

# wal-mart case study analysis essay sample

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



Relationship with suppliers:

WalMart known for their supply chain management and this becomes possible because of their relationship with their suppliers. So it is valuable for them and rare also and supports by their logistic department. Distribution system:

Distribution plays major role in WalMart's low cost offerings. Because of their effective distribution network they can provide low cost products. So it is valuable for them and rare also and supports by their logistic department and marketing department. Low price offerings:

WalMart's main strategy is to provide low cost offerings to their customers and so it is their core competencies. Culture:

WalMart's value, thriftiness, hard work, innovation, continuous improvement makes the whole culture of organisation and because of their culture they can formulate and apply strategies.

Value chain analysis

Firm Infrastructure:

WalMart have 2485 Wal-Mart stores, 682 Supercentres, 457 Sam's Clubs, 5 Wal-Mart Neighbourhood Markets and 1007 units of Wal-Mart International. It serves over 100 million customers weekly worldwide. There are 1035000 associates, and the company is America's largest private employer. Human Resource Management:

Almost 60% of all managers in Wal-Mart stores started as hourly associates. The employees are encouraged to communicate openly, offer new ideas,

take risks, strive for excellence and have fun. Employees are getting competitive wages and comprehensive benefits. In recruiting new associates the company begins a comprehensive recruitment program in the community where the store is to identify candidates. Recruitment programs are well publicised and convenient, providing an opportunity for job applicants and the company to start getting acquainted. Technology development:

Wal-Mart set up its own satellite communication system in 1983. Wal-mart uses Bar-coding & RFID technologies, different processes like efficient picking, receiving & proper inventory control of the products along with easy packing and counting of the inventories was ensured. Electronic data interchange (EDI) is a computer-to-computer exchange of business documents. Procurement:

Wal-Mart's process of procurement involves reducing its purchasing costs as far as possible so that it can offer best price to its customers. The company procures goods directly from the manufacturers, bypassing all intermediaries.

Logistics:

The drivers are tracked regularly through " Private Fleet Driver handbook" Mart uses a logistics technique called " Cross Docking". Wal-Mart today about 60% inbound freight (closer to 80% for their grocery segment) is managed by suppliers. The important of Wal-Mart's logistics infrastructure was its fast and responsive transportation system. The distribution centres were serviced by more than 3, 500 company owned trucks. Operations:

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Wal-Mart operations are comprised of three business segments  
WAL-MART  
STORES

Super- centres

Discount Stores

Neighbourhood Markets

SAM'S CLUB-SAM'S CLUB

WAL-MART INTERNATIONAL

Marketing and sales:

Employees wore blue vests to identify themselves. Apparel departments were carpeted in warm colours. A store employee followed customers to their cars to pick up their shopping carts. Customer was welcomed at the door by a " people greeter," who gave directions and struck up conversations. Services:

All Wal-Mart stores maintain uniform prices, except where lower prices are necessary to meet local competition. Sales are primarily on a self-service, cash-and-carry basis with the objective of maximizing sales volume and inventory turnover while minimizing expenses.

Business level strategy

Wal-Mart has adopted cost leadership strategy to achieve competitive advantage in the market. They have achieved cost leadership by attracting price sensitive customers and offering lowest price consumer goods. The cost leadership strategies are helping Wal-Mart to reduce its cost of operations and thus enjoy higher profits as well as the larger market share. The company is able to beat its competitors such as Target Corporation by

reducing prices and thus achieving sustainable competitive advantage to a great extent. The few techniques that Wal-Mart is using to gain sustainability are mentioned below. Wal-Mart has gained benefits from economies of scale that helps to keep the prices lower as compared to the competitors.

The company is able to spread its fixed cost over a large number of units of products resulting in a lower cost per unit. Due to its enormous size and large number of stores worldwide, Wal-Mart has the tremendous bargaining power with its suppliers and thus it purchases products at lower prices.

Walmart concentrates on finding ways to lower their costs by constantly rethinking how to complete their primary and support activities to reduce costs still further while maintaining competitive levels of differentiation. They have effective inbound logistics by using just-in-time inventory. And they have cut costs from outbound logistics by creating better fuel efficiency in their trucks, getting more pallets on a load, and decreasing empty miles driven by their trucks.

Walmart also reduces costs by buying in large blocks. Technology plays a key role in Walmart's supply chain too, it allows Walmart to accurately forecast demand, track and predict inventory levels, create highly efficient transportation routes, and manage customer relationships and service response logistics (Walmart's Keys to Successful Supply Chain Management, 2013). In conclusion, Walmart's successful overall cost leadership/differentiation strategy leads to high entry barriers for competitors.