Retailing in a Global Economy

Why are Retailers looking Internationally?
- Diminished growth in the U.S.
- Over-storing in U.S. while many markets abroad are under-stored
- Competition increasing
- U.S. economic downturns
- Develop new markets to take share from competitors
- Demographic changes
- Global opportunities with NAFTA, rising capitalism abroad
- Common currency
- Media proliferation (MTV, CNN)

Where are U.S. Retailers headed? Where are the Opportunities?
- Canada
- France
- Germany
- Italy
- Japan
- Spain
- UK
- Mexico
- Belgium
- Brazil
- Eastern Europe
- Pacific Rim
- Australia
- Others...

What Countries have been Entered most Successfully?
- Canada (77%)
- Mexico (60%)
- Britain (47%)
- Japan (40%)

What are the Major Differences between Retailing in Western Europe and the U.S.?
- Prices are higher; margins are lower
- Location
  - downtown vs suburbs
- Advertising vs point of sale
- Branded merchandise vs private label
- Others?
What are Successful Methods of International Expansion?

- Joint ventures with local retailers
- Franchising
- Licensing agreements
- Airport retailing
- Direct Selling
- Others?

What Obstacles must be Overcome when Opening Stores in other Countries?

- High real estate costs
- Excessive zoning ordinances
- Distribution systems vary
- Retail margins smaller
- Not understanding culture and buying patterns
- Protectionist gov’t policies
- Others?

Why have Retailers Failed?

- Language and cultural barriers
- Difficult licensing and approval procedures
- Recession
- Others?

What Retail Formats have the Best Potential?

- Discount shopping
- Focus on price and value or high levels of customer service and assortment
- Niche retailing (specialty, toy stores, sporting goods)
- Making the retailer the brand (export an American experience like Disney)

What are Important Factors for Global Success?

- Supply Chain Management
- Solid Partnerships
- Customization for Local Markets
- Information Technology

What should you evaluate before entering a foreign market?

- Economy
- Market Size
- Competition
- Real Estate and Labor Costs
- Cultural Differences
- Opportunity for the Retail Format
- Merchandise Acceptability
- Ease of Entry
- Financial and Accounting Reporting
Which Retailers have Competed Successfully Overseas?

- What did you find in your research?
- Your retailer’s successes and failures?
- Challenges and obstacles?