Walmart:

From China to India

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Introduction to Walmart

- American multinational retail corporation that operates a chain of discount department stores and warehouse stores
- Headquartered in Bentonville, Arkansas, United States
- Founded by Sam Walton in 1962 and incorporated on October 31, 1969
- It has over 11,000 stores in 28 countries, under a total of 65 banners.
- Walmart = United States and Canada
- Walmart de México y Centroamérica = Mexico
- Asda = United Kingdom
- Seiyu = Japan
- Best Price = India.
- It has wholly owned operations in Argentina, Brazil, and Canada. It also owns and operates the Sam's Club retail warehouses.

- In fiscal year 2012, Walmart registered approximately $444 billion in sales, which is $20 billion more than Austria's GDP. If Walmart were a country, it would be the 26th largest economy in the world.
- Operations in the United Kingdom, South America, and China are highly successful, whereas ventures in Germany and South Korea failed

Walmart's globalisation strategy

- Regional options, including entering Europe, Asia, or other countries in the Western hemisphere.
- Walmart decided to concentrate heavily on establishing a presence in the Americas: Mexico, Brazil, Argentina, and Canada.
- The other countries that Walmart chose as its first global points of entry—Mexico (1991), Brazil (1994), and Argentina (1995) = three largest populations in Latin America.

Walmart Canada

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- In 1994 Walmart entered Canada through an acquisition
- Logical move for three reasons:

*First, Canada is a mature market

**Second, because there are significant income and cultural similarities between the United States and Canadian markets

***Third, a poorly performing player, Woolco, was available for purchase at an economical price.

- Walmart Canada followed an operating model very similar to Walmart's U.S. stores = Success
- Now Walmart is ranked 3ed largest employer in Canada.

Walmart

México y Centroamérica

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- 1991 Walmart chose to form a 50-50 joint venture with Cifra, Mexico's largest retailer, counting on Cifra to provide operational expertise in the Mexican market.
- Focus on convenience and operational efficiency
- The company also capitalized on the availability of cheap labor to keep costs and prices low.
- It also partnered with a local trucking company to overcome logistical challenges in it supply chain.
- By 2013, Walmart was operating more than 2,000 stores in Mexico across a variety of store formats, each catering to consumers from different economic strata = SUCCESS

Brazil & Argentina

- Entered Brazil through joint venture with Lojas Americana 60-40, Walmarts way
- Entered Argentina through a wholly owned subsidiary
- The lack of a partner also made Walmart susceptible to price wars and supplier boycotts
- An alternative solution is to enter via acquisition
- Another solution would have been a joint venture, as by partnering with a local company

- Walmart entered China in 1996, through a partnership with a small, local investor to open a Walmart Supercenter and Sam’s Club in Shenzen.
- Local adaption was key in the success of Walmark in China especially if they wanted to flourish in one of the worlds most potential market for retailers.
- The chinese market challenges:

*Government regulations and policies
*Unpredictable as well as their underdeveloped infrastructure. *Shopping patterns
*Social hierarchy
*Appeal in different items

- Our suggestions:
- Walmart also used a centralized sourcing and distribution centre. We recommend Walmart do more market research to ensure they are offering the right products for the Chinese consumer. Also should consider a local sourcing system to ensure fresher produce