

# Wal mart global strategy management essay

[Business](#), [Management](#)



## Introduction and Company Overview

The first Wal-Mart Stores established by Sam Walton at Rogers Arkansas in 1962. Wal-Mart store at a time over a period of seven years of commercial operation in this important growth, respectively. Wal-Mart had already topped annual sales of billions. At the end of January 2002, Wal-Mart, the world's largest retailer, has been recognized as a record U. S. \$ 218 billion in sales. (Basker, 2011). This is a great and continuous improvement, with the end of the retail store managed to operate at a global level. Wal-Mart's global operations in Mexico City in 1991, was marked by the organization's first international store. (Basker, 2011). International access, thanks to an estimated one hundred million customers visit Wal-Mart stores anywhere. A total of 1. 3 million associates worldwide who are employed by the company and its 3200 stores in the United States, as well as spread to England (Deniz & Junichi, 2012). A Wal-Mart store, one of the world's most successful retail chains, has a competitive advantage to exceed its competitors. Thanks to its unique set of features such as a powerful IT system, its suppliers or its own way of managing logistics system, Wal-Mart is able to respond quickly to changing demand, low cost to maintain and customer satisfaction. (Global 500, 2011). Always and everywhere - retail stores, online and via mobile devices ". They live better, so that people save money" Wal-Mart's world, people save money and live better. Each week, customers and members more than 200 million e-commerce web sites in 10 countries, 27 countries and 10 700 stores under 69 banners visit (Freeman, Nakamura, Nakamura, Prud, & Pyman, 2011). Of the fiscal year sales of approximately \$ 2, 013 466. 000. 000. 000, Wal-Mart employs 2. 2 million people worldwide. How

innovative thinking through the Service, leadership, learn, and above all, they live better, so that people will be saving money on the company's commitment to shaping the work we have done today and tomorrow. This research wants to advance the understanding of the relationship between Wal-Mart and its suppliers. In addition, Wal-Mart's market power on the shows to producers. This paper analyzes Wal-Mart's globalization strategy. Firstly, the paper studied and so the job at Wal-Mart's mission, value proposition to customers and investigated. Secondly, the paper, based on the SWOT analysis, the company conducted a study in an international environment. Third, the strategic management theories and strategies based on factors and competitive advantages of globalization were analyzed. Finally, Case Analysis Report Wal-Mart company suggestions on proposed and were followed by a conclusion.

## **Mission Statement**

Wal-Mart store customers, lawn and garden, jewelry, shoes, electronics, family clothing and toys, including the selection of a board of directors of the goods offered. In 1962, Wal-Mart stores in 1974, which increased to 5. 4 million dollars in sales volume of \$ 700, 000(Gielens, Van de Gucht, Steenkamp, & Dekimpe, 2008). The largest retailer sales abroad enjoy a solid profit, but weak sales and public relations debacles continued to struggle at home with. For fiscal year 2011, Wal-Mart more than 25 billion dollars, a 6. 4% increase in operating income earned abroad AR-based chain saw (Wal-Mart Stores, INc, Annual port 2012). However, administrators found difficult to attract U. S. shoppers. The chain saw the decline of traffic and Wal-Mart, shopping pinched by gas prices, high unemployment, and urban

and rural areas to bring back the opening 40 small Wal-Mart Express stores. Sales beyond, the chain also struggled with a shaky image. In June 2011, the U. S. Supreme Court in favor of promotions and payment and retailer of women blame men threw out a case of discrimination (Freeman, Nakamura, Nakamura, Prud, & Pyman, 2011). Administrators can breathe a sigh of relief when the U. S. lawmakers less depending on chain in Mexico in April 2012 launched an investigation following allegations of bribery, Wal-Mart, another blow. <http://corporate.walmart.com/our-story/International> Business Environment Analysis – SWOT Analysis

## **Strengths**

Wal-Mart Store's three main segments: Sam's Club and the international stores: There are Wal-Mart Stores, Sam's Club and International Stores. Supercenters and Neighborhood Markets are divided into Sam's Club on the other hand and a business of membership warehouse clubs. New York Stock Exchange (Palmer, 2005), Wal-Mart Stores as of January 31, 2004 Discount Stores in the United States about 1478, 1471 Supercenters, 538 Sam's Club and Neighborhood Market in 64 runs. This is a great addition to local operation, Wal-Mart and the international segment, retail sales in eight countries and Puerto Rico process applies. Involved made it into retail stores, restaurants, discount stores, Supercenters, Sam's Club, and many formats, Wal-Mart's international segment. Technology Deployment: up to 6% by the end of the following Wal-Mart's RFID chips will reduce shrinkage and other forms of loss (Huang, Hansen, & Anderson, 2012). This process would be very expensive and time-consuming. For example, the store format: Wal-Mart's one-stop shopping for the family to meet the growing demand will

continue to introduce Supercenters. Not a good one-stop store, the prices in a store, they offer a large selection of goods at very competitive. Can get great discounts from suppliers because of their size and thus pass on these savings to customers (Global 500, 2012). They are local suppliers and other major brands, as well as supply of goods, their production of branded goods. Their size and purchasing power is a great power. They also own management style, frugal be very careful how they spend their money and manage their resources.

## **Weaknesses**

This, at least, has a working relationship, the need for labor and management is important to highlight the negative effects because it reflects. Use the control of such a large organization, and especially the staff to manage a large enterprise. Suppliers in terms of price and are always under pressure with the ability to provide needed. Because of customers often concerned with low prices and quality of the goods. This warranty is offered to compensate to a certain extent with satisfaction. For example, Wal-Mart's benefits package (Matsa, 2011), low-wage and part-time in order to cut costs and maintain their reputation for heavy reliance on temporary help.

## **Opportunities**

Wal-Mart Stores, Super Centers, Sam's Club warehouses and Neighborhood Markets: At its core retail business can be divided into four retail divisions. Combining groceries and general merchandise departments; Wal-Mart stores and super centers " one-stop family shopping" give(Kusum, Jie, Krishna, &

Kruger, 2010). Sam's Club by buying directly from suppliers in the country by providing discounted rates for members of the leading members-only warehouse club. Neighborhood Market food, pharmaceutical and general merchandise for customers who need a convenient shopping experience. And forming partnerships with other countries to enter these countries are probably the main opportunity for the expansion ... strategy 'more of the same' is employed. It is also possible to inherit from overseas companies. Home delivery orders placed through Internet ASDA is a great opportunity in the UK (Singh, Hansen, & Blattberg, 2006). Most of the shops on the edge of the city, such as fuel costs rise and people are less likely to want to travel. There is a strong possibility that the creation of Wal-Mart stores. This overcomes the local objections and increased travel costs. Times of recession, people are looking to save money.

## **Threats**

There are other competitors in the domestic retail, Sears, Costco, K-Mart and Target. Internationally, each country outside the boundaries of a few of their internal equivalent of Wal-Mart has spread. Carrefour (France), Tesco (UK), Metro (Germany) to retail outlets in many countries are no exception. I hate Wal-Mart's potential to compete with local dealers and are likely opposition. In addition, competition from local shops at Wal-Mart is likely to increase as the increase in travel costs. Europe (Harris, 2009), the expansion of the German retailers, Aldi and Lidl, is growing rapidly. These companies offer limited stock, but the local and cheap. ALDI efficiency, Wal-Mart, normally between 20, 000 and 30, 000 items against the name of the game is only 1000 or so, with stock items including Southwest Airlines grocery business.

Although Wal-Mart's large, are likely to compete with similar companies. Low wages and poor working conditions, the 'bad' cheap supply of goods, laboratory and environmental problems of our country - to be successful, any ethical stance is open to attack (Huang, Hansen, & Anderson, 2012).

## **Industry Strategic Management Factors**

Individual customers and excellence (www. wal-mart. com) respect striving for: Sam Walton, Wal-Mart created in 1962, when he announced that he would describe his job three policy objectives. Show the lowest price Wal-Mart's corporate management strategy (Kusum, Jie, Krishna, & Kruger, 2010), involved selling high quality and brand products. To keep the low prices, the company reduces costs by the use of advanced electronic technology and warehousing. It also means eliminating opportunities for the goods directly from the manufacturers do. Wal-Mart's community outreach focusing on the objectives of providing customer satisfaction, with local community services and by providing scholarships, the emphasis on children and environmental issues.

## **Competitive Advantages Analysis**

### **Internal Analysis**

Wal-Mart's company culture, relations between management and employees through the sets contains a list of values and beliefs. This understanding of cultural management and partners', meets the needs of our customers believe in open communication, critical includes an Open Door Policy (Matsa, 2011). Associates can rely on trust and open the door, one of the most important parts of our culture. Sundown Rule is a rule that tries to answer

the request management business recently. Grass Roots Process associates' ideas, suggestions and concerns a matter inandır. 10-foot rule have been greets customers and customer service within 10 meters tactic. About Wal-Mart's team-building associates, the main points of are the using of policy in an effort of listen to their partners. Sam Walton, to help you to grow rapidly in modern life, believes in the power of teamwork Team-work as a big part of the culture of their store (Merrilees, & Miller, 2010). Wal-Mart Cheer enthusiastically shouting in the store to show pride in the company was founded by all the partners. Finally, Wal-Mart associates read stories to carry out their own beliefs and values (Merrilees, & Miller, 2010).

## **Environmental Goals**

Wal-Mart currently has 3 environmental goals: (Walmart. com, 2010). 1. To be supplied 100 percent by renewable energy. 2. To create zero waste. 3. To sell products those sustain people and the environment.

## **Operational efficiency**

Wal-Mart, the gross profit margin improvements, inventory management and return on investment through the development of a disciplined capital allocation processes, operating expenses increased focus to help partners leverage has developed ways to improve labor productivity. Wal-Mart's operating income grew faster than sales, by 5. 2% to \$ 19. 5 billion (Mottner, & Smith,. 2007). In addition, in many countries with competitive advantages in using the innovation has achieved strong sales and market share, it earned.



## **Operational capacity**

Wal-Mart's many stores, distribution centers and communication technology, a major retailer for the effective operation of large-scale. Its Supercenters average of about 185 000 square meters, as well as included as part of the grocery store. By 2010 (Merrilees, & Miller, 2010), Wal-Mart Supercenters end of 2010, there were 2747, which is based on the previous year an increase of 135 stores (Wal-Mart discount stores the converted), respectively. Discount Stores carry a variety of grocery items and general merchandise in some limited size; have a size of 108. 000 square meters. Wal-Mart Stores operated 803 Discount in 2009. General merchandise and a full grocery department, including the size of the average in District Stores are around 42, 000 square meters.

## **External Analysis**

### **Customers**

Wal-Mart's main customer base, the average annual income is \$ 35, 000 (Palmer, 2005). According to the company's appeal to the mass market in a very affordable cost to other retailers offer a variety of goods.

### **Competitors**

Target and Wal-Mart Supercenters similar display formats and the most direct competitor. Wal-Mart averages around \$ 50, 000 a year on the target customer base, which is an advantage. This is higher than Wal-Mart. Kmart is the third discount retailer, but has been declining steadily since 2000, has seen sales. This is a large-scale restructuring and their attempt to compete with the big retailers lost market share (Palmer, 2005). Wal-Mart's

competitors: such as BestBuy consumer electronics, groceries and other specialist retailers such as Safeway, competition, and department stores such as Macy's. Directly from Sam's Club BJ's Wholesale Club, Costco Wholesale and household goods sector competes with the club. Costco, Sam's Club does sell out. International, Wal-Mart's competitors, Britain's Tesco, Carrefour and Germany's Metro are French. This is China, such as retailers (Palmer, 2005), such as Wal-Mart, such as the United Kingdom and Japan markets are similar. Wal-Mart stores, entertainment, electronics and toys at Wal-Mart stores' sales a distant second with 13% of revenues in 2010, won 51% of grocery sales revenues. The company plans to open new stores in 2011, 145-160. Domestic namesake stores, Wal-Mart 4. 304 a0. 9% increase in sales in 2009 (Zhu, Singh, & Manuszak, (2009) over the company's revenue for the year 2010 accounted for \$ 300 billion. This moderate growth in store unique store sales decreased by 0. 7% in 2010 (Wal-Mart Stores, INC, Annual port 2012) and suffered different. In addition, as of 2008, 80 per cent of global suppliers in China Wal-Mart own 60, 000 global suppliers. Wal-Mart and its Foundation, in collaboration with those who are in need of assistance are able to provide life sustaining items, and peace of mind is very necessary. Wal-Mart has recently disasters such as Wal-Mart has helped recently, Chile Earthquake and Tsunami Relief, Haiti Earthquake Relief, and Hurricane Katrina. The Wal-Mart Foundation offers three scholarship programs and also administers the Walton Family Foundation Scholarship on behalf of the Walton Family Foundation. Wal-Mart also supports veterans in the local community. Wal-Mart stores, Sam's Clubs and distribution centers in the loved ones ahead of Wal-Mart stores and

Sam's Clubs in the week, on the Walls of Honor honoring local heroes, ranging from distributed among the families of adopting their own neighborhoods up to take the lead on many projects designed to Veterans Day. Additionally, the company said, and Fair Trade Certified coffee, fresh locally grown produce in their stores.

## **Social Changes**

Wal-Mart rolling out the " Operation Main Street: Money Management," a program that Americans - including those who cannot get customers and economic access to the basic money services are not using a traditional checking accounts (Singh, Hansen, & Blattberg, 2006).

## **Market Trends**

Wal-Mart, yet the United Kingdom and Brazil, and between mature markets, such as emerging markets such as China, focused on balancing risk profile, the price will remain focused on staying leader.

## **New technology**

Wal-Mart has invested continuously to increase the success of many innovative technologies. They help supply chain management and inventory processes UPC satellite technology is used to distribute goods quickly update the database and logistics. The 2000 sophisticated electronic ID tags to track goods with RFID technology has been updated. Inventory tracking devices quickly scan the goods to determine the missing items, and low levels(Zhu, Singh, & Manuszak, (2009).

## **Recommendation – The Role of Going Global**

Wal-Mart in the last twenty years has been the leading domestic retailer. Wal-Mart for the first time in 2002 stood on the (Fortune 500, 2012). Wal-Mart's top ranking as one of the most important sectors of the global rise of retailing, as well as individual excellence and consistently reflect the performance of the company. In 2001, the four major global retailers to meet the company had higher sales. In 2001, the US-based retailers, Wal-Mart's top of the line differential against the sale of more than four times as this is the second-largest retailer, Home Depot, or even more pronounced. The primary success in customer service, supply chain management and has its excellence in the ability to keep prices low. Wal-Mart is facing the problem of determining how to maintain industry dominance. This strategic factors contribute to the problem underlying the U. S. retail market is becoming too saturated and global profitable Wal-Mart has a deficiency. As the leading of Wal-Mart's price, has become vulnerable, including low quality products and stores. Competition, especially the target, you have to increase the quality of products, and a higher income level, aiming to attract customers (Global 500, 2012). This is less than the targeted sales will gain in operating expenses. Wal-Mart, has survived the economic crisis in modern times, however, raises the purchasing power of consumers in the economy may be facing more problems. Luxury goods will be greater demand and retail giant must react quickly in large-scale operations. Consumers may not trust their products to be of high quality and Wal-Mart change its brand image. Another problem is rapidly changing economies, is in the international markets. In example, China is the world is imposed changes in their national economic

stance. For the country that account for about 80% of Wal-Mart suppliers will pay more for Chinese goods is trying to raise the value of Yuan. Finally, Wal-Mart set up shop in Europe on the international focus on the competition. The company has successfully European stores; Tesco is not competed against (Zhu, Singh, & Manuszak, (2009). Such customers to analyze and provide better products and services, competitive strategies need to find out. This type of analysis by the competition can be stored as the destination in the United States. In addition, in order to boost sales in China and India has a great potential in providing new market expansion. Wal-Mart to establish political connections and you need to find the brand or purchase to expand its operations. Currently, Wal-Mart is considering the purchase of Massmart to expand its operations in South Africa (Harris, 2009). This is Wal-Mart's success has not established foreign or domestic political leaders will need to win local support. The retailer expansion of global markets becomes more legal representation and guidance you need to strategy. However, the expansion to Germany, firstly, prevents the extent damage from Germany. It can keep Wal-Mart continue focus on new foreign markets and explore the markets which are more profitable in time. Also, it is shows the strategy that Wal-Mart tried to protect their stockholder profits and maintains the company's working. Secondly, learned the experience from the lesson and improved company's strategies. For firm going global need to have in- depth understanding of the whole local customers' need, want and desire. Furthermore, it is normal to accept the failure when the international company wants to explore in a foreign county. The most significant thing is, when they reviewed the reasons and get the chance, they can try again. As

an international company the strategies of expending should be more flexibly and comprehensive adapt to local area. I think Wal-Mart already learned some concepts from the issue and may be recognized the significant to fits to particular counties or regions. Third, the strategy made Germany know they lost the chance to be an advanced country. It is reasonable to assume that Wal-Mart lost the opportunities in Germany. But it is without doubt that Wal-Mart's presence made Germany's retail environment changed. For example, the IT systems using, the thinking of high labor cost and negotiated with the suppliers. In the fact, the competitors in Germany knows that even though Wal-Mart still has the advantages that they do not have. It means it may not be the right time to persuade Germany to change, but it the world trade to change it eventually. Furthermore, we still need to concerned some side effects about the expansion, like the cost issue, Wal-Mart can get the change to take the cost and profits back. But the cons concerned will be the risk of malfunction still. The result will become worse than presence. Secondly, regulation issue, although HED and BAG still insisted to sued Wal-Mart(Huang, Hansen, & Anderson, 2012), but it still represent that the policy of Wal-Mart made the sales rate increased. But the cons also show that the power of the unions. Third, Customer issue, the most of the customer always count the money more than everything. It also the same main concern of Wal-Mart. Wal-Mart need to adjust more appropriate way win the customers confidence. But, the deeply entrenched of the competitors in Germany would be the hard part to make people change. For the cons aspect, I use the SWOT analysis is identifying Wal-Mart's weakness that characterize the present state of the organization. 1. Money issue-Lost

cost of building the business environment in German. 2. Opportunity - marketing strategy-Lost the market. The Germany retail market is the largest consumer market in Europe and the third largest in the world. 3. The affection of confidence rebuilds. Since the failed instance was happened, some strategies would not be appropriate and need to change. It's challenge the manager's ability and recover the customer's confidence back.

## Conclusion

The advantage of Wal-Mart owns many advantages those competitors are feared. Wal-Mart success extended and enhanced to different countries in the world. The more failed made the company grows stronger and bigger. I think the price advantage is the most significant factors to extend in Germany. But Wal-Mart still need does many efforts to adjust their policy and strategies to import in Germany. The business the bottom line is about how to increase revenue for the shareholders. However, market strategy and plan can be the difference between success and failure. Wal-Mart e-commerce, point-of-sale information managers in the near future, and the possible use of RFID chips with a system that allows you to view the use of information technology has shown continued success. Results indicate that small firms do experience lower gross margin, low operating means and that have a high turnover dependency model. However, a fixed-effects of these companies, taking into account the high turnover only experience as a result of doing small manufacturers business with Wal-Mart, so has the market power than a partner-type model.