

Factors of Success and Failure for International Retailers in Poland

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Abstract

Purpose: This article provides an understanding of international retailers' successes and failures when expanding in the Polish market. Accordingly, the objectives of this article were to define and identify what are the critical factors of success and failures of international retailers' strategies while expanding in the Polish market according to the retailers themselves.

Methodology: Adopting an interpretative research approach, this article elaborates a multiple explanatory case study design to discover how existing theory on internationalization compared to how internationalization is experienced and conceptualized by practitioners in their natural contexts.

Findings: Twenty cases were studied among which were found four successful retailers and two who had failed. Coding of categories highlighted five critical success factors and five critical failure factors. Pricing strategy, necessity of adapting operations to local market, learning by doing, e-commerce and early entry timing appeared as factors of success or at least as “facilitating factors.” Choosing the inappropriate entry method, underestimating competition, developing the retail network and retail environment at a slow pace and not giving enough means of abnegation led to failures in Poland.

Originality: This article contributes to filling two main gaps identified in the literature review. Many different theoretical approaches exist but no conclusive framework has emerged. Besides, most concepts were developed and tested on western European countries and nothing proved adequate to the specific retail landscape of eastern European countries such as Poland.

Keywords: internationalization, retail industry, critical success factors, case-study, Poland

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Introduction

This article explores the critical factors leading to success or failure from the perspective of international retailers when expanding in the Polish market. This study drew its empirical data from a multiple case study of 20 cases, including four successful retailers and two who had failed. This article documents how pricing strategy, necessity of adapting operations to local market, e-commerce and early entry timing appeared as factors of success or at least “facilitating factors.” Choosing the inappropriate entry method, underestimating competition, developing the retail network and retail environment at a slow pace and not giving enough means of abnegation led to failures in Poland.

Some of these factors were previously described in the existing literature, such as Pedrezoli (2006); Swoboda, Elsner and Morschett (2014); Wigley and Chiang (2009); and Picot-Coupey, Burt and Cliquet (2014). However, newer literature exists as well and researchers now see some factors previously described positively as negative. Indeed, theoretical models found in the literature failed to include general explanations of the outcomes of retailers’ strategies of internationalization in specific environments such as Central Europe. This caused one to question whether signals could remain identified as an indication that a retailer demonstrates signs of success or failure.

The essence of this study was to understand directly from successful international retailers what they did or how they managed their operations that set them apart from other retail failures. Therefore, it argues that the success of international retailers partly depends on what they do, how they do it and under which external and environmental conditions they operate. Hence, with the aim of contributing to the literature on international retailing and on Central and Eastern European markets, this study provides insights into the drivers and impediments of international expansion by focusing on the case of retailers in Poland.

The article is organized as follows. First, it identifies a number of key issues around the concepts of success and failure in the retailers’ internationalization (RI) literature. In addition, the first section includes whether this theory can apply to the specific context of retailers in Poland. Second, it includes how the case selection took place and the research methods employed. Third, it presents an analysis of the data. Finally, the article discusses how and under which conditions these critical factors occurred, discussing both the intrinsic conditions of success per se and also how these conditions can lead to a better experience of internationalization.

Success and Failure in the Specific Context of International Retail in Poland

According to Alexander and Myers (2000), international retailing is “the management of retail operations in markets that are different from each other in their regulation, economic development, social conditions, cultural environment and retail structures” (Alexander and Myers, 2000, p. 334). This study opted for the most generic definition as possible of the organization’s performance, which includes “the achievement of organizational goals, whatever the nature and variety of these objectives. This achievement can be understood in the strict sense (output, outcome) or the broad sense of the process leading to the result (action)” (Bourguignon and Goh, 2004, p. 33). In other words, it is considered as successful the organization achieving strategic and operational objectives defined by the organization itself.

In the same way, no clear definition of critical success factors exists. There is a need for empirical researchers to classify the crucial achievement factors by organization type and to classify the correlation among the numerous variables. Cooke-Davies (2002) stated that the success criteria belongs to a specific measurement by which one can conclude whether the project succeeds or fails; whereas, success factors consist of tools and techniques that leadership in the organization may use to heighten accomplishments. The documentation of critical success factors has subjugated the field of international retail management from the 1980s until now. Various researchers have tried to identify the critical success factors across retail activities and different countries (Pedro, Couto Teresa and Tiago, 2009; Wigley and Moore, 2005). They claimed a need existed to classify critical success factors at different times and at different locations across the world due to various factors, such as type of activity, stage of internationalization, etc. In addition, Evans, Bridson, Byrom and Medway (2008) concluded that various critical factors change with the passage of time. Hence, a need exists to ascertain the most critical success factors, which remain relevant in recent days and in Polish retail conditions. According to Karasiewicz and Nowak (2010), “Retail structure in Poland is the result – largely – of that historical process of privatization where trade was the first sector of activity to be “transformed” (Karasiewicz and Nowak, 2010, p. 113).

Today’s Polish retail structure derives from history with the phases of communism and later on privatizations in the early 1990s, including the internationalization and concentration that make it stand apart from Western countries’ retail structures. Current trends, such as worsening international company performance, improving local retailers with the existence of Polish “champions” (such as LPP in fashion, Inglot

in cosmetics and CCC in footwear), and recent changes of regulations at the country level also confirm the uniqueness of the Polish background.

Data Collection and Case Selection

In terms of methodology, the prior literature called for more qualitative in-depth studies (Akehurst and Alexander, 2013; Brown and Burt, 1992; Vida and Fairhurst, 1998) to better understand the complex phenomenon of retailers' internationalization. This research used a case study method, which seems quite appropriate to the problem as defined by Yin (2003). Yin stated that "A case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 2003, p. 20). This case study used different research methods including semi-structured interviews and collections of secondary data evidence, such as annual reports and artifacts.

As Yin (2003) recommended, case studies were selected following a two-stage approach. First, quantitative data was collected on all international retailer firms in Poland. This identified 145 international retailers operating or having operated in Poland in 2013. For each of them, as much information as possible was gathered in the first phase through Internet searches. In the second stage, using access to Coface comprehensive databases of the country, sector analyses and credit risks, more pertinent information was gathered. Coface includes a wholly owned subsidiary of Natixis, the financing, asset management and financial services arm of the BPCE Group, France's second largest banking group specializing in export credit insurance. All secondary data collected was organized in a table and gathered according to sources of information so the data could be compared. The collected secondary data was structured under the type of company, management structure, history of the company, Polish experience and the financial performances of the company.

Taking into consideration the objectives of this study, it followed the recommendation of Patton to design a sampling that would bring "information-rich" (Patton, 2002, p. 25) cases selected out of the 145 firms identified. Building on the literature review, cases were selected that best fit the theoretical replication design. The first selection was based on the activity and selection of the stage of internationalization in Poland in which they stood at the time of this study: entry, growth-phase, repositioning and exit. As suggested by Patton, retailers were selected from all kinds of activities (e.g., food and non-food retailers), since "ensuring diversification across retail categories [...]"

suggests a broad applicability” (Patton, 2002, p. 25). The process tried to find a balance between the opposite needs of comparability (Ghauri and Grønhaug, 2005) and diversity of the sample selected (Elg, Ghauri, and Tarnovskaya, 2008). To do this, other criteria were crosschecked, such as size of the firm, type of company or previous international experience. However, availability of the data and willingness to share information represented the main factors for selection to ensure a significant number of case participants. This included how from the 145 retailers identified, it went down to a sample of 80 retailers, targeted for this case study.

The selection of case participants took place in June 2013. It started with presenting the project to the French and the Spanish Chambers of Commerce in Poland to contact as many international retailers as possible through their networks. A formal letter of recommendation was sent, signed by Kozminksi University, by email to 80 retailers in July 2013. Among these 80 retailers, all kinds of retail activities were included (e.g., food and specializations); in the same way, all the stages of the internationalization process were targeted with 24 retailers being in the entrant phase, 23 in the growth phase, 20 in the repositioning phase and 13 having already exited Poland. This letter announced that a presentation meeting occurred on June 6, 2013 during one of the meetings of the French Chamber of Commerce’s Retailer club. Twenty-five retailers attended this meeting and 12 approved to be part of the study. Another eight retailers directly contacted the author at the given email address in the letter they received by email. With 20 retailers agreeing to participate in the case study, an overall response rate of 25% occurred, which remained in line with what one could expect in such types of studies. Tables 1, 2, 3, and 4 enabled understanding of whom the retailers targeted and the retailers selected.

Table 1. Total Sample of International Retailers in Poland

Activity	Number of retailers
Electronics	3
Fashion	72
Food	4
Health and Beauty	15
Household	8
Jewellery	9
Leather Goods	1
Optics	2

Other	1
Restaurant	7
Services	2
Shoe	12
Sports	9
Total	145

Table 2. 80 Retailers Targeted

Type of retailers	Entrant Phase	Growth Phase	Repositioning	Exit
Food retailers	0	4	4	2
Specialized retailers	24	19	16	11

Table 3. 20 Retailers Selected

Type of retailers	Entrant Phase	Growth Phase	Repositioning	Exit
Food retailers	0	1	2	1
Specialized retailers	2	6	7	1

Table 4. 6 Retailers Qualified for „Success and Failure”

Type of retailers	Successful retailers	Unsuccessful Retailers
Food retailers	1	1
Specialized retailers	3	1

Twenty retailers were selected for these case studies. Interviewees were often people in charge of the real estate department in Poland or abroad, or top managers of the firm in Poland. Each of them agreed to participate in the study, even though most of them asked not to be identified. Following a snowball sampling technique, they were asked at the end of the interview whether they could recommend two new potential interviewees: one within the company and one outside the company. As Yin stated, “For descriptive case study, the examination of the evidence from different perspectives will increase the chances that a case study will be exemplary” (Yin, 2002, p. 30).

Altogether, 49 semi-structured interviews were conducted, lasting approximately one and one-half to two hours depending on the respondents' different experiences and willingness to share information. Some interviews were conducted in English and some in French. Except for four interviewees, all participants allowed recording of the conversations to facilitate the exploitation of the data and to respect the Non-Disclosure-Agreement presented to them at the beginning of the interview (please refer to Table 5 for an overview of the interviewees). To approach the best retailers' perceptions of internationalization, sharing a common language seemed quite important. However, the interviews were conducted in English or in French, since the author did not fully master Polish nor each of the languages of the retailers' countries of origin. Since the study was limited to international retailers, the author believed that this would not reflect a major hindrance, since all of these international retailers hired good English-speaking staff to communicate with the mother company. After discussion with some peers, the interview questionnaire was elaborated more as a guideline for the interviewer than as a formal protocol to ensure that the interviews would gather the same information from one interviewee to another, while allowing each interviewee some free space for discussion about the process of internationalization.

Moreover, 15 of the interviewees pointed out information from professional literature, websites, internal memos and other sources of information, which was subsequently collected and analyzed. Accounts of all interviews, observations of the meetings, as well as informal conversations and unplanned observations were recorded in the first author's research journal. Table 5 presents an overview of all the field materials collected.

Table 5. Interviewee's Details

Retailer	Nb of interviewees	Details about interviewees	Additional Secondary sources provided
Clothing1	2	1 Dutch man (40 year-old) and 1 Polish woman (35 year-old)	no
Clothing2	2	1 French man (45 year-old) and 1 Polish man (35 year-old)	yes
Clothing4	2	1 French woman (45 year-old) and 1 Polish woman (35 year-old)	no
Clothing5	3	1 French man (40 year-old), and 1 Polish man (40 year-old) French woman 45 year-old	yes
Clothing6	3	1 French man (45 year-old), and 1 Polish man (40 year-old) Polish woman 45 year-old	yes
clothing7	2	1 Swiss man (40 year-old) and 1 Polish woman (30 year-old)	yes
Food	2	1 American man (40 year-old) and 1 Polish woman (35 year-old)	no
Food1	2	2 French men (45 year-old)	yes
Food2	3	3 French men (45 year-old)	yes
Food3	3	2 French man (40 year-old), and 1 Polish man (40 year-old)	yes
Health and beauty1	3	1 French woman (45 year-old), 1 Polish man (40 year-old), 1 Polish woman 45 year-old	yes
Health and beauty2	2	1 Polish man (40 year-old) and 1 Polish woman (40 year-old)	yes
Health and beauty3	2	1 French-Polish Woman (50 year-old) and 1 Polish woman (45 year-old)	no
Health and beauty4	2	1 French-Polish man (40 year-old) and 1 Polish woman (35 year-old)	no
Health and beauty5	3	1 French man (40 year-old), 1 Polish man (40 year-old) and 1 Polish woman 45 year-old	yes
Kid fashion1	3	3 French man (40 year-old)	yes
Shoewear 1	3	1 French man (30 year-old), 1 Polish woman (40 year-old) and 1 American man 45 year-old	yes
Sportswear1	3	1 French man (45 year-old), 1 Polish man (40 year-old) and 1 Polish woman (35 year-old)	yes
Sportswear2	2	1 French man (40 year-old) and 1 Polish man (40 year-old)	yes
Women accessories	2	2 Portuguese man (35 and 40 year-old)	yes

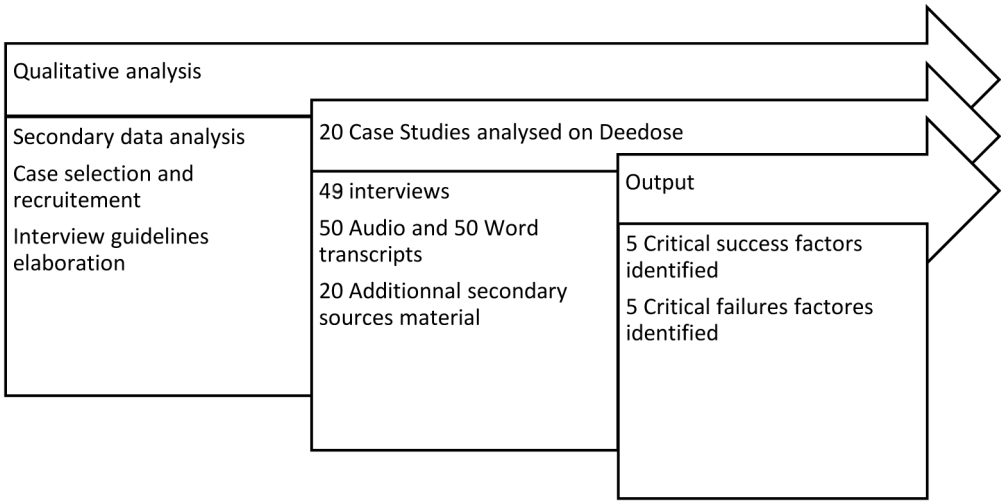
Data Analysis

Since this research topic had been little researched and one theory was not identified that would perfectly fit all these different cases, the process followed Goulding (2002) using the grounded theory approach, as developed by Glaser and Strauss (2009). These researchers' approaches were used to generate theory and ground that theory in data that empirically and meaningfully explained the data.

This section includes why data analysis took place in three stages. The first stage started with the *ad verbatim* transcription of the interviews, straight after they had been collected (Silverman, 2000). Transcription remained not only the mechanical assortment and submission of representation cyphers, but it also entailed a conversion (Slembrouck, 2007) or transformation of sound/image from recordings to text (Duranti, 2009). Because it remained impossible to record all features of talk and interaction from the recordings, all transcripts remained selective in one way or another. The researcher must acknowledge selectivity and explain it in relation to the goals of a study, rather than take these as unremarkable (Ochs, 1979). Besides, these transcriptions remained more complex since they encompassed translation from one language to another, which raised issues of representation and power (Bucholtz, 2007), posing methodological and epistemological challenges.

In terms of methodology, the process followed Edwards (1998), Temple (2002) and Temple and Young (2004). These researchers represented the first to define *cross language research* as a language barrier existing between qualitative researchers and their participants, with unique challenges related to language. This includes why it was first decided to make a full *ad verbatim* transcription of the interviews in the language conducted, and then to translate it into English for comparative analysis within and between languages. The forward translation was made from French to English, and some peers were asked to make the backward translation into French to compare it with the transcribed and even the original audio recording, when necessary. After each interview, the interviews and field notes was tentatively categorized. These initial interpretations as well as translations issues were held up for discussion with peers and other practitioners during subsequent interviews, which resulted in progressively refined conceptualizations of the phenomenon under study. As the retailers were usually putting the researcher in touch with their mother company immediately, often within a day after the meeting, it remained possible to confront the views of both sides in close to "real time." Moreover, this approach ensured that the interviewees related to the same or at least highly similar events, allowing the author to view and scrutinize these from the perspective of multiple parties.

Figure 2. Framework approach for the qualitative analysis



Results

This section presents illustrations from the field material to substantiate how the author arrived at the five critical success factors and five failure factors (see Table 6). In doing so, the process tried to strike an appropriate balance between showing and telling (i.e., between providing raw data and offering explanations (Golden-Biddle and Locke, 1997). Direct quotes were inserted to ensure providing a full perspective of the interviewees without any bias interpretations on my part.

Table 6. Summary table of factors of success and failures in Poland

Factors of success	Factors of failures
Price strategy: being flexible and lowering the price compared to Western Europe	Entry method: the wrong decision can lead to failure
Cultural Distance & Local adaptation: the necessity of adapting	Competitors: do not underestimate competition, locally and internationally
Learning by doing: the importance of flexibility	Speed of expansion: prudence is not the key word in Poland
E-commerce: a no-miss in 2013, especially in Poland	Retail channel: a very different situation than France
Entry timing: a factor of success for newcomers, but not a necessity	Not giving enough means and showing enough abnegation

Before discussing those factors, it is interesting to observe the reasons that drove different companies to develop a subsidiary or a franchise network in Poland. One reason common to all companies was the economic potential of Poland. Most companies conducted market studies that confirmed the opportunity represented by the economic growth of Poland:

The board asked me to do a feasibility study. I went with my boss to Warsaw, we had a look, and visited all the shopping centres here. Then followed a period of around three months, where I did a huge market study, where I interlaced all the economical figures. (Clothing1)

Most companies began to look at Poland at the end of communism in 1989 and in the few years that followed. Before that, communism had closed the country to foreign investments, and the opening of the Polish economy was seen as a great opportunity for European firms that were looking for growth drivers in new countries. The emergence of a new middle class also represents a reason, especially for retail companies. Of course, some implementations remain motivated by personal reasons, such as a relative living or working in Poland, a Polish origin of the manager, a business partner's suggestion to go and invest with him in Poland, a directive from the group, or even a logo for Poland whose patent is about to expire. First, having studied those reasons, the main factors of success were described, including price strategy, local adaptation, learning by doing, e-commerce, and entry timing. Second, the main factors for failure were explained including the entry method, competitors, speed of expansion, retail channel and means of abnegation.

Essential factors of success for a retail implementation in Poland

This section explains the five main factors of success for a retail implementation in Poland in order of importance.

Price strategy: Being flexible and lowering the price compared to Western Europe.

Pricing strategy represents a topic on which most companies that entered the Polish market agreed. Indeed, it remains rarely acceptable to line price French products on the Polish market as prices would remain too high for the Polish purchasing power. Therefore, almost all companies' management who entered the Polish market decided to decrease their prices compared to the French market, even for similar products, to remain affordable for Polish people. For instance, in Restauration2's restaurants, dishes remain half the price of their counterparts in France. To cope with Polish price sensitivity, some companies not only decreased their prices, but they also experimented

with new options within their businesses. For instance, Health and beauty2 decided to sell refills for its products, which remains impossible in France. However, the firm had to deal with the purchasing power of Polish people. This also represented the reason why Health and beauty2 made more promotions in Poland than in France, representing a good strategy since Polish people are “discount-oriented.” They are always looking for good deals to make:

We also decided that we will not maybe lower the prices, but make the products more affordable through many promotions that we have. Also, yeah, this is what was decided to take under consideration and in Poland the price is very important so we sell refills for some products. (Health and beauty2)

The few companies that decided not to decrease their prices had a clear strategy: they wanted to position themselves in a more premium segment in Poland than in their country of origin. However, most of those companies eventually reversed their decision because they were suffering from their price strategy. For instance, when entering the Polish market, Health and beauty1 decided to increase its prices compared to the French prices. It was something they could do because they entered the market early. However, the company’s pricing strategy shifted in the late 2000s when competition began to grow stronger and prices decreased. It represented the only solution for the company to remain competitive. The same situation occurred for Restauration1: the firm first decided to increase its prices, before realizing that Polish people remained price-sensitive:

We began to increase the prices by 20 or 30%, we favored margin over volume. After a while, we realized we had taken the wrong decision, we learnt that price is very important for Polish people; they are highly price-sensitive.

Clothing6 learned the same lesson when trying to increase its prices:

In order to save the turnover, the decision had been taken to increase prices. But Polish women are very sensitive to prices, they realized it immediately, and customers began to stop buying Clothing6 products.

What was essential (a unanimous thought among all companies) included having an independence on the price point of view. Companies must adapt their prices to the circumstances and to the competition. Some companies, such as Sportswear1, did not have that flexibility, and prices fluctuated according to exchange rate between currencies (e.g., between the euro and the zloty):

Our stock came and was already labelled, therefore a sweat-shirt that cost 80 zlotys could cost 130 zlotys two months later.

Cultural distance and local adaptation: The necessity of adapting. Wherever a company comes from, great chances exist to encounter cultural differences in Poland, compared to its country of origin. First, the cultural differences link to the industry. The issues encountered by a food company, such as Food1 (e.g., convincing the Polish that it can be interesting to eat in a restaurant while they can eat at home) remain varied from the issues encountered by companies, such as Sportswear2 or Sportswear1 (e.g., hard-to-please customers in terms of fashion and clothes). Those cultural differences lead to two necessities: local adaptation and hiring someone who knows the country:

What is ideal for a manager in Poland is to belong to both cultures, because he has to understand the culture of the firm he works for, and the culture of the country he works in” (Kids fashion1’s interview).

Many firms made the same mistake of reproducing a French business model in Poland, no matter how deep the differences between the two countries remained. Healthand-Beauty3 learned this lesson the hard way:

The business plan we used was based on the French experience, so we quickly realized that the Polish reality had nothing to do with France. Everything was different. The average shopping basket was different. Polish people are very talented to obtain discounts, etc. The average margin is lower, everything is different.

That includes why some firms’ leaders decided to hire a Polish manager to deal with their implementation in Poland or at least to hire someone who had some experience in the country. It remains essential to be aware of those cultural distances within a precise industry to avoid mistakes. One clear example concerns retail channels. According to all the interviewees, Poland remains a country of malls:

“Kids fashion1’s strategy is based on shopping malls. And Poland is a country of malls, so many parameters were combined” (Kids fashion1’s interview).

Historically, Polish people remain used to shopping outside of cities in shopping centers, rather than in downtown shops. Therefore, a retail strategy based on downtown shops remains likely to fail, especially if it is not backed by some strong implementations in malls where volumes can remain higher.

Those cultural differences develop a necessity everyone agrees on: to adapt to the Polish market.

World-wide brands can be counted on the fingers of two hands. A lot of them play on the technological field, Samsung, Apple, Google, but in the retail industry, there are very few of them” (Food2).

Therefore, companies must adapt their assortment, their collections, and their retail concepts. For instance, Food2 had to change its menus because people did not consume rare meat and red wine in Poland. Health and beauty1 realized that offering dark-skin creams remained not relevant in Poland.

This represented an issue most companies dealt with in a “learning by doing strategy” (Health and beauty1). They began with a “copy and paste” of the original concept and realized afterwards that the market remained different in Poland and that changes must occur. Clothing2 began to adapt the Polish structure of the company, the collections and the way to deal with Polish customers in 2010, three years after its first entry on the market. A clear factor of success would include adapting the concept and the retail collections in the first place to avoid disappointments and failures when entering the Polish market. Therefore, the problem is to find a good in-between, to adapt a concept but not to go too far, and to keep a certain identity:

The whole difficulty in adapting a concept is to find how far you want to go. Is it still the original concept, adapted, or is it a new concept? This is complicated.” (Restoration2’s interview).

However large the adaptation must remain, what stays essential is having the flexibility to do the changes that are necessary quickly. A good example of flexibility and adaptation concerns the names of the companies. A company name represents part of its DNA; therefore, most firms do not think about adapting it when entering a new market. As a result, some company’s names end up being impossible to pronounce for Polish people: Food2, Clothing2, and Clothing3.

Learning by doing: The importance of flexibility. However numerous the difficulties, all companies agreed that flexibility and freedom of action remained at the core of a successful implementation in Poland. This stayed true for every internationalization, every industry and every entry method. Recommendations can be made in the country of origin, but the teams in the country need to have some room to maneuver. No entry into the Polish market seemed perfect. However, the companies that faced fewer difficulties

represented the ones that succeeded in adapting their concept and in correcting every mistake they could make on the ground.

Organizing some tests in a few stores represented something many companies experienced, which allowed them to determine how Polish customers reacted to different products or prices:

We ran some price-tests in several cities, several stores, the same item but at a different price in different cities, just to watch and learn. [...] It is a very difficult market to understand, when all the economic indicators show you a path, you take it, and your results show that it was the wrong path; it is difficult to understand... I only see one way out doing more and more tests. (Clothing3)

E-commerce: A no-miss in 2013, especially in Poland. E-commerce is an interesting channel in Poland because of the high Internet penetration of the country compared to its wealth. For instance, Poland had the same Internet penetration as Portugal with a GDP per capita 30% lower (InternetWorldStats for countries of Europe and The WorldBank, updated November 2015). If one looks at the Internet penetration rates of countries with a GDP per capita similar to Poland's, it remains in an average between 5% and 10% lower compared to Polish ones. As a result and quite logically, e-commerce became an essential issue for many firms that entered the Polish market. For Clothing1, "An online shop for this country really makes sense." Clothing4 had the same observation: "We believe a lot in the Internet in Poland."

E-commerce is not only an additional way of selling items; it can also be part of the implementation strategy and serve distinct interests compared to brick-and-mortar shops. For instance, at Health and beauty2, leaders bet on e-commerce to reach remote areas outside of big cities. After having built around 25 brick-and-mortar shops in big cities, the firm plans to develop its online business:

This year I am going to open two new shops, next year two new shops again, so we will have twenty-five shops. It's clearly enough, and we will reach the rest of the country thanks to the Internet. Smaller cities, where people already know the brand, and will be able to buy it online.

E-commerce can represent a great second-step in a development strategy to reach second-zone areas and appears as an essential part of any implementation strategy today in Poland.

Entry timing: A factor of success for newcomers, but not a necessity. Most companies entered Poland in the late 1990s. The companies that decided to enter the market often later realized that they were a bit late (e.g., Clothing⁵ stated, “In order to succeed, you have to enter early on the market, when competition is still low”). However, some companies decided to enter the market later; for instance, Women accessories¹ entered in the late 2000s. The success of this entrance showed that lateness is not inevitably a reason for failure. Entry timing could represent an advantage for companies that succeeded in identifying Poland as a promising market early enough. However, entering Poland nowadays means taking into consideration all the lessons from other companies’ entries. In the early 1990s, there was much more room for failure and for learning by doing that occurred. Today, competitors are much more numerous and their experiences give them a real advantage, leaving no room for mistake and improvisation.

Potential factors of failure for a retail implementation in Poland

This section discusses the five main factors of failure for a retail implementation in Poland in order of importance. Those factors include often-bad decisions taken by the lead team of the firms, whereas good calls on the same factors would have created factors of success. Therefore, those factors are presented because they crystallized the main mistakes made by the companies when entering the Polish market.

Entry method: The wrong decision can lead to failure. Concerning entry method, the strategy differs a lot according to industries and banners. No clear link can be observed between the results of the implementation in Poland and the entry method: franchise, direct, or even both sometimes. Everything depends on the risks the company remains ready to take, how deeply it believes in the Polish market and its financial possibilities. Thus, according to Health and beauty⁴, franchises represent a good way to keep developing even though the firm has reached its financial limits in terms of investments. This remains especially true when a good opportunity appears, since the company is quite sure to make profits on commissions (and sometimes on real estate’s rent), even though it remains less profitable compared to a direct branch:

Franchise is good when you don’t have money in order to open a new centre, because you have already opened a lot of them, and you have though a great opportunity that comes, where you could make a lot of money: you will still make money through a franchise, without investment. (Health and beauty⁴)

In that case, a franchise was seen as a successful continuity to a direct entry on the Polish market through a subsidiary. However, note there was a cultural specificity about franchises. According to Health1Beauty3's interview, Polish people remain reluctant to believe in franchises and feel distrustful towards franchise's owners.

Polish people have an extraordinary distrust towards franchisees; they imagine that anyway there are thieves that they keep everything for themselves, and that basically, things would be better sorted out without them" (Health and beauty4).

This includes why most Polish companies do not bet on franchises to develop. Logically, the franchises' success depends on the quality of the franchisees. For instance, in the case of Health and beauty2, the franchise represented a success because the franchisee had a good education and could organize its franchise as a tiny company, with powerful processes. On the contrary, Health and beauty4 had to face franchisees that did not invest time in their corporate adventure, however high their first investment:

What is often lacking is either financial investment from the franchisee, either a real contribution within the company. I have already experienced the case twice, which is quite surprising, investing a lot of money and then not being concerned.

Competitors: Do not underestimate competition, locally and internationally. When benchmarking to enter a country, a possible mistake is to forget that competitors are not only international firms who decided to enter the Polish market as well, but also local firms for which Poland is a native market.

It is common to underestimate competition, but when you start to deep-dive in a country, you realize that many great banners exist, that are not necessarily international, because internationalization is difficult, but which are inescapable within Poland. Sometimes, the Polish market does not need us. (Kids fashion1's interview)

This observation is even truer, since many international firms decided to enter the market. It is then possible to forget that they are not the only players around and that national companies have to be considered.

Speed of expansion: Prudence is not the key word in Poland. Polish people are less prudent compared to French people and cultural specificity had a great impact on the speed of expansion of subsidiaries managed by Polish people, as explained in Sports-wear2's interview:

You see, Polish people see themselves as hussars. You know, those cavalrymen in the 17th century, attacking loudly with huge weapons. Polish people are like that in business, and they can open 40 shops in a year, something a French businessman would never do, being too wise and careful. If a Polish manager sees that circumstances are good, he can gamble and open a huge number of shops. If it is a failure, a lot goes down.

Retail channel: A very specific situation. Since Poland is organized around shopping malls, it shuffles the decks of competition. Competitors gathered around in the same places; therefore, they could not be as widely spread as in city centers. Hence, every firm had to study closely what the competitors were doing to choose a clear positioning on the market with clear competitive advantages. The firms had to adapt to this tough competition and to deal with some competitors they would not have to face in their country of origin:

I think in other European cities, you usually do not have so many premium retailers in shopping centers. This is something that I learnt and saw for the first time really only in Poland. You have Max Mara in most of the best shopping centers here, Patricia Pepe, Liu Jo, Hugo Boss. These brands in Germany, for example, are not in shopping centers. They are in premium luxury streets. Because of the lack of real estate, they have chosen those centers here. (Clothing1)

Not giving enough means and showing enough abnegation. Entering a country is neither easy nor immediately profitable. A company must not fear to destroy value at the beginning of the process, as had been the case for Restauration2:

At first it did not work, immediately we feared we might destroy value. And from then on, since we were not telling ourselves 'we are going to succeed on this market, maybe it will take ten years but we are going to give ourselves the means to succeed.' Thus, the quickest and most effective decision was to close immediately.

Discussion

In the light of the several testimonies of Polish implementations, some factors of success or failure in Poland were determined. However, given the great variety of experiences, one could not always determine whether some decisions represented factors of success or failure. This opinion developed since in different circumstances and in different activities, the results could vary from one firm to another. Some strategies that worked for some kinds of industries did not work for others. Some factors clearly identified by some managers as factors of success represented factors of problems by

others. As a result, not all the factors were retained in this study and only the obvious ones were described and analyzed.

The success of international retailers not only depended on what retailers did, but also on how they did it, concerning management and culture and under which external and environmental conditions. Future analyses, using a quantitative approach to test the 10 success and failure factors found here, could confirm the approach on a larger sample of retailers. Another recommendation for future research would be to replicate the analysis in a different location or group of countries in Central Europe to improve the generalizability of the study and see if the results remain consistent with the findings of this study.

Eventually, given the shortage of literature expostulating on the international accomplishments of a cross-section of international retailers in Poland, rather than isolated analyses of individual international players, this study represents a step toward filling a gap in academic research, providing a contribution to the field of retailers' strategies of internationalization research. From a managerial viewpoint, this research could provide managers with detailed recommendations on a successful internationalization in Central Europe during the search of new markets, when retailers often tended to have a simplistic view of internationalization in developing countries. From the economic side and given the urbanistic, economic and social impact that retailers' failure can involve at a country level, keeping away retailers from expected failure remains of great value.

Conclusion

Much has been written on both success and failure of retailers' internationalization, especially with an abundance of research applied to the construction of theoretical success frameworks. However, according to Dawson and Henley (2012) most of this research remains fundamentally flawed as it remains reliant on the international business framework derived from Western European markets that may not directly apply to the specific sector of retail in Central Europe. Indeed, today's Polish retail structure is derived from history, which sets it apart from Western countries' retail structures and prevents directly applying models found in the literature. Therefore, the general problem in this study was to define and identify the critical factors leading to success or failure or retailers' strategies of internationalization, according to retailers themselves.

Five factors were identified that positively influenced the outcome of international retailers in Poland: pricing strategy, necessity of adapting operations to local market, learning by doing, e-commerce, and early entry timing. On the other hand, choosing the inappropriate entry method, underestimating competition, developing retail network and retail environments at a slow pace, and not giving enough means of abnegation were identified as potential failure factors.

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