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The Merger Between Amazon and Walmart

Often, companies find themselves forming strategic alliances to take advantage of each other's strengths. Ordinarily, each company has unique strengths that can be brought to the table when discussing a merger decision, or even an acquisition. Since the core objective is to pull the strengths together, explore new opportunities, and minimize threats, a thorough SWOT analysis of all companies involved in a merger is critical (Deng and Yang, 158). Otherwise, it makes no sense to acquire or merge with another company if the move does not leverage new opportunities while minimizing threats. Companies must ensure that mergers result in better growth by taking advantage of their unique strengths to capture unexplored opportunities (Veilleux, 481). Weaknesses and threats must at least be suppressed for mergers to yield the best outcomes possible.

The merger between Walmart and Amazon might primarily be motivated by the need or desire to offset competition between the two giants. Rather than being consistently in destructive competition with each other, the two companies could merge to their mutual benefit (Myers, 387). Particularly, the merger could make it possible to set standard prices for common products. It might also be a crucial opportunity for the companies to expand their scope of business through the exploration of new opportunities (Deng and Yang, 158). Essentially, a merger between two giant companies can result in market dominance and increased control.

With the proposed merger, Amazon and Walmart would stand a better chance of gaining market dominance in the fast-food industry (Baskin, et al.,78) . The companies would not only be powerful enough to determine and influence prices but also to make it difficult for new companies to venture into the industry.

A look into the respective company profiles based on SWOT analysis shows that a Amazon-Walmart merger would provide a formidable challenge for existing competitors.

Amazon

Amazon is popular throughout the world. The company boasts of more than 310 million active users and over 100 million subscribers who visit the company's websites in search of goods and services regularly ("Business Strategy Hub "). Amazon is the leading online retailer worldwide. In brief, the company's SWOT analysis is summarized in Table 1.

Strengths	Weaknesses
- A strong brand name	- A simple imitable business model
- A customer-oriented approach and culture	- Product flops and occasional failures
- Cost leadership	- Controversies around tax aversion claims
- An expansive merchandise selection	- Inadequate brick and mortar presence in most parts of the world
- An elaborate global and local action strategy	
- A large number of acquisitions	
- Presence in three crucial business areas	
- A reliable and superior logistics and supply chain system	

Opportunities	Threats
<ul style="list-style-type: none"> - Untapped markets in the developing world - Expansion through the establishment of more physical stores - Improvement of technologies for improved service delivery - Embracement of the backward integration approach for an expansion of in-house brands - Embracement of mergers and acquisitions of e-commerce companies for increased market share 	<ul style="list-style-type: none"> - Controversies arising from tax evasion claims and poor working conditions - Stringent and unfavorable government regulations - Increased threat of cyber attacks - Aggressive competition from other giant retail firms such as Walmart - Imitation, especially among new entrants with a similar business model

Table 1: Amazon SWOT Analysis (Hovenkamp,16)

Walmart

Walmart boasts of being the largest retail corporation globally. The company retails everything possible, ranging from groceries and apparel to musical instruments. As the company has more than 11,200 store outlets in 27 different countries, as many as 270 million customers visit the corporation's stores every week ("Business Strategy Hub"). A similarly large number of other customers order through the company's website. Concisely, Walmart's SWOT analysis is as shown in Table 2.

Strengths	Weaknesses

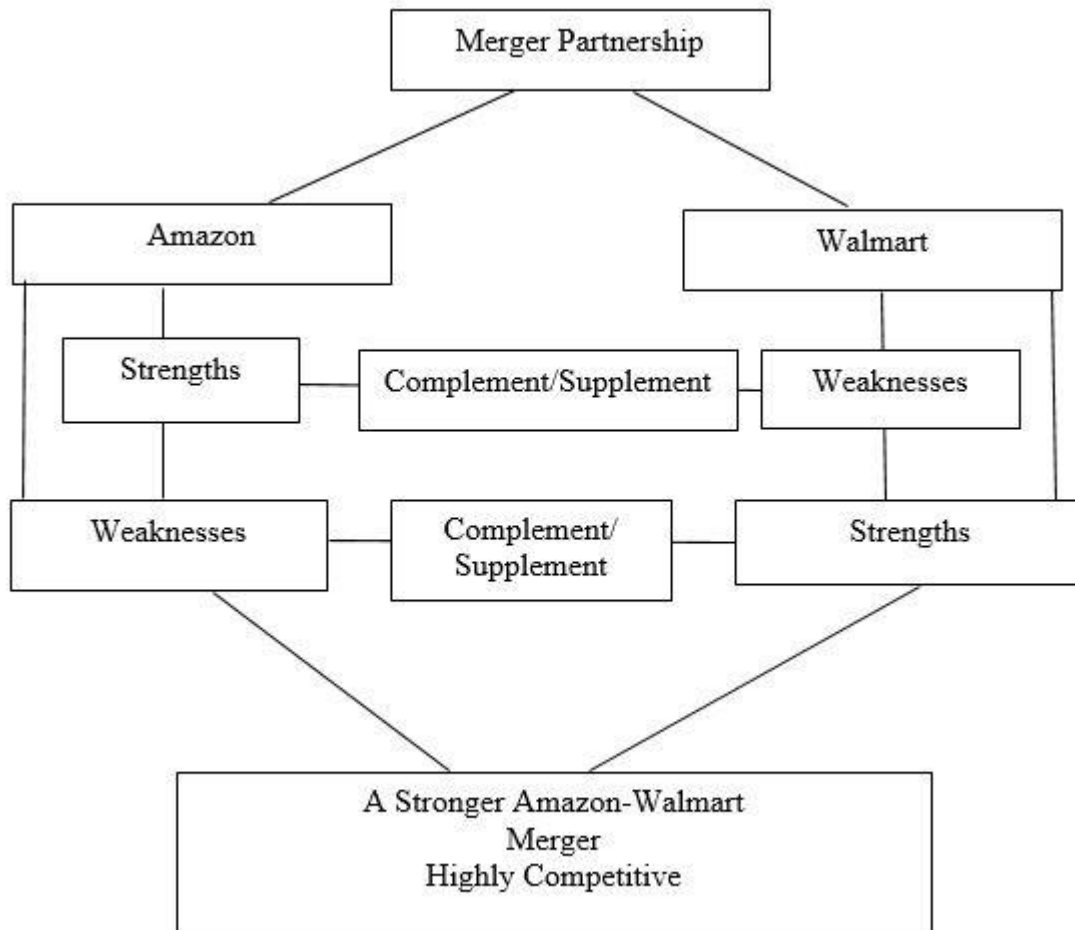
<ul style="list-style-type: none"> - A strong brand with worldwide recognition - A significant milestone in global expansion - Expansive global presence - "Everyday low price" strategy powered through economies of scale - An effective resource management - A strong competitive power - Market power over suppliers in the industry 	<ul style="list-style-type: none"> - Inadequate working conditions and poor treatment of employees - A vast span of control that threatens the company's stability - Thin profit margin attributed to the "Everyday low price" strategy - A simple imitable business model
<p>Opportunities</p> <ul style="list-style-type: none"> - Possible expansion to emerging markets - Establishment of strategic alliances with other global retailers - Enhanced HR practices for innovations and improved service delivery - Improved quality standards for better customer experiences 	<p>Threats</p> <ul style="list-style-type: none"> - Reputation tainted with occasional controversies - Crucial target of competition in the retailing industry - Stringent and unfavorable government regulations - Increasing competition from a multitude of cropping, small e-commerce companies - Technical issues on the company's website hindering business operations

Table 2: Walmart SWOT Analysis (DePamphilis, 43)

A Merger between Walmart and Amazon

A critical review of the two companies based on their respective SWOT analysis reports shows that a merger could help them to surge forward by a large margin.

Merger Concept Map



(O'Donnell, 89)

In overview, each of the two companies comes with unique strengths that augment or at least complement the other. For instance, whereas Amazon has a lack of physical presence in different markets, Walmart boasts of an expansive supply chain system, which is largely supported by an expansive global presence. Similarly, while Walmart lacks a functional website to aid online business operations, it is one of Amazon's core strengths. Amazon largely operates virtually rather than physically (Ardito, 111). Besides, the two companies share common threats, such as unfavorable government regulations, occasional controversies related to employee

relationships, increased competition from new entrants, and simple, imitable business models. A merger, therefore, could be the sole solution since the companies might possibly devise a workable strategy to protect themselves.

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