Current market conditions competitive analysis assignment

Team assignment Introduction In a society that has seen historical economic fluctuations and shifts In one’s long- term employment, consumers are searching for the best bargains they can find. Consumers across the united States are looking for ways to save money: thus, searching for stores that will provide them with everything they need at a lower cost. Companies around the United States are fighting to stay competitive and are seeking ways to restructure their company, and still provide for consumers the best prices.

It s within this economic backdrop that people will study a leader In low cost, high efficiency retailing – Wall-Mart. At the onset of the last two recessions, Wall-Mart had very little to do within their structure to FLT the demands of consumers because Wall- Mart already offers its customers brand name items at lower prices. Wall-Mart’s basic structure has helped make it a powerful retail business, and a place consumer’s love. Market Structure Wall-Mart Stores Inc. Opened its first discount store In 1962, Sam Walton had no Idea his business would be the success that It Is today. The reason for Wall-Mart’s success

Is their ability to create a basic and scalable structure for their business. Wall-Mart offers a variety of well-known brands and sells them between 5-10% cheaper than other retailers. This makes Wall-Mart a powerful force in the retail business. It is the belief that Wall-Mart is oligopolies and as the class is learning, the definition of an oligopoly is a market condition in which sellers are so few that the actions of any of them will materially affect price and have a measurable impact on competitors. With their continued success, Wall-Mart's market structure could also be a monopolistic impotently structure.

Wall-Mart's command of logistics, pricing power, and marketing position allow them to leverage a situation in which they have many sellers, offer different products, and they exhibit multiple dimensions of competition. Wall-Mart's success lies in their product differentiation through advertising. Although advertising has a wide range of costs and benefits, it is critical within the retailing world to entice customers to visit one's stores. Though there are various forms of advertising, Wall- Mart's ability to advertise their products with minimal cost has Increased their ingenuity in the market.

Wall-Mart uses advertising to foster competition by giving more information on pricing and availability. Wall-Mart's advertising strategies reveal a proven strategy for their firm – lead with discounted material, entice shoppers to arrive and upon arrival, promote additional discounts and product availability. Recently, with their larger stores, they have created one-stop retail shopping for a majority of one's grocery and general household supply needs. Competitive The success of Wall-Mart is largely because of their competitive advantage over there multi-faceted stores like Target.

Cross-price elasticity of demand states that the demand for substitutes increases as prices for similar products increases. This is the key to the success of Wall-Mart because they offer similar products available at competitor's stores for reduced cost. When consumers consider shopping at Target for toothpaste, they take into consideration the price of the same or similar product at Wall-Mart. Because Wall-Mart offers the same or similar item for less, consumers are more likely to shop at Wall-Mart. In response to economic downturns, consumers re doing more to save a dollar where available.

Wall-Mart has become the “ go to” destination for money conscious consumers because product offerings are similar to competition, but prices remain lower. A common complaint about Wall-Mart is the overwhelming numbers of shoppers, long checkout lines, and minimal cashiers available at checkout. These factors in mind Wall-Mart still remains the #1 discount retailer in the industry. Consumers have more concern with cost-savings because of cross-price elasticity of demand than the shopping experience Wall-Mart provides. Impact of New Companies Entering the Market

Currently, there are roughly 7, 800 Wall-Mart stores worldwide (Wall-Mart, 2012), and they are in 16 different markets throughout the world. Throughout the company, Wall-Mart employs more than 2 million people and serves more than 100 million customers a year. Any new company who wants to enter in the same market as Wall- Mart must be able to counteract their size and scale and likely must have a long-term horizon like Wall-Mart. It would take someone decades to match Wall-Mart as well as likely require Wall-Mart’s operations and offerings to reduce in quality.

With the petition that Wall-Mart has established, they take much of the business away from other companies. As for those other companies trying to have an impact in the same market, it will be minimal or non-existent unless the new company specializes in something that Wall-Mart does not offer. Wall-Mart is branching out into other areas of the market, such as groceries, it will have a bigger impact within its markets. Factors affecting variable costs, including productivity and others that change the supply of and demand for labor For Wall-Mart variable costs involves materials, labor, supplies, and utilities.

In businesses that deal with employees' labor supply and demand should be a consideration by management or ownership. No business that requires additional employees can reach their potential without developing a balance involving the accessible labor and the work required is a concern that always relates to productivity and to earnings. The ability to identify the main factors that can influence labor supply and demand can contribute to a successful business. Labor demand is the number of workers it takes to get the Job done.

Labor demand is a decision by management or ownership concerning how many employees or labor ours to use to complete a necessary task. Usually, the decision is heavily influential by money. It is in the company's best interests to use as little labor as necessary to save money, and still accomplishing the workload. Labor supply is the number of workers available to a business at a given time. During times when labor supply is low, it can be tougher to retain employees because of other opportunities and fewer out-of-work people.

The wage factor is the most significant issue affecting labor the amount they get paid is a central factor in deciding whether they will take a Job r stay at a Job when something else is available. Higher wages increase the labor supply for a company because it makes the Job more attractive to more people.

Labor costs vary greatly depending on a number of factors. For Wall-Mart’s market seasons play a huge role in the expenses of labor. A good example would be holiday season time for a retail business usually hires seasonal help to cover the increase of shoppers. This brings expectations of elevated labor cost.

It would be favorable if during holiday seasons like Thanksgiving and Christmas the business seeks additional sales assistance throughout the floors. With this, the drive for materials will need additional assistants prior to the seasons in preparation. The expenses of materials differ, depending on the amount of product fabricated. It is important for a business to purchase sufficient amounts of materials to cover the anticipated production increases. The numbers should come from a provided forecasted amount of demand. An example of how this would work is in June Wall-Mart is to sell 1 50 heaters but in December it is to sell over 1, 000.

The price of materials to create the eaters in June will be lower than the price to create the heaters in December. Another factor Barriers to entry can influence labor supply and demand. Seeking out focused in some particular skills or have many requirements to hiring employees. What can happen if the business agrees to this approach may see decrease in labor supply. In Wall-Mart’s corporate and store leadership areas should have in-depth requirements, such as educational degree holders for a position. Even though the supply amount of candidates may drop the company will have the best available hired to be a part of its future.

Factors affecting fixed cost: “ Fixed costs are costs that are spent and cannot be changed in the period of time under consideration” (Colander, 2010). “ There are no fixed costs in the long run since all inputs are variable and hence their costs are variable” (Colander, 2010). These costs could be potentially costs that cannot make a return on the money invested. One factor that could affect fixed cost is the demand. If a company uses a machine making a product no longer in demand, and the machine cannot be altered it becomes a fixed costs. Another factor affecting fixed costs is the amount of reduction.

With a company like Wall-Mart there could be multiple things that affect a fixed cost. With a large amount of competitors of Wall-Mart offering price matching and advertising about it, it can steal customers away from the large retail chain and making some of the items at a low cost a potential fixed cost. This does not mean that fixed costs can remain forever because the chain can find other ways to make things variable and try to maximize profits. References Colander, D. C. (2010). Economics (8th De.). New York, NY: McGraw-Hill/Larkin http:// corporate. Walter. Com/our-story/