

Walmarts internal behavior and influence on consumer choice marketing essay



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The Walmart Group of Companies was founded in 1962 by Sam Walton, since then the Company has curved an inch for itself as being the leader in running and management of the retail stores around the world. Sam Walton like any entrepreneur didn't aim at making the company to be among the largest chain of retail stores in the world, he just wanted it to the best performing. Due to excellent marketing skills of the company and its good rapport between with the customers, it however managed to perform better than its competitors and hence its rapid growth. The Walmart Group of companies employs thousand of people and operates hundred of stores around the world, the company's major departments in most stores are: apparel / jewelry, baby stores, electronic shops, pharmacy, grocery stores, health and beauty services, furniture etc.

The purpose of this paper will be to critically analyze the various activities of the Walmart Company. The paper will look at the organizations internal behavior of the as well as the behavior of its staff. It will address how this behavior affects consumers' choice of its products and services. In addition, it will look at the external factors (consumers / suppliers / distributors) and how this has affected the functions and operations of the company.

The consumer decision making process and the fives steps involved in the process will also be looked at. The growth in the internet communication technology has changed the way businesses are conducted; it will also be discussed as a major factor. The paper will close by giving a summary of the five basic findings of the operations of the Walmart group of companies and what the future of the company looks like.

Walmarts Internal Behavior and influence on Consumer Choice

A good marketing strategy by an organization can determine the number of clients it attracts. According to OPPapers (2010), the company's philosophy, values, mission, goals and objectives are other important elements that determine the future of the organization. The Walmart group of companies is marketed by its motto " Save money, Live better" (Walmart, 2010). The organizations behavior of the Walmart group is the main reason the company has managed to remain relevant in the business world for many years. Some of the organization behavior that can be observed at the all the company outlets include; communication, team work, the decision making process, advertising, pricing among others OPPapers (2010).

Communication process: The communication aspect of the company has adapted to a " two way traffic" model. This is where the channel of communication is free among all the employee of the organization. This has further been boosted by the democratic leadership style which was introduced by the founder of the companies, the late Sam Walton. The communication process has made the decision making process an easy task.

Team work: The efforts of each and every employee in an organization can either build or destroy the reputation of the company. The staffs at all the Walmart outlets work in unity and display high degree of discipline and cleanliness. This has on many occasions contributed to the influx of clients at its outlets.

Pricing: When it comes to pricing as an organization behavior, the Walmart has proved to be the leader. Most prices of its goods and services are lower as compared to its competitors and this has put the company on the spot. The company has been able to motivate and attract clients by offering the lowest prices and the widest range of quality products. For instance it hopes to account for 50% of household goods sold in the U. S by the end 2010. Its prices are 14% lower than other stores offering the same products (Werther & Chandler 2006, p. 84). Bearing in mind the lifestyles of its shoppers it is a retailer that predominantly focused on rural areas that retail chains like K-Mart and Sears ignored, bringing value to the consumers living there.

Advertising: Advertising of the company's new products and services reminds clients / consumers of the existence of the company. The Walmart runs electronic, print media and bill board adverts in the US and the whole of Europe on a daily basis. Its advertising is described as a cottage industry (Brunn 2006 p. 173). The company spends \$2million a day on television advertising knowing that its customers are not ardent readers (Brunn 2006 p. 173). The company is also able to evoke the emotions of its shoppers. For instance it sells Fair Trade coffee and is involved with Mercy Corps efforts to help farmers in Guatemala and holds the position of the largest employer in America.

Walmarts External Behavior and influence on Consumer Choice

The external behavior of the company directly determines the response it gets from its clients. As a company that has been in existence for more than

50 years, the Walmart Company has been able to compete fairly for its clients.

Competition / Rivalry: The competition among the different players in the retail industry has been on a steady increase however the Walmart Company has been able to remain afloat because of its numerous outlets that are easily accessible. The company boasts of 2373 discount stores, 1104 super centers and more than 1000 international outlets (Walmart, 2010). This has enabled it weather off its competitors are retain its position as the “ consumers choice”.

Pricing: Compared to its main competitor the Kmart Corporation, the prices of its products and services are relatively cheaper. The reason for this is its target group of clients – the rural people. With this the company has continued to register good profits and it’s among the leading revenue generation company in the US.

Other external factors that have made the company continue to grow is that the company has endorsement with players in different fields and industry (sports and sports personalities, food and beverages, healthcare among others). These factors have positively contributed to the growth and expansion of the company in different regions.

Consumer Decision-Making

When it comes to the consumer, the decision making process on where and what to purchase can be a complicated thing if not well planned for. The process of decision making by most Walmart consumers covers five (5)

different stages:

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Need Recognition: Matsuno (1997) has observed that before a consumer makes a purchase he / she first identify the “ need” or purpose of the goods / services. After that, the client / consumer will go to the next step.

Search for Information: The consumer(s) will then go ahead and search for the relevant information about the need / goods or services that they wish to have.

Evaluation of Awareness: At this stage, the consumer will go in detail to analyse the product or service that they would have identified. This will be based on the quality, price, brand, expiry date, easy availability among others.

Choice: A product that meets all or most of the above stated specifications is the one that will be given top priority by the consumer (Matsuno, 1997)

Post choice evaluation: This stage comes after the consumer has purchased the product. It covers the following segments, purchase, product use, disposition, simple evaluation and finally repeat purchase motivation. If the consumers’ needs were satisfactorily solved, then he / she will visit the same store again for another purchase.

Purchase

Product Use

Disposition

Simple Evaluation

Repeat Purchase Motivation

Figure 1 below shows a simple post choice evaluation process (Matsuno, 1997).

Fig 1: Post Choice Evaluation Process

Source: Source: Hawkins, Best, and Coney (1983)

Problem Recognition

Information Search

Evaluation of Awareness

Choice

Post Choice Evaluation

Figure 2 below shows the five (5) steps of decision making process (Matsuno, 1997).

Fig 2: Steps of decision making process by Walmart Clients

Source: Adopted from Kotler (1997), Schiffman and Kanuk (1997), and Solomon (1996)

The Impact of Internet Communication Technology on the Future of Walmart Company

The growth and development of the internet communication technology has revolutionized the way business is conducted. The introduction of social site

like tweeter and facebook has made marketing and advertising of the
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company's products and services easier. The Walmart Company stands to benefit in a great way from this new technological innovations.

As an international brand, Walmart consumers will be able to easily access its products and services from any location in the world. This is a good sign for the company since it stands a great chance of increasing its client base and market growth. The future of the company lies in how effective its management will make good use of the internet as a marketing and advertising strategy.

Summation

The Walmart chain of retail stores has developed from a single store to a multi million business. According to this research, there are five (5) important things that have enabled the company grow and prosper. In a summary they are; The growth and innovation of new technologies in the internet communication technology (ICT) sector, the external influence from its competitors, the internal behaviors of the organization, the decision making process that the consumers , the marketing and promotion strategies used by the company.

The above factors have contributed positively in one way or the other to the growth and development of the Walmart Group. The future of the company looks bright especially with the growth of ICT which has made the marketing and advertising process simple and faster. The future of the Walmart will also be determined by its pricing strategy as a way to fight off its competitors. As its motto goes " Save money, Live better", it is the clients and consumers who will tell whether this is true or not.