Albertson s case study

Business

Summarize of the situation Albertson is the third largest retail store in the United States with 2, 305 stores in 31 states. Their principal goal is to trounce Wall-Mart by investing in technology to keep their current customers happy and bring in new ones. Wall-Mart incomes annually are about $56 million and Albertson are about $20 million so we are talking about nearly triple its size in sales. 2.

Questions a. Analyze Albertson using the value chain and competitive forces models.

CEO and president of Albertson, Larry Johnston is using IT to be more successful y keeping prices competitive and offering the customer a better shopping experience. One of the technologies Johnston is applying to his stores is self-service checkout stations so you don’t loose time making line at the cashier, but also he is saving approximately $100 million of the payroll salaries. In terms of logistics Incision consolidated distribution centers that are coordinated using the web to reduce cost and gain efficiency.

Also, Albertson strategy by implementing this technology is to encourage customers to buy more products that they usually do. If Ingestion’s strategy works with success he would have a great success but he faces a hard opposition to change by the customers and employees. B. What role do information systems play in Albertson business strategy? How do systems provide value to Albertson? Information systems are the most important role in Albertson business strategy because its value relies there.

They aren’t cheaper than Wall-Mart so they need to reduce costs so they can lower the prices and give customers something that the competition doesn’t have. Information systems provide value by reducing costs, more efficient warehouses and giving their customers a new shopping experience by applying technology.

Compare Albertson to Wall-Mart in terms of business strategy, current success, and future success. Albertson Anal-Mart easiness Strategy Technological, Specialized and customized stores.

Use intimation technology to keep prices competitive and also making shopping more compelling. Simple presentation and cheap. Big-box stores that cover expansive square footage and offer extensive products selection. Current success $20 million sales Variable growth rid place in the unites states Earns 1.

Cents per dollar of sales $56 million sales Constant growth Leaders in United States. Earns 3 cents per dollar of sales Future success Albertson have plans to grow exponentially and has financial backing to continue investing in technology.

If people approve the new method of shopping Albertson Nil achieve great success. Wall-Mart has been successful for a long time therefore I assume that their success will continue growing until there is a revolutionary change. This Change may happen with the new ideas that Albertson has but Wall-Mart has a great advantage over his competitors, low prices.

D. Which management, organization, and technology factors hinder Albertson from achieving the goals of its business strategy? Which management, organization, and technology factors help Albertson achieve its goals?

The main problem Albertson faces is that they will have to persuade customers and employees that this technological change is good for business. In terms of organization, they are building a new brainpower team so this team will have to understand the situation and work together by leaving their differences apart. This new team Johnston is forming is the clue to make things happen and achieve their oils. The use of RIFF tags on all products shipments will help Albertson to manage efficiently their supply chain. 2.

Do you think Albertson’ business strategy will work? Why or why not?

Yes, their strategy is well planned and seems to have much success but we can’t rule out that money talks so Albertson will need to manage and lower their prices so they can compete against Wall-Mart. The ideas of the CEO, Johnston, are very interesting and I think it will be successful because the technology today is the future. 3. Conclusions This case study shows the plans of Albertson toward the goal to trounce Wall- Mart. The plan basically consists of two main points.

The first is to bring together a team of skilled and experienced work to find the right way to carry out the plan.

The second doctor is to invest in new technology to attract the attention to customers through a new system where customers will experience a new way of buying. This factor is divided into two main roots. The first is to provide products and technology that competitors do not have on their shelves and the second I think is the most important is the reduction of costs through automatic pay stations and implementing ewe information systems to control the stores and improve management of the supply chain by using RIFF or electronic Kansas.

The company’s success depends on the approval of the people and the response that competitors might have about the situation. A big problem that can be found in Albertson is the profit margin they have and when compared to the profit margin of the competition, that is twice we can realize that there are many areas of opportunity for improvement.

Albertson is a company that faces a great future if they take the right decisions at the right time.