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Economies Of Scale In Retail Sectors - Lowering Cost And Assuring Competitive Price

Suvendu Narayan Roy [1*], Soham Roy[2]

[1*] Director (Research and Publication)- Knowgen Education Services Private Limited
[2]Chief Editor-Management Ind-Academia Magazine

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ARTICLE INFO	ABSTRACT

Effective cost control is essential for achieving the targeted cost, a critical aspect of cost leadership. For instance, Walmart, a global retail giant, emphasizes its commitment to low prices through slogans like "always low prices" and "save money, live better." This underscores the importance of cost reduction to attract customers. Balancing the ability to offer low prices with profitability is one of the main challenges in financial management. Nowadays, many cost leaders prioritize high sales growth by offering lower prices, rather than investing heavily in brand promotion and research. This secondary evidence and case studies-based study concludes that economies of scales strategies play a crucial role in impacting competitiveness. This conclusion was drawn based on the examination of how various retail companies utilize cost leadership strategies, handle financial performance and expansion, and execute operational tactics to improve their competitiveness within their specific markets. In addition, triangulation method was utilised for enhancing the validity and reliability of findings by cross-verifying information from multiple sources or using multiple methods within a study. Three observations are analysed with reference to academic evidence and case studies: the positive impact of financial decisions on business performance, the strategic implementation of cost leadership and quality for effective financial decision-making, and the reduced emphasis on brand promotion for business growth. Findings are discussed in the context of case studies of Aldi, Walmart and Vishal Mega Mart, providing critical insights into the application of these hypotheses. The expected contribution of our study has been to reflect the impact of economic value addition in terms cost leadership strategy on retail sectors to enhance their pricing competitiveness

Keywords: Economies of Scale, Cost Leadership, Financial Decision, Financial Growth, Business Performance, Competitiveness, Operational Strategies

Introduction

Cost leadership occurs when a company establishes itself as the primary authority in offering products or services at competitive prices within its market segment (Kimiti, Muathe & Murigi, 2020). To effectively accomplish this goal without significantly compromising revenue, the business needs to streamline expenses across various operational aspects such as marketing, distribution, and packaging. A cost leadership strategy delineates a company's approach to attaining dominance in cost competitiveness within its industry. Occasionally, a price-leading entity opts to maintain the lowest prices regardless of profitability, potentially sacrificing profit margins. For instance, major online retailers may deliberately sell certain items at a loss or with minimal profit margins to uphold their position as price leaders and expand their market share. While these entities may lead in terms of pricing, they may not necessarily excel as cost leaders.
Economies of scale denote the cost benefit a company gains as it boosts its production levels (Silberston, 1972). This advantage stems from the inverse correlation between the fixed cost per unit and the quantity manufactured. Essentially, the higher the output quantity, the lower the fixed cost per unit. Broadly speaking, economies of scale entail the phenomenon where average unit costs decrease as production volume increases

within a certain range. These economies typically manifest along the downward slope of the production volume curve.

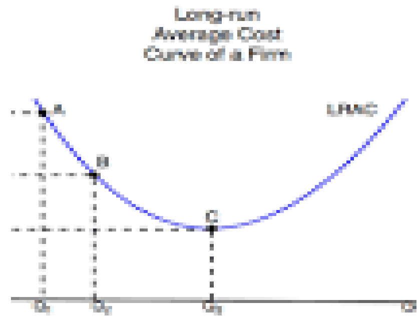

Figure 1: Display of the Long-run Average Cost Curve with the Fluctuation of the Cost Per Unit in relation to the Level of Output being Depicted

The Long Run Average Cost Curve illustrates how a firm's average costs change as production scales over time. When the curve slopes downward, it indicates that the cost per unit decreases, as observed from point A to point B. This downward slope represents economies of scale, where the average cost increases less than proportionately to output. The curve depicting economies of scale is a Long Run Average Cost Curve because it accommodates adjustments in all factors of production.

In today's fiercely competitive landscape, the efficient management of financial decisions is crucial for business success. Financial performance is fundamental from the outset of launching a product or service, impacting its marketability, cost, pricing, and differentiation within budget constraints. Effectively managing financial performance enhances the competitive advantage of a product or service, contributing to its market success. In this era of intense competition, companies must prioritize optimizing financial decisions to positively influence their competitiveness **(Rahmandad, 2012)**. The marketability of a company's product or service portfolio is intricately linked to its financial decision-making. Increasing investment in research and development has become a prevailing trend in competitive markets, prompting companies to focus on enhancing the efficiency of financial decisions through measures such as cost control, budget management, and investment strategies. Realizing high sales growth hinges on aligning financial decisions with the evolving dynamics of the business environment and changing market demands. Therefore, adapting financial strategies to changing scenarios and market responsiveness is essential for sustained success.

Background of Research Problem

In today's dynamic business landscape, experts and industry leaders universally acknowledge the significant impact of financial decisions on business performance **(Aman & Altass, 2023; Racaza, 2022)**. While brand promotion is important, strategic cost leadership and maintaining quality standards are prioritized over excessive spending. Multinational retailers are intensifying their efforts to align with strategic visions aimed at ensuring sustained success and enhanced profitability. There's a growing recognition of the strategic importance of financial decision-making and cost leadership strategies in driving profitability and competitiveness.

Researchers emphasize the role of transformational leadership, market orientation, and low-cost strategies in improving business unit performance, particularly in the retail sector **(Dahleez & Abdelfattah, 2021; Shuxi, 2023)**. Organizations are increasingly focused on achieving rapid profitability growth and maintaining competitiveness. Evaluating the competitive advantage of multinational retailers in terms of their adoption of cost leadership strategies and the effectiveness of their financial decisions has become essential in today's competitive marketplace.

Literature Review

Numerous scholars have conducted extensive research to analyse the impact of financial decisions on competitiveness in today's era of rapid **globalization (BÜYÜKOĞLU, Ahmet & BUYURAN, 2023; Peprah & Ayaa, 2022)**. As the global economy evolves and the patterns of globalization change, organizations are increasingly investing efforts in leveraging financial decisions to enhance competitiveness. Scholars have explored various dimensions of this relationship, shedding light on the role of financial decisions in firms' performance and highlighting industrial best practices **(Rangasamy *et al.* 2023; Maqbool & Sheikh, 2022; Dvouletý & Blažková, 2022)**.

In multinational corporations, Chief Financial Officers (CFOs), as per **Keating (2023)** are integrating financial decisions with strategic objectives to drive improved business outcomes, focusing on aspects like cost efficiency, price elasticity, and R&D-driven differentiation. Firms' competitiveness can be achieved through financial performance metrics, including return on sales, return on assets, and return on equity **(Tchuente &**

El Haddadi, 2023; Kartika *et al.* 2023; Csapi & Balogh, 2020). These measures reflect companies' abilities to utilize assets for sales growth, increase shareholder satisfaction, and achieve desired financial performance.
There is the interplay between financial performance and competitiveness, linking firms' ability to survive in competitive environments with their responsiveness to market demands. This has been observed in the research findings of **Markus and Rideg (2021)** and **Mezinova *et al.* (2023)**. In this regard, scholars highlighted the significance of cost reduction for gaining a competitive edge, noting that sustainable cost reduction efforts contribute to profitability, albeit with associated risks such as technological changes and inflation. Companies often prioritize differentiation through increased R&D expenditure, which significantly impacts financial decision-making efficiency. Strategic allocation of funds and investments at corporate and business levels aims to generate better returns, particularly for firms seeking international competitive advantage **(Chen, 2022)**.
Financial planning is deemed essential for deciphering the impact of impending decisions on organizations' financial performance and positions **(Makarchuk, Khudolii & Rasyuk, 2021; Atan *et al.* 2013)**. Factors ranging from cash flow changes to operational conditions are considered in financial decision-making **(Xu & Birge, 2008; Castro & Rebeca, 2014)**. Multinational companies are increasingly focused on enhancing firm value and competitiveness through balanced debt and equity structures. Erroneous financial decisions can disrupt organizational financial structures, emphasizing the importance of capital structure decisions for business success. Capital is typically raised through equity issuance during favorable economic conditions, with interest rates and market values guiding financial decision-making across different economic situations.
In line with corporate financial theory, it can be said that there are three key aspects of value creation: making prudent investment decisions, ensuring appropriate and accurate financial structures, and implementing optimal investment policies **(Tirole, 2019; Vernimmen, Quiry & Le Fur, 2022)**. Economic value added is a key metric used in the retail sector to measure value creation **(Cucagna & Goldsmith, 2018)**. Strategies for economic value added typically involve investing in new projects to generate higher returns on capital, increasing profitability without raising capital, and reducing capital without compromising profitability. Increased value creation often leads to higher prices. However, cost reduction is a strategic imperative for maintaining cash flow and profitability in the retail sector **(Van Raaij, 2005)**. In retail, investment decisions are based on various criteria, including fixed assets, intangible assets, accounts receivable, and inventory. Operational decisions revolve around factors such as pricing, costs, product differentiation, and technological innovation.
Economic batch quantity (EBQ) or economic order quantity (EOQ) is a key inventory management concept that aims to minimize total inventory costs (Dagi, Morasa & Tirayoh, 2023; Satwika & Tsuroya, 2022). By determining the optimal quantity of items to order at one time, businesses can reduce ordering costs, carrying costs, and stockouts. In the context of economies of scale, EBQ or EOQ can contribute to cost reduction in several ways:

- Bulk Ordering Discounts: Ordering items in larger quantities typically allows businesses to negotiate better prices from suppliers. Suppliers often offer discounts for bulk orders, which can result in lower unit costs for each item ordered.
- Reduced Ordering Costs: Ordering items in economic batches or quantities means fewer orders need to be placed, reducing the administrative and processing costs associated with ordering. This reduction in ordering costs contributes to overall cost savings.
- Lower Carrying Costs: Carrying costs, which include storage, handling, and insurance expenses, can be minimized by ordering items in economic quantities. By avoiding excessive inventory levels, businesses can reduce the amount of capital tied up in inventory and decrease carrying costs over time.
- Optimized Production Runs: For businesses that manufacture their own products, determining the economic batch quantity ensures that production runs are optimized. Producing items in larger batches can lead to efficiency gains and lower per-unit production costs, thereby contributing to economies of scale in manufacturing.

Overall, by using economic batch quantity or economic order quantity techniques, businesses can achieve cost efficiencies that contribute to economies of scale by reducing unit costs, minimizing ordering and carrying costs, and optimizing production processes **(Aprilianti & Ishak, 2023; Susanto, 2022)**.

The financial environment of a business is a primary factor influencing decision-making and competitiveness **(Nagy & Valaskova, 2023; Farooq *et al.* 2022)**. Organizations often fail to address business challenges and industrial competition due to a lack of emphasis on financial planning and capital management. Financial decision-makers also face challenges such as limited access to funding and insufficient financial projections.
Porter's (1980) arguments highlight the importance of microeconomic factors in enhancing competitive strategies, which determine organizational success at both regional and global levels. According to **Wołowiec & Marczuk (2023)**, there are three crucial aspects in the development of financial strategies and decisions: capital, investment, and funding. Investment decisions involve allocating capital to opportunities while

considering the risks associated with future cash flows. Funding decisions revolve around the utilization of financial resources for operational activities, considering long-term debt and capital in optimizing the capital structure **(Badani, Achhnani & Bindra, 2023; Baule, 2019)**.
Company executives are increasingly focused on reducing operating costs and market prices simultaneously to gain a competitive advantage. In today's competitive business landscape, strategic implementation of cost leadership is crucial for effectively enhancing profitability. Cost leadership strategies have become indispensable for gaining a competitive edge and improving profitability levels **(Datta, 2022; Kimiti, Muathe & Murigi, 2020)**. Financial decisions are aligned with cost leadership and quality management strategies to capitalize on their advantages and accelerate business growth. These criteria are integrated into overall financial decision-making processes within the supermarket and retail industry to enhance competitive advantage. Quality plays a pivotal role in positively impacting the overall balance sheet.
Managing short-term assets and liabilities takes precedence in working capital decisions, ensuring financial decisions are in line with business requirements and operations **(Talonpoika *et al.* 2016)**. Many organizations prioritize establishing an optimal leverage ratio, evaluating investments, and assessing returns on investments. As it is evident in the studies conducted by **Napitupulu (2022) and Tanuraharjo (2021)**, there's a shift towards emphasizing cost leadership strategies over brand promotion in the retail industry. Organizations are focusing on reducing costs to expand their customer base, ultimately boosting financial profitability. Based on scholarly and empirical evidence, it is understood that organizational adherence to quality and cost leadership is more significant than investing in brand promotion.

Methodology

This research utilizes information gathered from existing sources such as case studies and academic literature to underpin its theoretical framework. It investigates how financial decisions impact the competitive edge of companies, utilizing examples from Walmart, Aldi, and Vishal Mega Mart. The credibility of the research hypotheses is evaluated through scholarly evidence.
This study predominantly relies on secondary sources of data, specifically case studies and scholarly literature **(Dul & Hak, 2007)**. Case studies provide detailed perspectives on real-life situations, facilitating an examination of contextual elements and financial management decision-making processes. Furthermore, scholarly literature offers theoretical frameworks and empirical data to substantiate and confirm the research evidence.
The criteria for selecting case studies encompassed factors such as the global reach and dominant market positions of the chosen retail chains along with their successful endeavours of achieving economies of scale. Walmart, Aldi, and Vishal Mega Mart were chosen based on these factors, offering a robust foundation for comparative examination. Additionally, these cases provide perspectives based on the analysis of cases and academic evidence thereby resulting in enhancing the breadth and depth of the research outcomes.
The data analysis process involves a systematic examination of the case studies and scholarly literature **(Mysore *et al.* 2023)**. The analysis was be guided by the research-based observation, which was refined and validated through iterative examination of the evidence. Ensuring the trustworthiness of research findings is crucial and in view of this, efforts were made for boosting credibility. In this process, triangulation was utilized by comparing information from various sources, such as case studies and academic literature.

Findings

This section presents findings derived from a thorough analysis of secondary data, primarily financial statements and growth trends of various organizations, to assess the impact of financial decisions on competitiveness. Additionally, it includes references to select case studies to illustrate how the efficiency of financial decisions affects firms' competitiveness.

Case 1: Walmart

Walmart's financial decisions and business strategy revolve around cost leadership, positioning itself as a leader in the USA retail market by offering the lowest prices. The company prioritizes customer convenience, product availability at competitive prices, and maintaining quality. In 2017, Walmart's focus on cost reduction resulted in savings of over $485 billion USD. The company achieved this by lowering prices on key items in targeted markets, catering to consumer preferences for affordability.
Walmart is renowned for its distinctive offering of "Everyday Low Prices," maintaining consistent pricing across its stores. In other words, Walmart's approach to everyday low prices involves reducing operational expenses and offering quality products at the lowest possible prices while ensuring profitability and maximizing return on investment. The company aggressively negotiates with manufacturers to secure favourable deals, ultimately benefiting consumers. As cost leaders evolve into large corporations, they often wield significant market influence, enabling them to negotiate price concessions from suppliers. Walmart's business strategy encompasses an expanding Omnichannel marketplace model, integrating both physical and digital retail components, competitive pricing strategies, efficient supply chain management, and a steadfast dedication to ensuring customer satisfaction. Walmart, for example, is notorious for pressuring suppliers like

Procter & Gamble to continually lower their prices. However, Walmart also commits substantial resources to assisting suppliers in cost reduction efforts. Consequently, the majority of these savings are passed on to customers through reduced prices.

The company emphasizes high-volume sales of standardized products and limits service customization. In 2017 and 2018, Walmart increased sales of quality products using a high asset turnover approach and leveraged economies of scale to enhance financial performance. Strategic financial decisions made by upper management significantly contributed to revenue growth, reaching $485.9 billion USD in 2017 and $500.3 billion USD in 2018.

Despite the positive growth trend, Walmart's annual report highlights potential risks and uncertainties that could impact business performance and financial growth. These include fluctuations in interest rates, wage levels, transportation, energy, and utility costs, as well as changes in currency control laws and accounting principles.

	As of and for the Fiscal Years Ended January 31,				
(Amounts in millions, except per share and unit count data)	2018	2017	2016	2015	2014
Operating results					
Total revenues	$ 500,343	$ 485,873	$ 482,130	$ 485,651	$ 476,294
Percentage change in total revenues from previous fiscal year	3.0%	0.8%	(0.7)%	2.0%	1.6 %
Net sales	$ 495,761	$ 481,317	$ 478,614	$ 482,229	$ 473,076
Percentage change in net sales from previous fiscal year	3.0%	0.6%	(0.7)%	1.9%	1.6 %
Increase (decrease) in calendar comparable sales(1) in the U.S.	2.2%	1.4%	0.3 %	0.5%	(0.5)%
Walmart U.S.	2.1%	1.6%	1.0 %	0.6%	(0.6)%
Sam's Club	2.8%	0.5%	(3.2)%	0.0%	0.3 %
Gross profit margin	24.7%	24.9%	24.6 %	24.3%	24.3 %
Operating, selling, general and administrative expenses, as a percentage of net sales	21.5%	21.2%	20.3 %	19.4%	19.3 %
Operating income	$ 20,437	$ 22,764	$ 24,105	$ 27,147	$ 26,872
Income from continuing operations attributable to Walmart	9,862	13,643	14,694	16,182	15,918
Diluted income per common share from continuing operations attributable to Walmart	$ 3.28	$ 4.38	$ 4.57	$ 4.99	$ 4.85
Dividends declared per common share	2.04	2.00	1.96	1.92	1.88
Financial position					
Inventories	$ 43,783	$ 43,046	$ 44,469	$ 45,141	$ 44,858
Property, equipment, capital lease and financing obligation assets, net	114,818	114,178	116,516	116,655	117,907
Total assets	204,522	198,825	199,581	203,490	204,541
Long-term debt and long-term capital lease and financing obligations (excluding amounts due within one year)	36,825	42,018	44,030	43,495	44,368
Total Walmart shareholders' equity	77,869	77,798	80,546	81,394	76,255
Unit counts(2)					
Walmart U.S. segment	4,761	4,672	4,574	4,516	4,203
Walmart International segment	6,360	6,363	6,299	6,290	6,107
Sam's Club segment	597	660	655	647	632
Total units	11,718	11,695	11,528	11,453	10,942

Figure 2: Annual Financial Performance Summary (from 2014 to 2018)
(Source: Walmart, 2018)

Walmart's sales are comparable to major global retailers like Carrefour in France, Home Depot in the USA, and Metro in Germany. The company focuses on various performance metrics to enhance business growth and profitability, including increasing shareholder value, improving financial profitability, implementing low-cost labour policies, and negotiating lower prices with vendors. Additionally, Walmart adopts new technologies to enhance product quality. The implementation of an everyday low pricing strategy has proven effective in driving profitable growth, supported by high-powered incentives for store managers. Walmart seems to be maintaining its prices despite increasing costs for both products and operations. The success of Walmart is credited to its meticulously planned business strategy and pricing approaches, which prioritize offering customers consistently low prices supported by its extensive global reach and purchasing influence.

Walmart's effective financial decisions have resulted in significant changes in net sales and revenue generation. However, there was a slight decrease in operating margin between fiscal years 2014 and 2015. In fiscal year 2015, Walmart achieved a 1.90% increase in net sales, reaching $486 billion USD, and earned $12.2 billion in net sales with a 22% growth rate. Additionally, Walmart saw a 16% increase in shareholder returns.

The primary focus of the company is to maintain its position as the most affordable option while offering a diverse range of products. By utilizing efficient supply chains, proprietary technology, and assertive pricing strategies, Walmart has gained a competitive edge in the market. Walmart's business strategy revolves around economies of scale, which refers to the cost advantages gained when production becomes efficient due to large-scale operations. This means that as Walmart's size increases, its average costs of production decrease. To achieve this, Walmart purchases goods in bulk from suppliers, securing lower prices through negotiations due to its massive purchasing power. This allows Walmart to offer discounted prices to customers, which smaller competitors may struggle to match. Additionally, by spreading labour costs across numerous stores, Walmart can keep expenses low per unit of output.

Moreover, Walmart benefits from its extensive customer base, enabling the company to distribute marketing and advertising expenses across a wide audience. This approach helps minimize costs while maintaining visibility and customer engagement. Furthermore, Walmart optimizes its workforce deployment based on demand across its stores. By efficiently managing staffing levels, Walmart maximizes productivity while controlling labour costs.

In summary, Walmart's strategy allows it to stay competitive by consistently offering high-quality products at affordable prices. This is achieved through leveraging its size to negotiate better deals with suppliers, spreading costs across its vast customer base, and optimizing workforce deployment for maximum efficiency. Walmart's success can be attributed to its ability to leverage economies of scale to keep costs low, optimize its supply chain, and offer lower prices to customers.

Case 2: Aldi

Aldi, the Germany-based discount retailer, is adept at implementing a cost-leadership strategy, with a commitment to "Everyday top quality" across its stores. The ALDI Cost Leadership strategy is mainly accredited for the brands growth, success and expansion. Aldi's strategy of stocking one size of each product to reduce costs while offering a variety of products in-store can be emphasised in this regard. The company's strategic decision-making is grounded in its value proposition and long-term approach.

Despite its success in the global retail industry, Aldi faced challenges in applying cost leadership strategies in highly competitive markets like the United Kingdom and Germany. Between 2016 and 2017, Aldi experienced a 17% decline in profits, dropping from £255.6 million to £211.3 million. This decline in profitability was attributed to increased inflation costs and the weakening of the pound against the euro and dollar in the post-Brexit era. The depreciation of the pound led to higher import costs, despite a 19.8% increase in sales growth over an 84-day period up to May 21, 2017.

The concept of a cost leadership strategy revolves around offering products at a lower price compared to competitors, thereby attracting a larger customer base. ALDI, when contrasted with major multinational chains like Woolworths and Coles, implements a cost leadership strategy to provide more affordable products. This strategy has contributed significantly to ALDI's success on a global scale, exemplified by its 12.1% growth in the Australian grocery market in 2015. The following illustration depicts the progress of ALDI and other supermarket companies in the overall grocery market between 2017 and 2018.

Since its inception in 1913, Aldi has solidified its reputation as a respected global retailer by offering excellent value and quality. Aldi's objective is straightforward: "To offer our customers the products they frequently purchase while ensuring utmost quality at consistently low prices."

Aldi typically carries a more limited selection of products compared to other grocery stores, concentrating on essential and popular items. This approach allows the company to benefit from economies of scale, lower inventory expenses, and negotiate improved deals with suppliers.

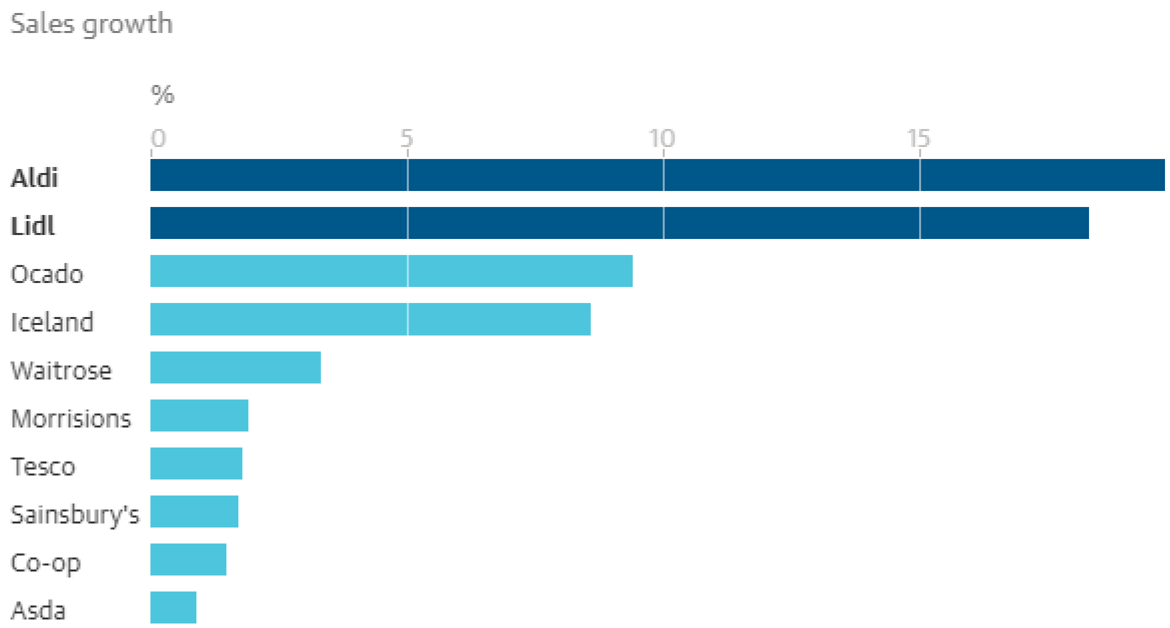

Figure 3: Grow Rate in Sales in UK Super Market Industry
(Source: Butler, 2017)

Case 3: Vishal Mega Mart

Vishal Mega Mart operates based on the concept of economies of scale. Its pricing strategy aimed to enhance market share through Value Pricing (EDLP - Every Day Low Pricing). With a vast network of stores across multiple locations, Vishal Mega Mart benefits from significant purchasing power. It assures customers of consistently receiving the best available prices without the need for coupon usage, waiting for promotional discounts, or engaging in comparison shopping. The organization prioritizes customer satisfaction by consistently innovating and adapting its products and services. Most of the people, as per a study published in 2014, prefer purchasing apparels from Vishal Mega Mart along with FMCG products, childcare products and toys, electronic goods and others. Customer satisfaction is one of the core areas of prioritisation for Vishal Mega Mart and as the study infers, 60 percent of people associated with the customer base expressed their satisfaction with the product quality offered by the organisation. In order to woo customers, the organisation place higher emphasis on offering discounts to them. However, in 2014, Vishal Mega Mart had been facing issues related to the lack of awareness amongst customers and costs. Due to low awareness about the organisation, the organisation was in need for placing focus on promotional campaigns so that the brand awareness about the organisation is improved. In addition, the organisation was in need of minimising its cost without adversely affecting revenue. However, the organisation made a stunning turnaround in 2019 through rationalising store count and emphasising on one specific business mantra-*more value for less price*. As a result, it earned ₹ 2,252 crore in the form of a provisional revenue and ₹ 100 crore in the form of profit after tax during fiscal year 2018. In fiscal year 2017, the company recorded revenues amounting to ₹1,341 crore, while it was anticipated to achieve profits exceeding ₹150 crore in fiscal year 2018, a substantial increase from the ₹33 crore profit recorded in fiscal year 2016. Operating in the value retail segment is one of its key factors of success I business. Through capitalizing on economies of scale, Vishal Mega Mart extends the advantages to its customers, positioning itself as a prime choice for individuals and families mindful of their budget. Economies of scale enable Vishal Mega Mart to invest in extensive marketing and advertising campaigns. Leveraging economies of scale, Vishal Mega Mart has expanded its footprint across India, opening new stores in strategic locations. This expansion allows them to spread fixed costs over a larger revenue base, increasing profitability. Additionally, they diversify their product offerings to cater to diverse customer preferences, further capitalizing on economies of scale.

Surinder Kumar Aggarwal, director of Vishal Retail Ltd, disclosed that nearly half of their sold products are produced at their manufacturing facility in Gurgaon, while around 40% are procured from manufacturers across India, and approximately 10% are imported from China, primarily for children's items. Among the products sourced from other manufacturers, 10 to 15% are obtained from Ludhiana. Regarding raw materials, Vishal Mega Mart has managed to significantly reduce costs by having ample access to essential resources required for production. While some companies might incur substantial expenses for specific resources, Vishal Mega Mart's access to raw materials enables them to potentially cut costs compared to their competitors.

Discussion

	Walmart	**Aldi**	**Vishal Mega Mart**
Cost Leadership Strategy Implementation	Walmart's cost leadership strategy revolves around offering the lowest prices to customers by focusing on cost reduction, efficient supply chain management, and negotiating favorable deals with suppliers. The company emphasizes high-volume sales of standardized products and limits service customization to achieve economies of scale.	Aldi also adopts a cost leadership strategy by offering products at consistently low prices, supported by stocking one size of each product and limiting selection to essential items. Like Walmart, Aldi benefits from economies of scale, lower inventory expenses, and negotiating improved deals with suppliers.	Vishal Mega Mart implements a value pricing strategy with an emphasis on everyday low pricing (EDLP). The company assures customers of consistently receiving the best available prices without the need for coupon usage or waiting for promotional discounts. Vishal Mega Mart leverages economies of scale through its vast network of stores and extensive marketing campaigns.
Financial Performance and Growth	Walmart has experienced significant revenue growth over the years, reaching $500.3 billion USD in 2018. The company's financial decisions, such as aggressive pricing strategies and efficient supply chain management, have contributed to its success. However, potential risks and uncertainties, such as fluctuations in interest rates and transportation costs, are highlighted in Walmart's annual reports.	Aldi has faced challenges in highly competitive markets, such as the UK and Germany, leading to a decline in profitability due to increased inflation costs and currency fluctuations. Despite challenges, Aldi has demonstrated growth in sales, supported by its cost leadership strategy and focus on offering quality products at low prices.	Vishal Mega Mart underwent a turnaround in 2019, achieving significant revenue and profit growth through strategic initiatives such as rationalizing store count and emphasizing value for money. The company's focus on cost reduction and customer satisfaction has contributed to its success in the value retail segment.
Operational Strategies	Walmart's operational strategies include aggressive negotiations	Aldi's operational strategies involve stocking limited product selections,	Vishal Mega Mart capitalizes on economies of scale to offer

	with suppliers, efficient supply chain management, and leveraging its extensive customer base to optimize marketing expenses. The company focuses on maintaining its position as the most affordable option while offering a diverse range of products.	benefiting from economies of scale, and negotiating deals with suppliers to offer affordable products. Despite challenges, Aldi maintains its commitment to offering quality products at consistently low prices.	competitive prices and invests in extensive marketing and advertising campaigns to expand its footprint across India. The company's sourcing strategies, including manufacturing its own products and procuring from domestic and international suppliers, contribute to cost reduction efforts.

Table 1: Comparing and Contrasting Information Across Selected Cases Employing Triangualation Method

By triangulating information from these case studies, we can observe how different retail companies employ cost leadership strategies, manage financial performance and growth, and implement operational tactics to enhance competitiveness in their respective markets. Upon analysing the three case studies, it is evident that retail companies are striving to achieve a competitive edge by adopting effective cost leadership strategies. These case studies illustrate how the implementation of cost leadership can result in increased profitability within the retail sector. Overall, while Walmart and Aldi primarily focus on cost leadership strategies, Vishal Mega Mart distinguishes itself with a value pricing approach. Each company has implemented unique operational strategies to support its chosen business model and drive growth in competitive retail markets. Lastly, it can be said based on the analysis of the cases discussed above that economies of scale are central to the success of Walmart, Aldi, and Vishal Mega Mart, shaping their strategies and operations across various aspects of their business, from cost leadership to customer experience. The implications of these inferences highlight the complex interplay between cost leadership strategies, operational tactics, and the role of economies of scale in shaping the competitiveness and success of retail companies in dynamic and highly competitive markets. In support of this evidence, the research findings of **Restiana (2022), Pandey and Mishra (2023)**, **Sun and Li (2022)** and **Kimiti (2020)** are worth mentioning. By incorporating these research findings into the analysis, it becomes evident that the success of retail companies like Walmart, Aldi, and Vishal Mega Mart stems not only from their cost leadership strategies but also from their adept utilization of economies of scale, operational tactics, and other competitive factors identified in the literature. This comprehensive understanding enriches the discussion on the complexities of competitiveness in the retail sector and underscores the multifaceted nature of strategic decision-making in dynamic market environments.

Conclusion

Through the collective analysis of these case studies, we aim to explore how different retail firms employ strategies centred on economies of scale, manage their financial performance and expansion efforts, and implement operational tactics to bolster their competitive edge within their particular market segments. While differentiation strategies may result in higher profit margins, a cost leadership strategy allows businesses in the retail sector to achieve greater profitability through increased sales volumes. The capacity to capture a larger market share and generate significant revenue compensates for narrower profit margins. Striving to become a Low-Cost Producer by attaining economies of scale mirrors the growth of a tree, expanding both in height and width over time, enhancing its ability to reach sunlight and withstand winds. This approach is a prevalent tactic employed by retail sectors to bolster their market position and resilience. Put simply, as production volume rises, the cost per unit of production diminishes.

This qualitative study serves a utilitarian purpose by examining the various impacts of financial decisions on competitiveness within the global retail industry. From the comprehensive discussion, it is clear that understanding the effectiveness of financial decisions is crucial for achieving desired market performance. Quality and cost leadership are equally essential components for success in a competitive market. Therefore, cost leadership strategies need to be adapted to meet the changing dynamics of the market and quality standards.

When exploring the managerial implications of cost leadership strategies, efforts should be directed towards comparing results against action standards and determining actions to maximize competitive efficiency through cost leadership. Organizations pursuing cost leadership strategies can benefit from enhanced managerial efficiency. Through the application of cost leadership strategies, as observed in the study, organizations have been able to strengthen their competitive position.

As cost leadership proves to be an effective tool for driving profitability and competitiveness, many multinational retail organizations are adopting this strategic approach to thrive in a rapidly changing business environment. A critical assessment of financial and business performance reveals that these organizations have gained a significant market share and established a loyal customer base. Additionally, they have demonstrated resilience in fluctuating market conditions by leveraging competitiveness through cost leadership strategies.

Efficient production leads to reduced production costs, with the size of a company playing a significant role in achieving economies of scale. Essentially, larger businesses tend to incur lower costs. The benefits of size include enhanced purchasing power, enabling better negotiation with suppliers for advantageous deals. Moreover, investment in better technology and innovative production methods is crucial for cost reduction and long-term competitiveness.

While size matters, a company doesn't necessarily have to be large to be a cost leader. Even a small company focusing intensely on producing a single product with efficiency can emerge as a cost leader in its market segment. Access to raw materials also impacts costs, as companies with better access can reduce expenses compared to competitors.

Operating efficiency, characterized by accomplishing more tasks in less time and with lower costs, is essential for cost reduction and effectiveness. Additionally, implementing a differentiation strategy, where a business offers unique and distinct products compared to competitors, can lead to various advantages. These include reduced price competition, creation of unique products, improved profit margins, enhanced consumer brand loyalty, and the perception of no substitutes in the market. Such strategies aim to provide consumers with continually evolving and unique products to establish a competitive edge.

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