

Wal-Mart: Competing in the Global Marketplace

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Introduction:

The most pleasing news is that the Wal**Mart* culture transcends international boundaries. Customers all over the world want value, service and broad merchandise assortments.

Lee Scott, CEO, Wal**Mart*

Retail is the image of the country in which it lives. You have to adapt your food and other products to the local culture.

Daniel Bernard, Chairman and CEO, Carrefour

For the fiscal year ending January 31, 2000, Wal**Mart* had sales of \$165 billion and net profits of \$5.3 billion. (*Refer to Exhibit I for additional financial information.*) Sales from the company's domestic operations were approximately \$142 billion, while overseas operations represented nearly \$23 billion.

Wal**Mart*'s performance in the US continued to exceed expectations in 2000. However, Wal**Mart*'s performance in international markets failed to meet expectations. Of the nine countries that Wal**Mart* operated in outside the US, it was one of the top three retailers in only three--Mexico, Canada, and UK. In 2000, Wal**Mart*'s return on assets for the international division was 6%, compared to 39% in the US.

The company often struggled to adapt its retailing concept to international markets. Wal**Mart*'s business model, which included everyday low pricing, superior service from a non-unionized labor force, and an unrivaled supply chain system, had not been easy to replicate abroad.

In Europe, Wal**Mart*'s growth had been slowed because of strong competition, powerful unions, and stringent restrictions on the opening of new stores. In Latin America and Asia, the company faced intense competition from Carrefour, a French retailer with more international experience.

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