

# Wal-mart article

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Walmart's Success The opening of Walmart in Mexico was ushered in with a number of drawbacks. One of the difficulties Walmart faced were the high import rates that made it difficult for the retail to offer low prices for its goods as usual. Logistics problems because of poor infrastructure and the culture clashes were among the problems encountered by Walmart.

However, with the implementation of NAFTA, solutions to some of these problems were obtained. NAFTA reduced the tariffs on imported goods and this was a major boost to Walmart since it provided a level ground for Walmart to compete with the existing retailers.

Much of Walmart success in Mexico can be attributed to NAFTA. NAFTA solved the logistics problems that Walmart faced by improving infrastructure. This enabled Walmart to transport the goods and open up more stores across Mexico with much ease than before. The reduced import tariffs also encouraged importation of goods from other countries and this enabled Walmart to reduce the prices of their goods thereby attracting more customers. Walmart success in the region is also a result of Walmart's high bargaining power, which enables it to obtain goods at a fair deal thus offering its customers much lower prices than other retail stores.

Walmart has been a threat to other retail stores in the region. As Walmart continues to reduce the prices of goods, other retail stores such as Comercial reduced the prices too to combat the competition. Comercial and other retail stores have also filed complaint to Mexico's federal competition commission to curb the unfair pricing. This kind of strategy can only be helpful to Comercial if price control bill is passed.

With the stiff competition from Walmart, other retailers need to come up

with other new strategies to enable them remain in the market. The need for other retailers to improve on their bargaining skills is also of great importance, as it will enable the retailers reduce prices as Walmart. Opening production plants for some good may also help combat the competition Walmart brought in Mexico since this will enable the retailers obtain goods at rather reduced prices.