

Even sourced products and established contracts from proven

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Even though India's market provides tremendous potential, it has always been complex. Walmart's growth in India was hindered by its developing rules on foreign investment, an internal bribery probe, and primarily its faltering partnership with Bharti Retail. Lack of Convenience and Difficulty in Access Traditionally, Walmart stores across the globe are located within a 10-km radius from the city center. Sprawling over an area of 180,000 to 230,000 sq. feet, they usually set up their stores further 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 small percentage of Indians owned a car, thereby limiting their target market vastly. Additionally, with India's severe traffic congestion, the idea of traveling long distances for everyday products was not viable. Thus, to travel a small distance of 10km would take approximately an hour, proving to be impractical for consumers planning to shop for smaller, easily available products.

Internal Bribery Probe Walmart faced yet another obstruction in India due to its corrupt government officials. It spent over a million USD in bribing low-level officials for allowing goods to securely move through customs and for acquiring various real estate approvals. The retailer was also investigated by the Enforcement Directorate due to the violation of the Foreign Exchange Management Act, over an alleged investment of \$100 million in Bharti Group Company. (Business Standard, 2015) Political and Policy Uncertainty With an approximate population of 1.2 billion, with 90% of its \$500 billion retail done

through brick and mortar, Walmart was bound for success. However due to its regulatory uncertainty and strict government policies, it required 30% of its products to be sourced locally.

This did not align with Walmart's logistical plan as it had already sourced products and established contracts from proven quality suppliers. Moreover, Walmart lacked local political support. For instance, former finance minister and senior BJP leader Yashwant Sinha stated in an interview that his party will "not allow Walmart to come" into the country. Mr. Sinha said that while the BJP will support FDI in general, FDI in multi-brand in retail will not be allowed.

Failing to Adapt to Local Attitudes" Many big US companies have struggled to truly understand what localization means. Calling a Big Mac the Maharaja Mac should do the trick, thought McDonald's but it took years before they realized the serious vegetarianism of the average Indian citizen." Mutton stated. "There is an ignorance about the scale of 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 a fraction of America's wealth. So, imagine the level of poverty. And like in America, 1 percent owns most of India. There are many India'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 have succeeded they needed to identify the correct target market.

Its products needed to be tailored to the average Indian's needs and wants and Walmart failed to take this into account. Competition from the Unorganized Sector Indian retailers in the organised and unorganised sector had been preparing themselves for global competition since the approval of FDI. Organised retailers had been focusing on mall space acquisition, retail expansion and diversification while the unorganised sector had been focusing on value added services. A study by Price Waterhouse Coopers and CII stated that smaller unorganised retailers had some inherent advantages as compared to the larger organised retailers, primarily due to its locational advantage along with a strong customer orientation.