The Retail Revolution

Wen Si

Professor Dillip P Gaonkar

Introduction

Globalization has caused a paradigm shift in the way business is done especially the retail business. Today the way companies are run has become completely revolutionized to suit the requirements and needs of a diverse volatile and dynamic economy (Fottler & Malvey, 2010). A company is having to look within and without to make strategic changes that will enable them to remains sustainable especially in a highly competitive market. The consumer has been versed with a diverse set of options to choose from, options that keep changing every few months. Wal-Mart, Sears, and Amazon are some of the companies leading in the retail business but have had their fair share of struggle within the retail industry.

E-commerce

In addition, many companies that previously operated without incorporation the use of the internet have to either adjust or face elimination. A company like Sears that does not have a heavy online presence has declined in sales and is facing stiff competition from online retailers like Amazon (Hiscock, 2012). The innovation required for a company to remain relevant is intense, even forcing companies like Wal-Mart to acquire Jet core just for the online presence expertise. It is a challenging time for the brick and mortar retailer because of the existence of after sale services like delivery.

Sears days of glory

Sears, although currently declining and having declared bankruptcy had its glory days. The strategy that they employed was the mail order system of delivery where they made delivery of goods to customers directly from the manufacturer. Strategizing this way enabled the company to eliminate the middle man and provide better value for money for the customers that they served. They did succeed in providing better rates and even achieving loyalty from customers for their diverse range of products. They worked like a family, caring for each other within the company and ensuring that the employees were happy.

They purchased in large quantities from manufacturers and passed on the discount to the customers.

How did they overcome the psychological barrier of "remote" buying?

Amazon's success

Amazon, on the other hand, has been seeking innovative ways of solving problems. Some have referred to this as automation and looked at it as a form of lowering labor costs. On the contrary, the company is forward-looking and has been extremely successful in industries that were dying for example in bookselling (Lal et al., 2014). Although some countries like Germany have not provided Amazon a clear path to excel within their markets, the company still has significant sales due to the evolution that the internet has brought to the mind of the consumer.

these industries were not dying.

How?

Wal-Mart's growth

Wal-Mart, on the other hand, has shown exceedingly excellent knowledge on the value that pricing brings in the marketing strategy. Some of the decisions that the company made were questionable for example outsourcing garment production to poor cities Bangladesh. The factory workers were underpaid; the safety precautions were not met adequately. Unfortunately, in one such company, Tazreen Fashions fire outbreaks led to the loss of a hundred and twelve workers, some of who worked for Wal-Mart(Ellis, 2018). The salaries remained stagnant to keep the cost of production low. The overall effect was good quality products but at the expense of lives and

→ outsourcing itself is not questionable —

What exactly was questionable? - Be precise

→ By whom?

? families in China. China even had a series of industrial action against the American Company ? but the matter was hushed down by the Chinese government.

Push versus Pull economy

No indication you know the difference between Push vs Pull economies

Amazon was a company that has refined its e-commerce aspect to a global scale and been able to meticulously map out a functional system that has been embraced with the company opening just a few physical locations for specific products like food (Kahn, 2018). Wal-Mart, on the other hand, has the entire nine yards. The retail stores themselves which occupy a huge real estate and in addition warehouses and a huge workforce. Amazon is a more automated system offering a refined service but Wal-Mart appeals to a more price sensitive consumer that prefers value for their money and are more aware of the available options.

NOT CLEAR

Economic consequences

The economic consequences of the retail revolution are extremely diverse and complex. On one hand, it saves s the company a whole lot of setting up and unnecessary expenses although the organic decentralized process is coupled with a myriad of logistical costs that initially did not exist (Arhontis, 2015). The retail revolution has led to a growth of the overall economy and a rise in sales. It has led to more affordable pricing due to the goals of competitive sustainability? The revolution has led to further growth in the technology employed and therefore growth in the industry. It has led top consumer awareness that influences the financial decisions that the consumers make on a day to day basis.

Social consequences

The social consequences of the retail revolution are also pegged on the decisions that the retail companies make to reduce costs and maintain a competitive edge. For instance, the decision to outsource labor cheaply to poorer countries so that the retail value of the goods walmart wages in China are generally higher than local wages — but not high enough any longer

remains the same but workers are grossly underpaid, without pension and no benefits. In China, some Wal-Mart employees have to manage with just three hundred dollars a month which is way below the minimum wage in the United States of America (Fottler & Malvey, 2010). In India, there was evidence of Wal-Mart's management refusing to provide safety measures for the factory workers who ended up in fatal fire outbreaks that cost lives. Source?

Indulgence and overspending

?

The social consequences even extend to the overindulgence that comes with online shopping. Overspending among the Millenials has been a pressing issue because of influences that come from false advertising and targeted marketing. Although there are some grey areas to the extent to which the claims are made, the overspending has a huge effect on the lives of Millenials who have to work many hours a day or get multiple employment so that they can cater for their shopping needs (Fottler & Malvey, 2010). The pampering or customer service has also led to the indulgence. The retail revolution has made t necessary for there to be extremely friendly customers care services specific to a customer and strongly influenced by the customer's expectations. Relevance?

Winners versus Losers

Why only the Millenials? All consumers

The winners of the retail revolution are those that understand the Millenials. In the year 2020, about forty-six percent of the workforce will be Millenials. This translates to the fact that they will have more disposable income (Hiscock, 2012). The Millenials will be the target consumers for most companies. The middle class will consist of more individuals. The irony of this fact is that the Millenials are extremely sensitive to pricing. They are very keen on how money is spent and maintaining a manageable record of credit. To that effect, Wal-Mart is going to thrive because they have extremely competitive pricing. They provide the same value for less. — evidence for this?

Why? What is the strategic reason here?

For instance, the acquisition of Whole Foods by Amazon was a bold move, but Wal-Mart also

Why? What is strategic reason here?

acquired jet for three billion dollars. This means that whatever Amazon has to offer, Wal-Mart shall be able to offer at an affordable price.

Market Survey

Market surveys have shown that the consumer will be more inclined to affordability than quality. The details do not seem to matter in such a competitive environment. Whole Foods Market entire strategy was based on the authenticity of their products and how they were grown and processed. A significant portion of its market share went to Wal-Mart once the company seemed to have similar product lines but at more competitive prices (Kahn, 2018). The overall result was that price mattered most to the consumer. Whole Foods has been accused of being environmentally unsustainable in their production and since the consumers are interested to know if the methods used are sustainable to the environment, they go with Wal-Mart products. Evidence?

This makes no sense

Retail giant

The overall retail giant in the next decade will definitely be Wal-Mart (Lichtenstein, 2010). Amazon has been faced with lawsuits after another on false advertising based on pricing. ? They list false discounts that even the manufacturers disagree with. It has had deceptive advertising lawsuits now and then for offering discounts that do not really exist or are far too little compared to the listed price. They have also been accused of eliminating list prices so that the consumer s unaware of the actual price of the product until when they have ordered it. Amazon still has a higher purchasing share online compared to Wal-Mart, although their overall revenue is much less.

Confused

Amazon's strength

On the other hand, Amazon has excelled in setting up Kindle, the e-book facet of the company. The rise in book sales, as a result, has been completely astounding n ? a market that was hanging on a shoestring (Lal et al., 2014). In the past decade, most bookshops were going out of business and selling their assets, especially in real estate. Many publishing companies were ? source for this claim? facing bankruptcy and closing shop. Others that were surviving were facing closure and even auctions or buy-outs. Amazon brought a lease of hope to the publishing industry through eBooks. Most of the companies now work with Amazon which has had growing sales due to the internet revolution. Curriculums set can now depend on Amazon to supply books on a large scale to ? students and even individual buyouts. Due to the revolution by smart phones, it is much easier to get the Kindle app and read from anywhere.

Wal-Mart Strategy

Wal-Mart physical stores have a huge share of the market. This translates to higher profit ? compared to Amazon (Zhen, 2007). The physical locations still appeal to most of the traditional shoppers who spend significantly on the food court and after-sales services offered by Wal-Mart. This provides Wal-Mart a huge competitive advantage compared to Amazon that is mostly ? online. In terms of logistics, the infrastructure eats up a huge part of Amazon's profits. Wal-Mart can depend on this value addition and service delivery to increase their profits per year and make the market even more skewed in their direction.

Amazon Strategy

Amazon, on the other hand, has a strong inclination towards innovation. Amazon is investing more in the future consumer than the present by automating their systems and having an organic decision-Making process that is not pegged in one place (Ellis, 2018). As much as most of the pilot projects are done in Seattle at the headquarters, Amazon is careful not to spend too much on a strategy without testing the market in Seattle and troubleshooting effectively. Amazon seems to embrace tech even more than the brick and mortar footprint that Wal-Mart has.

Conclusion

The retail revolution was determined by the availability and ease of access to the internet. It has affected how business is transacted in companies like Wal-Mart, Amazon, and Sears and continues to impact on them. It is paramount for all retail companies to borrow a leaf from successful e-commerce giants like Amazon and Wal-Mart but still maintain ethical boundaries. Most retailers should invest improper infrastructure to cater for a diverse market and maintain relevance n a highly volatile economic environment. The existence of companies is strongly pegged on their innovative ability especially n terms of a revolutionary market.

B-/C+

This is a very poor paper.
It is poorly written, poorly organized
The paper is riddled with
factual errors, and unjustified
claims and interpretations

You cite a number of articles that
were not assigned — But hardly
any that were assigned — Your
claims based on unassigned readings
are implausible —
You show no understanding of assigned
readings —

References

Arhontis, J. (2015). *The new retail revolution: Bricks and mortar stores are not dead just different*.

Ellis, S. J. R. (2018). *The Roman retail revolution. The socio-economic world of the taberna*. Kettering: Oxford University Press.

Fottler, M. D., & Malvey, D. M. (2010). *The retail revolution in health care*. Santa Barbara, Calif: Praeger.

Hiscock, G. (2012). *India's Store Wars: Retail Revolution and the Battle for the Next 500 Million Shoppers*.

Kahn, B. E. (2018). *The Shopping Revolution: How Successful Retailers Win Customers in an Era of Endless Disruption*.

Lal, R., Alvarez, J., & Greenberg, D. (2014). *Retail revolution: Will your brick-and-mortar store survive?*.

Lichtenstein, N. (2010). *The retail revolution: How Wal-Mart created a brave new world of business*. New York: Picador.

Zhen, Y. (2007). *Globalization and the Chinese Retailing Revolution: Competing in the World's Largest Emerging Market*. Cambridge: Elsevier Science.