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The failure of retail internationalization

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The internationalization of retailing can happen in different ways such as the internationalization of financial investments, the transfer of retail know-how or the internationalization of sourcing. This paper focuses on the participation of retailers like Wal-mart, Tesco or Ikea in foreign markets. There are many studies on push and pull factors, the reasons for different market strategies or the selection process when choosing a certain country. However, not all ventures in foreign countries are successful. In autumn 2013, Tesco announced its withdrawal from the U.S. market and a couple of years ago Wal-Mart withdrew from the German market. Both companies made a number of fundamental errors like choosing the wrong locations, underestimating its competitors, selling the wrong products or charging too much. This is even true for Tesco, which took a very thorough look at the American consumer before entering the U.S. market. There is a lack of academic research on the failure of the internationalization of retailing, which is not very well understood. This paper examines several companies that failed in different regions of the world. What can be done to prevent these costly failures (for the corporations as well as for the locales where they fail), and what sort of research is needed to prevent these failures?