

## **Wal-Mart Wins Again, Driving Competitors Away**

**Pallavi Gogoi, “How Wal-Mart’s TV Prices Crushed Rivals,” *BusinessWeek*, April 23, 2007.**

Wal-Mart has proven its power in the market—again! Last November, Wal-Mart cut its prices on 42-inch, flat-panel televisions to less than \$1000 and brand-name Panasonic high-definition TVs by \$500. Customers loved the opportunity to own a great quality TV at an incomparable price, but competitors hated the loss of sales, which even forced some to close stores or lay off employees.

Wal-Mart has become a powerful force in every sector in which it competes. Its entry into toys caused the bankruptcies of FAO Schwartz and KB Toys. As it heads toward electronics, Circuit City, Tweeter, and Tex Stores are struggling to compete and fearing the worst.

At the beginning of 2006, large electronics retailers earned huge margins on their flat-panel TVs, but after manufacturers went into high gear, flooding the market, they could no longer sustain those high prices. For electronics retailers to compete, they must offer innovative products and diversified merchandise, because Wal-Mart, through its mass production capabilities, is going to stake out the low price position.

Therefore, electronics retailers such as Circuit City and Best Buy successfully offer installation and technical services through Firedog and Geek Squad, respectively. Because Wal-Mart can catch up in virtually any product or industry market it chooses, the electronic retailers have to continue to offer products and services that attract the technophiles who care less about prices.