

A Study of Walmart's Mix Marketing Strategy and Customer Satisfaction in China

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Abstract: With the continuous development of society, people's needs are more and more diversified, customers' requirements for products are higher and higher, and the speed of product updates is faster and faster. Walmart entered the Chinese market early and has been accounting for half of the country's retail sales. However, with the growth of competitors and the rise of state-owned enterprises, Walmart has faced severe challenges in recent years. Facing the fierce competition, Walmart must implement some sales strategies to better attract customers, occupy a larger share of the Chinese market, and obtain higher profits. Customer satisfaction is an important indicator that affects the company's future development. Therefore, in this paper, by conducting a questionnaire survey as well as 4P and SWOT analysis, the author further explores the impact of Walmart's marketing mix strategy on customer satisfaction in China and summarizes the advantages and disadvantages in the development of Walmart in China, thereby understanding the preferences and needs of customers and customizing the corresponding marketing strategy. The paper draws a conclusion that reform can help Walmart better maintain and expand its advantages as well as correct its disadvantages.

Keywords: Walmart, marketing mix strategy, SWOT analysis, customer satisfaction

1. Introduction

Walmart, founded in 1837, is located in Arkansas, USA and is one of the Global chains enterprises. It is the leading enterprise in the retail industry. Its products are exported to more than 15 countries and 50 regions. It has successfully built a large sales network and is deeply received by consumers. Walmart's history can be traced back to 1950 when Sam Walton opened his first discount store. In 1999, Walmart owned 330 retail stores in Britain, France, Germany, and other European countries. Meanwhile, it had 1.14 million employees, which made it the world's largest private employer. In 2010, Walmart China's Sam's Club launched shopping online in China. In April 2012, a new function called "cash payment" was launched. It allows users to order goods online and pay for them at a nearby Walmart store. Today, Walmart has become the largest private employer in the United States and the largest retail chain in the world. Walmart operates more than 10,000 stores in 27 countries, under 69 brands, and employs more than 2.2 million people worldwide. This paper studies Walmart's marketing mix strategies and its customer satisfaction in China by delivering a 4P analysis and a survey. Moreover, a SWOT analysis is conducted on Walmart's performance in the Chinese market. This paper is helpful for Walmart to improve its competitiveness and customer satisfaction and

loyalty.

2. 4P Analysis on Walmart's Marketing Mix Strategies

The marketing mix strategy is the comprehensive marketing plan of an enterprise, that is, the optimized combination and comprehensive application of various marketing factors such as product quality, packaging, service, price, channel, and advertisement. Opening Walmart shopping malls and Sam's Clubs are the main ways for Walmart to occupy the Chinese market. Walmart Stores attracts consumers by adopting a parity policy. Sam's Club is attracting customers by selling imported products that are rare in the local country, such as imported food and appliances.

2.1. Product

Walmart chooses a multi-brand strategy and collects practical and convenient products around the world. Walmart's large-scale shopping malls are aimed at groups with low consumption levels, such as young people who have just stepped into society and the elderly. For this part of the group, Walmart will often choose products that are relatively cheap, even its own brand products for sale, such as "Weiyee" paper towels. Walmart's Sam's member store is mainly aimed at the group with high consumption power. For this, Walmart will select some products that are rare in the market to sell, provide them with many high-end brand products, and enjoy better after-sales service. Implementing a multi-brand strategy can maximize the market share and cross-cover the coverage for consumers.

2.2. Price

Walmart has different pricing for different types of product portfolios, different brands, and different levels of products. Walmart's pricing strategy in the Chinese market consists of two phases. Shopping malls were taking a low-priced route at a daily price. Since China's per capital purchasing power was not strong at that time, Walmart's low-price policy attracted a large number of customers and consolidated the Chinese market.

2.3. Place

In order to reduce costs, both Walmart's shopping mall and Walmart's Sam's Club directly purchase from the factory to minimize intermediate circulation. In the general retail industry, the store purchases the goods from the branch, and then the factory sends the goods to each unit. What Walmart practices is "unified ordering and unified distribution" [1]. The ordering requirements of each branch are first aggregated to the headquarters, and then the headquarters receives the goods. Because it is a large order, people can enjoy a cheaper wholesale price than other retailers. After the order is placed, the company's fleet will send the goods to the company's distribution center.

2.4. Promotion

The most common way to promote a Walmart shopping mall is to bundle production, that is, to combine complementary products to make them into a suit, and then lower the price of the suit to attract customers, such as putting a toothbrush and toothpaste into a suit and lowering its price. Sam's member stores usually use landscaping to attract customers [2]. For example, the outer packaging of the microwave oven is designed as a shield to attract more customers to buy. In addition, Sam's Club spends much money on advertising, which campaign has a lasting impact on consumers.

3. 4P Analysis on the Impact of Walmart's Marketing Mix Strategies on Customer Satisfaction in China

3.1. Product

Walmart's products are diverse, and Walmart's positioning for each product is also different. Walmart can adapt to the changing market environment and launch new products. It attracts a diverse customer base and occupies a large market and meets customer needs for new products. Due to the rise of the retail industry in recent years, the retail market is highly competitive. Walmart has also joined the development of its own brand to save costs in order to keep its daily cheap theory. More and more cheap products customers can choose from will undoubtedly increase customer satisfaction. For example, Walmart worked with Vinda to develop the "Weiyi" paper industry to reduce the cost of paper products and provide customers with a lower price now.

3.2. Price

Walmart sets prices for different levels of consumption and different market needs. According to regional price levels, properly lowering prices will allow more customers to come to Walmart to purchase products. This will increase customer satisfaction with Walmart. For example, Walmart's large-scale shopping malls are mainly aimed at people with low consumption levels. It will often hold large-scale discount promotion festivals. Walmart has seized the actual needs of these customers, successfully improved the company's popularity, and improved market satisfaction.

3.3. Place

Walmart's main distribution method is to lay out physical stores and open online malls. First of all, the physical store is mainly composed of large shopping malls and Sam's member stores, which improves the customer's good shopping environment and timely after-sales service. The online mall provides customers with the services of delivering goods at home, saving customers time to choose products. Customers will be more satisfied with Walmart because of better after-sales service and more time savings.

3.4. Promotion

Walmart has always insisted on investing more time and cost in improving the evolution of promotions. Large-scale shopping malls mainly hold promotional festivals, bundled promotions, etc. to attract customers. There is no doubt that this will increase people's satisfaction with Walmart and build a good brand image. For example, Walmart will hold a promotional festival on the theme of the Dragon Boat Festival based on the arrival of the Chinese traditional festival Dragon Boat Festival [3]. This will make local consumers feel more friendly and improve customer satisfaction.

4. Questionnaire and Result Analysis

In this survey, the author randomly distributed 180 online questionnaires. The respondents involved different age groups and income groups, and the data was relatively reliable. According to statistics, there are 180 valid questionnaires. The response rate was 100%. Then, SPSS was used to analyze and count the results of this questionnaire.

4.1. The Primary Source of Information

4.1.1. Basic information about Walmart customers

As shown in Figure 1, male participants account for 41.67% and female participants account for 58.33%. In general, female consumers are more than male consumers. According to Figure 2, people aged 20-39 account for the largest proportion of the total population, reaching 69.44%. Thus, the main consumer group of Walmart is women aged between 20 to 39. Depending on China's demographic profile, young female workers and married women are regular customers for Walmart and Walmart can develop promotional strategies for this group of customers [4].

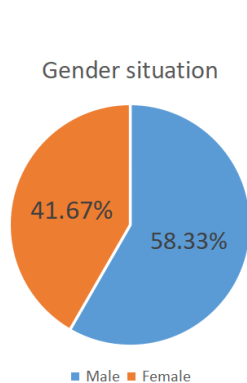


Figure 1: Survey on Gender.

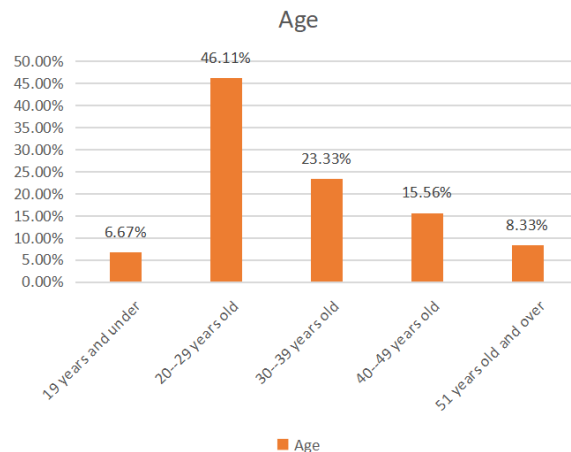


Figure 2: Survey on Age [5].

4.1.2. Customer Satisfaction with Product Price

According to the questionnaire result, 85/180 (47%) customers consider the price of the product in Walmart to be moderate. At the same time, it is found that high customer satisfaction is concentrated on customers' belief that the price of products is moderate. Among 85 customers who think the price is moderate, 34 are satisfied with the product, accounting for 54.29%. This indicates that most customers are satisfied with Walmart and they think the price is moderate. Among 180 respondents, only one customer thinks Walmart's product is expensive and is very dissatisfied with Walmart's products. Customer evaluation of product prices is in direct proportion to Walmart's customer satisfaction, which means that Walmart's daily parity sales strategy is working for Chinese consumers.

4.1.3. Customer Satisfaction with Product Quality

The overwhelming majority of participants (about 88.3%) have moderate or higher satisfaction with Walmart's products. 77 participants believe that the product quality of Walmart is average while 61 participants believe it is good, accounting for 52.46% and 38.96% respectively. Among them, customers' satisfaction with Walmart products is concentrated on product quality, indicating that when customers think the product quality is good, the corresponding satisfaction is above the medium level. In addition, it can be seen from the questionnaire result that the higher the customer's evaluation of product quality, the higher the customer satisfaction. This shows that Walmart's products are of good quality and are recognized by most consumers.

4.1.4. Overall Satisfaction

In the questionnaire, the overall satisfaction of Walmart was investigated, and it was divided into five

levels: very satisfied, satisfied, average, dissatisfied, and very dissatisfied. Among the participants, female customers who are overall satisfied with Walmart products account for 40%, while male customers account for 36%. This indicates that most consumers, both male and female, are quite satisfied with Walmart. Walmart has been recognized by most consumers, and almost no one is very dissatisfied with the products of Walmart. 69 women, or nearly a third of the total, were satisfied with Walmart, indicating that the company's products are in line with the preferences of female consumers and have won the favor of female consumers.

4.2. The Secondary Source of Information

Between 2012 and 2014, the growth rate of new physical stores and Sam's Club stores fell from 6.8% to 1%. Compared with 2013, only four physical stores were opened in 2014. Since 2015, Walmart has gradually increased the number of stores in China, opening 432 stores in China. Generally speaking, the growth rate of Walmart's physical stores in the Chinese market is relatively small, which indicates that Walmart's fixed asset investment in China is relatively stable and Walmart has strong management ability and good control of capital. But at the same time, it also shows that Walmart is not flexible enough in the utilization of funds and cannot allocate resources reasonably.

Return on equity represents the profitability of an enterprise. From 2012 to 2016, Walmart has maintained a sustained growth in return on equity, from 11.83% to 19.23%. Compared with the rapid growth in 2013, the growth rate slowed down in 2014 and began to grow rapidly again in 2015, reaching 18.15%. Walmart has maintained a high return on equity, which represents a good operating performance of Walmart.

The gross profit margin on sales also increased gradually between 19.55% and 20.19%, which showed the competitiveness and profit potential of Walmart. Only a good gross profit margin can make a good profit. The gross profit margin still declined in 2013, but the decline was small, and the gross profit margin on sales decreased from 19.55% to 19.19%. From 2012 to 2016, Walmart's gross profit margin increased gradually, but the growth was slow, from 11.83% to 19.23%. This may be due to the impact of the international situation leading to higher market prices and higher costs of procurement. The rise of other Chinese retail brands and increasing competition in the market are also contributing to the slow growth of gross margin on sales.

It can be seen that the sales volume of Walmart has been growing continuously. The sales volume of Walmart has increased from 58 billion yuan to 76.7 billion yuan. The growth rate fluctuated significantly in 2013 and then increased steadily. This could be the gradual implementation of Walmart's "new retail" model, a sign that its strategy of opening up online marketing is working. The increase in sales may also be related to Walmart's increased spending on advertising [6].

5. SWOT Analysis on Walmart in the Chinese Market

SWOT analysis is used to determine the strengths and weaknesses of the analyzed object and to understand the opportunities and challenges faced by the subject. In this section, a SWOT analysis is conducted to do an assessment for Walmart in the Chinese market.

5.1. Strengths

First, Walmart's pricing in China is a big advantage. Walmart products in China are very affordable. Through the questionnaire survey, it can be known that 47% of customers think that Walmart products are affordable, which illustrates Walmart's low-price strategy is effective in China and consumers' brand recognition for Walmart is very high. The good quality of Walmart's products is another big advantage. According to the questionnaire analysis, 77 participants believe that the product quality of Walmart is medium and 61 think is good, among which customer satisfaction for the product

quality of Walmart is concentrated in satisfaction. This shows that the quality of Walmart products in the minds of customers is good. This has met the demand of Chinese consumers for solid and durable products, helping Walmart to increase customer loyalty.

5.2. Weaknesses

Customers less often go to Walmart for purchasing. According to the analysis, 35% of customers choose to go to Walmart once a month for shopping, and 17% choose to go to Walmart twice a month for shopping, which indicates that the frequency of customers going to Walmart for shopping is low, and the low frequency will reduce the sales volume and sales profit of Walmart. Besides, Walmart's use of capital in China is limited. From the analysis, the growth rate of Walmart's physical stores in China is low, which shows that Walmart's use of capital in China is not flexible enough and its investment is less. For a global retailer, Walmart's inflexible capital utilization and low investment in China will reduce its market share and popularity in China.

5.3. Opportunities

Walmart's main product is the household product, which is more suitable for young people and family housewives. According to the survey, Walmart's female consumers are more than male consumers in China, and the young and middle-aged female consumers are confirmed to be Walmart's major consumer groups. With the economic development of China, people's consumption level and living standard have been improved and the demand has increased. China is a populous country and Walmart has a huge female market here, which is an opportunity for Walmart to develop in the Chinese market. In addition, the continuous development of the Internet has widened the sales channels, and Walmart can make full use of the network technology. Through the analysis of second-hand data, the sales growth of Walmart experienced a fluctuating increase in 2013, from 58 billion yuan to 72.2 billion yuan, and then increased steadily. Because the company take "the new retail" model developed online mall, Walmart has now gotten a "Walmart" App on the WeChat small application platform. Electronic shopping mall has been popular in China and Walmart can publish online products for online sales, which helps to improve the company sales.

5.4. Threats

Increasing market competition is the biggest threat to Walmart. Through the analysis of second-hand data, the gross profit margin on sales represents the enterprise's competition and profitability. From 2012 to 2017, Walmart's gross profit margin on sales declined and the overall growth was slow. This means that Walmart is less competitive and profitable in China. In recent years, China has seen the emergence of many local retailers, such as the local WanJia convenience store and RT-MART supermarket. These competitors' innovative products and distinctive marketing models will pose a great threat to Walmart. Moreover, Walmart is not flexible enough in the use of capital in China and does not pay enough attention to capital investment in the Chinese market. According to the survey, Walmart experienced a decline in the store growth rate from 6.8% to 1% from 2012 to 2017, and the growth rate only picked up after 2015, which indicates that Walmart's marketing model in China is low in innovation and unreasonable in resource allocation in China. Not paying enough attention to the Chinese market will allow other competitors to take up a lot of market share, which is a threat to Walmart.

6. Recommendations

Facing the increasingly fierce market competition, Walmart needs to constantly understand the new

needs of customers, explore and develop new products, and keep innovating on the premise of low price and high quality, so as to adapt to the changing needs of the Chinese market and improve its competitiveness.

Walmart should also reasonably plan the use of funds and adjust some expenditures appropriately, such as opening small Walmart stores to achieve full coverage of residential areas instead of pursuing only opening large stores, so as to achieve a reasonable allocation of funds.

The company should pay more attention to the online store operations. Network marketing has become a mainstream way of shopping in China. In addition to continuing to improve the function of the "Walmart" APP, Walmart should also carry out more online sales promotion activities, for instance, regularly issuing coupons and other activities so as to quickly occupy the market share of the online retailing market.

The frequency of shopping in Walmart is relatively low, and the frequency of shopping affects the sales volume of Walmart. The problem of consumption frequency is in many aspects. Walmart can increase parking spaces to provide a convenient transportation environment for customers, and it can also attract more customers to shop and increase the flow of people by means of a special deal on a daily basis.

7. Conclusion

Through the primary data analysis, it can be concluded that Walmart's marketing mix strategies have a great impact on the Chinese market, especially reflected in customer satisfaction. Walmart's low-price strategy in China is good for the company to win high brand recognition and customer loyalty. Most consumers are satisfied with the products of Walmart, but Walmart also faces a lot of competition.

Through the analysis of secondary data, it is known that Walmart has poor capital flexibility in China, which is embodied in the slow growth of return on equity of Walmart. In addition, the capital investment for the Chinese market is not enough and the store growth rate is low. At the lowest point, only 4 more physical stores are opened in a year. From 2012 to 2017, the gross profit margin on sales grew slowly and showed a downward trend, indicating that Walmart's competitiveness declined. Overall, Walmart is losing market share in China and Walmart is losing brand competitiveness in China [7].

According to the SWOT analysis, the price and quality of Walmart's products in China are recognized by most Chinese consumers, and it has conducted online sales through more network channels. However, the sales volume and gross margin of Walmart have not increased rapidly, and the gross margin of sales has been maintained below 20% in recent years. This shows that Walmart's products are highly recognized in China, but Walmart's marketing model in China does not attract a lot of new customers.

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