Wal-Mart’s Strategy Formulation

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**Long-term Goals and Objectives**

***Strategy Formulation***

The process of strategy formulation at Wal-Mart follows the understanding the company has of its target market. However, the first step is setting up the objectives of a particular business year. Thompson *et al*. (2015) note that such a strategy requires a keen analysis of the market and the position of the organization in the industry. The next step is to evaluate the environment; the position of the competition is considered to ensure the company maintains its competitive advantage. Additionally, the company focuses on its performance of the previous business year. The analysis will provide critical information on the performance of the company in comparison to its competition. Finally, the company settles on a strategy from the list developed from the above steps.

***The markets the company will pursue***

Wal-Mart Inc. is an organization that has 8500 branches in over fifteen countries. Pursuing more markets for the company involves exploring the penetration of international markets. It is in this sense that the company is considering Canada and Asia. In these markets, the company plans on focusing majorly on clothes and most specifically children’s clothes. In the process, the company will expand its brand name and develop more revenue resources. A keen analysis of the situation indicates that the company will rely heavily on market research that will create a better perspective of the target market in Canada and Asia. The company will also have an understanding of the level of competition in the markets.

***The value the company will add in the new markets.***

Once the company successfully penetrates the markets, the customers will receive high-quality services that will play a significant role in marketing the company (Coursaris *et al*. 2013). As a result, the customers will have high satisfaction levels that will assist in building the company’s reputation in the region. Additionally, the clients in the area will benefit from the affordable prices that are part of the company’s marketing strategies. Besides, the economy of the regions will improve as the company will hire employees from the local regions. Furthermore, the supplies will be acquired locally in a bid to suit the needs of the local markets.

***The required resources and capabilities***

One of the significant resources that Wal-Mart utilizes is human capital. The fact that the Wal-Mart is in the sale of consumer products makes it necessary for the company to have a vast number of employees. Depending on the organizational structure, the company will hire local employees and supervisors. However, the managers will be from the headquarters (Smith *et al*. 2015). In this way, the company will ensure that the local region benefits from the existence of their branches. Additionally, the company requires having a highly reliable communication infrastructure. Therefore, there will be a need for the use of technology to ensure there is effective communication between the branches and the headquarters.

***How the company will capture the value and sustain competitive advantage***

In the consumer products industry, there is a need to build and maintain reputation (Coursaris *et al.* 2013. To achieve a solid reputation, Wal-Mart will place importance on consistency in affordable prices and quality services. Irrespective of the competition in the region, the company will maintain its prices and ensure its clients have access to a variety of consumer products. The company will seek means of maintaining its competitive advantage by providing situations where it makes a high amount of sales to cover the low prices and increase profits margins.

**Business Management Strategy**

***Cost and differentiation advantages***

Through differentiation, Wal-Mart will have high productivity levels that will give the company an opportunity of maintaining its competitive advantage which is the low prices. Furthermore, the company will have a chance of taking advantage of its capabilities to further its goals and objectives (Thompson *et al*, 2015). A keen analysis of the situation indicates that the company will have better use of the available technology. In this sense, Wal-Mart will utilize social media to develop real-time marketing strategies that will increase the company’s market share. In the end, the company will maintain its competitive advantage that involves low prices as it will have a more significant market share.

***Describe the corporate strategy***

Wal-Mart Inc. has a keen understanding of the changing market trends in the consumer products industry. From this understanding, the company maintains the clients’ interest through the assurance of great service. As a corporate strategy, the company assesses the importance of increasing its employees’ job satisfaction levels. With highly motivated employees ensures the link between the organization and the consumers is healthy (Smith *et al*. 2015). Additionally, the company focuses on the environment and ensures its suppliers operate under the required environmental conservation regulations. In this way, the company protects the environment and ensures that all its business associates are in line with environmental conservation.

***Vertical integration***

Wal-Mart is a company that is a form of a distributor and acts as a middleman between the suppliers and the consumers. The company, therefore, does not grow its agricultural products or manufacture its electronic products for instance. However, its vertical integration consists of the suppliers and the relationships between the two factions (Coursaris *et al*. 2013). The association is primarily a form of a raw material in which it plays a significant role in the company’s ability to having products for sale. The company thus integrates with the suppliers as they are the lifeline between the company and the source of their products.

***Strategic alliances***

As noted above, the company’s relationship is of great importance to its survival. The company, therefore, has an alliance with the suppliers that protect its relevancy. Notably, the company must develop collaboration with the hosting state to ensure there are protection and universal good-will from the relevant authority. The developing alliances ensure there is no interruption of business (Thompson *et al*. 2015). Additionally, having an alliance with the hosting state ensures the company has a steady supply of products and employees. The strategic alliances are contributing factors to the existence of the company in the new markets. In essence, the strategic collaborations bring the company closer to the market and ensure business continuation.

***Wal-Mart competitive advantage***

Wal-Mart has a variety of competitive advantages that have assisted the company to remain in business for decades. For instance, low prices are one of its significant competitive advantages (Thompson *et al*. 2015). The company’s pricing strategy focuses on offering the products at the minimum cost possible. The organization then survives by ensuring it makes high amounts of sales to create consistent profits. A keen analysis of the situation indicates that the low prices are a marketing strategy for the company as the company has a history of high amounts of sales. The low prices make Wal-Mart a significant competition for other players in the industry.

***Wal-Mart’s organizational chart***

References

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