

An Analysis of Walmart Based on Its Internal and External Environment

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Abstract: In the contemporary global landscape of international trade, an increasing number of trade organizations have emerged, with Walmart prominently positioned among them. This article delves into a comprehensive exploration of Walmart's business and market dynamics, elucidating its trading strategies with a nuanced examination of profit methodologies, both external and internal environments, and the attendant risks intrinsic to its operations. In navigating the intricate terrain of international trade, Walmart confronts a spectrum of challenges. Effectively engaging in global commerce necessitates a keen focus on establishing a robust and adaptable supply chain network, a nuanced comprehension of local market exigencies, diligent adherence to regulatory frameworks, and an adept negotiation of cultural disparities. Furthermore, companies must actively discharge social responsibilities in the contemporary business milieu, aligning their practices with ethical imperatives. Within this multifaceted context, technological innovation emerges as a pivotal lever that Walmart strategically deploys to augment its competitive edge. Leveraging technological advancements is instrumental in heightening efficiency, reducing operational costs, and fortifying market positioning. This article contends that Walmart's sustained success in international trade hinges on a holistic approach that seamlessly integrates supply chain resilience, cultural acumen, regulatory compliance, and technological innovation. As Walmart navigates the intricate landscape of global commerce, its ability to harmonize these diverse elements contributes not only to its competitiveness but also to its stature as a global trade entity.

Keywords: Walmart, Internal and External Environment, Risk Assessment

1. Introduction

As of 2005, Walmart's revenue from grocery sales was so significant that within a 15-mile radius of any Walmart store, \$1 out of every \$4 spent on groceries in the U.S. was spent at Walmart. Walmart is a global retailer headquartered in the United States that was founded in 1962 as a family-owned company, it is one of the world's largest chain stores and retailers and one of the largest private employers in the world. Walmart has more than 11,000 stores in 28 countries around the world, including the United States, Canada, Mexico, the United Kingdom, China, and others. Walmart seeks to expand global market share by entering emerging markets and developing economies. Walmart's main businesses include supermarkets, pharmacies, e-commerce, etc. Its profit mainly comes from the profit from selling goods. Walmart reduces costs through large-scale collection and supply chain

management and sells goods at low prices to attract consumers. In 2015, Walmart accounted for 25% of total U.S. grocery sales, up from 7% in 2002. In fact, more than 90% of Americans now live in the next five U.S. retailers combined [1].

Additionally, Walmart increases profits by sourcing from brands and partnering with suppliers. Walmart also expands its market share through e-commerce, providing online shopping services globally. In general, Walmart has a large business scale and a wide market share. It has achieved considerable profits by selling goods at low prices and developing its mat business. Walmart has also established a foundation whose main purpose is to support women, veterans, and small entrepreneurs, for whom Walmart will provide donations and funds. Not only that, Walmart is also committed to playing an active role in sustainable development. They have set several environmental goals, including reducing energy consumption, promoting renewable energy, and reducing waste and carbon emissions. Walmart also encourages suppliers to adopt more environmentally friendly and sustainable production and supply chain practices. Walmart will also actively use social media and digital technology to interact with consumers and provide a more convenient shopping experience.

They interact with consumers on social media platforms to provide product information, promotions, and customer support. In addition, Walmart also invests in digital technologies such as artificial intelligence, big data analytics, and the Internet of Things to optimize supply chain management, personalized marketing, and online shopping experience. Overall, Walmart is a global retail giant that has achieved significant scale and considerable profitability through multiple businesses and initiatives. They continue to attract consumers, improve competitiveness, and actively give back to society through efforts in low-price strategies, supply chain management, private brands, community involvement, and sustainable development. Walmart's success is inseparable from its family business background and keen insight into market trends and consumer needs.

2. External Environment Analysis

Walmart is very competitive in the industry and has many competitors, including department stores such as Target and Costco, grocery retailers such as Kroger and Albertsons, online giants and Amazon, and eBay, and specialty retailers such as Best Buy and Bed Bath & Beyond [2]. Merchants are its main competitors. For ordinary retailers, gross profit margin is crucial because retail itself is a very competitive industry. Only by maintaining a certain gross profit margin can the company ensure profitability. However, at some point, Walmart may be displaced. In this era of fierce competition, Amazon, Carrefour, etc., may become one of Walmart's strong competitors or even replace it. From the perspective of their competition, they have all competed head-on in different countries and have achieved good results. However, through comparative analysis, we found that Walmart and Carrefour, for example, have very different competitive strategies. For example, after Walmart entered the Chinese market, it regarded Shanghai as its first choice [3]. After the negotiation failed, it turned its attention to Shenzhen and set up its headquarters in Shenzhen.

On the other hand, Carrefour started in Beijing and then moved its headquarters to Shanghai. They all set their target audience as the working class, mainly selling daily necessities, but they also have different views on consumer needs. Walmart emphasizes scale, while Carrefour emphasizes adapting to the needs of different consumers. Carrefour CEO Nader even said: "A retail branch is a microcosm of the region in which it is located. The branch must adapt to the local cultural atmosphere." Therefore, the masses may feel better about Carrefour threatening Walmart's position in the market. In addition, if you want to become a supplier to Walmart, you must first understand your status.

Such companies can basically be divided into two categories: manufacturers and traders. Walmart may be more willing to deal directly with manufacturers because if The inclusion of traders in transactions with manufacturers may lead to increased costs. Walmart reduces logistics costs by establishing an efficient supply chain system. Establish close cooperative relationships with suppliers

and use centralized procurement and large-scale methods to obtain better prices and preferential conditions. Secondly, Walmart's scale advantage enables it to purchase goods at a lower cost and gain through large-scale sales. Higher profits, then, in addition to the retail business, Walmart also has other business units, such as logistics and supply chain services, financial services, and healthcare, allowing Walmart to achieve revenue growth in different areas and reduce its reliance on a single business. Finally, Walmart adopts an aggressive pricing strategy to attract customers and increase sales, conducting frequent price adjustments and promotions to ensure that their product prices are competitive. The above four initiatives can enable Walmart to reduce costs, improve operational efficiency, and achieve higher revenue. However, it is important to note that Walmart's business models and strategies may also vary by region and prevailing conditions. In the past few years, Walmart has rapidly expanded globally to pursue financial figures, but the result has been a huge blow to the entire brand value [4]. For example, Walmart has experienced failure in the Chinese market because our country is still in the stage of economic take-off. Walmart hopes to penetrate China's internal market through large and medium-sized cities and then develop into small cities. However, Walmart needs help considering the large and medium-sized city markets while developing small cities.

Walmart's purpose is to provide consumers with the best products at the lowest prices, so finding a trader first may go against this principle [5]. To become a supplier of Walmart, you can also contact and understand Walmart through various channels. For example, it is good to understand the quality, price, supply status of goods, etc. It is also good for preparing financial statements, product catalogs, and price lists. a choice. Charles, vice president of Moody's, said, "Walmart's core customer base is struggling on a mediocre income, and the money saved from the drop in oil prices will not be converted into more spending power." Walmart said they are not optimistic about the next fiscal year. There are no expectations for annual sales growth, with the company previously estimating 3%-4% but gave a new estimate last month based on the appreciation of the U.S. dollar. The company's shares have fallen nearly 16% in the past 12 months. Housewives may be Walmart's main consumer group because Walmart sells many products, including food, household items, and electronic products, which are very convenient. Walmart sells products at low prices and scale, which is very suitable for low-income people and price-sensitive consumers [6]. It is helpful for them to buy good things at low prices. Another category is office workers, who often buy some daily necessities or fast-moving consumer goods at Walmart. In general, Walmart is still very competitive in the sales market, whether from the perspective of suppliers, substitutes, and consumers. In many countries, Walmart has a wide range of markets and specific consumer groups. Although it has many competitors, it is still an important part of today's market and has an irreplaceable position.

3. Internal Environment Analysis

After decades of development, Walmart has become the world's largest chain store and has topped the list of Fortune Global 500 companies for four consecutive years. In the long-term operation process, Walmart has formed its own unique business method, which has also formed its core competitiveness-affordable prices every day. The key to Walmart's service is customer satisfaction. Walmart's business purpose, "affordable prices every day", also focuses on customer behavior. Parity here refers to maintaining a long-term and stable price markup rate for goods at a low level. As one of the world's largest workforces, total earnings typically remain at very high levels. However, specific values will vary depending on the year and changes in economic circumstances.

Walmart's batch sizes are also typically large in terms of weight due to the sheer scale of its operations and global sales. The price-to-earnings ratio and profit margin are also very important indicators. The abbreviation of the price-to-earnings ratio is P/E or PER, which refers to the market price per share divided by earnings per share. It usually indicates whether a stock is the cheapest or

most expensive. The price-to-earnings ratio usually determines the stock price of a company. It is related to its ability to create wealth [7]. Profit margin generally reflects the company's profit level and relative indicators in a certain period [8]. Profit rate indicators can reveal the completion of corporate profit plans and compare the operation and management levels of various enterprises in different periods to improve economic efficiency. Common profit margins include gross profit margin, net profit margin, etc. Walmart's price-to-earnings ratio is generally affected by a variety of factors, including the company's profitability, growth prospects, and market conditions. As a retailer, Walmart's profit margins may also be affected by various factors, including procurement costs, operational efficiency, sales strategies, etc. Walmart also has strong internal operating advantages. Walmart is very large. Through large-scale procurement, it obtains goods at lower costs and provides lower prices to consumers through scale effects. Walmart's global supply chain network enables it to efficiently manage merchandise flow and inventory to improve operational efficiency and reduce costs. Walmart also actively adopts and develops new technologies, including e-commerce, the Internet of Things, and data analytics, to improve operational efficiency, customer experience, and market competitiveness.

Walmart has taken a series of measures at the strategic level to improve its competitiveness [9]. First, diversified business. Walmart has embarked on diversified expansion in different business areas to enhance its competitiveness. In addition to traditional physical retail, it has also developed digital channels such as e-commerce, online sales, and mobile applications. Second, investing in technology and innovation, Walmart has been committed to investing in and adopting new technologies to improve its business operations and customer experience. It actively promotes digital transformation, including innovative applications in e-commerce, artificial intelligence, and other fields. Third, strengthen the supply chain and logistics. Walmart has always focused on optimizing its supply chain and logistics network to improve operational efficiency and customer satisfaction. It provides faster and more reliable delivery services through advanced inventory management, enhanced distribution capabilities, and the implementation of advanced logistics technology. Fourth, expand product selection. Walmart is committed to providing a rich and diverse product selection to meet the needs of different consumers. It builds partnerships with suppliers and ensures product quality and availability through procurement and supply chain optimization. Fifth, establish a strong brand image. Walmart enhances its image and recognition in the minds of consumers through advertising, marketing, and brand building. It is committed to providing high-quality products and services and carrying out various projects with community partners. Social responsibility projects. Generally speaking, Walmart has achieved a low-cost and high-efficiency operating model through large-scale procurement, a global supply chain network, and a highly internal operating model. It has also expanded its business through diversification, expanded product selection, and established a strong brand image. Walmart continues to enhance its market competitiveness. Walmart's successful experience provides useful reference for other retailers while demonstrating the importance of focusing on customer needs, optimizing operations, and innovative development in a highly competitive market.

4. Risk Assessment

Although Walmart is one of the world's largest chain retailers with strong competitiveness, it also faces some risks and challenges [10]. First, there is market competition pressure. Competition in the retail industry is fierce. Walmart needs to deal with competition from other retailers, e-commerce platforms, and emerging market players. This may lead to price wars and reduced profit margins, requiring continuous improvements in competitiveness. Walmart can enhance its competitiveness by continuously improving product quality, service levels, and shopping experience. At the same time, we actively adopt and develop new technologies, expand digital channels, and provide more diversified products and services to attract and retain consumers. Second, price fluctuations and

consumer confidence, instability in the global economy, and fluctuations in consumer confidence may affect consumer spending and shopping habits, thereby negatively affecting Walmart's sales and profits. Walmart can adopt a flexible premium pricing strategy that can be adjusted according to changes in the economic environment to remain competitive and attract consumers. In addition, we will strengthen market research and customer insights, understand changes in consumer behavior and purchasing behavior, and promptly adjust product mix and marketing strategies. Third, Walmart operates globally and needs to comply with the legal and regulatory requirements of various countries. Changes in legal, labor, and environmental regulations could increase costs and adversely affect business operations. Walmart needs to establish a sound compliance system to ensure compliance with the legal and regulatory requirements of various countries. Strengthen monitoring and evaluation of regulation changes, and promptly adjust business processes and operating methods to ensure compliance. In addition, we maintain active communication and cooperation with governments and regulatory agencies and participate in the formulation of relevant policies and standards.

Fourth, supply chain risk. Walmart's operations rely on a huge supply chain network, including supplier relationships and logistics management. Problems in the supply chain, such as shortages of raw materials, delivery delays, or product quality issues, can lead to inventory issues and customer dissatisfaction. Walmart can reduce supply chain risks by establishing stable supplier relationships and strengthening supply chain transparency and cooperation. Invest in advanced supply chain technology and logistics systems to improve supply chain visibility and flexibility and to quickly respond to supply and demand changes and emergencies. Fifth, network security and data privacy. With the advancement of Walmart's digital transformation, network security, and data privacy have become important issues. Cyberattacks and data breaches can damage brand reputation, cause loss of customer trust, and cause legal liability. To protect customer and business data, Walmart must strengthen cybersecurity measures, including encryption, authentication, and access controls. Continuously conduct network security training and awareness raising to improve employees' ability to identify and respond to network threats. Work with professional security agencies and partners to address the risk of cyberattacks and data breaches. Sixth, social and environmental responsibility. Consumers are increasingly demanding corporate social and environmental responsibilities. Walmart needs to actively respond to sustainable development and social responsibility issues, such as reducing environmental impact, improving supply chain sustainability, and employee welfare. Walmart can actively promote sustainable development and social responsibility projects, including reducing environmental impact and improving supply chain sustainability and employee welfare. Establish a transparent social and environmental reporting mechanism to demonstrate the company's sustainable development results and commitments to consumers and stakeholders. To sum up, Walmart needs to maintain keen insight, flexibility, and innovation capabilities to respond to the changing business environment and consumer needs.

5. Conclusion

In the future, Walmart will continue to promote digital transformation and strengthen the development of e-commerce and online sales channels. By improving the online shopping experience, strengthening data analysis and personalized recommendations, Walmart can better meet consumer needs, seize e-commerce market share, optimize the supply chain and logistics network, and improve operational efficiency and response speed. By introducing innovations such as automation technology, the Internet of Things, and artificial intelligence, Walmart can achieve faster and more reliable logistics and inventory management, provide better product availability and delivery services, and further expand into diversified business areas such as healthcare and financial services. and technological innovation. By cooperating with partners or developing new businesses independently, Walmart can increase revenue sources, provide a wider range of services, and enhance the brand's

competitiveness and market position, focus on sustainable development and social responsibility, and strengthen environmental protection, community support, and supply chain sustainability. Persistent. By reducing carbon emissions, promoting a circular economy, and promoting social welfare projects, Walmart can win consumers' favor, be consistent with the trend of sustainable development, and seek to expand its business globally. Especially in emerging markets, Walmart can leverage its experience and scale advantages to meet growing consumer demand and establish cooperative relationships with local partners for common development.

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