WILL WAL-MART SURVIVE IN INDIA?

by

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WILL WAL-MART SURVIVE IN INDIA?

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This paper seeks to evaluate the potential success of Wal-Mart’s operations in India. As a developing economy, India has many opportunities for corporations, especially in its retail industry. With a small presence in India, Wal-Mart has the potential to expand and increase its profit through operations in India. However, India’s unique culture and market may present some barriers to the success of Wal-Mart in India. This paper will assess the situation through an analysis of Indian culture, the Indian retail industry, and factors that may hinder or benefit Wal-Mart’s opportunities in India.
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INTRODUCTION

As globalization continues, many questions arise about how developing nations and international corporations will change as a result of entering new markets. Because of its rapid growth and financial successes, India is a major target country for foreign companies. In 2013, India’s gross domestic product (GDP) was $1.7934 billion and it is predicted to grow 6.4 percent each year until 2023. The population of India rose above one billion to 1.2 billion people, with half of the population under the age of 25 (“India Business Forecast Report, 2014). The retail industry in India is the largest industry in the Indian economy, comprising 22 percent of the country’s GDP, employing 8 percent of the country’s work force (Sikri & Wadhwa, 2012). These factors create many opportunities for retail corporations, especially Wal-Mart. As an unrivaled giant, Wal-Mart has seen great success in its expansion around the globe, especially in Asia. Wal-Mart International, a segment of Wal-Mart Stores, Inc., has seen increasing sales since 2001. From 2010-2013, Wal-Mart International’s net sales increased by almost 40% (“Wal-Mart”, 2013).

However, India has a unique culture that greatly contrasts with Western capitalism. While Wal-Mart has been very successful in the United States, operations in India will face new challenges. The purpose of this paper is to explore Wal-Mart’s ability to successfully survive in India. This paper will analyze the Indian retail industry, Indian consumer culture, Indian corporate culture, and the factors that may help or hinder Wal-Mart’s successful performance in the
Indian market as well as provide specific recommendations for Wal-Mart’s success in the Indian market.

Current research provides ample information on the cultural and economic scenes of India as well as Wal-Mart’s presence throughout the world. However, little information is available about Wal-Mart’s potential future in India. This paper will seek to provide a framework for analyzing Wal-Mart’s prospects for success in India through the analysis and combination of previous research.

In order to arrive at these recommendations, this paper will first analyze the structure of the Indian retail industry, the cultural factors that affect Indian consumer preferences, and the changing nature of the Indian economy. Then, it will discuss previous research about Wal-Mart’s effect on America, its ventures abroad, and its current ventures in India. Finally, a SWOT analysis will be performed on a series of propositions to arrive at a conclusion about Wal-Mart’s future success in India.

**RESEARCH QUESTION**

This paper seeks to analyze issues surround the question of whether or not Wal-Mart will survive in India through a series of propositions, listed below.

1. Cultural values greatly influence where Indian consumers choose to shop.
2. The values and culture of a company also affect consumer attitude toward corporations.
3. The changing landscape of the Indian economy will create new competition, causing both domestic and foreign retailers to adapt.
4. Recent economic reforms are conducive to Wal-Mart’s success in India.

5. Wal-Mart has a widespread effect on the local and national community and economy.

6. Adaptation to a country’s culture is key to Wal-Mart’s success abroad.

7. Indian and Chinese consumers have similar buyer profiles.

8. Wal-Mart’s split with Bharti will halt multi-brand retail in India, but increase cash-and-carry business.

These propositions are substantiated by existing literature, presented in the following literature review.

As Wal-Mart expands its operations into India, its performance will be indicative of the health and growth of the Indian economy as well as the ease in which a foreign corporation can operate in India. The conclusions of this paper are relevant to Wal-Mart executives, other Western corporations, and Indian society. The framework provided is significant to Wal-Mart executives and other corporations, especially those considering entrance into the Indian market, because it will offer solutions to potential problems that may arise when operating in India. In addition, other corporations that compete with Wal-Mart or have similar structures as Wal-Mart will be interested in how the Indian market responds to Western corporations. Lastly, the results of this paper are significant to Indian society because Wal-Mart’s operations will affect the retail industry and the economy in India.
LITERATURE REVIEW

Overview of the Retail Industry

Satish and Raju (2010) suggest that two segments exist in the Indian retail sector: organized retail and unorganized retail. They hypothesize that India is the most unorganized retail industry in the world. Malls, supercenters, and department stores make up the organized retail segment while family-owned shops make up the unorganized segment (Satish & Raju, 2010). Austin and Debnam (2006) estimate that small retailer family-owned shops or “kiranas” comprise 98 percent of the Indian retail industry. Although kiranas represent the majority of the industry, Satish and Raju (2010) assert that the retail industry is rapidly growing due to several factors including opportunity in the organized retail segment, decreasing real estate prices in India, an increase in consumer disposable income due to India’s growing economy, and a recent increase in income spent on luxury items by the Indian middle class (Satish & Raju, 2010).

Proposition I: Cultural values greatly influence where Indian consumers choose to shop.

Despite these valid factors of expected growth, Dholakia, Dholakia, and Chattopadhyay (2012) contend that Indian consumers still prefer family-owned shops more than modern retailers. They cite several factors including close relationships between storeowners and primary customers, small size, familiarity of products, the employment of close friends and family, lower prices, and special services such as credit lines and home delivery. Furthermore, Dholakia et al. (2012) argue that convenience is the most important factor to the Indian
consumer because most consumers typically frequent stores every day for their daily necessities and needs. Due to this frequency, small retailers are able to tailor their product offerings more specifically to their customers, allowing the small retailers to build loyalty within their community (Dholakia et al, 2012). The importance of these factors stems from Indian culture and norms. Khare (2012) concluded that Indian consumers may prefer small retailers due to the cultural values of collectivism, femininity, and long-term orientation. Using Hofstede’s Cultural Dimensions, Boeree (2007) asserts that these traits represent a culture in which loyalty, cooperation, perseverance, and thrift are dominant practices. In addition to cultural values, Khare asserted that age is a major factor for retail preference. He found that older Indian consumers prefer modern retail stores because they often have more time to travel, plan shopping trips, and spend time experimenting with different products. In contrast, younger Indian consumers prefer small retailers due to the availability of products and convenience of location and time (Khare, 2012). Furthermore, Khare contends that India’s population is decreasing in age, indicating that small retailers will be more frequented by the population or that organized retailers need to replicate the convenience factors of the unorganized segment.

**Proposition II: The values and culture of a company also affect consumer attitude toward corporations.**

Cappelli, Singh, Singh, and Useem (2010) contend that the main goal of most Western corporations is maximizing shareholder wealth, with a strong focus on seeking outside opportunities. They claim that this goal drastically contrasts
with the goals of top corporations in India. Indian corporations primarily focus on achieving a social mission, while empowering and valuing their employees at every level (Cappelli et al., 2010). Their research shows the benefits of a social mission focus. First, a social mission motivates employees and gives their work a sense of purpose. This motivation and purpose leads to higher performance and lower employee turnover. In addition, employees can observe their effect on fellow Indians, making the connection between the social mission and the work even stronger. Second, consumers respond to a corporation’s social mission. Lastly, Indian corporations invest greatly in their employees and focus on the human resources aspect of business (Cappelli et al., 2010).

Furthermore, Sharma and Sharma (2011) studied the importance of corporate social responsibility to the younger Indian population. Their research revealed that the growing youth population (18-25 years old) is concerned with corporate social responsibility initiatives of corporations and that these initiatives affect their perception of the corporations. The following factors are the most important to the youth in regards to corporate social responsibility: public welfare, environmental protection, sustainable development, and labor welfare (Sharma & Sharma, 2011).

**Proposition III: The changing landscape of the Indian economy will create new competition, causing both domestic and foreign retailers to adapt.**

According to Golley and Tyers (2012), the Indian labor force will grow substantially beyond 2030. They attribute this growth to India’s young working age population and its declining fertility rate. In addition, as the population shifts
towards a higher working age population, the number of dependent children per working person decreases, increasing real growth per capita, and as the labor force grows, output per capita also increases (Golley & Tyers, 2012).

With a growing labor force and economy, Dholakia et al. (2012) ascertain that India is likely to see all types of retail competition increase drastically. Retail competition includes intratype, intertype, and intercategory. Intratype competition is competition between the same type of retailer (i.e. modern retailer vs. modern retailer). Intertype competition is competition between two different types of retailers (small retailer vs. modern retailer). Lastly, intercategory competition is between small retailer vs. general merchandise supercenter. India has not seen this type of competition yet. As intertype competition increases, it is likely that small retailers will lose business to modern retailers quickly. In addition, intratype competition will greatly increase and will make it difficult for same type retailers to coexist and both profit. Prior to this rapid expansion and growth, India had a cultural practice of “live and let live”. In other words, small retailers survived in mutually beneficial situations (Dholakia et al., 2012).

**Proposition IV: Recent economic reforms are conducive to Wal-Mart’s success in India.**

According to Shin (2014), India has a history of public policy that safeguarded its local business from global giants and promoted success and growth of local business. Since 1991, India has passed many economic reforms, loosening the restrictions on foreign direct investment (Shin, 2014). In his research, Bindal (2013) explained the effects of the newest economic reforms of
2013. Policy changes allowed foreign direct investment (FDI) up to 51 percent of multi-brand retailers and up to 100 percent in single-brand retail. Despite these policy changes, any FDI in the Indian retail sector will have to be approved by the government and meet strict requirements. Furthermore, the policy specifies only 53 cities with a population of at least one million in which foreign retailers are permitted to operate. Control over FDI in each of these cities will be the responsibility of the state-level governments. These policy changes are expected to increase the value of the organized retail sector in India from $28 billion to $260 billion by 2020, over an 800 percent increase (Bindal, 2013).

**Proposition V: Wal-Mart has a widespread effect on the local and national community and economy.**

According to Parnell and Lester (2008), Wal-Mart meets the criteria of a big box retailer. A big box retailer is a discount retailer whose stores exceed 50,000 square feet. Wal-Mart’s success can be attributed to its “big boxer” strategy which consists of four facets: economies of scale, everyday low pricing (EDLP), the sale of a variety of products, and the offering of a consistent, predictable shopping experience. Wal-Mart’s mastery of the big boxer strategy has led to unprecedented cost savings and substantial effects on the economy, suppliers, and consumers (Parnell & Lester, 2008). This paper will explore Wal-Mart’s widespread effect using Charles Fishman’s study of the Wal-Mart Effect.

Charles Fishman (2006) argues that Wal-Mart is “the world’s most important privately controlled economic institution” (p. 1). He defines the Wal-Mart Effect as the “suburbanization of shopping”. This suburbanization includes
pressure on Wal-Mart’s competitors to decrease wages, mergers of supplier companies, and the continuous practice of seeking out and cutting unnecessary costs (Fishman, 2006). In accordance, other researchers have conducted studies showing the Wal-Mart Effect on consumers, the Consumer Price Index (CPI), and employment. Research conducted by Shapiro and Foote Cone & Belding (2003) established four categories of Wal-Mart shoppers: champions, enthusiasts, conflicted, and rejecters. Each category is important to Wal-Mart’s bottom line. Champions shop at Wal-Mart at least twice a week and spend more than $100 per week. Conflicted shoppers dislike Wal-Mart because of its effect on the community, wages, and employment. Despite their dislike for the company, they spend nearly as much as champion shoppers per week and represent the second most frequent shopper group. Interestingly, conflicted shoppers spend three times more money per week and frequent Wal-Mart six times as often as enthusiasts. Lastly, on average, rejecters frequent Wal-Mart nine times a year. Regardless of shopper classification, Wal-Mart shoppers save 15 percent on grocery items and 5 percent on non-food items (Fishman, 2006). These savings even stem to those shoppers who never shop at Wal-Mart.

Hausman and Ephraim (2007) conducted a study to discover the effect of Wal-Mart on its competitors’ customers. They found that the arrival and presence of a Wal-Mart within a town caused competitor grocery prices to decrease by 5 percent. In addition, Hausman and Ephraim (2004) included Wal-Mart’s prices in their CPI calculation and concluded that the official U.S. inflation rate was overstated by 15 percent for all products. Furthermore, Neumark, Zhang, and
Ciccarella (2008) researched Wal-Mart’s effect on employment and wage levels. Analyzing wage and employment levels over 19 years in over 3,000 counties, they concluded the retail employment rate decreased by 2 to 4 percent and retail wages decreased by 3.5 percent in a county with a Wal-Mart (Neumark et al., 2008).

**Proposition VI: Adaptation to a country’s culture is key to Wal-Mart’s success abroad.**

According to a case study by Farhoomand and Garrett (2012), Wal-Mart’s venture in China has been successful because of its ability to become locally relevant. In other words, Wal-Mart adapted its products and business techniques to fit the Chinese consumer (Farhoomand & Garrett, 2012). Farhoomand and Garrett (2012) assert that Wal-Mart adapted its structure and strategy quickly enough to appeal to the Chinese buyer. For example, in Wal-Mart’s first store in Shenzhen, it offered dead fish and packaged meat. These products did not sell, so Wal-Mart mimicked the local Chinese fish markets and offered live fish. Furthermore, Farhoomand and Garret (2012) assert that Wal-Mart’s success is reinforced due to its ability to source organic, local food, cut costs through social responsibility initiatives, and recover from scandals involving bribery and mislabeling.

In addition to China, Wal-Mart also entered Japan in 2002 by acquiring Seiyu, a large Japanese retailer. Doris and Murugan (2008) attributed Wal-Mart’s slow growth in Japan to several factors including expensive distribution networks, retaliation by domestic retailers, its Every Day Low Pricing (EDLP) strategy, and
Japanese consumers. Doris and Murugan asserted that the Japanese
distribution network, called “keiretsu”, is a complicated chain of middlemen and
prices are much higher for nonmembers such as Wal-Mart. In addition, domestic
retailers significantly decreased their prices upon Wal-Mart’s acquisition of Seiyu.
Furthermore, Wal-Mart’s EDLP strategy raised suspicions amongst Japanese
consumers (Doris & Murugan, 2009). According to Doris and Murugan (2009),
the Japanese consumer equates low prices with low quality and prefers weekly
sales to EDLP. They hypothesize that Wal-Mart will need to continue to “localize”
in order to succeed in Japan. Localization includes entering the “keiretsu”
distribution network, sourcing from more local farms, and meeting customer
demands through customization and store remodeling. However, they indicate
that by not rebranding Seiyu, Wal-Mart has an advantage over other foreign
retailers (Doris & Murugan, 2009).

In contrast with Wal-Mart’s success in China and its growth in Japan,
failure forced Wal-Mart to exit South Korea. Kim (2008) analyzed Wal-Mart’s
failure in South Korea and attributed it to a lack of suppliers, lack of localization,
and store location. Similar to the Japanese distribution network, suppliers in
South Korea resisted Wal-Mart’s implementation of a computerized distribution
system. Furthermore, Kim’s (2008) analysis of the South Korean consumer
provides more insight into Wal-Mart’s failure. South Korean consumers shop
daily, buy small volumes of fresh, local products and prefer a tailored shopping
experience to a uniform product offering. Because Wal-Mart failed to localize its
stores and experience, South Korean consumers associated Wal-Mart with low
quality (Kim, 2008). Lastly, Kim (2008) determined that Wal-Mart’s location preference did not fit the South Korean consumer. Wal-Mart chose to build its stores further away from metropolitan shopping areas, leading to a lack of shoppers (Kim, 2008).

**Proposition VII: Indian and Chinese consumers have similar buyer profiles.**

Farhoomand and Garrett (2012) assert that due to a growing Chinese middle class, the Chinese consumer is becoming more selective and status conscious. Chinese buyers will spend more money on an item if it will elevate their status. In addition, they found that Chinese buyers tend to shop within a close proximity to their homes and typically on a daily basis (Farhoomand & Garrett, 2012). Frank et al. (2012) contend that China is a collectivist society in which loyalty and personal relationships are important factors. Therefore, Chinese consumers prefer to shop at familiar stores (Frank et al., 2012). Similarly, Chattaraman (2009) found that the growing Indian middle class has also become more selective and brand conscious. Indians are “time poor” and prefer to shop close to the home at familiar retailers (Chattaraman, 2009).

**Proposition VIII: Wal-Mart’s split with Bharti will halt multi-brand retail in India, but increase cash-and-carry business.**

In accordance with the 2013 economic reforms in India, Wal-Mart entered into a joint venture with Bharti Enterprises, an Indian retailer, in 2006 and split in 2013 (Ryba, 2013). Ryba cites several reasons for the split of the two retailers. First, he asserts that Indian FDI policies were vague in defining “multi-brand” and “single-brand” retailing. Second, Wal-Mart was under investigation in both the
United States and India for bribery and illegal lobbying activities (Ryba, 2013). Despite these setbacks, Ryba contends that Wal-Mart will remain in India and conduct business as a cash-and-carry or wholesale business. Wal-Mart must find a domestic retailer to enter into another joint venture in order to operate as a multi-brand retailer once again (Ryba, 2013). In addition, Einhorn (2013) asserts that Wal-Mart’s split with Bharti Enterprises exposed weaknesses in the Indian economic reforms. The intention of the reforms was to attract foreign investors; however, the Wal-Mart situation showed the difficulties of penetrating the Indian retail sector (Einhorn, 2013). Einhorn criticized India’s requirement that foreign retailers source at least 30 percent of their supply from local small- and medium-sized suppliers. This regulation prevents foreign retailers from acquiring the necessary quantities and desired inventory (Einhorn, 2013). Furthermore, Einhorn hypothesizes that India will eventually change these regulations to accommodate foreign retailers.

**DISCUSSION**

This paper will use SWOT analysis methodology to analyze the propositions from the literature review to suggest that Wal-Mart will survive in India as well as to provide recommendations for Wal-Mart. SWOT will be applied to the specific factors of the Indian culture and the factors that directly impact Wal-Mart’s success in India. Strengths and Weaknesses (SW) refer to the internal environment regarding Wal-Mart and Opportunities and Threats (OT) refer to the external environment in India relevant to Wal-Mart’s presence.
**Strengths**

Wal-Mart’s most important strength is its widespread effect on national and local economies, as indicated in Proposition V. Wal-Mart affects all shoppers, its suppliers, its competitors, and the inflation rate in the United States (Fishman, 2006). Because of its strong influence, Wal-Mart may have significant leverage internationally, including India because its presence is likely to affect the Indian economy similarly. Another important strength is Wal-Mart’s ability to adapt to the Chinese and Japanese consumer, presented in Proposition VI. In China, Wal-Mart quickly adapted to the Chinese consumer by finding reliable distributors, changing store structures to entice Chinese buyers, and reinforcing its reputation after scandal. Although its growth is slower in Japan than in China, Wal-Mart continues to survive in Japan through its Seiyu brand. By operating through a Japanese brand name and restructuring its stores to fit Japanese consumers, Wal-Mart reinforced its presence in Japan.

**Weaknesses**

Wal-Mart’s weaknesses abroad can be found in Proposition VI, regarding its operations in South Korea. Unlike its operations in China and Japan, Wal-Mart failed to adapt its stores to South Korean consumers. It was not able to adapt its business model quickly enough to please South Korean buyers.

**Opportunities**

India’s growing economy presents several opportunities for Wal-Mart. First, as described in Proposition IV, India’s recent economic reforms provide Wal-Mart with the opportunity to enter the Indian marketplace. As of 2013, Wal-
Mart can independently operate as a cash-and-carry or wholesale operation and hold a 51 percent stake in a multi-brand retailing operation in select cities (Bindal, 2013). Another major opportunity for Wal-Mart is the similarities between Indian and Chinese consumer preferences as referenced in Proposition VII. Wal-Mart’s experiences in China will prove to valuable in India. Lastly, although Wal-Mart’s split with Bharti Enterprises will hinder its multi-brand retailing operations, it will allow Wal-Mart to focus and grow its wholesale operations as shown in Proposition VIII. While Wal-Mart searches for a new joint venture and waits until India changes its regulations about multi-brand retailers, Wal-Mart has the opportunity to diversify its operations and become a supplier to India’s retailers.

**Threats**

India’s culture and changing economic factors raise several potential threats to Wal-Mart’s existence in India. First, as described in Proposition I, cultural values influence where Indian consumers shop. The Indian consumer prefers to shop at small, local retailers due to factors including close relationships, small store size, familiar products, lower prices, and services, such as home delivery (Dholakia et al, 2012). Another threat to Wal-Mart in India is the importance of corporate social responsibility and reputation to the young Indian consumer, indicated in Proposition II. Wal-Mart’s history of lobbying and bribery scandals in India affected its reputation and may deter consumers’ patronage. Lastly, Proposition III discusses increasing competition due to the changing landscape of India’s economy. This type of competition is new to India and Wal-Mart alike.
The following section will suggest how Wal-Mart can utilize its strengths to take advantage of the opportunities in India and best approach the threats present in India as well as suggest recommendations for further action.

**Strengths and Opportunities**

As presented above, India’s recent economic reforms have opened a large part of the market to Wal-Mart. As a world power, Wal-Mart can use its influence to work with the Indian government to further open the Indian market to foreign retailers. By operating effectively, Wal-Mart can lower inflation, organize a more structured distribution system, increase employment, and lower prices in the Indian economy. These results will provide further proof to the Indian government that FDI is a benefit to India.

Due to the proposition that Indian and Chinese consumers have similar preferences and Wal-Mart’s history of strong adaption to the Chinese market, Wal-Mart has a major advantage. By implementing its proven Chinese strategies in India, Wal-Mart will be able to grow more quickly and reduce the risk of deterring the Indian consumer. In addition, Wal-Mart can also use its strong adaption skills to take advantage of its opportunity to become a supplier in India. By operating independently in the wholesale business, Wal-Mart can work closely with Indian suppliers and retailers. As a supplier, Wal-Mart could lower prices for small retailers as well as gain valuable insight about the best approach to business with domestic companies.
**Strengths and Threats**

Due to India’s changing economy, foreign and domestic retailers will face increasing competition. By leveraging its powerful influence, Wal-Mart can enter into close relationships with small retailers who, in turn, can provide insight into Indian business. After establishing these relationships, Wal-Mart could take advantage of the new competition landscape in India by introducing its big boxer strategy, resulting in the first supercenter format in India.

Wal-Mart can use its strong adaption skills to address the threat created by the Indian culture. As referenced above, Indians prefer to shop at small retailers and highly value convenience. Just as it adapted to consumer preferences in China, Wal-Mart can create a shopping experience that appeals to the Indian consumer. Specially, Wal-Mart can focus on the convenience factor and adopt a small-store format, stock desired products, and offer similar services like home delivery and credit lines. Once its stores attract more and more Indian consumers, local Wal-Mart employees can build relationships with regular customers, giving Wal-Mart the same loyalty advantage as small retailers.

In addition, Wal-Mart can adapt its reputation and corporate social responsibility initiatives to Indian consumers. Wal-Mart can use Indian corporations as models for social missions. Wal-Mart can address important issues such as public welfare and environmental protection through its corporate social responsibility policies. Examples include programs to employ the impoverished and programs to reduce waste throughout the distribution network.
Overall, this analysis results in the conclusion that Wal-Mart will survive in India if:

1) it adapts to Indian consumer preferences and cultural values;
2) it takes advantage of the competition landscape; and
3) it uses its influence to aid economic reform in India.

The previous analysis is subject to several limitations. First, this analysis is based on the assumption that Wal-Mart continues operations in India as well as that Wal-Mart will eventually be able to operate as a multi-brand retailer independently. Secondly, this paper assumes that Indian consumer preferences will remain the same. With the changing nature of India and its economy, this may not hold true in the future. Furthermore, the analysis assumes that Wal-Mart will have the same widespread effect on the Indian community as it does in the United States.

As Wal-Mart’s presence in India is a relatively new phenomenon, more information on Wal-Mart’s success in India will be readily available for future studies. This paper sets up the framework for future studies to analyze how Wal-Mart adapted to Indian society, how Indian consumers reacted to Wal-Mart, and Wal-Mart’s effect on the Indian economy. Later studies can use this paper to examine how the structure and practices of the retail industry in India have changed because of the presence of Wal-Mart.

**IMPLICATIONS**

As the world becomes more connected, international expansion is key to the continuing success of many corporations. The SWOT analysis concluded that
to succeed in India Wal-Mart must (1) adapt to the Indian culture, (2) take advantage of the competition landscape, and (3) use its influence to aid economic reforms in India. The implications of the presented analysis affect three main groups of stakeholders: investors, Indian consumers, and business executives.

As a publicly traded company, Wal-Mart is responsible for reporting to investors. Its operations in India are important to investors because success in India represents a potential increase in the value of Wal-Mart and its stock. In addition, its success in India represents an opportunity to gain more investors.

In addition to investors, these findings greatly affect Indian consumers. The results indicate that Indian consumers have a great deal of power regarding Wal-Mart’s success in India. In order for Wal-Mart to succeed, it will have to adapt to Indian culture. Indian consumers can dictate the direction of Wal-Mart in India through changes in their demand for Wal-Mart and its products. If Wal-Mart enters the Indian market through the adaption recommendations mentioned above and Indian consumers approve, they will show this approval through an increase in demand. If Wal-Mart implements changes that do not appeal to the Indian consumer, the lack of customers will force Wal-Mart to change its strategy. Wal-Mart’s operations in India also represent a potential change in the landscape of India’s retail industry. Indian consumers should be aware that Wal-Mart’s presence in India might greatly affect how retailing is conducted in the future. This paper offers Indian consumers a preview into the potential changes.
These findings are also important to business executives of Wal-Mart’s competitors. First, Wal-Mart’s success in India would make it more difficult for its competitors to be successful in the Indian market, due to increased competition. However, if Wal-Mart succeeds in improving the economic reforms in India, India will represent a new opportunity for international expansion. In addition, the recommendations for success in India, presented in this paper, provide business executives of other corporations guidelines for successful expansion into foreign countries, especially into India.

Overall, the findings of this study reflect the dynamic and changing nature of business around the world. As more corporations enter new markets, the world will experience new types of retailing practices. Established corporations will have to deviate from their practices and adapt to different cultures in order to succeed.

CONCLUSION

Wal-Mart is a powerful corporation and the success of its continuing operations in India will change the scheme of the Indian economy in many ways. Through an examination of Indian culture, the Indian economy, Wal-Mart, and its foreign ventures, this paper provides a framework for Wal-Mart’s success in India. This study suggests that the most important factor for successful operations in India is adaptation to the country’s culture. Through adaptation, corporations can expand their presence internationally, potentially achieving higher profit. Adaptation practices include offering new product lines, hiring domestic employees, and changing store formats to please domestic consumers.
This paper recommends that corporations alter their business models before they initiate operations in a foreign country. As the world expands, a “one size fits all” approach to business will only result in failure.
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