

COMPETITIVE BUSINESS STRATEGIES IN GLOBAL RETAILING: THE CASE OF WAL-MART

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Abstract

In the age of globalization, corporations around the world are competing at a global scale. This is why they have fully understood the need to design and develop competitive global business strategies in an incessant changing business environment. As a hypercompetitive sector, retailing provides numerous examples of corporations that have implemented successful business strategies such as Wal-Mart. The paper aims to briefly define the concept of business strategy and to exemplify it in the case of Wal-Mart. There is a plethora of theoretical approaches related to the concept of business strategy in the literature. It addresses the operating unit of a corporation and is strongly linked with the issue of creating a competitive advantage. The research methodology was based on a quantitative method. The paper contributes to a better understanding of the concept of business strategy. Also, it presents the case of Wal-Mart and analyzes some of the main elements of its business strategy that have allowed the American colossus to succeed in the retail industry at a global level.

Keywords: *business strategy, strategy, retailing, corporation, Wal-Mart*

Classification JEL: *F23, L81, M10*

1. Introduction and context of the study

In the age of globalization, corporations around the world are fiercely competing at a global scale. This is why they do their best to generate economic added value (Garrelli, 2006) and maintain as long as possible their business footprints in numerous and various countries and geographical regions of the world. Thus, they have fully understood the need not only to learn to think and act globally in order to face today's multiple challenges (Toma and Marinescu, 2015) but also to design and develop competitive business strategies in an incessant changing business environment (Toma and Marinescu, 2013).

Since the beginning of 2020, the COVID-19 pandemic has continued to threaten all economic sectors. The brutal COVID shock propagated very rapidly across countries and continents leading to synchronized negative repercussions on the global economy (Yeyati and Filippini, 2021) and causing a 4.3% contraction of global gross domestic product in 2020 (United Nations Conference on Trade and Development, 2020). Consequently, it has also impacted the global retailing revenues and growth. However, the sector has remained attractive and profitable (Deloitte, 2020; Deloitte, 2021). The total retail sales worldwide attained 24.78 trillion US dollars

in 2019 and is projected to reach 26.70 trillion US dollars in 2022 (Statista, 2021). The top ten largest retailers worldwide list has been dominated in recent years by huge American corporations like Wal-Mart, Amazon and Costco.

As a hypercompetitive sector, global retailing provides numerous examples of corporations that have succeeded in implementing successful business strategies such as Wal-Mart. The paper aims to briefly define the concept of business strategy and to exemplify it in the case of Wal-Mart.

The paper is structured as follows: the literature review is presented in the second section. The third section of the paper illustrates the research methodology. The results of the research are displayed in the fourth section. The paper ends with conclusions.

2. Literature review

Generally speaking, the term “strategy” has its origin in ancient Greece (Ghemawat, 2002) and many specialists agree that, in the beginning, it was a part of the military field (Toma and Grădinaru, 2015). Understanding the meaning of this concept constitutes a crucial endeavour in creating and developing a successful business irrespective of its size and domain of activity. In essence, strategy represents “an executable plan of action that describes how an individual or organization will achieve a stated mission” (Ulwick, 1999, p. 4). On the one hand, the strategy of a corporation should be clear and properly communicated to its stakeholders. On the other hand, it should precisely indicate where the various resources (e.g., human, financial) of a corporation have to be concentrated. Also, it has to quickly adapt to both its external and internal environment.

There is a plethora of theoretical approaches related to the concept of business strategy in the literature. It is said that at the business level a corporation can “only be effective if it can integrate functional level strategies into an internally consistent whole” (de Wit and Meyer, 2004, p. 228). Thus, the business strategy addresses the operating unit of a corporation and is strongly linked with the issue of creating a competitive advantage. Business strategy is defined as:

- “the plan of action that strategic managers adopt to use a company’s resources and distinctive competences to gain a competitive advantage over its rivals in a market or industry” (Hill and Jones, 2009, p. 110).
- “an integrated and coordinated set of commitments and actions the firm uses to gain a competitive advantage by exploiting core competencies in specific product markets” (Hitt et al, 2009, p. 98).
- “gaining a sustainable competitive advantage in a single strategic business unit” (Evans, 2014, p. 173).
- “the plans, choices and decisions used to guide a company to greater profitability and success” (Kourdi, 2015, p. 3).

Despite the fact that there is no universal definition of business strategy, several characteristics may be emphasized as follows:

- As any other type of strategy, business strategy is referring to making choices among several variants of actions. Therefore, the management of the operating unit of a corporation has to decide to pursue a distinctive course of action.
- There is a strong relationship between business strategy and competitive advantage. Competitive advantage is built upon the following four blocks (Figure no 1):
 1. Efficiency.
 2. Quality.
 3. Innovation.
 4. Customer responsiveness (Hill and Jones, 2009).

One of the key goals of a corporation is to establish its competitive advantage over its rivals and to preserve this advantage as long as it can. This is why business organizations should

pay maximum attention to their core competencies (e.g., superior know-how) that are crucial to their business success.

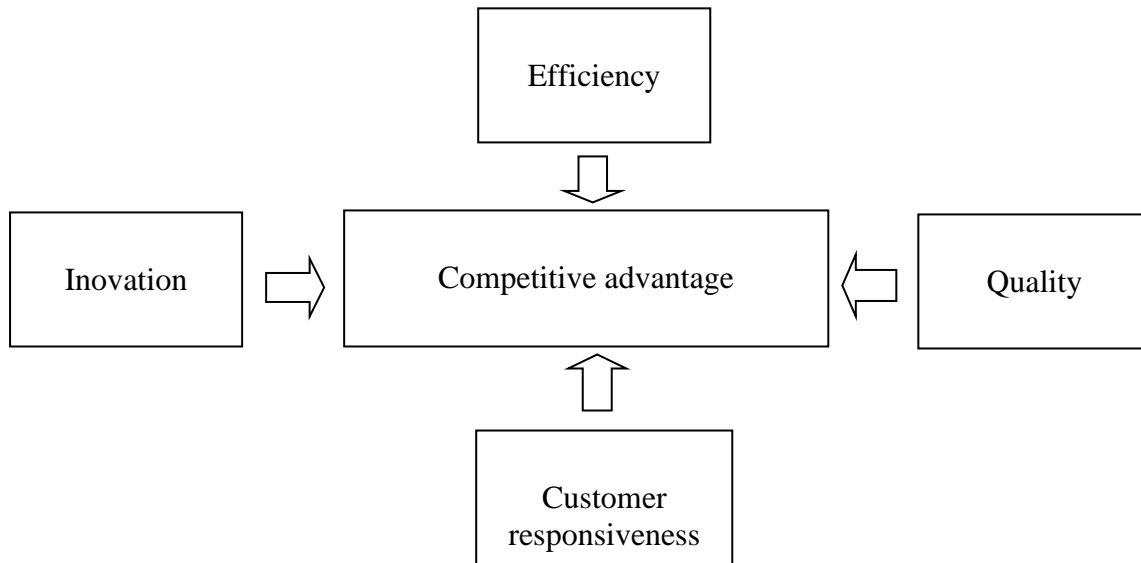


Figure no. 1. The four blocks of competitive advantage.

Source: Hill and Jones, 2009

- Business strategy comprises the “business’s overall competitive theme, the way it positions itself in the marketplace to gain a competitive advantage, and the different positioning strategies that can be used in different industry settings—for example, cost leadership, differentiation, focusing on a particular niche or segment of the industry, or some combination of these” (Hill and Jones, 2009, pp. 9-10).
- A proper co-existence and an effective relationship between the corporate strategy and the business strategy are essential for any business organization.
- In order to design, implement and develop successful business strategies managers should use a plethora of concepts, tools, methods and techniques from different disciplines (e.g., management, marketing, human resource management, quality management, strategic management) such as:
 - TOWS matrix;
 - PEST analysis;
 - Benchmarking;
 - BCG matrix;
 - Balanced Scorecard (Toma et al, 2010);
 - Total Quality Management;
 - Strategic planning (Toma et al, 2016);
 - Lean management (Toma and Marinescu, 2008);
 - Traditional/extended marketing mix (Grădinaru et al, 2016; Grădinaru and Toma, 2017a; Toma and Grădinaru, 2018; Catană and Toma, 2021a; Catană and Toma, 2021b);
 - Customer experience (Toma and Catană, 2021);
 - Six Sigma (Toma, 2008).

- In its design and implementation, the business strategy is based on three main issues (Figure no. 2): customer needs, customer groups/market segmentation, and specific competitiveness (Sutherland and Canwell, 2004).

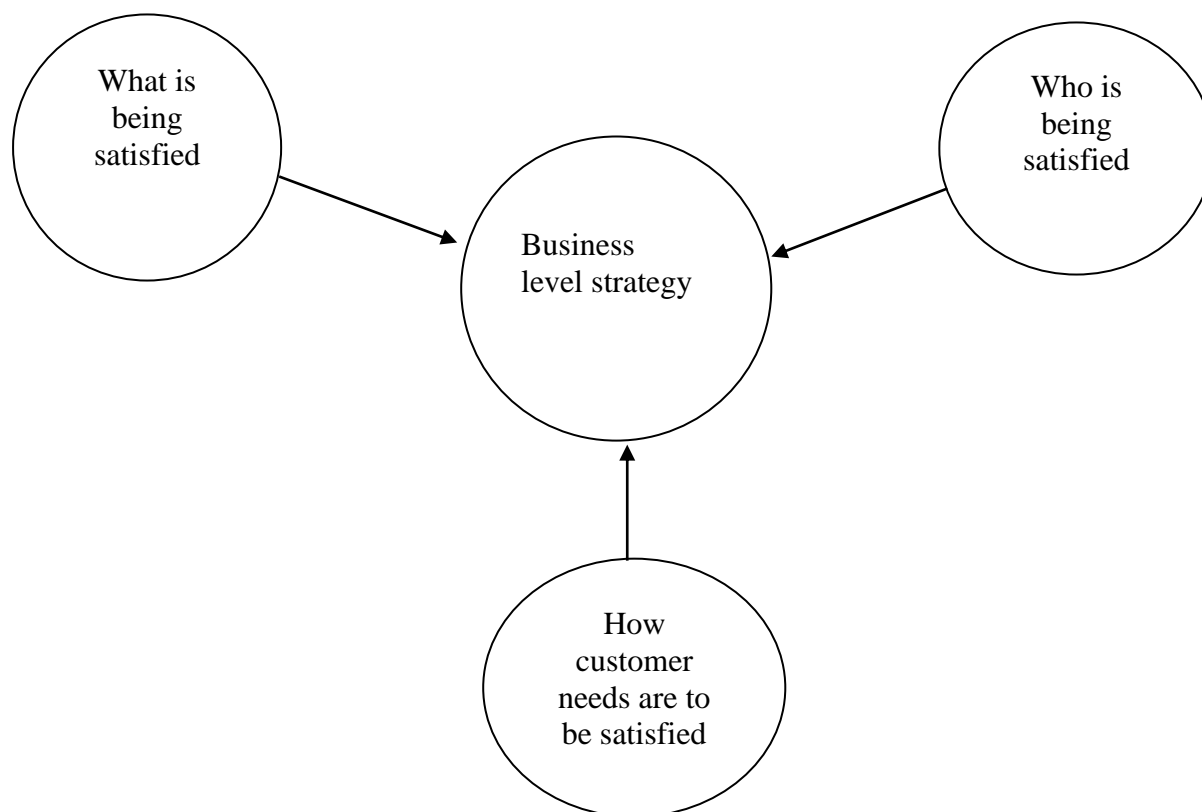


Figure no. 2. The three pillars of business level strategy.

Source: Sutherland and Canwell, 2004

Global retailing constitutes a generous field of application of any type of business strategy. It is defined as “the concept of selling products (i.e., goods and services) across the geographical boundaries of a country to the consumers available in the different parts of the world to attain global presence and recognition and to capture the opportunities prevailing in the potential overseas markets” (Prachi, 2019). The global retailing landscape is unquestionable dominated by the American colossus Wal-Mart (Toma and Grădinaru, 2020).

3. Methodology

In order to reach the goals of the paper, the authors used a research methodology that was based on a quantitative method. The literature review started with the identification of several electronic databases containing articles mainly from the field of strategic management. Then, the information was gathered, synthesized, and analysed. Finally, the authors concluded the paper.

4. Results and discussion

Wal-Mart, the retail colossus, was established in 1962 by Sam Walton, a famous American entrepreneur (Vance and Scott, 1992). Born on March, 29, 1918, in Kingfisher, Oklahoma, Walton was a visionary entrepreneur (Catană et al, 2020) and a business genius (Lee, 2008). His whole life was a continuous race for finding “better ways to do business” (Ortega, 2000, p. xxiv). After

graduating from the University of Missouri with a degree in economics in 1940, Walton entered the military service. At the end of World War II, he joined the retailing sector and gained considerable experience in this business.

Following the opening of its first business in Rogers, Arkansas, Wal-Mart expanded rapidly all over America due to its new and revolutionary retailing approach. The corporation went public in the 1970s and became international in the beginning of the 1990s when it succeeded to penetrate the Mexican market. Today, Wal-Mart operates more than 10,500 stores and clubs in 24 countries (Wal-Mart, 2022).

Wal-Mart, the world's largest corporation and the world's largest family business by revenues in recent years (Toma et al, 2020), constitutes a valuable business example that has succeeded in designing and implementing a competitive business strategy in global retailing (Govindarajan and Gupta, 1999; Grădinaru and Toma, 2017b). In this respect, the following elements sustain this above assertion:

- Low prices. “Every day low price” has become the mantra of Wal-Mart since its foundation.
- Tailored stores to its customers. Wal-Mart offers numerous products through a plethora of commercial formats such as supercenters or discount stores.
- Broad assortment. The deep assortment provided by the American retail giant is highly appreciated by its customers.
- Pleasant customer experience. Wal-Mart is working hard to offer its customers a unique and memorable shopping experience through digital and physical storefronts.
- New technology. The launching and development of its e-commerce sites and platforms has allowed Wal-Mart to provide its customers the possibility to shop wherever, whenever, and whatever they want.
- Excellent customer service. Since its emergence, Wal-Mart has understood the need to serve quickly the needs of its customers. During the time, most of its satisfied customers have become loyal customers.

5. Conclusions

The age of globalization has witnessed the rapid expansion of global retailing all over the world. This is why large retailing corporations have seen it as a highly profitable opportunity for their businesses.

The paper contributes to a better understanding of the concept of business strategy. Also, it presents the case of Wal-Mart and analyzes the main elements of its competitive business strategy that have allowed the American colossus to succeed in the retail industry at a global level. Further researches may take into account other key issues in order to explain the undeniable domination of Wal-Mart over the global retailing.

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