

The issues facing wal mart management



From the case study we find that the main problem with Wal-Mart is that it did not understand German consumer behavior before it entries German market and it used the American way to treat the German customers which is unsuitable. For example, German customers prefer a private shopping in their neighborhood or what War-Mart did opened a big supermarket and begged their customers purchasing. The reason why we write the report is that to solve the main culture problem according to analyze the SWOT, PEST, Five Force and Generic strategy so that retreating the problem and choosing new method to retrieve the German market share (Written by Sally)

Situation analysis

About the internal environment, Wal-Mart possesses the leader position; advanced logistic system; batch of purchase model and strong power of excellent human resources to bear down the competitors. However, in the German market, the painful lesson tells Wal-Mart that it should learns propriety in the terms of expanding quickly and the classes of sale. As for the external environment, Wal-Mart can use new strategy and new market model to acquire many new markets (like European and Chinese markets), while, the threats of Wal-Mart are also from many more competitors and unfamiliar local political problem. Therefore, Wal-Mart has to learn how to conclude the failure, how to connect the strengths and opportunities together to resist the weaknesses and threats (Written by Alisa). According PEST to analysis macro-environment, although political situation is stable and many technologies are used into business to increase working efficiency, the economic factor is not positive due to effect of global economic crisis (Written by Sarah). At the same time, as for the Five Forces analysis, the

report refers to the power of German consumers and the power of German competitors as follow. The German customers have strong power for purchasing because they have a lot of shopping environment choose such as Aldi and Plus. On the other hand, about the power of competitors, one of the Wal-Mart's competitors Aldi does very well lies on opening the stores near the consumer group and ensuring the high quality and low price (Written by Sally)(http://www.aldi.co.uk/uk/html/company/all_about_aldi.htm). Wal-Mart used so many strategies to achieve and maintain cost-leadership position, which includes new warehouse system, low price everyday and effective use of store. It cut their cost to keep low price in order to satisfy the German customers (Written by Emily).

Generate and Evaluate of alternative

Compared with Emperor's Plan (Department and Sam's club), the Empress Plan (Franchise Model) is much more suitable for Wal-Mart to solve the case problem. The empress plan aims at achieve the mutual benefit between Wal-Mart and its customers in order to acquire much more market share and avoids culture conflicts.

The empress plan has four main advantages which include: low cost, high competitive advantage, convenience and better communication. In the fields of Wal-Mart, for cost, as to the franchise operation, Wal-Mart can collect many franchisee fees which guarantee the cash-flow flexible so that Wal-Mart can operate and manage successfully and then decline the risk. As for the competition, the franchise model is not popular in Germany, for instance, there are a few convenience stores set up in gas station; therefore, Wal-Mart's convenience store has high competitive advantage. In the terms of <https://assignbuster.com/the-issues-facing-wal-mart-management/>

targeting to customers, franchise model uses local people as employees who have similar culture background with customers to sure better communication. About convenience factor, German people prefer shopping in their neighborhood, and the convenience stores just open on the streets which is convenient to the customers. In a word, the franchise model fuses German culture, combines the German consumer behavior and improves the brand image of Wal-Mart. Therefore, it is very suitable for Wal-Mart operation in German market. (Written by all of us)

Recommendation

According to these detailed analysis of Empress Plan, it targets 2 aspects to start a long-term strategy development: Marketing orientation and Working Management system.

As for the marketing orientation, there are 2 opinions mentioned. First of all, developing the market strategy on the basis of seeing selling as core, improving the profit of every convenience store and cultivating the leader of employees, who are from the general headquarters of Wal-Mart, to encourage and stimulate the employees' enthusiasm. Secondly, according to improvement of brand image, building a unique brand mark will become another highlight for franchise model. For instance, Wal-Mart can use donation charity, sponsor environmental protection activities to build good reputation and achieve better market share and new customers.

Refer to the working management system of franchise model; the plan will consider 3 aspects: the development of human resources, the development of spots and strategy union. The plan will analyze respectively as follow.

Firstly, the development of human resource aims at store and train excellent employees, such as tutor and bursar in order to ensure the profit of franchisees. Secondly, the plan takes up with the dense development strategy so that the convenience store existed on handy principle. Obviously, it is necessary for building narrative assess flows and quality analysis system to improve the technology of spots in order to guarantee the benefits of every convenience store. This point reflects the core advantage of franchise model. Lastly, the plan targets to build the new principle which is called USC (“ Unique, Suitable and Convenient”). With building own-label brand product, Wal-Mart would provide lower price products which can attract so many low-end customers. For instance, it will open tiny kitchen in the store to sell some handmade food, such as sandwiches and soups, and it shows the differentiation advantage of unique. In addition, choosing the small package and small size to suit the local culture, this reflects the suitable. Moreover, the advanced logistics system guarantees the refrigerant products fresh and satisfies the customers convenient. Therefore, from these manners above, the empress plan focus on market orientation and working management system so as to fit the German culture and decline the culture conflict during the operation in future. (Written by all of us)

Conclusion

From what has been said above, the report analyzes the reason for Wal-Mart failed in German market and then assesses the problem from internal and external environment. Moreover, it chooses the Empress plan, which is better for Wal-Mart’s situation, to take up the German market share; because it guarantees the cash-flow of Wal-Mart, reflects the competitive

advantage among the retail industry, combines German consumer behavior and provides the convenience to customers. Moreover, the Empress' plan will pay more attention on the development of marketing orientation and working management system so as to strengthen the operation of the franchise model. Therefore, Wal-Mart will choose franchise model to continue competing with German retail brand in order to continue to gain much more market share in Germany. (Written by all of us)