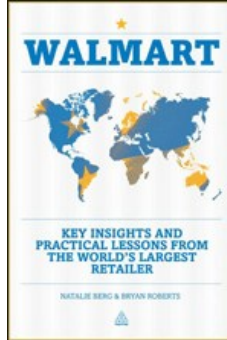


# Chapters *To Go*



## Walmart: Key Insights and Practical Lessons from the World's Largest Retailer

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## Chapter 12: Tomorrow's Walmart

At the very start of this book, we posed the question: Is Walmart the best-positioned retailer in the world? Like all companies, it has had its share of *failures*, whether that is failing to crack the German retail market or rationalizing their assortment to the point where shoppers are driven to the competition. They have had their share of *criticism*, whether that is bullying suppliers, being blamed for putting independent retailers out of business or treating their employees unfairly. And looking ahead, Walmart will certainly have its share of *challenges*, the most notable of which is without a doubt Amazon.

However, the world's largest retailer didn't get to the top position by chance and, for all its faults, Walmart has also been a force for good. It has improved efficiencies across the consumer goods sector, stimulated jobs at home and abroad, and generally raised the bar for the way retailing is done.

And, crucially for consumers, Walmart has lowered prices around the globe. Looking ahead, the retailer's role in the global economy will become all the more important as food resources become strained. Saving people money so they can live better. This is what Walmart is about and there is no denying that it will continue to bring efficiencies to regions like Central Asia and sub-Saharan Africa where a lack of cold-storage facilities and poor infrastructure currently prohibit retailers from offering low prices to consumers. Walmart has a proven track record of driving down inflation and therefore undoubtedly has a long, healthy future in store in emerging economies.

But what about the more developed markets where prices can't get much lower but consumers can get more demanding? The Walmart business was built on offering low prices on a wide assortment of brands in the rural United States. That strategy was still paying dividends up until Walmart reported its first-ever comparable store sales decline in 2009. Despite unprecedented levels of growth up until that point, the recession should have been a period of acceleration, not deceleration. It was a harsh reality check, showing what happens when Walmart veers away from its core.

There is no denying that Walmart must reconfigure for future growth. It needs to have a much stronger presence in the digital world. It needs to bring low prices to urban consumers. And it needs to have a format with which it can effectively bat off those pesky dollar stores. Yet as Walmart adapts its business model to cater to today's changing consumer and retail environment, it must be careful not to veer too far from its core business philosophy. Price and assortment are increasingly prerequisites for many shoppers, which will result in the further dilution of the Walmart proposition. The question that remains is: do they have what it takes to reposition for the next 50 years of growth?

The answer must be that Walmart has what it takes to succeed, but will need to be nimble, adaptable and innovative to reconfigure to the new realities of commerce. Retail is becoming faster, more digital and heavily influenced by shoppers as social and mobile technologies and media take hold. Stores are getting smaller, and arguably less relevant, as e-commerce tightens its grip on the future of retail. Walmart is aware of these facts and it would take a brave person to bet against the retailer as it adjusts to these new challenges.