



Mini-case #1: Walmart

In-class discussion questions

1. Read through “Wal-mart Finds that Its Formula Doesn’t Fit Every Culture.”
2. Working in groups, discuss the following questions and sketch out your answers. Use what you have learned from the background reading and our model of horizontal FDI to frame your answers.
3. We will use the last part of class to discuss our findings. Use what you have learned from others to improve you own understanding.

Table 1: Country-level data

	GDP (2016)	GDP per capita (2016)	Distance from Bentonville, AR
United States	\$18.6 tril.	\$57,400	N/A
Germany	\$3.9 tril.	\$48,100	4,925 mi. (Berlin)
Mexico	\$2.3 tril.	\$18,900	1,209 mi. (Mexico City)

Questions from the background reading

1. Describe Walmart in the context of the OLI framework.
2. Given what you know about Walmart, would you expect it be a multinational firm? Why?
3. Given what you know about Germany, would you expect Germany to be a “good” candidate market for horizontal FDI? Why?
4. What happened to Walmart in Germany? Which OLI advantage(s) failed?
5. Our heterogeneous agent model of FDI predicts that Walmart should have been successful in Germany. What assumption in the model did not hold up in reality?
6. Why might FDI in retail be more difficult than FDI in manufacturing (e.g., Intel assembling micro processors in Costa Rica)? How does this relate to your answer to question 5?