

Free case study about carrefour's expansion to asia

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It is overly important for a company to expand into the international markets when it has relished a degree of success in the local market or when the local market has been saturated. Carrefour is a French-based leading retail company and has grown insofar that it operates in Europe, Latin America, and Asia. However, as much the Asian market has quite a great deal of opportunities, it also bears its fair share of threats. The opportunities in the Asian macro environment include the vastness of the growth of economies of Asian countries, such as China, as compared to other developed nations. Besides, Asians are increasingly demanding Western brands. Most importantly, the consumer population in the Asian market is high, and this has a positive impact on the demand for goods. Also, Asia is a source of cheap labor, something that has a net effect of reducing the costs of the company and therefore offering goods at lower prices to the consumer (Staertzel 21). Nonetheless, the threats of the Asian markets have to do with the diversity of cultures. What is more, the legislation on intellectual property rights (IPR) in Asia is not well developed, and hence businesses risk losing their IP rights. To boot, the government regulations put in place have translated into the excessive scrutiny of Western firms, and this has a potential detrimental effect on businesses (22).

Carrefour's business-level strategy has seen it outmatch its competition to become the world's second retail company, closely tracing Wal-Mart. The company's business-level strategy greatly focuses on price, availing of products and staff training. To begin with, Carrefour embraces a low-margin pricing strategy to not only draw in customers but also to effectively compete with competitors. In fact, Carrefour offers sound discounts to its

customers, especially in the French market where consumers are very sensitive to price changes. On the other hand, Carrefour's business-level strategy has to do with the variety and the manner in which products are made available to the consumers. For instance, Carrefour operates six different store models: convenience stores, E-commerce, hard discount store, hypermarkets, Cash & Carry and supermarkets. Moreover, Carrefour thoroughly trains its employees for them to furnish quality services to the consumer (Staertzel 5). Unmistakably, Carrefour's business-level strategy has served as the force behind its success over the years and boundaries. Carrefour has also relished a degree of success in the Asian market, and this is attributed to the sound global strategy that Carrefour has adopted in this market. Owing to the fact that the culture in Asia is different from the culture of the French, cultural hurdles issued as the greatest challenges that Carrefour was expected to address in its bid to expand into the Asian market. As such, Carrefour adopted a global strategy that involved the adjusting its business operations to fit the local environment. In other words, Carrefour learned and appreciated the importance of the disparities in culture and consumer behavior in each segment of the Asian market. For instance, Carrefour divided its company into four major regions in China: North China, South China, Middle China, and East China. Furthermore, Carrefour partnered with local businesses in these regions so as to tap into their knowledge of the local trends in consumption behaviors (Staertzel 24). Without doubt, it is for this smart consideration of the cultural obstacles that Carrefour has been able to conquer the Asian market.

Works Cited

Staertzel, Lene. Carrefour in China: A Crossroad between East and West.

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