

Wal-Mart's Positioning Strategies

Wal-Mart had faced fairly stagnant stock prices, around \$50, for a couple of years and in an effort to increase their market cap implemented new growth strategies. Wal-Mart lowered its square footage growth goals and "intends to halt a market saturation strategy" (Poggi & Bowers, 2006). Since adjusting its strategies Wal-Mart shares jumped "3.87 percent, to close at \$51.28 in New York Stock Exchange trading, the highest level in about 20 months" (Poggi & Bowers, 2006), and has raised the target price of the stock to \$59. Analyst Todd Slater stated "The decrease in U.S. square footage *growth* not only serves to enhance ROIC [return on invested capital], but should also decrease cannibalization and benefit future productivity" (Poggi & Bowers, 2006).

Companies can learn from this example, to grow their locations based on current and future market expansion or contraction and to avoid market saturation.

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