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## Alternative modes of entry and unexpected events in franchising


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# Alternative Modes of Entry and Unexpected Events in Franchising

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## Abstract

Store-in-store franchising or *corner* franchising is the application of a franchise format within another business, such as big box retailers, supermarkets, and gas stations; and pop-up stores are temporary store formats opened in shopping malls or other venues for a short period. Despite the regular application of these strategies by franchisers, the academic literature on store-in-store franchising and pop-up stores is relatively limited. There is a particular need after the COVID-19 outbreak to construct new lenses through which to explore how these modes of entry adapt to the new environment of business interruptions and border closures. Motivated by this research gap, this paper explores the implementation and application of store-in-store and pop-up franchising in the retail industry before COVID-19. The paper thereby consolidates the research into stores-in-stores and pop-up stores and provides a disaster studies-based research framework, a set of theoretical propositions, and some managerial implications.

**Keywords:** business disaster research, pop up store, store-in-store, temporary store, big box retailers

## Introduction

The franchising strategy has been extensively used for domestic and international expansion by small, medium, and large companies (Rosado-Serrano & Paul, 2018; Rosado-Serrano et al., 2018; Rosado-Serrano et al., 2019). Rosado-Serrano et al. (2018) reported that it had become a popular means of expansion for firms in Australia (Frazer et al., 2007), Spain (Rondán-Cataluña et al., 2012; Navarro-García et al., 2014), Guatemala (Rosado-Serrano, 2016; 2017), Argentina, and newly industrialized countries, among others. Franchising has been adopted in the retail, hospitality, and food service industries. Traditionally, most of the research conducted on this topic has been based on U.S. firms, but more studies are now emerging from European countries, including Spain, France, and Germany (Henkel & Toporowski, 2021), where its implementation has been popular. The Spanish brand Viajes el Corte Inglés operates in more than 13 countries in Latin America, the Caribbean, and Europe through franchising, and Carrefour from France operates and franchises in the same regions. It can be said that the 21st century business format of

franchising has evolved from its beginnings in the 1800s and is now an international phenomenon that adapts to prevailing social and economic trends.

Franchising application has evolved from its most notable use by McDonalds, with its iconic independent locations with large and highly visible *golden arches* to arrangements such as store-in-store (Reichert, 2021) or corner franchising, pop-up stores, and mobile and alternative formats. These franchising formats have been adopted by firms in retail, food service, and other industries. Cosmetics and fashion brands have used store-in-store in big store formats such as Macy's in the United States and El Corte Inglés in Spain. Sanrio has used pop-up and mobile stores in the United States for its Hello Kitty brand. Small and family businesses have used formats for their operations that differ from the traditional occupation of commercial space, such as mobile trucks or the use of intermittent or alternative locations. Depending on the country observed, there are many applications of alternative business locations used by informal and formal businesses. Without government intervention, we have seen new economic and social settings created by these new formats, such as container and food truck parks and mobile businesses operating on the side of the road, to name a few. Recently, new organized communities and places such as *Re-Imagined by Walmart* have emerged, which create artificial parks and social open spaces. In these artificially created locations, food trucks and other alternative franchise formats blend in with the Walmart site to provide a *safe and idealistic place* for creating a new retail lifestyle.

The store-in-store and pop-up store strategies have been observed independently by scholars (Picot-Coupey, 2014; Rosado-Serrano, 2016) and there is no consensus on their strengths and weaknesses or the patterns of deployment and opportunities they present. Because these strategies are consistently adopted in many countries in different industries by formal and informal players, they deserve greater research attention.

The pandemic outbreak of mid-March 2020 affected all business sectors and forced some businesses to drastically wind down their operations on very short notice. Historically, pandemics such as SARS, and natural disasters such as hurricanes, earthquakes, typhoons, have affected certain regions and countries and interrupted business operations in particular industries. In these previous disasters, the most heavily impacted industries were travel, hospitality, food service (Avian and Swine Flu), and healthcare (Islam et al, 2021). The COVID-19 situation is different because many countries closed their borders and very limited commercial flights were operating worldwide. People in many countries were locked down in their houses (some voluntarily and others by mandate), and most businesses were closed, thus affecting manufacturing, retail, and general services while forcing the complete shutdown of the travel and leisure industries. Furthermore, no country's health system was prepared with the resources required to attend to this pandemic.

The purpose of this paper is to develop a research framework on store-in -store and pop-up stores based on disaster studies. We feel that despite the current interruption to consumption habits, customers will continue to acquire goods and services through pop-up and store-in-store locations. First, we review both streams of the literature without the disaster studies framework and identify their common points, strengths, and weaknesses using the methodology applied by Paul and Rosado-Serrano (2019). We then review disaster business studies and develop our research framework. This paper is structured as follows: First, we review how scholars have addressed store-in-store and pop-up stores in the literature and the business disaster studies field. Second, we

compare the advantages of each method and identify common traits. Third, we discuss the key elements found in our review. Fourth, we present a set of propositions and our research framework. Fifth, we provide a conclusion and present some managerial implications.

## Methods

For this paper, we combine the content analysis methodology used by Rosado-Serrano (2016) and the review structure used by Paul and Rosado-Serrano (2019). For the analysis we applied a three-phase process. First, we retrieved the academic literature on store-in-store, pop-up stores, and disaster studies using the following keywords: business disaster research, pop-up store, store-in-store, temporary store, big box retailers. Similar to Rosado-Serrano (2016), we did not limit this search to a specific period, and we used the ProQuest, Research Gate, and Google Scholar databases. In our second step, we limited the literature to that specifically related to store-in-store, pop-up stores, and disaster studies. The relevant studies are shown in Tables 1, 2, and 3. Figures 1 and 2 provide a historical account of the store-in-store and pop-up stores literature. To give a clearer picture, we present the salient features from both streams of literature in Figure 3, following the approach of Paul and Rosado-Serrano (2019). In our third phase, we developed a research framework and five propositions based on store-in-store, pop-up stores, and disaster studies, as shown in Figure 4.

## Literature Review

### *Store-in-Store in Retailing Consumer Goods*

The store-within-a-store arrangement is common in the apparel and consumer goods segment. In their seminal article *Store Within a Store*, Jerath and Zhang (2010) provide the following definition: “in a store-within-a-store arrangement, retailers essentially rent out retail space to manufacturers and give them complete autonomy over retail decisions, such as pricing and in-store service” (p. 748). Sometimes, the decision to enter into a store-within-a-store arrangement is based on the high rental cost of available space (Moussawi-Haidar & Çömez-Dolgan, 2017), a strategic marketing strategy (Rosado-Serrano, 2016), or an attempt to increase a firm’s intellectual capital (Picot-Coupey et al., 2018). It is very common to find stores of brands such as Estée Lauder, MAC, and many others in specific sections or store levels of major department stores worldwide (Anderson, 2006; Jerath & Zhang, 2010; Rosado-Serrano, 2016).

Stores-within-a-store may also be called boutique shops. A particular trait for this store arrangement is to operate independently (or have complete autonomy) from the host department store, and to represent a particular brand in their area. These stores may be exclusive for that product or service (Jerath & Zhang, 2010). When having full autonomy, stores-in-stores can control their retail price, user experience, and customer service (Picot-Coupey et al., 2018) without the intervention of the host store. Under such an arrangement, there might be trade-offs between channel efficiency, the required economic returns, and the host expectations for an increase in traffic (Jerath & Zhang, 2010). Host stores benefit when they lack particular expertise or certain products they can offer through this arrangement, such as locally produced products (Barber & Tietje, 2004). Despite this, some studies indicate that the store-in-store strategy can produce lower returns for the firm (Picot-Coupey et al., 2018) or an erosion of brand image (Banerjee & Drollinger, 2017). Recently, Picot-Coupey et al. (2018) explored the determinants of expansion

via store-in -store. They found that it is a useful strategy only when firms use their own product line instead of third-party products. In addition, they suggested the following elements to provide better odds for success with this strategy. First, it is best to position a highly specialized product/or service with a premium price strategy. Second, the visual effects of the product and the actual store need to be constantly re-assessed as customers might lose interest; this requires constantly renovating the location. Third, this format is more appropriate for young firms that have intangible assets instead of those with more resources, as these firms can benefit more from the store-in-store strategy. The store-within-a-store arrangement has been also applied by manufacturers. Shen et al. (2019) studied the decision to adopt such a strategy based on the disposal cost of inventory and the cost of additional orders. They found that when manufacturers can accurately predict their production costs/benefits, they are able to determine demand for the product or service and the store-within-a-store approach is a likely choice. Table 1 shows recent empirical studies on the store-in-store strategy and their findings.

**Table 1.** Literature on the Store-in-Store Strategy

Author	Finding
Pasirayi, 2020	Investors reward companies that enter into store-in-store agreements. The host firm and lessee both experience an increase in their firm value, which is further enhanced if there is brand alignment.
Shen et al., 2019	If manufacturers are effective at determining their demand, they are likely to adopt a store-in-store strategy. Similarly, if there is a clear agreement on the percentage of revenues paid by the manufacturer to the retailer, the adoption of this strategy is more likely.
Picot-Coupey et al., 2018	The application of store-in-store is only positive when companies use their own brand with a highly specialized product/service. Firms should only use a premium price strategy and position their product through symbols. These concepts require constant renovation. Companies engaging in store-in-store must give more attention to intangible rather than tangible assets.
Banerjee & Drollinger, 2017	The store image of the smaller store-in-store was not favored or adversely affected when associated with a larger retailer. Smaller chains that use store-in-store should be evaluated independently of being just another factor of the host store retail merchandise mix.
Rosado-Serrano, 2016	Found that big box retailers choose to implement a store-in-store strategy to complement their customers' shopping experience with services that do not compete with their own offerings. Stores-in-stores provide franchisors with operational capabilities as they need to adapt their operations to a small space provided by a big box retailer.
Amadiou et al., 2013	Companies that adopt the store-within-a-store strategy have significantly lower financial performance.
Jerath & Zhang, 2010	Applying store-within-a-store shows the retailer is powerful and has strength. If the retailer believes it is able to provide the services or products it will not enter into a store-within-a-store agreement. When the retailer takes the lead to shape the channel structure, different structures emerge. A retailer might favor store-within-a-store in a given product category with consideration of the substitutability between competing products, effectiveness and costs of in-store services, store traffic effect, and intensity of competition at the retail level. Store-within-a-store can be optimal in the case of competing retailers and can moderate intensive competition when there is little interbrand substitutability.

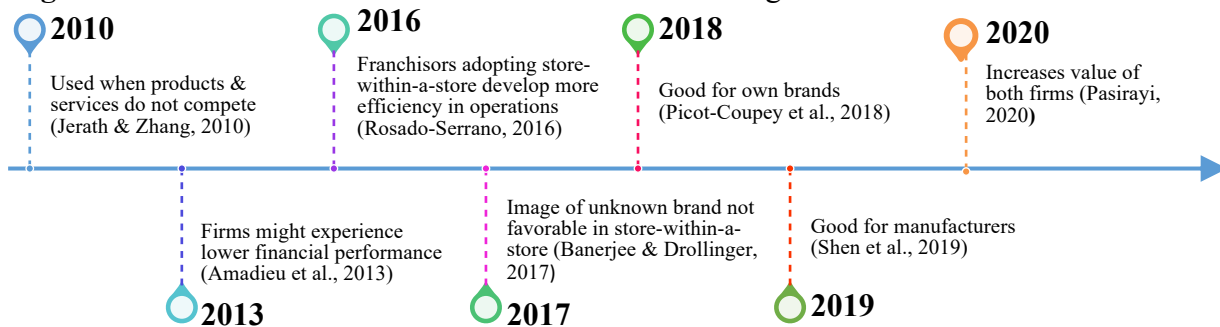
### **Franchising and Store-in-Store**

Store-in -store franchising is a strategy in which a partnership is formed between a big box retailer, such as Walmart (Rosado-Serrano, 2016; 2017), and a franchise brand, such as McDonalds or Subway. Rosado-Serrano (2016) observed this strategy from the perspective of Walmart in the United States, where it offers a specialized real estate website. Store-in-store franchising is not limited to the U.S. domestic market; the strategy has also been used by Walmart in international markets, such as Argentina, where the French big box retailer Carrefour and the Chilean conglomerate Cencosud also follow this approach in their supermarkets and 'Jumbo' big box stores. In Spain, the big box retailer El Corte Inglés has developed a section called *The Gourmet Experience* where they showcase premium consumer goods along with a store-in-store concept of restaurants and coffee shops. El Corte Inglés not only hosts other brands in their locations but also uses the store-within-a-store strategy for their own brands Viajes el Corte Inglés and Sfera. Viajes el Corte Inglés is a well-known brand in Latin America. Depending on the host country, they use

different entry modes, such as corporate stores, franchised stores, or corner franchising. For example, in Mexico they operate 70 independent locations and 47 stores-in-stores at Palacio de Hierro, a big retailer (Guevara, 2018). The brand Sfera has also applied the store-in-store strategy in many countries, with a presence in 15 countries in Europe, America, and Asia. In Switzerland, they have 60 stores in store locations, in Germany 54, and in México 45. They apply a mix of corporate owned stores and franchising outlets (Romera, 2018).

Rosado-Serrano (2016) explored the application of store-in-store in Walmart stores. He found that Walmart created a realty website where they specifically promoted six franchise brands already pre-approved for store-in-store franchising in the area called *the 4<sup>th</sup> Wall*. Walmart defined the area after the cash registers as the 4<sup>th</sup> Wall in some of their store layouts (Walmart & Walmart Supercenters). They indicated that franchise brands were pre-selected to offer services not covered by their stores, such as nail salons, eye centers, and banks, and specialized brands, such as McDonalds, Subway, Panda Express (Rosado-Serrano, 2016), that they could not replicate. A customer that is used to eating at McDonalds would rather wait to do so than visit a Walmart cafeteria. Walmart has now changed the realty website and no longer promotes specific brands. They have launched the concept of *Walmart Reimagined*, under which they propose new centers utilizing commercial, recreational, cultural, and institutional elements. These new perspectives cover areas such as food halls and food trucks, container parks, in-store tenants, and parks. In their reimagined view, these different arrangements can host franchises and other businesses. Walmart will continue to host franchises in a wide variety of formats: store-in-store, independent off-site, food trucks, and steel containers. Indeed, store-in-store franchising is being applied by domestic brands, such as McDonalds in Walmart in the U.S. market and El Ganso in El Corte Inglés in Spain, and internationally, such as by Sfera from El Corte Inglés in other European countries. On Figure 1, we show highlights of the literature on store-in-store franchising.

**Figure 1.** What Is Known About Store-in-Store Franchising



### ***Temporary and Pop-up Stores***

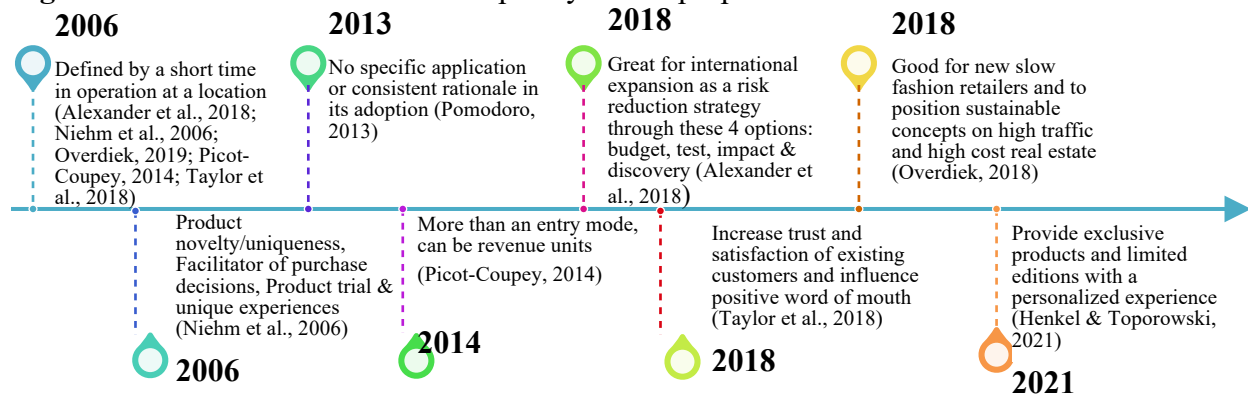
Pop-up stores (also often called temporary, itinerant, or guerrilla stores) are retail spaces that open for a short period (Picot-Coupey, 2014). These stores are designed to engage with consumers in a different way than other formats. Pop-up stores can provide memorable experiences (Taylor et al., 2018) that can be hedonic and even theatrical (Pomodoro, 2013). Pop-up stores can be placed in unexpected locations, at a specific venue, or as part of an event (Overdiek, 2018). In 2018, the Cottonelle brand (a brand of hygienic paper) opened a pop-up store at the entrance of a public toilet in Plaza Las Americas, the largest shopping center in Puerto Rico. This store not only sold toilet paper and moist wipes but also promoted the use of these products. Consumers were initially

confused because the store was placed in front of the public toilet hall, mimicking an actual mall leased space. Consumers, after recovering from the lost feeling, stopped by the store before entering the bathroom. Pop-up stores can provoke novelty and exclusivity; they are useful because they can create a surprise effect, which is a key to distinguish a brand in a saturated market. These stores, due to the limited time for which they operate, can stimulate consumers to participate in or purchase something on the basis that it might not be available in the future. Similarly, they appeal to instant satisfaction and gratification, which makes the adoption of a pop-up strategy useful for certain brands or products.

Hello Kitty is an international phenomenon that spans all products and offerings. There are bullet trains and airplanes themed after the character, as well as Hello Kitty corporate stores and licensing agreements worldwide. Recently, the company has been using a combination of temporary pop-up stores in the format of a steel container and mobile coffee shop. It uses social media to promote where the store will be located next. The temporary store might remain for about a week in each location, which is sometimes inside shopping malls or near to other known locations. They provide exclusive items that are not available at other stores and consumers take pictures and post them on social media as they interact with the temporary store. Not all pop-up stores are for such more accessible products or services, as another example is the Canadian brand of high-end coats Canada Goose, which opened a pop-up store in Beijing to showcase their fall/winter collection (Braun, 2018).

Not all accounts and perceptions of pop-up stores are positive. Alexander et al. (2018) indicated that the term pop-up is overused and may lead to the impression of providing only a small display. Amazon, the retail giant, implemented the pop-up store concept inside Kohl's, shopping malls, and Whole Foods Markets stores (Green, 2019). After five years applying this strategy, they decided to close all their 87 pop-up locations and refocus their strategy toward a more comprehensive customer experience with a wider selection. They were offering a limited assortment of devices on these pop-up locations; instead, they plan to create a dedicated space (store-in-store) in over 200 locations offering a wider range of Amazon devices. Nonetheless, pop-up stores have been adopted domestically and internationally in various industries and by many companies. Figure 2 highlights the knowledge of temporary and pop-up stores and Table 2 lists recent empirical studies and their findings.

**Figure 2.** What Is Known About Temporary and Pop-up Stores



**Table 2.** Literature on Pop-up and Temporary Stores

Author	Finding
Henkel & Toporowski, 2021	Pop-ups offer a transitory experience (ephemerality) that indirectly influences consumers' intentions to visit. The pop-up experience is not sufficient when compared with other experiential stores. The anticipation of a unique and scarce product influences the consumers' intentions to visit and consume/purchase.
Overdiek, 2018	Sustainable temporary stores can be a solution to empty retail space in urban geographies. Despite this, it could also mean an increase in profit for a host of locations and in some cases, pop-up entrepreneurs cannot build a source of sustainable income. Sustainable temporary stores and slow fashion entrepreneurs can use this strategy when rents are low to develop their business model.
Taylor et al., 2018	Pop-ups provide customers with an exciting atmosphere and experience. This promotes higher levels of trust and satisfaction, thus promoting positive word-of-mouth (WOM), good relationship quality, and return intentions.
Alexander et al., 2018	Pop-up application is good as an international retail strategy for identifying market opportunities while reducing risk. The authors propose a framework based on the perspectives of selling and positioning with these four options: budget, test, impact, and discovery.
Picot-Coupey, 2014	The application of pop-ups at the beginning stage of internationalization fits with the stages theory, at the expansion stage of which it must be combined with other foreign operation modes (FOMs) as it should produce revenue and synergies for the marketing effort. Managers should use pop-up stores as an efficient means to position the brand and develop network relationships in foreign markets. Landlords should welcome pop-up stores to produce retail diversity and to generate surprise and interest.
Pomodoro, 2013	There have been different strategic objectives for the adoption of temporary stores and there is no specific layout or criterion that prompted its development. Pop-up retail is a useful marketing tool in relation to the brand experience, brand community, tribal marketing strategy, and market research.
Niehm et al., 2006	Found three constructs (Product Novelty/Uniqueness, Facilitator of Purchase Decision, and Product Trial and Unique Experiences) as benefits and concerns of consumers towards pop-up stores. Product/service uniqueness influences patronage intentions. Similarly, pop-up stores are not only marketing tools but also learning laboratories for retailers, marketers, and manufacturers.

### ***What Is Known About Store-in-Store and Pop-up Stores***

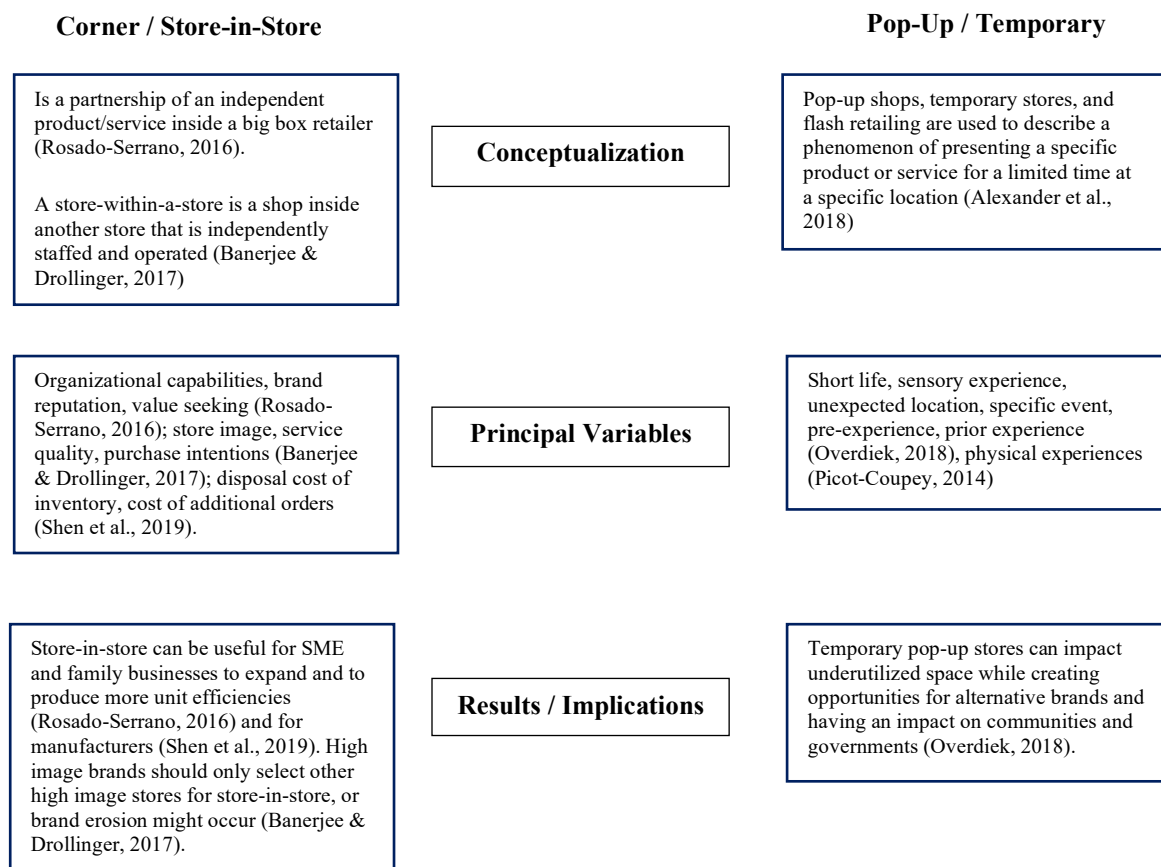
We found that store-in-store and pop-up store strategies have been used by retailers, manufacturers, and distributors in their domestic and international expansion with no specific roadmap. Despite the prevalence of these strategies, there has been limited attention paid by scholars with few academic studies found in either research stream. Following the review structure of Paul and Rosado-Serrano (2019), we highlight the most recent literature on both streams in Table 1 and summarize the findings of each dimension. First, it is important to point out the different wordings coined in the literature to describe the phenomenon. Some have called it *store-within-a-store* (Amadiou et al., 2013; Jerath & Zhang, 2010; Shen et al., 2019) and others have called it *store-in-store* (Banerjee & Drollinger, 2017; Rosado-Serrano, 2016). The work of Jerath and Zhang (2010) is one of the most cited studies on store-within-a-store. Jerath and Zhang (2010) found the strategy is favorable for specific products when they compete with other retailers, and the host cannot fulfil the services on its own. Amadiou et al. (2013) found that companies that adopt a store-within-a-store strategy have significantly lower financial performance. Rosado-Serrano (2016) found that big box retailers in the United States and Latin America adopt store-in-store franchising when there are services and products that they do not have the specialty to provide. In addition, franchisors benefit when they adopt store-in-store franchising as it requires them to reduce their store footprint, which in turn produces optimization. Banerjee and Drollinger (2017) found that the image of an unknown smaller store was not favorable when associated with a strong brand through the store-in-store arrangement. Picot-Coupey et al. (2018) found that store-within-a-store is positive when companies use their own brand and with the continuous renovation of the location. The most recent analysis was that of Shen et al. (2019) from the manufacturer perspective; they found that if manufacturers are effective at determining their demand, they will adopt the store-within-a-store strategy.

Compared to that on the store-in-store strategy, there is more literature on pop-up and temporary stores. Again, there are two main terms used for the concept: pop-up (Alexander et al., 2018;



Niehm et al., 2006; Picot-Coupey, 2014; Taylor et al., 2018) and temporary (Pomodoro, 2013; Overdiek, 2018) stores. In general, the authors coincide on defining these approaches by the short period of operation at the location, but there are several important elements to their specific findings. Niehm et al. (2006) found three constructs as benefits and concerns for consumers toward pop-ups: product novelty/uniqueness, facilitator of purchase decisions, and product trial and unique experiences. They indicate that pop-ups can be good learning laboratories for marketers, retailers, and manufacturers. Pomodoro (2013) found that there is no specific application or consistent rationale for the adoption of temporary stores. Picot-Coupey (2014) introduces the concept of pop-ups as revenue units, not only as an entry mode for foreign markets. The author indicates there should be stages in the adoption, but it should produce efficiency and serve as a tool to strengthen the network relationships in foreign markets. Alexander et al. (2018) indicate that pop-up stores are an effective international retail strategy to identify market opportunities while reducing risk. The rationale to be applied should cover four options: budget, test, impact, and discovery. Taylor et al. (2018) indicate that pop-ups increase the trust and satisfaction of existing customers and have a positive influence on word of mouth, relationship quality, and return intentions. Overdiek (2018) indicates that temporary stores can be a strategy for upcoming slow fashion and other sustainable concepts as they help position entrepreneurs in high traffic and high-cost real estate. Figure 3 represents the salient features from both streams of literature.

**Figure 3.** Salient Features of Store-in-Store and Pop-up/Temporary Stores



### *Disaster and Unexpected Event Studies*

Disasters and unexpected events have been widely studied through the lens of the medical sciences, with limited attention from the business perspective. Disaster studies can be categorized as research into natural occurrences (hurricanes, tsunamis, and earthquakes) and biological events (flu, viruses, etc.). Several events under the biological category have been studied, such as SARS in China, MERS in Korea, and Avian and Swine Flu, among others. The most carefully explored of these unexpected events from the business perspective has been SARS. SARS particularly affected the hospitality and tourism industry (Chen et al., 2009; Leidner et al., 2009). In Taiwan, it had a particular impact on the tourism and hospitality industry as it poorly performed on the stock market. Interestingly, the biotech industry had a positive return during the crisis (Chen et al., 2009), for which one explanation could be that market expectations were focused on the biotech industry as a relevant player in providing a solution to the crisis. Leidner et al. (2009) found that firms that were better managed through the crisis had invested in IT, which in turn helped in information gathering and communication. They observed that having such resources gave firms the opportunity to see the big picture on the evolving crisis and react appropriately amid rapid changes.

Like SARS, a MERS outbreak affected the public health and economy of Korea. Jung and Sung (2017) explored retail sales of electronic goods, semi-luxury goods, and groceries during the MERS outbreak. They found that groceries payments were not significantly affected, as consumers migrated from offline to online sales while maintaining the same volume as consumption maintained stable during the crisis. This is an indicator that even in this type of crisis, food and groceries (including ready meals) are indispensable in unexpected scenarios.

Other scholars have explored post-disaster business recovery in cases of natural disasters. Liu et al. (2012) explored the perception of individuals after hurricane Katrina in Louisiana, USA. They found that businesses that stayed in the community and were sensible and socially responsible increased their loyalty-based consumers and their brand equity. First line retailers were found indispensable to recovering and returning to normal life. Morris and Jones (2019) explored the response of 12 entrepreneurs in the hospitality industry in New Zealand after an earthquake. They found that an entrepreneurial approach by the owners toward communication and strategy helped their businesses to overcome turbulence and uncertainty.

The most recent major unexpected disaster event is COVID-19, which broke out in the province of Wuhan, China in late 2019 (World Health Organization, 2020). Although the crisis is ongoing, some scholars have started to investigate relevant phenomena. Ahani and Nilash (2020) made an exploratory content analysis of online forums and Google trends. They found that information sharing is key requirement to emergency management and the decision-making process. They suggest that big data can help in decision making amid such unexpected events as the COVID-19 pandemic. In Table, 3 we present a sample of the most notable and recent research articles in the field of disaster and unexpected event studies.

**Table 3.** Literature on Disasters and Unexpected Events

Author	Finding
Ahani & Nilashi, 2020	Information sharing is a key requirement for effective decision-making and emergency management. Social networking sites are key for collecting data and communicating with customers and business partners. Big data analytic tools can help in decision making amid unexpected events.
Morrish & Jones, 2019	An entrepreneurial approach toward how businesses communicate and apply strategy can help firms to overcome turbulence and uncertainty. Recovery models need to consider the entrepreneurial actions of owners and the entrepreneurial marketing strategies implemented (and altered) during the post-recovery period. The tourism and hospitality industries suffer the most as they might lose infrastructure and face restrictions on operations, cancellations, etc. In addition, inaccurate media representations might hinder or generate a negative response from prospective customers.
Jung & Sung, 2017	There was no significant change or variation between online and offline sales of groceries. On the contrary, during the crisis, online sales of electronic goods increased while offline sales decreased. For semi-luxury goods, offline sales decreased and online sales remained the same. The authors suggest that governments should be keen to address the infrastructure response to crisis events.
Liu et al 2012	Retailers are indispensable for day-to-day consumption needs and are key for post-disaster recovery. A socially responsible post-disaster response by retailers increases brand image (and equity) and loyal customer base and long-term prospects as a competitive advantage. Viable retail businesses in the post-disaster context are a key for returning to normal life.
Chen et al. 2009	The biotech sector experienced positive shocks in the stock market during the SARS crisis, while tourism, wholesale, and retail felt a negative impact. Governments should provide enough support to each industry to recover and protect the economy and residents' health.
Leidner et al., 2009	Companies with good IT infrastructure can recognize signals to see the big picture and react appropriately during a crisis. Resource deployment requires a collaborative coordination between organization, information, and IT structures. This will facilitate firm survival and performance during the crisis.

### Conclusion

We found that the store-in-store and pop-up store strategies have been applied by managers with no specific structure and consistency. Nevertheless, there are very limited studies on both research streams. In Figure 1, we present salient features from both streams of literature on three dimensions: conceptualization, principal variables, and results. In our visualization, we found no common points or clear coincidences across the two streams of literature. However, we found a clearer evolving analysis from the store-in-store perspective than from that of temporary/pop-up stores. We concur with Picot-Coupey (2014) on an initial application of the pop-up model as part of the internationalization process, and particularly its adoption by companies and franchises with low resources. This brings us to our research agenda on alternative modes of entry and unexpected events in franchising. Although most franchises are either non-operational or operating under an uncertain environment at the moment, we believe that when the crisis dissipates these alternative modes of entry will be useful for domestic and international expansion. We believe that pop-up stores can be part of the evolutionary process of store-in-store franchises for new franchisors or franchisors with limited resources or foreign knowledge. Through an initial pop-up venture, emerging franchisors can develop the working knowledge and necessary efficiencies before scaling up to the next step with a store-in-store or mobile store. Strategic partnership theory (Rosado-Serrano, 2016) would be appropriate as a theoretical underpinning to analyze alternative modes of entry under normal economic conditions as well as under disaster scenarios. Although there have been many other theoretical approaches used to explore disasters and unexpected events, we consider the process of partner selection as a key step in the process of expansion regardless of the economic conditions.

### Theoretical Implications

In business (Rosado-Serrano & Paul, 2018) and academia (Mazurek, 2018), scholars have applied partnership analyses to explore relationship success factors. Nonetheless, there are other approaches that scholars can explore to strengthen the theoretical underpinnings of studies of

alternative modes of entry. To expand theory in international marketing, international business, and strategy, we propose the following five propositions:

- Proposition 1: Franchisors that expand first through a pop-up venture and scale into a store-in-store have more success in foreign markets than franchisors that only adopt a store-in-store strategy.

Rosado-Serrano (2016) indicates that store-in-store franchising can be a useful tool for small and medium sized enterprises (SMEs) and family enterprises to expand. We believe there is a need to explore how the adoption of store-in-store or pop-up stores benefit SMEs and family enterprises to expand and transform their businesses into franchises. Based on this, we propose the following:

- Proposition 2: Family businesses have better opportunities to expand through store-in-store than through other retail strategies.

New trends in real estate, such as the development of container parks, mobile truck adoption by individuals or the participation of retail giants such as Walmart in developing artificial special communities, container parks, and lifestyle centers indicate the presence of an economic development that influences the adoption of alternative forms of franchising, such as store-in-store and temporary and pop-up stores. Based on this, we propose the following:

- Proposition 3: Socially developed container parks that host unrestricted mobile truck franchises perform better than artificially organized container parks and lifestyle centers by giant retailers.

Rosado-Serrano (2016) indicates that one reason to adopt a store-in-store relationship is to seek cost efficiencies. Shen et al. (2019) explored the decision to adopt a store-within-a store strategy based on the Uncertainty Model from the perspective of the manufacturer. We believe their approach is promising, albeit limited to the manufacturer perspective. Based on their rationale, we recommend that an analysis from the franchisor perspective should be explored either by using the same variables (disposal cost of inventory and cost of additional orders) or other identified variables depending on the type and industry of the franchisor. Based on this, we propose the following:

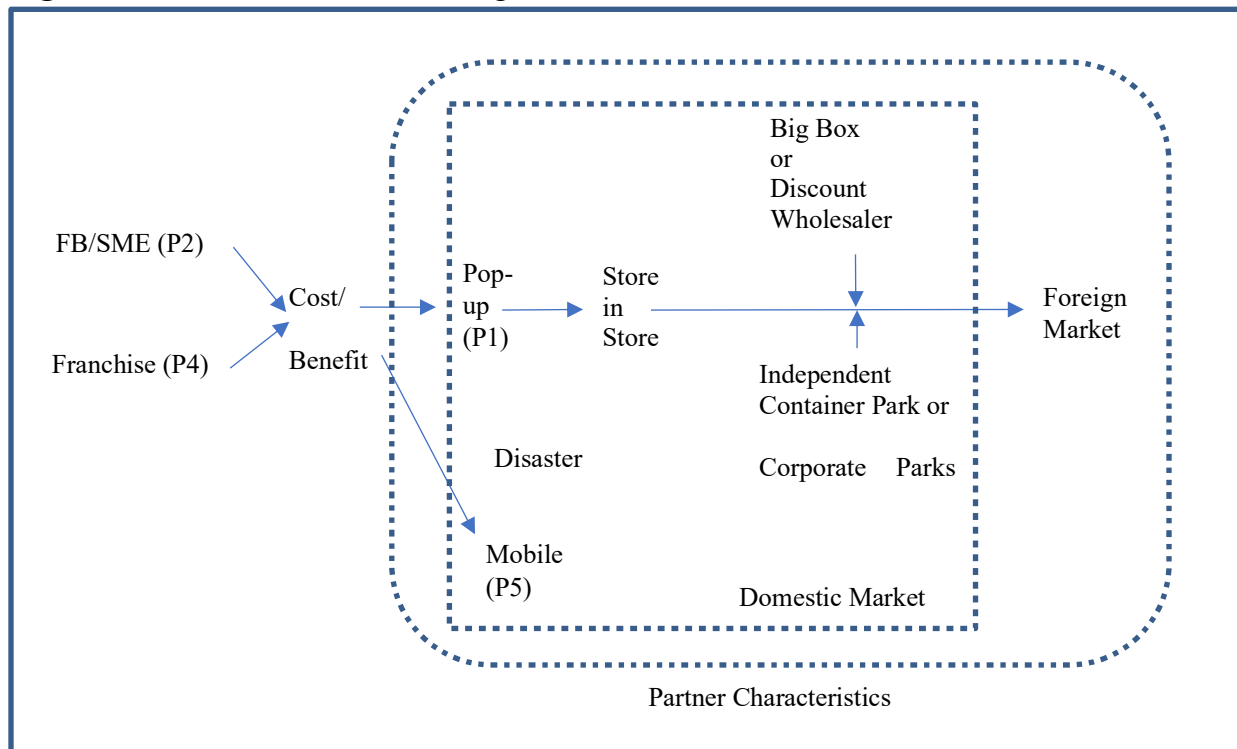
- Proposition 4: Franchisors will decide on store-in-store franchising if they can estimate the expected costs/benefits.

Unexpected events, such as pandemics, earthquakes, and hurricanes, can hinder small business expansion but can also provide prepared franchisors with opportunities to expand. Events such as COVID-19 have provided an opportunity to expand franchises, such as Puroclean, domestically and internationally through mobile units. Specific types of franchising services can benefit from disasters and unexpected events, including bakeries, specialty cleaning services, and health-related franchises, to name a few. Based on this, we propose the following:

- Proposition 5: Franchises in specific service industries can expand rapidly through mobile concepts in disasters and unexpected events.

In Figure 4 we present a framework for these five propositions. Although other scholars might be interested in different analytical lenses, we feel that our proposed framework provides a general view and would be helpful to managers, family businesses, and SMEs at regular times and in disasters/unexpected events.

**Figure 4:** Framework for Research Agenda



Note. FB = Family Business; SME = Small and Medium Enterprises; P1 = Proposition 1, P2 = Proposition 2; P3 = Proposition 3, P4 = Proposition 4, and P5 = Proposition 5.

### ***Practical Implications***

Our study, although not extensive due to the limited available literature, presents several managerial implications that can be useful for planning and implementing store-in-store, pop-up, and mobile strategies for SMEs, family businesses, and corporations in retail, service industries, and franchising. The first element to consider is the importance of an alignment between the perceived image and value of the host location and franchise proposition. Managers should carefully evaluate the selection decision of both participants. Franchisors must focus keenly on the alignment of their brand with the host location, as this may erode the brand. Hosts also need to be aware of this inherent risk. Second, managers should evaluate further if a combination of pop-up and store-in-store is appropriate for their channel mix. Similarly, the initial use of pop-ups that later evolve into store-in-store could be a helpful strategy for diminishing the risks that face new companies in domestic and international markets. Third, managers should try to design pop-ups with revenue prospects and not limit them to serving as small displays; the efforts should produce economic results. In addition, the knowledge acquired through these pop-ups should be valued in economic terms and even create intangible assets. Finally, we believe there would be a positive impact from the adoption of a franchising strategy by service firms in disasters, post-recovery, and unexpected events. After hurricane María on the island of Puerto Rico, SMEs were the first responders providing food and groceries as well as installing and repairing power generators and solar powered systems. Under the COVID-19 crisis, companies that specialize in cleaning services, such as Puroclean, are contracted to sanitize pharmacies and other essential businesses that must continue to operate during the crisis and require quick cleaning due to exposure (Moriarty, 2020).

Franchises need to expand through alternative models as these provide flexibility for development. As an example, a grocer can expand by providing delivery services or even a full mobile store. The key element in these adoptions is the use of technology by the new business, regardless of the mode of entry (pop up, temporary, store-in-store, mobile store).

### ***Limitations and Future Research Directions***

Despite our valuable findings, there are several limitations to our study. First, there is a limited available literature, such as empirical analyses, case studies, and reviews. It is of great interest that scholars have not paid attention to these alternative modes of entry and to disaster events from the retail and franchising points of view. We hope that our contribution inspires other scholars to further examine the phenomena and help students who are interested on these topics but cannot find adequate literature. Second, our study may not be generalizable, as the application of store-in-store and pop-up may vary depending on the country context and particular industry. Third, we did not develop our propositions from an empirical or case study. We suggest that future studies explore these alternative entry modes through case studies.

As a final remark, our paper makes three main contributions to the marketing, entrepreneurship, and international business literature. First, we provide five research propositions along with a visual framework that can be useful for researchers in our theoretical implications section. Second, we provide key insights for managers and MBA students on different approaches and suggestions regarding both strategies in our practical implications section. Third, we consolidate the limited literature on these streams of research in Figure 3. We hope our article sparks an avid discussion on the application of alternative entry modes and provides inspiration to entrepreneurs worldwide to apply our insights into their growth strategies.

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