

# International business: wal-mart in china

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The expansion of Wal-Mart in China was influenced by the market indicators and sociocultural forces screening. In the market indicators, China's market size, growth rate and e-commerce readiness were taken into consideration. According to the former CEO of Wal-Mart, China is "the one place in the world where you could replicate Wal-Mart's success in the US." In China, there are over "100 cities with populations of more than a million." The average annual income of the over 150 million urban Chinese families reaches up to \$10,000 annually. This number results to a \$6 trillion worth of retail spending yearly with annual growth of 15%. More so, since China is opening up to the world market, Wal-Mart had seized the opportunity to invest in a market that is big and booming (Chandler, 2005, p. 83).

For sociocultural factors, Wal-Mart had capitalized on the Chinese culture and society. Wal-Mart had taken into consideration the needs and wants of the local market. They sold merchandise to fit the way of life of the Chinese. More exotic products were marketed such as stinky tofu and spicy chicken feet in Wal-Mart stores. Also, they introduced the "retail-entertainment" wherein retail stores allotted "space for the local school groups to perform." Through this innovative marketing, they were able to lure many Chinese to go inside the Wal-Mart stores and enjoy the wide array of products and services that they offer. More so, this strategy will increase the chances of Wal-Mart in successfully "weaving itself into the fabric of urban communities" (Chandler, 2005, p. 84). By focusing on these two screening methods, Wal-Mart have generated an immense understanding of the new

and foreign market that they are trying to penetrate. As a result, their goal of increasing their revenues is just at their fingertips.

#### Reference

Chandler, C. (2005, July 25). The Great Wal-Mart of China. Time Magazine, 20, 82-85.