

# Reviewing the expansion of walmart in mexico management essay



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The expansion of Wal-Mart in Mexico happened in 1991, when “ Wal-Mart entered into a joint venture with Cifra, which successively lead to the opening of the Sam club in Mexico City, which is Wal-Mart first international division.” (Walmart) From a general assimilation of the facts, it is clear that Mexico comes as a preferred destination, “ given the growth prospects in united state that seems limited in that period. Considering these factors, international expansion was probable as a means to build a global brand.” (Brainmass) Hence, the expansion efforts initiated in 1991 by the company through a merger with Cifra in Mexico is to make it presence large enough in order to facilitate a global retail chains. Together with it, the business environment and “ the opportunities for trade between America and Mexico in that regard also were favorable for Wal-Mart in terms of import and export business,” (Bnet, 1993) which is reason enough for the company to strategize expansion in Mexico.

Thus, Wal-Mart strategy follow suit an acquisition plans with Cifra. The successful acquisition of Cifra in Mexico proved to be an advantage for Wal-Mart in import and export business and facilitating the same for retail chains. Acquisition of Cifra holding formally leads a way to change the name of Cifra to Wal-Mart de Mexico.” (Walmart) Aftermath that instance of successful joint partnership, agreement was facilitated, which enabled “ Wal-Mart business in Mexico to extends into import-export commercialization between Mexico and America for trade facilitation.” Given these facts and the development in that regard, the major advantages of Wal-Mart entrant into Mexico was when “ Wal-Mart de Medico received a license from the finance ministry in Mexico to expand in the lines of banking and its operations in the

country.” (Walmart) This is one example to list the advantages of international expansion strategy initiated by Wal-Mart in 1991 in Mexico.

### **What did Wal-Mart do to enable the company to achieve success in Canada and Latin America? Why did Wal-Mart fail to achieve similar success in Europe?**

The success of Wal-Mart in Canada and Latin America was also of the given fact that “ under Sam Walton leadership, most instance of discount retailing was facilitated, which is a hit with consumers in Canada and Latin America. The factor of retail chain and discounts also helped the firm to notch staggering sales, besides raising the bar in term of being the world’s number one in retail outlet and largest retailer.” (Echeat, 2004)

Together with it, “ application for trade zones as well was one strategy followed in due course by Wal-Mart. The company also was straightforward and direct to list the major point to make an impact on the economic process, which registered with policy makers, where all requirement of international business was followed in a close coordination, wherein priority target for the company expansion in that format of the strategy was Mexico, Latin America and Canada.” (Bnet, 1993) In that context and what followed through was the fact that Wal-Mart trading format assisted the firm in the broader day light to facilitate its business successfully. Together with it, to achieve success in Canada and Latin America, “ Wal-Mart took the road map of trade zone with great interest and caution “ wherein foreign trade zone was one element and factor that supported Wal-Mart international expansion and its success in Canada and Latin America.” (Bnet, 1993)

As far as the case of Europe goes, it was different given that business environment was not in favor of the company and its international expansion plans. Although, expert panel “ within Wal-Mart felt that Europe expansion was a priority.” (Bnet, 1993) However, the surprising fact is that strategy followed in Canada, Mexico and Latin America did not derive any success in Europe, give the fact that “ part of it was due to the factor attached to Wal-Mart trading formats, and difference in the cultural environment.”

(Anonymous, 2004) Together with it, “ the presence of other retail chains and supermarket in Europe also was one factor, wherein the concept and strategy of Wal-Mart discount and value chains was already in the European market” (Anonymous, 2004) while Wal-Mart made it entrant in the market.

### **Is Wal-Mart pursuing a global standardization strategy or localization strategy? Discuss and explain your Answer.**

Wal-Mart follows a global standardization strategy. To complement these facts, scholars also are of the opinion that “ the power endeavor in merchandising followed and strategized by Wal-Mart for goals achievements is to strategize expansion plans and to do it globally.” (Bnet, 1993)

Since the early part of 1980s, sales and company growth in retail was exemplary. With success in international making its presence, such events further initiated the company leadership to “ explore international expansion for branding, and growth prospects in retail chain outlet outside US markets.” (Brainmass) Fact of the matter is that Wal-Mart international expansion strategy is globalised in a sense, wherein major foregrounds for “ trade practices and all in between retail chain facilitation and agreements also are carried out and facilitated in the way of merging, acquisition and

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following the said global trading formats," (Bnet, 1993) as far as business is concerned.

Thus, we are of the opinion that Wal-Mart follows the simple strategy of international business and its expansion, that is to say - do it globally. The merchandising tactics followed by Wal-Mart and its international business strategy is to capitalize on the given opportunities, which was the case with expansion strategy in Europe, Canada, Mexico and Latin America.