

## **Wal-Mart to expand in Russia and eastern Europe**

*Jonathan Birchall*

Wal-Mart, the world's largest retailer, firmly signalled its intention to expand into Russia and eastern Europe, announcing that it had recruited Stephan Fanderl, a German retail executive, to explore opportunities in the region.

Mr Fanderl previously worked for Rewe, the German retail group, as head of hypermarkets and supermarkets in Germany.

He will become Wal-Mart's president of emerging markets, east.

Wal-Mart executives have said the retailer wants to expand into the rapidly developing Russian market, and there has been speculation that it has been looking at potential partners.

Mike Bratcher, a Wal-Mart executive, was quoted in the Vedomosti newspaper earlier this year saying that the market was "very, very attractive to us".

Media speculation in Russia has centred on a possible partnership deal between Wal-Mart and the country's leading food retailer, X5, which has also had contacts with Tesco and Carrefour.

Also cited as possible targets are food retailer Lenta, which is based in St Petersburg, and Turkish-controlled Ramstore.

Tesco, Metro and Carrefour, Wal-Mart's leading European rivals, all expanded into eastern Europe in the 1990s after the end of the cold war. Carrefour is expected to open its two hypermarkets in Moscow and Krasnodar in the last quarter of this year, with five more next year, and Tesco is looking at possible opportunities there.

Wal-Mart has a mixed record in Europe. While the group's acquisition of Asda in the UK has been a success, it sold off some 80 stores in Germany in 2006, having failed to make inroads into an intensely competitive market.

Its international stores currently account for 24 per cent of the group's overall revenues, and Wal-Mart is increasingly looking for international expansion as its US market reaches saturation point.

This year, the rate of store growth overseas will exceed that in the US for the first time in the company's history.

It is currently concentrating growth in Latin America, Canada and China.

The group will open its first wholesale stores in India this year in a joint venture with Bharti.

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