WUMART CASE STUDY

Name

Instructor

Institution

Location

Date of Submission

1. What are Wumart's competitive advantages, and what strategies does it employ to acquire these competitive advantages? Are they sustainable when challenged by stronger international players and when Wumart moves out of its home market to become a national player?

A competitive advantage is a condition that ensures that a given organization is able to operate in a more efficient manner or at times a higher quality manner while compared to other organizations that it competes with thus resulting to the company having an edge over its competitors. In perspective of Wumart, the company has a few competitive advantages that includes comprehensive knowledge of the local customer needs and taste, high bargaining power with local suppliers which ensures that the company is able to get products at low prices thus making the company sell the products at cheap prices and still make profits, well known brand name, strong corporate culture, an extensive network of different types of stores that ensure that various customers are served and existing strong relationship with government (Farhoomand and Tao, 2007).

When challenged by stronger international players like Tesco and Wal-Mart, most of the competitive advantages are sustainable since Wumart has effectively positioned itself as the ideal retailers for most residents in the various regions that the company has presence in. One of what used to be the company's competitive advantage but has not been discussed as been a competitive advantage is the company's integration of management information system (MIS) that resulted to efficient management of the company's operations. As stated by Farhoomand and Tao (2007), when it comes to integration of MIS, the company has no competitive advantage as international players have more advanced MIS. In situations where the company moves to

become a national player, it can be said that the company would still have most of the

competitive advantages since as already discussed, most of the competitive advantages that the

company has are facilitated by the fact that the company is based in China and operating in

Beijing.

2. Are any of Wumart′s competitive advantages China-specific or emerging-market-specific?

As already discussed, majority of Wumart's competitive advantages are China specific.

Nevertheless, it is also important to note that majority of emerging markets have similar

characteristics with China implying that Wumart might be able to create such competitive

advantages in some emerging markets. For example, there is a high probability that governments

in some of the emerging markets own some retail stores that have extensive presence in their

respective countries. Wumart might be able to create competitive advantages in such markets by

establishing a strategic relationship that will see the company gain a controlling stake in retail

stores owned by the government.

3. Provide suggestions on potential strategies that Wal-Mart China should Consider going forward.

From the case study by Farhoomand and Tao (2007), it is evident that Wal-Mart China is

facing stiff   competition from various retailers that operate in the Chinese retail sector. In order

for the company to be effective in China, Wal-Mart should first aim at acquiring an already

existing retailer based in China that has presence in various parts of the country. The acquisition

will help the company easily establish presence in various parts of the country while at the same

time also giving the company a stronger bargaining power with the suppliers as the company will

be buying products in large volume. In addition, Wal-Mart should also embark on aggressive advertising campaigns that will ensure that awareness of the company's presence in the Chinese retail sector is created. Finally, it is paramount that the company accepts that since China has totally different culture with America, the way the company operates in the USA will be different with the way it operates in China.