## The Case Solutions.com

Barriers facing Costco Political/Legal Barrier Different political issues in countries Costco operates in.
 Different infrastructure and business laws in different Barriers Facing Walmart glotios and Distribution.
The roads and ports are sub-standard to the U.S. on its arraportation infrastructure and the standard implementation on its ports. Chima is not large enrugh for this burden, but may be up for this in the next 10 years. Barriers facing Costco Language, cultural views, and values ng price of multinational Cost of producing consumer products tends to fall because of manufacturin Strategies Focusing on Recommendations Thecasesolutions.com 1. Have a dynamic institutionalization plan 2. Have a cost efficient supply · How does Wal-Mart and Costco leverage their supply-chain Conclusion · How does Wal-Mart and Costco manage development across cultures? · What barriers of the Wal-Mart and Costco overcome to become a Findings · International expansion should not be taken Cultural standards and government policies must be taken into consideration - Organize and manage the institutional proce and supply chain managem

Strategy in Taiwan

Costeo Localizatio

Successful Localizat

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Additional benefits of low cost suppliers tional Success - Talwan

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"Costoo's strategies in Taiwan include providing low prices to customers and emphasizing the leading domestic brands and sele international products to achieve higher sales and a more effective to the control of the control o

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1. How does Wal-Mart and Costco leverage their supply-chain internationall in a multicultural environment? Lowest Cost for Goods Sold

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- · Source inventories directly from manufacturers
- · Eliminates cost associated with multiplestep distribution channels
- · Successful leveraging of supply chain allowed for significant expansion into:

Strategic Advantage - Taiwan

Beating the competition:

#### Thecasesolutions.com

"Thirty-five percent of the products Costco carries are imported, which is comparatively higher than the percentage of imports carries

#### Challenges

#### Thecasesolutions.com

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- Freduct Quality and
Consistency
workine Buying
- ex. Cross Shoes does not
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nor has it authorized any of
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brand name and price.

## LG Electronics Canada, Inc. - The Watch Phone

International Expansion

Costco and Sam's Club

MHR 451 Section 2

Teamster 7

Will Howard

Haig Khdryan

George Owaki Shirley Sugiyama

Jacob Vega

Research Questions

internationally in a multicultural environment?

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# International Expansion Strategies Focusing on Costco and Sam's Club

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#### **Research Questions**

- How does Wal-Mart and Costco leverage their supply-chain internationally in a multicultural environment?
- How does Wal-Mart and Costco manage development across cultures?
- What barriers of the Wal-Mart and Costco overcome to become a successful multinational corporation?

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Wendy Wu

reasons for the failure of Wal-Mart in a international market.

1. How does Wal-Mart and Costco leverage their supply-chain internationally in a multicultural environment?

Lowest Cost for Goods Sold

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- Source inventories directly from manufacturers
  - Eliminates cost associated with multiplestep distribution channels
- Successful leveraging of supply chain allowed for significant expansion into:
  - Asia
  - India
  - Europe

## Additional benefits of low cost suppliers

International Success - Taiwan

## Thecasesolutions.com

 "Costco's strategies in Taiwan include providing low prices to customers and emphasizing the leading domestic brands and select international products to achieve higher sales and a more effective inventory"

# Strategic Advantage - Taiwan

Beating the competition:

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# Challenges Thecasesolutions.com

- Negatively Impact their Images
  - Product Quality and Consistency
- Diversion Buying
  - ex. Crocs Shoes does not sell their products to Costco nor has it authorized any of its customers to sell to Costco in order to protect its brand name and price structure

2. How does Wal-Mart and Costco manage development across cultures?

What is Institutional Environment?

## Thecasesolutions.com

 The combination of cultural and government elements. Success in a foreign market is dependent on the task of adhering to the institution environment.

**Example:** A company moving into a new country, having to follow Government regulations and meeting all cultural standards.

# Wal-Mart not meeting expectations in a cross cultural environment

## Thecasesolutions.com

- Wal-Mart failed at mediating itself during institutionalization
- They failed to meet standards or norms of the German market in doing this the company failed.
- For example, Wal-Mart entered the German market with the strategy that focused on high quality customer service. The German market did not view high quality customer service as its highest need.
  - German market is known for its small profit margins and its price driven domestic market.
  - With all of this being said, these are the reasons for the failure of Wal-Mart in an international market.