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Even thoughIndia’s market provides tremendous potential, it has always been complex. Walmart’s growth in India was hindered by its developing rules on foreigninvestment, an internal bribery probe, and primarily its faltering partnershipwith Bharti Retail. Lack of Convenience and Difficulty in AccessTraditionally, Walmart stores across the globe are located within a10-km radius from the city center. Sprawling over an area of 180, 000 to 230, 000sq. feet, they usually set up their storesfurther from the city center. Moreover, most cities in India have exceptionally high real estate prices, allowing Walmart to only set up large scale stores outside the city center.

Furthermore, at that time, a very smallpercentage of Indians owned a car, thereby limiting their target market vastly. Additionally, with India’s severe traffic congestion, the idea of travelinglong distances for everyday products was not viable. Thus, to travel a small distance of10km would take approximately an hour, proving to be impractical for consumers planningto shop for smaller, easily available products.

Internal BriberyProbeWalmart faced yet another obstructionin India due its corrupt government officials. It spent over a million USD inbribing low-level officials for allowing goods to securely move through customsand for acquiring various real estate approvals. The retailer was alsoinvestigated by the Enforcement Directorate due to the violation of the ForeignExchange Management Act, over an alleged investment of $100 million in BhartiGroup Company. (Business Standard, 2015) Political andPolicy UncertaintyWith an approximate population of 1. 2 billion, with 90% of its $500billion retail done through brick and mortar, Walmart was bound for success. However due to its regulatory uncertainty and strict government policies, it required30% of its products to be sourced locally.

This did not alignwith Walmart’s logistical plan as it had already sourced products and establishedcontracts from proven quality suppliers. Moreover, Walmart lacked local political support. For instance, formerfinance minister and senior BJP leader Yashwant Sinha stated in an interviewthat his party will “ not allow Walmart tocome” into the country. Mr. Sinha said that while the BJP will support FDIin general, FDI in multi-brand in retail will not be allowed.

Failing to Adapt to Local Attitudes” Many big US companies have struggledto truly understand what localization means. Calling a Big Mac the Maharaja Macshould do the trick, thought McDonald’s but it took years before they realizedthe serious vegetarianism of the average Indian citizen.” Mutton stated. “ There is an ignorance about the scaleof India. Twenty percent of India is the ‘ English-speaking urban upper class’ which is roughly 240 million people. That’s almost the population of USA.

That being said, India has only afraction of America’s wealth. So, imagine the level ofpoverty. And like in America, 1 percent owns most of India. There are manyIndia’s within India scattered across geography. Which India are you targeting?” Mr. Pattanaik said. India as a country is highly diversified, and for Walmart to havesucceeded they needed to identify the correct target market.

Its productsneeded to be tailored to the average Indian’s needs and wants and Walmartfailed to take this into account. Competitionfrom the Unorganized SectorIndianretailers in the organised and unorganised sector had been preparing themselvesfor global competition since the approval of FDI. Organised retailers had beenfocusing on mall space acquisition, retail expansion and diversification whilethe unorganised sector had been focusing on value added services. A study byPrice Waterhouse Coopers and CII stated that smaller unorganised retailers hadsome inherent advantages as compared to the larger organised retailers, primarily due to its locational advantage along with a strong customerorientation.