

## **A PRAGMATIC ANALYSIS ON THE POLICIES AND EXPANSIONS OF WALLMART IN FDI**

*Anshu Jain  
D. A. V. (PG) College  
Karnal, Haryana, India*

### **Abstract**

This paper examines the impact of foreign direct investment on the expansion, productivity and performance of Wal-Mart. In the present paper we are going to discourse policies of Wal-Mart and its expansion in Foreign Direct Investments (FDI). This paper expresses the policies of Wal-Mart about their expansion and increasing productivity in any country, and it elaborates the aggressive approach in retail market.

### **Introduction**

Wal-Mart's success in turning the world's largest private employer has generated much interest among economists and politicians

alike. As Wal-Mart's size and artistry in terms of logistics and dispersion are key elements of our analysis, our focus is not on Wal-Mart per se, but on the effects of its entry into a large and growing new market.<sup>6</sup> Wal-Mart's entry into U.S. regions has been found to be related with lower retail prices, while the manifest on job creation has been mixed. Applying a model of strategical competition to analyze market share reallocation between two major-Wal-Mart and Kmart and a fringe of smaller retailers, that Wal-Mart is largely responsible for the demise of small discount retailers. Analyzes the dynamic pattern of store openings in the U.S. to estimate Wal-Mart's implied gain from establishing stores near to each other, due perhaps to the sharing infrastructure,

distribution centers, and advertising expenditures. We focus on Wal-Mart's upstream effects on manufacturers rather than its effects on other retailers.

The immense transnational retail chain has acquired about 5000 retail outlets throughout the world. It operates in more than a dozen countries. More than 138 million customers per week visit Wal-Mart stores worldwide. The flagitious monopoly stature of the company within the United States itself has been recounted thus: "It is America's largest employer with nearly 1.5 million workers. The company reports for 9 cents of every US retail dollar and sells about 20 per cent of the nation's groceries and pharmaceuticals. Last year 82 per cent of American households bought at least one item at a Wal-Mart" (Times News Network). The experience with Wal-Mart in Canada is, "since entering the country 11 years ago by buying the failing Woolco chain, Wal-Mart Stores Inc. now takes 52 percent of the retail market share in Canada."

### **Policies of Wal-Mart:**

Wal-Mart's most frequently requested public policies and guidelines, including their store return policy, ad match guarantee, coupon policy and some other are enlisted below:

#### **1. Ad Match Guarantee:**

##### **i. Types of ads:**

- Buy one, get one free ads with a specified price. Example: Buy one for \$2.49, get one free (BOGO)
- Competitors' ads that feature a specific item for a specified price
- Preferred shopping card prices for specific items that are in a printed ad
- For fresh produce and meat items when the price is offered in the same unit type (lb. for lb.; each for each)

##### **ii. Guidelines and limitations:**

- It matches any local competitor's advertised price.
- Do not require customers to have the ad with them to honor a competitor's ad.

- Items purchased must be identical to the ad (size, quantity, brand, flavor, color, etc.)

**iii. Wal-Mart doesn't entertain the price in the following types of competitors ads:**

- Items that require a separate purchase to get the ad price; example: "Buy [item A] to get [item B] for \$C"
- Items with no actual price that require a purchase to get free product; example: "Buy both [items A & B] to get [item C] for free"
- Items that require a purchase to get a competitors' gift card; example: "Buy [item A] to get a \$B gift card"
- Buy one; get one free (BOGO) ads with no actual price given
- Going out of business or closeout prices
- Percentage off; example: "All mascara, 40% off"
- Competitors' private label price promotions

**2. Wal-Mart Coupon Policy:**

**i. Types of coupons acceptable:**

**A. Print-at-home internet coupons**

- Must be legible
- Must have "Manufacturer Coupon" printed on them
- Must have a valid remit address for the manufacturer
- Must have a valid expiration date
- Must have a scannable bar code
- Buy one, get one free (BOGO) coupons with a specified price
- Are acceptable in black and white or color
- May not be duplicated

**B. Manufacturers' coupons**

- For dollar/cents off
- For free items (except those printed off the Internet)
- Buy one, get one free (BOGO) coupons
- Must have "Manufacturer Coupon" printed on them
- Must have a valid remit address for the manufacturer

- Must have a valid expiration date
- Must have a scannable bar code
- May not be duplicated
- C. Competitors' coupons
  - A specific item for a specified price, for example, \$2.99
  - Buy one, get one free (BOGO) coupons for items with a specified price
  - Have a valid expiration date
  - Are acceptable in black and white
- D. Soft drink container caps
- E. Checkout coupons ("Catalinas")
  - Printed at our competitors' registers for dollar/cents off on a specific item
  - Must have "Manufacturer Coupon" with specific item requirements printed on them
  - Must have a valid remit address for the manufacturer
  - Must have a valid expiration date
  - Must have a scannable bar code
  - Are acceptable in black and white
  - May not be duplicated
- ii. Coupons which can't be Entertained:**
  - A. Checkout coupons
    - Dollars/cents off the entire basket purchase
    - Percentage off the entire basket purchase
  - B. Print-at-home Internet coupons that require no purchase
  - C. Competitors' coupons
    - Dollars/cents off at a specific retailer
    - Percentage off
    - Buy one, get one free (BOGO) coupons without a specified price
    - Double- or triple-value coupons
- iii. guidelines and limitations:**
  - We only accepts coupons for merchandise that we sell.
  - Coupons must be presented at the time of purchase.
  - Only one coupon per item.
  - Item purchased must be identical to the coupon (size, quantity, brand, flavor, color, etc).
  - There is no limit on the number of coupons per transaction.

- Coupons must have an expiration date and be redeemed prior to expiration.
- If coupon value exceeds the price of the item, the excess may be given to the customer as cash or applied toward the basket purchase.
- SNAP items purchased in a SNAP transaction are ineligible for cash back.
- WIC items purchased in a WIC transaction are applied to the basket purchase and may not be eligible for cash back. Refer to state-specific WIC guidelines.
- Great Value, Marketside, Equate, Parents Choice, and World Table coupons have no cash value and are ineligible for cash back or application to the basket purchase.

### **3. Global Anti-Corruption Policy:**

This policy prohibits corrupt payments in all circumstances, whether in dealings with government officials or individuals in the private sector.

#### **i. General Directives:**

It is the policy of Wal-Mart to comply with all relevant Anti-Corruption laws including, but not limited to, the US Foreign Corrupt Practices Act ("FCPA") and the UK Bribery Act.

Accordingly, Wal-Mart prohibits anyone acting on behalf of the Company, directly or indirectly, from making or receiving improper payments.

Improper payments means receiving or paying bribes or giving, offering, or promising to give money or anything else of value to any person, including any Government Official, in order to improperly influence any act or decision of a person, or to otherwise gain an improper benefit for the Company.

A Government Official may include, but is not limited to, any officer or employee of a foreign government, a public international organization, a member of a political party, a candidate for foreign political office, any foreign government department or agency

thereof, or any official or employee of a state-owned business enterprise.

Compliance with this Global Anti-Corruption Policy (the “Policy”) is required of all associates and third parties that are engaged to interact or may interact with government officials on the Company’s behalf. All associates are responsible for ensuring that third parties with whom they interact fully understand and follow the policy and associated procedures in their activities related to Wal-Mart business.

ii. Violations:

Any associate or third party who violates this policy in connection with Wal-Mart business will be subject to disciplinary measures, up to and including termination in the case of an associate, or termination of business relations in the case of a third party and, where appropriate, referral of the matter to relevant law enforcement authorities.

**4. Government Relations Policy:**

Wal-Mart’s Government Relations Departments (US Government Relations,

Public Affairs and Government Relations) coordinate company interactions with elected officials and legislative and regulatory bodies at the federal, state and local level. To help ensure consistent management of these relationships, all conversations and engagement with elected officials or government agencies should be done in coordination with your Government Relations contact. Associates wishing to represent Wal-Mart’s corporate position on public policy or political matters should seek guidance from Government Relations before expressing such views. In addition, all such interactions with public officials, including their support staff, should be reported to Government Relations, as certain contact can constitute “lobbying” which is reportable.

Government Relations, partnership with Corporate Affairs, coordinates the activities and administration of the Wal-Mart Stores, Inc., Political Action Committee for Responsible Government (WAL-PAC). WAL-PAC is the primary entity authorized to make political contributions in support of

our business. Corporate funds shall not be provided to political candidates, entities or organizations without the express knowledge and consent of Government Relations.

#### **5. Photo and Video Use Policy:**

All photos and videos in the Media Library are made available to accredited news organizations. Wal-Mart grants its permission for use of these items for the sole purpose of accompanying related news content in print, broadcast and online channels by professional news organizations. Any other use without the written permission of Wal-Mart is prohibited. Content may be attributed "Courtesy of Wal-Mart" where news organizations require attribution.

Content posted on Wal-Mart's social media channels, including but not limited to YouTube, Facebook, Flickr and Twitter, that is not posted in the Media Library, is available for use without objection from Wal-Mart for the purposes of complementing news coverage. However,

Walmart does not represent or assure any rights of publicity, copyright or other rights associated with these images.

#### **6. Privacy Policy:**

Wal-Mart recognizes the importance of our customers' privacy. We believe that privacy is more than an issue of compliance – it is one of trust. We strive to manage your personal information based on our basic belief of respect for the individual. This Policy describes:

- How and why Wal-Mart collect your personal information.
- How your information is used and protected.
- When and with whom Wal-Mart share your information.
- The choices you can make about how Wal-Mart collect, use, and share your information.

Wal-Mart expects our associates and business partners to manage your personal information properly and maintain your trust. We have designated associates who

are accountable for compliance with this Privacy Policy.

### **7. Wal-Mart's Return Policy:**

Wal-Mart's goal is to satisfy customers by exchange, refund, or repair, as outlined in this policy.

As an added convenience for customers, Wal-Mart has adjusted its return policy for the holiday gift buying season for items that have a limited return/exchange period (15 days, 30 days, etc.). For these items purchased between Nov. 1 and Dec. 24, the limited return period will begin Dec. 26. This includes items such as TVs, cameras, computers, DVD and music players that can have a 15-30 day return period.

### **References:**

- 1) Department of Industrial Policy and Promotion, 2010. "Foreign Direct Investment (FDI) in Multi-Brand Retail Trading." Discussion paper. Available at <http://www.dipp.nic.in>.
- 2) Dube, Arindrajit, Lester, T. William and Eidlin, Barry, 2007. "Firm Entry

and Wages: Impact of Wal-Mart Growth on Earnings Throughout the Retail Sector." Available at <http://ssrn.com/abstract=841684>.

- 3) Basker, Emek, 2005a. "Job Creation or Destruction? Labor Market Effects of Wal-Mart Expansion," Review of Economic Statistics, Vol. 87, No. 1, Pages 174-183.
- 4) AC Nielsen (2008): Consumer and Designer Brands. AC Nielsen, April 2008
- 5) A.T. Kearney (2011): "Retail Global Expansion: A Portfolio of Opportunities-2011 Global Retail Development Index", A.T. Kearney, 2011
- 6) CBRE (2011): How Global is the Business of Retail. CB Richard Ellis, Global Research and Consulting, 2011 Edition.