

# Good example of term paper on what makes wal-mart so successful

[Business](#), [Company](#)



Wal-Mart is a multinational retail company that has successfully established a strong and reputable brand. The Fortune 500 index has ranked Wal-Mart as one of the most prominent businesses in the world. The corporation has constantly held the first position in terms of total sales and ranked second most reputable company in the world Fortune. The company is popular for the excellent shopping experience that it offers to its clients that is characterized with high shopping variety and sustainable affordable prices. Wal-Mart's main customers include individuals and families from the middle class who essentially shop in small quantities. This includes the working class individuals with the middle level income who are keen on where to shop to ensure that they are saving. The Wal-Mart's operation strategy that aligns with their target client's interests has enabled it achieve its success. Wal-Mart has achieved success through implementing a business model that fosters low operating costs, fair pricing, and effective administration. The low operating costs is a success factor within the operations of Wal-Mart. The low operating cost strategy enables Wal-Mart to reach out and cover a wider market basis, which has price sensitive consumers. Wal-Mart's leadership came up with an innovative vision that led to an enterprise that offers discounted products at retail prices. The enterprises' success emerges from both its strategy and its strategy's implementation. The low cost strategy enables Wal-Mart to play as the cost leader within the retail industry (Flows, 2013). The enterprise serves by producing a basic no-frills service for the mass market where price sensitive consumers exist. Wal-Mart identifies its niche as the entire market, which consists of consumers who purchase products on regular intervals. The low cost approach enables Wal-Mart to

establish low prices for the producers retailed within its stores and this enables it to attract more customers. This strategy has enabled Wal-Mart to establish its market share by offering similar products with other stores, but at lower prices (Ungson & Wong, 2008). Consumers show a willingness to purchase basic commodities on low and average prices and this contributes to the success enjoyed by Wal-Mart. For Wal-Mart low costs do not just entail the purchasing cost, it also revolves around the costs involved with the distribution of products to different stores in other localities. Considering that the transportation costs contribute to the final retail prices, the low transportation expenses associated with the distribution process by Wal-Mart enables the enterprise to retail the commodities at substantially low retail prices.

The enterprise succeeds by concentrating its efforts on specific markets and leveraging on the expected income from these markets. Wal-Mart's scenario presents a situation where the retail store identifies different markets and determines the revenue that each can generate. The term efficiency relates to benefiting to a maximum level from the available resources.

Implementation of the low cost and cost leadership strategies within different markets for Wal-Mart contributes to its success. Regarding the market categories identified by Wal-Mart also presents a success from the consumer's perspective. The market categories identify the consumers with different levels of disposable income. These levels of income, which the consumers can dispose of in purchasing items from Wal-Mart varies based on the categories set by the enterprise (Ungson, & Wong, 2008). However, in the consumer's perspective, the store offers products for their consumption

and this makes it their favorite. The retail enterprise presents to the consumers on different categories what their disposable income will allow them to afford. In efficiency and its relationship with Wal-Mart's success, the varying disposable income levels enable the enterprise to supply their stores with different quality and brands of products. The strategy enables Wal-Mart to offer a variety, which offers shopping efficiency for the consumers (Crotty, 2011). Wal-Mart offers price competition, which covers the entire market with different categorizations. Success in mass retail stores comes from the ability to serve consumers who express different tastes and purchasing abilities in a similar way through offering diverse products. Wal-Mart utilizes this strategy in its success.

The efficiency and low prices which contribute to Wal-Mart's success emerge from the virtue of serving as cost leaders. Cost leadership enables Wal-Mart to benefit from a lack of direct competition and serve as the mass purchase market cost leaders. The low cost contribute to the efficiency by operating with differentiation (Besanko, Dranove & Shanley, 2000). The strategy facilitates the discount retail offered by its stores worldwide. The efficiency comes in from the differentiation in target market by the enterprise. Wal-Mart succeeds by leveling the targets in six categories that include the affluent, the African Americans, the empty nesters, the rural residents, the suburbanites, and the Hispanics. With the categorization, Wal-Mart focuses on these specific markets and employs the porter's strategy to focus.

Relating the efficiency with success, market targeting through categorization facilitates the development of approach systems, which enable Wal-Mart to operate at low costs for the different categories. With this regard, the term

low costs transform into a relative term depending on the category that the stores target (Crotty, 2011). Operating at standard low costs for the entire market identified by Wal-Mart may contribute to a difference in profit margins within different markets. Efficiency for Wal-Mart emerges from the implementation of low cost strategies in relation to the different categories. Wal-Mart manages to implement the cost leadership strategies from applying different approaches in the categories it has grouped the consumers in (Gereffi, & Christian, 2009). The cost leadership does not only involve low costs but also standard costs.

The management strategies also contribute to Wal-Mart's success. The success posed by Wal-Mart also emerges from the strategies applied towards the system to serve as a manager. The system implemented by Wal-Mart develops the managerial skills within the employees and enables them to train as managers within the basic unit levels. For example, the system requires an individual to serve as an attendant within the Wal-Mart stores (Gereffi & Christian, 2009). From this service, individuals present exemplary results and their performance receives a reward through rank boosting. The employees within the stores understand the procedure to attain management level. Through the process of growth, the employees learn from managerial mentors who enable them to boost their skills and performance in providing services for the enterprise. With managers who grow within the managerial disciplines of the enterprise, Wal-Mart selects the managers to head larger department due to the level of their understanding towards the operational systems. To the success factor within the enterprise, managers contribute to the success for Wal-Mart because they understand

the process of growth into managerial positions and understand the competition levels (Crotty, 2011). With over 1.4 million employees, the competition to attain the managerial level and status attains high levels. The managers within Wal-Mart who experience this competition understand that only success will enable them to retain their managerial positions. These factors align with the enterprises' success as the managers implement the strategies presented by the organization with the sole purpose of success and maintaining the coveted positions.

It is apparent that Wal-Mart has an effective and sustainable model of business that has enabled it achieve success. The company has achieved success due to the adoption of a strategy that focuses on low operating costs, fair pricing, and effective administration. This strategy has enabled the company to realize economic of scale, thus competing successfully with its competitors. Effective administration has also contributed towards the Wal-Mart's success by fostering good service delivery. Wal-Mart has achieved success by successfully implementing strategies that account for their customers' interests and concerns.

## **Reference**

Roberts, B. R., & Berg, N. (2012). Walmart: Key insights and practical lessons from the world's largest retailer. London: Kogan Page.