

**E-COMMERCE PROJECT**  
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**WALMART**

Walmart serves nearly 270 million customers who visit its more than 11,700 stores. Its strategy is based on *“leading on price, invest in differentiating on access, be competitive on assortment and deliver a great experience by the motto of EDLP (every day low prices).”*



Everyday low cost (“EDLC”) is Walmart’s commitment to control expenses. Those savings can be passed along to customers. Walmart has an omnichannel presence to provide customers access to a broad assortment of goods at any time and in many locations in the US and internationally. Besides its physical infrastructure, Walmart has also been investing in its digital platforms, based on eCommerce.

# HOW WAL-MART WORKS

Wal-Mart is more than just the world's largest retailer .It is an economic force, a cultural phenomenon and a lightning rod for controversy.

It all started with a simple philosophy from founder Sam Walton: Offer shoppers lower prices than they get anywhere else. That basic strategy has shaped Wal-Mart's culture and driven the company's growth.

Now that Wal-Mart is so huge, it has unprecedented power to shape labor markets globally and change the way entire industries operate.

## HISTORY

Sam Walton opened his first five-and-dime in 1950. His vision was to keep prices as low as possible. Even if his margins weren't as fat as competitors, he figured he could make up for that in volume. He was right.

In the early 1960s, Walton opened his first Wal-Mart in Rogers, Arkansas. The company continued to grow, going public in 1970 and adding more stores every year. In 1990, Wal-Mart surpassed key rival Kmart in size. Two years later, it surpassed Sears.

Walton continued to drive an old pickup truck and share budget-hotel rooms with colleagues on business trips, even after Wal-Mart made him very rich. He demanded that his employees also keep expenses to a bare minimum -- a mentality that is still at the heart of Wal-Mart culture more than a decade after Walton's death. The company has continued to grow rapidly after his death in 1992 and now operates four retail divisions -- Wal-Mart Supercenters, Wal-Mart discount stores, Neighborhood Market stores and Sam's Club warehouses

**To get a sense of just how big Wal-Mart is today, consider these facts:**

- Wal-Mart employs 1.6 million people. To give you an idea of just how many people that is, Idaho, the 39th most populous state, is home to 1.4 million people.

- Wal-Mart had sales of \$312.43 billion in its most recent fiscal year, which ended January 31, 2006. By comparison, the second-largest retailer in the country, Home Depot, posted sales of \$81.5 billion.
- Wal-Mart has 6,200 retail outlets. In contrast, Home Depot has 2,040.

## Walmart U.S.

Walmart U.S. is the largest segment operating in all the 50 states in the U.S., Washington D.C. and Puerto Rico. It follows three primary store formats, as well as eCommerce. Walmart U.S. generated approximately 64% of our net sales in 2018

## Walmart International

Walmart International consists of operations in 27 countries outside of the U.S.

It comprises three major categories:

- Retail,
- Wholesale
- And other

These categories consist of many formats, including:

- Supercentres
- Supermarkets
- Hypermarkets
- Warehouse clubs (including Sam's Clubs) and cash & carry
- As well as eCommerce.

Walmart International generated 7 approximately 24% of 2018 net sales

## Wal-Mart Strategy

Wal-Mart pushed the retail industry to establish the [universal bar code](#), which forced manufacturers to adopt common labeling. The bar allowed retailers to generate all kinds of information -- creating a subtle shift of power from manufacturers to retailers. Wal-Mart became especially good at exploiting the information behind the bar code and is considered a pioneer in developing sophisticated technology to track its inventory and cut the fat out of its supply chain.

Recently, Wal-Mart became the first major retailer to demand manufacturers use [radio frequency identification technology \(RFID\)](#). The technology uses [radio](#) frequencies to transmit data stored on small tags attached to pallets or individual products. RFID tags hold significantly more data than bar codes. During the first eight months of 2005, Wal-Mart experienced a 16 percent drop in out-of-stock merchandise at its RFID-equipped stores, according to a University of Arkansas study (as reported in [Fortune Small Business](#) magazine).

## Global Marketing Strategy

The term “strategy” is frequently used in the retail sector; retail management is take place through making retail strategies. A retail strategy in globalization, is identify as the retail target market, retailers plans, that how to satisfy the target market needs and how retailers plans to build sustainable competitive advantage.

In target market the retail store industry, target its customer from different sectors and focus on its resources.

A retail format is described as a retail mix and the nature of operations, in the format there is focus on the pricing, policy, promotion, advertising etc. There are also focused on the approaches of location, design of the store and customer-based services that should be given.

A sustainable competitive advantage, could be achieved in this way for a long time, example, Steve Shore and Barry Prevor, opened their first store in 1985, near Philadelphia’s University of Pennsylvania, The chain sold, sportswear of university logo at low prices, its 200 stores have expanded now, they are offering humorous

t-shirts, and basic clothing for children, men, women. It is the retail store in which, prices are low but quality is high. Steve and Barry's business model was to keep prices low, by not to do advertising.

They relied on publicity to run the company, manufactures allowed the buyers to buy the products at low prices, this is the reason large retailers frequently placed their orders and the company become successful throughout analyzing competitive marketing strategy.

Global retail strategies are the approaches to built the sustainable competitive advantage, attracting the customers through prices and products is essential, to maintain and manage the customer loyalty, human resource management, distribution and information system, customer services, relationship with vendors, unique merchandising and location, are the aspects of the sources of competitive advantages .

### About the company

**Walmart** is an American multinational retail corporation that operates a chain of [hypermarkets](#), discount [department stores](#), and [grocery stores](#) from the [United States](#), headquartered in [Bentonville, Arkansas](#).<sup>[11]</sup> The company was founded by [Sam Walton](#) in 1962 and incorporated on October 31, 1969. It also owns and operates [Sam's Club](#) retail warehouses

Walmart is the [world's largest company by revenue](#), with [US\\$548.743 billion](#), according to the [Fortune Global 500](#) list in 2020. It is also the largest private employer in the world with 2.2 million employees. It is a publicly traded family-owned business, as the company is controlled by the [Walton family](#).

Sam Walton's heirs own over 50 percent of Walmart through both their holding company Walton Enterprises and their individual holdings.<sup>[15]</sup> Walmart was the largest United States grocery retailer in 2019, and 65 percent of Walmart's [US\\$510.329 billion](#) sales came from U.S. operations.<sup>[5][16]</sup>

Walmart was listed on the [New York Stock Exchange](#) in 1972. By 1988, it was the most profitable retailer in the U.S.,<sup>[17]</sup> and it had become the largest in terms of revenue by October 1989.<sup>[18]</sup> The company was originally geographically limited to the South and lower Midwest, but it had stores from coast to coast by the early 1990s. Sam's Club opened in [New Jersey](#) in November 1989, and the first [California](#) outlet opened in [Lancaster](#), in July 1990. A Walmart in [York, Pennsylvania](#), opened in October 1990, the first main store in the [Northeast](#).<sup>[19]</sup>

## infrastructure

24 countries

Today, **Walmart** operates approximately 10,500 stores and clubs under 48 banners in 24 **countries** and eCommerce websites. We employ over 2.2 million associates around the world — nearly 1.5 million in the U.S. alone

## Is Walmart b2b or b2c?

In most markets including USA, UK, etc., **Walmart** is **B2C**. Its membership-only format Sam's Club is **B2B**. In India, as of now, **Walmart** sells only to the trade, so it's **B2B**.

## How has Walmart evolved?

**Walmart** is one of the largest and most powerful retailers in the world. That **was** also true a decade ago, but the company **has** still adapted a lot since 2009. Major changes at **Walmart** over the past decade include a leadership shuffle, plenty of digital acquisitions, and a new focus on e-commerce and delivery.

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## Sam's Club

Sam's Club consists of membership-only warehouse clubs which operates in 44 states in the U.S. and Puerto Rico, as well as eCommerce. Sam's Club accounted for approximately 12% of 2018 net sales.

As a membership-only warehouse club, membership income is a significant component of the segment's operating income.

	Membership Type	
	Plus	Club
Annual Membership Fee	\$100	\$45
Number of Add-on Memberships (\$40 each)	Up to 16	Up to 8
Eligible for Cash Rewards	Yes	No
Eligible for Free Shipping	Yes	No

**Sam's Club offers merchandise in the following five merchandise categories:**

- *Grocery and consumables including dairy*

- *Fuel and other categories consist of gasoline stations, tobacco, tools and power equipment, and tire and battery centres;*
- *Home and apparel includes home improvement, outdoor living, grills, gardening, furniture, apparel, jewellery, housewares, toys, seasonal items, mattresses, and small appliances;*
- *Technology, office, and entertainment includes electronics, wireless, software, video games, movies, books, music, office supplies, office furniture, photo processing and third-party gift cards; and*
- *Health and wellness include pharmacy, optical and hearing services and over-the-counter drugs.*

MERCHANDISE CATEGORY	Fiscal Years Ended January 31,		
	2018	2017	2016
Grocery and consumables	58%	59%	59%
Fuel and other categories	21%	20%	20%
Home and apparel	9%	9%	9%
Technology, office and entertainment	6%	6%	7%
Health and wellness	6%	6%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



## Walmart store formats

Walmart sells mainly through three store formats:

- Super centres
- Discount stores
- Neighbourhood markets

	Minimum Square Feet	Maximum Square Feet	Average Square Feet
Supercenters (general merchandise and grocery)	69,000	260,000	178,000
Discount stores (general merchandise and limited grocery)	30,000	206,000	105,000
Neighborhood Markets <sup>(1)</sup> (grocery)	28,000	65,000	42,000

Supercentres occupy a larger area, compared to discount stores and neighbourhood markets.

STRATEGIC MERCHANDISE UNITS	Fiscal Years Ended January 31,		
	2018	2017	2016
Grocery	56%	56%	56%
Health and wellness	11%	11%	11%
General merchandise	33%	33%	33%
Total	100%	100%	100%

When it comes to merchandising Walmart sold three main categories:

- Grocery, which accounted for 56% of Walmart net sales
- Health and wellness, which accounted for 11% of its net sales and General merchandise accounted for 33% of its revenues

## How does Walmart manage to be competitive with such low prices ?

### Inventory management is the key

As specified in its annual report Walmart can *develop, open, and operate units at the right locations and to deliver a customer-centric omnichannel experience*. That largely determines its competitive position within the retail industry. Walmart employs many programs designed to meet competitive pressures within its industry.

These programs include the following:

- **EDLP** (everyday low price): *items priced at a low price every day so Walmart customers trust that its prices will not change under frequent promotional activity;*
- **EDLC** (everyday low cost): *effort to control expenses so that savings can be passed along to customers;*
- **Rollbacks**: *pass cost savings on to the customer by lowering prices on selected goods;*

- **Savings Catcher, Save Even More and Ad Match:** strategies to meet or be below a competitor's advertised price;
- **Walmart Pickup:** customer places order online and pick up for free from a store. The merchandise is fulfilled through Walmart distribution facilities;
- **Pickup Today:** customer places order online and can pick it up at a store within four hours for free. The order is fulfilled through existing store inventory;
- **Online Grocery:** customer places grocery order online and has it delivered to home or picks it up at one of Walmart participating stores or remote locations; and
- **Money Back Guarantee:** ensure the quality and freshness of the fruits and vegetables in Walmart stores by offering customers a 100 percent money-back guarantee if they are not satisfied.

## How does Walmart distribution work?

For 2018, approximately 78% of Walmart U.S.'s purchases of store merchandise were shipped through 157 [distribution](#) facilities, located throughout the U.S.

The remaining merchandise gets shipped directly from suppliers.

	Owned and Operated	Owned and Third Party Operated	Leased and Operated	Third Party Owned and Operated	Total
Walmart U.S. distribution facilities	103	2	23	29	157

At the international level, Walmart utilizes a total of 188 distribution facilities located in Argentina, Brazil, Canada, Central America, Chile, China, Japan, Mexico, South Africa, and the United Kingdom.

Through these facilities, Walmart processes and distributes both imported and domestic products to the operating units of the Walmart International segment. By January 2018, approximately 83% of Walmart International's purchases passed through these distribution facilities.

	Owned and Operated	Owned and Third Party Operated	Leased and Operated	Third Party Owned and Operated	Total
International distribution facilities	43	12	87	46	188

Also, [Sam's Club distribution facilities](#) play a key role:

	Owned and Operated	Owned and Third Party Operated	Leased and Operated	Third Party Owned and Operated	Total
Sam's Club distribution facilities	3	3	3	13	22

- The principal focus of Sam's Club's [distribution operations](#) is on cross-docking merchandise, while stored inventory is minimized.

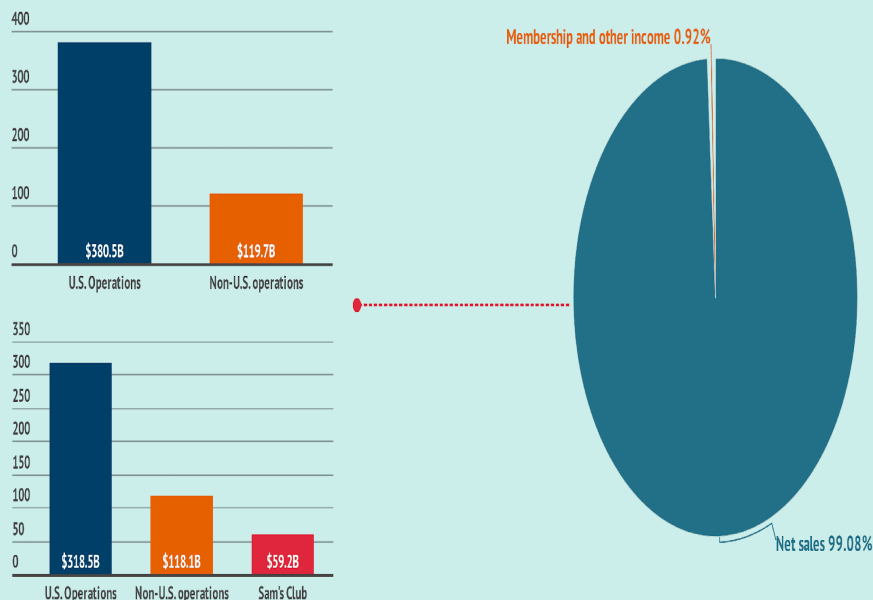
## The Walmart Business Model In A Nutshell

With over \$495 in net sales as of January 2018, and over \$4.5 billion coming from Membership and other income. The company operates a [business model](#) with three primary units that in 2018 comprise Walmart U.S. (approximately 64% of our net sales),

Walmart International (about 24% of net sales), and Sam's Club (approximately 12% of its net sales) a membership-only warehouse clubs and operates in 44 states in the U.S. and in Puerto Rico, as well as E-Commerce.

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## Walmart Claims Commitment to Customer Service, but Customer and Employees Feel Differently

**Online Review Analysis Understanding What People Think** An online analysis was performed to understand customer and employee perceptions of Walmart. Many customers complain about the quality or availability of products on shelves, the availability and friendliness of employees, and the excessive time for checkout due to long lines or few open registers.

In general, customers say that Walmart has an uninviting and unpleasant atmosphere. Walmart.com's online Customer Satisfaction Survey says, "Walmart is

committed to providing you superior customer service and a pleasant shopping experience,” which contradicts the experience customers remember.

To hire new employees,

Walmart has a three-step interview process and a three day orientation, which is time-consuming for potential employees and store managers. Hiring qualified employees is important to Walmart.

**In 2019, Walmart saw net sales of \$510.3 billion up considerably from \$401.244 billion in net sales in 2009.**

- **As of 2019, Walmart employs over 2.2 million people around the world.**

- That's a jump from 2009, back when Walmart's workforce numbered 2.1 million employees.
- Back in 2009, Walmart shoppers could order products on the chain's website but today, Walmart's e-commerce business is a huge component of the company, helmed by Jet.com founder Marc Lore.
- Back in January 2009, Mike Duke succeeded Lee Scott to become Walmart's CEO At the time, Doug McMillon was serving as the CEO of Walmart's international division.

**Walmart Inc. Now Offering COVID-19 Vaccines in 48 States, Puerto Rico and Washington, D.C.**

As the COVID-19 vaccine rollout ramps up and vaccine eligibility widens, Walmart is administering vaccines in more than 3,800 stores and clubs across 48 states, Puerto Rico and Washington, D.C. Walmart has worked to administer COVID-19 vaccines into the arms of residents in rural and vulnerable areas across the country. More than 80% of shots administered through our pharmacies and 60+ dedicated community events were in what HRSA designates as the [most medically underserved areas](#) of the country.

