Don’t Force Germans to Smile
Crisis Communications Lessons from Walmart’s Failed Expansion into Europe

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Overview

Historic case study:
• Uses the Country Expansion Checklist (Fessmann & Fessmann, 2019) to analyze Walmart’s 1997 global expansion into Germany’s lucrative $370 billion retail market and its failed crisis management
• Nine years later, in 2006, Walmart withdrew from the German/European market, having lost approx. US$ 200-300 million per year (Kwintessential, 2015) => approx. 2 Billion US$

Major mistakes: Walmart
• did not analyze the cultural and communicational differences
• did not analyze the competition or locations
• bought up struggling existing chain rather than create own network
• send an US CEO without prior European experience or training
• applied US business concepts without regional customization
• tried to pressure German politicians to change regulations for them
• did not adapt to German shopping behavior

Some Examples:
• Employees were forced to stand in formation and chant, "WALMART! WALMART! WALMART!" (Macaray, 2011) => highly offensive to many employees because of it being reminiscence of Nazi and Communist era propaganda events
• Employees were told to always smile at the customers and offer help => this was perceived by most customers as fake and as a high pressure sales tactic similar to insurance agents or car salesman
• Sold mostly low-end German products at a less than competitive price instead of utilizing its great advantage of access to US products and brands not available in Germany

=> 2 days of research could have probably saved Walmart 2 Billion USD using the Country Expansion Checklist.

Applied Country Expansion Checklist Categories

I. Military
II. Economy
III. Education
IV. Religion
V. Anthropology
VI. Law
VII. Journalism
VIII. Science/Technology/Engineering
IX. International Relations
X. Communication Hardware (radio, telephone, tv, internet etc.) & Software (Facebook, Twitter etc.)
XI. Meteorology
XII. Politics
XIII. History
XIV. Sociability / Culture
XV. Geology/Topography/Zoology/Agriculture