



# COMPETITIVE ANALYSIS BETWEEN AMAZON AND WALMART

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# Introduction

**Given the rapid expansion on Amazon globally, it has become a global supply chain dealing with millions of suppliers catering to billions of customers. The challenges that appear with such high coverage are mainly in the supply chain**



## Focus on

- Supply Chain Design
- Technology Implemented
- Expansion projects

# Dimensions Covered



## CONTENTS

In order to effectively compare the 2 retail giants, we will explore a few particular avenues to see how the companies differ

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History of Companies

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Stock Performance

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Warehouse Placement

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Property Ownership

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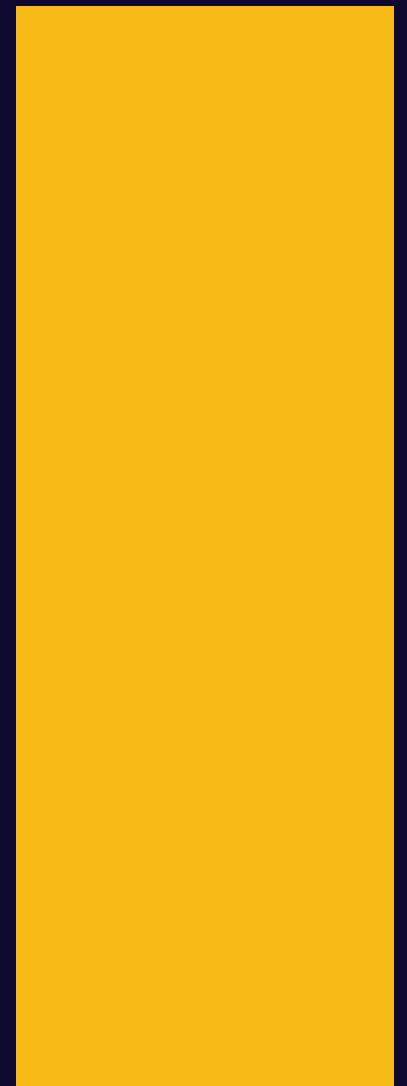
Financials

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Supply Chain

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# Amazon Company History

Amazons rise from an online bookstore to a retail giant occurred due to their investment in E-commerce and forward thinking

**1994**

## COMPANY FOUNDED

Current Chairman Jeff Bezos founded Amazon as an online bookstore

**2005**

## AMAZON PRIME

Amazons membership program was launched which guaranteed 2 day shipping

**2006**

## FULFILLMENT BY AMAZON

Amazons Third party seller integration and expansion of product variety

**2017**

## WHOLEFOODS ACQUISITION

Amazon acquired Wholefods to compete in the Brick-and-Mortar retail industry

# Walmart Company History

Walmarts billion dollar industry has developed on the backbone of their brick-and-mortar retail superiority

**1962**

## COMPANY FOUNDED

**Founder Sam Walton  
opened the first store in  
Rogers, Arkansas**

**1971**

## PUBLICLY LISTED

**Walmart was the first  
retail store to be traded  
on the NYEX**

**2007**

## SHOP-TO-SITE

**Walmarts integration of  
a website where orders  
are picked up at the  
nearest store**

**2020**

## FULFILLMENT SERVICE

**Walmart widens E-  
commerce to third party  
sellers**

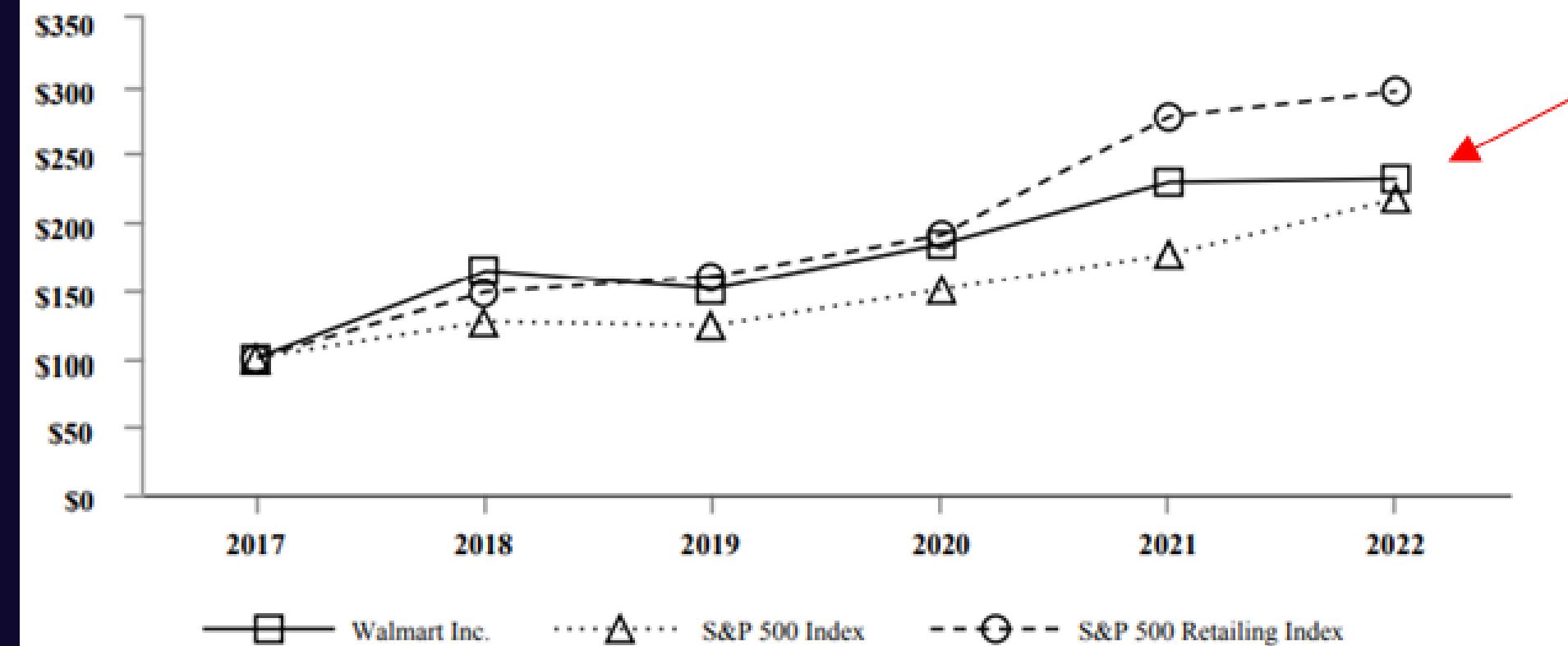
# STOCK PERFORMANCE

## Walmart

Assuming \$100 was placed into Walmart Inc and all dividends are re-invested, the S&P 500 Index, and S&P Retail Index, over the last 5 years Walmarts steady rise in value is show to stable growth which coincides with the market

The market coinciding is due to Walmarts high influence on the S&P Index's

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***  
Among Walmart Inc., the S&P 500 Index  
and S&P 500 Retailing Index  
(Fiscal Years Ended January 31)

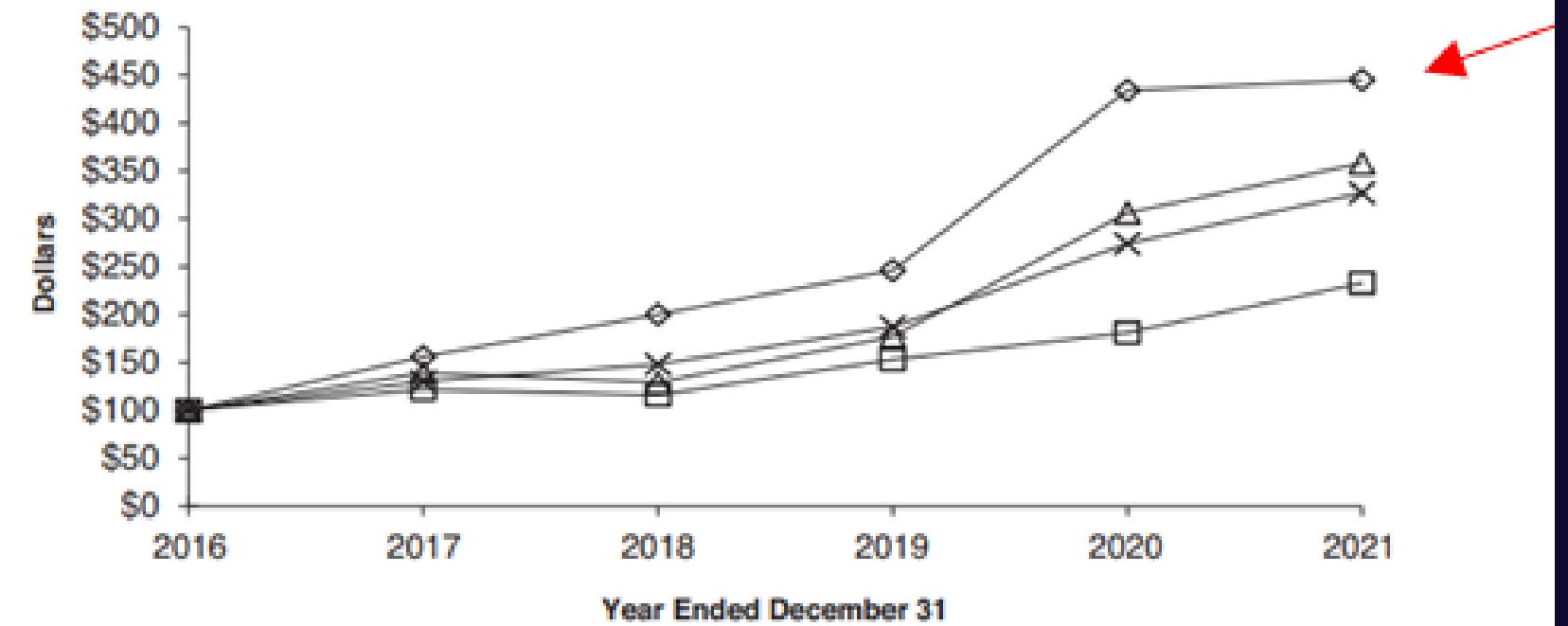


# STOCK PERFORMANCE

## Amazon

**Assuming \$100 was placed into Amazon.com Inc and all dividends are re-invested, the S&P 500 Index, NYSE Technology Index, and S&P Retail Index, over the last 5 years**

**Amazons market value has outperformed the Indexs through its aggresive expansion and investment in technology**



	Legend	2016	2017	2018	2019	2020	2021
Amazon.com, Inc.	—○—	\$100	\$156	\$200	\$246	\$434	\$445
NYSE Technology Index	—△—	100	139	129	177	306	358
S&P 500 Index	—□—	100	122	116	153	181	233
S&P 500 Retailing Index	—×—	100	130	148	187	274	327

# Property Analysis

## Walmart

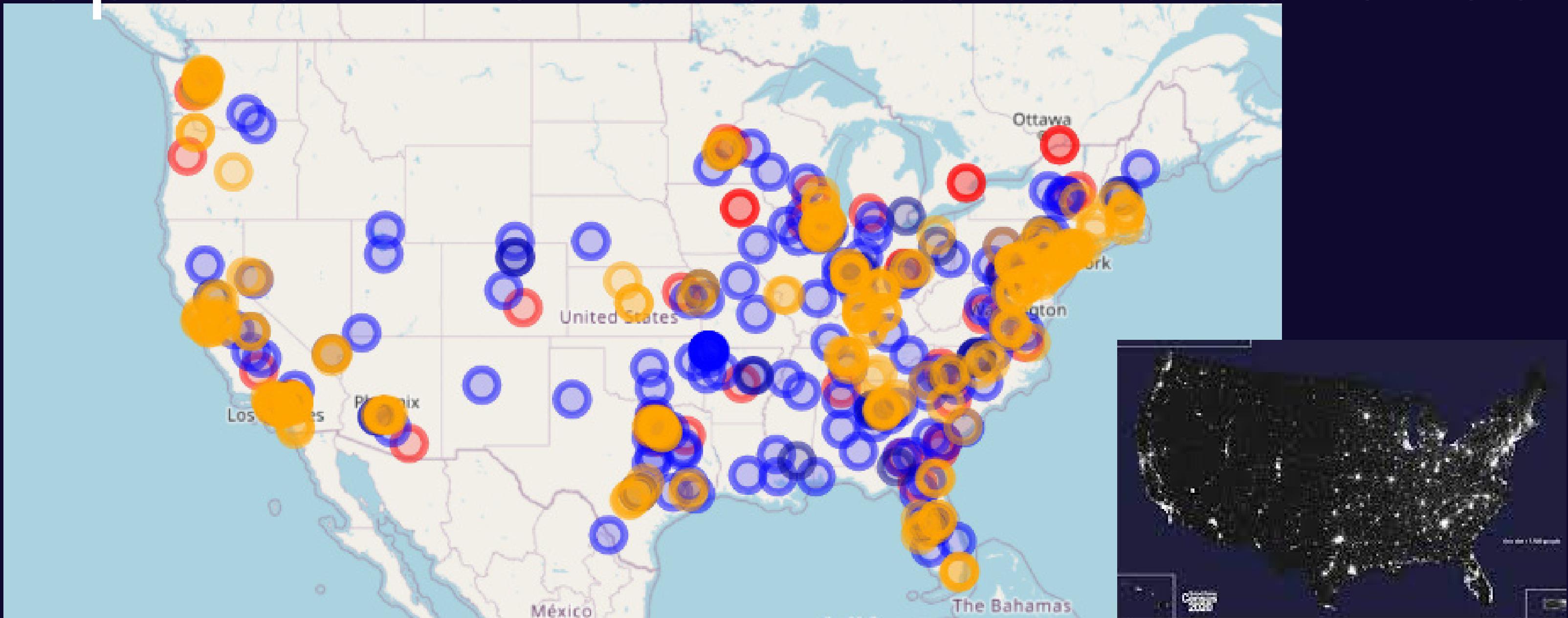
State or Territory	Supercenters	Discount Stores	Markets and other small formats	Clubs	Grand Total								
Alabama	101	1	29	13	144								
Alaska	7	2	—	—	9								
Arizona	83	2	28	12	125								
Arkansas	76	5	37	9	127								
California	144	68	79	30	321								
Colorado	70	4	18	17	109								
Connecticut	12	21	1	1	35								
Delaware	6	3	—	1	10								
Florida	■	■	■	■	■								
Illinois	■	■	■	■	■								
Indiana	■	■	■	■	■								
Utah	41	—	13	8	62								
Vermont	3	3	—	—	6								
Virginia	110	4	22	15	151								
Washington	52	10	5	—	67								
Washington D.C.	3	—	2	—	5								
West Virginia	38	—	1	5	44								
Wisconsin	83	4	2	10	99								
Wyoming	12	—	—	2	14								
<b>U.S. total</b>	<b>3,573</b>	<b>370</b>	<b>799</b>	<b>600</b>	<b>5,342</b>								
Square feet (in thousands)	<b>634,754</b>	<b>38,947</b>	<b>29,295</b>	<b>80,351</b>	<b>783,347</b>								
<table border="1"> <thead> <tr> <th></th> <th>Owned</th> <th>Leased<sup>(2)</sup></th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Total properties</td> <td><b>6,161</b></td> <td><b>4,796</b></td> <td><b>10,957</b></td> </tr> </tbody> </table>							Owned	Leased <sup>(2)</sup>	Total	Total properties	<b>6,161</b>	<b>4,796</b>	<b>10,957</b>
	Owned	Leased <sup>(2)</sup>	Total										
Total properties	<b>6,161</b>	<b>4,796</b>	<b>10,957</b>										

## Amazon

Description of Use	Leased Square Footage (1)	Owned Square Footage	Location
Office space	27,519	6,138	North America
Office space	20,983	1,802	International
Physical stores (2)	22,396	662	North America
Physical stores (2)	235	—	International
Fulfillment, data centers, and other	370,392	16,663	North America
Fulfillment, data centers, and other	129,035	9,601	International
<b>Total</b>	<b>570,560</b>	<b>34,866</b>	

- Total Properties operated by Walmart is much larger than Amazon, Walmart's Square Feet (in thousands) from retail stores alone is larger than Total Properties operated by Amazon.
- Amazon also leased more facilities than owned while Walmart owned more facilities than leased, this is an insight into the business models of the two companies.

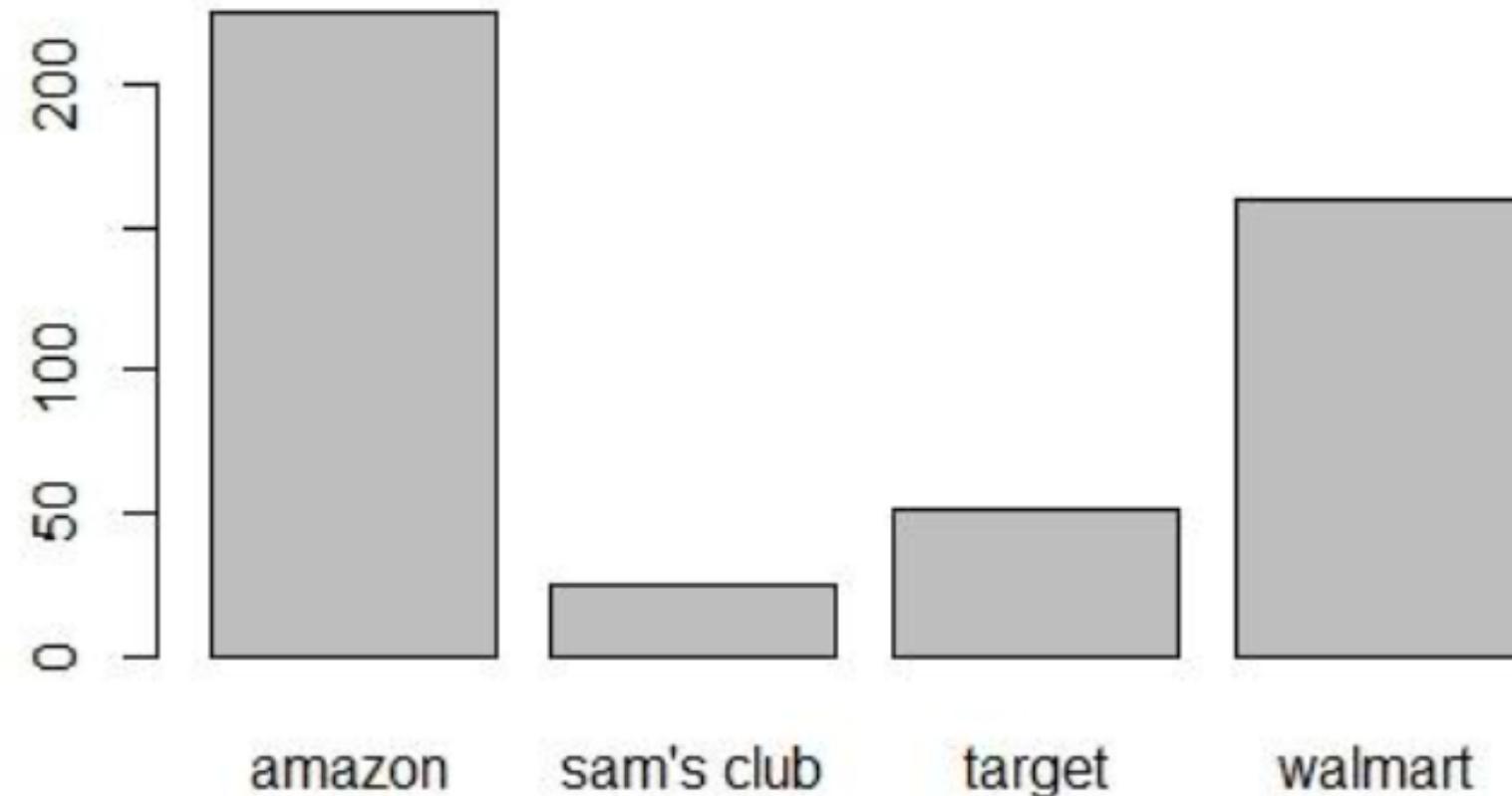
# Map of amazon and Walmart warehouse



[https://rawgit.com/kwartler/e6e604c7ead755b3a727bb711cdadb95/raw/3a882a1102d8fa46961b621ac2cf72e4602cf79d/amazon\\_target\\_walmart.html](https://rawgit.com/kwartler/e6e604c7ead755b3a727bb711cdadb95/raw/3a882a1102d8fa46961b621ac2cf72e4602cf79d/amazon_target_walmart.html)

- Amazon and Walmart have warehouses that coincide with the most population dense areas of the USA as well as major transportation hubs
- Walmart's warehouses are more dispersed across the US map while Amazon's warehouses are more concentrated in certain locations

# Number of warehouses of each company



Although Amazon's warehouses are smaller than Walmart's, Amazon has a greater number of warehouses to compensate for the size differences. In Short, Amazon has many smaller warehouses, and Walmart have less but larger warehouses.

*Amazon has more warehouses even when adding Sam's Club to the Walmart.*

# Consolidated Statements of Income Analysis

AMAZON.COM, INC. CONSOLIDATED STATEMENTS OF OPERATIONS (in millions, except per share data)			
	Year Ended December 31,		
	2019	2020	2021
Net product sales	\$ 160,408	\$ 215,915	\$ 241,787
Net service sales	120,114	170,149	228,035
Total net sales	280,522	386,064	469,822
Operating expenses:			
Cost of sales	165,536	233,307	272,344
Fulfillment	40,232	58,517	75,111
Technology and content	35,931	42,740	56,052
Marketing	18,878	22,008	32,551
General and administrative	5,203	6,668	8,823
Other operating expense (income), net	201	(75)	62
Total operating expenses	265,981	363,165	444,943
Operating income	14,541	22,899	24,879

For Amazon, net sales are 469B, total expenses are 444B, returns 25B profit. Net sales are composed of product sales and service sales with about 50% each.

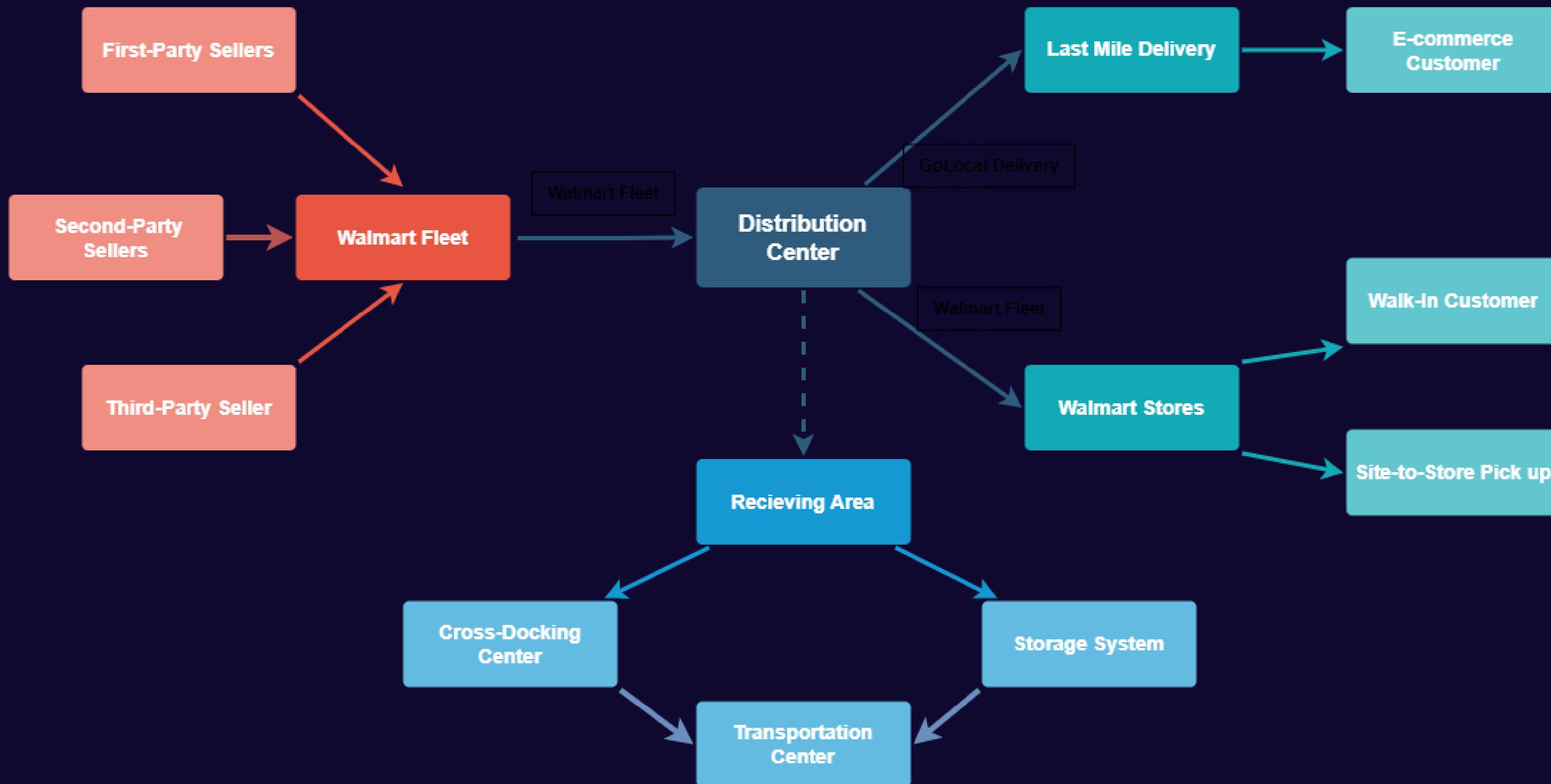
Walmart Inc. Consolidated Statements of Income			
	Fiscal Years Ended January 31,		
	2022	2021	2020
<i>(Amounts in millions, except per share data)</i>			
<b>Revenues:</b>			
Net sales	\$ 567,762	\$ 555,233	\$ 519,926
Membership and other income	4,992	3,918	4,038
Total revenues	572,754	559,151	523,964
<b>Costs and expenses:</b>			
Cost of sales	429,000	420,315	394,605
Operating, selling, general and administrative expenses	117,812	116,288	108,791
<b>Operating income</b>	25,942	22,548	20,568

For Walmart, net sales are 567B, total expenses are 429B, and returns 26B profit. Net sales are composed of over 99% of product sale

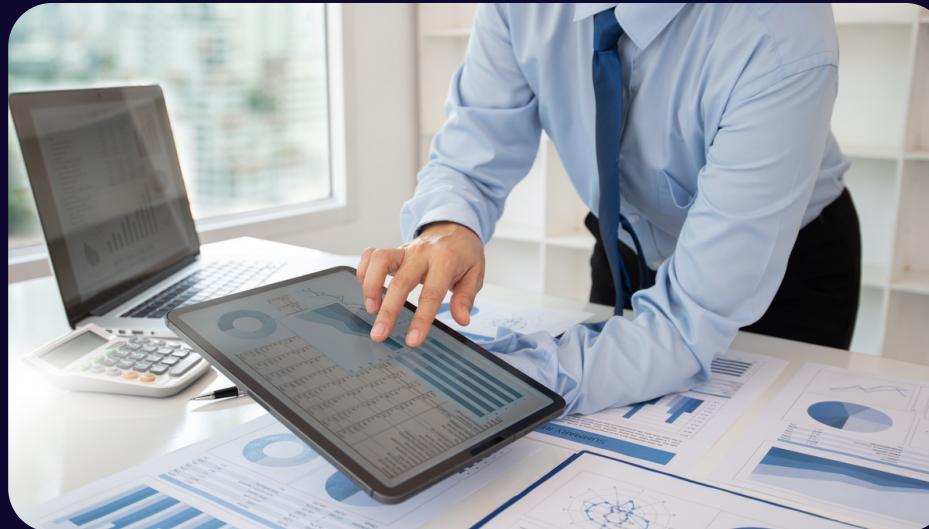
Both companies have similar profits, but sales composition are different.

- Amazon's sales includes product sales, represent revenue from the sale of products and service sales, represent third-party seller fees, AWS sales, advertising services, etc
- Walmart's sales mainly product sale, but it also includes merchandise, services to the customer and eCommerce sales

# Walmart Supply Chain Diagram



# Supply Chain Components



## INCOMING PRODUCE PROCESS

- 200 trailers arrive at a distribution center on average
- Produce is accumulated from first, second and third party sellers
- Pellets are broken down in the receiving area and sent to the storage or Cross-Docking area

## WAREHOUSE MANAGEMENT

- An inch perfect automated storage system sorts goods from the receiving area
- If a product is to be Cross-Docked it is routed towards the Distribution area to be shipped to a store or customer
- Upon order, last-in first-out systems pick the most recent produce which is placed in a custom built box and sent to distribution centers

## PRODUCT DISTRIBUTION

- Within 30 minutes of order placement, the package is taped, labelled and routed towards a Walmart fleet unit for delivery
- Each trailer is packed using an algorithm that reduces time taken to unload the trailer at destination

**WALMART**

# Distribution Service

**Walmart introduced GoLocal as their personal Last Mile Delivery Service to fulfill delivery requirements**

## **WALMART STORES**

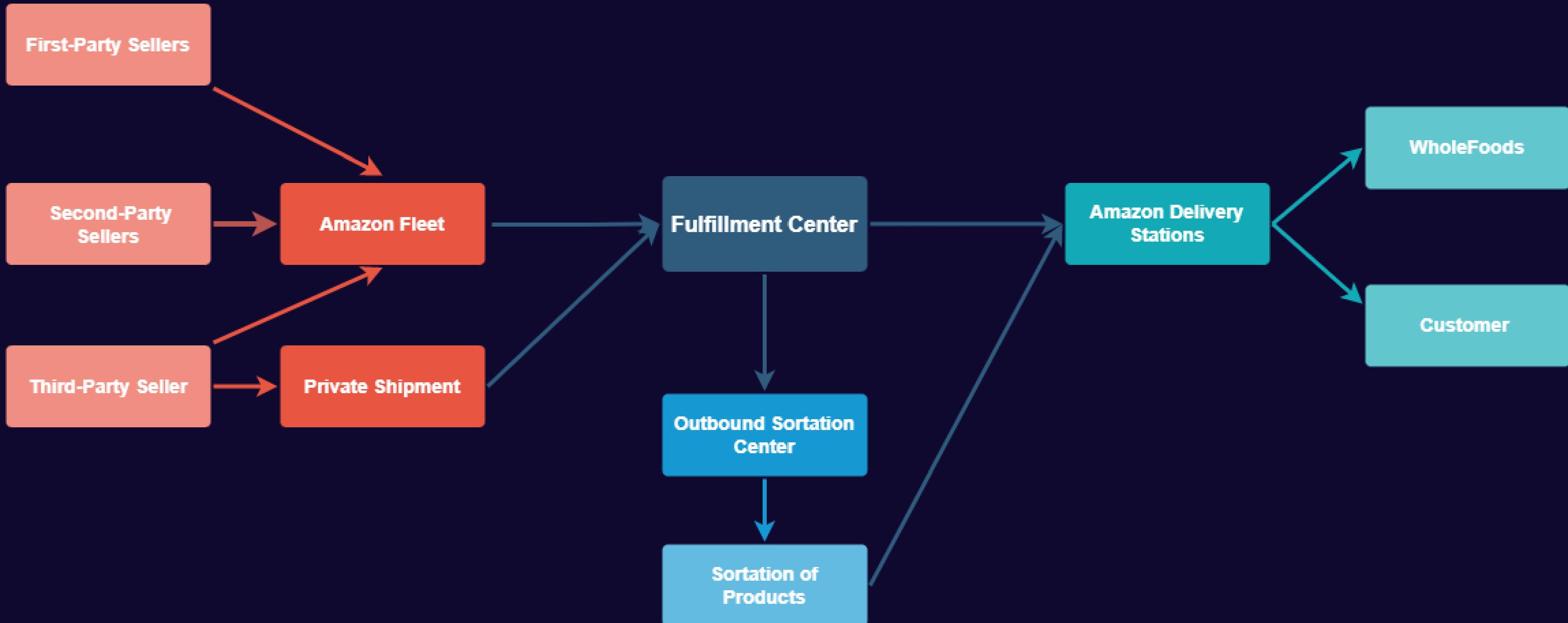
**A large proportion of outbound trailers from DCs are sent to Walmart stores where they are unloaded and once again sorted to the stores inventory.**



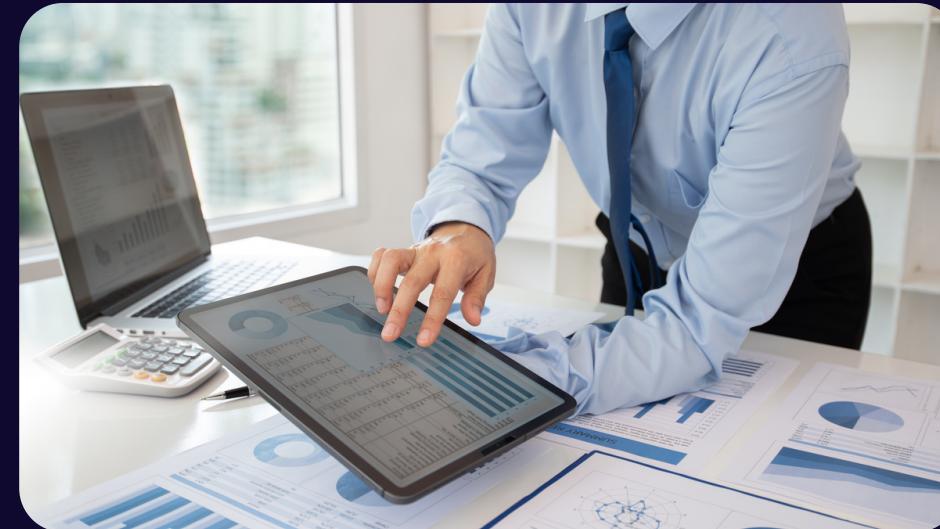
## **E-COMMERCE CUSTOMERS**

**Walmarts E-commerce presence has been aided by their GoLocal Last Mile service which helps guarantee faster, and more accurate delivery times through GoLocals fleet of over 5000 electric vehicles and gasoline vehicles**

# Amazon Supply Chain Diagram



# Supply Chain Components



## FULFILLMENT CENTER

- Incoming produce is sorted, picked and shipped
- Fulfillment centers are product specific (eg, large sortable, specialty apparel, footware, etc)
- Pellets are broken down in the receiving area and sent to the storage or Cross-Docking area or directly sent to consumers through UPS or FedEx

## OUTBOUND SORTATION CENTER

- Automated storage systems and robotics arms are implemented to improve efficiency
- Object recognition software and RFID tags are used to improve product tracking
- Implemented to reduce UPS and FedEx volume and use Amazon's Last mile delivery

## PRODUCT DISTRIBUTION

- Amazon implements a last-in first-out system to reduce holding costs and sent to Amazon's fleet
- Amazon's extensive fleet is used to fulfill delivery guarantees

**AMAZON**

# Distribution Service

Amazon announced implementation and research into delivery drones which are sued to fulfill Last Mile Delivery needs

## **CUSTOMER DISTANCE**

**85% of the American population lives within 10 miles of an Amazon, this closeness allows for cheaper alternatives such as drones to be implemented**



## **DELIVERY OPTIONS**

**Amazon Prime members are given options of same day, next day, and two day deliveries which require extensive Last Mile investment to maintain customer satisfaction**



THANK YOU  
FOR YOUR  
ATTENTION