

Global MNCs Individual Assignment #2

MQM 350 Sec. 02

Chad Pearson

Mission/Vision Statement:

Carrefours mission is “to make healthy food available to all and to encourage the market and producers to improve quality.” As of 2018, Carrefour’s CEO has announced a new vision for Carrefour group which is “to enable its customers to consume better by becoming the world leader in the food transition for all.”

Business Strategies:

The company attempts to establish those stores in urban setting to attain economies of scale. The use of centralized IT ensures that the company meets local, regional, and international market strategies. Furthermore, the company when launching a new market ensures that it operates a dual system for hiring local executives and expatriates (Gehlen & Lasserre, 2005).

The company attempts to establish those stores in urban setting to attain economies of scale. The use of centralized IT ensures that the company meets local, regional, and international market strategies.

Through technological resources, such as trademarks, patents, trade secrets, and copyrights Carrefour had to fulfill local and regional conditions before penetrating the international markets against the socio-economic parameters. The business level strategy adopted by the company is a coordination of all individual unit activities. In addition, through the technological resources, they had to use regional stores in launching new product in the market. The company promoted cost management approach of sourcing strategy by using transnational strategy. This will allow the company to become the leader in the retail industry, which will increase its reputation as well as its productivity and profitability (Gehlen & Lasserre, 2005).

The company attempts to establish those stores in urban setting to attain economies of scale.

Carrefour is having a 'back margin' strategy with the suppliers (Colla and Dupuis, 2002).

Efficient supply chain is one of the key factors enable Carrefour to offered low prices to the marketplace in the growth and expansion of the company from a historical perspective. The use of centralized IT ensures that the company meets local, regional, and international market strategies. Furthermore, the company when launching a new market ensures that it operates a dual system for hiring local executives and expatriates (Gehlen & Lasserre, 2005).

Based around seasonal and recurring needs, the non-food offering is essential for maintaining store traffic and responding to customer demand for a comprehensive range under one roof. By better anticipating demand and refining and adapting its offering, Carrefour is switching from a distribution model aimed at the consumer to a retail model dedicated to the customer. The Group is devoting all of its energy to this transformation. Rolling out logistics adapted to the multi-format, omni-channel model, building digital platforms, recasting IT systems and building an architecture based on data: these are just a few of the large-scale initiatives which have significantly mobilised the Group's capital and staff.

Multinational Enterprise Strategy:

Carrefour uses a blend of regional, multi-domestic and transnational strategies. The way that Carrefour approaches the Global-Local Dilemma is in the way the firm localizes and adapts to new markets. Carrefours expansion is driven by funding from it's homeland operations in France where the company makes 47% of all sales. Wherever Carrefour operates it is committed to sponsoring local economic development. The Carrefour group is the largest private employer in any country it operates in typically. This is true for France, where the group originates from.

The same also applies to countries such as Argentina, Brazil, Colombia, Greece and Italy. The group also strives to sustain local suppliers, with approximately 90 to 95% of its products sourced locally and based on the country of operations (Carrefour Group, 2016, p 1-2). Local sourcing also allowed Carrefour to offer a wide range of domestic products that fits the local demand and in the process cutting cost in order to provide lower prices to Carrefour shoppers.

It is seen that Carrefour is able to productively employ its capabilities and resources in creating a persistent competitive advantage with the right use of PESTEL and Ansoff Matrix methodologies to carry on catering to the unpredictable shoppers' distinct and localised goods' preferences and needs. Carrefour is more successful also because it considers China as a group of local or regional markets whereas Walmart considers it as a single large market; Carrefour also has decentralised sourcing and distribution unlike Walmart (Mahajan-Bansal, 2010, p 1). The Chinese favour fresh poultry and meat, hence local sourcing results in faster and smarter logistics rather than central sourcing of merchandise (Mahajan-Bansal, 2010, p 1). It is evident that Carrefour has successfully continued to implement the market and product diversification strategy by localizing its product and service offerings in most of the countries internationally within which it operates. It is also observed that it is able to continuously diversify into new markets based on the expertise gleaned from earlier international forays and localizing their offerings to suit the local requirements and preferences.

Entry Modes: Carrefour's experience is that it pays to be the earliest to penetrate the foreign market and also that the entry mode should be via Greenfield operations (Lal, et al, 2004, p 289-293). But, in several foreign markets, there may not be a choice in this regard because of local market regulations and the entrant may be forced to follow a joint venture formula (Lal, et al,

2004, p 289-293). Carrefour has embraced and implemented the utilization of strategic alliances, initially, in penetrating new unknown markets. Once Carrefour emerges to be well conversant with the market, it then quickly expands its markets and business via the development of new entirely owned departmental stores. This strategy appears to balance the risk concerned with Green Fields ventures and the lesser returns linked with strategic alliances. Since this strategy has confirmed its cost-efficiency in the past, Carrefour must continue undertaking it in the future (Gehlen & Lasserre, 2005).

It uses its own brand/company name and does not rely on local brands. This global integration strategy enables the company to control the implementation of its business model and product quality. For example, Carrefour entered Taiwanese retail market in the form of a joint venture with a local company called Uni-President Enterprises and the formal joint venture company became PresiCarre Corp. Uni-President Enterprise is the largest food manufacturer also operating the largest chain of convenience stores in Taiwan called 7-Eleven. This joint venture entry strategy had the advantages that Carrefour could rely on Uni-President Enterprise as the largest local supplier of domestic products while at the same capitalising on its ground experience in retailing business in the Taiwanese market and knowledge of Taiwanese culture, customer preferences and buying habits.

<http://www.ccsenet.org/journal/index.php/ijbm/article/viewFile/23348/14945>

Organization structure:

Carrefour has a hierarchical arrangement with much practical managerial organizational configuration. The arrangement is planned that the Chief Executive Officer is the highest individual in the hierarchy and under him is the Chief Finance Officer (CFO), the Director of

Marketing and Merchandise and the Director of Organization and Systems. The Chief Finance Officer exists between the operational divisions. Below the functional divisions are the directors of each specific worldwide zone or region where Carrefour has branches. Just below the director of each zone there is the expanded committee that is comprised of director of particular countries.

The structure works well for Carrefour, by entrusting to the major operations of large corporation, the capacity to deal with the necessary transactions needed by each division. The structure also permits each function to understand the transactions of other divisions and enable them evaluate better how each division is performing with regard to other divisions. This permits more standardized means of harmonizing the operations of each division, minimizing confusion and overlapping responsibilities.

My analysis:

Carrefours strategies have been tried and tested. They enter into markets that they believe they can dominate. The company adapts to local preferences and doesn't have a "one size fits all" business mentality like many international strategies implemented by other companies. Their strategy to work with and learn from local suppliers, managers, etc. allows the company to align themselves with the local community values. They can penetrate markets by acquiring the countries biggest food retailer and dominate the land by beating out any competitors. Carrefour helps economies, producers and consumers ultimately get more out of the business dealings they have with the company. Having multi-format stores encourages locals to keep shopping at guaranteed low prices, purchasing the majority of their products from local suppliers means assured quality control and their economies of scale gives their customers the lowest prices possible which does indeed align with their mission statement and vision.

References

Based around seasonal and recurring needs, the non-food offering is essential for maintaining store traffic and responding to customer demand for a comprehensive range under one roof. By better anticipating demand and refining and adapting its offering, Carrefour is switching from a distribution model aimed at the consumer to a retail model dedicated to the customer. The Group is devoting all of its energy to this transformation. Rolling out logistics adapted to the multi-format, omni-channel model, building digital platforms, recasting IT systems and building an architecture based on data: these are just a few of the large-scale initiatives which have significantly mobilised the Group's capital and staff.

http://www.carrefour.com/sites/default/files/static_content_carrefour/carrefour_ra2016_en_20170621/carrefour-content/uploads/2017/05/RA_CARREFOUR-GB_WEB.pdf

Hypermarket Greenfield investment means building up new facilities in a foreign market.

Franchising refers to conceding (distribution) rights to a partner, enabling it to do business under

the parent's trademark (Michael, 2000). In line with Pan and Tse's (2000) classification, we refer to greenfield investment and acquisitions as WOS that require high resource commitment in contrast to joint ventures or franchising, which require relatively low resource commitment greenfield investment, acquisition and joint ventures to franchising(https://www.alexandria.unisg.ch/250337/1/Cross_CulturalManagement.pdf)

References

Carrefour Group (2007). *We are providing customized shopping solutions*. Retrieved from <http://www.carrefour.com/sites/default/files/RA07GB2.pdf>

(n.d.) *Carrefour's trade services*. Carrefour Group. Retrieved from <http://www.carrefour.com/content/carrefours-trade-services>

(n.d.) *Presentation of the group*. Carrefour Group. Retrieved from <http://www.carrefour.com/group/presentation-of-the-group>

(n.d.) *Consumer goods*. Carrefour Group. Retrieved from <http://www.carrefour.com/content/consumer-goods>

