

Wal-Mart's Supply Chain Management Practices

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Wal-Mart and Global Retail Success

Wal-Mart is one of the most successful and the best retailing companies in the world. It is known for offering quality goods at a lower price. The company was founded by Sam Walton in 1962 in Arkansas. The company has expanded its operations worldwide and has thousands of stores. Wal-Mart's success depends on efficient supply chain management, technology, transportation, and customer focus.

Efficient Supply Chain Management

Wal-Mart has developed a highly efficient supply chain. It purchases goods in large quantities directly from manufacturers, which allows it to negotiate lower prices. The company maintains long-term relationships with suppliers and shares sales information with them. Suppliers can use this information to plan production and replenish stock. Wal-Mart reduces unnecessary intermediaries and controls the movement of products from factories to stores.

Transportation and Logistics Infrastructure

Wal-Mart owns and operates a large transportation network. The company uses trucks and distribution centres to move goods efficiently. Stores are located within a reasonable distance of distribution centres, reducing delivery time and transportation costs. Drivers follow carefully planned routes, and trucks may collect products from suppliers on return journeys. This improves vehicle utilisation and reduces empty travel.

Cross-Docking and Direct Distribution

Cross-docking is an important part of Wal-Mart's logistics strategy. Products arriving at a distribution centre are transferred directly from incoming trucks to outgoing trucks without being stored for long periods. This reduces inventory, warehouse space, handling, and storage costs. Cross-docking requires accurate scheduling, reliable suppliers, coordinated transportation, and real-time information.

Information Technology in the Supply Chain

Wal-Mart has invested heavily in information technology. Point-of-sale systems record sales immediately, and inventory systems identify when stock needs to be replenished. Electronic data interchange allows the company and suppliers to share orders and forecasts. Radio-frequency identification and barcode systems improve tracking. Technology helps managers understand customer demand, reduce stockouts, and avoid excess inventory.

Customer Focus and Sustainable Operations

The company's strategy is based on providing customers with low prices and convenient access to a wide range of products. Customer demand data influences purchasing and inventory decisions. Wal-Mart has also introduced sustainability initiatives, including energy efficiency, waste reduction, packaging improvements, and supplier standards. However, the company has faced criticism relating to labour practices, supplier pressure, local businesses, and environmental impacts.

Benefits of Wal-Mart's Supply Chain Practices

Wal-Mart's supply chain practices provide several benefits. Lower purchasing, transportation, and inventory costs support the company's low-price strategy. Accurate information improves product availability. Fast distribution enables stores to respond to changing demand. Supplier collaboration reduces uncertainty and improves planning. These practices have contributed to Wal-Mart's expansion and profitability. Other companies can learn from Wal-Mart's use of logistics, technology, and integrated supplier relationships, although the system requires large investment and strong management.

References

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