

# Retail internationalization: gaining insights from the wal-mart experience in sou...

[Business](#)



Wal-Mart Experience in South Korea Question Information That Needs In-Depth Details Though the of the article has tried to explain the reason as to why Wal-Mart never succeeded in South Korea, he has given very little information on how Wal-Mart was performing from the year 1999 to the year 2004. There is very little description of the performance of the supermarket in South Korea. Gandolfi only gives information for the years 1997 and 2005 only. In the year 1997, the supermarket had sales of \$ 160 million (Gandolfi 190). In 2005, Wal-Mart had an operating loss of about \$ 10 million (Gandolfi 191). In the same year, 2005, the Supermarket had total sales of \$ 787 million (Gandolfi 191). The author should have provided more information as to how the company was performing in South Korea for the nine years. The author should have given details of the sales and the net profits or losses for the supermarket for the period that it operated in South Korea.

#### Question 2: Solution for the Failure

Wal-Mart would have conducted sufficient research in the foreign country before opening its stores there and investing in the country. This would have saved the company the many losses it incurred for the period that it was operating in South Korea. The Supermarket would have conducted a research in the country, followed by a pilot test, in order to test how its products would be received by the consumers in South Korea. By conducting sufficient research, the supermarket would have come up with the best marketing efforts in order to attract South Korean shoppers.

#### Question 3: Evidence for a Poor Market

The first instance is where the author describes South Koreans as people who have “ consumer ethnocentrism” (Gandolfi 189). The consumers in the

country have a hostile and negative attitude towards foreign products especially the products from the Western (Gandolfi 189). Therefore, it becomes very hard for a Western retailer to succeed in South Korea (Gandolfi 189). This clearly indicates that South Korea was not a good market for Wal-Mart Supermarket since the consumers preferred local and domestic products as compared to what Wal-Mart was offering them. The other evidence is that South Koreans are much tied to their culture of shopping from the local markets, so there is no way that Wal-Mart Supermarket being a foreign market would have succeeded in the country (Gandolfi 193). That is why they preferred shopping from E-Mart to Wal-Mart.

#### Question 4: Whether to Invest In South Korea Again

Wal-Mart should not invest in South Korea again. If it would decide to go there, this would cost the Supermarket more resources in terms of money and time and yet it would not realize good results. Since the Koreans do not shop foreign products, it would be a waste of resources to invest in the country again. Since it is very hard to change consumers' culture, and it is also evident from the case study that the Koreans do not purchase foreign products, it would be a good decision for the supermarket to keep off from the country. The other reason as to why the supermarket should keep off is that it is not only company that had failed to succeed in South Korea. Wal-Mart should not invest there since the culture of the citizens is tied to local markets (Gandolfi 193).

#### Work Cited

Franco Gandolfi. Retail Internalization: Gaining Insights from the Wal-Mart

<https://assignbuster.com/retail-internationalization-gaining-insights-from-the-wal-mart-experience-in-south-korea/>

Experience in South Korea. *Review of International Comparative Management*. 10. 1 (March 2009): 187-199. Print.