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Retailers' foreign market exits over time: A strategic management perspective

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A R T I C L E I N F O

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A B S T R A C T

Foreign divestment research has focused on identifying divestment drivers but has only rarely investigated the long-term divestment behavior of companies. This study uses longitudinal case studies to explore the foreign market exit behavior of all seven of the ten largest store-based retailers in the world that had exited any foreign market between 2005 and 2020. It considers the three main theoretical perspectives in the field of strategic management, i.e., the industry-based, the resource-based, and the institution-based view. We find that retail market exits are often connected actions within certain epochs. The resource-based view seems the most appropriate strategic view to explain retailers' long-term market exit behavior because their exits are often triggered by their idiosyncratic resources. However, we find some common patterns across the retailers' market exit behavior that show the relevance of the industry-based and the institution-based view. Furthermore, the study detects the recently increasing phenomenon of partial exits which can be explained by the real options theory.

1. Introduction

Internationalization is not a linear and unidirectional process of expansion but may include periods of backward movement and exits from foreign markets (Chung et al., 2013b; Gaur & Kumar, 2018; Gaur et al., 2019; Gersch & Franz, 2018; Kafouros et al., 2022; Swoboda and Schwarz, 2006; Vissak and Francioni, 2013; Wrigley and Currah, 2003). This makes foreign divestment a highly relevant phenomenon for international business research (e.g., Benito, 1997; Berry, 2013; Burt et al., 2004; Chung et al., 2013b; Demirbag et al., 2011).

Previous literature has highlighted that market exits are often parts of divestment "periods" (Mohr et al., 2018), "cycles" (Kafourous et al., 2022) or "epochs" (Bell et al., 2001) of an MNC, but most studies on foreign divestment investigate single incidents of foreign market exits and do not consider the overarching, long-term divestment behavior (see the literature reviews by Arte & Larimo, 2019; Coudounaris, 2017; Schmid and Morschett, 2020; Trąpczyński 2016). The long-term divestment behavior of a company refers to the number of exited markets over a longer period of time, the motives for the exits, their temporal and spatial characteristics, and the potential interrelation of these exits.

Just as international business research has detected and explained patterns in the long-term expansion behavior of MNCs (e.g., Kafouros & Aliyev, 2016; Santangelo and Meyer, 2017; Vahlne and Johanson, 2017), it ought to look for such patterns in the longitudinal exit behavior of MNCs. Although studying single divestment incidents provided valuable insights into foreign divestment, as the above-mentioned literature reviews on foreign divestment demonstrate, focusing solely on these isolated cases may limit our understanding of the broader strategic context of a firm's divestment behavior.

Strategic management research considers strategy as a long-term process through which MNCs create and develop a competitive position (Porter, 1991; Schendel, 1996). The three main theoretical perspectives in the field of strategic management are the industry-based, the resource-based, and the institutional-based view (Peng et al., 2009). Thus, one of the most important questions in the field is whether firms' long-term behavior and performance are primarily driven by industry-level factors, firm-level factors (i.e., factors connected to their resources) or institutional factors (Esho & Verhoef, 2020; Hawawini et al., 2003; Rumelt, 1991; Sun et al., 2021). However, this strategic perspective has not yet been applied to divestment research.

With a growing understanding that the focus on single, non-related

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divestments is insufficient to understand the phenomenon in its full complexity, there have been recent calls by foreign divestment researchers to take a long-term perspective on divestment (Belderbos et al., 2021; Burt et al., 2018; Schmid et al., 2021). Belderbos et al. (2021) analyze 654 separate divestments across 14 industries during 1990–2004, seeking industry-specific commonalities and differences. They find that industry context similarly impacts all MNC affiliates within a given sector. Schmid et al. (2021) examine retail companies from 2014 to 2018, identifying divestment driver bundles that collectively result in foreign divestment. Due to theor limited timeframe, they do not explore dynamic changes and advocate for longer-term investigations to assess whether divestment drivers vary over time within companies. Burt et al., 2018 provide, to the best of our knowledge, the only longitudinal study on retail companies to date. They investigate the changing nature of divestment drivers of grocery retailers from East Asia over a 30-year period. However, their study is limited to Western retail companies and their exits from East Asia.

The study at hand investigates the long-term divestment behavior of the largest store-based retail companies globally to address the following research questions:

- What patterns can be identified in the long-term foreign divestment behavior of a retail company?
- Are these patterns common across different retail companies?
- How can these patterns be explained from a strategic management perspective?

While different forms of international retail divestment exist, from the closure of single stores to the complete termination of foreign activities (Alexander & Quinn, 2002; Burt et al., 2002), this study focuses on "foreign market exit", defined by Burt et al. (2003, p. 359) as the "total withdrawal of a firm from an operational presence in a foreign market.

Focusing on the divestment behavior of retail companies instead of applying cases from different industries, including manufacturing, has several advantages. First, the choice of a single industry allows to keep the industry conditions stable and - from the industry-based view - to investigate in more detail if the identified patterns are consistent within one industry (Alexander et al., 2005; Burt et al., 2008a; Burt et al., 2004; Mohr et al., 2018). Second, retailers have been argued to divest more often from foreign markets than manufacturing companies (Alexander et al., 2005; Burt et al., 2008a; Burt et al., 2004; Mohr et al., 2018). Between 2005 and 2020, the ten largest global retailers have exited 43 foreign markets altogether (EDGE Retail Insight, 2020). Third, compared with manufacturing companies, retailers' market exits are clearly identifiable: the withdrawal is marked by the closure of the last store in a country. Fourth, retail market exits are strategically more important because they have more severe consequences for retailers than for manufacturing companies: in the short term, retailers immediately lose all their sales in a foreign market. In the long term, their market exits are less reversible, while manufacturers may just re-enter a market via exports. Fifth, compared to general foreign divestment, foreign retail divestment is under-researched and authors have called for further research to remedy this (e.g., Burt et al., 2018; Cairns et al., 2008; Jackson et al., 2005). Sixth, while manufacturing MNCs have numerous motives to expand abroad (Dunning, 1988), retailers expand abroad solely for market-seeking motives. Seventh, the drivers of divestment identified in the retail-specific literature differ from those identified in studies on manufacturing (Arte & Larimo, 2019; Schmid and Morschett, 2020). Overall, retail differs from other sectors and its internationalization and de-internationalization may follow a different logic (Burt et al., 2003; Burt et al., 2008b; Jackson et al., 2005).

We use a multiple case study approach and take a longitudinal perspective, investigating the foreign market exit behavior of the ten largest store-based retailers in the world over 16 years through content analysis (Krippendorff, 2018; Schreier, 2012) of a wide variety of publicly available contemporary documents from different perspectives and experts. Investigating 43 exits from a longitudinal perspective allows to systematically investigate divestment patterns across retailers. The study does not solely focus on market exit drivers but also considers other characteristics of the retailers' exit behavior, including the frequency of exits, the relevance of these exits for the company, and geographical patterns of the exited markets. This allows us to investigate the foreign divestments at different levels of analysis, including the firm, the host market, and the industry level.

The main findings of our study are that retail market exits are, in most cases, not isolated divestment episodes, as past studies have often perceived them, but connected actions that are part of waves or epochs, shaping the market exit behavior of retailers. We contend the resource-based perspective to be most relevant in explaining foreign retail exit behavior, since most foreign market exits are triggered by retailers reacting to changes in their idiosyncratic resource base. However, we find a few common patterns across the retailers' market exit behavior that cannot be explained solely by the resource-based perspective. These patterns can be explained by the institution-based perspective and the industry-based perspective, but instead of appearing as industry-wide developments, they are only rather homogenous for specific strategic groups within the retail industry.

This paper enhances the literature by showing that strategic management principles can explain long-term foreign divestment behavior of retail companies. Specifically, the study identifies which theories can account for individual retailers' exit strategies (resource-based view) and which can explain common patterns among retailers (industry-based view, institution-based view, and real-option theory). Furthermore, this paper offers testable propositions grounded in case study findings as an additional contribution and foundation for future research.

The remainder of this paper is structured as follows: The second section provides a brief literature review of the foreign retail divestment literature. The third section offers a theoretical basis by discussing the core perspectives of strategic management in connection with foreign divestment and exposing the rationale for the choice of relevant analysis dimensions of this paper. In the fourth section, the research approach is introduced, including an overview of the dataset and the applied methodology. The fifth section provides a longitudinal case study of each of the seven retailers' exit behavior over time, followed by a systematic cross-case comparison of the seven retailers' exit behavior in the sixth section. In section seven, the authors theoretically discuss the main findings of the cross-case analysis and, based on these, make four research propositions that could be tested in future studies. The paper ends with a conclusion, academic and practice-oriented contributions, limitations, and implications for future research.

2. Literature review

Even though research on international divestment still lags behind research on international entry and expansion, recent literature reviews (Arte & Larimo, 2019; Schmid and Morschett, 2020) have consolidated the existing body of knowledge on drivers of foreign divestment. The meta-studies reveal that there are almost no insights into differences between different industries regarding their specific divestment drivers (Schmid and Morschett, 2020).

In the retail-specific literature, early studies provide insights into the volumes and characteristics of retail divestment (e.g., Alexander et al., 2005; Burt et al., 2004; Godley & Fletcher, 2001). The later emergence of qualitative case study research contributes to understandings of international retail divestment by investigating market exits of selected prominent retailers (Burt et al., 2008b). To date, the main research focus in the field of foreign retail divestment has been on identifying drivers that lead to market exits (e.g., Bianchi & Ostale, 2006; Burt et al., 2002; Palmer and Quinn, 2007). Since 1997, over 40 studies have investigated this aspect of foreign retail divestment. Authors have found retailers' foreign market exits to be driven by the industry (Burt et al., 2018), by firm-specific influences, i.e., their resources and in particular their portfolio of international operations (Dawson, 2001; Wrigley and Currah, 2003), and by institutions (or lack thereof) in the foreign markets they are active in (Aklamanu, 2015; Bianchi & Arnold, 2004). Schmid et al. (2021) have recently highlighted that it is often a combination of factors from different levels that triggers market exit decisions. Some authors differentiate market exits based on their tactical or strategic nature. While retailers sometimes exit certain foreign operations as a tactical response to the difficulties of these operations (e.g., poorly performing subsidiaries), they often use divestment as a strategic action, responding to a broader change of circumstances unrelated to the specific countries being exited (Alexander & Quinn, 2002; Cairns et al., 2010). Cairns et al. (2010) differentiate between “positive restructuring”, in which retailers re-allocate their resources when they observe changing conditions within the international marketplace, and “corporate crisis”, where divestments are a result of difficulties at the corporate level that require retailers to refocus their resources to these issues. Studies of retailers’ positive restructuring efforts have found that they tend to transfer resources from divested markets to their core markets, to markets in which they enjoy a stronger market position (Burt et al., 2002; Cairns et al., 2010; Coe et al., 2017), or to markets with higher expected returns (Alexander et al., 2004; Berry, 2009; Cairns et al., 2010; Palmer and Quinn, 2007). As a response to corporate crises, retailers are found to divest foreign operations in order to free up resources which are then used to strengthen other parts of the business that are under pressure (Burt et al., 2002; Cairns et al., 2010; Coe et al., 2017). Similarly, retailers often sell operations in foreign markets to generate liquidity for domestic operations (Burt et al., 2002; Cairns et al., 2008). All of these activities can be explained from a resource-based view.

Failure-related divestments have been divided into two categories: those triggered by drivers external to the company and those triggered by drivers internal to the company (Burt et al., 2002). Burt et al. (2003) propose a further subdivision. External drivers are divided into (1) market failure (for example, divestment triggered by unexpected negative macroeconomic or political changes in the host country) and (2) competitive failure (for example, divestment triggered by an unexpected incapacity to compete with local retailers). Internal drivers are divided into (3) organizational failure (for example, divestment triggered by a lack of fit between the retailer and the host-country operations) and (4) business failure (for example, divestment triggered by weak operations of the retailer in the home country). Burt et al. (2003) link external drivers to the industry-based view and argue that internal drivers are firm-specific; related to the strategy and the resources of each retailer.

Mellahi et al. (2002) and Swoboda and Schwarz (2006) differentiate between exits driven primarily by the internal environment and those driven primarily by the external environment, and highlight that a mixture of internal and external factors often leads to divestment. Gersch and Franz (2018) follow a similar line of thought, categorizing divestment drivers into push factors related to the industry and the institutions in a host market (e.g., harmful government regulations or aggressive competitive behavior) and pull factors related to the retailers’ strategies and resources (e.g., stakeholder pressures asking for the re-allocation of resources).

These efforts have provided deep insights and valuable contributions, mostly in relation to specific market exits. However, most of these studies take a static approach and investigate divestment decisions as isolated events, thus neglecting existing calls for studies taking a longitudinal process perspective that investigate the connection between several subsequent market exits of a retail company (e.g., Burt et al., 2018; Vissak and Francioni, 2013).

There are few studies that take a long-term perspective: Burt et al. (2018) take a longitudinal approach focused on one region. In their paper about the evolving dynamics of European grocery retail divestment in Eastern Asia, they examine market exits by European retailers over thirty years and find three broad phases of foreign exits over time, characterized by strong influences on the level of the retail industry in Eastern Asia, and in the more recent phase, more related to corporate strategy considerations of the retailers. Other authors focus on selecting prominent retailers and qualitatively investigate and describe several of their market exits in depth (e.g., Alexander & Quinn, 2002; McDermott, 2012). While single case studies may allow a deep understanding of the long-term foreign divestment behavior of one retailer, they do not allow cross-company comparisons and, consequently, cannot investigate common patterns in retailers’ long-term exit behavior. The status quo in the literature thus leaves room for a multiple-case study approach, allowing a cross-case comparison.

3. Theoretical background

3.1. Foreign market exits from different strategic management perspectives

This study aims to investigate the long-term foreign market exit behavior of retail companies over time and explain this behavior from a strategic management perspective. In the strategic management field, the main theoretical approaches used to explain long-term behavior are the industry-based view, the resource-based view and the institution-based view (Demirbag et al., 2011; Esho & Verhoef, 2020; Hawawini et al., 2003; Peng et al., 2009; Porter, 1991; Rumelt, 1991; Schendel, 1996; Sun et al., 2021). Using these theoretical approaches in an IB context makes sense, since international strategies are a sub-type of company strategies and IB and general strategy are closely related fields (Peng and Delios, 2006; Ricart et al., 2004). The determinants of international success and failure are a fundamental strategy question (Teece et al.,1994).

The *industry-based view’s* central argument is that an industry’s structural characteristics constrain its component firms’ behavior, which in turn leads to homogeneous behavior of the firms in an industry (Hawawini et al., 2003; Porter, 1980). Each industry is exposed to pressures at different levels. The attractiveness of a whole industry can diminish if these pressures change, which in turn can have effects on the internationalization behavior of all companies in this industry (e.g., the retail industry). The five competitive forces and their effect on the internationalization behavior of companies have been previously used in IB-research (Peng, 2021). Belderbos et al. (2021) have studied how global market integration forces in an industry affect the divestment of foreign subsidiaries. They conclude that is necessary to explicitly consider the global industry context to properly understand the affiliate divestment decisions of multinational firms. With this, they confirm the relevance of the industry-based view for studies of foreign divestment.

In the *resource-based view*, which forms the basis of the corporate strategy perspective, the emphasis is on intra-industry heterogeneity. This perspective proposes that heterogeneity in firms’ resources is the basis of sustainable competitive advantage and that firms direct their strategic behavior towards optimal deployment and development of their idiosyncratic resource bases (Barney, 1986; Esho & Verhoef, 2020; Wernerfelt, 1984). The international portfolios of firms and the specific characteristics of the international businesses within these portfolios (e.g., the financial performance of a business or the economic development of a host country where the business is located) are seen as resources that firms have developed over time and whose optimal use and constant optimization should be the objective of their strategies (Młody 2016). Changes in the value of companies’ resources can lead them to divest these resources. Thus, from a resource-based view, firm-level factors predominate in explaining companies’ long-term strategic behavior, which in turn leads to heterogeneous strategic behavior of the firms in an industry. Most empirical studies on the relative importance of firm-level vs. industry-level influences on firm performance have shown firm-level factors to be more relevant (Bamiatzi et al., 2016; Esho & Verhoef, 2020; McGahan and Porter, 2002; Rumelt, 1991; Sun et al., 2021). However, to the best of our knowledge, none of these studies included retail companies.

From an *institution-based view*, institutional characteristics of the host country are relevant, and companies face important information processing and adaptation challenges in countries with important cultural and institutional differences (e.g., Brouthers & Brouthers 2001; Henisz & Delios, 2004; Hutzschenreuter et al., 2011). Peng et al. (2008) highlight the rise of the institution-based view in the context of IB research, especially in the context of emerging market research. In the foreign divestment context, Schmid et al. (2021) found that the political situation in the host country is an important driver for market exits of multinational retailers.

Some authors suggest viewing these perspectives as complementary rather than contradictory. For example, they recommend studying the interaction between industry-level factors and firm resources and strategy over time (Augier & Teece, 2008; Vahlne and Johanson, 2017), because “firms are genetically coded, but must adapt to disruptive environments” (Vahlne and Johanson, 2017, p. 1089). Furthermore, several studies have found the relative influence of industry- vs. firm-level factors to vary significantly between different countries, i.e., institutional contexts, and different groups of firms (i.e., strategic groups) (Esho & Verhoef, 2020; Hawawini et al., 2003) and called for further investigation into this issue.

3.2. Dimensions of the long-term market exit behavior of retailers

To investigate patterns in the long-term market exit behavior of retail companies holistically, their behavior must be analyzed along several dimensions that are linked to the theoretical perspectives mentioned above.

The *number of exits* shows the divestment intensity of the retailer. *Temporal and spatial patterns* are a core dimension in the internationalization behavior of companies. The Uppsala model (also called the internationalization process model), as the dominant model to explain international expansion of companies, covers both temporal and spatial patterns and describes an incremental internationalization process with increasing complexity (Johanson & Vahlne, 1977). “The most distinctive feature of the Uppsala model is the focus on process […] rather than on isolated investment decisions” (Vahlne and Johanson, 2017, p. 1088). Only recently, the model has been expanded to include divestment processes, with the acknowledgement that the commitment process includes “reconfiguring” (Vahlne and Johanson, 2017, p. 1088). The Uppsala model is mainly rooted in a resource-based perspective, namely on the knowledge of the company as an idiosyncratic asset, but also considers institutional aspects, i.e., the distance between the home country and the host country as well as to previously entered host countries.

Another perspective on temporal patterns is provided by Kutschker et al. (1997). In their “*three Es*” model, they differentiate between (1) international *evolution*, represented by daily occurring incremental processes taking place in subunits of the company and only very slowly and subtly changing its international expansion, (2) international *episodes*, which are parts of a firm’s behavior that stand out and have significant effects on the internationalization of a company (e.g., market entries), and (3) international *epochs*, which include evolution and episodes and are characterized by a specific pattern (i.e., a common denominator) in the internationalization behavior for a specific time (e.g., series of market entries through acquisitions). In divestment research, a single market exit could be categorized as an international episode because it changes the level of internationalization of a company. Beyond these episodes, however, there may be epochs of subsequent and connected market exits over a specific period. Vissak and Francioni (2013) mention that firms sometimes conduct several subsequent exits, and Bell et al. (2001) agree that firms may experience epochs of rapid internationalization but also periods of consolidation or even retrenchment. This longitudinal perspective on subsequent market exits has, nevertheless, not been sufficiently applied in divestment research. It mainly takes a resource-based perspective, building on the firm-specific strategic intent to change the market configuration.

The most investigated dimension of retail exit behavior are the reasons for the exit. Many studies investigate *drivers* of foreign divestment in the general foreign divestment literature (for literature reviews, see Schmid and Morschett, 2020; Arte & Larimo, 2019) and the foreign retail divestment literature (e.g., Burt et al., 2018; Burt et al., 2003; Cairns et al., 2008; Etgar & Rachman-Moore, 2007). The investigated drivers pertain to three different levels (Berry, 2009; Tan and Sousa, 2020): drivers related to the foreign subsidiaries themselves, drivers related to the companies divesting their foreign subsidiaries, and drivers related to the host country of the foreign operations. Drivers are discussed from various theoretical perspectives, including, amongst others, the three central perspectives in strategic management, namely the resource-based view (e.g., Dhanaraj & Beamish, 2009; Hébert et al., 2005), the industry-based view (e.g., Berry, 2013; Burt et al., 2018), and the institutional view (e.g., Henisz & Delios, 2004; Mata and Freitas, 2012). Schmid et al. (2021) investigate a large number of market exits of the largest grocery retailers in Europe and find that usually, combinations of multiple interrelated drivers have a joint influence on retailers’ decisions to exit foreign markets.

Extant research on foreign market exit has shown that it is important to not only consider the number of exited markets but also the *importance of the exited operations*, i.e., the size of the exited operations in comparison with the size of the total operations of the retailer. Early macro-level studies based on large datasets already concluded that market exits are typically relatively small scale and that the divested operations only account for a small part of total sales of the retailers (Alexander et al., 2005; Burt et al., 2004; Godley & Fletcher, 2001). This dimension can be explained from a resource-based perspective because the importance of the exited markets is firm-specific, relating the contribution of a specific foreign market to the overall resources of the firm.

4. Approach and methodology

We apply a multiple case study approach with a longitudinal perspective to investigate the long-term divestment behavior of the retail companies. A qualitative approach, examining multiple cases in depth, is appropriate to answer “how” and “why” questions and is therefore frequently used in international business research (Ghauri, 2004; Welch et al., 2011). Investigating multiple retailers over a longer period allows to compare their long-term exit behavior in a cross-case analysis and assess similarities and differences across retailers along multiple dimensions. A longitudinal approach is necessary given the dynamic nature of retailers’ internationalization behavior (Kutschker et al., 1997; Santangelo and Meyer, 2017).

4.1. Dataset construction

We selected the ten largest store-based retailers globally, based on their 2018 total revenues according to Deloitte’s GPR-Report 2020 (Deloitte, 2020), and identified all their market exits in the 16 years from 2005 to 2020. We used the 2020 Edge Retail Insight Database (formerly Planet Retail), which features detailed data on these retailers’ revenues for their international operations by foreign market, starting from the year 2005, as a primary database to search for these exits. We decided to focus on market exits to investigate retailers’ divestment behavior and exclude other forms of foreign retail divestment, such as reducing the number of stores in a foreign market (Alexander & Quinn, 2002; Burt et al., 2002). Following Burt et al. (2003, p. 359), we defined market exits as the “total withdrawal of a firm from an operational presence in a foreign market”. We included exits in which a retailer ceased its operations in a country but retained an equity stake if the stake was a minority interest of below 20%, as this represents a financial investment rather than an active presence in this market. Entry mode reductions, e.g., from wholly owned subsidiary to international joint venture, were not included.

We restrict our investigation to the ten largest global retailers for two reasons. First and foremost, this is an objective selection criterion. Applying theoretical sampling was not an option in this case, since we explicitly seek for similarities and differences in the divestment behavior of retailers in general and thus do not want to restrict our selection of cases to retailers with a specific market exit history (e.g., only investigating retailers with many country exits). Second, it is not possible to investigate more retailers in such depth because of challenges of scope.

Among the ten largest store-based retailers globally, we identified 43 market exits undertaken by seven retailers. Two retailers (Costco; Walgreens Boots Alliance) did not exit any foreign markets in the investigated period, and one retailer (The Kroger Company) did not have international operations at all. Three retailers exited several markets each (22 exits by Carrefour; 10 by Tesco; 6 by Walmart). One retailer (Schwarz Group) exited two markets, and the remaining three retailers (Aldi; CVS Health Corporation; The Home Depot) exited only one market each. We included these cases with one or two exits for two reasons: First, it was a research objective to investigate the commonalities and differences of retailers' exits over a certain period of time, thus, including retailers with few exits adds insights to this comparison. Second, it was a research objective to identify different company-specific patterns and having very few exits is also a particular pattern. We cross-checked our list of market exits with a range of additional sources (e.g., press articles, annual reports) to ensure that our dataset contained all exits of the ten largest store-based retailers globally in the given period.

4.2. Analysis of exit behavior and cross-case comparison

To understand and compare the retailers' exit behavior over time, we analyzed our data in three phases, as suggested for qualitative multiple case study research (Stake, 2013; Yin, 2017).

(1) In the first phase we thoroughly investigated all 43 market exits of the seven retailers separately. We content-analyzed (Krippendorff, 2018; Schreier, 2012) a range of international sources, including home- and host-country-based retail trade press, international retail trade press, retailers' corporate communications, market research reports, business biographies, retailers' websites, and annual reports (concrete sources are given in the case descriptions). For macro-economic data on the country markets, we used large public databases such as Open Data by the World Bank (2021).

Content analysis allows researchers to engage with and interpret their data and can be used in multiple ways (Schreier, 2012). It has gained a growing importance for analyses in management, international business research (Gaur & Kumar, 2018), and strategic management (Osborne et al., 2001; Palmer et al., 1997).

We coded the main drivers leading to each market exit based on 690 documents providing commentary on the reasons behind retailers' exit decisions. We used an inductive coding approach to ensure that the drivers emerge from the data. The coding was completed with the help of the data analysis computer software package NVivo. When documents were in languages not spoken by the authors, we used the online translator services DeepL and Google Translate to translate them into English [1]. Two authors coded 150 documents to design an initial coding-frame with drivers at an optimal level of differentiation, align their understanding of the drivers, and set decision rules for the coding. The main coding was then conducted separately by two authors. Following this step, we compared the coded drivers for each of the 43 market exits and discussed them with a third researcher, as suggested by Cornish et al. (2013). Percentages of agreement between the coders were high (90%) across all market exits, demonstrating high inter-coder reliability (Neuendorf, 2017).

After this first coding round in which we coded all potential drivers influencing the market exit, we moved on to a second coding round in which we explored the overarching story of each exit to identify the main drivers that led to the exit and disregarded drivers that played an ancillary role. This resulted in 11 distinct primary drivers influencing the 43 market exits in our dataset (see Table 1). We grouped these drivers into the three categories proposed by Berry (2009) and Tan and Sousa (2020): (1) drivers at the parent-company level (e.g., parent strategic refocus on core markets), (2) drivers at the host-country level (e.g., competition in the host country), and (3) drivers at the subsidiary level (e.g., performance of the subsidiary).

Authors have pointed to the risk of overemphasizing the "official corporate line", which might favor positive rationales for divestment instead of illustrating the true nature of the actual events (Alexander et al., 2005; Gersch & Franz, 2018; Palmer, 2004; Palmer and Quinn, 2007). We endeavored to eliminate this bias by considering non-company-authored documents (i.e., a large variety of press-related documents), including analyst views from leading trade press (e.g., The Grocer, Libre Service Actualités, Lebensmittelzeitung), and contacting analysts from commercial retail intelligence providers to comment on select market exits.

Within this phase, we eventually built a full picture of each market exit, including, inter alia, the exits' temporal and spatial characteristics and the relevance of the exited operations within the retailer's overall operations (i.e., sales of the exited country market in the year prior to the exit as percentage of total sales).

(2) In the second phase, we moved from a static perspective, in which we examined each exit individually to a longitudinal perspective, as researchers have recommended in the context of internationalization behavior investigations (Burt et al., 2018; Santangelo and Meyer, 2017; Vahlne and Johanson, 2017; Vissak and Francioni, 2013). To develop a longitudinal case study for each retailer, we aggregated the findings on all market exits of a retailer along the pre-defined dimensions of market exit behavior of retailers, which have been introduced in the theory section. These dimensions cover, amongst others, drivers and temporal and spatial patterns of the retailers' exit behavior and allow a deep understanding of the retailers' market exit behavior during the 16 years under observation. During the case study process, we further identified the dimension *exits with retaining equity stake*, as such partial exits occurred several times. This dimension was only added in retrospect because it has never been applied to retail market exits before and was discovered in this explorative investigation.

(3) In the third and final phase, we conducted a cross-case analysis. We compared the seven retailers' exit behaviors along the different dimensions to identify differences and similarities among their behaviors over time. This allowed to look for common patterns across the retailers and understand whether we can explain these patterns with, e.g., an institutional or an industry-specific perspective. It is important to note that these seven cases are not sufficient for making any generalizations. However, as a result of our qualitative research, first propositions can be developed, that can be tested in later studies.

5. Results

5.1. Multiple case study evidence

Aggregating and contextualizing the findings on all of the 43 market exits facilitated the development of a longitudinal case study for each retailer and the consideration of their market exit behavior over time. Table 2 gives an overview of the 43 market exits, including the identified exit epochs and spatial patterns for each retailer.

5.1.1. Carrefour

In 2020, the French large format grocery retailer was active in 37 international markets, one market more than in 2005. However, Carrefour has exhibited a constant string of market entries (23) and exits (22) between 2005 and 2020. This behavior results from a "trial and error" or "in and out" expansion strategy, which consists of the retailer

Table 1
Overview of market exit drivers.

	Driver	Quotations/Examples
parent-level	Focus on core markets	"*After careful and thorough consideration, Kaufland has decided to undertake an orderly withdrawal from the Australian market […] concentrating its business on its European core markets in the foreseeable future.*" Press Release, Kaufland (2020)[a]
		"This is a positive strategic move for Tesco, which will allow us to focus on doing an even better job for customers in central Europe and our other Asian markets." Andrew Higginson, finance and strategy director, Tesco (The Guardian, 2005)
	Restructuring driven by issues on the firm level	*"This sale realizes material value for shareholders and allows us to make significant progress on our strategic priority of protecting and strengthening our balance sheet.*" Dave Lewis, CEO, Tesco (2015)
		According to experts, Carrefour's decision to abandon business in Russia is associated with an unstable situation in the concern itself. In the third quarter of 2009, the company's turnover decreased by 2.8% to 24 billion euros. (Deutsche Welle, 2009)[b]
	Focus on more attractive markets	*We have seen significant progress in our business in Central Europe but continue to see market challenges in Poland. Today's announcement allows us to focus in the region on our business in Czech Republic, Hungary and Slovakia, where we have stronger market positions with good growth prospects and achieve margins, cashflows and returns which are accretive to the Group."* Dave Lewis, CEO, Tesco (2020)
		"This operation represents a further step in the Group's strategy of optimizing its assets and disposing of non-strategic or insufficiently profitable assets, enabling it to focus its efforts on the countries and regions offering the best profitability and the greatest growth potential." Press Release, Carrefour (L'OBS 2007)[c]
subsidiary-level	Losses or decreasing subsidiary performance	As stated in the Carrefour report for the third quarter of 2009, the company's revenue fell 2.9% to 24.02 billion euros, and the retailer decided to leave Russia. (Arendator Russia, 2009)[b]
		In Mexico, the group now chaired by the Luc Vandevelde/José Luis Duran tandem, has just sold its 29 hypermarkets to the Chedraoui group for around 410 million, including debt. And this for insufficient profitability. (L'express, 2005)[c]
	Insufficient scale	*"As we focus our efforts on where we can have the greatest impact on our growth and return on investment strategies, it has become increasingly clear that in Germany's business environment it would be difficult for us to obtain the scale and results we desire."* Michael Duke, vice chairman, Walmart (Market Watch, 2006)
		"Carrefour Singapore announces its decision to close its Suntec and Plaza Singapura stores before the end of 2012 as the development and growth prospects do not allow for a leadership position in the medium to long term" Press Release, Carrefour (Reuters, 2012)[c]
	Failure of subsidiary franchising partner	Greece's Marinopoulos Group, which holds the franchise rights for the Carrefour supermarkets in Bulgaria, has filed for bankruptcy protection. (SeeNews, 2016)
host country-level	Strengthening competition	*"Local retailers have been rapidly growing over the past five to 10 years, rolling out more stores and multi-format networks that are highly tailored to the locations they serve."* Nick Miles, analyst, IGD research group (South China Morning Post, 2020)
	Macroeconomic downturn	*"There were many very good reasons, not least the economy, that meant it was somewhere between very difficult and impossible to be successful in the timeframe."* Tim Mason, chief executive Tesco US (Retail Week, 2016)
		Brazil had for a decade been the focus of expansion but the unit stumbled in recent years as operational issues compounded the effects of a deep recession. (Reuters, 2018)
	Stagnating/shrinking market	*"In China low wages, an abundance of migrant labourers and other socioeconomic factors suppress demand for western-style home improvement retailing."* James Roy, retail analyst, China Market Research Group (Financial Times 2012)
	Harmful political developments	Dave Lewis on the Sunday trading ban, which was introduced in 2018 and expanded until reaching its full extent this year: *"We have lost a number of trading days again in…what is [already] quite a challenging market."* Dave Lewis, CEO, Tesco (NotesFromPoland, 2020)
		Walmart's departure comes after Argentina President Alberto Fernandez's government has increased currency controls and temporarily frozen prices on consumer items from food and beverages to mobile phone plans and internet service. He's also made it illegal for companies to fire workers on payroll and doubled workers' severance pay if firms leave, close or negotiate a resignation. (Buenos Aires Times, 2020)
	Harming behavior of suppliers and authorities	*"Lidl had originally planned up to 100 stores in Norway, but repeatedly encountered difficulties with municipal licensing authorities and suppliers who did not want to deliver goods."* Bernd Biehl, Retail Analyst, Lebensmittel zeitung (2008)[a]

[a] Translated from German;
[b] Translated from Russian;
[c] Translated from French

entering foreign markets, seeking to expand and achieve leadership positions within a few years, and exiting if it fails to achieve this goal. Reflecting this strategy, the retailer exited eight countries less than five years after entering them.

The exits of Carrefour are relatively evenly distributed across the 16-year period studied, with some years exhibiting peaks (i.e., 3 exits in 2005, 2010, 2012; 4 exits in 2017).

By withdrawing from Japan (2005), South Korea (2007), Thailand (2010), Malaysia (2012), Singapore (2012), and China (2018),

Table 2
Overview on the market exits and entries of the seven investigated retailers between 2005 and 2020.

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Carrefour	**Exits**	**Czech Republic, Japan, Mexico**		**South Korea, Switzerland**		**Algeria**	**Portugal, Russia, Thailand**		**Malaysia, Singapore, Colombia**	**Syria**	**India**	**Albania**	**Macedonia**	**Bulgaria, Cyprus, Greece, Kazakhstan**	**China, Slovakia**		
	Entries		Algeria	French Polynesia, Kuwait	Bahrain, Iran	Bulgaria, Morocco, Pakistan, Russia, Syria	India	Albania, Lebanon	Georgia, Irak, Macedonia			Algeria, Armenia, Côte d'Ivoire	Kazakhstan, Kenya			Uganda	Uzbekistan
	Exit Epochs	**Epoch 1:** International portfolio refocus							**Epoch 2:** Group turnaround				**Epoch 3:** Franchising failures				
	Spatial Patterns	Almost fully exited from Asia and from South-Eastern Europe.															
Tesco	**Tesco Exits**	**Taiwan**					**France**		**Japan**	**United States**	**China**	**South Korea**	**Turkey**				**Malaysia, Thailand, Poland**
	Entries			United States	India											Spain	
	Exit Epochs								**Epoch 1:** Group turnaround								**Epoch 2:** Int. Portf. Refocus
	Spatial Patterns	Fully exited from Eastern and South-Eastern Asia.															
Walmart	**Walmart Exits**		**South Korea, Germany**												**Brazil**		**Japan, Argentina, UK**
	Entries	Costa Rica, El Salvador, Guatemala, Honduras, Japan, Nicaragua				Chile, India		Entry into 10 African countries *	Lesotho			Kenya					
	Exit Epochs		**Epoch 1:** Early int. failures												**Epoch 2:** International portfolio refocus		
	Spatial Patterns	Fully exited from Eastern Asia and from Europe.															
Schwarz Group	**Schwarz Group Exits**				**Norway**												**Australia**
	Entries	Denmark	Bulgaria	Slovenia	Malta	Switzerland	Cyprus						Lithuania	United States	Serbia	Australia, Moldova	
	Exit Epochs	No epochs, only two unrelated episodes.															
	Spatial Patterns	Withdrawal from Australia to maintain the regional focus of the Schwarz-format "Kaufland" on the core markets Germany and Eastern Europe.															
Aldi	**Aldi Exits**						**Greece**										
	Entries	Slovenia, Switzerland	Portugal		Greece, Hungary, Poland										Italy	China	
	Exit Epochs	No epochs, only one single episode of an exit due to host-country specific reasons															
	Spatial Patterns	No spatial pattern.															

(*continued on next page*)

Table 2 (*continued*)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CVS Group	**CVS Group Exits**															**Brazil**	
	Entries									Brazil							
	Temporal Patterns																
	Exit Epochs	No epochs, only one single episode of an exit due to international failure.															
	Spatial Patterns	De-internationalization of CVS, exit from its only foreign market Brazil.															
The Home Depot	**The Home Depot Exits**								**China**								
	Entries		China														
	Exit Epochs	No epochs, only one single episode of an exit due to international failure.															
	Spatial Patterns	Withdrawal from the only market outside the core markets USA, Canada and Mexico.															

* Botswana, Ghana, Malawi, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, Zambia

Carrefour almost completely retreated from East and Southeast Asia. Indonesia is the only market in this region where the company is still active today. In China, Carrefour sold 80% of its business to Sunning Group and retained a 20% equity stake (Reuters 2019a). Carrefour also heavily reduced its presence in Eastern and Southeastern Europe between 2015 and 2017 as an unavoidable consequence of the bankruptcy of its exclusive franchise partner in this region, the Greek Marinopoulos Group (Kathimerini, 2017).

Based on an examination of the main drivers for Carrefour's market exits over the years, which often acted together to prompt exits, Carrefour was strongly driven by its corporate strategy to divest those foreign operations in its portfolio that failed to achieve a competitive market position (driver in ten cases), faced strengthening competition (in six cases), or performed weakly (in eleven cases). In many cases, the retailer exited foreign countries to refocus on core markets where it already had strong market positions (in eight cases) or to invest the proceeds from the exit into restructuring efforts to turn group operations around (in four cases).

We observe several epochs of subsequent and connected market exits, characterized by specific patterns in the exit behavior during specific periods. Between 2005 and 2010 (Epoch 1: international portfolio refocus), Carrefour thoroughly evaluated and optimized its international portfolio and exited eight markets to relocate resources from loss-making, unprofitable, or scale-lacking markets to more attractive markets where it already enjoyed strong market positions. When exiting Switzerland, Carrefour also commented on this decision as being part of an epoch:

> "This operation represents a further step in the Group's strategy of optimizing its assets and disposing of non-strategic or insufficiently profitable assets, enabling it to focus its efforts on the countries and regions offering the best profitability and the greatest growth potential"[1] Carrefour Press Comment (L'OBS, 2007a, 2007b)

The epoch was initiated by José Duran's arrival as CEO of the French retailer in 2005 (The Economist, 2005) and continued by Lars Oloffson from 2009 onward (Financial Times, 2010). However, Carrefour's performance continued to decrease (EDGE Retail Insight, 2020) when hypermarkets began to struggle in Europe, mainly due to the increasing competitiveness of discounters, convenience formats, and a substantial increase in online shopping (Financial Times, 2012a, 2012b).

In 2012, Georges Plassat was appointed as Group CEO and initiated a three-year turnaround plan, beginning another epoch in Carrefour's exit history, with the primary objectives of generating cash through the sale of overseas operations, cutting debt, and financing essential investments at home (LSA, 2012).

> "The group is now established in some thirty countries. In some (France, Spain, Brazil, China and Poland), we are in pole position. In other areas, we have challenger positions that are of strategic value. But we no longer have the means to spread out." Georges Plassat, CEO of Carrefour (Le Monde, 2012)

The three exits in 2012 (Colombia, Malaysia, Singapore) are part of this epoch (Epoch 2: group turn-around), during which Carrefour needed nearly three billion euros for their turnaround.

> "The Group needed cash to bring its hypermarkets up to standard in its core markets, in France and Western Europe, where it could not afford to be weak." Jean-Noël Caussil, Retail Analyst (LSA, 2012)

Between 2015 and 2018, Carrefour entered a new epoch of market exits (Epoch 3: franchising failures), in which it was forced to leave six markets due to issues with its franchising partners, i.e., the exclusive franchisee Marinopoulos in Southeastern Europe and the exclusive franchisee Retail Value Stores in Slovakia.

[1] [1;2;3] Translated from French

5.1.2. Tesco

In contrast to Carrefour, which increased its total number of foreign markets between 2005 and 2020, Tesco progressively reduced the number of foreign markets in its international portfolio by exiting ten foreign markets and entering only three new markets in the same period. Following years of aggressive international expansion championed by Terry Leahy, chief executive of the supermarket for 14 years until 2010, it has reduced its international activities to Ireland, a few markets in Eastern Europe (Czech Republic, Slovenia, Hungary), and India. Eight out of Tesco's ten market exits occurred between 2012 and 2020, with three exits in 2020 alone.

The retailer has completely withdrawn from Eastern and Southeastern Asia by exiting Taiwan (2005), Japan (2012), China (2014), South Korea (2015), Malaysia (2020), and Thailand (2020). It initially retained a 20% equity stake in its business in China, but eventually sold this minority interest to its partner, the state-run China Resources Holdings, in 2020 (Reuters, 2020).

Similar to Carrefour, Tesco strategically divested operations in its foreign market portfolio that were poorly performing (a driver in 6 cases), lacked the necessary scale to be competitive (in 4 cases), and were under pressure from increasing local competition (in 4 cases), allowing it to focus on core markets (in 4 cases) or to invest in a turnaround strategy at the corporate level (in 5 cases).

Tesco's five exits between 2012 and 2016 (Epoch 1: group turnaround) took place in the epoch initiated by the new CEO, Philip Clark (in office from 2011 to 2014). After a shock profit warning, Clark developed a turnaround plan, including a clear focus on foreign markets in which Tesco saw the potential to be either the market leader or in second place (The Guardian, 2011). It exited from both the Seyiu business in Japan (2012) and the Fresh & Easy business in the USA (2013). Clark's turnaround plan, however, did not prove successful. Instead, the retailer suffered the most significant losses in its nearly 100-year history, heavy market share losses in the UK, mainly to discounters Aldi and Lidl, and an accounting scandal, followed by a seven-billion-pound write-down (The New York Times, 2015). The epoch continued with the appointment of Dave Lewis as CEO in 2014 to continue Tesco's turnaround attempt. The new CEO's main goals were, amongst others, to heavily reduce debt to obtain a better credit rating from Moody's and thus be able to refurbish the UK business without asking shareholders for a raise of capital (Reuters, 2015; The New York Times, 2015). Reduction of Tesco's debt was mainly accomplished through the sale of international operations; the retailer exited from China (2014), South Korea (2015), and Turkey (2016). The sale of Tesco's success story Home Plus in South Korea alone generated nearly 4 billion pounds to reduce debt (BBC, 2015). Mr. Lewis commented on the exit:

> "This sale realizes material value for shareholders and allows us to make significant progress on our strategic priority of protecting and strengthening our balance sheet." Dave Lewis, CEO of Tesco (Tesco, 2015)

After a few years, Tesco again exited three international operations, namely Malaysia, Thailand and Poland, in 2020 (Epoch 2: International Portfolio Refocus). The motive of this epoch was more proactive than in the previous epoch, as steps to strategically refocus its portfolio on its most attractive and strong markets in Europe. For instance, Tesco's CEO commented on the exit from Poland:

> "Today's announcement allows us to focus in the region on our business in Czech Republic, Hungary and Slovakia, where we have stronger market positions with good growth prospects and achieve margins, cashflows and returns which are accretive to the Group." Dave Lewis, CEO of Tesco (Tesco, 2020)

5.1.3. Walmart

From 2005–2017, the world's largest retailer heavily expanded the number of foreign markets in its international portfolio (20 entries). Most of these entries were part of two large transactions: an investment in the Central American Retail Holding Co. in Latin America (2005) added five countries to the portfolio (Walmart, 2005), and an investment in Massmart in Africa (2011) added a further 11 (Walmart, 2010). During this period, Walmart also exited South Korea and Germany (both in 2006). More recently, starting around 2018, Walmart reduced the number of foreign markets in its international portfolio by exiting four markets and refocused its efforts on other business parts.

Walmart has abandoned its presence in Europe by exiting Germany (2006) and the UK (2020). It has also heavily reduced its presence in Eastern and Southeastern Asia by exiting South Korea (2006) and Japan (2020), continuing to be active only in China.

Walmart's six exits can all be attributed to two distinct epochs. First, the exits from both Germany and South Korea were driven by a lack of scale of the operations and the inability to compete against local incumbents (mainly due to Walmart's unadapted business model), resulting in heavy losses and eventually the divestment of these operations. They thus represent the epoch of Walmart's early international failures (Epoch 1). This epoch might have had a long-term impact on Walmart, which entered foreign markets much more carefully from then on:

> "It is a good, important lesson, a turning point. Germany was a good example of that naïvete. We literally bought the two chains and said, 'Hey, we are in Germany, isn't this great?'" Beth Keck, International Spokeswoman for Wal-Mart (The New York Times, 2006)

This epoch seems to have been a turning point indeed since it was followed by a long period of stability (or, at least, a period in which the firm experienced no market exits) on the international level.

The second epoch began twelve years later (Epoch 2: international portfolio refocus) and was initiated by COO Judith McKenna (2018), who was, at the time, newly appointed to run Walmart's international business (MercoPress, 2018). Compared to the domestic business, where Walmart posted a 7.5% operating profit margin, the international markets only generated a margin of 4.5%, despite 22 billion USD in capital investments in the preceding five years (Reuters, 2016). The exits in this epoch are all part of a portfolio optimization strategy to remedy these issues. This strategy includes exiting from poorly performing or unattractive international markets, redirecting resources towards more attractive, high-potential international markets (e.g., India, China, South Africa), and investing in existing digital operations, as Walmart had been facing cost pressures and slow growth in its home market (Bloomberg, 2020; CNN Business, 2020).

> "There's more work to be done on the portfolio. We've set priorities, focused on our North American core and key growth markets, including China and India." Doug McMillon, CEO of Walmart (Financial Times, 2018a)

Notably, in three out of the four exits in this epoch, Walmart retained a minority interest in its international businesses. The retailer kept a 20% equity stake in Brazil (Financial Times, 2018b), a 15% equity stake in Japan (Walmart 2020a), and an undisclosed equity stake in the United Kingdom (Walmart 2020b).

5.1.4. Schwarz Group

The Schwarz Group, including both its hard discounter banner Lidl and its big-box discounter banner Kaufland, exhibited a slow but constant expansion of its international portfolio between 2005 and 2020, entering eleven new foreign markets and exiting only two markets: Norway in 2008 and Australia in 2020.

Lidl's exit from Norway was the retailer's first exit since it started to internationalize in 1989. The retail discounter's adventure in Norway was an apparent failure; over the years, it never reached even a few percentage points of the saturated market in the oligopolistically structured Norwegian retail industry (Dagbladet, 2008). Lidl was rebuffed by the aggressive and coordinated reactions of competitors and the negative responses of third parties, including suppliers, authorities, and the local media (Lebensmittel Zeitung, 2008).

Kaufland's exit from Australia is an unusual type of exit. After investing about half a billion USD into building up operations, Kaufland made a last-minute exit before even opening their first store (Handelsblatt, 2020). The Australia project, existing in a hyper-competitive and concentrated retail market, would have tied up important resources for years, and Kaufland decided that it needed these resources to concentrate on its core European markets (i.e., Germany and Eastern Europe), where competition was strengthening and the retail market was concentrating. Kaufland's revenue growth had slowed significantly in Germany, and an important acquisition opportunity in this market arose, requiring resources for the home market.

5.1.5. Aldi

Displaying internationalization behavior similar to that of its rival, the Schwarz Group, the German discounter Aldi has continuously increased the number of foreign markets in its international portfolio between 2005 and 2020. Over the years, it entered eight foreign markets and only exited one: Greece in 2010.

Aldi left Greece two years after entering the country. At present, this divestment remains the discounter's only exit. This decision was probably connected to a challenging business environment in the aftermath of the Greek economic crisis (Handelsblatt, 2010). Aldi's operation in Greece was said to be loss-making and its development had been slow. Changes at the management level also played a role, as a known opponent of the entry into Greece had been promoted to Aldi Süd's top management in 2010 (Lebensmittel Zeitung 2010a). The entry into Greece had been initiated under different managers who left Aldi Süd the year before the exit due to differing strategic views (Lebensmittel Zeitung 2010b). The retailer officially explained the exit as driven by the desire to focus on its expansion in the other nine countries in which it operated at the time (Süddeutsche Zeitung, 2010).

5.1.6. CVS Health Corporation (CVS Health Pharmacy)

The US-based retail pharmacy CVS entered its first and only foreign market, Brazil, in 2013. It exited this market six years later, in 2019. The business in Brazil had failed and was losing market share to its competitors. In the year before the exit, CVS had 51 stores in Brazil, while market leader Raia Drogasil had around 1800 stores (Reuters 2019b). However, the Brazilian unit was insignificant for CVS, which in 2018 had revenues of around 200 billion USD (CVS Health Corporation, 2018). Therefore, the company started offering the loss-making asset to potentially interested parties, including rivals and investment funds (Epoca Negocios, 2019).

5.1.7. The Home Depot

The Home Depot, the largest home improvement retailer in the world, expanded its international portfolio with its entry into China in 2006. These foreign operations, the only ones outside Canada and Mexico, were divested in 2012. The retailer closed its stores in China after its business model, unsuited to the Chinese market, generated years of heavy losses (The Wall Street Journal, 2012), and the home improvement market in the country was hit by an economic slowdown, depressing property purchases and decreasing home improvement spending (Financial Times, 2012a, 2012b).

5.2. Cross-case analysis

Table 2 with a timeline and Table 3 with detailed interpretations offer a comparison of the seven retailers' exit behavior and shows differences and similarities among retailers' exit behavior over time. The main aim of the cross-case comparison was to identify common patterns across the retailers. Such common patterns can indicate industry-level factors, i.e., factors that influence all retailers in the industry homogeneously, or institutional factors that influence retailers in specific host countries and regions, and separate them from individual firm-level factors, that exclusively influence specific retail companies.

Overall, the cross-case analysis reveals that the long-term exit behavior of the seven retailers (as illustrated in Table 2) is idiosyncratic; it is heterogeneous in almost all analyzed dimensions. In fact, the exit behavior of the remaining two international retailers that did not exit any foreign markets in the investigated period (Costco; Walgreens Boots Alliance) is also idiosyncratic. As the case descriptions in the previous section reveal, retailers use exits very differently as a part of their overall internationalization strategies. For example, while Carrefour repeatedly entered and exited foreign markets in an "in-and-out" strategy, Aldi and Schwarz Group exited markets only as rare exceptions. While some retailers exited a few markets, which were insignificant in the context of their total group sales (e.g., Schwarz Group, Aldi, Home Depot), others exited many international markets, which cumulatively represented significant parts of their overall sales (i.e., Carrefour, Tesco, Walmart). We also find more differences than similarities regarding temporal and spatial patterns in the exit behavior of these retail companies. Except for Eastern Asia, there are no obvious commonalities to the countries or regions the various retailers exited. In a few cases, several retailers exited the same countries or regions, but at very different points in time.

On the level of the market exit drivers, we observe similar exit drivers for the different retailers over time. On the parent firm level, exit drivers include "focusing on core markets" (a driver for five retailers) and "company turnaround" (for two retailers). On the subsidiary level, exit drivers include "poor performance" (for six retailers) and "scale issues" (for five retailers). On the host-country level, which would affect all retailers in this host country equally, exit drivers include "strengthening competition" (for four retailers) and "unfavorable macroeconomic changes" (for five retailers). However, the retailers' exit behavior in reaction to these influences is individual to the retailers. In all exits, changes at different levels affected the retailers' market portfolios, leading them to divest relatively unattractive operations in their portfolio and continue with the more attractive ones or invest in high-potential markets.

Sometimes market exits are triggered solely by issues at the parent-firm level. For example, Carrefour and Tesco both had exit epochs during which they sold successful foreign operations in attractive markets to invest these resources into a group turnaround (e.g., Carrefour sold its Colombian operations for 2 billion euros, and Tesco sold its Thailand/Malaysia operations for 10.6 billion pounds).

While the cases indicate that the retailers' overarching exit behavior is heterogeneous, we also identify several common patterns in retailers' exit behavior.

First, in the observed period, more than one-third of all the seven retailers' market exits occurred in *Eastern Asia*. Four (Western) retailers have completely withdrawn from Eastern Asia (i.e., Carrefour; Tesco; Walmart; Home Depot). This wave of exits from Eastern Asia has already been highlighted by Burt et al. (2018), showing the relevance of the institutions or institutional changes in these countries. In line with their findings, we find market exits from this region to be mainly driven by influences inside the region itself, such as strengthening local competition and other forms of local resistance to foreign retailers, and by formal institutional issues (e.g., government re-regulation). Many large global retailers entered this high-potential region almost simultaneously three decades ago. Our cross-case analysis and the findings of Burt et al. (2018) both demonstrate that retailers showed similar exit behaviors by exiting this challenging region.

Second, we found the *discounters* in our sample (i.e., Aldi; Schwarz Group) to exhibit a homogeneous exit behavior. The discount retailers operate smaller stores than the large format grocery retailers (even the Schwarz Group's banner Kaufland has relatively small stores), and they pursue an aggressive low-price strategy. In most countries, this concept has been embraced by the local population (Cleeren et al., 2010). Furthermore, these discounters have found niches by filling gaps in retail catchment areas left untapped by other retailers. The discount

Table 3
Comparison of the exit behavior of the seven retailers between 2005 and 2020.

Dimension	Carrefour	Tesco	Walmart	Schwarz Group	Aldi	CVS	The Home Depot
Number of exits	22 exits	10 exits	6 exits	2 exits	1 exit	1 exit	1 exit
Temporal patterns of exits (seeTable 3)	Regular distribution of exits between 2005 and 2020, with certain peak years (3 exits in 2005, 2010, 2012 and 4 exits in 2017).	Distribution of exits mainly from 2010 on. Only 1 exit until 2010, then regular exits until 2016, 3 exits in 2020.	Distribution of exits towards the beginning and the end of the period. Two exits in 2006, then no exits until 2018. 4 Exits between 2018 and 2020.	-	-	-	-
Spatial patterns of exits	*Almost fully exited from Eastern and South-Eastern Asia and South Eastern Europe.* Asia 9 (Cent. Asia 1; East. Asia 3; South-East. Asia 3; South. Asia 1; West. Asia 1) Europe 10 (East. Europe 4; South. Europe 5; West. Europe 1) America 2 (Latin America 2) Africa 1 (North. Africa 1)	*Fully exited from Eastern and South Eastern Asia.* Asia 7 (East. Asia 4; South-East. Asia 2: West. Asia 1) Europe 2 (East. Europe 1; West. Europe 1) America 1 (North. America 1)	*Fully exited from Eastern Asia and from Europe.* Asia 2 (East. Asia 2) Europe 2 (North. Europe 1; West. Europe 1) America 2 (Latin America 2)	*No pattern* Australia 1 Europe 1 (North. Europe 1)	*No pattern* Europe 1 (South. Europe 1)	*Exited from its only foreign market.* America 1 (Latin America 1)	*Exited from its only foreign market outside North America.* Asia 1 (East. Asia 1)
Exit epochs	*Epoch 1*: International portfolio refocus (5 exits; 2005–2010) *Epoch 2*: Group turnaround (3 exits; 2012) *Epoch 3:* Franchising failures (6 exits; 2015–2018)	*Epoch 1:* Group turnaround (5 exits; 2012–2016) *Epoch 2:* International portfolio refocus (3 exits, 2020)	*Epoch 1:* Early international failures (2 exits; 2006) *Epoch 2:* International portfolio refocus (4 exits; 2018-ongoing)	No epoch, only two unrelated episodes.	No epoch, only single exit episode due to host-country specific reasons.	No epoch, only single exit episode due to failure.	No epoch, only single exit episode due to failure.
Main exit drivers (in brackets: number of exits in which the driver was relevant)	*Parent-level:* • focus on core markets (8) • restructuring driven by issues on the firm level (4) *Subsidiary-level:* • losses or decreasing subsidiary performance (11) • insufficient scale (10) • failure of subsidiary franchising partner (6) *Host country-level:* • strengthening competition (6) • macroeconomic downturn (2)	*Parent-level:* • restructuring driven by issues on the firm level (5) • focus on core markets (4) *Subsidiary-level:* • losses or decreasing subsidiary performance (6) • insufficient scale (4) *Host country-level:* • strengthening competition (4) • macroeconomic downturn (2) • stagnating/ shrinking market (2)	*Parent-level:* • focus on core markets (4) • focus on more attractive markets (3) *Subsidiary-level:* • losses or decreasing subsidiary performance (4) • insufficient scale (3) *Host country-level:* • strengthening competition (5) • macroeconomic downturn (2) • harmful political developments (2)	*Parent-level:* • focus on core markets (1) • focus on more attractive markets (1) *Subsidiary-level:* • insufficient scale (1) *Host country-level:* • strengthening competition (2) • harming behavior of suppliers and authorities (1)	*Parent-level:* • focus on core markets (1) *Subsidiary-level:* • losses (1) *Host country-level::* • macroeconomic downturn (1)	*Subsidiary-level:* • insufficient scale (1) • losses (1) *Host country-level:* • harmful political developments (1)	*Subsidiary-level:* • losses (1) *Host country-level:* • macroeconomic downturn (1) • stagnating market (1)
Importance of exited operations	< 1%: 17 exits 1–3%: 3 exits > 3%: 1 exit	< 1%:4 exits 1–3%: 4 exits > 3%: 2 exits	< 1%: 3 exits 1–3%: 2 exits > 3%: 1 exit	< 1%: 2 exits 1–3%: no > 3%: no	< 1%: 1 exit 1–3%: no > 3%: no	< 1%: 1 exit 1–3%: no > 3%: no	< 1%: 1 exit 1–3%: no > 3%: no
Exited sales	$14.8bn (excl. Algeria)	$21.8bn (excl. France)	$44.8bn	$184 m	$175 m	$112 m	$172 m
Avg. total sales p.a. (2005–2020)	$112bn	$90.5bn	$457.9bn	$93.2bn	$81.1bn	$66.3bn	$86bn
Part of total sales	13.2%	24%	9.7%	0.2%	0.2%	0.16%	0.2%
Exits with retaining equity stake	• China 2018: retains 20% equity stake	• China 2014: retains 20% equity stake (sold in 2020)	• Brazil 2018: retains 20% equity stake • United Kingdom 2020: retains	-	-	-	-

(*continued on next page*)

Table 3 (*continued*)

Dimension	Carrefour	Tesco	Walmart	Schwarz Group	Aldi	CVS	The Home Depot
			undisclosed equity stake • Japan 2020: retains 15% equity stake				

retailers in our dataset expanded their international portfolios slowly (see Fig. 1). Their expansion closely followed the gradual expansion path proposed in the Uppsala model, leading to relatively low risk (Johanson & Vahlne, 1977). For the successful discounters, market exits were an exception.

Third, we found the three *large format grocery retailers* (Carrefour; Tesco; Walmart) to exhibit similar exit behaviors across several dimensions. In the last 16 years, these retailers exited many foreign markets. As shown in Fig. 1, they followed different internationalization paths than the discounters and demonstrated how globalization can also go in reverse. Tesco exited more countries than it entered, while Carrefour has been holding its portfolio stable by continually entering and exiting countries. Finally, Walmart entered more countries than it exited, but only because it entered many (mostly small) countries simultaneously in the context of its South American and African acquisitions. These large format grocery retailers displayed similar expansion behaviors in the 1990 s and 2000 s. Under pressure in their core markets and assuming that international expansion would be rewarded “in the long term”, they intended to plant flags in a vast number of markets around the world. In the last decade, they came under intense pressure for different reasons. In many foreign markets, they faced increasing competition from other global players and rising numbers of local competitors. Simultaneously, the increasing success of discounters and the trend in customers’ buying behavior away from large format stores to smaller formats such as convenience stores put additional pressure on these retailers, not only in foreign markets but also in their domestic markets (Van Heerde et al., 2008). Consequently, these large format grocery retailers have all been behaving similarly: realizing that they cannot be successful everywhere, they have optimized their country portfolios and channeled their investment and resources into their core markets, i.e., the home market and the markets in which they already held strong positions.

Fourth, we observed a new common pattern in retailers’ exit behavior, namely the emergence of partial exits. This phenomenon has occurred in recent years in the context of market exits of the *large format grocery retailers*. In these cases, the retailers cease operations in the foreign country, but retain an equity stake in the sold unit. Carrefour, in 2018, and Tesco, in 2014, each retained a 20% minority interest when they sold their Chinese operations. Walmart kept minority interests in almost all its recent market exits (i.e., 20% in Brazil in 2018; 15% in Japan and an undisclosed percent in the United Kingdom, both in 2020). In most cases, like in Walmart’s exit from Japan, this entailed keeping one or several seats on the supervisory board of the respective operations and continuing a commercial relationship:

> “We have been proud investors in this business over the past 18 years, and we are excited about its future under the new ownership structure. […] We look forward to supporting Seiyu’s growth and success, alongside KKR and Rakuten, as a minority investor.” Judith McKenna, President and CEO of Walmart International (CSA, 2020)

Maintaining an equity stake is a relatively recent pattern. It is connected to retailers’ exits from large and promising host countries (e.g., China, Brazil, United Kingdom), in which they have failed to achieve resounding success and therefore seek to divest – a decision often triggered by their core business requiring a stronger focus. However, these retailers do not want to be excluded entirely from potential profits and ultimately consider it risky to cut ties with these high-potential markets completely, as this might make it impossible to return to them in the future. Additionally, continuing commercial relationships with partners in former host countries allows retailers to stay connected to the market and its developments and learn how to conduct business in these locations successfully. While this pattern is, as mentioned, still recent, it seems to have been gaining in popularity for global retailers that cannot focus on too many international markets simultaneously but wish to remain close to those markets and to secure access to them in the future. In relation to Walmart keeping a minority interest and a board seat in the UK business, Judith McKenna commented:

> “We are starting to crack the way you do this, which is the flexibility of how you structure ownership in each market. I think that is really the trick with international retailing.” Judith McKenna, President and CEO of Walmart International (Financial Times, 2020)

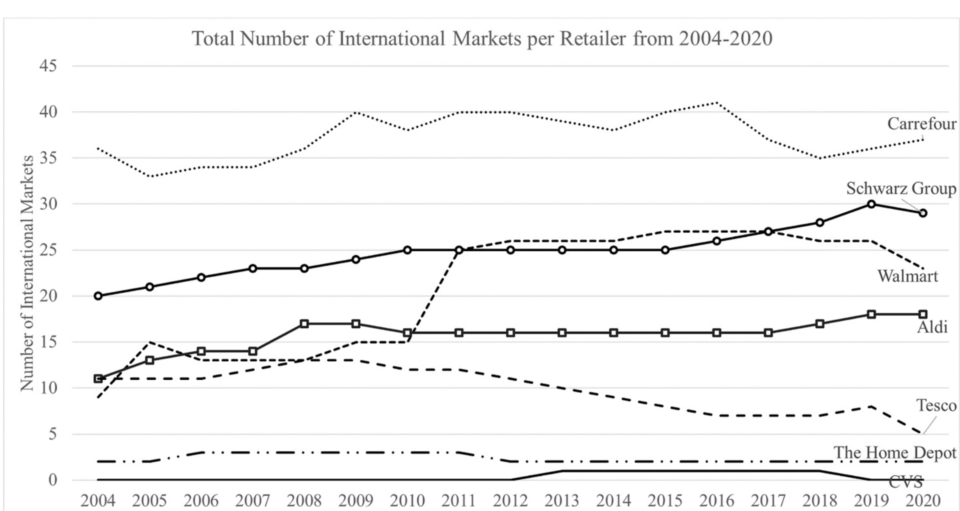

Fig. 1. Total number of international markets per retailer from 2004 to 2020.

6. Discussion and propositions

The industry-based view argues that an industry's structural characteristics constrain the strategic behavior of all firms in this industry (Hawawini et al., 2003; Porter, 1980). From this perspective, we would expect all large global retailers in our dataset to be uniformly affected by and react to external changes and, thus, follow a similar exit behavior over time (e.g., show more exits during the same period; exit from the same regions simultaneously). However, our findings show that this is not the case. The cross-case analysis presented above describes a very heterogeneous foreign market exit behavior of retailers. This idiosyncratic exit behavior can be explained through the resource-based view. From this perspective, the country portfolio and all the businesses within it should be regarded as resources forming the base of a retailer's competitive advantage. The resource-based view defines strategy as the process of making the best possible use of the retailer's resources and fostering potential for the future (Barney, 1986; Esho & Verhoef, 2020; Wernerfelt, 1984). This strategic process requires constant optimization of the international portfolio. The quotes that were displayed in the cases of Tesco, Carrefour and Walmart reveal this motive of value creation by divestment very explicitly.

While the drivers affecting the international operations in the retailers' portfolios are similar across retailers, their exit behavior in reaction to these influences is individual to the retailers and their idiosyncratic resource bases. In all our exits, changes on the parent level, the subsidiary level, or the host-country level at specific points in time affected the retailers' firm-specific foreign market portfolios. Thus, these types of exits are a part of retailers' resource base reconfiguration: they divest resources that have a smaller relative value compared to other operations in the portfolio, for example, because a subsidiary is permanently loss-making or the retail industry in a host country has become more competitive, and focus on more valuable resources in their portfolios (e.g., core markets or the domestic market) or build up new high-potential resources (e.g., invest into new attractive markets). Carrefour, Walmart and Tesco experienced epochs of "international portfolio refocus". The market exits that are solely triggered by issues at the parent-firm level__confirm the importance of so-called "corporate crisis" divestment, which has been highlighted by researchers in the past (Burt et al., 2002; Cairns et al., 2008; Cairns et al., 2010). Carrefour and Tesco both experienced epochs where they divested several international operations to save the overall business. This idiosyncratic corporate situation can again be explained from the resource-based perspective, as it relates to the choice to reconfigure resources by exiting foreign country markets to maintain the value of other, potentially more valuable resources - in this case domestic operations.

Proposition 1. *The long-term divestment behavior of most retail companies is driven by the need to dynamically optimize their firm-specific market portfolios.*

Even though our study showed a dominance of firm-specific influences on the divestment behavior over time, the cross-case analysis also identified several common patterns that warrant discussion.

The first common pattern is the extensive divestment activity of most retailers in Eastern Asia. This common pattern indicates that the institutional context can exert a strong influence; the institution-based view delivers a theoretical underpinning for this behavior. Burt et al. (2018) and Bianchi and Arnold (2004) pointed to the importance of the institutional context (and changes thereof) in triggering foreign market exits. In the case of East Asia, several of the investigated retailers reacted in a similar way, indicating that the institutional context has a broad influence on the foreign retailers. Such an effect of the institutional context is, in our study, only found for the developing countries of East Asia. This is noteworthy because the strategic management literature has found that industry-wide effects are more relevant in the institutional context of developing market countries than in developed countries (Esho & Verhoef, 2020). Our study comes to the same conclusion for retail companies' foreign market exits.

Proposition 2. *The long-term divestment behavior of many retail companies exiting from the same group of host countries (*e.g.*, developing countries) in a similar period of time is often driven by a strongly changing institutional context which influences all foreign retailers similarly.*

The second common pattern is the homogeneous exit behavior of the discounters in our sample. This common pattern cannot directly be explained directly by an industry perspective. However, the industry-based approach includes the concept of strategic groups, which classifies firms based on dimensions of competition. Strategic groups form when firms within an industry have similar business models or follow similar strategies, and they are specialized to serve certain customers rather than competing head-to-head with all competitors in the same industry (Caves & Porter, 1977; Hawawini et al., 2003; Porter, 1980). Discounters represent such a strategic group. While we did not find general industry pressures to have a uniform effect on *all* retailers, our findings show that retailers within the same strategic group, and therefore the same sub-industry, are uniformly affected by pressures within this very sub-industry. In this respect, the strategic groups perspective rests between a resource-based perspective, which assumes that every company acts based on its firm-specific situation, and an industry-based view, which assumes that all companies in an industry will act in the same way.

Just as discounters, large format grocery retailers represent a strategic group in the global retail industry and their homogeneous exit behavior can be explained in a similar way. The similar behaviors of the retailers within this strategic group support the industry-based perspective on foreign market exits but again, not on the industry-wide level but on a sub-industry level. The strategic group of large format grocery retailers faces mostly negative sub-industry pressures, leading them to exit significant parts of their international operations. However, the question of *how* these large format grocery retailers de-internationalize over the years, including their exits' spatial and temporal distribution, is still firm-specific and related to the retailers' specific portfolios and strategies. While Tesco and Carrefour's exits are evenly distributed across the analyzed period, Walmart exited two large markets in 2006 and only recently began to exit markets again. As mentioned earlier, this distribution might be explained by the large-scale failures connected to Walmart's early exits, leading to more cautious expansion behavior and a more extended period without exits.

Proposition 3. *The long-term divestment behavior of retailers belonging to the same strategic group within the retail industry (*e.g.*, discounters or large format grocery retailers) tends to be homogeneous.*

Finally, the recent phenomenon of partial market exits can be explained by the real options theory, which considers the potential access to specific resources. Real options can be seen as "rights" to take specific future action at some cost concerning tangible or intangible resources (e.g., expansion or divestment of a production facility) (Belderbos & Zou, 2009; Chi et al., 2019; Chung et al., 2013b; Kogut, 1991). In times of uncertainty, real options allow decision-makers time to gather new information about the value of resources and take action only if this action will be beneficial (Chi et al., 2019; Trigeorgis, 1996). The real options perspective has been prominently used in IB research, primarily in the context of international expansion, to explain, for example, the timing and scale of market entries or entry-modes (e.g., Fisch & Zschoche, 2011; Rivoli and Salorio, 1996; Xu et al., 2010). The partial exits described above can be regarded as real options for the retailers, allowing them to "keep a foot in the door" and determine their future actions regarding these options. They are observed in particular in markets with a large market potential. Retailers might later decide to fully divest their real options by selling their equity (as in the case of Tesco in China), maintain their minority interest in the host countries to profit financially from the success of their business partners, or even activate their real options by re-acquiring a majority interest in the business and once again building up an operational presence. In the strategic management field, Moschieri and Mair (2011) noted a pattern of manufacturers divesting domestic units but retaining a minority interest and re-acquiring them later. In the general foreign divestment field, authors used the real options perspective to explain why some manufacturing subsidiaries are more likely to get divested than others (Belderbos & Zou, 2009; Chung et al., 2013a). However, to date, existing research on divestment has not yet applied the real options theory to this relatively novel approach of securing real options while exiting a market.

Proposition 4. *In markets with a large market potential, retailers prefer partial exits to maintain a real option to invest into these markets again at a later point in time.*

7. Contributions

This paper began with the premise that foreign divestments should not merely be studied in isolation but should be looked at as a part of processes that develop within firms over time. By taking a longitudinal approach and investigating the exit behavior of the ten largest store-based retailers globally over time, we follow researchers' calls to take a process-perspective and consider divestments as part of firms' long-term strategy (Burt et al., 2018; Schmid and Morschett, 2020; Vissak and Francioni, 2013). Our paper contributes to literature in several ways.

We describe, explain and compare the long-term foreign divestment behavior of the world's ten largest store-based retailers between 2005 and 2020. By doing so, we are able to present the long-term exit patterns of different retailers and compare these patterns across retailers in the search for common patterns.

We were able to demonstrate that the exits of retail companies are often connected and part of epochs, which are dominated by specific divestment motives (see Table 4 for more details). This had previously been shown regarding international expansion (Bell et al., 2001; Kutschker et al., 1997). We contribute to the literature by showing that the phenomenon of epochs also applies to the divestment field. Furthermore, we find that changes at top management levels of retailers, most often new CEOs, play a crucial role in triggering such divestment epochs. This is in line with previous research on internationalization, which has shown that a top management change may trigger a new epoch in a company's development (Kutschker et al., 1997) and in divestment research, which had acknowledged the impact of top-management changes (e.g., Avetisyan et al., 2020; Cairns et al., 2010; Torneden, 1975). A combined focus on these two findings, i.e., linking CEO changes to divestment epochs instead of only to single divestments, could contribute to a better understanding of this phenomenon.

Table 4
Divestment epochs and their dominant motives.

International Portfolio Refocus	In this divestment epoch, the dominant motives involve companies reassessing and optimizing their global portfolio by withdrawing from underperforming or insufficiently scaled markets, redirecting resources towards more promising markets with established market positions.
Group Turnaround	During this epoch, the prevailing divestment motives involve companies generating cash through the sale of international operations, reducing debt, and funding critical domestic investments as part of a corporate-level turnaround strategy.
Franchising Failures	This divestment epoch is characterized by companies predominantly exiting markets due to complications with franchising partners, such as exclusive franchisees encountering bankruptcy or other operational challenges.
Early International Failures	This divestment epoch is marked by companies predominantly exiting markets during initial expansion stages due to inadequate operational scale, competition challenges, or ill-suited business models. These early failures drive divestment decisions, impacting future foreign market entry strategies by encouraging caution.

7.1. Theoretical implications

Theoretically, this paper contributes to existing research by a novel application of the strategic management perspective to the long-term divestment behavior of retailers. It contends that the resource-based view explains most of the observed exit behavior, since the retailers' market exit behavior is mostly firm-specific and most exit decisions can be explained by the idiosyncratic resource base in the international portfolios of the retailers. The dominant role of the resource-based view and its portfolio perspective has previously been found in the general strategic management field (cf. Esho & Verhoef, 2020) but this study is the first to demonstrate its relevance for the foreign divestment field.

The identification of common patterns in the exit behavior across retailers indicates that the industry-based view and the institution-based view cannot be entirely disregarded when explaining long-term market exit behavior. A first common pattern is found in retailers' similar exit behaviors in East Asia. This behavior highlights substantial regional pressures in the retail industry and shows importance of taking an institution-based view to understand the long-term foreign divestment behavior in developing markets (Esho & Verhoef, 2020). Two other common patterns describe the exit behaviors of retailers within two strategic groups, i.e., the large format grocery retailers and the discounters, exhibiting similar exit behaviors. While the large format grocery retailers predominantly used market exits to downsize their over-diversified foreign market portfolios to strengthen their competitive position, discounters have been slowly but continually expanding their portfolios and only exiting a few markets. These common patterns within the strategic groups demonstrate the importance of industry-based view to explain retailers' strategic behavior in this case (Esho & Verhoef, 2020; Hawawini et al., 2003). Another, newly emerging common pattern refers to large format grocery retailers who have recently been retaining equity stakes when exiting from high-potential markets. We showed that this could be explained by the real-options theory (Belderbos & Zou, 2009; Chi et al., 2019; Kogut, 1991). We contribute to the literature by applying this theoretical lens to partial retail exits for the first time, showing how it can provide relevant explanations to this recent but increasingly prominent form of market exit. Finally, we contribute to the literature by formulating testable propositions about the theoretical explanations for the divestments that are based on the findings of our case studies.

7.2. Managerial Implications

This study also provides implications for retail managers who can learn from other retailers' foreign market exit behavior (Ajai, 2015; Alexander et al., 2005; Palmer, 2004). Our findings can help managers understand that foreign market exits should not be viewed as negative and or as failure, as they often are (Burt et al., 2008b; Cairns et al., 2008), but rather as a viable strategic lever within the constant optimization efforts related to their foreign markets portfolios. These portfolios represent essential resources that assure their long-term competitive advantage (Barney, 1986; Esho & Verhoef, 2020). A failure-related attitude of managers towards foreign divestments could result in a reluctance to divest foreign operations which, in turn, could result in a sub-optimal foreign market portfolio. We suggest that managers avoid this by viewing market exits not as a sign of entrepreneurial weakness and a confession of failure but as an essential part of their internationalization paths and an indication that the company and its resources are being proactively managed.

We found that changes in the retailers' top management triggered much-needed market exit epochs. In several cases, the former management represented a barrier to such divestments. Research has related such barriers to managerial pride and fear of job-related consequences in the past (Nargundkar et al., 1996; Torneden, 1975). However, they might also be related to retail managers' difficulty in objectively assessing their foreign markets' actual value and potential value and, consequently, their inability to make optimal strategic decisions regarding their portfolios. We suggest that retail managers invest significant effort and resources into a systematic and constant evaluation of their international market portfolios.

It may be wise for retail managers to consider in advance, when entering foreign markets, that foreign operations might need to be divested in the future to optimize the retailers' resources. For example, it may be preferable to enter a foreign market in a way that will minimize future barriers to divestment, for example, by choosing appropriate entry-modes.

Finally, the real-options perspective implies that retail managers, when exiting countries, need to consider the possibility that some of these countries might become attractive for them again in the future. However, these markets could no longer be accessible in the event of a complete exit. Therefore, they might consider retaining a minority interest in their sold foreign units, providing them with a real option to return later on.

7.3. Limitations

The findings of this study must be considered in the context of some limitations. While a qualitative approach was considered appropriate to investigate firm internationalization over time (e.g., Santangelo and Meyer, 2017; Vahlne and Johanson, 2017), this approach includes inherent limitations concerning the generalizability of findings, counterexamples, and issues of rigor (e.g., Sinkovics et al., 2008; Wood et al., 2016). Analytical generalizations drawn from case study research, no matter how rigorous the methodology, deserve caution. However, basing the findings on all 43 market exits of the ten largest store-based retailers globally over 16 years reduces these issues, especially since the study is explorative and makes no claims of generalizability.

For reasons mentioned earlier, this study focuses on the retail industry. However, future studies could use a comparative approach and include manufacturing companies and retail companies (and, maybe, also companies from other service sectors) to further investigate industry differences. This would also enable a deeper investigation of the explanatory power of the industry-based view.

We limited our investigation to the ten largest global retailers. However, the research field would benefit from future studies that examine other retailers' foreign exit behavior – first, to confirm if the findings of this explorative, qualitative study hold (i.e., that other retailers' market exit behavior is also influenced, to a large extent, by their resources and corporate strategy considerations), and second, to search for other similar patterns across the industry.

The study describes and explains retailers' exit behavior but does not study the positive or negative consequences of foreign divestments, which has been called for in the literature (Bernini et al., 2016). For example, we did not investigate divestments' effects on the retailers' performance (e.g., overall financial performance, international performance). Thus, this study does not make any prescriptive nor predictive claims regarding the success of the retailers' exit behavior. For example, it does not show which kind of exit behavior increases or decreases the retailers' performance. Instead, we provide what is essentially a description of "what" retailers have been doing and "how" they are doing this instead of what they have "succeeded in doing".

Our qualitative content analysis is grounded in secondary data and does not involve interviews with the company actors responsible for the exit decisions or people close to them. While we believe that by examining large and public retailers and consulting a large number of heterogeneous sources and expert opinions, we were able to capture an accurate portrayal of the market exit behavior of retailers over time, the use of interviews would permit a more extensive triangulation of sources and ensure a higher degree of validity.

7.4. Implications for further research

While our study is subject to a number of limitations, it offers several future research implications. As one of the first qualitative longitudinal studies looking into retail divestment, this study delivers insights from a limited number of cases and could therefore not test theoretically derived hypotheses. However, the research propositions that resulted from the case studies can be tested in future large-scale studies.

To date, most quantitative studies on drivers of foreign subsidiary divestment do not consider the nested structure of their datasets (Arte & Larimo, 2019; Schmid and Morschett, 2020). Taking the perspective of retailers and looking at their overall market exit behavior has highlighted the connectedness of different divestment episodes, especially regarding their parent-level drivers. In the future, we recommend considering this approach not only in qualitative research but also quantitative research, through, e.g., the use of multilevel modeling (Peterson et al., 2012).

Our findings show the relevance of a strategic management approach to understanding of companies' behavior, both within and outside the strategic management field. The resource-based view has been found especially relevant to explain divestment. When investigating divestment drivers, researchers must differentiate between the driver itself (e.g., macroeconomic downturn, as an industry pressure) and the idiosyncratic effect this driver eventually has on the divestment decision of a retailer, which is, in most cases, related to its specific resources at that moment in time. In our view, this distinction would be a considerable step forward in better understanding the rationales behind divestment drivers.

We focused on the exit history of retail companies and considered the entry history only as complementary information. Otherwise, a sufficient in-depth investigation of this phenomenon across many cases would not be possible. Given that International Business research in the past has rather one-sidedly focused on market entries (e.g., Santangelo and Meyer, 2017; Tan and Sousa, 2019), we think that a clear focus on the divestment side aligns with its relevance. However, taking a truly comprehensive longitudinal perspective, as is often demanded in IB literature (Burt et al., 2018; Kutschker et al., 1997; Santangelo and Meyer, 2017; Vissak and Francioni, 2013), and investigating companies' entries and exits and their inter-connectedness over time would give a more complete understanding of the overall internationalization process than the many studies that focus merely on expansion or the few studies (including this one) that focus on foreign market exits.

As previously mentioned, this study did not focus on foreign divestment outcomes. In general, divestment outcomes have only been addressed in a limited manner in foreign divestment research, and the few studies investigating this aspect are centered on financial or capital market indicators, such as stock market reactions to foreign divestments. However, foreign divestments are likely to have significant and long-term consequences on MNCs' strategic behavior (e.g., divestments' effects on MNCs' competitiveness, performance, and internationalization strategy). While we find the market exit behavior of certain retailers to change over time, we could not link these changes to experiential learning. However, firms' international experience has been shown to affect foreign divestment in large scale explanatory studies (e.g., Benito, 1997; Song, 2015) and firms' have been shown to learn both from international success and failure (Lee et al., 2020). More research is needed to thoroughly explore the consequences and learning from foreign divestments.

This study showed retailers using partial exits as real options. However, the fact that this is a relatively recent phenomenon does not allow us to see its outcomes. In the future, we recommend that researchers monitor this phenomenon to explore how retailers use these real options, i.e., if retailers decide to fully divest their real options, maintain their minority interest in the host countries, or even activate their real options and re-build an operational presence in the exited markets once again.

None of the retailers in our multiple-case study re-entered one of the 43 markets that they exited. However, re-entry can also be regarded as an outcome of foreign divestment. There are only a few studies exploring this interesting phenomenon in the internationalization process of companies to date (Chen et al., 2019; Javalgi et al., 2011; Surdu et al., 2019), and there is still much room for further research.

Notes

For those non-English statements that are quoted in this manuscript (in their English translation), we had colleagues or students apt in the foreign language back-translate our English statements to the original language to check if any losses in translation occurred (Marschan-Piekkari & Reis 2004). We adapted the translations where necessary.

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None

Data Availability

Data will be made available on request.

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