

Positioning and competitive advantage

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Wal-Mart started as a small enterprise in 1962 and has grown to be the world's leading retailer spread in about 14 countries globally, serving approximately 176 million customers in a week. It has been able to adapt to the needs of the domestic market as well as the overseas clients (Farnsworth, 2008). This has been possible through Wal-Mart's segmentation, positioning, targeting, competitive advantage, and competitive balance strategies. Wal-Mart has continued to focus on its initial strategies that have also evolved with time and market dynamics.

Segmentation Customer segmentation is a conceptual tool that refers to the sub-division of the market into clusters that will fit in their preferences, income brackets or other common grounds. The objective of segmentation is to facilitate more accurate allocation of resources to attain competitive advantage over the business rivals (Farnsworth, 2008). Wal-Mart has implemented customer segmentation in its global expansion. This is demonstrated in its expansion to China.

Wal-Mart has a focus on the needs of the local customer and therefore strives to localize its approach and image to a particular market in relation to the customer preferences in merchandise, and supplies. Depending on the customer segment Wal-Mart has implemented formats such as Supercentres, Cash-and-Carry, ASDA Living, One Stop Shops, Mid-Higher End Supermarket, General Merchandise and Supermarket. These six formats are meant to target the various customer segments that Wal-Mart has in different countries.

The bottom line in the customer differences is influenced by disposable incomes, cultural diversity and general merchandise preferences (Farnsworth, <https://assignbuster.com/positioning-and-competitive-advantage/>

2008). Positioning Strategy Positioning has its major focus on image. The objective of a positioning strategy is to influence the customer to perceive the right image of the organization and its products. Organizations need to identify the appropriate marketing mix that will place it as the preferred choice to the customer.

The customer has to clearly see the benefits of this strategy and the company/firm has to clearly communicate the benefits to the customer (learn marketing, 2008). In developing a positioning strategy for itself Wal-Mart has had the focus on pricing as its superior benefit to the customer. Wal-Mart has retained its strategy on low prices with its principle " Every Day Low Prices" EDLP (Farnsworth, 2008). Competitive Advantage Wal-Mart has been able to retain its competitive advantage over its rivals in that it has continued to offer the lowest prices for goods and has a clear customer segmentation strategy.

This has influenced the competitors to lower their prices thus making Wal-Mart the preferred choice to the customer and hence Wal-Mart has continued to dominate the larger market share (Mathoda. R. 2009). Targeting Targeting comes after market segmentation. It focuses on how best the organization targets the identified segments. This is done via three ways and an organization can implement the one that best suits it. These models are namely; undifferentiated marketing, differentiated marketing and lastly concentrated marketing (learn marketing, 2008) Wal-Mart has adopted the second model, the differentiated marketing strategy.

Its formats that are spread globally are tailored to suit the particular market segments (Farnsworth, 2008). Competitive Balance Competitive balance will

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be found when an organization has strong financial structures and a well structured competent management. In the case of Wal-Mart its financial structure is strong with a profit of approximately \$13 billion in 2008-2009 which portrays a 13% growth. Wal-Mart has competent well paid workers comparing to what its competitors have and it appreciates the value added to its businesses by hiring competent people (Mathoda. R. 2009).

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