

WALMART

FIA CONSULTING TEAM

Bruno Bezerra
Guilherme Galli
Helena Prado
Henrique Costa

SUMMARY

Key issue

Recommendation

Analysis

Alternatives

Strategy

Implementation plan

Financial feasibility

Risks and mitigation

Final considerations

KEY ISSUE

How to develop an
omnichannel strategy to
boost Walmart's growth?

COMPETITIVE LANDSCAPE

WALMART

49 years old company

World's largest company by revenue – US\$ 482 Bi

Only 2,5% came from online in 2014 – US\$ 12 Bi

11,700 retail stores around the world

Core competences:

- Every Day Low Price
- Supply Chain
- Physical presence

AMAZON

24 years old company

Revenues 136 bi USD

Purchased Whole Foods (US\$14 Bi)

Core competences:

- Algorithms
- Strong online reputation
- Innovation driven

RECOMMENDATION

Grow through the acquisition
of **mono-brands** and **retail
technology** companies

GOALS

Integrate
online and
physical
channels

Tackle
Amazon
Expansion

Future
sustainability

Diversification
in a changing
retail
environment

Keep brand
value

EXTERNAL ENVIRONMENT

OPPORTUNITIES

Apparel – top retail category in online sales

Beauty – growing retail category with high profitability

Consumer behaviour data science insights

THREATS

Amazon omnichannel expansion

Value perception from loyal Walmart customers

E-commerce low profitability

INTERNAL ENVIRONMENT

STRENGTHS

Jet's pricing technology

Customer data of millennial base

Walmart's Financial backing

Supply Chain & Logistics

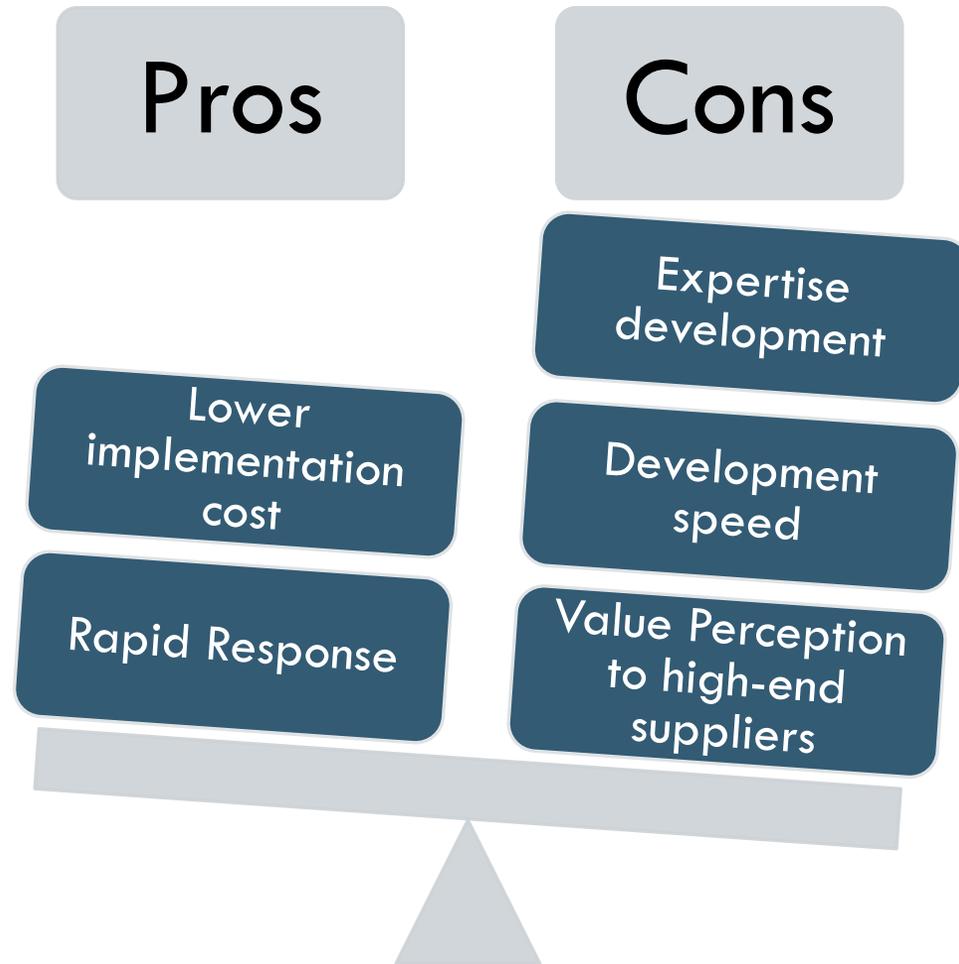
WEAKNESSES

Value Perception for high-end suppliers

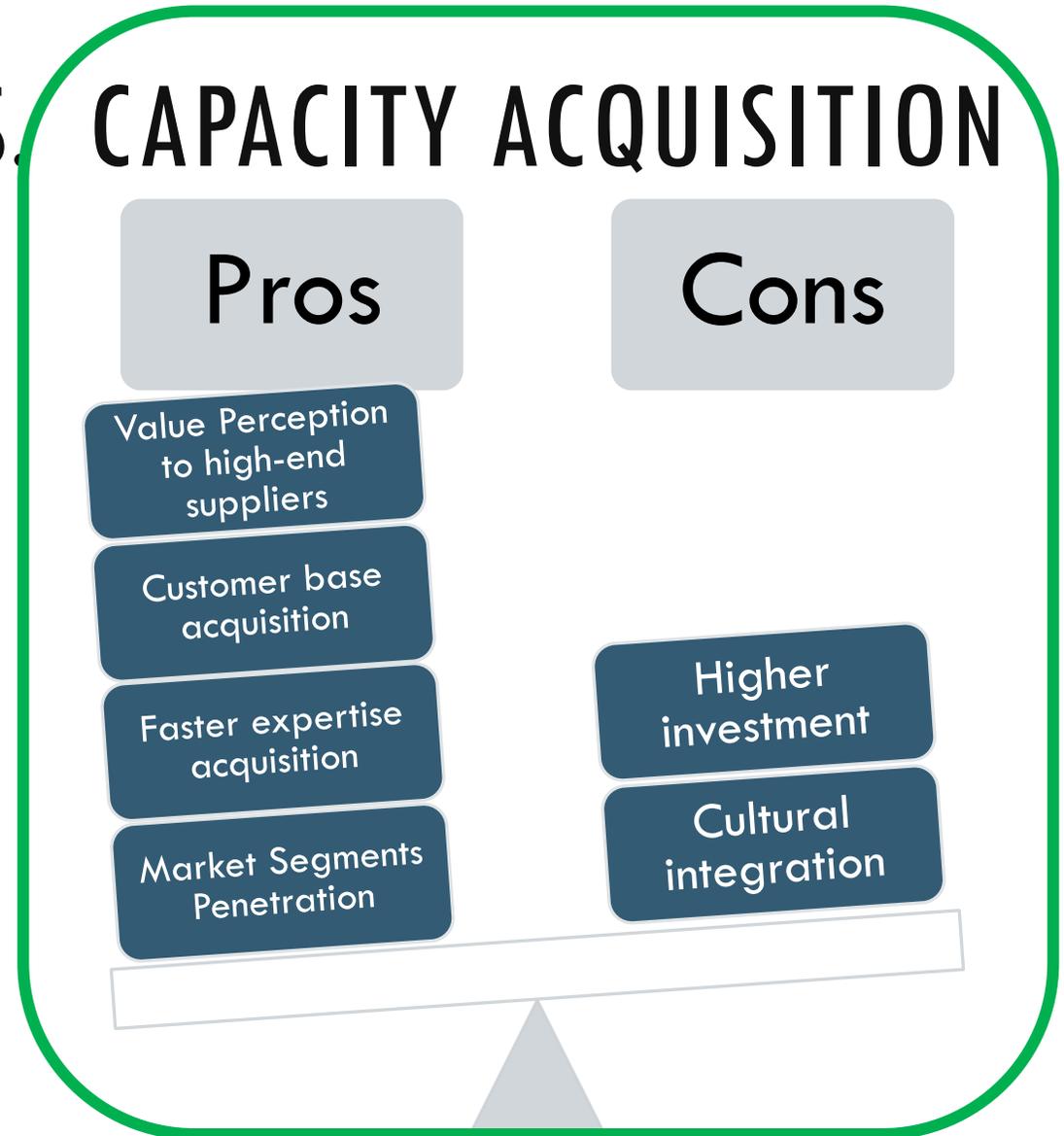
Consumer behaviour data insights

Brand equity for owned brands

DEVELOP INTERNALLY



VS. CAPACITY ACQUISITION



ALTERNATIVES

Technology

- Customer Science Companies

Mono-brands

- Beauty products
- Apparel

Multi-brands

Marketplace

- Consumer behaviour understanding
- Personalization in digital platforms

- Value added in niche markets
- Higher profitability

- Lower value added in comparison with mono-brands

- Walmart and Jet's e-commerce platforms cannibalization

STRATEGY

ACQUISITION PATH

Market places

- Jet x Amazon

Multi-Brands

- Shoes.com x Zappos
- Moosejaws

Mono-Brands

- Modcloth
- Bonobos

ACCESS TO MILLENNIAL BASE

Demographic:
**A new base of
customers**

+

**Digital metrics
expertise**

+

**Product
portfolio
diversification**

STRATEGY

Acquire mono-brands: Apparel and beauty

Why?

- Fastest growing segments
- Increase consumer base
- Improve data base

Target?

- Millennials
- Convenience seeker
- Cares for customization
- Online all the time

Markets?

- High end brands
- Niche brands
- Complementary product offering

STRATEGY

High end
brands

Integrated to Jet.com

Low end
brands

Kept in Walmart.com

KEEP THE BRAND VALUE

STRATEGY

Acquire tech companies: data science and customer behaviour

Why?

- Better analyze consumer behaviour
- Make better business decisions

Goals?

- Loyalty program
- Customize shopping experience
- Integrate on and offline channels

STRATEGY

LOYALTY PROGRAM

What?

Customer account

Track on and offline behaviours

Benefits?

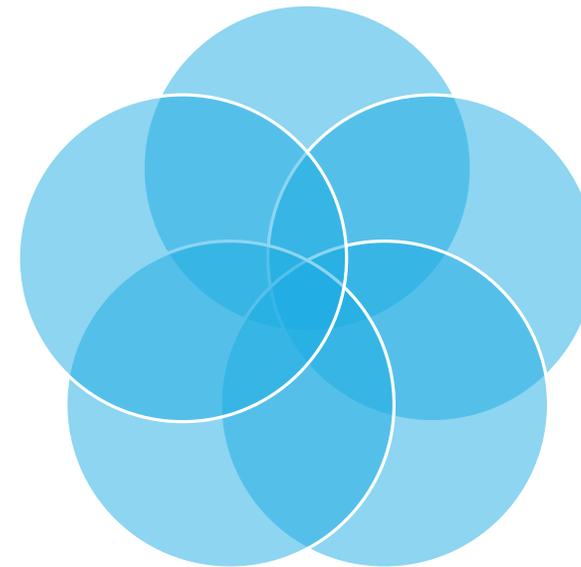
Recommendation
of products

Purchase lists

Customized
promotions in
store

Click and
collect

Customized
promotions on
online channels



MARKETING PLAN

- Trade marketing+ Out of Home
- Online
 - Search engine optimization
 - Social media (Programmatic media)
 - E-commerce
 - CRM
- Loyalty program promotions
- TV ads
- Marketing research
 - Brand awareness

KPI'S OF SUCCESS

BUSINESS

- # of acquisitions
- Total revenue and Margin increase
- Brand Equity
- Consumer satisfaction

OPERATIONAL

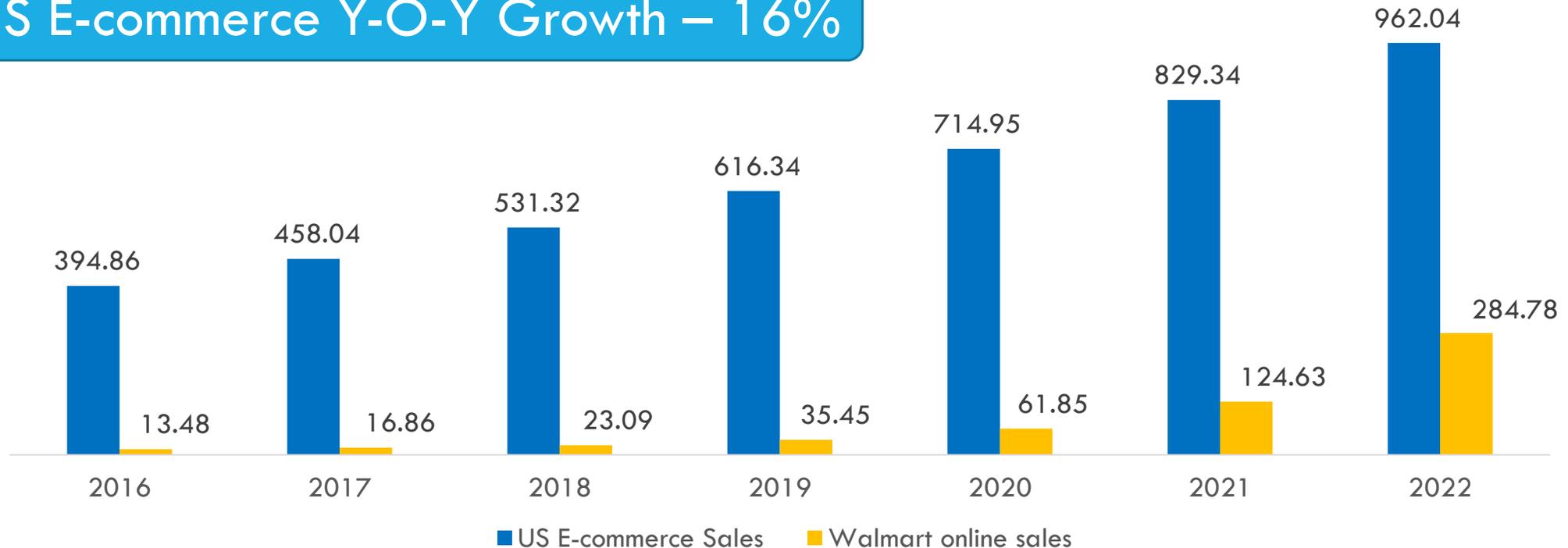
- Conversion Rate
- Average Transaction Size
- E-commerce and stores traffic
- Loyalty program engagement

IMPLEMENTATION PLAN

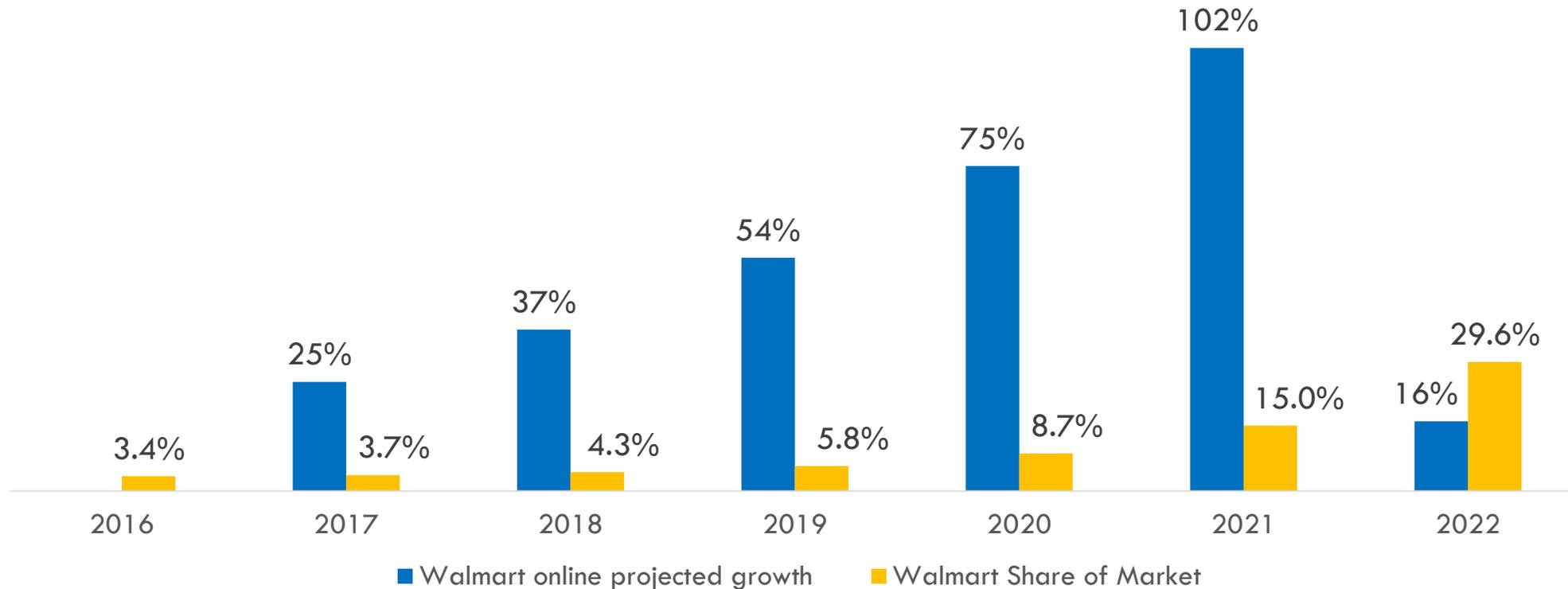
	Year 1				Year 2				Year 3				Year 4				
	Q1	Q2	Q3	Q4	Investment												
Implementation																	
Marketing Plan																	1,200
Prospect Tech Companies																	120
Prospect Potential brands																	240
Systems Integration																	600
Integration of Acquired brands																	720
Rolling Forecast																	-
Loyalty Program development																	12
Market Research																	240
Investment Cash Flow	477				955				850				850				3,132
Acquisition Roadmap																	
Tech Companies				1				1				-				-	2
New Brands				1				3				3				2	9

FINANCIAL – WALMART ONLINE SALES

US E-commerce Y-O-Y Growth – 16%



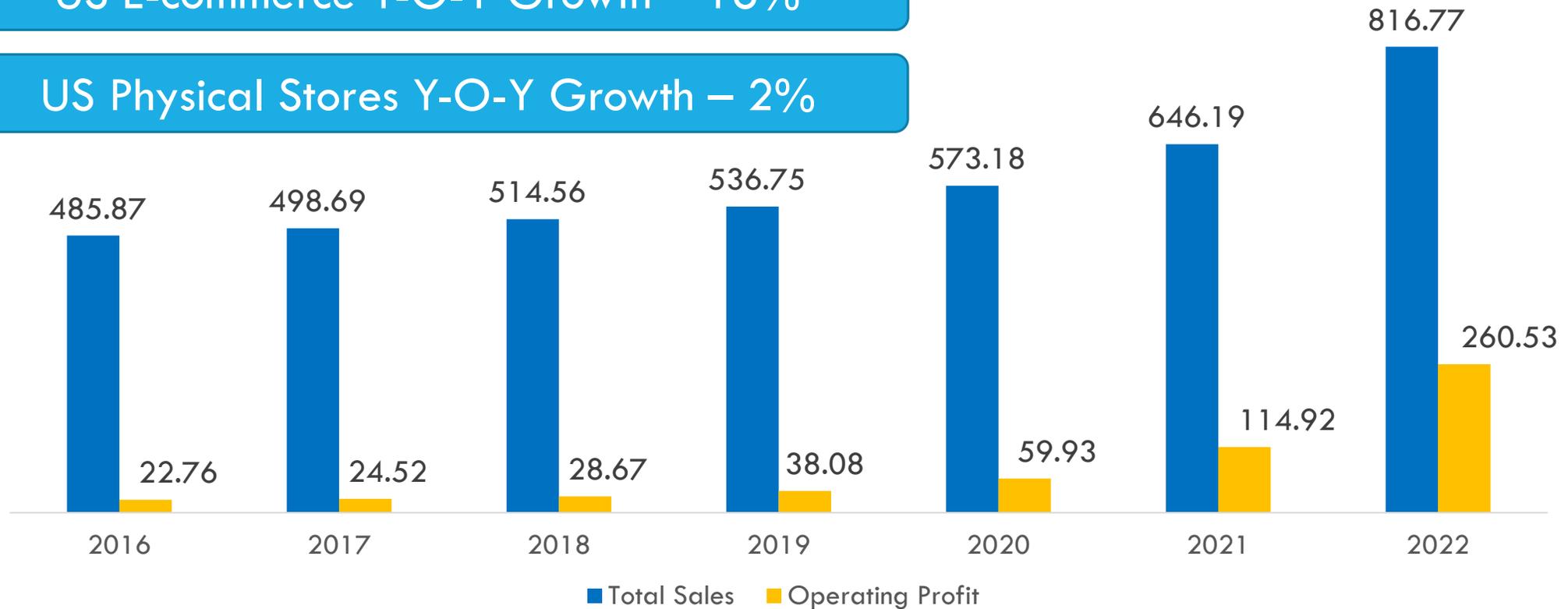
FINANCIAL — WALMART ONLINE SALES



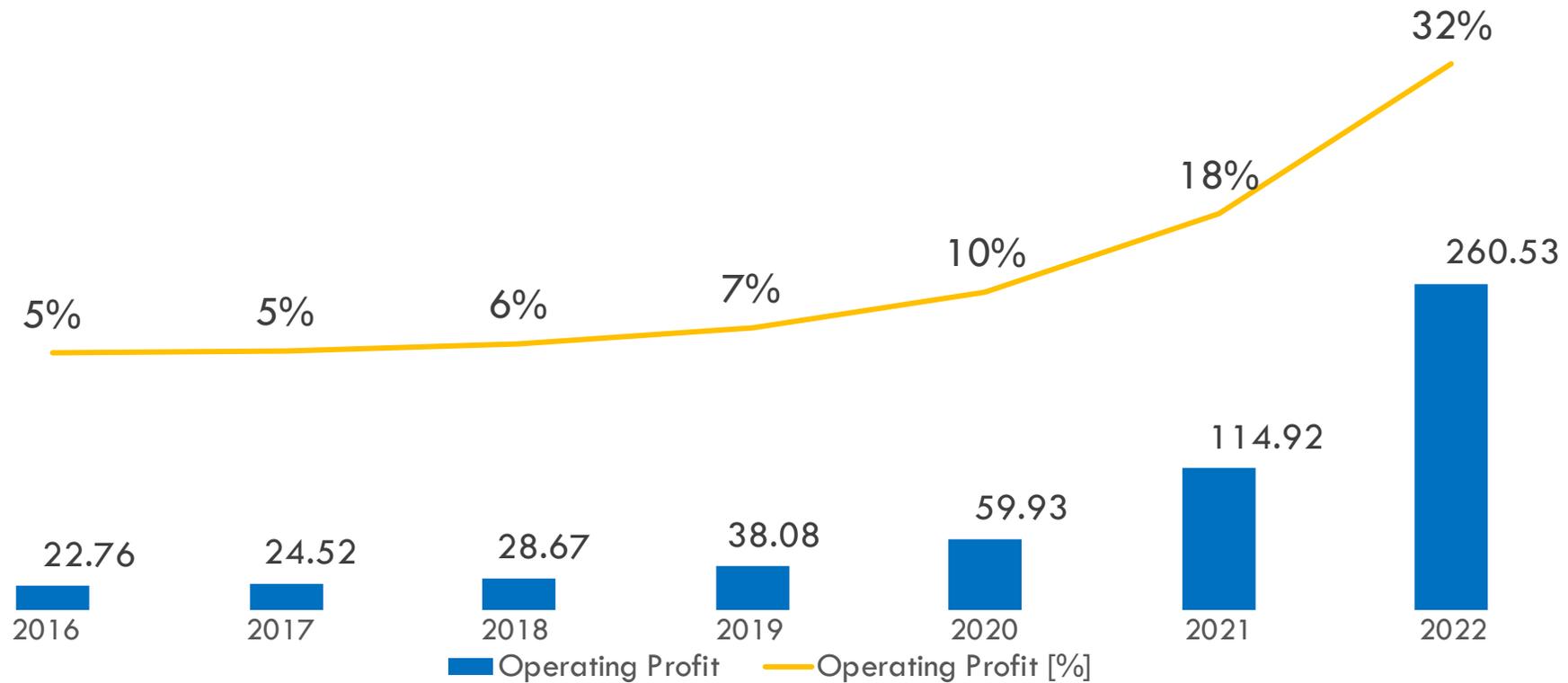
FINANCIAL – WALMART TOTAL SALES

US E-commerce Y-O-Y Growth – 16%

US Physical Stores Y-O-Y Growth – 2%



FINANCIAL — WALMART OPERATING PROFIT



RISKS AND MITIGATION

Risks	Mitigation	Severity	Investment
Loose price sensitive WM customer	Use loyalty program to customize and engage customers	M	150 mi
Amazon omnichannel expansion	Boost acquisition plan	H	200 mi
Lack of potential mono-brands to buy	Develop new private labels with differentiation positioning	H	250 mi
Culture integration mismatch	Endomarketing + change management consultancy	M	40 mi
Low margins of online business	Use scale, Smart data, distribution expertise	M	300 mi

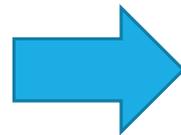
HOW TO DEVELOP AN **OMNICHANNEL STRATEGY** TO **BOOST WALMART'S GROWTH?**

BE TOP 1 RETAILER OF THE FUTURE!

ACQUISITION OF
MONO-BRANDS
+
RETAIL TECH
COMPANIES

INTEGRATE
INTELLIGENCE
THROUGH LOYALTY
PROGRAM

TOTAL INVESTMENTS
USD 3.1 Bi



11 ACQUISITIONS 2020

TOTAL PROFIT
USD 59.93 Bi