

***St Clair College of Applied Arts & Technology***  
**DAB401 – Financial Analytics**  
**Group-05**

**WALMART.INC**

**History and its current operations**

Walmart Inc. is a global retail company that operates a chain of grocery stores, hypermarkets, and discount department stores. Founded in 1962 by Sam Walton, the company has grown to become the world's leading retailer in terms of revenue. With operations in 27 countries, Walmart has expanded into e-commerce, financial services, and technology. The company's operations are divided into three divisions: Sam's Club, Walmart U.S., and Walmart International. It offers a range of products and services, including grocery and consumables, health and wellness, home improvement, outdoor living, clothing, jewelry, and seasonal goods. Walmart operates over 10,500 shops and e-commerce platforms in 24 countries under 46 brands.

**Macroeconomic environment**

**Walmart PESTLE Analysis:**

In this PESTLE analysis of Walmart, you'll see how corporations face many challenges, particularly related to the six primary macro-environmental factors, including politics, technology, and legal factors.

**1. Political factors: Political (in)stability impacts Walmart's operations.**

- Policies can directly affect Walmart's suppliers and operations, such as profit loss in Chongqing, China when Walmart sold prohibited products. Government bills, like raising minimum wage to \$15 an hour, can threaten Walmart's revenue, and failure to comply could result in store closures.

**2. Economic factors: A volatile economy leaves Walmart with little option.**

- Walmart's low prices are affected by economic stability. If the economy worsens, Walmart may have to raise prices, which may lead to customer dissatisfaction and loss of competitiveness against other brands. Walmart needs to be aware of the economic landscape in each location where stores operate as it can vary based on factors like interest rates or taxes.

**3. Sociocultural factors: Failing to position itself to global audiences.**

- Walmart's failure to properly market to the German audience cost them over \$1 billion. Global brands need to supply specific products to customers, such as Walmart offering organic and healthy foods for the health-conscious crowd. Walmart has put more focus on eCommerce, allowing customers to order products and pick up groceries, but still faces competition from Amazon. This is beneficial for customers who can't make it to the store, like the elderly.

**4. Technological factors: Automation, robotics, and digital transformation.**

- Walmart has adopted automation and robotics for efficiency behind the scenes, allowing robots to handle menial tasks while employees focus on selling products, and enabling online shipping to reach more people and set up paid online ads.

**5. Legal factors: Failure leads to \$65 million loss.**

- Walmart must follow various laws and regulations worldwide, including employment, data protection, labor, and health and safety laws, and settled out of court for \$65 million in California for not providing seating accommodations to employees.

## 6. Environmental factors: A sewage fiasco

- Walmart receives backlash for improperly **dumping pesticide and hazardous fertilizers**, which found itself into the sewage pipes. After being caught, the company-initiated Project Gigaton — the premise is about preventing a gigaton of emissions over the next ten years. Several companies, **like Target**, have made similar eco-friendly promises.

### Business model:



### Top industrial competitors:

- Costco**— Approx. market share of 14.76%
- Amazon**— Amazon leads the race in the e-commerce space, with a market share of 37.8%, while Walmart is a distant second with a market share of 6.3%
- Target**— Market share around 5.09%
- Home Depot**— Approximately 13.31% market share
- Best buy**— About 5.21% market share

Walmart earns an average profit of around the US \$1.8 Mn per hour and Walmart is much bigger than re-known retail chains including Home Depot, Target, Costco, Best Buy and Amazon collectively in terms of revenue. All of this started from one man's hope and determination that even a grocery store would work out if they catered to the right audience.

Walmart Inc drops its EPS by 8.48% in 2021, sending the share price lower. The average annual share price decreases of 8.65% are almost like the EPS growth. Though, it seems investors have become more cautious about the company, over time.

Pandemic Bump, weather conditions, survival in competition and recession, etc. all these conditions describe Walmart as not so well positioned and good to invest in stock as of now. Though it is healing day by day, also the roots of Walmart Inc. are strong enough to handle all hurdles.

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