

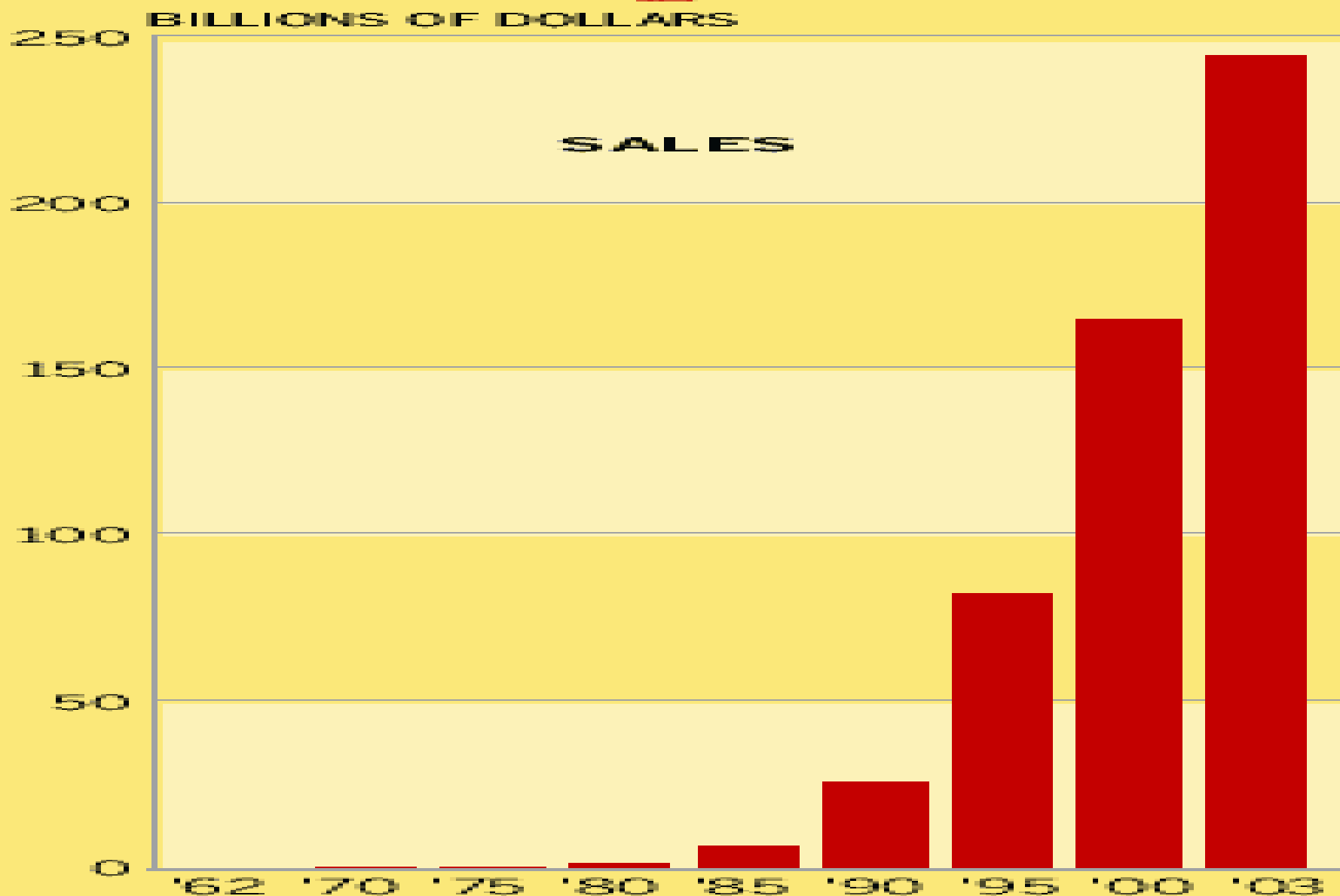
Wal Marts Expansion Into South Asia

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The Wal-Mart Giant

- **Wal-Mart** is the #1 retailer in sales worldwide
- Total year-end sales for fiscal year 2007 showed 77.1 billion dollars in revenue, a 30.2% growth over the previous year

41 Years of Nonstop Growth



FIGURES REFLECT FISCAL YEARS ENDING IN JANUARY

Data: Wal-Mart Stores Inc.

Wal-Mart's International □ Expansion

- Wal-Mart first went international in 1991 with a Sam's Club associated store in Mexico City
- International stores employ more than 500,000 Wal-Mart employees, serving 49 million international customers each week (176 million served worldwide)
- More than 2,760 stores in 13 countries outside U.S. today: Argentina, Brazil, Canada, China, Costa Rica, El Salvador, Guatemala, Honduras, Japan, Mexico, Nicaragua, Puerto Rico, and the U.K.

Further Wal-Mart Expansion

- Wal-Mart plans to open 320-330 units in existing international markets this year
- In March of 2006, Wal-Mart took over Central American Retail Holding Co., (CARHCO) a chain with supermarkets all over Central America. Wal-Mart changed the name of the company to Wal-Mart Central America

Wal Mart in China

- 2006 Wal Mart bought Trust-Mart for \$1 Billion, main market for groceries and retail products

Opens up Markets Into 20 Provinces in China
employing 150,000

Opening up 200 Stores in the next few years

Benefits from China Wal Marts

- Wide Open Retail Landscape: Certain cities like Beijing and Shanghai have available land space for large supercenters
- Expanding Middle Class: 24.5 Million Families Classified to be Middle Class in 2005 (19 Million in 1999)
- Chinese interests in Foreign Direct Investments: Part of Booming Economy
- Popular

Persisting Problems with Wal-Mart's in China

- Small Target
 - \$2.6 B in Sales (Overall Revenue is \$326 Billion)
 - Attracts Urban Population (37 Million People Live in Poverty)
 - Large Cultural Conflicts: Harming smaller mom and pop shops and retail shops, certain ways meats are cut, vegetables harvested
- 370 Stores (360 Built in US in 2006)

Wal Mart in India

Recently Wal Mart has placed stores in India
W/ Bharti Enterprises

Huge Markets to Tap Into

- \$180 Billion Retail Sector
- 44% of Consumer Spending goes to Grocery Shopping

-Expanding Middle Class

India has seen at least 6% Growth in GDP that past twenty three years

-250 Million Middle Class Citizens

-If Current Rates Continue by 2025 the middle class will be 50% of the population, making it an ideal region for Wal-Mart to expand into

Major Problems with Expansion into India

- Space: Out of the 28 States and 6 Province currently only 14 Malls large enough to accommodate Wal Mart establishment
- Government Regulations: Federal Law in India Bars International Retailers from directly entering into India's markets thus prohibiting Wal Mart from having 100% ownership of large outlet center
- Strong Community Opposition: Big Influence of Communist Party, Roughly 40 Million in Retail Sector
- Cultural Differences

Current Relations with China

- Wal-Mart is often criticized for getting its products from cheap-labor environments and not supporting American suppliers
- The company bought \$18 billion dollars in good from China in 2004, and was responsible for about 1/10 of the U.S. trade deficit with China
- If Wal-Mart was an independent country, it would be China's eighth largest trading partner, ahead of Russia, Australia and Canada

Factories in Asia and Elsewhere

- Wal-Mart is also criticized for the working conditions in the factories it uses overseas.
- Workers in Bangladesh, China, Indonesia, Nicaragua and Swaziland brought a class-action suite against Wal-Mart in 2005. They claimed they were not paid minimum wage, and were treated inhumanely by the factory managers.
- Workers in Guangdong province in China claimed they had to meet a quota of painted toys every day or their pay for that day would be docked by over half.
- Many other abuses and misconducts have been alleged, far too numerous to list them all

Possible Economic Impacts Of Wal-Mart in Asia

- Positive: Job creation
- Wal-Mart Mexico claims to have created 53,000 jobs over the last 3 years, contributing to 13% of overall job creation in Mexico
- Negative: Can hurt local businesses
- In the U.S., when a Wal-Mart opens, adjacent towns without a Wal-Mart show an average decline in sales of general goods by 34% over 10 years.

Possible Environmental Impacts

- Wal-Mart is alleged to have many violations of environmental regulations in the U.S.
- In 2003-2005, state and federal environmental agencies fined Wal-Mart \$5 million
- Many lawsuits against Wal-Mart for violations of environmental code are settled out of court. A few of these settlements have set records in their respective states for the type of violation that occurred.
- Alleged environmental violations include improper handling and disposal of oil products, and contamination of local water supplies.