Cover Sheet

International Business: Wal-Mart

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## Abstract

Wal-Mart remains one of the leading retail brands in America. The discounted stores and supercenters are operating to offer low-cost products to the consumers. The mission of the firm is to minimize the costs for consumers and targeting different income groups. The corporate vision is to remain a prominent player of the retail business. The company has opened over 633 stores in 27 countries. The firm is understanding cultural differences for maximizing customer base globally.

## Introduction

Wal-Mart was created by Sam Walton in 1962 based on the idea of offering low-cost products to consumers. Walton owned 24 stores in 1962 that allowed the company to generate revenue of $12.7 million. After gaining the title of the public traded company it managed to sell stocks of $16.50 per share. The low-cost idea of Walton attracted numerous customers from America. The retail store offered unique and amazing shopping experiences for the customers. The company also emphasized on integrating technology (Wal-Mart, 2015). By 1972 the number of stores was increased to 51 and sales were recorded as $78 million. Wal-Mart Foundation was established in 1979 and the company reached sales of $1 billion in 1980. The number of stores was raised to 272 which provided employment to 21,000 people. Walton died in 1992 but the legacy of the company continued.

## Company profile

Walmart is one of the most valuable retail brands in the world. With each passing year, the company managed to generate more revenue and profits, making it one of the leading retail brands in the world.

## Mission statement

The mission statement of Wal-Mart is to provide the opportunity of saving money to the people and living better lives. The statement was also established for targeting customers and the company adopted marketing Mix of 4P. It further emphasizes on improving the lives of employees by offering them opportunities for earning. Company's agenda is to sell large-scale cheap imported goods at affordable prices.

## Vision statement

The vision of Wal-Mart focused on giving a unique shopping experience to the customers and changing competitive landscapes of the retail industry. The corporate vision is to remain a prominent player of the retail business. The emphasis is on business flexibility and accommodating customers.

The financial position of the company depicts that Wal-Mart will be able to meet all short-term obligations. The company has an effective policy of meeting its debt depending on constant sales of inventories. The assets and liabilities to net worth ratios show that while Wal-Mart is only slightly higher than desired. It will not put the company’s creditors at risk in a situation where sales will rise. Wal-Mart is in a position to handle downturns in sales without running the risk of financial trouble. Overall, Wal-Mart’s financials show the company has increased profits over the last ten years, there is still work needed to improve its financial position. If these changes are not made, any recessionary periods could cause Wal-Mart to breakdown financially and default on payments. Wal-Mart needs to develop new strategies to increase sales.

## Global strategy

The Global strategy of the company is focused on expanding its business operations by opening more stores across the world. Wal-Mart complies with the custom and trade laws for managing import and export. The commitments of the company assure the provision of accurate information about imports and export to the government agencies. Trade compliance of the company aims at establishing standards and controls in the areas of the service provider and brokerage management, trade sanctions, market-specific imports and export processes (Wal-Mart, 2018). The company has opened over 633 stores in 27 countries. The firm is understanding cultural differences for maximizing customer base globally. The company has maintained a dominant presence in counties like China, Brazil, UK and Canada. Walmart model to the local market is adopted for addressing consumer needs. use of technology has allowed the company to create a homogenous global experience (Iwu-Egwuonwu, 2011). it is focused on attaining strong competitive advantage by adopting the internationalization plan. social factors are considered for attracting customers in each country. The company conducted market research for finding consumer preferences such as the majority of the Chinese population make purchases through mobile phones (Govindarajan & Gupta, 2002). Off-shore retail stores are also developed in foreign countries for managing stocks and supplies. While operating at European markets Walmart has considered the values and cultural factors for understanding consumers.

The global strategy of Walmart is also emphasized on maintaining originality. Non-local managers are hired for reaching customers from foreign countries. This has allowed the company to avoid serious financial consequences (Hunt, Watts, & Bryant, 2018). The global imperative of the company is to raise its sales and profits by satisfying employees. The success of Walmart is linked to its motivated workforce. The company is hiring employees who are local and foreign for creating a diverse culture. Overall, Wal-Mart's financials and ratios show the company has increased profits over the last ten years, there is still work needed to improve its financial position. If these changes are not made, any recessionary periods could cause Wal-Mart to breakdown financially and default on payments. Wal-Mart needs to develop new strategies to increase sales.

## Current business activities

Walmart is operating three types of outlets including stores for clothing, small appliances, hardware, linens and sporting goods. Sam’s club is offering bulk items to the customers who are purchasing warehouse memberships. Supercenters combine inventories and offer a discount store having a full line of the supermarket. The company is generating massive revenues from these domains. The domestic markets of the company have been saturated and America accounts for only 4% of the world population. The company is also utilizing the domestically developed local knowledge form expanding its business activities.

## Operations

Wal-Mart follows the business model of the high cost of low price. The company's ideology is to offer products at the lowest retail prices in the market. It aims at selling at the cheapest prices compared to the competitors. When customers are allowed to purchase dairy products at the lowest prices they are convinced to buy. The customers believe that they have gained value by purchasing at a low price. When consumers are making choices on purchasing they want to save money. Wal-Mart gives them the opportunity of saving money by allowing shopping at the lowest price. Every buyer is cost conscious according to Wal-Mart this makes the low-cost model more attainable (Wal-Mart, 2015). This strategy of the company allowed it to grow throughout the years. low-cost model is the primary reason for the company's strong market position and good reputation.

The model relies on economies of scale that suggests reducing prices of purchasing from the vendors. When the company buy at low prices it is more likely to sell at discounted prices. Wal-Mart believes that customers choose between alternatives and purchase the one that gives them some economic benefit. To make better use of economies of scale the store is established on the most ideal location. This adds to the strength of the company because 90 percent of the people are living in locations that are closed to Wal-Mart (Wal-Mart, 2015). Easy access to the store encourages customers to buy products from Wal-Mart. Strategically Wal-Mart enjoys a competitive advantage due to its geographical location.

## Distribution channel of Wal-Mart

Wal-Mart has built 173 distribution centers comprising an area of 125.8 million square feet. The distribution centre in the city or Manhattan is of 661 square feet. Suppliers’ relation is another feature of the company's business model. Maintaining strong connections with suppliers gives a margin of selling products at the lowest prices. Wal-Mart has entered into the business of outsourcing its point-of-sales information to the suppliers. This is an effective method for maintaining inventories and eliminating possibilities of waste. The company focus on estimating the life cycle of the products that prevent the stores from storing excessive products. This has allowed the company to maintain efficiency in operations (MWPVL, 2018). providing information to the suppliers has increased efficiency in inventory operations.

Wal-Mart’s low-cost business model is impressive and adequate for earning returns. it was only due to lower prices that the company managed to earn huge revenues. The profits grew consistently because the company's ideology was on grabbing customers. Lower prices added competitive advantage because this allowed Wal-Mart to grab larger market shares. The company focuses on giving the best customer service that leaves a good impression on them. This is also linked to customer satisfaction and remains one of the dominant factors of success. Another thing that impresses me about Wal-Mart is its strategy of building a strong relationship with customers. Get the message to the customers is an effective strategy for increasing the company's sales. Wal-Mart has a strategy of entering households becoming part of families. This remains the central factor behind the company's growth and progress.

## E-commerce

Walmart has developed its e-commerce for competing with strong rivals like Amazon. The company has a strategy of selling products through online channels for increasing the customer base. Due to the increased dependence of society and youth on the internet the demand for online retailing has increased. E-commerce is an effective strategy for raising sales by offering convenience and easy purchase methods to buyers. The e-commerce growth of Walmart is staggering at 43 percent and it has surpassed many online sellers. The company has established a relationship with many online retail acquisitions for capturing online customers. The E-commerce strategy has allowed the company to earn increased profits and sales (Wal-Mart, 2018). Walmart is focused on targeting urban millennial through online channels by offering a range of products such as footwear, clothing, women intimates, home accessories and fashion products.

The prominent competitor of Walmart is Amazon so the e-commerce strategy is aiming at forming strategic partnership for capturing wider market share. It has a partnership with Google and offers the feature of voice with Google Home. Walmart and Amazon are undergoing strong battle over the online apparel that poses challenges for offering better purchase online experience to the buyers (Govindarajan & Gupta, 2002).

## Marketing

Walmart has adopted different marketing strategies for maximizing returns. The company has created an impressive brand image that is based on the ideology of low-cost and cheap products. The company has adopted a segmentation strategy for understanding the need for consumers and their preferences. Psychographic and demographic segmentation is used for targeting specific customers belonging to different age groups. Every day low prices is a common marketing slogan created by the company for persuading buyers. This strategy has helped the company to capture customers from different parts of the country (Hunt, Watts, & Bryant, 2018). Low pricing strategy is adopted for differentiating from competitors and offering value.

The 4p marketing mix model is integrated by Walmart for maximizing sales and profits. The product is developed by considering the daily needs of people. The company has thus focused on selling products that can be used in daily routines such as electronics, home appliances, gifts, movies, jewelry, toys, grocery and clothing. The prices emphasize on attaining economies of scale by procuring products across the globe. The purchasing behavior of individuals is examined for maximizing sales such as the company offer discounts and offer promotions. Different discounted prices are offered for fulfilling the time and need of the hour. Place in marketing is the third marketing mix that involves discount stores, supercenters, express stores and neighborhood markets. Large stores are developed for offering better shopping experiences (Wal-Mart, 2018). The fourth marketing mix component is promotion. Walmart is aiming at establishing its own in-store promotional activities that include promotions through product development. The online stores are earning revenues through the placement of online gifts. The offers like ‘value of the day’ and ‘everyday low prices’ are effective strategies for grabbing customers.

## Core values of community

Walmart’s policy is to offer low prices to the customers reflecting its concerns towards people and society. The focus of the company is to offer better living opportunities by offering low-priced products. The company claims about high standards of employment and opportunities for workers growth. Company’s policy towards employees is inspiring that reflects the core values of the community (Kan, 2012). Wal-Mart adopted a policy of providing dorm facilities to the employees for helping them financially. The rents are deducted from the wages of the employees. The company charge employees on utilities depending on their use (Iwu-Egwuonwu, 2011). This reflects Wal-Mart has an effective policy towards employees. Most of the employees have access to small rooms and kitchens. This reveals the company’s strategy for gaining employees loyalty. Waal-Mart believes in core values and in supporting employees (MWPVL, 2018). Employees are working five to seven days and wages are paid according. The company has long-term plans for the employees such as retirement funds.

Wal-Mart has adopted the employees’ policy and a reward system that means paying bonuses according to the performance. This is effective for motivating employees and encouraging them to stay loyal to the company. As Wal-Mart is earning enormous profits and record sales it focused on improving the conditions of employees (MWPVL, 2018). This reflects the core values integrated by the company because it cares about employees and provides them the opportunity of living. Wal-Mart is focusing on the implementation of corporate social responsibility. This reflects the company's concerns towards people, employees and society. Company may ignore employee satisfaction but in the long run, it can undermine a company's strong position. Wal-Mart's negligence of CSR is apparent in the fine of $3.1 million paid by Wal-Mart in 2005 for violation of the Clean Water Act. The company can address these issues for maintaining a good reputation in America (YouTube, 2015). Company's care towards the environment and people will further strengthen its position. Offering reward policy and retirement benefits will be practical tools for building loyalty.

## Conclusion

Each year many employees leave the company that indicates the need for adopting effective retention policy. Psychographic and demographic segmentation is used for targeting specific customers belonging to different age groups. Walmart is aiming at establishing its own in-store promotional activities that include promotions through product development. The company has integrated employee motivation strategies that will enhance their work performance and morale. Wal-Mart adopted a policy of providing dorm facilities to the employees for helping them financially. Overall, Wal-Mart's financials show the company has increased profits over the last ten years, there is still work needed to improve its financial position.

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