

A Holistic Framework of a Brand’s Hierarchical Motivations for Retail Internationalization

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As the retail industry dynamically shifts to global and personal networks and international, omni-channel, and omni-present retailing becomes more prevalent (Coe & Wrigley, 2017; Grewal, Roggeveen, & Nordfält, 2017; PwC, 2015), professionals in both industry and academia are moving towards a holistic understanding of retail internationalization (RI), defined as the growth of a retailer’s presence in foreign markets (Akehurst & Alexander, 1995). Such an understanding can provide clarity to higher-order predictors of RI success in terms of brand awareness, sales growth, and market potential. In this study, we propose a holistic framework of a brand’s hierarchical motivations for retail internationalization in order to (a) understand motivations for RI from basic economic expansion, to competitive advantage, to psychological motivations, and brand actualization and (b) interpret how their interrelationship leads to the success or failure of brands in RI. This framework will lead to future research integrating previously unconnected psychological motivations for RI into a holistic predictive concept.

This framework was derived from one of the fundamental psychological theories, Maslow’s (1943) hierarchy of needs, consisting of physiological needs, safety, belonging and love, esteem, and self-actualization. This needs theory demonstrates the building blocks of human needs, in which a fundamental need must first be fulfilled before the next level may be reached. As shown in Figure 1, our proposed framework demonstrates different levels of RI motivations including economic, competitive, psychological, and brand actualization, that build upon one another towards an all-inclusive retail internationalization strategy. Lower order motivations/advantages must be satisfied prior to (or alongside) higher order motivations in order to increase the likelihood of success in RI. For instance, economic positioning (e.g., margin advantages) and competitive advantage must be realized for a brand to maximize psychological RI motivations (e.g., personal market knowledge, cultural enthusiasms). As demonstrated in the framework, higher-order motivational positioning increases the likelihood of success in RI via profit and brand equity, visualized by volume of space in the framework.

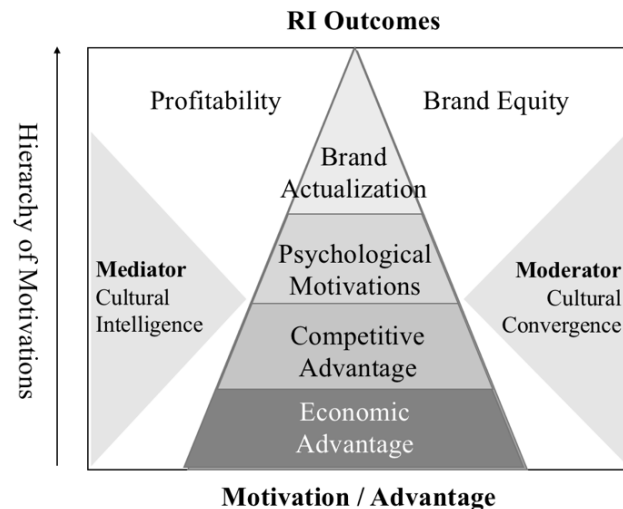


Figure 1. Retail internationalization motivational hierarchy.

Building on traditional economic and competitive motivations for RI, the third level, psychological motivation, introduces interconnected brand and psychological concepts. Today, consumers are familiar with a brand's social actions, corporate agendas, and stakeholders' attitudes (Everett, 2016). In 2014, the U.S. Supreme Court recognized companies as people through their rights to religious beliefs, political involvement, and employee health offerings (Totenburg, 2014). This change in consumer and government recognition of a brand's psychology draws attention to the potentially growing impact in RI, yet little research has been done on the holistic impact of brand psychology and personification as it impacts international growth and interrelates to economic and competitive factors of RI (Burt & Sparks, 2002; Chen, Liua, Ni, & Wu, 2015; Fitzsimmons, Liao, & Thomas, 2016). Therefore, this current demand is reflected in our proposed framework.

The final motivation, brand actualization, is a proposed concept that exists when a brand recognizes its position in the market and its fixed and adaptable goals. Fixed goals (or traits) are significant to a brand and will not change drastically overtime. These traits are often related to the unique selling proposition of a brand, which differentiate the brand from competitors. Adaptable traits are shaped by society and the marketplace. Just as an individual's opinion may change as one grows, so will the adaptable traits of a brand. Brand actualization is not inherent within psychological motivations for RI, but cannot be achieved without recognized psychological motivations.

The mediator of cultural intelligence and moderator of cultural convergence also influence the significance of each motivation on brand success. Cultural intelligence, the ability of an individual to effectively interact with individuals of various cultural backgrounds across cultural contexts (Thomas et al., 2015), allows a brand to adapt to a new market, knowing what elements to change and which to keep consistent. Related to cultural intelligence is the concept of cultural convergence, which refers to cultures becoming more similar (Sarala & Vaara, 2010). This may occur on various levels from exterior visibility and pop-cultural to ingrained customs. Cultural convergence influences the level of significance of cultural intelligence on retail brand success. Integrating economic, competitive, and psychological motivations with cultural confounding variables provides a holistic understanding of the RI process and potential success.

By drawing relationships and understanding psychological motivations, it may be possible for retailers to forecast their likelihood of success in RI beyond classic measures of economics of scale and competitive advantage. In the current market, retailers continuously fail and only understand the reason(s) of failure after the fact (PwC, 2015). The hierarchical predictors of success in our proposed framework can help retailers and academic researchers understand the potential benefits of growing retail internationalization. Our proposed framework can be used by industry professionals and academic researchers to understand the impact of economic, competitive, psychological, and brand actualization motivations on success, via profitability and brand equity, in retail internationalization. The framework also has potential for brands to better evaluate international growth decisions, pre-empt large-scale losses, and fine-tune their long-term succession strategy.

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