



BoardRoom: Business Case Study Competition



TEAM NAME : Kuchh Bhi Kardo
Members:

- Megha Chaudhary (Team Leader) [COO]
- Siddharth Chauhan [CEO]
- Avi Sinha [CFO]

Problem Statement Chosen:

‘Evaluating Walmart’s Expansion into Grocery Delivery Services: A Strategic Perspective’

- *Salient components of our case study:-*
 - Analysis of present situation of walmart
 - Solution model to conquer the current market challenges
 - Financial analysis of solution model as well as present situation
 - Explaining the future prospects



Competitive Strategies of Walmart (SAVE MONEY,LIVE BETTER):

- Everyday Low Prices (EDLP): This strategy aims to attract price-conscious consumers and build long-term customer loyalty through low prices throughout, using various strategies.
- Wide Product Selection: Broad assortment caters to the needs of various customer needs and enhances the store's appeal as a one-stop shopping destination.
- Efficient Supply Chain Management: Through initiatives like vendor-managed inventory and cross-docking, Walmart reduces storage and transportation expenses, enabling it to offer competitive prices to customers.

Market Analysis of Walmart:

- Global Expansion Opportunities: Analyzing global market trends and opportunities allows Walmart to identify growth markets, tailor its strategies, and expand its international presence strategically.
- Market Size and Growth: The retail industry is vast and continuously evolving, with overall market size and growth influenced by economic conditions, consumer preferences, and technological advancements. Walmart operates in multiple segments, including groceries, general merchandise, and e-commerce, which collectively contribute to its market reach and potential for growth.
- Competitive Landscape: Understanding the competitive landscape helps Walmart identify opportunities and threats, adjust its strategies, and maintain its competitive edge.
- Consumer Behavior and Trends: Factors such as shifting demographics, digital adoption, and sustainability concerns influence consumer choices and purchasing decisions.

Challenges in the operational frontier :

The main problem that Walmart is facing is due to the saturation in the industry and a lack of presence in the online grocery market.

- ❑ Despite its dominance in traditional retail, Walmart faces stiff competition in the online grocery space.
- ❑ Consumer surveys indicate a growing preference for online grocery shopping, driven by convenience and safety concerns.

Operational risks on Walmart's horizon :

1. Global or regional health pandemics or epidemics.
2. Natural disasters, climate change, catastrophic and other events.
3. Risks associated with suppliers.
4. Reputational and other risks due to third party sales on digital platforms.
5. Disruptions in information and financial systems can also harm operations.
6. Failure to attract and retain qualified associates, increases in wage and benefit costs, changes in laws and other labour issues.
7. Continuously changing and evolving consumer behaviour.


Operations initiatives to propel market dominance :

The solution is to establish Walmart's smaller warehouses in the areas where it does not have any store and cater to the needs of people who cannot reach the stores and that too in a cost effective way. Salient features of the solution model are:

- ❖ Online Presence: Establishing a robust online platform for customer engagement and order processing.
- ❖ Small Warehouses: Utilizing smaller, strategically located warehouses to reduce delivery times and costs.
- ❖ Stock Frequently Ordered Items: Prioritizing storage for items that are ordered frequently to ensure quick dispatch.
- ❖ In-Store Item Display: Showcasing available in-store items online to provide customers with more options.
- ❖ Area-Specific Analytics: Conducting analytics to understand local demand and tailor inventory and recommendations accordingly.
- ❖ Competitive Pricing: Displaying online the items available in-store and in the warehouse, along with price comparisons, to offer competitive rates and prompt delivery options.

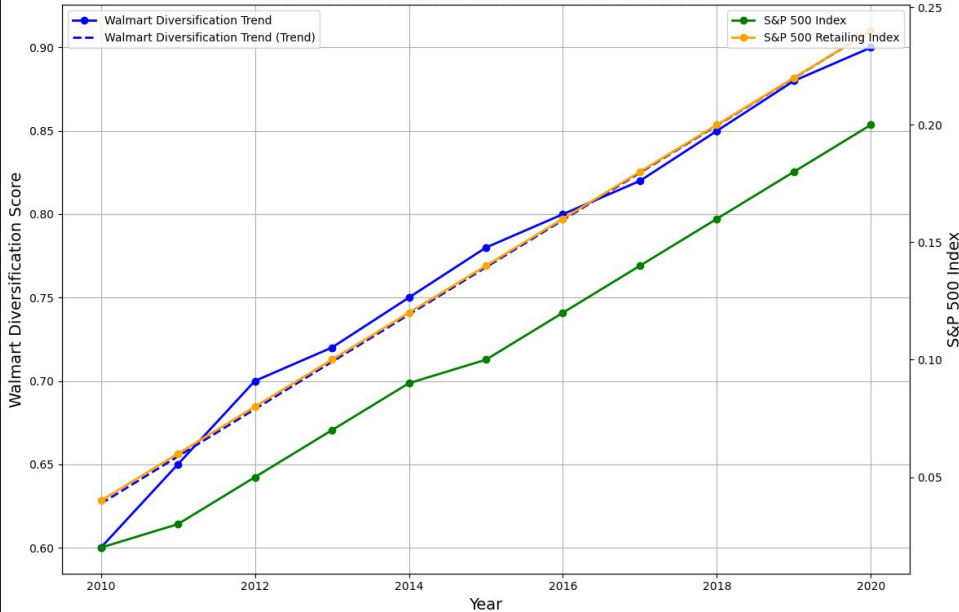
Operations Strategy at Wal-Mart



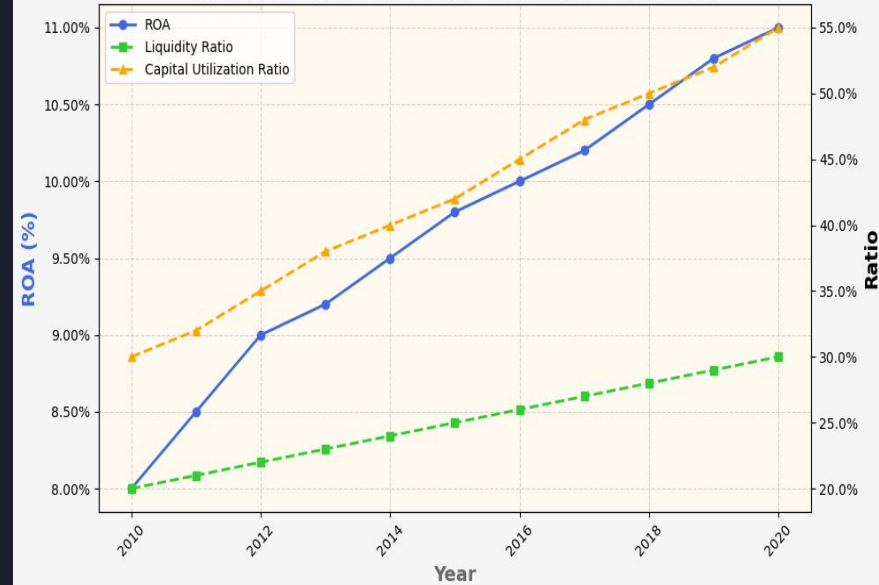
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- ❖ Walmart produced products and surrogate advertisement: offering exclusive, high-quality products under its own brand, Walmart secures greater control over product quality and pricing and fosters brand loyalty among customers. Moreover, leveraging the app for surrogate advertisement allows Walmart to target its audience with precision, tailoring promotions and recommendations based on user behavior and preferences.
 - ❖ Distribution Models: Implementing two distribution models from the warehouse: direct delivery for urgent needs and milk runs for cost-effective, non-urgent deliveries.
 - ❖ Store-Sourced Items: Offering last-mile pickup, milk runs, and direct delivery options for items coming from stores, acknowledging the extra time required for such deliveries.
 - ❖ Inventory Management: Using analytics to optimize inventory levels, minimizing waste, space, and financial costs, and reducing inventory holding costs.
 - ❖ Centralized Inventory Control: Centralizing control over inventory to mitigate the bullwhip effect and improve supply chain responsiveness.
 - ❖ Market Penetration: Exploring new markets in developing countries by offering convenience and establishing supply chains through partnerships, followed by independent operations.
 - ❖ Courier Services: Leveraging an established supply chain and transportation network to offer courier services, utilizing existing infrastructure to provide cost-effective delivery options and expand market share.

FINANCE AND RISK ANALYSIS:

Walmart Diversification Trends with S&P 500 Indices



ROA and Liquidity/Capital Resources Utilization

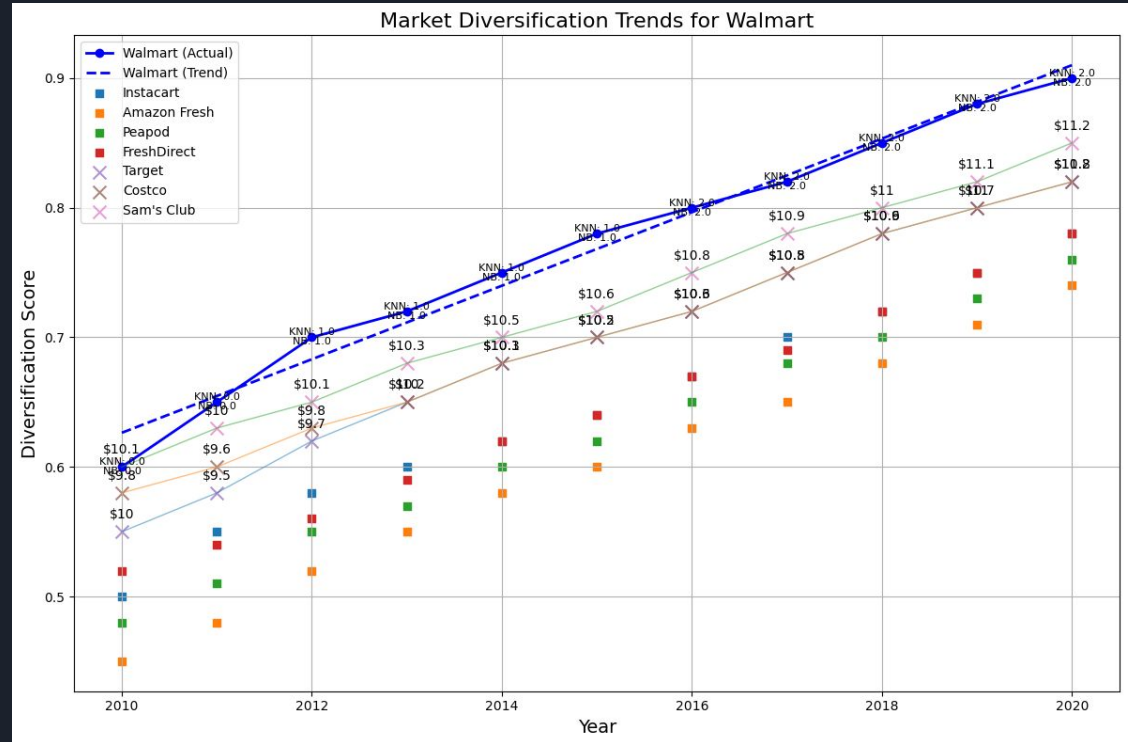


Establishment of good Korean markets the S&P 500 rates are on a high and Walmart and its subsidiary should capitalise on the upward trend of such convenience based consumer products. Such a stance in a favourable end of the global market provides us with the single best option to launch a new product with the minimal risk of failure, further continued in the next slides.

FINANCE AND RISK ANALYSIS-2:

We make a heuristic analysis with our in house SSP plot of the future prospects in Walmart's market caps we get the following results:

- The trends in the graph yield a clear significance of the cognitive bias of the demographic, and their shift to convenience as of greater importance than reliability.
- We find that there is about a definite increase in the company's market share in the next two quarters if such a chain is set up, yet it does yield some deflation with creeping returns in the long run.
- To such chances of deflation, we back on our retained consumer market.



Supply chain cost and return :

The establishment and running costs of the door-to-door based model is of utmost importance to our company's present endeavour's.

Walmart, being a very conservative conglomerate needs a very grounded yet a feasible estimate.

For the same purpose, we've utilised the Sam's club initiative which included a diversified chain for Walmart in the past.

Postmodern capital and asset adjustments with amortization of our intangible assets under the international GAAP.

This investment if taken under ESGs provides the company with a great position in the accounting benefits under the US - SEC and market cap alike favouring the shareholders and averting defaults.

	Fiscal Years Ended January 31,	
	2023	2022
<i>(Amounts in millions, except unit counts)</i>		
Net sales	\$ 605,881	\$ 567,762
Percentage change from comparable period	6.7 %	2.3 %
Operating, selling, general and administrative expenses	\$ 127,140	\$ 117,812
Percentage change from comparable period	7.9 %	1.3 %
Operating, selling, general and administrative expenses as a percentage of net sales	21.0 %	20.8 %

	Fiscal Years Ended January 31,	
	2023	2022
<i>(Amounts in millions)</i>		
Allocation of Capital Expenditures		
Supply chain, customer-facing initiatives and technology	\$ 9,209	\$ 7,197
Store and club remodels	4,990	3,278
New stores and clubs, including expansions and relocations	33	134
Total U.S.	\$ 14,232	\$ 10,609
Walmart International	2,625	2,497
Total capital expenditures	\$ 16,857	\$ 13,106

Future prospects in operations:

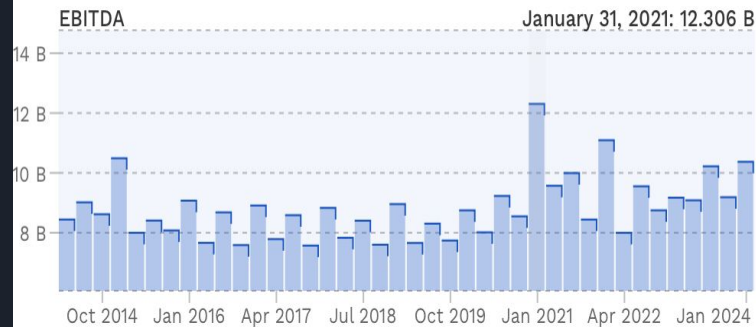
- E-commerce Growth: capture a larger share of the growing online retail market.
- Omnichannel Integration: Strengthen integration between its physical stores and online platforms
- Expansion into New Markets: international expansion in emerging markets with high growth potential and new business segments or industries to diversify revenue streams and mitigate risks.
- Strategic Partnerships and Acquisitions: complement Walmart's core business and enable it to enter new markets or gain competitive advantages in existing ones.
- Sustainability Initiatives: across its operations, supply chain, and product offerings to appeal to environmentally conscious consumers and meet evolving regulatory requirements.

Future aspects in finances:

Earnings Before Taxes [21.848 B]
(+) Net Interest Expenses [2.137 B]
(+) Non Operating Expenses [-166 M]
(+) Depreciation and Amortization [11.853 B]
(+) Unusual Expenses [3.193 B]

(-) EBITDA [28.865 B]

Following section summarizes insights on Walmart Inc.'s EBITDA.





APPENDIX:

Detailed References and Additional References

- Image sources :- <https://slideplayer.com/slide/15076342/>
- Articles , Conventions and book sources :
 - <https://panmore.com/walmart-generic-competitive-strategy-intensive-growth-strategies>
 - <https://panmore.com/walmart-pestel-analysis-recommendations-case-study>
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- Reports used for reference :
 - WMT-FY2022-Annual-Report.pdf
 - 2023-proxy-statement.pdf
 - Walmart-10K-Reports-Optimized.pdf