

## **INTRODUCTION TO THE ASSIGNMENT**

This assignment is a SWOT analysis of Walmart Inc. It goes through the background, overview, and history of the company with key points on its Strengths, Weaknesses, Opportunities and Threats. At the end of the assignment recommendations have been given with references of acquired data. This also explains many of the challenges faced by Walmart Inc. on a day-to-day basis.

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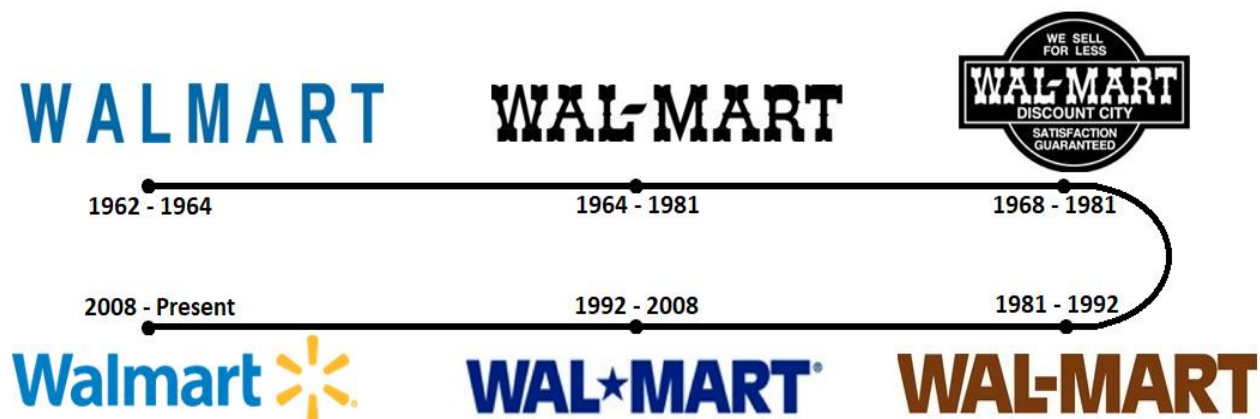
## 1.0 OVERVIEW AND INTRODUCTION

### 1.1 Overview

Walmart (as of now) is the world's largest retail corporation that sells everything from normal day to day household products to high-end computing hardware for consumers. Walmart Inc. (formerly known as Wal-Mart Stores, Inc.) shows that to keep a high position in the retail industry, a firm hold on the usage of organizational strengths and keeping a competitive edge among the competition is needed. Walmart was founded on the 2nd of July 1962 in the retail sector/industry. Currently it has approximately 11700 stores worldwide in over 20 countries and it is still expanding. Walmart Inc. has its headquarters in Bentonville, Arkansas, U.S. with the present CEO, C. Douglas McMillon. In 2018, the revenue of Walmart Inc. was recorded to be 500.343 billion, which was a 2.98% increase from 2017. The profit has also seen an increase of 27.7% in 2018 compared to 2017. Being such a big company, Walmart Inc. has many competitors, notable ones are: Amazon, Costco Wholesale Corporation, Alibaba Group Holding Limited, Dollar General Corporation and Dollar Tree.

Jim Walton, S. Robson Walton, Alice Walton, Lukas Walton, Ann Walton Kroenke, Christy Walton and Nancy Walton Laurie (heirs of Sam Walton) have personal share over 50% of Walmart, through their holding employer; Walton Enterprises. The company now exceeds \$400 billion in annual income.

Walmart has changed its logo many times throughout the years. Here are all the logos of Walmart from the year 1962 to the present.



### 1.2 History and Timeline of Walmart



**Figure: 1.1, Walmart Timeline**

### **1.3 Mission of Walmart Inc.**

Walmart Inc.'s corporate task is "to store people's cash so that they can stay better." This statement shows the beliefs of the organization's founder; Sam Walton. Strategic decisions inside the company are an immediate demonstration of the mission statement. That is like the employer's saying, "Save cash, live better". Walmart's commercial corporation techniques involve using rate as a promoting element to allure key purchasers. The importance of this selling point is revealed in many of the company's strategies. For example, Walmart Inc.'s advertising and marketing blend includes low fees as a scheme. Different sectors of the organization are insisted by means to minimize promoting expenses in order to acquire further competitive edge.

Walmart satisfies the "store people's money" part of the venture statement by its low selling price. For example, clients store cash by buying items from Walmart's stores, comparatively paying less for the same or similar goods from other stores. However, it is not clear yet if the organization fulfills the "live better" slogan. There are criticisms regarding low wages that creates problems and challenges in HR management. This in-turn creates management problems in the company too. Also, there are many disapprovals about the long-term economic growth of the corporation's income from imported goods.

### **1.4 The Vision on Walmart Inc.**

The corporate vision of Walmart is to “Be the vacation spot for clients to store money, irrespective of how they need to shop.” This prescient turned into an official articulation inside the 2017 funding community meeting of the company. The change within the corporate’s prescience, displays strategic opportunities that Walmart implements.

The company’s corporate prescient change turned out to make the company a pinnacle player within the general market. Currently Walmart’s vision statement involves identical aim, but with prominence on enterprise flexibility in facilitating clients. For example, the “no matter how they need to shop” part shows the company’s strategic goal of attaining leadership in conventional transactions, and in online retail transactions. This highlights the elimination of associates as a chief issue. The change could throw back human resource control issues, considering that personnel are a primary group of the company.

## **SWOT ANALISYS**

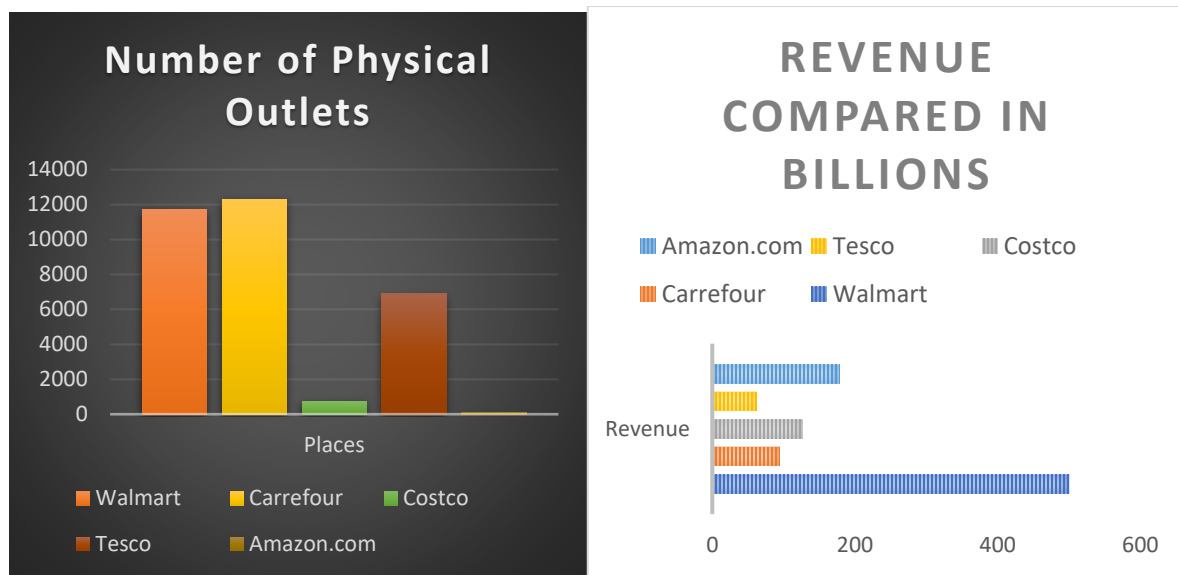
### **2.0 STRENGTH AND WEAKNESS**

## 2.1 Strength

An organization's strength is the weapon used to kill threats. To increase strength, a company uses opportunities to make advancements, better brand image and more revenue. In this section; company marketing, finance, production functional area and human resources are discussed in detail.

### a) Strong Market Power

Being one of the largest retailers in the world; strong market power on suppliers and competitors is essential. Due to Walmart's strong market power, it is the world's largest organization by revenue. Comparison of the top retailers in 2018:



2.1, Number of outlets

Figure: 2.2, Revenue compared

Figure:

### b) Low cost Products

Walmart is providing everyday products in affordable prices. Its low pricing technique, customer satisfaction and good quality have made the company most favorite retail brand in America.

### c) Global Recognition

The idea of expanding from large centers, to local and mall-based sites to serve customer needs, is a key reason why Walmart is in the top of the Fortune 500 list.

### d) Strong Marketing Strategy

Walmart has evolved its marketing strategy according to changes in the market overtime too; For example: creating an e-commerce platform for their customers so that they can order from the convenience of their homes.

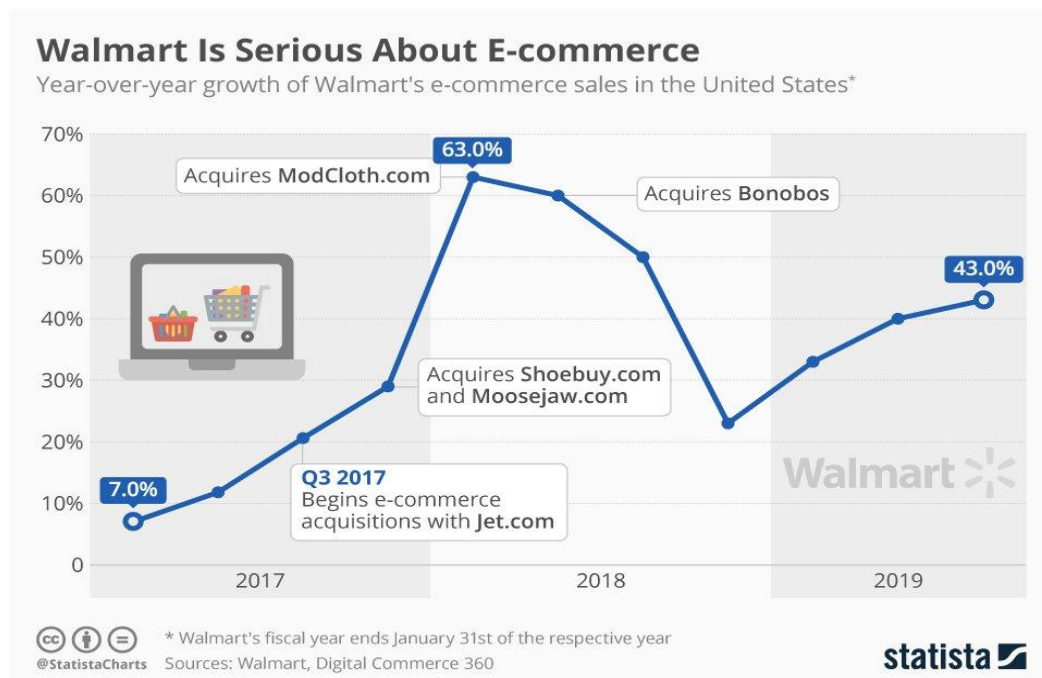


Figure: 2.3,

Revenue growth of Walmart per annum

### e) Popular Brand Image

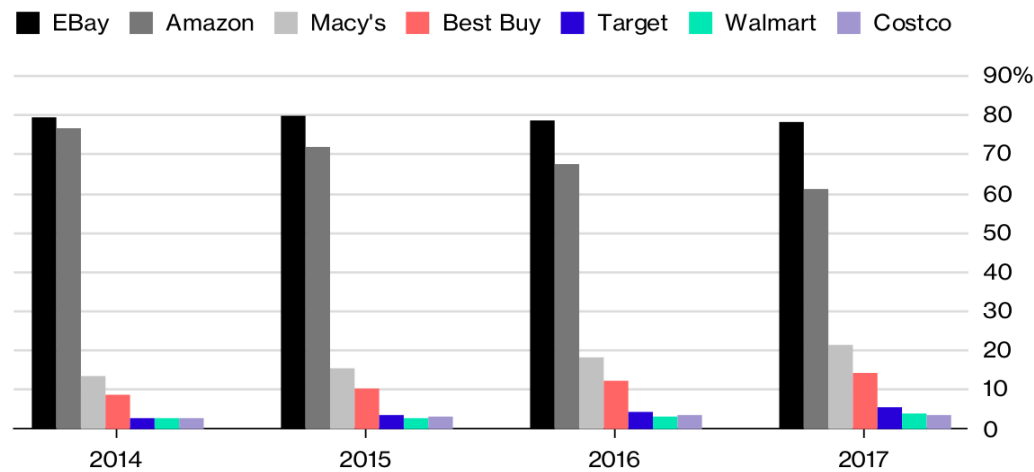
Walmart (being customer centric), has built a customer friendly environment. which is a big strength of the company. Focus on customer service has helped to achieve increased popularity, for higher market share and a better customer base.

### f) E-commerce Standing



## Share of the Pie

Web sales as a share of all revenue has grown for most retailers, but not Amazon



Source: eMarketer; company filings

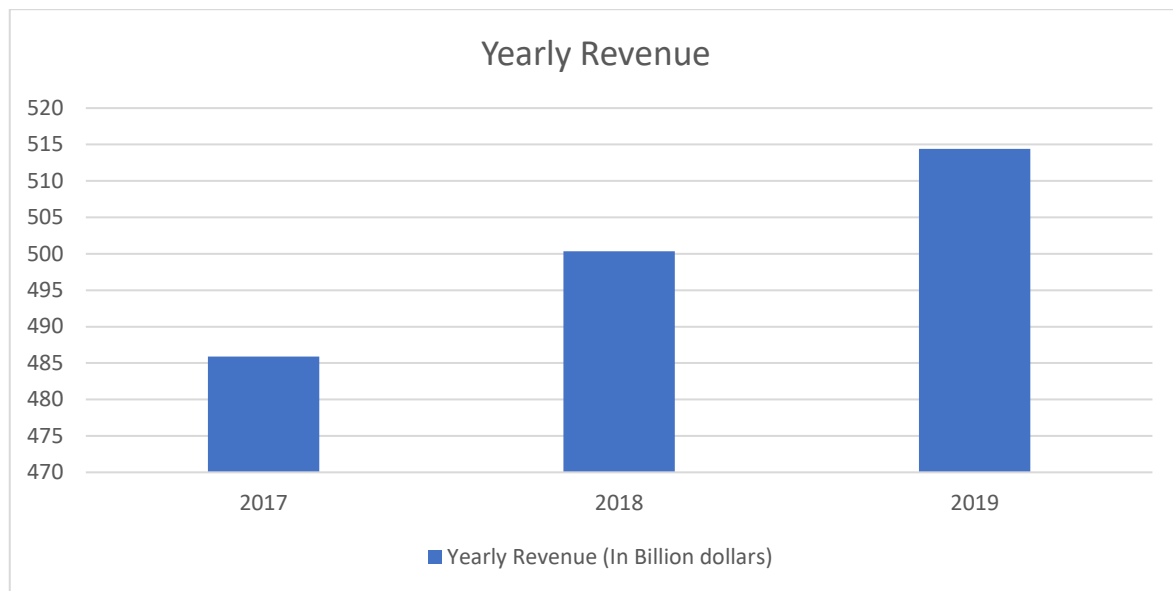
**Bloomberg**

**Figure: 2.4, Web**

### sales comparison per annum

Walmart's e-commerce initiatives cover many markets now, it has several websites with 55 banners in 28 markets. Increasing focus on e-commerce will assist Walmart to reach faster growth (Parthap, 2019).

### g) Steady Increase in Annual Revenue



**Figure:**

### **2.5, Yearly Revenue of Walmart**

The graph (Figure: 2.4) shows the steady increase of Walmart's annual revenue from 2017 to 2019. Exponential increase in Walmart's revenue is one of the main reasons for its success.

## **2.3 Weakness**

A company's weakness is any resource or process that any business/organization lacks. Walmart's shortcomings, force challenges that test firm's capacity to withstand the danger. These weaknesses are interconnected to the company's general strategy and its implication in organization development, capabilities and possibilities, capital, and profit margins.

### **a) Human Resource Management**

Walmart is experiencing many lawsuits related to its treatment of employees; which include, low wages, lack of promotion, unpaid labor, over time and worse work environments. This creates bad reputation for the brand and lack of responsibility towards workers. Walmart has a high number of employee's quitting their jobs. This damages the company's image by creating negative publicity.

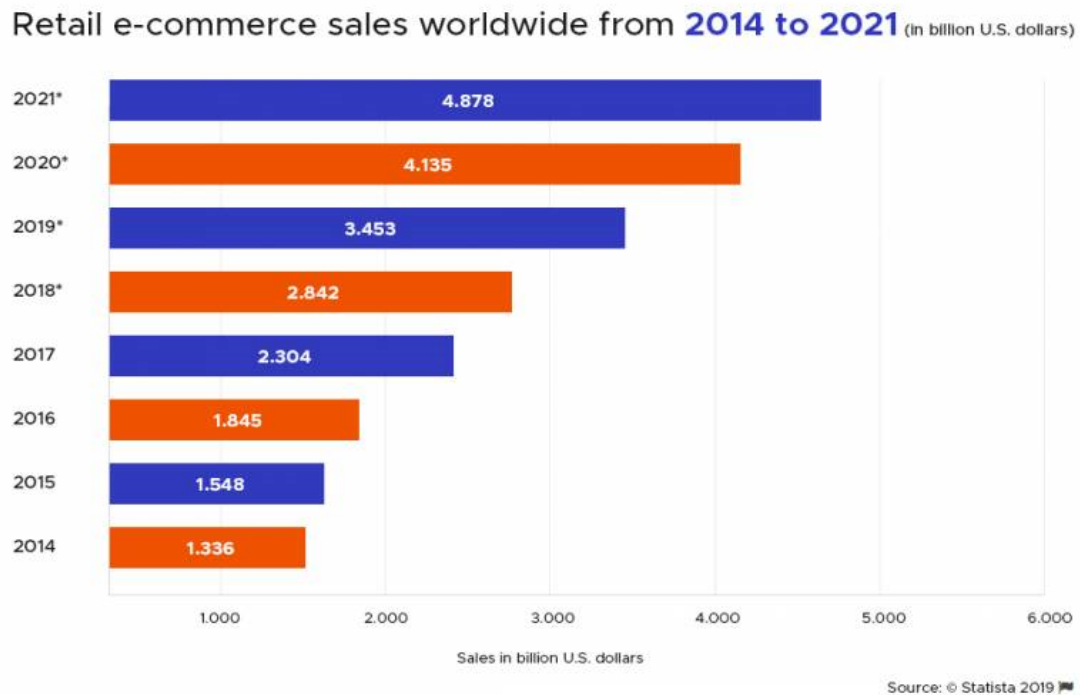
### **b) Business strategy not unique**

Walmart has no separation contrasted with its rivals, which may hurt the organization later. If item cost increases, customers would have to pay increment. Right now, low-cost leadership is not very effective. Many competitors take advantage of this.

### **3.0 OPPORTUNITIES AND THREATS**

#### **3.1 Opportunities**

Even though Walmart is such a big company, it still has many opportunities available. Currently there are many common opportunities available in the market; E-commerce, better HR Management, Consumer shopping habits etc.



**Figure: 3.1, Retail E-Commerce sales worldwide 2014-2021**

**a) Increase in E-commerce**

As shown and stated above E-Commerce is also a very big opportunity for Walmart. Although Walmart's E-Commerce website has been going strong, further improvements to that sector warrant a very big opportunity for Walmart.

**b) Expansion into new Markets**

The expansion of Walmart into markets not yet covered is a very lucrative opportunity. Walmart still has not fully tapped the potential of many developing countries; like China, Middle Eastern Countries, Latin America etc.

**c) Better Human Resource Management**

The Human Resource practices are correlated to the shortcomings of the company's employment practices. Refining these practices can interest higher skilled labor in comparison to their competitors.

**d) Increase in Quality Standards**

Another very important opportunity is, increasing quality standards of low-cost products. This can help address customer health concerns.

**e) Strategic Mergers/Acquisitions**

Walmart can form tactical partnerships with main firms or merge with other global retailers. Purchase of small companies can also be a worthwhile opportunity for Walmart.

### **3.2 Threats**

Threats are anything that can cause damage to the organization/company. Threats could include anything from other companies to supply shortages, rapid market changes, legal issues etc. They are negative and external factors to the organization/company.

**a) Aggressive Competition**

One of the many threats faced by Walmart Inc. is the strong and aggressive competition from other retail and wholesale companies. Due to its reputable brand image, Walmart is usually the primary target for other companies. Fierce competition from online brands like Amazon has also kept increasing which has led to Walmart focusing more on technological innovation and lower prices.

**b) Technical Issues with E-commerce Website**

Even after many refinements and iterations of the online website it still has technical issues reported by customers daily. Two common issues are products not listed in an organized way and it runs slowly.

**c) Healthy Lifestyle Trend**

The Healthy Lifestyle Trend could pose to be a threat, as it promotes naturally made, recycled products but many of the companies' products are not deemed as such.

**d) Legal and Regulatory Pressure with Political Issues**

There has been a recent increase in legal and regulatory pressures within the retail industry. This increase is making brands focus more on compliance and thus expand compliance costs. Fines can often be immense in the case of non-compliance too. This is also a threat to Political and legal affairs can always hinder the company to operate in some countries.

## **4.0 RECOMMENDATIONS AND CONCLUSION**

### **4.1 Recommendation**

Largest recommendation to the company would be, to increase investment in HR management. This would drastically effect brand image and lower employee turnover. It is also recommended to invest in the e-commerce side of the company as the competition in that

area is increasing exponentially day by day. Venturing into newer markets is highly recommended as it will increase market power in different areas and increase worldwide recognition for a better brand image. Better and more efficient supply lines is also very lucrative as it ensures product safety and lowered cases of damaged cargo.

Going green is a great recommendation too as it encourages the company to create more recycled products and use more natural resources. This in turn can lower capital costs even further and help contribute to the worldwide “Go Green” program.

## 1.2 Conclusion

All in all, Walmart Inc. is a great company/organization. From the start of the company, in 1962 by the founder Sam Walton; it has stayed strong and prolonged in the market in this sector. Walmart has seen many ups and downs, most notably its huge growth in revenue throughout the years and with its questionable human resource management being one of its lowlights. Even though, through these hardships, Walmart Inc. has sustained and beat its competition every time and kept on growing. It has branched out too many countries and has made a strong foothold in many of them too.

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