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Case Study 1 - Walmart

- Vision, Mission, and Values Statements
 - Vision: “We aim to build a better world — helping people live better”⁷
 - Mission: “Provide our customers in-store and online access to goods at our everyday low prices”
 - Walmart harnesses the power of its existing sales infrastructure, including physical locations, to provide access to the vast majority of Americans, along with our international customers. We intend to take this heritage into the digital age, providing customers with the goods they desire at lower prices than our competitors, harnessing our infrastructure as the backbone of a full-service e-commerce business, including industry-leading pharmaceutical and grocery services. Walmart intends to take back market share from industry leaders like Amazon by expanding our supply chain to give customers more product offerings, while improving the online shopping experience by revamping our Walmart.com platform to meet and exceed the needs of the modern e-commerce marketplace. This includes expanding our digital marketing efforts, focusing on bringing the customer recommendations for goods that actively fit what they have bought and have been searching for.
- Goals

- Revamp Walmart.com with a modern interface and enhanced per-customer personalization and advertising
 - By creating a more appealing shopping experience, we can reach more customers. This will be tracked primarily through the number of visitors to the website after relaunching with the new design language. In addition, the efficacy of personalized advertising can be tracked via the turnover rate of advertisements to purchases.
- Optimize distribution channels for last-mile deliveries within two days or less across the same range as retail locations
 - We hope to provide access to the goods we offer to as many customers as possible. To this end, we will track our performance on deliveries relative to the expected delivery date we provide customers, targeting two days to most residential addresses. In addition, we will monitor the efficiency of fulfillment by tracking the time it takes high-volume goods to go from supplier to distribution center and out to our customers.
- Expand product offerings through deals with new suppliers
 - We plan to compete in a greater number of product categories than is possible in a physical retail location by expanding our network of suppliers. To this end, we will be keeping track of the number of industry partners we are working with, the number of distinct product categories we are competing in, and the number of goods we carry in each respective category. Tracking our number of partners will help quantify growth, while the number of categories and goods in these respective categories

can be compared with that of our competitors to gauge our performance in offering a variety of choices to our customers.

- Increase online sales
 - Simply, we hope to overtake Amazon and become the largest e-commerce retailer in the world. To this end, we will be tracking sales figures, as well as turnover rates for site visitors and particularly clicks vs sales on high volume products. These metrics will not only help us gauge our performance in our industry, but also what areas we must improve the user experience in so that we can maximize our website traffic.
- Initiatives and Tactics

Goals	Initiatives	Tactics
Revamp Walmart.com	Design Modern Interface	Create team to design new website design language. A new design language will help reinvigorate the Walmart brand for the e-commerce era.
		Create a team to focus on streamlining the checkout experience. By removing barriers to making a purchase, we can increase customer turnover and improve the shopping experience.
	Launch personalized advertising tools	Create a team to focus on evaluating user data on the Walmart.com platform. We intend to design algorithms to identify trends in customer searches to serve each customer with the goods they are searching

		for.
		Expand off-platform digital marketing efforts. By harnessing the user bases of various other platforms, particularly social media networks, we can target a younger audience with our reinvigorated brand identity.
	Optimize distribution channels	Implement automated sorting systems in distribution centers
		<p>Dedicate a team to creating systems for inventory receiving and sorting. By pinpointing exactly where a particular good is within our distribution network, we can optimize our logistics management systems to more effectively arrange last-mile deliveries.</p> <p>Dedicate a team to automating the process of retrieving a product and packing it for delivery to a customer. By streamlining this process, we can save essential time in the delivery process.</p>
		Establish two-day delivery to a majority of US addresses
		<p>Establish local delivery networks. By bringing local delivery in-house, we can both increase delivery efficiency and reduce cost per package.</p> <p>Establish a team to identify underserved areas in our delivery network. In doing so, we can focus our efforts in building out our last-mile delivery network to those areas which need</p>

		the most investment.
Expand product offerings	Partner with new suppliers	Establish a team to target niche suppliers of unique goods. By offering unique goods, we can attract customers that would not otherwise have access to these items.
		Establish a team to further ties with international suppliers. By working with international suppliers, we can more effectively compete on price.
	Utilize customer data to target gaps in offerings	Establish a team to identify underserved product categories. Expanding into underserved product categories will give us natural room for growth.
		Establish a team to gather feedback on our current product offerings. By surveying our customers, we can identify areas that they desire but are not directly searching for on our platform.
Increase Online Sales	Implement a loyalty program	Establish a team to identify incentives. By targeting incentives our customers find most appealing, we can increase the efficacy of this program.
		Implement online exclusive deals. By leveraging our reputation for price competition, we can draw brick-and-mortar customers onto our online platform, looping them into

		that system.
	Improve search engine optimization	Establish a team to focus on improving the detail of product listings. As customers will not be able to be hands-on with the product prior to purchase, it is essential that we provide them with enough detail to feel comfortable with making a “blind” purchase.
		Establish a team to leverage key words to bring listings upwards in search engine results. By improving our SEO, we can draw in customers who are simply searching the entire internet for a good, drawing them onto our platform.

- Appendix
 - SWOT Analysis

<p>Strengths:</p> <ul style="list-style-type: none"> ● Vast, efficient supply chain network <ul style="list-style-type: none"> ○ Walmart has 130 million square feet¹ of distribution space, along with a fleet of 55,000 trailers and 6000-6500 dedicated trucks¹, vastly dwarfing competitors such as Amazon. ● Strong brand recognition <ul style="list-style-type: none"> ○ Walmart’s long history and broad national reach lend the company existing customer 	<p>Weaknesses:</p> <ul style="list-style-type: none"> ● Reputation for low-quality products <ul style="list-style-type: none"> ○ Walmart’s heavy focus on advertising their “everyday low price”¹ on goods has led to a focus on price competition over quality. ● Limited delivery network for online sales <ul style="list-style-type: none"> ○ Walmart has a strong distribution center to retail location supply chain, but lacks the infrastructure and
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<p>trust as it transitions into e-commerce.</p> <ul style="list-style-type: none"> Existing supplier network <ul style="list-style-type: none"> Walmart's current supply chain consists of more than 100,000 suppliers, run by an efficient electronic data interchange¹ which allows the company to rapidly shift inventory following sales trends. 	<p>systems for last-mile home deliveries.</p> <ul style="list-style-type: none"> Limited online product offerings <ul style="list-style-type: none"> Walmart has only 38 million online SKUs¹, which is dwarfed by chief competitor Amazon's 536 million SKUs¹.
<p>Opportunities:</p> <ul style="list-style-type: none"> Increasing online demand for perishables, like groceries <ul style="list-style-type: none"> As e-commerce has become more prevalent, consumers have demonstrated a desire for online grocery shopping. As 90% of the US population lives within 10 miles of a Walmart retail location¹, given a more developed last-mile solution, Walmart is positioned to offer competitive online grocery to consumers. Increasing prevalence of mobile commerce <ul style="list-style-type: none"> E-commerce is predicted to grow by more than 6% year over year for at least the next 3 years, at increasing rates year to year³. Given Walmart's scale, the company is poised to move into this market and capitalize on this growth. Expanding pharmacy division into e-commerce <ul style="list-style-type: none"> Pharmaceutical e-commerce is expected to have a compound annual growth rate of 22.5% between 2023 and 2030⁴. Given that Walmart has an existing pharmacy division, and therefore the necessary licensing to distribute controlled medications, there is 	<p>Threats:</p> <ul style="list-style-type: none"> Established e-commerce-centric competitors <ul style="list-style-type: none"> In the US, Walmart's biggest e-commerce competitors by market cap are Amazon and EBay⁵, though it is noteworthy that Alibaba is also a key player internationally. Rapidly evolving market <ul style="list-style-type: none"> As the e-commerce market continues to develop, new technologies and trends will continue to emerge which Walmart must keep pace with. E-commerce as a replacement for traditional brick-and-mortar retail sales <ul style="list-style-type: none"> Walmart's current model heavily depends on in-person sales, as evidenced by their 11,500 e-commerce sales vs. their 484,261 brick-and-mortar sales¹.

an opportunity to shift the distribution of these medications to home delivery.	
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- Porter 5 forces

- Traditional Competitors

- Walmart's two largest e-commerce competitors by market share in the US are Amazon at 41%, followed by eBay at 4.2%⁶. Walmart is right between these at 6.6%⁶. Internationally, Amazon is still the largest, followed by Alibaba. The e-commerce market is fiercely competitive, so I would give this sector a 9/10.

- New Market Entrants

- E-commerce has a very low barrier to entry, though the power of brand recognition and economies of scale in e-commerce are still formidable. Though new entrants can enter this market freely, they will struggle to reach the scale of Walmart, let alone Amazon, giving this sector a 4/10.

- Substitute products and services

- Though substitute retail options exist, e-commerce has the unique appeal of convenience, which draws consumers to it. Therefore, this force is relatively weak, at a 2/10.

- Customers

- Customers have significant bargaining power against e-commerce companies due to the breadth of choice they have. This force is an 8/10.

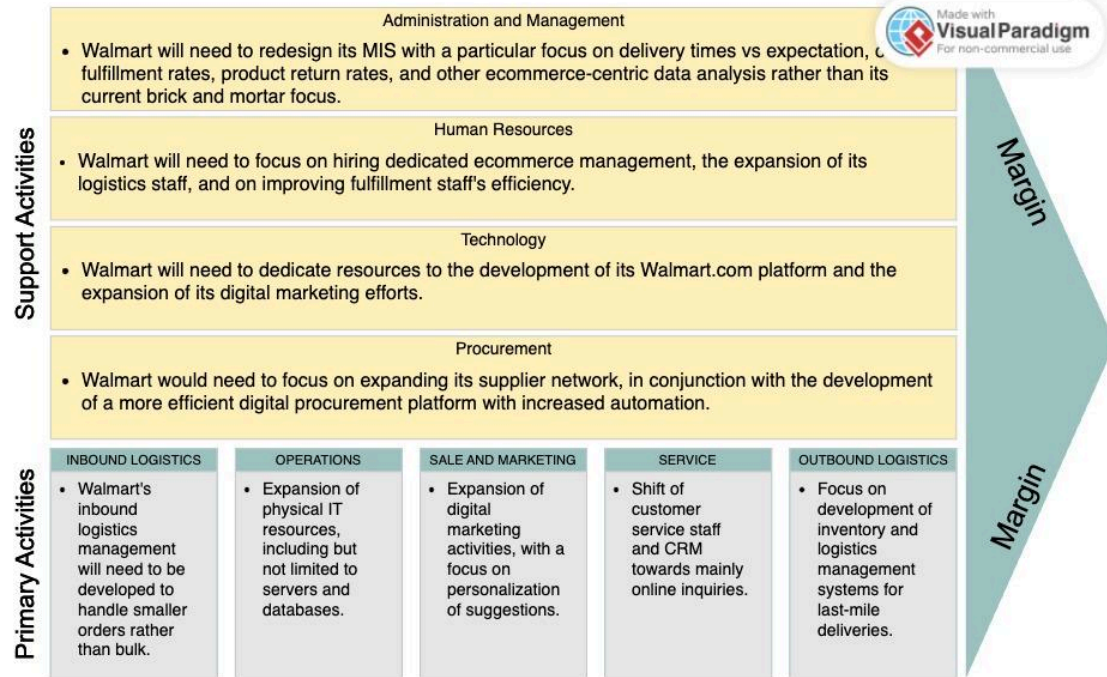
- Suppliers

- Walmart holds significant bargaining power over its suppliers due to the company's scale. However, relative to its brick-and-mortar side, Walmart's e-commerce division does not have as much leverage over suppliers, due to breadth of choice, meaning this force is a 6/10.

- Porter Primary Strategies

- Given Walmart's historic positioning as a low-cost leader in brick-and-mortar retail sales, it would follow that the company should pursue low-cost leadership in e-commerce. Thanks to an existing, efficient supply chain system for the majority of the supplier-to-consumer pipeline, Walmart would need to focus on maintaining their low prices while also building out an efficient last-mile delivery system.

- Value chain model changes



● References

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