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Strategic Management

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Strategic Management

Question 1

Walmart is among the largest companies in the world and occupies a large market share than its competitors. The company started in 1963 and has grown exponentially into opening many stores in different locations. However, as time moves things are required to change due to technology changes and environmental concerns. The use of plastic bags and cigarettes has raised environmental issues and therefore, companies such as Walmart are at a glimpse of deriving new strategies that will ensure they maintain their customers as well as being at the forefront of reducing plastic packaging. Although the company had announced it will remove e-cigarettes from its shelves due to criticisms of health concerns, they did not remove it (Corkery, 2019). As a result, the company is required to come up with strategies that will counter the problem or it will lose its customers. Moreover, the company has tried to reduce packaging their products on the shelves using plastics, nonetheless, they continue using plastic grocery bags in the checkout lines. The use of these plastic bags needs to be sorted as early as possible before it causes more harm. A good company should use strategies that help society for instance through conserving the environment.

Walmart has been forced to implement an online strategy due to the rising competition. The company has faced several competitions especially from Amazon which is an e-commerce company. With the vast physical stores that Walmart has, it learned hard last year when they started the implementation of online-pickup-in-store as well as curbside pickup options with a notion of curbing the increased competition (Petro, 2020). Currently, people do not need to go to the stores so that they can purchase goods, thus, Walmart has to work as much as possible to come up with ways that they become close to customers as possible by increasing customer

experience, building corporate citizens and enhancing personalization. The roles of corporations have been altered and it is now not about developing shareholder value but adding value to the customer.

Question 2

Walmart stores have grown at a high rate and through utilizing their competitive advantage the company has achieved opening more stores in other several countries. However, the secret behind all the achievement is because of the strategic environment created by its management. When Walmart decided to develop a global expansion strategy, it had to develop a suitable mode of entry including resource seeking initiatives and market seeking. Since 1991 Walmart stores were able to encourage globalization aggressively and in 1993 only 1% of the stores were located ² outside the United States (Brea-Solís et al., 2015). Moreover, by the year 1998 more ² stores were developed outside the United States contributing to over 18% ⁴ (Brea-Solís et al., 2015). The reason why Walmart needed to expand its stores globally is that they were looking on ways to survive and the only ways were to move to international level since it had already occupied most parts in the United States. Similarly, growth was vital to Walmart as it had to increase sales and revenues to satisfy the capital market and placate the expectations of its employees as the company had the most committed and enthusiastic employees. With the United States having about 4% of the population in the world, Walmart needed to reach its potential customers around the world and utilized discounts to their products as a competitive advantage.

The theoretical perspective on Walmart's performance is the resource-based theory. The theory measures the performance of a company according to its capacity for utilizing resources (Parnell, 2013). However, despite environmental opportunities and threats being of significance, the company's unique resources contain the variables that will allow it create distinguishing

capabilities that will aid in differentiating the company from its rivals and develop a competitive advantage. Existing firm's resources include both tangible as well as intangible assets, for example, employees, capital together with information. Therefore, resources directly relate with their abilities to create value and eventually leading to profitability in the company. Walmart utilized its two existing key resources originally manufactured in United States when expanding their market to globalization. First Walmart exploited its incredible buying power using its huge domestic suppliers the likes of Coke and Hallmark to acquire goods in a cost-effective manner to their stores. Secondly, Walmart was able to use the knowledge already developed in the United States including effective store management, information technology deployment and merchandising skills to help in foreign stores.

Question 3

Walmart has been forced to shift to e-commerce despite having many physical stores. The shift is attributed to allowing them to sustain the business as well as maintain their customers to keep with the competition. Many people around the world have shifted to online and people want to purchase products online and they are delivered to them. Currently, Walmart has tried to cope with the competition but it has only shifted the grocery store online which is observed to be picking well, however the firm has not placed every part of their product to be sold online thus making majority of their customers to purchase on their competitors' sites. Similarly, delivery issues have raised concerns as the emergence of the internet has made people reluctant to paying delivery fee for their products.

Walmart is a firm that already developed its brand, and has many stores around the world. The firm already has the advantage of operating both online and using physical stores. However, the firm should speed the strategy of ensuring every part of their product is online and

people can order online. Although many stores will one day become obsolete it is important to develop strategies that focus on the future development of the company. For instance, developing strategies that will ensure products reach customers' address points. Moreover, the provision of free delivery to purchases of goods to a certain amount will also work in enticing customers to purchase on their online stores.

Question 4

Before opening an electronic store, several things must have been put into considerations first and then a strategic business plan of how the store will operate developed. First, several risks are researched including economic and political risks and the risk management program developed. Therefore, the manager will need to follow certain options to ensure the store survives and grow in a competitive environment. For the manager to develop successful strategies they will need to consider several factors. First, the manager needs to understand the competitive environment in which the store operates. Realizing this will enable the manager to make strategic decisions that will counter their competitors. Secondly, managers are required to understand the store's resources and how they relate to strengths and weaknesses (Parnell, 2013). The resources will help the manager in planning on the kind of resources to be applied in which plan. Moreover, strategic plans should be made focusing on the goals and mission of the store to allow the store to achieve their plans. Lastly, there is a need to ensure future changes are taken into considerations before adopting the plan. Lack of focusing on the future can lead to the store being affected immensely and thus having the inability to deal with the stiff competition. Competition is very critical in the success of any business, therefore as an electronic shop realizing their competitors and the strategies, they take will enable them to set a more competitive strategy that will favor them and hence ensure the growth of the business.

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Responses

1. EP

I agree that the internet has led to the creation of many business models. The emergence of the internet has also contributed to changes in strategic management and therefore making it hard to be understood. Firms have managed to make enhanced strategic decisions and implement them because the internet has provided a platform where businesses can access experts and provide them with insights. Similarly, the internet has resulted in firms utilizing competitive advantage by ensuring transactions are done fast and respond to customers (Parnell, 2013).

2. JP

I agree that strategic management allows firms to obtain a competitive advantage. With unique and strategic management, companies can develop decisions and realize which among them are workable in their operations thus enhancing their profits. Thus, with the arrival of the internet, many companies were required to change due to increased competition. For instance, companies such as Amazon came intending to satisfy customers and improve their experience. Similarly, the sharing of reviews enabled customers to have a diverse knowledge of products they want hence leading to changes from physical stores.

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