

Research on Walmart's E-commerce Transformation Strategy under the Impact of the Epidemic

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Abstract: The development of the global digital economy era and the occurrence of COVID-19 have impacted the global economy. Traditional supermarkets have also encountered many challenges and development opportunities, of which Walmart is a representative. This paper analyzes Walmart's e-commerce in this context and evaluates its financial performance. It is found that the e-commerce transformation of Walmart has effectively improved the financial performance of enterprises, reduced the impact of special periods, brought new profit sources to the company, and reflected that the digital transformation of traditional supermarkets is the trend of the times.

Keywords: E-commerce transformation, Online shopping, COVID-19, Digital platforms

1. Introduction

With the development of the global digital economy era and the occurrence of COVID-19, the global economy has been impacted to varying degrees. The traditional supermarket is closely related to people's lives, and of course, it has also encountered many challenges and development opportunities [1]. In such an environment, it has had different impacts on online e-commerce and offline retail. The epidemic has limited the convenience of people's travel and brought inconvenience to daily life. But at the same time, to solve the necessary daily consumption, the e-commerce and distribution service industries have also ushered in new development opportunities [2]. Therefore, many enterprises' business strategies are moving in this direction and developing e-commerce transformation to reduce the impact of offline retail and create new sources of profit.

Walmart, as a global chain enterprise in the United States, has the largest turnover in the world. Its prominent market position has a very strong reference value. Therefore, Walmart's e-commerce transformation is also a representative example of the transformation of the business strategy of traditional supermarkets. Walmart used to rely on the low-price business strategy, which is different from other large-chain supermarkets. Walmart tried to save money from purchase channels, distribution methods, experience costs, administrative expenses, and other aspects and created a new concept of "one-stop" shopping through a complete range of products. However, based on the development of the information age, coupled with the catalysis of the epidemic, the traditional supermarket led by Walmart is facing a serious loss of offline customers, as well as the common phenomenon of competition among enterprises of the same category, which has a very large

transformation demand [3]. Therefore, this paper takes Walmart as an example to research e-commerce transformation strategies.

We study the transformation strategy of Walmart's e-commerce from three aspects: what policies and measures Walmart has specifically adopted, how the implementation effect of this strategy is analyzed from the perspective of financial performance, and provide suggestions in combination with specific policy measures and financial performance, as well as the ability to reconcile shocks. These three elements will ultimately be beneficial for studying how to achieve sustainable development of enterprises after e-commerce transformation in the future development stage, how to carry out online and offline cooperation for mutual benefit, and how to seize development opportunities and make scientific decisions promptly. The result was that Walmart's e-commerce transformation was successful, which enabled scientific decision-making combined with development opportunities to provide an effective reference for enterprises of the same category, cope with the impact of the epidemic on enterprises, and enhance their competitiveness.

2. Analysis of Walmart's Digital Transformation

In the context of global information development, with the rise of the Internet of Things, traditional industries have been greatly impacted. Traditional supermarkets, such as Walmart, have suffered a serious loss of offline customers, and the competition among enterprises of the same category is fierce. COVID-19 has impacted the economy to varying degrees and also brought development opportunities for e-commerce transformation. On the other hand, the transformation of some traditional industries to the Internet is somewhat blind, and a large number of "Internet plus" business strategies emerge in various fields. However, the lack of competitiveness has led to many rapid transformations and deaths, so the digital economy era is not only full of opportunities but also contains many hidden risks [4]. Walmart, as a global chain enterprise in the United States, has the largest turnover in the world. Its prominent market position and traditional shopping mall business model have very strong reference value. We study Walmart's digital transformation from three aspects. First, the specific measures taken by Walmart to conduct e-commerce transformation. Second, the financial performance of the measures taken by Walmart was verified to judge the effect of transformation. Finally, according to the research content, feasible suggestions were provided for Walmart's subsequent development. This study can also provide a reference for comparable companies and inspire future decision-making of related enterprises by seizing development opportunities.

2.1. Analysis of Approaches for Digitization

2.1.1. Creating an E-commerce Platform

Walmart has decided to transform from a mass market to e-commerce and has taken many effective measures. The first is to create a Walmart e-commerce platform to provide services for consumers. Take Walmart's business in China as an example: customers can enjoy the door-to-door service of "one-hour quick delivery" when placing orders in Walmart's online supermarket mobile app. In November 2010, Walmart China's Sam's Club proposed online shopping in China while gradually improving offline distribution services to improve efficiency and service level [5].

2.1.2. Carrying Out Cooperative Business

To develop an e-commerce transformation, Walmart also cooperates with well-known local e-commerce enterprises. In China, Walmart and JD established a comprehensive and in-depth strategic cooperation in 2016. In 2017, Walmart's official flagship store officially settled in JD Mall to reach consumers across the country through JD Logistics. In 2018, Walmart announced an increase of about

\$320 million in investment in JD Home, further integrating their huge advantages in home service, logistics, and retail.

2.1.3. Improving the Supply Chain

The high-quality information transmission and sharing among various stakeholders have facilitated the coordinated operation of the supply chain. Walmart once invested 400 million dollars to launch a commercial satellite, realizing global networking. This enables Walmart to view the specific goods information of each commodity, such as inventory, listing, and sales volume, in one hour through the global network in thousands of stores around the world. Such excellent facilities can prevent Walmart stores from being out of stock. In the late 1980s, Walmart began to use electronic data interchange systems to establish automatic ordering systems with suppliers. Through the network system, it provides suppliers with business documents, issued purchase orders, delivery lists, etc. This system also enables suppliers to timely and accurately grasp the sales of their products, and better complete the cooperation with Walmart. In addition, Walmart has also adopted a more advanced rapid response system to replace purchase orders, realizing convenient automatic ordering. The system utilizes barcode scanning and satellite communication to exchange daily sales, transportation, and ordering information with suppliers. With advanced electronic information means, Walmart has realized the synchronization of store sales and distribution. In addition, in 2023, Walmart's layout and development in the e-commerce field will have traces to follow. In terms of supply chain services, Walmart plans to improve the level of warehouse automation in the United States in the next few years, simplify the order process, and achieve more convenient and efficient supply chain services. In addition, in 2023, Walmart's layout and power in e-commerce still have traces to follow. In terms of supply chain services, Walmart plans to improve the level of warehouse automation in the United States, simplify the order process, and achieve more convenient and fast supply chain services in the next few years.

2.2. Financial Performance

We compare intuitive data such as sales, market share, number of users, and turnover and use the time dimension of Walmart's development to study Walmart's financial performance before and after implementing e-commerce transformation measures, showing the impact of Walmart's e-commerce transformation policies. As shown in Table 1, Walmart's net sales over the years are still rising, even under the impact of the epidemic. Besides, according to the 2023 financial report, the operating revenue in the second quarter reached \$161.6 billion, up 5.7% year on year, and the net profit in the second quarter was about \$7.9 billion, up 53% year on year. Among them, Walmart's e-commerce business sales in the United States grew 24% year on year, showing a strong performance. Walmart not only provides customers with high-quality and inexpensive products but also provides two services, namely, picking up goods at the store and delivering goods to the door, striving for dual advantages in terms of price and convenience, and promoting the growth of Walmart's e-commerce business.

Table 1: Walmart's net sales over the years(million US dollars)

Year	Net sales	Walmart International	Sams Club
2012	4434.3	1254.4	538
2013	4656	1347.5	564.2
2014	4730.8	1365.1	571.6
2015	4822.3	1361.6t	580.2
2016	4786.2	1234.1	568.3
2017	4813.2	1161.2	573.7
2018	4957.7	1180.7	59202
2019	5103.3	1208.2	578.4
2020	5199.2	1201.3	587.9
2021	5552.3	1213.6	639.1
2022	5677.7	1009.6	735.6

Compared with Amazon, Walmart's e-commerce started nearly 20 years later. As of October 2021, Amazon occupied 41% of the U.S. e-commerce platform market share, ranking first, and Walmart occupied 6.6%, ranking second. But it is undeniable that Walmart's performance is not inferior. Overall, in the 2022 fiscal year, the total revenue reached \$572.8 billion, a year-on-year increase of 2.4%; The net profit was 13.676 billion US dollars, a year-on-year increase of 1.2%. In the United States, Walmart's sales exceeded 105 billion US dollars, with a sales increase of 5.6%; Walmart's e-commerce platform Walmart platform has more than 14 million independent visitors. The user group is very large. With 100% annual GMV growth, Walmart has rich product reserves. Moreover, Walmart has a wide offline coverage, which can reduce many logistics costs, such as warehousing and transportation. Although in some aspects of e-commerce development, it is not very mature compared to Amazon, and there are fewer product choices compared to Amazon. But in terms of development trends, Walmart's e-commerce business development is undoubtedly successful.

3. Suggestions for Further Development

In combination with the specific policies and financial performance of Walmart's e-commerce transformation, the analysis and research found that it was carried out smoothly, thanks to various factors. Next, we summarize these aspects to provide references for comparable companies and suggestions for the future development of Walmart's e-commerce.

The success of Walmart's e-commerce transformation is largely due to the convenience of the platform. First, Walmart has taken various measures to improve its services. Whether it launches the "one-hour fast delivery" and "next-day delivery" services, consumers will feel the convenience of mobile terminal shopping. Second, it also deepens cooperation with local e-commerce platforms, integrating their huge advantages in home service, logistics, and retail, to provide consumers with higher quality goods and more convenient services, and Attracting consumers to continue spending.

Enterprises have accumulated a considerable number of independent visitor users and original customers in traditional business models. Firstly, with the continuous improvement of delivery services and more efficient corresponding policies, the number of customers will continue to increase. Second, Walmart has a sufficient supply of goods and products to meet customers' one-stop shopping needs. Third, Walmart, with its global supply chain advantages, continues to provide consumers with a variety of good things in the United States, Japan, Canada, Australia, New Zealand, and other markets [6]. Finally, Walmart also adjusted and increased according to the consumption habits of local users.

The financial performance of Walmart's e-commerce transformation shows its ability to alleviate the crisis when the general retail sales declined during the epidemic, which confirms the scientificity of this decision. In the follow-up development process, Walmart should continue to consider sustainable development after the transformation of e-commerce, conform to the trend of the times, scientifically develop the e-commerce system, and develop for a long time, And how to extensively carry out online and offline cooperation for common development. In short, Walmart's e-commerce transformation benefits from grasping the development opportunities of the global information age, which is also the general trend of combining various industries with the digital development model.

4. Conclusion

This paper studies the financial performance of Walmart's e-commerce transformation policy in response to the epidemic in the digital economy era. Walmart followed the trend of the times and excellently grasped the development opportunities, put forward effective decisions, and brought benefits to the enterprise. At the same time, it also brings inspiration and suggestions to other comparable companies, with typical cases and broad reference value. In the future, we can focus on the sustainable development of Walmart's e-commerce and online and offline cooperation, as well as how to grasp the development opportunities of the times and make scientific and feasible decisions.

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