

Principle and practise of management

Business, Management



International Case : Carrefour — Which Way to Go? Wal-Mart's biggest global competitor is the big French retailer Carrefour, a firm that has hypermarkets, big stores offering a variety of goods. It has made large investments around the globe in Latin America and China. But not all is well as competitors taking market share its home market, for instance. There has been even speculation of a takeover by Wal-Mart or Tesco, an English chain. Mr. Barnard has been ousted after heading the company for 12 years; he was replaced by Jose Luis Durant who is of German-Spanish descent. Although the global expansion is cited by some as success, it may be even a big mistake. It withdrew from Japan and sold 29 hypermarkets in Mexico. Carrefour also had problems competing with Tesco in Slovakia and the Czech Republic. In Germany, the company faced tough competition from Aldi and Lidl, two successful discounters.

On the other hand, it bought stores in Poland, Italy, Turkey, and opened new stores in China, South Korea, and Columbia. Carrefour has become more careful in selecting markets. But. the company is eager to enter the Indian market, but found out in late 2006 that Wal-Mart will do so as well. In France, where Carrefour is well established, the company made the big mistake in its pricing policy. It probably started with the 1999 merger with Promodes, the French discount chain.

Carrefour confused the French clientele by losing its low-cost image; whether the image can be changed remains to be seen. Mr. Durant, the new CEO since 2005, embarked on the new strategy by offering 15 percent new products in its hypermarkets and 10 percent in its supermarkets. Moreover,

he wants to employ more staff, extend the operating hours in certain hypermarkets, cutting prices, trying small stores, and pushing down decision making. Mr. Durant aims to stay only in countries where Carrefour is among the top retailers.