

# [Strategy management wal mart and k mart](https://assignbuster.com/strategy-management-wal-mart-and-k-mart/)

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Strategic Management Assignment 8 1. Do Wal Mart and K Mart exploit any merger and acquisition in recent 5-10 years? Merger &Acquisition| Wal Mart| K Mart| Acquisition| -Bempreco: This company has been acquiesced by Wal mart. Bempreco is a retail chain in northeastern Brazil with 118 units (hypermarkets, supermarkets and mini markets). The acquisition gives Wal-Mart Brazil its first stores in the Northeast market. -Seiyu GK: is a Japanese group of supermarkets, shopping centers, and department stores owned byWal-Mart Stores.

In 2005 Wal-Mart acquired a majority stake in the company which it has since increased to 95% ownership, and 100% ownership in 2008. -OneRiot: US-Wal-Mart Stores Inc acquired OneRiot, a Boulder- based provider of online advertising services, it was on Sep 2011. -Kosmix Corp: US-Wal-Mart Stores Inc acquired Kosmix Corp, a Mountain View-based provider of search engine services, it was Jun 2010. -Netto Foodstore: UK - Asda Group PLC, a unit of Wal-Mart Stores Inc's Wal- Mart Stores (UK) Ltd subsidiary, acquired Netto Foodstores Ltd, a West Yorkshire-based owner and operator of grocery stores, from Dansk Supermarked A/S. -Wesfarmers: Wesfarmers has continued to transform the size and shape of its business operations through strategic acquisitions and divestments. Steeped in a foundation of retailing since its formation, today Wesfarmers is one of Australia’s leading retailers and diversified industrial companies. From the small farmers co-operative three quarters of a century ago, to the nation’s largest employer with almost 200, 000 employees and more than 450, 000 shareholders, Wesfarmers remains committed to providing a satisfactory return to shareholders. Merger| -Massmart: is a South African firm that owns local brand such as game, Makro, Builders Warehouse and CBW. It is the third largest distributor of consumer goods in Africa, the largest retailer of general merchandise, liquor and home improvement equipment and wholesaler of basic foods. On Tuesday 31 May 2011 Wal Mart has been merger with company. -Wal-Mart de Mexico: Is aMexicanpublic corporation, which is 31% owned by the American retail multinational corporation Wal Mart Store.

In December 2009 In December 2009 it was announced that Wal-Mart de Mexico bought 43% of Wal-Mart Centroamerica (Central America unit) from Wal-Mart Stores Inc and 40% from other share holders. | -Sears: Officallly named Sears, Roebuck and Co, is an American chain of department stores. Sears merger with K Mart in early 2005, creating the Sears Holding Corporation. The new corporation announced that it would continue to operate stores under both the Sears and K Mart brans. Around this time, Kmart changed its logo from a red K with the script " mart" inside to a red block letter K with the chain's name in lowercase letters below it. | Comment:

Regarding this case we know that Wal-Mart has more acqusition and merger than K Mart. Wal-Mart was doing acquisition to open new market share, get more profit. But for K Mart only make acquisition with Sears. Before this acquisition K Mart almost bankrupt, not only have advatages but also acquisition has disadvantages. They was doing horizontal acquisition and merger 2. Why do Wal Mart and K Mart companies exploit such M&A ? Wal-Mart| K-Mart| - Wal-mart wants to get the synergies. The synergies help Wal-mart exploit economies of scale, eliminate duplicated functions, share managerial expertise, and raise larger amounts of capital. Wal-mart usually acquired the company related to the retail industry; it is called 'Horizontal' mergers. The reasons for these are a desire for greater market power, allowing Wal-mart to exploit new markets and spread its risks. | - Sears Roebuck and Co merger, there are many identified synergies created: enhanced position in retail market, winning real estate strategy, differentiation of stores through wealth combination of proprietary brands, strength financial position, stronger management team and support from controlling stockholders. | Comment:

Both of these companies may seek an acquisition because it believes its target to be undervalued, and thus a " bargain" a good investment capable of generating a high return for the parent company's shareholders. Often, such acquisitions are also motivated by the " empire-building desire" of the parent company's managers. 3. What is the average performance of return for those M&A? Wal-Mart| K-Mart| -With the acquisition, Wal-Mart Brazil will operate 143 units in the country, including 13 Wal-Mart Supercenters, 10 SAM'S CLUBS, two Wal-Mart Todo Dias and the 118 Bompreco hypermarkets, supermarkets and mini markets.

The acquisition gives Wal-Mart Brazil its first stores in the Northeast market. -The acquisiton give Wal-Mart and Massmart it’s first store in South of Africa, Botswana, Ghana, Guatemala, Honduras, Lesotho. | -Those most optimistic look to opportunities to cut redundant administrative expenses, increase buying power and crosssell branded merchandise between Kmart and Sears. -This acquisition is proper management and planning, the acquisition will be beneficial to employees from both companies and to consumers in general. | Comment : Normally if the company doing acquisition and merger, they will get more profit and advantages.

In above we could know that now on Wal-Mart becoming Leader in retailing industry. Wal-Mart has dominant market share in South africa and some africa contries. Compare between Wal-Mart and K Mart, Wal-Mart has better perfomance than K Mart impact of acquisition and merger. 4. Is there any report about problem after those M; A? Why? Wal-Mart| K-Mart| -The external problems are late entry, overlook competitors, destroy small business, joint venture and nationalism, culturedifferent, house brand and price differentiate, suppliers, and government regulations. The internal problems which it still confronts in the operation systems are unique culture and concepts, and human resource management. | -In October 2009, it was reported that Kmart and Martha Stewart Living Omnimedia failed to come to a new agreement. -Kmart and Sears companies had problems with human resources. -There will be also lay-offs which SHC need to manage well. | Comment: As we know that the acqusition and merger has disadvantages, like we already mentions above.

There are two kinds of problems consist of external and internal problems. Like Wal-Mart, K Mart also has problem such as they acqusition in October 2009 with Martha Stewart Living Omnimedia failed. Regarding acquisition and merger, some companies if they want conduct acquisition have to thinking about training of their employee. Because If they do acquisition the management will be cut or mix together in one company that’s mean they have to buid up human resource performance to gain competitive advantages.