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Strategic Development of Retail Firms

Three Essays

Doctoral Thesis

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by

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Dedication

To my grandfather Helmut Wagner,

who encouraged me to work towards a PhD before I really knew what it was,

who unfortunately did not live to see me complete this journey.

In loving memory and with utmost respect.

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Abstract

All firms face intense pressure to ensure their long-term competitive success – the constant development of their organisations is key. This is particularly important in the retail industry that is characterised by low margins, intense competition, and evolving consumer preferences. Internationally active retailers can, for instance, develop their organisations by entering new markets or by divesting from foreign subsidiaries, allowing them to shift their focus to the most promising markets. Retailers can also shape their organisations in such a way that innovation can take place in an effective manner, allowing the retailer to develop its business in promising areas. This thesis comprises three studies which contribute to the scholarly understanding of how retail firms can develop their organisations to secure their long-term success.

Study 1 concerns 'retail divestment'. It uses an embedded case-study methodology to investigate the drivers that lead to 32 market exits among the 50 largest grocery retailers in Europe between 2014 and 2018. The study shows that for most of the exits included in the dataset, combinations of drivers at the subsidiary, host-country and parent levels had a joint effect on market exit decisions taken by retailers. Using a configurational approach, the study identifies a series of combinations of market exit drivers that occur repeatedly in the dataset. Based on these, the study develops five archetypes of combinations that can be used to explain the exits in the dataset.

Study 2 and 3 both concern 'retail innovation'; however, they examine separate research streams. Study 2 uses a qualitative multiple-case study approach to investigate the strategic fit between innovation management techniques and the dimensions of innovation in retail among European retailing companies. The study identifies the matching criteria linking innovation management techniques and dimensions of innovation in retail to show which techniques are suitable for developing innovation in which dimensions. Based on these matching criteria, the study develops twelve testable propositions as its core theoretical contribution.

Study 3 uses a qualitative multiple-case study approach to investigate the complex collaboration dynamics that occur both within retailing firms, but primarily those that occur between retailing firms and external stakeholders. The study identifies and develops seven different types of factors that either impede or foster collaboration within a sample of five retailing firms. Additionally, the study discusses the findings in the context of extant literature concerning inter-organisational collaboration. The identification of these seven factors in the study lays the groundwork for additional research contributing to what remains an under-researched field. The study also furthers knowledge concerning how successful collaborations could be designed, which is pivotal to enabling innovation in the highly competitive retail industry.

The thesis concludes by stating that there is still significant room for additional research in all three research streams that the study presents in the overall context of the development process retailers must necessarily engage in to remain competitive.

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List of Abbreviations

AI	Artificial Intelligence
CRM	Customer Relationship Management
IO	Industrial Organisation
IORs	Inter-Organisational Relationships
IT	Information Technology
OS	Organisational Studies
RFID	Radio Frequency Identification

1. Introduction

All industries are faced with a near-constant need to transform and develop themselves to ensure their long-term competitive success. To do this, organisations can evaluate their current strategic direction, adjust their strategies if necessary, and ensure that their organisation enables innovation. Whilst these aspects are relevant for all industries, they are particularly pressing for the retail industry, which has been characterised as exceptionally competitive and extremely fast-moving (e.g. Grewal et al., 2017, pp. 4-5; Jin & Shin, 2020, p. 301; Sorescu et al., 2011, p. 3), highlighting the need for constant and proactive organisational development. The aim of this thesis is to contribute to a better understanding of how retail firms develop and design their organisations as they work to secure long-term success. Retailers have numerous options to do this. One way includes adjusting the international portfolio – for instance by entering new markets or by divesting foreign subsidiaries, freeing up resources that can be re-allocated to other activities. Another way in which retailers can develop their organisations is to ensure that they are designed to allow innovation to take place in an effective and efficient manner, enabling the retailer to stay competitive.

1.1 Strategic Development

In one of its more radical interpretations, strategic development can be described using the term ‘creative destruction’, as coined by (Schumpeter, 1942, p. 83). In a Schumpeterian context, creative destruction refers to that fact that the process of economic progress, fueled by new technologies, ideas and business ventures, causes the complete or partial destruction of existing firms, industries, and economic structures. This places pressure on incumbent firms – to secure their survival, they must innovate to maintain their competitiveness (Schumpeter, 1942, p. 83). In a Schumpeterian context, innovation can be seen as what results when a firm’s various resources are re-combined and developed to create novel products, processes, materials/inputs, markets and organisations (Schumpeter, 1934, pp. 65-66). This process enables firms to be competitive and secure their survival.

The term ‘creative destruction’ represents a revolutionary transformation process. What occurs in most organisations and industries can, however, be better characterised as an evolutionary process of near-constant change and development. Like all industries, the retail industry is always engaged in a process of change and development. On one hand, this is triggered by the entrance of start-ups with new value propositions that compete with established retailers. On the other hand, a more common driver of change can be found within existing retail firms which re-align their organisations, introduce new products or develop new business models in an effort to ensure their long-term competitive success. These processes are a crucial necessity for incumbents which need to safeguard their competitiveness when challenged by new entrants equipped with substantial fresh capital, but also in the face of rapidly changing consumer tastes and demands that require retailers to adapt if they want to stay relevant to consumers.

Retail as an industry has always been in a constant process of change. New market entrants have again and again been successful in establishing new business models and in forcing existent models to either disappear or evolve to remain competitive. In Ancient Greece and in Ancient Rome, markets took place regularly in the central squares of towns and villages, connecting producers and sellers (Bintliff, 1999, pp. 229-230). In Ancient Rome, goods were traded at markets, but craftspeople also sold their self-made goods in separate spaces adjacent to their workshops – something which today would be seen as a shop. Some markets in Ancient Rome also had fixed stores where merchants sold a variety of goods (McGeogh, 2004, pp. 105-106). Markets continued throughout the Middle Ages in Europe, but small permanent shops selling specific assortments of goods became more important (e.g. Thrupp, 1989).

The 19th century brought about retail formats that were more like those we know today. Department stores emerged, for the first-time offering consumers a complete selection of products that they previously had to buy in a number of different stores. They also provided an array of services and introduced comfort and luxury to the shopping experience (e.g. Howard, 2015, pp. 9-10). Following the end of the Second World War and the associated rapid increase in wealth and disposable income, shopping malls with supermarkets and a wide selection of stores and services became common initially in North America (Eppli & Benjamin, 1994, pp. 5-6), later in other parts of the world. Consumers were now faced with wider selections than ever before, accessible in an environment with the highest degree of comfort and convenience.

The end of the 20th century and the beginning of the 21st century brought the internet to retail (Van Vliet & Pota, 2001, pp. 23-24). Some retailers quickly noticed that in future sales would take place through both online and offline channels, and that new and different strategies would be necessary to deal with this (e.g. Berman & Thelen, 2004, pp. 147-148). Numerous retailers did however not recognise this change, or were unable to adjust their strategies in time. Department stores, for instance, lost their attractiveness as consumers turned to a variety of different, often online, formats and managers missed opportunities to adapt their business models to new consumer tastes and preferences (Petro, 2020). Numerous department store retailers, such as Macy's in the United States (Thomas & Rattner, 2022), Karstadt in Germany (FAZ, 2015) and John Lewis (Harris, 2022) in the United Kingdom, closed many stores and tried to re-position themselves – rarely, however, in a proactive manner, but usually due to financial necessity. Some well-known department stores re-positioned to focus entirely on the luxury segment of the market in an attempt to secure competitiveness. The Thai multinational conglomerate 'Central Group', for instance, acquired well-known department stores such as La Rinascente, Selfridges or KaDeWe (Snoeck, 2021) and positioned them as luxurious department stores.

Supermarkets, too, have evolved over the past few decades. In the 20th century, supermarkets were constantly increasing the surface area of their stores. With increased urbanisation and changing consumer habits, consumers increasingly came to prefer smaller, more accessible supermarkets that offered increased convenience as the 21st century progressed (McDonald, 2021). Supermarkets were also affected by e-commerce: countless tech-based startups offered new and different grocery delivery services, pushing traditional retailers to decide whether they also wanted to invest in e-commerce. In recent years, supermarkets were for instance challenged by quick commerce apps that promised super-fast grocery delivery to consumers (Ludmir, 2023).

The brief history of retailing described above, which certainly does not offer a complete picture, does however demonstrate that retail is always in motion. New business models arise in a steady stream (e.g. Sorescu et al., 2011, p. 3) and new digital technologies bring fundamental changes to how retailers operate and interact with their customers, both online and in physical stores (e.g. Hagberg et al., 2017, p. 264). In addition to these challenges, retailers also have to navigate the complexity of multi- and omni-channel distribution (e.g. Ailawadi & Farris, 2017, p. 120). Business models and retail firms that may have appeared successful and unbeatable in one year have suffered from severe financial issues just a few years later. As this brief history of retail shows, retail as an industry is undergoing a process of constant change and development. Incumbent firms are forced to innovate and to develop their value proposition and their organisation to remain competitive, particularly as new entrants integrate themselves into the competitive landscape with attractive and innovative value propositions, and in light of rapidly and constantly changing consumer demands.

The thesis includes three studies which investigate how, in a global sense, retailers develop their organisations to cope with the constant change occurring in their industry. Study 1 investigates the foreign divestment activities of retail companies and how they re-configure their global operations to ensure their competitiveness. Study 2 investigates the strategic fit between innovation management techniques and the dimensions of innovation in retailing, to further our understanding of how retailers can innovate most effectively to maintain their competitiveness. Study 3 investigates the innovation process in the retail context with a focus on the inter-organisational dynamics and problems that occur between retailers and other stakeholders. The study thereby furthers our understanding of how retailers can design organisations that are optimally conducive to innovation, and thereby help them maintain their competitiveness. By addressing these topics, the thesis addresses research gaps in two different fields of the literature, namely retail divestment and retail innovation.

1.2 Retail Divestment

The first part of this thesis is composed of a study investigating the divestment behaviours of retail firms. This study addresses a research gap found in the general foreign divestment literature. In many past studies, the drivers pushing a divestment have often been considered in an isolated manner. Previous research, however, suggests that divestment is often the result of a combination of drivers acting simultaneously (e.g. Aklamanu, 2015, p. 246; Boddewyn, 1979, pp. 22-26; Jackson & Sparks, 2005, pp. 778-779; Yoder et al., 2016, p. 234). Some studies have already investigated the relationship between two drivers (e.g. Berry, 2012, p. 259; Boddewyn, 1979, pp. 22-26; Torneden, 1975, p. 136), but these studies only represent initial research in the area – there is still ample room and indeed a necessity for studies that go further by considering how combinations of multiple drivers, as well as drivers which work at different levels (i.e. host-country, parent and subsidiary levels), jointly interact to affect divestment from subsidiaries.

The research gaps discussed above provided the inspiration for the research questions that guided this first study[1]:

- Do host-country level, parent-level, and subsidiary-level drivers interact to affect foreign exit decisions?
- Can recurring combinations of divestment drivers which lead to foreign divestment be identified?

To answer these research questions, the study employed an embedded single case study method based on the qualitative content analysis of secondary data (mainly newspaper articles) to understand the drivers that led to all 32 market exits of the 50 largest grocery retailers in Europe between 2014 and 2018. The study shows that in most exits included in the dataset, a combination of multiple interrelated drivers at the host country, parent and subsidiary levels had a joint influence on the market exit decisions taken by retailers. The study used a configurational approach to identify a series of common combinations of drivers that lead to market exit. Based on these combinations, the study proposes five archetypes of combinations that can be used to explain all exits in the dataset used in the study.

1.3 Retail Innovation

The second and third studies of this thesis concern retail innovation. The second study investigates the dynamics of the relationships between dimensions of innovation in retail and the innovation management techniques used by retailers. The third study of the thesis investigates the dynamics of inter-organisational collaboration for innovation purposes in a retail setting.

1.3.1 Retail Innovation Dimensions and Techniques

The second study of the thesis investigates retail innovation and addresses a research gap in the literature: there is a scarcity of studies investigating the mechanics of innovation in retail. In

[1] Study 1 was published in Management International Review (MIR) as Schmid, D., de Thomas Wagner, F. & Morschett, D. Archetypes of Driver Combinations Leading to Foreign Market Exit: An Investigation into European Grocery Retailing. *Management International Review* (2021). https://doi.org/10.1007/s11575-021-00449-8.

addition to this, the retail innovation field has been described as fragmented in general (Hristov & Reynolds, 2015, p. 128). Previous studies have looked at innovation in retail from a number of perspectives. For instance, a number of studies (e.g. Reinartz et al., 2011, pp. 56-57; Sorescu et al., 2011, pp. 7-11) have categorised the different dimensions in which retail companies innovate in; this has not, however, yet been done in a comprehensive and systematic manner. Other studies (e.g. Grewal et al., 2021; Guha et al., 2021) have investigated specific retail innovations, most frequently only focusing on new technologies used in retail. In other studies (e.g. Albors-Garrigos, 2020; Kupp et al., 2017), the use of specific innovation management techniques by retailers has been studied – though only in an isolated manner and without a focus on the dimensions of innovation in retail which these techniques were designed to develop.

To address the aforementioned research gaps, it is important to identify and understand the strategic fit between innovation management techniques and innovation dimensions, and in this way unite two relevant aspects of innovation activities. To address the research gaps described above, the study sought to answer the following research questions[2]:

- Can a strategic fit between innovation management techniques and dimensions of innovation in retail be identified?
- What are the matching criteria that demonstrate why there may be a fit between a certain innovation management technique and dimension of innovation in retail?

To answer these questions, the study employed a qualitative multiple-case study approach based on the qualitative content analysis of interview transcripts. This enabled the identification of the strategic fit between innovation management techniques and dimensions of innovation in retailing based on a dataset that included eight European retailers active in the grocery, office products, construction materials, sporting goods/shows and eyewear markets. The study shows the strategic fits between specific innovation management techniques and specific dimensions of innovation in retail. The study also identified the matching criteria linking these techniques and dimensions, showing why certain techniques are suitable for developing innovation in certain dimensions of innovation in retail. The study's main theoretical contribution is in the form of twelve generalisable testable propositions derived from the aforementioned matching criteria. These propositions can be tested in future empirical studies.

[2] Study 2 is currently under review at an international retail journal. It was previously accepted for presentation at the 8th Colloquium on European Research in Retailing (Portsmouth, United Kingdom, 22 – 23.06.2023) and an abstract was published as de Thomas Wagner, F. & Morschett D. The Fit Between Innovation Management Techniques and Different Dimensions of Innovation in Retailing. *Proceedings from the 8th Colloquium on European Research in Retailing* (2023) https://cerr.sciencesconf.org/data/pages/Book_of_Proceedings_2023.pdf.

1.3.2 Retail Innovation Collaboration

The third study of the thesis also addresses retail innovation but focuses on the dynamics of collaboration between retail firms for innovation purposes and addresses a research gap found in literature concerning inter-organisational collaboration. From a general perspective, collaboration between internal stakeholders, but also between firms and external stakeholders, is key if organisations want to enable innovation (e.g. Carnabuci & Operti, 2013, p. 1607; Kohler, 2016, pp. 353-355). These inter-organisational forms of collaboration and in particular the problems that may arise when collaboration occurs have been studied in the previous literature, but the scholarly understanding concerning these collaborations remains limited (e.g. Bourdages, 2022, p. 101; Oliveira & Lumineau, 2019, p. 231). Studies that assess these inter-organisational dynamics in the specific context of retail innovation are even more limited, despite retailers being active in a highly competitive environment where effective innovation is key to maintaining competitive advantage.

To address the above-mentioned research gaps and gain a better understanding of the inter-organisational collaboration dynamics relating to innovation at retailing organisations, the study sought to answer the following research question[3]:

- Can a set of factors that foster and impede innovation-related collaborations among retailing organisations be identified?

To answer these research questions, the study employed a qualitative multiple-case study approach based on the qualitative content analysis of interview transcripts. This approach enabled a detailed analysis of the innovation-related inter-organisational collaboration dynamics in retail organisations. The dataset used in the study included five European retail firms active in the grocery and construction materials markets. The study explores how retailers collaborate both within but mainly outside of their organisations for innovation purposes and contributes to literature by identifying three factors that limit collaboration for innovation purposes and four factors that foster collaboration for innovation purposes in retail. These findings, together with those of studies concerning similar research questions but in different cultural, industrial, or organisational contexts, should be tested in future studies. In the context of the present study, we characterise collaboration with internal and external stakeholders as 'inter-organisational collaboration', as all collaboration, including collaboration with stakeholders internal to the firm, can be characterised as inter-organisational due the extensive managerial autonomy that the sub-units in the investigated cases were granted.

[3] Study 3 is submitted to the international academic conference "European Academy of Management 2024 Conference – Fostering Innovation to Address Grand Challenges" as de Thomas Wagner, F. & Morschett D. Inter-Organisational Collaboration in the Retail Innovation Value Chain. If successful, the article will be accepted for presentation at the conference, taking place between 25 – 28 June 2024 at the University of Bath - School of Management (United Kingdom).

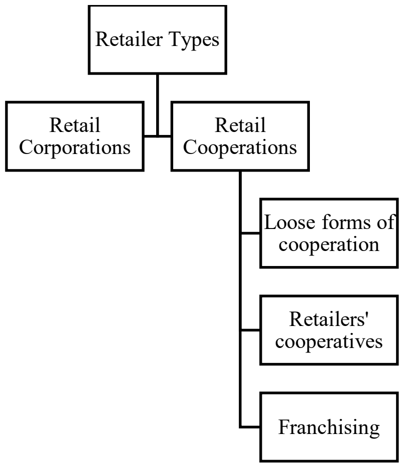
1.4 Types of Retailers

The thesis contains three qualitative studies that use data from different types of retailers. A categorisation of the different types of retailers is necessary to understand the key differences between them, which can also have an influence on the findings of the studies. As the three studies were conducted from a European perspective, the following categorisation will focus on the different types of retailers active in Europe.

Broadly speaking, retail organisations can be divided into two types. The first type requires little elaboration and includes vertically organised retail corporations (see Figure 1.1) where the retailer has absolute control and ownership over their operations. Commonly known examples include Walmart, Tesco or Lidl. The retailers present in the dataset used in Study 1 of this thesis are retail corporations.

The second type includes retailing organisations which are based on cooperation. Unlike retail corporations, retail organisations that cooperate do not have absolute control and ownership over their operations. According to Mandewirth (1997, p. 13), cooperation in retail organisations can be divided into three sub-types, namely loose forms of cooperation, retailers' cooperatives, and franchises (see Figure 1.1).

Figure 1.1: *Terminology Concerning the Forms of Retail Cooperations*



Source: Adapted from Mandewirth (1997, p. 13) & translated from German.

Loose forms of co-operation include different co-operative organisations retailers may be active in, even those with a relatively low cooperative intensity such as chambers of commerce, trade associations or employer's organisations (Müller-Hagedorn & Veltmann, 2012, p. 106; Schenk, 1991, p. 348). Mandewirth (1997, pp. 9-10) also regarded the first stages of cooperation, such as initial discussions of first projects, as loose forms of cooperation. Loose forms of cooperation are typically of a low intensity and only function in a limited number of the fields affecting the operations of a retailer (Mandewirth, 1997, p. 10).

Franchising is a further sub-type of retail cooperation, and one on which some retailers base their entire business model. In contrast to lose forms of cooperation, franchising typically involves a high degree of cooperative intensity and a high number of entities among which cooperation occurs (Mandewirth, 1997, pp. 10-11). Franchising has been defined as what occurs when "…one firm (the franchisor) sells the right to market goods or services under its brand name and using its business practices to a second firm (the franchisee)" (Combs et al., 2004, p. 907). Numerous, often internationally active, retailers with very standardised concepts operate in a franchising mode. Examples include the convenience store concept '7-Eleven', the cosmetics retailer 'The Body Shop' or the gasoline and related products retailer 'Shell'. Franchisors set very specific rules and operating procedures that their franchisees must follow, even though the franchisees themselves own the franchises.

The most significant sub-type of retail cooperation in the context of this thesis are the retailers' cooperatives, which represent the main type of retailer investigated in Study 2 and Study 3. A brief explanation of their particularities is therefore relevant in the context of the present thesis.

Despite the large volume of trade conducted by retailers' cooperatives, they have not been the subject of any significant scholarly research (e.g. Siebelt & Naskrent, 2012, p. 200; Siebert & Veltmann, 2006, p. 261). Retailers' cooperatives, also referred to as 'retailer-owned cooperative groups' (Stoel, 2002, p. 52) or 'institutionalized purchasing cooperatives' (Blöcker, 2005, p. 4), are organisations which make use of economies of scale and procure products which are re-sold by independent retailers, and, in some cases, do the same for services used by independent retailers in their daily operations.

Retailers' cooperatives are used by independent retailers to stay competitive when facing large retail corporations (Stoel, 2002, pp. 51-52). Due to the high number of stores large retail corporations typically possess, they can make use of economies of scale when they purchase products from manufacturers for resale in their stores. They can also make use of economies of scale by distributing their fixed costs across many stores, and the same is true for other services consumed by retailers such as insurance for their operations or advertising campaigns.

Independent retailers generally only run one or at most a handful of stores, and thus cannot make use of the same economies of scale that large retail corporations can. Retailers' cooperatives thus offer these independent retailers an opportunity to also benefit from economies of scale, allowing them to remain competitive when facing large retail corporations (Stoel, 2002, p. 51). Such cooperatives are generally owned by the independent retailers, although in some cases they are also owned privately – their functioning however remains very similar. The main advantage offered to the independent retailers that make up a retailers' cooperative is the assortment of products which the cooperative can purchase in bulk from manufacturers under more favourable conditions than an independent retailer could negotiate by themselves (Stoel, 2002, p. 52). This enables independent retailers to access products that they can re-sell in their stores at lower prices. Cooperatives also offer other services that can provide competitive advantages for retailers. These include the negotiation of preferential access to a number of services that independent retailers may need to operate their businesses. Some examples include insurance services, financing solutions or telecommunications services.

Retailers' cooperatives are generally not well known in the public as most of them do not have retail brands. An example includes 'Sagaflor', a German cooperative for garden centres and pet supply stores that represents 600 independent retailers with 900 stores and over 10,000 employees (SAGAFLOR, 2023). Another example, also from Germany, is 'NOWEDA', a cooperative which over 9000 independent pharmacies with 72,000 employees are members of (NOWEDA, 2023). On the other hand, some cooperatives offer an entire retail concept to their members. Such organisations strive to offer consumers a consistent shopping experience, similar to that offered by large retail corporations, in which where all stores are very similar to each other. In such organisations, stores all have the same retail brand, their advertising materials all look the same, a common retail brand is found on each store, and stores are operated according to the same procedures (Hollander, 1970; Stoel, 2002, p. 52). Each store will, however, still be owned by an independent retailer, but membership of the cooperative results in a high degree of standardisation that allows member stores to appear to be one unit, enabling a stronger image and market presence (Stoel, 2002, p. 52). Examples of such cooperatives include the well-known German supermarket brand 'EDEKA' with over 3500 members and over 408,000 employees (EDEKA-Verbund, 2023), and the Swiss sports retailing brand 'INTERSPORT' with over 5000 stores and 65,000 employees in more than 40 countries (INTERSPORT, 2023).

As described above, retailer's cooperatives represent a rather particular form of organisation which operates in a manner where the independent retailers have, in most cases, a very large degree of individual liberty with regard to how they operate their stores. This has numerous implications for innovation within these organisations. At retail corporations, innovations such as new products or new operational processes can be orchestrated within the headquarters and then cascaded down to stores. In a retail cooperative, innovation can be created in the headquarters of the cooperatives but cannot then be simply cascaded down to stores. Instead, the independent retailers need to be convinced of the innovation before they deploy it in their stores. As cooperatives in most cases do not operate stores themselves, they may be less aware of which areas innovation is needed in. This may lead to frustration among independent retailers, who may get the impression that their cooperative is not working for them despite their payment of membership dues. As a result, different structures and procedures may be necessary to enable independent retailers to communicate their issues and where they perceive innovation to be necessary. This may enable cooperatives to develop forms of innovation which are relevant for independent retailers and satisfy their needs. The thesis investigates some of these situations in the contexts of Study 2 and Study 3. Furthermore, the limitations of having datasets that include retailers' cooperatives are discussed in Chapter 6.2 and the implications for further research related to retailers' cooperatives are discussed in Chapter 6.3.

1.5 Overview

The thesis is composed of six chapters. Following this introductory chapter, the second chapter provides a detailed overview of the literature concerning foreign retail divestment, the techniques and dimensions of retail innovation, and inter-organisational collaboration in the context of retail innovation. The key terminology for each field is presented, the state-of-the-art in the relevant literature is discussed, and the main research gaps in each field are stated. Chapters three, four and five each present one of the three studies that form this thesis and provide answers to the aforementioned research questions. The final chapter draws conclusions from the thesis and summarises the findings of the studies, their key contributions, their main limitations, and their implications for future research.

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2. Theory

2.1 Retail Divestment

2.1.1 Terminology[4]

Different terms have been used to describe the event that occurs when firms decide to reduce their activities in – or completely exit – a foreign market. 'Foreign divestment' is the most commonly-used term amongst previous studies and refers to the divestment of foreign subsidiaries (e.g. Belderbos & Zou, 2006; Benito, 1997; Boddewyn & Torneden, 1973; McDermott, 2010). Foreign operation modes with less involvement (e.g., exporting via a wholesaler or franchising) are generally not included. One of the first empirical studies to focus on foreign divestment was published by (Boddewyn & Torneden, 1973) who included both voluntary cases of divestment such as liquidations or sales, but also non-voluntary forms of divestment such as nationalisation in their definition. The current literature does not yet offer a homogenous definition. Belderbos and Zou (2006, p. 11) for example include cases in which a foreign affiliate is closed down, transformed from a manufacturing to a distribution-only activity, or sold to another firm. If a manufacturing affiliate is relocated to another country, this is not defined as divestment but rather as relocation. In this thesis, the term 'foreign divestment' is used, and defined as per Schmid (2021, p. 13) as the "voluntary liquidation or sale of a foreign subsidiary by the parent firm". The term 'de-internationalisation' is also frequently used in the literature. This term refers to cutting the entirety of a firm's international activities, including the entire spectrum of possible international involvement from foreign direct investment to franchising or exporting. The present study focuses on foreign divestment rather than de-internationalisation – the latter term is therefore not applicable in this study.

Retail-specific research on foreign divestment has only emerged recently and is still in its infancy, but calls have been made for research in this area due to differences between internationalisation and de-internationalisation patterns in the retail industry compared to other industries. Most extant research on foreign divestment has focused on production firms. These firms engage in foreign production for four main reasons: resource seeking motives, market seeking motives, efficiency seeking motives, or strategic asset or capability seeking motives (Dunning & Lundan, 2008, pp. 63-72). Most of these reasons do not, however, apply to retailers; their reasons for market entry are almost exclusively of a "market-seeking" nature. This also means that when a retailer conducts a foreign divestment they will typically end all their activities in a country (Burt et al., 2004, p. 484). Manufacturing companies, on the other hand, may end local manufacturing but can however still sell products in the local market by

[4] The terminology presented in this chapter is based on the respective chapter in Schmid D., *Foreign Divestment by Multinational Corporations – Three Essays on its Drivers*. 2021. https://folia.unifr.ch/unifr/documents/312900. as Study 1 of the present thesis represents a joint research project between Schmid D. and the author of this thesis (in addition to Morschett D. as the third author of the study).

importing them from another country. This simplifies the identification of foreign retail divestments, as the closure of the last store indicates the firms' final inability to sell in a certain country (Burt et al., 2004, p. 484). A manufacturing firm, on the other hand, could always export a product if there is ad-hoc demand. Apart from these differences, Burt et al. (2004, p. 485) note that foreign retail exits are common, and highlights their importance as a research subject.

Burt et al. (2003, p. 357) noted that the terminology used in the retail divestment field is inexact and varied. In general, several terms similar to those used in the general foreign divestment field are used. To address the issue of inexact terminology, Burt et al. (2003, p. 358) provided a definition of foreign divestment in the context of retailing, describing it as "…the process of resource allocation that reduces the presence in a foreign market…". This definition includes different forms of international retail divestment and does not limit itself to complete withdrawal from a market, but also includes partial exits such as the closure of one store. Burt et al. (2003, p. 359) also defined the term 'market exit', describing it as the "…total withdrawal of a firm from an operational presence in a foreign market. Exit may be accomplished through sale of assets, international store-swaps, bankruptcy or other processes.". Study 1 looks at cases of 'market exit' as discussed by Burt et al. (2003) – the key characteristic is the total cessation of all business activities in a certain country by the retailer.

2.1.2 State-of-the-art: Drivers – Process – Outcomes[5]

Studies in the general foreign divestment field can be divided into three main groups (Godar, 1997, p. 7; Schmid, 2021, p. 14). The first group include studies investigating the drivers of foreign divestment, the second group includes studies investigating the foreign divestment process, and the third group includes studies investigating the outcomes and strategic reorientation of firms following divestment. These three strands of the literature have also been recognised by scholars in the retail-specific foreign divestment field (Alexander & Quinn, 2002, pp. 114-116; Cairns et al., 2008, p. 125). As in the general foreign divestment literature, studies focusing on the drivers of foreign divestment are the most common and studies investigating the process and outcomes of foreign divestment are relatively scarce (Schmid, 2021, p. 32). As the focus of this study is on the drivers of foreign retail divestment, this literature review will mainly present literature discussing drivers and will only briefly discuss literature on the process and outcomes of foreign retail divestment.

[5] The State-of-the-art overview presented in this chapter is based on the respective chapter in Schmid D., *Foreign Divestment by Multinational Corporations – Three Essays on its Drivers*. 2021. https://folia.unifr.ch/unifr/documents/312900. as Study 1 of the present thesis represents a joint research project between Schmid D. and the author of this thesis (in addition to Morschett D. as the third author of the study).

Drivers

The field of literature investigating the drivers of foreign retail divestment is the most advanced and includes different types of studies.

Relevant research mostly began to be conducted from the early 2000s onward. The first empirical studies in the field were mainly of a descriptive nature and looked at the different aspects of retail divestment on a broader scale, mainly based on three newly constructed datasets. These three studies provided initial findings on divestment patterns among retailers. The first major dataset was developed by Godley and Fletcher (2001), who covered a 144-year time period (1850–1994) and the entries and exits of over 100 retailers into and out of Britain. The study's main purpose was to facilitate access to data for interested scholars and to demonstrate the need for additional research into patterns of investment, entry decisions, and the success and failure of international retailing in Britain. A second dataset was developed by Burt et al. (2004), which established the key patterns and characteristics of divestment in grocery retailing in Europe based on a dataset covering 50 years and 270 cases of divestment. Burt et al. (2004, p. 485) found that divestment is an integral part of the internationalisation process and that it is necessary to conduct further research in this area. More specifically, they also found that most exits occurred between four to six years after entry and that operations established by a retailer opening new stores by itself have a higher success rate than partnership-based operations such as franchising, alliances or joint ventures (Burt et al. 2004, p. 488). Using a different dataset, this time covering a 16-year period and 167 cases of divestment, Alexander et al. (2005) also discussed retail divestment in a broad manner, bringing new light to topics such as the form and extent of divestment, the size of the divested units, and the length of time for which retailers were active in a market before divestment. For instance, Alexander et al. (2005, p. 10) found that not all divestment necessarily lead to a full exit, as some involve the retailer maintaining a presence of some sort in the marketplace. This highlights the importance of differentiating between exit and divestment. They also found that most divested chains were between one and forty units in size, indicating that chains with more than forty units may be less susceptible to divestment due to their size (Alexander et al., 2005, p. 11).

Case-study research became popular in the mid-2000s and quickly became the most popular approach in this field. These studies typically take the form of single-case studies that mostly look at divestments conducted by a single retailer. As it can be difficult to collect relevant qualitative data due to retailers releasing little information about their divestments, the case studies most often involve large retailers for which sufficient data can be obtained. These studies include interview-based studies, survey-based studies or, more rarely, studies based on publicly-available information. As managers and retailers are rarely prepared to discuss the divestment of business operations due to the negative stigma attached to divestment, lack of data is one of the biggest barriers to additional research on divestment. Food retailers have been investigated in a number of cases. These include retailers such Tesco (e.g. Coe et al., 2017; Palmer, 2004; Ryu & Simpson, 2011; Yoder et al., 2016), Carrefour (e.g. Bianchi & Ostale, 2006; McDermott, 2010; Ryu & Simpson, 2011), Royal Ahold (e.g. Bianchi & Ostale, 2006; Palmer & Quinn, 2007; Wrigley & Currah, 2003) and Walmart (e.g. Christopherson, 2007; Gandolfi & Strach, 2009; Kim, 2008; Pioch et al., 2009; Ryu & Simpson, 2011; Yoder et al., 2016). Some other non-food retailers, such as Home Depot (e.g. Bianchi, 2006; Bianchi & Arnold, 2004; Gao, 2013) or mixed retailers such as Marks & Spencer (e.g. Burt & Sparks, 2002; Cairns et al., 2008; Jackson & Sparks, 2005; Mellahi, 2003) and Target (e.g. Yoder et al., 2016), have also been investigated. These studies typically look at aspects such as the lessons learned from international expansion (e.g. Yoder et al., 2016), the entire international internationalisation process of a specific retailer (e.g. Jackson & Sparks, 2005), consumer acceptance and the market success of foreign retailers (e.g. Pioch et al., 2009) or the factors driving a retailer's failure in a certain market from a communication perspective (e.g. Gao, 2013).

Due to the difficulty of obtaining large, quantitative datasets, large-scale quantitative studies are scarce. While some larger datasets such as those produced by Godley and Fletcher (2001), Burt et al. (2004), Alexander et al. (2005) do exist, they are, apart from being quite dated, not extensive enough to enable quantitative studies. There is one exception: a study by Etgar and Rachman-Moore (2007) which looked at the determining factors of failure among international retailers when they internationalise. The study conducted a survey among Israeli retail and fast-moving consumer goods executives and collected their perceptions on failure that occurs in the market entry process of international retail companies to Israel. Overall, this low number of studies represents a research gap and calls for scholars to construct extensive databases concerning the entries and exits of retail companies. Datasets can be built be scholars themselves or developed on the basis of pre-existing databases elaborated by commercial data and business intelligence providers. The 'Retail Insight' database produced by the data and analytics firm 'Edge by Ascential' for instance, provides historical data from more than a thousand retailers from around the world with the granularity of the individual banner.

In addition to a significant number of case studies and very limited quantitative research, some conceptual studies have also been conducted. An initial study by Mellahi et al. (2002) looks at organisational failure in the context of Marks & Spencer and distinguishes two perspectives on the issue. From an industrial organisation (IO) perspective, failure can be located in the external environment and not in improper management or internal inefficiency. It could include elements such as a change in consumer tastes, new entrants to the market, or a cyclical change in demand. The other perspective is that of industrial organisational studies (OS), which locates failure in factors internal to the organisation. According to this perspective, failure stems from factors such as a lack of managerial vision and the inability to make correct decisions in critical situations. In a later study, Burt et al. (2003) also differentiated forms of international retail failure. Based on a previous study by Benito (1997), they differentiated failure in international retail into market failure, competitive failure, organisational failure or business failure. This is in line with Mellahi et al. (2002), who concluded that market and competitive failure can be seen as failure from an IO perspective, whilst organisational and business failure can be seen as failure from an OS perspective. From a slightly different perspective, Cairns et al. (2010) identifies two distinct themes when classifying forms of international retail divestment. The first theme, 'corporate crises', includes incidents in which leaders fail to deliver the stability and strategic focus necessary to maintain international activities. The term 'positive restructuring', on the other hand, describes situations in which retailers foresee changing market conditions and decide to proactively divest from foreign operations to focus their assets on other, more interesting opportunities that may allow the organisation to renew itself. A further conceptual study was carried out by Aklamanu (2015), who developed a framework to address retail internationalisation failure from an institutional perspective. The study identifies institutional factors that affect failure in international retail and develops a framework through which failure can be examined at both macro and micro levels. A more recent conceptual study by Burt et al. (2019) conceptualise the dynamics of European grocery retailers' divestment from East Asia. They identify three phases between 1998 and 2016, namely the pioneer adjustment phase, the resistance and consolidation phase, and the global firm reconfiguration phase.

Process

A significant number of the studies that investigate the process of divestment are case studies that cover divestment by retailers. Naturally, they not only cover the process, but often also look at divestment based on one or multiple retailers, and so also investigate the drivers and outcomes of divestment. In general, it can be said that the divestment process begins after managers have taken the decision to divest their business from a certain market. This is typically a key moment, as it can kick off resistance from several stakeholders such as employees, trade unions, local government and the media. For instance, Jackson and Sparks (2005) and Cairns et al. (2008) studied the divestment process in the retail context and stress the importance of the divestment announcement and the consequences it may have. Jackson and Sparks (2005, pp. 362- 365) dissected the announcement of a divestment conducted by Marks & Spencer which led to public protests and criticism by trade unions.

Some studies have investigated the decision itself and distinguished the factors that influence these decisions. In an earlier study, Alexander and Quinn (2002, pp. 114-115) split the decision into three parts. The 'conditions' include aspects relevant to the firm's financial strength or the interdependencee and strength of a unit. The 'motives' include, for instance, the overall strategic changes instigated by managers or the obsolescence of equipment or infrastructure. Finally, 'precipitating circumstances' are the factors that trigger divestment, such as a change in management or ethical issues when a firm no longer wants to operate in a country because of political changes that have occurred there. Cairns et al. (2008, pp. 118-119) later extended this framework by further differentiating between ‘underlying conditions’ and ‘immediate conditions’. Underlying conditions are those which are already present in the company (such as insufficient strategic foresight) and these can be strengthened by immediate conditions, such as the sudden urge to achieve additional growth and profits without a clear strategy supporting this. The key motives are also strengthened by the immediate conditions, as are the precipitating circumstances.

Scholars have also discussed the chronology of the divestment process, which usually stretches over a long period of time as managers evaluate their strategic options. Palmer (2004, p. 1094) pointed out that Tesco’s divestment from France took nearly three years. Cairns et al. (2008, p. 120) point out that managers have to act quickly once the divestment decision is made public, as the image of the local retailer can be immediately damaged. They also point out that the time required to definitively exit a country extends far beyond the day on which the last store is closed as all other business activities still need to be ended, which is not possible in just one day. In a very recent study, Schmid and Morschett (2023) also took chronology into account by taking a longitudinal approach to investigating the exit behaviors of all seven of the ten largest retailers worldwide that exited a foreign market between 2005 and 2020. The study found that the exits undertaken by retail firms are often a part of broader waves of multiple exits within a retailer rather than isolated episodes of divestment.

Outcomes

Of the few studies that investigate the outcomes of foreign retail divestment, some specifically address organisational learning after a divestment occurs. For instance, Palmer (2004) looked specifically at the retailer Tesco. After failing in numerous foreign markets, Tesco noticed that it did in fact have to adapt the way it operated to local markets and also include the potential necessity of an exit into the decision-making process when considering an initial investment. In a similar case study, Wrigley and Currah (2003) discuss the organisational challenges the retailer Ahold experienced during its internationalisation in South America, where the retailer was trying to transpose and adapt its operating procedures to institutional environments that were very different from those in its home country. The retailer ultimately failed and divested from South America, learning that its internationalisation model of integrating back-end systems and infrastructure globally but adapting the front-end to the local environment would not work in all markets (Wrigley & Currah, 2003, p. 239).

Other studies have looked at the topic in a more general manner, although all studies on this subject ultimately address organisational learning in some form. Cairns et al. (2008, pp. 121-122) found that retailers may change their international strategies following their exit from a foreign market. They also found that exits can lead to management changes and thus hinder organisational learning concerning the exit, as the managers involved leave the retailer.

Meanwhile, Alexander and Quinn (2002, p. 122) also found that retailers change their international strategies in response to exits. They found, for instance, that Marks & Spencer shifted its internationalisation strategy to a franchising model, presumably as a way to reduce its own risk and exposure and shift these factors onto local business partners.

2.1.3 Research Gaps

The discussion above demonstrates that the research field concerning foreign retail divestment has not yet been fully exploited. The current literature is mainly composed of either single or limited multiple case studies investigating the different facets of divestment, often including the drivers, processes and outcomes of divestment (Schmid, 2021, pp. 32-33). A second main strand of the literature is composed of studies looking at patterns of foreign divestment that aim to gain an initial understanding of the commonalities and differences shared by different instances of retail divestment (Schmid, 2021, p. 32). These studies are usually based on the few datasets that exist in the field. Based on the literature discussed above, the following research gaps were identified[6].

Research Gap 1 – studies that investigate multiple foreign retail divestments

As outlined in the discussion above, most case studies in this field have investigated a single divestment case or a low number of them. Additionally, extant case-study research is mainly based on a small number of publicly well-known retailers. Due to their public prominence, these retailers' failures in international markets receive significant attention from the press, which provides researchers with content that can be employed as evidence in their case studies. As a result, extant case-study research is dominated by studies of a small number of large retailers, namely Walmart, Tesco, Marks & Spencer and Carrefour, among some others. Other, less prominent but equally internationally active retailers receive significantly less attention. This results in the findings of case study research being somewhat one-sided, as the investigations can only portray findings concerning the drivers, processes, and outcomes of a single (and often the same) retailer.

Single-case studies nevertheless provide value to the research field, in particular by providing in-depth insights into the divestment activities of specific retailers. The implications of these studies for future research, however, often take the form of stating the importance of investigating foreign retail divestment in a broader set of environments to confirm or reject the findings of said single-case studies. Numerous calls have also been made to investigate a broader set of foreign retail divestment cases and to consider a wider variety of retailers active

[6] The research gaps presented in this chapter are based on the respective chapter in Schmid D., *Foreign Divestment by Multinational Corporations – Three Essays on its Drivers* (2021). https://folia.unifr.ch/unifr/documents/312900. Study 1 of the present thesis represents a joint research project between Schmid D. and the author of this thesis (in addition to Morschett D. as the third author of the study).

across different retail sectors and across a broader geographical scope (e.g. Alexander & Quinn, 2002, p. 123; Cairns et al., 2008, p. 126; Etgar & Rachman-Moore, 2007, pp. 96-97; Jackson & Sparks, 2005, p. 780).

Research Gap 2 – studies that investigate combinations of foreign divestment drivers that exist simultaneously

A number of extant studies (Aklamanu, 2015, p. 246; Burt et al., 2019, pp. 187-188; Yoder et al., 2016, p. 234) have suggested that instances of foreign retail divestment could have resulted from multiple drivers acting simultaneously, rather than a single driver triggering a specific divestment. These suggestions are often based on the fact that divestment decisions rest on a combination of drivers stemming from the parent-company, subsidiary and host country levels that may affect retailers simultaneously.

Some previous studies in the general divestment literature have already investigated interactions between two different divestment drivers. For instance, Delios and Beamish (2001) considered whether a firm's intangible assets and its experience influence the survival of its foreign subsidiaries. In another study, Fang et al. (2010) investigated the role played by parent-firm knowledge, and whether the use of expatriates has an effect on foreign subsidiary performance. In a later study, Berry (2012) investigated the interplay between economic factors in the host country, such as growth potential, policy stability and exchange rate volatility, and on the other hand the performance of a foreign subsidiary. These studies have delivered valuable initial findings, but have not however looked at the interactions which take place when multiple drivers at different levels lead to foreign divestment. Neither have they looked at the specific context of the retailing sector, where initial evidence suggests that a combination of drivers at multiple levels may affect foreign retail divestment decisions.

The above-described research gaps served as the motivation for Study 1, which uses a configurational approach to identify common combinations of drivers that lead to market exit. These combinations enabled the development of five archetypes of combinations that can be used to explain all exits investigated in the dataset used for the study.

2.2 Retail Innovation

2.2.1 Retail Innovation Dimensions and Techniques

Terminology

Extant literature has used various terms to discuss both the different dimensions or areas in which retailers innovate and the various tools and techniques that organisations use to create innovation.

Retail companies are active in a set of activities that are specific to their industry – grocery retailers for instance must ensure a constant stream of fresh produce in a large number of sales outlets, while fashion retailers have to cope with rapidly changing consumer tastes. This calls for an exploration of the dimensions or areas in which retailers innovate from a retail-specific perspective. Although there are, to the best of the author's knowledge, no studies with the exclusive aim of categorising the areas of innovation in retailing, many studies have categorised areas of innovation as part of a broader research endeavour.

There are three main types of categorisations (see Table 2.1 for an overview). The first type classifies the areas in which retailers innovate according to the type of technology employed. This type of categorisation comprises many studies concerning the use of technology in retailing. The second type includes studies in which authors classify the areas in which retailers innovate on a conceptual basis. Here, no clear patterns can be identified, and classifications such as whether innovations are offer-, customer-, support- or organisation-related (Hristov & Reynolds, 2015, p. 136), or incremental or radical (Torres de Oliveira et al., 2020, p. 3), are for instance included in this type of study. The third type classifies innovations based on the typical functions of a retailer, such as whether innovations are in the areas of assortment, promotion, pricing, store atmospherics, digital marketing, in-store merchandising, metrics, organisational design, or digital marketing (Botschen & Wegerer, 2017, p. 874). After a detailed review, the author sees the most complete classification as the “dimensions of innovation” provided in a study by Reinartz et al. (2011, pp. 56-57). They classify retail innovations into assortment, format, process, customer experience, information technology, payment, order fulfilment and new media.

Table 2.1: *Categorisation of the Areas of Retail Innovation*

	Authors	Classification
Type 1 – Technology-based Classification	Grewal et al. (2020)	Categorise technological innovations based on their level of convenience and their level of social presence (as consumers appreciate the presence of someone else, be that in person or over an online medium, for instance in text or video format) for the consumer
	Pantano et al. (2017); Pantano and Vannucci (2019)	Based on their findings, differentiate between payment systems, product display systems, shopping experience systems, information search systems and 'others' such as monitoring systems
	Roggeveen and Sethuraman (2020)	Take a consumer-centric approach whereby the authors differentiate between technologies based on whether they are used in the pre-purchase, purchase, or post-purchase phase
	Sethuraman and Parasuraman (2005)	Develop a framework to differentiate between cost-saving technologies or service-enhancing technologies according to their cost to consumers and the service level they deliver
Type 2 – Conceptual Classification	Hristov and Reynolds (2015)	Differentiate between offer/customer-related, support-related and organisation-related innovations
	Marín-García et al. (2020); Marín-García et al., (2022)	Differentiate between technological innovations, e.g., product or process technologies, and non-technological innovations, e.g., organisational or marketing activities.
	Torres de Oliveira et al. (2020)	Distinguish between incremental and radical innovations
Type 3 – Retail Function-based Classification	Botschen and Wegerer (2017)	Differentiate between innovations in assortment, pricing, promotion, digital marketing, store atmospherics, store design, in-store merchandising, metrics or organisational design
	Lin (2015)	Assesses retailer 'innovativeness' along four dimensions: product-related, service-related, promotion-related or experience-related
	Quinn et al. (2013)	Distinguish between innovations according to whether they involve formats/business models, branding, store atmospherics/design, IT/CRM, supply chain, products/assortments, pricing, or packaging and services
	Reinartz et al. (2011)	Differentiate between innovations according to whether they relate to format, branding, assortment, process, customer experience, information technology, new media, payment or order fulfilment
	Reis et al. (2015)	Distinguish between product, process, marketing, organisational, technology or sustainability innovations
	Shankar et al. (2011)	Classify shopper marketing innovations according to whether they relate to digital activities, multichannel marketing, store atmospherics/design, in-store merchandising, shopper marketing metrics or shopper marketing organisation
	Sorescu et al. (2011)	Focus on retail business model innovations, distinguishing between value appropriation through innovations in operational efficiency, operational effectiveness or customer lock-in, and value creation through innovations in customer efficiency, customer effectiveness or customer engagement

Contrary to the above illustrated dimensions of innovation in retailing, the innovation management techniques have not (yet) been discussed in a retail-specific manner as the same techniques are used by organisations active in different industries. Innovation management 'techniques', or 'tools', have been discussed by scholars in a variety of contexts. Phaal et al. (2006) for instance, coming from a technology management perspective, discuss tools and techniques as something used by managers and consultants to aid the strategic decision-making process and action in increasingly complex business environments.

No conclusive nomenclature or classification/organisation of the techniques used to create innovation has yet been developed; neither is there a conclusive definition of the term to be used. Two terms with overlapping or similar meanings are commonly used: 'technique' and 'tool'. Brady et al. (1997, p. 418) for instance, define a 'tool' as "…a document, a framework, procedure, system or method which enables a company to achieve or clarify an objective." Similarly, Mogee (1993, p. 413) see tools as "…technological audits, technology 'roadmaps', learning curves, and technology forecasting." More recent studies, such as that of Zammar et al. (2023, p. 16) also use the term 'tools', and use it as a label for "…tools, frameworks, systems, software packages, or solutions that facilitate this innovation management process."

Hidalgo and Albors (2008, p. 125) use the term 'technique' in parallel with the terms 'tools' and 'methodologies' and define them "…as the range of tools, techniques and methodologies that support the process of innovation in firms and help them in a systematic way to meet new market challenges." For Hidalgo and Albors (2008, p. 117), innovation management tools are developed and standardised with systematic applications, are intended to improve the competitiveness of firms, and are freely accessible on the market. Igartua et al. (2010, p. 44) also use the terms interchangeably, especially in combination with 'tool', and define innovation management tools "…as the range of tools, techniques, and methodologies intended to support the process of innovation and help companies to meet new market challenges in a systematic way." They also mention that these techniques "…are key in the management of open innovation, which brings greater interface demands and a greater organisational ability to absorb information and assess the impressions from the outside." (Igartua et al., 2010, p. 42). Lobo and Samaranayake (2020, pp. 1639, 1649) discuss the importance of integrating the use of statistics and the stage-gate model into new product development processes and thereby also name these as techniques.

In this thesis, the term 'technique' is used going forward and includes all techniques that are used by retailers to encourage or formalise an innovation creation process in all functional areas of the business in which innovation is conducted. These functional areas can include, as for instance listed by Igartua et al. (2010, pp. 42-44), external relations, human resources, indicators, knowledge, leadership and culture, markets, organisational design, portfolio management, processes, project management, protection, resources, strategy, and technology.

State-of-the-art: Innovation in Retailing & Innovation Management Techniques

Whilst research concerning innovation in the specific context of retail intensified in the 2010s, the literature can be described as fragmented, which is also how it is seen by scholars (e.g. Hristov & Reynolds, 2015, p. 128). Extant research has mainly focused on consumers' acceptance of new technologies and has paid less attention to other relevant areas, such as innovation management approaches, innovation heterogeneity, and the key drivers in retail innovation (Pantano, 2014, p. 344).

As per Hristov & Reynolds (2015, pp. 127-128), extant research concerning innovation in retail can be categorised into three broad categories, namely studies related to retail-specific innovation practices, studies related to the influence of new technologies on retail, and studies related to specific dimensions of innovation in retail.

The first group mainly consists of studies related to retail-specific innovation practices. Sorescu et al. (2011, p. 8), for instance, propose six ways in which retailers can innovate their business models to enhance value creation and also describe the drivers and consequences of retail business model innovation. In another study which looks at retail, Reinartz et al. (2011) studied the characteristics of retail innovations which have led to superior performance in different markets. From a more strategic perspective, Pantano (2016) aimed to understand differences in decision-making between first-mover strategies and imitator strategies. From a more technology-based perspective, Shankar et al. (2021) sorted technologies that can impact retail and provide a discussion of the drivers and outcomes of the adoption of new retail technologies. Grewal et al. (2020) also took a technology-based perspective and developed a typology of technological innovations. They aimed to understand how four moderating areas could impact the experience offered by a technology, rendering the use of a new technology more or less effective for whatever sales or experience goals retailers may have set for them. In a similarly oriented study, Hoyer et al. (2020) aimed to understand the impact of a variety of new artificial intelligence-based technologies intended to add experiential value to the customer experience. The framework developed in their study demonstrates the important roles that technologies such as the 'internet of things' or virtual reality can play in enhancing the customer experience and highlights a set of interdisciplinary research avenues based on this. Farah and Ramadan (2020) took a sales-based perspective on the matter and investigated the interplay between incremental sales and retailers' technological innovations. To understand how widespread innovation is, Pantano and Vannucci (2019) looked at the level of digital technology diffusion in stores.

The second set of studies that could be identified aimed to understand the effects of new technologies on retail. This field has received significant attention in recent years, as scholars have worked to address retailers' increased use of technology from an academic perspective. In recent years, retailers have included a number of new technologies to increase the efficiency of their stores or offer consumers ever-improving omnichannel experiences. Some scholars have looked at this in a very broad manner; Guha et al. (2021) for instance assessed how artificial intelligence will affect retailing in the future. On a similar topic, Shankar (2018) discussed the various current and future applications of artificial intelligence in retailing. Other studies have taken more specific approaches and looked at the effect of concrete technologies for concrete purposes. In one of the earlier studies, Bennett and Savani (2011) analysed retailers' readiness to introduce ubiquitous computing (which is the use of microchips and sensors in a physical environment, such as RFID tags on clothes) and found that only a minority were prepared to introduce it into their business. Pantano and Laria (2012) analysed the application of immersive technologies in retail stores, and Garrido Azevedo and Carvalho (2012) investigated the deployment of RFID technology in fashion supply chains. They found that the technology is already used to perform a variety of functions and that the main barriers are cost and the interoperability of the technology between different actors. Later, Inman and Nikolova (2017) investigated the role of shopper-facing technology and presented a framework to aid retailers which are considering adopting new technologies, while Bues et al. (2017) studied how mobile in-store advertising can affect consumers' purchase intentions. Research has also concerned topics that have enjoyed great enthusiasm amongst retail managers for some time; for instance, Beck and Crié (2018) investigated whether virtual fitting rooms can change customer behaviour in stores and online and whether they influence purchase intentions. Scholz and Duffy (2018) focus on another topic, namely augmented reality, and how it can be used to reshape mobile marketing and the relationship between brands and consumers. In one of the most recent studies, Grewal et al. (2020) explored how human enhancement technologies might affect customer experience in retail environments.

The third and final set of studies addresses innovation in dimensions or areas that are often specific to retail firms. These include, for example, dimensions such as pricing, logistics or shopper marketing. The latter was assessed by Shankar et al. (2011), who reviewed current and potential innovations that retailers can use to enhance shopper marketing. In a later study on a similar topic, carried out during the ongoing rise of mobile technologies, Shankar et al. (2016) analysed the challenges of mobile shopper marketing. Many studies in this field have focused on marketing innovations – another example is a study by Grewal et al. (2011) that investigates how innovations in pricing and promotion could help retail firms reach consumers via online and offline channels. Product development is key for most retail companies, and this can sometimes be done in collaboration with consumers. Albors-Garrigos (2020) worked on this topic by conducting a case study to highlight co-operation between retailers and customers. In another area, Reynolds et al. (2007) studied retail format innovation and confirmed that its complexity demonstrates that format innovation is important when it comes to renewing and improving public spaces. Concerning packaging, Vernuccio et al. (2010) highlighted the importance of uniting separate streams of the literature concerning the marketing, logistics and ethics of packaging. Additionally, Hellström and Nilsson (2011) emphasised the need to look at packaging using a logistics-driven approach: this may enable efficiency gains for retailers as they can, for instance, package more units into a truck if the packaging is designed a certain way.

Research Gaps

In 2021, when work on this study began, the retail-specific innovation field had been receiving increased attention since the early 2010s. This research mainly consisted of the previously discussed areas of retail-specific innovation practices, the effects of new technologies on retail, and innovation in dimensions specific to retail. Based on this, the following research gaps were identified and served as the motivation for Study 2:

Research Gap 1 - studies investigating the different dimensions of innovation in retail in a comprehensive and systematic manner

Numerous previous concerning studies concerning innovation in retail have investigated a specific dimension in which retailers innovate. Taking innovation in the 'assortment' dimension as an example, previous studies have for instance investigated green product development (e.g. Kam-Sing Wong, 2012) or product development through customer-retailer cooperation (e.g. Albors-Garrigos, 2020). Several studies have also categorised the different areas in which retailers innovate (see Table 2.1) – often, however, this has not been done in a comprehensive and empirical manner. There is a lacuna of studies that develop a complete typology of the different dimensions of innovation in retail based on an empirical approach. Such a typology would enable further studies to clearly differentiate between the different retail-specific dimensions of innovation, making the nomenclature used in research more standardised and comparable. Comparative studies could for instance use the same terminology and so increase their comparability, while studies that focus on one dimension would be able to place their research within a pre-defined dimension.

Research Gap 2 - studies investigating the innovation management techniques used for retail innovation in a comprehensive and systematic manner

Few studies have investigated the use of innovation management techniques by retailers. These studies have mostly investigated the use of a single specific technique, for example the use of customer-retailer cooperation at a grocery retailer (e.g. Albors-Garrigos, 2020) or the use of accelerator programs to foster innovation in a retail organisation (e.g. Kupp et al., 2017). They have not constructed a systematic and comprehensive overview of all the innovation management techniques that are available or in use in an empirical manner. In addition to extant research being mainly composed of such single-technique studies, there is also a lack of studies looking at innovation management techniques from a retail-specific perspective. This is relevant, as retail firms operate in different ways from manufacturing companies. For instance, they have much closer relationships with the end customers than manufacturing firms, enabling the use of a different set of techniques. They are also often very large, nationally-known organisations with prestigious retail brands – this may also enable the use of different techniques. As, to the best of the author's knowledge, no previous studies have done this, it represents a significant research gap; work in this area would enable the elaboration of a typology, allowing scholars to clearly differentiate between the different techniques that are available and increasing the comparability of future studies. Studies looking at various innovation management techniques could, for instance, use the same terminology, increasing their comparability. Studies focusing on just one technique would be able to place their study within a specific technique that has already been defined.

Research Gap 3 - studies investigating the strategic fit between innovation management techniques and dimensions of innovation in retail

The key research gap to date is the lack of investigation of the strategic fit between innovation management techniques and dimensions of innovation in retail – previous studies have not yet investigated this. Identifying and providing initial evidence for, and understanding of, the strategic fit between innovation management techniques and dimensions of innovation is relevant, as it can be used to further investigate how retailers can allocate their resources most effectively. Once the strategic fit between dimensions and techniques has been determined, further research can measure the effectiveness of the fit. Future studies could, for instance, demonstrate which dimension-technique matches can deliver innovation to retail organisations in the most effective manner possible. The findings can be used by retailers to understand how their resources could be realigned or reallocated to ensure successful innovation and so help them maintain their competitive advantage in the long term.

The more specific research gaps mentioned above are supported and framed by general calls for more research in the retail innovation field, which has been described as fragmented and new (e.g. Hristov & Reynolds, 2015, p. 128). Altogether, the research gaps discussed above served as the motivation for Study 2, which elaborates a typology of innovation management techniques and a typology of dimensions of innovation in retail, and then identifies the strategic fit between said dimensions and techniques.

2.2.2 Retail Innovation Collaboration

Terminology

Inter-Organisational Collaboration

Study 3 focuses on understanding the complex collaboration dynamics that occur both within retailers, but in particular between retailers and external stakeholders such as startups, external units that belong to the retailer, or consultants. The collaborations investigated in the context of the present study occur between a retailer and an external stakeholder, whereby this external stakeholder is in some cases owned by retailer but acts as an external stakeholder. There collaborations investigated in the context of Study 3 can therefore be classified and inter-organisational collaborations.

There is little congruence between different scholars' use of terms when it comes to inter-organisational collaboration. The terms 'collaboration', 'cooperation' and 'coordination' are all used to describe inter-organisational relationships, but no clear distinctions are made between the meanings of these words (Castañer & Oliveira, 2020, p. 965). The term 'inter-organisational relationship' is itself used by some studies (e.g. Oliveira and Lumineau, 2019, p. 232). In an early literature review, Mattessich and Monsey (1992, p. 7) define inter-organisational collaboration as "…a mutually beneficial and well-defined relationship entered into by two or more organisations to achieve common goals. The relationship includes a commitment to mutual relationships and goals; a jointly developed structure and shared responsibility; mutual authority and accountability for success; and sharing of resources and rewards." A later study investigating the organisational effects of inter-organisational collaboration defines it as "…a cooperative, interorganizational relationship that is negotiated in an ongoing communicative process, and which relies on neither market nor hierarchical mechanisms of control (Hardy et al., 2003, p. 323). Whilst the authors do include a variety of collaborative arrangements such as joint ventures, roundtables or associations, they explicitly mention that there is a distinction between collaboration (as defined above) and other inter-organisational relationships in which cooperation is purchased (as in supplier-buyer relationships) or involves an authority (as in the relationship between a state regulator and a firm) (Hardy et al., 2003, p. 323).

These two definitions alone already demonstrate the incongruence between scholars' use of the different terms. The distinctions between the terms collaboration, coordination and cooperation in the context of inter-organisational relationships remain unclear (Castañer & Oliveira, 2020, p. 966). Numerous studies have developed definitions of these terms; however, these different definitions are not aligned with each other. In their systematic literature review, Castañer and Oliveira (2020) seize on this as a research gap and investigate the different uses of the terms to date, then develop a conceptual proposal for the definition of each of the terms. They propose that "Coordination refers to the joint determination of common interorganizational relationship goals, while cooperation refers to the implementation of those goals" (Castañer & Oliveira, 2020, p. 984). They also propose that "Collaboration refers to voluntarily helping other partners to achieve interorganizational relationship (common) goals or one or more of their private goals" (Castañer & Oliveira, 2020, p. 984).

This stands in contrast to Gulati et al. (2012, pp. 533-537), who view cooperation and coordination as the two constituent elements of collaboration. From their perspective, the term coordination refers to different partners aligning with each other to work together, for instance by setting shared goals. Cooperation is almost seen as a subsequent step, namely the joint pursuit of the previously agreed goals. The sum of these two activities is seen as collaboration.

As this brief summary shows, and as proven by the systematic literature review performed by Castañer and Oliveira (2020), there is no clear, shared definition of inter-organisational collaboration. In the context of this thesis, collaboration can – in contrast to Hardy et al. (2003) – be seen as purchased because in the context of innovation, and more specifically open innovation, access to partners that can help a firm reach its goals can only be achieved by paying them. The fact that open innovation is associated with costs has been recognised in previous research concerning the relationship between open innovation and financial performance, where for instance the substantial coordination costs of engaging in open innovation have been mentioned (Schäper et al., 2023, pp. 13-14). Investment should therefore be seen as a key prerequisite for collaboration for innovation purposes.

In context of Study 3 the term ‘inter-organisational collaboration’ is used as it appears to be the most inclusive and widely used term. The previously provided definition by Mattessich and Monsey (1992, p. 7) reflects this inclusivity as they see inter-organisational collaboration as a relationship between two or more organisations that is mutually beneficial featuring shared responsibilities and shared resources and rewards.

Inter-organisational problems

Study three focuses on inter-organisational collaboration for the purpose of innovation. As in all collaborative situations, problems can arise that can impede or alter collaboration efforts. In these situations, scholars often speak of ‘inter-organisational problems’ (e.g. Bourdages, 2022, p. 84) or the ‘dark side’ of inter-organisational relationships (e.g. Oliveira & Lumineau, 2019, p. 231; Wang et al., 2020, p. 249) and use these terms in an interchangeable manner. In other studies, authors also use the terms ‘issues’, ‘infractions’, ‘conflicts’ or ‘failure factors’ to discuss negative aspects of inter-organisational collaboration (Bourdages, 2022, p. 86). Some authors also speak of ‘inter-organisational tensions’ (Galati et al., 2021). Based on this, and inspired by previous definitions concerning intra-organisational collaboration, Bourdages (2022, p. 86) defines inter-organisational problems as “…any situation that is perceived as detrimental to the collaboration and that needs to be addressed or overcome”. Furthermore, “Interorganizational problems include both endogenous (internal to the collaboration) and exogenous (external to the collaboration) problems” (Bourdages, 2022, p. 86). Bourdages (2022, p. 86) also notes that whilst external problems cannot be controlled by partners, partners can try and work together to mitigate the effects of any problems that may arise. In a relatively similar manner, and based on a review conducted to construct a research agenda, Oliveira and Lumineau (2019, p. 232) “…define the dark side of IORs [inter-organisational relationships] as the set of generally damaging aspects of IORs; these aspects can be voluntary or involuntary and are generally driven by competence or integrity issues.”

In the context of Study 3 of the present thesis, the term ‘inter-organisational problems’ is used as defined by Bourdages (2022, p. 86) and is seen as something that has a detrimental effect on the collaboration dynamics between a firm and external stakeholders that are part of the innovation value chain.

Innovation Process

An understanding of the innovation process is important in the context of Study 3 as it provides the background necessary to better understand the case studies, and in a later phase also to structure them. Innovation *per se* is a process that can be defined as “…the sum of functionally innovative events implemented in mutually interrelated stages and consecutive processes…” (Ferreira et al., 2015, p. 1396). The already wide and rapidly growing body of literature on innovation has developed different concepts that enable scholars to segregate and differentiate between the different elements of the innovation process. As the examples given in Table 2.2

demonstrate, most of these concepts are relatively similar; roughly, all these scholars see the key components of the innovation process as being idea generation, idea development and the dissemination of an innovation (e.g. Bernstein & Singh, 2006; Hansen & Birkinshaw, 2007). Some follow the same principle, but explicitly focus on product development (e.g. Cooper, 2010; Dziallas & Blind, 2019).

Table 2.2: *Innovation Process Concepts*

Authors	Innovation Process Concepts
Hansen & Birkinshaw (2007)	The 'innovation value chain' concept presents innovation as a sequential, three-phase process comprising idea generation, idea development and the diffusion of the developed concepts.
Porter (1985)	Porter's 'value chain model' serves as the basis for the innovation value chain model as it depicts the activities a firm needs to undertake to create value for customers. The value chain model splits the process into five primary activities (inbound logistics, operations, outbound logistics, marketing/sales, service) and four support activities (firm infrastructure, human resource management, technology development, procurement).
Cooper (2010)	The 'stage-gate idea to launch system' was developed to increase the success rate of new product development projects. It consists of five stages (scoping, build business case, development, testing and validation, launch), with key tasks and best practices defined for each stage. Each stage is preceded by a 'gate' at which the project is evaluated and a decision is taken on whether it should be continued.
Hage & Hollingsworth (2000)	Product and process innovations are developed in what the authors call 'idea innovation networks'. These networks have six interconnected arenas (basic research, applied research, product development research, production research, quality control research, commercialisation/marketing research) in which different types of innovation processes occur, leading to a product/process innovation.
Bernstein & Singh (2006)	An integrated innovation process model is proposed that includes four stages of the innovation process (idea generation, innovation support, innovation development, innovation implementation). The model is influenced by the available 'technology push' and 'market pull', as well as by four organisational constructs, namely management, structure, communication, and control.
Dziallas & Blind (2019)	In a study investigating innovation indicators throughout the innovation process, the following stages of the innovation process are referred to: product strategy, product definition, product concept, testing and validation phase, product, final product, and market launch.
Chen & Guan (2011)	The authors separate the innovation production process into four stages, namely idea generation, innovation investment, research and development, and commercialisation.

In the context of Study 3, the innovation value chain concept developed by Hansen and Birkinshaw (2007) represents the most suitable model due to its capacity to clearly differentiate between the different steps of the innovation process in sufficient detail (see Figure 2.1.). In contrast to some of the other concepts presented in Table 2.2, it not only includes product development but can also include innovation in other areas, such as the development of new businesses or new practices to improve organisations' overall functioning (Hansen & Birkinshaw, 2007). It also takes a much more finely-grained approach by differentiating between all of the sub-steps of the idea generation, conversion and diffusion phases of the innovation value chain (see Figure 2.1). Overall, the model is seen as an effective tool for the analysis of innovation activities (e.g. Chen & Guan, 2011, pp. 336-337; Roper & Arvanitis, 2012, p. 1093) that takes a holistic approach and is designed for application to large and complex multinational organisations (Salerno et al., 2015, pp. 60-61). As the cases under investigation in Study 3 all concern large and complex organisations that conduct innovation in a variety of areas, this model appears to be the most suitable for Study 3.

Figure 2.1: *Innovation Value Chain*

	IDEA GENERATION			CONVERSION		DIFFUSION
	IN-HOUSE Creation within a unit	CROSS-POLLINATION Collaboration across units	EXTERNAL Collaboration with parties outside the firm	SELECTION Screening and initial funding	DEVELOPMENT Movement from idea to first result	SPREAD Dissemination across the organization
KEY QUESTIONS	Do people in our unit create good ideas on their own?	Do we create good ideas by working across the company?	Do we source enough good ideas from outside the firm?	Are we good at screening and funding new ideas?	Are we good at turning ideas into viable products, businesses, and best practices?	Are we good at diffusing developed ideas across the company?
KEY PERFORMANCE INDICATORS	Number of high-quality ideas generated within a unit.	Number of high-quality ideas generated across units.	Number of high-quality ideas generated from outside the firm.	Percentage of all ideas generated that end up being selected and funded.	Percentage of funded ideas that lead to revenues; number of months to first sale.	Percentage of penetration in desired markets, channels, customer groups; number of months to full diffusion.

Source: Hansen & Birkinshaw, 2007

State-of-the-art: Inter-Organisational Collaboration

Inter-organisational collaboration has been studied in a wide range of contexts, both within the scholarly strategy and management research fields and outside of them. Examples of studies outside these fields include research on inter-organisational collaboration in the context of healthcare and nursing processes (e.g. Karam et al., 2018; Karlsson et al., 2020) or in the context of public management, where scholars study the interplay between citizens and different public institutions (e.g. Lægreid & Rykkja, 2022; Vangen et al., 2015). The focus of the present study, however, naturally lies in inter-organisational collaboration in the context of the management of privately-owned firms.

Extant literature concerning inter-organisational collaboration from a strategy and management research perspective is immense in scope, touches a wide array of literature streams, and is still growing. Due to this wide scope, literature reviews and other integrative studies in the area do not look at inter-organisational collaboration in its entirety, but rather focus on extant research in specific areas. One recent example of this is a literature review by Siemieniako et al. (2021) which looks at studies on the use of inter-organisational relationships to create a social impact. A second example is a study by Suchek and Franco (2023), who carried out a systematic literature review to understand the status of current literature concerning inter-organisational cooperation for sustainability purposes in small and medium sized firms. A third example of a literature review dealing with a specific area of inter-organisational collaboration is a study by

Saukko et al. (2019) that aims to understand integration in the context of inter-organisational project network environments. As these examples show, research streams in inter-organisational collaboration deal with many different sub-topics, making separate literature reviews necessary.

For the present study, it is nevertheless important to establish an overview of the entire research stream. In their study, Hardy et al. (2003) look at the organisational effects of inter-organisational collaboration, and in doing so divide the entire research stream into three areas. Whilst most research in the subject is concerned with the outcomes of collaboration, different studies each look at different effects of inter-organisational collaboration. Hardy et al. (2003, pp. 324-328) identify the three types of effects which are discussed in extant inter-organisational collaboration literature: strategic effects, knowledge creation effects, and political effects.

The first of these effects, namely the strategic effect of collaboration, concerns an organisation's ability to enhance its own organisational capacities by collaborating with other organisations. This can be achieved, for example, by transferring resources into the organisation or pooling resources together with other organisations in order to build additional organisational capacities (Hardy et al., 2003, p. 324). The identification of this effect stems from the fact that the authors of strategy literature frequently argue that one of the main reasons for engaging in collaboration is to enable firms to acquire resources. This can be achieved through a variety of means, such as sharing equipment, employees, or knowledge, but also through the direct transfer of assets from one firm to another. Studies that investigate the strategic effects of collaboration cover numerous topics. One example is a study by Sandberg and Mena (2015) on the strategic strengths and weaknesses involved when independent retailers collaborate in retail purchasing groups in order to benefit from a more efficient purchasing process and economies of scale; this form of collaboration enables retailers to deal in higher volumes, leading to greater discounts. Taking an explorative approach, the study explores different structures and shows which areas a certain type of structure can be more advantageous in (Sandberg & Mena, 2015, p. 276). Constant collaboration is key in this context, as it allows independent retailers to remain competitive despite the pressures brought to bear by their larger competitors. An example from outside the retail context is for instance a study by Khan et al. (2015) that investigates international joint ventures, which can be also be seen as a form of collaboration with strategic effects. They investigate knowledge transfer in the context of international joint ventures between foreign automobile manufacturers and their local joint venture partners, such as local automobile component suppliers. The authors find that knowledge transfer is most successful when socialisation mechanisms are employed, such as the use of problem solving teams or the assignment of engineers to specifically transfer knowledge to local component suppliers (Khan et al., 2015, p. 669). In this situation, constant and successful knowledge transfer is strategically relevant for the local suppliers as they rely on delivering intact products, and for the foreign manufacturers as they rely on local suppliers that can deliver products which meet the high standards of the manufacturers.

The second effect identified by Hardy et al. (2003) is knowledge creation: situations in which organisational collaboration enables organisational learning. In this case, "…collaboration is about learning *from* a partner and the collaboration has served its purpose once the necessary organisational knowledge has been successfully transferred" (Hardy et al., 2003, p. 325). Apart from the pure transfer of knowledge, Hardy et al. (2003, pp. 325-326) also highlight the creation of knowledge that collaborating firms did not previously possess as a key element of this effect of collaboration. When organisations collaborate, new knowledge is created as a result of their interaction (Hardy et al., 2003, p. 326). In contrast to the strategic effect of collaboration, the knowledge creation effect does involve collaboration as something that compensates for an organisation's lack of resources, but as an ongoing process in which the collaborating organisations find synergies and create knowledge (Hardy et al., 2003, p. 326; Powell et al., 1996, p. 119). Studies investigating knowledge-creation effects in the context of inter-organisational collaboration cover several different topics, and their references to knowledge creation are sometimes more or less explicit. One example is a study by Howard et al. (2016) which investigates how alliances between established firms and newcomers can influence collaborative innovation in the latter. They find, for instance, that collaboration with external firms enables new firms to learn about and deploy techniques for successful collaboration within their own organisation (Howard et al., 2016, p. 2092). Once young firms have acquired the necessary knowledge and established this within their own organisations, collaboration will likely become less relevant and may end or at least undergo a change in content. A second study that investigates knowledge creation effects, perhaps in a less explicit manner, was performed by Hottenrott and Lopes-Bento (2016), who investigate whether organisations can engage in too many partnerships and collaborations for research and development which lead to knowledge creation and the development of new products. They find that while increased collaborative research and development does lead to a higher probability of successful product innovation, this is no longer the case if collaboration intensity surpasses a certain level (Hottenrott & Lopes-Bento, 2016, p. 773).

The third effect discussed by Hardy et al. (2003) comprises the political effects of inter-organisational collaboration. This effect stems from network theory, and reflects a view of organisations as entities belonging to larger interlinked networks that shape with whom organisations interact and for what purpose (Hardy et al., 2003, pp. 327-328). One of the key aspects of this concept is an organisation's location within such a network, specifically how central it is in the network and to what extent it is connected to other organisations (Hardy et al., 2003, p. 327). This is important, as an organisation's power is defined not only by its direct control of resources but even more so by the resources that it can access through its network (Galaskiewicz, 1979, p. 151; Hardy et al., 2003, p. 327). Inter-organisational collaboration is therefore important, as it can alter an organisation's network, change how central the organisation is in that network, and so change the organisation's influence and power (Hardy et al., 2003, pp. 327-328). The significance of a firm's location in a specific network is made clear in an article by Baraldi (2008) which demonstrates the importance of networks using the example of the furniture retailer IKEA. IKEA's extensive network of suppliers and sub-suppliers is pivotal to its success and, as the study shows, such networks need to be constantly adjusted to maintain them and ensure that the resources and goals of organisations like IKEA and its partners are matched as closely as possible in order to maintain their position in the network (Baraldi, 2008, p. 120).

The above-presented overview of extant research concerning inter-organisational collaboration based on their effects shows how wide the research field is. In the context of the present thesis, it would not be appropriate to limit the study to only one or two effects of inter-organisational collaboration as Study 3 studies collaboration regardless of its effect. Study 3 of the thesis takes a focused look at inter-organisational problems, which were briefly defined above. Research concerning inter-organisational problems can be seen as a research stream located within the broader research field of inter-organisational collaboration. It focuses on the problems that occur in any kind of inter-organisational collaboration, without differentiating these by the effect they have.

Until recently, research concerning inter-organisational problems has been described as being relatively limited (e.g. Lumineau et al., 2015, p. 42). Later studies emphasise the fact that studies in this field of research are relatively dispersed and criticise studies which analyse problems independently rather than taking a more holistic approach and looking at problems across different management fields (e.g. Bourdages, 2022, p. 84; Oliveira & Lumineau, 2019, pp. 231-233).

The fact that extant research was conducted in a relatively dispersed and uncoordinated manner, led several scholars to conduct studies that take a more integrative approach. Oliveira and Lumineau (2019) conducted a key study to develop an integrative review and research agenda concerning what they call "The Dark Side of Interorganizational Relationships" (Oliveira & Lumineau, 2019, p. 232). In their review, they categorise literature to create a typology which illustrates the main manifestations of the dark side of inter-organisational relationships. They find that conflict, opportunism, and unethical practices are the main manifestations of this dark side, being present in 75.28% of the 178 studies reviewed by the authors. Their study provides an overview of the different areas which research concerning inter-organisational problems has covered.

The first manifestation of the dark side of inter-organisational relationships, conflict, is found in studies that investigate "…instances of disagreement, clashes, lawsuits, or friction involving partners or individual representatives" (Oliveira & Lumineau, 2019, p. 235). This kind of conflict has mainly been studied in the fields of marketing and general management (Oliveira & Lumineau, 2019, p. 236). As an example of relevant studies, they refer to a study investigating conflict management and outcomes in the context of franchising (Antia et al., 2013). They also name a study investigating the effect of conflict in the context of the evolution and internalisation of international joint ventures (Steensma et al., 2008).

The second manifestation, opportunism, is mainly found in studies that are based on the theory of transaction cost economics. These studies look either at clear forms of opportunism, such as stealing or lying, or at more subtle forms such as spreading confusion or misleading stakeholders (Oliveira & Lumineau, 2019, p. 237). According to the review, opportunism is the most studied manifestation of the dark side of inter-organisational collaboration and can be observed across different management fields, including marketing, general management, and supply chain management (Oliveira & Lumineau, 2019, p. 238). Examples of studies discussing this manifestation include, for example, the strategic use of contractual loopholes (Wang et al., 2013). The review also includes studies investigating opportunistic behaviour from franchisees towards franchisors (Kashyap et al., 2012).

The third manifestation, unethical practices, can be mainly be found in the research stream investigating business ethics and includes behaviours which can be considered morally questionable or incorrect (Oliveira & Lumineau, 2019, pp. 238-239). In this manifestation, the review includes studies which assess behaviours such as organisations giving certain suppliers preferential treatment (Nguyen & Cragg, 2012). The review also refers to studies such as one by Ferrell et al. (1998) that investigates how marketing research service providers, data providers and corporate research units influence each other in an unethical manner and end up spreading false data. Another study highlighted by Oliveira and Lumineau (2019, p. 239) deals with the moral judgement of salespeople and their exaggeration of a product's characteristics to achieve a sale (Schwepker & Good, 2010).

This short overview of extant research streams covering both inter-organisational collaboration and inter-organisational problems demonstrates how multi-faceted and dispersed literature in this area continues to be. Study 3 of the present thesis is linked to several of the areas discussed above. In the context of inter-organisational collaboration, the case studies and collaboration events considered in Study 3 exhibit all three effects. The assessed retailers collaborate with the aim of achieving strategic effects, knowledge creation effects and political effects. When it comes to inter-organisational problems, the cases presented in Study 3 of this thesis mainly uncover cases of conflict. Cases of opportunism are only uncovered in a limited manner, and cases of unethical practices do not appear to occur in the cases assessed in this study. Study 3 of this thesis can therefore be seen as transversal, as it covers the numerous different aspects and research streams involved in inter-organisational collaboration and inter-organisational problems.

Research Gaps

As the discussion above shows, research concerning inter-organisational collaboration and inter-organisational problems is developed, but not yet in an exhaustive manner. Literature in this area is dispersed and covers a wide range of different approaches and topics. Based on the literature discussed above and in the context of the strategic development of retail organisations, the following two research gaps were identified:

Research Gap 1 - studies that investigate the problems arising in cases of inter-organisational collaboration remain limited in all areas, including collaboration for innovation purposes in retail

The discussion concerning inter-organisational collaboration above shows how broad and dispersed this research stream is. Based on the previously discussed analysis conducted by Hardy et al. (2003), it is possible to show that studies that concern inter-organisational collaboration can be distinguished based on the effect that said collaborations may have on an organisation. These include strategic effects, knowledge creation effects and political effects (Hardy et al., 2003, pp. 324-328). These do not represent different research streams *per se*, but rather represent a categorisation of studies of inter-organisational collaboration based on the effect they investigate. As the previous discussion shows, it is not possible to pinpoint a specific research gap by looking at the literature on inter-organisational collaboration on a whole. To successfully pinpoint a specific research gap, it is necessary to look at a more specific research stream.

The previous section briefly introduces inter-organisational problems as a research stream situated with the broader topic of inter-organisational collaboration. As outlined both in the 'Terminology' and 'State of the Art' sections of this thesis, the research stream deals with the negative aspects of inter-organisational collaboration. This lies at the core of Study 3 of the present thesis.

A literature review by Lumineau et al. (2015) makes numerous suggestions for future research concerning inter-organisational conflicts that come to light based on an assessment of extant research in the area. Whilst the study does use the term 'conflict', this terminology is not always used in a coherent manner as the shown in the above 'Terminology' section. Since 'conflict' and 'problems' are similar concepts, the literature review and the derived research opportunities are also relevant to the present thesis too. In the review, the authors define several questions that have not yet been answered fully and which should spur future research on inter-organisational conflicts. These questions encompass a variety of topics. A first set of questions concerns who is actually involved in such conflicts.

The need for additional research concerning inter-organisational problems is also expressed by other studies. Oliveira and Lumineau (2019, p. 231), for instance, claim that whilst problems and failures occur relatively frequently in inter-organisational relationships, "…management scholars still have limited knowledge about these underlying dysfunctions and their consequences". They add that the "…dearth of knowledge is due, to a large degree, to the absence of dialogue across management fields" (Oliveira & Lumineau, 2019, p. 231). They thus not only call for additional research on the problems of inter-organisational research, but also call for consideration of this in a wider context.

In a study looking at the key problems of inter-organisational collaborations, Bourdages (2022, p. 101) highlights several other avenues for future research that inspired the conception of Study 3 of the present thesis. These include the need for additional studies that focus on the interactions between inter-organisational problems, based on the fact that problems often accumulate and become relevant at the same time. Bourdages (2022, p. 101) also points to the relevance of time and suggests that future studies should take temporal aspects into account to better understand how problems evolve over time.

Other studies encourage further research investigating inter-organisational problems in the specific context of collaboration between large firms and other stakeholders for innovation purposes. Based on a literature review looking at cooperation between large companies and startups, Giglio et al. (2023, p. 9) suggest that a large number of studies "…exhibit a predominantly positive perspective of collaboration between large companies and start-ups", but go on to say that "…certain works acknowledge the potential for joint activities to yield negative outcomes for either of their partners" (Giglio et al., 2023, p. 9). They suggest that by exploring the 'dark side' of inter-organisational collaboration between large firms and startups, a better understanding of the respective dynamics can be attained. In a similar manner, Wang et al. (2020, p. 257) call for more research on the conflict between firms and the customers that participate in new product development processes. The conflicts that can occur in these situations can have an impact on the development of new products in terms of performance, making future research on this subject important (Wang et al., 2020, p. 257).

Research Gap 2 -studies that use qualitative case study approaches to investigate inter-organisational problems remain limited

In the context of research on inter-organisational conflicts, Lumineau et al. (2015) also comment on the different methodological approaches taken to research in this area. They suggest that previous studies in the area have used four main approaches to collect data. The first approach involves the collection and use of survey data, which can be relatively simple to conduct and can be designed around a question that the researcher is interested in (Lumineau et al., 2015, pp. 56-57). A second approach involves conducting interviews, which in contrast to surveys allow researchers to ask questions to seek clarification when a response is unclear. They also mention that there are many opportunities for additional research in this area by using interviews to conduct content analysis, allowing a quantification of the collected interview data which can then be used in statistical analyses (Lumineau et al., 2015, p. 57). The collection of archival data is mentioned as a third possible approach, and may be particularly helpful in avoiding the retrospective bias which can occur in interviews or surveys (Lumineau et al., 2015, p. 57). A fourth approach proposed by Lumineau et al. (2015, p. 57) involves the use of experiments, which present the possibility of directly addressing and testing specific theories.

Lumineau et al. (2015, p. 58) suggest that the field would benefit from additional qualitative studies to provide a richer understanding of the dynamics of inter-organisational conflicts. They suggest, for instance, that longitudinal studies should be conducted to better understand the factors, motives and processes involved in inter-organisational conflicts. The need for longitudinal studies – both qualitative and quantitative – is also mentioned by Giglio et al. (2023, p. 9), who state that time plays an important role in the context of collaboration between large firms and startups as processes and dynamics change. These changes could be captured and illustrated by longitudinal studies. Additional longitudinal studies concerning customer participation in innovation processes is also called for by Hurtak et al. (2022, p. 228). This would enable a more detailed investigation of customer participation in innovation processes and their effect on financial and business outcomes, as well as on project success (Hurtak et al., 2022, p. 228).

The above-described research gaps provided the motivation for Study 3. The study investigates the inter-organisational problems that occur between large firms and external stakeholders such startups or consultants in the context of collaboration for innovation purposes in retail. The study finds three factors that limit and four factors that foster collaboration for innovation purposes in retail.

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3. Study 1 – Archetypes of Driver Combinations Leading to Foreign Market Exit – An Investigation into European Grocery Retailing[7]

3.1 Introduction

The internationalization of companies is now viewed not as a process of uninterrupted progression and linear expansion but as a process of constant transformation, characterized by periods of both growth and retrenchment (e.g., Burt, 1991; Jackson and Sparks, 2005; Swoboda and Schwarz, 2006; van de Ven and Poole, 1995; Wrigley and Currah, 2003). International exit strategies are regarded as important and natural features of companies' international expansion paths (e.g., Berry, 2009; Palmer and Quinn, 2007). Consequently, scholars have intensively investigated foreign market exits over the past decades, with an emphasis on the divestment activities of manufacturing companies (for overviews see, e.g., Arte and Larimo, 2019; Coudounaris, 2017; Schmid and Morschett, 2020; Trąpczyński, 2016).

Retail-specific divestment research, however, has received much less attention. This research gap is remarkable, particularly because many large retail divestments have occurred in the past decades, most of which generated strong public attention. Between 2005 and 2020, the ten largest international retailers in the world exited 43 markets (EDGE Retail Insight 2020). More specifically, the grocery retail sector in Europe recently witnessed several high-profile grocers exit several markets. For instance, the French retailer Carrefour exited Greece and ceased all its operations in the Balkans between 2015 and 2018. The Finnish S Group exited Latvia and Lithuania in 2017, and the British icon Marks & Spencer closed its department stores in 13 countries in Europe as a part of a global restructuring effort between 2016 and 2017.

Scholars have called for investigating international retail divestment separately from international manufacturing divestment (Burt et al., 2008b), because retail differs from other sectors and its internationalization and de-internationalization follow a different logic (Burt et al., 2003; Jackson et al., 2005). Burt et al. (2002, p. 195) argued: "The nature of retailing and the practice, importance and meaning of its internationalization are for example vastly different to an oil producer or a water company". For example, manufacturing MNCs have a multitude of motives to enter foreign countries (Dunning, 1988), whereas a retailer's main motive to open subsidiaries in a foreign country is market-seeking. Moreover, the implications of exit decisions differ between retail companies and manufacturing companies. If retailers exit foreign markets, it inherently ends their ability to sell products to these markets, whereas manufacturing companies can continue to serve markets without a local manufacturing presence (McDermott, 2012). Consequently, retail-specific foreign divestment drivers may differ from drivers

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As the study represents a joint research project, it was also published in Schmid, D. *Foreign Divestment by Multinational Corporations - Three Essays on its Drivers* (2021). https://folia.unifr.ch/unifr/documents/312900.

identified in manufacturing-based divestment literature. This becomes evident when comparing literature reviews on manufacturing-based international divestment in general (e.g., Arte and Larimo, 2019; Coudounaris, 2017; Schmid and Morschett, 2020; Trąpczyński, 2016) with those on retail-specific international divestment (e.g., Alexander and Quinn, 2002; Burt et al., 2008b).

Divestment research is characterized by studies that investigate drivers which affect foreign divestment decisions. Many studies highlight that divestment is driven by a combination of drivers simultaneously, rather than by individual drivers (e.g., Aklamanu, 2015; Burt et al., 2018; Jackson et al., 2005; Yoder et al., 2016). While this assumption is mentioned frequently, it is rarely investigated further. Despite recent calls to investigate combinations of drivers and their joint effect on foreign divestment decisions (e.g., Berry, 2009; Burt et al., 2018; Schmid and Morschett, 2020), there are no studies - with the exception of Burt et al. (2018) - that employ this strategy.

In studies that focus on retail, scholars classify foreign retail exits and their drivers based on different criteria (e.g., Alexander and Quinn, 2002; Burt et al., 2002; Mellahi et al., 2002; Palmer, 2004). These typologies, however, usually focus on one or just a few drivers and do not sufficiently consider the intricate combinations of exit drivers from different levels that may trigger divestment decisions.

Our investigation comprises two major parts. First, we qualitatively analyze *all* 32 market exits that occurred amongst the 50 largest grocery retailers in Europe between 2014 and 2018 and investigate the drivers behind these exits. To do so, we take a case study approach and apply qualitative content analysis (Krippendorff, 2018; Schreier, 2012). This approach offers new insights into the type of drivers that trigger exit decisions, the frequency of their occurrence, and their combinations. We focus on grocery retailing because it has outstanding relevance in the overall retail sector. Six of the ten largest retailers in the world are grocery retailers (Deloitte 2020). In Europe, grocery retail sales accounted for 45 percent of total retail sales in 2019 (EDGE Retail Insight, 2020). By choosing a specific sector, we delimit our dataset with sector-related and geographical case boundaries. This allows for a “highly visible and numerically manageable set of actions to be observed and analyzed” (Burt et al., 2018, p. 179). Second, using the configurational approach (Macharzina and Engelhard, 1991; Meyer et al., 1993; Miller, 1986), we propose five novel archetypes of exit driver combinations. The configurational approach highlights that organizational phenomena should be investigated based on multidimensional combinations of variables that dynamically interact (Miller, et al. 1984). Rather than forming an infinite number of combinations, numerous dimensions of strategies, structures, etc., the variables are often grouped into a limited number of frequently occurring combinations referred to as “archetypes” (or “configurations” or “gestalts” (Cerrato et al., 2016; Lim et al., 2006; Macharzina and Engelhard, 1991; Meyer et al., 1993; Roth, 1992)). Archetypes may be developed conceptually or empirically (Cerrato et al., 2016; Meyer et al., 1993) and be established at various levels of analysis, "depicting patterns common across individuals, groups, departments, organizations, or networks of organizations" (Meyer et al. 1993, p. 1175). In our case, we developed archetypes empirically, representing similar and reoccurring multidimensional combinations of exit drivers at the organizational level. Building archetypes is not a novel approach in the international business literature. For instance, Cerrato et al. (2016) developed multidimensional archetypes of internationalizing SMEs, Lim et al. (2006) developed a typology of international marketing strategies of MNCs, and Roth (1992) developed archetypes for the basic configuration and coordination patterns of medium-sized firms in global industries.

Using this qualitative approach enables us to develop a full picture of each market exit, including the "wider environmental setting and institutional context" surrounding exit decisions (Burt et al., 2018). This method allows us to understand the nature of configurations and the importance of the different drivers within these configurations. Such insights cannot be obtained in the usual quantitative studies that are based on large secondary databases. Furthermore, we apply our qualitative approach to a large set of market exits. In the past, scholars have called for studies that cover more retailers than the few that were repeatedly investigated (Burt et al., 2008b; Cairns et al., 2008; Etgar and Rachman-Moore, 2007). Due to the non-selectiveness of our dataset, we cover *all* market exits of the most important grocery retailers in Europe, including the less prominent exits. Hence, we deliver a balanced picture of the phenomena.

In our study, we found five distinct multidimensional archetypes, which include simultaneous and interrelated drivers at the subsidiary, the host-country, and the parent-company level. The presence of multidimensional archetypes within our set of retailers' market exits supports the value of the configurational approach in helping researchers develop a better understanding of these phenomena, and thus helps extend theory on the subject. In line with the findings of Burt et al. (2018), who recently showed that different configurations of exit drivers exist over time, we investigate different configurations that co-exist simultaneously.

The rest of this paper is structured as follows. The second section provides a literature review on research about drivers that lead to foreign market exit, with a focus on the field's past efforts to characterize and classify retailers' international divestments and their drivers. In the third section, the research approach is introduced, providing an overview of the dataset and the applied methodology. The fourth section illustrates the individual exit drivers (and their combinations) found in the analysis. This is followed by a derivation and discussion of the five archetypes of driver combinations found in the data with a focus on the typologies discussed previously. The paper ends with a discussion and a conclusion composed of theoretical and empirical contributions, managerial implications, limitations, and implications for further research.

3.2 Literature Review

Research about international divestment drivers of MNCs has been an increasingly important area of interest in international business literature since the mid-1970s, mainly focusing on manufacturing firms. While research coverage on international divestment still lags behind research on international entry and expansion (Tan and Sousa, 2019), recent literature reviews (e.g., Arte and Larimo, 2019; Coudounaris, 2017; Schmid and Morschett, 2020; Trąpczyński, 2016) show many existing studies on international divestment drivers. Schmid and Morschett (2020), for example, detected 283 studies investigating international divestment drivers. Furthermore, their meta-analysis showed significant effects for ten variables that have been analyzed frequently in previous studies: subsidiary establishment via acquisition, subsidiary entry mode via wholly-owned subsidiary, subsidiary ownership level, subsidiary product unrelatedness, subsidiary financial performance, parent-firm financial performance, parent-firm R&D intensity, parent-firm advertising intensity, host-country specific international experience of the parent firm, and host-country economic growth.

In the retail-specific literature, research on divestment drivers began later and progress has been slower (Burt et al., 2018). Early studies provided insights into the volumes and patterns of retail divestment (e.g., Alexander et al., 2005; Burt et al., 2004; Godley and Fletcher, 2001). Later, the emergence of qualitative case study research contributed to the understanding of international retail divestment by investigating market exits of select prominent retailers. Some of these, namely Tesco, Marks & Spencer, and The Home Depot, were investigated particularly often (Burt et al., 2008b). While a few of these studies investigate the process of divestment and the effects on retailers, most of the studies examine drivers that lead to divestment.

Several authors indicated that divestment decisions are often the result of multiple interdependent drivers (e.g., Aklamanu, 2015; Burt et al., 2003; Cairns et al., 2010; Mellahi et al., 2002; Swoboda and Schwarz, 2006). While many studies have detected multiple exit drivers (e.g., Aklamanu, 2015; Jackson and Sparks, 2005; Yoder et al., 2016), there is a paucity of studies investigating combinations of drivers. The recent study of Burt et al., (2018) is a first but valuable step to address this void. By qualitatively investigating the main rationale for European grocery retailers' exit from East Asia over a thirty-year period, Burt et al., (2018) pointed to the existence of three broad phases of retail exit over time, each characterized by different dominating drivers that lead to market exit. In the "pioneer adjustment" phase, retailers mainly exit after realizing the difficulties related to scaling their activities and benefitting from first mover advantages. In a second phase, called "resistance and market consolidation", different forms of resistance across the whole region (e.g., re-regulation) prevent retailers' expansion. In the last phase, "reconfiguring the global firm", the exit is driven by pressures from outside the region (e.g., firm-level reassessment of global activities). The main drivers of each phase differ among retailers, revealing the dynamic nature of retail exits in this region.

While Burt et al.'s (2018) study provides initial evidence for the existence of retail divestment driver combinations, it leaves research gaps. First, the researchers found retail divestments' main drivers to be highly dynamic across time. They adopted a long-term perspective on the highly dynamic Asian retail market, which experienced a financial crisis during the period of analysis. Whether the results of such a dynamic setting are transferable to other, less volatile settings (e.g., the European grocery retail sector) is unclear. Second, Burt et al. (2018) linked each combination of drivers to a specific period of time. However, they did not address the question of whether different combinations co-exist simultaneously in one phase. Third, although they examined combinations of multiple drivers, their focus lay, in each phase, on the dominant narrative for the exits rather than on the interrelations of the drivers in each combination and their joint effect on exit decisions.

There have been several attempts to classify retail divestments and their respective drivers in existing literature. Retail divestments are differentiated from one another by their tactical or strategic nature. While the divestment of foreign operations can be viewed as a reactive tactical response by retailers to difficulties they encounter in foreign markets (for example, when retailers exit markets in which they perform poorly), an exit can also be a strategic action responding to a broader change of circumstances unrelated to the specific country being exited (Alexander and Quinn, 2002; Cairns et al., 2010). Cairns et al., (2010) differentiated between two types of strategic divestments. In "positive restructuring" divestments, retailers re-allocate their resources when they observe changing conditions within the international marketplace: that is, they proactively redirect their resources to markets offering higher potential in the long term. Researchers who have examined positive restructuring efforts of retailers have found that they transfer resources from divested markets to markets in which they enjoy a stronger market position (Burt et al., 2002; Cairns et al., 2010; Coe and Wrigley, 2017) or to markets with higher expected returns (Alexander et al., 2004; Berry, 2009; Cairns et al., 2010; Palmer and Quinn, 2007). On the other hand, "corporate crisis" divestments arise from difficulties at the corporate level that require retailers to refocus resources and capabilities on these issues and often result in selling operations in foreign markets to generate liquidity for domestic operations (Burt et al., 2002; Cairns et al., 2008).

Failure-related divestments can be divided into those triggered by drivers external to the company and those triggered by drivers internal to the company (Burt et al., 2002). Burt et al. (2003), working from Benito (1997), subdivides these failures into four broad categories: market failure (e.g., divestment triggered by unexpected negative macroeconomic or political changes in the host country) and competitive failure (e.g., divestment triggered by an unexpected inability to compete with local retailers) are argued to be external drivers; organizational failure (e.g., divestment triggered by a mismatch between the business of the retailer and the host-country operations) and business failure (e.g., divestment triggered by weak operations of the retailer in the home country) are seen as internal drivers.

Mellahi et al. (2002) argued that it is often a mixture of internal and external factors that lead to divestment. Swoboda and Schwarz (2006) differentiated between exits mainly driven by (1) the internal environment, (2) the external environment, and (3) both the external and internal environment. Thus, both Mellahi et al. (2002) and Swoboda and Schwarz (2006) acknowledged that these two rationales are not mutually exclusive. Gersch and Franz (2018) followed a similar line of thought by categorizing divestment drivers into push factors (i.e., host market factors driving the retailer to divest through, for example, harmful government regulations or aggressive competitive behavior) and pull factors (i.e., home-market factors driving the retailer to divest through, for example, stakeholder pressures to reallocate resources).

Aklamanu (2015) focused on external drivers and investigated failure in international markets from an institutional perspective. He discussed the importance of three types of institutional pressures (i.e., regulative, normative, and cognitive pressures) that can lead to failure when retailers are unable to cope with these pressures. Similarly, Coe et al. (2017) suggested five different categories of pressures retailers might encounter in foreign markets. These are government re-regulation, competition from domestic retailers, pressures from suppliers, consumer movements, and collective action by workers.

In the general foreign subsidiary divestment literature, divestment drivers are often categorized into three levels: (1) drivers at the parent-company level (e.g., financial performance of the parent company), (2) drivers at the host-country level (e.g., political and economic risk in the host country), and (3) drivers at the subsidiary level (e.g., financial performance of the subsidiary) (e.g., Berry, 2009; Tan and Sousa, 2020).

Most of the above-presented rationales are rooted in the resource-based view and related to the idiosyncratic resource base of retailers. Thereby, the international portfolios of firms and the specific characteristics of the international businesses within these portfolios (e.g., the financial performance of a business or the economic development of a host country where the business is located) can be viewed as resources that firms have developed over time and whose optimal use and constant optimization should be the objective of their strategies (Belderbos and Zou, 2009).

Overall, the literature discussed above has advanced the conceptualization of foreign retail divestments and their drivers. Most importantly, it has helped identify and classify different types of divestment drivers. However, it does not sufficiently appreciate the multiple interrelated factors from different levels that drive divestments. For example, divestments might be classified as "business failure" in the typology proposed by Burt et al. (2003) when a retailer under pressure at home needs to refocus strategically. However, the reasons for the retailer to divest from certain markets while continuing its activities in other foreign markets may still be the result of "market failure" or "competitive failure" in these markets. In fact, Burt et al. (2003) suggest that these categories should be used as a "simple explanatory device" and that divestment decisions "may be affected by several of these factors at the same time" (Burt et al. 2003, p. 363). This demonstrates the difficulty of classifying divestments into one-dimensional typologies and indicates the need for a more robust classification of foreign retail divestments by interrogating different types of divestments and the complex patterns of drivers that characterize them.

3.3 Approach and Methodology

To identify patterns of retail divestment drivers, we took an embedded single-case study approach (Yin, 2017). We thereby study the case of foreign divestment within the grocery retailing industry in Europe with its relatively homogenous context and consider the 32 market exits as embedded subunits of this case. We used qualitative content analysis on a large number of documents including retailers' exit narratives (Krippendorff, 2018; Schreier, 2012) to identify the characteristics and context of foreign retail exits and investigate the drivers of each market exit. According to Schreier (2012), content analysis allows authors to engage in some degree of interpretation to arrive at the meaning of the investigated data. It is a method that can be used in multiple ways and has gained popularity for analyses in management, international business research (Gaur and Kumar, 2018), and strategic management (e.g., Osborne et al., 2001; Palmer et al., 1997). We applied extensive data-based triangulation to confirm our findings.

3.3.1 Dataset Construction

We looked at the 50 largest grocery retailers in Europe (incl. Russia), based on their 2018 revenues in Europe, and identified *all* of their market exits in Europe in the five years from 2014 to 2018[8]. To this end, we used two large retail databases, namely the 2020 Edge Retail Insight Database (formerly Planet Retail) and the 2019 LZ Retailytics database. While different forms of international retail divestment exist (Alexander and Quinn, 2002; Burt et al., 2002), from the closure of single stores to the complete termination of foreign activities, the focus of this paper is on "market exit", defined by Burt et al. (2003, p. 359) as the "total withdrawal of a firm from an operational presence in a foreign market". Even though market exits are heterogeneous among each other - leaving a country can mean divesting one store or hundreds of stores - they share a common denominator: the full termination of a retailer's presence in a country. Opening our investigation to other types of divestment (e.g., store reduction) would not allow for this common denominator and would add unnecessary heterogeneity to the analysis. By beginning the time window no earlier than 2014, we avoid the potential for our results to be strongly influenced by the effects of the global economic crisis (see Pederzoli and

[8] Our dataset includes Marks & Spencer, which, while also carrying a non-grocery assortment, did in fact have a grocery section in all the market exits found in our dataset (EDGE Retail Insight 2020).

Kuppelwieser (2015) for an overview on retailers' internationalization behavior during the crisis).

Amongst the 50 largest grocery retailers in Europe, we identified 32 market exits undertaken by twelve different grocery retailers between 2014 and 2018 (see Appendix 3.1). Two retailers exited multiple countries within this period (13 exits by Marks & Spencer; 6 exits by Carrefour). Three retailers exited two countries and the remaining seven retailers exited one country each. Twenty-seven retailers had no market exits amongst their international operations, while eleven retailers had no international operations. We cross-checked our findings with a range of other sources (e.g., press articles, annual reports) to avoid missing any market exits. We are confident that our dataset contains all exits of the 50 largest grocery retailers in the given period.

3.3.2 Building the Characteristics and Context of Foreign Retail Exits

For each retailer's market exit, we developed a full picture of its characteristics (see Appendix 3.1 for a selection of characteristics). We conducted an extensive inquiry based on a range of international sources, including narratives on the retailers' exits. These sources include, inter alia, home- and host-country-based retail trade press, international retail trade press, retailers' corporate communications, market research reports, business biographies, retailers' websites and annual reports, and large public databases such as the World Bank. Retail exits are usually discussed extensively in the trade press of the home and host country, including statements by company officials, but also through the additional and often more critical perspectives of journalists. Market entries and exits are also critical events mentioned in the annual reports of the retailers. By analyzing these sources, we were able to follow each operation from its initial entry until the market exit, enabling us to consider the exits within the broader context of the retailers' activities.

3.3.3 Coding Drivers of Market Exits

Next, we investigated the drivers that led to each market exit by content analyzing the previously mentioned sources. These sources provide commentaries relating to the reasons behind the retailers' exit decisions. Investigating publicly available sources (vs. interview-based research) is a common practice in the foreign divestment field (Burt et al., 2018; Burt et al., 2008a; Finnegan et al., 2019), since divestment is a highly sensitive topic (Alexander et al., 2005; Benito and Welch, 1997; Burt et al., 2003; Cairns et al., 2008; Palmer, 2004). Therefore, divestment rationales are often either erased from corporate memory altogether or, if recollected by individuals who made exit decisions, "retro-fitted to suit post-event re-evaluations" (Burt et al., 2018, p. 179), thus only offering a subjective and distorted picture (Burt et al., 2018; Finnegan et al. 2019). Other authors, such as Golden (1992) and Huber and Power (1985) have pointed out the limits of interpreting retrospective reports and warned about the risks of informants inaccurately recalling events because of memory lapses, inappropriate rationalization, or a tendency to present themselves or their organizations favorably. Content analyzing a wide variety of contemporary documents from different perspectives and experts, on the contrary, offers a more accurate picture of the exit and is unobtrusive and relatively devoid of both researchers' demand biases and informants' recall biases (Gaur and Kumar, 2018).

Our data analysis included two main steps:

(1) Following Gioia et al. (2013), we began with the first-order analysis. Using the qualitative data analysis computer software package NVivo, we content analyzed and coded 689 documents and identified the drivers (first-order codes) leading to each market exit[9] . We used an inductive, data-driven coding approach without limiting ourselves in the number of codes assigned, which ensured that the drivers would emerge from the data during the analysis. Two authors collectively coded about 150 documents to align their understanding of the drivers, to design an initial coding-frame with drivers at an optimal level of differentiation, and to set decision rules for the coding. The main coding was then conducted separately by two authors. Following this step, we compared the coded drivers (first-order codes) for each of the 32 market exits and discussed them with the third author. In particular, we examined the overarching story of each market exit, identified key drivers that led to the exit, and disregarded drivers that played a less relevant role. We thereby considered the actual context of each market exit, including the context on the parent-specific level. This, in turn, allowed us to understand that certain drivers prevail over others, rather than solely counting the existing drivers for each market exit in an overly simplistic, accounting-like manner. Disagreements between the authors concerning the drivers for each market exit were discussed and solved. However, percentages of agreement between the coders were high (90%) across all market exits, demonstrating high inter-coder reliability (Neuendorf, 2017). This first step generated 34 drivers for market exits (first-order codes) that are illustrated in Appendix 3.2.

(2) We then engaged in the second-order analysis (Gioia et al., 2013), scrutinizing the market exits and their different drivers (first-order codes) several times, seeking common themes between the drivers that allowed us to regroup the drivers into second-order constructs. This regrouping provided a more aggregated level of representation that was needed for the later development of archetypes, since the first-order codes were too detailed for this purpose. This second step created nine exit drivers (second-order constructs) that are illustrated in Appendix 3.2 and in Table 3.2.

[9] When documents were in languages not spoken by the authors, we used the online translator services DeepL and GoogleTranslate to translate them into English. For those non-English statements that are quoted in this manuscript (in their English translation), we had colleagues or students apt in the foreign language back-translate our English statements to the original language to check if any losses in translation occurred (Marschan-Piekkari and Reis, 2004). We adapted the translations where necessary.

3.3.4 Triangulation of Exit Narratives

Various authors have identified the risk of overemphasizing the "official corporate line", which might be distorted toward positive rationales for divestment rather than offering an objective image of the actual events (Alexander et al., 2005; Gersch and Franz, 2018; Palmer, 2004; Palmer and Quinn, 2007). Considering this issue carefully, we adopted several measures to minimize it. First, while we used company-authored documents to investigate the official corporate line, non-company-authored documents dominate the analysis. Second, we were careful to consult a large variety of press-related documents from the home-, host- and sometimes third-country perspectives for each market exit to ensure an unbiased perception of these exits and their drivers. Third, we included analyst views from leading trade press (e.g., The Grocer, Libre Service Actualités (LSA), Lebensmittelzeitung (LZ)) on exits. For the less prominent market exits, where these sources were lacking, we contacted analysts from commercial retail intelligence providers (e.g., EDGE Retail Insight), asking them to comment on exit rationales from their perspective. Fourth and finally, where possible, we verified the coded exit driver narratives with hard data. For example, we researched the actual market position of subsidiaries in host countries to verify the "lack of scaling perspectives" narrative. To follow up on the "bad economic situation in the host country" narrative, we researched the nominal GDP development of host countries during the five years prior to exit. For the "low performance of the parent company" narrative, we looked into the development of retailers' net income during the five years prior to exit. Finally, to verify the "strategic refocus of the parent company" narrative, we checked, for each market exit, the retailers' other worldwide market exits five years prior and up to five years after the investigated market exit to determine whether the exit truly was part of a broad refocus strategy. We changed the coding if the data clearly contradicted the narrative we had previously coded. For example, for three market exits, we decoded the strategic refocus narrative due to clear evidence against this corporate narrative explanation. As a result of the above-mentioned measures, we believe we have drawn an accurate picture of the drivers of each market exit.

3.3.5 Creating a Typology of Exit Driver Combinations

To create a typology of exit driver combinations, we first deductively attributed the nine exit drivers to the three levels of divestment drivers often found in the literature (e.g., Berry, 2009; Tan and Sousa, 2020): the subsidiary level, the host-country level, and the parent-company level (see top of Table 3.2). Then, based on the configurational approach (Macharzina and Engelhard, 1991; Meyer et al., 1993; Miller, 1986), we built archetypes of exit driver combinations. The configurational approach postulates that a relatively small number of typical configurations exist and describe most existing combinations (Miller et al., 1984). In our context, configurations (or "archetypes") represent exemplary, reoccurring combinations of exit drivers at different levels that explain retail market exits (Lim et al., 2006).

To detect different archetypes of exit driver combinations, we began by listing all 32 market exits and describing the specific combinations of exit drivers existing on the three levels for each market exit (Ragin, 2009). Next, we searched for repeating patterns in the data through visual inspection of the exits. In a stepwise approach, we then rearranged the market exits within our list to unite similar patterns (see Table 3.2). This allowed for the creation of five distinct archetypes of exit driver combinations that we discuss in detail in the fourth section.

We did not use quantitative clustering methods, as these were inapplicable due to the nature of the data. The limited number of retailers investigated and the nested structure of the dataset would have created unreliable results (McNeish and Harring, 2017). Instead, through a qualitative approach, we obtained a rich level of knowledge of each market exit (i.e., embedded subunit of the case study) - useful for recognizing patterns and manually building a typology. In fact, pattern identification and typology construction are often combined with qualitative content analysis, especially when researchers are navigating a large number of cases (Schreier, 2012), or, in our case, embedded subunits.

3.4 Findings: Archetypes of Exit Driver Combinations

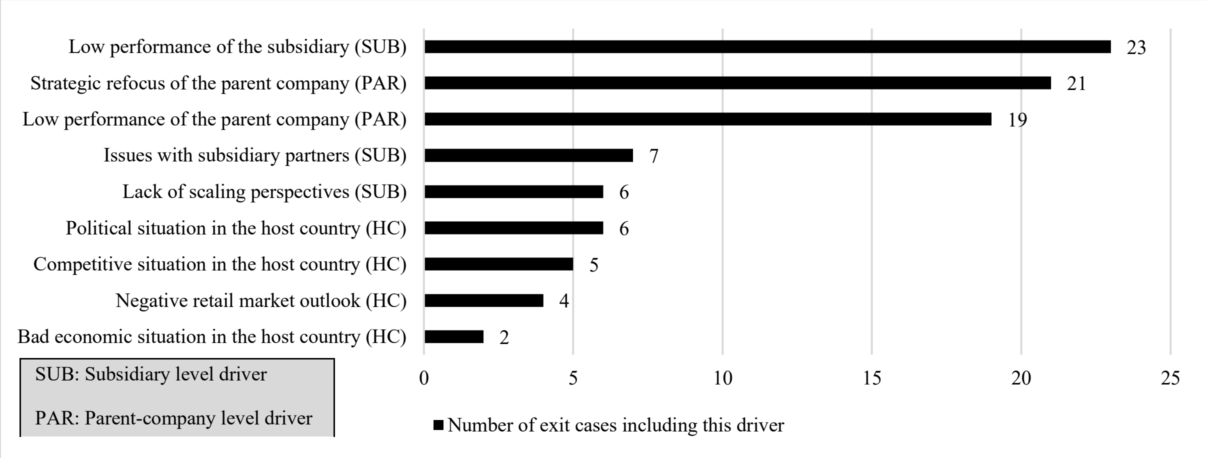
For a better understanding of the retail market exits, one descriptive finding is noteworthy: in most market exits, the divested country operations only represented a small share of the total sales of a retailer. In 27 market exits, the share of sales in the host country compared to the total sales of the retailer was below 0.6 percent. ICA Group's operation in Norway represented the largest subsidiary, with 13.1 percent of total sales. Marks & Spencer's divested operations represented a cumulative 0.91 percent of total sales when it exited 13 markets. Carrefour divested six markets, representing 2.08 percent of total sales. This suggests that most single market exits are important but not major events for a retail company. However, for some retail companies, several market exits occur within a rather short period (e.g., Marks & Spencer exited 13 markets within two years).

Our empirical investigation revealed nine drivers that explain the exit decisions of all 32 international market exits. Figure 3.1 illustrates the frequency with which these drivers occurred within our market exits.

Of the nine drivers that were found to influence exit decisions, three drivers could be attributed to the subsidiary level, four drivers to the host-country level, and two drivers to the parent-company level.

The most frequent subsidiary-level driver is the "low performance of the subsidiary" (23 exits), which is also the most frequent driver overall. However, other subsidiary-level drivers, namely "issues with subsidiary partners" (seven exits) and "lack of scaling perspectives" for the subsidiary (six exits), also often drive exit decisions.

Figure 3.1: *Frequency of Exit Drivers*



Two parent level drivers are found in many market exits: "strategic refocus of the parent company" in 21 exits and "low performance of the parent company" in 19 exits. While these findings show the importance of these drivers, their high frequency must be interpreted with caution because the occurrence of a parent-level driver often causes several exits of the same retailer from different countries, thus making this driver appear in several market exits (e.g., Marks & Spencer exits).

At the level of the host country, the "political situation" played a role in six exits, the "competitive situation" in five exits, and the "negative retail market outlook" in four exits. The "bad economic situation in the host country", however, was only relevant in two exits. It is the least frequent driver across all three levels. This low occurrence may be induced by the overall positive economic climate in Europe in the investigated period.

The drivers presented above, their main rationale leading to market exit, and the exemplary driver-related quotes are exhibited in Table 3.1.

Table 3.1: *Drivers and Their Main Rationale Leading to Market Exit*

Driver	Main rationale(s) for market exit	Quotations/ Examples
Subsidiary Level Drivers		
Low performance of the subsidiary	• Shareholders put pressure on management to divest unprofitable assets (e.g., Christopherson, 2007; Palmer, 2004; Wood et al., 2016) to avoid negative effects on the firm's valuation and to strengthen the balance sheet (Hamilton and Chow, 1993)	*"ICA Group will leave Norway. [...] ICA Norway is not viable on its own. For many years the ICA Group has had to make large capital contributions to keep the business afloat."*[1] Per Strömberg, CEO, ICA Group (Dagligvarehandelen, 2015)
Lack of scaling perspectives	• Limited scale and weak market positions lead to high operational costs (Chung et al., 2013a; Norbäck et al., 2015) and do not allow the subsidiary to be profitable and competitive • Comprises current lack of scale but also lack of prospects to scale subsidiaries in the long term (e.g., because of challenges in securing adequate real estate or too-high investments)	*"We decided to renew our international business strategy. As part of this process, we concluded that the market share of Prisma stores in Latvia and Lithuania is not high enough for profitable business in the near future."*[2] Jorma Vehviläinen, CEO, S Group (Sputnik News, 2017)
Issues with subsidiary partners	• Conflicts of interest and diverging strategies between partners lead to instability, a possible partnership termination, and divestment (e.g., Burt et al., 2003; Etgar and Rachman-Moore, 2007; Gaur and Lu, 2007; Hennart et al., 1998)	Leclerc and Conad ended their partnership in Italy because of conflict of interest when they became part of competing alliances. The two retailers had *"profound differences with regard to the future organization of the partnership and its strategic orientation"* (PGC, 2014)

	• Partner (e.g., in IJV, Franchising) is unable to continue activities in the host country (e.g., because of bankruptcy)	*"Greece's Marinopoulos Group, which holds the franchise rights for the Carrefour supermarkets in Bulgaria, has filed for bankruptcy protection"* (SeeNews, 2016)
	Host-Country Level Drivers	
Bad economic situation in the host country	• Economic or financial turbulence negatively affects a company's performance (Belderbos and Zou, 2009; Burt et al., 2018; Chung et al., 2010) • Economic growth of a host country determines its market attractiveness and long-term potential by creating business opportunities and allowing for higher profits (Benito, 1997; Berry, 2013)	*"The low level of crude oil prices and its follow-up, the dive of the ruble and the decline in Russian purchasing power have influenced the decision of the Finnish company."* (Turun Sanomat, 2016). Intermarché (2015) exited Serbia during a time of economic instability in the country. In the year before the exit, Serbia's nominal GDP had decreased by 2 percent (World Bank, 2020).
Political situation in the host country	• Political or regulative host-government related pressures create uncertainty and risk for companies (Aklamanu, 2015; Burt et al., 2003; Coe and Wrigley, 2017; Gersch and Franz, 2018; Song, 2014) • Countries with weak institutions do not offer a stable legislative environment to companies (Henisz and Delios, 2004) • Interstate conflicts cause problems for companies (e.g., non-payment of creditors, damage of physical assets, sanctions) (Al Khattab et al., 2007; Burmester, 2000)	*"No firm in Latvia is protected from unreasonable insolvency proceedings due to an unclear interpretation of the bankruptcy law [...] the decision to stop investing in the Latvian market was also accelerated by the insolvency lawsuit filed against the company in Latvia in 2012."*[3] Emil Stefanov, CEO, Palink (Lyrtas, 2014)
Negative Retail Market Outlook	• Industry growth rates are an indicator for future market opportunities (Alexander et al., 2005; Belderbos, 2003; Hennart et al., 1998)	*"The rationale of the [exit] decision is that the Danish market is considered saturated so that it does not offer satisfactory prospects for growth."* Press release, Metro Group (2014)
Competitive situation in the host country	• Markets characterized by highly competitive intensity are less attractive (Aklamanu, 2015; Coe et al., 2017; Gersch and Franz, 2018)	*"The retail sector has invested heavily in both countries [Latvia & Lithuania] in recent years, and as a result, the square footage of retail space in relation to population and consumer purchasing power is already quite high."* Jorma Vehviläinen, Executive Vice President, S Group (YLE, 2017)
	Parent-Company Level Drivers	
Strategic refocus of the parent company	• Resources gained from divestments are required for projects with higher expected returns (Alexander et al., 2004; Berry, 2009; Cairns et al., 2010; Palmer and Quinn, 2007) • Resources gained from divestments are required for existing business that is under pressure (Burt et al., 2002; Cairns et al., 2010; Coe et al., 2017; Coe and Wrigley, 2017)	*"We strictly need to align our country portfolio with earnings and growth targets and focus on those regions in which we are in a position to extend our market shares."* Olaf Koch, CEO, Metro Group (2014)
Low performance of the parent company	• Weak parent companies cannot support their foreign subsidiaries and may need to divest foreign operations to generate liquidity for domestic operations (Burt et al., 2002; Cairns et al., 2008; Cairns et al., 2010; Coe et al., 2017; McDermott, 2012)	Prior to its restructuring effort initiated by Steve Rowe, Marks & Spencer's net income decreased by 79 percent within 5 years (Marks & Spencer 2014; Marks & Spencer 2018). While most international operations were lossmaking, domestic clothing sales were in decline for years (The Guardian, 2016). *"Rowe, who has spent 25 years at M&S, must stop the rot at the high-street grand dame where clothing sales have been falling for three years."* Zoe Wood, Retail Analyst, The Guardian (2016)

[1] Translated from Norwegian; [2] Translated from Latvian; [3] Translated from Lithuanian.

By applying the previously described methodology, our data revealed five archetypes of multidimensional exit driver combinations, each representing a distinct configuration of drivers that led several retailers to exit a foreign market. Table 3.2 presents the market exits, their respective drivers, and the corresponding archetypes. In the following, each archetype is described in detail.

Table 3.2: Archetypes of Exit Driver Combinations

		Subsidiary Level Drivers			Host-Country Level Drivers				Parent-Company Level Drivers	
		Issues with subsidiary partners (JV, Franchisee)	Lack of scaling perspec-tives	Low performance of the subsidiary	Bad economic situation in the host country	Political situation in the host country	Negative retail market outlook	Competitiv e situation in the host country	Low performance of the parent-company	Strategic refocus of the parent-company
Archetype 1: Divestment of struggling subsidiaries in unattractive markets	ICA Norway			■		■				
	REWE Latvia		■	■		■	■	■		
	Salling UK		■	■				■		
	Kesko Russia		■	■	■			■		
Archetype 2: Divestment of subsidiaries due to partnership issues	Carrefour Albania	■								
	Carrefour Bulgaria	■								
	Carrefour Cyprus	■								
	Carrefour Macedonia	■								
	Carrefour Slovakia	■								
	Carrefour Greece	■								
	Leclerc Italy	■								
Archetype 3: Divestment of struggling subsidiaries by parents in a corporate crisis	M&S Slovakia			■					■	■
	M&S Estonia			■					■	■
	M&S Netherlands			■					■	■
	M&S Poland			■					■	■
	M&S Hungary			■					■	■
	M&S Lithuania			■					■	■
	M&S Belgium			■					■	■
	M&S Croatia			■					■	■
	M&S Serbia			■					■	■
	M&S Bulgaria			■					■	■
	M&S Slovenia			■					■	■
	M&S Montenegro			■					■	■
	M&S Latvia			■					■	■
	Delhaize Bosnia & Herzegovina			■					■	■
	Delhaize Bulgaria			■					■	■
Archetype 4: Divestment of struggling subsidiaries in unattractive markets by parents in a	S Group Latvia		■	■		■	■	■	■	■
	S Group Lithuania		■	■		■	■	■	■	■
	Metro Denmark		■	■		■	■		■	■
	X5 Retail Group Ukraine			■	■	■			■	■

corporate crisis										
Archetype 5: Proactive divestment of sub-sidiaries to optimize resource allocation in the intern. portfolio	Intermarché Serbia									
	Intermarché Bosnia & Herzegovina									

3.4.1 Archetype 1: Divestment of struggling subsidiaries in unattractive markets

The market exits in this archetype are characterized by retailers that divest poorly performing subsidiaries from difficult markets. In these market exits, the subsidiaries already exhibit a low financial performance at the time of the decision, indicating existing problems with the operations that require substantial financial and managerial attention. Furthermore, the retailers cannot see ways for improving the performance of these subsidiaries in the future for two reasons. First, they are pessimistic about being able to adequately scale the subsidiaries to enable them to compete successfully against local competition. Second, challenging political and macroeconomic conditions, the competitive situation, or simply an undesirable development of the market (e.g., lower demand) in the host countries are overwhelming and add additional hurdles to a successful continuation of the business.

This archetype was developed from four market exits (ICA Group Norway, REWE Group Latvia, Salling Group United Kingdom, Kesko Group Russia). In the market exit of the ICA Group's from Norway, the retailer faced a poorly performing subsidiary and was unable to solve the underlying operational problems due to unfavorable regulatory decisions.

> *"The Norwegian operations have been characterized by negative sales and profit growth for a number of years, partly driven by high purchasing prices and logistics costs. After the Norwegian Competition Authority gave notice at the beginning of the year that it did not intend to approve the planned sourcing cooperation with Norgesgruppen, we began looking more actively at alternative solutions."* Annual Report, ICA Group (2015)

In another market exit, Palink, the REWE Group joint venture in Latvia, found itself operating in a difficult retail market. The CEO of the Salling Group, a competitor and the market leader in Latvia at that time, commented on the exit of Palink:

> *"The fact that Palink is leaving Latvia only confirms the complexity of the retail sector in that country, with relatively low profits. The market is highly competitive, consumer purchasing power is low."* Valdis Turlais, CEO, Salling Group (Lyrtas, 2014)

Because of both a lack of scale that did not allow them to compete successfully in such a difficult industry and the financial harm caused by an unjustified insolvency lawsuit, the REWE group and its JV partners decided to sell their lossmaking supermarket banner Iki to the Latvian retailer Mego and thereby exited the country.

> *"In Latvia our market share was too small to compete successfully. The decision of our foreign investors to stop investing in the Latvian market was also greatly influenced by the insolvency proceedings initiated in 2012 against our company in Latvia. All these factors led to the decision to leave the Latvian market"* Emil Stefanov, CEO, Palink (Alfa, 2014)

3.4.2 Archetype 2: Divestment of subsidiaries due to partnership issues

The market exits in this archetype are characterized by retailers that exit foreign markets because their international partnerships ends when the host country partner fails in some form, or conflicts between partners emerge.

In the joint venture between Leclerc and Conad, a conflict occurred because the two retailers joined competing alliances. At the parent-company level, Leclerc decided to join a new buying alliance. This was not compatible with continuing its joint operations with Conad in Italy. Overall, the two retailers had *"profound differences with regard to the future organization of the partnership and its strategic orientation"* (PGC, 2014).

Carrefour's exit from Greece and four other countries in Southeastern Europe (Albania, Bulgaria, Cyprus, and North Macedonia) was an unavoidable consequence of the bankruptcy of its exclusive franchise-partner, the Greek Marinopoulos Group. While the precipitating factor for the exit was the Greek Marinopoulos Group's bankruptcy, previous decisions by Carrefour had possibly aggravated Marinopoulos's crisis and incited its bankruptcy. Because of the economic crisis and related uncertainty in Greece, Carrefour had left the joint venture with Marinopoulos in 2012 (Kathimerini, 2017) and shifted to a franchising model in all five markets. When Marinopoulos filed for bankruptcy in 2015, the local retailer Sklavenitis acquired the remaining assets (Kathimerini, 2017) but had no interest in taking over the franchising agreements with Carrefour. Similarly, Carrefour saw its franchised operations in Slovakia come to an end when its franchise-partner Retail Value Group was no longer able to sustain operations of its Carrefour outlets due to severe financial difficulties (Aktuality, 2018).

3.4.3 Archetype 3: Divestment of struggling subsidiaries by parents in a corporate crisis

This archetype is characterized by exits undertaken by retailers that faced negative circumstances at the corporate level, primarily because they were under significant pressure in their domestic markets. This pressure led them to abandon struggling international subsidiaries and to focus their strength on more urgent matters.

In total, 15 market exits (Delhaize Group Bosnia & Herzegovina, Delhaize Group Bulgaria, and all 13 Marks & Spencer exits) can be classified under this archetype.

Marks & Spencer faced significant difficulties at the corporate level, mainly driven by a challenging home-market environment with tough competition from food discounters, but also further aggravated by their international operations' weak performance. Under strong pressure to turn the business around, the retailer, with the arrival of its new CEO Steve Rowe in 2016 (The Grocer, 2016), decided to exit poorly performing international operations, most of which were mainly wholly owned operations. Well-performing operations, mainly those operated through a franchise system, were not divested.

> *"We have now completed a forensic review of our estate both in the UK and in our international markets. Our international business consists of two parts: an owned business that is loss making in a number of markets and a profitable franchise business […]. Our review has looked at the performance and potential of each of our international markets. Internationally, we propose to cease trading in ten loss making owned markets, but intend to continue to develop our presence through our strong franchise partners."* Steve Rowe, CEO, Marks & Spencer (2016)

The supermarket chain Delhaize was also confronted with considerable pressures in its home market Belgium, where the retailer faced fierce competition, and witnessed its net income decrease by 65 percent in the five years prior to exiting Bulgaria and Bosnia and Herzegovina (Delhaize Group, 2010-2014). Both exits of Delhaize are in fact part of a broader strategic refocus of the retailer, which manifested itself as an almost total withdrawal from Southeastern Europe (except for Serbia). Shortly before the exit from Bulgaria and Bosnia and Herzegovina, the retailer had already left Albania (2013) and Montenegro (2013) (Reuters, 2014). Interestingly, for Delhaize, as well, the arrival of a new CEO was important in triggering the refocus strategy.

> *"With the arrival of Frans [Muller], the Executive Committee took the opportunity to review our strategy and develop a new strategic framework."* Annual Report, Delhaize Group (2014)

Like Marks & Spencer, Delhaize, under significant corporate pressure, decided to review their international portfolio and chose to divest only the poorly performing operations (e.g., Bulgaria), while continuing to rely on their stronger international operations.

> *"We want to focus on the most profitable markets such as Serbia, Romania or Greece. But this was not the case in Bulgaria."* Company Statement, in L'Echo (2014)

3.4.4 Archetype 4: Divestment of struggling subsidiaries in unattractive markets by parents in a corporate crisis

In this archetype, exiting retailers were confronted with troubles at all three levels: the corporate, the subsidiary, and the host-country level. This archetype was developed from four market exits (S Group Latvia, S Group Lithuania, Metro Group Denmark, and X5 Retail Group Ukraine). It is particularly well illustrated in S Group's exit from Latvia. Scrutinizing the narrative for this exit reveals issues at all levels. First, fierce competition caused pressure in the domestic market.

> *"Discontinuing operations in Latvia and Lithuania will allow the retailer to focus on its home market of Finland. There, its main competitor Kesko is investing heavily, also bolstered by divesting of overseas markets and non-core businesses."* Daniel Johansson, Retail Analyst, LZ Retailytics (2017)

S Group's annual reports revealed its dismal financial performance in the five years before the exit from Latvia, with an average return on sales of just 0.16 percent (S Group, 2013-2017).

Second, its Latvian subsidiary was performing poorly and lacked scale. Third, the grocery retail sector in Latvia was becoming more competitive as local retailers were investing heavily. Fourth, S Group's Latvian operations were harmed by the authorities' intervention that closed one of its stores for months because of "alleged" security issues with the building.

> *"During our revision, we understood that the Latvian and Lithuanian Prisma market share is not high enough to ensure the profitability of operations and that obtaining enough additional volume through organic growth would be very challenging in the next few years. […] Competitors have invested heavily in both countries in recent years, with the result that the square footage of trade relative to population and consumer purchasing power is already quite high. In addition, our operating conditions in Latvia were significantly weakened by the closure of Prisma Deglava last year and the subsequent termination of the lease."*[10] Jorma Vehviläinen, CEO, S Group (2017)

3.4.5 Archetype 5: Proactive divestment of subsidiaries to optimize resource allocation in the international portfolio

This archetype describes market exits that are undertaken because a retailer shifts its resources to other markets that it identifies as being more lucrative in the long term.

Both market exits of Intermarché (Serbia and Bosnia & Herzegovina) build this archetype. These market exits were part of a shifting focus from Southeastern Europe towards Western

[10] Translated from Finnish.

European markets, where the retailer had more promising expansion opportunities, and were unrelated to performance (LSA, 2015). Intermarché had already started this refocus effort in 2012 by exiting Romania (Advertiser Serbia, 2015).

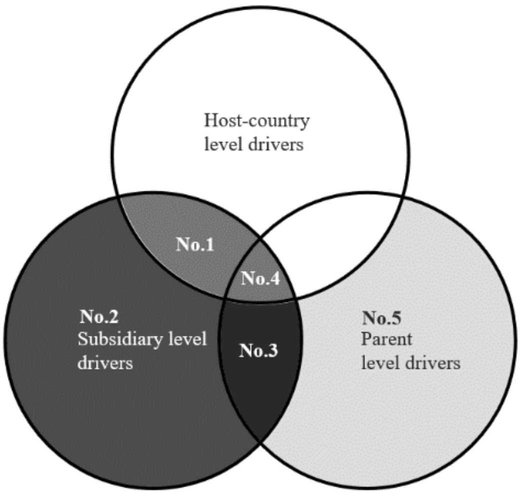
> *"Withdrawal from the Balkans had begun in 2012, and corresponds to a strategic refocus rather than reactions to performance issues. (...) From now on, Les Mousquetaires' European operations will be based in France, Portugal, Belgium and Poland. Latter driving international growth, with performances that have been particularly good in 2014."*[11] Morgan Leclerc, Retail Analyst, LSA (2015)

3.5 Discussion

The previous section offered a detailed explanation and discussion of the five archetypes. To allow for an overarching discussion of the archetypes and the drivers that form these archetypes, the findings are illustrated in the form of a Venn Diagram (see Figure 3.2).

Figure 3.2: *Venn Diagram of Exit Driver Combinations*

Archetype	Description	Number of market exits
No. 1	Divestment of struggling subsidiaries in unattractive markets	4
No. 2	Divestment of subsidiaries due to partnership issues	7
No. 3	Divestment of struggling subsidiaries by parents in a corporate crisis	15
No. 4	Divestment of struggling subsidiaries in unattractive markets by parents in a corporate crisis	4
No. 5	Proactive divestment of subsidiaries to optimize resource allocation in the international portfolio	2



The shade of each set corresponds to the number of market exits within an archetype: a darker color = higher number of market exits.

Figure 3.2 provides a clear picture regarding the importance of the different levels of drivers. Subsidiary-level drivers clearly dominate amongst the market exits – they are relevant in 30 of 32 market exits and are present in four out of five archetypes. Parent-level drivers are the second most important type; they occur in 21 of 32 market exits and are present in three out of five archetypes. Finally, host-country level drivers play a role in only eight market exits and in only two out of five archetypes, making it the least frequent level of drivers in the dataset. This outcome is similar to what is found in manufacturing divestment research. Even though the exact variables investigated in retail and manufacturing divestment differ, in both research streams, subsidiary-level drivers are the most important ones, followed by parent-level drivers. Finally, while host-country-level drivers are the least prominent drivers in our retail-specific

[11] Translated from French.

dataset, we find evidence that they do, in fact, play a role in explaining some foreign market exits. This differs from manufacturing divestment, where literature review results demonstrate most host-country-level drivers do not play a significant role in triggering foreign subsidiary divestment (e.g., Arte and Larimo, 2019; Schmid and Morschett, 2020).

Figure 3.2 highlights that exit drivers most frequently occur simultaneously on several levels. Only nine of the market exits in this study exclusively involved drivers from a single level: seven market exits were triggered solely by subsidiary drivers (archetype 2), while parent-level drivers alone only led to two market exits (archetype 5). Archetypes 1, 3 and 4 are characterized by configurations of drivers on several levels; these archetypes represent 23 out of 32 market exits. Most of these market exits (19) were dyadic - comprising two different levels (archetypes 1 and 3). In four market exits, drivers from all three levels played a triadic-type role in the divestment decision (archetype 4).

Comparing the five archetypes with the typologies from previous retail divestment studies, we find that most market exits in our study can be attributed to several categories within extant typologies.

In the *first archetype*, exits follow the logic of tactical divestments rather than strategic divestments, since the retailers decide to divest failing operations abroad. On the one hand, drivers at the subsidiary level, i.e., lack of scale and operational underperformance of the units, lead to “competitive failure” in the country and can be seen as an underlying motive for divestment. Financial difficulties at the subsidiary level create pressure for management teams and often lead to divestment decisions (Benito and Welch, 1997; Berry, 2013; Feldmann, 2016; Finnegan et al., 2019). Boddewyn (1979) stressed that such decisions are influenced not only by the current but also by the expected future financial performance of foreign operations. On the other hand, drivers at the host-country level, i.e., the local competition authority denying a merger (as for ICA Group) and an insolvency lawsuit (as for REWE Group) lead to “market failure” and act as precipitating circumstances that eventually trigger the exit decision. Hence, following the typology of Burt et al. (2003), we can observe both simultaneous “competitive failure” (i.e., operational underperformance) and “market failure” (i.e., unfavorable political and regulatory conditions) that lead to these market exits. This observation illustrates how subsidiary-level and host-country-level drivers mutually reinforce themselves to trigger exit decisions. This scenario also aligns with Mellahi et al. (2002)’s arguments, highlighting that internal and external factors often simultaneously affect foreign retail divestment. Internal factors are not necessarily related to operational mistakes of the retailer in their international operations (e.g., non-adaption to the host-country culture), as argued by Burt et al. (2003), but can be related to the natural hurdles of international expansion (e.g., scalability of subsidiary operations). Furthermore, external factors regularly do not drive divestment directly; instead, they do so indirectly by reinforcing internal drivers. Several scholars have discussed the interaction of subsidiary-level and market-level drivers. Berry (2013) indicates that a high market potential can offset the influence of poor performance on retailers' divestment decisions. Instead of divesting the operations, retailers may be willing to invest further financial and managerial resources into poorly performing subsidiaries when the market is attractive. If the market is challenging per se, however, as in the above described market exits, it is difficult for retailers to justify further investments into such subsidiaries. Wood et al. (2016) emphasize that retailers have to protect their reputation towards shareholders and financial institutions by demonstrating a coherent and adequate capital allocation in their international expansion activities.

In the *second archetype*, exits are predominantly caused by changes in circumstances related to international partnerships. This contrasts starkly to the other archetypes, where more complex and interrelated motives lead to the divestments.

In the *third archetype*, exits follow the logic of "corporate crisis" divestments as described by Cairns et al. (2010), or "business failure" as described by Burt et al. (2003). The archetype includes exits by two retailers: Marks & Spencer and the Delhaize Group. Both retailers abandoned their poorly performing international operations, as they distracted the retailers' attention from more pressing strategic priorities, i.e., negative developments at the corporate level. Thus, both retailers strategically refocused their international operations: while Marks & Spencer discontinued a large portion of its wholly owned operations, Delhaize almost completely withdrew from Southeastern Europe. The 13 discontinued Marks & Spencer operations represented only a cumulative 0.91 percent of total sales. However, together with four exited countries outside of Europe (EDGE Retail Insight, 2020), as part of the same refocus effort, Marks & Spencer left 17 of the 47 markets in their international portfolio virtually overnight. For both Marks & Spencer and Delhaize, it was a newly appointed CEO that initiated the refocus strategy. This observation delivers further evidence for the frequently discussed importance of a change in senior management as a precipitating circumstance in prompting foreign divestments (Alexander and Quinn, 2002; Cairns et al., 2010; McDermott, 2012). While the need to refocus on the domestic market is a strategic driver for divestment, the choice of which specific markets are to be exited is a tactical one. In this archetype, parent companies in crisis only divest their poorly performing foreign subsidiaries. Consequently, the forces that drive a retailer to divest from specific markets while continuing its activities in others are the result of "competitive failure", i.e., operational underperformance of the subsidiary (Burt et al., 2003). This demonstrates that the exit decisions in this archetype are driven by a dyadic relationship between home- and subsidiary-level drivers. Authors have developed various arguments to explain this type of dyadic relationship. On one hand, parent companies with financial difficulties are often unable to satisfy their poorly-performing subsidiaries' needs for financial and managerial resources and thus divest them (Torneden, 1975). On the other hand, the tolerance of a parent company towards foreign losses or loss potentials may be lower when faced with difficulties in its home market (Torneden, 1975). Shareholders and financial institutions expect corrective measures, such as exiting the lossmaking markets, to safeguard the financial well-being of the retailer (Palmer and Quinn, 2003).

In the *fourth archetype*, exits follow a similar underlying logic as in archetype 3. In both archetypes 3 and 4, the exits are driven by retailers experiencing a crisis at the corporate level and feeling the need to refocus at a strategic level. Under these circumstances, they decide to exit certain international markets. What differentiates the fourth archetype from the third is that the exited operations are not only performing poorly but they are also suffering from difficult circumstances at the host-country level such as a difficult economic and/or political situation, a negative retail market development, or an increasingly challenging competitive situation. In archetype 3, we argued that struggling parent companies would not be able or willing to support their weakly performing subsidiaries and they would be willing to support them even less in unattractive markets with no promising future prospects. Following the reasoning of Burt et al. (2003), these exits are the result of not only “business failure” and “competitive failure” but also “market failure”. In contrast to archetype 3, where we observed a dyadic combination of drivers, in this archetype, we observe a triadic relationship between drivers on the parent, the subsidiary and the host-country level. Coe et al. (2017) and Doherty and Alexander (2015) have emphasized that retail divestments are often triggered by both conditions in the home country (e.g., deteriorating market conditions and financial pressures in the home country) and multiple host-country and subsidiary-level conditions at the level of the divested operations (e.g., weak subsidiary performance due to competitive pressure and harmful regulations).

In the *fifth archetype*, exits follow the logic of “positive restructuring” as discussed by Cairns et al. (2010). Retailers leave markets proactively - in this case, divesting operations for which they see only limited prospects relative to other active or potentially new operations. Scholars have argued that well-managed retailers change their international strategy and divest foreign operations to focus on good performers when their resources are not allocated optimally within the international portfolio (Alexander et al., 2005; Berry, 2009; Hamilton and Chow, 1993; Hennart et al., 1998). In this archetype, it is solely the attractiveness of operations unrelated to the observed market exits that lead retailers to divestment decisions. Resources gained from the divested operations are used for investments in markets with higher expected returns (Alexander et al., 2004; Berry, 2009; Palmer & Quinn, 2007). By allowing other, more lucrative investments to occur, foreign divestments represent essential strategic means in an internationalization process that is a continuum of retrenchment and growth. This archetype is thus distinguished from archetypes 1 through 4, since in these other archetypes, exits represent corrective actions.

As the preceding discussion shows, most market exits can be explained by several categories within the existing typologies of foreign retail divestment. This confirms the need for a multidimensional typology of foreign market exit drivers.

As mentioned previously, a qualitative approach was used to investigate market exits and to form the archetypes. This approach included developing a full picture of the characteristics for all market exits. Some of these characteristics represent the dynamics of contemporary market exits particularly well and deserve to be discussed in more detail.

Most of the retailers in our study were active in many different countries simultaneously: as previously illustrated, the divested countries often only represented a small share of the retailers' total sales.

In several market exits, a change in senior management at the retailer helped precipitate exit decisions. Marks & Spencer, Intermarché, the Delhaize Group, and the Kesko Group all changed their top management one year prior to their exits. Within this category, all but the Kesko Group's exit belong to archetypes characterized by strategic refocus motives (in archetypes 3 and 4). This offers further evidence for the importance of the often-discussed role of leadership changes in prompting strategic reviews that lead to foreign market exits (Cairns et al., 2010; McDermott, 2012).

Retailers often exited multiple countries in the same period. While six exits were "isolated" market exits (archetype 1 consists of only such market exits), twelve exits were part of a regional restructuring wave (in archetypes 2, 3, 4, and 5) and fourteen exits were part of a global restructuring wave (in archetypes 3 and 4). The latter market exits are mainly attributed to Marks & Spencer, which exited from Eastern and Southeastern Europe, Central Europe and, looking beyond our dataset, China, in the same period.

Retailers often viewed exiting several countries simultaneously as the only way forward when considering the many challenges they faced in their home markets (Coe and Wrigley, 2017). Although this type of exit would only have minor effects on retailers' overall sales figures, it would free up significant managerial resources and allow them to focus on their challenges at home (in archetypes 3 and 4) or regions or countries where they had identified more promising growth opportunities (in archetype 5). Furthermore, in the case of a successful operation sale to a third party, the divestment proceedings might ease a struggling retailer's financial situation. However, our data showed that retailers were only able to sell their foreign operations in one third of the market exits.

An interesting divestment driver, visible in archetypes 1 and 4, was grocery retailers' realization that they could not achieve the necessary scale in a country to be competitive there. While this issue only clearly influenced divestment decisions in six of the investigated market exits, it might have played a certain role in other exit decisions. Interestingly, the divested subsidiaries were only among the three biggest retailers in the host country in four of the 32 market exits. Thus, most subsidiaries did not have a leading position in their markets, making it difficult for them to be competitive. McDermott (2012) discussed the importance of achieving scale in international markets for the retailer Carrefour. After the appointment of its new CEO José Luis Duran in 2005, Carrefour initiated a phase of strong refocus, exiting from markets where it failed to achieve a leadership position. Our data shows that this mindset has been growing in popularity within the grocery retail sector. The increasing prominence of a longer phase of consolidation and regional focus in the grocery retail industry has only recently begun to be discussed in more depth (e.g., Burt et al., 2018; Coe and Wrigley, 2017; Palmer and Quinn, 2007; Wood et al., 2016). While this phase originated in the mid-2000s (Burt et al., 2008a; Coe et al., 2017) with Marks & Spencer's large-scale withdrawal from continental Europe, the global economic and financial crisis further strengthened these patterns. An increasing number of multinational retailers were forced to shift their attention away from globalization and to instead concentrate on challenges in their domestic markets (Coe and Wrigley, 2017). In both our findings and those of Burt et al. (2018), we observe that this phase of regional and home-market- refocus exits is still ongoing. Specifically related to the findings of Burt et al. (2018), we show that European grocery retailers, in their quest to "reconfigure the global firm", divest not only from geographically distant markets like Asia but also from operations close to home.

3.6 Conclusion

This paper began with the premise that the identification of multidimensional combinations of drivers leading to foreign market exits is essential to truly understanding the phenomenon of foreign divestment. We analyzed the exit drivers of *all* 32 country exits that occurred amongst the 50 largest grocery retailers in Europe in the five years from 2014 to 2018. By doing so, we were able to draw a full picture of contemporary retail divestment in this region. Our findings take the specific and complex context of each individual market exit into account, while still considering the overarching issues across all market exits.

3.6.1 Theoretical and Empirical Contributions

Our paper contributes to literature in several ways. First, we identified nine drivers and their combinations that explain all exit decisions. Empirically, we show that these drivers do not have the same frequency of occurrence. While some drivers affect almost all market exits (e.g., low performance of the subsidiary), others only occur rarely (e.g., bad economic situation in the host country). This finding indicates that some drivers are more relevant than others.

Second, we responded to the explicit calls by different researchers not only to investigate individual drivers of foreign subsidiary divestment but also to consider combinations of drivers that affect exit decisions simultaneously (e.g., Berry, 2009; Burt et al., 2018; Schmid and Morschett, 2020). Thus, we adopt a holistic, multidimensional approach to analyzing individual retail market exits. As a theoretical contribution, our findings confirm the existence and importance of exit driver combinations for each individual exit. Many of our investigated market exits feature a simultaneous occurrence of multiple exit drivers at the subsidiary, the host-country, and the parent-company level.

Third, on an aggregated level, our concept of retail divestment driver archetypes arguably represents the first truly multidimensional way of classifying combinations of drivers of retail market exits. While Burt et al. (2018) demonstrated the dominance of different driver combinations over time, we show that a number of distinct types of driver combinations co-exist at the same time. As our main theoretical contribution, we developed an initial typology of exit driver combinations by classifying reoccurring combinations of exit drivers into archetypes. These archetypes were described in detail and reviewed in the discussion section. We propose a limited set of driver configurations that represent all the different types of exits in our database. The market exits in archetype 1 are characterized by retailers divesting struggling subsidiaries in unattractive markets. Archetype 2 includes retailers that exit foreign markets as a result of ending international partnerships. In archetype 3, retailers facing a corporate crisis and experiencing financial difficulties at both the corporate and foreign subsidiary levels divest their struggling subsidiaries in a strategic refocus effort. In archetype 4, drivers at the host-country level are added to reinforce the drivers related to financial difficulties at the subsidiary and parent-company levels; thus, retailers within this archetype are confronted with troubles at all levels. Archetype 5 is characterized by proactive exits by retailers that strategically focus their resources and capabilities on more promising markets. Our typology makes no claim to be exhaustive, as almost no typology does (Miller, 1996). Nevertheless, it can serve as a tool for further investigation of foreign retail exits because familiar patterns can be recognized and categorized more easily without having to explain the drivers behind each exit in detail.

Fourth, we empirically show that some archetypes appear more frequently than others. Archetype 3 represents 15 market exits, archetype 2 represents seven market exits, archetypes 1 and 4 represent four markets exits each, and archetype 5 represents two market exits. This result is partially driven by the nested structure of our dataset in which multiple market exits are sometimes nested within one retailer. However, it must be noted here that all archetypes except archetype 5 (composed of two Intermarché exits) are built of market exits stemming from at least two retailers. Furthermore, nested structures of market exits, as seen in this dataset, represent a real manifestation of the phenomenon of foreign market exits and thus deserve to be investigated properly. This means that *all* 32 market exits, regardless of whether they belong to the same or different retail companies, must be investigated and, in our case, needed to be considered when building the archetypes. It is imperative, however, that the nested structure is considered when investigating market exits from the perspective of foreign operations in order to avoid distorted findings. In quantitative research, such multiple market exits from the same retailer are often treated in isolation. However, with the deeper understanding of each market exit gained through qualitative research, it was possible to consider the nested relationships in the interpretation of the findings. In this respect, the nested structure also has advantages because it allows parent-company level influences to be separated from subsidiary level influences.

Fifth, we contribute to theory by showing that previous typologies often do not suffice to describe exit types fully since they lack multidimensionality. More specifically, we contribute to the discussion about the importance of strategic motives to foreign divestment, especially in contrast to failure-related motives (e.g., Cairns et al., 2010; Palmer and Quinn, 2007; Sousa and Tan, 2015; Tan and Sousa, 2019). Indeed, the study confirms that exits are often part of a broad strategic refocus of retailers (as in archetypes 3, 4, and 5). However, it also provided evidence that proactive and positive refocus exits, as sometimes discussed in divestment literature, are rather rare (appearing in two market exits from one retailer in archetype 5). In several market exits, retailers attempt to hide their exits under the guise of proactive strategic changes as part of their international strategy to optimize their investments. By using a wide array of sources and investigating the market exits in depth, we were able to illustrate that most strategic exits, even if part of a broader refocus strategy, are reactive responses to challenges at the subsidiary, host-country, and/or parent-company level (as seen in 19 market exits by five retailers in archetypes 3 and 4).

Sixth, as another theoretical contribution, we find evidence of differences between manufacturing firms' and retail firms' divestments. While manufacturing divestment research found that host-country level drivers do not play a significant role overall in triggering MNCs to divest their subsidiaries, we find evidence that host-country level drivers do play a role in explaining certain foreign retail divestment decisions. This might be related to the internationalization motives of manufacturing companies and retailers. As mentioned before, manufacturing MNCs and international retail companies differ in their motives to open subsidiaries in foreign host countries. Retailers' main motive is market seeking, which makes them vulnerable to market changes. We found eight market exits that were strongly influenced by changes regarding the macroeconomic, political, competitive, or retail market environment in the host country. Manufacturing MNCs, in contrast, have a multitude of motives to enter foreign countries, including resource seeking and efficiency seeking (Dunning, 1988). Thus, changes in the host market may not deteriorate their future prospects. This could be a reason why previous research on manufacturing divestment has found little evidence for host-country drivers that trigger foreign divestment (e.g., Arte and Larimo, 2019; Schmid and Morschett, 2020). However, the effects also may be more difficult to measure in manufacturing research since positive and negative effects offset each other due to the multiple motives of these operations (e.g., an increasing income level is positive for the market-seeking motive but negative for the resource-seeking motive). While this question cannot be answered in this study, it would be an interesting issue to explore in the future.

3.6.2 Managerial Implications

Our study also provides implications for retail practitioners who can learn from the divestment experiences of other retailers (Ajai, 2015; Alexander et al., 2005; Palmer, 2004). However, this should be done with caution because our study does not allow normative conclusions per se, as it includes no analysis of the performance effects of the divestments. Still, divestment in itself can be viewed as an outcome, and our results show drivers of that outcome.

First, grocery retailers can use our overview on recent foreign exit patterns in the European market to better understand the foreign divestment dynamics in their industry. In Appendix 3.1, they can find extensive information about the 32 market exits and their context.

Second, by understanding the drivers that frequently lead multinational retailers to exit markets, retailers can be better prepared for exit drivers that might arise within their own international expansion.

Third, retailers can try to proactively influence certain drivers to keep them from becoming exit drivers in the future. For example, by understanding that many foreign exits are driven by the limited scalability of a foreign subsidiary, retailers can be more attentive to this issue when entering host countries. From this perspective, integrating our findings into retailers' decision-making processes might diminish their probability of having to exit certain markets.

Fourth, retail managers can use the identified archetypes of exit drivers when revising their portfolio of foreign markets and can use it to question the "raison d'être" of their different foreign operations. By applying the archetypes, managers, who are sometimes reluctant to divest from foreign markets even though they would fulfill all criteria to be divested (Nargundkar et al., 1996; Torneden, 1975), can be convinced to do so. By examining the market exits discussed in our contribution, managers might realize that other retailers have divested similar operations and may, consequently, reduce their own barriers to divest their foreign operations.

3.6.3 Limitations

Regarding the generalizability of findings and counterexamples, this case study has the inherent limitations of qualitative research (e.g., Sinkovics et al., 2008; Wood et al., 2016). Analytical generalizations drawn from case study research, no matter how rigorous the methodology, deserve caution. More specifically, the scope of the dataset is a limitation. Because this study focuses on the grocery retail sector in Europe and recent market exits, the findings might not be transferable to other contexts (e.g., different retail sectors, industries, regions, and periods of time). Certain drivers that were found to be relevant may be less relevant in other contexts and vice versa. Furthermore, regarding the legal ownership structure, most retail companies in our dataset are publicly listed corporations. The effect of financial performance at the subsidiary and/or parent-company level may not be the same for non-listed companies that do not face the same pressure to react to short-term results (Palmer and Quinn, 2003).

Our dataset has a nested structure, i.e., multiple market exits are sometimes nested within one retailer or one host country. This structure causes certain retailers to dominate certain archetypes (i.e., Carrefour exits in archetype 2; Marks & Spencer exits in archetype 3). As previously mentioned, this limitation was taken into account in the qualitative approach. However, in the future, it would undoubtedly be beneficial to investigate market exits from a larger number of parent firms to see whether they can be attributed to the archetypes identified in this study.

The archetypes in this study are identified based on 32 market exits of large grocery retailers. Thus, our study demonstrates the existence of certain archetypes of exit driver combinations but does not provide an exhaustive typology. We believe that additional archetypes could be identified when investigating more market exits.

Our qualitative content analysis is based on publicly available sources and does not include interviews with the company actors responsible for the exit decisions or those close to them. We believe that by investigating large and public retailers, and by consulting a wide range of sources and expert opinions, we were able to capture an accurate picture of the nature of the country exits in our dataset. However, publicly available sources do not allow insights into certain internal issues, no matter how much data-triangulation is applied. For example, a retailer might not want to report internal problems leading to failure and might prefer to blame the divestment on bad financial results due to the host country's poor macroeconomic situation. Some authors also criticize annual reports because they are sometimes prepared by public relations specialists rather than the top management team (Abrahamson and Hambrick, 1997) and may be distorted in the attribution of organizational actions and outcomes (Barr et al., 1992; Clapham and Schwenk, 1991). Conducting additional interviews with people involved in the exit decisions would allow a more extensive triangulation of sources and ensure a higher degree of validity and reliability.

Lastly, our study focuses on divested subsidiaries and does not investigate retail subsidiaries that survive. Therefore, the conditions under which similar driver configurations do not lead to divestment could not be analyzed.

3.6.4 Implications for Further Research

We showed that, for most market exits, combinations of drivers rather than single drivers lead to foreign market exit. Thus, this study lends further support to the configurational approach in general (see, e.g., Cerrato et al., 2016; Lim et al., 2006; Miller, 1986; Miller, 1996), but importantly also within divestment research. Especially when considering the classification of strategic divestments vs. failure-related divestments, we see the necessity of a more integrated, multidimensional approach.

Our findings are based on a limited set of market exits in Europe that took place between 2014-2018 and, thus, depend on this context. It is therefore important to apply a similar approach in different contexts (e.g., different retail sectors, industries, regions, and periods of time) to determine, first, whether the archetypes found in our case-study context also represent market exits in other contexts and second, which additional archetypes can be identified. This research would also help to interrogate the importance of the different archetypes. For example, we only detected two genuine "proactive restructuring" divestments such as those discussed by Cairns et al. (2010). However, this archetype may be found more frequently beyond the scope of our study. For instance, in 2020, the German hypermarket retailer Kaufland ceased its activities in Australia shortly before opening its first stores in the country, following investments of over USD 500 million in real estate. There is no indication that the local situation in Australia had any influence on this decision. Instead, Kaufland argued that it would refocus on the growth opportunities in Europe, where it had a large and attractive investment opportunity at the time (Kaufland, 2020).

Based on the broader scope, it would also be worthwhile to investigate the association of existing archetypes with the specific context; this research would be similar to the study by Burt et al. (2018) that links specific configurations of divestment drivers to different periods of time.

By building archetypes based on similar underlying logic, we demonstrate that not each market exit has to be dismantled with regard to the detailed drivers that lead to exit but that a relatively small number of drivers suffices to identify a specific archetype. This permits an efficient investigation of large sets of market exits based on a smaller set of describing variables. Thus, quantitative research should be applied based on our qualitative findings to analyze their generalizability and robustness. Quantitative retail divestment studies could apply clustering methods to identify multi-dimensional configurations of divestment drivers. Such approaches have proved to be very promising in other areas of international business research (e.g., Hagen et al., 2012; Ronen and Shenkar, 2013). However, in this case, researchers must explicitly address the nested multilevel data-structure in this field to avoid generating distorted findings (Peterson et al., 2012). Quantitative methods would also allow the inclusion of surviving operations for comparison. However, instead of the usual regression-based studies that focus on individual drivers (or simple interactions), our findings indicate that combinations of drivers should be investigated together.

Finally, we see significant potential in conducting further in-depth qualitative research based on more longitudinal datasets. Taking only a few retailers for a multiple-case study and analyzing their exits over a long period would allow researchers to investigate how drivers (and combinations thereof) vary over time within different companies. Burgelman (1994), in his work on the withdrawal of the microchip manufacturer Intel from the semiconductor business, already illustrated that withdrawals usually develop “co-evolutionarily” within companies and thus represent a multi-layered, complex research problem which is best investigated holistically.

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Appendix

Appendix 3.1: Investigated Foreign Retail Exits in Europe (2014-2018)

Retailer	No. Of country markets*	Host Country	Operation Mode (at exit)	Year of Entry	Year of Exit	Type of Divestment (Closed vs. Sold)	Market Position*	Re-Entry	**Banner Level Details** (Name, Banner Type, Entry Year & Exit Year, Number of Stores)	Exit Scope**	Type of Refocus
Carrefour (FRA)	40	Slovakia	Franchising	2000	2018	Closed (Bankruptcy of exclusive franchisee Retail Value Stores)	15	No	(Carrefour, hypermarkets, 2000-2018, 2)	Regional	n/a
Carrefour (FRA)	44	Macedonia	Franchising	2012	2016	Closed (Bankruptcy of exclusive franchisee Marinopoulos Group)	9	No	(Carrefour, hypermarkets, 2012-2016, 1) (Carrefour Market, supermarkets, 2014-2015, 1)	Regional	n/a
Carrefour (FRA)	44	Bulgaria	Franchising	2009	2017	Closed (Bankruptcy of exclusive franchisee Marinopoulos Group)	6	No	(Carrefour, hypermarkets, 2009-2017, 5) (Carrefour Market, supermarkets, 2009-2017, 1)	Regional	n/a
Carrefour (FRA)	41	Albania	Franchising	2011	2015	Closed (Non-renewal of franchising agreement)	1	No	(Carrefour, hypermarkets, 2011-2015, 2) (Carrefour Market, supermarkets, 2013-2015, 15)	Regional	n/a
Carrefour (FRA)	44	Cyprus	Franchising	1991	2017	Sold to local player Sklavenitis Group (after bankruptcy of exclusive franchisee Marinopoulos Group)	1	No	(Carrefour, hypermarkets, 1991-2017, 7) (Carrefour Market, supermarkets, 1991-2017, 10)	Regional	n/a
Carrefour (FRA)	44	Greece	Franchising	1991	2017	Sold to local player Sklavenitis Group (after bankruptcy of exclusive franchisee Marinopoulos Group)	1	No	(Carrefour, hypermarkets, 1991-2016, 33) (Carrefour Market, supermarkets, 1993-2017, 282) (Carrefour Express, convenience stores, 1993-2017, 357) (Smile Markets, convenience stores, 1993-2017, 200) (Terra Market, wholesale C&C, 2013-2016, 5)	Regional	n/a

Delhaize Group (BEL)	10	Bosnia and Herzegovina	Wholly-owned	2011	2014	Sold to local player Tropic Group	4	No	(Delta Maxi, supermarkets, 2011-2014, n/a)	Regional	c
Delhaize Group (BEL)	10	Bulgaria	Wholly-owned	2011	2014	Sold to local player AP Mart	5	No	(Picadilly, supermarkets, 2011-2014, 32) (Picadilly Daily, convenience stores, 2011-2014, 22)	Regional	c
ICA Group (SWE)	6	Norway	Wholly-owned	1992	2015	Sold to local player Coop Norge	4	No	(ICA Supermarked, supermarkets, 1992-2015, 75) (Matkroken, convenience stores, 1992-2015, 165) (Rimi, discounters, 1992-2015, 310)	Single	n/a
Intermarché (FRA)	7	Serbia	Wholly-owned	2004	2015	Sold to local player Aman	7	No	(Intermarché Super Interex, supermarkets, 2004-2015, 9)	Regional	c, d
Intermarché (FRA)	7	Bosnia and Herzegovina	Wholly-owned	1999	2015	Sold to local player Bingo	4	No	(Intermarché Super Interex, supermarkets, 1999-2015, 24)	Regional	c, d
Kesko Group (FIN)	9	Russia	Wholly-owned	2005	2018	K Ruoka: sold stores and plots to Lenta. K Rauta: sold 12 stores to Leroy Merlin and closed 2 stores.	79 [i]	No	(Intersport, sporting goods stores, 2011-2016, 18) (K Rauta, DIY stores, 2005-2018, 14) (K Ruoka, hypermarkets, 2012-2016, 11 (one is a supermarket))	Single	n/a
Leclerc (FRA)	7	Italy	Joint-venture	2002	2014	Sold to local joint venture partner Conad	24 [ii]	No	(E.Leclerc, hypermarkets, 2002-2014, 40)	Single	n/a
Marks & Spencer (UK)	55	Latvia	Wholly-owned	2007	2016	Closed	28 [iii]	No	(Marks & Spencer, department stores, 2006-2016, 1)	Global	c
Marks & Spencer (UK)	48	Lithuania	Wholly-owned	2008	2017	Closed	43 [iii]	No	(Marks & Spencer, department stores, 2008-2017, 1)	Global	c, d, f, o
Marks & Spencer (UK)	55	Montenegro	Wholly-owned	2009	2016	Closed	11 [iii]	No	(Marks & Spencer, department stores, 2009-2016, 1)	Global	c
Marks & Spencer (UK)	55	Slovenia	Wholly-owned	2004	2016	Closed	34 [iii]	No	(Marks & Spencer, department stores, 2004-2016, 1)	Global	c
Marks & Spencer (UK)	55	Serbia	Wholly-owned	2008	2016	Closed	49 [iii]	No	(Marks & Spencer, department stores, 2008-2016, 2)	Global	c
Marks & Spencer (UK)	48	Belgium	Wholly-owned	2015	2017	Closed	165 [iii]	Yes [iv]	(Marks & Spencer, department stores, 2015-2017, 1)	Global	c, d, f, o
Marks & Spencer (UK)	48	Estonia	Wholly-owned	2009	2017	Closed	33 [iii]	No	(Marks & Spencer, department stores, 2009-2017, 2)	Global	c, d, f, o
Marks & Spencer (UK)	55	Bulgaria	Wholly-owned	2006	2016	Closed	48 [iii]	No	(Marks & Spencer, department stores, 2008-2016, 3)	Global	c

Marks & Spencer (UK)	48	Netherlands	Wholly-owned	2013	2017	Closed	163 [iii]	Yes [v]	(Marks & Spencer, department stores, 2013-2017, 2)	Global	c, d, f, o
Marks & Spencer (UK)	48	Hungary	Wholly-owned	1992	2017	Closed	46 [iii]	No	(Marks & Spencer, department stores, 1992-2017, 6)	Global	c, d, f, o
Marks & Spencer (UK)	48	Slovakia	Wholly-owned	2006	2017	Closed	36 [iii]	No	(Marks & Spencer, department stores, 2006-2017, 7)	Global	c, d, f, o
Marks & Spencer (UK)	55	Croatia	Wholly-owned	2006	2016	Closed	29 [iii]	No	(Marks & Spencer, department stores, 2006-2016, 5)	Global	c
Marks & Spencer (UK)	48	Poland	Wholly-owned	2007	2017	Closed	96 [iii]	Yes [vi]	(Marks & Spencer, department stores, 2008-2017, 11)	Global	c, d, f, o
Metro Group (GER)	32	Denmark	Wholly-owned	1971	2015	Closed [vii]	27 [viii]	No	(Metro Cash & Carry, wholesale C&C, 1971-2015, 5)	Global	c+, f
REWE Group (GER)	12	Latvia	Joint-venture	2008	2014	Sold to local Player Mego	5	No	(Iki, supermarkets, 2008-2014, 51)	Single	n/a
S Group (FIN)	5	Latvia	Wholly-owned	2006	2017	Closed	3	No	(Prisma Hypermarket, hypermarkets, 2006-2017, 3)	Regional	d
S Group (FIN)	5	Lithuania	Wholly-owned	2008	2017	Closed	7	No	(Prisma Hypermarket, hypermarkets, 2008-2017, 4)	Regional	d
Salling Group (DK)	5	United Kingdom	Joint-venture	2014	2016	Closed [ix]	55	Yes	(Netto, discounters, 2014-2016, 10)	Single	n/a
X5 Retail Group (RUS)	2	Ukraine	Wholly-owned	2004	2014	Sold to local player Varus (Omega LLC)	13	No	(Perekrestok, supermarkets, 2004-2014, 12) (Perekrestok Express, convenience stores, 2004-2014, 1)	Single	d

[*] in year prior to exit
[**]single: only exit of the retailer between year prior to exit and year following the exit, regional: retailer exits other countries from same region between year prior to exit and year following the exit, global: retailer exits from several countries of different regions between year prior to exit and year following the exit
[i] includes K-Rauta banner
[ii] position of the JV Leclerc-Conad; Conad is No. 1 in Italy
[iii] based on total sales (not only grocery sales)
[iv] previous activity from 1975 - 2001
[v] previous activity from 1992 - 2001
[vi] previous activity from 1999 - 2001
[vii] wanted to sell two stores, but not possible because of competition authority
[viii] within Cash & Carry Nr. 2
[ix] parts of real estate taken over by joint venture partner Sainsbury's, remaining real estate taken over by local player Home Bargains.

d = domestic market refocus
c = core market refocus
c+ = core and new markets refocus
f = format refocus

o = operation-mode refocus
n/a = not applicable

Appendix 3.2: List of First-order Codes and Second-order Constructs

Second-order constructs	**Bad economic situation in the host country**	**Political situation in the host country**	**Negative retail market outlook**	**Competitive situation in the host country**	**Low performance of the parent company**	**Strategic refocus of the parent company**	**Issues with subsidiary partners (JV, Franchisee)**	**Lack of scaling perspectives**	**Low performance of the subsidiary**
First-order codes	Currency issues	Armed conflict	Decline in consumption	Strong local competition	Low performance in the home country	Focus on core markets	Conflict of interest with joint venture partner	Insufficient cash available for required investment	Losses on the subsidiary level
	Economic crisis	Political crisis in the host country	Lower demand due to decreasing population	Significant development of existing competitors	Low performance of the retailer	Focus on different operation mode (JV, WOS, Franchise)	Financial problems of the franchise partner	Insufficient scale to ensure competitiveness	Subsidiary performance does not meet targets
	Economic sanctions	Restrictive government competitive policy	Stagnating or shrinking market	Strengthening local competition	Low financial performance in the core market(s)	Focus on domestic market		Lack of available store sites	
	Inflation	Strong interference of authorities	No market growth perspective	Entry of new and strong competitors		Focus on new markets		Necessary investments too high	
	Macroeconomic downturn	Unjustified insolvency lawsuit (incl. extortion)				Focus on other formats			
	Bad economic perspectives for the future								

4. Study 2 – The Fit Between Innovation Management Techniques and Dimensions of Innovation in Retail[12]

4.1 Introduction

Designing an organisation that enables innovation is pivotal to long-term organisational success. This is especially true in the current market environment, which is characterised by accelerating change due to digitalisation, rapidly changing consumer tastes, and generally by increased volatility and uncertainty. To keep up, organisations must reach beyond their own boundaries to acquire new knowledge (Chesbrough, 2006) and work collaboratively (Kohler, 2016).

Whilst these challenges are relevant to all industries, the retail industry is recognised as being particularly competitive and is characterised by very low margins and substantial competition (Grewal et al., 2017; Jin & Shin, 2020; Pantano et al., 2022; Sorescu et al., 2011). Maintaining a high level of innovation is therefore critical for retailers as they work to maintain and enhance value creation and appropriation while building and maintaining a competitive advantage.

Retailers innovate in different ways from manufacturers. Whilst manufacturers focus on product development, production and marketing, retailers focus their innovation on ensuring that their offer at the point of sale is as attractive as possible (Hristov & Reynolds, 2015; Reis et al., 2015; Sundström & Radon, 2014; Tether, 2005).

Hence, the use of different innovation management techniques in retail is a phenomenon that can be observed in practice, but also one which is dealt with in the field of retail management science (e.g. Patel & Pearce, 2018; Shankar & Shepherd, 2019). Many retailers use various innovation management techniques, e.g., retailer-operated incubators, product co-creation, and within-firm working groups, to develop an innovation culture, or mergers and acquisitions to integrate innovative startups into firms. However, many retailers do not appear to have a systematic approach to innovation management and operate without separately identifiable innovation management techniques.

Our study takes a qualitative, multiple-case study approach (Eisenhardt, 1989; Yin, 2015). We determine which innovation management techniques fit which dimensions of innovation (i.e., in which functional areas retailers conduct innovation) by examining the innovation activities of eight European retail companies. To build our cases, we conducted semi-structured interviews with functional and senior managers of eight retail companies active in the areas of

[12] Study 2 is currently under review at an international retail journal. It was previously accepted for presentation at the 8th Colloquium on European Research in Retailing (Portsmouth, United Kingdom, 22 – 23.06.2023) and an abstract was published as de Thomas Wagner, F. & Morschett D. The Fit Between Innovation Management Techniques and Different Dimensions of Innovation in Retailing. *Proceedings from the 8th Colloquium on European Research in Retailing* (2023) https://cerr.sciencesconf.org/data/pages/Book_of_Proceedings_2023.pdf.

grocery, office products, eyewear, construction, and sports apparel and shoes. This approach offers a thorough understanding of the retailers' active dimensions of innovation and their innovation management techniques. The coded data permit the application of qualitative content analysis (Krippendorff, 2018; Schreier, 2012) to (1) understand the fit, i.e., which technique is suitable for developing innovation in a certain dimension, and (2) identify matching criteria between the techniques and dimensions to develop twelve testable propositions.

The remainder of the paper is structured as follows. The next section reviews the literature on innovation in retail, focusing on the different ways of categorising innovation in retail developed thus far. The third section presents the approach, methodology and data used in this study. The fourth section presents the innovation management techniques derived from the data. An overview of the matching criteria identified from the interview data is provided in the fifth section. The paper concludes with the testable propositions as its main contribution, as well as the limitations of the study and the implications of the findings for management practice and further research.

4.2 Literature Review

4.2.1 Innovation Management Techniques

Innovation management techniques were discussed by scholars before the spread of modern digital technology. Mogee (1993), for instance, called for the development of innovation management tools to enable a more systematic and standardised approach to innovation management. Based on the premise that merely devoting resources to innovation activities is insufficient to ensure innovation, Brady et al. (1997) argued that companies which have been successful have also learned how to manage innovation. Phaal et al. (2006) characterise innovation management techniques as tools and methodologies designed to support the innovation process and help firms meet challenges systemically. This can be done by employing various different techniques for innovation management. Some authors label these as tools (Brady et al., 1997; Mogee, 1993; Phaal et al., 2006; Smith et al., 2017; Zammar et al., 2023), others as techniques (Hidalgo & Albors, 2008; Igartua et al., 2010; Lobo & Samaranayake, 2020). This study employs the term "technique".

Innovation management techniques are available for different areas of innovation management (Igartua et al., 2010), namely strategy, portfolio management, project management, leadership and culture, human resources, external relations, organisational design, processes, indicators, market, resources, protection, knowledge and technology (Igartua et al., 2010). Most companies have incorporated – consciously or unconsciously – innovation management techniques into their operations (Igartua et al., 2010). Numerous studies have shown that innovation management can help firms manage and facilitate innovation, adapt to challenges and changing circumstances, and build an open innovation strategy (Albors-Garrigos et al., 2018; Chiesa &

Masella, 1996; D'Alvano & Hidalgo, 2012; Hidalgo & Albors, 2008; Igartua et al., 2010; Phaal et al., 2006).

Innovation management techniques have not yet been applied to retail in an overarching and systematic manner. Thus far, studies have explored the use of certain innovation management techniques in retail for very specific purposes, such as the use of innovation labs in supermarkets operated by the Spanish retailer Mercadona to include customers and frontline employees in innovation processes (Albors-Garrigos, 2020). Another example is the explicit and extensive involvement of consumers in the innovation process, especially product innovation (Heiskanen et al., 2007; Janssen & Dankbaar, 2008), or the use of accelerator programs to bring innovation into or closer to an organisation (Kupp et al., 2017).

Research concerning innovation in the specific context of retail intensified in the 2010s, yet despite the increased interest in the field, Hristov and Reynolds (2015) finding that research in the area is fragmented, to a great extent still stands today.

4.2.2 Innovation Dimensions in Retail

Extant research can be categorised into three broad themes, as per Hristov and Reynolds (2015). The first group of studies investigates retail-specific innovation-related practices on a broad scale. This group includes the study by Hristov and Reynolds (2015) in which they identify the different themes – here, various authors propose frameworks which can be used to categorise the meanings of retail innovation and the tools used by retailers to measure the effectiveness of innovation (Hristov & Reynolds, 2015). Sorescu et al. (2011) take a broader approach and study the innovation of business models in a retail-specific context, as something necessary for the construction of a sustainable advantage. Reinartz et al. (2011) assess the characteristics of retail innovations that are conducive to superior performance in certain markets and across aggregations of markets, while Shankar et al. (2020) classify technologies that impact retail, discuss the drivers and outcomes of new technology adoption, and lay out scenarios on the topic. Similarly, Grewal, Noble, et al. (2020) assess the future of in-store technology by developing a typology of technological innovations and seeking to understand how four moderating areas may impact the experience offered by a technology. In a similar study, Hoyer et al. (2020) discuss the impact of new technologies such as the internet of things or virtual reality on the different stages of the customer journey. Farah and Ramadan (2020) examine the issue from the perspective of sales by assessing the long-term incremental sales effect of retailers' technological innovations. Pantano and Vannucci (2019) take a different approach, seeking to understand how widespread innovation is by investigating the level of diffusion of digital technologies in stores. Pantano (2016) explore the mechanics of retail innovation by investigating a retailer's choice between pursuing a first mover or an imitator position in its innovation strategy.

The second set of studies examines the influence of new technologies on retail. This is the most extensive and fastest growing field of research on innovation in retail. Examples of technologies considered in the studies include automated product scanning solutions and smart dressing rooms which enhance customer experience. There is an ongoing push towards omnichannel experiences, so several new technologies aid retailers in this matter, or help them improve their online stores. Retailers can do this in numerous ways. Shankar (2018), for instance, takes a broad perspective and outlines the applications of artificial intelligence in retail and discusses potential future uses of the technology, and Guha et al. (2021) investigate how artificial intelligence will affect the future of retail. Scholz and Duffy (2018) hone in on how augmented reality can reshape mobile marketing and brands' relationships with consumers. Pantano and Laria (2012) study how immersive technologies can be used in stores, and Grewal, Kroschke, et al. (2020) explore how human enhancement technologies might affect the customer experience in retail settings. Inman and Nikolova (2017) discuss the role of shopper-facing technology and present a decision calculus for use by retailers considering the adoption of new technologies. Some investigations are specific to a single application; for instance Beck and Crié (2018) investigate virtual fitting rooms as a way to increase online and offline customer behaviour and purchase intentions, while Bues et al. (2017) study how mobile in-store advertising can influence purchase intentions.

A third set of studies addresses the specific dimensions of retail innovation, often from a process-based perspective and focusing on marketing innovations. For instance, Shankar et al. (2011) take a broad approach by reviewing current and potential innovations in shopper marketing, i.e., marketing activities that can influence a shopper at any point on their journey. Later, Shankar et al. (2016) discuss the challenges of mobile shopper marketing. Grewal et al. (2011) study how innovations in pricing and promotions can help retailers target customers more effectively in both online and offline contexts. Albors-Garrigos (2020) looks at the phenomenon from a product development perspective and discusses a case of product innovation performed in co-operation with customers.

In the studies that comprise these three fields of research, scholars often attempt to categorise the dimensions of retail innovation. The studies take three main approaches to this task.

The first group classifies areas of innovation in retail based on the type of technology employed. Sethuraman and Parasuraman (2005) differentiate retail technologies using a consumer-based typology, classifying innovations as either cost-saving technologies or service-enhancing technologies according to their costs to consumers and the service level they enable. Taking a different approach, Pantano et al. (2017) use five main categories to differentiate retail technologies: payment systems, product display systems, shopping experience systems, information search systems and "other", e.g., monitoring systems. Similarly, in their assessment of the future of in-store technology Grewal, Noble, et al. (2020) categorise technological innovations based on their level of convenience and their level of social presence. Roggeveen and Sethuraman (2020) take a consumer-centric approach and differentiate between technologies based on whether they are used in the pre-purchase, purchase or post-purchase phase.

The second group classifies areas of innovation in retail more conceptually. Hristov and Reynolds (2015) categorise innovations according to whether they are offer/customer-related, support-related or organisation-related. Marín-García et al. (2020) differentiate between technological innovations, e.g., product or process technologies, and non-technological innovations, e.g., organisational or marketing activities. Torres de Oliveira et al. (2020) simply differentiate between incremental and radical innovations.

The third group classifies innovations based on their various retail functions. Focusing on marketing, Shankar et al. (2011) classify innovations according to whether they relate to digital activities, multichannel marketing, store atmospherics/design, in-store merchandising, shopper marketing metrics, shopper marketing organisation or manufacturer-retailer collaboration. Sorescu et al. (2011) take a results-driven approach, distinguishing between innovations in operational efficiency, operational effectiveness, customer lock-in, customer efficiency, customer effectiveness, and customer engagement. Lin (2015) differentiates innovations according to whether they are product-related, service-related, promotion-related or experience-related. Quinn et al. (2013) distinguish between innovations according to whether they involve formats/business models, branding, store atmospherics/design, IT/CRM, supply chain, products/assortments, pricing, or packaging and services. Similarly, Botschen and Wegerer (2017) differentiate innovations in assortment, pricing, promotion, digital marketing, store atmospherics, store design, in-store merchandising, metrics and organisational design.

Finally, Reinartz et al. (2011) differentiate between innovations according to whether they relate to format, branding, assortment, process, customer experience, information technology, new media, payment or order fulfilment. This final classification represents the most complete version of function-based innovation categorisation and is used as the basis for the innovation dimensions examined in our study.

4.2.3 Research Gaps

This thorough review of the literature reveals the different streams of research investigating the mechanics of innovation in retail. While some research has categorised the dimensions of retail innovation, this has not yet been done in a systematic and comprehensive manner. Scholars have investigated specific retail innovations, frequently focusing on new retail technologies, but have examined them in isolation and without regard for the innovation management techniques employed to develop these innovations. Scholars have also investigated the use of specific innovation management techniques by retailers, albeit in isolation and without a structured approach to the dimensions of innovation in retail that these techniques were intended to develop. The key research gap is the lack of an investigation of the strategic fit between innovation management techniques and the dimensions of retail innovation.

Identifying and understanding the strategic fit between innovation management techniques and innovation dimensions is important, as retailers can use this understanding to build dynamic capabilities, i.e., realign resources and competences to face changing external circumstances and thus maintain their competitive advantage (Teece, 2014; Teece et al., 1997). This study not only identifies the matching criteria for a fit between a technique and an innovation dimension, but also develops testable propositions about these criteria to support future research on the optimal use of innovation management techniques in retail.

4.3 Approach and Methodology

To identify the strategic fit between innovation management techniques and dimensions of retail innovation, we took a qualitative multiple-case study approach (Eisenhardt, 1989; Yin, 2015). This approach was appropriate, as it allows the analysis of different cases to identify behaviours common to multiple cases, which act as initial findings (Eisenhardt, 1989; Eisenhardt & Graebner, 2007). The methodology also permits researchers to draw on multiple sources to analyse a certain case in depth (Marschan-Piekkari & Welch, 2011). Furthermore, it enables theory building in under-researched areas (Strauss & Corbin, 1997), which this paper strives for by developing testable propositions.

We used qualitative content analysis to categorise our raw data and understand where strategic fit exists, as this method leaves some interpretative scope to understand the essence of raw data (Krippendorff, 2018; Schreier, 2012). Qualitative content analysis can be applied flexibly, depending on the research design, and is increasingly used in research on strategic management (Osborne et al., 2001; Palmer et al., 1997; Schmid et al., 2021) and innovation management (Ceci & Iubatti, 2012; Vieira & Radonjič, 2020; Wagner, 2009). Where possible, we triangulated our interview data with online sources to ensure the rigour of the data and findings (Huberman & Miles, 2002).

4.3.1 Dataset Construction

The study examines eight European retail companies which are active in the fields of grocery, office products, construction materials, sporting goods/shoes and eyewear. In determining the sample, the authors did not pre-select certain retailers or retail segments, but rather chose to include retailers for which interview partners were available. Interviews were deemed essential, as the authors required internal insights and could not solely rely on publicly available information.

Semi-structured interviews were conducted with all retailers (Yin, 2015), either in person at the retailer's headquarters or via videocalls that took place between April and October 2022. Semi-structured interviews were suitable for this study as they enable researchers to ask key questions and back these up with more detailed questions where necessary (Huberman & Miles, 2002). Interview partners included functional and senior managers responsible for certain management techniques and/or management on a wider scale (see Table 4.1). Between two and four interviews were conducted per retailer, with the exception of one grocery retailer, for which only one interview was possible. The interviews lasted between 30 and 90 minutes, were conducted by one or two researchers, and were transcribed with the support of the AI-based software Amberscript.

Table 4.1: *List of Interview Partners*

Case	Retailer	Interview Code
1	Head of M&A	1A
	Food & Retail Tech Lead	1B
2	Head of Finance and Controlling	2A
	Chief Venture Officer	2B
	Chief Innovation and Technology Officer	2C
	Co-Founder and Managing Partner	2D
3	Member of the Management Board	3A
	Partnership Manager	3B
4	Head of Digital	4A
5	Head of Marketing and Business Development	5A
	Head of Branch	5B
6	Head of Partner Management & Expansion	6A
	Head of Future Lab	6B
	Head of Branch	6C
	Head of Branch	6D
7	Head of Corporate Communications	7A
	Head of Marketing	7B
	Manager Retail Management	7C
8	Member of the Management Board	8A
	Head of Branch	8B

4.3.2 Dataset Coding

We used open coding, also called initial coding, to classify the data (Charmaz, 2014; Saldaña, 2016; Strauss & Corbin, 1997). This allowed us to code the interview transcripts and isolate commentaries related to the retailers' innovation management techniques and the active dimensions of innovation. This enabled us to categorise innovation management techniques and the dimensions in which they are used. We proceeded as follows:

Innovation Management Techniques in Retail

First, following the steps proposed by Gioia et al. (2013), we conducted a first-order analysis. We used the qualitative data analysis computer software package NVivo to support our content analysis and coded the 20 interviews to identify innovation management sub-techniques, i.e., the different techniques retailers use to generate innovation. NVivo was considered suitable as it helps researchers sort and analyse unstructured data by using segmentation and classification to reveal connections (Gibbs, 2002). Our inductive approach did not set a limit on how many codes the coders could assign, which allowed the various sub-techniques to freely emerge from the data. Two authors first coded five interviews each and then discussed their preliminary first-order codes, then continued "as is" because no major discrepancies between the codes were discovered. This process generated 56 different codes relating to innovation management sub-techniques; those with the same basic meaning were combined, producing a total of 37 innovation management sub-techniques.

Dimensions of Innovation in Retail

Based on an extant categorisation of retail dimensions (Reinartz et al., 2011), we sought to identify the dimensions in which the interviewed retailers innovated. Particular attention was paid to identifying passages in the text where both sub-techniques and dimensions of innovation were coded; this was crucial for the later production of a matrix uniting these two aspects. We initially used nine codes representing dimensions of innovation in retail; these were then reduced to eight codes by integrating one code into another dimension. Specifically, the code "payment handling" was integrated into the dimension of "information technology" as all payment handling innovations involve information technology. Table 4.2 presents the resulting dimensions of innovation in retail.

Table 4.2: *Dimensions of Innovation in Retail*

Dimension of Innovation in Retail	**Explanation**
Assortment	Innovation in assortment involves a key function of a retailer, namely offering various products that correspond to consumer demand. Assortment includes the development of specific products, the selection of products for sale, and which services the retailer offers.
Branding	Innovation in branding includes developing innovations such as positioning concepts for retail formats, ensuring that they remain relevant and informative for consumers.
Customer Experience	Developing the customer experience is key to keeping a retailer attractive, alongside assortment. Examples include making an online shop more accessible and offering an enhanced in-store experience.
Information Technology	Innovation in information technology includes a wide bouquet of activities that ensure that an organisation's various IT systems remain relevant and deliver value to the organisation.
New Business	Innovation in new business is when retailers, usually through a large financial investment, try to diversify their business and enter fields in which they have previously been inactive.
Order Fulfilment	Innovation in order fulfilment is particularly significant for retailers in e-commerce as they innovate by improving how orders are delivered to customers, e.g., by implementing new logistics technology for more efficient delivery. Fast and seamless delivery is a key success factor for e-commerce players, hence the importance of innovating in this dimension.
Process	Process innovation occurs largely "behind the scenes" and includes making the retailer's various processes more efficient, for example by optimising the supply chain to reduce the number of out-of-stock items.
Retail format	Retail format innovation includes developing existing or new retail formats to better address customer needs. For example, changing consumer habits may require the opening of new retail formats.

4.3.3 Dataset Processing

In the second step of the research, we performed a second-order analysis (Gioia et al., 2013), looking for common themes between the 37 identified innovation management sub-techniques. This allowed the grouping of the sub-techniques into second-order constructs, forming eight distinct categories of innovation management techniques. This aggregation was necessary to maintain an overview of the techniques and simplify subsequent steps of the analysis, as the first-order codes were too numerous and repetitive to add any additional value to the study. The eight innovation management techniques (see "Findings" for a detailed list) represent different techniques retailers use to innovate, e.g., the constant search for ideas inside and outside the organisation or the significantly more concrete and capital-intensive operation of an own venture builder.

4.3.4 Strategic Fit: Matching Criteria

In the next step, we determined the fit between the eight innovation management techniques and the eight dimensions of innovation in retail. This was a manual process based on identifying those codes mentioned both as a characteristic of an innovation management technique and as a requirement of a specific dimension of retail innovation.

We identified matching criteria by using content analysis (Krippendorff, 2018; Schreier, 2012) to understand why certain innovation management techniques are suitable for developing innovation in certain dimensions of retail innovation. This manual and interpretative process was based on the coding in the previous step. Using the codes, we identified text in the transcripts in which the respondents explained – unconsciously – the matching criteria which linked an innovation management technique to the dimension of retail innovation under discussion. These matching criteria can, for this level of the analysis, be considered first-order codes. In total, we identified 48 first-order codes. These were then sorted, and similar codes were merged to develop a final set of twelve matching criteria, which can also be considered second-order constructs at this level of analysis. In a final step, the twelve matching criteria were developed into twelve testable propositions.

4.4 Findings – Innovation Management Techniques

Our approach identified eight second-order constructs representing the different categories of innovation management techniques used by retailers. Table 4.3 shows the first-order codes comprising each second-order construct. The first-order codes represent the innovation management sub-techniques as they were identified in the coding process; the second-order constructs represent a group of sub-techniques with similar goals. The following describes each innovation management technique based on how it was revealed by the data, supported by quotes from the interviewed managers.

Table 4.3: *Innovation Management Techniques*

IMT #	Innovation Management Technique	Definition	First-order codes
1	Idea Sensing	Retailers actively seek new ideas outside their own organisation. This is an active and planned process in which retailers use various sub-techniques to scan the external environment for new ideas.	'trend scouts', 'trendwatching', 'trips to get ideas', 'visits', 'experience exchanges', 'future days', 'innovation events', 'networking', 'customer co-creation'
2	Need Sensing	Retailers establish infrastructure that facilitates the passive collection and identification of consumer needs that have not yet been addressed by the retailer. These ideas often occur spontaneously in the organisation.	'working groups', 'coordinating committees', 'idea boxes'
3	Culture	Retailers create an innovative and entrepreneurial culture, enabling and empowering employees to create innovation through behavioural change. To achieve this, retailers organise events or start projects.	'bootcamps', 'educational courses', 'innovation funds to invest into social projects', 'external consultants to plan innovation'
4	Daily Business	Innovation is conducted as part of daily business operations. Innovation happens here without the specific goal of creating innovation but as an almost constant organisational process.	'daily business innovation', 'project-based' innovation.
5	Ideation Projects	Projects within an organisation are developed with external support as the retailer requires specific external know-how for a limited period of time.	'agents & consultants', 'external consultants to help execute innovation', 'external partners to get ideas'
6	Startups	Opportunities for organisations to collaborate with startups to innovate together. This collaboration can occur at different levels, from a mere information exchange to the full acquisition and integration of startups.	'collaboration with startups', 'open door policies', 'innovation funds to invest into startups', 'open innovation platforms', 'corporate M&A', 'incubators'
7	Dedicated Innovation organisation	Separate and dedicated parallel organisations detached from the parent company are created, whose sole purpose is creating innovation. These parallel organisations are usually characterised by significant investments.	'venture builders', 'external innovation units', 'innovation subsidiaries', 'separate business units', 'internal innovation units', 'partnerships'
8	Long-term business development strategy	Retailers anchor innovation in their long-term strategies, ensuring that the topic is also significant to the retailers' upper management, which then carries it into the organisation.	'strategy', the 'strategy planning process', having a 'corporate development unit'

Innovation Management Technique 1 – Idea Sensing

'Idea sensing' is an innovation management technique whereby retailers actively seek new ideas outside their own organisation. This is an active and planned process in which retailers use various sub-techniques to scan the outside environment for new ideas. Some of these activities are permanent; others are isolated or one-off activities that may be repeated sporadically. This technique comprises many sub-techniques, namely 'trend scouts', 'trendwatching', 'trips to get ideas', 'visits', 'experience exchanges', 'future days', 'innovation events', 'networking' and 'customer co-creation'. One sub-technique, 'trips to get ideas' was mentioned by several managers; for example:

> *"We were in London for a few days, there we looked at very, very innovative topics. it wasn't just digital, it wasn't just digitisation, but also, let's say, very, very fine concept ideas, positioning topics, ideas and also lots of technical gadgetry."* (7C)

Retailers also engage in another sub-technique: systematic ‘trendwatching’, which allows external ideas to be collected by members of the organisation in a structured and planned process for use within the organisation:

> *“And then we have a bit of a unit where we monitor the competition and look at what our competitors are actually doing outside of our organisation. ... What new services do they have to offer, and what do we have to write on our flag?”* (6B)

Innovation Management Technique 2 – Need Sensing

‘Need sensing’ is an innovation management technique whereby retailers establish infrastructure that facilitates the passive collection and identification of consumer needs that have not yet been addressed by the retailer. These ideas often occur spontaneously in the organisation – they can then be collected and channelled into a formal process and put to use within the retailer. This technique comprises three sub-techniques, namely ‘working groups’, ‘coordinating committees’ and ‘idea boxes’ where members of the organisation can share ideas about unaddressed consumer needs. One sub-technique, an ‘idea box’ (virtual or physical) where employees can deposit their ideas for the organisation, was mentioned by multiple managers; for example:

> *“This idea manager was a tool where you could upload ideas, inspirations, all kinds of things, like a kind of corporate Facebook. There were posts and you could comment on them and then every few months we looked to see which idea had been particularly well evaluated or commented on. And these ideas were then also picked out and were then pursued further.”* (7B)

Another sub-technique is the use of ‘working groups’ which act as round-tables where employees can share ideas about a certain topic that have emerged in their daily working activities; other members of the organisation can absorb these ideas and integrate them into the organisation.

Innovation Management Technique 3 – Culture

Another innovation management technique is the development of an innovative and entrepreneurial culture that enables and empowers employees to create innovation through behavioural change. To achieve this, retailers organise various events or start projects with the goal of fostering an entrepreneurial culture. One sub-technique, namely the use of ‘bootcamps’ where employees work collaboratively and develop new skills for innovation, was mentioned by several managers; for example:

> *"And what we also did were innovation bootcamps for employees. ... The camps usually lasted five days, and were also done by a professor specialised in innovation management in [city]. We worked on things like how do I go about it, how do I build a prototype? How can I challenge it? How can I find out what the suggestions for improvement are? How do I present that to someone? To a funder, for example? And so on."* (7B)

Another sub-technique is the establishment of an 'innovation fund to invest in social projects'; this involves the collection of financial means for corporate social responsibility (CSR) projects that are relevant to the retailer, but which are unlikely to deliver any measurable financial returns. Investing in such projects may help develop the retailer's culture as they can foster an open culture where every idea is considered welcome and useful. Numerous managers mentioned this sub-technique; for example:

> *"In other areas, we also have a sustainability fund. We support startups or companies that are active in the area of sustainability with this fund so that they can really get on their feet. Then we try to bring them into our value chain."* (1A)

Innovation Management Technique 4 – Daily Business

'Daily business' is an innovation management technique whereby innovation is conducted without the specific goal of creating innovation but as an almost constant process in daily business operations. We identified two innovation management sub-techniques, namely 'daily business innovation' and 'project-based' innovation. 'Daily business innovation' is a sub-technique representing the constant improvement and re-development (generally of their assortments) among almost all retailers as a key aspect of their operations. As one interviewee said:

> *"...the main part of our innovation is tidying up work to optimise and renovate our entire portfolio. ... we also have to keep pushing forward with new, smaller developments in the individual categories and let them drive us forward."* (2C)

'Project-based' work includes strategic aspects of the innovation process:

> *"This is classic project work. We have an annual target plan where we say, wow, we have to think about whether we want to move in the direction of vegan, how we position ourselves there, as it seems to become a market, and then we usually set up a project consisting of specialists from the most diverse areas, then market research comes in, then category management comes in, and then a project like this develops. What can we do with own*

> *brands, for example? What do we look for in suppliers? We have now made the first vegan service counters."* (3A)

Innovation Management Technique 5 – Ideation Projects

'Ideation projects' within an organisation are developed with external support when a retailer requires specific external know-how for a limited period of time. The innovation management sub-technique 'external consultants to help execute innovation' was mentioned by several interviewees, for example:

> *"In the development process, we actually brought in an external consultant at a relatively early stage. A management consultant who had already supported such concepts in other segments. In other words, he was able to support us and warn us of mistakes in good time."* (8A)

Retailers also use another sub-technique, 'agents & consultants', to help with procedural aspects of innovation, such as coaching employees on how to develop projects in a lean manner:

> *"Exactly, so let's say two kinds of advice. One is purely procedural, where the consultant will act as a moderator throughout a process. The other is technical. When it comes to sustainability or artificial intelligence, we're not in a position to do that ourselves at first. Then you have to get people who can train you, or you can temporarily suck in some knowledge from somewhere."* (5A)

Innovation Management Technique 6 – Startups

'Startups' as an innovation management technique includes the various opportunities that organisations have to support innovation by collaborating with startups at various levels, from mere information exchange to the full acquisition and integration of startups. The use of 'incubators' was mentioned by multiple managers, for example:

> *"So, in the beginning you put the incubator there to annoy the old unit, so that everyone wants to get into each other's hair a bit and that also stimulates energy and ambition."* (3A)

As another innovation management sub-technique, retailers can also work with selected 'startups', combining expertise and using synergies to drive innovation in a certain field:

> *"…we're doing that in cooperation with a startup from Switzerland… we had thought about it, what do we want to have, then contact was made with them. Then we put our ideas next to each other, realised we wanted the same thing and then we said you do it in Switzerland, I in Germany."* (5A)

Innovation Management Technique 7 – Dedicated Innovation Organisation

‘Dedicated innovation organisation’ involves creating separate and dedicated parallel organisations detached from the parent company, whose sole purpose is creating innovation. These parallel organisations are usually characterised by significant investment, as they require permanent funding not only for staffing but also to run costly product development and marketing operations. ‘Venture builders’ were mentioned by some managers, for example:

> *“...so [the venture builder] is also external because we are not supposed to be part of daily business. We are based elsewhere, we have different names.”* (2B)

As another innovation management sub-technique, retailers use ‘innovation labs’ to develop new concepts; some of these develop into business models that enter the market:

> *“… [innovation lab name] is taking a turn from a pure innovation lab, where you simply try things out and at least bring them into the beta phase, to a start-up that also scales, that brings products to the market, that now also has sales functions and is thus developing from a pure innovation lab into a self-contained start-up business model.”* (6B)

Innovation Management Technique 8 – Long-term business development strategy

‘Long-term business development strategy’ is an innovation management technique whereby a retailer uses innovation to anchor its long-term strategies, ensuring that the topic is also significant to its upper management, which then carries it into the organisation. The innovation management sub-technique ‘strategy planning process’ implies that retailers review their strategies regularly, re-align them according to their goals (which often also include innovation-related objectives), and set the groundwork to identify new opportunities:

> *“One is the strategy process … And from that we do a strategy review every two or three years for each retail format. And then we also look at where we need to set new accents or where we need to take a new path.”* (2A)

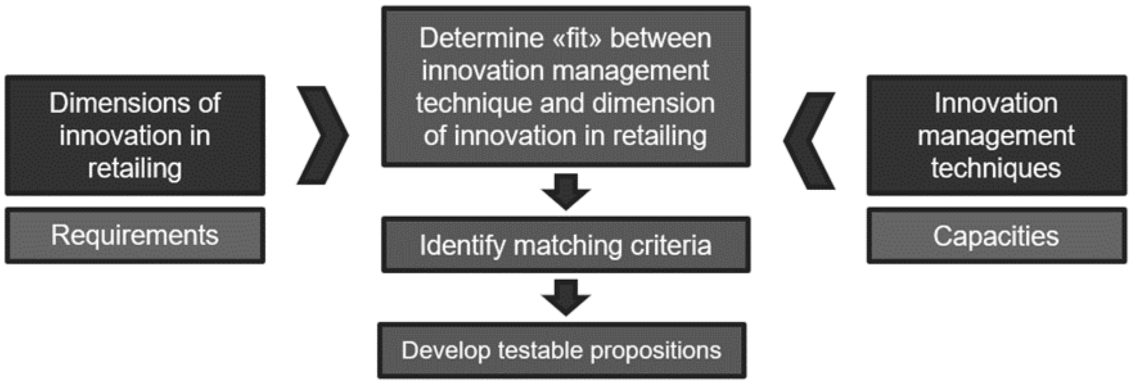
4.5 Matching Criteria between Dimensions of Innovation in Retail and Innovation Management Techniques

The information-processing approach proposed by Egelhoff (1991) illustrates the fit between an organisation’s information-processing requirements and its information-processing capacities. This approach is premised on all organisations facing a certain degree of uncertainty, representing the difference between the information required to perform a task and the information already present within an organisation. An effective organisation can fit its information-processing requirements to its information-processing capacities (Egelhoff, 1991; Wolf & Egelhoff, 2001).

Information-processing requirements represent the environmental factors facing an organisation – these factors are always external to the organisation and include technological evolution, environmental change and environmental complexity. Information processing capacities are provided by the organisation's own organisational design and represent its potential capability to cope with external information-processing requirements. Information-processing capacities are formed by factors such as structure, planning and control systems, or interpersonal communication patterns (Egelhoff, 1991; Wolf & Egelhoff, 2001).

The information-processing approach, stemming from international management theory, has recently been applied to a wide range of topics (Kuklinski et al., 2012; Moser et al., 2017; Wang et al., 2013). We lean on this approach to support the development of our testable propositions. Like information-processing requirements, the eight dimensions of innovation in retail can be seen as environmental factors because all retail organisations conduct innovation in these areas, which are key operational components. Similar to information-processing capacities, innovation management techniques are products of an organisation's own design.

Figure 4.1: *Determining Fit Between Innovation Management Techniques and Dimensions of Innovation in Retail*



According to the information-processing approach, effective organisations fit their information-processing requirements to their information-processing capacities; this approach can be usefully transferred to the topic under study (see Figure 4.1). We identified cases in our sample where companies perceived a good fit between an innovation management technique and the dimension of retail innovation it was applied to. This allowed us to produce a matrix that matches innovation management techniques to dimensions of retail innovation (Table 4.4). The check marks in Table 4.4 illustrate which innovation techniques were used to address a certain dimension of retail innovation in our case studies. A check mark on the matrix does not necessarily mean that a technique is the best possible fit for a particular dimension; we merely discussed with the interviewees why they used this technique for this specific innovation dimension.

Table 4.4: *Fit Between Innovation Management Techniques and Dimensions of Innovation in Retail*

		Dimensions of Innovation in Retailing							
		Assortment	Branding	Customer experience	Information technology	New Business	Order Fullfillment	Process	Retail format
Innovation Management Techniques	1 - Idea Sensing	✓	✓		✓			✓	
	2 - Need Sensing				✓			✓	
	3 - Culture	✓	✓						
	4 - Daily Business	✓							✓
	5 - Ideation Projects	✓		✓	✓				
	6 - Startups	✓		✓	✓	✓	✓		✓
	7 - Dedicated Innovation Organization	✓	✓		✓	✓			
	8 - Long-term business development	✓		✓	✓	✓			

Next, we determined the matching criteria for each of the identified fits. The matching criteria were derived from the coded interview data and allowed us to gain an initial understanding of why a certain innovation management technique might fit a certain dimension of retail innovation. The matching criteria are discussed below, supported by evidence in the form of quotes from the interviews and sorted by innovation management technique for clarity.

Innovation Management Technique 1 – Idea Sensing

The data revealed two different matching criteria for applying this technique: the necessity of having an external network and, linked to this, the necessary access to external knowledge about a specific innovation dimension:

> *"I was at a startup in Berlin and that was totally cool. Or visits to other places known for their innovative and entrepreneurial mindset. We really had a full week with business appointments with such companies, we were able to meet many different women entrepreneurs, we also got insight and views into the most diverse business models."* (6B)

External networks and knowledge were also acquired by organising small fairs to which various different partners were invited, enabling very efficient networking:

> *"On our premises, we have a large trade fair area and large exhibition halls, and in 2016 and 2018 we organised two Future Days, where we invited both employees and suppliers, as well as business partners. In addition to the various keynotes and mini small workshops, we also designed a large exhibition area with future topics of the trade. These could have been technology providers. They could also have been*

> *consulting tools, where we said we would invite and then had very, very great success."* (7A)

A strong external network could also be found in the form of experience exchanges, at which information was shared about process innovations:

> *"… we have groups on the one hand, which we use for exchange, where the members tell each other what they have done. And we also have a platform that we use, a digital way to generate leads. And so on and so forth. So, it's more through the exchange of knowhow…".* (6A)

We also found the matching criterion of external knowledge to be relevant. For instance, we could observe the effect of trips to areas known for their innovative and entrepreneurial ecosystems, such as Tel Aviv, which helped retailers gain external knowledge:

> *"In 2019, we flew to Tel Aviv to look at the topic of data analytics and AI with start-ups, to see what they are working on…We are always looking for new input."* (6B)

Our data shows that an external network is a crucial aspect of idea sensing as a technique, and is particularly suitable for certain dimensions of retail innovation, namely assortment, branding, information technology and retail format.

Innovation Management Technique 2 – Need Sensing

The data revealed two different matching criteria for this technique. The most prominent is the need for an open culture where members of an organisation can voice their thoughts freely: a critical yet fair discussion culture. This was true for a sports and shoe retailer, where everyone was able to share their ideas for careful evaluation by their colleagues:

> *"…when an innovation comes in [into the steering committee], it is first given a cold shower, …and then it immediately becomes apparent that, oh, maybe we need to look again at how we can adapt it…and then there is a lot of discussion in the circle."* (3B)

One interviewee also discussed the implementation of an anonymous idea box, which removed any personal prejudice against the ideas submitted to it:

> *"This idea manager was a tool where you could upload ideas, inspirations, all kinds of things…and then every half a year or whatever, every few months they would look at which idea had been particularly well evaluated or commented on."* (7B)

The second crucial matching criterion for this technique concerns the need for managerial attention. This includes focusing on specific topics or directions and the inclusion of managers in working groups so that they can incorporate their strategic visions while remaining in touch with the direction taken by the organisation's base:

> *"For example, there is a steering committee on digitisation, which is made up of high-calibre members, and all the things come flying in, and then we would say okay, this, this, this. What about the resources? Where do we believe in the most?"* (3A)

Our data shows that the need for an open culture is a crucial aspect of need sensing, especially in the dimensions of information technology and process. The necessity of adequate managerial attention appears to be particularly crucial for the dimension of information technology, underlining the importance of external knowledge and adequate managerial attention for this dimension.

Innovation Management Technique 3 – Culture

The data revealed the necessity of external knowledge as a matching criterion for this technique, because having an innovation culture implies embracing open innovation. External knowledge can be provided by consultants who help instil an open culture and equip the organisation with the techniques and knowledge it needs. This was done by, for example, organising bootcamps where the organisation was gathered in a special setting to teach new skills and spark a cultural shift:

> *"The camps usually lasted five days and were also accompanied by a professor who also teaches innovation management, among other things, I believe. We discussed topics such as, how do I go about it, how do I build a prototype? How can I challenge it? How can I find out what the suggestions for improvement are? How do I present that to someone?"* (7B)

Another crucial matching criterion is project finance. Many retailers, especially those which are not organised as purely profit-oriented corporations but as cooperatives, generously fund CSR-related projects. This increases their employees' pride in working for them. Managers can also use this to strategically emphasise certain topics such as sustainability, and use such funds to develop (for example) CO_2-free logistics or more sustainable rice farming methods, thereby developing the organisational culture:

> *"In other areas, we also have a sustainability fund. We support start-ups or companies that are active in the field of sustainability with this fund so that they can really get on their feet. Afterwards, we try to bring them into our value chain. We also look further down the value chain, for example, we have projects in Asia where we develop more innovative types of rice cultivation."* (1A)

Our data shows that external knowledge and an open culture are crucial aspects of this technique, especially for the assortment dimension. Project finance is also a crucial matching criterion of this technique, especially for the branding dimension.

Innovation Management Technique 4 – Daily Business

The data revealed four different matching criteria for this technique. Multiple interviewees emphasised that pre-existing internal knowledge is particularly important here. This includes knowledge about developing new products or retail formats, which partners to develop these with, and how best to market them. This knowledge already exists in the organisation, as these are retailers' core activities. Hence, the availability of sufficient managerial attention and support is a crucial matching criterion for the technique of daily business innovation.

Another crucial matching criterion is the necessity of using a collaborative approach with suppliers to deliver constant innovation in the assortment dimension. This is pivotal to any retailer's success, which is often defined by consumers' acceptance of their assortment. Hence, retailers work very closely with suppliers or even incorporate their suppliers in their organisation:

> *"So, I would say assortment innovation, that's something that's ongoing. We've developed [supplier name] as a food consultancy, and every category in itself also develops. We launch over 8000 new products every year. Sometimes we maybe just removed the palm oil, or changed some ingredient. Or it is a completely new product. Or we have a new production method where we, for example, produce a new bread with a wood-burning oven."* (1A)

Another matching criterion is the need to conduct innovation incrementally, for example by copying competitors' product ideas:

> *"There, of course, we also make developments that are partly a copy of what certainly already exists on the market, but also there again and again to drive forward new smaller developments of the individual categories."* (2C)

Our data shows that internal knowledge is a crucial aspect of this technique, particularly for the assortment and retail format dimensions of innovation. The availability of sufficient managerial attention is also crucial for this technique, in particular for innovation in the retail format dimension. Using a collaborative approach and conducting innovation in an incremental manner appear to be crucial for the assortment dimension.

Innovation Management Technique 5 – Ideation Projects

The data revealed two different matching criteria for this technique. The most prominent was the necessity of an external network, allowing the organisation to access external knowledge and new skills. This included developing networks in well-known tech hubs:

> *"…a network in Israel, for example, or in America or in the food hubs. We have chosen the areas where we can have the maximum impact."* (3A)

The dimension of external network innovation also involves connecting startups with managers, facilitating valuable information exchange, keeping managers up-to-date on the latest innovations, and giving startups knowledge on how to align their ideas with business needs:

> *"It is then a matter of really linking the managers with the start-ups as well as possible, also at different levels, which I think is also a success factor. We also have CEO dinners, with the CEOs from different start-ups come…"* (1B)

The necessity of external knowledge was also found to be a matching criterion for this technique, as ideation projects rely on external support to deliver the necessary knowledge to an organisation so it can reach its goals:

> *"…that we should bring the know-how more strongly into our company. At the moment, I would say that we still need external support because, as I said, this innovation management is not there at the moment, to put it that way. Yes, we have people who deal with it, but at the moment we really don't have the know-how across the board to be able to do it on our own."* (7A)

Our data show that external networks is a crucial aspect of this technique, particularly for the assortment and customer experience dimensions. The data also show that external knowledge is a crucial aspect of this technique, especially for the dimensions of customer experience and information technology.

Innovation Management Technique 6 – Startups

The data revealed three different matching criteria in this technique. The most prominent was the necessity of external knowledge, which can, for example, give an inexperienced retailer the knowledge and solutions needed for successful online marketing:

> *"I actually work with a start-up in the field of online marketing. …This has simply resulted from the needs that I have identified, I have then found a very suitable company, with which we have now been working very successfully for the second year."* (7B)

It can also be relevant for a retailer that wants to diversify into a new area, for example healthcare; the company referred to in the following extract acquired a startup active in the area of dentistry:

> *"The first acquisitions are now also fully part of the portfolio, we have now taken over [dentistry provider], that was the first that was completely done and the others will follow, ... in order to generate new business."* (2D)

Another example of the importance of external knowledge is provided by a retailer that needed to develop re-usable packaging systems for food products:

> *"In Germany, for example, we are facing the challenge of having to offer everything that we currently selling in fresh food counters in disposable packaging, in reusable packaging from January onwards. There is no system for that. So of course, we look at the market, which suppliers are there for this?"* (3A)

The interviews also revealed that the need to have an external network was a matching criterion, as it can act as a supplier of relevant startups to the retailer:

> *"...we have an incubator in Tel Aviv that we know through [partner organisation]. He has a huge hub in Tel Aviv. And now there is a startup that he recommended to us without us requesting it. He knows our business quite well and when he has something, he comes and brings it. It's usually so good that you don't just look at it and then put it in the file, but you check it out or. It is then of very high quality."* (1A)

The third matching criterion revealed in the interviews was the necessity of access to market-ready products; for instance, a shoe retailer looking for technology to measure feet found a market-ready option at a startup:

> *"And we have worked with a wide variety of start-ups. At that time, with this shoe start-up, with this foot measurement system that we needed..."* (7B)

In one case, a furniture retailer wanted to start a new business model to also serve the home office furniture market; instead of developing a new business model themselves, they partnered with a foreign startup and deployed their business model in their own market:

> *"...we're doing that in cooperation very probably with a startup from Switzerland... we had thought about it, what do we want to have, then contact was made with them. Then we put our ideas next to each other,*

> *realised we wanted the same thing and then we said you do it in Switzerland, I in Germany."* (5A)

Our data shows that the necessity of external knowledge is a crucial aspect of this technique and that this is applicable for many innovation dimensions including, in our data, new business, information technology, retail format, customer experience, assortment, and order fulfilment. Our data also shows that the necessity of having an external network is also a crucial aspect of this technique, especially for the dimensions of assortment and information technology. The necessity of access to market-ready products also surfaced as a matching criterion, especially in the dimensions of retail format, customer experience, new business and assortment.

Innovation Management Technique 7 – Dedicated Innovation Organisation

In the data, several matching criteria were mentioned as reasons for applying this technique. One of these was the necessity of external knowledge. It becomes easier to acquire external knowledge in a dedicated innovation organisation which is smaller than the parent company and therefore has efficient and direct contact with the necessary partners. Innovation-oriented subsidiaries are typically young organisations designed to operate openly and collaboratively.

A further matching criterion is the need for an innovation unit that can act as a service provider and deliver product innovations when necessary. The units can be focused on the task of innovating in the assortment dimension and can then deliver to the parent company:

> *"I see [retailer] as very innovative, but also simply because I know that with [unit name], as an innovation unit, new things are developed very quickly, new products are brought to the market extremely quickly. A lot of scouting is done in this area."* (1B)

The matching criterion of speed was also deemed crucial by some interview partners. As a separate and smaller organisation whose only task is innovation, an innovation unit can react much faster as it has a better grasp of the materials and suppliers available to satisfy the requests of the parent company. It also does not need to take the needs and specificities of a large organisation into account, which would slow it down as it seeks and develops new business models:

> *"So, the [name of subsidiary] as a small dinghy that can test things to see quickly how something can develop. The big tanker can't react so quickly, so the dinghy has to sail ahead and say this is our route. The tanker can't just turn around 180 degrees or turn quickly in any direction."* (6B)

Another important matching criterion is the necessity of distance from the parent organisation, allowing new business models to grow and thrive without being steamrollered by the parent organisation's weighty and complex processes:

> *"And at that point it was clear to [retailer name] that they had to move into new business areas, new business models that do not take place inside the supermarket. And for that to have a solution design, you need to create an independent governance where such new business models can live and grow."* (2D)

This relates to another matching criterion, namely the need for a separate image for talent attraction, because the parent company – as a large retailer – may be unattractive to the creative and tech-savvy talent needed for business model innovation. A dedicated innovation organisation, on the other hand, can create a separate corporate identity to attract talent:

> *"…we discussed whether we should do digital within corporate IT. But then we made a conscious decision not to do it that way, because we said it wouldn't work with the existing constraints and next to the existing talent in corporate IT, the cultures wouldn't mix well. You won't be able to get the right talent. That's why we decided to do it separately."* (4A)

A further matching criterion is the necessity of receiving an adequate amount of managerial attention from the parent company. In one case, the parent company gave the subsidiary guidelines on the direction to take when developing new business models, but the operational details were left to the unit's managers; hence, they had enough autonomy to shape the innovations according to the know-how for which they had been recruited:

> *"…the board of directors doesn't control the details, but it controls the search fields and makes sure that the processes are followed."* (2A)

Our data shows that several matching criteria are crucial for a dedicated innovation organisation. External knowledge is crucial for this technique and particularly well suited to the dimensions of assortment, branding and information technology. The necessity of having a unit that can act as a service provider appears to be crucial for the dimensions of assortment and branding, whilst the necessity of speed is particularly important for the dimensions of new business and assortment. The requirement of distance from the parent organisation and having a separate image for talent attraction are key for the dimensions of new business and assortment, and lastly having an adequate amount of managerial attention appears to be significant for the dimension of new business.

Innovation Management Technique 8 – Long-Term Business Development Strategy

The data revealed four different matching criteria for this technique. A key matching criterion is the need for a systematic and standardised process that enables constant innovation. This can take the form of a strategy process, for instance, where retailers look for new opportunities to pursue:

> *"We have a relatively comprehensive strategy process where we think about it together again and again, with or without outside help. Where can we still do something? Where would there still be an opportunity for us?"* (5A)

This matching criterion overlaps with the need to have a long-term-oriented corporate strategy which anchors innovation-related goals and forces the organisation to conduct regular reviews of progress towards meeting them, allowing for additional measures if necessary:

> *"…we do a strategy review every two or three years, every company does a strategy review. And then we also look at where we need to set new accents or where we need to take a new path somewhere. So that's relatively high level, big moves."* (2A)

A further matching criterion is the need to develop an open culture, as new ideas will not be accepted in an old-fashioned corporate culture:

> *"…we also have to change as a company, so to speak. So, from the inside out, because we want to stand behind it ourselves. You also have to change culturally."* (5A)

A final matching criterion is the need for sufficient managerial attention to guide business development. One retailer did this by creating a new business unit and making someone on the management board directly responsible for it:

> *"…we have now reached the point where we have founded a separate business unit, but one person on the management board is responsible for the topic of new business, where we focus on the topic of e-charging stations and hydrogen."* (2A)

Our data shows that a systematic and standardised process is crucial for long-term business development strategy, especially for the dimension of information technology. A long-term-oriented corporate strategy appears to be particularly crucial for the dimensions of information technology and customer experience, whilst the necessity of an open culture and sufficient managerial attention is particularly relevant for the dimension of new business.

Conclusion - Matching Criteria

After considering why certain innovation management techniques were applied to specific retail innovation dimensions in these cases, the twelve matching criteria listed in Table 4.5 were identified. Methodologically, the first-order codes were identified in the interview data and then aggregated into twelve matching criteria as second-order codes. These criteria determine whether a specific technique fits better or worse to a specific innovation dimension.

Table 4.5: *Matching Criteria*

Testable Proposition #	Matching Criterion (second-order codes)	First-order codes
1	Access to market-ready innovations	e.g. 'with this shoe start-up, with this foot measurement system that we needed', 'we bought [partner organisation] two weeks ago, that's a German fast-casual chain that makes [snacks]', 'which then enter a certain process, with the result that okay, you get a listing commitment', 'so we bought [partner organisation] two weeks ago, that's a German fast-casual chain that makes [snacks]'
2	Service-provider approach	e.g. 'with [subsidiary name], as an innovation subsidiary, new things are developed very quickly, new products are brought to the market extremely quickly'
3	Collaborative approach	e.g. 'We've developed […] as a food consultancy and every category in itself also develops'
4	Different image for talent attraction	e.g. 'we said it wouldn't work with the existing constraints and next to the existing talent in corporate IT, the cultures wouldn't mix well. You won't be able to get the right talent. That's why we decided to do it separately'
5	Distance from parent company	e.g. 'you need to create an independent governance where such new business models can live and grow'
6	External knowledge	e.g. 'to look at the topic of data and analytics', 'service providers who were much more experienced', 'with a start-up in the field of online marketing. … This has simply resulted from the needs that I have identified', 'we also got insight and views into the most diverse business models', 'accompanied by a professor who also teaches innovation management', 'we really don't have the know-how across the board to be able to do it on our own'
7	External network	e.g. 'we were able to meet many different women entrepreneurs, we also got insight and views into the most diverse business models', 'a network in Israel, for example, or in America or in the food hubs', 'matter of really linking the managers with the start-ups', 'we have groups on the one hand, which we use for exchange, where the members tell each other what they have done', 'incubator in Tel Aviv that we know through [partner organisation]'
8	Incremental innovation	e.g. 'make developments that are then partly copy of what certainly already exists on the market', 'important topics for retailers are of course category management, and they are, I think, innovative, but they are fully in the business'
9	Internal knowledge	e.g. 'Need to know internal product development processes to succeed'
10	Open culture	e.g. 'then there is a lot of discussion in the circle', 'we also have to change as a company, so to speak. So, from the inside out, because we want to stand behind its ourselves', 'We discussed topics such as, how do I go about it, how do I build a prototype?'
11	Managerial attention	e.g. 'there is a steering committee on digitisation, which is made up of high-calibre members', 'one person on the management board is responsible for the topic of new business', 'the board of directors doesn't control the details, but it controls the search fields and makes sure that the processes are followed'
12	Speed	e.g. 'So, the [name of subsidiary] as a small dinghy that can test things to see quickly how something can develop. The big tanker can't react so quickly, it has to sail ahead and say this is our route'

4.6 Contribution and Implications

4.6.1 Theoretical and Empirical Contributions

This paper set out to understand the matching criteria linking innovation management techniques and dimensions of innovation in retail, and from this develop testable propositions to facilitate further research on the links between techniques and dimensions. Our study analysed the innovation activities of eight retailers using an interview-based multiple-case study approach, allowing us to illustrate the innovation activities at several major European retailers. This study's theoretical and empirical contributions take the form of twelve generalisable, testable propositions derived from the matching criteria discussed above. These can be empirically tested in further studies, for example using an industry- or geographic-specific sample suitable for quantitative research.

Proposition #1: The need to access market-ready innovations influences the optimal choice of innovation technique. Techniques that enable access to ready-to-use innovations (e.g. startups) are better suited to innovation dimensions that require ready-to-use innovations (e.g. assortment, customer experience, information technology, new business, and retail format).

Proposition #2: The need to take a service-provider approach to an innovation influences the optimal choice of innovation technique. Techniques that enable a service-provider approach (e.g. dedicated innovation organisations) are better suited to innovation dimensions that require a service-provider approach (e.g. assortment, branding).

Proposition #3: The need to take a collaborative approach to an innovation influences the optimal choice of innovation technique. Techniques that enable a collaborative approach (e.g. daily business) are better suited for innovation dimensions that require a collaborative approach (e.g. assortment).

Proposition #4: The need to project a different image from that of the parent company in order to attract innovative talent influences the optimal choice of innovation technique. Techniques that enable a different image (e.g. dedicated innovation organisation) are better suited for innovation dimensions that require a different image to attract talent (e.g. assortment, information technology, new business).

Proposition #5: The required distance from the parent company for an innovation influences the optimal choice of innovation technique. Techniques that facilitate a greater distance from the parent company (e.g. dedicated innovation organisations) are better suited for innovation dimensions that require a greater distance from the parent company (e.g. assortment, information technology, new business).

Proposition #6: The external knowledge required for an innovation influences the optimal choice of innovation technique. Techniques that offer a higher level of external knowledge (e.g. idea sensing, culture, customer experience, dedicated innovation organisation, and startups) are better suited to innovation dimensions that require a higher level of external knowledge (e.g. assortment, information technology, assortment, customer experience, branding, new business, order fulfilment, retail format).

Proposition #7: The external network required for an innovation influences the optimal choice of innovation technique. Techniques that enable good access to an external network (e.g. idea sensing, ideation projects, and startups) are better suited to innovation dimensions that require good access to an external network (e.g. assortment, branding, information technology, retail format, and customer experience).

Proposition #8: The need for incremental innovation influences the optimal choice of innovation technique. Techniques that enable incremental innovations (e.g. daily business) are better suited to innovation dimensions that require incremental innovations (e.g. assortment).

Proposition #9: The internal knowledge required for an innovation influences the optimal choice of innovation technique. Techniques that facilitate a higher level of internal knowledge (e.g. daily business) are better suited to innovation dimensions that require a higher level of internal knowledge (e.g. assortment).

Proposition #10: The need for an open culture influences the optimal choice of innovation technique. Techniques that promote an open culture (e.g. need sensing, culture, and long-term business development projects) are better suited to innovation dimensions that require an open culture (e.g. assortment, information technology, and new business).

Proposition #11: The need for managerial attention influences the optimal choice of innovation technique. Techniques that facilitate adequate managerial attention (e.g. need sensing, daily business, dedicated innovation organisation, and long-term business development projects) are better suited to innovation dimensions that require a certain level of managerial attention (e.g. information technology, retail format, and new business).

Proposition #12: The speed required for an innovation influences the optimal choice of innovation technique. Techniques that enable higher speed (e.g. dedicated innovation organisations) are better suited to innovation dimensions that require a higher speed (e.g. assortment and new business).

4.6.2 Managerial Implications

Our study has implications for retail managers learning about innovation management in retail. Our findings are significant for retailers, as all must – to some degree – enhance their value creation and appropriation to maintain and build their competitive advantage.

First, retailers can use the eight innovation management techniques aggregated from our data to better understand the range of techniques available for inclusion in their portfolio of innovation management techniques. Table 4.3 shows the innovation management sub-techniques (first-order codes) and aggregated innovation management techniques (second-order codes) identified in this study. While the first set covers the entire scope of innovation management sub-techniques, the eight aggregated innovation management techniques provide a concise overview which can be used as the basis of an understanding of the available options.

Second, the eight dimensions of innovation in retail identified in this study can likewise help managers decide which dimensions to innovate in. The eight dimensions can, for example, be used when managers conduct a strategic review of the status quo of innovation management in their own organisation.

Lastly, the testable propositions provide managers with a set of questions which they can integrate into their decision-making processes. Whilst they have not yet been tested quantitatively, managers can use our propositions to reflect on past experiences and plan future decisions.

4.6.3 Limitations

This study has the usual limitations of qualitative research concerning the findings' generalisability (e.g. Sinkovics et al., 2008). Our small sample means that generalisations must only be made with caution. The study considers retailers which are active in two culturally similar European countries, and the findings may thus not be transferable to other regions where different industrial structures (De Silva Kanakaratne et al., 2020; Dimitrova et al., 2016; Reinartz et al., 2011) or culturally-specific implications of innovation management (Boone et al., 2019; Kaasa & Vadi, 2010; Woodside et al., 2020) may produce different findings.

A further limitation concerns the choice of retailers for the case studies. Whilst four are grocery retailers, the remaining four are each from different retail sector. This allowed us to cover four additional sectors, albeit in a limited and less comprehensive manner. Whilst this is acceptable given our qualitative-explorative approach, it contributes to reducing our findings' generalisability and transferability. There is a similar issue with the number of interview partners per case. Four interviews were performed for some cases, and only two for others. Whilst our qualitative-explorative approach permits this inconsistency, it further compromises the generalisability and transferability of our findings. Due to our small sample, we were also unable to analyse the differences between retail sectors; for example, by questioning whether grocery retailers and construction material retailers use different techniques for certain dimensions.

Our study captures the "fit" of innovation management techniques to certain dimensions of innovation management in retail and develops testable propositions to explain why these fits exist. However, this study does not identify how efficient these fits are, or in other words whether they can drive the innovation expected by an organisation. This would have involved an additional research question, which we explicitly did not consider as it would have required the addition of a completely new dimension. We believe that it is more appropriate to answer this question in a separate paper, as it can only be answered by testing our findings quantitatively.

A final limitation of our study is that whilst we mainly focus on the ideation phase of innovation, our study does not consider the entire innovation process. Subsequent steps in the innovation process, such as product development or market launches, are not covered in detail. Consequently, our testable propositions are mainly valid only for the ideation phase. We cannot comment on their validity for later stages of the innovation process, as our data do not take these into account.

4.6.4 Implications for Further Research

The study has shown that collaboration between different actors is omnipresent in retail innovation, regardless of the innovation management technique or dimension of retail innovation. Nevertheless, we did not investigate the collaboration between different actors in the retail innovation process. Further understanding the mechanics of innovation processes would require an exploration of, for example, friction between these actors as well as how such collaboration shifts over time.

The findings of our study offer a second implication for further research, namely our twelve testable propositions; future studies should test whether they hold within a larger quantitative sample. It may also be useful to conduct this research either differentiating by retail sector, thus permitting the identification of differences between sectors, or by regions and competitive landscapes (De Silva Kanakaratne et al., 2020; Schmid et al., 2021). This may produce additional or different second-order constructs, allowing the development of different or additional types of “fit” and testable propositions.

Apart from the possibilities posed by our testable hypotheses, we also see potential for additional qualitative research. During the data collection phase, we noticed that many retailers used innovation management techniques in a flexible, dynamic and sequential manner. Some started with more low-involvement and less capital-intensive techniques, later shifting to different techniques. It would be interesting to conduct longitudinal studies that consider a longer period of time to analyse the evolution of retailers’ innovation management techniques. We may expect that retailers evolve in similar ways, as various innovation management techniques tend to be in vogue in similar periods (for instance, certain periods are conducive to startups because financing is very accessible) (Kuckertz et al., 2020; Simón-Moya et al., 2016).

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5. Study 3 – Inter-Organisational Collaboration in the Retail Innovation Value Chain[13]

5.1 Introduction

Collaboration among internal stakeholders and between internal and external stakeholders is pivotal to developing and enabling innovation within an organisation (e.g. Carnabuci & Operti, 2013; Kohler, 2016; Paruchuri, 2010). Innovation itself, and specifically an organisation's capacity to develop and change itself and its offerings, is essential for all organisations, as it acts as a guarantor for long-term organisational success.

Whilst this is true for all industries, it is particularly important for the retail industry, which is characterised by intense rivalry, very slim margins and rapidly changing consumer preferences (e.g. Grewal et al., 2017; Jin & Shin, 2020; Kireyev et al., 2017). Along with the uniqueness of this competitive environment, retail firms also differ from manufacturing firms in terms of their innovation focus. One strong focus among retailers, for example, is on making their points of sale as attractive as possible, through innovations such as new store concepts or assortments that follow consumer trends. They do, however, also innovate in other areas, such as branding, order fulfilment systems, and the adoption of new forms of payment (Reinartz et al., 2011). Manufacturing firms, on the other hand, tend to focus on the development of attractive products and operational excellence in their production processes (e.g. Hristov & Reynolds, 2015; Sundström & Radon, 2014; Tether, 2005).

To achieve the innovation they require for success, retailers collaborate extensively, both internally and with external stakeholders. Most of the cases in the present study include some level of collaboration between retailers and external stakeholders. This includes either fully external stakeholders like consultants or startups, or separate units created by the retailer for innovation purposes. As these units enjoy significant managerial independence to enable an optimal innovation-fostering environment, their collaboration with the parent firm can be characterised as inter-organisational rather than intra-organisational. In general management literature, inter-organisational collaborations and the problems that can arise during these collaborations have been studied previously, but scholars agree that the understanding in this area remains limited (e.g. Bourdages, 2022; Oliveira & Lumineau, 2019). Retail-specific research on this type of collaboration is even more limited.

Our study addresses this research gap by focusing on inter-organisational collaborations for innovation purposes in the retailing industry. We aim to (1) gain a strong understanding of retail

[13] Study 3 is submitted to the international academic conference "European Academy of Management 2024 Conference – Fostering Innovation to Address Grand Challenges" as de Thomas Wagner, F. & Morschett D. Inter-Organisational Collaboration in the Retail Innovation Value Chain. If successful, the article will be accepted for presentation at the conference, taking place between 25 – 28 June 2024 at the University of Bath - School of Management (United Kingdom).

innovation specific collaboration problems via analysis of our case studies and (2) discuss our findings in conjunction with extant literature on problems in inter-organisational collaborations.

The study takes a qualitative multiple-case study approach (Eisenhardt & Graebner, 2007; Yin, 2009). The research gap outlined above is addressed from a retail-specific perspective by identifying factors which impede collaboration for innovation purposes in retail firms and those that foster such collaboration. Through our analysis, we develop a typology for understanding these impeding and fostering factors. The study is based on five cases, including three grocery retailers, one convenience store operator, and one retailer of construction materials. In each case, the retailer has collaborated with an external service provider or established a new innovation-focused subsidiary. The cases were analysed based on the concept of the 'innovation value chain', which differentiates the innovation process into three phases: idea generation, idea development and the diffusion of the developed ideas (Hansen & Birkinshaw, 2007). Data was collected through semi-structured interviews with both senior and operational managers of the five retail firms. This approach provided the authors with an in-depth understanding of the dynamics affecting collaboration in innovation-specific contexts. The data obtained from these interviews was coded and a qualitative content analysis (Krippendorff, 2018; Schreier, 2012) was conducted to understand the factors that impede and foster collaboration for innovation purposes. This enabled the development of the aforementioned factor typology.

The remaining sections of the paper are structured as follows. The next section provides a literature review on inter-organisational collaboration and on the innovation process. The third section presents the methodology used in the study and provides an overview of the data collected. The fourth section presents the findings of the study by briefly describing the five cases and then discussing the factors identified in each case that impede and foster collaboration for innovation purposes. At the end of the section, these factors are categorised into seven types. The final section discusses the study's contributions. The seven types of factors that impede and foster collaboration for innovation purposes are discussed in detail based on the evidence obtained in the case studies. The paper concludes with the key managerial implications, the limitations of the study and implications for further research.

5.2 Literature Review

5.2.1 Inter-organisational Collaboration

Our study analyses the problems that can arise in the course of collaboration between innovation-focused retail subsidiaries and their parent firms and in collaborations between two or more independent firms. The first group includes separate units created by a retailer in the form of a subsidiary or sister organisation, which operate at arm's length from the parent firm. These units generally have their own management and either receive orders for innovation (such as the creation of a new software) from the parent firm or have the freedom to determine for themselves the types of innovation they pursue. Although they may be financed by their parent companies, the external units investigated in the present study generally have significant managerial autonomy. The existence of such separate units with significant managerial authority has been confirmed in previous research. Barthel et al. (2020), for instance, developed a typology for digital innovation units; the type they refer to as 'external creators' are either set up as separate legal entities or as executive departments. Furthermore, they found that the projects developed by these units are selected and worked on independently of the parent organisation (Barthel et al., 2020). The innovation-focused subsidiaries investigated in the present study share these traits. Based on our observations, they also exhibit high distance from their parent firms, a phenomenon which has been confirmed by the identification of missing interfaces between the separate unit and the core organisation. Similarly, a lack of openness between the core organisation and the innovation-focused unit is confirmed by the presence of organisational rigidities within the core organisation, such as inadequate digital know-how or refusal to accept new processes or change resource allocations, as has also been observed in existing research (Deist et al., 2023).

The independent firms discussed in this study, meanwhile, includes consultants, startups and innovation scouts that collaborate with the parent firm for innovation purposes. These firms are contracted by retailers either on a recurring basis or for ad hoc projects where external knowledge and capabilities are required. These organisations are separate legal entities which are not under the direct control of the retailer. Due to the large managerial autonomy of the separate units and the complete managerial independence of external firms, we characterise both types of relationships as inter-organisational collaborations, which have been defined as "…a mutually beneficial and well-defined relationship entered into by two or more organizations to achieve common goals…" (Mattessich et al., 1992, p. 7).

Inter-organisational collaborations occur when separate organisations cooperate with each other. This collaboration can take a range of forms, from informal exchanges to tight-knit relationships where organisations work together very closely (Bourdages, 2022). In general, the defining features of inter-organisational collaborations are that they are entered into by two or more organisations, are mutually beneficial, and include mutual goals reached through a jointly developed structure (Mattessich et al., 1992). Inter-organisational collaboration also provides an opportunity for each firm to absorb new knowledge into itself (Goossen, 2015).

Whilst several previous studies have looked at the problems that can arise during inter-organisational collaboration, scholars have noted that the understanding of inter-organisational conflicts and problems remains limited (Lumineau et al., 2015) and that ample opportunities for further research remain (Bourdages, 2022; Oliveira & Lumineau, 2019). In this section, we review some of the key literature discussing what have interchangeably been referred to as conflicts (Lumineau et al., 2015), problems (Bourdages, 2022) or challenges (Kelly et al., 2002) in inter-organisational collaboration.

A taxonomy developed by Kelly et al. (2002) looks at the key challenges in the early stages of collaboration of strategic alliances between firms. Although this taxonomy was developed though the analysis of challenges faced in early stages of collaboration, Bourdages (2022) argues that Kelly et al. (2002) is one of the few studies that have analysed multiple inter-organisational problems at the same. For this reason, Bourdages (2022) claims that the taxonomy developed by the study can be applied to problems occurring at any stage in a collaboration.

The taxonomy developed by Kelly et al. (2002) includes four types of inter-organisational problems: relational/people, operational, strategic and performance/results. More than half of the inter-organisational problems identified in the study are relational problems, which are further broken down into the sub-categories of communications, culture and roles/responsibilities. The first sub-category, communications, describes difficulties in building and maintaining communications within an inter-organisational collaboration due to factors such as physical distance or complex bureaucratic structures. The second sub-category, culture, comprises difficulties caused by incompatibilities between national or organisational cultures, values, and norms. The third sub-category, roles and responsibilities, includes challenges and issues that arise when the responsibilities and duties of each partner are unclear (Kelly et al., 2002). Bourdages (2022) further includes interpersonal problems, information asymmetry, power asymmetry and opportunism as further subcategories of relational problems. Bourdages (2022) also points out that some of these problems are interrelated or overlap, and that one problem can often lead to further problems.

In her own study, Bourdages (2022) identifies 31 inter-organisational problems and classifies them into five categories: personal, relational, operational, strategic and external. Relational problems make up a majority of the problems in each of the study's cases; this is congruent with the findings of Kelly et al. (2002). Of the 31 problems described in Bourdages' study, four relational problems stand out as key problems because of their frequency, intensity and impact. These include interpersonal problems, lack of familiarity, cultural differences, and problems relating to roles/responsibilities. Bourdages (2022) ultimately elevates the four types of relational problems to their own primary categories due to their significance, resulting in a final typology of eight key inter-organisational problems: (1) interpersonal problems, (2) lack of familiarity, (3) cultural differences, (4) roles and responsibilities problems, (5) toxic work climate, (6) feelings of inequity, (7) inappropriate governance and (8) passivity when problems arise.

Whilst Bourdages (2022) speaks of problems in inter-organisational collaborations, the wider literature in this area often refers to the 'dark sides' of inter-organisational relationships. This term refers to a variety of negative aspects of inter-organisational relationships, such as unintended behaviours, detrimental outcomes or practices which are not ethical (Oliveira &

Lumineau, 2019). According to Oliveira and Lumineau (2019), additional research about negative aspects of and dysfunctions within collaborations is needed from across the different management fields. They identify three main manifestations of the dark side of inter-organisational collaboration based on a review of previous research: conflict, opportunism and unethical practices.

The first manifestation, conflict, includes instances of disagreement or friction involving individuals, groups, or entire organisations. These conflicts can range from personality conflict to cultural conflicts or emotional distress that may arise over various aspects of collaboration, such as strategic or operational decisions (Oliveira & Lumineau, 2019). The second manifestation, opportunism, includes both clear-cut instances such as lying or stealing and more subtle forms such as misleading or confusing others. In most cases, individuals taking part in this kind of behaviour are acting in their own or in their organisations' self-interest (Oliveira & Lumineau, 2019). The third manifestation, unethical practices, includes actions that are morally incorrect or improper. This includes aspects such as spreading false information or exploiting a partner. Such practices may, for instance, involve the deliberate spreading of false or misleading information in market research, in order to deceive other parties (Oliveira & Lumineau, 2019).

5.2.2 Innovation Process

Understanding the innovation process is important as it provides additional structure for the analysis of our cases. Extant literature identifies several models that help scholars dissect an organisation's innovation process into its various components. A majority of extant models focus on new product development activities, while there is a dearth of studies on service or process innovations (Salerno et al., 2015).

For our purposes, the innovation value chain developed by Hansen and Birkinshaw (2007) represents one of the more comprehensive models. It addresses both the development of new products and other activities that surround new product development, and thus enables a wider view of the process. Furthermore, it is also relevant to new businesses or new practices which emerge as a result of the innovation value chain process and are not directly linked to product development.

According to Salerno et al. (2015) the innovation value chain model represents a more integrative and holistic approach to the innovation process than many alternative models. They also note that when the innovation value chain model was developed, it was designed with large, multi-divisional organisations in mind. It also focused on multinational firms, but this is not a crucial criterion. As the retailers under investigation in this study are all large organisations with multiple divisions, this model suits the sample used in the study and therefore is used to structure and give context to our findings.

The innovation value chain model sees innovation as a sequential process that can be divided into three phases (see Table 5.1). The first phase is termed the 'idea generation' phase and occurs when managers identify novel ideas. It can also happen across multiple units in the same organisation, when several ideas come together. Idea generation can also occur outside the organisation when firms deliberately look for ideas amongst external partners. This can include, for example, customers, researchers, suppliers or entrepreneurs (Hansen & Birkinshaw, 2007).

The second phase is the 'idea conversion' phase, which mainly involves the handling of new ideas in the organisation, no matter their source. New ideas need to be screened so that there are not too many ideas circulating within an organisation at any given time, which can cause lack of focus, or too few, which can create bottlenecks; either might hamper the further development of all new ideas. Adequate funding is also important, as new ideas often needs significant funds to be developed and give them the potential to be successful (Hansen & Birkinshaw, 2007).

The third phase is the 'idea diffusion' phase. New ideas that have overcome the aforementioned hurdles need to achieve wide acceptance within the organisation to help spread the products, new businesses, or new practices across and into the relevant customer groups, geographic locations and channels. This is a particularly large challenge in complex, multinational organisations with many subunits (Hansen & Birkinshaw, 2007).

Table 5.1: *Phases of the Innovation Value Chain*

Idea Generation			Conversion		Diffusion
In-House	Cross-Pollination	External	Selection	Development	Spread
Ideas created within a specific unit within an organisation	Ideas created through collaboration between units within the same organisation	Ideas created through collaboration with parties outside the organisation	Screening and initial funding of new ideas	Development of initial ideas into viable products/startups/processes	Dissemination of newly developed idea across the organisation

Source: Hansen and Birkinshaw (2007)

5.3 Approach and Methodology

5.3.1 Research Design

The aim of this study is to identify the key factors that foster and impede collaboration for innovation purposes in the context of the innovation value chain within retail firms. This includes interactions occurring within retailers, but also interactions between retailers and external players that have a role in the innovation value chain. A second aim of the study, and its major contribution, is the development of a typology of the factors that impede and foster collaboration for innovation purposes within retail firms. The study sets the basis for such a typology and represents an initial effort at developing theory on said interactions. The development of this theory also constitutes a relevant contribution to the literature as there is extant knowledge on the topic in this specific context, and previous studies have not looked at the topic from comparable angles. Based on the above aims and the fact that the study looks into the complex processes within organisations, a multi-case study approach is suitable (e.g. Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Yin, 2009). This research design has been used in numerous studies in the area of innovation management (e.g. Cannavacciuolo et al., 2023; Hienerth et al., 2014; Majuri, 2022) and retail management (e.g. Barbosa & Casais, 2022; Mertens & Recker, 2020; Solem et al., 2023). The qualitative multiple-case study approach allows for a detailed and in-depth investigation of complex dynamics and enables scholars to identify possible patterns amongst multiple cases, enabling the inductive development of theory (Eisenhardt & Graebner, 2007; Yin, 2009).

We adopted a qualitative content analysis approach as it enables the categorisation of raw data to understand the range of problems that can occur in different phases of the innovation value chain. This methodology leaves researchers with interpretative leeway when sorting and analysing the raw data (Krippendorff, 2018; Schreier, 2012). It has been applied in numerous previous studies in the fields of both innovation management (e.g. Kordestani et al., 2023; Onsongo et al., 2023; Tortorella et al., 2022) and retail management (e.g. Baker et al., 2018; Helm et al., 2020; Stoian Bobalca et al., 2021). Triangulation of qualitative research data is important to ensure rigor; this was done, where possible, by triangulating interview data with online sources such as newspaper articles and press releases (Huberman & Miles, 2002).

5.3.2 Dataset Construction

This study looks at five retail firms in Europe that are active in the fields of grocery, sport supplies/shoes, eyewear, office products and construction materials. The sample was not pre-selected but rather based on the availability of interview partners. It was essential to conduct interviews to uncover details, nuances and pressures that are not visible in publicly available information.

To collect the data, the authors conducted semi-structured interviews (Yin, 2015) with staff members at each of the retailers, in presence or through videocalls. The interviews took place between April and October 2022 and were conducted with senior and/or operational managers responsible for innovation management-related activities (see Table 5.2). Semi-structured interviews were deemed suitable as they allow the researchers to ask the same key questions of all participants and to follow up with more detailed, context-specific questions to understand the particularities of the topic in great depth (Huberman & Miles, 2002). For each retailer, between one and four interviews were organised; each lasted between thirty and ninety minutes and was conducted by one or two researchers. The interviews were transcribed with the aid of the AI-based software Amberscript.

Table 5.2: *List of Interview Partners*

Case	Retailer	Interview Code
1	Head of M&A	1A
	Food & Retail Tech Lead	1B
2	Head of Finance and Controlling	2A
	Chief Venture Officer	2B
	Chief Innovation and Technology Officer	2C
	Co-Founder and Managing Partner	2D
3	Member of the Management Board	3A
	Partnership Manager	3B
4	Head of Digital	4A
5	Head of Partner Management & Expansion	5A
	Head of Innovation Lab	5B
	Head of Branch	5C
	Head of Branch	5D

5.3.3 Dataset Coding

We followed an open coding approach to sort the data collected from the interviews (Charmaz, 2014; Saldaña, 2021; Strauss & Corbin, 1997), initially coding all evidence of factors that foster or impede collaboration for any activity related to the innovation value chain. We coded both comments concerning problems that took place during collaboration and comments which did not directly address such problems, but which related to the stage of the innovation process in which those problems took place.

5.3.4 Collaboration Fields in Innovation in Retail

We followed the steps proposed by Gioia et al. (2013) and began by conducting a first-order analysis. We used the qualitative analysis software package Nvivo to support the content-analysis and coding of the 12 interviews. Nvivo is useful for this, as it supports the sorting and classification of collected data and helps researchers visualise connections between data. No limits are set on the number of codes that can be assigned at this stage. This tool was particularly useful for the first-order analysis, in which the researchers went through the data and coded all commentary concerning the problems that took place during collaboration that was intended to generate innovation. The two authors initially each coded the same three interviews and then re-convened to align their coding practices. The remaining interviews were then coded separately. This resulted in 54 first-order codes (see Appendix 5.1).

5.3.5 Phases of the Innovation Value Chain

We identified the phase of innovation in which collaboration occurred based on the innovation value chain model (Hansen & Birkinshaw, 2007). We used six different codes for this, based on the three phases and sub-phases of the innovation value chain; these six codes covered all phases identified in our cases. Table 5.1 shows the six phases of the innovation value chain, as defined in our coding approach.

5.3.6 Dataset Processing

We subsequently performed a second-order analysis (Gioia et al., 2013) to identify common themes or activities within the 54 codes concerning collaboration for innovation between units of an organisation. Codes with similar meanings were merged, resulting in seven groups of codes that each represent a factor that either impedes or fosters collaboration in innovation in retail (see Appendix 5.1).

5.4 Findings

The five cases under investigation each include occasions where the parent firm and a newly formed subsidiary or an external service provider collaborated for innovation purposes. In all five cases, friction occurred between the parent firm and the external unit/service provider that was tasked with delivering innovation to the parent firm in some form. However, retailers also experienced collaboration dynamics that were conducive to developing innovation. The key characteristics of each case, as well as the positive and negative processes and outcomes described by interviewees in each collaboration process, are outlined below.

Retailer 1

Case Description

Retailer 1, a grocery retailer, has partnered with an external organisation that conducts an annual systematic search for startups that may be interesting for the retailer. The external organisation does this for retailer 1 and for other firms based in the same country. In this process, which has been repeated once a year for four years, the external partner determines, together with retailer 1, what kind of startups they are interested in, then does extensive startup-scouting and then presents a set of candidate startups to the retailer. The startups pitch themselves to senior and operational managers of the retailer, who then decide if they want to pursue a collaboration. If a collaboration is pursued, the startup will explore possible areas or types of collaboration with the retailer, which may include, for example, simple idea exchanges, the testing of the startups' products at the retailer, or a longer-term integration such as a partial or full acquisition of the startup.

Collaboration Issues

After retailer 1 informed the partner of the areas in which they are looking for innovation, the partner looked for suitable startups and organised a series of networking events to introduce the retailer to the startups. One example of such an event took the form of a dinner attended by the senior managers of the startups and the retailer:

> *"We also have CEO dinners where the CEOs from all the startups and the CEOs from all the partner companies come together. Our role there is to*

> *facilitate. We offer support for both sides. We organise one-to-one meetings, and all the negotiations."* (1B)

The use of the partner organisation provides several benefits for the retailer, some of which are linked to having access to a vast network:

> *"[Partner organisation] is a vehicle for us. With [partner organisation], we very quickly get up to speed on the state of the market and can position ourselves appropriately. Because [partner organisation] are influenced by the whole market, on an international scale, we can benefit from that perspective on the outside world."* (1A)

The specific focus on startups was based on the retailer's belief that it would be effective to incorporate these into their own value chain. The collaboration with startups often resulted in either a knowledge exchange or the acquisition of the startups and their integration into the retailer's organisation:

> *"What we don't do are corporate venture capital things. But if a start-up comes along that is exciting, we are always ready. Then we take it over and integrate it."* (1A)

As the retailer was a large organisation with significant experience and knowledge, collaboration with a startup often also served as a proof-of-concept opportunity for the startup to test their products or solutions - be it a new grocery product which could be tested with the consumer market or an IT innovation that could be tested in the retailer's IT environment:

> *"It helps us to be on the cutting edge, and we give startups the chance to scale directly. For example, we added [a startup with an innovative food product] into our range. They were in 100 sales outlets at first, but that grew quickly and now they are in almost 1000 sales outlets."* (1A)

As retailer 1 was often not the only user of the external partner, sometimes the different organizations that use the partner also saw some potential to work together and develop joint innovations. An example includes the retailer innovating with another large organization was using the network of a coffee and convenience vending firm to place their own products into locations such as offices and factories, where the vending firm had vending machines, but where it would be lucrative to have a wider network (i.e., a mini convenience store).

The retailer also collaborated with innovation scouts in an even looser manner than it did with the above-described external partner. Innovation scouts maintained an awareness of the retailer's needs and recommended interesting startups to the retailer. This was done in a much less formal manner than with the external partner, as in this case, there was no fixed programme; as a result, there was less chance of problems emerging in the collaboration:

> *"We got to know an incubator in Tel Aviv through [partner organisation]. Our contact there has a huge network. He knows our business quite well and when he has something interesting, he comes and brings it to us. It's usually so good that you don't just look at it and then put it in the file, but you check it out immediately and find that it is of very high quality."* (1A)

Retailer 1 sometimes experienced collaboration problems in the process of acquiring and integrating startups. It had a strong and fixed hierarchy; it operates in a very process-oriented and rather rigid manner in its pursuit of organisational excellence, which results in an organisational culture that leaves little room for creativity and openness. This makes relationships with and the integration of startups relatively challenging:

> *"It is very difficult when the start-up works in a very, very innovative, very dynamic environment. And on the other hand, you have the corporate environment. People may have been working there for ten or 15 years, always doing the same thing, very set in their ways."* (1A)

Managers responsible for integrating startups into the organisation dealt with this in two ways. First, senior managers showed strong support for the integration of startups as a strategically important process to the organisation. Second, they selected individuals from across multiple departments within the organisation that were particularly interested in working with startups to participate in the integration process. It took some time to determine which individuals were particularly suitable, but once this was established, they could be included into the process on a yearly basis, bring the startups into their units and advocate for them:

> *"You need the right people. I've been doing this for three years now, I've changed the group of people I work with for this every year as soon as I realised there was resistance from someone in the team."* (1A)

Retailer 2

Case Description

Retailer 2, also a grocery retailer, provides two examples of collaboration with subsidiaries that provided the organisation with innovation. The first collaboration concerns product innovations. The retailer has a large number of products sold under its own brands, most of which are developed and manufactured by the retailer's own production firm. In one innovation process, the production firm developed new products for the retailer and for third party customers, and optimised and re-developed existing products, for example bread baked in wood-fired ovens, vegan meat replacement products and a compostable coffee brewing system. The retailer and their production firm worked closely together in integrated teams. For instance, the category managers for beauty products worked directly with their research and development counterparts to develop new products optimised for market success.

The other example of collaboration involving retailer 2 concerns the development of new business innovations. Supported by an external consultant, the retailer founded a separate organisation whose sole purpose is the development of new businesses. The external innovation unit enjoyed great independence from the parent firm and has also been equipped with significant financial resources to develop new businesses. This new unit exists because the retailer deemed it important to innovate in a completely new business area to ensure the growth of the retailer. The senior management of the parent firm established the general strategic and thematic direction the unit should work towards; everything else was the responsibility of the management of the separate innovation unit.

Collaboration Issues

Retailer 2 is a very bureaucratic organisation, stemming from its overall large size and the fact that the regional cooperatives within this retail organisation have significant power and independence. The retailer's headquarters has less power and room to manoeuvre than most of its competitors. This bureaucratic and large organisation comes with a culture that was not seen as open or up-to-date, which had a negative effect on the development of innovation in the retailer's head office:

> *"I think partly, the structure is not always helpful for innovation, simply because big supertankers like this can't be steered so easily, can they? And there is always an issue where individual departments or people feel threatened by innovation. ... But it's also just that when you're so big and you have a complicated structure, it's really difficult to push innovation through."* (2A)

Nevertheless, the organisation initiated changes and started developing a more open culture that also enabled more open sharing and exchange of ideas, allowing innovation to occur more easily.

The senior management of the retailer knew that their capability to innovate sufficiently was at risk and therefore engaged consultants to plan an external innovation unit. The result was an external innovation unit based on a venture builder model, focused on the development of new businesses unrelated to the retailer's current business.

This new unit centralised all of the retailer's new business activities. As a new business, it was able to operate with its own logic, rather than needing to maintain compatibility with existing divisions of the core organisation. This new unit also had completely different branding to further distance it from its large and complex parent organisation:

> *"[The external innovation unit] is external because we're not supposed to be part of daily business. We are based somewhere else, we have a different name not related to [retailer 2]. We also don't have [retailer 2]*

> *people here to ensure that we are independent and to avoid getting drawn into their daily business."* (2B)

This also allowed the unit to access a completely different pool of potential employees who would be willing to work in a startup-like environment, but not for the parent firm:

> *"… the search profile for [external innovation unit] are actually failed entrepreneurs. That's normal; as an entrepreneur you have a 9/10 chance of not making it big. That doesn't mean you're bad. And there is a very large and growing pool of people who appreciate working for an organisation like [external innovation unit] for 2, 3, 4 years. And if you look at the profiles, they're already extremely good and [external innovation unit] manages to attract people that [retailer 2] couldn't recruit. [CEO of retailer 2] himself said that [external innovation unit] wouldn't have the people it has [if not for its independence]. You can only attract such people if you provide a degree of freedom and the level of autonomy we can."* (2D)

To ensure that the new unit did not get distracted by the parent firm, the unit enjoyed great managerial autonomy. Senior managers from the parent firm were kept informed of their activities and took part in setting the general strategic direction of the unit and their innovations; they did not, however, interfere in day-to-day work:

> *"[external innovation unit] is an independent division of [retailer 2]. In the organisational structure, it is at the same level of the other divisions. So, on day one [external innovation unit] had one employee against the 100,000 or so employees of the supermarket division. In terms of governance, it is quite a daring framework."* (2D)

Whilst the ideas for the new businesses that were developed were typically generated from within the separate unit's team, the unit was known within the core organisation and, after some effort, achieved a standing where managers of the existing divisions shared ideas for potential new businesses with the separate unit.

The retailer also had its own production firm, with which they collaborated extensively to develop new products and ensure their commercial success. The collaboration between the two parties had increased even more in the time leading up to our interviews, as senior management had decided to create integrated teams bringing product developers from the production firm together with marketing and sales experts from the retail side. This resulted in optimisation of processes leading to reduced time-to-market for new products, and the creation of opportunities to re-develop products at very short notice.

In addition to this, the production firm also collaborated intensely with startups. Startups active in relevant fields around the world were systematically screened by the production firm and integrated into the value chain, either through an acquisition or through a partnership of some kind. To facilitate this process, specialised consultants and startup scouts were also used to connect the retailer with relevant startups, many of which had emerged from key global food and tech hubs.

Retailer 3

Case Description

Retailer 3, also a grocery retailer, created a separate unit focused on digital innovation. The unit was created by the retailer's senior management team as a detached organisation that could avoid getting caught in the complex structures and internal politics of the large parent company. The unit's objective is to develop digital innovations, with a focus on novel IT solutions relevant to the retailer's activities. As the unit was external, but the results were still implemented in the parent firm, the company leadership fostered a spirit of competition between the separate unit and the internal IT units of the parent firm. The managers felt that this would improve the overall innovation performance of the retailer. After a few years, the separate unit was integrated into the parent firm as it was felt that it had achieved its goal of disrupting and re-energising the parent organisation.

Collaboration Issues

The new unit created by retailer 3 was created to shake up a very inflexible corporate culture and cause disruption:

> *"So, at the beginning, you put the new unit there to irritate the existing units, to get everyone into each other's hair a bit, and that energises and stimulates ambition."* (3A)

The unit was created by senior management for this purpose and as competition for some of the existing units within the retail organisation. The competition caused between the units, despite being intended, was a somewhat problematic factor, as it caused discomfort amongst employees of the parent organisation. At the same time, however, it succeeded in changing the way in which the parent company's employees were thinking. The existing employees became more creative and more innovative thanks to the new competition. With this change in attitude, competition eventually subsided, enabling new forms of collaboration:

> *"People eventually get tired of competing, and conflict subsides. It's actually quite nice to see that the colleagues from both units can now work with each other in a completely different way. Because now the storm and stress phase is behind us"* (3A)

The competition and separation were also fostered by the fact that the new unit had separate and more modern office spaces in more attractive locations. This allowed it to attract different types of employees who were more capable innovators, who would not otherwise have been interested in working in the parent company's more conservative working environment.

Although there was some competition and discomfort when the unit was introduced, the fact that the organisation's strategic management is conducted in a strong top-down fashion meant that the new unit had a lot of support and received work from the senior management, enhancing the new unit's credibility within the organisation. The unit achieved further credibility by proving its ability to handle and provide solutions for some of the biggest bottlenecks of the organisation, addressing the insufficiently developed state of the organisation's programming and IT engineering capabilities. As the new unit was able to provide solutions and drive positive change, they became more accepted in the entire organisation:

> *"The digital unit can now better manage all the bottlenecks, including issues in resources for programming, which was the worst problem facing the company."* (3A)

In more general terms, the creation of a new unit also had other reasons and provided a series of benefits for the organisation. As the retailer was very large and had a very bureaucratic administration, the retailer was unhappy with the efficiency of some of its larger internal units. Managers found it difficult to maintain oversight of all the initiatives taking place in the existing units, and also found that many ideas got lost somewhere in the organisation instead of being developed into innovations. A new and separate unit provided a safe space where ideas could be cultivated securely and not be lost in the daily business.

The new unit was only one of several innovation activities undertaken by the retailer. One of the key other measures adopted was the integration of startups into the organisation. This can bring new knowledge or finished products and solutions into the organisation. Startups might, for instance, be integrated into the value chain of the retailer to some degree:

> *"...for some years now, we have been awarding a so-called Start-up Award, where start-ups can apply with their product innovations, and the successful ones will then get a listing commitment."* (3B)

Alternatively, startups might be acquired fully or partially and integrated into a suitable location of the organisation.

Other measures to increase the collaboration between levels and units of the retailer included the formation of interdepartmental committees where ideas could be discussed and followed up on; actively seeking ideas for new innovations from managers or employees in retail outlets; and reaching out to customers for feedback or to engage them in co-creation activities.

> *"This is done on a case-by-case basis, where you really systematically ask customers about certain things, such as the redesign of the appearance of a store brand label or something like that. But this is really classic market research work."* (3B)

Retailer 4

Case Description

Retailer 4, a convenience food retailer, undertook similar collaboration efforts to those undertaken by retailer 3, creating a separate unit focused on digital innovation. This unit was created by retailer 4's senior management to develop and deliver IT-based innovations for the organisation. This included both innovations to improve internal processes and operations and customer-facing innovations such as automated stores. The separate unit partially operated from a different location and was mainly created to attract talent that would otherwise not be interested in working for the retailer. The separate unit developed innovation on request by business units that needed new tools, but also developed innovations on its own initiative, either proposing their implementation within the parent organisation or operating them independently as new business ventures.

Collaboration Issues

The separate unit created by retailer 4 collaborated with the parent firm when innovations in a specific area were requested by the retailer. This makes the role of the separate unit clear as they acted as a service provider for the parent firm:

> *"We have a certain autonomy in terms of topics that we can decide to tackle ourselves, but the divisions are our clients and in practice, most of our work is done for them."* (4A)

Despite the clarity of this supporting role, the separate unit still had trouble being accepted by the individuals in the parent organisation initially as such a unit had not existed before. Adding to this, it was also difficult for the separate unit to find an appropriate and effective distance from the parent organisation. Once the added value of the team was visible, the new unit came to be seen as a useful asset or as a solution provider in the organisation. After some time, the core organisation was actively demanding projects and solutions from the separate unit as their success was drawing increased interest:

> *"In the beginning, let's say, everyone was very pleased that a new team was coming in and taking care of issues that had been left behind for a long time. Then we had to work to generate some interest in our work, and today there is actually a lot of interest from the business in the work we do for them."* (4A)

This also led to the creation of teams incorporating employees at both the parent form and the new unit to enable closer collaboration. One of the reasons why the subsidiary was accepted eventually was the lack of overlap between the work undertaken in the new unit and the parent company, and the fact that, as a result, workers in the parent company saw that their positions were not affected by the new unit:

> *"Of course, there are often existential questions or existential fears when new people come in who are also in the field of IT, and you have also always been responsible for IT. You start to ask yourself, what does that mean for my future? In certain parts of the company, the cooperation works very smoothly, especially where there is no overlap, it works particularly easily."* (4A)

Linked to this, the team was initially also met with scepticism as the organisation was going through a cost-reduction period, but a new costly unit for innovation was being formed that had privileges that units within the parent firm did not have. A communication effort was necessary to work with this scepticism. This was accompanied by long-term support from senior managers to explain the purpose of the new unit, but also to keep the employees within the new unit motivated despite the scepticism they received from the organisation.

The new unit experienced some specific advantages as a result of its distance from the parent firm and the fact that collaboration was more limited than it would have been if they had been an internal team. The new unit had separate office spaces, located in central areas in popular cities instead of in industrial suburbs, allowing them to hire people that the parent firm would not be able to hire and so create a separate, more innovative and creative culture. The new unit also had its own independent branding, which made it more visible both to the parent company and to potential employees and business partners:

> *"But you need a separate branding to be able to tell a credible story and explain that our corporate culture is different from that of a big company."* (4A)

Despite its independence, the new unit was never able to fully to escape the parent firm's complexity, as strict rules concerning financial management and corporate governance also applied to the new unit, no matter how much management support was available.

Retailer 5

Case Description

Retailer 5, a construction materials retailer, was characterised by a large and complex organisational structure. This drove the retailer to form a separate unit to develop IT and product innovations. The product innovations developed by this subsidiary included the use of 3D printing to produce technical parts on demand in retail outlets to serve customers very quickly. Internal process innovations included new IT systems to enhance efficiency in business processes (e.g., HR administration). This subsidiary organisation was characterised by high independence from the parent firm; while it did receive financial investment, there were no restrictions placed on the types of innovation the funding was to be used for. The separate unit developed innovations and then made them available through a digital platform so that they could be implemented in retail outlets.

Collaboration Issues

Retailer 5 was faced with a very closed and conservative corporate culture which had a strong tendency to simply continue doing things how they had been done in the past:

> *"The culture does not tolerate mistakes, but rather aims at finding the guilty. These are typical cultural elements that we still have. And thus, from my point of view, we have a climate that is not necessarily suitable for promoting innovation. As an employee, I don't do things where I know that if it goes wrong, I'll get told off – so I just prefer to say no instead of trying something new."* (5A)

> *"I don't know if they are so keen on innovation. I rather have the feeling that they just want to carry on as they have been doing all along and are a bit too comfortable to change anything."* (5C)

Managers have only recently recognised the need for change and started attempting to foster a more open culture. The need to change was recognised by senior management, but also by middle managers responsible for sales outlets. They thought that it may be effective to have a separate unit that delivers innovation from outside the parent firm:

> *"And in this respect, I simply say that we need the [separate unit] or a similar organisation so that we can chart a very strong innovation course with a few team members who are also prepared to completely rethink topics. ... And if it works and is innovative and promising, then it could later be scaled up and rolled out to [Retailer 5]."* (5D)

Like this, problems that were hampering the collaboration between employees and the generation of innovation would no longer be a problem. This separate unit would also be able to hire and work with people that would usually not be interested in working for retailer 5 due to the retailer's image.

The separate unit that was created enjoyed support from senior management, in particular from the CEO himself, who saw the strategic necessity of innovation and the challenges facing the current organisation in attempting to innovate. Senior management supported the unit, but did not interfere with its day-to-day work, allowing it to develop ideas that its own team considered worthwhile. Despite the support it received from senior managers, the external unit was seen as competition by many internal units and employees of the parent firm, as the external unit was able to develop IT solutions similar to those being pursued internally, but in a much faster and more efficient manner. This created discomfort and the fear of potentially being replaced. At the same time, the separate unit did maintain some interaction with the parent firm, as their innovations needed to be integrated into the organisation and also required resources that the external unit did not have at its disposal.

5.5 Contribution and Implications

5.5.1 Theoretical and Empirical Contributions – Factors that impede and foster collaboration within retail firms

The grouping of the first-order codes enabled the identification of three factors that impede and four factors that foster collaboration within retail organisations for innovation purposes (see Appendix 5.1 for a detailed listing of first-order codes). This categorisation forms the key contribution of the study.

Impeding factors 1, 2 and 3 represent three groups of factors which impede collaboration for innovation purposes within retailing firms. These include: (1) Collaboration impeded by closed corporate culture, (2) Collaboration impeded by complex organizational structure and (3) Collaboration impeded by competition within the organisation. Fostering factors 1, 2, 3 and 4 represent four groups of distinct factors that acted in an enabling and enriching manner concerning collaboration for innovation purpose within retail firms. These include: (1) Collaboration fostered by dialogue with customers, (2) Collaboration fostered by inclusion of external service providers, (3) Collaboration fostered by inclusion of other firms, and (4) Collaboration fostered by enabling adequate distance between parent firm and innovation-focused subsidiary.

In this section, each factor is explained in detail and relevant interview excerpts are presented. Several relevant quotes were already shown above in the case descriptions.

Impeding Factor 1 - Collaboration impeded by closed corporate culture

The first impeding factor is the presence of a closed and conservative corporate culture which does not leave much space for innovation and creativity, as observed in several of the cases described above. As organisational culture is engrained in all parts and actions of the organisation, the entire innovation value chain is affected, including the idea generation, conversion, and diffusion phases. Some of the interview participants discussed the closed corporate culture in a very explicit manner:

> *"The company culture is not the most open. It is currently a very hierarchically structured company, and it's also very process-oriented,*

> *which has its justification, but which does not leave much room for creativity and openness."* (1B)

> *"Thinking in silos was already supposed to be abolished 20 years ago here. That's just a big challenge for an organisation like this."* (5A)

Interview participants also mentioned the necessity of a cultural change to enable more innovation:

> *"How do I deal with mistakes as a boss? How does my boss deal with mistakes? How do we deal with mistakes in the team? And that is, I think, more of a cultural element. And it's also difficult to change it at the push of a button…"* (5A)

The closed culture was also an impeding factor when retailers attempted to integrate startups into the value chain, but found that internal acceptance was low, as the quote from 1A in Case 1 showed.

A further barrier appears to be insufficient cross-unit communication and collaboration, which reduces the organisation's operational flexibility:

> *"We are still at a relatively early stage in understanding that innovation cannot be depicted solely in assortment, sales, digital services and logistics, but we need to look at it holistically and at the interaction of all areas. We are still coming out of this silo culture are still taking the first steps on the evolutionary path we have chosen. I think that makes us rather slow in the end. Or rather, it results in only a partially optimised innovation process. In some areas we are already a bit more innovative, a bit more flexible."* (5A)

> *"Whenever it is a question of bringing together the functions across the board. We are still very, very ponderous, very, very cumbersome, because some of the issues are big."* (5A)

Some retailers acknowledged that their organisations were in need of cultural change, and others have already started a transformation process:

> *"The Lean and Agile initiative has already been implemented at [retailer 2]. There is now also a similar initiative that we are implementing at our other retail companies. … That will then be really, really agile."* (2A)

Another manner in which this issue can be overcome is through the establishment of new, separate office spaces for certain units, so that these have an optimal and undisturbed environment. This can to also attract the kind of new employees who are necessary for the transformation process:

> *"What did not yet exist was the [city] office. And I said, in [country], you have to have a location in [city] to take on the right talent. ... So, in fact, we have a separate location for ourselves and it should be mentioned that we also allow full remote working at [separate innovation unit], so we have employees working for us abroad who live 100% abroad and do remote work, which [retailer 4] does not usually allow."* (4A)

> *"[new office spaces] help to shape things, because today our HR department, which perhaps doesn't have this urge to be so innovative to the outside world, now has pretty cool offices, all in the shared office, and they have also become much more modern in the way they work. It has somehow left an impact in all areas."* (3B)

Impeding Factor 2 - Collaboration impeded by complex organisational structure

The second impeding factor is the extensive and complex organisational structures seen in several of the established retailers. As these complex organisational structures encompass the entire organisation, all phases of the innovation value chain (i.e., idea generation, conversion, diffusion) are affected. Interviewees often discussed this factor in very general terms. This is best shown by a quote that was previously given in the description of case 2:

> *"I think partly, the structure is not always helpful for innovation, simply because big supertankers like this can't be steered so easily, can they? And there is always an issue where individual departments or people feel threatened by innovation. ... But it's also just that when you're so big and you have a complicated structure, it's really difficult to push innovation through."* (2A)

Similarly, being part of a large, publicly-owned firm brings further restrictions and standard procedures must be followed:

> *"We are a listed company, so we have to deal with additional audit requirements. If I suddenly add a new payment method to the online shop and I want to integrate it with the closed merchandise management system via the IT department, these are all very audit-relevant areas, which means it goes slowly until everyone has looked over it and agreed that it is still audit-compliant and so on. And sometimes it's possible to open up side channels and say that not everything has to be right, but for that to be possible senior managers have to approve of it. And sometimes it doesn't work because there are strict requirements that can't be avoided, that small companies don't have to deal with."* (4A)

Large organisations can also present challenges for startups and new business models within the organisation, as the size and complexity of the organisation may not allow them to thrive:

> *"[Retailer 1] is so big and has such a big attraction that if you try to push any satellites or new business models, they are swallowed up by the organisation right away."* (1A)

Other organisations have recognised that their complex structures restricted collaboration and have already taken measures to remedy this situation:

> *"We are currently in the phase of optimising and integrating our interfaces and structures in order to work together in a more integrated and better way, also concerning innovation."* (2C)

Impeding Factor 3 - Collaboration impeded by competition within the organisation

The third impeding factor involves the challenges for innovation created by competitive behaviours between different units or individuals within an organisation. Here too, collaboration can be impeded across entire organisations and at all three phases (idea generation, conversion & diffusion). An example involving the idea generation phase of the innovation value chain is provided by a case in which a retailer created a separate unit whose purpose was to develop innovation in areas similar to those in which the retailer was already active:

> *"It was not applauded by many [retailer 5] employees either. As I said, we haven't only made friends, but that's just the way it is. But as [retailer 5 CEO] also always says, competition stimulates business. So now they are a bit more driven, now they have to do something in the e-commerce department, they can't just hang around. Now they actually have to do something."* (5C)

The introduction of separate, innovation-oriented units within an organisation may achieve innovation, but they also sometimes create competition between units that reduces collaboration within the organisation on a whole:

> *"It just costs an incredible amount. At the working level, I have to say, there was so much bickering about who would get the resource or who would be right. Because you come from completely different perspectives, you are also spatially separated, that is, there is a lot of discourse and as nice as everything is between colleagues, everyone really fought for every resource. You can't afford that forever."* (3A)

Similarly, members of the organisation may become unhappy if they perceive that innovation activities are being moved away from their units:

> *"But an important side note here is that you must not pursue innovation as a democratic consensus process. That means that you ultimately have to achieve a strategic goal and not everyone will like that. And there will be conflicts of interest, because there are various people within our large organisation who would like to innovate themselves, who would like to build the next cool business model. And if you take that away from them a little bit because you say there's now another unit that should take care of that, that's a loss at first and it hurts, people don't appreciate that."* (2D)

In this process, it was also found to be important that organisations explain why costs are being reduced elsewhere in the organisation whilst at the same time, a new and costly innovation-focused unit is being created:

> *"In the implementation, there can be friction, especially when there is greater cost pressure than usual. Imagine this - you build up a new digital team where you hire new people, which of course leads to questions or hurt feelings when costs are being reduced in other areas of the company. This requires an explanation from the very top, again and again, why this is useful, and as soon as you have a successful project, it's a bit easier when people realise what we're doing something for."* (4A)

After some time, the initial competition between units fades and makes way for a more collaborative environment, as was demonstrated in the quote from interviewee 3A previously discussed in the case description of retailer 3.

A more collaborative approach may also be pursued if an innovation subsidiary requires access to some of the parent firm's resources*:*

> *"When we know that customers are interested in the new business model, when we have established the viability and feasibility of the new business model, then [retailer 2] provides us with an advantage in scaling up properly, to really step on the gas."* (2B)

Fostering Factor 1 - Collaboration fostered by dialogue with customers

The first fostering factor is collaboration with consumers to develop innovation. Although we only have evidence of this occurring in two cases, it seems noteworthy. This type of collaboration primarily occurs in the idea generation phase of the innovation value chain. Consumers are consulted regarding the acceptance of new innovations during the development and roll-out process. This is best shown in a quote that was previously used in the case descriptions (40):

> *"This is done on a case-by-case basis, where you really systematically ask customers about certain things, such as the redesign of the appearance of*

> *a store brand label or something like that. But this is really classic market research work."* (3B)

In another case, a retailer is using customer feedback to further improve the innovations produced by a separate innovation organisation:

> *"We know that not everything is perfect yet, but it works. And we are learning from customer feedback and are actively re-developing the products. This has even led to us making a complete change of partner in the background…"* (5D)

Fostering Factor 2 - Collaboration fostered by inclusion of external service providers

The second fostering factor is collaboration with various external services providers, such as consultants or innovation scouts, to help with innovation. These service providers are used for a range of tasks, including the planning and creation of new innovation units:

> *"[new innovation unit] is a solution design that we developed for [retailer 2]'s problem. And the problem was that [retailer 2] realised four years ago that its internal innovation initiatives had not yet led to success. This realisation was slowly sinking in. That's when we started talking to [retailer 2]'s top management about how we could solve this problem."* (2D)

In other cases, consultants are used in a more general manner to assess a retailer's strategy and make the retailer aware of, or realign the organisation to fit, new and evolving market environments:

> *"In some cases, we also work with external partners such as [strategy consulting firm] or whoever else helps with such processes. We also receive external incentives so that we are not too stuck in our ways. For example, if [gasoline retailer owned by retailer 2] has been selling petrol for years, it might be difficult to think outside the box. What will the world look like in the future? Without petrol or with less petrol?"* (2A)

Amongst the interview partners used for the present study, a more common use of external service providers is to use them as a source of startups that may be relevant for the retailer:

> *"We have built up networks over two years now and at an almost global scale. Either with consultants or we are involved in incubators or accelerators. We are now in a position – and I think I can judge this after two years – to be aware of almost everything that is going on in the market in the topics that are relevant for us."* (2C)

In other cases, retailers use the services of external partners in a more comprehensive manner. In these cases, the external partners do not only connect startups with retailers; they also set up formal programs in which large numbers of startups in pre-defined areas are identified and presented to the retailer. In multiple rounds, retailers and startups meet and matches and opportunities for future collaboration are identified. If successful matches are found, retailers and startups pursue their collaboration further:

> *"[Partner organisation] is a vehicle for us. With [partner organisation], we very quickly get up to speed on the state of the market and can position ourselves appropriately. Because [partner organisation] are influenced by the whole market, on an international scale, we can benefit from that perspective on the outside world."* (1A)

Fostering Factor 3 - Collaboration fostered by inclusion of other firms

The third fostering factor involves collaboration with other firms, be it startups, other retailers or firms active in other sectors, to innovate together. Here, most of the collaboration takes place in the idea generation phase of the innovation value chain. Retailers collaborate externally to generate ideas that they alone would not have been able to, as they lack the knowledge and diverse perspectives that their innovation partners may possess. If ideas are further developed jointly, then the conversion and diffusion phases of the innovation value chain become relevant too. In some cases, a retailer may choose to collaborate with another retailer to launch a new business model:

> *"Then we have collaborations such as the one with [vending machine operator], which I'm sure you've already heard about. This is an initiative that has been pushed by the [senior management team]. It's basically a new sales channel under a new cooperation that we've started there."* (1A)

Similarly, retailers also collaborate with other firms – which are not necessarily active in the retailing sector – to develop innovations that may not necessarily be related to sales or products, but that allow operating processes to be optimised:

> *"[Insurance company] is also works with [partner organisation that connects startups and firms] and insures our fleet. For one of our own projects, we wanted to have special sensors installed on our trucks to see what the trucks are doing. Theoretically, this gives [insurance company] the best data to insure us as they know how and where we drive. And then we said to [insurance company]: do you want to be part of it? So now we're working on this together. Firstly, for ourselves, we can optimise the routing, and secondly, [insurance company] can test and develop an interesting, individualised insurance product."* (1A)

Another type of collaboration includes the incorporation of startups into the retailer's operations. This can take on different forms, one of which is the incorporation of a startup and their solution into the retailer's value chain:

> *"What we've been doing, of course, for a number of years now is organising a so-called Start-up Award, where it's all about products, where start-ups can then apply with their product innovations, which then enter an established process, with the result being, 'okay, you get a listing commitment'."* (3B)

> *"We use this fund to support start-ups or companies that are active in the field of sustainability so that they really get off the ground. Afterwards, we try to bring them into our value chain."* (1A)

A more intensive form of collaboration with startups includes the acquisition and integration of a startup into a retailer:

> *We want to build up an inflow of start-ups that we can potentially acquire. And that is the crucial difference [between our approach] and corporate venture capital. [Retailer 2]'s goal is an acquisition. They also make this clear to the start-ups, who then negotiate an investment with [retailer 2]. They then say, yes, we'll invest now, but our goal, if it's successful, is to take you over.* (2D)

Fostering Factor 4 - Collaboration fostered by enabling adequate distance between parent firm and innovation-focused subsidiary

The fourth fostering factor is a level of distance between the parent firm and a separate innovation unit that allows an unobstructed focus on innovation activities. Here, all three phases of the innovation value chain (idea generation, conversion, diffusion) are involved, as distance from the parent firm allows a separate unit to explicitly focus on each of these phases in turn without being distracted by the complexity of the parent firm. Separate units can, for instance, be used as a protected environment in which innovation can happen and new projects can be experimented with:

> *"So [CEO of retailer 5] also says, 'please don't put your unit's ideas into our organisation when they are still fragile, because if not [separate unit] will get slow when it comes to developing ideas. This independence is very important to us, by the way. We are not an [retailer 5] appendage, we now have our first customer from outside the retailer."* (5C)

Separate units can also be used to reduce possible problems within the parent firm:

> *"[Retailer 2] and its core business is like a big room, it's healthy, but it's big, it has a lot of biomass and you have no light. And you don't have the right growth environment for small plants to grow. You have to do that outside."* (2D)

> *"The IT department in the parent company actually has two main goals: stability and cost efficiency. And these two things run completely counter to innovation, making it very difficult to launch new IT projects with them as the product owner. So, we made a conscious decision not to do it that way, because we felt it wouldn't work with the existing constraints and alongside the existing talent in corporate IT, the cultures wouldn't mix well. You won't be able to get the right talent. That's why we decided to do it separately"* (4A)

Linked to this, external units can also work faster and more efficiently as they are less affected by the typical constraints of being part of a large organisation:

> *"So, the [external innovation unit] is like a small dinghy that can experiment, it can say, 'let's go in this direction, let's see how we get on.' The big tanker, it can't react as quickly, it has to go ahead and say this is our route, we can't just turn 180 degrees or turn in any direction whenever we feel like it. And then to have a dinghy like that, which is already testing and saying, 'hey, look, this is a technology option that we should look into,' is a great thing".* (5D)

Another advantage of a separate innovation unit is the fact that it allows the creation of a different corporate identity, which can attract different employees and enable the formation of an optimal team in the separate unit, as observed in the quote from interviewee 2D in case 2 above.

An external innovation unit that is detached from the parent firm also frees up the retailer's time to focus on new business development, reducing the need for the parent company to deal with retail innovation topics such as product development, which it would normally need to include in its ongoing business activities:

> *"We don't make any product innovations. We don't go in that direction. We sometimes work with [retailer 2] and contribute our knowledge or experience, but we don't implement it, we let them do that. We always do business model innovation, so we always do the new topics."* (2B)

Inter-organisational Problems in the Context of our Findings

The literature review identified a study that found eight key inter-organisational problems that occur when firms collaborate (Bourdages, 2022). Whilst these findings do not emerge from a retail-specific dataset or from studies specifically focused on collaboration for innovation-specific purposes, the key problems that were identified in the study are partially transferable to the present study. This includes three of eight inter-organisational problems: 'cultural differences', 'roles and responsibilities problems' and 'feelings of inequity'.

The first problem, 'cultural differences', is a consequence of incompatibilities between different organisational cultures, as these may be opposed and unable to co-exist (Bourdages, 2022). In the cases examined in our study, differing cultures were in some cases actively used as an advantage by several of the retailers. Retailers 2, 3, 4 and 5 all created external units for innovation-specific purposes, with cultural differences from the parent firm as a deliberate goal in each case. It was thought that such differences would foster the development of highly creative environments focused on the generation and development of new ideas, be it business models or IT solutions. The parent firms, on the other hand, were focused on keeping the daily business activities running, but had little capacity for creative thinking. This approach is reflected in fostering factor 4, 'Collaboration fostered by enabling adequate distance between parent firm and innovation-focused subsidiary'. At the same time, and as reflected in impeding factor 1, 'Collaboration impeded by closed corporate culture', culture was also observed to impede innovation amongst the investigated cases; many retailers did not have a culture that was conducive to open dialogue and exchange, which could have enabled innovation. The problems caused by culture are also reflected in impeding factor 3, 'Collaboration impeded by competition within the organisation', as one source of such competition was incompatible cultures which had trouble working together. In these cases, however, collaboration eventually improved as the previously sceptical members of the parent firm realised that the new and differently thinking members of the separate unit could help them solve their problems effectively with new approaches, and so gained a greater appreciation for the subsidiary's different culture.

The second problem category, 'roles and responsibilities problems,' occurs when the roles of each partner have not been clearly determined or when they are misunderstood (Bourdages, 2022). In most cases in our study, the senior management had fixed the roles and responsibilities of new units upon their inception, reducing the opportunity for such problems to occur. This relates to fostering factor 1, 'Collaboration fostered by dialogue with customers', fostering factor 2, 'Collaborations with external service providers enrich innovation process', and fostering factor 3, 'Collaboration fostered by inclusion of other firms', and is most consistently observed in collaborations with external stakeholders for specific, pre-defined purposes. This is generally also true for the retailers that created separate units for innovation purposes - whilst these may have led to a feeling of inequity or caused problems because of cultural differences between the retailer and the new unit, the roles and responsibilities of new units were generally defined well by the parent firms. In the case of retailer 4, the new unit received direction for some of its activities but was also left free to make its own decisions in others. In the case of retailer 5, the new unit received no specific direction beyond its overall goal of developing digital solutions that would help the retailer in some manner. This led to problems, as the new unit, for instance, developed a new web shop alongside the existing one operated by the parent firm, which was deemed as an inadequate solution by the new unit. Ultimately, however, this led to competition between the organisations as both worked to obtain the ideal solution and improve what they had.

The third problem, 'feelings of inequity', occurs when individuals feel that they are – but may not objectively be – working within an unjust situation. Whether or not such inequity actually exists, the perception of inequity can itself have negative consequences (Bourdages, 2022). An example of such a situation can be found in retailer 4's establishment of a separate innovation unit outside of its existing corporate structures. This situation provides an example of impeding factor 3, 'Collaboration impeded by competition within the organisation'. The new unit established by retailer 4 hired a number of new employees who were granted benefits such as offices in attractive downtown locations and the ability to work from home, which were not usually available at the parent firm. As the employees of the parent firm did not have access to these benefits, and in the context of the fact that the retailer was going through a period of cost reductions, feelings of inequity were expressed by some employees of the parent firm.

5.5.2 Managerial Implications

The primary managerial implications of this study relate to the seven factors that impede and foster collaboration for innovation purposes at retailing firms. These factors can guide managers as they make decisions on how to organise their firms to enable collaboration for innovation purposes. The first three factors – namely 'Collaboration impeded by closed corporate culture', 'Collaboration impeded by complex organizational structure' and 'Collaboration impeded by competition within the organization' – provide insight into how collaboration can be impeded within firms. Managers can keep these factors in mind as they reflect and re-design their own organisation to ensure that these do not become impeding factors within their own organisations. For example, concerning the first impeding factor, where collaboration is impeded through a closed corporate culture, managers should assess the status quo of their own corporate culture. If managers determine that the culture is too closed and inhibits collaboration for innovation purposes, strategies to change this culture can be developed and implemented.

The latter four factors - 'Collaboration fostered by dialogue with customers', 'Collaboration fostered by inclusion of external service providers', 'Collaboration fostered by inclusion of other firms' and 'Collaboration fostered by enabling adequate distance between parent firm and innovation-focused subsidiary' represent factors that foster collaboration within retailing firms for innovation purposes. Here, too, managers can use these findings as they reflect upon how and with whom their own organisation collaborates for innovation purposes. As an example, the seventh factor highlights collaboration approaches that maintain distance between a parent firm and an innovation-oriented subsidiary to enable the latter to focus on generating innovation unobstructed. Based on this, managers can evaluate whether they already have such a subsidiary, and if not, they may want to include the creation of such a subsidiary into their strategic planning.

5.5.3 Limitations

One of the key constraints of qualitative case study research is its limited ability to deliver generalisable results. As stated by (Eisenhardt & Graebner, 2007, p. 25), the purpose of such research is much more to act as an intermediate step on the way to developing generalisations from large-scale quantitative datasets: "The case study is one of the best (if not the best) of the bridges from rich qualitative evidence to mainstream deductive research. Its emphasis on developing constructs, measures and testable propositions makes inductive research consistent with the emphasis on testable theory within mainstream deductive research" (Eisenhardt & Graebner, 2007, p. 25). This statement highlights the fact that the findings obtained from qualitative research are only generalisable in a limited manner, as they are designed to be tested in large-scale quantitative studies later in time. Despite this limitation, it is necessary to assess the generalisability of each individual study's findings in a critical manner as it remains a key concern of qualitative research (e.g. Sinkovics et al., 2008).

The first aspect of this study which limits its generalisability is the small size of the sample, which includes five different retailers in only two (culturally relatively similar) European countries. This suggests that the findings should only be transferred to other regions with different cultures with caution, as culture can influence innovation. For instance, in cultures with a low power distance, hierarchies are less rigid and individuals are more likely to generate new ideas than they are in cultures with a high power distance (Tian et al., 2018).

Any generalisation of our findings should also focus primarily on organisations in the same industry, as firms can be structured very differently in different industries (e.g. De Silva Kanakaratne et al., 2020b; Pederzoli & Kuppelwieser, 2015). The different structures in different industries require different innovation approaches, which may in turn require different forms of collaboration. An organisation which is very centralised, for instance, may need to approach their innovation activities differently to an organisation that is less centralised, which may have a higher number of organisational units in which innovation can be created, which then also needs to get transferred to other units. This was, for instance, the case with retailer 2, which is organised as a cooperative, enabling each division to have its own separate innovation-related initiatives, in addition to those managed by the headquarters.

The choice of retailers in the sample is a further limitation of the study. The sample included five retailers; four of these are grocery retailers, while the remaining one is active in the retailing of construction materials. The imbalance in this sample means that grocery retailing is covered in much more detail and the results could be biased towards the particularities of grocery retailing. Due to the differences between various retail sectors, the factors involved in impeding or fostering collaboration in different sectors may be different. Whilst such imbalances are not uncommon in studies taking a qualitative approach, it does represent a further reduction in the generalisability of our findings as our focus mainly lies in the grocery retail sector. A similar imbalance can be found in the number of interview participants per case – some included only one interview participant, others up to four (see Table 5.2). Here, too, whilst our qualitative approach does permit such an imbalance, it does represent a further reduction in the overall generalisability of our findings.

The above-described limitations are all rooted in the small number of retailers investigated in the study. If more cases were to be added, it would be more likely that additional factors would be identified and less likely that only the existing factors would be confirmed. To address this, further qualitative research is necessary to identify additional factors in other settings (as described above), and later, additional quantitative research is necessary to verify the existence and the relevance of the factors in larger samples. This would then deliver a more generalisable set of findings.

A further limitation of the study is the fact that, whilst it shows cases of how collaboration for innovation purposes within a retail organisation can be fostered or impeded, it does not develop these findings into solutions which can be applied by retailers. The impeding factors cannot be matched to the fostering factors identified at the retailers, and the fostering factors are isolated from and do not represent solutions to the impeding factors. It is therefore not possible to develop solutions based on the available data - additional research remains still necessary.

Additionally, while the study identified categories of factors, their relative significance – that is, the differences in how much impact each of the factors has on a retailer's ability to collaborate for innovation purposes – could not be captured. Furthermore, the study was not able to investigate whether or not the various factors have different levels of relevance to different types of innovation. To do this, large-scale quantitative studies are necessary.

5.5.4 Implications for further research

Our study reveals some of the key factors that impede and foster collaboration for innovation purposes at retail firms. During our research process, we were also able to observe changes in the form collaboration takes over time as the configuration of the applied innovation management technique changes. In some cases, such as that of retailer 3, the parent firm eventually concluded that the separate innovation unit had achieved its objectives, as it had contributed to making the parent firm more agile and innovative, and so incorporated the separate unit back into its traditional corporate structures. In the case of retailer 2, as became public during the writing of this study, the parent firm decided to close the separate innovation unit as part of a corporate restructuring effort conducted by a new CEO. The closing of the unit was part of the retailer's effort to reduce costs in non-core parts of the organisation, as it needed to invest and re-focus onto its core grocery retail business. To understand changing collaboration dynamics, it would be relevant to conduct long-term studies in which retailers and their employees are followed closely to understand how exactly collaboration between stakeholders' changes. As the examples above indicate, changes can occur both due to factors internal to the collaboration activities and due to external factors such as broader strategic realignments conducted at the corporate level. Additional research in this area would enable researchers to better understand how collaboration behaviours change over time as the innovation management approaches used by the retailer go through various life-cycle phases.

The present study does not differentiate between the different functional areas in which a retailer conducts innovation to remain competitive. According to Reinartz et al. (2011), the major dimensions of innovation in retail include assortment, branding, retail formats, processes, customer experience, new media, payment, information technology and order fulfilment. Each of these areas requires different innovations and hence different approaches. It would therefore be prudent for future research to examine the relevance of the impeding and fostering factors identified in this study to each of these areas. As different innovation management techniques are used for the development of innovation in the different dimensions, varying levels of relevance may be expected for the various factors. It could, for instance, be expected that forms of collaboration that enable distance from the parent firm to allow a hyper-focus on innovation are more relevant for information technology innovation than for assortment innovation. For the latter, the firm-specific internal know-how concerning category management and consumer preferences may be more relevant for successful innovation, whilst distance from the parent company might allow more successful information technology innovation as new talent can develop new solutions without having to take a complex parent organisation into account.

As mentioned in the *Limitations* section above, the purpose of this study is not to identify best practices, but to identify the impeding and fostering factors of collaboration for innovation purposes in our cases. Nevertheless, identifying best practices based on the identified factors is of relevance and should be considered by scholars as a matter for future investigation. In future investigation of the three impeding factors, researchers might identify firms which act in such a manner and contrast these with some of the most successful forms of collaboration, which might function as best practices that can serve as inspiration and solutions for other retailers. For the four fostering factors, best practices can be identified in the form of solutions to the impeding factors of innovation. Researchers could identify retailers that manifest these fostering factors, and then investigate how and if they are addressed directly.

In future studies, retailers might also assess the effectiveness of the best practices portrayed in delivering the goals for which the organisations created them. This would also allow the best practices to not only be portrayed in a qualitative manner based on the rather subjective views of researchers, but by assessing their effectiveness using data obtained from retailers or based on interviews with relevant managers. By taking this approach, researchers would also be able to make more objective statements on the effectiveness of these practices. Such findings also have practical relevance, as managers can increase their understanding of the effectiveness of different types of collaboration, enabling them to allocate their resources in the most effective way possible.

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Appendix

Impeding and fostering factors concerning collaboration within retail firms

Impeding & Fostering Factors (#)	Impeding & Fostering Factors (Definition)	First-order codes
Impeding Factor 1	Collaboration impeded by closed corporate culture	‘not an open corporate culture’, ‘new unit needs some time until accepted’, ‘need cultural change’, ‘difficult to integrate startups into old, culturally different corporate structures’, ‘open corporate culture is being developed’, ‘new office spaces enable better collaboration and change culture’, ‘better exchange between different units necessary’, ‘create room for discussion around innovation’, ‘success draws interest’, ‘low acceptance if process innovation’, ‘different office spaces for a different culture’, ‘parent not receptive and open to innovation’, ‘need a strong foundation so that good people can work from that’
Impeding Factor 2	Collaboration impeded by complex organizational structure	‘being part of large, listed firm leads to friction and slowness’, ‘complex organisation slows innovation down’, ‘increasing coordination between subsidiary and parent’, ‘big units often not efficient, work in parallel’, ‘separate unit, difficult to find the right distance’
Impeding Factor 3	Collaboration impeded by competition within the organization	‘some people unhappy if innovation is moved away from their area’, ‘scared that they will be replaced by new unit’, ‘competition between units’, ‘if no overlap, new team is accepted well’, ‘conflict between units fades after a while’, ‘external unit moves closer to parent over time to use more synergies’, ‘external unit is seen as competition’, ‘separate unit unhappy with development of parent firm’ ‘new unit irritates parent company’, ‘need to explain why money is spent on new unit if costs are cut elsewhere’
Fostering Factor 1	Collaboration fostered by dialogue with customers	‘discuss with customers’, ‘joint development of new products’, ‘new culture enables more exchange and more ideas’
Fostering Factor 2	Collaboration fostered by inclusion of external service providers	‘use consultants to plan new innovation unit’, ‘use consultants to bring in new thoughts’, ‘request ideas from external service provider’, ‘innovation scouts’, ‘can serve as a proof-of-concept for startups’, ‘external service provider to facilitate contacts between parent and startups’
Fostering Factor 3	Collaboration fostered by inclusion of other firms	‘with other firms for joint innovation’, ‘want to include startups into value chain’, ‘acquire and integrate startup’, ‘with external business partners’
Fostering Factor 4	Collaboration fostered by enabling adequate distance between parent firm and innovation-focused subsidiary	‘separate unit to try things out, then distribute into organisation’, ‘focus on new business innovation’, ‘want long-term projects, accompany them long-term’, ‘separate units to manage resource bottlenecks’, ‘separate unit to avoid friction, be independent’, ‘can attract different talent due to different image’, ‘separate unit has own work areas and works for divisions’, ‘separate unit has own ideas, no ideas from parent’, ‘small team that takes entrepreneurial ownership is a success factor’, ‘external unit uses external partners for support, ideas’, ‘separate unit to work faster than parent’, ‘separate unit can hire people the traditional business unit cannot (because uncool)’, ‘need different branding to show difference from parent’

6. Conclusions

6.1 Main Findings and Contributions

The present thesis includes three studies that contribute to scholarly understanding of how retailers can develop their organisations to remain competitive in the future. The research gaps, research questions, conclusions and contributions of each study are summarised in Table 6.1.

Study 1 was conducted as an embedded single case study with the aim of investigating the drivers that lead retailers to exit foreign markets. The study was based on a dataset that includes 32 market exits by some of the 50 largest grocery retailers in Europe between 2014 and 2018. Contrary to most previous research, and as called for by numerous scholars, the study investigated combinations of foreign divestment drivers rather than focusing only on single drivers in the most prominent cases of foreign retail divestment. This examination of 32 market exits allowed the identification of patterns common to multiple cases; this represents the main finding and theoretical contribution of the study, namely a typology showing five archetypes of exit driver combinations. In doing so, the study shows that different combinations of drivers at the subsidiary, host-country and parent levels had a joint effect on the market exit decisions of retailers in the dataset. This demonstrates that foreign divestments by retailers are generally triggered by a combination of multiple interrelated drivers acting simultaneously.

Study 2 employs a qualitative multiple-case study approach to investigate the strategic fit between innovation management techniques and dimensions of innovation. Based on interviews conducted with eight European retail firms active in different retail sectors, the study identified eight distinct innovation management techniques that retailers use when generating innovation in their organisations. The study also identified eight distinct dimensions of innovation in retail (i.e., functional retail-specific activities in which retailers innovate). In a subsequent step, the study identified the strategic fits indicating which innovation management technique is suitable for generating innovation in a specific dimension of innovation in retail. This enabled the identification of the matching criteria linking techniques and dimensions. In a final step, the previously defined matching criteria facilitated the development of twelve generalisable and testable propositions, which represent the study's main theoretical contributions.

Study 3 also employed a qualitative multiple-case study approach to investigate the dynamics that influence collaboration for innovation purposes in retail contexts. The study was based on interviews conducted with five different European retail firms active in the grocery, convenience food and construction material markets. By means of a qualitative content analysis, the data was analysed, and a typology was devised to identify the factors that foster or impede collaboration for innovation purposes in retail. This typology represents the study's main theoretical contribution and provides a basis for additional qualitative and quantitative research to assess the phenomenon in different contexts, and to investigate whether the study's findings also hold in a large-scale setting.

Overall, the three studies cover different research streams situated in fields which include international management, retail management, innovation management and inter-organisational collaboration. This enables the elaboration of three studies covering different research gaps that contribute to the understanding of how retailers can change and develop their organisations to remain competitive. Study 1 looks at research streams situated within the fields of international management and retail management and contributes to understanding the foreign divestment behavior of retail firms. Foreign divestments enable retailers to re-allocate resources according to shifting corporate strategy and so support the development of an organisation. Study 2 looks at research streams situated within the fields of retail management and innovation management. By investigating the fit between innovation management techniques and dimensions of innovation in retailing, the study furthers the understanding of how retailers can design their organisations to enable an efficient innovation process, giving itself the key capability of being able to develop itself in line with rapidly changing external conditions. Study 3 looks at research streams situated within the fields of innovation management and inter-organisational collaboration in a retail context. The study developed factors that impede and promote collaboration for innovation purposes at retailers and so represents a further effort to show how retailers can design their organisations to enable an efficient innovation process. As mentioned above, this enables an organisation to develop itself in line with changing external conditions and avoid falling victim to the power of creative destruction outlined in Chapter 1.1.

Table 6.1: *Main Research Gaps, Research Questions, Conclusions & Contributions*

	Research Gaps	Research Questions	Conclusions	Contributions
Study 1[14]	Extant studies mainly investigate single drivers and do not study combinations of foreign divestment drivers. Studies mainly investigate market exits by a small number of prominent retailers – studies looking at multiple cases of foreign divestment are still missing.	Do host-country level, parent-level, and subsidiary-level drivers interact to affect foreign exit decisions? Can recurring combinations of divestment drivers that lead to foreign divestment be identified?	Combinations of recurring exit drivers can be differentiated into five archetypes of exit driver combinations, some of which occur with a higher frequency than others. Extant typologies describing market exits are not multidimensional and therefore lack scope to describe foreign divestment comprehensively. Foreign retail market exits are mainly driven through a combination of foreign divestment drivers at the level of the subsidiary, host-country, and parent-company.	Explicitly looks at combinations of drivers instead of focusing on single drivers. Demonstrates the relevance of the configurational approach for foreign divestment literature by showing that combinations of drivers rather than single drivers lead to foreign market exit. Typology of foreign divestment driver archetypes is a novel and first attempt to classify multidimensional combinations of foreign divestment drivers.
Study 2	Studies that investigate the different dimensions of innovation in retail in a comprehensive and systematic manner are scarce. Few studies investigate innovation management techniques in retail in a comprehensive and systematic manner. There is a lack of studies investigating the strategic fit between innovation management techniques and dimensions of innovation in retail.	Can a strategic fit between innovation management techniques and dimensions of innovation in retail be identified? What are the matching criteria that demonstrate why there may be a fit between a certain innovation management technique and dimension of innovation in retail?	Eight distinct innovation management techniques appear to be used by retailers; retailers innovate in eight distinct dimensions of innovation. Certain innovation management techniques and dimensions of innovation in retail present a fit between themselves. Twelve matching criteria explain why there may be a fit between a specific innovation management technique and a specific dimension of innovation in retail.	Extends the information-processing approach to develop matching criteria linking dimensions of innovation in retail to innovation management techniques. Develops twelve testable propositions concerning the strategic fit between innovation management techniques and dimensions of innovation in retail based on the matching criteria.
Study 3	Studies that investigate the problems arising in inter-organisational collaboration remain limited in all areas, including collaboration for innovation purposes in a retail context. There is a lack of studies that use qualitative case study approaches to investigate inter-organisational problems, also in a retail context.	Can a set of factors that foster and impede innovation-related collaborations among retailing organisations be identified?	Retailers in different segments collaborate within their own organisations and with external organisations for innovation purposes. Innovation-oriented collaborations in retail have factors that both foster and factors that impede innovation activities. These factors are often similar and recurring across different retailing organisations.	Identifies three factors that impede collaboration for innovation purposes within retail organisations. Identifies four factors that foster collaboration for innovation purposes within retail organisations. Extends theory on inter-organisational problems in a retail innovation context by identifying implications for further research based on the seven factors that foster or impede collaboration for innovation purposes in retail.

[14] The research gaps, research questions, conclusions and contributions are based on the respective chapters in Schmid, D., *Foreign Divestment by Multinational Corporations - Three Essays on its Drivers* (2021), https://folia.unifr.ch/unifr/documents/312900. as Study 1 of the present thesis represents a joint research project between Schmid, D. and the author of this thesis (in addition to Morschett, D. as the third author of the study).

6.2 Limitations

The three essays presented in this thesis investigate aspects of the strategic development of retailing organisations from three different perspectives. Each perspective represents a different research stream and approach, which leads to a different set of limitations. The limitations of the thesis are hence differentiated by study.

6.2.1 Study 1[15]

A number of limitations have already been discussed in Chapter 3. The following section will expand these limitations and introduce some additional ones. A first limitation concerns the approach of the study. There have been calls for research investigating the combinations of drivers that lead to exits from foreign markets; however, this study does so with a rather subjective approach. The five archetypes of driver combinations identified in the study were merely identified through a qualitative clustering process of the various combinations of drivers into archetypes that had similar configurations of drivers. A quantitative clustering analysis would have enabled a less subjective approach but would not have allowed for the inclusion of the researchers' in-depth knowledge about each case. Furthermore, the limited quantitative data used in the study would not have allowed for reliable results if a quantitative clustering analysis would have been conducted (e.g. Austin & Leckie, 2018, pp. 3159-3161). The approach and the research questions of the study lead to the study's focus on drivers, which as a result delivers few insights on the process or outcomes of divestment decisions. Observations linked to the process remain observations for the purposes of the study; no effort is made to determine causal relationships. It is similar for the outcomes of divestment: the study does not investigate the effect of divestment on the retailer but focuses on the drivers.

A further general limitation of the study concerns the fact that it exclusively investigates the drivers of market exits – so when retailers withdraw completely from a foreign market - but does not consider other forms of divestment. Divestment also includes strategic decisions such as divesting one banner from a market while remaining active in the market with another banner, or closing a significant number of stores without closing the entire store network in a certain country.

The data used in the study presents several limitations. The study focuses on the grocery retail sector in Europe and the exits that took place in a certain period of time. Due to this highly focused dataset, the results may not be transferable to other settings, such as different retail sectors, different industries, different regions or different periods of time with a different macroeconomic environment. The data used in the study may also be influenced by the fact that

[15] The limitations are based on the respective chapter in Schmid, D., *Foreign Divestment by Multinational Corporations - Three Essays on its Drivers* (2021), https://folia.unifr.ch/unifr/documents/312900. as Study 1 of the present thesis represents a joint research project between Schmid, D. and the author of this thesis (in addition to Morschett, D. as the third author of the study).

most of the retailers in the dataset are publicly owned companies. A dataset that is predominantly composed of unquoted companies may deliver different results, as these companies are often under less pressure to deliver short-term results, which can lead to them pushing any potential exit further into the future (Palmer & Quinn, 2003, p. 1398). Due to the limited transferability of the findings, calls by previous studies to investigate foreign divestment in a wider range of settings (e.g. Cairns et al., 2008, p. 126) can only be partially met as Study 1 only looked at retail exits in a specific geographic region and during a specific time frame. Additional research in other contexts, including investigations into which configurations of drivers do not lead to divestment, together with testing of the findings (i.e., the archetypes) in large-scale quantitative studies, remains necessary.

The highly focused dataset, which looks at 32 market exits by some of the 50 largest grocery retailers in Europe, is not exhaustive – it does not cover all market exits in the studied period as it only included the 50 largest grocery retailers. Analysis of additional market exits may have led to the identification of additional archetypes. A further limitation is the nested structure of the dataset: in some cases multiple exits are nested within an entry for one specific foreign market or retailer. This led to some retailers dominating specific archetypes (e.g. Marks & Spencer dominated Archetype 3). This limitation could be addressed by including a larger number of retailers in future studies, as this would enable researchers to understand whether their market exits can be allocated to the archetypes identified in this study, or if additional archetypes are applicable.

The type of data used in the study also represents a limitation. The analysis performed in Study 1 is based on publicly available information, most often in the form of newspaper articles. The study does not use interviews with managers working for the retailers concerned, or with other relevant stakeholders. While the study's approach of using a large range of sources and consulting select industry experts for their opinions allowed the capture of an accurate and comprehensive picture of relevant market exits, these sources do not provide insights into the entire range of internal processes surrounding the studied exits. This is due to typical corporate behavior, which generally focuses on communicating only positive information externally. When negative information does have to be communicated, such as information about a market exit, details are rarely released by the organisation – and if they are, then these may not paint a complete and true picture. Retailers may, for instance, emphasize that their divestment is due to a market's poor macroeconomic conditions rather than issues internal to the retailer. This is also true for annual reports, which were a frequently-used source in this study. These are typically prepared by communication specialists and may paint a distorted or at least an ambiguous picture of events as part of a public relations effort (e.g. Ertugrul et al., 2017, p. 832). Whilst it may be difficult to organise, conducting interviews with managers and other stakeholders involved with divestment decisions would enable an enhanced triangulation of sources and increase the overall reliability of the findings.

6.2.2 Study 2

One of the most significant limitations of Study 2 concerns the dataset, which covers five retailers. The five retailers are based, and do the majority of their business, in two culturally similar European countries. This means that the findings of the study are primarily applicable to this geographic setting. This reduces the generalisability of the study's findings, which may not be transferable to different cultural settings. Previous studies have found that different regions have different industrial structures and may therefore operate in different ways; this means that the findings of Study 2 cannot transferred to other regions without additional investigation (e.g. De Silva Kanakaratne et al., 2020, pp. 4-7; Dimitrova et al., 2016, pp. 913-915; Reinartz et al., 2011, pp. 57-58). For instance, in their study, De Silva Kanakaratne et al. (2020) compare grocery retailing in the United Kingdom and in Sri Lanka and identify stark differences in the industry's structure in the two markets. Unlike the United Kingdom, Sri Lanka has no discount retail chains, a much higher number of grocery retail stores per capita, and only five grocery retail chains, whilst the UK has over 20. These different structures lead to different competitive environments, which may also influence innovation dynamics. The transferability of the findings is also limited by the fact that innovation processes and dynamics may be different in other cultures (e.g. Boone et al., 2019, p. 296; Kaasa & Vadi, 2010, pp. 594-596; Woodside et al., 2020, pp. 48-55). Kaasa and Vadi (2010, p. 595) for instance, found that the intensity of patenting is higher in regions with lower-than-average power distance, uncertainty avoidance and masculinity. This demonstrates that different regions and cultures have different innovation dynamics and highlights the importance of looking at innovation practices differentiated by cultures. It also highlights the risks of simply transferring findings from one culture to another.

A further limitation is presented by the sectors in which the retailers investigated in the study are active in. Four of the retailers are grocery retailers, while each of the other four are from a different sector. This distribution enabled insights into innovation activities in grocery retail and into four other retail sectors, but in less detail as only one retailer from each of the non-grocery sectors was studied. The study's qualitative-explorative approach permits this, but it does however limit the generalisability of the findings and their transferability to other sectors, especially those outside grocery retail. Further research looking at the research questions of this study in the context of other sectors remains necessary. The fact that only one retailer was investigated for each of the four sectors also means that there was insufficient data for a comparative analysis. This could, for instance, have shown whether a certain innovation management technique is more common in one sector than in others, or if certain dimensions of innovation are more important in certain sectors. Adding to this, the eight retailers present in the dataset represent both retailers' cooperatives and retail corporations – two different types of retailers, as in indicated in Chapter 1.4 of the thesis. These different types were not taken into account in the analysis phase of the study, which means that the differences between the two types and their impact on innovation techniques and dimensions remains unknown. A final limitation that concerns the dataset is the limited number of interview partners. For some retailers, four interviews were conducted, while for others only one or two could be conducted. Whilst this does not impact the validity of the study, it does to some extent compromise the validity of the findings as they rest on a relatively small number of interview partners.

Two further limitations of the study are of a more conceptual nature. The first is that Study 2 focuses on the ideation phase of innovation, without investigating the innovation management techniques used further along in the innovation process. The ideation phase typically involves the idea generation process in which organisations look for new ideas both inside and outside their own structures (Hansen & Birkinshaw, 2007, p. 123). The two other phases of the innovation value chain, which include the idea conversion and the idea diffusion phases, receive only marginal, if any, attention in the context of this study. The limits the validity of the testable propositions developed in the study to the idea generation phase – additional research would be required to make it applicable to the other stages.

A final limitation, also of a conceptual nature, is that the study only captures the ‘fit’ of the innovation management techniques to specific dimensions of innovation in retail. The testable propositions developed as the findings of the study suggest why these fits may exist. What the study does not identify is the efficiency of the fits in terms of generating innovation with each particular technique and respective dimension of innovation in retailing. This is relevant from a theoretical and also from a managerial perspective, as organisations strive for the efficient allocation of resources. It is therefore important for an organisation to understand whether the resources allocated to, for example, a startup incubator are well-allocated. Knowing this helps the organisation incubate startups that can deliver value and achieve the goals set for them. This limitation should also be addressed in future research.

6.2.3 Study 3

One of the key limitations of Study 3 is presented by the type of retailers that were investigated in study. All but one of the retailers used as case studies are organised as retailers’ cooperatives (as described in Chapter 1.5 of the thesis). As indicated in Chapter 1.5, retailers’ cooperatives have a number of characteristics that make them different from retail corporations. The key difference concerns ownership of the business. Whilst retail corporations are either publicly owned or owned privately by shareholders, most retailers’ cooperatives are owned by a large number of independent retailers who each own and operate a single store or small number of them. As member-owners of the retailers’ cooperative, they benefit from economies of scale in areas such as purchasing or marketing, allowing them to better compete with large retail corporations. Thanks to their membership, they also have some influence over the management and strategic direction of the retailers’ cooperative. This stands in contrast to retail corporations, where the managers of individual stores have much less influence over the overall strategy as they generally only execute the directions they receive from the headquarters. In retailers' cooperatives, the owner-managers of stores can to a large extent decide the strategic direction of their store themselves, and can also act when they are unhappy with the services and strategic direction of the retailers' cooperative.

This setup has numerous implications concerning collaboration for innovation purposes as the members are also the owners of the retailers' cooperative, and as the retailers' cooperative also works for them in a certain sense, members often provide their feedback and ideas to the retailers' cooperative and thus contribute to innovation and strategic direction. To formalise this process, many retailers' cooperatives hold regular discussions between representatives of the retailers' cooperative and the members. Here, members can contribute to the retailers' cooperative ideas for new services they could offer, or challenge the retailers' cooperative and ask for improvements to existing services. At the same time, when the retailers' cooperative wants to test or introduce an innovation, members first need to be convinced of its necessity and quality. This can be difficult for retailers' cooperatives, as they generally do not operate stores themselves and are therefore much more distant from consumers, and have less knowledge of what kind of innovations might be successful. This calls for extensive collaboration between retailers' cooperatives and members so that innovation is guided in the correct direction. For corporations too, it is of course important to be in touch with store managers to understand where innovation may be necessary – there is however much less pressure for everyone involved. Store managers working for corporations may aim to run their store in a profitable manner; they are, however, not the owners of the stores and do not carry the full responsibility. Members of a retailers' cooperative are generally also the owners of stores and carry complete financial and legal responsibility for their business, giving them a different motivation than store managers at a retail corporation have. Likewise, store managers may share their thoughts and give feedback to their headquarters, but they do not have the same leverage as a member of a retailers' cooperative – who can, if it is feasible, switch to a different retailers' cooperative or exit their retailers' cooperative if they do not see the cost of membership justifying the level of services and innovation they receive.

Consequently, retailers' cooperatives need to collaborate in a much closer, bi-directional way with their members, as these are also their customers to a certain extent and have knowledge that the retailers' cooperatives need. As the study did not have an exclusive focus on retailers' cooperatives and their particularities with regard to collaboration, the results cannot be considered to be specific to retailers' cooperatives. In corporations, collaboration often occurs in a much more top-down manner: employed store managers receive directions from their headquarters which they are expected to execute. The findings of the study can also not considered to be specific to corporations, as the study did also not exclusively focus on corporations and the particularities of collaboration specific to them. The fact that two different types of retail organisation were present in the sample means that the results are not specific to one type of organisation, but concern retail in a more general sense.

As is typical for most qualitative research, a number of aspects of the study concern the generalisability of its findings (e.g. Sinkovics et al., 2008, p. 679). The study uses a sample of five retailers which are active in two different but culturally similar countries in Europe. The means that the findings should only be transferred to other cultural settings with caution, as different cultures may involve different behaviors that can also influence how organisations and individuals collaborate for innovation purposes. Previous studies have shown, for instance, that cultures with low power distance generally have less rigid hierarchies, which may lead to an easier exchange of ideas, enabling innovation (Tian et al., 2018, p. 1095). This means that in these cultures, formal structures to encourage the exchange of ideas may be less necessary than in cultures with higher power distance. Likewise, industrial structures can vary significantly from country to country (De Silva Kanakaratne et al., 2020, pp. 4-7; Pederzoli & Kuppelwieser, 2015, p. 885). This further reduces the generalisability of the findings, as Study 3 only takes two countries into account. This does not permit the comparison of the dynamics of collaboration for innovation across a variety of countries. In some countries, there may be a lower number of retailers, each with a high market share, whilst in other countries there may be more retailers, each with a smaller market share. This may have an impact on their financial resources and thus on the innovation activities that they can permit themselves to conduct. A further factor is the type of organisational structure a firm has. Retailers that are organised in a more centralised manner may approach innovation activities differently than retailers that are organised in a more de-centralised manner. In more de-centralised organisations, certain innovation activities can for instance occur in parallel; enabling different solutions. At the same time, the integration of innovation into the organisation may be more difficult due to a higher degree of organisational complexity.

A further limitation of the study that concerns the sample involves the fact that out of the five retailers, four are active in grocery retail and one is active in construction materials retail. This leads to an imbalance in the different retail sectors covered by the study, as grocery is covered in significantly more detail than construction materials. This imbalance reduces the generalisability of the findings, as the study focuses on grocery retail. As the study is mostly of an explorative nature and introduces numerous avenues for additional research, this should be taken into account when conducting further studies based on Study 3. A further imbalance is present in the number of interview partners that were consulted per case. For some cases, up to four interview partners were consulted, while for others only a single interview was conducted. Whilst this further reduces the generalisability of the study’s findings, it does not pose a major issue for the study given that it takes a qualitative-explorative approach.

Despite the criticism concerning the generalisability of the findings discussed above, it is necessary to consider that one of the key characteristics of qualitative research is its limited ability to provide generalisable results. As stated by many key developers of qualitative methodology (e.g. Eisenhardt & Graebner, 2007, p. 25), the main aim of qualitative research is to develop propositions and theories which can be tested in subsequent large-scale quantitative studies. Whilst it is important to discuss them in the context of a critical review of the main limitations of the study, the limitations discussed above are inherent to qualitative research and do therefore not represent serious limitations of the study.

A further limitation, which also serves as a potential opportunity for additional research, concerns the fact that while the study identifies the factors which foster and impede collaboration for innovation purposes, it does not develop these into any kind of list of recommendations or solutions that could by applied by retail organisations. However, this was also not one of the aims of the study and so the study does not look into which fostering factors may be able to provide solutions to which impeding factors. In the study, the impeding and fostering factors were collected independently of each other without considering possible connections between them. To do this, additional research would have been necessary. It would for instance have been necessary to conduct a longitudinal study to identify impeding factors and then, over time, identify the fostering factors or solutions to these problems. As organisations cannot find solutions from one day to the next, this would have required the construction of longitudinal case studies based on data collected over multiple years. As this was not possible due to time constraints, Study 3 limits itself to identifying the fostering and impeding factors present in five retailers at a certain point in time. Such longitudinal studies were already outlined in Chapter 2.2.2, where the importance of time in the context of inter-organisational collaborations between large firms and startups was stated (Giglio et al., 2023, p. 9). Whilst Study 3 is not a longitudinal study, it lays the foundation for future longitudinal studies by showing developing initial findings that can be further investigated in the future.

Furthermore, it was also not one of the aims of the study to identify the relative relevance of each of the factors. If the study had also aimed to capture the relative relevance of each of the factors, it would be able to suggest how much impact a certain factor has on a retailer's ability to collaborate for innovation purposes. Determining the relevance of the factors would have been relevant from a theoretical but also from a managerial point of view, as they would further knowledge on how to design organisations and the processes that occur within them so that collaboration for innovation purposes can occur most effectively. The study also did not take the different dimensions of innovation in retail into account (as they were investigated in Study 2), and cannot therefore not comment on whether the different factors identified have a different relevance depending on which dimension a retailer is collaborating in. This knowledge too would be relevant in enabling organisations to design their structures and processes in a manner that would enable collaboration for innovation purposes in the most optimal manner depending on the dimensions of innovation concerned.

6.3 Implications for Further Research

This thesis presents three studies that investigate two related but distinct research fields concerning the strategic development of retail organisations, namely retail divestment and retail innovation. Two different sets of implications for further research are presented for the two research fields, whereby for the retail innovation field a further differentiation of the topics of the two studies that were presented is necessary.

6.3.1 Retail Divestment[16]

The first study shows that combinations of drivers, rather than single drivers, lead to foreign market exits and so supports and extends extant research in the field concerning 'archetypes' (e.g. Cerrato et al., 2016, p. 286), 'gestalts' (e.g. Macharzina & Engelhard, 1991, p. 23) or 'configurations' (e.g. Miller, 1996, p. 505). Future research in general divestment, but also more specifically in retail divestment, should consider this and strive for a more integrated, comprehensive and multidimensional approach when performing further investigations of market exits. This allows researchers to understand the phenomenon in a complete manner and increases the scholarly understanding of the to date under-researched role that combinations of drivers that lead to foreign market exit play.

A further research gaps concerns the understanding of the foreign divestment process and the outcomes of foreign divestment, which were identified as research gaps in Chapter 2.1.3 but not investigated in the context of Study 1. As mentioned by Schmid (2021, pp. 26-27, 32-35) in the context of general foreign divestment, but just as true as for retail-specific foreign divestment, research concerning the process and outcomes of foreign divestment remains scarce. It is important to investigate these topics further as the process and outcomes of foreign divestment have "…significant and long-term consequences on MNCs' strategic behavior" (Schmid, 2021, p. 186). Further research on the foreign divestment process would allow researchers to provide practitioners with indication on how such an often difficult and controversial process can be created in the most effective manner. Further research on the outcomes of foreign divestment would for instance allow researchers to further investigate organisational learning and understand how retailers incorporate and use the knowledge acquired during a divestment into their organisation. There may for instance be an impact on future internationalisation or changes in the retailer's overall strategy. It may also be interesting to investigate what retailers do with the proceeds from divestments – for instance if they are

[16] The implications for future research reflect those presented in Schmid, D., *Foreign Divestment by Multinational Corporations - Three Essays on its Drivers* (2021), https://folia.unifr.ch/global/documents/312900. as Study 1 of the present thesis represents a joint research project between Schmid and the author of this thesis (in addition to Morschett as the third author of the study).

invested into other foreign markets, into the home market business or used otherwise, such as to pay of corporate debt or to provide a dividend to shareholders.

The dataset used in Study 1 leads to a further implication for future research. The study's findings are based on a set of market exits by some of the fifty largest grocery retailers in Europe between 2014 and 2018. As already mentioned, when discussing the limitations of the study, the limited nature of this dataset reduces the transferability of the findings. It is therefore necessary for future research to address similar research questions using a similar approach but in different contexts. This entails looking at retailers that are active in sectors other than grocery retail, retailers active in regions other than Europe, and looking at different periods of time other than the period between 2014 and 2018. In all three contexts, the competitive situation that retailers are active in may be different, depending on particularities related to their specific industry or the economic environment of the host region/country.

Additional qualitative research could also investigate the barriers to divestment. During the data collection and analysis phase of Study 1, it became clear that a number of different barriers to divestment exist. These may be in the form of economic barriers, for instance when retailers may not want to sell a foreign subsidiary because they are unable to obtain an acceptable price for it. It may also be the case that managers do not want to sell their firm's business in a foreign market because of an emotional attachment to the market, or because they fear career-related disadvantages as divestments often carry a negative connotation. In other cases, structural barriers may prevent divestment because it could disrupt the smooth functioning of the remaining part of the operation. Barriers such as these continue to have received little attention in research to date - despite their relevance.

Further research could differentiate between divestment by sell-off and divestment by closure, a topic which remains under researched (Schmid, 2021, p. 182). Study 1 included cases of both types and found sell-offs to be more frequent than closures, which would occur for instance through the bankruptcy of the retailer. As sell-offs and closures may have different drivers, future studies could include this as a variable in their research models, allowing further insights to be gained into the topic.

The study provides further avenues for additional qualitative research. One of the limitations discussed above is the limited scope of the dataset. It would be particularly fitting to conduct additional qualitative research based on longitudinal datasets. These datasets could for instance allow the researchers to look at only a small number of retailers, but over a long period of time; this would allow them to investigate how the drivers and combinations of drivers developed and varied over a longer period of time. This would enable a more comprehensive view of a small number of retailers to be gained and could lead to different and more in-depth findings concerning the retailers in the sample. Previous research on divestment by manufacturing firms has shown that divestment often develops in parallel within a firm, and so merits a holistic analysis (Burgelman, 1994, p. 30). When undertaking this, it is important for future research to consider one of the findings of the present study: that combinations of drivers should be investigated together, and that the focus should not lie only on individual drivers, as was common in some previous studies. Additional qualitative studies could be enhanced by expanding the breadth of data analysed in comparison with the present study. If a small number of cases are analysed more extensively, researchers should strive to conduct interview-based research with managers and other stakeholders of the concerned retailers. As Schmid (2021, p. 184) states, it would in this case be important to ensure that the interviews do not only capture the managers' restatement of the official corporate line, but to ensure that interviews have enough depth to also uncover their personal and previously private views on market exits. Interviews conducted with managers should therefore be triangulated with interviews with other partners, such as accountants, other managers, or other stakeholders that may be able to provide insights into the process of divestment.

As is common for most qualitative research projects, additional quantitative research should follow to determine the generalisability and robustness of the findings developed in the qualitative study. Quantitative research can also help reduce contextual overstatements resulting from the use of single case studies or multiple case studies based on small datasets and so deliver generalizable results. Additional quantitative research could for instance be conducted to determine the presence of multi-dimensional configurations of divestment drivers in large datasets. The present study facilitates this, as it shows that a relatively low number of drivers is sufficient to identify a specific archetype. This enables a relatively efficient investigation of large datasets based on a relatively small number of descriptive variables by means of quantitative clustering methods.

6.3.2 Retail Innovation

Retail Innovation - Dimensions and Techniques

The key implication for further research stemming from the second study of the thesis naturally concerns the twelve testable propositions which are the main contribution of the study. Future studies should check whether these propositions are also valid for larger samples through the use of quantitative approaches. When doing so, researchers could conduct such studies in a variety of contexts. One on hand, researchers may want to differentiate between different regions – different cultures may have an effect on innovation dynamics, leading to differing findings in each region. It may also be beneficial to differentiate between different retail sectors. Different retail sectors have very different industrial structures, market sizes and competitive dynamics, which may result in distinct innovation behaviors (e.g., De Silva Kanakaratne et al., 2020; 4-7; Dimitrova et al., 2016, pp. 913-915). Grocery retailers, for instance, are under constant pressure to compete for low prices and to stay relevant for consumers in the short term by offering an attractive assortment of products and services. Gas station operators, on the other hand, need to operate in a much more long-term manner – whilst the sale of gasoline and other fossil fuels is still relevant today, long-term shifts to electric vehicles will most likely require gas station operators to develop their business models.

The present study has demonstrated that collaboration between retailers and other stakeholders of the innovation ecosystems is omnipresent. Several of the retailers investigated in the study collaborated with different external stakeholders in different phases of the innovation value chain. Retailer 1, for instance, collaborated with an external service provider that supplied the retailer with innovative startups, which were then integrated into the retailer's ecosystem. Retailer 2 also collaborated very closely with their own production company, which acted as a direct and fully controlled source of assortment innovation for the organisation. As indicated by interview partners, these collaborations frequently change over time and are sometimes riddled with problems, miscommunication, and misunderstandings. The collaborations themselves, the dynamics within them, and the issues that can occur were however not investigated in Study 2. Further research in this area would contribute to enhancing the understanding of inter-organisational innovation-focused collaborations, which would enable further understanding of the mechanics of the innovation process and provide direction on the optimal design of organisations and collaborations.

Further opportunities for further research arise based on the data used in the study. The data used in the study was collected at a specific point in time. During the interviews, it was noticeable that many retailers had used a number of different innovation management techniques over time; some of these were no longer in use or had been adapted to fit changing circumstances. Some retailers also initially worked with low-involvement and less capital intensive techniques, and then later shifted to other innovation management techniques that required a higher degree of involvement and were more capital intensive. Longitudinal studies investigating the shifts and developments in the techniques used by retailers over longer periods of time may be able to deliver additional findings on the phases of the innovation process in which retailers use different techniques. In other retail-related research streams, longitudinal studies have enabled researchers to observe how the behaviors of firms change over time, leading to the identification of patterns or waves which may be observed across multiple firms to enable firm-level comparisons (e.g. Davis-Sramek et al., 2020; Nath et al., 2019; Schmid & Morschett, 2023). If multiple retailers from different sectors are investigated, this may also enable findings that could shed light on patterns that may be identifiable in some sectors but not in others. Alternatively, it may shed light on patterns common to firms that are in similar competitive environments or firms that share other commonalities. Studies may for instance find that the intensity of collaboration with startups varies depending on the interest rates set by a country's monetary policy. Lower interest rates may result in a greater number of startups (e.g. Audretsch & Acs, 1994, p. 439; Kuckertz et al., 2020, pp. 5-6). Datasets covering periods in which monetary policy was conducive to startups may for instance show retailers collaborating more with startups, as there would be a greater number of startups to collaborate with. Longitudinal studies may also have the potential to address another limitation identified in the present study. Study 2 focuses on the ideation phase and does not investigate innovation dynamics in other phases of the innovation value chain. Due to the more comprehensive nature of a longitudinal study, it may also be possible to look at the innovation management techniques used in other phases, such as the idea conversion or idea diffusion phases. These phases have typically received less attention than the ideation phase and may therefore present interesting avenues for future research.

A further opportunity for future research has already been mentioned in the discussion of the present study's limitations. This study finds the matching criteria between dimensions of innovation in retailing and innovation management techniques to show why these may fit together. The study does not, however, identify the efficiency of the fits, i.e., how successful a certain technique is in generating innovation within a certain dimension at a specific retailer. Identifying the efficiency of a certain fit is relevant from both theoretical and practical perspectives, as organisations aim to design their organisation so that it functions in the most efficient manner possible based on the resources provided. To date, this still represents a research gap and could therefore be investigated in future studies in the context of innovation in retail. This would provide opportunities for new research streams in retail innovation and deliver valuable insights to practitioners.

Retail Innovation – Inter-Organisational Collaboration for Innovation

Based on existing research gaps in inter-organisational collaboration and inter-organisational problems in the context of retail innovation, and the fact that the present study was conducted in a qualitative-explorative manner, the findings have several implications for further research.

As mentioned in the limitations, Study 3 does not provide solutions detailing how retailers should collaborate for innovation purposes. The study was designed to focus on uncovering the impeding and fostering factors of collaboration in the context of retail innovation. One of the next logical steps would be to identify the ideal solutions facilitating the design of collaborations that enable innovation in retail. As little pre-existing research exists, qualitative research designs would be most appropriate and allow the identification of best practices. For factors 1, 2 and 3, which are fostering factors, scholars may aim to identify additional retailers that demonstrate such behaviors and so confirm their existence in a larger sample. Scholars could then portray these events in the form of best practices which other retailers and managers could use to improve their methods of collaborating for innovation purposes. For the impeding factors (themes, 4, 5, 6 and 7), scholars could assess additional cases to collect further evidence and confirm that these impeding factors are not unique to the sample used in the Study 3.

When doing so, it is important that scholars take the limitations presented above into account. As previously stated, it is necessary to conduct similar studies whilst taking into account different and additional retail sectors (other than grocery and construction materials). Likewise, the organisational structures (centralisation vs. decentralised organisation) but also whether a retailer is established as a retailers' cooperative, or retail corporation should be considered in future research. It is also necessary to conduct studies in different cultural and geographical settings, as industrial structures and innovation dynamics may be different depending on the cultural context, thus affecting the fostering and impeding factors influencing collaboration for innovation purposes. In a subsequent step, scholars could investigate how firms deal with these impeding factors – if they do so at all – and then develop this evidence into solutions which can resolve common factors that impede innovation in retailing firms. This could for instance be performed using longitudinal studies, which would allow retailers to be observed over longer periods of time to identify successful instances of collaboration and portraying these and their characteristics as forms of best practice. Longitudinal studies have been explicitly called for in the context of collaboration between startups and large firms (e.g. Giglio et al., 2023, p. 9) and in the context of customer participation in innovation processes (Hurtak et al., 2022, p. 228) as the development of collaborations processes over time play a key role in such collaborations.

While determining best practices may be important, it is at least equally important for future research to evaluate the effectiveness of these best practices. This would eliminate the subjectivity associated with researchers deeming certain practices effective based on case study research and add scientific rigor to the research stream. Doing so would naturally involve the collection of significant amounts of data from different retailers – but only in this way would it be possible for scholars to develop robust findings that show whether a certain best practice for innovation-oriented collaboration actually delivers innovation to an organisation. This is also of particular relevance to practitioners, who are interested in knowing if the different types of collaborations they invest in deliver results to their organisation. If not, managers can use this evidence to re-allocate the available resources to forms of collaboration that may deliver more effective results.

A further aspect which should be investigated in future studies stems from the data collection and analysis phase of the study, in which it was observed that the type of collaboration changes over time. This is often also related to how the specific innovation management technique that was employed was managed by the retailer. In the case of Retailer 2, the organisation recently shut down the separate innovation unit, mainly due to a financially-driven corporate restructuring that aimed to increase the focus on the retailer's core activities and shed other activities that were not directly related to the retailer. The separate unit was therefore not closed because it had achieved its objectives and became obsolete, but because it was deemed to represent an unnecessary expenditure in times of increasing financial hardship. Another example concerns Retailer 3, where the separate unit was closed and merged back into the parent firm as the senior management of the retailer had decided that its objectives had been achieved and the unit had thus become obsolete. In Retailer 5, where the separate innovation unit is backed by members of the retailers' cooperative and the owner of the retailers' cooperative, different dynamics could be observed. Here it appears that those backing the retailers' cooperative want to keep strengthening the unit and position it as a competitor to the parent organisation to encourage the latter to become more innovative and faster-moving, and to increase its market orientation. To assess how collaboration between parent firms and separate units, as well as within parent firms, shifts over time, it may be appropriate to conduct longitudinal studies in which these changing collaboration dynamics are investigated over a period of multiple years. This additional research would enable scholars to better understand how collaboration dynamics shift over time. More specifically, this could shine light on why retailers decide to end certain collaborations, in which circumstances new collaborations may be initiated, or how existing collaborations may be adapted to fit new requirements which could be internal or external to the firm.

Studies 2 and 3 assess separate research streams in retail innovation. Despite these areas being separate, some aspects of them are interconnected, which leads to additional implications for further research that concern both streams. The first aspect includes joint investigations of the relationship between innovation management techniques and collaboration for innovation purposes. A number of the innovation management techniques identified in Study 2 were also detected in Study 3 – although in a less explicit manner, as they are not the focus of Study 3. They do however play a pivotal part in Study 3, as all the retailers in the sample use innovation management techniques when collaborating for innovation purposes. As identified in Study 2, IMT #8, 'Dedicated Innovation Organisation', was found to be very common among the retailers in Study 3, who used this technique to shape collaboration. Retailer 2 used it as a vehicle detached from the parent firm that could focus on developing new business models, Retailer 3 used it to instigate competition with the parent firm in order to accelerate innovation processes, and Retailer 5 used it to both generate new business models separately from the parent firm and to create competition between the parent firm and the separate unit. These are only examples concerning one innovation management technique – examples of collaboration can be found across all techniques. Due to this interplay, the topic merits additional research to understand how collaboration dynamics manifest in the context of a specific innovation management technique and whether the factors fostering or impeding collaboration change depending on the technique employed.

A further aspect that involves both collaboration for innovation purposes in the context of Study 2 and the dimensions of innovation in retail in the context of Study 3 includes investigating the relevance of the different fostering and impeding factors of collaboration in retail for different innovation dimensions. As presented in Study 2, the different dimensions of innovation in retail include aspects such as assortment, order fulfillment, and branding, amongst others (Reinartz et al., 2011, p. 54). Each of these dimensions requires different types of innovations, which may be reflected by a different approach to innovation and the collaboration needed for it. Based on this, it would be interesting from a scholarly and managerial perspective to investigate how different fostering and impeding factors are in the context of different dimensions of innovation. For instance, one of the fostering factors concerning collaboration found in Study 3 involves the fact that distance from the parent firm can be important for innovation. In Study 3, we observed that this was particularly true for firms trying to develop technological innovations like new apps or new web stores. Although it was never quantitatively validated in the study, it appeared that it was less relevant to innovation relating to assortment, as a high amount of specific knowledge is necessary to develop or find products that may be successful in the different retail formats of a certain retailer. In the case of assortment, tight partnerships with suppliers to facilitate co-innovation appeared to be more important. Nevertheless, if new types of products such as meat replacement alternatives were being developed, then retailers did sometimes look for startups or external partners with the specific knowledge and capabilities necessary to instigate product innovation in this category. It would therefore be interesting to assess the relevance of the different factors fostering and impeding collaboration in retail for different dimensions of retail innovation.

An additional common implication for future research concerns the datasets. Despite the differences between retailers' cooperatives and retail corporations, these aspects were not taken into account in the studies themselves (as was already criticized in the above discussion concerning the limitations of the study). As Chapter 1.5 ('Types of Retailers') discussed, retailers' cooperatives and retail corporations may have similar overall goals, but their entire organisational structures and ways of conducting business differ substantially from retail corporations. This leads to differences concerning collaboration activities, as outlined in previous chapters of the thesis. Differentiating between the two types of retailers in all the research proposed in this chapter would allow scholars to develop findings that are specific to a type, giving adequate attention to what are often substantial differences. The lack of research taking the particularities of retail corporations into account is acknowledged by scholars who recognize the differences between the different types of retail organisations and call for research that explicitly looks at retail cooperations (e.g. Siebelt & Naskrent, 2012, p. 200; Siebert & Veltmann, 2006, p. 261). The mere fact that scholarly databases and journals include very little research concerning retailers' cooperatives further underlines this opportunity for future research.

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