



Don't Force Germans to Smile

Crisis Communications Lessons from Walmart's Failed Expansion into Europe

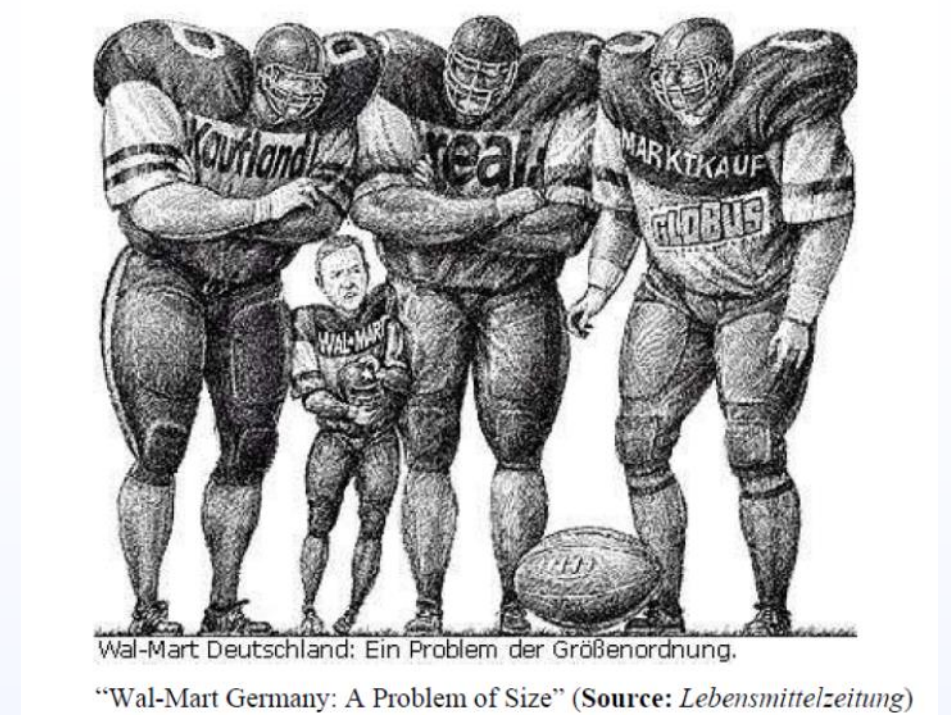
Jasper & Anja Fessmann

West Virginia University

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