

The bcg matrix and wal-mart essay sample

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



The company I chose to conduct my BCG Matrix on was Wal-Mart, because this company has become one of the largest and most successful companies within the United States. Wal-Mart started out as a small retail business in 1962 in Rogers, Arkansas by Sam Walton. Today Wal-Mart has more than 10,000 stores in more than twenty eight different countries. In 2012 Wal-Mart gained revenue of \$421,849 million dollars, which was an increase of 3.4% from the previous year. (www.topics.nytimes.com> Business> Companies, p. 1). While accessing the four quadrants within the BCG Matrix I felt that Wal-Mart fits into the Cash Cow Quadrant. The Cash Cow Quadrant is when a company has a high market share in a slow growing industry and the company generates more cash than the amount of cash that is needed to maintain the business. (www.valuebasedmanagement.net/methods_bcgmatrix.html). I feel that Wal-Mart fits in this quadrant because they have the highest market share in the industry; in addition the industry has a slow growth rate. (Roberts, May 28, 2012).

The growth rate for this superstore is 3.8% and its market share in their industry is 3.6%, which puts Wal-Mart in a very stable position. When the vision of Wal-Mart came about to Sam Walton it was his idea to create a store that believed in this slogan " Saving People More to Help Them Live Better". By coming up with this idea this has helped to build a high customer base and in return has allowed Wal-Mart to expand and by doing so Wal-Mart was able to open its first Sam's Club in 1988. Now Sam's Club is one of the most profitable discount stores. Wal-Mart's ability to branch out, and expand has been one of the key reasons why it fits into the Cash Cow quadrant of the BCG matrix. In addition to opening the Sam's Club stores across the

country, Wal-Mart has expanded in other ways. Wal-Mart was able to develop into a complete service superstore by adding a complete grocery store to its stores. This has given Wal-Mart the edge over its' competitors by being able to offer more at low prices.

Consumers are able to go to one store and do their normal household shopping, clothes shopping, and grocery shopping. This is very attractive to people in today's society with such busy and demanding schedules. As Wal-Mart continued to build its' customers it was able to add more service to its' store, such as an automotive center and pharmacy. The key is that Wal-Mart continued to offer more while keeping the cost very low. This has allowed it to be a leader in the industry. Another reason I feel Wal-Mart fits into the Cash Cow quadrant of the BCG matrix because it currently accounts for the majority share of the super center market. Wal-Mart's strengths are their ability to purchase large amounts of merchandise and their ability for mass distribution. In addition, Wal-Mart has a very successful advertising campaign that enables it to convey its low prices and the fact that it will match the price of any product offered by any competitor. Wal-Mart ability to offer the lowest prices in combination with the largest selection of products and service within one superstore is what has enabled this company to be a Cash Cow, according to the BCG matrix.

References:

1. www.valuebasedmanagement.net/methods_bcgmatrix.html
2. www.topic.nytimes.com> Business> Companies

3. Roberts, Bryan and Natalie Berg. Walmart: Key Insights and Practical Lessons from the World's Largest Retailer. Kogan Page Publisher. May 28, 2012