CAGE MODEL: Walmart

Walmart, the American multinational retail corporation, used the CAGE model to evaluate and strategize its entry into various international markets. Here's how Walmart applied the CAGE framework:

01

CULTURAL DISTANCE

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Walmart adapted by acquiring a majority stake in Seiyu, a local Japanese retailer, and gradually integrated its practices. They adjusted their product assortment to include more fresh produce and seafood, which were more aligned with Japanese preferences.

02

ADMINISTRATIVE DISTANCE

India had stringent regulations regarding foreign direct investment (FDI) in retail, including restrictions on foreign companies owning multi-brand retail stores.

Walmart entered India through a joint venture with Bharti Enterprises, creating a wholesale business (Best Price Modern Wholesale) to circumvent the FDI restrictions in retail. This allowed Walmart to establish a presence while complying with local regulations.

03

GEOGRAPHIC DISTANCE

Geographic distance impacts Walmart's supply chain management, especially in countries far from its home base in the United States.

Walmart developed a sophisticated global supply chain network, leveraging local distribution centers to minimize transportation costs and improve efficiency. For instance, in China, Walmart built a network of regional distribution centers to support its expanding store base across the vast country.

04

ECONOMIC DISTANCE

Mexico's economic environment, characterized by lower average income levels compared to the U.S., required Walmart to adjust its pricing strategy.

Walmart focused on its "Everyday Low Prices" strategy to attract price-sensitive consumers in Mexico. They also tailored their product offerings to meet the economic realities of Mexican consumers, emphasizing affordability and value.