Title page

Wal-Mart

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 daily products at the lowest prices they are convinced to buy. The customers believe that they have gain 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 (YouTube, 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 (YouTube, 2015). Easy access to the store encourages customers to buy products from Wal-Mart. Strategically Wal-Mark enjoys a competitive advantage due to its geographical location.

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 (Iwu-Egwuonwu, 2011). providing information to the suppliers has increased efficiency in inventory operations.

I am impressed with Wal-Mart's low-cost business model. 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. I think this is another factor that contributed to the company's 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. I think this remains the central factor behind the company's growth and progress.

Without company claims about high standards of employment but the worker's exhibit dissatisfaction. Company’s policy towards employees does not inspire me because it provides dorm facilities to the employees. The rents are deducted from the wages of the employees. The company charge employees on utilities depending on their use. This reflects Wal-Mart lacks an effective policy towards employees. Most of the employees lack access to windows that makes it hard to live in dorms. The video reveals employees dissatisfaction towards the company's policy and hard work rules (Iwu-Egwuonwu, 2011). This depicts the need for addressing their concerns such as having more than one fan in the room. Employees are actually working seven days that is quite tough for them because they get only a single day off (YouTube, 2015). The company is also lacking long-term plans for the employees such as retirement funds.

I would change the employees’ policy and adopt a reward system that means paying bonuses according to the performance. This will be effective for motivating employees and encouraging them to stay loyal to the company. As Wal-Mart is earning enormous profits and record sales it must improve the conditions of employees (Iwu-Egwuonwu, 2011). Offering reward policy and retirement benefits will be practical tools for building loyalty. Each year many employees leave the company that indicates the need for adopting effective retention policy. Harsh work laws are also ineffective for promoting determination. The employees complain about the punishments received from the managers. Many employees are also fired when they don’t perform well. I think that the company needs to integrate employee motivation strategies that will enhance their work performance and morale (Kan, 2012). I would replace overwork by hiring more employees because it is against labor rights. The standard work hours must be eight.

Another thing that I would like to change about Wal-Mart is the implementation of corporate social responsibility. This reflects the company's concerns towards people, employees and society. The company may ignore employee satisfaction but in the long run, it can undermine a company's strong position. Company'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 (YouTube, 2015). The company can address these issues for maintaining a good reputation in America. Company's care towards the environment and people will further strengthen its position.

References

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