122*	ns	.057	.034ns	.045	.030ns	-.055	-.033ns	ns	ns
LAY→RBE	.269	.133*	.259	.130**	ns	.535	.321***	.574	.322**	.427	.253***	ns	ns
SER→RBE	.293	.145*	.264	.133*	ns	.424	.254***	.318	.187**	.298	.176***	ns	ns
PRI→LOY	.093	.069ns	.237	.153†	ns	.191	.125*	.081	.062ns	.115	.086†	ns	ns
ASS→LOY	-.123	-.079ns	.001	-.001ns	ns	.016	.011ns	.250	.148†	.242	.180*	ns	ns
LOC→LOY	.391	.252***	.301	.195**	ns	.218	.143***	.107	.092ns	.172	.127***	ns	ns
LAY→LOY	.103	.066ns	.077	.050ns	ns	.107	.070ns	-.154	-.060ns	.004	.003ns	ns	ns
SER→LOY	-.157	-.101ns	.061	.039ns	ns	.003	.002ns	.069	.047ns	.083	.062ns	ns	ns
RBE→LOY	.538	.699***	.324	.416***	*	.507	.554***	.430	.489***	.268	.336***	**	†
Gender	.005	.002ns	.028	.009ns	ns	-.079	-.026ns	.073	.103*	.083	.031ns	ns	ns
Age	.000	.003ns	.005	.054ns	ns	.004	.046ns	-.001	.010ns	-.002	-.027†	†	ns
Model Fit	CFI .951; TLI .943; RMSEA .055; SRMR .071; $\chi^2(437) = 1{,}109.191$					CFI .961; TLI .955; RMSEA .050; SRMR .067; $\chi^2(668) = 1{,}897.795$							

	Lidl GE (n = 267)		Lidl RO (n = 275)		χ^2-Diff.	Penny GE (n = 220)		Penny RO (n = 238)		χ^2-Diff.
Effects	b	β/*p*	b	β/*p*	sig.	b	β/*p*	b	β/*p*	sig.
PRI→RBE	.839	.451***	.745	.375**	ns	.756	.355***	.564	.276*	ns
ASS→RBE	.488	.251ns	.478	.241†	ns	.680	.319*	.448	.219ns	ns
LOC→RBE	.013	.007ns	.452	.227*	*	-.022	-.010ns	.057	.028ns	ns
LAY→RBE	.207	.106ns	.200	.101†	ns	.324	.152ns	.646	.317†	ns
SER→RBE	.404	.207ns	.197	.099ns	ns	.339	.159†	.191	.093ns	ns
PRI→LOY	-.044	-.030ns	.342	.232†	ns	.304	.187ns	.166	.100ns	ns
ASS→LOY	-.085	-.059ns	-.051	-.035ns	ns	-.279	-.183ns	-.076	-.046ns	ns
LOC→LOY	.275	.190**	.331	.225*	ns	.485	.298***	.312	.188*	ns
LAY→LOY	.086	.060ns	.037	.025ns	ns	.366	.225ns	.227	.137ns	ns
SER→LOY	-.180	-.125ns	-.109	-.074ns	ns	-.158	-.097ns	.184	.111ns	ns
RBE→LOY	.571	.769***	.326	.440**	*	.412	.541**	.315	.387**	ns
Gender	.238	.082ns	.050	.017ns	ns	-.141	-.043ns	.022	.007ns	ns
Age	-.002	-.021ns	.005	.065ns	ns	.004	-.049ns	.006	.066ns	ns
Model Fit	CFI .930; TLI .919; RMSEA .060; SRMR .074; $\chi^2(437) = 869.469$					CFI .924; TLI .912; RMSEA .078; SRMR .081; $\chi^2(437) = 1041.148$				

*** $p < .001$; ** $p < .010$; * $p < .050$; † $p < .100$; ns = not significant.

Notes: LOY = loyalty; RBE = retail brand equity; PRI = price; ASS = assortment; LOC = location; LAY = store layout; SER = service; b = unstandardized coefficient; β = standardized coefficient; *p* = level of significance; GE = Germany; RO = Romania. Differences discounters/hypermarkets: Germany – PRI→RBE stronger for discounters ($p < .010$); LAY→RBE stronger for hypermarkets ($p < .050$); LOC→LOY stronger for discounters ($p < .050$). Romania – PRI→RBE stronger for discounters ($p < .050$); LOC→RBE stronger for discounters ($p < .050$); ASS→LOY stronger for hypermarkets ($p < .100$).

Table C—3: Results from inter-format perspective and intra-format perspective for discounters

Source: Own creation.

(a) German	Kaufland GE (n = 259)		Kaufland RO (n = 337)		χ^2-Diff	Real GE (n = 285)		Real RO (n = 280)		χ^2-Diff
Effects	b	β/*p*	b	β/*p*	sig.	b	β/*p*	b	β/*p*	sig.
PRI→RBE	.350	.175*	.349	.184*	ns	.033	.022ns	.153	.099ns	ns
ASS→RBE	.504	.253*	.625	.329*	ns	.377	.252**	.466	.301*	ns
LOC→RBE	.149	.075ns	.037	.019ns	ns	.082	.055ns	.033	.021ns	ns
LAY→RBE	.986	.495*	.480	.253*	ns	.327	.218**	.428	.276*	ns
SER→RBE	.062	.031ns	.280	.148*	ns	.574	.384***	.304	.196**	†
PRI→LOY	.094	.064ns	.021	.017ns	ns	.149	.094ns	.122	.092ns	ns
ASS→LOY	-.068	-.046ns	.311	.241ns	ns	.193	.112ns	-.011	-.009ns	ns
LOC→LOY	.176	.120†	-.015	-.012ns	ns	.112	.071ns	.143	.108ns	ns
LAY→LOY	-.129	-.088ns	.048	.037ns	ns	.082	.052ns	.272	.204ns	ns
SER→LOY	.181	.123ns	-.014	-.011ns	ns	-.126	-.080*	-.043	-.032ns	ns
RBE→LOY	.465	.630***	.258	.380**	ns	.665	.627***	.346	.403***	*
Gender	-.396	-.134**	.137	.053ns	**	.177	.056ns	.189	.071ns	ns
Age	-.005	-.057ns	-.004	-.049ns	ns	.012	.130*	.002	.020ns	†
Model Fit	CFI .948; TLI .940; RMSEA .060; SRMR .074; $\chi^2(438) = 906.680$					CFI .936; TLI .926; RMSEA .063; SRMR .083; $\chi^2(438) = 925.450$				

(b) French	Auchan FR (n = 230)		Auchan RO (n = 318)		χ^2-Diff	Carrefour FR (n = 222)		Carrefour RO (n = 306)		χ^2-Diff
Effects	b	β/*p*	b	β/*p*	sig.	b	β/*p*	b	β/*p*	sig.
PRI→RBE	.113	.073ns	.347	.235*	ns	.116	.057ns	.393	.187*	ns
ASS→RBE	.414	.268*	.515	.325*	ns	.775	.379*	.640	.305*	ns
LOC→RBE	.027	.018ns	-.113	-.073ns	ns	-.039	-.019ns	-.027	-.013ns	ns
LAY→RBE	.484	.313*	.306	.208*	ns	.732	.358*	.596	.284*	ns
SER→RBE	.306	.198*	.206	.139*	ns	.398	.195*	.371	.177*	ns
PRI→LOY	-.022	-.016ns	.179	.136ns	ns	.245	.162†	-.051	-.033ns	ns
ASS→LOY	.160	.177ns	.324	.325†	ns	.352	.233ns	.145	.094ns	ns
LOC→LOY	.155	.113ns	.077	.059ns	ns	-.076	-.051ns	.168	.109†	ns
LAY→LOY	-.039	-.028ns	-.095	-.077ns	ns	-.257	-.170ns	-.084	-.054ns	ns
SER→LOY	.269	.196†	.194	.153*	ns	-.158	-.105ns	.183	.118ns	ns
RBE→LOY	.376	.424**	.201	.237**	ns	.502	.680***	.445	.604***	ns
Gender	.180	.055ns	.156	.065ns	ns	.062	.020ns	-.138	-.045ns	ns
Age	.001	.055ns	-.007	-.089†	ns	-.004	.047ns	.000	-.005ns	ns
Model Fit	CFI .950; TLI .942; RMSEA .055; SRMR .076; $\chi^2(438) = 795.240$					CFI .946; TLI .938; RMSEA .061; SRMR .075; $\chi^2(438) = 864.092$				

*** $p < .001$; ** $p < .010$; * $p < .050$; † $p < .100$; ns = not significant.

Notes: LOY = loyalty; RBE = retail brand equity; PRI = price; ASS = assortment; LOC = location; LAY = store layout; SER = service; b = unstandardized coefficient; β = standardized coefficient; p = level of significance; GE = Germany; RO = Romania.

Table C—4: Results from intra-format perspective for hypermarkets

Source: Own creation.

No significant differences between the countries occur, which supports H1b. Additionally, price affects RBE marginally significantly weaker for Germany than for Romania ($p < .100$).

From the intra-format perspective, price has a strong impact on RBE in Germany and Romania for the discounters Lidl (b = .839, $p < .001$; b = .745, $p < .010$) and Penny (b = .756, $p < .001$; b = .564, $p < .050$); no differences across nations occur. H2a is supported (see Table C—3). Surprisingly, H2b is not supported, i.e., no significant differences between the effects of assortment on RBE occur between countries for Lidl (b = .488, $p > .100$; b = .478, $p < .100$) and Penny (although assortment has a significant effect in Germany but not in Romania, b = .680, $p < .050$; b = .448, $p > .100$). A weak assortment differentiation may be a reason, i.e., consumers evaluate the retailers according to the format category.

For the hypermarket Kaufland, the effects of assortment (Germany: b = .504, $p < .050$; Romania: b = .625, $p < .050$) and store layout (b = .986, $p < .050$; b = .480, $p < .050$) are significant and not different between the countries, which contradicts H3a/b (see Table C—4). For service, the effect is significant in Romania only (b = .062, $p > .100$; b = .280, $p < .050$), which partially supports H3c. In contrast to all other hypermarkets, price significantly affects RBE in both countries for Kaufland (b = .350, $p < .050$; b = .349, $p < .050$), which can be explained by its price-driven strategy (Euromonitor 2016). For Real, assortment (Germany: b = .377, $p < .010$; Romania: b = .466, $p < .050$) and store layout (b = .327, $p < .010$; b = .428, $p < .050$) affect RBE significantly; no significant country differences exist. H3a and H3b are not supported. Service affects RBE in both countries (b = .574, $p < .001$; b = .304, $p < .010$) but is marginally significantly different ($p < .100$), which supports H3c. With regards to Carrefour, the effects of assortment (France: b = .775, $p < .050$; Romania: b = .640, $p < .050$), store layout (b = .732, $p < .050$; b = .596, $p < .050$), and service (b = .398, $p < .050$; b = .371, $p < .050$) on RBE are significant and do not differ between the countries. The same applies to Auchan regarding assortment (France: b = .414, $p < .050$; Romania: b = .515, $p < .050$), store layout (b = .484, $p < .010$; b = .306, $p < .050$), and service (b = .306, $p < .050$; b = .206, $p < .050$). These results do not support H3a–c. We conclude that, although for hypermarket retailers, the effects of assortment and layout on RBE are similar across nations, deviations with regards to service and additionally for price still occur.

Strong effects of RBE on loyalty across nations, formats and retailers exist. Significant differences between countries occur from an inter-format perspective with higher effects for discounters ($p < .050$) in Germany than in Romania (b = .538, $p < .001$; b = .324, $p < .001$), for hypermarkets ($p < .010$) in Germany than

in Romania (b = .507, $p < .001$; b = .268, $p < .001$), and ($p < .100$) in France than in Romania (b = .430, $p < .001$; b = .268, $p < .001$). H4a/b are supported. From an intra-format perspective, the effect is significantly higher for Lidl *(*$p <$ .050) in Germany than in Romania (b = .571, $p < .001$; b = .326, $p < .010$), whereas for Penny, no significant difference occurs. Concerning hypermarkets for both French retailers and for Kaufland, no significant differences in the effect of RBE on loyalty between the home and host country occur. The country differences are significant for few retailers but insignificant for most. H4c/d are only partially supported.

4. Discussion and Implications

This study contributes to the research on international retailing, which often addresses decisions on retail attribute standardization/adaptation abroad (e.g., Jonsson and Foss 2011; Swoboda and Elsner 2013) without considering the essential consumer responses to these decisions. By analyzing whether format-specific core retail attributes affect local RBE and whether RBE affects loyalty equally or differently from inter- and intra-format perspectives in home and host countries, we address an important issue for grocery retailers that transfer preferred formats abroad (e.g., Gielens and Dekimpe 2001) and need to position themselves as strong brands in local competition. Because our study consciously builds on extant research (especially on Swoboda et al. 2014b) and covers only a limited set of retail brands, countries, and cities, we cautiously provide major implications for research and conclusions for managers.

4.1. Research Implications

For grocery retailers, format-specific core retail attributes affect the local position as a strong retail brand equally in host and home countries and in an inter- and intra-format competition. Extant studies provide important insights into particular retailers' positioning differences in home and host countries (Burt et al. 2007; Burt and Mavrommatis 2006), as well as into different consumers' expectations toward international retailers as reasons for their different success across nations (for emerging countries in Central and Eastern Europe, see White and Absher 2007; or Poland, see Zielke and Komor 2015). However, we extend the literature by accentuating the paramount importance of retail formats as generic positioning profiles, and of format-specific core retail attributes for local positioning. Both are mostly neglected in research on international retailing but are essential for analysis of positioning and transfer decisions, as our novel categorization theory-based reasoning underlines.

From the inter-format perspective, the results support the rationale that, for different retail formats, different core attributes exist that most strongly affect the local positioning as a retail brand in home and host countries. Consumers summarize information about retailers within the same format in a category schema and retrieve this information in decision situations, e.g., price is the major benefit stored in consumers' memories, and discounters transferring this format abroad need to realize price leadership to succeed as strong brand locally. In contrast, consumers' hypermarket category schemata include attributes assortment, store layout, and service, which predominantly affect the RBE across nations. Notably, the stable results for French and German hypermarkets allow a certain generalization of categorization theory (with less conclusive results Swoboda et al. 2014a).

From the intra-format perspective the results provide support for categorization-based reasoning across nations as well. The RBEs of specific retailers within a format are affected mainly by format category schemata, i.e., by formats' core attributes. Retailers can establish a unique consumer evaluation against intra-format competitors, albeit within the format's boundaries. These restrictions should be stronger for discounters than for hypermarkets.

For Lidl and Penny, the perceived core attribute price, and additionally assortment, affects RBE most in both countries. These attributes are the central levers for a strong brand but are only slightly different between the retailers (plausibly stronger price effects for the more price-oriented Lidl and stronger assortment effects for the more product-brand-driven Penny). We conclude that both retailers succeed locally by retaining their price-assortment benefits when transferring their formats abroad. They face boundaries regarding their positioning from consumers' category-based evaluation by being urged to retain the focus on these benefits and having limited options for differentiation due to limited further levers (e.g., Lidl's location, due to convenient access, see Solgaard and Hansen 2003). Still, our attribute measure may be too coarse-grained to differentiate retailers in intra-format competition, and therefore, we call for more fine-grained analyses of transfer and positioning decisions. However, we call for attention on a much stronger format category thinking in research on international retailing as well.

Surprisingly, we found similar boundary roles of core format attributes for the positioning of hypermarket retailers across nations, although we expected more local adaptations. For all retailers, assortment and store layout are strong levers for the positioning as a strong brand, and service significantly affects RBE for most of them in home and host countries. Additionally, price affects RBE in Ro-

mania for Auchan and Carrefour and in both countries for Kaufland. In this respect, Kaufland's levers are separated from the category but possibly cause a trade-off to insignificant service effects in favor of the prices (Germany only). These are the only differences we found for the French and German hypermarket retailers across nations. We conclude that although transfer and adaptation decisions may vary between these retailers, the core format attributes substantially affect their positioning in an emerging European country such as Romania. However, we may also conclude that they do not use the potential for differentiation from having more possible levers for RBE than discounters (e.g., Willems and Swinnen 2011).

We found that RBE affects loyalty in both the home and host countries. The effects in Romania are lower, but they are significantly lower only from the inter-format perspective and for some retailers (Lidl, Real). Possible reasons for this finding are lower familiarity or trust (Anand and Sinha 2009; Paswan et al. 2010), cultural differences (Zhang et al. 2014), or consumers' different expectations. Accordingly, future research on the boundaries of RBE effects in emerging countries is desirable, as retailers need such knowledge to manage, e.g., invest in the position as a strong retail brand appropriately (e.g., Burt and Mavrommatis 2006).

4.2. Managerial Implications

Although a perspective on inter- and intra-format competition in home and host countries may result from practical experience, it is beneficial for retail managers to pay attention to scientific evidence on differences in the effects from a consumer perspective when transferring retail formats abroad and when aiming to position strong retail brands locally. Retailers may learn from this study that consumers evaluate RBE based mostly on the core attributes of a format. They should focus on meeting local consumers' expectations especially for these core levers—despite all adaptation efforts abroad.

From the inter-format perspective, such core levers are mostly similar due to the benefits a format provides to consumers across nations. The core drivers of a brand are not surprisingly price for discounters or assortment, store layout, and service for hypermarkets (e.g., assortment or location for supermarkets, Swoboda et al. 2014a). Additional attributes are less important, and the same attributes prevail across nations, despite different consumer expectations or retailers' adaptation decisions. These core levers' importance, however, needs to be carefully observed. They may lose importance as distinctions between formats blur in saturated markets (e.g., in Western Europe hypermarkets loose market shares, discounters and supermarkets become increasingly similar, see

Cardinali and Bellini 2014; Euromonitor 2016). They need to be established in emerging countries (e.g., when formats are not present or consumers' category schemata are shaped by few perhaps traditional formats) where ultimately RBE affects loyalty less.

To succeed in the predominant intra-format competition abroad (Cleeren et al. 2010), retailers may surprisingly recognize that their options are limited by category-based evaluations. Still, price for retailers such as Penny and assortment, store layout, and service for retailers such as Auchan are core levers of RBE. A few retailers create further differentiations, with a few additional levers (e.g., price for Kaufland). Research is needed to identify possible additional levers from consumers' perspective, ideally before market entry. However, paramount efforts are needed for a distinct positioning in host countries' intra-format competition. On one hand, theoretically, consumers will slowly learn to evaluate a brand separately from their format-specific category schema. On the other hand, managers face tradeoffs between a different position and an unchanged replication in host country. Finally, the options are not equally feasible for all retailers.

5. Limitations and Further Research

To better understand predictors and effects of RBE across nations and formats, additional research is needed because the present study is not without limitations. We highlight three issues of this nature.

Although we paid special attention to data collection, broadening the database would mitigate some of the limitations and allow for further conclusions. As previously mentioned, the number of formats, retail brands, countries, and cities, limits the scope and generalizability of our results. Analyzing further countries is important because Romania, as an emerging country (IMF 2015) is a member of the EU, dominated by modern retail formats and different from other emerging countries, especially those in earlier stages of economic development. Addressing different local competitive structures by taking traditional markets or additional formats into account is also advantageous. In this vein, scholars address local consumer preferences for traditional, domestic (vs. modern, international) retailers in emerging countries (e.g., Anand and Sinha 2009; Paswan et al. 2010).Alternatives exist for the applied measurements. Compared to Jara and Cliquet (2012, who strongly link RBE to store image), customer-based RBE (Verhoef et al. 2007) more strongly emphasizes common conceptualizations of brand equity. As mentioned, addressing alternative measurements of loyalty

(Oliver 2015, p. 453) and additional retailer attributes (given the lack of agreement on these attributes and their measurement) may extend the conclusions that can be drawn from such a study.

An extension of the proposed framework would be advantageous for future research. Analyzing cultural or further country differences would allow for assessments of whether and which of these differences may moderate the analyzed relationships. This analysis is challenging because the analyzed host and home countries differ in multiple dimensions. Illuminating the role of (home) country origin or images in the format context might be interesting because our results indicate few differences between French and German hypermarket retailers.

D. Study 3: Country Environment, Retailers' Resources and Local Performance: A Cross-classified Multi-level Approach

1. Introduction

Grocery retailing has the largest sales volumes in the retail industry (e.g., approximately 770 bn. US$ in the USA, 680 in China, 300 in Japan, or 280 in Germany), and firms such as Wal-Mart, Schwarz, and Carrefour are among the biggest retailers in the world. They have dynamically internationalized by transferring store formats abroad (e.g., hypermarkets, supermarkets, discount, or neighborhood stores, Huang and Sternquist 2007; Swoboda and Elsner 2013). Offering culturally bound assortments, international grocery retailers make considerable commitments and have intense interactions with the host country environment. However, their local performance differs across nations, formats, and firms. For example, Carrefour failed with hypermarkets in Indonesia, while in Spain the discount format was sold; Wal-Mart has been successful with hypermarkets in Mexico, but not in Brazil, and has left Germany because of legal regulations and strong competition (Planet Retail 2016). The importance of local performance for grocery formats and the need to cope with the environment make the analysis of both compelling. Country- and format-specific environments are urgent (e.g., legal regulations and format competition). Therefore, we address the role of both levels in local performance.

Scholars have emphasized the role of the country environment primary for international market selection (for reviews, see Papadopoulos and Martín 2011; Ragland et al. 2015) or the choice of operation modes (for reviews, see Morschett et al. 2010; Schellenberg et al. 2017). In studies on subsidiaries' performance, for example, mostly resources or decisions are antecedences, contextualized by environmental factors (e.g., Chang et al. 2012; Nguyen and Rugman 2015a) or contingent to local environments (e.g., Grewal et al. 2008; Nguyen and Rugman 2015b); the research on international retailing is similar (e.g., Alexander et al. 2011; Swoboda et al. 2015). In contrast, we know that customers and competitors directly affect retailers' performance (e.g., Gauri 2013; Obeng et al. 2016). Therefore, we identify a gap in the international business and retailing research related to the role of environmental factors in country selection and the unexplored role of those factors in firms' local performance after cross-national entry. In research on international retailing, few scholars have addressed the environment-performance link. Chan et al. (2011) consider income and risk in the first-entered country on firms' performance, whereas Evans and Mavondo (2002) analyze cultural and business distance, and Gielens and

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Dekimpe (2001) control for purchasing power and format competition to analyze subsidiaries' performance. Although those authors mostly analyze the effects of decisions and resources, they also provide important insights into environmental factors. Moreover, they indicate important levels of analysis by addressing country-, format-, or firm-specific variables. However, there is a lack of systematic research on those levels. More specifically, the country- and format level environments are likely to affect international retailers' local performance differently.

We therefore aim to analyze whether and how the host country- and store format-specific environment affect local store formats' performance. In doing so, we make a theoretical contribution to the international management literature by shedding light on the local performance of international grocery retailers across nations depending on two environmental levels: country and store format. Both levels are important because they comprise the same environment for all firms in a country and a different environment for retail format(s). We conceptualize both levels simultaneously for the first time, obtaining a more comprehensive view of retailers' local environment.

We also aim to analyze whether and how international retail firms' resources moderate the relationships between environment and performance. Interactions between firms' resources and the (moderating) environment are frequently studied. Still, scholars highlight that not only firm-effects but also country- and industry-contexts are important for performance (e.g., Goldszmidt et al. 2011; Makino et al. 2004; Tong et al. 2008). We respond to such calls by focusing on environmental effects and analyzing the moderation of firms' resources. We show the importance of the interactions of firms' resources with levels of environmental antecedents for retailers' local performance. Theoretically, we contribute to the context specificity of resources (e.g., Brouthers et al. 2008a).

Finally, we apply multi-level modeling to the three levels (country, format, and firm) and thus employ a typical data structure in international retailing research: each format's performance may be affected both by the country of operations and by the firm to which it belongs (e.g., Meyer et al. 2011). The application of appropriate and novel cross-classified multi-level modeling is compelling. Because few business studies have used this method (e.g., Goldszmidt et al. 2011; for sociology see Tang 2014), we contribute to the understanding of this method.

The remainder of the study proceeds as follows. We review studies on international retailers' performance and highlight not only industry characteristics but also theories and antecedents. Referring to various theories, hypotheses are derived and tested using secondary data. After presenting the results, we discuss the implications of the study and avenues for further research.

2. Antecedents of International Retailers' Local Performance

2.1. International Firms' Performance

The international business and strategy literature has suggested many reasons that substantial profits can be realized from expanding abroad. From an economic perspective, as in industrial organization and transaction cost theory (e.g., Caves 1982, pp. 68-77; Rugman 1979, pp. 3-10) multinational corporations (MNCs) benefit from increased economies of scale such as increased market power, common purchasing, spreading marketing costs, responding to market imperfections and avoiding high transaction costs (e.g., Buckley and Casson 1976, pp. 36-40; Dunning 1988; Franko 1989; Hennart 1982, pp. 31-34). From a behavioral perspective, international expansion and performance have been linked to a set of further benefits. Examples include learning, the transfer of intangible assets abroad, and innovations in products, marketing, and organizational practices caused by the need for adaptation (Almeida 1996; Ghoshal and Bartlett 1990; Hedlund 1986; Kogut and Zander 1993; Ruigrok and Wagner 2003). The resource-based view complements these perspectives by helping specify which resources are the most relevant to firm-specific advantages in the international context (e.g., Barney 1991; Brouthers et al. 2008a; Lee and Rugman 2012; Peng 2001; Wernerfelt 1984).

Only seven quantitative studies on international retail firms' performance refer to various theories. Assaf et al. (2012) use organizational learning theory to contextualize the relationship between internationalization and firms' relative cost efficiency, as do Etgar and Rachman-More (2008), by showing a weak link between being international vs. national and retail firms' sales. International geographic diversification effects are analyzed by Oh et al. (2015) for firms' return on sales, using behavioral reasoning, and by Dimitrova et al. (2014) for sales per square meter, referring to economic and resource-based reasoning. Mohr et al. (2014) stress the home-region dependence of retail firms for return on sales based on economic and resource-based theories, as do Mohr and Batsakis (2017b), who analyze the relationship between speed and net income ratio. Finally, Chan et al. (2011) refer to resource- and market-based reasoning when separately analyzing the effects of attractiveness of the country entered first and firms' resources on retailers sales growth and return on investment.

In summary, extant research refers to various theories when explaining international retail firms' performance. Several studies highlight successful retail firms' regional dependence (for a review see Verbeke and Asmussen 2016). Only one study analyzes more detailed country level factors of the country entered first only as antecedents of performance.

2.2. Relevance of Local Performance

Retailers' regional dependence results in the importance of further levels both of performance (particularly of subsidiaries) and of formats in a host country or across nations.

Subsidiaries' performance in host countries is analyzed in only five quantitative studies. Swoboda and Elsner (2013) use profit maximization theory to explain successful adaptation/standardization on retailers' performance in a host country. Evans and Mavondo (2002) refer to different theories when analyzing psychic distance effects; Evans et al. (2008) use industrial organization and behavioral reasoning when analyzing cultural distance, adaptation, entry strategy, and further antecedents of performance. All these authors question responding managers about financial performance in a host country. For example, Gielens and Dekimpe (2001) refer to various theories when analyzing the relationships of five strategic entry decisions (scale, mode of entry, timing of entry, format adaptation and familiarity) on subsidiaries' sales and sales per square meter. Gielens and Dekimpe (2007) also link both size at time of entry and entry timing to local sales efficiency.

In summary, several studies refer to host country performance, mostly by addressing economic theories and strategic decisions as antecedents. Few analyze (cultural) distances or control for country-specific variables (e.g., population, competition; Gielens and Dekimpe 2001). Finally, performance is observed for retailers' subsidiaries in host countries only.

However, grocery retailers often operate with different store formats in host countries to comply with different customer shopping needs (e.g., Leszczyc et al. 2004; Vroegrijk et al. 2013). In research and practice on grocery retailing, stores and formats are important levels of performance analysis. A store must be successful in a trade area, and benchmarking between stores and formats is important (Gauri 2013; Obeng et al. 2016). We therefore analyze a store format's local performance, which is defined as an important efficiency value (Gielens and Dekimpe 2001), i.e., the average annual sales per square meter for all a retailer's stores of a specific format in a country (e.g., Gauri 2013; for a detailed store performance Kumar and Karande 2000). We do so for several reasons. Practically, store formats' performances differ (e.g., in Europe hypermarkets lose and convenience stores gain importance, Planet Retail 2016). Theoretically, local competition within the same format and between different formats varies, and thus, a performance analysis provides valuable insights (for the inter- vs. intra-format view, e.g., Cleeren et al. 2010). Moreover, formats are linked to international decisions: choice of a format for entry (e.g., Paswan et al. 2010), aligning market selection or entry mode choice to formats (e.g., Etgar

and Rachman-Moore 2010; Park and Sternquist 2008), and integration/responsiveness decisions (e.g., Swoboda et al. 2014b). Finally, our initial examples indicate that divestments are more likely for some formats than for others. Therefore, international grocery retailers need to understand store formats' local performance based on local environments.

Believing that international grocery retailers' local performance directly depends on the environment, we next briefly address common environmental factors, important characteristics and environmental levels in the industry.

2.3. Role of Different Environmental Levels in the Grocery Retail Context

The country environment is usually relevant in research on market selection and operation modes, and it contextualizes further decisions. Most qualitative studies analyze international retailers' market selection. Typically, economic attractiveness, distances, risks, and foreign direct investment (FDI) theories are addressed (e.g., Alexander et al. 2007; Alexander et al. 2011; Gripsrud and Benito 2005). Attractiveness factors on a country level are market size, consumers' purchasing power, and share of urban population. A country's regulations create strong environmental pressures because of specific governmental policies and laws (analyzed as attractiveness or barriers, e.g., Aliouche and Schlentrich 2011) that affect grocery retailers. Geographic or cultural distance and competition in general (seldom at the format level) are also viewed (e.g., Alexander et al. 2011; Huang and Sternquist 2007; Sakarya et al. 2007). Additional factors are infrastructure (technology, logistic), the availability of store locations, currency convertibility, inflation, taxation, and political conflicts (e.g., Doherty 2009; Lopez and Fan 2009). Research on operation modes in retailing addresses distances, market size, and openness to FDI, for example (e.g., Swoboda et al. 2015). These studies highlight important environmental factors. The environment's links to local performance or to the country-/format level are rare.

Nevertheless, the latter are evident when considering retailers' characteristics of retailers, particularly grocery retailers. International retailers differ from manufacturers in their management, marketing, and financial issues (Dawson 1994). Grocery retailers cannot simply export their products. They are considered multidomestic because they adapt the store formats to local consumer needs and build local supply chains, whereas non-food retailers (e.g., fashion or furniture retailers, such as H&M or IKEA) are considered global, replicating retail formats abroad, sometimes unchanged (e.g., Jonsson and Foss 2011; Swoboda et al. 2014b). Moreover, grocery retailers serve a wide consumer base (i.e., they focus on the big middle, Levy et al. 2005, not on certain consumer segments like

in fashion retailing) and thus penetrate international markets with a broad store network. Therefore, country environments are important. Both regulations (e.g., laws on land planning, store size, pricing flexibility, and taxation (Huang and Sternquist 2007)) and the purchasing power of a country's population (no specific consumer segments) are prominent in the industry.

Grocery retailers choose and transfer entire store formats abroad (individually preferred ones for initial entries; Gielens and Dekimpe 2001). They adapt in various ways, e.g., they provide an assortment because of their direct contact and high transaction frequencies with consumers and diversify their portfolios of store formats to serve various customer shopping needs. Their local positioning is predominant. Because of this behavior, grocery retailers accumulate knowledge of a format's performance in a country and use this knowledge for entry and adaptation decisions in additional, perhaps culturally distant countries. Moreover, industry structures and local competition differ in nearly every country (Dimitrova et al. 2016). For example, the industry is dominated by discounters in Germany and Poland, by supermarkets and convenience stores in Switzerland and Japan, and by hypermarkets in the USA, France, and Romania. Furthermore, foreign grocery retailers are important in the U.K. and China but less so in Italy and Germany, where domestic grocery retailers dominate (Planet Retail 2016). Therefore, local competition is likely to strongly affect store format performance both in a country and (in a finer-grained fashion) in a trading area (e.g., Cleeren et al. 2010).

In summary, for international grocery retailers, at least two important environmental levels justify analysis of their importance for local performance: the country level, i.e., the host country environment, which is specific to grocery retailing but relevant for all multinational firms; and the store format level, i.e., specific store formats (e.g., hypermarkets, discounters).

The following chapter addresses the two-fold rationale for the relationships between the environment and local performance: the country-specific environment, i.e., their effects on local performance in a cross-national view (cross-level effects); and the format-specific environment. Next, a theoretical rationale is developed for the possible influence of firms' resources on this relationship (cross-classified). Because of the model's complexity, we select two important variables for each level.

3. Hypotheses Development

3.1. Country-specific Environment

Consumer purchasing power is considered to be a major factor in the host country's attractiveness because purchasing power is very important in grocery retailing. Studies show the relevance of consumers' purchasing power in a store's trade area to its performance (e.g., Gauri 2013; Gauri et al. 2009; Kumar and Karande 2000). Theoretically, scholars make economic arguments. Grocery stores are frequented by customers in a trade area, and store sales are likely to increase within high purchasing power areas, ceteris paribus. We similarly argue across nations. General microeconomic and FDI theory support the reasoning that countries with higher (vs. lower) purchasing power offer a higher potential demand or price levels and thus positively affect performance in a country (e.g., Brouthers et al. 2008b). Ceteris paribus, higher consumer purchasing power should positively affect international retailers' local performance across nations.

Rule of law represents perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts (World Bank 2016). From the broader set of regulative, administrative, or political institutions (e.g., Ang et al. 2015; Berry et al. 2010), grocery retailers are mainly influenced by the rule of law because laws on land planning, opening hours, and store size affect their business (Huang and Sternquist 2007). Stronger (vs. weaker) rule of law implies that retailers can rely on existing regulations to be enforced and existing freedoms to be respected. Therefore, stronger rule of law provides a more stable business environment and decreases international retailers' uncertainty (Hoffman et al. 2016). From an economic perspective, stronger rule of law reduces the external uncertainty and transaction cost for each format, for example, through decreased monitoring or law enforcement cost (He et al. 2016). Across nations, positive relationships to local performance are likely. We do not believe that rule of law by definition creates restrictions to retailers at a certain strength (for reasoning about an inverted U-shaped effect of regulative institutions, see Huang and Sternquist 2007).

Summarizing these arguments leads us to develop the following hypothesis:

H1. The country-specific environment—i.e., (a) purchasing power and (b) rule of law—positively affects local performance.

3.2. Store Format-specific Environment

One major factor in grocery retailers' store performance is local competition. Increasing competition in a grocery store's trading area is known to reduce performance (Gielens et al. 2008; Vroegrijk et al. 2013). Competition between grocery retailers with the same store format (intra-format competition) is known to be more direct, relevant, and intense than competition between different formats (inter-format competition, e.g., Cardinali and Bellini 2014; Cleeren et al. 2010). We also expect negative intra-format competition effects on local performance within a country. Economic theories support our reasoning. A small number of retailers operating the same format in a country allows for monopolistic or oligopolistic rents. A high number of competitors does not and therefore negatively affects local performance, ceteris paribus (Alcácer et al. 2013).

Cultural distance is important in grocery retailing because local consumption of food is strongly shaped by national culture. However, the empirical evidence on the relationship with retailers' performance in a country is ambiguous (Evans and Mavondo 2002; Gielens and Dekimpe 2001). We analyze added cultural distance on a format level, i.e., the distance to the closest country in which a retailer had operated the same format before entering the focal market (Hutzschenreuter and Voll 2008). This perspective accounts for possible near-market cultural knowledge (Mitra and Golder 2002). Such knowledge mitigates the negative effects of cultural distance, at least to an extent (Townsend et al. 2009). Accordingly, international grocery retailers' added-distance is a more relevant cultural distance concept for local performance. Added cultural distance cannot be covered by prior knowledge and thus reflects a retailer's additional uncertainty. Accordingly, greater added cultural distance economically corresponds to increasing transaction costs. Additionally, increasing managerial risks or impeded information flows emerge (for a recent literature review see Hutzschenreuter et al. 2016). We therefore expect negative implications for local performance.

In summary, we propose the following hypotheses:

H2. The format-specific environment—i.e., (a) intra-format competition and (b) added cultural distance—negatively affects local performance.

3.3. International Retail Firms' Resources

Firm resources include all assets, capabilities, processes, attributes, information, and knowledge controlled that enable the firm to improve its efficiency and effectiveness (Barney 1991). The environment is known to affect the applicability of resource-based advantages (Brouthers et al. 2008a). Resources

also allow international retailers to cope with the local environment, e.g., by reducing the dependency of local performance on the environment. We chose two resources known from research on retail firms' international performance (firm level) while controlling for issues used in studies on performance in host countries, e.g., entry mode, adaptation, and country experience (for the importance of retailers' firm-level see Currah and Wrigley 2004; Jonsson and Foss 2011).

A retailer's degree of internationalization is defined as the extent to which it operates abroad, e.g., the relative amount of total sales generated internationally (Nguyen 2017). The degree of internationalization can also be an important resource for international grocery retailers because of its importance to firms' performance (e.g., Assaf et al. 2012). Economic and behavioral theory indicate that moderation of the environment-local performance link is likely. Retailers with a higher (vs. lower) degree of internationalization are endowed with more exploitable firm-specific advantages (Rugman and Girod 2003). A higher degree of internationalization is also associated with a firm's accumulation of additional knowledge and resources for its use (challenges from international operations provide various stimuli for learning; Assaf et al. 2012; Hennart 2011). This knowledge—and principally firm-specific advantages—helps firms to overcome the liability of foreignness and to cope with the challenges of the local environments (Nguyen 2017; Ruigrok and Wagner 2003). However, increasing internal complexity and constraints in managerial capacity may also emerge, for example, from balancing different formats' needs across nations (Hennart 2011).

Regarding the country level, we can argue that the additional knowledge helps retailers to refine formats and to develop practices that are suitable in different country environments (e.g., Jonsson and Foss 2011). A better understanding of the interplay of purchasing power and local demand and more effective responses to uncertainties in local regulations might cause international retailers to be less affected by changes in the environment. Similar, exploitable firm-specific advantages reduce their dependence on local resources and ,therefore, the local environment (e.g., Luo 2003). Consequently, the local performance of international retailers with a higher degree of internationalization is less dependent on the country level environment only, even when internal complexity increases. In contrast, retailers with lower additional knowledge are likely to be more strongly affected by country level environments. Therefore, the relationship between purchasing power or rule of law and local performance will be negatively moderated by the degree of internationalization.

Regarding the format level, we regard a higher degree of internationalization as helpful across nations. International grocery retailers with a higher degree of

internationalization have accumulated additional knowledge on different competitive situations and cultural norms across nations (e.g., Palmer 2005). A high degree of internationalization yields important additional resources and knowledge for their use (e.g., cross-cultural competencies, Johnson et al. 2006; strategic flexibility, Santos-Vijande et al. 2012). These additional resources and the endowment of exploitable firm-specific advantages help mitigate the influence of the format-specific environment. Strategic flexibility is likely to help retailers respond to intra-format competitors across nations. Thus, grocery retailers with higher degrees of internationalization may be less affected by local intra-format competition. In addition, the negative role of added cultural distance in local performance should be reduced because additional cross-cultural competencies migrate the uncertainties or transaction costs connected with increasing cultural distance. We therefore expect that an increasing degree of internationalization positively moderates the negative relationship between intra-format competition or added cultural distance and local performance.

Summarizing this reasoning leads us to propose the following hypotheses:

H3. A higher degree of internationalization of a retail firm mitigates the relationships between the country- or format-specific environments and local performance—i.e., it negatively moderates the effect of (a) purchasing power and (b) rule of law on local performance and positively moderates the effect of (c) intra-format competition and (d) added cultural distance on local performance.

Economies of scale are defined as all advantages that arise from an international retailer's size (e.g., Mohr et al. 2014). International grocery retail firms' economies of scale are seen as important resources in global expansion (Nguyen 2011; Verbeke and Asmussen 2016). For economic and resource-based reasons, moderation of the environment-local performance link is likely. International grocery retailers' higher (vs. lower) economies of scale are associated with greater bargaining power with suppliers or a more efficient distribution network (and thus, cost or price advantages) (e.g., Mohr et al. 2014). Additionally, larger grocery firms benefit from financial strength. Higher investments in host country operations represent smaller shares of large (vs. small) firms' total sales volumes, which makes them less risky for large firms (Brouthers et al. 2008a). These advantages affect dependence on local environments despite larger firms' greater internal complexity.

Regarding the country level, we can argue that financial strength can help when entering and expanding in a country by offering efficient store networks (e.g.,

Wal-Mart in the UK, Gielens et al. 2008). Larger retailers have more resources to cope with uncertainties in a local environment, i.e., to be less affected by the country environment, ceteris paribus. They can do intense research, collaborate with local institutions, and influence local regulations (e.g., in China; Cao and Pederzoli 2013). Higher resource commitments in uncertain host country situations are likely because of the lower relative risks of such commitments for larger firms (Brouthers et al. 2008a). Those retailers therefore may be locally successful even in countries with lower purchasing power, whereas international retailers with lower economies of scales might not be. Therefore, the local performance of international retailers with high economies of scale is likely to be less dependent on the country level environment only. The positive relationship between purchasing power or rule of law and local performance will be negatively moderated by grocery retail firms' economies of scale.

Regarding the format level, we regard higher economies of scale as less helpful. Of course, retailers with higher economies of scale are financially stronger and have cost advantages in general. However, intra-format competition in grocery retailing is multi-domestic, i.e., it depends on holding a strong position in a country. This position is not exclusively based on firms' general bargaining power or price advantages (particularly for less price-oriented supermarkets or convenience stores). The largest grocery retailer (Wal-Mart) failed in Germany (Pioch et al. 2009), as did the second-largest (Carrefour) in Japan (Aoyama 2007). Smaller grocery retailers address niche markets and might be even more successfully positioned countrywide (e.g., Hutchinson et al. 2006). Economies of scale are also less helpful to migrate uncertainties from added cultural distance. although greater financial strength might facilitate collaborations with local partners for market entry, it cannot disperse the need for learning and adaptation (e.g., Samsung-Tesco in Korea, Coe and Lee 2006; Coe and Lee 2013). Furthermore, within a larger (vs. smaller) retailer a specific format in a country may receive less support because of its relatively smaller share of a retailer's total sales. We therefore carefully expect a negative moderation of the relationship between intra-format competition or added cultural distance and local performance.

Accordingly, the following hypothesis is proposed:

H4. International retail firms' economies of scale mitigate the relationships between country- or format-specific environments and local performance—i.e., they negatively moderate the effect of (a) purchasing power, (b) rule of law, (c) intra-format competition, and (d) added cultural distance on local performance.

Figure D—1 summarizes the conceptual framework.

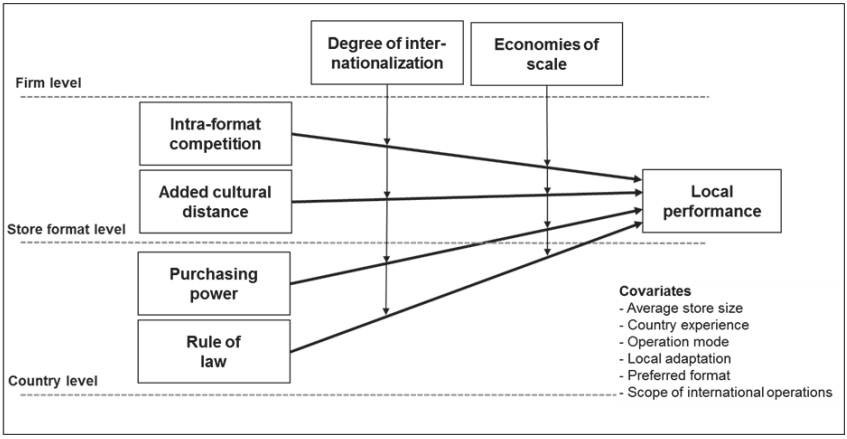

Figure D—1: Conceptual framework
Source: Own creation.

4. Empirical Study

4.1. Sample and Data

We use data from the Planet Retail RNG, the world's leading provider of global grocery retail intelligence (Planet Retail 2016), which cooperates with over 30,000 retail professionals worldwide to obtain various data at the retail format- and country levels across nations to provide various services (e.g., general and customized analysis or consultancy services). To the best of our knowledge, no other provider offers such a comprehensive database on the most important retailing sectors, i.e., grocery retailing worldwide (e.g., IGD, Euromonitor with fever firms). Because many of the largest 250 retailers included in the data are not obligated to publicize their performance data, the limited alternative to obtain local performance is an own-data collection (e.g., using different sources in an early stage of international expansion, Gielens and Dekimpe 2001; questioning CEOs, Swoboda and Elsner 2013).

We refer to the raw data, which include grocery retailers, wholesalers, fast-food service retailers, and non-food retailers in over 160 countries. We first select all grocery retailers only and the traditional, most internationalized formats (i.e., hypermarkets/superstores, supermarkets, discount, and convenience/neighborhood stores). Second, the raw data covering the period of 2001-2015 were adjusted to the lowest level of analysis, i.e., to local performance in the year 2015, to avoid different years as a further level of analysis. Because some grocery firms operate non-food formats abroad, we have deleted those operations.

Third, we excluded retailers operating in their home country only and each retailer's domestic operations. Data for 664 retail store formats of 91 international grocery retail firms across 122 countries remain. Fourth, where possible, we have verified important data (e.g., degree of internationalization, economies of scale, and covariates such as country experience, operation mode, or scope of international operations).

We refer to additional (and in case of inconsistencies to two) data sources (e.g., annual reports, press releases, agencies reports). We checked local performance for plausibility by comparing local performance from the previous two years. Two cases showed inexplicable jumps between years and were deleted. We also excluded retailers' operations in foreign territories (e.g., French Guyana) and in countries for which cultural values could not be obtained or approximated (e.g., Mauritius). This procedure leads us to the final sample of 624 retail store formats of 90 international grocery retail firms across 115 countries (see Table D—1). The store formats are nested within firms and countries. The number of retail firms operating each format is too small to conduct a separate hierarchical analysis for each format (e.g., Bell et al. 2014).

Host countries (n)	Formats (n) Hypermarkets (215)	Supermarkets (193)	Discount stores (102)	Convenience stores (114)	Total (624)
Africa (26)	2.72	6.25	2.24	1.12	12.34
Asia (31)	13.94	5.61	0.48	6.25	26.28
Europe (39)	10.90	14.26	10.10	8.65	43.91
North Amerika (9)	3.69	1.28	1.92	1.44	8.33
South Amerika (7)	3.21	3.04	1.44	0.64	8.33
Oceania (3)	0.00	0.48	0.16	0.16	0.80
Total (115)	34.46	30.92	16.35	18.27	100.00

Note: The sample contains 90 international grocery retail firms that operate different formats (53 hypermarkets, 47 supermarkets, 16 discount, and 34 convenience stores).

Table D—1: Sample summary

Source: Own creation.

4.2. Measurement

For the measurements, we refer to available and reliable, i.e., in research and practice used variables.

Dependent variable. We measured local performance by the average sales per square meter for each format of a grocery retailer in each foreign country (expressed in 100 US$). This measure is common in retailing research and was chosen for two reasons. Average sales per square meter is often used by retailing researchers as a benchmark for analyzing relative store or store format performance (e.g., Gauri et al. 2009; Kumar and Karande 2000). Average sales per square meter was used in research on international retailers as proxy for retailers' efficiency considering country performance (Gielens and Dekimpe 2001), but not for the finer-grained and more important store format level.

Independent variables. On the country level, we measure purchasing power by the proxy GDP per capita (expressed in 1,000 US$). This proxy reflects the consumer's purchasing power in research on international retailers or of market selection (for others, see Aliouche and Schlentrich 2011; Gaston-Breton and Martín 2011; Gripsrud and Benito 2005). We use this proxy because grocery retailers' offers in local stores or formats reflect the targeted consumers' purchasing power more than general market size. We obtained the data from the World Bank (2016).

To measure rule of law, we use World Bank (2016) data. Its measure (from -2.5 = weak to 2.5 = strong) is an aggregate of multiple indicators that reflect rule of law based on unobserved components model methodology (Kaufmann et al. 2011). We considered alternative measures, which were available for fewer countries (e.g., World Justice Project 2016) or used in retailing research as market entry barriers and economic/political risk (e.g., COFACE, Euromoney CRI, or POLCON, Aliouche and Schlentrich 2011; Chan et al. 2011; Swoboda et al. 2015).

On the store format level, we measure intra-format competition by the absolute number of competing retailers in a country with the same store format (e.g., hypermarkets/superstores or supermarkets). Alternative measures (e.g., relative market share) were not available because of often unknown market volumes caused by the lack of smaller/regional retailers in a country in our database.

To measure added cultural distance, we use the dimensions of Inglehart's approach (Inglehart and Welzel 2005, p. 61), which uses world value survey-data close to the year of our analysis. This approach is known to affect retail industries' country-specific structure (Dimitrova et al. 2016) and was proposed as an important indicator of retailers' market segmentation (Gaston-Breton and Martín 2011). Euclidian distance was used as an appropriate method because it only has two dimensions, which are provided as standardized scales, and is explicitly intended to be orthogonal (for a comparison of distance measures see Berry et al. 2010). Cultural values were approximated for 25 countries (BJ, BW, BN, KH, CM, CD, CR, DO, SV, HN, KE, KW, LS, MO, MT, MZ, NI, OM, SA, SN, SZ, TG, TM, ZM, ZW) using scores of the nearest neighboring country (Steenkamp and Geyskens 2006). For five further African countries (AO, CG, GA, MG, MW), no clear nearest neighbor could be identified. We referred to Ingelhard's cultural map (WVS 2015) and approximated the values by the mean of all available data in the cluster "African-Islamic," excluding those that are marked as `Muslim majority´. To avoid zero distances, we use the average distances of the countries within that cluster. A robustness check includes models with and without the approximated countries (see Appendix G.3.1). The same direct effects (all $p <$

0.05) remained significant. In addition, the confirmed moderations remained stable ($p < 0.05$ for the cross classified and $p < 0.10$ for the cross-level interaction). Because of these results and to obtain the best statistical power, all the countries remain in the analysis.

Moderating variables. The share of retail firms' foreign sales (proportion of sales abroad relative to total sales; potentially ranging from 0.01 to 0.99) represents a common proxy for degree of internationalization (Contractor et al. 2007). This proxy captures the importance of the international business in a firm's operations and reflects both firms' resources and the effort and attention a firm devotes to its international business (e.g., Ruigrok and Wagner 2003).

As a proxy for economies of scale, we use a retail firm's total sales (in 10 billion US$) from Planet Retail. This measure is used in research on international retail firms and seen as a firm-specific advantage (Mohr et al. 2014; in line with Rugman et al. 2007; Rugman and Verbeke 2008a).

Covariates. We control for variables on the store format level and the firm level, both of which are known to possibly affect international retailers' performance.

On a format level, average store size was controlled, i.e., the average square meters of each format of a grocery retailer in each foreign country (in 100 square meters). Local performance is related to the store's size, and sales per square meters differ in Western countries between convenience stores and hypermarkets (e.g., Gauri 2013; Gauri et al. 2009). Therefore, this control is important. We used Planet Retail's data.

Country experience was controlled for using a dummy variable. Gielens and Dekimpe (2001) show that retailers' performance is affected by learning in the first three years after entry. Afterwards, an inflection point occurs, i.e., the effects of additional learning are less relevant. Therefore, a dummy was used, which is 0 (1) if a retailer was present for less than four (four or more) years in a country. To reduce model complexity, we opt not to use the absolute number of years (Capar and Kotabe 2003).

We controlled for the operation mode using a dummy: 0 = shared controlled mode vs. 1 = full controlled mode (Swoboda et al. 2015). Scholars show that those entry modes affect retailers' performance (e.g., Gielens and Dekimpe 2007). Operation mode is considered on a format level because it may vary within countries and firms. We used firms' annual reports and press releases.

We controlled for adaptation to local markets because adaptation is known to affect a retailer's performance in a country (e.g., Evans et al. 2008; Swoboda

and Elsner 2013). Grocery retailers can adapt in host markets, e.g., by diversifying their portfolios of store formats to comply with different shopping needs (i.e., using within-country product diversification Delios et al. 2008). We measured the number of formats a retailer operates in a country (1 to 4). Alternative measures such as an adaptation of offers (e.g., assortments) could not be obtained from secondary data.

We also controlled for the preferred format. Gielens and Dekimpe (2001) found that retailers that expand internationally with a preferred format are the most successful abroad. Based on various data sources, retailer formats were most often used abroad. A dummy variable 1 (vs. 0) shows whether each format is a preferred (not preferred) one for each retailer. In the data, a preferred format was used at least 25% more often than a secondary format. The variable was controlled on a format level because it is not represented on a country or firm level.

On a firm level, we controlled for the scope of international operations because the international scope of operations across nations is known to affect international retailers' performance (Dimitrova et al. 2014). We measure the scope of international operations as the absolute number of foreign countries operated by a retailer firm (Chan et al. 2011).

Because a higher model complexity at a given sample size notably reduces statistical power in multi-level models, we aimed to keep the number of control variables reasonable (Bell et al. 2014). Table D—2 displays a summary of descriptive statistics and the partial correlations of the variables. Correlations do not exceed 0.227 on the store format -level, of 0.483 on the country level and 0.357 on the firm level. Although no clear threshold in multi-level modeling exists, we conclude that multicollinearity is not a serious problem in this study (for simulation studies on this issue see Bell et al. 2014; Shieh and Fouladi 2003). Additionally, we tested for variance inflation factors (VIFs), which reach a maximum of 2.514 and thus remain below the common threshold of 10 (e.g., O'Brien 2007). In the results section, we show tests of alternative models and variables for stability reasons.

4.3. Method

Our methodological approach includes tests for the requirements of multi-level modeling and the cross-classified multi-level approach to hypothesis testing.

Descriptive Statistics													
Variables	1	2	3	4	5	6	7	8	9	10	11	12	13
Mean value	64.213	6.653	0.338	30.875	0.878	0.866	1.867	0.703	0.391	6.965	17.162	22.928	.391
Standard deviation	43.903	10.736	0.253	39.168	0.327	0.340	0.858	0.458	0.211	11.879	12.911	23.664	.899
Minimum	6.231	0.000	0.018	0.500	0.000	0.000	1.000	0.000	0.019	0.020	0.000	0.248	-1.594
Maximum	279.634	36.000	1.800	211.200	1.000	1.000	4.000	1.000	0.860	48.213	43.000	101.989	1.982
VIF	--	1.178	1.316	1.195	1.107	1.144	1.363	1.114	1.409	1.568	1.866	2.407	2.514
Partial Correlations													
Local performance (1)	1												
Intra-format comp. (2)	-0.041 ns	1											
Added cultural dist. (3)	-0.051 ns	0.174 **	1										
Average store size (4)	-0.100 *	0.202 ***	-0.008 ns	1									
Country exp. (dummy) (5)	0.101 **	0.063 ns	-0.096 *	0.080 *	1								
Entry mode (dummy) (6)	0.096 *	-0.087 *	-0.014 ns	-0.209 ***	0.024 ns	1							
Adaptation (7)	0.026 ns	0.227 ***	-0.038 ns	-0.077 *	0.160 ***	0.176 ***	1						
Pref. format (dummy) (8)	0.062 ns	0.047 ns	-0.021 ns	-0.131 **	0.123 **	-0.025 ns	-0.177 ***	1					
Degree of intern.(9)	--	--	--	--	--	--	--	--	1				
Economies of scale (10)	--	--	--	--	--	--	--	--	0.153 ns	1			
Scope of int. operation (11)	--	--	--	--	--	--	--	--	0.479 ***	0.483 ***	1		
Purchasing power (12)	--	--	--	--	--	--	--	--	--	--	--	1	
Rule of law (13)	--	--	--	--	--	--	--	--	--	--	--	0.357 ***	1

*** $p < 0.001$; ** $p < 0.010$; * $p < 0.050$; † $p < 0.100$; ns = not significant.

Table D—2: Descriptive statistics and partial correlations

Source: Own creation.

To test whether multi-level modeling is appropriate in this study, we calculated intra-class correlations (ICCs). The ICC value quantifies the amount of variance at the format and group levels and is usually defined as (e.g., Heck and Thomas 2015, p. 34):

$$\mathrm{ICC} = \tau^2 / (\tau^2 + \sigma^2) \quad (1)$$

where τ^2 is the group-level variance and σ^2 is the format level variance. The ICC value ranges from 0 to 1 and represents the fraction of the variance that occurs at the group level. A large ICC value indicates a large clustering effect with little variability at the store format level. Since we expect substantial clustering effects for two group variables (i.e., firms and countries), we test two ICC values for both types of groups, which are specified as (see Goldszmidt et al. 2011):

$$\mathrm{ICC}_{\mathrm{country}} = \tau_{\mathrm{country}}{}^2 / (\tau_{\mathrm{country}}{}^2 + \tau_{\mathrm{firm}}{}^2 + \sigma^2) \quad (2)$$

$$\mathrm{ICC}_{\mathrm{firm}} = \tau_{\mathrm{firm}}{}^2 / (\tau_{\mathrm{country}}{}^2 + \tau_{\mathrm{firm}}{}^2 + \sigma^2) \quad (3)$$

We calculated both ICC values based on the variances resulting from a null-model estimation. The resulting value for $\mathrm{ICC}_{\mathrm{country}}$ is 0.156 and for $\mathrm{ICC}_{\mathrm{firm}}$ is 0.354. 15.6% of the total variance in local performance at the format level could be attributed to country differences and 34.5% could be attributed to firm-differences. Although no thresholds for the application of multi-level modeling exist, much smaller ICC values lead to biased parameter estimates if the multi-level structure is not appropriately considered (e.g., Hox 2017, p. 244; Julian 2001). In this study, no clear hierarchy in the higher-level group variables exists. Each firm may run formats across multiple countries and within a country, and formats of multiple firms are present. This context requires a cross-classified multi-level approach (e.g., Rasbash and Browne 2008, pp. 301-303).

We therefore applied this approach to account for the non-hierarchical nested data structure and to avoid model misspecifications. All models were estimated using Mplus 7.3. We used Bayesian modeling organized around Markov Chain Monte Carlo techniques. The relative merits of Bayesian approaches to inference, particularly in the context of multi-level modeling, are well established (e.g., Draper 2008, pp. 94-97; Stegmueller 2013). In this study, one of the advantages of the Bayesian approach is improved flexibility in accounting for the computational complexities of the cross-classified levels. The Bayesian approach allows for the computation of different types of level interactions while being more robust against biases than maximum-likelihood estimators are (e.g., when sample limitations are reached). Furthermore, parameter distributions are not required to be normally distributed. Bayesian estimators are known to perform well in estimating non-symmetric credibility intervals (Muthén et al. 2016, p. 386).

We used a stepwise approach to test the hypotheses (Hox 2017, pp. 73-74). The multi-level models were based on a random intercept (Model 1). This specification was then complemented by cross-classified interactions (Models 2-5) and cross-level interactions in random intercepts and slope models in the subsequent steps (Models 6 to 9). All independent variables, which are involved in interactions, are centered by the grand mean (Hox 2017, pp. 61-63). This method is the most often used centering method and increases the interpretability of intercepts. The level-one equation for local performance in Model 1 is as follows:

$$\mathrm{Perf}_{ijk} = \beta 0_{jk} + \beta_a(\mathrm{SFLV}_{ijk}) + \beta_b(\mathrm{SFLC}_{ijk}) + r_{ijk} \quad (4)$$

where i denotes store formats in a country, j indicates countries, k indicates firms, Perf_{ijk} denotes local performance, SFLV_{ijk} reflects the store format level environmental variables, and SFLC_{ijk} represents the format level controls. β_{0jk} is the random intercept, and β_a and β_b represent the regression slopes. Finally, r_{ijk} represents the format level errors. The higher-level model (level two) captures the differences between countries and firms and predicts random intercepts β_{0jk} on level one using the different country and firm level variables. The level two model is specified as follows:

$$\beta_{0jk} = \gamma_{00} + \gamma_{0c}(\mathrm{CLV}_j) + \gamma_{0d}(\mathrm{FLV}_k) + \gamma_{0e}(\mathrm{FLC}_k) + u_j + u_k \quad (5)$$

where CLV_j represents the different country level variables, FLV_k the firm level variables and FLC_k the firm level controls; γ_{00} denotes the second-level intercept, γ_{0c} to γ_{0e} indicate the second level regression coefficients and u_j and u_k are the country and firm level error terms. The full model is specified as:

$$\mathrm{Perf}_{ijk} = \gamma_{00} + \gamma_{0c}(\mathrm{CLV}_j) + \gamma_{0d}(\mathrm{FLV}_k) + \gamma_{0e}(\mathrm{FLC}_k) + \beta_a(\mathrm{SFLV}_{ijk}) + \beta_b(\mathrm{SFLC}_{ijk}) + \mathrm{errors} \quad (6)$$

Direct main effects for the firm level variables were not hypothesized but were included in the calculations as covariates because they are required for correct estimations of the subsequent models, including the interactions. Model 1 was used to test the direct hypothesis (see Table D—3). For each moderator, separate multi-level models were used for hypothesis testing (see Models 2-9). When adding the higher-level cross-classified interactions in Models 2 to 5, the level-one equation remains the same as in equation (4). However, the level-two equation is complemented by an interaction term between a country level variable and a firm level variable and is hence specified as:

$$\beta_{0jk} = \gamma_{00} + \gamma_{0c}(\mathrm{CLV}_j) + \gamma_{0d}(\mathrm{FLV}_k) + \gamma_{0e}(\mathrm{FLC}_k) + \gamma_{0f}((\mathrm{CLV}_j * \mathrm{FLV}_k)_{jk}) + u_j + u_k \quad (7)$$

where $(\mathrm{CLV_j} * \mathrm{FLV_k})_{jk}$ represent the interaction term and γ_{0f} represents its second-level regression coefficient. The full Models 2 to 5 are specified as:

$$\mathrm{Perf_{ijk}} = \gamma_{00} + \gamma_{0c}(\mathrm{CLV_j}) + \gamma_{0d}(\mathrm{FLV_k}) + \gamma_{0e}(\mathrm{FLC_k}) + \gamma_{0f}((\mathrm{CLV_j} * \mathrm{FLV_k})_{jk}) + \beta_a(\mathrm{SFLVijk}) + \beta_b(\mathrm{SFLC_{ijk}}) + \mathrm{errors} \quad (8)$$

To include the cross-level interactions for Models 6 to 9, the fixed regression coefficient β_a is replaced by a random slope coefficient β_{ak}, such that the first level model is specified as:

$$\mathrm{Perf_{ijk}} = \beta 0_{jk} + \beta_{ak}(\mathrm{SFLV_{ijk}}) + \beta_b(\mathrm{SFLC_{ijk}}) + \mathrm{r_{ijk}} \quad (9)$$

The second-level equations comprise the equation for the random intercept β_{0jk} (see equation 5) and predict the random slope β_{ak} by the following specification:

$$\beta_{ak} = \gamma_{a0} + \gamma_{ag}(\mathrm{FLV_k}) + \mathrm{r_k} \quad (10)$$

where γ_{a0} denotes the constant and γ_{ag} the second-level regression coefficients. Thus, the full specification for Models 6 to 9 is:

$$\mathrm{Perf_{ijk}} = \gamma_{00} + \gamma_{0c}(\mathrm{CLV_j}) + \gamma_{0d}(\mathrm{FLV_k}) + \gamma_{0e}(\mathrm{FLC_k}) + \gamma_{a0}(\mathrm{SFLV_{ijk}}) + \gamma_{ag}(\mathrm{FLV_k})(\mathrm{SFLV_{ijk}}) + \beta_b(\mathrm{SFLC_{ijk}}) + \mathrm{errors} \quad (11)$$

We also estimated Models 10a and 10b, both of which include all significant moderations on the format level and one on the country level, combining the second-level cross-classified interactions as shown in equation (6) and the cross-level interactions as depicted in equations (9) and (10). This procedure leads to full models with the following specifications:

$$\mathrm{Perf_{ijk}} = \gamma_{00} + \gamma_{0c}(\mathrm{CLV_j}) + \gamma_{0d}(\mathrm{FLV_k}) + \gamma_{0e}(\mathrm{FLC_k}) + \gamma_{0f}((\mathrm{CLV_j} * \mathrm{FLV_k})_{jk}) + \gamma_{a0}(\mathrm{SFLV_{ijk}}) + \gamma_{ag}(\mathrm{FLV_k})(\mathrm{SFLV_{ijk}}) + \beta_b(\mathrm{SFLC_{ijk}}) + \mathrm{errors} \quad (12)$$

We did not include both cross-classified interactions in one model, to keep the complexity of the second-level model appropriate for the given data structure (e.g., Raudenbush 2008, pp. 224-227). In all estimations, the potential scale reduction criterion was used to determine the appropriate number of iterations while restricting the number of iterations to a minimum of 2,000 to avoid premature stoppage (Gelman and Rubin 1992; Muthén et al. 2016, p. 399).

	Null-model	Random intercepts	Random intercepts and same level interactions (cross-classified)				Random intercepts and slopes (cross-level interactions)				All significant	
	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10a	Model 10b
Predictors												
Country level												
Purchasing power (H1a)		0.374*	0.666*	0.450*	0.364*	0.398*	0.363*	0.388*	0.364*	0.407*	0.683*	0.471*
Rule of law (H1b)		7.686*	6.074†	9.589*	8.288*	6.870†	7.921*	6.984*	7.804*	5.727†	4.076ns	7.455*
Format level												
Intra-format competition (H2a)		-0.419*	-0.422*	-0.413*	-0.420*	-0.421*	-0.200ns	-0.359*	0.022ns	-0.354*	-0.342†	-0.333†
Added cultural dist. (H2b)		-6.304ns	-7.288ns	-9.084ns	-7.162ns	-6.926ns	-6.242ns	-6.294ns	-6.098ns	-2.009ns	-2.235ns	-3.116ns
Moderators *(Firm level)*												
- Degree of intern.		25.117ns	28.238ns	28.741ns	25.862ns	25.708ns	29.230ns	20.955ns	30.482ns	20.190ns	19.412ns	21.266ns
- Economies of Scale		0.510ns	0.507ns	0.552ns	0.537ns	0.531ns	0.272ns	-0.371ns	0.473ns	0.217ns	0.264ns	0.288ns
Interactions (cross-classified)												
PurchP x DegreeInt. (H3a)			-1.038*								-0.992*	
Rule of law x DegreeInt (H3b)				-27.052*								-24.013*
PurchP x EoS (H4a)					-0.001ns							
Rule of law x EoS (H4b)						0.058ns						
Random Slopes (cross-level)												
Competition x DegreeInt. (H3c)							1.007ns					
ACul. dist. x DegreeInt. (H3d)								2.045ns				
Competition x EoS (H4c)									-0.018ns			
ACul. dist. x EoS (H4d)										-1.564*	-1.360*	-1.397*
Controls												
Format level												
- Average stores size		-0.049ns	-0.057ns	-0.060ns	-0.055ns	-0.057ns	-0.060ns	-0.062ns	-0.060ns	-0.061ns	-0.064ns	-0.067ns
- Country exp. (dummy)		0.205ns	0.885ns	-1.385ns	-0.967ns	-0.890ns	-0.765ns	1.061ns	-0.637ns	1.494ns	1.417ns	1.062ns
- Entry mode (dummy)		3.139ns	1.036ns	1.264ns	2.607ns	2.535ns	4.081ns	5.275ns	4.483ns	6.094ns	3.674ns	4.171ns
- Adaptation		0.055ns	0.032ns	-0.184ns	-0.226ns	0.024ns	0.178ns	0.943ns	0.327ns	1.241ns	1.226ns	0.981ns
- Pref. format (dummy)		5.342ns	4.645ns	5.102ns	5.160ns	5.061ns	5.670ns	5.974ns	3.581ns	6.143ns	5.596ns	5.962ns
Firm level												
- Scope of int. operations		-0.174ns	-0.219ns	-0.226ns	0.537ns	-0.196ns	-0.207ns	0.150ns	-0.192ns	-0.143ns	0.019ns	0.018ns
Residual Variance												
Country level	341.791	152.100	143.253	150.175	148.245	146.030	155.280	142.351	152.690	130.825	131.652	136.401
Format level	1072.251	1063.321	1058.627	1052.463	1065.087	1064.968	1028.287	1010.750	1028.122	1011.459	1008.356	1006.649
Firm level	776.211	678.536	634.993	663.694	686.212	692.575	622.612	502.456	604.143	503.558	426.819	436.824
Explained Variance												
Country level	--	55.5%	58.1%	56.1%	56.6%	57.3%	54.6%	58.4%	55.3%	61.7%	61.5%	60.1%
Format level	--	0.8%	1.3%	1.8%	0.7%	0.7%	4.1%	5.7%	4.1%	5.7%	6.0%	6.1%
Firm level	--	12.6%	18.2%	14.5%	11.6%	10.8%	19.8%	35.3%	22.2%	35.1%	45.0%	43.7%

Significance tested based on 90% and 95% credibility intervals; * $p < 0.050$; † $p < 0.100$; ns = not significant.
Notes: PurchP = Purchasing power; DegreeInt = Degree of internationalization; EoS = Economies of scale; ACul. dist = Added cultural distance.

Table D—3: Results

Source: Own creation.

4.4. Results

Table D—3 provides the statistical results of the hypotheses tests. These report adherence to 95% or 90% credibility intervals without showing precise *p*-values, due to the typical non-symmetry of these intervals in Bayesian estimation. To enable direct interpretations of the dependent variable (i.e., changes of average sales per square meter in US$; Hox 2017, pp. 21-23), all coefficients shown in the table are unstandardized. As shown in the ICCs, 15.6% of the variance in local performance is attributed to the country level, 49.9% to the format level, and 34.5% to the firm level. These values are the basis for the calculations of the effect sizes for the explained variance on each level. The covariates were mostly non-significant and thus do not play a crucial role in the models.

Hypothesis 1 predicts a reinforcing role of the country level environment, (a) purchasing power and (b) rule of law, on retail store formats' local performance. Model 1 shows significant effects of both variables: purchasing power (measured by GDP per capita; b = 0.374; $p < 0.05$) and rule of law (b = 7.686; $p < 0.05$); the results are stable in Models 1-9 (at least marginally significant). The results support hypotheses H1a and H1b. An increase of purchasing power by 1,000 US$ potentially increases the sales per square meter of the store formats by 37.40 US$, and an increase of rule of law by 0.1 on the World Bank scale increases sales per square meter by 76.86 US$.

Hypothesis 2 predicts that the format level environment, (a) intra-format competition and (b) added cultural distance, negatively affects local performance. Models 1 to 9 display quite stable effects for the intra-format competition (b = -0.419; $p < 0.05$). Added cultural distance does not directly affect local performance (b = -6.304; $p > 0.10$). Hypothesis H2a is supported; H2b is not. One additional competitor in intra-format competition reduces average sales per square meter by 41.9 US$. Notably, this occurs in every case (i.e., without any moderation) and will hence be further addressed in the discussion section. The effect of added cultural distance tends to show a negative sign but remains non-significant. Therefore, we conclude that cultural distance does not conclusively affect retail formats' local performance (perhaps because of a reduced importance of cultural distances relative to early studies, e.g., Evans and Mavondo 2002).

Hypothesis 3a-d predicts a moderation of the degree of internationalization on the relationship between (a) country and (b) formal level on local performance. Models 2, 3, 6, and 7 display the interactions between the measure "share of foreign sales" and the four relationships. Both country level effects are negatively moderated ($b_{\text{Purchasing power}} = -1.038$; $p < 0.05$; $b_{\text{Rule of law}} = -27.052$; $p < 0.05$). The results support hypotheses H3a and H3b. A retail firm's high degree of internationalization decreases the positive effects of purchasing power and rule

of law on store formats' local performance. In contrast, no moderation for the negative effects of both format level effects occurs ($b_{Intra\text{-}format\ competition}$ = 1.007; p > 0.10 and $b_{Added\ cultural\ distance}$ = 2.045; p > 0.10), not supporting hypotheses H3c and H3d. The result may underline the local nature of grocery store formats. A high degree of internationalization does not reduce the negative role of intra-format competition. However, the signs of the moderations are positive. Additional resources (e.g., strategic flexibility or cross-cultural competencies) or endowment with exploitable firm-specific advantages resulting from a higher share of foreign sales does not have format level effects that are sufficiently strong.

Hypotheses 4a-d predict the moderation of international retailers' economies of scale on (a) formal-level and (b) country level effects. Models 3, 4, 8, and 9 show the interactions. Neither country level variable is moderated ($b_{Purchasing\ power}$ = -0.001; p > 0.10; $b_{Rule\ of\ law}$ = 0.058; p > 0.10), nor is the firm level variable intra-format competition ($b_{Intra\text{-}format\ competition}$ = -0.018; p > 0.10). Hypotheses H4a-c are not supported. Added cultural distance is moderated, and H4d is supported ($b_{Added\ cultural\ distance}$ = -1.564; p < 0.05). Several reasons may explain the insignificant results, whereas three of the moderations show the hypothesized signs. Potentially greater bargaining power or financial resources do not clearly reduce dependence on the country environment. This observation might be specific to grocery retailing. In addition, intra-format competitions tends to increase, according to our arguments on the importance of local positioning in grocery retailing.

The stability of the results was tested in several alternative models (see Appendix G.3.2 to G.3.6. First, we replaced added cultural distance by considering cultural distance on a format level. In Model 1, the results are still not directly linked to local performance (b = 4.735; p > 0.10), whereas the moderation by economies of scale remains significant (b = 1.490; p < 0.10). These observations underline those found for format-specific added cultural distance. Second, we tested inter-format competition (i.e., the number of competing grocery retailers across formats in a country) instead of intra-format competition (e.g., Cleeren et al. 2010). However, the direct effect is not significant (b = 0.001; p > 0.10); the moderations by degree of internationalization and economies of scale remain insignificant (b = 0.036, 0.005; p > 0.10). We conclude that intra-format (vs. inter-format) competition is more challenging. Third, we refer to different perspectives on a firm's multinationality in the literature (e.g., Hennart 2011; Nguyen 2017). We replaced the degree of internationalization by international experience (i.e., years a retailer operates abroad) and by scope of internationalization (see our covariates). The direct effects on local performance remained insignificant ($b_{international\ experience}$ = 0.109; $b_{scope\ of\ internationalization}$ = -0.174; p > 0.10). Both variables moderate the effect of purchasing power ($b_{international\ experience}$ = -

0.008; $b_{\text{scope of internationalization}}$ = -0.013; $p < 0.05$), whereas both variables do not moderate the effects of rule of law ($b_{\text{international experience}}$ = -0.318; $b_{\text{scope of internationalization}}$ = -0.150; $p > 0.10$). We conclude that neither the degree of internationalization nor international experience or scope have a clear, direct effect on local performance, whereas all three are potential moderators of different environmental effects.

Finally, differences in the four store formats were addressed in two ways. Although we controlled for store sizes, we tested additional dummies to allow for varying intercepts between the four formats. The results remained unchanged regarding the confirmed hypothesis. This was also done because the hierarchical analysis for each format is methodologically limited by the too-small number of firms operating a format, particularly discount and convenience stores (e.g., Bell et al. 2014). However, the environment-performance links were tested exclusively for hypermarkets and supermarkets with conclusive results: purchasing power $p < 0.05$ and < 0.05; rule of law $p > 0.10$ and < 0.10; and intra-format competition $p < 0.10$ and < 0.05. We carefully conclude that our pooled data over formats are not critical. However, analyses for each format are could be a future research field.

5. Discussion and Implications

This study contributes to international business research by shedding light on local performance in the most important retail industry: grocery retailing. This study theoretically and empirically shows whether and how the local environment directly affects international grocery retailers' local performance. We introduce the novel idea that grocery store formats' local performance depends on two important environmental levels: country level and store format level. Moreover, our results support the idea that firm level resources moderate the environment-performance links. We thus extend initial findings in a few extant studies (indicating environmental effects on performance; Chan et al. 2011; Evans and Mavondo 2002; Gielens and Dekimpe 2001). Because our study consciously focuses on the largest retail industry and covers only one year of international operations, we cautiously draw implications for research (more general first and then at various levels) and managers.

5.1. Research Implications

For grocery retailers, a store format's local performance is of paramount importance because each store format operates and competes locally (e.g., Gauri

2013; Obeng et al. 2016). However, most quantitative studies address international retail firms' performance in general; few studies have provided insights into the host country performance of international retailers (Evans and Mavondo 2002; Evans et al. 2008; Gielens and Dekimpe 2001, 2007; Swoboda and Elsner 2013). Only three studies consider environmental factors as performance antecedents. Although these studies have advanced our knowledge of the antecedents of retailers' performance, the systematic evaluation of the important environment in international grocery retailing is notably limited. Addressing this limitation is useful because international grocery retailers have dynamically expanded into countries based on environmental factors. Although market selection research intuitively implies that the host country environment affects the prospects of success, we know little about its relevance to local performance.

This study therefore provides novel implications regarding the roles of country- and store format level environments. These levels comprise the same environment for all international retail firms in a country and the different environment for retail formats. We furthermore elaborate whether and how these levels affect local performance, depending on international grocery retail firms' resources. This conceptualization extends the research in several ways.

We go beyond the dominantly analyzed relationships of internationalization and firms' performance (e.g., Assaf et al. 2012; Mohr et al. 2014; Oh et al. 2015) and strategic decisions or resources and subsidiaries' performance (often contextualized by the county environment; e.g., Evans et al. 2008; Gielens and Dekimpe 2007; Swoboda and Elsner 2013). This perspective responds to calls in the business literature regarding the role of the environment in success or the context specificity of firms' resources (Brouthers et al. 2008a; Goldszmidt et al. 2011). We also provide theoretical rationales for the different roles of the country- and format level environments. Our results show reinforcing and diminishing roles of the country- and format level and thus enhance the initial findings regarding the role of retailers' local environments (for performance; Chan et al. 2011; Evans and Mavondo 2002; Gielens and Dekimpe 2001). The results also bridge international and national retailing research (at least to an extent) because in the latter, a store's environment is frequently seen as a performance driver (e.g., Cleeren et al. 2010). Finally, our results support the idea that firm level resources moderate environmental-local performance links, although the firms' degree of internationalization and economies of scale show mixed results. However, we select only two important variables on each level and provide various economic, behavioral, and resource-based theoretical rationales. Future research may use our observations to develop a more theoretically focused framework and to select antecedents or moderators accordingly.

Additionally, we provide three main implications concerning the levels in more detail.

The first one addresses the role of the country and store format level environment for retail store formats' local performance across nations. Both are worthy of being addressed simultaneously to obtain a comprehensive view of international grocery retailers' environment. We highlight the implications for the country and format levels separately.

Our findings provide strong evidence for the importance of country level variables to local performance across nations. Both purchasing power and rule of law positively affect local performance. The findings add to the research for several reasons (e.g., Chan et al. 2011; Huang and Sternquist 2007). The known role of purchasing power for performance of national grocery store formats in a trading area (e.g., Gauri 2013) is also valid across nations. Countries with higher (vs. lower) purchasing power allow the realization higher demands or prices and thus determine grocery retailers' local performance. In addition, the positive role of rule of law, which is addressed in international research only, is interesting. Rule of law provides stability in the grocery business environment across nations and reduces external uncertainties and transaction costs. Both findings are notable because research considered country level variables mainly with regard to market selection or entry decisions (e.g., Alexander et al. 2011; Swoboda et al. 2015). This study demonstrates that these variables also affect multinational grocery retailers' local performance.

Our findings provide strong evidence for the importance of the format level variable intra-format competition for local performance across nations. The competition between grocery retailers with the same store format negatively affects local performance (added cultural distance tends to affect local performance). The known importance of intra-format competition for national store formats' performance in a trading area (e.g., Cleeren et al. 2010) is also valid internationally. We believe that this observation is notable for three reasons. Competition, particularly intra-format competition, is seldom addressed in international retailing research (e.g., on market selection Alexander et al. 2011), whereas we show its importance across nations. Furthermore, the negative relationship of intra-format competition and local performance remains stable within all analyzed firm level situations (i.e., moderation of retailers' degree of internationalization or economies of scale). We therefore conclude that the positioning of a store format is crucial for success in local competition. Finally, our results may be a valuable starting point for future research. Conceptualizing and testing international retail competitors' spatial interactions or multi-market contact (e.g., within and across nations Alcácer et al. 2013) may be advantageous.

Our second, more detailed implication addresses the role of firm level moderators. Whereas we have not hypothesized the direct effects of the degree of internationalization and economies of scale, the results show novel moderations by firms' resources across nations. We shed light on the context specificity of resources (Brouthers et al. 2008a). Two implications are highlighted.

International grocery retailers' local performance is not directly affected by the degree of internationalization. In addition to this relationship, the degree of internationalization reduces the dependence of retailers' local performance on the country level environment. We conclude that the local performance of grocery retailers with a high (vs. lower) degree of internationalization is affected differently. More internationalized retailers do not profit locally from purchasing power or rule of law across nations but also these retailers suffer less from unfavorable country level environments. We can conclude that a higher degree of internationalization provides additional knowledge, which helps grocery retailers refine their formats and develop practices that are equally suitable in different country environments (e.g., Hennart 2011; Jonsson and Foss 2011). Similarly, exploitable firms' resources reduce dependence on local resources and thus, on country environments (e.g., Luo 2003; Nguyen 2017). However, firms' degrees of internationalization do not moderate and mitigate negative format level effects (i.e., the local format positioning). Future research may address these relationships for further firm level moderators.

Surprisingly, an international grocery retailer's economies of scale do not affect local performance directly and in most moderations. However, economies of scale moderate the negative relationship between added cultural distance and local performance. This relationship, which is insignificant on average, increases significantly with larger economies of scale. We conclude that large grocery retailers might be less successful with their formats in culturally distant countries. For smaller grocery retailers, the negative tendency of the effect is even weakened and thus remains too small to be clearly relevant. This observation may indicate that retailers with larger economies of scale might find it more difficult to cope with culturally distant markets than with smaller ones. They potentially devote less attention to an individual format in a country with a large cultural distance because it accounts for a smaller share of their total sales or performance (Brouthers et al. 2008a). However, that reasoning and a potentially larger internal complexity or weaker local flexibility in different cultures is a possible subject of future research.

Our third implication is methodological. Our study provides important implications for research with regard to different, important levels in international retailers. We used cross-classified multi-level modeling to analyze the hypothesized

relationships over a considerable number of countries and firms (i.e., aiming for generalization of results; Franke and Richey 2010). This approach is seldom applied in business research (e.g., Goldszmidt et al. 2011) but offers valuable advantages compared to the dominant hierarchical linear modeling or fixed effects regressions. In particular, cross-level and cross-classified interaction effects are tested. Whereas correlated error terms may lead to misspecified models and conclusions, cross-classified multi-level modeling accounts for the non-hierarchical nested data structure at the format, country, and firm levels.

5.2. Managerial Implications

Grocery retail managers are surely aware of the importance of the local environment. Studies provide reasonable evidence for differences in store format performance in the national context (e.g., Gauri et al. 2009; Kumar and Karande 2000). However, excessive reliance on a centrally managed foreign business (without knowledge of the reinforcing or diminishing antecedents of local performance and its moderations across nations) creates a risk of missing opportunities. Thus, it seems obvious that international grocery retail managers attempt to anticipate how country- and format-specific antecedents will affect their formats' local performance across nations. They do so for market-selection decisions but must also do so in subsequent decisions, e.g., regarding investments or divestments across their country and format portfolio.

Managers may learn that purchasing power and rule of law generally increase store formats' local performance across nations, whereas intra-format competition generally diminishes it. A higher GDP per capita of 1,000 US$ in a country increases sales per square meter by 37.4 US$, whereas an additional intra-format competitor reduces sales per square meter by 41.9 US$. The latter is typical in home countries but occurs across nations in every case, i.e., independent of the analyzed firms' resources. Thus, competition is local in grocery retailing, and competitive advantages do not arise from economies of scale or high degrees of internationalization. We therefore see the high importance of a strong local position and unique local offers (e.g., assortments, prices) for success in intra-format competition. One implication for foreign grocery retailers' expansion might be, however, to enter markets with highly attractive country level environments and low intra-format competition, e.g., with locally innovative formats. This strategy increases local performance, degree of internationalization, and economies of scale. However, over time, such attractive country markets become rare, and local offers gain importance. This reasoning may explain rapid market entries by firms such as Carrefour, Metro Group, and Ahold (all

have entered up to 40 countries), and the following is true in numerous countries (Planet Retail 2016).

Those firms are among the largest, most internationalized grocery retailers in the world. Their managers learn that with an increasing degree of internationalization, local performance depends less on the country level environment only; they need to develop local positioning. However, the additional knowledge and established practices accumulated through higher degrees of internationalization may be successfully applied in less favorable country environments. Those retailers might have better chances for success in countries with lower purchasing power or weaker rule of law. In contrast, retailers with lower degrees of internationalization should focus their activities on markets with higher purchasing power and stronger rule of law because their performance is relatively higher in such markets. However, economies of scale are not relevant neither in more attractive countries nor in less attractive countries. Managers of large grocery retailers should, however, consider that cultural distance might decrease store formats' local performance. Activities in distant countries require additional attention, although they may account for smaller shares of a firm's sales.

6. Limitations and Further Research

Our study is not without limitations, and further research is required to better understand international retailers' local performance. We highlight three issues of this nature.

Although we refer to a rich database, broadening the data would allow further conclusions. For example, additional grocery retailers (e.g., further or domestic ones beyond the 250 largest) or retail industries could be studied. For example, non-food retailers are considered more global, replicating retail formats unchanged abroad, and potentially are differently dependent on the country- and format level environments (e.g., Swoboda et al. 2014b).

Concerning our measures, sales per square meter is an important performance indicator in both theory and practice (e.g., aggregated on firms-level; Dimitrova et al. 2014; Gielens and Dekimpe 2001), but that indicator can still be criticized (e.g., not accounting for investment or labor cost). Alternatives such as local profits will enhance the results but are challenging to acquire (e.g., based on managers' self-reports, Evans et al. 2008; Swoboda and Elsner 2013). Additional but less important measures in local grocery retailing may be studied (e.g., number of businesses by capita for competition Alexander et al. 2011; foreign to total assets for the degree of internationalization Hennart 2011; Mohr et al.

2014). Finally, methodological requirements prompted us to analyze linear relationships. U- or S-shaped relationships of the degree of internationalization or of further institutional regulations could be analyzed (e.g., Huang and Sternquist 2007; Oh et al. 2015).

Concerning our conceptual framework, additional analysis of firms' or subsidiaries' resources and strategic decisions would be advantageous. One example is an analysis of international firms' diversification: country portfolios/expansion are linked to retailers' performance and localization (e.g., Dimitrova et al. 2014; Rugman and Girod 2003); the product (i.e., format portfolio) yields additional resources and challenges (e.g., Chan et al. 2011; Oh et al. 2015). A second example is the role of subsidiaries' (in addition to firms') resources or decisions (e.g., Coe and Lee 2013), which can be moderators or aligned with the local environment (e.g., using primary decision data; Evans et al. 2008; Swoboda and Elsner 2013). Finally, the database with few discount retailers, for example, limits our format-specific analysis. Pooling the data over the years 2001-2015 will shed light on possibly different sensitivities of store formats, such as discounters versus hypermarkets, to country- and format level environments over time. Analyzing subsidiaries and longitudinal data promise new insights into the role of additional and relevant hierarchy levels in grocery retailing (e.g., Gielens and Dekimpe 2001; Obeng et al. 2016) and creates methodological challenges.

E. Final Remarks

1. Discussion and Implications

1.1. Core Results

The internationalization of retailers is still an ongoing and dynamic phenomenon. Albeit it includes the internationalization of sourcing as well as the internationalization of store operations, the thesis at hand focused on the latter only. Furthermore, the emphasis in this doctoral thesis was on the specific challenges of the internationalization of brick and mortar retail operations, which still account for a much higher sales than retailers' online channels.

The first major challenge relates to the complexities, which arise from transferring an entire retail format abroad (Goldman 2001; Jonsson and Foss 2011; Swoboda and Elsner 2013). In conjunction with the fact, that the retail business is very local in nature (Burt et al. 2016; Gamble 2009), the development of international strategies and their successful local implementation is complex. Extant research has recommended to build international strategies on firm-specific advantages (e.g., from certain capabilities or competencies, Cao and Dupuis 2009; Frasquet et al. 2013), while the performance implications were mostly unclear (Swoboda et al. 2014b). Although the importance of local implementation decisions was known (e.g., Cao and Pederzoli 2013; Evans et al. 2008), a clear link to overarching international strategies was missing in extant literature.

The second challenge relates to the managements of retail brands in order to succeed local competition despite differences in consumers expectations (e.g., White and Absher 2007). Past literature has analyzed the transfer of individual retailers' brands (Burt and Mavrommatis 2006; Diallo and Cliquet 2016). Further work pointed out the existence of format-specific core attributes (Merrilees et al. 2007; Swoboda et al. 2014a). Still, because previous studies took an inter-format perspective only, the implications from the consequences of such core attributes for the transfer individual retailers' brands remained unclear.

Third, the challenges from diverse local environments are highlighted. Extant literature already shows the relevance of the local environment for market entry decisions (e.g., Alexander et al. 2011; Gripsrud and Benito 2005), but only initial insights on local performance implications of the environment existed (e.g., Chan et al. 2011; Gielens and Dekimpe 2001). Previous work further indicates that certain resources such as economies of scale or knowledge from experiential learning might help retailers to cope with environmental challenges (Mohr et al. 2014; Palmer 2005). Still again, quantitative evidence was scarce.

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In summary, although past literature has shed light on a variety of important issues, several questions remained mostly unanswered and left considerable research gaps. The present thesis provides three studies which aim to take a further step toward closing theses gaps. All three studies focused on indicators reflecting the local performance outcomes of international retailers in their respective host countries. In detail, the following key questions were addressed:

(1) How do retailers balance their international strategies and local implementation in order to be successful in close and distant host countries?

(2) How can retailers, which transfer their familiar formats abroad, bind local consumers to their retail brands in the local inter- and intra-format competition of their host countries?

(3) How does the environment of retailers' host countries affect their local performance and which firm-specific resources may help retailers to cope with the environmental challenges?

The first key research question was addressed in Study 1 by analyzing paths on which international strategy in terms of I/R affects local performance in host countries directly or via local implementation decisions. The implementation decisions that were considered in the study are adaptation of the retail offer and centralization of decision making. These implementation decisions are important for international retailers and likely to affect local performance outcomes (e.g., Cao and Pederzoli 2013; Swoboda and Elsner 2013). The study contributes to extant research by shifting away from a typology-based view and taking a novel perspective on retailers' I/R. The rationale is based on understanding I/R as firms' options relating to the transfer or local generation of FSAs on which competitive advantages in each host country (Rugman and Verbeke 1992). The framework considers that firms' auf to strive for an alignment between international strategy and local implementation (e.g., Grøgaard 2012). Beyond that, Study 1 also considers that different FSAs entailed in a retail format are not equally transferable into close and distant host countries (e.g., Girod and Rugman 2005; Goldman 2001). Accordingly, Study 1 shed light on the complexity of the paths on which international strategies affect local performance.

The results of Study 1 show that no direct effects of I/R on local performance appears. Instead, the effect of I/R on local performance occurs on indirect paths via the implementation decisions. As expected, these paths vary via the different implementation decisions and between close and distant countries. In close countries, an integration-standardization and a responsiveness-decentralization path positively affect local performance. Negative effects were found for a re-

sponsiveness-adaptation and an integration-centralization path. In distant countries positive performance outcomes result from an integration-centralization path responsiveness-decentralization has negative performance implications. Further paths via the local standardization of the retail offer do not show significant performance implications. These findings underline that a mere alignment between strategy and implementation does not yield the best local performance outcomes. Instead, retail firms need to balance both strategy and implementation under considerations of the varying transferability of different types of FSAs into different host countries.

Study 2 addresses the second key research question, by comparing between home and host country, how format-specific core attributes affect RBE and how RBE affects loyalty from and inter- versus intra-format perspective. The general relations between retail attributes, RBE and loyalty are deducted from the established associative network perspective (e.g., Keller 1993; Lei et al. 2008). Beyond that, study contributes to the understanding of the role of format-specific core attributes by providing a categorization-theory based rationale which is applied for the first time in the international context (e.g., Hartman and Spiro 2005; Keaveney and Hunt 1992). The study accounts for an inter- and intra-format perspective and hence goes beyond studies analyzing the retail brand transfer of one firm only (Burt and Mavrommatis 2006; Diallo and Cliquet 2016) or providing an intra-format perspective only (Merrilees et al. 2007; Swoboda et al. 2014a). Based on the above theoretic rationale, first format-specific core attributes are expected to dominantly affect RBE from the inter-format perspective. Second, the dominant role of these core attributes is also assessed from the intra-format perspective, while possible variations in the effects due to retailers' adaptations and differentiation in the local intra-format competition are expected. Accordingly, Study 2 contributes to the understanding of the relevance of format-specific core attributes for the transfer individual retailers' retail brands.

The results of Study 2 support the dominant role of format-specific core attributes in affecting RBE in retailers' home and host countries. From the inter-format perspective, the expected core attribute price dominantly affects discounters' RBE in home and host country, while additionally assortment shows strong effects in both countries. Similar, for hypermarkets, the expected core attributes assortment, layout, and service dominantly affect RBE without any significant differences between countries. These results point out the role of format-specific core attributes as the major levers for retail brand managers across countries. The results from the intra-format perspective reveal only few deviations from these findings. For each retailer mostly the respective core attributes of their format dominantly affect RBE in home and host country. Only for one retailer a deviation occurs, which however is again stable between both country markets.

These results highlight the boundary role of format specific core attributes regarding international retailers' options for differentiation in their' local intra-format competition. Beyond that, RBE was found to generally have a positive effect on consumer loyalty, which confirms the important role of RBE for local success across countries. Still, in some cases weaker effects have been observed in the host, than in the home country. In summary, the categorization theory based reasoning holds true as very similar results across countries underline.

The third research question was addressed in Study 3, by analyzing the effect of environmental determinants from two different levels on retailers' performance in the host country. Furthermore, Study 3 contributes to understanding the context specificity of resources by considering the moderating role of firm level resources on the environmental effects. Based on literatures reviews on international firms' and retailers' performance outcomes, three relevant theory streams are identified, economic (e.g., Hennart 1982, p. 83-84; Rugman 1979, p. 3-10), behavioral (e.g., Kogut and Zander 1993; Ruigrok and Wagner 2003) and resource-based theory (e.g., Barney 1991; Peng 2001). Furthermore, from the specific research of environmental determinants of retailers' performance, the relevance of benchmarking the performance outcomes of specific formats in a country is pointed out (e.g., Gauri 2013; Kumar and Karande 2000; Obeng et al. 2016). From the above rationales and empirical literature on market selection, the country level environmental determinants purchasing power and rule of law and the format-level environmental determinants added cultural distance and intra-format competition are identified. Regarding the firm-level resources, economies of scale and degree of internationalization are considered as possible moderators. Study 3 additionally contributes by revealing the advantages of cross-classified multi-level modelling in international business contexts.

The results of Study 3 confirm, that different levels of environmental determinants affect retail formats' local performance outcomes in host countries. The country level variables purchasing power and rule of law positively affect format level performance in host countries. The format-level variable of local intra-format competition has an opposite effect. The second format-level determinant added cultural distance however, has a slightly negative but insignificant effect. Regarding the firm-level moderators, a retailers' degree of internationalization negatively moderates the effects of both country level variables, but not those of the format level determinants. The effect of added cultural distance is however significantly increased with higher economies of scale, while this firm level variable has no further moderating effect. The additional resources coming along with a higher degree of internationalization may thus help to cope with certain country level but not necessarily with format level environmental chal-

lenges. Economies of scale do not help to mitigate any of the considered environmental challenges but might even make it harder to cope with added cultural distance.

1.2. Theoretical Implications

The studies presented in the doctoral thesis at hand provide valuable contributions to theory and extant research. Subsequently, the major theoretical implications of all three studies are summarized.

Study 1, contributes to the understanding of the role of international strategies in retailing, but also complements the general literature on the I/R-framework (e.g., Harzing 2000; Verbeke and Asmussen 2016). In the retail context, only one prior study has provided initial quantitative insights on performance implications of international strategy (Swoboda et al. 2014b). In other industries, the topic is more frequently analyzed, but mostly relying on typology-based approaches, which have been criticized for allowing vague managerial implications only (e.g., Haugland 2010). The current study conceptualizes I/R based on the transferability of FSAs as two dimensions of firms' international strategy, which can be pursued to varying degrees (Grøgaard 2012; Rugman and Verbeke 1992). This approach contrasts views that consider I/R as external pressures or responses to such pressures (e.g., Bartlett and Ghoshal 1989; Lin and Hsieh 2010b, p. 307). The chosen perspective, which is rooted in transaction and internalization theory, facilitates a clearer deduction of possible performance implications. Furthermore, it allows assessing I/R's effects on local implementation decisions as well as subsequent indirect effects on local performance outcomes via these decisions. Study 1 therefore contributes by showing how analyses of I/R's direct and indirect paths to performance may reveal more nuanced implications than typology-based work.

Second, and more specific to retailers' internationalization, Study 1 contributes to the understanding of the limited geographic reach of retailers' FSAs. Literature in the field of the regional strategy theory has pointed out that retailers' FSAs have a specific transferability. While some FSAs can be exploited globally, others benefit a firm only in a particular set of locations (Girod and Rugman 2005; Rugman and Verbeke 1992). Extant research shows, that retailers expanding beyond the geographic reach of their FSAs perform worse than those that internationalize within their home region only (e.g., Mohr et al. 2014; Oh et al. 2015). Still, clear insights on the role of the limited geographic reach for host country performance were missing. Study 1 therefore provides theoretical and empirical insights that go beyond those earlier studies. Study 1 points out that the geographic reach of different FSAs entailed in a retail format may vary,

namely those in the know-how versus the offering part (Goldman 2001). Accordingly, different paths of I/R via centralization (which relates to the know-how part) than via standardization (offering part) to local performance occur.

Study 2 contributes to the understanding of the role for format-specific core attributes in shaping retailers' RBE across countries. Although the relationships between retail attributes, RBE and loyalty have been acknowledged in previous retail studies (e.g., Swoboda et al. 2016b), they have seldom been considered with a focus on retail formats or in an international context. Only Swoboda et al. (2014a) provide initial insights on an inter-format perspective, while calling for analysis on an intra-format perspective. Study 2 responds to this call by analyzing which implications overall format-specific core attributes have for specific retailers' brand transfer and positioning from the intra-format perspective. Furthermore, by referring to categorization theory (Hartman and Spiro 2005; Keaveney and Hunt 1992) a theoretic rationale for the role of format-specific core attributes is provided which so far had not been transferred to the international context. Study 2 shows that consumers across countries categorize retailers into format groups in their memories in very similar ways. From an intra-format perspective specific retailers' RBE in the host country will be dominantly affected by very similar core attributes as in their home country, because these attributes are associated as most distinctive characteristics of their specific format.

By analyzing the transfer of specific retailers' brands from the intra-format perspective, Study 2 furthermore contributes to the understanding of possible boundaries in retailers' transfer strategies. Although extant studies highlight varying consumer expectations and store selection criteria across countries (White and Absher 2007; Zielke and Komor 2015) as well as a need for adaptation (Bianchi and Ostale 2006; Evans and Bridson 2005), retailers' RBE is still dominantly influenced by the same format-specific core attributes. This further underlines, that retail formats are generic positioning profiles (Martínez-Ruiz et al. 2010) and that retailers might not transfer their practices, but indeed their relative positioning (Burt and Mavrommatis 2006). Hence, their options for local differentiation, especially in the host countries intra-format competition are limited. According to categorization theory, only continuous learning that a specific retail does not match a predefined category can lead to a separate evaluation (Keaveney and Hunt 1992; Willems and Swinnen 2011). Finally, Study 2 reveals, that variations in the effects of RBE on loyalty may occur, although the research design does not allow identifying the exact reasons.

Study 3 contributes to the understanding of the role of the host country environment for retailers' local success, while highlighting the existence of two levels of

environmental determinants. Extant studies either focus performance implications of internationalization for the firm as a whole (e.g., Assaf et al. 2012; Mohr and Batsakis 2017b; Oh et al. 2015) or analyze the effects of retailer's decisions or resources on local performance (e.g., Gielens and Dekimpe 2007; Swoboda et al. 2014b). Only few studies contextualize such decisions and provide initial insights on the role of the host country environment (e.g., Chan et al. 2011; Gielens and Dekimpe 2001). Still, extant literature in other industries calls for research on performance effects of environmental determinants in a country (e.g., Goldszmidt et al. 2011; Makino et al. 2004), while in retailing intense involvements with local environments are usual (e.g., Burt et al. 2016; Cao and Pederzoli 2013). Study 1 therefore contributes to this debate in an industry, in which the external environment is highly relevant. Additionally, for the first time in research on international retailing, a conceptual framework considers two levels of environmental determinants: country level determinants, which are equal for all competitors, and format level determinants, which are different for every format operating in a country. Study 3 thus reveals that different environmental levels can occur and how their relevance for local performance outcomes may vary. Positive effects of purchasing power and rule of law (country level) and a negative effect of intra-format competitions (format level) are found, while added cultural distance (format level) shows no significant effects on average.

Additionally Study 3 points out, how firm-specific resources can help to mitigate the challenges imposed by the external environment in a country. Thus, also a contribution the debate on the context specificity of resources is made, which points out, that resources might be differently valuable in different contexts (e.g., Brouthers et al. 2008a). Most importantly, Study 3 reveals, that the degree of internationalization has no direct effects on local performance, while it mitigates the effects of the country level, but not the format level environment. This result is notable because effects of the degree of internationalization on retailers' overall performance are frequently discussed with varying results (Assaf et al. 2012; Chan et al. 2011; Etgar and Rachman-Moore 2008). Furthermore, no direct effects on local performance and no mitigating effects on the influences of the environment can be found for economies of scale. Typical resource advantages such as a higher financial strength or greater bargaining power (Mohr et al. 2014) appear to be of limited value when facing environmental challenges in international markets. Large firms might even face challenges of an increasing complexity, as the negative moderation of the influence of added cultural distance indicates.

1.3. Practical Implications

As shown in the three studies conducted, successful management of international operations in retailing requires attention to various factors. Subsequently, the major practical implications from this doctoral thesis are summarized.

Study 1 reveals, that international strategies in terms of I/R affect local performance mostly via the way they are implemented. Although international strategy makers in headquarters decide whether to transfer or locally generate of FSAs, they need to be aware that I/R do not directly affect local performance. Vice versa, retail executives in subsidiaries might be aware of the role of the implementation for local performance. Still, they may learn how the firms' I/R strategy shapes these implementation decisions and thus indirectly affects local performance. Expansion managers often see themselves in the conflict between aligning all implementation decisions with the overall strategy versus choosing suitable options for each respective country (e.g., Gamble 2010; Swoboda et al. 2014b). Study 1 indicates that a pure alignment of all implementation decisions with the international strategy does not yield optimal performance outcomes locally. According to the rationale and findings of Study 1, managers can assess the right degree of centralization or adaptation by assessing the local transferability of FSAs, which a certain implementation decision helps to transfer.

Centralization of decisions making may help to transfer advantages in the know-how part of the format, which is mostly invisible to local consumers but might entail important procedures and practices (Goldman 2001). Adaptation might rather help to transfer advantages in the offering part, which is visible to consumers. The transferability of the FSAs entailed in these two parts of the formats may vary notably. For a specific country, managers should try to realize integration via the implementation decision that helps to transfer FSAs which are most likely transferable into this country, but not via other implementation decisions. Vice versa, Responsiveness in a country again should be realized via the implementation decisions that relate to less transferable FSAs. From this perspective, possible tradeoffs between the varying and potentially negative relationships among strategy, implementation, and performance can be assessed. These tradeoffs might be overlooked, when a pure alignment of strategy and implementation is conducted (e.g., Haugland 2010). Accordingly, we propose that managers should first cautiously identify which of their FSAs are likely to be transferable into a certain country or for which of their FSAs a transfer is challenging. Then appropriate degrees of standardization and centralization should be implemented.

From Study 2 retail managers may learn that consumers evaluations of RBE in their home and host countries are mostly based on format-specific core attributes. In order to increase their RBE internationally, they should focus their efforts on meeting local consumers' expectations regarding these core levers first. Such core levers remain mostly stable from the inter-format perspective (Swoboda et al. 2014a). The core drivers of RBE across countries are price, and to a fair share assortment, for discounters and assortment, store layout, and service for hypermarkets. The further attributes are less important. Although different consumer expectations may occur and retailers adapt, the relative importance of the respective elements of the retail marketing mix remain mostly equal. Still, retailers should bear in mind that the results of Study 2 might not apply to all countries. They should carefully observe whether the role of different formats in the local inter-format competition is similar. Certain core attributes might lose importance when distinctions between formats in local competition blur (e.g., Cardinali and Bellini 2014) or they might not yet be fully established when formats are new or innovative to a certain countries' consumers.

From an intra format-perspective, Study 2 reveals that the format-specific core attributes are also essential for transfer and local management specific retailers' brands. Consumers' category-based evaluations appear to apply to the majority of the observed retailers (Keaveney and Hunt 1992). Retailers should be aware, that their options for local differentiation are limited by such category-based evaluations. Consumers will generally judge their brands mainly based on the core attributes of the respective format. Trying to use other attributes for differentiation from local intra-format competition might not yield the expected effects on their retail brands. Accordingly, reaching a distinct positioning in a host country's intra-format competition can require considerable efforts. Only by continuous and potentially slow learning, consumers interiorize that a certain retail brand needs to be evaluated based different criteria than the format-specific core attributes. As few examples show, reaching a differentiated positioning is still possible. For example the retail brand of Kaufland is evaluated more strongly based on price and less on service than those of their intra-format competitors in both, home and host countries.

From Study 3 managers can learn how country- and format-specific antecedents in the local environment will affect their formats' local performance in their host countries. Purchasing power and rule of law positively affect store formats' local performance in a country (e.g., Alexander et al. 2011; Huang and Sternquist 2007). For example, in a country where the GDP per capita is higher by 1,000 US$, on average 37.4 US$ more sales per square meter can be realized. In contrast, each additional intra-format competitor has a negative effect on local performance (e.g., Cleeren et al. 2010) and causes reduction of 41.9 US$ sales

per square meter on average. A straightforward implication is that retailers should focus on countries with highly attractive country level environments and a low intra-format competition. More realistically, the findings can also help in typical tradeoff decisions: for example when assessing whether the benefits of a country's strong rule of law or higher purchasing power are outweighed by the country's the higher intra-format competition. A further implication of Study 3 relates to the international management of format portfolios across the country portfolio (e.g., Oh et al. 2015). In a specific country, retailers might realize higher sales per square meter relying on a format, which faces the least intra-format competitors. Furthermore, the results may help to refine benchmarking systems in order to account realistically for country differences.

Study 3 provides further implications regarding the role of firm level resources in mitigating the effects of local environments. First, the effect of the local intra format competition occurs independent of the considered firm resources. Competitive advantages in local intra-format competition do not seem to arise from economies of scale or high degrees of internationalization. Still, the performance of retailers with a higher degree of internationalization is less dependent on beneficious country level environments. The additional knowledge and practices that such retailers have accumulated can help them to succeed in countries with lower purchasing power or weaker rule of law. In contrast, for retailers with lower degrees of internationalization, performance depends more strongly on these variables. It is advisable for such retailers to focus their activities on markets with more favorable country level environments. In contrast, economies of scale do not mitigate any of the environmental effects on local performance. Instead, managers of larger grocery retailers should even be aware, that negative consequences of cultural distance for their local performance might occur.

In summary, the three studies in this doctoral thesis provide implications for retail managers, which relate to various decisions in the context of internationalization. As a common result, retailers need to understand their own situation but also the environment in each of their host countries in order to inform their decisions on international strategy, brand positioning or directions for expansion. Regarding their own situation, retailers should assess the transferability of their FSAs, the decisive benefits that may shape the core attributes of their format, and the value of their firm-specific resources in the international context. Regarding the local environment, they should consider consumer perceptions and expectations, competitive situations especially in the intra-format competition, and the economic and regulative country level environment. Only by comprehensive monitoring of the mentioned internal and external factors a basis for informed and successful decisions can be provided.

Since international operations are dynamic, such monitoring and analysis should furthermore be conducted continuously over time. This is obvious for the external environment, which is known to continuously change (e.g., Pederzoli and Kuppelwieser 2015). However, it is also relevant to reevaluate the firms' internal situations regularly as these might change during the internationalization process. Retailers' might refine their format for transfer such that the transferability of their FSA might increase (e.g., Girod and Rugman 2005; Jonsson and Foss 2011), they might acquire additional resources though experiential learning (e.g., Palmer 2005; Ruigrok and Wagner 2003) and they might gradually increase their country portfolio covering increasing distances. (e.g., Lynn Childs and Jin 2014; Waarts and Everdingen 2006).

2. Further Research

At the end of each study, their individual limitations and suggestions for further research were already pointed out. In this section, these limitations are integrated and discussed in the context of the overall doctoral thesis. Possible limitations and implications for further research can be identified in the data basis, measurement, theory and conceptual frameworks, as well as methodology.

The three studies in this thesis are based on very different datasets. While in Study 1 managers' perspectives are considered, Study 2 relates to a consumer perspective and Study 3 uses objective secondary data. Especially the samples of Study 1 and 2 are limited in terms of the regarded retailers. Study 1 only covers retailers from German speaking countries, which limits the generalizability for example towards retailers from emerging countries (e.g., Bianchi 2009). In Study 2 only six grocery retailers within two formats were considered. Although this is a comprehensive sample in the field (other studies regard one retailer only, Burt and Mavrommatis 2006; Diallo and Cliquet 2016), the results might still strongly change when regarding other firms. Including further retailers might hence increase the generalizability and scope of the findings. In the same vein, the sample of Study 3 could be extended to include non-food retailers. The same applies to the observed countries. In Study 1 managers decided on which two countries to reply (similar to Evans and Mavondo 2002; Swoboda and Elsner 2013), while different country selection procedures might yield further insights. Study 2 aimed to cover developed home and emerging host countries, but still Romania is part of the EU and dominated by modern retail formats. Future research might hence consider countries, where modern retail structures are less established (Goldman et al. 2000). Furthermore, all three studies are blindfolded towards the perspective of the respective other. Study 1 relies on a headquarters' perspective without accounting for subsidiary managers' view.

Study 2 captures consumers' perceptions but does not account for retailers' adaptation decisions. Study 3 covers external and firmographic data, while managers' views and decisions remain vague. Future research might hence include multiple perspectives to overcome these weaknesses.

Regarding the measurement, Studies 1 and 2 rely on established multiple item scales to measure latent constructs. Still in the retail context no clear consensus on the measurement of centralization or standardization decisions or the exact retail attributes exist. In the measure for the implementation decisions, specific marketing mix elements for adaptation or functions for centralization were not separated. Also in Study 1 using more fine-grained measures of the retail attributes might yield further insights (e.g., including private labels, Erdem et al. 2004). For all antecedents in Study 3, carefully selected indicators were used while further studies could include additional or alternative proxies (e.g., Alexander et al. 2011; Aliouche and Schlentrich 2011). The conceptualization of cultural distances relies on the subjective psychic distance measure in Study 2 (Evans and Mavondo 2002) while in Study 3 an objective measure based on Inglehart's (2005) dimensions is used. Further conceptualizations of culture exist, while for example Hofstede's (1980) is most frequently used and Schwartz's (1994) is recommended as the conceptually strongest in the context of international branding (Swoboda et al. 2016a). Regarding the outcome variables a self-reported performance measure is used in Study 1 (Cavusgil and Zou 1994), while objective measures might be more reliable but challenging to obtain. Regarding Study 2, an alternative measures for RBE exists, which focusses stronger on consumer responses (Jara and Cliquet 2012). The performance indicator in Study 3 is objective in nature, but still shows weaknesses, e.g. due to not fully considering the actual cost of operations (Gielens and Dekimpe 2001). In summary, future research may benefit from aiming to use more fine-grained, conceptually based and objective measurements.

All three studies' conceptual frameworks are based on theory, while for Study 1 a transaction and internalization theory based view (Rugman and Verbeke 1992), in Study 2 categorization theory (Keaveney and Hunt 1992) and in Study 3 an integrated view that relates to economic, behavioral, and resource based theory are applied (e.g., Hennart 1982, p. 83-83; Kogut and Zander 1993; Peng 2001). In the related research fields alternative and complementary theory exists, which points towards different or extended frameworks. In the field of international strategy contingency-based views dominate, which point out performance effects of a fit between strategy and implementation (e.g., Lin and Hsieh 2010b; Meyer and Su 2015). From the perspective taken in Study 1, the implications of this fit for local performance is questioned, while future research might

find ways to integrate both perspectives. Furthermore, Study 1 addresses international strategy as firm-specific and only the implementation decisions as subsidiary-specific, while further research might consider different strategic roles of subsidiaries (Lin 2014; Rugman et al. 2011). In the context of Retail Brand Equity, associative network theory is common (Jinfeng and Zhilong 2009; Verhoef et al. 2007). Still, instead of categorization theory, also motivational theories were applied in similar contexts to deduct the role of research attributes for RBE (e.g., Swoboda et al. 2016b). Also in the context of environmental influences for example an institutional theory based rationale might yield further insights (e.g., Huang and Sternquist 2007; Swoboda et al. 2015). Future research might integrate these views to provide more comprehensive frameworks.

Furthermore, all frameworks could be extended or amended through the inclusion of additional or different variables. In the context of international strategy, several amended or extended versions of the I/R framework exist (e.g., the I/R-transactional completeness or the I/R-regionality model, Devinney et al. 2000; Verbeke and Asmussen 2016) and further implementation variables could be included. Relating to Study 2, cultural or other distance measures would allow for analysis of when and why effects between countries vary. Also country of origin effects might play a role, for example for the relation between RBE and loyalty (e.g., Maruyama and Wu 2014). In Study 3 especially decisions taken in or resources based at the subsidiary were not included (e.g., Coe and Lee 2013) and the role of a retailers' format portfolio was not explicitly considered (e.g., Oh et al. 2015; Shi et al. 2017). Further insights might be disclosed from including these or further relevant variables in future research. Finally, all three studies are static in nature. Observing the changes that might occur over time could yield substantial findings. For example, the implications of changes in international strategies or expansions into more distant countries (Study 1), retailers' continuous adaptation or repositioning decisions (Study 2), or the sensitivity towards environmental changes (Study 3) could be observed in longitudinal approaches in future research.

Finally, implications for future research arise from the methodological limitations of the three studies. In Study 1 a PLS-based approach was used to account for the current sample size and possibly non-symmetric standard errors, despite the method's shortcomings (e.g., due to a lack of appropriate fit measures). As the options for establishing measurement invariance are also limited in PLS, the methodological foundation for comparisons between the countries could be improved. Study 2 uses structural equation modelling based on Mplus, but still separate tests were conducted to compare only one retailer or format between countries at a time. Using multi-level structural equation modelling (Hirschmann and Swoboda 2017) might better account for the complex data structure, in

which retailers are nested in formats, and allow for simultaneous analyses. Finally, in study three cross-classified multi-level modelling is used which already accounts for the complexity in the data structure. Still, even further possible levels, beyond the regarded ones are conceivable, for example a subsidiary level. Beyond that, some of the regarded effects were considered as linear effects only, while extant literature has assumed non-linear effects (e.g., for rule of law or degree of internationalization Assaf et al. 2012; Huang and Sternquist 2007). Further methodological refinements might yield additional and more fine-grained results.

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Appendix

1. Study 1: International Strategy's Effects on Retailers' Local Implementation and Performance

1.1. Alternative Model for Distant Countries

	Distant Countries	
Results of PLS estimation	Alternative model with significant effects only	
	Beta	t-value
Integration and implementation		
Integration → standardization	.325	4.469 ***
Integration → centralization	.317	3.225 ***
Responsiveness and implementation		
Responsiveness → standardization	-.378	5.236 ***
Responsiveness → centralization	-.244	2.425 *
H1: International strategy and performance		
Integration → performance[1]		
Responsiveness → performance[2]		
Implementation and performance		
Standardization → performance		
Centralization → performance	.312	3.335 ***
Controls		
Retail sector	.039	.546 ns
Country experience (log)	.052	.527 ns
Firm size (log)	.196	1.837 †
Geographic scope (log)	.014	.138 ns
Entry mode dummy	.174	1.795 †
R^2 Performance	.106	
Standardization	.322	
Centralization	.199	

***$p < 0.001$; **$p < 0.01$; *$p < 0.05$; †$p < 0.10$; ns = not significant.

Table 0—1: Alternative model for distant countries with significant effects only

Source: Own creation.

L. Morbe, *International Retailers' Performance in Host Countries*,
Handel und Internationales Marketing Retailing and International Marketing,
https://doi.org/10.1007/978-3-658-22069-3

1.2. Alternative Models Excluding Swiss and Austrian Firms

	Close Countries		Distant Countries	
Results of PLS estimation	Excluding Swiss Firms		Excluding Swiss Firms	
	Beta	t-value	Beta	t-value
Integration and implementation				
Integration → standardization	.141	1.649 †	.313	4.236 ***
Integration → centralization	.437	4.789 ***	.311	3.182 ***
Responsiveness and implementation				
Responsiveness → standardization	-.578	8.827 ***	-.378	5.306 ***
Responsiveness → centralization	-.343	3.905 ***	-.221	2.113 *
H1: International strategy and performance				
Integration → performance	.132	1.132 ns	.027	.193 ns
Responsiveness → performance	.201	1.532 ns	.128	1.101 ns
Implementation and performance				
Standardization → performance	.326	2,231 *	.289	1.451 ns
Centralization → performance	-.329	2,393 **	.195	2.692 **
Controls				
Retail sector	.111	1.170 ns	.044	.407 ns
Country experience (log)	-.038	0.319 ns	.103	1.105 ns
Firm size (log)	-.176	1.684 †	-.209	1.962 *
Geographic scope (log)	.286	2,170 *	-.041	0,364 ns
Entry mode dummy	.067	0,610 ns	-.147	1.259 ns
R^2 Performance	.196		.182	
Standardization	.411		.321	
Centralization	.397		.191	

***$p < 0.001$; **$p < 0.01$; *$p < 0.05$; †$p < 0.10$; ns = not significant.

Table 0—2: Alternative model excluding Swiss firms

Source: Own creation.

	Close Countries		Distant Countries	
Results of PLS estimation	Excluding Austrian Firms		Excluding Austrian Firms	
	Beta	t-value	Beta	t-value
Integration and implementation				
Integration → standardization	.168	2.050 *	.369	5.356 ***
Integration → centralization	.413	4.653 ***	.333	3.668 ***
Responsiveness and implementation				
Responsiveness → standardization	-.543	8.393 ***	-.362	5.035 ***
Responsiveness → centralization	-.354	4.196 ***	-.234	2.384 **
H1: International strategy and performance				
Integration → performance	.128	1.093 ns	.011	.074 ns
Responsiveness → performance	.231	1.661 †	.134	1.311 ns
Implementation and performance				
Standardization → performance	.346	2,392 **	.277	2.183 *
Centralization → performance	-.283	2,144 *	.307	2.777 **
Controls				
Retail sector	.079	.869 ns	.045	.436 ns
Country experience (log)	-.074	.635 ns	.123	1.263 ns
Firm size (log)	-.092	.995 ns	-.188	1.842 †
Geographic scope (log)	.253	2,349 **	-.039	.307 ns
Entry mode dummy	.157	1,530 ns	.135	1.075 ns
R^2 Performance	.189		.208	
Standardization	.379		.353	
Centralization	.386		.216	

***$p < 0.001$; **$p < 0.01$; *$p < 0.05$; †$p < 0.10$; ns = not significant.

Table 0—3: Alternative model excluding Austrian firms

Source: Own creation.

2. Study 2: An Inter- and Intra-format Perspective on Transfer and Perception of Retail Formats

2.1. Sample Selection

In line with the described sampling procedure Figure G—1 shows European and Asian emerging countries (according to IMF 2013, 2015). In each country the Western retailers from the three most important grocery formats are listed, which operate in these countries (i.e. hypermarkets, supermarkets, and discounters; Planet Retail 2016).

Countries	Western hypermarket brands	… discount brands	… supermarket brands
Albania	Carrefour (FR)	-	Euromax (FR)
Bosnia & Herzegovina	-	Tempo Express (BE)	InterEx (FR)
Bulgaria	Carrefour (FR), Kaufland (GE)	Lidl, Penny (GE)	Billa (GE), Carrefour Market (FR), Picadilly (BE)
Croatia	Kaufland (GE), Interspar (AT)	Lidl (GE)	Billa (GE), Spar (AT)
Hungary	Auchan (FR), Interspar (AT), Tesco (UK)	Aldi, Lidl, Penny (DE)	Billa, Kaiser's (DE), Tesco (GB), Spar (AT)
Macedonia	Carrefour (FR)	-	-
Poland	Auchan, Carrefour, Leclerc (FR), Kaufland, Real (DE), Tesco (UK)	Aldi, Lidl, Netto (GE)	Carrefour Market, Leclerc, Atak, Simply, Elea (FR), Tesco Supermarket (GB)
Romania	Carrefour, Auchan (FR), Kaufland, Real (GE), Cora (BE)	Lidl, Penny (GE)	Billa (GE), Carrefour Market (FR), Mega-Image, Red Market (BE), InterEx (FR)
Russia	Auchan (FR), Globus, Real (GE)	-	Billa (GE), Atak (FR)
Serbia	-	-	InterEx (FR)
Turkey	Carrefour (FR), Real (GE)	Dia (ES)	Carrefour Express (FR)
Ukraine	Auchan (FR), Real (GE)	-	Billa (GE)
China	Carrefour (FR), Wal-Mart, (US) etc.	Dia (ES)	Walmart Neighborhood Market, Smart Choice (US)
India	Carrefour (FR), Wal-Mart (US) etc.	-	-
Indonesia	Carrefour (FR)	-	Carrefour Express (FR), Super Indo (BE)
Malaysia	Tesco (UK)	-	Carrefour Market (FR)
Pakistan	Metro (GE)	-	-
Vietnam	Carrefour, Big-C (FR)	-	Casino, New Cho (FR)

Note: Further countries without presence of western grocery retailers: Belarus, Kosovo, Moldova, Montenegro.

Figure 0—1: Emerging countries with presence of Western European retailers

Source: Own creation.

2.2. Measurement

Construct	Item		Source
Loyalty	LOY1	I am likely to visit retailer X the next time I buy groceries.	Adapted from Chaudhuri and Holbrook (2001); Harris and Goode (2004)
	LOY2	I intend to continue purchasing at retailer X.	
	LOY3	I will always choose store X over competing retailers.	
Retail Brand Equity	RBE1	Retailer X is a well-known brand	Verhoef et al. (2007)
	RBE2	Retailer X is a strong brand.	
	RBE3	Retailer X is a unique brand.	
	RBE4	Retailer X is an attractive brand.	
Price	PRI1	The prices of retailer X are fair.	Adapted from Grewal et al. (1998); Yoo et al.(2000)
	PRI2	The prices of retailer X are constantly good.	
	PRI3	Prices at retailer X are lower than prices of competing retailers.	
Assortment	ASS1	Retailer X has a good variety of products.	Adapted from Chowdhury et al.(1998)
	ASS2	Everything I need is at retailer X.	
	ASS3	Retailer X offers a good variety of store brands.	
Location	LOC1	Retailer X is in an optimal location.	Adapted from Oppewal and Timmermans (1997); Anselmsson (2006)
	LOC2	The location of retailer X is easy to reach.	
	LOC3	I can get to retailer X quickly.	
Store Layout	LAY1	Retailer X's layout allows for convenient and easy shopping	Adapted from Chowdhury et al. (1998)
	LAY2	Retailer X has a welcoming atmosphere.	
	LAY3	The appearance of retailer X is appealing.	
Service	SER1	The employees at retailer X are friendly and helpful.	Adapted from Sirdeshmukh et al. (2002); Chowdhury et al. (1998)
	SER2	At retailer X my requests are treated with respect.	
	SER3	I am pleased with the service I receive at retailer X	

Figure 0—2: Constructs, items and sources

Source: Own creation.

2.3. Reliability and Validity Testing

	Germany (n = 1,031)						France (n = 452)						Romania (n = 1,752)					
Item	**FL**	**KMO**	**ItTC**	**α**	**CR**	**λ**	**FL**	**KMO**	**ItTC**	**α**	**CR**	**λ**	**FL**	**KMO**	**ItTC**	**α**	**CR**	**λ**
Loyalty																		
LOY1	.897		.830			.897	.853		.739			.865	.824		.758			.830
LOY2	.888	.753	.824	.908	.909	.888	.920	.682	.780	.840	.848	.910	.927	.728	.825	.883	.885	.920
LOY3	.841		.792			.844	.646		.607			.657	.798		.744			.801
RBE																		
RBE1	-		-			-	-		-			-	-		-			-
RBE2	.661		.566			.689	.553		.503			.586	.713		.621			.742
RBE3	.668	.676	.577	.769	.776	.670	.867	.655	.702	.787	.811	.842	.712	.695	.627	.802	.801	.690
RBE4	.864		.677			.841	.841		.678			.839	.875		.717			.846
Price																		
PRI1	.857		.747			.854	.827		.739			.835	.866		.780			.855
PRI2	.824	.723	.725	.847	.850	.852	.934	.690	.801	.852	.858	.901	.897	.728	.802	.877	.881	.882
PRI3	.744		.677			.756	.684		.638			.708	.763		.713			.793
Assortment																		
ASS1	.882		.718			.864	.886		.764			.878	.835		.681			.861
ASS2	.764	.674	.655	.790	.807	.755	.806	.716	.730	.848	.849	.800	.852	.660	.686	.783	.801	.795
ASS3	.613		.548			.657	.734		.667			.744	.562		.512			.599
Location																		
LOC1	.887		.835			.889	.841		.760			.841	.777		.714			.801
LOC2	.890	.763	.838	.919	.919	.885	.835	.742	.757	.871	.866	.836	.887	.730	.786	.868	.870	.865
LOC3	.895		.841			.893	.826		.749			.817	.824		.747			.825
Store Lay-out																		
LAY1	.727		.654			.740	.777		.702			.796	.808		.747			.823
LAY2	.910	.696	.760	.830	.841	.888	.879	.724	.769	.855	.854	.839	.930	.724	.824	.881	.885	.897
LAY3	.734		.663			.752	.789		.712			.807	.799		.744			.823
Service																		
SER1	.852		.772			.850	.809		.740			.806	.856		.801			.862
SER2	.841	.744	.766	.877	.877	.844	.870	.738	.774	.872	.864	.869	.910	.751	.837	.906	.906	.904
SER3	.828		.757			.823	.820		.746			.800	.856		.801			.854
Model Fit	CFI .970; TLI .962; RMSEA .048; SRMR.034; $\chi^2(168)$ = 571.506						CFI .969; TLI .961; RMSEA .049; SRMR.043; $\chi^2(168)$ = 358.049						CFI .969; TLI .961; RMSEA .051; SRMR.036; $\chi^2(168)$ = 937.013					

Notes: FL= Factor loadings (exploratory factor analysis); KMO=Kaiser-Meyer-Olkin criterion (≥.500); ItTC=Item-to-total correlation (≥.300); α=Cronbach's alpha (≥.700); CR=Composite reliability (≥.600): λ=Standardized factor loadings (confirmatory factor analysis) (≥.500); LOY=loyalty; RBE=retail brand equity; PRI=price; ASS=assortment; LOC=location; LAY=store layout; SER=service.

Table 0—4: Reliability and validity scores for all countries

Source: Own creation.

2.4. Weighting Adjustment as Test for Non-response Bias

As non-response bias could have affected our data we apply weighting class adjustment (WCA) to test whether sample-estimated values match previously determined population values. The procedure corrects for over- and underrepresentation of specific groups (Groves 2006). We choose to use post-stratification weighting, as it is known to be conditionally unbiased and as it leads to efficiency gains (Holt and Elliot 1991). In a first step we calculated the adjustment weights for each case by the use of census data. The second step consists of the estimation using the weighted instead of the unweighted values (see Table G—5). The parameter estimates are compared by a t-test. Because the unweighted and weighted parameter estimates are not statistically distinct we conclude, that non-response bias is not an issue in our data.

	Unweighted sample CFA		Weighted sample CFA		Parameter comparison
Item	**Λ**	**λ**	**Λ**	**λ**	**t-value**
LOY1	1.308	.873	1.320	.869	-.129
LOY2	1.351	.912	1.358	.921	-.078
LOY3	1.332	.817	1.330	.821	.025
RBE2	.853	.704	.833	.686	.445
RBE3	1.099	.732	.980	.686	1.364
RBE4	1.122	.869	1.110	.874	.662
PRI1	.982	.850	.949	.831	.487
PRI2	.989	.875	.995	.896	-.153
PRI3	.937	.774	.933	.764	.102
ASS1	1.029	.865	1.011	.872	.578
ASS2	1.049	.791	1.005	.785	.820
ASS3	.780	.626	.799	.649	-.613
LOC1	1.279	.846	1.333	.852	-.570
LOC2	1.281	.864	1.463	.907	-1.860
LOC3	1.414	.857	1.618	.886	-1.702
LAY1	1.000	.797	.967	.782	1.342
LAY2	1.256	.891	1.204	.897	1.271
LAY3	1.118	.802	1.082	.814	1.125
SER1	1.039	.849	1.048	.864	-.380
SER2	1.056	.886	1.075	.900	-.836
SER3	1.055	.845	1.077	.864	-.898

Confirmatory model fit (unweighted sample): CFI .972; TLI .965; RMSEA .042; SRMR .032; $\chi^2(168) = 1132.792$.
Confirmatory model fit (weighted sample): CFI .942; TLI .927; RMSEA .040; SRMR .043; $\chi^2(168) = 1041.837$.
Notes: CFA=confirmatory factor analysis; LOY=loyalty; RBE=retail brand equity; PRI=price; ASS=assortment; LOC=location; LAY=store layout; SER=service; Λ=unstandardized factor loadings; λ=standardized factor loadings.

Table 0—5: CFA comparison for unweighted and weighted sample

Source: Own creation.

2.5. Common Method Variance Testing

We reduce the threat of common method variance (CMV) by using an appropriate questionnaire design a priori as well as a posteriori by a single-factor test (Podsakoff et al. 2003, see table G—6) and additionally by the marker variable technique and income as marker variable (Lindell and Whitney 2001; Williams et al. 2010). The technique consists of three successive phases (see Table G—7). The results of the model comparisons (phase I) point out that the correlations between the latent constructs are not biased through the presence of the marker variable (Method-U vs. -R). The results of the following reliability decomposition (phase II) indicate that the amount of method variance, associated with the measurement of the substantive latent constructs, is less than 8 %. As the impact of method variance in the study of (Williams et al. 2010) was above 12.5 percent, we found that the present results are satisfactory. The results of the sensitivity analysis (phase III) show that marker-based method variance has a very low effect on construct correlations.

	CFI	TLI	RMSEA	SRMR	χ^2 (df)	$\Delta\chi^2$ (df)	*p*
Proposed model	.974	.968	.047	.030	1347.309 (168)		
Single factor model	.661	.624	.158	.088	15565.285 (189)	14217.976 (20)	***

Table 0—6: Single factor test

Source: Own creation.

Phase I – Results of the model comparisons

Model	χ^2	df	CFI	TLI	RMSEA	SRMR
CFA	1034.139	181	.973	.965	.046	.031
Baseline	1041.367	190	.973	.967	.045	.031
Method-C	1041.343	189	.973	.967	.045	.031
Method-U	1009.685	169	.973	.963	.048	.031
Method-R	1009.852	190	.974	.968	.044	.031
ΔModels	$\Delta\chi^2$	Δdf	p			
Baseline with Method-C	.024	1	ns			
Method-C with Method-U	31.658	20	*			
Method-U with Method-R	.167	21	ns			

Phase II – Reliability decomposition

	Reliability baseline model	Decomposed reliability from Method-U-Model		
Latent variable	Total reliability	Substantive reliability	Method reliability	% reliability marker variable
Loyalty	.901	.847	.054	5.6%
Retail brand equity	.815	.759	.056	6.9%
Price	.874	.820	.054	6.2%
Assortment	.801	.741	.060	7.5%
Location	.885	.832	.053	6.0%
Store Layout	.881	.827	.061	6.9%
Service	.898	.846	.052	6.8%

Phase III – Sensitivity analysis

Construct correlations	CFA	Baseline	Method-U	Method-S (0.05)	Method-S (0.01)
Loyalty with retail brand equity	.694	.694	.694	.692	.692
Loyalty with price	.552	.552	.553	.559	.561
Loyalty with assortment	.595	.595	.598	.607	.611
Loyalty with location	.448	.448	.448	.449	.449
Loyalty with store layout	.572	.572	.572	.573	.573
Loyalty with service	.550	.550	.549	.548	.547
Retail brand equity with price	.656	.656	.658	.665	.667
Retail brand equity with assortment	.741	.741	.745	.757	.761
Retail brand equity with location	.403	.402	.403	.404	.404
Retail brand equity with store layout	.717	.717	.718	.719	.720
Retail brand equity with service	.681	.681	.681	.680	.680
Price with assortment	.666	.666	.666	.665	.664
Price with location	.500	.500	.500	.500	.500
Price with store layout	.581	.581	.580	.581	.581
Price with service	.616	.616	.616	.619	.620
Assortment with location	.413	.413	.414	.415	.415
Assortment with store layout	.748	.748	.749	.750	.751
Assortment with service	.648	.648	.650	.656	.657
Location with store layout	.382	.382	.382	.381	.380
Location with service	.417	.417	.417	.416	.416
Store layout with service	.646	.646	.646	.645	.645
Income with loyalty	.024	.000	.000	.000	.000
Income with retail brand equity	.034	.000	.000	.000	.000
Income with price	-.020	.000	.000	.000	.000
Income with assortment	-.043	.000	.000	.000	.000
Income with location	-.001	.000	.000	.000	.000
Income with store layout	-.004	.000	.000	.000	.000
Income with service	.016	.000	.000	.000	.000

Table 0—7: Marker variable technique

Source: Own creation.

2.6. Measurement Invariance Testing

To test whether the measurements are equivalent across all countries in focus we test for measurement invariance by the use of CFA. We obvere the changes of three fit indices for each level of invariance and referring to the thresholds for unequal sample sizes (metric: ΔCFI < .005; ΔSRMR < .025; ΔRMSEA < .010; scalar: ΔCFI < .005; ΔSRMR < .005; ΔRMSEA < .010) according to Chen (2007). Table G—8 shows the changes in the fit indices. Because full metric and scalar invariance was not attained, partial invariance was ascertained by freely estimating some intercepts and factor loadings while retaining at least two intercepts and loadings fixed across nations for each variable (Byrne et al. 1989).

	Hypermarkets			Discounter		
Model	**CFI (ΔCFI)**	**SRMR (ΔSRMR)**	**RMSEA (ΔRMSEA)**	**CFI (ΔCFI)**	**SRMR (ΔSRMR)**	**RMSEA (ΔRMSEA)**
Model 1: Configural invariance	.967 (-)	.058 (-)	.052 (-)	.963 (-)	.035 (-)	.055 (-)
Model 2: Full metric invariance	.961 (.006)	.081 (.023)	.054 (.002)	.957 (.006)	.035 (.035)	.057 (.002)
Model 3: Partial metric invariance[a]	.965 (.002)	.069 (.011)	.053 (.001)	.961 (.002)	.051 (.016)	.055 (.000)
Model 4: Partial metric and full scalar invariance	.957 (.008)	.071 (.002)	.056 (.003)	.943 (.018)	.063 (.012)	.065 (.010)
Model 5: Partial metric and partial scalar invariance[b]	.963 (.002)	.069 (.000)	.053 (.000)	.959 (.002)	.054 (.003)	.056 (.001)

[a] Factor loadings are freed for items: Hypermarkets: LOY1, RBE1, LAY2, LOC1, PRI2, SER2; Discounter: LOY1, RBE2, LAY2, ASS3, LOC1, PRI3, SER2.

[b] Intercepts are freed for items: Hypermarkets LOY3, RBE1, LAY2, ASS3, LOC2, PRI3, SER3; Discounter: LOY3, RBE1, LAY2, ASS2, LOC1, PRI3, SER3.

Thresholds for unequal sample sizes according to Chen (2007): Metric: ΔCFI<0.005; ΔSRMR<.025; ΔRMSEA<.010; Scalar: ΔCFI<.005; ΔSRMR<.005; ΔRMSEA<.010.

Table 0—8: Changes in fit indices for invariance tests

Source: Own creation.

2.7. Rival Models

Rival Models I and II	Discounter GE (n = 487)			Discounter RO (n = 513)			Hypermarkets GE (n = 544)			Hypermarkets FR (n = 452)			Hypermarkets RO (n = 1,241)		
Effects	b	β	p	b	β	p	b	β	p	b	β	p	b	β	p
PRI→RBE	.829	.391	***	.682	.319	***	.163	.092	†	.127	.070	ns	.322	.179	***
ASS→RBE	.679	.320	**	.591	.276	**	.504	.285	***	.635	.352	***	.605	.337	***
LOC→RBE	.217	.102	**	.334	.156	**	.126	.071	†	.077	.043	ns	-.016	-.009	ns
LAY→RBE	.333	.157	**	.283	.132	**	.676	.325	***	.543	.301	**	.431	.240	***
SER→RBE	.223	.105	†	.281	.131	*	.432	.244	***	.348	.193	**	.320	.178	***
RBE→LOY	.543	.754	***	.528	.747	***	.653	.755	***	.549	.703	***	.496	.665	***
Gender	.007	.002	ns	.044	.015	ns	-.042	-.014	ns	.089	.035	ns	.106	.040	ns
Age	-.002	-.022	ns	.006	.069	*	.006	.074	*	-.002	-.021	ns	-.002	-.031	ns
Model Fit	CFI 0.946; TLI 0.939; RMSEA 0.057; SRMR 0.074; $\chi^2(447) = 1183.055$; $\Delta\chi^2$ to proposed model = 73.864 (10); $p < 0.001$						CFI 0.958; TLI 0.953; RMSEA 0.051; SRMR 0.071; $\chi^2(683) = 2009.635$; $\Delta\chi^2$ to proposed model = 111.840 (15); $p < 0.001$								
Rival Models III and IV															
RBE→PRI	1.465	.826	***	1.659	.856	***	.820	.634	***	1.100	.740	***	1.145	.753	***
RBE→ASS	1.972	.892	***	2.121	.904	***	1.378	.809	***	1.778	.872	***	2.015	.896	***
RBE→LOC	.339	.370	***	.717	.583	***	.578	.500	***	.495	.444	***	.664	.553	***
RBE→LAY	.849	.647	***	.866	.655	***	1.570	.844	***	1.649	.855	***	1.783	.872	***
RBE→SER	1.123	.747	***	1.198	.768	***	1.142	.752	***	1.151	.755	***	1.061	.728	***
PRI→LOY	.254	.315	***	.199	.266	***	.144	.131	**	.122	.140	***	.081	.092	ns
ASS→LOY	.165	.255	*	.126	.204	*	.174	.208	**	.193	.304	***	.239	.399	***
LOC→LOY	.339	.256	***	.271	.231	***	.194	.157	***	.136	.118	***	.087	.077	ns
LAY→LOY	.131	.120	*	.091	.083	†	.208	.273	***	.073	.109	*	.061	.093	ns
SER→LOY	-.038	-.040	ns	.088	.095	ns	.116	.124	*	.089	.105	**	.104	.113	†
Gender	.013	.005	ns	.002	.001	ns	-.151	-.053	ns	.077	.030	ns	.078	.029	ns
Age	.000	.004	ns	.003	.039	ns	.003	.040	ns	-.002	-.027	ns	.000	.002	ns
Model Fit	CFI .934; TLI .927; RMSEA .063; SRMR .083; $\chi^2(459) = 1,362.853$; $\Delta\chi^2$ to proposed model = 253.662 (22); $p < .001$.						CFI .940; TLI .935; RMSEA .060; SRMR .068; $\chi^2(701) = 25,9.320$; $\Delta\chi^2$ to proposed model = 692.525 (13); $p < .001$.								

Notes: LOY = loyalty; RBE = retail brand equity; PRI = price; ASS = assortment; LOC = location; LAY = store layout; SER = service; b = unstandardized coefficient; β = standardized coefficient; p = level of significance; GE = Germany; RO = Romania.
***p <. 001; **p < .010; *p < .050; † p < .100; ns = not significant.

Table 0—9: Rival models I to IV and χ^2-differences to proposed model

Source: Own creation.

Because in the inter-format model for hypermarkets the sample sizes across the three nations are unbalanced, possible biases from unequal group sizes in the multi-group models may occur. In rival model V we therefore include WCA to simulate equal group sizes across the three countries (as recommended e.g., by Bou and Satorra 2010). As Table G—10 shows, despite for the controls, no significant differences between the weighted and unweighted models occur.

	Hypermarkets GE unweighted			Hypermarkets GE weighted			Comparison
Effects	b	β	*p*	b	β	*p*	t-value
PRI→RBE	.096	.057	ns	.147	.087	ns	ns
ASS→RBE	.490	.294	***	.500	.294	***	ns
LOC→RBE	.057	.034	ns	.062	.037	ns	ns
LAY→RBE	.535	.321	***	.589	.351	***	ns
SER→RBE	.424	.254	***	.330	.194	**	ns
PRI→LOY	.191	.125	*	.183	.120	*	ns
ASS→LOY	.016	.011	ns	-.020	-.013	ns	ns
LOC→LOY	.218	.143	***	.232	.152	***	ns
LAY→LOY	.107	.070	ns	.079	.052	ns	ns
SER→LOY	.003	.002	ns	.057	.037	ns	ns
RBE→LOY	.507	.554	***	.492	.550	***	ns
Gender	-.079	-.026	ns	-.197	-.065	ns	†
Age	.004	.046	ns	.001	.009	ns	†
	Hypermarkets FR unweighted			Hypermarkets FR weighted			
PRI→RBE	.106	.080	ns	.098	.056	ns	ns
ASS→RBE	.535	.307	***	.584	.335	**	ns
LOC→RBE	.045	.030	ns	.027	.016	ns	ns
LAY→RBE	.574	.322	**	.588	.337	*	ns
SER→RBE	.318	.187	**	.330	.189	**	ns
PRI→LOY	.081	.062	ns	.137	.097	ns	ns
ASS→LOY	.250	.148	†	.287	.203	ns	ns
LOC→LOY	.107	.092	ns	.044	.031	ns	ns
LAY→LOY	-.154	-.060	ns	-.183	-.130	ns	ns
SER→LOY	.069	.047	ns	.023	.016	ns	ns
RBE→LOY	.430	.489	***	.466	.575	***	ns
Gender	.073	.103	*	.058	.020	ns	ns
Age	-.001	.010	ns	-.003	-.029	ns	ns
	Hypermarkets RO unweighted			Hypermarkets RO weighted			
PRI→RBE	.290	.171	***	.291	.171	***	ns
ASS→RBE	.537	.318	***	.538	.316	***	ns
LOC→RBE	-.055	-.033	ns	-.054	-.032	ns	ns
LAY→RBE	.427	.253	***	.433	.255	***	ns
SER→RBE	.298	.176	***	.301	.177	***	ns
PRI→LOY	.115	.086	†	.116	.086	†	ns
ASS→LOY	.242	.180	*	.246	.182	*	ns
LOC→LOY	.172	.127	***	.170	.126	***	ns
LAY→LOY	.004	.003	ns	.002	.001	ns	ns
SER→LOY	.083	.062	ns	.084	.062	ns	ns
RBE→LOY	.268	.336	***	.272	.341	***	ns
Gender	.083	.031	ns	.083	.031	ns	ns
Age	-.002	-.027	†	-.002	-.026	ns	ns
Model Fit	CFI .961; TLI .955; RMSEA .050; SRMR .067; $\chi^2(668) = 1{,}897.795$.			CFI .959; TLI .954; RMSEA .044; SRMR .072; $\chi^2(668) = 1{,}617.42$.			

Notes: LOY = loyalty; RBE = retail brand equity; PRI = price; ASS = assortment; LOC = location; LAY = store layout; SER = service; b = unstandardized coefficient; β = standardized coefficient; *p* = level of significance; GE = Germany; RO = Romania.
*** $p < .001$; ** $p < .010$; * $p < .050$; † $p < .100$; ns = not significant.

Table 0—10: Rival models V with weighted samples and parameter comparisons

Source: Own creation.

3. Study 3: Country Environment, Retailers' Resources and Local Performance: A Cross-classified Multi-level Approach

3.1. Robustness Check without Approximated Culture Data

Table G—16 shows calculation results for a dataset only including countries for which the cultural data was not approximated. Only models which correspond to confirmed hypotheses are shown.

	Model 1	Model 2	Model 3	Model 9	Model 10a	Model 10b
Predictors						
Country-level						
- Purchasing power (H1a)	0.367 *	0.602 *	-0.373 *	0.403 *	0.626 *	0.458 *
- Rule of law (H1b)	9.567 *	7.786 *	11.472 *	7.936 †	6.766 ns	9.714 *
Format-level						
- Intra-format competition (H2a)	-0.373 *	-0.383 *	-0.373 *	-0.322 †	-0.319 †	-0.315 †
- Added cultural dist. (H2b)	-8.112 ns	-9.276 ns	-11.107 †	-2.913 ns	-0.211 ns	-0.787 ns
Moderators						
(Firm-level)						
- Degree of intern.	25.175 ns	26.367 ns	26.070 ns	23.290 ns	14.662 ns	15.520ns
- Economies of Scale	0.248 ns	0.308 ns	0.330 ns	0.105 ns	0.094 ns	0.137 ns
Interactions (crossclassified)						
PurchP x DegreeInt. (H3a)		-0.940 *			-0.903 *	
Rule of law x DegreeInt (H3b)			-28.067 *			-24.562*
PurchP x EoS (H4a)						
Rule of law x EoS (H4b)						
Random Slopes (cross-level)						
Competition x DegreeInt. (H3c)						
ACul. dist. x DegreeInt. (H3d)						
Competition x EoS (H4c)						
ACul. dist. x EoS (H4d)				-1.285 †	-1.454 †	-1.470 †
Controls						
Format-level						
- Average stores size	-0.055 ns	-0.057 ns	-0.063 ns	-0.073 ns	-0.070 ns	-0.078 ns
- Country exp. (dummy)	-1.724 ns	-2.599 ns	-2.834 ns	0.831 ns	0.511 ns	0.120 ns
- Entry mode (dummy)	0.844 ns	-1.444 ns	-1.030 ns	5.020 ns	2.785 ns	3.215 ns
- Adaptation	-0.803 ns	-0.753 ns	-0.971 ns	0.625 ns	0.863 ns	0.490 ns
- Pref. format (dummy)	4.889 ns	4.192 ns	4.816 ns	6.584 ns	5.872 ns	6.378 ns
Firm-level						
- Scope of int. operations	-0.021 ns	-0.102 ns	-0.101 ns	0.059 ns	0.021 ns	0.005 ns

Significance tested based on 90% and 95% credibility intervals; * $p < 0.050$; † $p < 0.100$; ns = not significant.
Notes: PurchP = Purchasing power; DegreeInt = Degree of internationalization; EoS = Economies of scale; ACul. dist = Added cultural distance.

Table 0—11: Alternative model excluding countries with approximated culture data

Source: Own creation.

3.2. Alternative Model including Cultural Distance

The alternative model shown in Table G—11 includes cultural distance (measured based on the same data as the added cultural distance measure, but using the distance from home to host country) instead of added cultural distance. Only models are shown, which correspond to those that are relevant for the hypotheses of the direct effects and moderations of the previously used added cultural distance.

	Model 1	Model 7	Model 9	Model 10a	Model 10b
Predictors					
Country-level					
- Purchasing power (H1a)	0.391 *	0.403 *	0.413 *	0.698 *	0.488 *
- Rule of law (H1b)	8.556 *	8.373 *	8.385 *	5.965 †	9.503 *
Format-level					
- Intra-format competition (H2a)	-0.408 *	-0.376 *	-0.375 *	-0.367 *	-0.355 *
- Cultural dist. (H2b)	-4.735 ns	0.152 ns	4.655 ns	2.475 ns	3.311 ns
Moderators					
(Firm-level)					
- Degree of intern.	24.508 ns	23.352 ns	23.109 ns	24.307 ns	27.200 ns
- Economies of Scale	0.416 ns	0.512 ns	0.253 ns	0.227 ns	0.228 ns
Interactions (crossclassified)					
PurchP x DegreeInt. (H3a)				-1.028 *	
Rule of law x DegreeInt (H3b)					-25.015 *
PurchP x EoS (H4a)					
Rule of law x EoS (H4b)					
Random Slopes (cross-level)					
Competition x DegreeInt. (H3c)					
Cul. dist. x DegreeInt. (H3d)		-0.437 ns			
Competition x EoS (H4c)					
Cul. dist. x EoS (H4d)					
Controls			-1.490 †	-1.234 †	-1.284 †
Format-level					
- Average stores size	-0.053 ns	-0.052 ns	-0.047 ns	-0.051 ns	-0.053 ns
- Country exp. (dummy)	0.511 ns	-0.422 ns	-0.519 ns	-0.115 ns	-0.638 ns
- Entry mode (dummy)	3.904 ns	4.400 ns	5.376 ns	3.517 ns	4.187 ns
- Adaptation	0.227 ns	-0.098 ns	-0.007 ns	0.255 ns	0.024 ns
- Pref. format (dummy)	5.210 ns	5.223 ns	5.263 ns	4.861 ns	5.237 ns
Firm-level					
- Scope of int. operations	-0.217 ns	0.212 ns	0.060 ns	3.517 ns	0.070 ns

Significance tested based on 90% and 95% credibility intervals; * $p < 0.050$; † $p < 0.100$; ns = not significant.
Notes: PurchP = Purchasing power; DegreeInt = Degree of internationalization; EoS = Economies of scale; Cul. dist = Cultural distance.

Table 0—12: Alternative model including cultural distance

Source: Own creation.

3.3. Alternative Model including Inter-format Competition

The alternative model shown in Table G—12 includes inter-format competition (measures in the absolute number of local grocery store chains, irrespective of their format) instead of intra format competition. Only models are shown, which correspond to those that are relevant for the hypotheses of the direct effects and moderations of the previously used intra-format competition.

	Model 1	Model 6	Model 8
Predictors			
Country-level			
- Purchasing power (H1a)	0.373 *	0.379 *	0.377 *
- Rule of law (H1b)	7.668 *	8.107 *	8.098 *
Format-level			
- Inter-format competition (H2a)	0.001 ns	0.041 ns	0.063 ns
- Added cultural dist. (H2b)	-5.832 ns	-4.893 ns	-5.022 ns
Moderators			
(Firm-level)			
- Degree of intern.	26.404 ns	27.909 ns	27.991 ns
- Economies of Scale	0.523 ns	0.331 ns	0.514 ns
Interactions (crossclassified)			
PurchP x DegreeInt. (H3a)			
Rule of law x DegreeInt (H3b)			
PurchP x EoS (H4a)			
Rule of law x EoS (H4b)			
Random Slopes (cross-level)			
Competition x DegreeInt. (H3c)		0.036 ns	
ACul. dist. x DegreeInt. (H3d)			
Competition x EoS (H4c)			-0.005 ns
ACul. dist. x EoS (H4d)			
Controls			
Format-level			
- Average stores size	-0.075 ns	-0.080 ns	-0.080 ns
- Country exp. (dummy)	-0.296 ns	-0.869 ns	-0.874 ns
- Entry mode (dummy)	3.975 ns	3.396 ns	3.368 ns
- Adaptation	-0.923 ns	-0.278 ns	-0.338 ns
- Pref. format (dummy)	4.410 ns	5.973 ns	5.960 ns
Firm-level			
- Scope of int. operations	-0.177 ns	-0.264 ns	-0.274 ns

Significance tested based on 90% and 95% credibility intervals; * $p < 0.050$; † $p < 0.100$; ns = not significant.
Notes: PurchP = Purchasing power; DegreeInt = Degree of internationalization; EoS = Economies of scale; ACul. dist = Added cultural distance.

Table 0—13: Alternative model including inter-format competition

Source: Own creation.

3.4. Alternative Model including International Experience

The alternative model shown in Table G—13 includes international experience (measured in years after first international market entry) instead of degree of internationalization. Only models are shown, which correspond to those that are relevant for the hypotheses of the direct effects and moderations of the previously used degree of internationalization.

	Model 1	Model 2	Model 3	Model 6	Model 7
Predictors					
Country-level					
- Purchasing power (H1a)	0.378 *	0.501 *	0.407 *	0.369 *	0.407 *
- Rule of law (H1b)	7.516 *	6.847 *	8.107 *	7.558 *	6.620 †
Format-level					
- Intra-format competition (H2a)	-0.429 *	-0.429 *	-0.423 *	-0.036 ns	-0.357 *
- Added cultural dist. (H2b)	-6.725 ns	-7.957 ns	-8.002 ns	-6.761 ns	-8.051 ns
Moderators					
(Firm-level)					
- International experience	0.109 ns	0.195 ns	0.151 ns	0.027 ns	0.121 ns
- Economies of Scale	0.456 ns	0.503 ns	0.521 ns	0.079 ns	0.379 ns
Interactions (crossclassified)					
PurchP x IntExp. (H3a)		-0.008 *			
Rule of law x IntExp (H3b)			-0.150 ns		
PurchP x EoS (H4a)					
Rule of law x EoS (H4b)					
Random Slopes (cross-level)					
Competition x IntExp (H3c)				-0.010 ns	
ACul. dist. x IntExp (H3d)					0.433 ns
Competition x EoS (H4c)					
ACul. dist. x EoS (H4d)					
Controls					
Format-level					
- Average stores size	-0.046 ns	-0.053 ns	-0.052 ns	-0.056 ns	-0.061 ns
- Country exp. (dummy)	0.016 ns	-0.548 ns	-0.831 ns	-0.259 ns	1.358 ns
- Entry mode (dummy)	2.853 ns	1.552 ns	1.735 ns	4.554 ns	5.039 ns
- Adaptation	0.266 ns	0.184 ns	0.173 ns	0.686 ns	1.004 ns
- Pref. format (dummy)	5.420 ns	4.828 ns	5.141 ns	5.520 ns	6.304 ns
Firm-level					
- Scope of int. operations	-0.007 ns	0.503 ns	-0.099 ns	0.205 ns	0.226 ns

Significance tested based on 90% and 95% credibility intervals; * $p < 0.050$; † $p < 0.100$; ns = not significant.
Notes: PurchP = Purchasing power; IntExp = International experience; EoS = Economies of scale; ACul. dist = Added cultural distance.

Table 0—14: Alternative model including international experience

Source: Own creation.

3.5. Alternative Model including Scope of International Operations

The alternative model shown in Table G—14 includes scope of international operations (measured in years after first international market entry) instead of degree of internationalization. Only models are shown, which correspond to those that are relevant for the hypotheses of the direct effects and moderations of the previously used degree of internationalization.

	Model 1	Model 2	Model 3	Model 6	Model 7
Predictors					
Country-level					
- Purchasing power (H1a)	0.374 *	0.496 *	0.407 *	0.358 *	0.380 *
- Rule of law (H1b)	7.686 *	8.441 *	8.107 *	7.875 *	7.083 †
Format-level					
- Intra-format competition (H2a)	-0.419 *	-0.419 *	-0.423 *	-0.093 ns	-0.357 *
- Added cultural dist. (H2b)	-6.304 ns	-7.406 ns	-8.002 ns	-6.340 ns	-7.863 ns
Moderators					
(Firm-level)					
- Scope of intern.	-0.174 ns	-0.083 ns	0.151 ns	-0.160 ns	0.059 ns
- Economies of Scale	0.510 ns	0.492 ns	0.521 ns	0.261 ns	0.344 ns
Interactions (crossclassified)					
PurchP x ScopeInt. (H3a)		-0.013 *			
Rule of law x ScopeInt (H3b)			-0.150 ns		
PurchP x EoS (H4a)					
Rule of law x EoS (H4b)					
Random Slopes (cross-level)					
Competition x ScopeInt (H3c)				-0.002 ns	
ACul. dist. x ScopeInt (H3d)					0.114 ns
Competition x EoS (H4c)					
ACul. dist. x EoS (H4d)					
Controls					
Format-level					
- Average stores size	-0.049 ns	-0.050 ns	-0.052 ns	-0.062 ns	-0.063 ns
- Country exp. (dummy)	0.205 ns	-1.147 ns	-0.831 ns	-0.777 ns	1.039 ns
- Entry mode (dummy)	3.139 ns	1.378 ns	1.735 ns	4.096 ns	5.299 ns
- Adaptation	0.055 ns	-0.463 ns	0.173 ns	0.259 ns	0.889 ns
- Pref. format (dummy)	5.342 ns	4.563 ns	5.141 ns	5.543 ns	5.853 ns
Firm-level					
- Degree of int.	25.117 ns	22.771 ns	-0.099 ns	30.356 *	20.839 ns

Significance tested based on 90% and 95% credibility intervals; * $p < 0.050$; † $p < 0.100$; ns = not significant.
Notes: PurchP = Purchasing power; ScopeInt = Scope of international operations; EoS = Economies of scale; ACul. dist = Added cultural distance.

Table 0—15: Alternative model including scope of international operations

Source: Own creation.

3.6. Alternative Model including Format Dummies

The alternative model shown in Table G—15 includes additional dummies to estimate separate intercepts for each format group. Only models are shown, which correspond to confirmed hypotheses.

	Model 1	Model 2	Model 3	Model 9	Model 10a	Model 10b
Predictors						
Country-level						
- Purchasing power (H1a)	0.345 *	0.625 *	0.407 *	0.405 *	0.669 *	0.456 *
- Rule of law (H1b)	7.957 *	5.309 ns	9.162 *	5.898 ns	3.501 ns	7.039 *
Format-level						
- Intra-format competition (H2a)	-0.432 *	-0.448 *	-0.431 *	0.405 *	-0.370 *	-0.366 *
- Added cultural dist. (H2b)	-6.959 ns	-9.037 ns	-10.565 †	-3.956 ns	-2.391 ns	-3.270 ns
Moderators						
(Firm-level)						
- Degree of intern.	30.565 †	30.600 †	31.899 †	25.343 ns	23.913 ns	25.796 ns
- Economies of Scale		0.624 ns	0.668 ns	0.388 ns	0.386 ns	0.412 ns
Interactions (crossclassified)						
PurchP x DegreeInt. (H3a)		-1.028 *			-0.997 *	
Rule of law x DegreeInt (H3b)			-26.948 *			-24.553*
PurchP x EoS (H4a)						
Rule of law x EoS (H4b)						
Random Slopes (cross-level)						
Competition x DegreeInt. (H3c)						
ACul. dist. x DegreeInt. (H3d)						
Competition x EoS (H4c)						
ACul. dist. x EoS (H4d)				-1.402 *	-1.528 *	-1.577 *
Controls						
Format-level						
- Hypermarket (dummy)	13.005 *	11.918 ns	11.631 ns	11.102 ns	9.676 ns	9.274 ns
- Supermarket (dummy)	7.481 ns	7.021 ns	6.876 ns	5.757 ns	5.315 ns	5.071 ns
- Convenience (dummy)	22.875 *	21.565 *	22.211 *	20.861 *	20.218 *	20.315 *
- Store size	-0.079 ns	-0.072 ns	-0.069 ns	-0.075 ns	-0.068 ns	-0.068 ns
- Country exp. (dummy)	2.403 ns	2.006 ns	1.721 ns	5.417 ns	4.793 ns	4.477 ns
- Entry mode (dummy)	3.371 ns	1.228 ns	1.821 ns	7.021 ns	5.561 ns	6.025 ns
- Adaptation	-0.803 ns	-0.580 ns	-0.905 ns	0.644 ns	1.129 ns	0.812 ns
- Pref. format (dummy)	6.545 ns	5.711 ns	6.450 ns	7.826 *	7.284 *	7.825 *
Firm-level						
- Scope of int. operations	-0.278 ns	-0.250 ns	-0.267 ns	-0.015 ns	-0.060 ns	-0.063 ns

Significance tested based on 90% and 95% credibility intervals; * $p < 0.050$; † $p < 0.100$; ns = not significant.
Notes: PurchP = Purchasing power; DegreeInt = Degree of internationalization; EoS = Economies of scale; ACul. dist = Added cultural distance.

Table 0—16: Alternative model including format dummies

Source: Own creation.