

SWOT Analysis of Wal-Mart

Strengths

- Wal-Mart is a powerful retail brand. It has a reputation for value for money, convenience and a wide range of products all in one store.
- Wal-Mart has grown substantially over recent years, and has experienced global expansion (for example its purchase of the United Kingdom based retailer ASDA).
- The company has a core competence involving its use of information technology to support its international logistics system. For example, it can see how individual products are performing country-wide, store-by-store at a glance. IT also supports Wal-Mart's efficient procurement.
- A focused strategy is in place for human resource management and development. People are key to Wal-Mart's business and it invests time and money in training people, and retaining a developing them.

Weaknesses

- Wal-Mart is the World's largest grocery retailer and control of its empire, despite its IT advantages, could leave it weak in some areas due to the huge span of control.
- Since Wal-Mart sell products across many sectors (such as clothing, food, or stationary), it may not have the flexibility of some of its more focused competitors.
- The company is global, but has a presence in relatively few countries Worldwide.

Opportunities

- To take over, merge with, or form strategic alliances with other global retailers, focusing on specific markets such as Europe or the Greater China Region.
- The stores are currently only trade in a relatively small number of countries. Therefore there are tremendous opportunities for future business in expanding consumer markets, such as China and India.
- New locations and store types offer Wal-Mart opportunities to exploit market development. They diversified from large super centres, to local and mall-based sites.
- Opportunities exist for Wal-Mart to continue with its current strategy of large, super centres.

Threats

- Being number one means that you are the target of competition, locally and globally.
- Being a global retailer means that you are exposed to political problems in the countries that you operate in.
- The cost of producing many consumer products tends to have fallen because of lower manufacturing costs. Manufacturing cost have fallen due to outsourcing to low-cost regions of the World. This has lead to price competition, resulting in price deflation in some ranges. Intense price competition is a threat.