



**Background**  
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**Environent and Metrics**

**Wal-Mart's Strategy**

**Conclusion**

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# **Steven Scheyer: Renegotiating the Newell Rubbermaid Relationship With Wal-Mart, Video**

**Small town values. International logistics.**

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- Wal-Mart is more than just the world's largest retailer. It is an
  - economic force,
  - a cultural phenomenon
  - Lightning rod for controversy
- Simple philosophy from founder Sam Walton: Offer shoppers lower prices than they get anywhere else

# Background

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### Some Perspective on Wal-Mart Thecasesolutions.com

- Wal-Mart employs 2.1 million people. To give you an idea of just how many people that is, Idaho, the 39th most populous state, is home to 1.6 million people. It is 7 times the population of Iceland.
- In 2010, Wal-Mart's revenue of \$405 billion made it the 23rd largest economy in the world, bigger than Sweden
- Each week, nearly 1/3 of the US will visit a Wal-Mart store

### Growth and Expansion

- Opened its first distribution center in Bentonville, Arkansas in 1970 to address distribution channel problems
- Growth strategy focused on incremental geographical expansion
- 1980- There 330 stores across the South and into the Midwest
- 1995- Wal-Mart was in all 50 states
- As it expanded, began facing tougher competition from other retailers including K-Mart and Target

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### Sam Walton: The Legacy

- Sam Walton was the embodiment of Wal-Mart's unique approach to retailing and the face of the company until his death in 1992
- Obsession with undercutting competitors prices
- Strong attention to detail
- Built strong relationships with employees to create a positive working culture throughout the company

### Wal-Mart: In the Beginning

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- First Wal-Mart store opened on July 2, 1962 in the town of Rogers, Arkansas (Pop. 36,000)
- Strategy: "To put good-sized stores into little one-horse towns that everyone else was ignoring"
- 1967- Walton family owned 24 stores and ringing up \$12.7 million in sales annually.
- 1970- There was 30 stores spread across Arkansas, Oklahoma, and Missouri.

### International Expansion

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- 1992- Formed a joint venture with Cifra SA, Mexico's largest retailer and opened up stores up in several Mexican cities
- 1994- Walmart expanded into Canada with the purchase of 122 Woolco stores
- 1998- Expanded into Europe, Asia, and South America
- International expansion was not always a success



### Three Basic Beliefs

- Service to customers
- Respect for the individual associates
- Striving for excellence

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Concentration of Wal-Mart Stores

