

Walmart and the flat earth: supply-chaining, insourcing, and an expanding 21st ce...

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



Globalism has vastly contributed to “ the world being flat”. Globalism has pushed the advances of technology, innovative business practices, and living through an ever expanding technological “ boom”, which are all major factors in the flat earth that we live in, as Thomas L. Friedman states in his book “ The World Is Flat”.

Walmart: History and Growth Walmart was founded by Sam Walton when the first Walmart store opened in 1962 in Rogers, Arkansas. They initially tried to avoid competition with retailers such as Kmart and Sears, by focusing on rural areas, places without access to everyday goods and services. In 1970, the company went public, and the corporation began expanding its horizons by opening “ Sam’s Club Discount Warehouses” in 1983, and also began opening “ Walmart Supercenters” in 1988. By 2001, Walmart had become the largest private employer, and became the largest corporation in the World. According to Walmart. com, they now operate 11, 200 retail stores in 27 countries, and also e-commerce sites in 10 countries. They have acquired multiple corporations throughout the world and have dipped there investments into many different global industries. Walmart has become a dominant figure in the global market, and therefore I chose to explore what has made them so successful in such a short amount of time.

Walmart has become one of the most successful American corporations in the 21st century, in a very short period. There have been many business strategies involved with this success and growth, as well as the utilization of an ever-growing technological boom in the 21st century, that have contributed vastly to their success. We are going to look at the practices

they utilized in achieving such success, as well as the good and bad effects of such growth and global spread that they have achieved.

Insourcing: In-House Brands Leading to Profit

The phrase “ the world is flat”, as our text is titled, can allude to multiple speculations about global industrial growth, and business practices that have led to the rise of such great corporations as Wal-Mart. One can speculate that “ the world is flat” is regarding an equal playing field for all business and corporations. To gain an edge and lead an industry, will require adapting to global and social changes as humans and technology continue to evolve, and to rise from the flat earth seeking success in the global market. Wal-Mart has revolutionized mass distribution of goods and revolutionized the price of goods on the market. Wal-Mart has offered such a wide variety of goods, at incredibly low prices that they have driven competitors and small business to shut down.

Supply-Chaining: Consistent Inventory

Wal-Mart has revolutionized a business strategy that is called “ supply chaining”. According to “ Investopedia. com”, a supply chain is a network between a company and a supplier to distribute a product or products, it is directly involved with getting a product to consumers. Investopedia also states that supply chain management, is what keeps optimal supply whilst keeping cost down, therefore making products cheaper for consumers. Walmart has revolutionized this tactic, and it makes perfect sense that there “ supply chain” style of business is how they keep products stocked on their shelves nationwide, and at lower prices than their competitors. With stores

at nearly every major city across the United States, Walmart and this supply chain style of business, has driven out loads of competitors, including major retailers across the country. Retailers such as “ Gold Circle” and “ Venture Stores”, were both discount retailers that existed in the second half of the 1900’s. The pressure from Walmart eventually drove these stores out of business with Venture Stores closing in 1998, and Gold Circle stores closing in 1988. Walmart has put immense pressure on current retail giants such as Sears, Macy’s, and Kmart to name a few that have been shutting down stores across the country rapidly over the past decade. Online retailers such as Amazon have also put immense pressure on retailers and department stores, however Walmart offering goods at such low prices, and consistently throughout the last few decades, has undoubtedly done considerable damage to the retail industry.

Walmart is a corporation who have already emerged and continues to emerge from the “ flat world” throughout the globe. With such a huge market presence, they have established there business down to a science, and that is why they will continue to grow in the 21st century. Another business model they practice would be the insourcing of goods. Insourcing is where a company create’s goods themselves, as opposed to relying on a 3rd party to create goods for them. Walmart offers thousands of goods supplied by their “ Great Value” brand, most of them being cheap alternatives to actual “ name-brand” products. Not only does this undermine other manufacturers, but it also costs them very little as opposed to outsourcing goods to a 3rd party or company. The “ Great Value” brand that Walmart

offers is estimated to be worth upwards of \$10 billion. With a brand that is in house, much cheaper than competing brands, and offering the same products, they have created a profitable and in-house solution to keep costs low while keeping profits high. Insourcing is a very valuable strategy if a company has the assets, and in-house manufacturing to maintain it. With Walmart being such a massive corporation, it is easy to see how they have taken advantage of this business model.

Online Retail: Consumer Convenience

We previously mentioned online retail giant “ Amazon”, however we must talk about how Walmart has also become a global giant in the online retail industry. One of Amazon’s key successes is its “ Amazon Prime” services, which offers free two day shipping in most countries (per delivery within the country you reside in), and also offers considerably cheap one-day shipping services. With a company that has consistently matured with the fast moving 21st century, they too have adopted similar services. However, Walmart chose not to opt for a subscription based service, and offer free two-day shipping on most household items, or two-day pickup in store options on larger goods. Adopting a business model that has already been proven successful by Amazon, they have now established themselves as an online retail giant, even improving on the service by not requiring any subscription fees. This shows that Walmart is able to adapt with a growing trend in technology and services, and that they are directly following the trends that are being set by society; this is something that Friedman talks about in his text, a company’s ability to adapt and grow. In this day and age, the

consumers are the ones who set the pace for the global market, it is there trends that often directly relate to the direction that corporations tend to go in. Blockbuster is a great example of this trend, being one of the largest DVD rental companies across the United States, only to be brought to submission by the online streaming service that is Netflix. We live in an age where if you do not get with the times, the times will leave you behind and you will struggle to catch back up. Walmart is a great example of a company who continues to push their business model to maintain steady growth, and a corporation that listens to the trend of consumers. For a corporation to emerge from the flat earth, they must listen to there consumers, or get left behind as seen with companies like “ Blockbuster”.

The Death of Local Small Business

One of the downfalls of Walmart’s great success, is that they have driven local small business to the ground. If we look at our own Western Maryland, you would be hard pressed to find someone who doesn’t shop at the Walmart in Lavale, Maryland. I have talked to many locals who told me that people drive up to an hour to our local Walmart, because it is the cheapest and largest supplier of retail goods, within an hour of each direction leaving Western Maryland. This is due to local “ mom and pop shops” being driven out because they simply cannot compete with the prices that Walmart offers their goods and services. It is a sad demise, but ultimately a sign of the direction that industry is heading. Like stated before, if you can’t keep up with the demand of consumers, you will be left high and dry. You simply can not compete with a corporate, multi-billion-dollar giant that is Walmart, and

that is why they have driven down the sales of other major retailers as stated before. Proof of small business being killed, was discovered when Loyola University did a study on Walmart's effect on local business in Chicago's west side. According to " NYDailyNews", the study concluded that the local Walmart had forced over 80 small business to shut down due to poor sales. This shows the dramatic cause and effect of retail giant's entering areas that were largely thriving with small business.

Conclusion: Walmart and the Future

The Walmart corporation has become a dominant figure in so many different global markets. Insourcing and supply chaining have contributed greatly to their success, and they are a great example of a corporation who continues to move with the ever-changing global market. Someday, we may see the corporate giant fall, but it is unlikely that it will happen in our lifetime. With areas such as our own Western Maryland, Walmart will continue to provide for families who look for cheap and reliable goods, and this will remain the same in areas throughout the world as the company continues its dominant growth.