Evidence of sustained competitive advantage at wal-mart report example

Business, Company

Report Based On Published Cases

Executive Summary

This paper limits itself to the discussion on the sustainability of competitive strategies employed by three distinct companies including Wal-Mart, Hewlett-Packard (HP), and PepsiCo. The paper offers an analysis on the competitive strategies, which are evidently employed by the above connoted companies during their day to day operations. Furthermore, the paper examines the sustainability of these strategies. This is because unsustainable strategies limit the competitiveness of these strategies; hence, may result in the eventual failure to thrive by any given organization. On another note, the paper offers a theoretical analysis on the reasons that leverage the attainment of the competitive edge by these organizations. Notably, the paper will examine the competitive strategies employed by these organizations in the past ten years. As such, the growth of these individual organizations will be more evident because all the strategic actions and processes employed by these organizations will be considered. Due to the evident similarities and difference of the strategic actions employed with an aim of increasing the competitive advantage by these companies, the paper will also attempt to explain why such differences in strategic actions and processes occur. Finally, this paper concludes by recapping various points derived from the analysis; hence, offering a key note with regards with the lessons learnt from the analysis.

- Introduction

The marketplace comprises of many organization with competing strategies aimed at steering ahead of others. In order to thrive at the marketplace, an organization requires a competitive advantage over the other players in the market. This is the advantage that an organization gains over its competitors. As a result of this advantage of its competitors, the organization is able to not only increase its sales margins over those of its competitors, but also retain its customers and create greater value for its shareholders. Competitive advantage is fueled by competing strategies between organizations in the same market. Sustainability is another concept that is noteworthy when developing strategies to enhance the competitive advantage of an organization. Simply put, sustainability refers to the capacity of something to endure. In this context, the sustainability of the competitive advantage refers to the unique position that an organization forges in relation to its competitors that lets them outperform their competitors consistently (Marcus, 2010, Pp. 5).

This essay will explore the sustainability of the competitive advantage of three organizations. Firstly, the paper will provide evidence to show that each of the three organizations has sustained a competitive advantage. The paper will also offer a theoretical analysis of the reasons for the achievement of the competitive advantage by each of the organizations. It is important that the assessment of the competitive success of the organization is done in a period of ten years. This will show the sustained growth of the organization that is attributable to strategic actions and processes. As such, the organizations will be analyzed from the year 2000 to date. While making a note of any differences or similarities in the strategic actions and processes of the three organizations, the paper will also attempt to explain why such differences in strategic actions and processes occur. The paper will then recap the major points from the analysis in order to give an overview of the general lessons learnt from the analysis.

- Description of the Cases

This case presents evidence of sustained competitive advantage at Wal-Mart. This case will offer a myriad of evidence to sustain the argument that Wal-Mart has had a sustained competitive advantage since the year 2000. Wal-Mart is a Multinational retail corporation. It is of American origin founded in 1962 in the state of Arkansas in a suburban city called Rogers. The organization runs chain stores of large discount warehouses and department stores. It is a family owned business with 48% of the stake in the organization under the control of the Walton Family. The information for this case study is sourced from an article published by Sage Publications. The article was published in 2011; as such is appropriate considering the scope of time by which the assessment of the organizations is bound.

This case presents evidence of sustained competitive evidence at Hewlett-Packard. This case will adduce evidence to show the sustained competitive advantage that Hewlett-Packard has enjoyed since the year 2000. Hewlett-Packard is a multinational of American origin that operates in the information technology industry; particularly in computer hardware, computer software, information technology services and information technology consulting. It is a public company that trades in the New York Stock Exchange. It was founded in 1939 and is headquartered in Palo Alto in the State of California. The information for this case study is sources from an article published by Accenture. The article was published in 2009; also underscoring the appropriateness of the article as a source considering the scope of time defined for the paper.

This case presents information exploring the sustained competitive advantage developed and experienced at PepsiCo since the year 2000. PepsiCo is a multinational organization of American origin. The company was founded in 1965 with its headquarters in Purchase, New York. It is a public company that trades in the New York Stock Exchange. The company operates in the beverages industry. The information for this case study is sourced from the annual report of the company that was published in 2012.

- Evidence of Sustained Competitive Advantage

There is a lot of evidence to suggest that since the year 2000, Wal-Mart has developed and sustained a competitive advantage. The earlier years featured a marked improvement in the development of Wal-Mart. However, after the year 2000, its sales increased to a whopping 165 billion dollars. Two years later, the company was listed as the largest corporation in America for the first time by Fortune 500. In this year, the company has made sales of 219. 8 billion dollars with profits of 6. 7 billion dollars. Since then, the company has been listed as the largest corporation in America except in the year 2006 and 2009. In 2005, the company sold goods worth 312. 4 billion dollars. By the year 2005, the company had in excess of 6200 facilities globally. 3800 of these were in the United States.

The company also had employee base of more than 1. 6 million people globally. According to the Fortune Global 500 list produced in 2012, Wal-Mart was listed as the third largest public corporation in the world. This is evidence of marked improvement fueled by its competitive advantage. The company is also the biggest private employer globally with employees in excess of two million. The company is also the world's largest retailer in terms of volume sales and revenue generated. In the United States, Wal-Mart is the largest retailer of groceries. As of the financial year ending 2013, the company generated revenue of 469. 162 billion dollars. The operating income was 27. 801 billion dollars, a net income of 16. 999 billion dollars (He & Xie, 2011, Pp. 427).

Evidence of Sustained Competitive advantage at Hewlett-Packard (HP)

Since the year 2000, Hewlett-Packard has shown tremendous improvements over its competitors. Presently, Hewlett-Packard is the largest manufacturer of personal computers. This is a title the company has held since the year 2007. In the year 2012, Hewlett-Packard was the largest vendor of personal computers in terms of unit sales. The company has since the year 2000 bought out and merged with different information technology companies thereby consolidating its base. In 2002, the company merged with Compaq and Mission: Space in 2003. The company also acquired Electronic Data Systems in 2008.

This consolidation of its base increased its revenue to 118. 4 billion dollars in the year 2008. The company was ranked ninth overall in the Fortune 500 list of 2009. In the following year, Hewlett-Packard acquired 3Com Corporation and also bought out Palm for 1. 2 billion dollars in the same year. In the year 2010, Hewlett-Packard beat a competitor; Dell, in the bidding war for a 33% share offer worth 2. 07 billion dollars in 3PAR Inc. The brand that is HP was ranked eleventh in the most valuable brands in the world in 2009. In the financial year ending 2012, Hewlett-Packard posted revenues of 120. 357 billion dollars with operating incomes of 9. 566 billion dollars. The company employs 331, 800 people globally (Lowitt & Grimsley, 2009, Pp. 12).

Evidence of Sustained Competitive advantage at PepsiCo

PepsiCo has a much diversified portfolio that is partly attributable for its dominance in the market. Since the year 2000, the company merged with Quaker Oats in 2001. This added another brand in its portfolio. As of January of 2012, twenty two of the products lines in PepsiCo each generated retails sales of more than a billion dollars. The products generate by the company were distributed in more than two hundred countries. This resulted in net revenue of 43. 3 billion dollars in the year 2012. PepsiCo ranks as the second largest business in the food and beverage industry in the world based on net revenue. The company is the largest business in the food and beverage industry in the North American region based on net revenue. As of 2011, the company employed more than 297, 000 people globally (PepsiCo Annual Report. 2012, Pp. 15).

- Analysis and Explanation

Wal-Mart

Very many factors fueled Wal-Mart’s journey to success. However, the main strategic factor is its low cost strategy. The main aspect of strategic factor comes from cheap labor. Over time, the company has resisted the u employment of unionized labor in its chain stores. The caveat with unionized labor is that it is well remunerated. Compensations are also paid out to unionized labor in case they are harmed or injured in the course of duty. The company was able to do this by exploiting loopholes in the labor laws in the United States. Consequently, the company kept trade unions out of its stores. Both at home and in its overseas operations, the company has obstinately held the position that allowing trade unions within its operations will negatively affect its bottom line. It is because of this that the company has managed to lower its production margins resulting in high profit margins. This gives it a competitive advantage over other players in the market (Miltenburg, 2005, Pp. 25).

Hewlett-Packard

The competitive advantage at Hewlett-Packard is fueled by its sustainability strategy. Hewlett-Packard uses sustainability as a competitive advantage over other players in the market. The genuine commitment of the company to sustainability helps the company establish and develop its leadership in key markets globally. Through its commitment to the environment, the company seeks to reduce its carbon print in the environment. Therefore, it aligns its business strategies and technology towards providing practical solutions. This makes it easy for its consumers to ‘ go green’. Through this strategy, the company is establishing and winning new businesses, while at the same time keeping and perfecting existing business. It is because of strategies like these that Hewlett-Packard stays ahead of its competitors in terms of personal computer manufacturing and sales. Partnerships with other environmental minded organizations open the company up to new markets and clients (Wimmer, 2010, Pp. 102).

PepsiCo

It is not for nothing that PepsiCo is the second largest business in the food and beverages industry in the world and the largest in the North American region. The competitive advantage of the company is fueled by its talent management initiatives. In recognition of the importance of talent development and management, PepsiCo has invested heavily in order to enhance its competitive advantage. The company embraces a culture of inclusivity that requires that global, multicultural and multigenerational needs be addressed in its business units. This way, the company is able to fight any competition in any market. Additionally, through the PepsiCo University, the company ensures professionalism in all the processes of its production and distribution chain. Consequently, the company has a very good reputation globally. It is this reputation that fends off competition (Axelrod & Coyle, 2011, Pp. 78).

- A comparison of the Three Cases

The organizations in the three cases have taken different paths to their success. However, a similarity in the three organizations is the use of mergers and acquisitions in order to consolidate their base. Additionally, the companies have diversified portfolios. More precisely, the companies have many production lines. This means that the companies cater to the needs of various people in the market as defined by differences in generation and culture. Another similarity is the global presence of these companies. All the three companies have ventured out of their mother countries to set up operations in overseas countries. This increases and diversifies their market thereby increasing their sales.

Additionally, the three companies use resource based view and diversification strategies to develop and sustain their competitive advantage. In using the resource based view strategy, the companies have applied intangible tangible and valuable interchangeable resources that are at their disposal in order to transform the short- term competitive advantage that is achieved into a sustained competitive advantage. The companies are able to sustain this competitive advantage because these resources are not perfectly imitable or sustainable. In order for other organizations to imitate and sustain these resources, they would require a great effort.

On the same note, the companies also use diversification strategies in order to develop and sustain competitive advantage. The three companies diversify by adding new products to their production lines and establishing operations in new markets. By doing this, the companies increase their volumes of sales ahead of other competing companies. As espoused earlier, establishing operations in new markets is one of the methods of diversification. This gifts the companies with a bigger market share in the same market. As such, it would require rival companies a great deal of effort to compete in the same market.

- Conclusion

It is not just enough to develop a competitive advantage in an organization. It is also important to ensure that the competitive advantage developed is sustained so that the organization can consistently outperform its competitors. As evidenced in the analysis, competitive advantage is developed through strategies. However the strategy is formulated, it has to make the organization stand out from its competitors. It is only through this that the sustainability of such a strategy and the competitive advantage gained from it will be guaranteed.

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