

CAPÍTULO 5

INTERPRETING INTERNATIONAL RETAIL DIVESTMENT

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ABSTRACT

International retailing research has focussed on international market investment rather than retail divestment. However, divestment from international markets is an issue of increasing importance within the competitive global environment. The limited research on divestment that has emerged has focussed on individual company experience. For the first time, the research presented here attempts to build a general picture of the scale and dimensions of international retail withdrawal.

INTRODUCTION

As a result of the resurgence in international retail activity in the mid-1980s, international retailing has attracted considerable research attention in recent years. While it would not be true to suggest that the retail internationalisation process is fully understood, and a considerable amount of work remains to be done, a broad understanding of the process and the determinants of that process have been identified, considered and continue to be discussed in an ongoing debate (Alexander and Doherty, 2000).

In recent years, the previously neglected issue of international retail divestment has attracted some attention in its own right (Alexander and Quinn, 2000; 2001; 2002; Burt *et al.*, 2002; 2003). Previously divestment was essentially considered in the light of the internationalisation process rather than as a research issue in itself. Divestment activity had been remarked upon in several studies over the

N. Alexander, B. Quinn, P. Cairns

years and divestment activity noted (Burt, 1993; Knee, 1993; Corporate Intelligence, 1996). However, the extent and patterns of divestment have not been considered in themselves. Recent work (Alexander and Quinn, 2002; Burt *et al.*, 2002) has noted and discussed this lacuna in the literature and attempted to rectify this situation through consideration of individual case studies. However, a detailed study of the volume, direction and characteristics of divestment has not been undertaken. Indeed, the closest the literature comes to providing an indication of such patterns of divestment is Godley and Fletcher's (2001) work on international retailing investment in Britain. They achieved this by virtue of the fact they identified the date of investors' exit from the market as well as their date of market entry.

The research presented here attempts to begin the process of divestment analysis through the identification of the volume of global divestment activity and the characteristics of that activity during the timeframe of 1987-2003. This study focuses on the markets of divestment, origins of divestment and the retail sectors and players involved.

RETAILER DIVESTMENT

There has been a recent emergence of studies that have focused specifically on international retail divestment. Alexander and Quinn (2002), Burt *et al.*, (2002) and Palmer (2002) have undertaken case studies of company activity in order to develop understanding of divestment issues. These authors have considered divestment from several differing perspectives. Alexander and Quinn's (2002) discussion of several cases of retail divestment was presented within the framework of the broader management literature. This framework incorporated the various dimensions of divestment activity, including decision, process, effect, and retailer response to divestment. Alexander and Quinn (2002) argued that withdrawal from the international market does not always occur because of any inherent weakness in the international capabilities of the retailer but may be due to other strategic reasons. The authors also highlighted the need for researchers not only to consider the divestment process itself but also the retailer's strategic response to international divestment. Developing this theme, Palmer (2002) examined the subject of divestment within the overall context of corporate restructuring and synthesised the various types of corporate restructuring discussed in the literature with respect to divestment:

- (i) financial restructuring (changes in governance structures, firms' relationships with shareholders and the financial markets);
- (ii) portfolio restructuring (mergers, acquisitions, alliances and joint ventures);
- (iii) organisational restructuring (changes in the company structures, processes or personnel) and;

(iv) multinational and spatial dimensions of restructuring (changes throughout the company's international operations).

Palmer's (2002) study also builds upon earlier work undertaken by authors such as Clark and Wrigley (1997) and Wrigley (1999a; 1999b; 2000) who considered divestment from the financial restructuring perspective. These authors have examined the exit process within the context of non-recoverable sunk costs and as part of the broader macro regulatory changes surrounding financial investment instruments and US investment regulations. Wrigley (1999b) examined the impact of the financial leveraging on US retail restructuring and divestment. This research has shown that in some circumstances divestment may be an inevitable part of the internationalisation process for those seeking to diversify into, and develop a major presence through acquisition in another market.

Recent work undertaken by Burt *et al.* (2002; 2003) has conceptualised market exit or withdrawal in terms of 'failure' and has utilised the Industrial Organisation (IO) and Organisational Studies (OS) perspectives to examine causes of organisational failure. Burt *et al.*'s (2002) case study of Marks and Spencer considered divestment in the context of the organisational wide failure of the company. They argued that a lack of internationalisation strategy, a mismatch between the UK success factors and those required for international success, and finally the lack of experience of decentralised management needed to understand and develop the international businesses all played a role in the divestment of Marks and Spencer's international operations. Burt *et al.* (2003) developed the failure theme by conceptualising the various 'actions' that are always a response to failure in international retailing – divestment, closure, organisational restructuring and exit. The conceptualisation of market exit in failure terms can be seen in several earlier studies and particularly in the work by Hildebrand (1989) on the problems encountered by Canadian retailers entering the US market. The problems encountered by retailers in their forays into international markets have been highlighted by several authors (Alexander, 1990; O'Grady and Lane, 1996; Burt, 1986; 1994).

This paper represents an initial attempt to provide this understanding by reporting the findings from a study into global retailer divestment activity over a given period. The paper presents the preliminary analysis of results from a database of international retail divestments during the period 1987 to 2003.

THE DATABASE

The aim of this study was to build a database of retailer divestment activity during the years 1987-2003. We use the term divestment here to describe company actions resulting in a reduced presence in a foreign market. This may take the form of closure of stores, sale of store chain, termination of a business contract/agreement (joint venture, franchising and so on), organisational restructuring in the form of changing from corporate ownership to a franchise or

N. Alexander, B. Quinn, P. Cairns

licensing or distribution agreement. Divestment may or may not involve market exit. Details of divestment activity were collected according to the following items:

- company and product sector
- date of activity
- market of divestment
- market of origin
- extent and form of divestment
- length of time in the market

The 1987-2003 timeframe was chosen as it reflects an active time period of internationalisation activity for retail companies and thus presents the opportunity of exploring divestment activity during this period. In this paper, however, in order to present an initial interpretation of the database our consideration of market divestment characteristics will focus on the period 1991 to 2000 and compare the five-year period 1991-1995 with the five-year period 1996-2000.

The methodology followed here is thus essentially historical in nature. Although the period under consideration for this initial survey is comparatively recent, the problems of research remain the same as those for an earlier period, had one been chosen. As Alexander (1997) has noted, data gathering in an historical research framework must draw on a wide body of sources and evaluate the comparative value of those sources. Consequently, the process of data gathering is 'more circular and less strictly delineated' as it is in the social sciences (Alexander, 1997, p.395). Therefore, to use Godley and Fletcher's (2001) words, the results presented here are 'the result of exhaustive searches of historical sources' (p.39).

As with Godley and Fletcher's (2001) work on international retail activity in Britain in the nineteenth and twentieth centuries the data presented here is drawn from a miscellany of contemporary periodicals, reports and other sources.

Analysis of the data was completed in a number of stages. Firstly, the above items of information were recorded and coded and from this frequency tables were constructed. Secondly, SPSS was then used to provide more detailed examination of the data, in the form of cross tabulations.

Before presenting the initial results from this study, it is important to highlight the limitations of the dataset at this stage. With this type of study there is always the danger of an incomplete dataset. In this study it was difficult to complete a full picture of all the aspects of divestment activity that we sought to investigate due to limited information on particular variables and conflicting reports from various sources. Finding full and consistent data on announcement dates and actual date of activity proved problematic. To overcome this limitation, the study concentrated on the year(s) of divestment rather than the dates within that year(s). Details on store closures were difficult to find, and thus the results largely refer to more visible forms of divestment activity such as chain disposals and termination of partnerships and agreements in the marketplace (for example joint ventures, franchising, concessions). Finally, while the data compiled includes global retail data, much of the source material consulted was UK based and thus the results may be biased towards UK retailer divestments and in particular the more familiar names associated with retail expansion.

RESULTS

The results highlighted 167 cases of retail divestments during the period 1987-2003, of which 153 could be unequivocally attributed to a single year. It would appear that as more retailers enter international markets there has been a reciprocal increase in the number of retailers divesting from those markets. In the period 1991 to 2000, the first five years of the period (1991-5) saw 38 retailers divest interests in international markets, whereas in the later five-year period (1996-2000), 78 retailers made divestments from international markets. During this time British retailers such as Laura Ashley, Wickes, Boots, Virgin, Next and Marks and Spencer were all involved in multiple divestment activities. French retailers were also prominent in divestment terms (Carrefour, Promodes, Auchan and Sephora) and were involved in multiple divestments of their operations from other European destinations. This lends empirical support to the observations of Alexander and Quinn (2002) and Burt et al (2002; 2003) on the increasing levels of retailer divestment activity. These increasing levels of divestment activity should be considered in the context of the upsurge in expansion activity witnessed in the late 1980s and early 1990s.

While the majority of these divestments have led to market exit, in many cases a presence in the marketplace was maintained. Of the 153 divestments attributable to a single year, 99 were cases of full market exit and 54 cases did not result in full market exit (table 1). Table 1 indicates the form of divestment. It can be seen that the vast majority of divestment activity has occurred through the sale or closure of store chains. A much lower number of divestments took the form of store sales or closures and the termination of contractual agreements, namely joint ventures and franchising. The results highlighted a relatively small number of cases where companies reduced the size of their involvement and moved away from full ownership towards lower control/risk forms of operation such as franchising, licensing and distribution agreements.

N. Alexander, B. Quinn, P. Cairns

TABLE 1.
FORM AND EXTENT OF DIVESTMENT ACTIVITY

Form of Divestment	Cases	Extent of Divestment:	
		Market Presence Maintained	Market Exit
Chain sale/closure	107	39	68
Store(s) sale/closure	21	6	15
Termination of agreement	10	2	8
Sale of Financial Interests	6	1	5
Downsizing of interest (e.g. change of ownership to franchise)	5	5	-
Total	153	54*	99**

*The type of divestment in 1 case could not be identified.

**The type of divestment in 3 cases of market exit could not be identified.

TABLE 2.
YEAR OF DIVESTMENT BY MARKET OF ORIGIN

Market of Origin	1991-1995		1996-2000		1991-2000	
	Cases	%	Cases	%	Cases	%
UK	18	36.0%	32	64.0%	50	100%
Europe	13	34.2%	25	65.8%	38	100%
N.America	7	36.8%	12	63.2%	19	100%
Asia	0	00.0%	9	100.0%	9	100%
Total	38	32.8%	78	67.2%	116	100%

Retailers from different markets of origin shared the same general pattern of market divestment during the period 1991-2000 (table 2). Indeed, relative levels of market divestment were remarkably similar for retailers based in the UK, Europe and North America. The exception to the pattern was divestment activity by Asian retailers, where withdrawals occurred only in the second half of the decade. This may be explained in part by the financial and economic crises in Asia that occurred within the later period. UK retail divestments were proportionally high compared to Europe as a whole and particularly so in relation to retailers from countries such as France. There are several possible explanations for this. As noted in the methodology section, there is a danger with these results of a bias towards UK retailer activity. However, other explanations may also be

Interpreting International Retail Divestment

taken into account. Firstly, there were several major cases of British retailers undertaking multiple divestment activities at this time. In the early part of the decade in particular there was a major economic recession in the UK, which could partially explain their higher level of divestment activity compared with other geographical regions.

TABLE 3.
YEAR OF DIVESTMENT BY RETAIL SUB-SECTOR

Sub-sector	1991-1995		1996-2000		1991-2000	
Clothing	10	27.8%	26	72.2%	36	100%
Food	10	32.3%	21	67.7%	31	100%
Dept. & Var.	5	27.8%	13	72.2%	18	100%
Other	13	41.9%	18	58.1%	31	100%
Total	38	32.8%	78	67.2%	116	100%

The greater divestment levels recorded in the second half of the decade 1991-2000 was also evenly spread across different sub-sectors (table 3). While clothing accounted for the higher number of divestments over the period, all the sectors recorded remarkably even patterns of divestment. Within the food sector, high levels of divestment activity were recorded around the mid 1990s as companies such as Kmart, Promodes and Thorntons all suffered multiple divestments during that time.

TABLE 4.
YEAR OF DIVESTMENT BY DIVESTED RETAIL CHAIN SIZE

Number of Stores	1991-1995		1996-2000		1991-2000	
1-20	15	34.9%	28	65.1%	43	100%
21-40	4	36.4%	7	63.6%	11	100%
41-100	5	55.5%	4	44.4%	9	100%
Over 100	6	50.0%	6	50.0%	12	100%
Total	30	32.8%	45	67.2%	75	100%

This general pattern of divestment was also maintained where divested chains were between 1-40 units in size (table 4). However, this pattern was not maintained by divestments where chains were over 40 units in size. This may suggest that

N. Alexander, B. Quinn, P. Cairns

when international chains reach a certain size and hence significance to the parent organisation, they are less prone to divestment initiatives prompted by short-term environmental changes.

The overwhelming majority of divestments involved relatively small store chains. Of the 75 divestments identified by store size in the period 1991-2000 well over half (57.3%) involved store chains of 20 units or less, nearly three-quarters (72%) were of 40 units or less. This raises questions with respect to the nature of the divestment process. Where large chains are the focus of divestment, given the commitment to large operations noted above, there is the likelihood that divestment of those operations are the product of financially weak firms (Duhaimé and Baird, 1987). Therefore, given the very high volume of small divestments identified in the table, does this indicate strategic realignment rather than market failure and financially weak parent companies?

TABLE 5.
YEAR OF DIVESTMENT BY YEARS IN THE MARKET OF DIVESTMENT

Number of years	1991-1995		1996-2000		1991-2000	
< 3	8	40.0%	12	60.0%	20	100%
4-10	5	25.0%	15	75.0%	20	100%
> 10	6	46.2%	7	53.9%	13	100%
Total	19	35.9%	34	64.2%	53	100%

The general pattern of divestment was also maintained where divested chains were divested within ten years of establishment (table 5). However, this pattern was not maintained where divested chains had operated for more than ten years. The majority of the recorded cases involved divestments where the company had been operating in the market of divestment less than 10 years. Despite the fact that the numbers in this table are relatively small, the results would again suggest that as commitment to the market grows, divestments are less likely to occur as a result of environmental issues.

Interpreting International Retail Divestment

TABLE 6.
TIME SPENT IN MARKET BEFORE DIVESTMENT BY
RETAIL SUB-SECTOR

Years in Market	Food	Clothing	Dept. & Var	Other	Total
<3	9 (45.0%)	5 (31.1%)	3 (20.0%)	11 (52.4%)	28 (38.8%)
4-10	8 (40.0%)	6 (37.5%)	5 (33.3%)	8 (38.1%)	27 (37.5%)
>10	3 (15.0%)	5 (31.1%)	7 (46.7%)	2 (9.5%)	17 (23.6%)
Total	20 (100%)	16 (100%)	15 (100%)	21 (100%)	72 (100%)

Table 6 considers time spent in a market before divestment against the retail sub-sector of the divested business. The figures derived produced some interesting and contrasting figures. Food retailers were relatively swift to divest interests as were retailers in the other non-food sub-sector. Indeed, 85% of food retail divestments recorded in table 6 occurred within ten years. In contrast 31.1% of clothing retail divestments occurred after ten years in the market while this figure rose to 46.7% for the department and variety store sub-sector. The figures for the food sector may be explained to some extent by large food retailer's relationship with the financial markets (Palmer and Quinn, 2003). Palmer and Quinn (2003) noted how publicly quoted food retail multinationals, particularly those with relatively little international experience, are faced with enormous short-term performance pressures from the financial institutions. Disappointing performance in international markets may force such retailers to respond quickly to shareholder concerns through divestment activity.

The other non-food sector produced figures suggesting a strong willingness to divest at a very early stage. This group included specialist retailers merchandising music, jewellery and D.I.Y goods. These retailers had developed relatively small operating bases in their international markets, which could give an indication why these operations were divested after a short period of time. This would imply that the smaller the store base the greater likelihood of early divestment. If problems occur domestically or internationally or both the smaller store bases may be divested first because of their relative level of importance to the key strategic objectives of the core business.

N. Alexander, B. Quinn, P. Cairns

TABLE 7.
TIME SPENT IN MARKET BEFORE DIVESTMENT BY
MARKET OF ORIGIN

Market of Origin	<3years	4-10 years	>10 years	Total
UK	12 (35.3%)	13 (38.2%)	9 (26.5%)	34 (100%)
Europe	12 (66.7%)	4 (22.2%)	2 (11.1%)	18 (100%)
N.America	4 (28.6%)	6 (42.9%)	4 (28.6%)	14 (100%)
Asia	0 (00.0%)	4 (66.7%)	2 (33.3%)	6 (100%)
Total	28 (38.9%)	27 (37.5%)	17 (23.6%)	72 (100%)

Evans, *et al.* (2000) discussed how a retailer's country of origin may affect the way in which strategic decisions are made. Likewise, it has become something of an accepted truth of internationalisation that UK retailers are more inclined to divest from or exit markets at an earlier stage than their continental European competitors. However, table 7 suggests that assumptions about markets of origin may need to be reassessed. Here the results would suggest that UK retailers are less likely to opt for early divestment than their European counterparts. While further research would be required before differences in national divestment rates could be established, the figures presented here suggest that accepted beliefs need to be investigated further.

TABLE 8.
TIME SPENT IN MARKET BEFORE DIVESTMENT BY NUMBER OF
STORE UNITS IN MARKET OF DIVESTMENT

Number of Stores	<3years	4-10 years	>10 years	Total
1-20	17 (48.6%)	15 (42.9%)	3 (8.6%)	35 (100%)
21-40	1 (12.5%)	3 (37.5%)	4 (50.0%)	8 (100%)
41-100	2 (40.0%)	2 (40.0%)	1 (20.0%)	5 (100%)
100+	2 (18.2%)	3 (27.3%)	6 (54.5%)	11 (100%)
Total	22 (37.3%)	23 (40.0%)	14 (23.7%)	59 (100%)

The number of operational units established in a market before divestment might reasonably be expected to increase the longer the period of the investment in the market. This was generally the case with respect to the 59 cases of divestment identified in table 8. That is, 48.6% of chains in the range 1-20 units

Interpreting International Retail Divestment

were divested in the first three years, whereas 54.5% of chains with more than one hundred units were divested after ten years.

Retail survival rates are brought into sharp focus by these figures. Overall, three-quarters (76.4%) of all divestments occurred within 10 years. Over a third of these (38.9%) were in the first three years. While this might be somewhat inevitable given the recent increase in international retail activity, it is also indicative of the speculative nature of international retail investment and the surprising speed with which decisions to enter a market are reversed. International retailing is by its very nature long term and cannot be expected to reap the greatest rewards immediately. These figures therefore beg an important question with respect to the market selection and partner selection procedures associated with retail internationalisation.

TABLE 9.
MARKET OF ORIGIN BY MARKET OF DIVESTMENT

Market of Divestment	- Market of Origin -				Total
	UK	Europe	N.America	Asia	
UK	0 (00.0%)	6 (10.2%)	2 (7.7%)	3 (27.3%)	11 (6.6%)
Europe	45 (63.4%)	29 (49.2%)	5 (19.2%)	4 (36.4%)	83 (49.7%)
Americas	17 (23.9%)	16 (27.1%)	16 (61.5%)	0 (00.0%)	49 (29.3%)
Asia	7 (9.9%)	8 (13.6%)	3 (11.5%)	4 (36.4%)	22 (13.2%)
Africa	2 (2.8%)	0 (00.0%)	0 (00.0%)	0 (00.0%)	2 (1.2%)
Total	71 (100%)	59 (100%)	26 (100%)	11 (100%)	167 (100%)

Table 9 shows the relationship between market of origin and market of divestment. The table shows high levels of divestment activity in all European markets, including the UK, and the high levels of divestment by European retailers. Divestment in the US market is also well represented whereas divestment from Asia and Africa is less well represented. This reflects international activity over the last two decades. Focusing in particular on the case of UK retailer internationalisation, the table highlights the relationship between investment and divestment. The table shows that 63% of U.K retailer's divestments (45 cases) were in European markets, which reflects UK retailers' tendency to expand within the European market place. Within Europe, UK retailers encountered problems in a number of markets: France, Germany, Netherlands and Spain. These divestments involved a number of high profile retailers, including Virgin, Tesco, Laura Ashley, Argos and Texas. British retailers' difficulties in the U.S market are again highlighted. US divestments involved retailers such as Laura Ashley, Dixons and Marks and Spencer. Corporate Intelligence (1996) has commented that 'the record of U.K retailers overseas acquisitions is not a successful one which was largely

N. Alexander, B. Quinn, P. Cairns

due to the late 1980's rush to America'. These results suggest that British divestments may have been a direct consequence of this rush to America in the late 1980s. The cases of British retailer difficulties in the US market are well documented and have been largely attributed to a lack of understanding of this extremely competitive marketplace.

DISCUSSION

Divestment may essentially be conceptualised as the product of factors and stimuli external to the firm involved or internal to that organisation. These factors may in turn be conceptualised as encouraging divestment or discouraging it. That is, deteriorating trading conditions in a market, such as an Asian market of the mid-1990s, might encourage a divestment decision. Conversely a large chain that has been operational in an international market for some time might not be divested because of the management commitment to that operation and its integrated relationship with the operation in the market of origin.

Burt *et al* (2002) suggest that this may be seen in terms of the Industrial Organisation perspective, where they cite (Lippman and Rumlet, 1982; Frank, 1998; Jovanic and Lach, 1989), and the Organisational Studies perspective, where they primarily cite (Cameron *et al*, 1998). That is the Industrial Organisation perspective 'locates the cause of failure in the external environment' (Burt *et al.*, 2002 p.197) while Organisational Studies 'places more emphasis on internal factors' (Burt *et al.*, 2002 p.197).

It is noteworthy that while chains of 40 units or less conformed to the general pattern of divestment recorded for the period 1991-2000, chains of 41 units or more did not. As noted above, this suggests that larger international chains may be somewhat immune to divestment decisions brought about through consideration for short-term environmental changes. Likewise, operations with some longevity in the market would appear to be somewhat less vulnerable to short-term decisions as commitment to the market grows amongst managers. This would suggest that the importance of barriers to market exit noted by Alexander and Quinn (2001) have influenced divestments recorded here. If this is the case, then this would also provide support for the assertion that the Organizational Studies literature noted by Burt *et al* (2002), with its emphasis on internal factors as determinants of divestment decisions, has a contribution to make.

However, it is also clear from the results presented here that the volume of divestment activity is by no means stable. The years 1996-2001 saw a considerable increase in the number of divestments identified. Likewise, it is evident from the results that divestment occurs at different rates in different markets or regions. However, divestment by market of origin conforms to broader patterns of divestment except where major economic crises have occurred. This suggests that environmental conditions may encourage divestment. That is the market of investment may become less attractive and divestment consequently occurs.

Interpreting International Retail Divestment

Conversely, markets of origin pass through periods of domestic financial crises and international divestments are prompted because of the poor economic and trading conditions in the domestic market.

This issue requires further consideration. However, it is clearly beneficial to think in terms of external and internal factors. Therefore, the conceptual objective for the de-internationalisation process will be somewhat similar to the conceptualisation already attempted with respect to the internationalisation process. Thus as Alexander and Myers (2000) note with reference to Vida and Fairhurst's (1998) model for the internationalisation process 'the internationalisation process is reiterative' where 'changes within the organisation are continually grounded within the context of changes in the marketplace' (p.343). Thus for Alexander and Myers (2000), 'the process of retail internationalisation has to be viewed not only as a company-based management process but as a market based process' (p.341). That is, where 'the random and incremental factors that determine the process of internationalisation are company specific, but they occur within an environment that will support such developments' (p.347). Taking this point further, the company specific factors that determine the process of internationalisation within an environmental context will, logically, also determine divestment as much as they determine reengineering of operations or further extensions of those operations. This being the case, divestment should to be considered in the light of both internal and external factors and these broad headings might usefully define further research in this area.

The results from this study illustrate the various forms of divestment activity that retailers are involved in, ranging from store closures through to chain sale. Divestment activity may or may not imply market exit. The reduction in the retailer's market presence and indeed its exit from the market raises questions about the decision to move into the market in the first place. The implication is that a reduction in activities and market exit is tantamount to failure. However, this need not be the case. Divestment activities and market exit may also be seen as a proactive rather than a reactive strategic decision to free-up resources for use in other parts of the world. Thus, while Tesco's withdrawal from Ireland in the 1980s may be seen as a reaction to negative experiences in the market, the company's withdrawal from the French market in the 1990s may be interpreted as a redirection of resources to markets with greater long-term potential for the organisation.

Terminology is therefore important in this context. Recent studies have highlighted the need for a vocabulary and terminology to conceptualise the process (Burt *et al*, 2003; Wrigley and Currah, 2003). Wrigley and Currah (2003) suggested that divestment and exit should be examined 'in the broadest possible fashion'. Burt *et al* (2002) used the word 'failure' to describe market exit, although as Burt *et al* (2002) note, Alexander and Quinn (2001) used the term 'divestment'. The word 'failure' has a very clear negative implication, while 'divestment' may be considered less pejorative. Given that the research presented here showed that the overwhelming majority of divestments involved relatively small store chains, and a presence maintained within the market, the use of the term divestment may

N. Alexander, B. Quinn, P. Cairns

well be more appropriate than failure. If many of the retail market exits are small in size this may imply, as Duhaime and Baird (1987) suggested in a broader context, that these are associated more with restructuring and sound financial management of assets rather than crises and failure. Indeed, it may even be argued that the closure of small experimental operations in international markets might be positively interpreted as part of a learning experience in the international environment.

Burt *et al* (2002) 'recognized there will have to be theoretical debates' (p197) about the appropriate terminology used when considering retail market withdrawal. The results presented here suggest that debate would be an extremely valuable one. Just as the debate on the motives for internationalisation has involved the assessment of proactive and reactive reasons behind international retail activity (Alexander, 1995) so it would be useful to explore the undoubtedly varied and complex reasons for the scaling down of market activity.

CONCLUSIONS

This paper has provided an initial indication of the volume and nature of international retail divestment in recent years. The results presented here are preliminary findings from a database that will continue to be developed and refined. Nevertheless, the picture that the data has provided helps to further develop and refine research questions and objectives. The first and initially the most crucial questions relate to the mechanisms that facilitate or inhibit divestment decisions. The data here illustrate patterns of activity but they do not explain *why* that activity is taking place. This issue should be addressed through in-depth and longitudinal case studies of divestment activity to explore the organisational processes influencing the divestment decision and also the effect of changes in the broader macro environment. In this, research could address the important questions relating to the issue of failure or strategic realignment. Is divestment occurring because of company or market failure? Similarly, to what extent do companies undertake divestment activity as part of a broader strategy designed to further develop their international presence? This research should examine the issues across markets and product sectors. Emergent findings should then shed further light on the most appropriate literatures and concepts for explaining the particular characteristics of retail divestment activity. The insights to be gained from this developing research agenda would be of major interest to academics and practitioners alike.

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N. Alexander, B. Quinn, P. Cairns

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Interpreting International Retail Divestment

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