Marketing Strategies of Multinational Enterprises in China--Taking Wal-Mart as an Example

Ziyao Sun *†, Yunfan Zhang †
Broward College, Fort Lauderdale, Florida, USA
* Corresponding Author Email: 20210036@ntit.edu.cn
†These authors contributed equally

Abstract. This paper takes Wal-Mart as an example to analyze transnational marketing strategies. The importance of the research topic is to find out the advantages and disadvantages of multinational enterprises in China, as well as what strategies multinational enterprises should adopt in the process of transnational operation. This topic is chosen because the economy is becoming increasingly developed, the economic activities of countries and regions worldwide are interdependent, and the transnational marketing of enterprises is increasing. As a representative company with the largest turnover in the world, the advantages and disadvantages of Wal-Mart are discussed with case studies. This can serve as a learning target for other multinational companies to draw experience and enhance the cross-cultural concept. It can also avoid the problems caused by the excessive pursuit of low cost and the phenomenon of "acceding to the soil" when entering the Chinese market. Multinational enterprises in China should attach importance to localization and accurate positioning of enterprises in combination with the actual situation.

Keywords: Leadership; Globalization; Strategy.

1. Introduction

1.1. Research Background

Wal-Mart, founded in Arkansas in 1962 by American retail icon Sam Walton, has become a legendary force in the retail world. Over the past four decades, Wal-Mart has become the largest private employer in the United States and the largest chain retailer in the world. Today, Wal-Mart operates over 7,000 stores globally and employs over 1.9 million people in 14 countries worldwide. Every week, 176 million people visit Walmart. Wal-mart is an American worldwide chain enterprise, the largest company in the world regarding turnover, which the Walton family controls. Headquartered in Bentonville, Arkansas, United States of America. Wal-mart is mainly involved in the retail industry. It is the largest company in the world in terms of employees. It has been listed in the Fortune Global 500 Companies for 7 consecutive years in the first place. Wal-mart has 8,500 stores in 15 countries. Wal-mart operates in all 50 states and Puerto Rico. Walmart primarily operates through four business models: Walmart Shopping Plaza, Sam's Club, Walmart Store, and Walmart Community Store. The research on this topic is because Wal-Mart's marketing strategy is very helpful to the operation of multinational enterprises. At the same time, Wal-Mart actively handles relations with the local government, which also helps gain local popular support.

1.2. Literature Review

Men pointed out obvious differences in the national cultures of different countries, which are having more and more influence. Some enterprises cannot face such differences and go bankrupt, highlighting the importance of cross-cultural management. Wal-mart has made some achievements in its development in China, but there are also many problems. The root of the problem is cultural differences. To solve these problems, Wal-Mart China needs to pay attention to the role of cross-cultural management in its daily management. Find out the good practices of Wal-Mart's cross-cultural management and some problems, then compile a questionnaire for Wal-Mart employees. The
statistical results of the questionnaire further, confirm the characteristics of Chinese employees and consumers, and formulate corresponding countermeasures for these problems [1].

Yang proposed that Wal-mart has launched a new mode of self-service checkout to solve the problem of supermarket retail checkout queues. In the process, businesses save labor costs, and customers save queuing time. Still, few people pay attention to this new model's moral hazard and impact on the consumption experience. From the perspective of capital reasons, these investments will turn into profits within a certain period of time, but the capital market chooses faster capital recovery speed and higher commercial return efficiency [2].

Hou analyzed that After years of market baptism, supermarket business performance and profits are declining. News of Wal-Mart's store closures has faded. From the external factors, the change in demand and multi-dimensional competition are the reasons leading to the decline of supermarkets. From the internal point of view, not only do the standard products lack competitiveness due to homogenization but also the fresh products lose their moat function under the impact of community group-buying [3].

According to the above literature, there are many problems in Wal-Mart's marketing in China: cultural differences, a new self-checkout model, and the closure of stores with declining profits. Walmart should do a good job in cross-cultural management, improve employees' cross-cultural management ability, and then adopt the new self-checkout mode. Although convenient, it cannot avoid the phenomenon that many customers have fluke psychology and run out of order. There's an economic loss. The rate of return is not that high. It also lacks competitiveness and needs to innovate to attract customers. Wal-mart can make money at a low cost by creating some supermarket activities to attract customers' interest and stand out from other similar retail supermarkets.

1.3. Research Gap

Numerous academics have researched Wal-Mart's cross-cultural marketing strategies in China, allowing them to gain a substantial portion of the retail market and provide superior products at competitive prices. Few scholars have delved into the analysis of Wal-Mart's purchasing market.

1.4. Research Framework

This paper uses the case analysis method to analyze the uniqueness of Wal-Mart's marketing strategy. Secondly, the comparative analysis method is used to analyze the shortcomings of other multinational enterprises and the advantages of Wal-Mart's marketing strategy through data. Finally, by analyzing Wal-Mart's marketing strategy and the current unfavorable environment, it puts forward suggestions on the marketing strategy of multinational enterprises.

2. Methods

2.1. Case Study

A case study refers to studying a specific individual, unit, phenomenon, or topic. Such research collects extensive information to fully understand, collate and analyze the process of object generation and development, internal and external factors, and their interrelationships to form an in-depth and comprehensive understanding and conclusion of the relevant issues [4]. In this paper, we will delve into the marketing strategy of Wal-Mart, a major multinational corporation, and investigate its operations' overarching principles by analyzing existing literature and gathering data. It also outlines the strategies that multinational enterprises can use for international success. We will sort out and analyze the process of the emergence and development of Wal-Mart's marketing strategy, as well as the reasons and interrelationships of this strategy so that people can understand it comprehensively. At the same time, we want to aid more entrepreneurs in gaining understanding.
2.2. Comparative Analysis

Comparative analysis is a method that is widely used in social science. It is a method of comparing two or more items to uncover and discover new ideas about them. It compares and contrasts social structures and processes worldwide to grasp general patterns. Comparative analysis tries to understand the study and explain every element of data that compares [5]. This paper will highlight the advantages Walmart has gained from its marketing strategy by comparing several multinational companies. Then the paper will assess whether Walmart can maintain a prominent position in the international market in the long run if they remain loyal to this marketing strategy. The paper will also gain deeper insights into Walmart's customer satisfaction ratings and Volkswagen's shortcomings compared to Walmart.

2.3. Experience Summary Method

The experience summary method summarizes and analyzes the specific situation in practical activities, systematizing and theorizing it and upgrading it to experience. Summarizing and popularizing advanced experience is one of the more effective leadership methods used for a long time in human history. In this paper, we will analyze the relationship between Walmart's current situation and marketing strategy through the author's own experience and life experience. And through summary analysis, a set of marketing strategies suitable for promoting multinational enterprises is sorted out. At the same time, this paper will also sort out the shortcomings of multinational companies using Wal-Mart as an example and make corresponding suggestions and guidance. Taking Wal-Mart's "zero inventory" management model as an example, we draw successful experience from it and put forward some reasonable suggestions in view of the current situation and shortage of small and medium-sized supermarkets in our country [6].

3. Results

3.1. Market Demand

The hectic pace of modern life has become a way of life for every urban dweller. In such a fast-paced life, department stores and supermarkets have become fashionable and necessary leisure areas. Family members will head to the supermarket to purchase groceries and fruit as a group, while friends will shop for clothes and snacks together. Because an increasing number of people are drawn to these big and varied supermarkets, it has become a landmark in the city for finding one's way around. Tianerma and Yitong Supermarkets are relatively similar, each occupying an average of around 45,000 square meters. They boast a comprehensive range of goods, offering all the items a family needs in one convenient location - it's no wonder they are known as the ultimate 'one-stop shop'. You name it, from apparel, fabrics, medicines, toys, various everyday essentials, home appliances, jewelry and cosmetics, car accessories, small yachts, and more. The goods are neatly displayed. Newcomers to a US supermarket can often feel overwhelmed trying to locate the items they need. The signs of Temerma are clear so that you will not lose your way in such a large plane. Every Tenma has a big slogan: "Every day at a good price." By carefully comparing, you'll find that the goods of the same brand are cheaper in this store.

3.2. Growth Trend

On February 21, local time in the United States, Walmart, the largest retailer in the United States, released its financial results for the fourth quarter and full year of fiscal 2023 ended January 31, and announced guidance for the first quarter and full fiscal year of fiscal 2024.

According to the financial report released by Walmart, in the fourth fiscal quarter, Walmart's total revenue reached $164 billion, a year-on-year increase of 7.3%, higher than market expectations; Net income attributable to shareholders of the parent company was US$6.3 billion, an increase of 76.2% year-on-year. Fourth-quarter adjusted earnings per share of $1.71 were above market expectations.
In fiscal 2023, Walmart's total revenue was $611.3 billion, up 6.7% year-over-year; Net income was $11.7 billion, down 14.6% year-over-year, and adjusted earnings per share were $6.29, the first full-year profit decline in nearly six years.

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3.3. Advantages and Limitations

The modern retail industry in the United States dates back to the 60s of the 19th century, a period of transformation like the American economy. Because of the end of the Civil War, many manufacturing industries were developed, and new technologies were also applied. At this time, Wal-Mart used the target agglomeration strategy to divide customers into four consumer groups and set up four different business methods. For example, Sam's Club is aimed at white-collar workers, office workers, etc. Its reputation for low purchasing costs is balanced out by the additional cost of the middleman, which speaks highly of its supply chain management. Wal-mart has stringent requirements for the products its suppliers provide, which reduces the advantages available to them and, in some cases, makes it impossible for them to supply normally. In the end, Wal-Mart's biggest challenge lies in its need for talent as it rapidly expands, particularly when it comes to labor resources - especially managerial talent, which is in short supply in second and third-tier cities. But in reality, there are many factors that people take into consideration when choosing to live in the city, such as the environment, housing options, children's education, etc. Whether it is in their hometown or not is of lesser importance. Developing city managers in second- and third-tier cities will take a long time. In the past, when the economy was less developed, Wal-Mart proved incredibly popular due to their thin margins and high sales, thus earning them the reputation of having "small profits but high turnover". Despite the swift growth of society and the economy, an increasing number of supermarkets have opened up to draw in plenty of customers, thus diminishing Wal-Mart's edge in terms of low prices.

Different countries and regions. Different nationalities have different living customs, and their shopping needs are also very different. To this end, the service industry should try its best to develop its own characteristics in the process of operation. Do everything possible to meet the shopping needs of local residents and achieve localized marketing [7]. Also, large multinational companies, Carrefour and Wal-Mart, operate very differently. Wal-Mart's advantage is mainly that Wal-Mart combines information technology with traditional transportation very well, and they use its own commercial satellites to achieve global networking.

In fact, grocery prices in the U.S. remain stubbornly high, which has led to a significant reduction in consumer purchases of non-essential consumer goods. So Walmart's current decline in performance is also traceable. In order to meet logistics needs and highlight its own advantages, Wal-Mart has set up stores in the urban-rural area, while Carrefour emphasizes its dependence on business districts. However, many times in some countries, Wal-Mart does not have many stores, so the scale
of logistics is also limited, and the emphasis on the prominence of a single advantage will also be unable to adapt in many cases.

4. Discussion

4.1. Establish a Diversification Mechanism

Today's enterprises' core competitiveness has transformed into a competition between technology and innovation capabilities. In order to adapt to market competition, it is necessary to enhance its scientific and technological innovation capabilities and shorten the industrialization process of scientific research achievements [8]. As an established multinational enterprise, the most outstanding thing about Wal-Mart is its logistics and transportation capabilities. However, its excellent logistics and transportation capabilities cannot be applied due to the different number of Wal-Mart stores in various world regions. To a certain extent, the difference in enterprise management stems from the difference in the origin of culture and cultural foundation [9]. It is recommended that Wal-Mart build a team with cross-cultural leadership, embrace cultures worldwide, adapting to global development, and grasping the key to changing times. At the same time, learn to adapt to changes according to local people's consumption level and cultural needs, and reasonably arrange the store's location and the surrounding layout.

4.2. Change the Low-price System

As a large-scale retail enterprise, Wal-Mart mainly sells at low prices and arranges services, such as home delivery, to make customers feel familiar. But such drawbacks are gradually emerging. Due to the low profit caused by low-priced sales, Walmart's performance has declined in recent years. At the same time, Wal-Mart's stores are generally larger due to the "one-stop shopping" concept. But Wal-Mart has been mainly leasing, which has led to higher costs. I think Wal-Mart should change its marketing strategy; selling low-priced goods will burden the company's revenue, and while improving the service, it must slowly increase the price of goods. At the same time, land should be purchased to reduce rent pressure.

4.3. Human Resource Management

Walmart has an influence nationwide, and its main challenge is difficulty recruiting frontline employees. Walmart has high recruitment standards, requiring employees to have above-average comprehensive abilities. The performance assessment standards for grassroots employees are full attendance and minimal differences among each employee, which leads to difficulty in achieving performance assessment goals due to the average. Performance assessments of non-grassroots employees are relatively subjective, mainly determined by the evaluator's subjective good or bad judgment; this lack of fairness has a negative effect on employees' work attitudes and behavior. "The customer is the boss, respect employees and pursue excellence" is the essence of Walmart culture. Walmart abides by contracts and is honest. Analysis of Wal-Mart corporate culture, core values, adhere to the people-oriented, three meters smile, sincere return to the society, these four aspects are the characteristics of its corporate culture is an important factor to enhance the core competitiveness of the enterprise. The employee attitude has a negative impact on the customer attitude is not in line with the corporate culture [10]. Salary can be increased appropriately to ensure sufficient staff, and performance appraisal standards need to be revised to increase incentives to attract employees to work actively.

4.4. Customers Have Low Ratings

Customer satisfaction has long been a problem in the Walmart marketplace, as evidenced by low customer ratings. The average rating of the top 100 sellers on this platform is 3.9 out of 5, lower than the 4.9 out of 5 achieved by the top 100 sellers on Amazon and eBay. Most complaints against
Walmart Marketplace sellers are primarily due to issues concerning shipping, such as delayed delivery times or difficulties with returning items. Consumers have yet to embrace the Tenmart concept fully: Since the marketplace is still relatively new, many shoppers on Walmart.com prefer to purchase from Walmart itself. Customers who buy from third-party sellers are concerned about returns and exchanges. Companies need to improve customer reviews. Now people buy things at par, and if the par is not good, most people won't buy it. And not on-time delivery will delay the customer's time when the customer is urgent to buy; not on-time delivery will cause inconvenience in life, if after several reverses the receipt of goods found that there are problems or unsatisfactory goods, the difficult return will damage the interests of customers.

5. Conclusion

5.1. Key Findings

Through discussion and other means, it can be seen that the reason why Wal-Mart, the world's largest company in terms of turnover, has declined in recent years comes from the unchanged business philosophy. Wal-Mart adheres to its own advantages and operates stores in the same way around the world. It does not adapt to local conditions. It should develop more favorable conditions according to its own advantages, instead of turning advantages into disadvantages and being replaced by other local industries. At the same time, they should learn to increase profits, reduce costs, raise prices on the condition of the company's own high-quality services, and build the enterprise into a "parity" high-end brand.

5.2. Research Significance

This article aims to point out the advantages and disadvantages of Wal-Mart's business philosophy. As a well-known multinational enterprise, Wal-Mart can become a typical case of multinational enterprise operators. At the same time, it can also provide relevant experience and inspiration for many people who are starting a business in the early stage, and provide ideas for the enterprise to become bigger and stronger. The advantages of Wal-Mart's one-stop shopping and its own logistics transportation are unmatched by many supermarkets, and it is also because of these advantages that increase costs and decrease profits. Multinational enterprise operators should draw useful experience from Wal-Mart's operation and the current situation, and at the same time enhance cross-cultural leadership and adaptability, so as to gain a firm foothold around the world according to local conditions.

5.3. Limitations

This article discusses the advantages and disadvantages of Wal-Mart's business through case analysis. But the lack of raw data may weaken the persuasiveness of the article. In the future, original data will be collected through interviews, surveys and other means to enhance the credibility and persuasiveness of the article.

References


