

# WAL-MART: MADE IN AMERICA

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## Abstract

*Wal-Mart, the world's largest retailer, was founded by Sam Walton in 1962 and evolved from his goals for high value and great customer service. In its beginnings, the American corporation built a national reputation for providing low price goods to the people from small communities. By bringing new business approaches and changing the face of retail, Wal-Mart experienced rapid growth and achieved an international status in the 1990s. Since 2013 Wal-Mart has become the biggest corporation around the world. The paper analyses the evolution of Wal-Mart in the period 2011-2015 and identifies some of the key elements of its successful business story. The research is based on a quantitative method. The paper comprises two sections besides the introduction. The first section deals with the evolution of the American corporation in recent years. The paper ends with conclusions. The results of this research show that Wal-Mart clearly dominated the retail industry in the world in the period 2011-2015.*

**Keywords:** Wal-Mart, retailing, corporation, United States of America

**JEL Classification:** F23, L81

## 1. Introduction

There have been significant discussions and analyses both in the business and academic world about the increasing power of retailers (Bloom and Perry, 2001). Since 2013 Wal-Mart has been not only the world's largest retailer, but also the world's biggest corporation. Wal-Mart's growth was phenomenal from 745 stores in 1985 to 11,695 stores in 28 countries in 2017 (Wal-Mart, 1985; Wal-Mart 2017). However, the American corporation became international only in 1991 when it penetrated the Mexican retail market.

The American corporation owes a lot to its founder, Sam Walton, a famous American entrepreneur (Vance and Scott, 1992) and a business genius (Lee, 2008). During his whole life he never ceased to look for "better ways to do business" (Ortega, 2000, p. xxiv).

The paper analyses the evolution of Wal-Mart in the period 2011-2015 and identifies some of the key elements of its successful business story. The research is based on a quantitative method. The paper comprises two sections besides the introduction. The first section deals with the evolution of the American corporation in recent years. The paper ends with conclusions.

## 2. The evolution of Wal-Mart in the period 2011-2015

Wal-Mart was the first corporation in the world in the retail industry in 2011, leading in a definite manner with revenue close to four times higher than Carrefour, its main competitor. The gap was so big that the leader cumulated more than the following four corporations in terms of revenue. The United States of America (USA) had five corporations placed among the top ten retailers, Germany three, France and United Kingdom with only one (Table 1). By taking into account the percentage owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2011, Wal-Mart had 36% and Carrefour only 9% (Figure 1).

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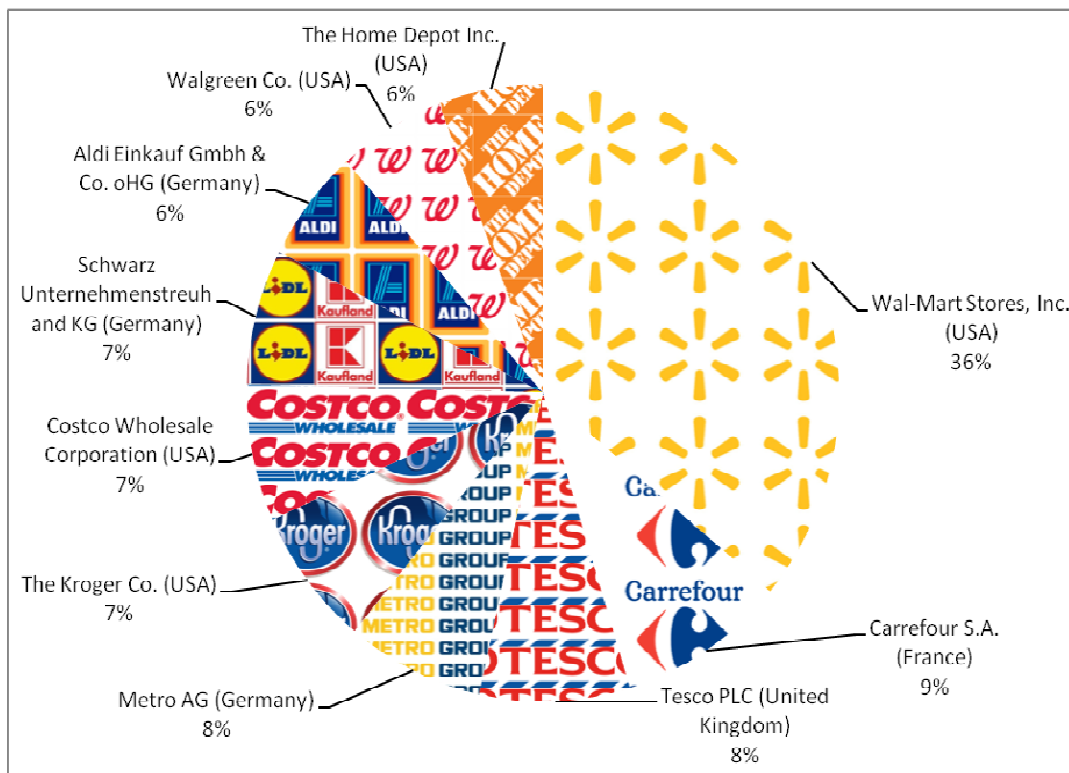
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**Table 1. The world's largest retailers after their retail revenue in 2011**

Rank	Company	2011 retail revenue (US\$M)	Countries of operation fiscal year (FY) 2011
1.	Wal-Mart Stores, Inc. (USA)	446,950	28
2.	Carrefour S.A. (France)	113,197	33
3.	Tesco PLC (United Kingdom)	101,574	13
4.	Metro AG (Germany)	92,905	33
5.	The Kroger Co. (USA)	90,374	1
6.	Costco Wholesale Corporation (USA)	88,915	9
7.	Schwarz Unternehmenstreuhand KG (Germany)	87,841	26
8.	Aldi Einkauf GmbH & Co.oHG (Germany)	73,375	17
9.	Walgreen Co. (USA)	72,184	2
10.	The Home Depot Inc. (USA)	70,395	5

Source: Deloitte, 2013



**Figure 1. The share owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2011**

Source: authors' contribution

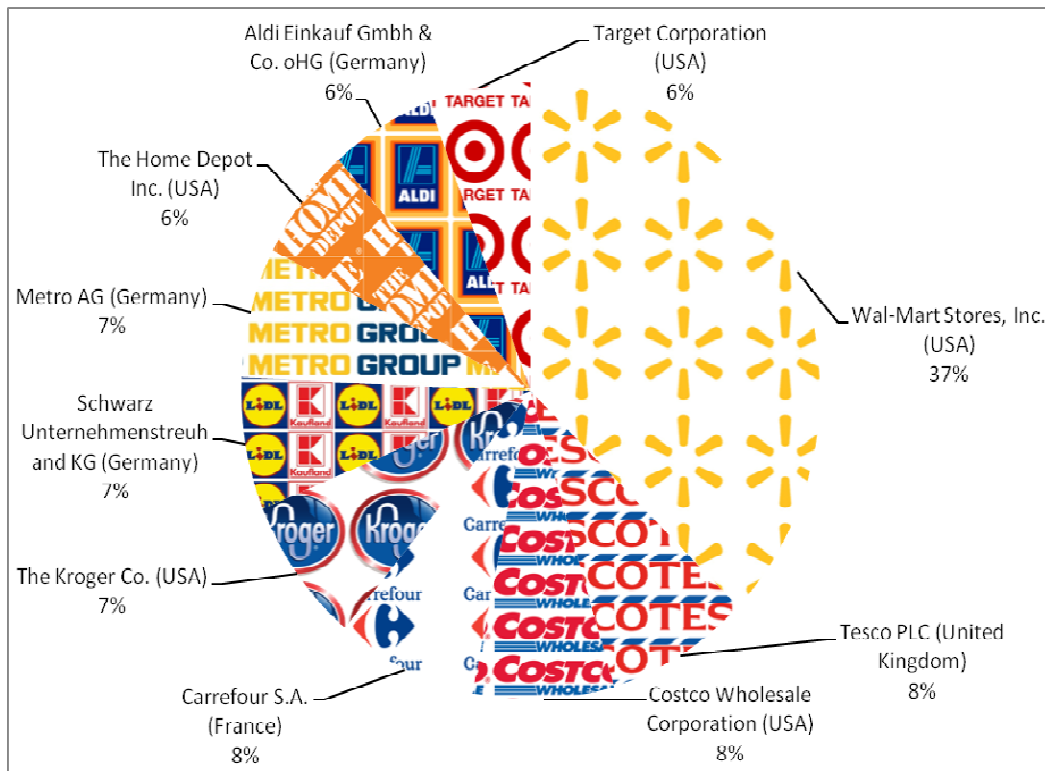
Wal-Mart led the top ten retailing corporations in the world by revenue in 2012, cumulating more than the following four corporations (close to five). The USA was leading in terms of the number of corporations present in the rank as well, having five; Germany was second with three, then United Kingdom and France with one each of them (Table 2). By taking into account the percentage owned by each corporation from the total retail revenue of

the first ten world's largest retailers in 2012, Wal-Mart had 37%, followed by Tesco and Costco with 8% each of them (Figure 2).

**Table 2. The world's largest retailers after their retail revenue in 2012**

Rank	Company	2012 retail revenue (US\$M)	Countries of operation FY 2012
1.	Wal-Mart Stores, Inc. (USA)	469,162	28
2.	Tesco PLC (United Kingdom)	101,269	13
3.	Costco Wholesale Corporation (USA)	99,137	9
4.	Carrefour S.A. (France)	98,757	31
5.	The Kroger Co. (USA)	96,751	1
6.	Schwarz Unternehmenstreuhand KG (Germany)	87,236	26
7.	Metro AG (Germany)	85,832	32
8.	The Home Depot Inc. (USA)	74,754	5
9.	Aldi Einkauf GmbH & Co.oHG (Germany)	73,035	17
10.	Target Corporation (USA)	71,960	1

Source: Deloitte, 2014



**Figure 2. The share owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2012**

Source: authors' contribution

Wal-Mart was the biggest retailer in the world in 2013, having a net retail value worth more than the following four corporations. Besides the leader, the following nine corporations had a relatively close net retail revenue, the most intense competition being between

Carrefour, Schwarz, Tesco and The Kroger. The USA had five corporations placed in the first ten in the world, followed by Germany with three, France and United Kingdom with one each of them (Table 3). By taking into account the percentage owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2013, Wal-Mart had 37%, followed by Costco, Carrefour, Schwarz and Tesco with 8% each of them (Figure 3).

Table 3. The world's largest retailers after their retail revenue in 2013

Rank	Company	2013 net retail revenue (US\$M)	Countries of operation FY 2013
1.	Wal-Mart Stores, Inc. (USA)	476,294	28
2.	Costco Wholesale Corporation (USA)	105,156	9
3.	Carrefour S.A. (France)	98,688	33
4.	Schwarz Unternehmenstreuhand KG (Germany)	98,662	26
5.	Tesco PLC (United Kingdom)	98,631	13
6.	The Kroger Co. (USA)	98,375	1
7.	Metro AG (Germany)	86,393	32
8.	Aldi Einkauf GmbH & Co. oHG (Germany)	81,090	17
9.	The Home Depot Inc. (USA)	78,812	4
10.	Target Corporation (USA)	72,596	2

Source: Deloitte, 2015

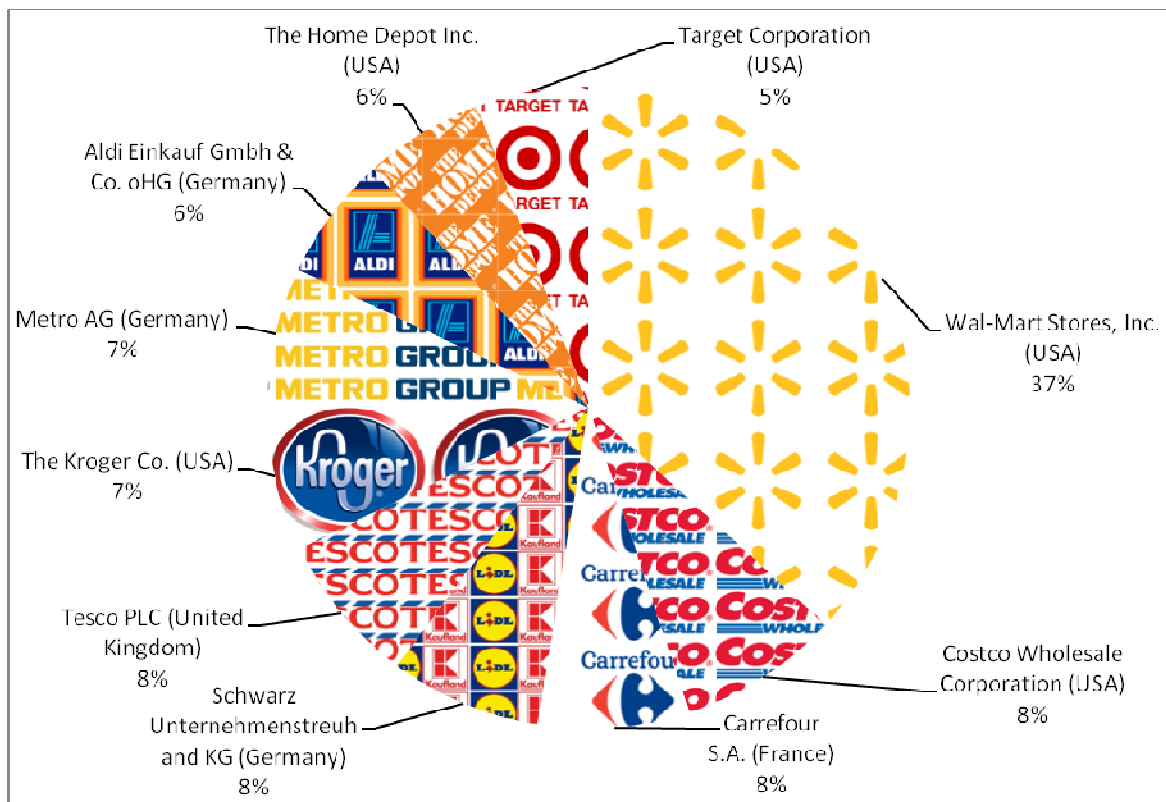


Figure 3. The share owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2013

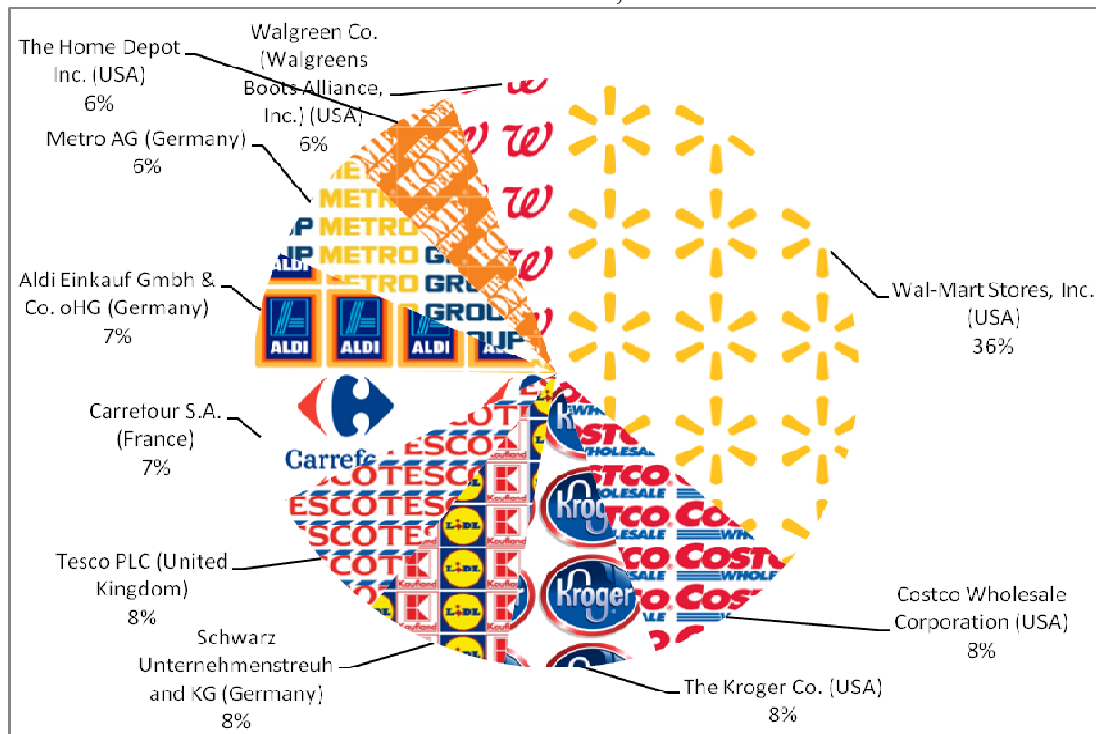
Source: authors' contribution

Wal-Mart, the American giant, was a clear leader for the corporations' 2014 rank by retail revenue, cumulating more than four times the value of its main competitor, Costco. The first three corporations were American and among the top ten there were another two American corporations (Table 4). By taking into account the percentage owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2014, Wal-Mart had 36%, followed by Costco, The Kroger, Schwarz and Tesco with 8% each of them (Figure 4).

**Table 4. The world's largest retailers after their retail revenue in 2014**

Rank	Company	FY 2014 retail revenue (US\$M)	Countries of operation FY 2014
1.	Wal-Mart Stores, Inc. (USA)	485,651	28
2.	Costco Wholesale Corporation (USA)	112,640	10
3.	The Kroger Co. (USA)	108,465	1
4.	Schwarz Unternehmenstreuhand KG (Germany)	102,694	26
5.	Tesco PLC (United Kingdom)	99,713	13
6.	Carrefour S.A. (France)	98,497	34
7.	Aldi Einkauf GmbH & Co. oHG (Germany)	86,470	17
8.	Metro AG (Germany)	85,570	32
9.	The Home Depot Inc. (USA)	83,176	4
10.	Walgreen Co. (Walgreens Boots Alliance, Inc.) (USA)	76,392	2

Source: Deloitte, 2016



**Figure 4. The share owned by each corporation from the total retail revenue of the first ten world's largest retailers in 2014**

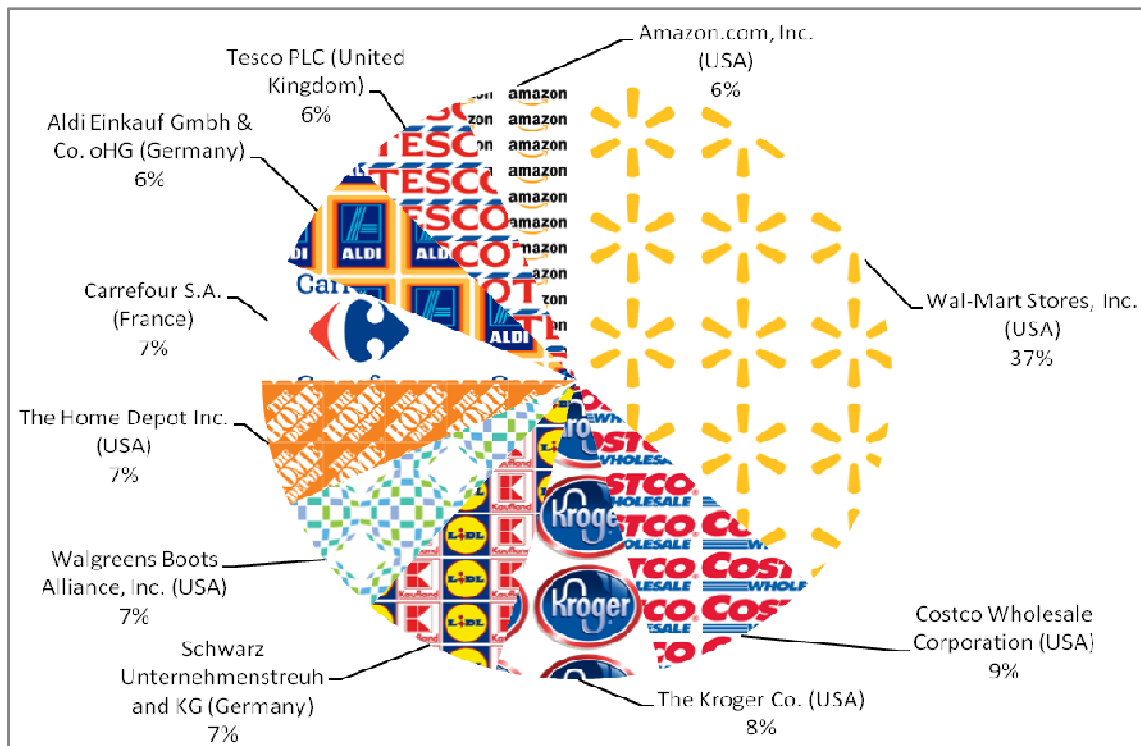
Source: authors' contribution

The true leader in 2015 for the world’s first ten corporations by retail revenue was Wal-Mart. The American corporation had cumulated more than the following four corporations and more than six times than the tenth one. The USA was the clear leader, having six corporations in the world’s top ten (Table 5). By taking into account the percentage owned by each corporation from the total retail revenue of the first ten world’s largest retailers in 2015, Wal-Mart had 37%, followed by Costco with 9% (Figure 5).

**Table 5. The world’s largest retailers after their retail revenue in 2015**

Rank	Company	FY 2015 retail revenue (US\$M)	Countries of operation FY 2015
1.	Wal-Mart Stores, Inc. (USA)	482,130	30
2.	Costco Wholesale Corporation (USA)	116,199	10
3.	The Kroger Co. (USA)	109,830	1
4.	Schwarz Unternehmenstreuhand KG (Germany)	94,448	26
5.	Walgreens Boots Alliance, Inc. (USA)	89,631	10
6.	The Home Depot Inc. (USA)	88,519	4
7.	Carrefour S.A. (France)	84,856	35
8.	Aldi Einkauf GmbH & Co.oHG (Germany)	82,164	17
9.	Tesco PLC (United Kingdom)	81,019	10
10.	Amazon.com, Inc. (USA)	79,268	14

Source: Deloitte, 2017



**Figure 5. The share owned by each corporation from the total retail revenue of the first ten world’s largest retailers in 2015**

Source: authors’ contribution

From 2011 until 2015, the global hierarchy for the ten largest corporations by retail revenue was dominated by the USA, having five corporations ranked each year (an exception is present in 2015, when the sixth company reached the top). Only by analyzing the American companies, four of them represented a constant presence in the ranking: Wal-Mart Stores, Costco Wholesale Corporation, The Kroger Co. and The Home Depot Inc. The other American corporations are Walgreen Co (Walgreens Boots Alliance, Inc.), Target Corporation and Amazon. Germany had a good representation as well, through Schwarz Unternehmenstreuhand KG, Aldi Einkauf GmbH & Co.oHG and Metro AG (present in the top ten corporations excepting 2015). The other countries having a corporation ranked in the world's top ten retailing corporations were France with Carrefour S.A. and United Kingdom with Tesco PLC.

The overall clear leader each year was the American giant Wal-Mart, cumulating about 36 or 37% from the total retail revenue of the first ten world's largest retailers in the period 2011-2015. In essence, its successful business story was based on some key elements such as: low prices, hard-work, low costs, global expansion, entrepreneurial spirit, vision and strong leadership.

Wal-Mart, the world's largest retailer, was founded by Sam Walton in 1962 and evolved from his goals for high value and great customer service. In its beginnings, the American corporation built a national reputation for providing low price goods to the people from small communities. By bringing new business approaches and changing the face of retail, Wal-Mart experienced rapid growth and achieved an international status in the 1990s.

### **Conclusions**

The retail industry constitutes one of the most competitive domains at a global level. The world's largest retailers are corporations from the USA, France, Germany and United Kingdom. These countries have a long tradition in retailing and are among the most developed countries of the world.

The research shows that Wal-Mart clearly dominated the retail industry in the world in the period 2011-2015. The undeniable domination of the American corporation is the result of a long period of hard work and continuous expansion outside the USA.

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