

Internationalization Process of Multichannel Retailers and E-Tailers in the Apparel Industry: A Comparative Case Study ¹

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Abstract

In order to explore the internationalization of Turkish apparel retailers, with this study it is aimed to comparatively analyze the motivations underlying the internationalization of Turkish multi-channel retailers and e-tailers in Turkish apparel industry in terms of internationalization process, management of foreign operations, critical success factors and international e-commerce activities. Holistic multiple case study method was adopted in the research and the cases were determined through purposive sampling. The data gathered by semi-structured interviews, were analyzed with thematic-constructive content analysis method. The findings obtained from the research revealed that multi-channel apparel retailers and e-tailers have gone through different internationalization processes as a result of their internationalization motivations, market entry modes, and the size of their organizational structures due to the business model they have adopted. In addition, the management of operations in foreign markets, success factors in foreign markets were found to be similar. The study contributes to the practitioners as a guide at the point of defining internationalization strategies, managing international operations, using online channels in international markets, identifying the factors that they should prioritize for success in the international markets.

Keywords: Internationalization, Multi-Channel Retailing, E-tailing, Apparel Retail Industry

1. Introduction

The global expansion of retail businesses increased in the late 1960s and 1970s, and more retailers turned their face to foreign markets. The second boom in the internationalization of the retail industry took place in the mid-1980s and early 1990s. These years were the years when international initiatives in the retail sector increased with the effect of economic integrations such as the European Union and NAFTA, and retailers in countries with strong economies such as the

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USA, Japan and European countries became international companies (Akturan, 2008: 633-634). As of 1990, international retailing started to develop quite rapidly. While retailers were not ranked among the world's largest companies in the previous years, the fact that four retailers (Metro, Carrefour, Royal Ahold and Wal-Mart) were among the first hundred companies in 1999 was an indicator of this development (Coe, 2004: 1572).

Retail internationalization process has been discussed in a theoretical framework by various researchers (Salmon and Tordjman 1989; Dawson 1994; Sternquist 1997; Vida and Fairhurst 1998; Alexander and Myers 2000). In addition to studies focusing on the internationalization of food retailers (Alexander and Morlock, 1992; Myers and Alexander, 1996; Wrigley, 2000; Güllü, 2005; Gürman, 2006) the number of studies focusing on fashion retailers has also increased in the late 1990s (Moore, 1997; Fernie et al. 1997, 1998; Moore and Birtwistle 2004, 2005; Lopez and Fan, 2009). Although the internationalization of retail has developed considerably in recent years, the empirical literature has focused on issues related to stages theory or Uppsala models (Johanson and Vahlne 1975, 1977) and born globals (Knight and Cavusgil, 1996) which has been a new paradigm. In this study, it has been determined that the internationalization of the multi-channel retailer is gradual, and the e-tailer's is a born global. Based on these assertions, the main purpose of this case study is to specify the differences between "multichannel retailers" and "e-tailers" in the apparel industry through existing theories of internationalization. At the same time, this research aims to define the internationalization strategies of apparel enterprises in the Turkish retail sector, the successful use of online channels in reaching foreign markets, the management of operations and the determination of the critical points in success, and to define the gaps in the sector with the case study method.

With this study, it is expected that the comparative analysis of the internationalization process of retailers, which are separated from each other with different business models in the apparel sector, will make significant contributions to the literature. In the continuation of the paper, firstly the literature on internationalization will be examined, methodology and findings will follow it and finally, implications about the case studies will be mentioned. In this direction, the research questions for which answers are sought in the study are as follows:

1. How do multichannel retailers and e-tailers in the apparel industry become international?
 - 1.1. What are the reasons driving internationalization?
 - 1.2. What are the entry modes in international markets?
 - 1.3. How do they manage their international operations in both physical and virtual stores?
 - 1.4. What are the critical success factors in foreign markets?
 - 1.5. What are the similarities and differences in the internationalization process?

2. Literature Review

With the acceleration of the expansion in retail sector on an international basis, the researchers' interest towards retail internationalization is increasing. When the literature on the internationalization of the retail industry is examined, studies (Gürman, 2006; Evans et al., 2008; Wigley and Rachel Chiang, 2009; Jackson and Sparks, 2005) on retailers' market entry and business strategies stand out. In addition, with current internationalization theories, there are studies (Picot-Coupey, Burt and Cliquet, 2014; Guercini and Runfola, 2010; Bhardwaj, Eickman and Runyan, 2011) that explain retailers' market entry modes and their internationalization process. These studies mainly focus on internationalization process of either global retailers or retailers in strong economies as the subject of research. There seems to be a lack of studies on the internationalization of retailers in developing countries. In this study, the internationalization process of multi-channel apparel retailers and e-retailers in Turkey will be tried to be explained with the current internationalization theories, which will be mentioned presently.

The literature on internationalization examines the theories that explain the internationalization process of businesses under two categories as traditional theories and born global businesses. Traditional theories are based on the assumption that the internationalization of businesses takes place gradually and it is a learning process. In one of these theories, the Uppsala Theory, Johanson and Wiedersheim-Paul (1975) emphasized the impact of business knowledge and experience on internationalization and introduced the concepts of "market knowledge" and "psychic distance". Market knowledge is the experiential knowledge owned by the business, on the other side psychic distance is defined as the proximity in the factors such as language, culture, political system, level of development that disrupt the flow of information between the business and the market (Andersen, 1993: 210; Johanson and Vahlne, 1977:28). According to the model, businesses gradually become international, starting from the markets they find closest to them due to limitations on resources and knowledge. Similarly, the Innovation-Related Internationalization Models, which are composed of the studies of Bilkey and Tesar (1977), Çavuşgil (1980), Reid (1981) and Czinkota (1982) (cited in Andersen, 1993: 212), see the internationalization process as a learning process like the Uppsala model (Andersen, 1993: 212; Knight and Çavuşgil, 1996: 14). In these models, it is assumed that the internationalization decision is an innovation for businesses. The internationalization process starts with a series of managerial innovations within the business and each stage is considered an innovation for the business.

The importance of network relations has increased with developing communication networks and changing business styles. In the light of these developments, Network Theory was put forward by Johanson and Mattson (1988). According to Johanson and Mattson (1988), the success of businesses in entering a new market depends on their existing relationships with actors (customers, suppliers, competitors, public institutions, etc.) both in the local and international markets. The theory argues that businesses can expand from the domestic market to international markets through networking. In addition, it is claimed that

establishing new partnerships in a new market that the company enters or improving its position in the market can be possible with its existing relationships within its network (cited in Coviello and Munro, 1995: 50).

Johanson and Vahlne also revised the Uppsala Model in 2009 in the light of changes in the way of doing business and theoretical developments since 1977. They called the updated new model "Business Network Internationalization Process Model". The basic philosophy of the model is based on the fact that markets are networks of relationships that connect businesses, and these relationships offer the potential for learning and building trust (Johanson and Vahlne, 2009: 1411). According to the network model, internationalization depends on the communication network and relations of the enterprises (Johanson and Vahlne, 2009: 1425). Inclusion of businesses in networks means access to necessary information to internationalize. According to Johanson and Vahlne (2009), only those companies in the network can access this information. As a result, the speed and effectiveness of learning, knowledge creation, and trust-building processes depend on the company's existing knowledge and trust relationships, as well as how attractive the partners find the opportunities presented.

In contrast to the gradual internationalizing businesses explained by all these models, early internationalizing businesses with global born ones took place in the literature. Born globals are defined as "businesses that have been engaged in international business activities (international trade and investment activities) from the moment they were established or within a short period of time after their establishment" (Çavuşgil, Knight and Üner, 2011: 7). Globalizing markets, technological developments, global niche markets, international network connections (network relations) are the influential factors in the emergence of born globals. Access to information and technologies has become easier with globalizing markets. At the same time, demand for personalized goods and services has increased in many sectors, so niche markets have become increasingly important. While technological developments in communication and transportation save time and money for enterprises, small-scale and low-cost production has started with the developments in production technologies. The network relationships of born globals are also an important factor that triggers early internationalization by making it easier to operate in international market (Çavuşgil, Knight and Üner, 2011: 13-33).

When the literature about internationalization models of retailers is examined, the concepts of psychic distance, international experience and business knowledge are defined as effective factors especially in the internationalization of traditional retailers (Evans, et al., 2000; Chetty and Hunt, 2004; Bhardwaj, et al., 2011). In addition, electronic commerce, which enables retailers to reach consumers more easily, has been accepted as a factor that facilitates international expansion (Berry and Brock, 2004; Foscht, et al., 2006). Contrary to traditional theories claim, the internet minimizes the location-related drawbacks, allowing even small scale businesses to broaden their markets beyond national borders as a global nativity (Evangelista, 2005, Foscht, et al., 2006; Thai & Chong, 2008). Also, conventional retailers' web sites are becoming important *traffic generators* for brick-and-mortar stores. Therefore, the online channel do not only serve as a

medium for information before purchase but also increase customer traffic in the store and enables the retailer to adopt omnichannel strategy (Colla, 2004).

3. Conceptual Model

The conceptual framework developed as a result of the literature review examines the internationalization process of retailers under three main categories: (1) factors influencing internationalization decision; push factors, pull factors and foreign market characteristics and operating characteristics (2) target market selection, market entry method, and the process of improving its geographic scale (internationalization theories), (3) the management of the supply network and other activities in international markets, and finally the critical success factors they identified to ensure their continuity in these markets. The critical success factors determined by Grewal et al. (2010) as store, service, product (product specifications and marketing strategy: adaptation or standardization), price, supply chain and technology, it was taken as basis in the creation of the model.

The conceptual model which presented in Figure 1, was created based on the aim of revealing the similarities and differences between a multichannel retailer and e-tailer in apparel industry, regarding internationalization process, management of foreign operations, success factors, and international e-commerce activities comparatively.

Figure 1: Conceptual Framework



4. Methodology

The “holistic multiple case study” method was adopted as one of the qualitative research techniques in this study (Yin, 2003). It has been preferred because it is based on considering each event or phenomenon holistically and then comparing them with each other. The enterprises to be included in the study were determined through purposive sampling (Baltacı, 2018). Therefore, a multi-channel apparel retailer, which fulfill the condition of “*being an apparel retailer that has expanded its activities to international scale and using both online and offline channels in the operations in foreign markets*” was chosen. And an apparel e-tailer which expanded its operations in foreign markets by adopting e-commerce business model was selected.

To select the cases meeting the criteria, Similarweb.com, which provides services to international companies in areas such as web analysis and data mining,

was used. The most visited apparel Turkish websites in Turkey have been identified through this website. As of May 2019, the top five most visited Turkish websites in the fashion and apparel category on similarweb.com according to web page traffic; trendyol.com (19.52%), lcwaikiki.com (4.22%), morhipo.com (3.73%), flo.com (3%), sefamerve.com (2.61%) (Similarweb, 2019).

Sefamerve.com was chosen as an e-tailer because it is the only internationalized e-tailer among businesses that meet the requirement of an online apparel retailer. LC Waikiki, which has more web site traffic and the highest number of countries in which it operates, was chosen among the businesses that meet both the conditions of being an international multi-channel retailer. The general profile of the enterprises is presented in Table 1.

Table 1: General Profile of Cases

Cases	Establishment Year	Year of Expanding into Foreign Markets	Number of Countries Operating Abroad	Rate of Exports in Total Sales
LC Waikiki Mağazacılık Hizmetleri Ticaret A.Ş. (Case 1)	1988 1997- Tema A.Ş. acquired the worldwide rights of the LC Waikiki brand and LCW has become a Turkish brand.	2009- The first store opened in Romania. 2017-Started international sales with Romania from the website.	51 country- (with 601 brick and mortar shop) 13 country- (with online channel)	40%
EST Marjinal Medikal Tıttım Sanayi Ticaret A.Ş. (www.sefamerve.com) (Case 2)	2012	2012-Advertising investments such as Google and Facebook in Germany and opened to foreign markets.	65 country- (click only)	50%

Research data was obtained through document review and semi-structured interviews. Interviews was made face-to face and online. A general framework was determined within the scope of research questions. During the interview, new questions posed by the researcher by adhering to the conceptual framework. The conceptual framework of the research, deciphering the interviews, field notes, examining the websites and social media accounts and all the codes (concepts) were determined and accordingly, the whole data set (interviews, field notes, websites, social media accounts and other secondary sources), main categories and sub-categories were formed in a meaningful way by following thematic-constructive content analysis method (Gökçe, 2019). Data analysis was done in two stages. First, each case was analyzed separately, and then a comparison was made between the findings obtained. The collected data were analyzed with thematic-constructive content analysis method. In addition to the emergence of different codes and new sub-categories from the expected codes, a new dimension was added to the research process.

5. Findings

Adhering to the conceptual structure created in line with the research question, main categories has been determined, including *internationalization process, management of operations in foreign markets, critical success factors in foreign markets* and *international e-commerce activities*. Sub-categories have been formed based on the participants' expressions. Furthermore, different from the codes expected in the meeting with the e-retailer, social media, digital marketing tools, localization concepts (codes) came to the fore, creating a new dimension for the research process, as well as created new sub-categories. The findings obtained from the cases examined in Table 2 are shown under the specified categories and subcategories.

Table 2: Comparison of the Categories and Subcategories Related to the Research

Categories	Sub-Categories	Multi-channel Retailers (Case 1)	E-tailers (Case 2)	
Internationalization Process	Factors Influencing Internationalization Decision	Saturation experienced in the local market, economies of scale, managing currency risk, growth request, manager specifications The first mover advantage is not a motivation at first, but there are markets where they take this advantage Know-how has been gained with internationalization	Customer demand, first mover advantage, company's growth target, supports and facilities provided by the government in exports Economies of scale that coming with localization, technology and know-how acquisition	
	Target Market Selection	Potentials of market, country conditions, legal regulations, people's purchasing power and purchasing strategies Brand awareness in online sales	Customer potentials, expected revenues from target group, operational compatibility	
	Theories Explaining Internationalization Process	Uppsala Theory	Psychological distance, important for foreign market selection Internationalization is occurring gradually.	Psychological distance, not important for foreign market selection Internationalization is not occurring gradually.
		Uppsala Theory (2009)	International activities of the enterprises which they cooperate with are not effective in the country selection decision	International activities of the enterprises which they cooperate with are not effective in the country selection decision
		Innovation-Related Models	Internationalization has occurred gradually and the number of international markets in which it operates has increased with its increasing experience.	As a globally born enterprises, it aims to quickly enter possible export markets with its e-commerce model.
		Network Theory	Existing connections are effective in entering foreign markets	Existing connections are effective in entering foreign markets
		Born-Global	It started export 12 years after being a Turkish brand, so it does not fit the definition of "global born enterprise".	It started export in same year it was founded, it fits the definition of "global born enterprise".
	Market Entry Modes	Direct investment and Franchising	Export with the e-commerce channel	
Management of Operations in Foreign Markets	The countries of production operations	%90 Turkey %10 Far East Countries	%100 Turkey	
	Supplier choice criteria	Customer intimacy capacity, supplier financial power, recognition in the market, compliance with contractual terms, operational capability.	Sectoral suitability of products, previous references, the scores of the samples, financial notes	

	Distribution Operations	<p>Logistic base in Istanbul-Esenyurt feeds the whole world.</p> <p>Supply chain warehouses (cross-docks) in large-volume countries where they operate, in small-volume countries, shipping is made to the store via export from Turkey.</p> <p>All of the products enter the logistics base as packaged, and inspection, assortment and labeling are performed at the distribution center.</p> <p>In choosing the location of the distribution center; managerial decisions, ability to manage the volume of operation, number of shops are effective.</p> <p>In E-Commerce:</p> <p>Depot in Romania feeds whole Europe. Besides that there are local depots in Egypt, Russia, Ukraine and Morocco</p> <p>Packaging, sorting and inspection procedures are carried out at the main distribution center in Istanbul.</p> <p>From e-commerce depots, products are delivered to customers within an average of 3-6 business days, using outsourcing.</p> <p>For selection of the e-commerce logistics partner, price and operational expertise are effective</p>	<p>There are distribution centers in Turkey (Yalova) and the Netherlands.</p> <p>There are return warehouses in America and Europe</p> <p>Carrying out their packaging operations in the distribution center, and their stocking and return operations in warehouses.</p> <p>From these distribution centers, products are delivered to customers within an average of 4-10 business days, using outsourcing.</p> <p>In choosing the location of the distribution center; proximity to the regions where the most distribution is made, operation costs, and ability to manage the volume of operations are effective.</p>
Critical Success Factors in Foreign Markets	Product Positioning	Quality, Price, seasonality	Quality, Fair price, being a product worth the paid price
	Marketing Strategies	<p>It has a standart product range. However, according to customer demands, they apply an adaptation strategy such as size and height in accordance with the climate and legal regulations.</p> <p>The website has been localized according to target markets.</p>	<p>It has a standart product range. However, according to customer demands, they apply an adaptation strategy in areas such as size, height, color, and pattern.</p> <p>They apply an adaptation strategy in home textile products according to the standards set in Europe, America, and Turkey.</p> <p>Localization has been applied to the website, mobile application and payment methods according to target markets</p>
	Differentiation Strategies	Products in demands / category differentiation	Additional needs for textiles, banderole products
	Supply Chain Management	Costing and scheduling in supply	In supply chain management,

		chain management has a critical impact on success	the cooperation of the supplier and the business and the correct adjustment of the stock level according to the dynamics of the target markets are effective in success.
	Customer Services	Pre-sales and after-sales customer service: salesperson in their stores, exchange and return facilities, call center services, customer response with CRM, website contact forms, LCW Sense for the visually impaired	Pre-sales and after-sales customer service: WhatsApp integrated and visual search supported virtual assistant (chatbot), exchange and return facilities, website contact forms, call center services.
	Technology	Planning optimizations, Demand forecasting, inventory planning software, Automated warehouses, CRM, UX, website interfaces	Supply chain technologies, customer screens and interfaces, artificial intelligence supported virtual assistant (chatbot)
	Price	It is determined depending on certain coefficients varying on a country basis. (including delivery costs and customs duties)	Prices are determined depending on the pricing model determined based on countries. (International delivery costs, exchange rates and additional taxes are posted on the website after they are added to the price.)
	Store/ E-Store Design	Banners of products, campaigns and ease of shopping steps on the website	Banners, images of the products, design of the website
International E-Commerce Activities	Online Sale Channels	Website, e-marketplaces	Website, mobile application, WhatsApp chatbot
	Products	It sells only its own branded products in clothing, underwear and home wear, accessories and footwear product groups under women, men, children, baby, LCW home, and outlet categories on its website and mobile applications.	On its website and mobile applications, it sells its own brand and products of different brands in clothing, shoes, bags, accessories, home and life, baby and children, books, food and outlet categories.
	Using Digital Marketing Tools	Search Engine Marketing (Search Ads 360, Google Analytics etc.) Email Marketing Social Media Marketing Social media is actively used. Social media accounts: Facebook, Instagram, Twitter, Youtube, Pinterest, LinkedIn.	Search Engine Marketing (Google Ads, Facebook Ads, Google Analytics etc.) Email Marketing Chatbot Social Media Marketing Social media is actively used. Social media accounts: Facebook, Instagram, Twitter, Pinterest, Youtube, LinkedIn, Sefamerve Blog.

Internationalization Process

First theme emerged from the analysis is *Internationalization Process* and it includes sub-themes named as *the factors influencing internationalization decision, target market selection, theories explaining the company's internationalization, market entry method*. Within the scope of the research, the

factors pushing the companies to expand their operations into foreign markets are found out for Case 1 as saturation of the local market from the point of competition, management of exchange rate risk and taking advantage of economies of scale, and finally managers' desire to expand the business scale. For Case 2, customer demands, government incentives, business growth targets and first-mover advantage play role and pull the company to grow internationally as an e-tailer.

Due to the advantages and disadvantages that the company can take, the selection of the target market is extremely critical. It has been seen that Case 1 gives priority to developing countries and because of the facilitation of exports in countries with free trade agreements. In addition, the potential of the market, country conditions, legal regulations, people's purchasing power and purchasing strategies are effective in choosing the target market. For Case 2, it was seen that customer potential, sales volume expected to obtain from the target group, operational compatibility are effective factors in the selection of the target market.

Internationalization theories explain the reasons for internationalization of businesses and their strategies in this process. It was observed that Uppsala Theory, Innovation-related Models and Network Theory could be applied to clarify the internationalization process of Case 1. Case 1 started its internationalization activities in markets that is geographically and culturally close. It is clear that psychological distance influenced market selection decision. With the success gained in a foreign market, the company has expanded its operations in new markets, so the internationalization occurred gradually from Romania for Case 1 and they have operations in fifty-one countries now. Born Global Theory can be applied to Case 2 with its e-commerce business model which is ready for serving internationally with its multilingual website and logistics operations. For that reason, psychical distance was not important in the selection of foreign markets for Case 2. In both cases, it was determined that the international activities of the partners did not affect the country selection, and the sectoral experience had a positive effect on foreign markets. Based on the answers given by the participants to the question based on network theory, it's understood that the existing connections are effective in entering foreign markets. When the internationalization processes of the cases are examined within the scope of innovation-related models; as the experience of Case 1 increased, so did the number of international markets in which it operates, and the internationalization progressed gradually; and Case 2 which adopting the e-commerce business model entered foreign markets quickly. After the foundation of the company in 2012, Case 2 exported their products in Germany in 2012. It has been determined that Case 2 is a born global. Because it met the criteria such as starting to export within a few years of its establishment and exporting 1/4 or more of its sales (Çavuşgil et al., 2011: 13). Additionally, it has been observed that it has born globals features such as seeing the whole world as a market and using advanced communication technologies (internet, electronic data exchange, etc.).

When the market entry modes are examined, it's seen that Case 1 applied two methods: greenfield investments and franchising. It primarily entered foreign markets with direct investment, but preferred the franchising method in countries (Iran, Azerbaijan, Jordan etc.) that have difficulties in legal regulations and do not

allow direct investment. Case 2 delivers its products to target markets by exporting from Turkey only with the e-commerce business model. Consequently, it is possible to say that Case 1 prefers direct investment in the markets that have high profit potential, requires strict control on operations activities. And it also prefers franchising because low financial risk against legal barriers, low cost to evaluate market potential, avoiding customs barriers, providing information about the market from franchisee. In addition, it uses the e-commerce channel effectively to increase its penetration into the markets where it exists with its stores.

Management of Operations in Foreign Markets

The second theme emerged from the analysis is *Management of Operations in Foreign Markets*. Sub-themes are as the followings: *The countries of production operations, supplier choice criteria, distribution operations*.

Case 1 produces 90% of its products in Turkey and the remaining 10% is produced in Far East countries (Bangladesh, China, Egypt, India, Pakistan, Indonesia, Vietnam) which are the most important players of textile production worldwide. Case 2 supplies all of its products from Turkey.

In the selection of suppliers for both sales channels used by Case 1, main criteria were the supplier's capacity to meet the needs in time, financial strength, market awareness, compliance with contractual conditions, and operational capability. In Case 2, it was observed that the suitability of the supplier's products to the sector, previous references, the scores of the samples, and the financial grade were effective in the selection of the supplier.

When distribution operations are examined, LC Waikiki manages its distribution operations from its logistics center in Istanbul and support the supply chain with supply chain warehouses in foreign markets with large-volume sales, and with stores in countries with small-volume sales where it operates. While managing e-commerce operations from its logistics base, it supports European operations with warehouses in Romania and other local warehouses, where it meets the criteria such as the opportunity to avoid customs duties, the large number of stores, and the ability to manage the operation volume. Sefamerve.com manages distribution operations with its distribution center in Yalova due to its proximity to Istanbul and the suitability of land prices. It also has a distribution center in the Netherlands because it meets criteria such as proximity to the places where the most distribution is made, the ability to manage the volume of operation, appropriate operation costs and return warehouses in USA and Europe. Besides, it is seen that the criteria of both cases in the selection of supplier and distribution center are similar.

Critical Success Factors in Foreign Markets

As the third theme, *Critical Success Factors in Foreign Markets* includes the sub-themes as *Product Positioning, Marketing Strategies, Diversification Strategies, Supply Chain Management, Customer Services, Technology, Price and Store/ E-Store Design*.

Based on the responses of the participants, it was observed that both cases position themselves in the market with reasonable price and quality. It was emphasized by the participants that they achieved success in foreign markets with their affordable and high-quality products. Also, in both cases, international pricing strategy is not standardized but set based on the dynamics of each market, and this method is important for success in different markets. Case 1's customer segments consist of women / men adults, the young and children, while Case 2 consists of children and conservative women. Case 1 has a standardized product range in the textile industry. Additionally, it adapts product lines depending on the climate customer demand, and the cultural characteristics of the target market. It also applies an adaptation strategy not only in international pricing, but also international distribution, website design and payment methods. Case 2 has a standardized product range that appeals to the conservative segment. However, it has been observed that it has made product adaptations such as size, color, and pattern in line with customer demands, and made adaptations in international pricing, international distribution, payment methods, website and mobile application designs (language options for target markets etc.). As a result, different types of customer demand are encountered, as each market has its own characteristics. For that reason, it is possible to say that adaptation to meet the demand of different customers is the nature of this business model.

Supply chain management is important in the retail industry as in all international businesses. Based on the expressions of the participants, it is possible to say that the correct structuring of the supply chain, which includes production, planning, timing, and logistics activities, brings success to Case 1, both nationally and internationally. In addition, logistics costing and scheduling have been found to be critical to the success of supply chain management. Case 2 does not have any physical retail point of sale, but the cooperation of the supplier and the business and the correct adjustment of the stock level according to the dynamics of the target markets are quite significant in delivering the right product, at the right time for the customers.

Customer service is extremely important in increasing sales and gaining competitive advantage by creating customer satisfaction, loyalty (Dunne, Lusch and Carver, 2011: 428). In this sense, it has been observed that the solution-oriented and effective customer services have a large share in the success of Case 1 in meeting customer demand in foreign markets. In the participants' expressions, the effects of the customers' and their close circle's thoughts about the business and the comments about the e-commerce site on the social media on sales were emphasized. Case 2 only reaches the customer through the website; it has been determined that the quality of after-sales and pre-sales customer services and the adequacy of the service provided, and language support are very important.

Case 1 uses technologies such as optimization technologies in demand forecasting, inventory planning software, warehouse management systems, transportation management systems, automations in warehouses, automated warehouses, CRM applications in customer service, UX (user experience), LCW Sense mobile application for the visually impaired. Case 2 stated that it is a technology-centric company and benefited from technologies such as supply

chain technologies and chatbots. It has been observed that both cases have made technology investments in terms of conducting intrabusiness activities and customer service.

For Case 1, displaying products correctly increases sales and store design was emphasized as a key factor in their success. On the other hand, the importance of e-store design has been expressed that the simplicity and ease of use of the website design, product visuals, banners and campaigns have a positive effect on sales and thus success. For Case 2, product images, banners, and the design of the website were found to be effective in business success.

The study findings show that apparel retailers internationalize more easily compared to food retailers, just because of the cultural diversification related to each country's cuisine and food habits that requires product mix adaptation (Alexander and Doherty, 2010; Colla, 2004). Consequently, the results obtained about the critical success factors in the management of operations in international markets generally comply with the literature (Grewal, et al. 2010; Çavuşgil, Knight and Riesenberger, 2012).

International E-Commerce Activities

Final theme emerged from the analysis is *International E-Commerce Activities*, with the *Online Sale Channels, Products, Using Digital Marketing Tools* sub-themes.

When examining the internationalization process of e-commerce activities of the cases, it was observed that Case 1, which started exporting in 2009, 8 years after the start of export, and Case 2 carried its e-commerce activities to an international scale in the year it was founded. Case 1 uses the website and e-marketplaces as sales channels in its international e-commerce activities. Case 2 uses the website, mobile application, and chatbot integrated with WhatsApp as sales channels. WhatsApp integrated chatbot which equipped with an artificial intelligence provides the opportunity to offer personalized and localized services by chatting real time with customers. The virtual assistant developed by Case 2 was also noticed by Facebook Business and published as a case study. In this sense, it is possible to say that by separating from its competitors with the user experience provided by Case 2, its sales have increased.

Web sites and mobile applications of the cases were examined. It has been observed that both cases localized websites and supported websites with language options suitable for their target markets. While doing localization in the mobile application in addition to the website of Case 2, Case 1 only uses the mobile application in the local market. Furthermore, Case 1 sells only its own branded products to international markets, while Case 2 sells products in different brands.

There are many methods used in implementing online marketing strategies. These are online partnerships, online media advertisements, public relations activities conducted through social networks, blogs, internet broadcasts, social media marketing, e-mail marketing and search engine marketing (SEM) that increases the visibility of websites on search engine results pages (Chaffey and Ellis-Chadwick, 2016: 32-33). Search engine marketing can be done with the techniques of search engine optimization (SEO) and paid search advertising

(PSA) (Sümbül, 2018). According to secondary sources and participant data, it was seen that both cases benefited from search engine marketing techniques, actively managed their social media accounts, and continued their communication with the target audience by including ads, campaigns, video content for special days and weeks in their accounts. Addedly, it has been observed that they use text message and e-mail marketing, subject to the approval of the customer who is a member of their website. Google Ads, Facebook Ads, Google Analytics, among the search engine marketing tools used by Sefamerve; Search Ads 360 and Google Analytics among the search engine marketing tools used by LC Waikiki stand out among the search engine marketing tools (<https://www.thinkwithgoogle.com>).

6. Conclusions and Implications

The analysis of the internationalization process of the retail sector has become increasingly important especially due to its positive contributions to the economy and foreign trade. With this awareness, the internationalization process of multi-channel and e-retailers in the apparel sector, which has not been studied sufficiently in Turkey, has been comparatively analyzed. In accordance with the purpose of the study, the motivations of multichannel apparel retailers and e-tailers, which only serve through e-commerce on global scale, the internationalization, market selection, market entry methods and critical success factors regarding the management of their operations, e-commerce activities in foreign markets were examined.

Within the scope of the study, interviews were made with LC Waikiki, which operates as a multi-channel apparel retailer, and sefamerve.com, which operates as an electronic apparel retailer. Tema Group, which is a production company, has expanded its investments by purchasing the operations of LC Waikiki in Turkey, with which it has previously made a franchising agreement, in the retail field by applying its forward vertical integration strategy. The company, which tries to market its own branded (LCW) products through its own distribution channel, adopts the strategies of market development and increasing its penetration into existing markets as a growth strategy. Sefamerve.com, which sells clothing products for the conservative segment online and operates as a vertical e-commerce business, started to export in the year it was founded by making its first foreign investment in internet advertisements and increased the number of countries it exports to 47 a year after its establishment. The company, which has a very high growth rate, it has a wide range of products including different brands as well as its own brands and adopts the strategy of market development as its growth strategy.

It was observed that the different motivations of the retailers within the scope of the research were effective in internationalization, and the growth target of the company was their common motivation. It has been revealed that the first mover advantage in the literature, economies of scale and advanced technology acquisition, know-how is not always the main motivation for internationalization, it can be obtained / gained as a consequence of internationalization. It has been observed that the “market / customer potential” criterion is the common criteria in

the selection of the target market. In addition, it has been observed that the e-retailer operates in a larger number of markets with fewer criteria.

When the internationalization process of the two enterprises participating in the study is examined, it is seen that the internationalization processes of both enterprises cannot be explained with the revised Uppsala Theory (2009), since the partners do not influence the internationalization process. It has been observed that LC Waikiki, which operates on a multi-channel basis, has started the internationalization process with Romania, which is geographically and culturally close, and expanded its geographical spread with its increasing experience and knowledge. E-commerce activities started in Romania due to factors such as the similarity of clothing preferences, cultural similarities, operational convenience due to being a close geography and eliminating the costs that may arise from customs duties due to being a member of the EU and made Romania a base for European sales. It is seen that LC Waikiki is going through an internationalization process that progresses gradually and expands its geographical spread in direct proportion to the experience it has gained. In addition, it is possible to explain the internationalization process of LC Waikiki, which aims to be a global brand since its establishment, and therefore the management has been observed to have an interest in exports since the beginning, with the internationalization model of Çavuşgil (1980), one of the models related to Uppsala Theory and innovation. In addition, it has been observed that network connections influence the global expansion process, as it makes use of existing connections, especially in markets that it cannot enter alone. It has been determined that sefamerve.com, which operates as an electronic retailer, was expanded its operations in foreign markets in the year it was founded and by exporting to 55 countries within three years, its share of exports reached 22%. It is possible to say that sefamerve.com has internationalized as a born global business, since it meets the globally born business criteria and started exporting in the year it was founded. Moreover, the company, which sends to 65 countries today, stated that it obtained 50% of its total sales in 2019 from abroad. In this sense, it is seen that the international activities of the company continue increasingly until today. In addition, it can be said that the network connections are extremely effective in the internationalization process of sefamerve.com, which has been found to have many benefits in terms of technology and operation in determining potential markets, localization studies, and its existing and developed connections. In addition, it is concluded that network connections cannot explain the internationalization process of both enterprises alone but are the factor that facilitates internationalization and the management of operations in the foreign market.

It is important for businesses to enter foreign markets with the right method in order to increase their market share, income and profits. In this sense, the strategies used by retailers are included in the study. The multi-channel retailer LC Waikiki adopts a close control strategy in auditing. For this reason, it does its investments as a direct/greenfield investment. It only enters the market with a franchising strategy in countries where it encounters legal obstacles to make greenfield investments. In this sense, it can be said that the transfer of expertise in managerial and operational areas has been realized with the purchases

and franchising agreements it has done. Sefamerve.com, a global born e-commerce business, is entered into foreign markets via online channels. Sefamerve.com, on the other hand, transfers its expertise with the agreements it has made in the field of technology and its collaborations with Google.

As a result of the findings obtained from the research, it has been observed that efficient supply chain management and time, cost and speed factors stand out in the management of foreign operations. The combined use of adaptation and standardization in supply chain management, customer service, technology, store design, price, product diversification, and marketing strategies is instrumental in the success of both the omnichannel retailer and e-retailer participating in the research.

In addition, based on the statements of the participants, it was concluded that supply chain management, customer service and price are more critical than others in success. Moreover, it was observed that e-retailers increased the number of countries they operate in by adapting more easily to international markets compared to multi-channel retailers. In addition, it has been revealed that the e-commerce and social media-based business model adopted by the e-retailer enables to increase technology investments by reducing transaction costs and fixed costs. It is possible to say that technology investments provide a serious competitive advantage in the digital markets. The results obtained from the research show that the management of the operations of multichannel and e-retailers in foreign markets, the success factors in foreign markets are similar and network relations play a facilitating role in foreign market entry and operational activities. They have gone through different internationalization processes because of the different business models and sizes of their structures.

In addition, the same interview questions were used for both cases during the research process, but different findings were found on digital marketing and localization issues for the e-retailer. During the analysis of the cases, it has been determined that digital marketing tools are an effective method in internationalization of the e-retailer and finding potential customers in both cases. It is believed that this study, which is based on the comparison of multichannel apparel retailers and electronic apparel retailers, will contribute to the literature as different findings are obtained with the same techniques.

The results of the study revealed common and different points regarding the internationalization process of the analyzed multichannel and e-tailers. Since the study is qualitative research, the main limitation would be to generalize the research results directly to the research universe. However, it is thought that the research findings and results described in detail can be transferred to similar situations or environments. Through the findings obtained from the interviews, it has been tried to contribute to the literature and practitioners as a new source of information.

Since there are not many studies on the international activities of the organized retail sector, which consists of multi-channel and e-retailers it is thought that future studies in this field will contribute to the literature. It would be beneficial to investigate the obstacles to the internationalization of Turkish e-retailers in the ready-made clothing sector, since there are not many e-retailers that carry the activities of future studies that will focus on international retailing to

an international dimension. Another possible future research area could be developing theoretical structures to explain the internationalization process of new generation retailing.

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