Research on "Go Global" of Retail Enterprises of Beijing-Tianjin-Hebei Region--Learn from Wal-Mart 's Experience in Transnational Management

Li-Jun MENG$^1$ and Yan TIAN$^2$,*

$^1$Graduate School of Chinese Academy of Social Sciences, Beijing, China
$^2$Capital University of Economics and Business, Beijing, China

*Corresponding author

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**Abstract.** The "Go Global" planning of Retail enterprises of Beijing-Tianjin-Hebei region has a directly promote relationship to speed up China's enterprises to participate in the international market competition and enhance the overall level of development. Based on the current situation of retail enterprises of Beijing-Tianjin-Hebei region's "Go Global" planning, and by virtue of SWOT analysis to analyze the strengths, weakness, opportunities, threats of retail enterprises of Beijing-Tianjin-Hebei region. At last, take Wal-Mart's overseas business experience as lessons to provide policy recommendations for retail enterprises of Beijing-Tianjin-Hebei region.

**Introduction**

Beijing-Tianjin-Hebei is the circle of economy around the capital of China that includes Beijing, Tianjin and Baoding, Tangshan, Langfang, Qinhuangdao of Hebei Province and so on, among them Beijing, Tianjin, Baoding, Langfang is the central core functional areas. In 2014, the state was emphasized to realize the coordinated development of the Beijing-Tianjin-Hebei cooperation, speed up the process of market integration, build a modernized new capital economic circle, and strive to form a new pattern of coordinated development of the Beijing-Tianjin-Hebei goals with integration of measures, complementary advantages and mutually beneficial. For the development of Beijing-Tianjin-Hebei region's retail industry, how to take advantage of Integration of Beijing-Tianjin-Hebei regions development opportunity to achieve the success of the three retail enterprises "Go Globally", and participate in international competition to improve the overall level of development of retail enterprises is a very urgent problem to be solved for the three places, and it is also an important subject that the academic community need to study deeply.

**SWOT Analysis of Retail Enterprises "Go Global"**

**Advantage Analysis**

First is international operation has begun to take shape. In domestic, according to the 2015 year China's top 100 retail sales list shows that there were total 24 retail enterprises of Beijing-Tianjin-Hebei region on the list and their operating income made up more than 24% of the total retail revenue. Among them, Beijing's share of 22.7% over Shanghai to become China's most successful retail development area. In the world, 2016 JD, GOME and VIP shop has entered the Top 250 Global Retailers, JD and GOME ranked 58 and 67 respectively, their strength cannot be underestimated. Although there is still a certain distance to go before it catches up with Wal-Mart, Carrefour and other large international retail enterprises, retailers of Beijing-Tianjin-Hebei region, such as JD, Gome, Shi Jia Zhuang Bei Guo Ren Bai Group, Tian Jin Yi Shang Group etc., have begun to take shape. Second is retail enterprises of Beijing-Tianjin-Hebei region have accumulated rich experience in transnational. In 1993 Beijing Tongrentang which has a history of 384 years took the traditional Chinese medicine cultures as its forerunner, through the implementation of
"well-known shop, band-name drug, famous doctor" the trinity of communication strategy and with the help of a public diplomatic channels heading the world and success. By 2015, Beijing Tongrentang which has kept the first place among the enterprises of pharmaceuticals industry in China has 115 retail stores in 25 countries and regions abroad , a research and development base and several branches. In addition, GOME has open stores in Macau, Hong Kong and other places to learn and accumulate much international operation experience from its counterparts. JD aggressively implemented "Go Global" strategy and its first pilot-Russia has shown a good momentum of development. Although retail enterprises of Beijing-Tianjin-Hebei region have also started to make a figure in the international market, its accumulation of experience will be valuable wealth of expanding international market for the retail enterprises of Beijing-Tianjin-Hebei region. Third is retail enterprise changing their management concepts and improving management efficiency. There are 293 international companies of Global Fortune 500 company in Beijing-Tianjin-Hebei region, such as walmart, Carrefour, Tesco, Metro and other international large-scale retail enterprises. Although enterprises were exposed to fierce competition with international companies, they also have learned the world's leading management concepts and made the enterprise management level have obvious progress. Fourthly, Beijing is a reservoir of talents for retail enterprises. Under the new economy, the crux of retail enterprise competition is talent competition. Beijing has hold a group of highly capable and international operation experienced talents relying on its geography location advantage, which offer helps for retail enterprises to "Go Global".

Disadvantage Analysis

First is enterprises' economies of scale should be expanded. In 2015 Beijing-Tianjin-Hebei region's largest retail enterprises, JD and GOME's revenue was 176.72, and $14.652 billion respectively; Tianjin Friendship Share and Hebei Shijiazhuang North National Group, Tangshan Department Store Group's revenue were $12.06, $52.66, $16.31 billion. In the same year, World's NO.1 retailer Wal-Mart's revenues was $482.13 billion and ranked NO.16 Japan Aeon supermarket sales of $61.436 billion. The gap in size may affect the cost control of retail enterprises of Beijing-Tianjin-Hebei region, and the problem of global supplier cost control will become a problem that retail enterprises must be resolved future. Second is retail enterprises lack of core competitiveness. Today, as economic globalization develops in depth, supply chain management (SCM) has become an important part of the survival and development of retail enterprises, and it is fatal to decide enterprises standing out from the commercial competition. Wal-Mart adopting electronic control system in all aspects, advanced technology support, high standard to supplier and requirements management of customer in supply chain management process to realize the efficiency of the supply chain .This is one of the reason why Wal-Mart can sit tight in the long-term retail industry leading position. While, in the process of overseas expansion, whether JD, GOME or other large retail companies of Beijing-Tianjin-Hebei region ,all lack of overall consideration of the four important link in supply chain management, which lead to the enterprises lack of core competitiveness in the international competition and severely restrict enterprises overseas expansion in the region. Third is the local enterprises lack of strong enterprise culture. Enterprise culture is the soul and spiritual prop of enterprise survival and development. If an enterprise does not have the outstanding enterprise culture, it cannot strive to improve during the market competition. Besides, due to the difference between geography, ideology and social system, retail enterprises of Beijing-Tianjin-Hebei region maybe involve them in no small difficulty for enterprise management because of cultural conflict problem in the beginning of entering the international market.

Opportunity Analysis

First is the restrictions on foreign investment in the international environment are reduced. Through the international financial crisis of 2008, the world economy still in recovery phase, so the restrictions on foreign investment reduce more. According to the World Investment Report of 2016, most of the new investment policy measures in the foreign policy of the world are committed to
promoting openness and promoting investment. In 2015, 85% of the new policy measures aimed at expanding openness and promoting investment, among them Asia's emerging economies is particularly prominent. Although international trade and investment is falling and protectionist barriers are on the rise, there are no restrictions on the foreign investment in the retail sector from the restrictive measures and regulations on foreign investment. Therefore, the entry barriers of the overseas business will be further reduced for retail enterprises, and they will get more opportunities for development. Second is China's "Belt & Road Initiative" strategic plan and Beijing-Tianjin-Hebei integration plan boosting the retail enterprises to "Go Global". Key strategic decision-making of Beijing-Tianjin-Hebei region's retail industry in terms of overseas target market selection, market access selection and overseas investment risk management from the perspectives of both the idea and the contents are highly consistent with China's "Belt & Road Initiative" strategic plan.[2] The countries that along China's "Belt & Road" have both developed countries and developing countries, both near China and countries far away from China, can share an economic relationship featuring mutual benefit and win-win with us. Coupled with China's efforts to enhance interconnectivity of infrastructure, all this provides a huge space choice for Beijing-Tianjin-Hebei region's retail enterprises "Go Global". In addition, the development of Beijing-Tianjin-Hebei integration should do well in the three key reforms, that is integration of Factor Market Reform, build collaborative development system mechanisms, accelerate the reform of public service integration and establish a unified regional public employment service platform and labor cooperation consultation mechanism. Besides, it links three area's government departments of all level, Trade Promotion Agencies, Intermediary organizations and PhRMA to cooperate with each other so as to improve the accuracy and effectiveness of foreign investment in retail enterprises.[3] Third is the industry related to the retail industry is developing rapidly. In recent years, with the implementation of "Beijing-Tianjin-Hebei integration planning", as well as the government's promotion of Beijing-Tianjin-Hebei regional economic and social development, upstream-downstream industries which is closely related to retail development has made great progress, and became a strong power for Beijing-Tianjin-Hebei region's retail enterprises.

Threat Analysis

First is risk management problem. The overseas investment of retail enterprises of Beijing-Tianjin-Hebei region have still in the stage of beginning and exploring. Developed countries with political stability, so economic risk has become the main risk of overseas investment behavior of retail enterprises of Beijing-Tianjin-Hebei region. However, many developing countries or "underdeveloped economies" along the "Belt & Road", there have countries like Pakistan, Afghanistan has political instability, also have countries such as South Asia, Central Asia and North Africa, where religious and ethnic issues are concentrated. Companies to invest in these countries will not only bring economic risks to the Beijing-Tianjin-Hebei region retail enterprises, but also bring security risks and political risks to them. Second is enterprise less is known about the market rule. Since our country is different from the legal system or legal provisions of other countries, retail enterprises of Beijing-Tianjin-Hebei region may encounter investment or business setbacks if they do not understand or do not pay enough attention to the laws of the host country during overseas operations. The recognition of legal in Chinese and western are greatly different, western retail business philosophy is the law first, they will develop business models and business operations in the framework of law. While, China's retail enterprises are usually the business first, they set up business model and strategy first and then carry out management and competition. Because the understanding and recognizing of legal rules are different, which might get retail enterprises of Beijing-Tianjin-Hebei region into trouble with the legal rules when they expand overseas.

The Success of the International Retail Giant Wal-Mart

Wal-Mart is the world's most successful retail business, its goods in the procurement, commodity prices, commodity types are unique. First is Walmart adhere to the service tenet of customer first.
When Wal-Mart provide service to customers, they emphasize the service concept of "exceed the customer's expectations" and "ensure customer satisfaction". They always pay attention to each link of customers shopping process. Second is the development of a variety of formats to coexist. Wal-Mart has created a variety of formats and brands based on different types of consumers, including shopping plaza, Sam's Club, medium-sized supermarkets and discount stores, etc. To achieve customer satisfaction by providing product and services of international quality and reliability through diversified formats and forms of business, and using many type of retail operation hand in hand to expand the international market share. Third is Walmart's information construction is highly developed. To a large extent, Wal-Mart is known as the "retail empire" from its powerful information system. It always ahead of the competition to invest in retail information system actively, and become a variety of advanced technology in the industry, such as the implementation of the "Internet unified standard platform" construction, the use of CM category management software, EDI and unlimited scanning guns, inventory management system, replenishment system and customer relationship management system (CRM), to ensure that the entire Wal-Mart system is always in high efficiency. Four is Walmart's procurement information management system is efficient and accurate. Walmart's supply system can efficiently and accurately to complete the whole purchasing process of "Complete Order—Backup Order Summary—Send Order" in short time, and the use of a variety of ways to purchase, such as the headquarters of centralized procurement, buyout and cooperation with local suppliers, can comprehensive reduction in procurement costs as well as insist on the tenet of "to save every penny for customers". Five is Walmart's logistics and distribution system is highly efficient. Wal-Mart has paid a lot of attention to the logistics and distribution system, such as the "seamless point-to-point" logistics system that can provide the most rapid service for shops and customers; "Logistics cycle" system that can timely replenishment for the customer needed goods; Adopt the unified product code - UPC code can realize the paperless timely and accurate automatic replenishment process. In addition, in order to reduce the cost of distribution, Wal-Mart take the cost of sharing with suppliers, making the money they saving give benefit to customers. Six is the high rate of local participation in human resources management. Walmart in the global stores are very focused on the localization of management personnel training, and through the implementation of employee information sharing to share of responsibility to maintain efficient staff participation to improve the company's sense of responsibility, making Walmart every employee has a more High participation enthusiasm. In general, Walmart's highly sophisticated standardized management, procurement, distribution, sales system and customer relationship system enable it rapidly copy the successful experience of chain throughout the world , maintaining constant returns to scale and ensuring the success of international operations.

The Measures and Proposals of "Go Global" Strategy of Retail Enterprises of Beijing-Tianjin-Hebei Region

Playing Beijing, Tianjin and Hebei Comparative Advantages Respectively, Promoting Each Region's Industrial Division

Relying on the unique development conditions and comparative advantages of Beijing, Tianjin and Hebei to upgrade the industry division level is the basic premise of building regional industrial cooperation, and to achieve the future development of a lasting advantage lies. At present, the Beijing-Tianjin-Hebei retail industry cooperation mainly to establish the corresponding with the complementary and highly dependent retail industry cooperation system. To be specific, the development level of the high-tech industry-based tertiary industry of Beijing is in the country's leading position, and by virtue of its economic strength, scientific and technological personnel, information resources, international channels and other advantages make it inevitable to become the best cities for retail enterprises of Beijing-Tianjin-Hebei region "Go Global". As the second largest economic center in the Beijing-Tianjin-Hebei region, Tianjin has the advantage of developing
modern logistics, financial and other modern service trade which closely related to the retail industry by virtue of its developed economic base and natural port advantages. Compared with the two big cities as Beijing and Tianjin, Hebei Province can rely on its vast "hinterland", low production costs, rich resources and location advantages to focus on the development of manufacturing, and take the initiative to dock the needs of overseas development needs of large retail companies in Beijing and Tianjing. At the same time further enhance the overall level of the retail development in Hebei province.

**Strengthen the Localization Strategy, Realizes the Business and Local Cultural Integration**

Wal-Mart's overseas business experience shows that the success of each retail enterprise’s transnational operation cannot be separated from the application of localization strategy which is an effective measure to integrate into local culture and market. First, to adjust the localization of the formats. Different countries have different social and cultural, Beijing-Tianjin-Hebei region retail enterprises need to adopt different marketing strategy according to different situation. we can take a separate way to build stores if the consumer willingness to accept foreign enterprise is higher ;On the contrary, we can work with local leading companies to set up stores if the acceptance is low. Second, the localization of human resources management. Based on the consideration of operating costs and acceptance of local residents to the foreign enterprise, retail enterprises should adhere to localization of the decision-making level and management and staff layer, so as to add the host country's credence to the enterprises, and to improve the integration of multinationals and the host country's market. Finally, in turn to adjust commodity portfolio, channel, service, environment, management, technology, etc.

**Reasonable Choice Overseas Markets and Transnational Management Strategy Model**

According to the Theoretical Model for the Choice of Overseas Expansion Market of International Retail Enterprises built by foreign research institutes—Market Proximity Model, which is a model composed of culture, economy, society, public policy, and retail structure. It provides a theoretical basis for retail enterprises to choose overseas markets. More specifically, multinational retail enterprises should focus on the countries that close to Chinese culture, investment environment is good, large consumption potential, trade competitiveness is weak, the local policy limit less and with stable political relations with our country, especially in developing countries. In this sense, now the ideal retail overseas markets for China's retail enterprises are the countries that in Central Asia, Southeast Asia, North African and other countries along the "Belt & Road". The retail enterprises of Beijing-Tianjin-Hebei region can combine with the national strategy of "Belt & Road" to take the first step of internationalization from the neighboring countries, especially Southeast Asia. Obviously, the current "Belt & Road" planning well fit the regional and market options of Beijing-Tianjin-Hebei region retail enterprises "Go Global".

**With Differentiated Competition, Build Competitive International Brand**

In the international market, compared with the strong international retail giants, Beijing and Tianjin region retail enterprises in an absolute disadvantage whether in technology, capital, talent accumulation or in the scale effect. Only adhere to the differentiated competition, retail enterprises of Beijing-Tianjin-Hebei region in order to occupy a place in the international market and have the opportunity to create their own advantages of the brand. Retail enterprises of Beijing-Tianjin-Hebei region should learn from Wal-Mart's practical experience, focusing on two aspects of work: First is valuing differentiated international business. On the basis of full understanding of the host consumer spending habits and needs, as well as competitors to choose operating their own comparative advantage of the goods, so as to obtain the general consumer's approval quickly. Second is attach importance to brand management. Putting the service theory" Close service, customer the highest" first. According to the local relevant laws and regulations to establish the perfectly before sell, sell medium, after-sales service system, and to establish famous brands and the good image of enterprises.

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