

# A group team project on walmart china research paper sample

[Business](#), [Company](#)



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## Introduction

Walmart Stores, Inc. branded as Walmart, was founded by Sam Walton in 1962. Its headquarters are Bentonville, Arkansas, USA. It is a, multinational retail corporation which runs chains large warehouse and discount stores. According to Fortune 500 list in 2013, it is the second largest public company globally. Besides, the company is the biggest private employer in the world having 2. 2 million employees, and the largest retail in the world. In each week, Walmart receives 200 million customers and members in its more than 11, 137 stores under its 69 names in 27 countries, and e-commerce websites. It is a family owned business with 50% of the total shares. Robson Walton, Sam Walton's eldest son, is the chairman of the board.

The products of Walmart worldwide include cash and carry or warehouses, discount stores, super stores/ supercenters, supermarkets and apparel/footwear specialist. All these vary in sizes and have different specializations. For instance, a Walmart Discount Stores may be 51, 000 to

224, 000 square feet in size. Besides, each store may be dealing in general merchandise, some groceries, garden centers, Tire and Lube Express, optical center, a portrait studio, one-hour photo processing lab, a cell phone store, a bank branch, a gasoline station, and some fast food outlet such McDonald's. According to 2012 Form 10-K, Wal-Mart Stores, Inc., its stock performance has been on an upward trend. In the Financial Year 2013, its revenue was US\$ 469. 162 billion, its Operating Income, US\$27. 801 billion, a net income of US\$16. 999 billion, Total Assets of US\$203. 105 billion, and a total Equity of US\$ 76. 343 billion.

## **About Walmart China**

The company ventured into the Chinese market in 1996, opening its first super center and Sam's Club in Shenzhen. In Walmart China, like elsewhere, they stick to their mission of saving people's money, for them to live better, and make a difference in lives of its customers, members and associates. Its core values include respecting individuals, striving for excellence, service to customers, and sticking to their tradition of building a store one at a time. In China, it has created about 100, 000 job opportunities. In China, over 95% of merchandize in its stores is sourced locally from about 20, 000 local suppliers (ChinaParties. com Ltd, 2014).

## **Walmart in numbers, in China**

Currently, it operates more than 405 retail units in the over 150 Chinese. These include 362 Walmart supercenters which provide a one-stop shopping experience and various products to customers at low prices. It has 10 Sam's clubs. These are membership warehouse store, combining warehouse and

store together. They have thousands of high quality, famous, popular, domestic and imported products, therefore, helps members in saving time and energy. Here the members enjoy comfortable shopping environment and hospitable service of the Sam's Club.

They have two neighborhood markets located in Shenzhen. These provide a shopping experience that is convenient for customers. Walmart China, moreover, has 5 Smart Choice (Discount Compact Hypermarkets). These are highly welcomed and provide a convenient shopping experience for communities of low income earning and low operating cost.

### **Reasons for Walmart Stores, Inc. opening Walmart china**

There are several reasons that make China a highly potential investing ground for Walmart. For one, Hoje et. al (2010), describe China as an emerging market. An emerging market according to Agtmael (2009) coupled with low per capital income. They are associated economies in transition and high growing opportunities, but poor market transparency and accountability and economic risks. They in turn strive for economic reform and development as measures of increasing economic performance levels capital markets. For investors, the higher risks this is an opportunity for increasing gains since higher risks also leads to may lead to higher rewards. Altogether, these are factors an international company Walmart must have considered. Also, Walmart has opened and seeks to expand more in China to tap the e-business in China. Chinese are embracing e-commerce, changing the China's retail landscape. Last year it bought control of Yihaodian, a Chinese Online Store, which has 24 million registered users. As a matter of fact, Walmart

CEO, Mike Duke in a recent interview, in Beijing noted that “ customers are using technology more, and especially in China” (Miller 2006).

Further, there exist welcoming fiscal policies in China, which will obviously attract any international investor. For instance, the china Government aggressively implemented the Basel II charter, a draft in 2004 by the Basel committee on banking regulation that seeks to increase the transparency in the financial sector (Hoje et. al 2010).

Other factors may have included the strong recovery from the 2008 economic downturn, and high GDP (\$7. 8 trillion in 2008, based on purchasing power parity) being the second largest worldwide. Also, a very low unemployment rate of 4. 3% in 2009 is an indicator of higher interest rate by the central government, which attracts foreign investors like Walmart (Hoje et. al 2010).

## **Reasons for Wal-Mart’s success in China**

The study done by Hoje et. al (2010) showed that China’s very low unemployment rate of 4. 3%, lower compared to economic giants such as USA. This means that the public has the money to spend on purchasing new products, and this consequently leads to profits for Walmart, making it succeed. This is coupled with the government’s policies on spending that has created availability of money in the public.

People's Daily Online (2014) reveals that china has a huge potential demand because of its vast population. Further, they have an adequate supply of skilled and hardworking labor force. Note that, Over 60% of Walmart China associates are women, of whom 40% are managers. All the 90, 841

associates are Chinese nationals and 99.9% employees are Chinese. Letting people do something for themselves, makes them own it, and finally it grows.

There is a lot of supports from the government. For instance, the company works aligned to the Government's plans of promoting a coming up middle class and urbanization (Miller, 2006). In return, the company ends up making more opportunities for growth and higher profits.

The implementation of Basel II by the Chinese government has made investors to have trust in the country's financial stability, therefore, giving them the opportunity to focus on creativity of coming up with strategies of expanding. Compared to other developed countries, China felt slight of the global financial crisis. In line with the fast recovery and high growth rate, China has minimal risk of prolonged depression compared to the other countries, therefore, creating success of Walmart (Hoje et al., 2010).

The company has been in close contact with the Chinese society through the Corporate Social Responsibility Programs. These include Women Economic Empowerment; Giving Back to Communities; Nutrition, Health and Wellness; Sustainability and Environmental Protection; Disaster Relief; and Education Initiative. It has also made several donations. All these make it popular and influence its high growth rate.

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