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Webster University's Kummer Comments on Wal-Mart's German Exit

By Maria Sheahan

July 28 (Bloomberg) -- Christopher Kummer, professor at Webster University and director of the Institute of Mergers, Acquisitions and Alliances in Vienna, comments on Wal-Mart Stores Inc.'s sale of its German stores to Metro AG.

Kummer spoke in German in a telephone interview.

On Wal-Mart's decision to divest its German division:

``They have to leave Germany. It's a hopeless battle.

``When Wal-Mart came to Germany, its first market in Europe, one could have asked whether it made sense to start in the most difficult market in Europe.

``The stores they bought first, Wertkauf, they weren't so bad. But the floor space that Wal-Mart has in Germany is just too limited. The size that the stores have in the U.S. and France are simply not allowed in Germany."

On whether there is a fashion for companies to leave unprofitable regions:

``I think there are a lot of companies that are retreating from regions where they're not doing so well, where they haven't managed to achieve a firm, secure position."

On whether more companies are selling unprofitable units rather than restructuring:

``Yes, there's more of it these days. I think in many cases it makes sense. Often they're smaller units or ones that aren't really related. Often it's a positive trend. But in some cases it's a pretty big part of the business that's being sold."

On Metro's decision to buy Wal-Mart's German stores:

``Wal-Mart's stores fit well into the Real concept, with which Metro is expanding very strongly. Wal-Mart's stores can be transformed into the Real concept. They'll have to see whether they might want to close some stores, too."

``Metro grows organically too, but this is a good opportunity to grow faster. The size and format fit. They already know the concept."

On which companies may have been possible alternative buyers for Wal-Mart's stores:

``I don't think the French would have been interested in buying them. The classical retailers like Rewe and Tengelmann can't really use Wal-Mart's stores because they're too big."

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