Walmart SWOT Analysis

Walmart Inc, is a leading global retail cooperation and operating chain of hypermarkets. A hypermarket is a type of retail store which combines a department store with a grocery store for one-stop shopping. These types of stores may also be referred to as "hypercenters", "superstores", and most commonly, "supercenters". With more than 10,000+ locations in more than 20 countries, as well as online shops, Walmart provides a wide range of products including groceries, clothing, electronics, home appliances, and household items all under one roof. Walmart, headquartered in Bentonville, Arkansas, is known for its competitive pricing and "one-stop-shopping" experience, serving millions of customers daily through its physical stores and online platforms. The company's mission "to save people money so they can live better" is what drives its operations, positioning Walmart as a trusted household name.
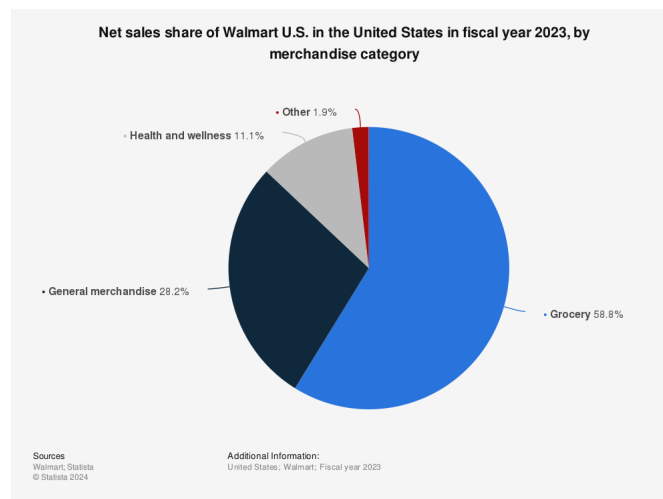
SWOT Analysis

Walmart's SWOT analysis provides a comprehensive view of this hypermarkets' internal and external environment, highlighting areas of strength such as products, infrastructure and pricing. Opportunities such as workforce strengthening, integration of AI and the usability of customer-focused phone application are points of interest. We will also explore weaknesses such as the need to update older warehouse equipment, staffing deficits and technology integration. This analysis also outlines threats requiring attention such as cost of equipment upgrades, data breaches, and competitor

innovations. Finally, with gained insights from this analysis, we will identify a target problem to capitalize on and take action steps to turn a weakness into an opportunity.

Strengths:

1. Wide Variety of Products: Walmart offers a broad range of products under one roof providing convenience to its customers. In the 1990s Walmart expanded to include grocery departments in their superstores. Now, as of 2023, grocery is a significant department accounting for 58 percent of their overall net sales. General merchandise is the next highest grossing sales at 28 percent, while health and wellness account for 11 percent of sales. All other departments make up just 2 percent of Walmart's annual net sales.

Net sales share of Walmart U.S. in the United States in fiscal year 2023, by merchandise category

Other 1.9%
Health and wellness 11.1%
General merchandise 28.2%
Grocery 58.8%

Sources
Walmart; Statista
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Additional Information:
United States; Walmart; Fiscal year 2023

2. Competitive Pricing: Price advantage is one of the key drivers of customer loyalty and market share for Walmart. Using a 5 pricing strategy model Walmart can beat out most competitors for a high quality, low cost product. The five strategies include: Everyday Low Price Strategy (EDLP), Competitive Pricing, Dynamic Pricing, Value

Pricing and Premium Pricing. EDLP refers to maintaining low prices for products consistently, rather than relying on sales or discounts. Additionally, Walmart does have their occasional display and seasonal sales. Competitive Pricing is a system in which prices are set based on competitors' prices to maintain comparable, or slightly lower, prices. Dynamic Pricing sets prices based on changing real-time market conditions or demand. These are mostly affected by opportunities or restrictions in the chain, causing the price to rise. Value Pricing refers to basing the prices on the perceived value to the customer. Typically this strategy is used to guage the prices of new products. Finally, Premium Pricing is the strategy of setting prices high to signify quality, exclusivity and luxury. These product have a specific target audience and are typically seen in luxury brand or the premium services provided by Walmart.

3. Infrastructure and Resources: With advanced logistics, extensive marketing, and a robust supply chain, Walmart is well-equipped to maintain its market dominance. As of Q1 2024, there are currently 216 active facilities and plans to open 12 more. That is a whopping 150+ million square feet of active facility space with over 6 million more square feet to come.

Facility Type	Currently Active Facilities	Future Facilities	Active Square Feet	Future Square Feet
Regional Distribution Center	42	0	49,914,745	-
Food Distribution Center	47	3	36,367,908	1,450,000
Fashion Distribution Center	7	0	8,015,160	-
E-Commerce Fulfillment Center	41	3	27,363,494	2,600,000
Sam's Club Dark Store	6	0	827,411	-
Specialty Distribution Center	22	4	3,800,487	2,033,733
Import Distribution Center	15	0	19,344,733	-
Consolidation Distribution Center	0	0	-	-
Centerpoint	11	0	1,650,072	-
Sam's Distribution Center	23	0	3,177,745	-
Manufacturing Facility	2	2	201,000	330,671
Totals for USA Market	**216**	**12**	**150,662,755**	**6,414,404**

Weaknesses:

  1. Outdated Employee Equipment: Many employees rely on tools that are not aligned with modern retail demands, leading to inefficiencies in inventory management and order selection. The impact of faulty equipment in the workplace can become costly for any business by increasing down-time while equipment is serviced, reducing productivity and employee morale, and most importantly, by becoming a potential safety hazard. Keeping up-to-date equipment on hand that runs efficiently should be a top priority for all retailers.
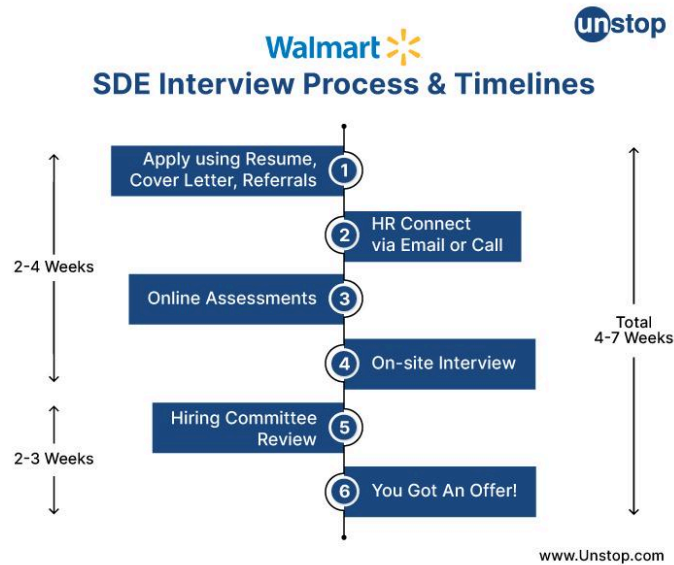
  2. Staffing Challenges: Insufficient staffing results in deficits such as diminished customer service and overworked employees. While turnover rates are a challenge for any business, the retail industry often takes the hardest hit when it comes to losing and rehiring/training new employees. Retail companies report a staggering 35 percent annual turnover rate. As of 2023, Walmart's employee count fell by 200,000 in just one fiscal year, according to fourweekmba.com.
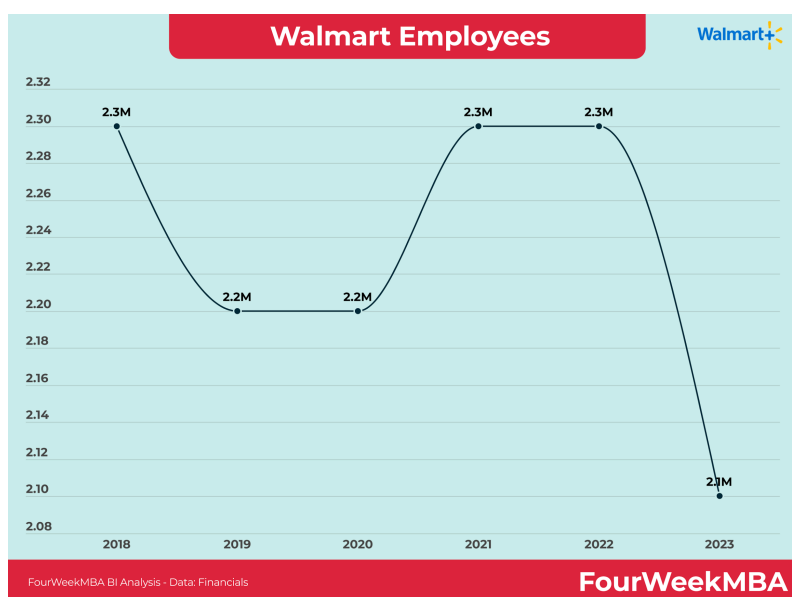
3. Controversies with Labor: Recently, like most major corporations, Walmart has been accused of paying low wages with inadequate health benefits for employees, and for having an "anti-union" stance towards its workers. Issues and allegations like these could impact employee morale and the public's perception of the brand, creating a challenge for public relations. Walmart's average hourly wage is $15/hr which is $2, or 12.5 percent, lower than the national average which currently stands at $17/hr. However, the average Walmart wage is over double the national minimum wage. An effective PR marketing campaign could reverse the negative connotations towards Walmart's labor controversies.

Opportunities:

1. Workforce Strengthening: Walmart could improve their hiring standards to seek out better-qualified employees, improving operational performance and customer satisfaction. Currently, Walmart's hiring practice takes an average of 4-7 weeks to hire and train an employee from the time of the job posting date. Additionally, the Society for Human Resource Management estimates that the average cost of hiring a new employee in the United States is approximately $4,700 making the time and cost of obtaining new talent quite expensive. Finding new ways to streamline these processes could help Walmart take advantage of recent nationwide layoffs of highly skilled professionals in their time of need.

Walmart
SDE Interview Process & Timelines

Apply using Resume, Cover Letter, Referrals ①
② HR Connect via Email or Call
Online Assessments ③
④ On-site Interview
Hiring Committee Review ⑤
⑥ You Got An Offer!

2-4 Weeks

2-3 Weeks

Total 4-7 Weeks

www.Unstop.com

2. Technology Integration: By integrating AI technology, Walmart can enhance customer interactions. Better technology and equipment for their employees would help improve workforce productivity and allow employees to better focus on customer relations. Using data analytics, we can gather insights into customer demand and experience. Also, the company may streamline the supply chain process in order to reduce waste, safety stock and stockouts. These changes would provide a more efficient and consistent shopping experience across all platforms whether in-person or online.

3. Customer App Usability: Sometimes the Walmart App can be challenging to navigate which reduces the effectiveness of the app as a digital shopping tool. E-commerce sales are increasing throughout the nation, although analysis tells us that Walmart is still outpacing traditional grocery stores and supermarkets with their EGrocery sales market share. These EGrocery sales obtain approximately 35.5 percent of the market while other supermarkets hold 29.8 percent of the market. Continued improvement on this

side of the business should set Walmart up to continue to be a leader in this part of the industry for many years to come. Currently, E-commerce holds 20 percent of all retail sales worldwide, and is projected to hold just over 26 percent by year 2027.
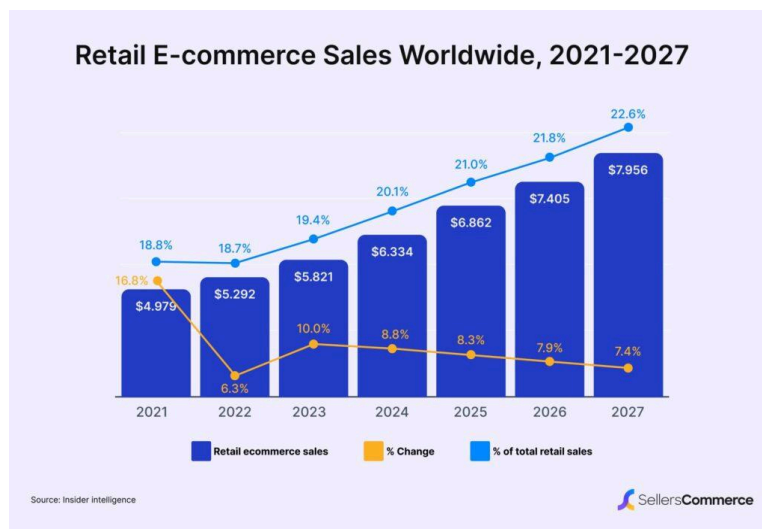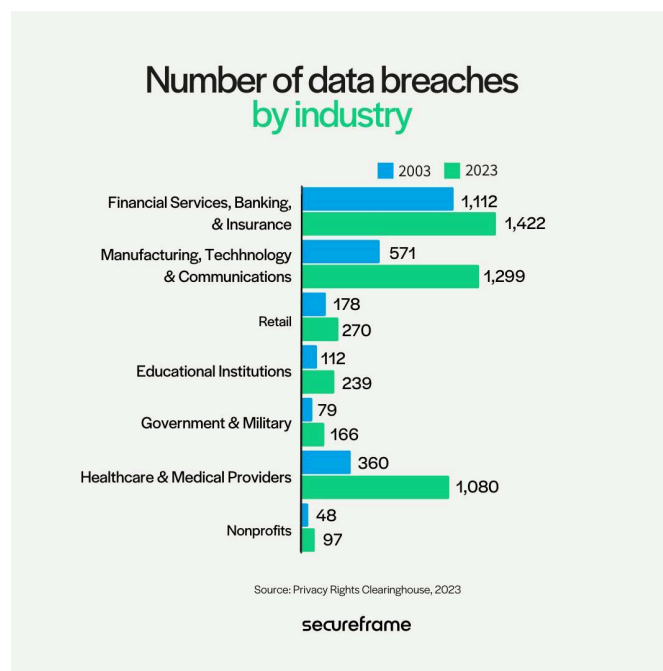

Threats:

1. Growing AI Risks: Rapid advancements in AI technology brings unforeseen challenges including potential mismanagement or failure to adapt. AI can create biases and discrimination in the decision making process which could hinder business models. Hiring skilled data analysts that can spot and remove biases will be essential. Furthermore, AI technology is so new that it has potential to raise legal and regulatory challenges as no precedents have yet to be set in the use of AI technology in regards to business. Liabilities and intellectual property rights questions leave AI technology with a lack of clear legal government regulations. Currently only 11 percent of all businesses admit to being able to see a significant ROI with the integration of AI. Although, due to

the size of Walmart and the company's jump to E-commerce they have better positioning to see a significant ROI by integrating AI technology.

2. Data Breaches: As Walmart expands its digital footprint, data security remains a significant concern. As of 2023 the retail industry has had over 250 plus data breaches. With the growing use of personal data that number is at risk to climb significantly in the coming years. Data can be gathered from a variety of sources such as the web, social media and mobile devices but it can be difficult to clean, sort and turn the data into meaningful insights. Integrating AI into data services can expose sensitive customer and employee data so it is imperative to ensure that data is being stored properly and used ethically to avoid any serious data breaches. AI applications are known to be vulnerable to data breaches allowing attackers to access a company's system and/or stored data leaving the company susceptible to these maladies. Growing an efficient cybersecurity team will be essential.

Number of data breaches by industry

Industry	2003	2023
Financial Services, Banking, & Insurance	1,112	1,422
Manufacturing, Techhnology & Communications	571	1,299
Retail	178	270
Educational Institutions	112	239
Government & Military	79	166
Healthcare & Medical Providers	360	1,080
Nonprofits	48	97

Source: Privacy Rights Clearinghouse, 2023

secureframe

3. Competitor Innovations: Rival companies like Target and Amazon continue to invest heavily in technology and infrastructure, raising the competitive bar. Amazon, with no flagship stores, has a larger online E-Commerce presence and they are building their infrastructure to deliver their own inventory to customers. Although Walmart currently has physical retail space in almost every major city in the US, the company can gain an advantage by upgrading their order/delivery system. Upgrading the order pick-up system at Walmart can improve the customer experience and help give better insights into the buying demand patterns. On the other hand, Target has physical store locations and a working order pick-up system. In order for Walmart to gain advantage over Target, Walmart would need to expand diversity in their general merchandise much like how Walmart expanded their grocery department to the extent that Target has not yet caught up.

Target Problem:

Outdated and Inefficient Equipment

 Among these factors, the most pressing issue that has come to light is the outdated equipment provided to Walmart's employees. This weakness impacts operational efficiency, employee satisfaction, and the customer's shopping experience. For example, outdated tools lead to slower order pick-up, increased errors in inventory and cost. Furthermore, this equipment poses safety hazards, reduces quality of stocking and creates unnecessary downtime for employees when the tools that they are using break down in the middle of their task. Addressing this issue in a cost-effective way would

enable Walmart to reduce these inefficiencies and set a higher standard for its workforce and operations.

The Impact of Equipment Failure on Efficiency

- Downtime
- Increased costs
- Employee morale and productivity
- Reputational damage
- Safety hazards
- Reduced quality