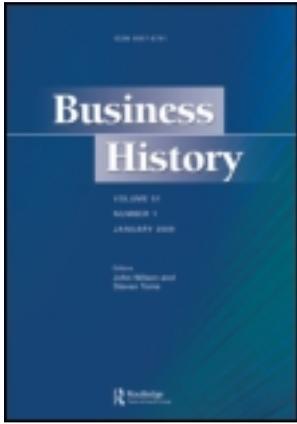


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British overseas retailing, 1900–60: International firm characteristics, market selections and entry modes

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The early activities of British international retailers remain relatively unexplored and little understood. This paper considers the role of British companies operating through retail outlets in overseas markets. It identifies the characteristics of those companies, their retail activities, the markets selected and the entry methods used. This paper seeks to begin the process of addressing a considerable gap in the history literature. The findings presented in the paper are placed within a history and management understanding of the retail internationalisation process. The theoretical implications of these findings are explored.

Keywords: international; retail; marketing; characteristics; market selection; entry mode

Introduction

Although it is acknowledged within the literature that international retailing has been a feature of British business activity since the late nineteenth century, the early activities of British international retailers has remained relatively unexplored and little understood. Within the historical literature, British retailers' international activity is mentioned in passing (for example, Powell, 1991; Wilson, 1985) but given very limited consideration. In the management literature, international retail activity by British companies before 1960 is mentioned (Hollander, 1970; Jeffreys & Knee, 1962) but it is not considered in any great depth.

To some extent, the hidden nature of international retail activity in the historical literature is readily explained. As Schmitz (1995, p. 91) has noted, the invisibility of retail enterprises may in part be explained by the fact that lists of the world's largest industrial companies 'exclude companies which were essentially involved in retailing but which had relatively unimportant manufacturing interests'. In recent years, however, the visibility of retail enterprises within the historical context has improved. There is a developing literature that considers international retail activity within the British market and its impact on the operations of British retailers. The existing literature focuses on retailers moving into the British market (Fletcher & Godley, 2000; Godley, 2003) or concepts, such as the supermarket, being transferred into,

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and subsequently developed within, the British market (Alexander, 2008; Shaw & Alexander, 2008; Shaw, Curth, & Alexander, 2004). In particular, the work of Fletcher and Godley (2000) and Godley (2003) provides very valuable indicators of the level and breadth of international retail activity from the 1850s.

This shows the importance of Britain as a host market for international retailers, the type and intensity of activity; however, it only tells part of the story. It does not consider the role of British companies taking British retail operations to other markets, the market conditions encountered, the markets selected, the entry methods used, the operational structure of the companies or the international strategies adopted. In a context where it has been suggested overseas assets represented 30% of Britain's national wealth in 1914 (Edelstein, 1982) and in the same year 45% of global FDI was accounted for by Britain (Dunning, 1983), it would not be unreasonable to expect to find some evidence of British companies contributing to the development of retail activity in global markets. Indeed, in such circumstances it is reasonable to expect that British multiple retailers – a type of enterprise that was rapidly developing the capacity to control large organisational systems in the 30 years before 1914 (Jeffreys, 1954) – would contribute to the development of overseas retail activity during the early twentieth century.

However, there is a considerable gap in our understanding of how companies from Britain have used retail methods to reach customers in international markets at an early stage in the retail internationalisation process. Given the considerable interest in the retail internationalisation process that has been shown in the management and marketing literature in the last two decades (Dawson, 2007) this gap in the literature requires attention from both an historical as well as a management perspective.

Therefore, the purpose of the research reported and discussed here is the identification of examples of British companies retailing in overseas markets during the period 1900–60. The research explores the range of companies engaged in that activity and consequently the operational structures within which retail activity occurred. On the basis of the identification of companies engaged in retail activity, the markets in which these companies operated and the market entry methods they used are identified and discussed. These market selections and entry methods are considered in relation to the type of company identified and compared by enterprise type. These findings are placed within the context of wider overseas commercial activity and the relevant theoretical frameworks. A future research agenda is discussed.

Literature review

The history of retailing has attracted far greater interest in recent years. It is no longer possible to suggest as Alexander and Akehurst (1998, p. 2) did 10 years ago 'that retailing has received limited attention within the discipline of history'. Whether from a consumer (Bowlby, 2001), an institutional (Coles, 1999), an architectural (Proctor, 2003) or multidisciplinary (Alexander, Nell, Bailey, & Shaw, 2009) perspective, the relevance, role and importance of retail history has been clearly established in the last 10 years. The history of retailing in different periods is now part of a healthy research agenda and, as Alexander and Akehurst (1998, p. 2) suggested would be beneficial, there has been the emergence of studies that 'draw on both historical and management traditions'.

Increasingly, research drawing on a management and historical approach has been evident in a stream of work that considers the history of the internationalisation of retail concepts and their impact on host markets. For example, the Americanisation of retail practice through the introduction and development of the supermarket has produced a noteworthy contribution to the understanding of the development of retailing in Britain (Alexander, 2008; Shaw & Alexander, 2008; Shaw, Curth, & Alexander, 2004). Forming part of a wider group of studies that have considered the impact of American practice in such markets as France (Lescent-Giles, 2002), Germany (Schröter, 2008) and New Zealand (Roberts, 2003), work on the British market has a place within both the historical (for example, Shaw, Curth, & Alexander, 2004) and management (for example, Shaw & Alexander, 2006) context and framework. Likewise work on the development of retail multiple chains (Alexander, Benson, & Shaw, 1999) has provided a greater understanding of the retail structure within which the transfer of concepts and international activity has occurred from the middle years of the twentieth century. Similarly, work on the regulation of retailing has shown the way in which political action may (Morris, 1998, 1999) or may not (Shaw, Alexander, Benson, & Hodson, 2000) affect the competitive environment in different markets. However, more than anything Fletcher and Godley's (2000) and Godley's (2003) contribution to the historical literature and their contribution to the management literature (Godley & Fletcher, 2000, 2001) has provided ground-breaking research on the extent of international investment and international retail engagement in retailing in Britain from 1850. The insights provided by their work have had a considerable impact on both research in the historical domain and in the area of management and marketing; providing, as it does, an in-depth consideration of the longer term patterns of international activity over time within the British context.

However, within the management literature, recent research has not placed the consideration of firm-based international retail activity in its long-term historical context. In some ways this is surprising since the most influential publication in the management literature on international retailing activity, Hollander's (1970) work on *Multinational retailing*, showed a keen awareness of the historical process and was alive to the retail antecedents of the contemporary phenomena that his research addressed. Instead, the management literature has focussed on the activities of retailers in the most recent wave of international retailing activity that has occurred since the 1980s. Although, valuable database research on the development of retail activity in the 30 years before the 1990s – by British (Burt, 1993) and Japanese (Davies and Fergusson, 1995) retailers – has shown that this most recent wave was preceded by a period of international retail activity that occurred during the 1960s and early 1970s but was curtailed by the economic conditions of the mid to late 1970s.

Burt (1993) and Davies and Fergusson (1995) showed that international retailing was certainly a manifestation of a post-1960s consumer society; however, Fletcher and Godley's (2000) work showed that, however important the years after 1960 might be in understanding the revival in international retail activity, a form of international retail activity could be identified as occurring as far back as 1850. In this, they showed that international activity was an intrinsic facet of modern retail activity as it evolved at the end of the nineteenth century and, by inference, their findings suggest the development of international retailing activity mirrors the 'three epochs of growth' described by Williamson (1996, p. 277): 'the late nineteenth

century, the middle years between 1914 and 1950, and the late twentieth century'. That is, where the earliest and the latest period is defined by growth and globalisation and the middle period by slower growth and 'deglobalisation'.

Nevertheless, although Jones (2005) in his consideration of international enterprise notes Godley's (2003) research, he places retailing's contribution to the globalisation process firmly into 'the second global economy' rather than the first (Jones, 2005, p. 132). This in itself raises an important question regarding the role of retailing in the first global economy. In part, the question must concern the degree to which research has explored the existence and extent of international retail activity in the earlier phase of globalisation. That is, is retailing perceived to have had a limited role in that first global economy simply because researchers have not as yet sufficiently investigated the activities of international retailers at that time (1880–1914) or was the extent of international retail activity so limited that it did not have a significant role in that period of global business activity? This question is particularly pertinent in a context where the research that has been carried out (Fletcher & Godley, 2000; Godley, 2003) suggests that there was much more activity than had been identified previously.

Therefore, what is now required is a greater understanding of international retail activity as part of the internationalisation process of the firm; whether, for example, the company in question is a manufacturing operation that adopted in-house retail distribution systems to enter international markets or whether the company concerned was a retailer that chose to enter international markets. Again, Godley (2006) has begun to address this issue with regard to Singer – the US-based manufacturer – through the consideration of the organisation's control of the retail function within international markets. Consideration of the international retailing process highlights two important issues relevant to both the development of understanding within the historical and management literatures. The first concerns the internalisation of retail activity within a broader set of commercial activities and the shift of power within the distribution channel. The second concerns the development of international retail activity in its own right. Both questions ultimately address issues related to the locus of power and control within the globalisation process.

Consideration of international retail activity provides an opportunity where 'business historians have the potential to develop and extend existing theory and to produce new or improved theory' (Buckley, 2009, p. 329). In this regard, the international retail management theory brought together by Alexander and Myers (2000) provides a useful reference point. Alexander and Myers (2000) synthesise retail management theoretical structures (Dawson, 1994; Kacker, 1985; Pellegrini, 1994; Sternquist, 1997; Treadgold, 1991; Vida & Fairhurst, 1998), economic and international business theory (Dunning, 1981; Johanson & Wiedersheim-Paul, 1975; Linder, 1961; Ohlin, 1933; Vernon, 1966) and provide a conceptualisation of retail international operational activity within a market and corporate framework. In their consideration of drivers of change – concept- and technology-based assets – internal facilitating competencies, home host market relationships, location decisions, entry methods and strategy they seek to reconcile the characteristics of retail and essentially service-based international activity with such underpinning theories as Dunning's (1981) eclectic paradigm and hence the framework provided by his thinking on ownership advantages, location factors and internalisation advantages. However, Alexander and Myers (2000) and the retail internationalisation literature

to which they were contributing discusses the second global economy rather than retailing activity within the first global economy. Consideration of companies operating between 1900 and 1960 thereby provides an opportunity to place these conceptualisations and theoretical frameworks in the management literature within a wider context.

Therefore, consideration of retail companies moving out from a specific market, such as Britain, will provide perspectives that are not currently available in the literature. That is, it will provide an opportunity to consider market selection, entry methods, and operational structures. Therein, it will provide a rounded understanding of the internationalisation process that consideration of a single market as a host market will not provide. In other words, a company rather than a market-focused approach is now required to develop our understanding.

Methodology

At the outset, the fundamental purpose of the research reported here was merely the identification of British companies using retailing as a means to reach international customers. In order to achieve a breadth of coverage *The Times* newspaper was used as a means to identify companies that used retailing in their dealings overseas. Involving numerous searches, this proved to be an extremely valuable, and to some degree an unexpectedly valuable, source of information. In particular, reportage of company meetings, chairmen's statements of company performance and activities provided a rich source of data. Given the increasing popularity of incorporation of British retailers from the 1890s onward and the changing format of *The Times* newspaper, the public record of annual meetings became more frequent and provides a wealth of information.¹

As Hannah (2007, p. 659) notes, although, the 'published reports and accounts were often only four pages and generally did not contain extensive remarks', in contrast 'the chairman's AGM speech, often circulated to shareholders and reprinted in the press', does provide a valuable source of detailed information. Indeed the value of this source allowed the initial intention of the research, to simply identify those companies with active retail interests during the period, to be extended. It became possible to build a much more detailed picture of the companies, their activities, market selections, entry methods and operational structures. The source provided an ideal opportunity to identify companies engaging in retail activity overseas. That is not to say all British companies with retail activities have been identified, rather that the source provided an opportunity to identify activity and the type of activity occurring during the period. Although the source of information used will inevitably contain some bias with respect to the messages chairmen wished to convey to shareholders and other stakeholder groups, within the confines of the objectives of this research – the identification of markets in which retailing occurred, entry methods and other basic company characteristics – this source of material provided invaluable and appropriate data. The research presented provides a framework within which further consideration of British companies' overseas activities at the individual company level may take place. The information considered to some extent avoids the problems associated with the uneven survival of company records, and helps to build an overall picture of British overseas retail activity within the period under consideration. Therefore, given the space that *The Times* was willing to give many of the reports from these case companies and the

details available, the picture that emerges provides a valuable first step in the detailed and comparative consideration of British international retailing between 1900 and 1960.

Findings

Characteristics of overseas retailers

One category that stands out as representative of this period of British international retailing is the trading company. That is, companies that were primarily engaged with trading in primary products in colonial markets. These companies include John Holt & Company (Liverpool) Limited, United Africa Company, Hudson Bay Company and Booker Brothers, McConnell & Company Limited. These companies developed their retail operations by selling through trading posts at the locations where they engaged in their primary commercial concerns.

These trading post stores, or 'sale shops' as the Hudson Bay Company referred to them, could be very rudimentary in form. However, as the trading post developed they could become far more elaborate. This development is particularly well documented by reports of the Hudson Bay Company. In Canada, economic growth and political stability during the period under consideration provided the conditions required for the company to make further investment in its retail trading activities and indeed alter the fundamental trading structure of the company toward retailing activity from 1910. Thus, with a 'wheel of retailing' trading up logic (McNair, 1958), many trading posts were developed into more elaborate retail enterprises. The periodic restructuring of the Hudson Bay Company store network from the 1930s through to the 1960s is clear evidence of this evolutionary process.

The same process, the provision of more elaborate retail facilities, is clearly evident in other trading locations and in the case of other companies. The United Africa Company for example noted in 1954 that 'the group's departmental stores in Lagos and Freetown – undertakings undreamt of in 1929 – represent the employment of about £1 million worth of capital; and in Lagos alone the store sells over £1¼ million worth of goods alone' (*The Times*, 1 June 1954, 12c). Two years earlier, Booker, McConnell & Co. saw this trading up process as affecting not only their own operations but in turn encouraging the general trading up process within the local and regional retail structure: 'We have much to be proud of today in our shops in British Guiana because through them we are not only supplying the needs of the people but raising all standards throughout the colony and, indeed, the Caribbean area' (*The Times*, 16 July 1952, 11c).

However, in African markets, it is clear that as political changes began to take effect, trading companies backed away from the provision of retail premises and the upgrading of those premises. This became particularly evident in Africa in the 1950s. Instead of developing their retail provision, the companies concentrated development on wholesaling activities. In African markets, retailing increasingly became the preserve of local traders. As the United Africa Company expressed it, 'recognising the West African's natural aptitude for retail trade', the company 'adapted itself to the changing pattern of African life' (*The Times*, 1 June 1954, 12c). Wholesaling rather than retailing was emphasised and the number of retail selling points in the control of the company in British West Africa was 'reduced from 1,380 in 1939 to 930 in 1953' (*The Times*, 1 June 1954, 12c). John Holt & Company (Liverpool) Limited took the same action for the same reasons, noting in so doing that 'fresh

capital has been freed for employment in our wholesale trade' (*The Times*, 28 April 1951, 9f).

The diversification strategies adopted by trading companies have been noted by Jones and Wale (1999); although, their important study of the trading company Harrison & Crossfield did not identify retail activity as part of that company's diversified and various activities. Nevertheless, the 'systematic factors' behind diversification that Jones and Wale (1999) identified with respect to Harrison & Crossfield is borne out, in a modified form, by the trading companies considered here. Clearly the lack of 'infrastructure and of local entrepreneurship in undeveloped regions' (Jones & Wale, 1999, p. 80) did encourage the development of retail operations by the trading companies considered here. Indeed, these were organisations that had the infrastructure, even a monopoly on the infrastructure, required to move goods in and out of a given location. They also had the means to invest in retailing and access to the skills required to establish operations. However, in the cases considered here, it is clear that initially diversification into retailing did not lead to 'risk reduction' as Jones and Wale (1999, p. 80) suggest the diversification process into new commodities did for Harrison & Crossfield. Indeed, to a great extent the opposite was the case as retailing in these trading companies was located at the point of extraction or production of the commodities that represented the primary and core interests of these companies. The companies frequently note the decline in retail sales as a result of a fall in demand for primary products and the decline in funds available to their customers at the point of production. Indeed, the move out of retailing into wholesaling in markets in Africa at the end of the period illustrates the exposure to risk retailing represented in some markets. Therefore, only later in the period as the companies involved in retailing in Africa and the Caribbean began to invest in retailing activities in other markets such as Canada and Britain did risk reduction occur as a result of diversification into retailing. For the Hudson Bay Company, while retailing was recognised at an early stage as an important diversification strategy, it continued for many years to be reliant on an economy dependent on primary production as its stores retained a strong presence in western Canada.

A second category of company that is characteristic of the period encompasses retailers that fall within the broad definition of free-standing companies offered by Wilkins (1988) and might be constructively labelled as free standing retailers; Whiteaway, Laidlaw & Company, Limited, British Overseas Stores Limited and South American Stores (Gath and Chaves) Limited. These were companies based in markets within the British Empire that operated within the Empire and other markets within Britain's commercial sphere of influence. They were incorporated in, and bought goods, from Britain. These free-standing retailers were examples of a transfer of retail know-how, rather than the international outlets of retail enterprises domiciled in Britain. They were the product of the markets in which they operated, in that they began trading in those markets; however, they were the creation of British entrepreneurs, they were incorporated in Britain and sourced goods from Britain. In this, it was a reverse form of corporate internationalisation, where companies established overseas reversed back into the market from which retail skills and indeed individuals had originally been drawn. However, they were also retailers that expanded beyond the market in which retail operations were initiated; they expanded into other developing markets whether within the British Empire or elsewhere.

A third category of store is the department store as represented by Harrods Stores (Limited), Harrods (Buenos Aires) (Limited), Army and Navy Stores, Limited and, by the end of the period, Owen Owen, Limited. These stores, representative of an important format in the development of late nineteenth- and early twentieth-century retailing were very much offshoots of a parent company operating in the domestic market. In that, compared with the two categories already noted, they conform to the logic normally associated with the internationalisation process in the retail management literature (Treadgold, 1988): that is, success in the retail market at home leading to expansion of retail activity abroad.

In contrast to the free-standing retailers, the department stores were the products of the British market. In this the department stores, unlike the free-standing retailers, conformed to a Chandlerian model (Chandler, 1990). The department stores were extensions of trading operations in the home market even if corporate structures were established that altered that simple relationship. For example, Harrods (BA) was established as a separate company before trading began and although board membership overlapped and the brand name remained a central feature of the South American operations the companies had a separate existence. Indeed, Harrods (BA) remained an independent company after Harrods of London was acquired by the House of Fraser. The department stores that expanded internationally sought to replicate their domestic operations abroad and serve the same or at the very least similar customer segment. In some cases, as with Harrods (BA), their clientele might be local consumers with similar social status and tastes as the brand's domestic customers or, as in the case of the Army & Navy stores in India, serve the expatriate community while they were domiciled outside the home market.

The fourth category identified includes specialised companies with retail operations in Britain that opened retail stores in international markets: Alfred Dunhill, Limited, Mappin & Webb, Limited, Burberrys, Limited, Ciro Pearls (Holdings) Limited, Sears & Wells Limited and The British & Colonial Furniture Company, Limited. However, within this category there are three observable subdivisions: manufacturers with retail outlets (Alfred Dunhill, Limited, Mappin & Webb, Limited, Burberrys, Limited, Ciro Pearls (Holdings) Limited), dealer with retail outlets (Sears & Wells Limited) and specialised retailer (The British & Colonial Furniture Company, Limited). All of the companies would emphasise the quality of their merchandise. While some such as Alfred Dunhill, Limited, Mappin & Webb, Limited and Burberrys, Limited would in due course acquire the description of luxury retailer, this term is more confusing than helpful as a distinguishing description for this sub-category of company at the beginning of the period.

Like the department stores, these specialised retailers were the offshoots of operations established in and operating in Britain, albeit in some cases retail operations of what were manufacturers first and retailers second. As Mappin and Webb's chairman noted in a somewhat exasperated tone in 1956, 'I sometimes feel that it is not fully appreciated that the basic business of our company is that of manufacturer rather than retailer' (*The Times*, 18 June 1956, 16b). These retailers were spread across a wide range of merchandise categories, although the fashion and accessories label would cover most of them. They were, as noted above, not luxury retailers as such. Indeed Ciro Pearls was self-evidently a manufacturer and retailer in what might be described as an ersatz version of the genuine luxury item. Likewise, Sears & Wells dealt in furs that were targeted at an aspiring middle market segment rather than those who could afford the more luxurious merchandise in the same

category. Indeed, that some of these retailers would in the course of time come to be considered as luxury retailers is perhaps evidence of the trading up nature of retail activity and the changing competitive landscape within which they were operating by the end of the period considered here.

These specialised retailers provide intriguing examples of a category of international retailer that was to become representative of international retailing from the mid 1980s. Indeed, in terms of the number of international retailers that fall into this category, they became the dominant form during the second global economy.² These specialised retailers are therefore to some extent the forerunners of those later operations. It is therefore particularly informative to observe and consider their role within the first global economy in that light.

The retailers in the first two categories (trading companies and free-standing retailers) were not domestic British retailers. They were part of businesses that operated across international markets and they were registered in Britain. The trading companies were involved in retailing because it was a natural extension of their operations abroad. The free-standing retailers were established overseas and incorporated in Britain, thereby giving them access to British capital and providing British investors with the opportunity for direct investment (Corley, 1994) in the markets in which the free-standing retailers operated. In contrast, while the department stores were primarily retailers, most of the specialised companies were manufacturers or dealers with retail operations (see Table 1).

Market selection

Each category of company tended toward expansion in markets with particular characteristics (see Table 2). Self-evidently, the trading companies had their primary interests in colonial markets in Africa and the Caribbean. Although, of course, the list of markets also includes the rapidly developing Dominion of Canada and in particular Canada's least developed territories in the west, courtesy of the Hudson Bay Company. Likewise, the free-standing retailer was clearly interested in emerging retail markets which crossed a swath of the world's surface area from the Caribbean, across Africa and India into the East. Like the trading company, the free-standing retailers also showed an interest in the Dominions. These were markets well suited to act as host markets for the transfer of knowledge and individual entrepreneurial

Table 1. Operational categories.

		Retailing original predominant activity	
		No	Yes
Retail operations in Britain before overseas retail operations	Yes	Burberry Dunhill Mappin & Webb Ciro Pearls Sears & Wells	Harrods Army & Navy Owen Owen British and Colonial Furniture Company
	No	Booker Brothers McConnell Hudson Bay Company John Holt United Africa Company	British Overseas Stores South American Stores Whiteaway, Laidlaw

Table 2. Markets of operation.

Retailer	Markets	Retail type
Army & Navy Stores Limited	Great Britain, India	Department store
Booker Brothers McConnell & Company Limited	Before 1950: Guiana, British West Indies (Trinidad), Central Africa (Nyasaland, Northern & Southern Rhodesia) – After 1950: Great Britain, Canada, Tobago, Port of Spain, San Fernando	Trading company
British & Colonial Furniture Company Limited	Great Britain, Canada, United States	Specialised retailer
British Overseas Stores Limited	South Africa, Jamaica, New Zealand, British Honduras	Free-standing retailer
Burberrys Limited	Great Britain, France	Specialised retailer
Ciro Pearls (Holdings) Limited	Great Britain, Germany, United States	Specialised retailer
Dunhill, Alfred Limited	Great Britain, France, Canada, United States	Specialised retailer
Harrods Stores Limited	Great Britain, Belgium	Department store
Harrods Buenos Aires Limited	Argentina, Chile	Department store
Hudson Bay Company	Canada	Trading company
John Holt & Company (Liverpool) Limited	West Africa (Gold Coast, Togoland, Dahomy, Nigeria), British & French Cameroons, The Gabon	Trading company
Mappin & Webb Limited	Great Britain, France, Switzerland, Italy, Monte Carlo, Denmark, Argentina, Brazil, South Africa, Canada, India	Specialised retailer
Owen Owen Limited	Great Britain, Canada	Department store
Sears & Wells Limited	Great Britain, Canada, United States	Specialised retailer
South American Stores (Gath and Chaves) Limited	Argentina, Chile	Free-standing retailer
United Africa Company	West Africa	Trading company
Whiteaway, Laidlaw & Company Limited	India, China, Burmah, Federated Malay States, Siam, Straits Settlements, Dutch East Indies (Java, Sumatra), British East Africa (Kenya, Uganda), Ceylon, Hong Kong, Argentina, Canada	Free-standing retailer

skills of the founders of these free-standing retailers. These free-standing retail organisations brought to undeveloped retail competitive structures a set of retail skills transferred from the competitive environment of the more developed retail structure in Britain. They also brought access to buying activities in London and access to London-based financial markets. However, they did not conform to the Chandlerian model, where domestic expansion was followed by international expansion, and in some ways this gave them an advantage. Operationally, they were well suited to adapting to local trading needs and conditions, unencumbered as they were by British-based operational directives and expectations which would have been predicated on, and structured by, a very different operating environment.

The expansion patterns of stores that fall into the departmental store category are intriguing; particularly those two department store retailers Harrods (Buenos

Aires) (Limited) and Army and Navy Stores, Limited that had a sustained international presence during the period under consideration. Harrods Limited of London and Owen Owen have a limited and specific part to play in this story. Harrods (Buenos Aires) (Limited) concentrated international efforts on the Argentine and Chile, the Army and Navy Stores, Limited concentrated international efforts on India. At first sight such developed forms of retailing, the most complex and sophisticated individual retail enterprises of their day, might reasonably have been expected to look to markets such as those of Europe or the United States that conformed more to the characteristics of the domestic market.

However, what Harrods (Buenos Aires) (Limited) through its expansion in the Argentine and Chile, and Army and Navy Stores, Limited through its expansion in India illustrate is the gap retailers from highly developed retail structures are able to fill within less developed retail structures where, due to socio-economic change, a lag occurs in the provision of retail facilities. It would appear that, given the developed nature of department store retailing in Europe and the United States, these two department store operations recognised the advantages of moving into markets where their domestic concept would be innovative rather than simply another option within an already saturated market. Markets such as the Argentine and Chile were attractive because of their rapid growth and relatively high GDP in the early years of the twentieth century. According to Maddison (1995), in 1900 the Argentine's GDP per capita was 60% of the UK's whereas by 1912 it had reached 80%. In the same period Chile's GDP per capita moved from 42% to 55% of the UK figure.

Therefore, markets such as the Argentine were attractive to retail operations because they combined relatively high disposable income with a relatively undeveloped retail competitive structure. They had already seen sustained British investment in other sectors. Ford (1971, p. 650) has suggested, based on London Stock Exchange calls, 'British investment in Argentina in the period 1880–1914 amounted to some 8 percent of total British overseas investment', while Corley (1994) shows that Paish's calculations for 1910 indicate that Latin America was in receipt of 16.3% of quoted British companies' outward FDI. Such investment had supported the creation of a commercial infrastructure that could sustain the development of a developed retail structure. In a similar way, India was attractive to the Army and Navy Stores. The British expatriate community provided a sufficiently large, clearly identifiable and targeted market able to sustain operations. In both cases, indigenous operations were unable to provide the in-store consumer experience and brand strength offered by these international operations.

The department stores did not entirely ignore more established retail markets. Harrods Limited of London developed an operation in Belgium after World War I (1920) on the basis of the trading relationship it had established with the Belgian government during the war, however, this did not prove a long-term commercial success. Likewise, Owen Owen Limited established an operation in Canada from 1956, when the market had reached a more mature stage in its development, but that comes very much at the end of the period under consideration and is representative more of the end game rather than the main activities of British overseas retailing from 1900 to 1960.

The specialised retailers followed a characteristic path. Amongst these companies, there was an inclination to take their merchandise and retailing skills to established retail markets. Continental Europe – France in particular – was an attractive location for companies prepared to internationalise before World War I

and between the wars. At the incorporation of Mappin & Webb Limited in 1908, the company had four stores in France that were located at Paris, Nice (two) and Biarritz (*The Times*, 27 April 1910, 22e). In 1909, it acquired a new store site in Paris, selling its old location (*The Times*, 27 April 1910, 22e), opened a branch in Lausanne in October 1910 (*The Times*, 8 May 1911, 19a), in Rome in 1911 (*The Times*, 1 May 1912, 22d) and by 1919 intended to open a branch in Monte Carlo as a direct result of the 'armistice' which enabled the company 'to review the whole organization of our interests and to direct attention to extending abroad as well as at home' (*The Times*, 1 May 1919, 23a). Burberry had had a 'retail business' in Paris occupying leasehold premises at '8 and 10 Boulevard Malesherbes since 1909' (*The Times*, 10 October 1951, 8f) and by 1939 offered 'tailoring and outfitting at two retail stores in Paris' (*The Times*, 27 July 1939, 21e). Dunhill opened a store in Paris in 1923 (*The Times*, 5 November 1924, 21b). However, in a later phase of development in Europe, Germany became more attractive. Ciro Pearls began an expansion strategy that saw the company initiate plans for a German store in 1953 (*The Times*, 27 May 1953, 12e), start trading through a 'newly built showroom in Frankfurt' in 1954 (*The Times*, 21 May 1954, 11e), open a store in Düsseldorf in October 1958, a store in Munich in July 1960 (*The Times*, 21 May 1960, 14a; 27 May 1961, 14a) and open a fourth store in April 1962 (*The Times*, 26 May 1962, 13d).

The United States was a more attractive market to these companies between the wars and after World War II than it was before 1914. Dunhill opened a store in New York in 1923 (*The Times*, 28 August 1923, 15d). The British & Colonial Furniture Company, Limited used Canada as a platform for expansion into the east coast of the United States and by 1938, had an establishment in New York (*The Times*, 22 March 1938, 21b). After World War II Ciro Pearls (Holdings) Limited added two branches in the United States (*The Times*, 2 May 1952, 10d). Expansion continued for the company throughout the 1950s, in 1955 two new branches were added in Chicago and Pasedena (*The Times*, 7 June 1956, 18g) and by 1957 the company had five branches in the United States and had plans to have four branches operating in California by the end of that year (*The Times*, 16 May 1957, 19g). Sears & Wells followed their success in the early 1950s in Canada by opening two stores in the United States in 1955 (*The Times*, 12 July 1955, 15b).

The markets of South America also feature in the development of the specialised retailer. Mappin & Webb opened a temporary business at Calle Florida in Buenos Aires in November 1909 (*The Times*, 27 April 1910, 22e) and moved into permanent premises in May 1910 at 36 Calle Florida. In December 1911, the company opened in Rio de Janeiro and had a small establishment planned for 'San Paulo' in Brazil (*The Times*, 1 May 1912, 22d). In this, in the same way as the department stores, the specialised retailers recognised the attractions of South America. Although they were markets ultimately dependent on primary production, they had generated a sufficiently large and prosperous customer segment that made expansion into these them a realistic option.

Likewise, the Dominions featured in the expansion plans of specialised retailers. By 1908, Mappin & Webb had a store in Johannesburg (*The Times*, 14 December 1908, 17d), and in June 1913 opened premises in Montreal in Canada (*The Times*, 1 May 1914, 19d). The British & Colonial Furniture Company, Limited was already trading as Woodhouse & Co. at 79–83 St Catherine St West in Montreal by the time of a preference share issue in 1928 (*The Times*, 1 February 1928, 19a). In 1952, the chairman of Sears & Wells was able to announce that 'the company's fur branches in

Canada continue to make good progress' and 'a recent visit which I paid to Canada has convinced me that there is a profitable field for expansion in that rapidly developing Dominion, and your directors are giving serious consideration to the subject' (*The Times*, 17 October 1952, 10f). To the company's original three stores engaged in the fur trade in Ottawa, Toronto and Hamilton were added new stores in Winnipeg and Calgary by the latter half of 1953 (*The Times*, 16 September 1953, 13b) and in June 1954 a new retail outlet was opened in Montreal (*The Times*, 12 July 1954, 13g), prompting the chairman to observe: 'the satisfactory level of trading in these Canadian units is such as to give further encouragement for further expansion not only in the other cities in Canada but also in selected towns in the U.S.A.' (*The Times*, 12 July 1954, 13g). In 1956, four more branches were added to the Canadian operation (*The Times*, 23 July 1956, 17f) and by 1957 the company was boasting a coast to coast operation in Canada 'from Montreal to Vancouver' (*The Times*, 19 July 1957, 16f).

However, these operations were not extensive chains of stores. Given the close association between multiple store development and specialised retailing in this period in the domestic market (see Jeffreys, 1954) these retailers did not establish extensive multiple unit chains in international markets. Their operations were characterised by outlets in key metropolitan areas. Indeed, many of the companies had limited retail store numbers in the domestic market.

Entry methods and operational structures

Entry into international markets took various forms. There were those organisations, such as the trading companies, where retailing was the logical extension of trading activities and where the fundamental integration of retail operations within wider operational structures was inevitable; at least at the beginning of the period under consideration. At the other end of the scale, there were companies that sought to clearly separate international operations from domestic operations. Harrods is a case in point: the South American operation was a separate company and acted as such. Between these two extremes, other companies set up or worked through companies based in international markets; although, to all intents and purposes they were retail outlets that were established through a process of organic growth. The specialised retailers commonly adopted this approach, thereby taking advantage of their brand name, established reputations and, in certain cases, strong manufacturing base.

The trading companies' entry into overseas markets was a direct result of existing trading relationships. Booker Brothers McConnell provides a good example of the integrated nature of their retail operations. As the company notes in compliance with regulations regarding the publication of information with respect to the company in the early 1930s: 'the Company owns wharves and stores of all kinds including Estates Supplies, Hardware, Provisions, Dry Goods and generally covers the field of General Merchants' (*The Times*, 3 January 1933, 17a). Such trading companies built their retailing on the basis of trading raw materials in remote geographical locations where they had premises, personnel and demand for consumer goods: a demand that they were ideally placed to meet.

However, while entry to the market was part of an integrated set of activities, as these businesses became more complex in their operations, and as economic and social conditions changed, how activities were managed altered considerably. By the

late 1940s and through the 1950s, Booker Brothers McConnell's organisational structure began to change as the role and importance of retailing changed within the company. In January 1949, a new subsidiary company was formed 'to take over all... activities in the manufacturing and retail drug trades in British Guiana' (*The Times*, 29 September 1949, 9d). By the following year the company had decided 'that Campbell Bros., Carter and C., Limited (London) shall become responsible for all our West Indian shop-keeping businesses – as they are already the parent of those in Africa' (*The Times*, 22 September 1950, 9d). However, even in the early 1950s, despite the reorganisation of activities within different divisions of the company, the old integrated nature of trading company activity was still evident, albeit in a more contemporary form: 'Campbell Booker Carter's activities fall into three categories. They are an independent export, buying, shipping, and confirming house; they are the parent of our trading and shopkeeping companies in the British West Indies, British Guiana, and Central Africa; and they act as buyers and shippers to their trading and shopkeeping subsidiaries' (*The Times*, 16 July 1952, 11c).

As a company representative of the free-standing retailer, Whiteaway Laidlaw operated a surprisingly integrated retail branch network both within India and in the markets into which the company expanded. However, while the retail network was centralised, the company had operated a separate buying operation in London since 1890 (*The Times*, 15 June 1908, 17a). Therefore, at the time of the Whiteaway, Laidlaw and Co. Limited's incorporation on 21 May 1908 there were three going concerns within the organisation: 'Whiteway, Laidlaw, and Co., Drapers, Outfitters, and General Dealers at Calcutta, with 23 branch establishments elsewhere in India, Burmah, Ceylon, Straits Settlements, and China', 'Whiteway, Laidlaw, and Co.' based in London that 'acted as buying agents for the above' and 'Laidlaw and Lake' that carried on the business of 'Colonial Merchants and Agents' (*The Times*, 3 July 1912, 19f). Even when the company was operating through '38 different branches, situated in nine different countries' and dealing with 'nine different currencies' (*The Times*, 27 May 1936, 26g) its structure remained remarkably integrated. Although in the intervening quarter of a century the company had made the decision to establish a separate business Whiteaway Laidlaw (Java) Stores – the first branch of which opened in November 1920 (*The Times*, 26 May 1921, 16b) – when entering the Dutch East Indies. Likewise, when entering the Argentine market on 1 April 1930 the company chose to acquire an established business. Otherwise, the company favoured an organic growth approach to new store development whether through owned or leased premises.

In contrast, British Overseas Stores, originally incorporated as Fletcher and Company (Capetown) Limited, followed an acquisition route (*The Times*, 16 May 1927, 21e). Outside South Africa, their original market of trading, the company's first international acquisition was in Jamaica in 1927: three wholesale and retail hardware and timber businesses of D. Henderson and Co., Ltd, Leonard de Cadova, Ltd, and Robinson, Stott and Co., Ltd (*The Times*, 16 May 1927, 21e). This was followed by the purchase of a controlling interest in Kirkcaldie and Staines Ltd in New Zealand in 1931 (*The Times*, 11 August 1931, 16g). Acquisition remained the preferred market entry route into the 1950s when the company acquired a 'hardware and lumber business in Belize, British Honduras' (*The Times*, 15 October 1955, 11g).

In the department store category, Harrods began operating in the Argentine on 31 March 1914 through the company of Harrods (Buenos Aires) Limited (*The Times*, 16 December 1915, 16b). Incorporated in Britain, the company operated

through premises in Buenos Aires that although only ‘one-sixth the shopping area of Harrods, London’ (*The Times*, 16 December 1915, 16b) were clearly intended to benefit from and build on the London store’s reputation. Although separate companies, they shared the same chairman, Sir Alfred J. Newton Bt., and directors (*The Times*, 16 December 1915, 16b; 1 March 1916, 14a). However, the international expansion of the company did not meet with the approval of all shareholders. One shareholder at Harrods Stores (Limited) annual general meeting in 1916, in the face of a decline in profits, ‘attributed it in part to the fact that the attention of heads of the business was taken up with the company in Buenos Aires’ (*The Times*, 1 March 1916, 14a).

Despite its initial intention to build on its London store reputation and expand its own fascia within Argentina, Harrods (Buenos Aires) Limited was soon to acquire the operations of South American Stores (Gath and Chaves) Limited and trade using that company’s retailing outlets. The acquired company ‘was established in 1883, and in 1912 was registered as the South American Stores (Gath and Chaves) Limited. Its central stores were in Buenos Aires. It had nine branches in principal cities in the Republic and a subsidiary company, the Chilean Stores (Gath and Chaves), Limited, in the thriving city of Santiago, in Chile’ (*The Times*, 15 January 1920, 20a). The amalgamation of the two British department store operations was seen as a means of avoiding unnecessary competition between the two store operations, pooling buying power and avoiding the necessity of Harrods (BA) embarking on an expensive store building scheme in Argentina in the same cities as South American Stores (Gath and Chaves) Limited (*The Times*, 24 February 1920, 25d–g; 28 February 1920, 23c–e). Following the amalgamation of the two operations in 1920, Harrods (BA) saw it as an opportunity for the Harrods stores that had ‘exclusively dealt in high-class commodities’ to continue to do so. While, at the same time it allowed Gath and Chaves that had ‘chiefly cultivated the good-medium quality trade’ (*The Times*, 15 December 1920, 20a) to continue in that line as well. It was seen as an opportunity to avoid two British companies competing head-on and through that competition confusing their market positioning.

Specialised retailers were also inclined to set up separate companies in the markets into which they expanded. For example, in May 1911 Mappin & Webb reported that it had registered a separate company to operate in South America. The parent company had begun operating through temporary premises in 1909 and acquired permanent facilities in 1910. Shares in the new South American company were held by the parent company (*The Times*, 8 May 1911, 19a). In 1912, the company elaborated on this approach, noting that ‘various subsidiary companies had been registered in the respective foreign countries’ (*The Times*, 1 May 1912, 22d). This, the chairman Mr Walter J. Mappin explained, had been done ‘in order to comply with the various requirements as regarded books and returns, and the incidence of taxation of the different foreign countries, as well as convenience in the handling of businesses there’ (*The Times*, 1 May 1912, 22d). These businesses utilised ‘the established name and commercial reputation’ of Mappin & Webb (*The Times*, 26 April 1913, 21d).

However, in other markets Mappin & Webb was not averse to taking interests in established businesses with an eye to further involvement at a later date (*The Times*, 1 May 1913, 18d). For example, Johnston Brothers in Canada was acquired in this way during the financial year 1913–14 (*The Times*, 24 April 1914, 21b). The company was proud of its subsidiary-based international strategy, announcing in 1914 that

‘this policy of expansion by means of subsidiary companies appear to be justified by the results already achieved’ (*The Times*, 24 April 1914, 21b).

The British and Colonial Furniture Company Limited had followed an acquisition strategy when developing its domestic chain of stores in Britain. The acquired businesses traded under the name of ‘Jas. Woodhouse & Son’ in Britain and in the Canadian market the first internationally acquired store in Montreal traded as ‘Woodhouse & Co.’ (*The Times*, 1 February 1928, 19a). The Montreal store had been acquired in 1911; however, it was not until 1929 that the decision was taken to establish the Canadian operation as a separate business, where 75% of ordinary shares were retained and the remainder sold (*The Times*, 30 October 1929, 23d). The formation of the new company was seen as a way of facilitating the expansion of the operation in Canada. The Canadian subsidiary subsequently opened branches in Toronto and Quebec and through a Delaware-based subsidiary was operating a store in New York by 1938 (*The Times*, 22 March 1938, 21b).

While they did not use the phrase, and the utilisation of subsidiary companies somewhat obscures the process, the specialised retailers mostly followed an organic expansion route. They used subsidiary companies to facilitate the process of store-on-store development, only resorting to acquisition where necessary. This is not surprising given the value they derived from trading under their own name in markets where they would be recognised as an international brand with an established reputation. However, specialised companies with a manufacturing base and strong brands that operated international retail units chose to operate wholesale units in some markets rather than retail units. For example, Burberry in 1939 ‘carried on a wholesale business chiefly in piece goods at Buenos Aires and in tweed coats in New York, and in tailoring and outfitting at two retail businesses in Paris’ (*The Times*, 27 July 1939, 21e).

Retailing and wholesaling could also work hand in hand in the same market. Dunhill’s chairman, Mr Alfred Dunhill, was able to report in 1923 that the company had received the first full year of figures from their newly opened a store in New York, located at 514 5th Avenue, corner of 43rd Street and that ‘the wholesale retail American business shows a sum far ahead of our expectations’ and that ‘we have established our name and trade on a firm foundation’ (*The Times*, 28 August 1923, 15d). Dunhill’s mixed entry method in the American market, with the New York store acting as a flagship for its brand name, is a good illustration of the manner in which these companies were prepared to adopt different, and supporting, entry methods in different markets.

Discussion

The international retailing activities of the British retailers considered above clearly show that such activity was a feature of commercial activity before 1960 and a well-established feature at that. The geographical spread of their operations is impressive. Indeed, their engagement with what are today considered emerging markets was particularly extensive. In some senses this period of international retail activity by British companies was geographically more extensive than it would be for some time after this period. Indeed, given the limited investment that has occurred in retailing in Africa and India since 1960 it could be reasonably argued that the same geographical spread of international activity has still to be achieved. In this international retailers conform to broader commercial trends (Jones, 2005).

However, the companies described above are very different in many respects from those companies that have been active during the most recent wave of international retail activity since the 1980s. The most recent wave of international retailing has been characterised by companies that are retail organisations first and foremost. The companies described here provide a far more complex picture. The trading companies with their retail operations in developing colonial markets had moved into retailing as a natural extension of the core trading activities. Alongside them, the specialised retailers were in most cases closely connected with the manufacturing or dealing process; for them, retailing was a way of controlling the marketing process. The two categories of companies that were predominantly retailers were the free-standing retailers and the department stores.

In this, these retailers reflect their distinct trading environment and this in itself provides opportunities to consider the context in which international retailing is liable to occur. The trading companies and free-standing retailers were very much an integral part of an imperial system with all its political, economic, social and cultural implications. As the period under consideration entered its last decade, these companies were vulnerable to changing conditions. The trading companies' withdrawal from retailing back into wholesaling in colonial markets and their decision to invest in more developed retail markets such as Canada and Britain illustrates their dependence on trading structures that were increasingly unsustainable. It also represents a move away from emerging markets to more developed markets. In this they mirror wider trends in British companies' international activities (Jones, 2000). This would remain a feature of international retail activity until the 1990s. One of the most noteworthy features of this British overseas retailing activity is the reliance on markets where primary production characterised the local economies and hence determined the more successful trading periods and less successful trading periods experienced by these companies.

Through this exploration of the nature of retail activity between 1900 and 1960, the markets in which these retailers operated and through consideration of their operating structure, it is possible to develop further understanding of retailing in this period and show that the wave of international retailing activity that occurred after the mid 1980s, and the smaller wave of activity that occurred during the 1960s and early 1970s (Burt, 1993), was itself predated by an earlier wave of activity with its own distinctive characteristics. This supports Fletcher and Godley's (2000) findings for retail entrants into Britain. Godley and Fletcher's (2001) figures show, from the 1900s through to the end of the 1920s, the annual rate of international retailer entry into the UK was two or three times that of the 1880s and 1890s. Therefore, the retailing activity considered here is indicative of an international retailing process that had a substantial impact on retailing in world markets for over half a century. It therefore provides an informative picture of how international retail structures develop and perhaps more importantly how they ultimately lose relevance within the context of wider trading conditions.

However, while retailing does conform in some measure to the wider globalisation process (Jones, 2005), it is also clear that the identifiable waves of retail internationalisation activity have their own characteristics. The companies engaged in international retailing considered here appear to have begun developing their international operations at the end of the first global economy, that is toward the end of the period 1880–1914. This is not entirely surprising given that developed forms of retailing such as the department store require a commercial infrastructure

within which to operate. However, it does appear to have implications for the emergence, indeed the lag in the development, of international retail activity that spilled over beyond the period of free market opportunities before 1914.

These retailers retained and even developed their operations after 1930. However, it is clear that trading conditions immediately after 1930 as a result of the global economic downturn and disrupted trading conditions in the late 1930s and early 1940s, due to global conflict, did curtail some developments. In this, the picture presented to some extent supports Fletcher and Godley's (2000) findings for retail entrants into Britain. Their data suggests that the 1930s and 1940s, in contrast to the period 1900–1929, saw stagnation as far as international retail activity was concerned. Godley and Fletcher's (2001) dataset shows the number of retailers entering the British market remained low not only in absolute terms but also below the predicted values given their observation regarding the dependence of annual entry rates on changes in consumer purchasing power. The companies considered here to some extent support their findings. Expansion during the 1910s and 1920s was followed by a period of comparatively limited growth after 1930 and a period of restructuring thereafter. However, it would be possible to overemphasise such changes and attribute them to the whole of the period after 1930. These international retail operations continued to develop after 1930, as indeed they did after they had experienced problems during the economic downturn of the early 1920s. Nevertheless, it is evident that international retailing activities were not an easy option and considerable problems were encountered between 1930 and 1960.

When compared with the top 10 foreign investors in British retailing in 1907 and 1938 provided by Fletcher and Godley (2000), the retailers identified and discussed here exhibit distinct differences as well as sharing some similarities. As might be expected, the most distinct difference is the prevalence of trading companies and free-standing retailers among British overseas retailers. British retail activity generated by those commercial forms was targeted at less developed retail structures than the retail structure to be found in the British market. They were established and operated in the gap or lag created by socio-economic development and retail structural development. Therefore, this distinction is to be expected.

However, there were similarities as far as the specialised retailers were concerned. Fletcher and Godley's (2000, p. 46) list contains examples of specialised retail activity in 1907: Singer Sewing Machines, Eastman Photographic Materials. In 1938, their list of the top 10 foreign retailers again includes specialised retailers such as the Bata Shoe Company and Etam (Fletcher & Godley, 2000, p. 47). The specialised retail activity identified by Fletcher and Godley (2000) reflects the close relationship between manufacturing and retailing activity to be found within the specialised group identified here. Work on new entrants into the British retailing structure suggests that entrants targeted gaps in the market requiring 'novel merchandising techniques or formats' (Godley & Fletcher, 2000, p. 396). The specialised retail activity of the British retailers considered here is also illustrative of this type of international retail activity: an activity that seeks to leverage firm assets such as merchandising techniques and ultimately brand value.

In this respect it is also informative to note the number of US retailers that entered the British market between 1900 and 1960: 33, of which 25 entered the market between 1900 and 1929 (Fletcher & Godley, 2000, p. 52). Between 1900 and 1929, 47% of the 79 foreign retail entrants to Britain were from the US. Given the relative strength of the UK and US economies at that time, it would appear the

international retailing activity in the UK and US conformed to the same logic illustrated by the British overseas retailing described here and to the transfer of retail activity within the second global economy. That is, the flow of activity from developed and innovative retail structures (Alexander & Doherty, 2009, chap. 5) to other markets – whether those markets are emerging or developed – is dependent on the relative strengths and trading assets of individual companies and the structural conditions to be found in home and host markets.

In a context where ‘never before or since has any major nation committed such a large part of its economic resources to activities overseas’ (Godley & Casson, 2010, p. 244), the 17 companies discussed here should not be seen as a complete list of British companies active in this period. Rather these companies provide 17 case studies of market selection, market entry and operational activity. Given the number of US retailers that entered the British market in the same period it would not be unreasonable to suggest that the number of case companies identified through the source employed here could be doubled at least as a result of further research and the use of other sources. However, given the characteristics of the British companies engaging in overseas activity identified here, companies identified through further research would reasonably be expected to conform to a very different set of characteristics when compared with their US counterparts identified as operating in the British market by Fletcher and Godley (2000); for example free-standing retailers in particular would be likely to provide further valuable and interesting examples of British retail activity overseas. Further research, using other sources, might identify more numerous examples of specialised retailers operating overseas. However, if further research were to confirm the picture that emerges here, that would establish an important research agenda. In such circumstances, the limited international expansion of specialised retail-focussed firms, despite their operational development in the British domestic market during the period, would require investigation and explanation.

Consideration of British international retailers between 1900 and 1960 suggests that the wave of internationalisation activity recorded by Burt (1993) for the 1960s and early 1970s had its origins in the 1950s as companies responded to the new political and economic conditions in overseas markets and the changing nature of retailing in the British market. In this, there is potentially at least part of the answer to the question Godley and Fletcher (2001) posed regarding the predictive quality of changes in purchasing power. The evidence presented here lends further support to the argument that changing retail structural conditions during the middle years of the twentieth century saw a fundamental alteration in the nature of retail activity. That is, fundamental structural change disrupted the trading model of companies that had been actively retailing overseas and provided very different opportunities for other companies that were a product of changed socio-economic conditions in the domestic market and a process of deglobalisation in international markets.

As illustrated by the companies considered here, the locus of power within the distribution channel clearly did not lie, in all cases, at the point of sale with the retail function. Indeed, the specialised retailers are particularly noteworthy as examples where the locus of power still lay with the manufacturing, supply function of the business. Certainly the retail function was internalised by those companies with specialised retail operations; however, they were for the most part focussed primarily on manufacture and supply. Equally, the trading companies were not focussed on

the retail process, although it is clear that as time progressed their interests did become increasingly focussed on the retail function. Starting with the Hudson Bay Company through to Booker Brothers, McConnell & Company Limited they recognised the commercial value of focussing on retailing as a commercial activity in its own right.

In comparison, the free-standing retailers' operations were predicated on the recognition of the primary importance of retailing as a function in its own right. Their buying operations served the retailer. Production units were not served by the retailer. In this, their closeness to the market is again expressed. Although very much part of the first global economy and the British contribution to that economy, they had, in terms of their commercial focus, a characteristic strongly associated with international retailers in the second global economy where the locus of distribution power is firmly with the retailer. Likewise, those companies engaged in the management of department stores were primarily focussed on retail activity. Although the department store format would not have the same international relevance by the time of the second global economy as it did during the first, this category of retailer was operating on a basis that would be reflected in that later period. Indeed, not only were their operations focussed on the point of sale but they were also focussed on a strong brand identity which would also prove to be characteristic of international retailing in the second global economy.

These overseas retailers were not the retailers that led or, in most cases, participated in subsequent waves of international activity. The lull in activity identified by Godley and Fletcher (2001) with regard to the British domestic market may in part be the product of a major step change in commercial activity and marketing logic reflected in the international activities and fortunes of the British companies discussed here. Indeed, it would appear to be connected with the demise of a British model of international management epitomised by the trading companies (Jones, 2000) and free-standing companies. It is also clearly a reflection on the general international trading environment of the post-1920 period, which proved challenging to those two commercial forms. As Jones (2000) notes, the survival and performance of trading companies, and by inference free-standing companies, were in great part the product of the geography in which such companies were embedded by their experience, investments, networks and knowledge base.

However, it was not only the trading companies and the free-standing retailers that were affected by the changing nature of international trading conditions. Retailers from all categories operated in markets subject to considerable changes. For example, as controls on trade, whether tariff or other forms of restrictions, were imposed from the 1920s onwards, general trading conditions became less attractive and affected markets in Africa, Asia and South America in which retailers from each category of retail operation were affected, including the department stores and specialised retailers.

Theoretical implications

These findings suggest a number of profitable avenues for further research. As noted above, Buckley (2009, p. 329) has suggested business history provides opportunities to 'develop and extend existing theory and to produce new or improved theory' in the business context. Indeed, in the context of both the historical and management literatures there remains considerable opportunity to explore international retailing

activity before 1960 and in so doing facilitate the development of existing theory in both contexts.

In the light of Wilkins' (1988) work on free-standing companies and Jones' (2000) work on trading companies it is certainly possible to describe the retailing activity considered here as conforming to a British model of overseas investment and operations. The type and range of international retail activity was clearly supported by a free trade environment, an imperial infrastructure and the importance of London as a financial centre. These retailing activities are in great part very distinct from the activities of the much studied international retailing activity that developed from the 1980s. British retailers in the post-1980 phase of activity conform to a Chandlerian model and in that sense the American corporate model. The post-1980s British retailers, with established bases in their domestic market from which they subsequently expanded internationally, conform to the Uppsala school of thought regarding the stages theory of international expansion (for example, Johanson & Wiedersheim-Paul, 1975). Indeed, none of the retailers identified in this research resemble the much cited example of pre-World War I Chandlerian retail expansion, the US multiple retailer Woolworth, a company that entered the Canadian market in 1897 and the British market in 1909 (Woolworth, 1954).

This raises particular challenges and opportunities for conceptual development. In the context of the conceptual discussion noted above on the internationalisation of retailing (Alexander & Myers, 2000) and in the light of Dunning's (1981, 1988) conceptual observations and recapitulations (Dunning & Lundan, 2008) a number of observations are possible on the basis of the findings presented here. With respect to the concept- and technology-based assets identified by Alexander and Myers (2000), to some extent synonymous with Dunning's (1981, 1988) Oa and Ot/Oi assets respectively, the four types of retailer identified here display very different asset bases. Both the department stores and specialised retailers had strong concept or intangible asset advantage. The power of the brand that they brought to the host markets in which they operated is clear evidence of this. Equally, the strength of the trading companies and free-standing companies lay in particular with technology-based assets: their governance and institutional assets. Similarly, knowledge of international markets was a key asset of the trading companies and free-standing companies. Their ability to learn from and adapt to the needs of the host markets and hence their engagement with retail activity is clearly a strength. In this they are a particularly powerful example of the role of 'market internationalisation' and the role of 'environmental' and 'evolutionary pressures' identified in the retail management literature (Alexander & Myers, 2000, p. 343). Indeed, their 'embeddedness' at the 'societal', 'network' and 'territorial' level (Hess, 2004) in host markets was evidently a key to their success and sustainability. With respect to internalisation advantages, the specialised retail activities of what were essentially manufacturers or dealers first and foremost is evident and clear. Indeed, it is evident that this type of operation saw particular benefit in controlling operations at the point of sale in certain key and important markets. Indeed, they provide very good illustrations of early versions of the flagship store format strongly associated in the retail management literature with luxury products (Moore & Doherty, 2007).

Because these retailers are distinct from the British retailers that have driven retail internationalisation in the second global economy they provide intriguing insights into alternative modes of organisation and operation. These retailers are not the retail multiples, with retailing as their core business, that internationalised during

the second global economy. They do not resemble the US multiple retailer Woolworth that had internationalised by 1914. However, as Jeffreys (1954) has noted, British multiple retailers had begun to emerge into sizeable operations before that date. In this, the findings presented here suggest that further research might constructively explore the reasons why the retail multiples identified by Jeffreys (1954) appear not to have engaged in the retail internationalisation process to the same extent as the Woolworth operation.

Of the retailers identified above only the British & Colonial Furniture Company with its move into the Canadian market in 1911 comes close to conforming to the multiple retailing model of internationalisation in the period before 1914 and even in that case the company's domestic retail chain was modest in size, still comprising only 10 domestic stores in 1928. Even Harrods does not conform well to this model, as its store base in London and the provinces was developed after expansion in South America. Of the multiple specialised retailers, it is Sears & Wells that comes closest to this model post-1945. This in itself suggests that further work is required to identify specialised multiple retailers that did expand into international markets in this period or to explain why retailers conforming to this form of retail enterprise did not attempt to develop international activities earlier than they did. This would provide a valuable contribution to understanding the structural conditions that eventually encouraged such retailers to engage in international activity.

In particular, the characteristics and activities of these companies emphasise the importance of environmental structural conditions. Further consideration of these retail operations has the potential to provide a more comprehensive understanding of the driving forces that lie behind the development patterns of international retailers and, along with Hang and Godley's (2009) historical work on China, provide further long-term evidence regarding the psychic distance, market selection and international performance debate within the management literature (Evans, Treadgold, & Movando, 2000; Gripsrud & Benito, 2005). Observational research has suggested for some time that retail operations expand into geographically and culturally similar international markets and subsequently retailers move into psychically distant markets over time (Burt, 1993; Hollander, 1970; Kacker, 1985). In this, retailing conforms to patterns indicated in the wider management literature. However, the modelling of international retail activity has only begun to appear relatively recently (Alexander, Rhodes, & Myers, 2007; Gripsrud & Benito, 2005), and the context in which the retailers discussed here established their operations is very different to the conditions encountered by retail operations in the second global economy.

Nevertheless, there are observations that may be made that confirm the general assumptions that psychic distance, as represented by geography and culture, play a part in the market selection decisions identified here. Dominion and colonial markets clearly reduced psychic distance. Likewise, it is equally clear that given the general scale of British investment in South American markets and the knowledge and familiarity with those markets such engagement encouraged activity by British retailers. However, following further research on the issue of British retail activities overseas, modelling of that activity in line with modelling techniques (Alexander et al., 2007; Gripsrud & Benito, 2005) used for contemporary activity would be a constructive, informative and valuable means of exploring structural factors absent from the contemporary environment.

Likewise, the withdrawal from markets by these British retailers in this period would provide a richer understanding of the divestment process that has attracted considerable attention in the retail management literature in recent years (Burt, Dawson, and Sparks, 2003, 2008; Cairns, Doherty, Alexander, & Quinn, 2008; Christopherson, 2007; Wrigley & Currah, 2003). Recent studies have focussed on divestment activity within the second global economy. Research that considers divestment in the period 1930–60 in particular would provide an insight into the divestment process in very different global trading conditions. The reasons for divestment and the manner in which the companies engaged in retail activity responded to those pressures would be valuable and place the market divestments of subsequent periods within a useful historical frame.

Conclusion

Overall what this paper has sought to do is establish the characteristics, market selections and entry modes of British international retailers during the first half of the twentieth century. Previously, this has been lacking in the literature. The different types of retailer identified above provide a distinct profile of international retailing during this period. Likewise the source material has provided an opportunity to consider the markets in which they operated and recognise that those markets were characterised by their reliance on primary production. Similarly, it has been possible to identify the more developed markets in which they showed greater interest at the end of the period under consideration: Europe, Canada and the United States. There is also an indication of fundamental structural changes in the operating environment that suggests these retailers represent a distinctive wave of international retail activity that occurred before the more recent waves of activity considered in the management literature.

In this, therefore, the international activities of British retailers reflect to some extent the three epochs of growth described by Williamson (1996). As the discussion above shows, British retailers were active in the first global economy and operated through the troubled middle years between 1914 and 1950. The activities described above also suggest that retailing before 1914 would repay greater consideration by researchers. While it may be too early to suggest that Jones' (2005) emphasis on retailing's role in the second global economy rather than the first global economy needs to be revised; nevertheless the evidence provided here, especially when added to the other evidence that has emerged in recent years (Fletcher & Godley, 2000; Godley, 2003), suggests that the earlier role of retailing in the globalisation process should be recognised to a greater degree even if it is only to show that the characteristics of international retailing or the relatively late development of international retail operations in the first global economy meant that its emergence was muted.

The profile of international retailing activity described and analysed here is derived from a source that proved valuable in providing a broad, yet surprisingly detailed, coverage of international activity. However, that is not to suggest that all companies based in Great Britain during this period have been identified; for example, the source material used would not highlight the activity of private operations particularly well. Undoubtedly, there were other companies with retail interests in international markets. However, what has been presented is a commentary and discussion of the nature, extent and structure of that activity where sufficient data are available to plot a case company's characteristics, its

retail operations, market selections and entry methods. In so doing, this paper has begun the process of understanding the place of overseas retail activity in the operations of British companies and the role of British companies in the retail internationalisation process in the period 1900–60. Further historical research will be able to build on these foundations and consider in greater detail the marketing activities and management challenges these companies experienced in their overseas markets.

Notes

1. References to material published in *The Times* newspaper are provided in the text by date, page number and column.
2. For a full discussion of specialised retailers and their place in retail typologies see Alexander (1997, chap. 3).

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