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Modern companies have focused on expanding their market shares to increase their competitive advantages. Multinational corporations, such as Wal-Mart have established a strong organizational culture that enables them succeed in a competitive environment. The expansion strategy has been useful in increasing the volume of sales for the firm. The globalization aspect has encouraged business firms to expand their activities in various countries to attract new customers. Understanding the legal and business structures in a new market is essential during the expansion process. The failure to conduct adequate market research can limit a company’s ability to achieve the set objectives. Wal-Mart has encountered various challenges in some areas, for instance, Germany. It, however, is vital to note that the firm has made successful expansion strategies in other parts of the global market.
One of the main opportunities attained by expanding the firm is extensive market, which sequentially leads to increased profitability margins. The Wal-Mart’s global strategy has enabled it to achieve success in several countries, such as, Japan. The collaboration with local retailers is significant in improving a company’s productivity (Reynolds, Rhonda, and Marjorie 90). A company attains relevant information from the local distribution channels, which helps it to improve the operations.
Adhering to local legislative rules avoids unnecessary conflicts; Wal-Mart has focused on following the relevant legal procedures to enhance consistency. The firm has achieved its targeted objectives by identifying a competitive advantage, which entails providing products to potential customers at lower prices than other companies do. The ability to retain customers’ loyalty is imperative in increasing a company’s lifespan (Pereira 36). Hiring local managers can help the company enhance consistency; Wal-Mart failed to consider this aspect, which contributed to cultural differences in Germany.
The challenges of business expansion include the inability to integrate the local culture into the organization’s values. Wal-Mart failed to achieve the desired results in the German market because the management team did not consider the employees and customers’ values while implementing the set strategies. It is relatively difficult to attain the loyalty from potential clients in case the firm fails to give them a sense of concern. The management team failed to consider the location aspect while venturing into Germany, which increased costs for the firm. Strategic allocation of resources is imperative to attract customers and increase a firm’s sales.
The established local retails may cause challenges to a multinational corporation in case there are price wars. Wal-Mart faced opposition from Seiyu managers in Japan. The firm experienced slow growth due to continuous losses attributed to the pricing issue. The expansion measures may involve lowering prices to attract new customers. According to Kumar, Sameer, and Usman (181), some clientele may confuse the low pricing strategy for poor quality product. The management team should incorporate other promotion strategies in the expansion process to enhance efficiency. Wal-Mart has eventually gained stability in the Japanese market, which indicates successful penetration measures.
Understanding customers’ preferences are imperative in ensuring their satisfaction. The management should embark on setting an organizational culture that incorporates the local people’s interests. The management team should understand the local competitors’ tactics to enable them formulate comprehensive strategies. Analyzing the competitors’ capability enables a business entity to identify and improve its competitive advantage. Wal-Mart has employed useful expansion tactics in enhancing its success in the Japanese market, despite the constant challenges. It is essential to analyze both the internal and external aspects of the market environment before initiating an expansion plan.

## Works Cited

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