

# Walter is the largest retailer in the united states

[Business](#)



Walmart is the discount superstore that is known for their low price guarantee.

Walmart's two main competitors are Target and Amazon. Amazon is the biggest online retailer, and Target is another huge discount super store.

Walmart's strategies set the company apart from their competition.

The economy has been stagnant with little growth, after its downfall in the past years.

With consumers having less money to spend, they often shop at extreme value or discount superstores such as Walmart. Walmart's target market is the working class. The working class citizen is looking for a great deal and central location for everything. The average Walmart customer makes around 30,000-60,000 a year, whereas Target their neighboring discount superstore caters to a customer that make 64,000 and more a year (Marsha, 2012, p. L).

Walmart is known for their low prices, Target is known for their private store brands and their quality of products. Amazon's target market is everyone which really puts a dent in Walmart's customer base, Amazon is not concerned with demographic boundaries, much like most businesses because it sells a wide range of products from designer names to affordable everyday goods. Amazon is the go to store for an online shopper, this hurts Walmart's online business tremendously.

A strength in Walmart's product assortment is the wide majority of items the company sells are necessities, and are bought in all cycles of economic growth and contraction (Gunter, 2012, p. L Walmart sells basic products, these are products that are seen as necessities that you need all year round. For

<https://assignbuster.com/walmart-is-the-largest-retailer-in-the-united-states/>

example Walmart sells products such as basic clothing, hygiene products, and food all at low prices which draws the average consumer into the store because of its affordability and convenience.

This is a weakness to Walmart's competitors because Amazon offers a wide range of products at all price ranges, so when the economy is down consumers only consistently buy a portion of their products and the rest of the inventory sits. Walmart's other competitor, Target is at a disadvantage with Walmart's product assortment because Target offers similar goods that Walmart carries, but at lower prices. If a consumer is shopping at a discount super store it is for product cost, as well as convenience.

A strength in Walmart's pricing is that they ad match. Walmart will give the consumer a product at a lower price if you can find it advertised online or in a store for less than what Walmart is offering it for.

To compete with Amazon, Walmart is extending its Ad Match program to Walmart.com customers. Customers who purchase an item on Walmart.com, and find a lower price in a local brick and mortar competitor or online store, can email Walmart and receive the difference on a Walmart gift card (Walmart, 2013, p. L).

Walmart generally has all of basic necessity consumer goods that Target has for a cheaper price, when buying a single expensive item or going on a large shopping trip Walmart's low prices appeal to a large consumer base. A

Strength in Walmart's most recent advertising campaign is called "The Real Walmart" this advertising campaign consists of people from all walks of life shopping at Walmart and explaining the Walmart offers, but the positive and <https://assignbuster.com/walmart-is-the-largest-retailer-in-the-united-states/>

productive aspect that Walter is for the American economy. The campaign primary focus on television as their form of advertisement.

Bill Simon, the president and CEO of Walter states, “ We have wanted to do this for a long time because we know that people trust Walter even more when they understand the opportunities we provide our associates, who the customers are that shop with us and how we deliver low prices (Buss, 2013, p. L). Amazon does not spend a lot of money of traditional advertising, but in making sure each customer has a great experience and relies on word of mouth advertising (Finities, 2008, p.

L). Target also has many television ads, but Targets is more focused on the fast fashion that they sell at affordable prices.

Walter has the most effective advertising campaign because it appeals to all demographics and reaches everyone. An opportunity Walter has is to get customers to impulse buy. Walter is a discount superstore and offers all the products you need in one location.

One stop shopping is convenient and most consumers prefer it. Discount super stores cause customers to impulse by because there are so many products in one location. Walter on average is only 5 miles away from any consumer. Consumers go to Walter for a one stop and to save on gas, but the money consumers save on gas they often spend on items they don't need.

Walter causes their customers to spend extra money by creating a store layout that is constantly drawing you to the next product.

<https://assignbuster.com/walter-is-the-largest-retailer-in-the-united-states/>

Customers are less likely to impulse buy in Target because of the slightly higher prices, it makes the customer rethink their decision when purchasing reduces. It is very difficult to get customers to impulse buy when shopping on Amazon because it is an online retailer. Every item is sectioned off by what it is and the price range, so it's easy to get what you need and check out. An opportunity for Walter is to advertise to a health conscience consumer.

Walter targets the low income consumer by advertising their Junk food on sale. In an article about Walter advertisement it is stated that, " Only 3 of the 36 discounted items in the ad were labeled " Great for You," while 10 of them touted high-sugar, high-sodium, or high-fat junk foods.

The ad did not include any coupons for fresh fruits or vegetables" (Harkens, 2103, p. L). Walter's ads do not currently promote a health conscience lifestyle. If Walter started advertising healthy options, such as their sales on produce it could draw in more potential customers.

Walter does not market produce as much because the margins are very minimal, and they don't want consumers just buying produce from their stores. What Walter fails to realize is advertising both produce and Junk food could enhance their customer base.

Target advertising mostly produce as well as in style clothing, and home goods. Their ads grab the consumers attention. Amazon advertises everything from electronic, apparel, to toys. Amazon appeals to a large customer base when advertising. One more opportunity would be to enhance the quality of their store's private brands.

<https://assignbuster.com/walter-is-the-largest-retailer-in-the-united-states/>

Walmart does not have quality store brands their store brand such as Great Value is seen as a gap filler.

This product fills the gap between premium priced items. Target's private store brands such as up and up successfully duplicate name brands at a lower cost. Amazon does not have a private store label, but they do have basic brands to designer brands. Nettles of times for the treatment of their store employees. There have been many different stories of companies employees not getting enough pay, ours, and benefits.

Walmart is such a large company and cannot afford to pay their employees that much above minimum wage, because they do have so many employees.

The employees should have the opportunity to work full time and receive benefits, which Walmart lacks in. Its competitor Amazon is not doing much better for themselves. The company Amazon is being accused of pushing their workers to mental or physical illness. A man working for Amazon had a stroke of the heart, the man was expected to do the following, " Littler was employed as a " picker," whose task was to search 800, 000 square feet of storage space to find goods to fulfill Amazon customers' orders.

Littler was expected to walk as many as 11 miles per shift and to find a product for shipment every 33 seconds.

(Pendleton, 2013, p. L)" Amazon's conditions at work are becoming increasingly more difficult. Target workers face the same type of law suits, a recent article says, " Entry-level hourly workers in Target stores earn roughly the same pay and have more difficulty qualifying for health care coverage

<https://assignbuster.com/walter-is-the-largest-retailer-in-the-united-states/>

than their peers at Walmart. Both retailers oppose unions and have taken steps to prevent organizing efforts in stores. And both have outsourced jobs overseas to save costs. (Series, 2005, p.

)” All Large super stores are facing problems with working conditions, and as a result they are getting law suit left and right. Another Weakness is that Walmart has a high employee turnover, this means employees don't stay long. Employees don't stay long because of the low pay, benefits, and the amount of labor. This is the same for many of the super discount stores because of the number of employees the faster the customer turnover the worse the customer service is. Walmart in the past and today has gotten a lot of negative publicity. Walmart gets negative publicity because of their low wages, long hours, and little benefits.

The negative publicity often comes from the treatment of their employees. A threat of Walmart is increasing competition from brick and mortar and online competitors. Walmart has a huge base of stores at over 4,000 in the United States and a massive distribution system to support the stores. As discussed in the Strengths section Walmart is trying to leverage the store infrastructure to compete with in the online market. However, those stores represent a huge cost that online only competitors like Amazon do not have.

Amazon is willing to operate at razor thin margins of 1-4%.

Online only retailers have a lower cost structure and can compete with Walmart on price even though Walmart is very strong in pricing. This is because Walmart has higher costs. “ The Threat of Amazon to Walmart's U. S.

Operations Is Real, But overplayed" (Pendleton, 2013, p. L). Walter's size can also be a problem with other brick and mortar retailers. Walter is a massive operation and it is easy to meet the needs of most consumers when it comes to staples and everyday items. Specialty items or items for higher end customers are a not well suited to Walter's business model.

Target has had some success with lifestyle brands.

They team with designers to offer Target exclusive products that appeal to higher-end consumers. " The retailer is teaming up with luxury merchant Anemia Marcus to offer a limited designers, including Oscar De la Rental and Diane von Frequenters will be available at both stores and on their websites starting DCE. 1 until they are sold out. Target is also bolstering its home area with names like Ante Berks, which launched late last month" (Marsha, 2012, p. 1). The second threat to Walter is Increasing resistance from local communities.

Headline like " Wall-Mart Means Fewer Jobs, Less Small Businesses, More Burden on Taxpayers" are growing more common(Walter, 2013, p. 1). As Walter moves into a community the pattern has been that smaller local retailers are pushed out and the total employment decreases. Walter is given tax incentives to locate the business in the area. Local businesses do not receive the same benefits.

In addition, while people like low prices, they also like smaller " mom and pop" shops where they can feel a local connection. The third threat to Walter is using commodity prices. Walter has built its business based on the lowest possible process model.

<https://assignbuster.com/walter-is-the-largest-retailer-in-the-united-states/>



As prices for commodities rise Walter must accept lower margins or raise prices. Walter cannot influence the cost of the commodities that make up the products that it sells.

The internet has revolutionized the world of commerce much as it has shaken up every industry it has touched. Walmart is playing catch up with their distribution networks. Walmart has really lagged behind the biggest online retailer Amazon. Amazon has spent the past 15 years building warehouses and distribution networks (Banjo, 2013, p. 1). Instead of copying Amazon, Walmart wants to use their brick and mortar stores they already have to their advantage.

Walmart plans to fill orders from their 4,000 stores across the U.S instead of building additional distribution networks. (Banjo, 2013, p. 1). The company said "Tuesday it is investigating a plan to use the back rooms of its larger stores as mini-warehouses to hold goods for smaller outlets nearby as a way to trim costs" (Banjo, 2013, p. 1).

Utilizing the space the company already has will be cost efficient and help them expedite products to local stores. Commerce has not been paid the attention by Walmart, as it is being paid right now.

This is a process, if Walmart is going to be the leader in Commerce as they are in Brick and Mortar this is going to take time and money. The online format is close to identical with the store format. The online format operates efficiently and correctly, Walmart needs assistance in filling orders in a cost efficient and timely manner.

Walmart is the world's largest retailer and is noted for having a top brand in social media. Walmart as well as Target and Amazon pinpoint where their target consumer is on the internet and advertise in those areas. A time tested online strategy is email, both of Walmart's competitors use email as well.

Email lets the company inform the customers of any sales and promotions, and also offer deals and discounts to encourage the customer to come in. A mobile strategy that has become widely accepted is APS for smart phones, these APS take the place of catalogs and allow the coupons to be scanned from the barcode on your mobile device.

The latest growth strategy Walmart stores are using is the concept of getting bigger by going smaller. Walmart has built the world's largest retail chain by opening account superstores in every major market across the United States.

These new people prefer to work and live (Drummer, 2013, p. L). The smaller Walmart stores are called Neighborhood Markets. An average Walmart store is 185,000 square feet.

The new condensed stores will be a fraction of the average Walmart's size at 48,000 square feet (Banjo, 2013, p. L). Cutting the store space by more than half will limit the shelf space, and cause the Neighborhood Markets to have fewer choices. The target customer for the Neighborhood Market stores want to be in-and-out and don't want to navigate through countless aisles and long checkout lines.

Target has taken notice of the success of Walmart's Neighborhood Market stores. Target has created a smaller version of their discount superstore called Citrate.

Target has been less successful in the development of condensed versions of their superstores. They have only successfully built seven stores (Drummer, 2013, p. 1). Target's stores are a fraction of their superstores at 80,000 square feet, but still twice the size of Walmart's express stores. Target's Citrate stores appear to still be too large and bothersome for the urban consumer (Drummer, 2013, p. 1).

Amazon, being an online only retailer has chosen to compete in this space by offering same day shipping. For customers that are willing to pay a premium price they can have the benefits of same day shopping with an online retailer. This is very convenient for consumers who do not have time to pick up items. One of Walmart's sustainable competitive advantage is the company's ability to respond effectively and promptly to changes in demand and competition. Walmart has responded to its competitor, Amazon, an article in Forbes states, " Walmart is still testing same-day delivery in four cities.

The program uses stores as fulfillment centers and if expanded, could turn 4,000 stores into bases for same day delivery' (Heeler, 2013, p.

1). Amazon offers same day delivery on many of their products. Walmart is trying to boost their Commerce sales by offering same day delivery on all online goods. Walmart is adding such advancements to their online shopping program, will encourage more consumers to shop Walmart. Com. Walmart's

annual online revenues are 9 billion dollars, while Amazon's 4th quarter revenue was 21.

27 billion dollars (Heeler, 2013, p. L).

Walmart has moved up to the fourth largest Commerce retailer because it constantly adapts to compete with other retailers. Another sustainable competitive advantage is providing goods to consumers at lower costs. Walmart is able to keep their products at such low and affordable prices because of its extremely large stores and its thousands of locations worldwide.

This gives Walmart extreme bargain power with suppliers, and the buyer can purchase the products for less and allows Walmart to sell them to consumers for less. The price-conscious customer repeatedly shops at Walmart because of their low price remunerates.

The size of Walmart, the world largest retailer, is a stable work environment for the employees as they are provided with ample job opportunities. Walmart's competitors Amazon and Target have very different sustainable competitive advantages. Target's sustainable competitive advantage is its Wall-Mart like prices without it having to sacrifice its "style". Target offers a similar product mix to Walmart, but caters to a higher income customer base.

Target offers lower prices competitive advantage is their speed and product assortment. Amazon has thousands of products that all can be delivered the same day.

Amazon storefront give all retailers and individuals the capability to sell and distribute their products through Amazon. Walter's cooperate social responsibilities to families that shop at Walter, is to help families stretch their paychecks by offering low prices. Walter also buys products from all around the world to help boost their economies, and improving working conditions in those countries in which they source their products from (Walter, 2013, p. L).

Target does something a little different. Target donates 5% of all purchases made for the year to the community.

Target has been dedicated to helping the community since its doors have opened. Amazon's online appeals to its customers have raised more than \$35 million in disaster relief funds. All three retailers have effective social responsibility programs.

Walter's in the only program that directly benefits the consumer, by offering such low prices. All together Walter has showed that they are a successful offline and online. Walter is constantly changing and adapting their methods to stay on top of the market. Walter is constantly coming up with new ideas and new ways to generate my money.