# Unit 7 Assignment 1 - Wal-Mart in Africa Case Analysis: Recommendations

# Amon-Ra

# Herzing University

BU 690 Business Integration & Strategic Planning

**UNIQUE GROWTH AND IMPLEMENTATION STRATEGIES ISSUES**

* As a strategy to mitigate the impact of the 2008 U.S. recession on the domestic retail market, Walmart emphasized seeking new growth opportunities in international markets.
* Some international markets were closed to foreign investment, thus, Walmart focused on the untapped market of Africa. The company sought out African countries with a stable political environment and young population with increasing disposal incomes, like that of Nigeria and South Africa.
* Walmart’s mode of entry into South Africa’s retail market was via an acquisition of the 2nd largest local retailer, Massmart, which has a presence in 12 African countries.
* Wal-Mart’s low-price model could prove successful in Africa due to its poverty and low-income levels.

**COMPETITIVE ADVANTAGES ANALYSIS AND EVALUATION**

* Walmart was able to control cost by circumventing retail supplier’s control over its merchandise. The company accomplished this by preventing heavy dependence on any single supplier through limiting the percentage of purchases from any one source. This allowed competition among suppliers to offer the lowest prices in order to win limited Walmart business. The savings that Walmart was able to acquire could then be passed on to consumers.
* Walmart adopted barcode and RFID technology to track sales and inventory. This allowed Walmart to know what was selling, when it was selling and how much was selling. The technology also revealed what doesn’t sale. This information was passed on to its suppliers in order to facilitate faster restocking times with the latest goods.

**RECOMMENDATIONS**

* Walmart does not have a good reputation and is known for low pay wages, local retail and manufacturing disruption, and discouraging union participation. The company is not welcomed and needs to create a better social image.
* To avoid the mistakes of the UK and Germany, in regards to labor unions and the power of the strike, Walmart should work with South African Unions and try to reach an agreement.
* Avoid pay wage labor issues like the one that took place in the Germany. Pay a salary that actual fuels the disposable income demographic sought after by the company.
* In an effort to ensure the business model fits the South African market, follow the model as presented by Massmart. It has a proven track record. Examine ways to enhance Massmart.
* Enter into an alliance with local manufacturers to find sustainable ways to buy local, as well as to preserve and expand local manufacturing.

References:

Thompson, A., Peteraf, M., Gamble, J. & Strickland, A. (2015). Crafting & Executing Strategy: The Quest for Competitive Advantage: Concepts and Cases (20th Ed.). London, UK: Pearson.