

# Technological innovation impact of online shopping on walmart marketing essay



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The external environment of Wal-Mart plays a vital role in the strategic planning and decisions of the company. External environment has an effect on the IT strategies of each and every retail company because they are vital aspects of the system called the macro-environment. Different from the microenvironment or the internal environment, the macro-environment include issues that cannot be controlled by the company which include some political trends, demographics, economics as well as the business conditions, social and technological trends. Because the company moves in a macro-environment, its strategic planning must focus on the quality sources of reference in order to come up with the interconnections of different factors that are connected with the online shopping.

## **PEST Analysis**

Figure 1 : PEST Analysis Online Shopping and Wal-Mart

### **Political Factors**

Currently, the retail industry is facing different political factors and problems which include privacy and security laws. These laws are directly connected with the online shopping. These issues are considered as the most important issues for the government and consumer organizations (Miyazaki & Fernandez 2001). Online shopping are based on the Internet use, Internet provides an open and easy communications in the world, which give online business to have competitive advantage compare with the traditional companies. The problem is that the Internet is unregulated, unmanaged and uncontrolled; therefore, it has a wide range of risks and threats that can affect the entire operations and connection of the business to the customers (Business Link n. d.).

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On the other hand, it is important to consider that due to the financial crisis in different parts of the globe, customers are beginning on searching for stores and products that will give them high quality of products and services, at the same time, enables them to save. Thus, it is connected with the self-branded products via the discount stores. This is the reason why, many retailers are focusing on the implementation of different loyalty problems. The Internet or the online shops enables companies to lower down the price of their products and services because of the fact that there are different activities that were removed including the space and the cost that are needed in order to build the store, at the same time, the number of employees to be hired in order to serve the customers.

Based on this, politically, the main impact of online shopping in Wal-Mart is that it enables the company to focus on the different factors that are related to the security and privacy of the customers, particularly regarding the information that are related with the confidential information such as the credit card number, address, etc.

## **Economic Factors**

There are different factors that affect the performance of Retail Company, which also influence the performance of Wal-Mart; fist is the rise of price of products which cause to push inflation. This affects the performance of the entire company, not only on its relationship with the customers, but also affects the overall system. With the help of the Internet or online shop, it enables the company to lower down the price of the products because of the cost saved in the management and maintenance of the store. In connection, it is important to consider the fact that consumers are beginning to be more <https://assignbuster.com/technological-innovation-impact-of-online-shopping-on-walmart-marketing-essay/>

and more price sensitive because of the current global financial crisis. As a result, the number of online shopper is increasing, because there are different products and services that are available in the Internet in lower prices. On the other hand, Wal-Mart focuses on earning profits by opening discounted stores in less populated areas, this aspect was influenced by the application of e-commerce, because it enables the company to open online stores and target unlimited number of market. In connection, the huge amount of capital needed in order to build a store.

## **Sociocultural Factors**

The Internet offers an enormous geographic reach as well as vast possible market. The study of ACNielsen showed that in 2005, one-tenth of the world's population, or 627 million people are doing their shopping online (ACNielsen, 2005). The said massive number of people that are involved in online shopping is the main reason why more and more businesses or companies are investing for online stores. This is primarily because online selling offers convenience both for the customers and the company or organization. In addition, online selling can also help to decrease the costs, expands the marketplaces, enhance competitiveness, improve the business image and increase revenues (Intrapairot & Srivihok 2003). Because of this, the preferences of the customers have changes, they have begun to realize the benefits and advantages of the online shopping compare with the traditional one. As a result, more and more customers are beginning to be loyal to those companies that are also offering online systems which enables them to connect to the company, either doing transactions or just by asking questions about the company and the products. In connection, it is important

to consider the fact that people in the world consider their time as valuable, this can be observe in different countries, where in employment rate is high, particularly for women. As a result, customers tend to go to stores that will give them everything that they need.

Based on this, it can be said that customers are focusing on the efficiency, effectiveness and easiness of the service, which will enable them to be comfortable. With the help of the Internet, retail companies, including Wal-Mart enables to create a website which enables them to be connected to the customers 24 hours a day. Therefore, it gives them the assurance that the store will always be there to serve them and make their lives easier.

## **Technological Factors**

The Internet and e-commerce greatly influence the overall performance of Wal-Mart. Thus, it results the company to launch its online stores which enables the company to be connected with the customers. Just like the employees, as of now, customers are also changing in demands, particularly in the ways of buying and availing products and services. E-commerce or the process of buying and selling goods and services over the internet had opened a new way of connection between the buyers and the sellers. Thus, by applying the said way, it had enabled the company to be connected with the customers 24/7. Aside from that, it also enables the company to offer cheaper products, because, they said system enables the company to save costs in terms of human resource and other important costs. In addition, Wal-Mart online stores enable the business to be connected with the different customers around the globe; therefore, it also serves as one of the most important marketing strategies of the company. By using the said <https://assignbuster.com/technological-innovation-impact-of-online-shopping-on-walmart-marketing-essay/>

service, the company will be able to serve their customers in fast an easy manner, thus making the customers avail of their products within the vicinity of their homes and with just a click of the mouse.

In connection, the industry of mobile broadband is showing a great growth. According to the Market Intelligence Center or MIC, in 2008, there are more than 800 wireless mobile broadband providers which covered more than 200 countries (Economic Daily News 2008). This can also be attributed to the changing lifestyle of people; where in people don't have much time to check their mails and other important data using the traditional way. The said event can be accounted to the growing popularity of small and handy mobile devices, and it is supported by the growing sales of mobile devices in the world (Economic Daily News 2008). As a result, mobile commerce has been hyped as the next big wave in terms of e-business because of the big push of wireless application protocol or WAP-based hand phones to the market (Selvaratnam 2000).

## **Impact of Technology on IS Strategic Planning and IS Development**

### **Soft System Methodology**

The main used of SSM is to construct models of the systems that are being studied (Lopes 2007 p. 1). It is considered as an approach to inquiry into the problem situations that are being perceived to exist in the real world (Checkland & Scholes 1990) (see Appendix A). It has 6 important stages (see Appendix B), but this paper will focus only on its first three stages and its connection to the online shopping and Wal-Mart.

## **Stage 1 – The Problem Unstructured Stage**

In this stage different problems that are related with the current systems of Wal-Mart will be analyzed. This can help in order to focus on the different primary information that will be helpful in order to come up with the systems to be implemented. Technology can be helpful during this stage. First the Internet and other communication technology can be helpful in order to know the different preferences of the employees and staffs or the internal customers of Wal-Mart. This will help in order to pace up the time to be spent in the first stage. With the help of technology, including Information Technology and Information System, the company will be able to gather and retrieve information in easier manner.

## **Stage 2 – The Problem Situation Expressed**

During this stage, all the necessary information that will be helpful to the system's development of the Wal-Mart will be gathered. This information will include the perceptions of the customers, employees, suppliers and other important stakeholders of the company.

One of the important tools to be used in this stage is the use of the rich picture which helps in order to gain appreciation of the current problem situation (Coady n. d.). As it is understood in SSM, rich picture are used as means to represent the situation of concern and include elements which influence the problem but which would not perhaps be picked up using more formal methods.

Figure 7 shows the different factors that are affecting the IS planning and development in Wal-Mart.

## Figure 2 : Rich Picture

First is the changing preferences of the customers where in they are becoming more and more incline to efficient and effective shopping, which can be observe on the benefits of online shopping. In addition, it is connected with the being price sensitive of the customers, which is connected to one of the most important strategies of Wal-Mart, which is to offer cheap but high quality products. Another important factor is the growing population or number of online communities. This can be seen on the number presented in the first part of the paper, where in customers in different parts of the globe, particularly those developed countries are inclined to shop online. It is also important to focus on the communication process with the suppliers, by applying the Internet; it can help in order to improve the relationship of Wal-Mart with the suppliers, which can help in order to improve the quality of products and services being offered by the company.

It is also important to consider the different opportunities in the emerging markets including China and India that are showing great financial performance (S. Robson Walton n. d.). Therefore, upon implementation of IS, it is important to focus on the characteristics of this market, together with the employees. In connection with the emerging market, globalization is considered as the most important aspect to consider, for it is considered as the root of all the changes in the business world. The massive development of Information Technology is because of the fact that many multinational companies search for system that will help them to manage their global presence. It is important to consider the implementation of online store <https://assignbuster.com/technological-innovation-impact-of-online-shopping-on-walmart-marketing-essay/>



enables Wal-Mart to save cost and effort to be spent due to the increasing product line and the increasing size of the company.

### **Stage 3 – Root Definitions of Related System**

An e-commerce system owned by the management of Wal-mart, run by the IT department is applied in the company in order to cater to the demands and needs of the customers by focusing on safe and secure online transactions and fast online service in line with the different issues and laws that are connected with data security, particularly regarding confidentiality of data.

### **CATWOE Analysis**

Table 1 : CATWOE Analysis