

THE WAL-MART STORES, INC.: AN AMERICAN DREAM THAT TOUCHED THE WORLD

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Throughout my career, I've always emphasized performance. And I'm really proud of the performance of our team around the world and the results Wal-Mart delivered for fiscal year 2010 in a year challenged by a difficult economy in all of our markets. Our results reflect the underlying strength of our business and our strategies to improve shareholder value.

Michael T. Duke
President and Chief Executive Officer
Wal-Mart Stores, Inc.

CASE DESCRIPTION

In 2011, Wal-Mart grew through the opening of additional stores across the United States and other countries. While the company sales were strong, the U.S. operating income was sluggish with a mere 3.1% growth versus a 5.5% growth in the previous year. Looking for additional growth opportunities, Wal-Mart planned to open convenience stores (c-stores) in a number of markets including urban and rural markets both in the U.S. and in its international segments.

This case is intended to demonstrate how Wal-Mart used its distinctive competencies and competitive advantage in the marketplace; what challenges it encountered; and what strategies it should adopt to sustain growth.

CASE SYNOPSIS

Can a teen named "most versatile boy" by his high school classmates become the leader of the world's largest corporation? In America, everything is possible, especially when that same teen believed "high expectations are the key to everything" (Bio True Story, 2013). As a star quarterback (Hickman High), Eagle Scout, and with a degree in Economics from the University of Missouri, Sam Walton was an enigma. Married 49 years to the same woman, and a father of four, this ardent huntsman and recreational enthusiast, retained a humble image favoring his red Ford F150 pickup (vintage 1979) with which he drove to work. However, as a man of business, Walton, known as Mr. Sam, was an unconventional yet strategic retail pioneer.

Mr. Sam was innovative, decisive, and perceptive. Walton believed among other values that to be a successful in business one must “swim upstream.” He advocated a company should “Go the other way. Ignore the conventional wisdom. If everybody else is doing it one way, there's a good chance you can find your niche by going in exactly the opposite direction” (Walton, 1993, n. p.). Finding this niche is exactly how Walton built an empire even surpassing the famed Sears, Roebuck & Company in 1991. In fact, while the U.S. GDP plummeted between 1990 and 1991, and the country's economy was stalled for nine months drudging through a recession, Wal-Mart managed to increase its sales by at least 40% (bio True Story, 2013).

Most recently, Wal-Mart has weathered well the economic storms of the past decade, taking no financial losses. In 2011, although Wal-Mart sustained growth, it did so only through the opening of additional stores across the United States and other countries. Further, while companywide sales were strong, the U.S. operating income was sluggish with a mere 3.1% growth versus a 5.5% growth the previous year. Looking for additional growth opportunities, Wal-Mart planned to open convenience stores (c-stores) in a number of markets including urban and rural markets both in the U.S. and in its international segments.

Thus, as the best positioned retailer in the world, Wal-Mart's strategic plan and business model were based on a productivity loop of low prices and low operating costs, which retained its competitive advantage as the low price leader. It was deemed a powerhouse in and of itself. As the number-1 retailer in the world, the company employed 21.1 million associates in more than 8,970 stores. Wal-Mart's international division, which comprised 26% of its sales, experienced a fast growth pace. Wal-Mart readily surpassed Europe's Carrefour, Metro AG and Tesco combined. It was the number-1 retailer in Canada and Mexico and operated in Asia (owning 95% of the Japanese retailer SEIYU), Africa, Europe, and South America. Although Wal-Mart easily sustained its position as the number-1 retailer in the world, the state of its competition deserves analysis.

The continued impressive gains in Wal-Mart business were attributed to Wal-Mart's use and refinement of basic skills in purchasing, customer service, and logistics, which surpassed its competition. Additionally, Wal-Mart's logistics were stronger and more efficient than those of other large companies were. Indicia of the strength of Wal-Mart's logistics were based on a sophisticated distribution system with 14 computerized facilities and a large fleet of over 6,500 trucks. As far back as 1989, then CEO Glass noted that Wal-Mart's distribution system was one of the critical elements of its success. The massiveness of Wal-Mart's operation coupled with a very efficient distribution system allowed it to continuously have a price advantage over its competitors.

Following the Wal-Mart spirit of optimism and hard work, CEO Duke shared the vision of “Building the Next Generation Wal-Mart,” at the 2010 annual shareholders' meeting. He delineated four key strategies to put forth the company's continued conveyance of Sam Walton's vision and continued growth into 2015. These strategies focused on global expansion, the retail market's challenges and solutions, social responsibility, and the continued strength of the Wal-

Mart culture (McShane, 2010). Duke explained that to become a larger global company, Wal-Mart had to continue to expand upon its philosophy of serving its customers as though they were patronizing a local store and needed to take advantage of its extremely competitive global supply chain.

Nevertheless, the question remains – can Wal-Mart continue to implement strategic plans while at the same time sustaining effective dividends and profits. The short-term answer is yes given that Sam Walton vision for retaining low prices and giving back to the community continues to this day. However, the long-term answer is yet to be determined.

Keywords: Wal-Mart, Wal-Mart Stores, Inc., Walmart, Wal-Mart Strategy, Sam's Wholesale Club, Sam Walton, Buy America Strategy, Low Cost Strategy, and Competitive Advantage.

THE WAL-MART STORES, INCORPORATED

Business prowess and the application of competitive positioning mobilized Sam Walton in 1962 to develop and subsequently catapult Wal-Mart into a very prosperous retail and merchandising enterprise. Utilizing the self-serve merchandise model positioned the titan retailer to become America's most profitable and influential business profile (CNN Money, 2011a). Wal-Mart's growth plans were laudable, but the question becomes can Wal-Mart continue to grow at this rate?

Citing the importance of competitive advantage, scholars have argued that organizational attributes that create value such as low cost and achieve distinction such as outperforming competitors are strategies that facilitate profitable performance (Porter, 1980; Powell & Dent-Micallef, 1997; Peteraf, 1993). Such differentiation has given Wal-Mart the capacity to gain a competitive edge and as such perform in the retail industry at a higher level than its contenders.

Wal-Mart earned the prestige of being listed among the top 20 of the "Most Admired Companies" by *Fortune* Magazine (see Table 1) (CNN Money, 2011b). This level of accomplishment represented all industries. Indeed, *CNN Money* rated Wal-Mart Stores as the number one General Merchandiser of 2011 (see Table 2) (CNN Money, 2011b).

Strategic and decisive planning has retained Wal-Mart as both a phenomenon and a business leader with numerous tactical merits. Indeed, Wal-Mart has weathered well the economic storms of the past decade, taking no financial losses. Rather, this behemoth retailer has survived several economic downturns with an advantage and actually sustained growth, being able to leverage prices and provide strong dividends to its shareholders (Wal-Mart Annual Report, 2011). Nonetheless, such profitable dividends did come at a cost. While its international endeavors experienced growth, U.S. stores experienced losses since late 2009 (Wal-Mart Annual, 2011). Nevertheless, in the past decade (2000-2010) Wal-Mart retained an annual growth rate of 12.3% (Wal-Mart Annual Report, 2011).

Table 1
World's Most Admired Companies 2011

Rank	2011 Most Admired Companies
1.	Apple
2.	Google
3.	Berkshire Hathaway
4.	Southwest Airlines
5.	Procter & Gamble
6.	Coca-Cola
7.	Amazon.com
8.	FedEx
9.	Microsoft
10.	McDonald's
11.	Wal-Mart Stores
12.	IBM
13.	General Electric
14.	Walt Disney
15.	3M
16.	Starbucks
17.	Johnson & Johnson
18.	Singapore Airlines
19.	BMW
20.	American Express

(CNN Money Fortune 500, 2011a)

Table 2:
Most Admired General Merchandiser 2011

Rank	2011 Most Admired General Merchandiser
1.	Wal-Mart Stores
2.	Target
3.	Nordstrom
4.	Kohl's
5.	J. C. Penney
6.	Macy's
7.	Dollar General
8.	Family Dollar Stores
9.	Sears Holdings
10.	Dillard's

(CNN Money Fortune 500, 2011b)

In 2011, although Wal-Mart sustained growth, it did so only through the opening of additional stores across the United States and other countries. Further, while companywide sales were strong, the U.S. operating income was sluggish with a mere 3.1% growth versus a 5.5% growth the previous year (Newcomb, 2011). Looking for additional growth opportunities, Wal-Mart planned to open convenience stores (c-stores) in a number of markets including urban and rural markets both in the U.S. and in its international segments.

Thus, as the best positioned retailer in the world, Wal-Mart's strategic plan, and business model is based on a productivity loop of low prices and low operating costs, which will retain its competitive advantage and continue as the low price leader.

COMPANY BACKGROUND

Wal-Mart laid claim to 4,413 stores in the U.S. Of these 3,822 were regular Wal-Mart centers, while 609 were Sam's Clubs wholesale stores (Newcomb, 2011). This number more

than doubles to 9,667 once other locations in North America, South America, Asia, Europe, and more recently Africa are added (see Table 3) (Wal-Mart Annual Report, 2011). As of 2011, total locations equated to 2,100,000 employees. This was a monumental increase from Wal-Mart's 1962 founding based on Sam Walton's business model developed as early as 1945 with 15 small town five-and-dime stores (Wal-Mart Data Sheet, 2011).

In the U.S. Wal-Mart, sales were represented by groceries (54%) and general merchandise including entertainment (12%), hardlines (i.e. department store products) (11%), apparel (7%), home (5%), health and wellness (11%) articles (Hoovers, 2011; About.com, 2012). The international sales division represented 26% of sales. Both Canada and Mexico identified Wal-Mart as its number one retailer, whereas, in European locations Wal-Mart outnumbered its competitors such as Carrefour, Metro AG, and Tesco. Asia operations were similarly strong. Indeed, in Japan Wal-Mart owned 95% of the Tokyo based Seiyu Group, which operated shopping centers, grocery, and department stores (Hoovers, 2011).

Sam Walton built partnerships and developed a vision for Wal-Mart with the force of action behind his belief that low prices would lead to better living for customers. The "Beast of Bentonville" has had phenomenal growth since its humble beginnings and has taken the retail industry to a revolutionary level, while retaining its discount/low price business model (Bianco & Zellner, 2003).

Table 3: Wal-Mart Numbers Worldwide		
2011 Wal-Mart Store		Stores per country
North	U.S.	4,431
America	Canada	329
	Mexico	1,880
Latin	Brazil	487
America	Chile	291
	Costa Rica	185
	Guatemala	182
	El Salvador	77
	Argentina	66
	Nicaragua	64
	Honduras	60
Asia	Japan	413
	China	344
	India	7
United Kingdom		536
Africa*		315
Wal-Mart International		5,236
Wal-Mart Stores, Inc.		9,667

*Africa includes South Africa (290), Botswana (10), Ghana (1), Lesotho (2), Mauritius (1), Malawi (2), Mozambique (1), Namibia (3), Nigeria (1), Swaziland (1), Tanzania (1), Uganda (1), and Zambia (1) (Wal-Mart Corporate Data, 2011)

Because of its wide assortment of products, Wal-Mart U.S. store had a consumer base of more than 140 million. It has been reported that at least 82% of American consumers have purchased product from the retailer at least one time (Bianco & Zellner, 2003). The reason for such high consumer loyalty is that Wal-Mart carried household staples without which consumers cannot do. The need for low priced commonplace items such toothpaste, detergent, tissues, and even milk encouraged consumers to flock to Wal-Mart. While there, why not purchase the latest CD or DVD. Indeed, Hollywood productions found Wal-Mart accounted for 15% to 20% in all sales of the audio/video market (Chiou, 2009). Thus, Wal-Mart's strategy of low prices tended to mirror what consumers desire; stock it at a low prices in proximity to where consumers live, and in so doing communicate the ease of purchase.

VISION AND SPIRIT OF SAM WALTON: A BUSINESS NESTOR

Wal-Mart's global mission was to save people money so they could live better (Wal-Mart Stores, 2011a). This was Sam Walton's vision when he opened the doors to the first Wal-Mart in 1962 and continued to be the focus of its day-to-day operations. Wal-Mart's organizational structure, decision-making, and leadership format allowed it to successfully carry out this mission. Wal-Mart's strong corporate governance framework was based on the values that Sam Walton placed in the company from its inception. Every rule and philosophy at Wal-Mart was based on a core value of respect – for the customers, the associates, and the suppliers. Known as 'Mr. Sam' by Wal-Mart associates, Sam Walton exemplified a number of values, including hard work, discipline, modesty, unpretentiousness, and frugality. These values have been retained throughout Wal-Mart's organizational history. Walton also had a strong desire for his employees to be motivated, inspired, and happy to work for Wal-Mart (Cascio, 2006).

Samuel Moore Walton (1918-1992), founder of Wal-Mart may not have imagined a conglomerate nearly 50 years ago when he opened the first Wal-Mart, in Rogers, Arkansas (Walton, 1993). Born and raised in Oklahoma in the uncertain years after World War I, young Walton was raised in a farming family infused with hopes and dreams, yet structured by the value of hard work and perseverance. At the young age of three, Sam tiptoed into the back row of a schoolhouse and listened to lessons for several hours (Walton, 1993). Such values and behaviors influenced and developed Sam's management style framed around the nexus of servant leadership. Convinced of the importance of meeting the needs of others, Sam was driven to become healthier, unfettered, and more autonomous in his leadership development.

After his brother James Lawrence (aka Bud) was born, the family sold their property and moved to Springfield, Missouri, when Sam was school age. The Walton parents believed their sons would receive a quality education more so in the city than on the farm. In the mid-1930s, with the economy improving out of the Depression, Sam was involved in nearly every school club and activity including sports. He was senior class president and even delivered the graduation speech on the topic of leadership (Wal-Mart History, 2011a).

Sam Walton was the first in his family to attend and graduate with a college degree. Soon after obtaining his bachelor's in economics from Columbia University, Sam was drafted and served in the U.S. Army Intelligence Corps with the rank of Captain. Between attending college, working, and military service, Walton managed to get married. Sam and Helen eventually had four children. They were married 49 years when he died in 1992. Although in different cities and prior to his military service, both Sam and Bud secured jobs with the J. C. Penney Company. Their exposure to trade gave them a taste of the retail industry (Wal-Mart History, 2011a).

Post World War II America was full of hope in the late 1940s and early 50s given the economy had shifted from a military focus to a consumer driven emphasis. Walton was no less filled with hope than the American purview given that he took a single five-and-dime franchise store in 1945 and developed a business model that resulted in 15 stores by 1962. With the belief "that the shopkeeper's success is entirely up to . . . the customer," Walton cemented his success with a formula to insure low prices every day (Wal-Mart History, 2011a). Such a conviction turned the retail industry on its head and influenced both employees and consumers.

Story after story has been told of Walton's generosity, humor, and business prowess (Wal-Mart Stores, 2011a). Nevertheless, while Walton was a man of means, he managed to live prudently driving a symbolically American vehicle. The favored red and grey 1979 Ford F150 pickup was proudly driven with dents, rust, and Sam's dog, Ol' Roy's paw tracks. This manifested Sam's humility and frugality, which he embodied and embraced throughout his life (Walton, 1993). Yet regardless of his unpretentiousness as the head of hundreds of discount stores, Walton still managed to top *Forbes* magazine 1985 list of the 400 richest Americans (Los Angeles Times, 1985) (See Appendix A for Wal-Mart historical timeline).

FINANCIAL RESULTS

In fiscal 2011, Wal-Mart delivered an outstanding financial performance. The company earned \$419 billion and paid back \$19.2 billion to its shareholders through dividends and share repurchases. There was no previous precedence of such payout in the history of the Wal-Mart (Wal-Mart, 2011a).

Wal-Mart officials stated that while its team was working hard to improve its conditions significantly, it also planned to pay better gains to people who invested in its stocks (Wal-Mart Stores, 2011a).

While Wal-Mart net sales increased by 3.4% in 2011 to \$419 billion, its operating income increased by 6.4% to over \$25 billion (Wal-Mart Store, 2011b). The company-diluted earnings per share from continuing operations rose 12% to \$4.18 (Wal-Mart Stores, 2011b; Investopedia, 2013).

Wal-Mart closed out its fiscal 2011 with \$16.39 billion in net income, which was a 14.33% in net income growth over 2010 (Hoovers, 2013). With \$11 billion in free cash flow in

2011, the company delivered a 25.11% return on equity. Its stock price grew to \$56/share in 2011 up from \$47/share in 2007 (Wal-Mart Stores, 2011b).

In 2011, Wal-Mart's assets totaled over \$180.6 billion; up from \$46.9 billion in 2007. Its retained earnings grew by 115% and its total liabilities and equity grew 119% over the same five-year period, from \$151.5 to \$180.6 billion. Additionally, its shareholders' equity rose from \$61.5 billion in 2007 to \$68.5 billion in 2011, and its total retail units increased to 8970 in 2011 up from 6809 units in 2007 (see Tables 4 and 5).

Wal-Mart has improved its gross profit margin over the years, from 23.40% in 2007 to 24.70% in 2007 (see Table 5)

Table 4: Wal-Mart Consolidated Balance Sheets, 2007-2011 As of January 31, (Amounts in millions except per share data)					
	2011	2010	2009	2008	2007
ASSETS					
<i>Current assets:</i>					
Cash and cash equivalents	\$7,395	\$7,907	\$7,275	\$5,492	\$7,767
Receivables, net	5,089	4,144	3,905	3,642	2,840
Inventories	36,318	32,713	34,511	35,159	33,685
Prepaid expenses and other	2,960	3,128	3,063	2,760	2,690
Current assets of discontinued operations	131	140	195	967	-
Total current assets	51,893	48,032	48,949	48,020	46,982
<i>Property and equipment:</i>					
Land	24,386	22,591	19,852	19,879	18,612
Buildings and improvements	79,051	73,657	73,810	72,141	64,052
Fixtures and equipment	38,290	34,035	29,851	28,026	25,168
Transportation equipment	2,595	2,355	2,307	2,210	1,966
Construction in process	4,262	5,210	-	-	-
Property and equipment	148,584	137,848	125,820	122,256	109,798
Less accumulated depreciation	(43,486)	(38,304)	(32,964)	(28,531)	(24,408)
Property and equipment, net	105,098	99,544	92,856	93,725	85,390
<i>Property under capital leases:</i>					
Property under capital leases	5,905	5,669	5,341	5,736	5,392
Less accumulated amortization	(3,125)	(2,906)	(2,544)	(2,594)	(2,342)
Property under capital leases, net	2,780	2,763	2,797	3,142	3,050
Goodwill	16,763	16,126	15,260	15,879	13,759
Other assets and deferred charges	4,129	3,942	3,567	2,748	2,406
Total assets	\$180,663	\$170,407	\$163,429	\$163,514	\$151,587
LIABILITIES AND EQUITY					
<i>Current liabilities:</i>					
Short-term borrowings	\$1,031	\$523	\$1,506	\$5,040	\$2,570
Accounts payable	33,557	30,451	28,849	30,344	28,484
Accrued liabilities	18,701	18,734	18,112	15,725	14,675
Accrued income taxes	157	1,347	677	1,000	706
Long-term debt due within one year	4,655	4,050	5,848	5,913	5,428
Obligations under capital leases due within one year	336	346	315	316	285
Current liabilities of discontinued operations	47	92	83	140	-
Total current liabilities	58,484	55,543	55,390	58,478	52,148
Long-term debt	40,692	33,231	31,349	29,799	27,222

Table 4: Wal-Mart Consolidated Balance Sheets, 2007-2011 As of January 31, (Amounts in millions except per share data)					
	2011	2010	2009	2008	2007
Long-term obligations under capital leases	3,150	3,170	3,200	3,603	3,513
Deferred income taxes and other	6,682	5,508	6,014	5,087	4,971
Redeemable non-controlling interest	408	307	2,191	1,939	2,160
Commitments and contingencies					
Equity:					
Preferred stock (\$0.10 par value; 100 shares authorized, none issued)	-	-	-	-	-
Common stock (*)	352	378	393	397	413
Capital in excess of par value	3,577	3,803	3,920	3,028	2,834
Retained earnings	63,967	66,357	63,650	57,319	55,818
Accumulated other comprehensive income (loss)	646	(70)	(2,688)	3,864	2,508
Total Wal-Mart shareholders' equity	68,542	70,468	65,285	64,608	61,573
Non-controlling interest	2,705	2,180	-	-	-
Total equity	71,247	72,648	65,285	64,608	61,573
Total liabilities and equity	\$180,663	\$170,407	\$163,429	\$163,514	\$151,587

* \$0.10 par value; 11,000 shares authorized, 3,973 and 4,131 issued and outstanding at January 31, 2008 and January 31, 2007, respectively.

* \$0.10 par value; 11,000 shares authorized, 3,925 issued and outstanding at January 31, 2009.

* \$0.10 par value; 11,000 shares authorized, 3,516 and 3,786 issued and outstanding at January 31, 2011 and January 31, 2010, respectively.
(Wal-Mart Annual Reports)

Table 5 Wal-Mart 2011 Financial Review (Five-Year Financial Summary) (Dollar amounts in millions, except per share and unit count data) As Adjusted					
As of and for the fiscal years ended January 31,	2011	2010	2009	2008	2007
Operating Results⁽¹⁾					
Net Sales	\$418,952	\$405,132	\$401,087	\$373,821	\$344,759
Net Sales increase	3.40%	1.00%	7.30%	8.40%	11.60%
Comparable sales in the US ⁽²⁾	-0.60%	-0.80%	3.50%	1.60%	2.00%
Wal-Mart U.S.	-1.50%	-0.70%	3.20%	1.00%	1.90%
Sam's Club	3.90%	-1.40%	4.90%	4.90%	2.50%
Gross Profit Margin	24.70%	24.90%	24.20%	24.00%	23.40%
Operating ,selling, general and Administrative expenses as % of net sales	19.30%	19.70%	19.30%	19.00%	18.50%
Operating income	\$25,542	\$24,002	\$22,767	\$21,916	\$20,552
Income from continuing operations attributable to Wal-Mart	15,355	14,449	13,235	12,841	12,224
Net income per share of common stock:					
Diluted net income per common share from continuing operations attributable to Wal-Mart	\$4.18	\$3.73	\$3.35	\$3.15	\$2.93
Dividends declared per common share	1.21	1.09	0.95	0.88	0.67

Table 5 Wal-Mart 2011 Financial Review (Five-Year Financial Summary) (Dollar amounts in millions, except per share and unit count data) As Adjusted					
As of and for the fiscal years ended January 31,	2011	2010	2009	2008	2007
Financial Position					
Inventories	\$36,318	\$32,713	\$34,013	\$34,690	\$33,235
Property, equipment and capital lease assets, net	107,878	102,307	95,653	96,867	88,287
Total assets	180,663	170,407	163,096	163,200	151,274
Long-term debt, including obligations under capital leases	43,842	36,401	34,549	33,402	30,735
Total Wal-Mart shareholders' equity	68,542	70,468	64,969	64,311	61,298
Unit Counts					
Wal-Mart U.S. segment	3,804	3,755	3,703	3,595	3,488
Wal-Mart International segment	4,557	4,099	3,595	3,093	2,733
Sam's Club segment	609	605	611	600	588
Total units	8,970	8,459	7,909	7,288	6,809
(1) Effective May 1, 2010, the Company implemented a new financial system for its operations in the United States, Canada and Puerto Rico. Concurrent with this implementation and the increased system capabilities, the Company changed the level at which it applied the retail method of accounting for inventory in these operations. The retrospective application of this accounting change affected both segment and consolidated operating income, as well as consolidated net income for all comparable periods presented. See "Notes to Consolidated Financial Statements" Note 2: "Accounting Change". In addition, Wal-Mart reclassified certain revenue and expense items within its consolidated statements of income for financial reporting purposes. The reclassification did not affect consolidated net income attributable to Wal-Mart. The changes were effective February 1, 2009, and were reflected for fiscal 2010, 2009, and 2008. (2) Comparable store and club sales include fuel. Fiscal 2008 and fiscal 2007 comparable sales include all stores and clubs that have been open for at least the previous 12 months. Additionally, for those fiscal years, stores and clubs that are relocated, expanded, or converted are excluded from comparable sales for the first 12 months following the relocation, expansion, or conversion. Fiscal 2011, 2010 and 2009 comparable sales include sales from stores and clubs open for the previous 12 months, including remodels, relocations, and expansions. Fiscal 2008 and fiscal 2007 comparable store and club sales do not reflect reclassifications effective February 1, 2009, as noted above.					

(Wal-Mart Annual Report, 2011b)

SALES RESULTS

As it released its 2011 Annual Report on April 18, 2011, Wal-Mart announced that its sales for fiscal 2011 totaled \$421.8 billion (The Street, 2011). Wal-Mart U.S. net sales exceeded \$260 billion and delivered strong operating income and expense advantage. Its operating income grew 3.1% to approximately \$20 billion. Wal-Mart U.S. owned and operated more than 3,800 stores and over 617 million square feet of selling space in fiscal 2011 (Wal-Mart Stores, 2011b) (see Table 6 for sales comparison by segments).

Michael Duke, President, and Chief Executive Officer of the Wal-Mart Stores, Inc. charged, "We were simply not satisfied with the net sales results in Wal-Mart U.S. last year. The team is implementing an aggressive plan to reinforce our commitment to EDLP (Pricing strategy that promises consumers the lowest available price without coupon clipping) and to offer a broad merchandise assortment and presentation that's even more relevant to customers" (Wal-Mart

Stores, 2011a, n. p.). Michael Duke identified his top priority for the upcoming year, which was “to work with Bill Simon, CEO of Wal-Mart U.S., and his team to achieve positive comparable store sales (Wal-Mart Stores, 2011a). At the same time, there’s a tremendous opportunity to grow in the United States through supercenters and new formats, such as Wal-Mart Express™, in urban and rural markets” (Wal-Mart Stores, 2011a, n. p.).

As indicated in Table 6, Wal-Mart consolidated net sales increased by 3.4% and 1.0% in fiscal 2011 and fiscal 2010, respectively, when compared to the previous fiscal year. Net sales in fiscal 2011 were a result of Wal-Mart’s continued expansion activities. In fiscal 2011, it added 3.4% of additional retail square feet (Wal-Mart Stores, 2011b). In addition, foreign currency exchange rates played a favorable role in fiscal 2011 sales growth. It added an approximately \$4.5 billion (Wal-Mart Stores, 2011b). In fiscal 2011, Wal-Mart had a 0.6% decline in total U.S. comparable store and club sales (Wal-Mart Stores, 2011b).

Table 6										
Growth Net Sales 2007-2011 (Dollar amounts in millions) with Fiscal Years Ending January 31										
	2011		2010		2009		2008		2007	
	Net Sales	Percent of Total	Net Sales	Percent of Total	Net Sales	Percent of Total	Net Sales	Percent of Total*	Net Sales*	Percent of Total
Wal-Mart U.S.	\$260,261	62.1%	\$259,919	64.2%	\$256,970	64.0%	\$238,915	63.9%	\$226,294	65.6%
Wal-Mart Intl.	109,232	26.1%	97,407	24.0%	96,141	24.0%	90,570	24.2%	76,883	22.3%
Sam’s Club	49,459	11.8%	47,806	11.8%	47,976	12.0%	44,336	11.9%	41,582	12.1%
Net Sales	\$418,952	100%	\$405,132	100%	\$401,087	100%	\$373,821	100%	\$344,759	100%

* Authors noted minor figure differences when checked the various annual reports. These differences could be a result of a later financial reconciliation and or audit. Authors were not able to confirm.
(Wal-Mart 2011 and 2009 Annual Reports)

In fiscal 2010, the net sales increases resulted from increased customer traffic, continued global expansion activities, and the acquisition of the Chilean subsidiary-Distribución y Servicio S.A. de C.V. (“D&S”) in January 2009. Said net sales were offset primarily by a \$9.8 billion unfavorable currency exchange rate that affected Wal-Mart’s International segment and adversely affected by price deflation in certain merchandise categories in its U.S. segment (Wal-Mart Stores, 2011b).

As growth of its US division has slowed, Wal-Mart's sales were expanded abroad. Wal-Mart International continued to be a growth segment in 2011. It contributed to 26% of the overall total sales, generated a 12% net sales increase, and added approximately 8% net more selling space with the addition of 458 new units (Wal-Mart Stores, 2011b). On the other hand, Sam’s Club contributed a little more than \$49 billion that is 12% of the total company’s net sales with a 3.5% increase over its 2010 net sales.

COMPARABLE STORE AND CLUB SALES

Wal-Mart used the comparable store and club sales as an indicator to measure the performance of its existing U.S. stores and clubs for the year relative to its previous. See Table 7 for the results of its comparable store and club sales, including fuel impact, for the fiscal years ended January 31, 2007 through 2011 (Wal-Mart Stores, 2011b).

As shown in Table 7, the total U.S. comparable store and club sales decreased during fiscal 2011. While its comparable sales was increased by 3.5% in fiscal 2009; its store and club sales in the U.S., including fuel, decreased 0.6% and 0.8% in fiscal 2011 and 2010 respectively (Wal-Mart Stores, 2011b). Wal-Mart explained the reason as “due to deflation in certain merchandise categories and lower fuel prices. As we continue to add new stores in the United States, we do so with an understanding that additional stores may take sales away from existing units” (Wal-Mart Stores, 2011b, p.17).

Table 7 Wal-Mart's Calendar Comparable Store and Club Sales (Fiscal Years Ended January 31)					
	2011	2010	2009	2008	2007
Wal-Mart U.S. *	-1.5%	-0.7%	3.2%	1.0%	1.9%
Sam's Club**	3.9%	-1.4%	4.9%	4.9%	2.5%
Total U.S.	-0.6%	-0.8%	3.5%	1.6%	2.0%

* Comparable store sales is a measure which indicates the performance of Wal-Mart existing stores by measuring the growth in sales for such stores for a particular period over the corresponding period in the prior year.

**Sam's Club comparable club sales include fuel.

(Wal-Mart 2011 and 2009 Annual Reports)

Wal-Mart estimated the negative impact on comparable store sales because of opening new stores as approximately 0.8% in fiscal 2011, 0.6% in fiscal 2010, and 1.1% in fiscal 2009 (Wal-Mart Stores, 2011b).

THE COMPETITIVE LANDSCAPE

The retail industry has been defined as the composition of companies that sell merchandise to customers. Retail customers were known to drive the level of expected customer service as evidenced through their spending habits. A strategy employed by every retailer has been the ability to fulfill whatever service was demanded by the consumer. A prime example in today's economy was the fact that consumers shopped in retail stores that appealed to convenience and price sensitivity. The busy lifestyle of value conscious consumers was evidenced by the fact that they were spending less time in stores. Retailers became aware of this and realized that on-shelf availability of merchandise was critical to business success. These changes in consumer spending habits caused general merchandise stores such as Wal-Mart to become revenue leaders in the retail industry (Chiles & Dau, 2005). In addition, industry trends

in the retail market tended to relate to the relative maturity of the industry. Primarily, a number of stores were constantly competing for attention from U.S. consumers. Secondly, because of a weak economy and demographic changes, consumer spending grew slowly.

Most significant was the fact that Americans were not as interested in shopping as they might have been in the previous 10 years. Finally, shoppers looked for value and migrated to those retailers that offered the best price/value options. Wal-Mart reinforced this movement via its everyday low price motto that consistently offered discounts. Based on its size Wal-Mart was able to gain tremendous power with manufacturers who provided the giant corporation discounts that allowed for continued low pricing (Asaeda, 2007).

In the retail market, Wal-Mart was deemed a powerhouse in and of itself. As the number-1 retailer in the world, the company employed 21.1 million associates in more than 8,970 stores. This included close to 700 discount stores, 3,290 Wal-Mart Supercenters in the U.S. and ASDA in the UK, and 610 Sam's Club warehouses. Wal-Mart's international division, which comprised 26% of its sales, experienced a fast growth pace. Wal-Mart readily surpassed Europe's Carrefour, Metro AG and Tesco combined. It was the number-1 retailer in Canada and Mexico and operated in Asia (owning 95% of the Japanese retailer SEIYU), Africa, Europe, and South America (Hoovers, 2011). Although Wal-Mart easily sustained its position as the number-1 retailer in the world, the state of its competition deserves analysis. Its top three competitors included the European company, Carrefour, the membership warehouse store, Costco, and the "chic" discount store, Target Corporation. Please refer to Table 8 for the 2010 Wal-Mart's Competitive Comparison with its top three Rivals.

CARREFOUR, S.A. (CARREFOUR)

Carrefour (French for "crossroads") is the world's second largest retailer behind Wal-Mart, and a distant second, as a competitor. Its operations included 15,600 stores under a number of banners that ranged from hypermarkets (Carrefour), supermarkets (Carrefour Market), convenience stores (City, Express), discount stores (Ed, Minipreco), to cash-and carry outlets (Promocash). Carrefour's retail stores were located in approximately 35 countries in Europe, Latin America, and Asia. Over 5,400 Carrefour stores were in France, accounting for 40% of its sales. In 2000, a \$16.3 billion merger between Carrefour and Promodes, a food store that operated more than 6,000 markets, allowed it to gain its position as the number-1 European retailer (Hoover, 2011).

The numbers alone indicated that Carrefour was a distant competitor of Wal-Mart. When additional organizational features were compared, Wal-Mart's proven success motto to save people money so they can live better readily distinguished it from Carrefour's "smaller is better" philosophy in retail as well as its "greener" hypermarket model.

COSTCO WHOLESALE CORPORATION (COSTCO)

In the wholesale warehouse store market, Wal-Mart had serious competition from Costco Wholesale Corporation, the largest wholesale club operated in the United States. Costco consistently surpassed Wal-Mart's Sam's Club. Costco operated approximately 565 membership warehouse stores in about 40 states and Australia, Canada, Japan, Mexico, Puerto Rico, South Korea, Taiwan, and UK.

Costco warehouse stores provided discount pricing on about 4000 products that included the gamut of alcoholic beverages, fresh food, pharmaceuticals, appliances, and tires. Some membership options included services in addition to products, such as car and homeowners insurance, real estate and mortgage services, and travel agencies. Competition was intense, considering the fact that there were over 1200 warehouse clubs across North America. In FY 2009, Costco experienced its first sales decline, attributed to serious competition and the recession in the U.S. Similar to Sam's Club, in order to shop at Costco, a customer must purchase a membership. Costco ventured into groceries, and in 2009, food and sundries comprised more than 50% of its total sales. This made it the third largest grocery seller in the U.S., preceded by Wal-Mart and Kroger. Similar to Wal-Mart and Target, Costco planned to expand its e-commerce business, Costco.com (Hoovers, 2011).

Different from Wal-Mart, Costco's business model included a feature to sell a limited number of items. While a Costco warehouse would uncommonly and easily stock 4,000 different types of items, it would limit brand availability for example having only four brands of toothpaste. Wal-Mart, on the other hand, stocked more than 100,000 types of items, and had as many as 60 sizes and brands of toothpaste. By limiting the number of options, Costco could increase the sales volume of each item, which allowed it to obtain deeper bulk discounts from its suppliers. In the warehouse retailer market, Costco was number one in market share, which accounted for about half of the sales in the industry. Sam's Club was number two and accounted for close to 40% of the market (Cascio, 2006).

TARGET CORPORATION (TARGET)

Wal-Mart's competitor Target Corporation is the #2-discount chain in the US, with its moniker of cheap, yet chic. Target operated approximately 1,750 Target and SuperTarget®, (grocery-carrying) stores in 49 states, in addition to its online business, Target.com. Target was known for offering more fashionable merchandise than Wal-Mart or Kmart (Hoovers, 2011). Target had been a key performer in the retail sales market, but recently posted slower sales and earnings growth than expected. Some-store sales were down in 2009 (by -2.5%) and in 2008 (by -2.9%) (Hoovers, 2011). Target's stronghold in apparel, home furnishings, and décor, continually decreased since 2007. Merchandise that included electronics, entertainment, sporting goods and toy sales were deemed flat. However, sales of consumables and household essentials

rose as concerned consumers continued to only purchase the basics. Target took advantage of the new frugality among its customers and copied from Wal-Mart when it opened new layouts that allocated more space to food, especially its house brands Archer Farms and Market Pantry. Target also started offering fresh produce in 2009, and challenged Wal-Mart more openly on price.

Historically, Target distinguished itself from Wal-Mart and other discounters by using exclusive private-label merchandise from big name designers. Target's highest profile collaboration was with Isaac Mizrahi, a fashion designer who was a stable part of its repertoire since 2003. Sales from Mizrahi's fashion line garnered close to \$300 million each year for Target, giving credence to its cheap fashion label. The arrangement with Mizrahi ended in 2008 when he left Target and moved to Liz Claiborne. Target operated only in the US until the company recently revealed plans to enter Canada beginning in 2013 with over 100 stores. Target acquired leases to 220 Zellers stores and hired its chief marketing officer to oversee its Canadian operation. Target may have one less competitor in Canada due to the purchase of the Zeller leases, but will still have to deal with the large-scale force that is Wal-Mart (Hoovers, 2011).

Table 8 Wal-Mart's Competitive Comparison (Top Three Rivals)				
2010	Wal-Mart Stores Inc.	Carrefour	Costco	Target
Sales Revenue	\$408,214.0B	\$121,273.0M	\$77,946.0M	\$65,357.0M
Gross Profit	103,557.0B	26,335.7M	9,951.0M	19,774.0M
Profit Margin	25.4%	21.7%	12.8%	30.3%
Inventories	33,160.0	9268.4	5638.0	7179.0
Total Assets	170,706.0	71,097.0	23,815.0	44,533.0

*The competitive retailers do not have the same fiscal year ending
(Hoovers, 2011)

WAL-MART GROWTH STRATEGIES

Corporate strategies can be the primary reason for the success or failure of an organization. Organizational strategy is the process that guides a corporation by providing direction for its goals and strategies of its functional components. If goals are thought of as a corporation's destinations, then strategies are the roadmaps to reach the destination. They provide focus for a company's decision-making (Stevenson, 2012).

Wal-Mart articulated a growth strategy accomplished through the company's new and different retail venues such as Wal-Mart Express, comprised of 30,000 square feet or less, with planned locations throughout metropolitan areas as well as in farming and rural communities (Wal-Mart Stores, 2011a). Wal-Mart's international segment experienced high growth in FY 2011 while it added 8% more selling space with the addition of 458 new units. It also realized a 12% net sales increase in 2011 and approximately 4.5 billion dollars. Sam's Club realized a

3.5% in sales growth in 2011 with a goal for 2012 to attract new members by offering a number of new and improved member services (Wal-Mart Stores, 2011a).

In its 2011 Annual Report, Wal-Mart CEO Duke shared his own thoughts as well as those of the executive board regarding the company's current and future business strategies. Duke indicated that his number one priority was to attain "positive comparable store sales." He communicated that the United States offered prospects for growth in alternative setups such as supercenters and Wal-Mart Express™ venues in metropolitan and rural areas alike (Wal-Mart Stores, 2011a). Duke elaborated on the position of the board with goals to make a major effort in the global market. He applauded Dough McMillon, CEO of Wal-Mart International and the profound growth of the company's international segment. Duke stated that a 12% net sales increase was realized during 2011 and the international segment added 458 units, which accounted for an 8% increase in selling space, with the expectation of continued improved future returns (Wal-Mart Stores, 2011a). CEO Duke shared his confidence with the results of Sam's Club, Wal-Mart's wholesale division and added that the top priority for Sam's Club was increasing membership numbers via enhanced experiences for members. Duke expounded on the status of Sam's Club and commented that it needed new ideas and an improved business model to stay competitive for all of its stakeholders (Wal-Mart Stores, 2011a).

No corporate strategy would be complete without consideration of the state of technology in the retail market, which included improved competencies of the everyday Wal-Mart customer. Wal-Mart's strategic considerations related to technology's impact on price transparency and its continued focus to ensure everyday low prices. Wal-Mart U.S. leveraged multi-channel innovations like Site-to-Store®, Pick-Up-Today, and Fed-Ex®, which provided shopping options for customers. Site to Store is a free service that lets customers ship an online order to any Wal-Mart store in the contiguous United States. It provides easy access to tens of thousands of items, many of which are not available in its stores (Wal-Mart Site to Store, 2013). Pick-Up-Today is another free service that allows customers to order store items online and pick them up at their Wal-Mart store that same day (or the next day if the order is placed after 6:00 p.m. local time) (Wal-Mart, Pick-Up-Today, 2013).

Wal-Mart also expanded its FedEx Site to Store service from Los Angeles and Boston to include additional locations in New York, San Francisco, Chicago and Washington D.C. The program lets customers purchase items that are usually only offered online, and have the items shipped free of charge to a FedEx Office location through its Site to Store service. This service gives customers who do not live near a Wal-Mart store access at a nearby FedEx location (Wal-Mart Stores, 2011a). Concerning technology, of utmost importance in its strategic issues was its web presence in a large number of the fifteen countries where Wal-Mart was expanding, but was not physically present. These strategic initiatives allowed Wal-Mart continued leveraging of its resources, maintenance of low costs, and ensured increased speed to its markets (Wal-Mart Stores, 2011a).

Included in Wal-Mart's strategic planning for Sam's Club was its goal to help members who shopped there make smart choices. Members indicated they wanted more offerings in produce, meat, and bakery, so Sam's Club added over 100 new fresh items with plans to add even more. Sam's Club also added services to its pharmacies that included free monthly health screenings in response to the growing importance of wellness among its members. Finally, contemporary and exciting brands were added in important categories such as jewelry, technology, and entertainment. Technological innovations inside of Sam's Club warehouses included free wireless networks and the ability for Plus Members to access personalized eValues through kiosks. A smart phone application or online access was also available to Plus Members markets (Wal-Mart Stores, 2011a).

Shortly before Duke became the new CEO, Wal-Mart announced a new plan – Project Impact - designed to give its stores a fresh look and make them better places to shop. Stores were freshened up with a cleaner and brighter look, along with a new slogan, “Save money. Live Better.” One of Project Impact's goals was to reduce the number of items sold in stores in an effort to reduce clutter. However, the idea backfired because customers bought fewer products. Later, after Duke assumed the role of CEO, he discovered downed sales and acted very quickly to remedy the condition. Initially, Duke brought back a number of dropped items and further revised the Project Impact process (O'Keefe, 2010).

CEO Duke also focused on building an updated and newer Wal-Mart generation in order to re-energize U.S. business. This strategy required the company to move forward on social issues that have hovered over it for years, to recruit and develop new leaders to implement Dukes' vision, and to rebuild Wal-Mart's success in the U.S. in growing markets such as China and India. In order for Wal-Mart to meet the expectations set by Wall Street over the next five years, it must increase its profits by an overwhelming \$3.68 billion. A comparison of Fortune 500 companies clarified this by explaining that this is greater than 463 of the companies on the 2010 list. Sales were expected to top half a trillion dollars. What this meant for Wal-Mart was a plan for huge expansion in overseas markets such as China, India, and Brazil, as well as a new cadre of store managers and executives. CEO Duke reflected on this growth, yet determined that in the past company's executives could simply turn to Sam Walton for leadership. However, because of the enormity of Wal-Mart global operations, turning to just one leader is no longer adequate. Indeed, Duke validated that the company needed “hundreds of Sam Walton's, many of them in China, Brazil, and other countries around the world” (O'Keefe, 2010, para. 38).

The continued impressive gains in its business were attributed to Wal-Mart's use and refinement of basic skills in purchasing, customer service, and logistics, which surpassed its competition. The primary reason for such an outcome was based on Wal-Mart's focus on purchasing abilities and use of buying power to outdo terms negotiated by its competitors. Some analysts regarded Wal-Mart's purchasing practices as being too tough on manufacturers. Others viewed it as an example of the company's ability as a leader in its predictable goal to make the economy more efficient. Michael J. Silverstein, a senior vice president at the Boston Consulting

Group observed that although Wal-Mart was tough in its negotiations with its suppliers, it was nevertheless truthful and straightforward during the process. This process pushed manufacturers all over the world to enter into valid international competition (Lohr, 2003). In addition, Wal-Mart's logistics were stronger and more efficient than those of other large companies were. Indications of the strength of Wal-Mart's logistics were based on a sophisticated distribution system with 14 computerized facilities and a large fleet of over 6,500 trucks (Shaw, Schneier, Beatty, & Baird, 1995). As far back as 1989, then CEO Glass noted that Wal-Mart's distribution system was one of the critical elements of its success (Huey, Smith, & Morrow, 1989).

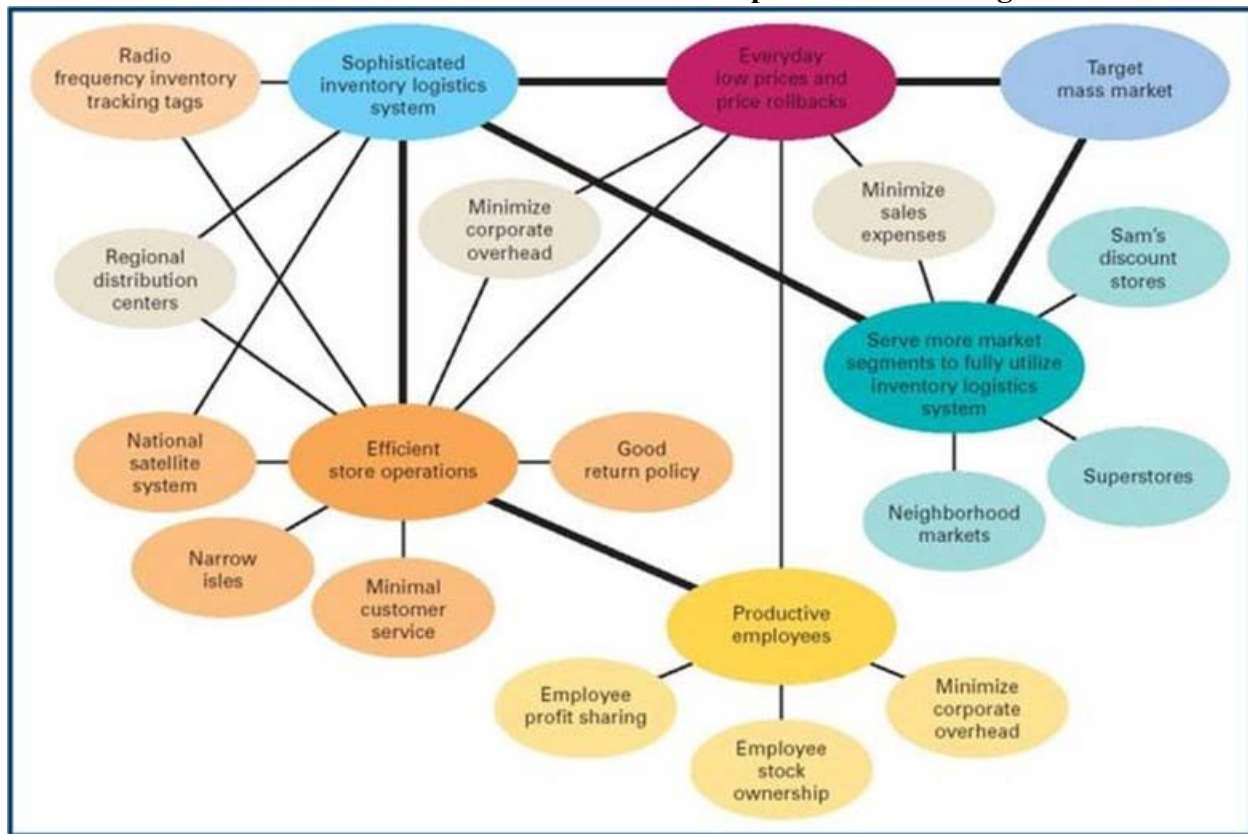
The massiveness of Wal-Mart's operation coupled with a very efficient distribution system allowed it to continuously have a price advantage over its competitors. Because Wal-Mart purchased large volumes of goods, it put itself in a position to demand the best price and terms from its suppliers. It had a very advanced distribution system that allowed it to move merchandise from a warehouse through its checkout line more efficiently than any other retailer in the world did. Wal-Mart's goal was to be the price leader in all markets, and it was able to meet this goal through huge sales volumes, a full-proof distribution system, and the best terms from suppliers. Since 1988, Wal-Mart's expansion included Supercenters that provided a large selection of groceries. Grocery sales per supercenter placed those at Wal-Mart close to twice the sales volume of Super Targets. When the supercenters were first opened, Wal-Mart sold limited quantities of groceries and grew to hold the position of the largest grocery retailer in the U.S.

Chain management with many divisions such as Wal-Mart required efficiency in management and strategic decision-making. Such aspects of efficiency were needed to streamline operation, indeed crucial more so to the megatropolistore than it would be for any other large retailer (Mortizt, 2005). Existing as a megatropolistore required planning and execution of innovative initiatives.

BUSINESS MODEL

While Figure 1 suggests a number of strategic yet specific choices, in reality this model represents thousands of calculated and tactical decisions, which have resulted in retaining a low-price business model. To create and sustain a low-cost structure, a number of strategies continued to serve the needs of the organizational and to generate cost leadership and differentiation.

Figure1
Walmart's Business Model and Competitive Positioning



Source: Hill, C.W. & Jones, GR (2010: 152). Reproduced by permission from Cengage.com

First, locating stores, regardless of size, in townships where few to no low-cost competitors operated ushered Wal-Mart into choice locations. Next, by reducing delivery costs through supply chain management and managing product development, Wal-Mart systematically reduced costs to customers. Finally, through performance management, Wal-Mart tasked managers at all levels including customer service, sales, flow, logistics, and materials management to implement cross-functional efficiencies to sustain a low cost/price profile. Wal-Mart's strategic decision-making was specifically geared to a low-cost structure. Table 9 suggests Sam Walton's multi-level strategies have anchored and sustained the company's competitive positioning. The basic formula of buying manufactured goods as inexpensively as possible has differentiated this retailer from its competitors. Such a competitive advantage resulted in serving the needs of customers in different segments.

However, not by low pricing alone has this model been successful. A product's attributes targeted to a mass market satisfied wants, desires, cravings, and especially customer's needs. Being responsive to customer groups and market segmentation allowed Wal-Mart to meet and

satisfy customer needs at many levels including some niche markets. Given that customers choose merchandise based on price as well as how certain products differentiate from others, Wal-Mart was able to satisfy customers' needs. Thus, profitability is maximized when value is created by differentiating costs and pricing.

Wal-Mart's distinctive competencies are decisive because the goal is to evaluate "who" the customer is and "how" each will be satisfied. Competing for customers is fierce in any retail market. As such, Wal-Mart's task was to ensure optimization of its position against its rivals. If, as Sam Walton believed lower costs equate to lower prices, then taking decisive action to compete for customers is both logistic and efficient. Thus, a recurrent focus on innovative and operational efficiencies developed into a systematic cost reduction methodology. Taking nothing else into account, Wal-Mart's rivals cannot compete at the same level.

GROWTH CHALLENGES

Growth challenges at Wal-Mart were exponential, not to mention other challenges relating to social, logistics, and legal issues that permeated an organization of its size and complexity. The growth of a business of the enormity of Wal-Mart, which included over 8500 stores and 2.1 million employees, could be incomprehensible to many.

In its 2011 shareholder meeting, CEO Mike Duke announced that comparable store sales growth was the number one growth priority for Wal-Mart's three operating divisions. This was in addition to new store growth through disciplined, yet productive, capital spending. The company forecasted sales growth between 5% and 7% for fiscal year 2013. Duke explained, "We continue to prioritize growth, leverage, and returns in our commitment to increase shareholder value" (Business Wire, 2011a, para. 4). It is important to keep in mind that Wal-Mart's business model was built on a promise that customers can rely on the company to provide low prices every day leading to customer loyalty and higher sales.

For fiscal year 2013, Wal-Mart U.S. planned to build new stores and remodel older stores, with a goal to add between 210 and 235 new units expanding retail space by approximately 14 to 15 million square feet. The predicted increase in Wal-Mart U.S. square footage from FY12 to FY13 was the result of a larger percentage of new supercenters compared to prior years, as well as growth in the number of medium and small format stores. Supercenters provided one stop shopping for customers and allowed for large returns. They continued to be the primary growth vehicle for Wal-Mart U.S. and the company pointed out a large number of potential Neighborhood Market opportunities with plans to open between 80 and 100 medium to small formats next year. In addition to comparable store sales growth and the addition of new stores, Wal-Mart continued to study the success of the Express store format, with plans to open six additional stores in FY 2013. During the next year, Wal-Mart planned to build more square footage, but for less money. The company announced its plans to decrease U.S. construction costs by 10% while gaining advantage on cost of remodeling. New stores, without any impact

from acquisitions, are expected to account for between 26 and 28 million square feet next year as compared to an additional 24 to 25 million square feet projected for this year (Business Wire, 2011b).

In respect to its international growth, Wal-Mart's priorities included continued investment in China, Brazil, and Mexico. The company focused on driving growth and improving its overall returns. Wal-Mart's new stores anticipate growth of between 26 and 28 million square feet next year as compared to an additional 24 to 25 million square feet projected for the past year (Business Wire, 2011b). Finally, Sam's Club expects to add between 10 and 15 new, expanded, or relocated clubs within the U.S. during the next year, with about half of its capital dedicated to remodeling (Business Wire, 2011b).

Wal-Mart's growth plans are laudable, but the question becomes can Wal-Mart continue to grow at this rate? Is the goal for comparable store sales growth in addition to plans to add more supercenters, more Sam's Clubs, and additional square footage in its international sector a recipe for success?

APPENDIX A: WAL-MART HISTORICAL TIMELINE

Decade	Event
1940s	1945 ~ with experience working at J C Penney, Walton operated variety stores in Newport, AK.
1950s	1951 ~ Sam opened Walton's 5&10 in Bentonville, AK with the belief "that the shopkeeper's success is entirely up to . . . the customer." Walton cemented his success with a formula to insure low prices every day. Walton developed a business model that resulted in 15 stores by 1962.
1960s	1962 ~ Sam Walton opened first discount store Rogers, AK 1968 ~ Opened stores outside of Arkansas in Missouri and Oklahoma 1969 ~ the Wal-Mart Stores were incorporated giving the organization the protection of a legal corporation.
1970s	1971 ~ operated in five states (Arkansas, Kansas, Louisiana, Missouri, & Oklahoma) 1972 ~ listed on New York stock Exchange as (NYSE: WMT) 1973 ~ opened stores in Tennessee 1974 ~ opened stores in Kentucky and Mississippi 1975 ~ 7,500 associates across 125 stores (sales at \$340.3 million) ~ acquired Mohr-Value stores and opened in Michigan and Illinois ~ After a visit to Korea to improve importing partnerships, associates introduced to the now famous Wal-Mart Cheer (an energetic and teambuilding practice that has been copied or adopted by many other team based retailers) 1977 ~ acquired Hutcheson Shoe Company; introduced automotive, jewelry, and pharmacy division 1979 ~ opened in Alabama for total of 276 stores and 21,000 associates (sales at \$1.248 billion)

1980s	1980-88 ~ opened distribution center in Palestine, TX and stores across the south 1987 ~ contracted and installed the Wal-Mart Satellite Network (the largest and private communication system in the U.S.) 1988 ~ bar-code scanning available at 99% of stores ~ Acquired Supersaver, Inc. and opened first supercenter in Washington, MO. ~ opened in east coast states for a total of 1,198 stores and 200,000 associates (sales at \$15.9 billion)
1990s	1991 ~ opened stores across eastern seaboard and entered the international market in Mexico City 1992 ~ Sam Walton, age 74 passes away; expanded store openings into northwest and Puerto Rico 1993 ~ international division established with separate presidential leadership ~ acquired Pace Warehouse Clubs and entered the wholesale market. ~ opened stores in Rhode Island, Washington, Alaska, and Hawaii in 49 states 1994 ~ acquired Woolco stores in Canada and opened stores in Hong Kong and additional stores in Mexico 1995 ~ Bud Walton passes away; expanded into all 50 states with store openings in Vermont; International openings in Argentina and Brazil total of 948 stores, supercenters, and wholesale clubs in U.S. and internationally; with 675,000 associates (sales at \$93.96 billion) 1996 ~ enters the China market through partnership agreement 1999 ~ acquired Interspar stores in Germany and joint ventures in Korea for a total of 1,140,000 associates (sales at \$105 billion)
2000s	2005 ~ with stores on several continents serving 138 million customers per week for a total of 6,200 units, 1.6 million associates, and sales at \$312.4 billion 2006 ~ acquires partial ownership of retailer Seiyu in Japan. ~ charitable contributions of more than \$415 million to 100,000 nonprofits worldwide 2007 ~ joint venture with Bharti a chain management operation in India and opened stores in Brazil for a total of 3,000 units in the International division 2008 ~ Sam's Club celebrates 25 years with 590 units in U.S. and 100 internationally 2011 ~ Nationwide and internationally 9,667 stores and sales at \$419 billion (not including Membership) (Business Wire, 2011b)

Wal-Mart Corporate History Timeline (Wal-Mart, 2011a)

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