

Global Retailing and Withdrawal of Global Retailers in Korea : Issues from the Case of Carrefour and Wal-Mart

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Abstract

Carrefour and Wal-Mart, the dominant companies of a worldwide retail empire, decided to withdraw from the Korean market, closely following the withdrawal of Carrefour from Japan in the previous year. Usually, the withdrawal from the foreign retail markets is considered a failure in global retailing. Research on global retailing is often described in terms of almost two keywords: success or failure. These terms are typically identified with standardization/adaptation research in global retailing.

Board members who have adopted a standardized model judge the performance of their branches in foreign countries by the standards they have applied in their own country, and this leads them to ascertain the success or failure of their foreign branches. It should be obvious that adaptation strategies would lead to far greater success in global retailing.

Whilst a company's withdrawal from one of its foreign branches may be seen as a failure, the lessons learnt from such an experience may benefit the company setting up future operations in other foreign countries, furthering the internationalisation process. Consequently, failing on the one hand can bring about a positive contribution to the globalisation of businesses.

In this paper, the recent phenomenon of Carrefour's and Wal-Mart's withdrawal from the Korean market could be seen to achieve this objective. The findings show that a general explanation of global retailers' withdrawals from a specific market could be expressed as a failure to adapt to specific market conditions, but it can also be seen as one of the retailer's internationalisation strategies leading to a successful entry into new markets. Finally, we will demonstrate a framework for an analysis of withdrawal activities in the retail internationalisation process of global retailers.