

# International search for distribution partner



## RUNNING HEAD: INTERNATIONAL SEARCH FOR DISTRIBUTION PARTNER

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As a result of the outstanding success in our internet sales division, it has become necessary to consider distribution partners overseas. Based on sales volume, I recommend we considered establishing overseas distribution ventures in Germany, China and the UK. As a preliminary step, I have researched several companies to determine their expansion in the overseas market. The findings of my preliminary search follow for your consideration. Best-Buy currently has retail stores in the U. S. and Canada. In 2001 they acquired the Canadian chain Future Shop, their initial entrance into international retail, and in 2002 opened the first Best Buy in Toronto, CA. As of November 2005 they have 766 stores in the U. S. and 166 in Canada (43 of those Best Buy). On September 22, 2003 they opened their first Global Sourcing Office in Shanghai, China in order to increase their efficiency and improve communication with suppliers. The company, in developing the Asian Market, appointed their Vice-chairman Al Lenzmeier to head up the project. Since 2003 they expanded to include two additional distribution centers in Beijing and Shenzhen. The company recognizes the market potential in China and this spring will open lab stores to rapidly test the Chinese retail market. Store locations will be selected based on area market and competition. They have not yet determined the number of stores to be opened as they employ a "greenfielding strategy, grow by opening stores" ("Our history" 2006). This could be an excellent opportunity for us.

The CarreFour Group, established in 1959, is the largest retailer in Europe, the second largest worldwide and the industry leader in nine countries. Their

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four main store configurations are: 'hypermart', supermarkets, hard discount and convenience stores. They operate a total of 10, 378 stores in 29 countries. Their retail sales last year were 88, 178 billion euros before tax. Of the three countries we are looking at, they have stores open in China only. However, as the largest retailer in Europe the potential for our UK and Germany proposal is feasible. The CarreFour Group's main approach to foreign expansion is 'constructive globalization'. According to their CEO Daniel Bernard, their mission for sustainability is " To meet our customers' needs by giving as many people as possible access to quality products at the best price. To act as a responsible corporate citizen in every country where we do business. To set the benchmarks for modern retailing in terms of health, consumer safety and environmental protection." (" The group" 2006)

Wal-Mart operates 2, 329 stores in 10 countries overseas. Additionally, they have minority interest in 363 stores in five more overseas countries. They have 56 stores in China, 88 in Germany and 315 in the UK. They have operated internationally since November of 1991 when they opened their first overseas store in Mexico. Their total international sales ending FY 2005 were \$56. 2 billion. They plan further expansion in 2006, opening an additional 230 stores worldwide. In 2004 they added an Ethics Department to further their values-based leadership and development strategies: " respect for the individual, service to the customer and to strive for excellence" (" Our company" 2006). According to their website their expansion globally has been attributed to constructing their own stores and 'being in the right place' through purchasing overseas chains. They view their current overseas market penetration as a good beginning to further expansion.

I also researched the CompUSA. They have 240 stores throughout the U. S. and Puerto Rico. They were purchased in 2003 by U. S. Commercial, S. A. de C. V., a Mexican based company (" About us" 2006). CompUSA does not at present, however, operate any overseas stores.

This brief overview should give us an idea of where we are and where we need to be. The potential for developing an overseas partnership is promising. As seen from the brief review there is a wide, varied presence of overseas opportunities. We just need to determine our best fit and move forward.

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