

Carrefour – college essay



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What is the biggest competitive threat facing Carrefour as it expands in global markets? Carrefour had a concept of been a giant store(hypermarket) but along the line, the company faced some challenges which they found difficult to adapt to easily, Some of the challenges were due to changing consumer consumption habits and Carrefour could not meet up with this challenge because of the little depths in some of their product categories. Carrefour also pulled out from the American market because retailing channels were quite diverse.

They were long entrenched shopping malls, discount stores and whole sale clubs such as Pace and Sam that were offering rock bottom prices, other category killers that offer tremendous depth in certain product categories which was not the case with Carrefour. Another major problem with Carrefour was the size of their shop which was considered too big and too overwhelming by their customers and at the same time not offering much product depths, the Company tried to rectify this problem in other markets by opening new formats like mini hyper and Carrefour express.

The executives of Carrefour also made a huge mistake that played right into the hands of their competitors Royal Ahold NV in their quest to build a global brand by changing the names of hundreds of Promodes shops they acquired, this made a lot of consumers not to identify with the brand because they got confused and preferred associating with local brand names. There was also competition from Aldi and other hard discounter chains that sold private label brands cheaper than Carrefour.

Some competitive challenges did arise from real estate value of Carrefour stores which was expensive and this will make it quite difficult to sell at cheaper rates. Cost of living was also a problem especially in China. The cost of living do affect the price of products. Another major competitive threat is the international expansion by foreign Competitors like Tesco and Walmart which might lead to saturation of the market and this would lead to intense market competition for market share.

Carrefour needs to look at efficient and effective way of reducing its operational cost because it will enable them to offer much reduce price and be more competitive. They also need to add E commerce to their business especially for customers that tend to find their big stores overwhelming.

When Lars Olofsson became chief executive of Carrefour, one industry observer described the position as “ one of the most difficult assignments in the industry. Why do you think the job is so challenging.

Lars Olofsson job is very challenging because of a number of factors. The retail markets over the years have been dynamic and keeps evolving all the time while Carrefour has been kind of rigid in changing its strategy, it was shown in the case that there was no significant change since Carrefour invented hypermarkets 47 years ago.

Carrefour is no longer the king of the market it invented The CEO is also taking over when the company is mired in serious problems, the company has seen profit decline and have also pulled out of major markets like America, Mexico, Japan, and South Korea. The CEO is also taking over when the competition is very high for the company and majority of the competitors

Carrefour should employ lots of Chinese to attend to the Chinese market and also source its products locally in China.

Carrefour needs to build excellent relationship with her customers. They need to earn the trust of their customers in order to get them loyal to them. The Chinese culture is a collective one and personal relationship matters a lot to the Chinese. Carrefour should also try to reduce operating cost to enable it offer cheaper products to the Chinese consumer because the standard of living in China is a bit low. Carrefour should also provide E commerce to the Chinese market because that is a fast growing and money spinning sector.