# Walmart Online Grocery Case Study

## Background

In early 2014 Walmart US started its online grocery service at San Jose (CA), Denver (CO), Phoenix (AZ), Bentonville (AR) & Huntsville (AL). The new service will allow customers to place orders online and pick up groceries at the store later. Walmart employees will pick out all the groceries and customers just have to show up to the store and the employees will load the groceries into the customer’s car. The pick prices are the same as they are in the store and the service is free but there is a minimum purchase of $30.

Customers like the pickup option because it turns what can otherwise be a long, sometimes two-hour grocery shopping trip into something that gets handled in a matter of minutes. And unlike grocery delivery, you don’t have to wait around your home for the delivery or pay the associated delivery fees.

## Business Objective

Walmart wants to understand the impact of Online Grocery on Walmart customers.

## Business Questions:

1. What metrics should be used to measure the impact of OG on customers (lift)?
2. What is the impact of OG from a store perspective (transfer from store)?
3. How to select the right set of customers to evaluate?
4. How do you benchmark the values that you get?

## Discussion Points

1. Test & Control methodology
2. Households vs Stores
3. The period of study (pre, capture, post)
4. Identification of Test customers (OG adopters)
5. Idenfication of Control customers
   1. Random sampling
   2. Stratified random sampling
   3. Deciling
   4. Decile groups - Primary, secondary, occassional & bottom shoppers
   5. Market segmentation (Geography – 5 markets)
   6. Test vs Control ratio of customers
   7. Test - Control pre period distributions (Hypothesis testing)
6. Transfer from stores (cannibilization)
   1. Ratio of LY to TY
   2. Expected spend vs Actual spend in store
   3. Incremental from OG

## OG Assortment Case Study (optional)

OG team will pilot a 30-minute guaranteed pickup proposition with a 30-item basket maximum for a fee. In order to deliver on this promise, the operations team would like to limit the breadth of assortment available to maximize efficiency of the in-store pickers. Today the average basket size is ~$110, which largely suggests shoppers use the current OGP service for stock up trips. The expectation is that this proposition will increase the number of fill-in and immediate needs trips. Solving for assortment is critical; currently, the website cannot limit the assortment but the team feels that it could be an operational barrier to the program’s success and that development changes would be necessary to accommodate.

Identify the optimal assortment for this new proposition that will meet customer needs and maximize operational efficiency.

1. What are the top selling items by trip type? For stores, for OG shoppers?
2. What does a heat map of these items look like within a store? (e.g., can we help to draw a physical boundary in the stores to maximize efficiency of the pickers/reduce the amount of time they spend shopping the store for the orders)?
3. What can we learn from the DRIVE on fill-ins/immediate needs?