

Home depot in chile



Home Depot in Chile Home Depot's strategy in Chile—international strategy

When wanting to expand their operations into new countries, the organization need to optimally study the foreign market, its culture, social conditions, target customer behavior, etc, etc. By aptly studying all these factors only, organizations can come up with entry and other operational strategies. Formulation of apt operational strategies beforehand is the key because it only enables the organization to market and sell its products or services successfully. Home Depot adopted the international strategy, when it entered the Chilean market in 1998. As part of that strategy, it tried to implement the same practices and marketing strategies, which they carried out in its United States operations. In the case of international strategy, the firm transfers its core competencies and operational strategies to the foreign subsidiary. (Aswathappa 355). One of the key operational strategies of Home Depot in U. S. is sizably selling Do-It-Yourself (DIY) products, and they transferred the same to Chile. Instead of multidomestic strategy (which focuses on customizing the product according to the local market) and global strategy (which focuses on selling a product based on a globally formulated strategy), Home Depot adopted international strategy. As it was its first market expansion out of North America, Home Depot did not have any global strategy. Also, they avoided the multidomestic strategy and did not customize its products according to the Chilean people. So, in line with the international strategy, Home Depot put more of DIY products on its shelves. However, this strategy of transferring the same practices to Chile did not work first because Chilean people were less willing than in the United States to repair their houses by themselves. b. Elements that affected the performance of Home Depot in Chile There were social, cultural and other

business related elements in the Chile, which affected the Home Depot's performance there. The Chilean buyers had the habit of shopping in stores, which offered new ideas and products for their homes. Home Depot did not offer general home and decoration merchandises, and so it was not favored by a sizable number of buyers. In addition, the Chilean people particularly the female population favored stores, which were attractive, well lit, with clear and shiny floorings and surroundings. However, in the case of Home Depot, the flooring was made of cement and the stores were poorly lit. So, the target customer base found the Home Depot stores unappealing, and instead favored its competitor Home Center stores, which was an attractive place to shop, with a wider assortment of products. (Case Study). A key business related element, which affected Home Depot, was the aggressive strategies followed by all its competitors. All its competitors including Easy, Sodaimac, etc opened more stores, optimally trained its employees, improved logistics and service, etc. These actions by its competitors put Home Depot at a disadvantage and instead strengthened the competitors' hold on the market. The other social based element that is visible in Chile is the cordial relationship between the employees and the managers of the various companies, irrespective of whether they compete against each other. However, Home Depot prohibited its managers and employees from talking to any their competitors. In addition, Home Depot's rocky relationship with the local suppliers also negatively affected it, as it did not provide all the documents and policy statements in the local language, Spanish. So, all these social, cultural and business related elements affected Home Depot and forced them out of Chile. Works Cited Aswathappa, K. International

Business 4E. Tata McGraw-Hill Education. 2010. Case Study. Home Depot in Chile.