



**Chapter XV**

**Logistics, Information  
Technology, and Retail  
Internationalisation:  
The Formation of  
International Strategic  
Retail Networks**

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**ABSTRACT**

*In the present work we suggest the notion of the strategic information technology competitive advantage and its potential strategic impact upon a retailer's organisational supply chain coordination. The existence of a logistics strategy and an information technology strategy constitute two functions that offer the platform for retail firms to "internalise" the effective management of the supply chain by converting it to a coordination competitive advantage. The latter depends upon the ability of the retail firms to transform a logistics strategy and an information technology strategy into what the authors call strategic logistics and strategic information technology. We also argue that logistics and information technology can assist a retailer to form a "logistics*

*network” with third-party firms in the supply chain, with the aim to capture and to protect to the full the differential returns generated via the internalisation of the supply chain activities. The coordination competitive advantage owned by the retailer enhances retail change in domestic and in international markets, as the retailer enters foreign markets via a similar network of third party and its own account logistics operations, giving rise to new retail organisation schemes, such as the international strategic retail network.*

## INTRODUCTION

In the present work the authors argue for the potential of retail evolution across national boundaries in the dawn of the 21st century. Dominant retailers that possess an “ownership” competitive advantage at their home territory are in a favourable position to expand abroad. Logistics and information technology provide the infrastructure for the management of information and have been gradually elevated to be powerful tools of coordination of retail supply channel management. Logistics and information technology offer the platform for the “internalisation” of the retailer’s competitive advantage, something that can strategically enhance the internationalisation of retail firms via a significant impact upon a retailer’s organisational supply chain structure in domestic and in international markets. Logistics and information technology can assist a retailer to form a “strategic retail network” in the supply chain at home and in foreign markets with the aim to capture and to protect to the full “ownership” specific competitive advantage differential returns.

At the early stages of the competitive process, logistics and information technology can be part of cost-cutting operations for the retail firm. Retail firms foresee the competitive benefits that can accrue to them by the use of logistics and information technology, so retail firms spend heavily upon crafting and implementing a logistics strategy and an information technology strategy. In particular, dominant retailers with a large volume of profits are in a favourable position to invest proportionally more on information technology, logistics, advertising campaigns, as well as on the production of their own brand items in an effort to sustain and enhance their market position and their competitive advantage. In turn, if successful over time, such investments will cause an increase in profits and will potentially lower the overall cost to the company. Higher profits will be ploughed back to successfully implemented investments with the company expecting further beneficial feedback effects on profits, as apparently, a number of factors influence simultaneously retail change and innovation. In the course of the competitive process, logistics becomes strategic logistics and information technology becomes strategic information technology, and the firm is rewarded with a unique and fully owned competitive advantage.

In terms of strategy the latter means that the new practices become part of the competitive advantage to the retailer as emergent practices/strategies turn into deliberate actions/strategies. The impact on retail change could be dramatic, ranging from going international to further enhancing the internalisation of domestic and/or

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