Case Study Analysis

Name of Student

Name of institution

**Answer 1**

Walmart is an organization that deals in discount retailing and operates retail stores along with websites to sell its products. It has taken over a half century to become the biggest retailer of the world. The business model of Walmart revolves around lowest prices both in terms of selling to customers and purchasing from suppliers. The model also shows the power of high volume sales made by the company. Because Walmart sells huge quantity of goods to cover for lower prices. The company does not try and make profit on individual items but on the whole lot of sales. An important part of the business model pertains to stocking which allows customers to get any of his desired product at any point in time and they do not have to go to a competitor because of any cheaper product available or a product not available at the store (Banjo, 2014). This calls for a very strong supply chain for the company which makes an important part of its business model. The basic strategy followed by Walmart is market penetration because it penetrates the existing market by increasing the sales volume for its products.

Amazon’s business model is based on online selling. This includes selling the products online and making sure that customers get their deliveries on time and exactly as they have been ordered. The strongest building block of this business model is the low shipping cost that has been maintained by the company. The major strategy adopted by the company is differentiation because it is stocking and selling a large number of products other than books which they started selling in the first place. With differentiation, the company is also pursuing growth strategy which means that it is growing the number of products available from its platform. Just like Wal-Mart, low pricing is also an important part of the business model of Amazon but these prices do not completely define the business model. Over the direct competitors, Amazon has an advantage regarding lowest shipping costs and timely delivery.

**Answer 2**

Information technology has played little role in the Wal-Mart business because a negligible percentage of its customers buy online but it is now trying to introduce online services because Amazon has posed serious competition to it. The information technology has played some part in terms of inventory management for the company. There are systems which show what items have to be recouped in the inventory and supplier will also get this information so that they can timely provide the supply. There have been websites developed by company which are now aimed to be used as online selling platforms. The development of various applications will also enhance the role that IT plays in Wal-Mart business. There is a monitor of competitor prices installed on company website which allows it to detect any changes in these prices.

The amazon business model is all about the best use of information technology because the company primarily sells its products online. The introduction of Amazon devices is an additional role of information technology. Being already in the IT business, Amazon will successfully collate its website and devices so that customers are able to place orders through their devices company can cater those orders as if they have been placed from the website itself (Bensinger, 2014). Company taking over the online shoe seller will provide it with multiple benefits. The diversification will be attained because a new product will be added to the line. As opposed to the past, Amazon is trying to become available in the form of brick and mortar stores. The fulfilment centres are opened to facilitate the customers in getting their products delivered quickly.

**Answer 3**

Walmart’s organizational strategy is based on the lowest cost charged by it to customers. IT can play an important role in influencing the company strategy. A coherence has to be developed between company website, store system and devices of customers which will facilitate customers to order online, either get delivered or they will go and pick their purchase from the store. In both cases, the company will be able to enhance the volume of its sale and will be able to charge lower prices as well. Connecting all parts of supply chain to the devices will help the company further improve its stock management. Currently, the company is working in the form of stores only. The company has to make sure that it uses its strength of physical existence to integrate the online sales and delivery within its system.

Amazon will have to do the exact opposite. While pursuing the growth strategy, company can make sure that it grows physically as well. This will make sure that people can get their orders delivered in time and without unnecessary delays. The company is trying to take over different companies to increase the products which it offers to its customers so that it can compete with Wal-Mart. Using the strategy of growth, the company can select some countries where it can start the physical sales on a test basis. It has to find supply chain partners from all around the world so that customers can receive products in all parts of the world. In order to be successful both companies have to focus on relative strengths. Amazon will have to focus on integrating the online selling model into the physical inventory and stores set up. It will have an important role to play in this respect by allowing virtual displays of shops in front of customers.

# **References**

Banjo, S. (2014). Wal-Mart Looks to Grow by Embracing Smaller Stores. *Wall Street*.

Bensinger, G. (2014). Amazon Unveils 'Fire Phone' Smartphone. *Wall Street*.