Wal-Mart closed over 10 pct of Brazil stores in restructuring

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Wal-Mart Stores Inc has closed about 60 stores in Brazil, or more than 10 percent of its locations in the country, part of a restructuring of one of the retailing giant's most important overseas markets, people familiar with the matter said.

Wal-Mart last month said it would close "underperforming" stores representing 5 percent of its "business" in Brazil, but it did not say exactly how many stores were included. Brazilian newspaper Valor Economico in December reported that 30 stores would be shut.

The people familiar with Wal-Mart's Brazil operations told Reuters that Wal-Mart had shuttered roughly 60 stores in the past few weeks. The people, who spoke on condition of anonymity, said a significant number of the closures were of smaller-format stores.

Wal-Mart recently had 558 outlets in the country, according to its corporate website.

Wal-Mart declined to comment on Thursday about the store closures but announced that Flavio Cotini, currently the chief financial officer of the Brazilian operations, would become the CEO, replacing Guilherme Loureiro, who was named the head of the Mexican business. Cotini is the fourth CEO of Brazil since 2008.

The shake-up comes three months after Chief Executive Officer Doug McMillon flagged to investors that he was planning to review the retailer's global operations and "close the stores that should be closed."

His comments had sparked speculation that Wal-Mart would look to restructure or even pull out of markets where it has struggled. Brazil was among the countries most often cited by analysts as a potential target.

The company has begun selling non-core businesses in Latin America, including property in Chile and a Mexican restaurant chain.

After a decade-long credit and commodities boom, Brazil is struggling with its harshest recession in at least 25 years, as rising unemployment, inflation and interest rates batter consumer confidence. Tumbling retail sales volumes accelerated to an 8 percent drop in November.

Wal-Mart entered Brazil in 1995 and has grown into the country's third-largest retailer following two major acquisitions in 2004 and 2005 and a period of rapid store expansion that came to a halt in 2013.
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Wal-Mart has struggled to keep up with the two largest retail players in Latin America’s largest economy, Casino Guichard Perrachon & Cie’s GPA SA and Carrefour SA.

GPA and Carrefour used their decades-long head start on Wal-Mart to advance in Brazil's economic powerhouses of Sao Paulo and Rio de Janeiro, while Wal-Mart strung together regional chains in the far south and northeast.

In November, Wal-Mart said that net sales in Brazil fell 0.4 percent in its fiscal third-quarter, which it attributed to high inflation and other economic headwinds.

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