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Lecturer Name: Dr. Syed Farhan Alvi

STUDENT ID: 10591

NAME (in Full): Nader Hassan Abdullah Alfahaid

walmart 



1. Executive Summary

Wal-Mart, the leading retailers across the globe, offers myriad of products ranging from grocery, consumables, health products, apparel, and others through a policy of daily low prices. This company operates its business under various business segments. This company has recorded a lot of success since it opened its doors in the year 1962. Currently, its outlets are in twenty-eight countries, where it runs around twelve thousand business outlets. Wal-Mart is also a happy employer of approximately two million three hundred thousand employees. Despite operating in a highly competitive market, Wal-Mart has managed to spur its revenues and growth rate over time.

The analysis indicates that Wal-Mart records above-average per every standard metric measure. The success of Wal-Mart is majorly made possible by its slogan; mission and vision that assist it in developing critical success factors. Wal-Mart always endeavors cater to the needs of its clients at the lowest possible prices, in the most convenient places and meeting all customers' needs through a wide range and correct product assortments. The significant recommendations summary is as follows:

- More product development to cater to the healthy living trend
- More market penetration in the emerging global market
- Raising employees standards
- Focus more on online market diversification



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Assignment

Preamble

This assignment should be based on your current employer/business or a business with which you have had some recent exposure and with which you are familiar.

Presenting your findings

Your report should be presented in a management report format which includes an:

Executive summary (make it brief, no more than 2 pages),

Also introduce the business entity in consideration, its history, milestones it has achieved in past, market share, industry it operates, industry analysis

Your report should incorporate the following steps:

1. Identify the firm's existing vision, and mission statement
2. Develop vision and mission statements for the organization, what you think it should be as, per knowledge developed in your study.
3. (a) Identify the organization's external opportunities and threats.
(b) Develop PESTEL
4. Construct a Competitive Profile Matrix (CPM).
5. Construct an External Factor Evaluation (EFE) Matrix
6. Identify the organization's internal strengths and weaknesses.
7. Construct an Internal Factor Evaluation (IFE) Matrix.
8. Recommend long-term objectives and specific strategies to achieve them. Compare your recommendations to actual strategies planned by the company.
9. Choose (as many as you can) matrix from question 9.

Prepare a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, Grand Strategy Matrix, and Quantitative Strategic Planning Matrix (QSPM) as appropriate.

10. Specify how your recommendations can be implemented and what results you can expect. What Management, Marketing, Finance/Accounting, R&D and CIS issue, if any you foresee. Your recommendations to address them.
11. Recommend procedures for strategy review and evaluation.

Type of organization

- If your organization is part of a larger international organization, you may consider only your country's division. Avoid considering individual departments or sections of an organization as this will constrain you to deal with functional-level strategy only.
- If your organization is a government department, proceed with an analysis of that division, providing, it is a budgetary Centre. Dealing with a subdivision will constrain you to deal with functional-level strategy only.
- If your organization is an independent, not-for-profit entity, proceed according to the advice above.

Make sure the conclusion is not just a summary of your recommendations. Emphasize the key recommendations in your conclusion and consider how they might be action.

2. Introduction

Wal-Mart Inc. is currently the number one retailers across the globe and offers myriad of products ranging from grocery, consumables, health products, apparel, and many others through a policy of daily low prices (Yahoo Finance, 2020). According to Market Line Company Profile (2019), when Wal-Mart first opened its doors in the year 1962, it concentrated in the rural areas as a way of evading direct competition from the then industry giants like Sears and Kmart. Today, Wal-Mart enjoys operating in over twenty-eight countries scattered across the world. Surviving and maintaining a market leadership position in the highly competitive retail industry requires proper strategic management strategies. Wal-Mart is also a happy employer of around two million three hundred thousand employees. Despite operating in a highly competitive market, Wal-Mart has managed to record significant revenues increases and growth rate over time.

The study aims at conducting a strategic management study for Wal-Mart Corporation through an extensive critique analysis of various vital management tools. The scope of the research delves on essential strategic management tools, including the vision and mission analysis, PESTEL, CPM, EFE matrix, and SWOT analysis. Other analyses tool in this study includes the IFE matrix, the BCG matrix, and last but not least, the Grand strategy matrix. In entirety, all the aforementioned strategic management analysis tools indicate that Wal-Mart Corporation is not complicated, but at the same very successful and impactful. From the time it opened its doors, Wal-Mart's policy has been to acquire a competitive advantage or edge in the market by taking care of the plight of the potential customers.

3.0 Vision and mission

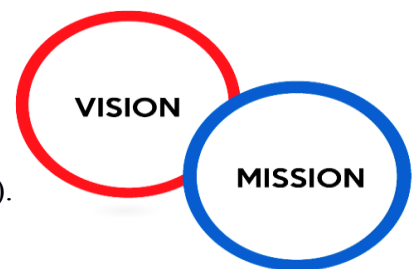
3.1 Vision

"To be the destination for customers to save money, no matter how they want to shop." Before then, the vision was *"To be the retailer in the hearts and minds of consumers and employees"* (Market Line Company Profile, 2019).

3.2 Mission

"To save people money, so they live better."

Slogan: *"Save money. Live better"* (Market Line Company Profile, 2019).



3.3 Recommended vision and mission statement

In guidance with the metrics for conventional mission and vision statements, Wal-Mart's corporate declaration of vision needs some slight upgrades. The concept lacks critical details regarding employees, products, target clients, and last but not least, the business self-concept. In this regard, Wal-Mart's corporate statements should be as follows:

- **Vision:** *"To be the retailer in the hearts and minds of consumers and employees by providing healthy products at affordable prices."*
- **Mission:** *"To save people money, so they live better."*

4.1 Wal-Mart Opportunities and Threats

4.1.1 Opportunities

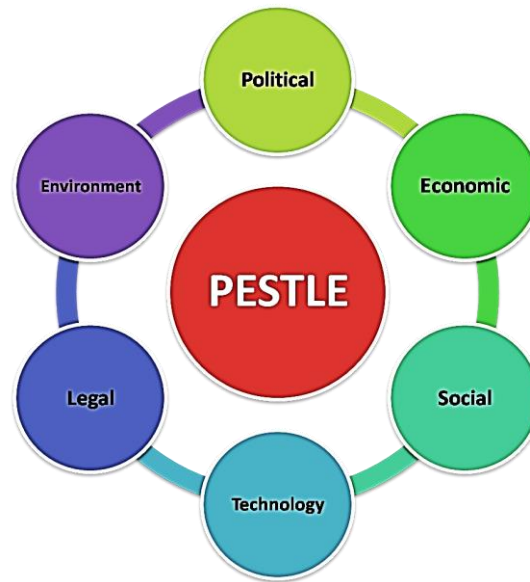
Wal-Mart Inc. enjoys multiple external opportunities. For instance, decreasing disposable income among consumers is a critical opportunity for this company. People are slowly focusing on shopping bargains in the course of economic instabilities. Wal-Mart is also the market leader regarding affordable pricing strategy and hence benefits more when people consider affordable prices (Spicer & Hyatt, 2017). Another external opportunity for Wal-Mart is changing consumer behaviour, whereby the millennial generation exhibits a changing shopping preference from the baby boomers. This issue of changing consumer behaviour comes along with another opportunity for growing e-commerce operations (Hassan, Sistani & Raju, 2014). Wal-Mart brand can exploit the opportunity of e-commerce further by focusing on online channels. The existing massive economics of scale also presents another critical opportunity for Wal-Mart Company, whereby it can continue offering its products at competitively low prices. Improvement of quality standards is also another opportunity for Wal-Mart, whereby it can focus on customer's increasing concerns for a healthy diet.

4.1.2 Threats

According to Chang & Hu (2020), the significant threats for Wal-Mart's include healthy lifestyle trend, huge expansion cost, unstable energy costs, regulatory pressures, stronger dollar internationally, and stiff competition in its various business segments. Many people perceive Wal-Mart's products as unhealthy or not natural, while people are increasingly becoming inclined to organic foods. Currently, Wal-Mart does not specialize in healthy products and hence need to change its strategy for it to evade that lifestyle threat. As Wal-Mart Inc. expands, it has to suffer huge costs courtesy of renting or purchasing of business premises. More so, Wal-Mart has a large truck fleet, meaning that undulating costs of fuel welcome direct threat to its daily

business operations. Legal pressures have continued to increase in the retail industry, following which brands are wasting a lot of time while concentrating on compliance. Major retail industry competitors like the Kmart are copying low-cost fashion item strategy, and therefore competition is liable to increase. Online brand competitors like Amazon are also closing the gap, making Wal-Mart focus more on innovation and lower prices.

4.2 Wal-Mart PESTEL



4.2.1 Political factors

High political stability is one fundamental political factor for Wal-Mart Inc. Very rarely does Wal-Mart experience external political challenges, and hence this is an opportunity. Another political chance of Wal-Mart is the goodwill political support for globalization, whereby increased advocacy for globalization makes it easier for Wal-Mart to open outlets in various parts of the world. However, Wal-Mart also faces political pressure for increases wages. Salaries are a direct cost to a business, and hence the advocacy for increases employee remunerations means that Wal-Mart costs will increase (Wal-Mart Stores, 2017).

4.2.2 Economic factors

According to Market Line Company Profile (2018), economic changes present a significant pressure on Wal-Mart Inc. Another factor in this respect includes decreasing unemployment rate some parts of the world, meaning that people will have more disposable income to spending on shopping sprees. Notably, all economics are opportunities that Wal-Mart exploits all over the world. However, this company should consider targeting the fast-growing economies first, especially in the developing nations that have a high demand for retail goods.

4.2.3 Social factors

Most prevalent social factors regarding Wal-Mart include changing trend about healthy lifestyle trend. Healthy trend is an opportunity that this company can exploit. The next factor herein is cultural diversity trend. This element is also an opportunity that Wal-Mart can tap. The last but not least urban migration, another Wal-Mart perceived opportunity. Wal-Mart needs to increase its mixture of organic products, variety for various cultural preferences, and open more outlets to meet the increasing demand in the cities (Wal-Mart Stores, 2017).

4.2.4 Technological factors

According to Chang & Hu (2020), technology is very critical regarding company competitiveness. Most critical technological macro factors per Wal-Mart position include a growing trend of business automation, big data, and last but not least, upsurge in mobile device usage by consumers. Without question, all these technological factors are ripe opportunities that Wal-Mart can exploit. Wal-Mart needs to boost its online presence so that it increases online marketing and sales for more revenues.

4.2.5 Ecological or Environmental factors

The fundamental factors regarding Wal-Mart Inc. include environmental conservation and protection concerns and business sustainability issues. Advocacy for ecological care is widespread and very prevalent in all parts of the world. In this regard, Wal-Mart should tap the opportunity for improved operational efficiency through technological innovation. Wal-Mart should also focus on environmentally friendly practices through adhering to policies, and promoting products standards (Tan, Yan, Chen & Liu, 2018).

4.2.6 Legal issues

The work of legal factors is to control firms in their business. Examples of Wal-Mart's legal remote factors include regulations about food safety, employment and labour laws, and tax reforms, among others. Under these factors, Wal-Mart should consider food safety as an opportunity so that it improves its overall standards. Labour regulations are also an opportunity because it will help Wal-Mart to exploit opportunities that come along employment regulations and best staffing practices.

5. Competitive Profile Matrix (CPM)

A CPM assists in the classification or comparison of a company's most significant competitors alongside its core strengths and weaknesses. In other words, the development of a CPM requires an evaluation of a firm and its close competitors through weighting and rating of the critical success factors (KSFs). The company that gathers the biggest weighted score qualifies to be the leader. CPM result discussion data for this part is available in the appendix, **fig 5.1**.

5.1 CPM discussion

Wal-Mart's major and close retail industry competitors are consecutively Target and Kmart corporations. These three companies continuously engage in the competitive battle for gathering the reputation of the customer desired retail market that provides products at excellent prices (Burns, Bush & Sinha, 2014). Overall, the CPM indicates that Wal-Mart is the market leader regarding industry competitiveness with a weighted score of 3.3. Closely following is Target with an aggregate score of 2.9 and in the third position is Kmart with a score of 2.45.

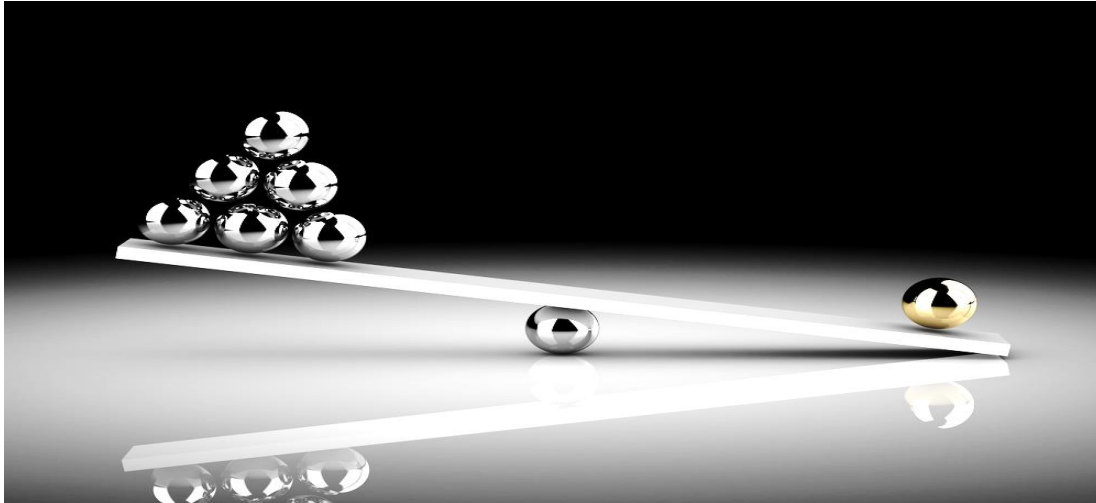
6. Wal-Mart Inc. EFE Matrix

EFE matrix assists in the process of scrutinizing aspects of various aspects regarding a company's external threats and opportunities. In other words, the EFE matrix assists in the determination of whether a company can tap all external opportunities while at the same time, minimizing the external threats (Baker, 2014). More so, an EFE matrix assists organizations to develop new and better strategies per the existing market situation. The following is an EFE for Wal-Mart Company. EFE result discussion data for this part is available in the appendix as **Fig 6.1**

6.1 EFE discussion

The cumulative weighted score for Wal-Mart's external opportunities and threats brings a figure of **3.0**. Noting that the highest possible score in this respect was four and the lowest 1, Wal-Mart, therefore records far way above the average rating of 2.5. In this regard, it is correct to argue that Wal-Mart effectively utilizes all the current opportunities while taking caution to minimize the related threats. If the aggregate score could have been 1, it could mean that this company do not take the benefits of the current opportunities and also do not avoid the external threats.

7.0 Strengths and weaknesses



7.1 Strengths

Wal-Mart is incredibly vast. More so, presently, Wal-Mart leads as the significant global retailer and a pioneer of the retail industry with an extensive network of stores. Another critical strength for Wal-Mart Company is the wide-global supply chain that makes it more resilient to various market-specific risks like local disruptions. High efficiency regarding supply chain is the next strength for Wal-Mart Company, whereby it follows superior technologies and controlling stock movements from its suppliers to stores (Marcilla, 2014). Other advantages for Wal-Mart Corporation include the strong financial position, diversity of products, and sharp brand image.

7.2 Weaknesses

The threats of Wal-Mart Company include all the notable challenges that hinder this company from withstanding the threats. The weaknesses are directly engrossed in Wal-Mart generic strategy, resources, and the profit margin. As noted before, Wal-Mart Company aggressively pursues a cost leadership strategy. In this regard, Wal-Mart's generic weaknesses include a thin profit margin, which is true because when Wal-Mart reduces prices, then the profit margin will decrease. The heavy reliance of the cost-leadership approach also makes it easy for other companies to copy. Notably, Wal-Mart lacks critical competitive differentiators other than its vast size and low prices. More so, Wal-Mart focus on explicit low prices disadvantages it from tapping the business of high-end customers who are usually less sensitive to rates. In this regard, the combination of Wal-Mart's weaknesses indicates that this company is vulnerable to other innovative competitors. They might easily disrupt the market, especially in this era of increasing e-commerce initiatives (Market Line Company Profile, 2018).

8. Wal-Mart IFE Matrix



In Wal-Mart, Inc. IFE matrix, each factor gets individual weights ranging from 0 to 1, depending on the relative significance of the particular element. IFE result discussion data for this part is available in the appendix as **Fig 8.1**

8.1 IFE discussion

From the Wal-Mart IFE matrix, the cumulative weighted score for Wal-Mart IFE matrix brings a 3.55 figure. Therefore, Wal-Mart effectively utilizes its strengths and minimizes weaknesses to increase its competitiveness in the market.

9.0 Recommended Long-term objectives and specific strategies to achieve those objectives

9.1 Suggested long-term objectives



Based on the insights from the above discussions, this study identifies some goals and strategy that Wal-Mart can follow for it to become even more competitive and profitable. The goals are as follows:

- Improve human resources practices
- Focus more on technological conscious
- Focus more on the consciousness of wellness products
- Further global expansion
- Increase online-retail market presence

9.2 Suggested specific strategies to achieve the objectives

The first suggestion is that Wal-Mart should focus more on prioritizing, employing its internal strengths for it to exploit further the external opportunities presented by the enormous global market. Wal-Mart has enough financial muscle to expand to more developing markets. The next strategy regards the improvement of the standards for Wal-Mart human resources standards and the quality of the product for better performance. The highly efficient supply chain for Wal-Mart can easily enable this company to pursue more aggressive international expansion (Nguyen, 2017). Wal-Mart should also focus on increasing its investment in technology that will assist it in improving quality standards while at the same, expanding its business.

10. Wal-Mart existing long-term objectives and strategies

According to Market Line Company Profile (2019), Wal-Mart currently pursues a long-term aim of **"sustainable commodities by the year 2025."** Herein, Wal-Mart endeavours to balance the existing business risk and the opportunities following aspects like size, cost issues, brand reputation risk, ability to differentiate, and others. The nature and level of environmental and social elements also play a very critical role in this strategy. Wal-Mart is working with all stakeholders so that they enhance sustainability and promote the overall shared value. For instance, Wal-Mart is collaborating with retailers, suppliers, government, non-governmental organizations, and others so that they get the desired sustainable improvement in their business undertakings.

Another existing long-term objective for Wal-Mart **"is the reduction of waste and pursuit of the circular economy."** By the year 2025, Wal-Mart target at achieving zero waste. Notably, some recommendations and the actual strategies followed by Wal-Mart are in alignment. For instance, sustainability and waste reduction tally with the suggested objectives of technological innovation. However, for Wal-Mart to succeed more, it should follow other purposes as above speculated (Market Line Company Profile, 2019).

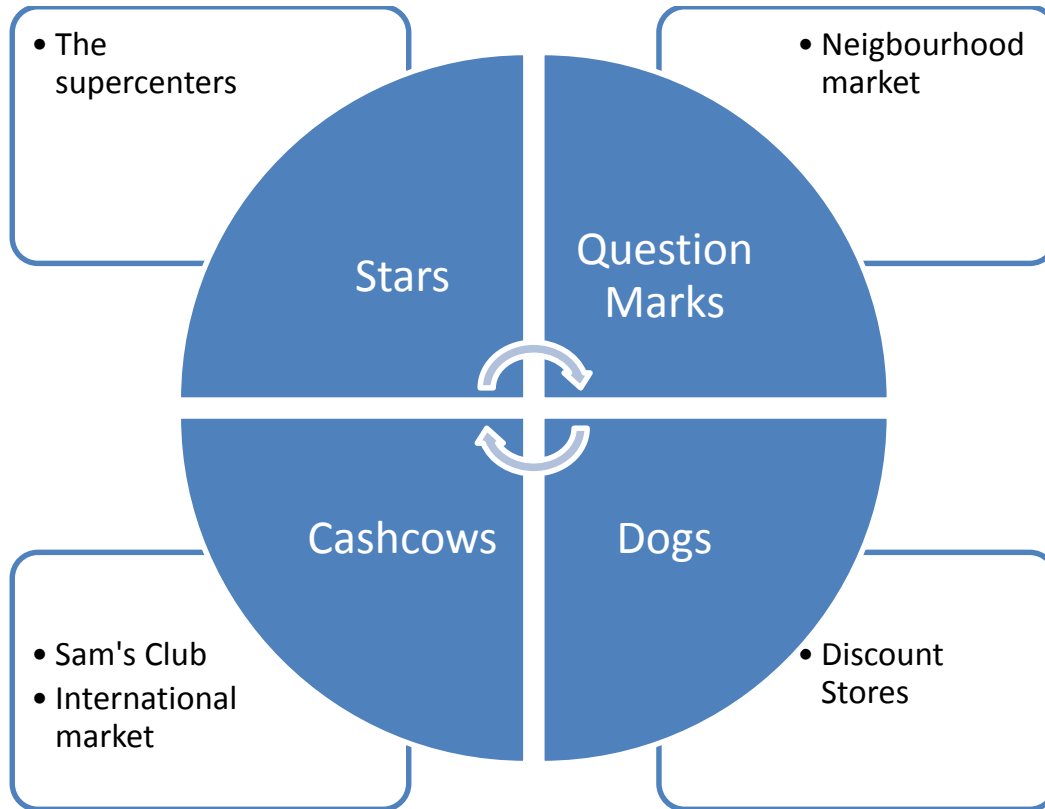
11.0 Wal-Mart Analysis Matrices

11.1 SWOT analysis matrix



Strengths	Weakness
<ul style="list-style-type: none"> ❖ Huge size ❖ Extensive distribution network ❖ Efficient supply chain ❖ Diversification of products ❖ Strong brand image 	<ul style="list-style-type: none"> ➤ Improvement of quality standards ➤ Thin profit margin ➤ Easy to copy business models ➤ Disadvantaged against high-end buyers ➤ Negative publicity
Opportunities	Threats
<ul style="list-style-type: none"> ✓ Decreasing consumer disposable incomes ✓ Low pricing strategy ✓ Changing consumer behaviour ✓ Increasing e-commerce operations ✓ Economics of scale 	<ul style="list-style-type: none"> • Changing health lifestyle trend • Huge expansion cost • Stiff competition • Undulating fuel costs • Legal pressings • Dollar fluctuations

11.2 BCG Matrix



11.2.1 The cash cows

The cash cows are notably Sam's club business segment and the global segment. Customer who has subscribed to Wal-Mart Sam's club enjoys first-class services, hence becoming indicate more loyalty to this company. These people also other services like credit facilities. The global segment is also growing significantly and aims at international positioning.

11.2.2 The stars

The stars are the best business units for Wal-Mart. Stars have the most significant market share and hence earn the most prominent revenue to a company. Stars also have the highest growth rate. The supercenters are notably the stars for Wal-Mart. These supercenters offer the broadest range of customer products and have a low-cost strategy.

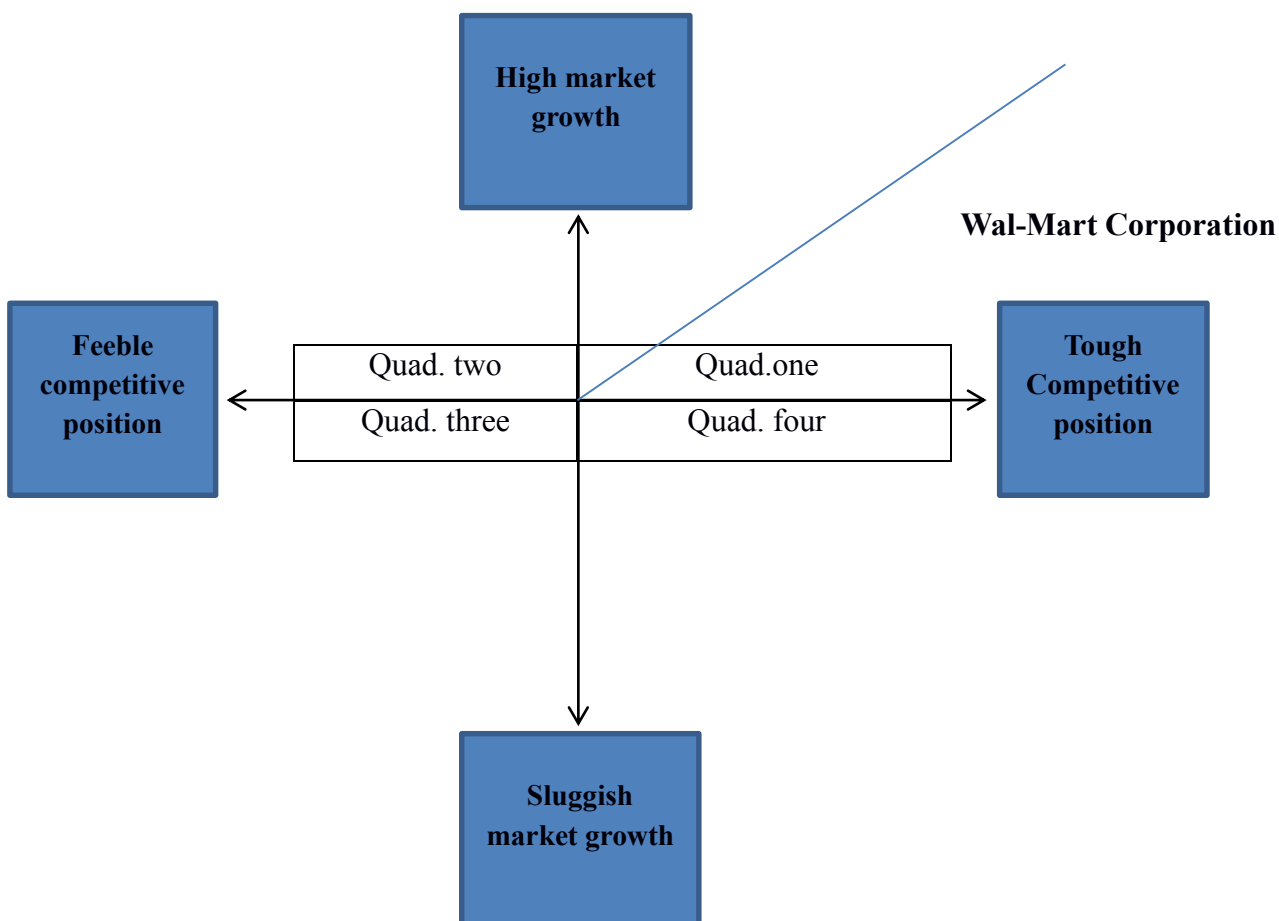
11.2.3 The Question marks

The neighborhood markets are the question marks for Wal-Mart Corporation. These business segments require more attention for them to increase their revenue. Through proper strategies, the question marks will increase market share.

11.2.4 The dogs

The dogs consist of business segments that require divestment. Closing the dogs can not affect the business. The discount stores are the dogs for Wal-Mart because they have not been bringing good profit to the company. Wal-Mart has already closed many of discount store outlets. Instead of concentrating on the discount stores, Wal-Mart can use that investment to develop the stars.

11.3 Wal-Mart Grand Strategy matrix



Notably, the GSM above communicate that Wal-Mart is highly competitive. More so, it is clear that Wal-Mart is currently exhibiting at the perfect balance of a strong competitive market position while tapping the opportunity of rapid market growth.

12.0 Management, Marketing, Finance/Accounting, and R&D issues foreseeable

The management issues foreseeable in Wal-Mart include less consideration of the plights of employees. The critique of the vision statement indicated that Wal-Mart deliberately removed the critical details regarding employees from its vision statement. Employees are as essential in the success of the business, and hence there should be a change to motivate them and make them feel valued and part of the business. Next, there is a challenge of marketing and Research and Development (R&D) in Wal-Mart. Wal-Mart much concentrates on one major business strategy, low-cost competitive policy. While this company has gained a lot from this strategy, further marketing, innovation, and using R&D so that they become more innovative will be okay. For instance, the online segment (E-commerce) is not as competitive as the industry leader, Amazon.com. If Wal-Mart could have initiated this line of business, then they must be having the greatest share at the moment.



12.1 Recommendations to overcome the issues above

- More product development to cater to the healthy living trend
- More market penetration in the emerging global market
- Raising employees standards
- Focus more on online market diversification

12.2 Recommendations for "Strategy review" and "Evaluation."

Observably, the study company, Wal-Mart Inc., has excelled in many parts of its business units. It has huge supply chain management, yet its management is very efficient because of the vibrant use of Information technology. Wal-Mart is also effectively understood which business units require expansion, and those whose divestment is the best option. However, the following recommended process of strategy review and evaluation will still be significant in the Wal-Mart business underlings

- Utilizing and measuring benchmark performance for all units with the competitors
- Quarterly measurement of performance for all business segments
- Quarterly measurement for a variance for all business units
- Taking corrective measures where necessary





13. Conclusion

The study endeavored to conduct a strategic management plan for Wal-Mart Inc. The findings indicate that since this company opened its doors, it has grown swift and extensive. The success is attributable to Wal-Mart's observance of beneficial insights of strategic management. It has an impactful vision and mission statement that assist it in daily business operations. Wal-Mart also uses a vibrant IT-based system that assists it effectively manage its super supply chain network. Another important finding is that Wal-Mart understands and fully exploits its opportunities and internal strengths.

Wal-Mart Corporation is also aware of the existing threats and its internal weaknesses, whereby it successfully manages to maintain them. More so, this company is aligning its business undertakings to the advantages of the good things while minimizing the constraints. With a slight improvement of its Human resources standards and become more diverse regarding product innovation and healthy products, Wal-Mart's excel further. More penetration into the emerging global market will also enable Wal-Mart to earn bigger profits.

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Appendices

Fig. 5.1 Wal-Mart CPM

	Wal-Mart Inc.			Kmart Company		Target	
KSFs	Weight 0.0-1.0	Rating 1-4	Weighted Score	Rating 0.0-1.0	Weighted score	Rating 1-4	Weighted score
Promotion exercises	0.25	3	0.75	3	0.75	3	0.75
International extension	0.15	4	0.60	1	0.15	3	0.45
Price rivalry	0.15	4	0.60	3	0.45	3	0.45
Quality of Products and services	0.10	3	0.30	3	0.30	2	0.20
Customer loyalty	0.10	3	0.30	2	0.20	3	0.30
Market share	0.25	3	0.75	1	0.25	3	0.75
Totals	1		3.30		2.45		2.9

Fig 6.1 Wal-Mart EFE matrix

<i>External Opportunities</i>	Weight	Rating 1-4	Weighted Score
Decreasing disposable income	0.05	3	0.15
Competitive pricing	0.15	4	0.60
Changing consumer behaviour	0.05	3	0.15
Online/E-commerce operations	0.10	3	0.30
Economies of scale	0.10	4	0.40
Improvement of quality standards	0.10	3	0.30
<i>External Threats</i>			
Healthy lifestyle trend	0.15	3	0.45
Huge expansion cost	0.05	3	0.15
Stiff competition	0.15	2	0.30
Legal pressures	0.10	2	0.20
Totals	1.00		3.00



Fig 8.1 Wal-Mart IFE matrix

<i>Internal Strengths</i>	Weight	Rating	Weighted Score
Huge size	0.25	3	0.75
Vast geographical presence	0.15	4	0.45
Efficient processes of supply chain management	0.15	3	0.45
Product diversification	0.05	4	0.75
Robust brand image	0.10	3	0.30
<i>Internal Weaknesses</i>			
Squeezed profit margin	0.05	2	0.10
Easy to copy the business model	0.15	3	0.45
Disadvantage against high-end consumers	0.10	3	0.30
Totals	1.00		3.55