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Bai, H, McColl, J and Moore, C (2020) Motives behind Retailers' Post-Entry Expansion. Journal of Retailing and Consumer Services, 59. ISSN 0969-6989

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Motives behind Retailers' Post-Entry Expansion

- Evidence from the Chinese Luxury Fashion Market

Huifeng Bai, Julie McColl, Christopher Moore

Abstract

This study aims to examine the motives behind retailers' post-entry expansion in foreign markets. Through case studies of eleven participating luxury fashion retailers in China, qualitative data was collected from twenty-two executive interviews. Although their initial market entry was driven by both reactive (push) and proactive (pull) factors, the motives behind their post-entry expansion have become predominantly proactive, especially long-term growth strategies, the ambition to extend their brands and retail formats to more cities, and the experiences gained in entry markets. The desire to optimize the retail store portfolio through multiple channel strategies have slowed down the expansions of physical stores.

Keywords

Retailer internationalization; Post-entry expansion; Motives; Luxury fashion; Multiple

channel strategies; China

1. Introduction

During the past two decades, the focal markets of luxury fashion retailers have been transferred from traditional developed markets to rapid growing emerging markets, in particular China (Pino et al., 2019). This is evidenced by the fact that the value of global luxury fashion market reached €281 billion in 2019. Of this, over one third was contributed by the Chinese market (excluding Chinese consumers' cross-border luxury fashion shopping) (Bain & Co. 2019). Indeed, internationalizing luxury fashion retailers enhanced their commitment to the Chinese market after the Credit Crunch in 2008. They have not only focused on tier-1 national capitals in China, but have accelerated their retail operations into a wider range of tier-2 regional and provincial capitals and even tier-3 local markets as well as e-commerce (Bonetti, 2014). Many brands, such as Burberry, Bottega Veneta, Cartier, and Hugo Boss, are running more brick-and-mortar stores in China than in their home markets (Chevalier and Gutsatz, 2020).

Meanwhile, as the world's second largest luxury fashion market, China has attracted a

number of studies from the perspectives of consumer behavior and brand management (Zhang and Kim, 2013; Liu et al., 2016). Only a few have adopted a retailer internationalization scope (Bai et al., 2018). Since Hollander's seminal study in 1970, retailer internationalization has become an important research field, especially in the context of developed markets (Picot-Coupey et al., 2014). In the past decades, the research topics have moved from the characteristics, direction and strategies of retailer internationalization to more specific factors, such as international divestment and supply chain strategies (Frasquet et al., 2018), and multiple channel strategies (Beck and Rygl, 2015). The motives behind retailers' international expansion remain important, because such motives help us to understand the nature of strategic decision making in internationalization, expertise and perceived risk (Christmann et al., 2016). In the context of China, a few studies, such as Siebers (2011) and Doherty et al. (2014), examined the motives behind global supermarket chains' initial market entry, and suggested that differences exist across the regions in terms of economic development, power relationships and culture, which can impact on motives of subsequent expansions. Nevertheless, these valuable studies are perceived to be limited in explaining the motives of luxury fashion retailers because of their born global nature

(Guercini and Milanesi, 2017).

Moreover, the majority of existing studies which have focused on retailer internationalization have been conducted at a strategic level, and considered initial market entry from a relatively stationary perspective (Swoboda et al., 2015). Frasquet et al. (2013) argued that the retailers' internationalization is not only about initial market entry but is also about post-entry further expansion and operations. Bai et al. (2017) examined luxury fashion retailers' changing expansion strategies between initial market entry and post-entry expansions in China, but neglected the changing motives. Therefore, based upon the dichotomy of reactive (push) and proactive (pull) retailer internationalization motives, this paper aims to contribute depth of insight into the dynamic process of how luxury fashion retailers have changed their motives over time, through examining and comparing the motives between initial entry and post-entry expansion in the context of the Chinese luxury fashion market.

The following section reviews the existing literature in relation to the definition of luxury fashion retailers and the motives behind their internationalization.

2. Theoretical background

2.1 Defining luxury fashion retailers

The growth of consumerism and the democratization of luxury have led to increasing numbers of marketers adopting luxury branding strategies to communicate dream and exclusivity, to highlight intangible and tangible values offered by their brands, and to persuade consumers to trade up in various business, particularly consumer goods (Guercini and Milanesi, 2017). Although luxury goods and markets have become an important and popular research field, a universally accepted definition of luxury brands has yet to be established because of strong influence by a socio-economic environment and a high degree of subjectivity (Dwivedi et al., 2018). Based upon several high-impact studies in relation to the definitions and scales of luxury brands, Ko et al. (2019) re-defined luxury brands from a consumer perspective as *“a branded product or service that consumers perceived to: be high quality; offer authentic value via desired benefits, whether functional or emotional; have a prestigious image within the market built on qualities such as artisanship, craftsmanship, or service quality; be worthy of commanding a premium price; and be capable of inspiring a deep connection, or resonance, with the consumer”* (p.406).

Although this definition re-emphasized the characteristics of luxury brands, it is still limited.

The parameters that qualify a brand as a luxury brand are dynamic in nature. The exclusivity of luxury brand image can be diluted because of extension into inappropriate products (Ahn et al., 2018), over exposure (Kapferer and Valette-Florence, 2016), and the inconsistency between the brand's country-of-origin, country-of-ownership and place-of-manufacturing (Arora et al., 2015; Johansson et al., 2018). It is difficult for a brand to maintain its luxury status in the face of a fast-moving market and increasingly knowledgeable and sophisticated consumers within the nowadays digital age, such as the "anti-logo" consumption pattern which reveals that luxury brands with conspicuous logos are decreasing in popularity (Chevalier and Gutsatz, 2020). Moreover, the boundaries between luxury and premium have been blurred because of emerging "Masstige brands" which possess a premium brand image without high prices (Truong et al., 2009).

Moore et al. (2010) suggested to understand luxury brands via a more practical perspective in the context of fashion retailing, and defined luxury fashion retailers as those who "*distribute clothing, accessories and other lifestyle products which are: exclusively designed and/or*

manufactured by or for the retailer; exclusively branded with a recognized insignia, design handwriting or some other identifying device; perceived to be of a superior design, quality and craftsmanship; priced significantly higher than the market norm; sold within prestigious retail setting” (p.143). This is regarded as the most appropriate definition because this study focuses on strategic and operational details of luxury fashion (manufacturing) retailers from an international retailing scope, such as Gucci and Hermès. Furthermore, Bai et al. (2018) suggested to better understand luxury fashion retailers’ internationalization strategies and operational practices according to their retailing formats (design house, accessories specialist, and jewelry and watches specialist) and ownership structures (private brands and group-owned subsidiaries).

2.2 Motives behind luxury fashion retailer internationalization

The seminal theories in the classic international business literature, such as the Eclectic Paradigm and the theory of Product Lifecycle, have made a great contribution to understanding the motives behind company internationalization. The influential Uppsala Model argued that manufactures usually accomplish internationalization via establishing production facilities in foreign markets (Johanson and Vahlne, 2009). However, these

valuable theories are increasingly limited to explain current retailer strategy because of the radical differences between product-oriented and market-oriented strategies (Assaf et al., 2012), in particular luxury fashion retailers which adopt anti-marketing branding strategies (Kapferer, 2015). Indeed, because of complicated business activities and a higher degree of commitment to host markets, retailer internationalization is involved to a wider range of dimensions, including financial investment/cross-border shopping, international transfer of know-how, internationalization of sourcing, and internationalization of retail operations (Alexander and Doherty, 2009).

Based upon the large-scale US retail chains, Vida et al. (2000) developed the IRI model (international retail involvement), which identified that retailers choose internationalization as a growth strategy because of retail specific competitive advantages such as retail brand and merchandise, and strategic management characteristics such as management attitudes and international experience and knowledge. Indeed, Simpson and Thorpe (1995) argued that the know-how in relation to own product, lifestyle, image and niche (the PLIN model) has encouraged luxury fashion retailers to internationalize. Unfortunately, the IRI model did not

evaluate the external trading environment equally.

Because of the direct relationship between retailers' resource commitment, market positioning and external market conditions, the ability to interpret and respond to operating environments strongly influences retailers' subsequent performance and success in the host markets (Burt et al., 2008). The classic push/pull factors indicate that retailer internationalization is pushed by limited opportunities in their home markets, caused by market saturation, regulation or adverse trading conditions, and/or pulled by the potential opportunities for retail offerings in foreign markets (Evans et al., 2008). Alexander and Doherty (2009) questioned the simplicity of push/pull factors, and proposed the reactive and proactive school of motives, which consider a wide range of internal and external factors that combine to prohibit and encourage retailer internationalization. Indeed, Hutchinson and Quinn (2011) confirmed that small fashion retailers' international expansion is mainly motivated by proactive factors, including internal characteristics (mind-set, entrepreneurial personality, foreign personal relationships, parenting advantage), and trading market conditions (contacts, government/ consultancy assistance). The dichotomy of reactive (push)

and proactive (pull) motives remains important, evidenced by regular and recent citation as key motives of retailer internationalization (Madanoglu et al., 2017).

Prior studies have considered the motives from a strategic level and have focused on country market entry (Frasquet et al., 2013). However, retailer internationalization is a continuous and dynamic process, related to not only initial market entry but also post-entry operations and further expansion (Bai et al., 2017). No single motive or a set of motives can be dominant over time, as they are likely to be changed when there are changes to the internal and/or external conditions (Picot-Coupey et al., 2014). Therefore, this study aims to examine the changing motives behind luxury fashion retailers' post-entry expansions in China using the following research questions:

- Why do luxury fashion retailers enter into China?
- What are the motives behind their post-entry expansion within China?
- How the motives have been changed over time?

The next section will justify the research paradigm and methodology, and provide details of the qualitative multiple case study.

3. Method

An interpretivist qualitative multiple case study approach was considered to be the most appropriate for this study, which aims to investigate why, what, and how research questions in relation to the changing motives behind luxury fashion retailers' post-entry expansion within China. Multiple cases support the researchers to obtain in-depth insights into the similarities and differences between cases due to the capacity to analyze data within each case and comparing data across cases (Yin, 2018). Indeed, multiple case studies have long been regarded as an appropriate methodology in the international luxury fashion retailing research field (Hutchinson and Quinn, 2011; Liu et al., 2016; Quercini and Milanese, 2017).

The authors developed the sampling frame through three sources: the members of reputable luxury committees, including Comité Colbert (France), Fondazione Altagamma (Italy), the Walpole and British Council of Fashion (UK), and the Council of Fashion Designers of America (US); the directories of the Peninsula Hotel (Beijing) and top ten luxury malls in China; and the marketing reports published by reputable professional organizations, including Bain (2017), Deloitte (2017), and McKinsey (2017). In order to ensure sufficiency of

strategic and operational experiences, 76 out of 115 luxury fashion retailers were assessed and selected as target samples via three criteria: originating from foreign countries; having at least five-years of experience; and having operations in at least two cities in China. The covering letters were then sent to the 76 target retailers in May 2018. Eleven agreed to participate by the end of September 2018. The overall proportion between participant samples over population reached almost 10%.

Since the authors recognized saturated samples, twenty-two semi-structured executive interviews in total took place between October 2018 and July 2019. All interviews, including fifteen face-to-face interviews and seven telephone interviews, lasted between 70 and 90 minutes. The interview questions (Appendix A) were sent to all interviewees prior to the interviews so that they could prepare in advance. According to the Table 1, all the interviewees are perceived to be capable of providing the necessary information on decisions about policy making and strategic implantation.

Table 1: Profile of the sample retailers and the interviewees

	Country of Origin	Retail format	Ownership structure	Interviewees' position	Initial entry time & City & Entry mode
A	France	Design house	Private	Managing Director & Retail Operations Director	1996 & Beijing & Organic growth
B	France	Design house	Subsidiary	Vice President & Retail Director	1992 & Beijing & Organic growth
C	Germany	Accessories specialist	Subsidiary	Managing Director & Wholesale Manager	1996 & Beijing & Organic growth
D	Germany	Design house	Private	Business Development Director & Retail Director	1994 & Shanghai & Franchising
E	Italy	Design house	Subsidiary	Vice President & Brand Manager	2007 & Shanghai & Organic growth
F	Italy	Design house	Subsidiary	Managing Director & Brand Manager	1993 & Beijing & Franchising
G	Spain	Design house	Subsidiary	Vice President & Managing Director	2001 & Shanghai & Organic growth
H	Switzerland	Design house	Subsidiary	Vice President & Retail Director	1991 & Beijing & Organic growth
I	UK	Design house	Private	Retail Market Manager & Strategy Director	1993 & Shanghai & Organic growth
J	UK	Design house	Subsidiary	Managing Director & Retail Director	1997 & Beijing & Licensing
K	US	Design house	Private	Digital Market Manager & Retail Director	1997 & Shanghai & Franchising

In order to fulfill the confidential agreements, during the process of data analysis and reporting, all participant retailers' names were coded, and described through their country-of-origin, retail format, ownership structure, and initial Chinese market entry details. Also, all interviewees were anonymous, and described via their job titles. The primary qualitative data was analyzed using thematic analysis on NVIVO 10, which allowed for the development of common themes that were retained in an index system so that the data could be carefully identified and explored. After analyzing the interviews, the secondary data was analyzed using annual reports, internal documents (for some), and marketing reports. These multiple sources of information allowed triangulation of data to strengthen the validity and reliability of the analysis, and minimized researchers' and interviewees' subjective bias. The research results will be presented and discussed now.

4. Results and discussions

4.1 Motives of luxury fashion retailers' initial Chinese market entry

Based upon the dichotomy of reactive (push) and proactive (pull) motives of retailer

internationalization, luxury fashion retailers' Chinese market entry has been motivated by

both reactive (push) and more importantly proactive (pull) factors, which co-existed and are

inter-related (Table 2). The three motives with * had not been identified in the existing literature. They are unique to the Chinese luxury fashion market.

Table 2: Luxury fashion retailers' motives for entering into China

<u>Push motives</u>	<u>Pull motives</u>
- Saturation in current markets & decline in Hong Kong & Japan*	- Economic growth & Market potential & huge demand
- Competitive pressure in the international market	- Relaxed policies for foreign investment
	- Improved retail infrastructure
<u>Reactive motives</u>	<u>Proactive motives</u>
- Local partner's suggestions	- Corporate ambition- to develop the brand in China
	- Experience gained from Japan and Hong Kong*
	- The desire to stop counterfeits (to protect brands)*

These motives are co-existed and inter-related. The motives with * are unique for China

The push factors (external market environment) recognized by this paper include the competitive pressure in the international market and increasingly saturated and declining traditional markets. Participant retailer G confirmed that passive motivation had been caused by competitive pressure from the international market. It followed a “Me too” strategy because other brands had established operations there. Six participant retailers indicated that

their expansion into China was partially pushed by the increasingly limited opportunities in existing markets, especially in terms of the saturation and the economic crisis in Japan and Hong Kong. For instance, participated retailer A explained:

“One of the reasons for our expansion into China was the saturation and the decline of the Japanese market and even Hong Kong. You know those markets had experienced considerable economic crisis and market recessions during the 1990s, but there was a different story in China meanwhile”.

The only reactive motive (retailers’ internal characteristics) is related to the local partners’ ambition and encouragement. Because of different capabilities and international expansion strategies, the respondents’ attitude towards local partnerships in China were divergent. Only four participant retailers considered local partnerships to be important to their entry into China. Local partners remain important to small and emerging design houses, especially those who do not possess strong financial capacity and rich international experiences, and do not benefit from parent advantages (Kapferer and Valette-Florence, 2016). Their expansion into China could be driven by their partners’ ambitions and recognition of the opportunities there. For example, participated retailer D confirmed:

“With very little local knowledge, we sought partners who understood the language, culture and business practices. For us it was a minefield but for them it was more straightforward”.

On the other hand, the proactive (pull) motives would appear from this study to be of greater importance. The pull factors (external market environment) relate to the rapid growth of the Chinese market which is increasingly attractive to foreign luxury fashion retailers, featuring fast economic growth, considerable further market growth potential, huge demand for foreign luxury fashion products, relaxed policies in relation to foreign direct investment and improved retail market infrastructure, regardless of when they entered the market or their market experience. These pull motives have been confirmed by all of the participant retailers, regardless of when they entered the market or their market experience. For instance,

“We recognized the potential of China since the early 1990s... The market is incredible because of fast economic growth, the size of the country, its large population, and the customers’ willingness to purchase luxury fashion products” (Participated retailer B); and

“We realized the potential of mainland China since the second half of 1990s; however, strict foreign investment policies and an underdeveloped market environment formed too many barriers to us... We finally entered into the market in 2007, when policies and market infrastructure had largely improved” (Participated retailer E).

These pull factors have confirmed the findings of previous studies, such as Siebers (2011) and Doherty et al. (2014), which recognized that an improved trading environment had encouraged global supermarket chains to internationalize into China. Moreover, this paper

also identified three proactive factors (retailers' internal characteristics), which mainly facilitated the participant retailers to enter China. Firstly, corporate ambitions had largely encouraged participant retailers to develop their distinctive brand image and good quality niche products to China (Moore et al., 2010). This proactive factor has been confirmed by all of participant retailers. For instance, participated retailer C claimed that the most important reason for their expansion in China was the desire to transfer their brand and niche products to a potential market for future growth.

Secondly, despite declining markets in Japan and Hong Kong, the experience and market knowledge gained from these neighboring markets largely encouraged luxury fashion retailers' expansion into China. This confirmed that many foreign luxury fashion retailers regard Hong Kong as a springboard to enter into mainland China (Bai et al., 2018). All interviewees confirmed this proactive factor, and participant retailer K expressed:

“I believe the experience gained from Japan and Hong Kong largely encouraged our entry into China, which shares a similar culture and shopping behavior ... Expansion into mainland China is the inevitable step after Hong Kong”.

Thirdly, counterfeits have long been a challenge in China because of the popularity of

counterfeit consumption, and more than half of global counterfeits are produced there (Kapferer, 2015). Therefore, such ambition to protect the brand through providing authentic products and brand experiences also proactively drives the retailers' expansion into China.

This has not been identified in the existing literature. Four participant retailers indicated that their expansion into China was partially motivated by the ambition to combat counterfeits by providing authentic products and brand experiences, and thus to protect their brands. For instance, participant retailer I claimed:

"... to fight against counterfeits largely motivated our expansion in China... the best way to combat counterfeits is to be present there, and to provide Chinese customers with authentic products, premium customer service and a memorable shopping experience".

Here are several theoretical implications according to the above findings. Firstly, different from generic retailers, luxury fashion retailers' internationalization is mainly driven by seeking markets, rather than seeking strategic-asset and efficiency (Burt et al., 2008).

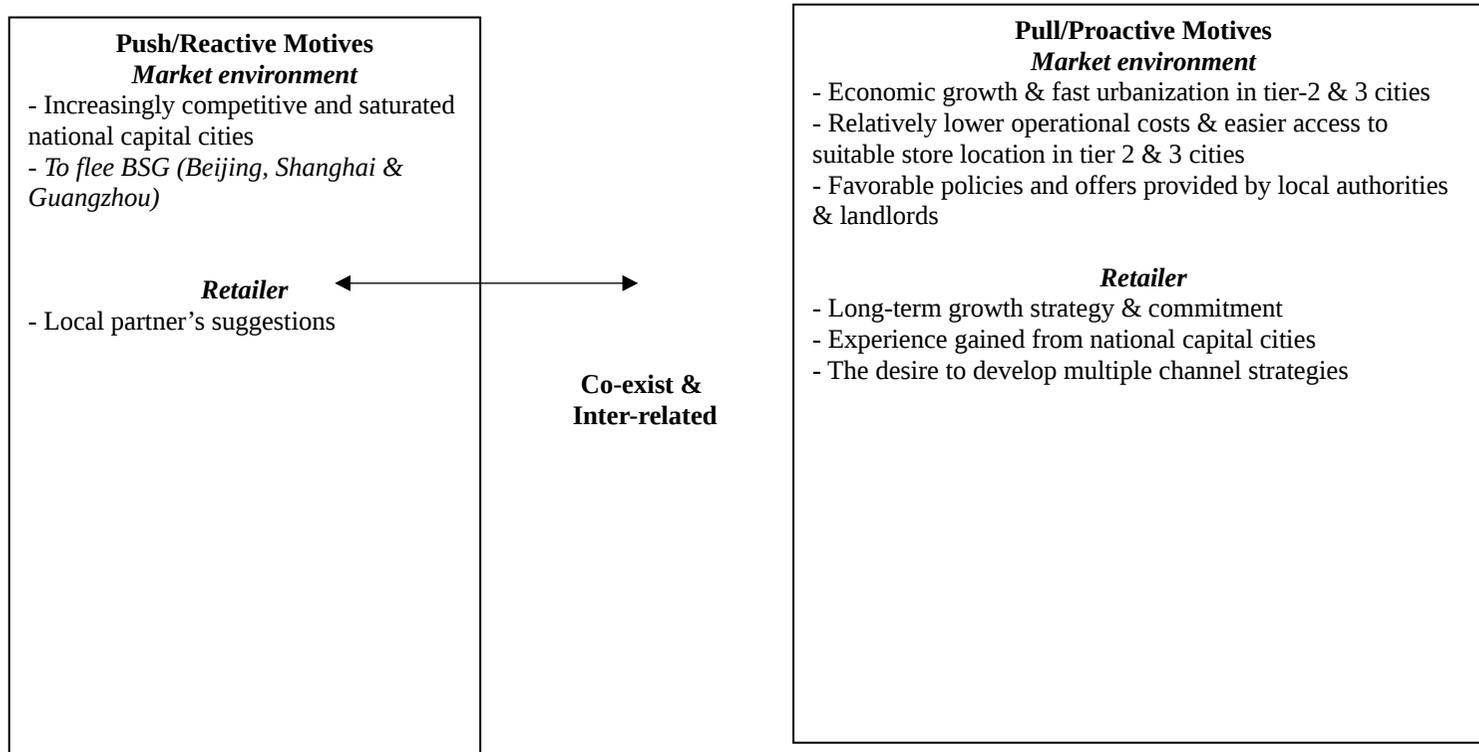
Secondly, although luxury fashion retailers are encouraged to internationalize into foreign markets because of their strong brand image, niche products, and retailing know-how (Hutchinson and Quinn, 2011), the reactive (push) factors remain important, especially increasingly competitive and saturated traditional developed markets (Ahn et al., 2018).

Thirdly, local partnerships remain important for many luxury fashion retailers in order to minimize perceived risks (Evans et al., 2008; Doherty et al., 2014). However, the support and benefits provided by parent companies are increasingly important (Moore and Birtwistle, 2005). Fourthly, luxury fashion retailers encounter relatively fewer challenges caused by psychic distance (Moore et al., 2010). While, their internationalization in to China did represent a learning process, experiences gained from neighboring Hong Kong and Japan could be regarded as a springboard (Bai et al., 2018). Finally, in order to fight against counterfeits and protect brands, luxury fashion retailers should highlight intangible values in products and services, and strengthen emotional connection to consumers through customer relationship management, rather than only emphasizing functional benefits (Chen et al., 2015).

4.2 Motives of luxury fashion retailers' post-entry further expansion in China

After initial entry, luxury fashion retailers had accelerated their further expansion of retail operations within China (Bai et al., 2017). The Figure 1 demonstrates that participant retailers' post-entry expansion in China has been predominantly driven by the proactive (pull) motives, with very little importance placed on the reactive (push) factors.

Figure 1: Luxury fashion retailers' motives for post-entry further expansions into China



Increasing saturation and decreased purchase power caused by “to Flee BSG” in the tier-1 national capitals have been identified as the push factors. In parallel with the fast-growing Chinese luxury fashion market, national capital cities, especially Beijing and Shanghai, have become increasingly competitive which has led to a shortage of appropriate store locations and caused operational costs in those cities to soar. This was confirmed by three of the participant retailers. These three were also concerned about the possibility of decreasing purchasing power in the national capitals, caused by the recent “To flee BSG” (indicating people leave Beijing, Shanghai and Guangzhou because of increasingly higher living costs and real estate prices, and go back to their hometowns in order to pursue better lives).

Nevertheless, the other eight participant retailers were more optimistic, and claimed that fast economic growth and urbanization seen in many tier-2 regional/provincial capitals and some tier-3 local markets have created opportunities for them to enter a wider range of local markets, especially in the East, North and South. For instance:

“The growth of our business in China is incredible. Rapid economic growth, urbanization, and more mature customers in many Chinese cities, such as Shenyang, Hangzhou, Qingdao and Xiamen, all create considerable opportunities for us” (Participated retailer F);
and

“Although the national capitals are increasingly mature, the potential of the 2nd and 3rd tiers

cities is much more important. For instance, Taiyuan, as a 2nd tier provincial capital city, is our best performing market in the whole world” (Participated retailer J).

The only reactive factor relates to local partners’ ambition and suggestion of expanding into wider ranges of cities in China. Compared with their initial entry, the importance of local partners has been weakened because of the retailers’ accumulated experience and local knowledge, and withdrawals from local partnership. For only two participant retailers’ further expansion in China was still passively managed by their local partners. The remaining nine retailers were keen to control further expansion by themselves, because they regarded their business in China as a long-term growth strategy, especially during the recession, which hit most traditional key markets. Moreover, these nine retailers also confirmed that their further expansion had also largely been encouraged by the experience and local knowledge they have gained from their initial entry markets. Participating retailer A argued that the Chinese market is too large to be covered solely by the operations in the national capitals because of large geographic size and considerable regional differences, and stressed:

“Business in China involves a long-term growth plan... Running stores in capital cities is not enough to cover the whole country... We were quite confident when opening the store in Nanjing because of the experience gained from Shanghai”.

Furthermore, six participant retailers confirmed that favorable offers provided by local governments and landlords (usually luxury malls) largely encouraged their expansion to many tier-2 and tier-3 cities because of the availability of more profitable store location and lower startup and running costs. For instance, participant retailer H runs over 50 stores (as well as e-commerce) in multiple tier cities nationally, and explained:

“The offers provided by the landlords and (in some cases) local governments in some 2nd tier cities sometimes are too good to reject. Some of the landlords are willing to pay for the initial renovation fees if we decide to open stores in their malls. This is the opportunity to obtain an ideal store location in some new markets (in China)”.

However, another five participant retailers argued that constant brand image is central to long-term growth rather than short-term profits. In order to avoid diluting brand image, they do not want to expand into markets which are not appropriate for their brand image. For instance, participant retailer B withdrew operations from some lower tier markets because of their concern about dilution of the brand caused by over exposure, and confirmed:

“We did run some unnecessary stores in inappropriate markets because of the favorable offers (provided by either local government or landlords). However, we have withdrawn from those markets because of the risk of diluting the brand via over exposure”.

Finally, it must be noted that with the recent downturn in the Chinese market, a number of the

participants proposed that they had been motivated to halt expansion through their bricks-and-mortar presence and are looking to further expand through multiple channel distribution strategies, in particularly e-commerce. Indeed, in order to extend market coverage and to optimize retail store portfolio, participating retailer C had built upon e-commerce through various channels, including official online stores, Chinese social media, and Chinese e-commerce platforms, and emphasized:

“E-commerce is inevitable in the current market, we have built upon our e-commerce through various platforms in order to reach a wider range of customers, and meanwhile have continued to restructure our retail store portfolio”.

Therefore, the motives behind luxury fashion retailers’ post-entry expansion have become more proactive than their initial market entry because of their ability to offer wide market coverage and enhanced accessibility. The theoretical implications related to this stage include the following aspects. The findings confirmed that wholly owned strategies have become increasingly important and popular for luxury fashion retailers’ post-entry expansion in China (Bai et al., 2017). This is largely different from in developed markets. For instance, luxury fashion retailers could expand from London to Manchester and Edinburgh through distribution retailers’ networks, in particular department stores (Moore et al., 2010). Different

from generic retailers, the favorable offers provided by local authorities and estate developers are not equally important for all kinds of luxury fashion retailers (Siebers, 2011). These favorable policies are especially important for small-scale private brands, but not for those who benefit resource supports from their parent companies (Bai et al., 2018). Furthermore, due to the differences between multi-, cross-, and omni-channel retailing (Beck and Rygl, 2015), the impact of e-commerce towards brick-and-mortar stores of luxury fashion retailers varies, as they can open more stores in a multi-channel strategy (Ye et al., 2018).

The paper concludes by discussing contribution and limitations, and suggests future studies.

5. Conclusion

The understanding of retailers' post-entry expansion and operations remains underdeveloped. Therefore, this empirical study examines the motives behind retailers' post-entry expansion in the Chinese luxury fashion market. The theoretical contribution of this study is considered in the following three aspects. Firstly, based upon the classic dichotomy of the proactive (pull) and reactive (push) schools of retailer internationalization motives, the present research identified the motives behind luxury fashion retailers' Chinese market entry

and their post-entry expansion. Some of the motives have not been realized in the existing literature. Secondly, the paper offers understanding of changing motives over time, from initial market entry to further expansion. Indeed, this emerging knowledge provides rich clues about how retailers' decision making had been changed over time in terms of resource commitment, expansion strategies, trading characteristics, and perceived risks in the different stages, which demonstrates a learning process (Alexander and Doherty, 2009). Thirdly, this paper found that of increasing importance is multiple channel distribution strategy, especially e-commerce, which has slowed down the expansion of brick-and-mortar stores, and has led retailers to re-structure their store portfolio, evidenced by their withdrawal from some lower tiers cities. In terms of managerial contributions, this study also offers insights for practitioners especially for young and/or small-scale private luxury fashion retailers who are keen to internationalize into continent-sized emerging markets and extend their operations further within the host markets, especially where considerable regional differences exist.

The validity of this study has been strengthened by the triangulation of qualitative data including multiple interviews for the same retailer, as well as by the adoption of secondary

data published by reputable professional organizations. However, no study is perfect, and the limitations of this study relate to two aspects. The non-probability or purposive sampling technique and the numbers of sample retailers and interviewees could potentially be challenged. However, the eleven participant luxury fashion retailers from across a wide range of countries of origin, retailing formats and ownership structures, are regarded to be diverse and strong enough to represent the realities within the market. Another limitation involves the generalizability of the research findings, generated from China, the second largest luxury fashion market globally. They could possibly be challenged as to their explanation of the motives behind luxury fashion retailers' post-entry expansion elsewhere, where large differences in terms of policies, economic development, social and cultural conditions, and even geographic size exist.

It is suggested that future studies test and extend the motives developed in this study through quantitative studies using a larger sample to examine the similarities and differences across different market environments, especially where there are considerable intrinsic differences in terms of economic development, culture and market infrastructure exist. The researchers

expect to extend the findings of this study by examining other luxury fashion retailers' motives behind post-entry expansion in China and other markets, especially those who adopt omni-channel strategies and even e-commerce only.

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Appendix A

Executive interview questions

Q1. We know that your company entered into China in (year), could you please share your opinion regarding the most important reactive and proactive motives during that stage?

With following up questions: why are those important?

Q2. (Only applicable for those who entered into China through local partnership) Was/were your local partner(s) important for the initial market entry? With following up questions: why if yes or no?

Q3. Could you please share your opinion regarding the most important reactive and proactive for post-entry expansion in China? With following up questions: why are those important?

Q4. It is known that national capitals, especially Beijing and Shanghai, have become very competitive. Do you believe the increasing saturation in those national capitals had driven your company's expansion in other cities? With following up questions: why if yes or no?

Q5. Do you agree that the favorable offers provided by local governments and luxury malls in

some tier-2 and tier-3 cities are important reasons for your expansion into those cities? With following up questions: why if yes or no?

Q6. (Only applicable for those who entered into China through local partnership) Had your local partner(s) played an important role for your company's post-entry expansion in China?

With following up questions: why if yes or no?

Q7. It is known that your company had accelerated development of e-commerce through various platforms. Do you agree it that growing e-commerce had slowed down your company's expansion of offline brick-and-mortar stores? With following up questions: why if yes or no?