Case Study

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In the perspective of competitive forces, Amazon and Walmart are two retail companies that are struggling against each other on various dimensions. One of the crucial defining features is the aspect of competition forces in the consideration for the threat of contest ("Five competitive forces model porter," 2015). Both firms are competing to gain dominance for their mammoth business sizes in the online and offline arena. For the two companies, the value-abased analysis also factors the aspect of rivalry between them because while Walmart is a dominant force in offline retailing, Amazon is the same one in the online world. Also, worth highlighting is the threat of substitutes with each company facing the facing the challenge of devising ways to adjust in case of a substitution of one product. This feature is particularly a consideration that is significant for Walmart as Amazon seeks ways of usurping its products variety size.

Walmart and Amazon are arguably the most popular retail companies though they operate on different business models and structure, for Walmart, the principle has been to operate supercenters and can be assumed to be a more traditional enterprise. In fact, it is reported that the management of Walmart is considering to venture based on its principles of culture for a longer time in the future as the company sets to unveil smaller stores as compared to the supercenters that have been featured for a long time (Banjo, 2014). The competitive forces assessment, however, focuses on the role of Amazon as a potential threat in the competition it offers to Walmart. In contrast to Walmart, Amazon appears to be a more diverse online retailing company that offers more flexibility and thus a concern in the value chain analysis for it.

Information technology (IT) is proving to be a significant factor for each of the two companies. A notable way that IT is instrumental for Walmart is in the contexts of offering credit for its 4000 stores in the U.S. for sales in their zip codes (O'Keefe, 2013). Such a move is targeted at enabling all the companies to work harmoniously for the greater good of the company. In fact, it is expected that Walmart will improve its online portfolio for its vast customers offline to enable access to products through the Internet. Presently, Amazon has specialized in the online delivery business scheme that defines the organization’s culture (Bensinger, 2014). Through IT, customers make online purchases on their mobile phones and computers through the Internet and the goods are delivered. Both companies are seeking to build on their use of IT as the technological advancements take shape in the business world (Welch, 2014).

It is expected that given some time Walmart will catch up with Amazon and possibly exceed the expectation from the way it is also embracing information technology in its marketing structure. Walmart was already noted that a majority of its customers who buy goods offline have smart phones. Some are already visiting the company’s website. Based on the brand that the firm has created for itself, it is expected that it will be easier to refer the offline customers to the company’s online platform if they deem fit. Thus after a while, Walmart will be controlling both the offline and the online markets. Given the revenue of $466 billion in 2012, it will be relatively easy for the company to venture into IT for the benefit of its customers and set a competitive advantage for Amazon (O’Keefe, 2013).

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