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# Strategic Report: Wal-Mart Inc. Company

Lizbeth Martinez Piche

MGMT 485W CRN:11935

Dr. Kris Irwin



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## Executive Summary

Walmart is a Fortune 500 company ranked number one. Given Walmart is such a large company managed with numerous business functions, it has faced a few problems that have stood out in recent years. The first problem is Walmart's high competition in the e-commerce market. This issue is due to the saturation of new technologies and trends that companies tend to implement to obtain the possible benefits. The second is inflation. It is related to the excess inventories in the physical stores because of the pandemic, which continues to affect Walmart today. The third is the lawsuits for non-compliance with Corporate Social Responsibility (CSR) in the environmental and labor fields. One recommendation is for Walmart to investigate its suppliers and divest to reduce excess inventory that generates economic losses. Another suggestion is to restructure CSR and employment contracts, which will help create a new image from the perspective of consumers and competitors. At the same time, the opportunity to enter Panama, a country that could bring benefits to the supply chain in Latin America. This internalization should continue to be investigated to generate the greatest possible scenarios that may emerge when entering a new market. To support these efforts to ensure future success, Walmart will need to engage in restructuring the company to concentrate on these three main issues.

## Walmart Inc. Background

### Introduction of Walmart

The history of Walmart began when Samuel Moore Walton founded it in 1962 with the idea of bringing discount stores in large cities to small towns with discounts on all kinds of products. Walmart's success can be seen in less than ten years when it was already positioned on the New York Stock Exchange. In 1991, Walmart surpassed Kmart and Sears's sales, becoming the United States' largest retailer. Walton's story is an example of perseverance. From a very young age, he started doing all kinds of jobs, from selling milk and magazine subscriptions to helping his family to work as a waiter in exchange for a plate of food while studying. He never gave up. Even while working as a sales trainee at JCPenney, his boss reproached him for not being fit for the retail market, and years later, he created the largest supermarket chain in the world (Walmart Inc, n.d).

Walmart's business model is a multinational company based on the fact that it is a national and international company consisting of physical and online stores. It uses strategies to benefit the consumer. In this way, it has maintained a balance between growth, offering its products at low prices, and technological innovation in each country. According to the article Walmart Mission Statement and Vision Statement In 2022, "Walmart's mission can be summarized as "helping people around the world save money and live better – anytime and anywhere – in retail stores and through eCommerce." While its vision is to "make every day easier for busy families." Walmart defines "busy families" as the bull's eye of its business strategy and Walmart business model" (Cuofano, 2022). According to its mission and vision, Walmart continues to care about providing a service that facilitates the consumer through technological innovation. Walmart's priority is

keeping prices low by supervising their operations in the supply chain since if the products that leave the warehouse do not have the quality they require, this could affect the stores' prices.

## Industry & Markets

Walmart is a corporation that is in the retail industry, where it stands out for being a multinational company that originated in the United States under the creative seal of Sam Walton. This corporation has the particularity that it operates with discount department stores, considered the largest retail store in the territory of the United States. Even having so many stores nationwide have the largest source of private employment. Walmart is primarily in the business of selling groceries, household supplies, and other products. Also, it is servicing its high-volume, self-service customers while keeping prices low. Besides, it operates as a chain of hypermarkets, they have car repair shops, dealerships, delivery service, pharmacies, supply chains, and ophthalmology. It is one of the largest and most valuable public corporations, as declared by the Fortune Global 500 list in 2021. According to the article Top 100 retailers, 2021 edition by Tim Denman: “#1 Walmart. For the fourth year in a row, Walmart tops this ranking, with 14% of the retail market” (Denman, 2021). Walmart's position on the Fortune 500 list is because it exceeds the annual revenue from the sales in all its locations in the United States, surpassing large companies such as Amazon in second place and Apple in third place.

## The main Walmart competitors

In this case, Walmart competitors are the following companies: Amazon, a national and international company that recently opened physical supermarkets. It has been in the market for a few years and is recognized as one of the most successful companies in efficiency and quality price. As a second company, Costco is a warehouse that sells wholesale products at low prices. In the third position is Home Depot, a home industry for which it is an excellent competition since

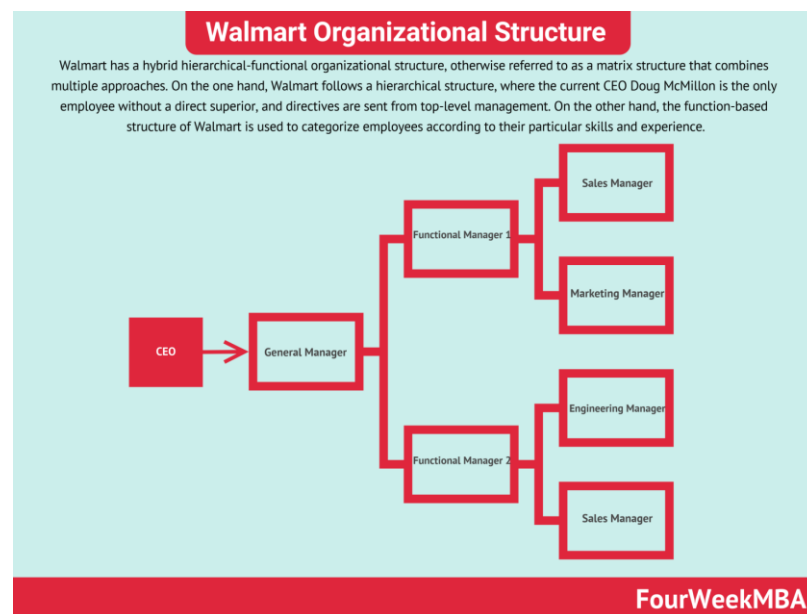
Walmart has seen growth in home products in recent years. In the fourth position is Kroger's, a supermarket recognized nationally and internationally for being one of the first industries to develop its products, such as selling meat and food, making a difference with other supermarkets. In the fifth position is Walgreens Boots Alliance. It is not a supermarket, but it is a pharmacy that competes for the growth of the pharmaceutical industry with Walmart. In the seventh position, Target is one of the industries considered similar to Walmart, with the range prices being higher than Walmart's.

### Organizational Information

The organizational structure that Walmart has is hybrid hierarchical-functional (**Figure 2**). Companies use this structure with the purpose that the teams depend on several leaders and use it to maintain communication between departments. Also, it helps to create new strategies, improve the service, deliberate problems to solve, and create innovation (Cuofano, 2022).

**Figure 2**

#### *Walmart Organizational Structure*



*Note:* By Genrano Cuofano, 2022. According to FourWeekMBA “CEO Doug McMillon is the only employee without a direct superior. Directives are sent from top-level management to regional managers, district managers, middle managers, store managers, and store team members as required” (Cuofano, 2022).

## Organizational Structure

According to the Walmart Inc corporation, we can look at the executive leadership ranging from Doug McMillon, President, and CEO, of Walmart Inc., to John David Rainey, Executive Vice President, and Chief Financial Office Walmart. **(Figure 3)** Also, we have Senior Leadership that goes from Andrea Albright, Executive Vice President, Sourcing to Dacona Smith, Executive Vice President and Chief Operations Officer, Walmart U.S. Stores. **(Figure 4)**

**Figure 3**

### Walmart Inc. Executive Committe

<b>Executive Committe</b>	Doug McMillio President and CEO, Walmart Inc.	Judith McKenna President and CEO, Walmart International
	Dan Bartlett Excutive Vice President, Corporate Affairs	Kathryn McLay President and CEO, Sam's Club
	Rachel Brand Excutive Vice President of Global Governance, Chief Leagl Officer and Corporrate Secretary	Donna Morris Executive Vice President, Chief People Officer, Walmart Inc.
	John Furner President and CEO, Walmart U.S.	John David Rainey Executive Vice President and Chief Financial Officer, Walmart
	Suresh Kumar Executive Vice President, Global Chief Technology Officer and Chief Development Officer, Walmart Inc.	

*Note:* This figure shows Walmart Inc. Executive Committe: Doug McMillio, Dan Barlett, Rachel

Brand, John Furner, Suresh Kumar, Judith McKenna, Kathryn McLay, Donna Morris, and John David Rainey (Walmart, 2022).

**Figure 4**

### Walmart Inc. Senior Leadership

<b>Senior Leadership</b>	Andrea Albright Executive Vice President, Sourcing	Srini Venkatesan Executive Vice President, U.S. Omni Tech	Tom Ward Executive Vice President and Chief eCommerce Officer, Walmart U.S.
	Emma Waddle Senior Vice President and U.S. Chief Ethics and Compliance Officer	Christopher David Senior Vice President, Global Security & Aviation and Chief Security Officer	JP Suarez Executive Vice President, Chief Administration Officer and Regional CEO, Walmart International
	Chris Nicholas Executive Vice President and Chief Operating Officer, Walmart U.S.	Omer Tore Executive Vice President and Chief Financial Officer, Walmart International	Deborah Vaughn Senior Vice President and General Counsel, Walmart International
	Joe Metzger Executive Vice President, Supply Chain Operations, Walmart U.S.	Latriece Watkins Executive Vice President, Consumables, Walmart U.S.	William White Senior Vice President and Chief Marketing Officer, Walmart U.S.
	Jerry R. Geisler III Senior Vice President and Chief Information Security Officer, Walmart	Nuala O'Connor Senior Vice President and Chief Counsel, Digital Citizenship	Anthony Soohoo Executive Vice President, Home, Walmart U.S.
	Koby Avital Executive Vice President, Platforms	Diana Marshall Executive Vice President, Operations – Southwest Business Unit Leader, Walmart U.S.	Dr. Cheryl Pegus Executive Vice President of Health & Wellness
	Kelvin L. Buncum Executive Vice President, Neighborhood Markets, Walmart U.S.	Leigh Hopkins Executive Vice President, International Strategy & Development and Regional CEO – Asia and Walmex	Charles Redfield Executive Vice President and Chief Merchandising Officer, Walmart U.S.
	David M. Chojnowski Senior Vice President and Controller	Kerry Kotouc Senior Vice President and General Counsel – Walmart U.S.	Karen Roberts Executive Vice President and General Counsel, Walmart Inc.
	Kathleen McLaughlin Executive Vice President and Chief Sustainability Officer, Walmart Inc.; President, Walmart Foundation	Dwayne Milum Senior Vice President and Chief Audit Executive	Steve Schmitt Executive Vice President and Chief Financial Officer, Walmart U.S.
	Chris Cyrenne Senior Vice President and International Chief Ethics and Compliance Officer	Matt Miner Executive Vice President and Global Chief Ethics and Compliance Officer	Dacona Smith Executive Vice President and Chief Operations Officer, Walmart U.S. Stores
	Seth Dallaire Executive Vice President and Chief Revenue Officer, Walmart U.S.	Julie Murphy Executive Vice President and Chief People Officer, Walmart U.S.	

*Note:* This figure shows Walmart Inc. Senior Leadership: Andrea Albright, Koby Avital, Kelvin L. Buncum, David M. Chojnowski, Chris Cyrenne, Seth Dallaire, Christopher Davis, Jerry R. Geisler III, Leigh Hopkins, Kerry Kotouc, Diana Marshall, Kathleen McLaughlin, Joe Metzger, Dwayne Milum, Matt Miner, Julie Murphy, Chris Nicholas, Nuala O'Connor, Dr. Cheryl Pegus, Charles Redfield, Karen Roberts, Steve Schmitt, Dacona Smith, Anthony Soohoo, JP Suarez, Omer Tore, Deborah Vaughn, Srini Venkatesan, Emma Waddell, Tom Ward, Latriece Watkins, and William White (Walmart, 2022).



## Recent Performance

According to the report in the second quarter and fiscal year 2023, Walmart is suffering from cost increases, which is reflected in its quarterly balance sheet. Sales were \$141.6 billion, just 2% higher than market expectations and those of the previous year. However, the great difficulty came from the side of profits and cost increases. Net profit was \$2.050M, which means 25% less than the \$2.730 of the same quarter of 2021. Therefore, Walmart's same-store sales have grown by 3% compared to 2021. It should be noted that if inflation of 8.3% is not considered, sales in real terms will decrease (Walmart Inc, 2022). The company expects cost pressures to continue to weigh on profitability through 2022. It also cut its earnings outlook. This signal was taken negatively by the market.

## Recent Developments

Innovation is priority number one for all industries in this decade, as technology advances and everyone wants to acquire it to make life easier for consumers. According to Walmart Inc. “Walmart (NYSE: WMT) has signed a definitive agreement with Canoo (NASDAQ: GOEV), a high-tech advanced mobility company, to purchase 4,500 all-electric delivery vehicles, beginning with the Lifestyle Delivery Vehicle (LDV), with the option to purchase up to 10,000 units. The vehicles will be used to deliver online orders in a sustainable way which will also contribute to Walmart’s goal to achieve zero-emissions by 2040” (Walmart Inc, 2022, para. 1). Therefore, Walmart seeks to facilitate shipments through electric vehicles in the retail industry. The company with which they have dealt is called Canoo, known as a growing industry of electric vehicles for the reduction of environmental pollution and the cost of gasoline, since there has been an increase by which companies have had to increase the percentage of shipping in online purchases.

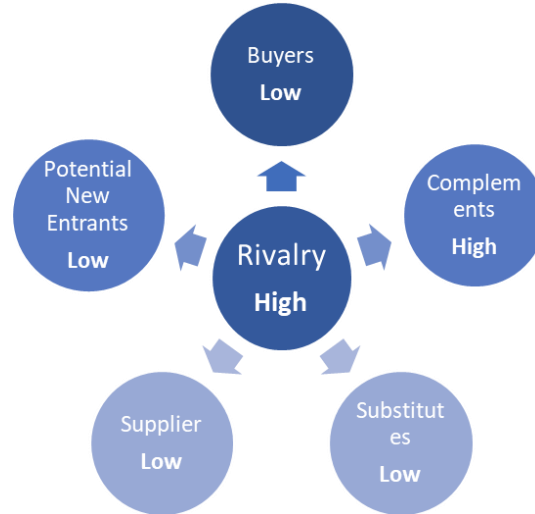
## External Analysis

### The SWOT Analysis of Walmart as a retail industry.

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• The global expansion in its retail stores- According to Walmart Inc. “Walmart operates approximately 10,500 stores and clubs under 46 banners in 24 countries and eCommerce websites” (Walmart Inc., n.d).</li><li>• The company has cultural diversity through its employees, managers, and consumers- According to Walmart Inc. “In our 2020 Culture, Diversity, Equity, and Inclusion report, we reported that our U.S. workforce, which is made up of more than 1.4 million associates, consists of 21 percent Black or African American associates, 17 percent LatinX associates, 5 percent Asian American or Pacific Islander associates, and 1 percent American Indian or Alaskan Native. 55 percent of all associates are women, which includes 46 percent of our managers and 33 percent of our officers” (Walmart, 2022).</li><li>• The success of Walmart store location. According to Walmart Inc. “With 90% of the U.S. population living within 10 miles of our stores, we're primed to combine our physical locations with our e-commerce business to offer a level of convenience never before seen. We're creating an experience that lets customers shop anytime, anywhere — delivering exactly what they want, when they want it” (Walmart Inc., n.d).</li></ul>	<ul style="list-style-type: none"><li>• Walmart has lawsuit and sanctions in racial discrimination and others different cases- According to CNN “A jury in Oregon awarded a Black man \$4.4 million in damages after he claimed in a lawsuit that a White Walmart employee racially profiled him while shopping and tried to have law enforcement act on false charges, according to court documents” (Simonson, 2022).</li><li>• Failure in International Markets- According to New York Times “After nearly a decade of trying, Wal-Mart never cracked the country — failing to become the all-in-one shopping destination for Germans that it is for so many millions of Americans. The retail giant has struggled in countries like South Korea and Japan” (Landler &amp; Barbaro, 2016).</li><li>• Walmart is a company that seeks the lowest prices for consumers. However, one of the weaknesses is that often their products at a low price do not have the quality they should have. According to Meghan Jones, “That 50 inch [TV] set for \$190 seems like an amazing deal for a 4K UHD TV—but the fact that it’s Sceptre brand might cause several shoppers to pause.” While the Sceptre brand isn’t horrible, it likely won’t last as long, or be as good quality in general, as a Samsung or other high-end electronic brands” (Jones, 2022).</li></ul>

Opportunity	Treats
<ul style="list-style-type: none"> <li>• Technology evolution on the new membership Walmart+- According to “Walmart is collaborating with myQ to expand delivery capabilities through Walmart+ InHome. Members will soon be able to easily track and monitor the orders delivered to their garage. Additionally, the service will include returns, allowing consumers to easily send back items without needing to drop them off” (Dominguez, 2022).</li> <li>• Walmart have strong partnerships with other industries. This would help to get a strong - According to Walmart partnerships, “Partnerbase has identified 136 partners in the Walmart partner ecosystem. 60 of these partners are technology partners and 76 are channel partners. Magento, WooCommerce, and Netsuite are the largest partners in this ecosystem” (Walmart partnerships · Partnerbase, n.d).</li> <li>• Innovation in the supply chain. Since, Walmart is developing a new technology for its e-commerce areas, it can be implemented in the supply chain to obtain evolution and efficiency in the processes - According to Grey’s B “For the fiscal year 2022, Walmart set an investment of \$14 billion for automation, technology, and other business areas like supply chain and customer-facing initiatives” (GreyB, 2022).</li> </ul>	<ul style="list-style-type: none"> <li>• Amazon the biggest competitor- According to Financial Yahoo “Amazon offers a range of industry-leading tools that empower sellers to communicate their brand stories with a consistent voice across their physical, direct-to-consumer, and Amazon shopping experience. These free, self-service branding and marketing solutions help sellers better understand and engage customers, differentiate, and build their brand, and optimize sales” (Amazon launches free email marketing capabilities for sellers to reach their repeat, recent, and high-spend Amazon customers, 2022).</li> <li>• Inflation- According to New York Time “The company said it expected earnings per share to decline as much as 13 percent for the second quarter and as much as 8 percent for the full year” (Corkery, 2022).</li> <li>• Walmart's competitors who are Target, Costco, Amazon, among other companies, where they are constantly trying to outperform their rivals, are considered weaknesses. According to the IBS World “Operators in the industry experience competition with other industry players (internal competition) and operators from other industries (external competition). The level of competition in this industry is currently High and Increasing” (Thomas, 2022).</li> </ul>

## Porter's 5 Forces of Walmart

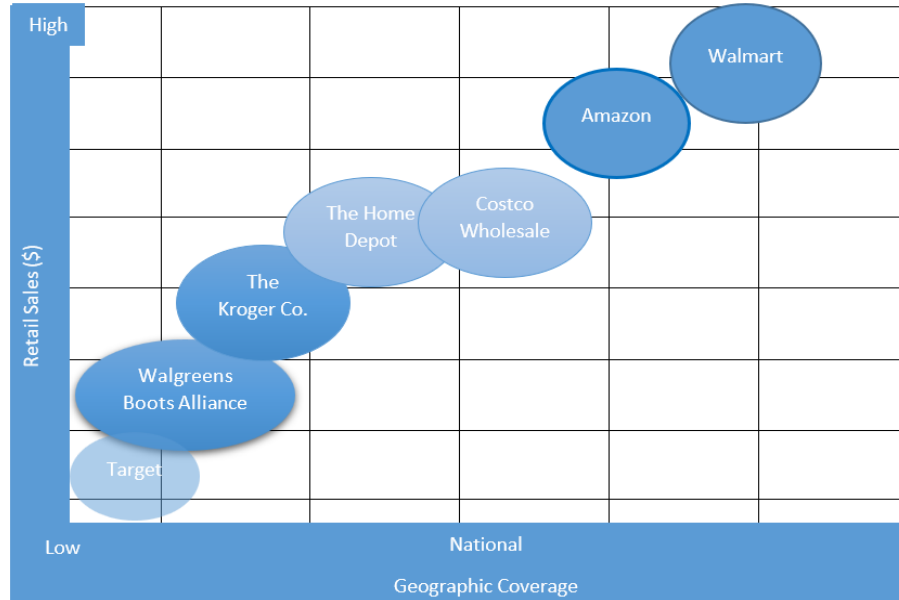


According to the diagram, there are Porter's five forces analysis for the Walmart company. Buyers' bargaining power is low because Walmart provides good service and low prices, which helps keep customer loyalty high. Also, to some people low prices are often what attract attention and not quality. An important fact is that prices are set according to the store's location. The price difference is because of the location cost, geography, and the taxes rate. It even varies depending on the demand and the competition around it. According to Best places, Food & Groceries in Fredericksburg, Virginia, are 10.1% more expensive than Norfolk, Virginia (Bestplaces, 2022). The threat of new entrants is low because the needs of consumers are more demanding with the variety of products that the retail industry must have, which results in having a large number of suppliers. However, having the power that Walmart has would take years of experience. Its reputation and history have stood out from all competitors due to its strategies, innovation, prices, and investment. As a third force, the substitution of products is considered low because no substitutes offer the prices, quality, service, variety, or diversification of the offer to consumers. On the contrary, Walmart is the substitute for other companies generating strong competition.

Rivalry among competitors is high. In the retail industry, they have several competitors that seek to take the position that Walmart has. The competition that Walmart has created is through pricing strategy. Each of its competitors is searching for the key that keeps its products at low prices. Although, the technology industry enters the competition because all these companies seek to overcome the great online retailer, like Amazon, which Walmart considers its biggest competitor. Other competitors that Walmart has are Target, a retail company offering better quality at higher prices. Costco Wholesale gives its consumers large quantities of products at a lower price. Lastly, Kroger offers 3.3% cheaper in the “fresh” category for things like proteins, dairy, and vegetables (Campbell, 2021). Then, the bargaining power of the suppliers is low because it focuses on the sales flow that the company has. Therefore, that means that they can generate regulations for the suppliers.

Another factor that influences is that being a multinational company and having several suppliers of the same product generates less room for negotiation. In this case, the suppliers are the ones that compete to be the leading product and the search and promotion of products with high sales potential. Wal-Mart is based on the assortment of products in its stores and exhaustively analyzes its sales, considering exclusivity criteria and the quality of its products. Each store can market products individually. It offers more variety than its competitors and reduces the number of out-of-stock products since customers have more options to choose from or change for substitutes. Among its assortment of products are also an assortment of American and international brands. Lastly, the complement is high because the industries that complement Walmart go from the supply chain to banks at a national and international level. Even one of its complements is the technology industry, which allows it to grow in innovation.

## Industry Strategies: Strategic Groups



This graph is based on the different competencies classified by retail sales (\$) and geographic conversion at the national level. This information classifies the seven best companies according to the ranking of the National Retail Federation. The graph shows Walmart as the first two positions with \$459.51 and Amazon.com at \$217.79. Then in the middle of the graph is Costco Wholesale at \$140.41, The Home Depot at \$140.06, and Kroger Co. at \$136.49. Lastly, we have Walgreens Boots Alliance at \$108.34, and Target at \$104.62, with 2021 annual retail sales in the United States ranked in billions of dollars (National Retail Federation, 2021). The nationwide location is distinguished by its physical stores in locations accessible to the consumer; therefore, Walmart shows a high level of competition compared to its competitors because of its location strategy. Amazon is distinguished by its two-day shipping and online industry, but Walmart's accessibility to go and buy their products at the moment is a characteristic that differs between these two companies.

## PESTLE Analysis

Political	Technology
<ul style="list-style-type: none"> <li>• International laws</li> <li>• Policies manufacturers &amp; suppliers</li> <li>• Governments laws</li> <li>• Currency Exchange</li> <li>• Import &amp; Export laws</li> </ul>	<ul style="list-style-type: none"> <li>• Walmart +</li> <li>• Robots</li> <li>• Artificial Intelligence</li> <li>• Drones</li> <li>• Website/ App</li> </ul>
Economic	Environment
<ul style="list-style-type: none"> <li>• Economic growth</li> <li>• Price Inflation</li> <li>• Exchange rate</li> <li>• Economic stability</li> <li>• International economy</li> </ul>	<ul style="list-style-type: none"> <li>• Lawsuits</li> <li>• Eco-friendly bags</li> <li>• Recycle</li> <li>• Pollution</li> <li>• Ocean pollution</li> </ul>
Social	Legal
<ul style="list-style-type: none"> <li>• Cultural values</li> <li>• Social values</li> <li>• Generation evolution</li> <li>• Different kind of food</li> <li>• Customer behaviors</li> </ul>	<ul style="list-style-type: none"> <li>• Labor laws</li> <li>• Safety laws</li> <li>• Health Laws</li> <li>• Data protection laws</li> <li>• Patents laws</li> </ul>

The policies influence the domestic and international development of Walmart's manufacturers and suppliers. Therefore, operations in politically unstable countries such as Cuba, Venezuela, Nicaragua, the European continent, Asia, and the Middle East where policies do not coincide with the mission and vision of the company are considered a risk for operations. Governments can intervene when companies do not follow policies and approve projects by national laws. Another factor that affects companies is economic stability. According to its pricing strategy, Walmart is characterized by implementing low prices on products. However, laws are involved in developing this stability to keep their operation running smoothly. Prices are also included between one region and another, which vary as a risk factor. Therefore, Walmart must be aware of the economic outlook. The social factor describes Walmart's integration and relationship with its customers. Although it is a company that seeks cultural integration, it has been affected by

the values of some cultures. In 2006, Walmart failed in Germany and was forced to withdraw from the country. There are certain reasons why Walmart failed in the German market. But some obvious factors like culture, prices, brands, and organizational practices can be considered (Kyle, 2022).

At the same time, Walmart must legally comply with the laws and regulations on imports, exports, human resources, safety, and the environment, among others, that affect the company's establishment. However, in California, in 2009 by Walmart employee Nisha Brown, the lawsuit alleges that the retail giant has been in violation of a 2001 California wage order that provides for employees to be given "suitable seats when the nature of the work reasonably permits" (Percannella, 2018). Environmental care is a priority for the companies and the entire world, for which Walmart implements biodegradable bags and programs that help reduce ocean pollution. During the last two years, Walmart has been affected by a lawsuit against the environmental laws of the state of California. According to Los Angeles Times, "California officials have filed a statewide lawsuit against Walmart alleging that the company illegally disposed of hazardous waste at landfills across the state. In the 42-page document filed Monday by state prosecutors, the lawsuit alleges the retail giant illegally dumped nearly 160,000 pounds of hazardous waste, or more than 1 million items, each year in California over the last six years (Franklin, 2021).

The evolution of technology is inevitable for industries and even more so for Walmart. Through applications, websites, and its focus on offering the best service at the lowest cost, it begins to compete with Amazon, an online store characterized by its two-day shipments, for which the challenge is to overcome and for Walmart consumers to obtain their orders the same day. The latest innovations, Walmart has begun to test drones to deliver orders to consumers' homes, opting for an efficient and distinctive service. Another way is the new transportation and the incorporation



of tablets for the people who deliver the orders. Therefore, it is not far from reaching its biggest competitor in technology commerce, Amazon.

## Internal Analysis

### Financial Performance

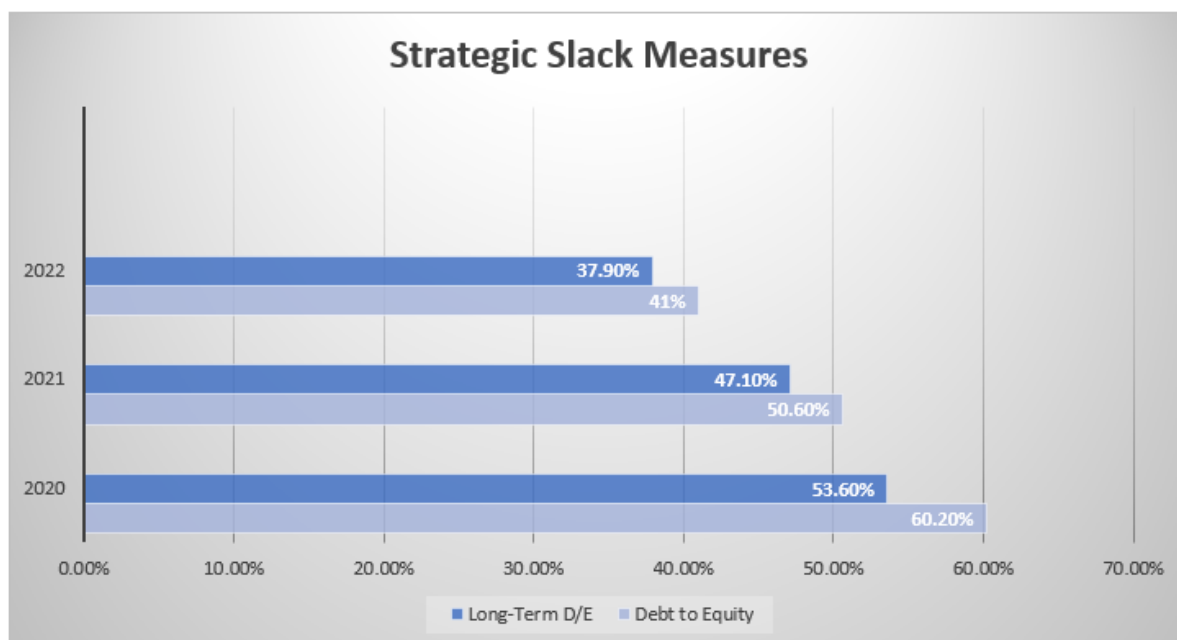
Strategic Performance Ratio	2022	2021	2020
<b>Return on Equity</b> Net Income / Total Equity	\$13,940 / \$91,891 = 15.2%	\$13,706 / \$87,531 = 15.7%	\$15,201 / \$81,552 = 18.6%
<b>Return on Assets</b> Net Income/Total Assets	\$13,940 / \$248,678 = 5.6%	\$13,706 / \$244,496 = 5.6%	\$15,201 / \$227,895 = 6.7%
<b>Net Profit Margin</b> Net Income/ Sales	\$13,940 / \$393,247 = 3.5%	\$13,706 / \$369,963 = 3.7%	\$15,201 / \$341,004 = 4.5%



The graph and table presented the data on the strategic performance ratio, indicating Walmart's equity financing into profits, efficiency, and converting sales into actual profit. In 2020, there is an excellent indication of Walmart's performance in the market, with an 18.6% return on equity, 6.7% return on assets, and a 4.5% net profit margin (Walmart, 2020). In 2021, it had a reduction in each of the categories mentioned above with 15.7%, 5.6%, and 3.7%, which means a

decline in the company's performance (Walmart, 2021). One of the indicators that could influence is the stock of the market because, in the problem of inflation, Walmart had to lower the estimation of earnings due to cost increases, resulting in low performance in the company's profitability. In 2022, it reduced its return on equity by 15.2% and 3.5% in net profit margin. However, in return on assets, it maintains the same percentage as in 2021, with 5.6% (Walmart, 2022) According to the data, the higher the percentage, the better for the company.

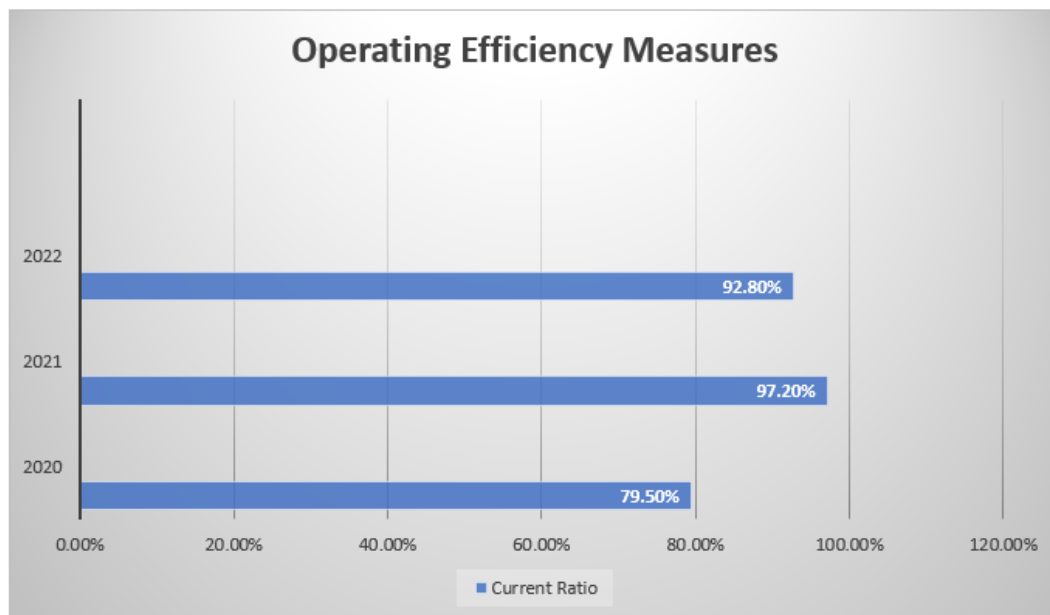
Strategic Slack Measures	2022	2021	2020
<b>Debt to Equity</b> Total Debt/ Total Equity	\$37,667 / \$91,891 = 41%	\$44,309 / \$87,531 = 50.6%	\$49,076 / \$81,552 = 60.2%
<b>Long-Term D/E</b> Long Term Debt/Total Equity	\$34,864 / \$91,891 = 37.9%	\$41,194 / \$87,531 = 47.1%	\$43,714 / \$81,552 = 53.6%



The graph and table presented the data on strategic slack measures, indicating Walmart's debt for three years. In 2020, compared to 2021 and 2022, the company had the highest debt ratio, with 60.2% in debt to equity and 53.6% in long-term D/E (Walmart, 2020). Later in 2021, that

debt was reduced with 50.60% in debt to equity and 47.10% in long-term D/E, which means the company has used the strategies correctly to deal with the monetary problem (Walmart, 2021). Finally, in 2022, a considerable reduction percentage is analyzed compared to the previous two years, obtaining debt to equity with 41% and Long-Term D/E with 37.9% (Walmart, 2022). It is concluded that the economic strategies had the success they expected to reduce the debt compared to 2020.

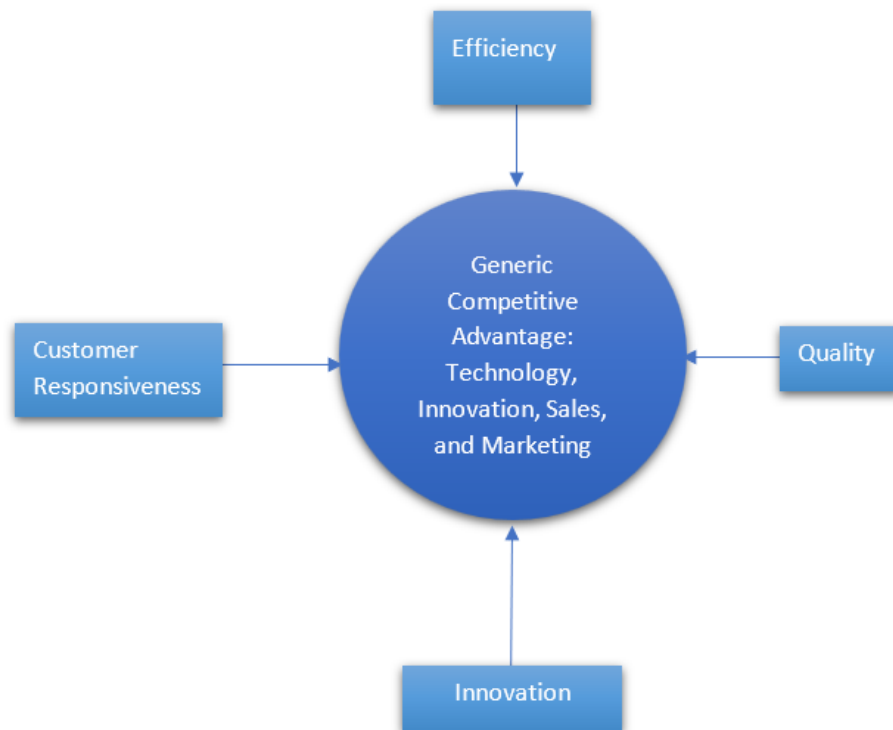
Operating Efficiency Measures	2022	2021	2020
<b>Current Ratio</b> Current Assets / Current Liabilities	\$81,070 / \$87,379 = 92.8%	\$90,067 / \$92,645 = 97.2%	\$61,806 / \$77,790 = 79.5%



The graph and table presented the data on measuring the process's efficiency of Walmart for three years. In 2020 compared to 2021 and 2022 obtained the lowest percentage with 79.50% where the operation strategies were not working as predicted (Walmart, 2020), which was a result from the coronavirus pandemic, where the economy was also affected. The pandemic had a great

unexpected impact on the companies. In addition to product losses, there were also monetary losses, causing unemployment which affected consumers' pockets. This affected Walmart not reaching the expected profit for that fiscal year and not being able to cover short-term monetary obligations. Contrary to 2021, which shows the highest percentage of success in operating efficiency strategies with 97.20%, this may be due to new ideas, innovation, and the recovery from the pandemic in 2020 (Walmart, 2021). Finally, 2022 had a reduction to 92.80% with a difference of 4.4% compared to 2021 (Walmart, 2022).

### Functional Strategy



The importance of doing an internal analysis is to obtain more in-depth parameters of what is happening within the company. The first analysis is the functional strategy, where efficiency, quality, and innovation are the major approaches to success. The main functional strategy for the

retail industry and Walmart is innovation, as it can optimize consumers' needs, quality, and efficiency. Thus, for many years, Walmart has been observing and trying to enter the world of technology through the evolution of its physical and online stores to have a more competitive advantage over other companies. Therefore, Walmart has announced the expansion of various technologies, such as the first autonomous robot. This technology is programmed to clean and polish the store floor using assisted independence technology. This makes for faster efficiencies in getting stores ready and provides a clean place for consumers. In the same way, it saves the consumer money, which is reflected in the prices of the products (Perez, 2019).

On the other hand, there are robots with scanners. Those are responsible for walking the aisles, scanning prices, and checking inventory. Walmart has implemented fast unloaders capable of unloading a truckload of merchandise along a conveyor belt, saving time compared to the traditional way of using human resources. They even automatically scan and sort merchandise to speed up the process and route items properly. This innovation helps that, in the same way, as there is less time wasted, less money is spent, which means that the consumer obtains the products at the lowest possible price. Finally, the vending machine for online orders was created with the idea that customers can save time on purchases and shipping costs since if they order in this way, they do not obtain extra costs, and the service is faster and more efficient. (Perez, 2019). The new technology saves the company money to invest in other sectors that lack innovation. Consequently, there may be two sides: the reduction of personnel for that position and the second one will lead to the creation of new types of jobs, where people and machines could cooperate more effectively. There could even be a salary increase in the other positions.

## VRIO Analysis

V Valuable	R Rare	I Inimitable	O Organized	
No	No	No	Yes	<b>Lack of training for employees</b>
Yes	Yes	No	Yes	<b>Private Label brands</b>
Yes	Yes	No	Yes	<b>Ecommerce</b>
Yes	Yes	Yes	No	<b>The use of technology in distribution centers</b>
Yes	Yes	Yes	Yes	<b>Supply Chain</b>

This chart explains the different competitive advantages and disadvantages of Walmart. Firstly, there is a lack of employee training. It is a disadvantage that Walmart has mainly in the distribution centers because it negatively affects Walmart's job performance. For this, it would be necessary to evaluate the benefits of creating training plans for greater efficiency of workers so that they provide the necessary increase and thus achieve high productivity rates. Second, the private label brand is a product that stands out among all the rest, distinguished by its price, for which it is rare and valuable. However, it can be imitated, and the organization can do it without any problem. The third is E-commerce. It has become a competition for both Walmart and its rivals. Technological evolution means companies can reach different parts of the world with just one click. In this case, Walmart is gaining traction in online retail, and much of that growth is due to its aggressive implementation of online grocery pickup and delivery. It is an advantage related to each company's unique processes and technology experts; therefore, it is considered valuable and rare. However, it may be imitable by assimilating to the final product as an app or website,

among other forms of technological innovation. Fourth, the use of technology in distribution centers is an unused competitive advantage. This was also a personal experience were suggested making specific technological changes. However, the organization had to send it to the headquarters to see if that budget could be approved. Also, the technology used in the distribution centers does not have to block any cameras by OSHA guidelines, meaning they must obtain a place and technology that does not violate that regulation. Another reason is that implementing technology requires more investment. Therefore, an important factor is that prices depend on the management of the economy in DCs, for which this implementation would affect the prices of products. Lastly, the supply chain has a sustainable competitive advantage. Walmart is recognized for having a supply network and different forms of distribution both nationally and globally. It is an advantage that rivals could not have.

## Issues & Recommendations

**Issue 1:** Walmart continues to face a lot of competitors (**Appendix Porter's 5 Forces and Industry Strategies**). In recent years, it has been analyzed how the economy has changed both for the prices of products due to inflation, affecting the consumer's way of thinking. They seek the best prices in the market by going to the competition. One of the main competitors that Walmart has is Amazon, a global eCommerce powerhouse and Walmart's top competitor. In 2020, Walmart Marketplace reached 70,000 sellers and is expected to grow 146% by the end of 2022. Despite this success, Amazon still dwarfs Walmart Marketplace. Amazon has over 2 million sellers on its US third-party store and generated \$189 billion in revenues in 2020 from the market (Smithson, 2022). This situation is a problem since low-price strategies do not work in some cultures or outweigh many consumers' quality and trust. It also influences the image of the company, which has been affected by several lawsuits, causing consumers not to buy at its locations and affecting the

expectations of the annual rate. The options in the retail industry market are huge, and Walmart should not rely on this competition.

**The recommendation:** Walmart is facing a large number of competitors (See issue 1); it should strengthen the reputation of its image and implement new ways to attract its consumers through marketing or strengthening its strategy to focus on the consumer. For example, Walmart has been betting on new technologies in shipments, thus competing with Amazon (**See PESTLE Analysis and Industry Strategies**). Walmart should continue using the focus on innovation to obtain the best prices for its consumers. Another way Walmart can reach its goal is by incrementing marketing strategies and differentiating from other companies. Being included in social networks and expanding their innovation programs with consumers would be the key to increasing sales. Get a different perspective and create a close relationship with the consumer.

**Issue 2:** Walmart has grappled with price inflation in recent months. (**Appendix: Financial performance**). This last year, Walmart has been affected by inflation in food and fuel, for which sales of technology, clothing, and accessories, among other products, have been affected by not obtaining the estimated profits—affecting the reduction of the stock market. According to CNN Business, many shoppers have stopped buying clothing and other discretionary items as the highest inflation in four decades squeezes their pockets. That left Walmart (WMT) and other retailers stuck with too many clothes and higher-value items on their shelves. To help eliminate hoarding, Walmart is cutting prices on some items and marking down products (Meyersohn, 2022). The leading cause is the increase in production costs. When this type of problem occurs, the products' raw materials distributed to supermarkets have an elevation in their production and logistics. Therefore, this ultimately causes prices to rise. The change in consumer priorities means that their focus is not to spend on products that are not necessarily due to the economic situation of the



country.

**The recommendation:** For Walmart to be able to face this price inflation (**See Issue 2**), it should negotiate with its suppliers about the quantity of products in the negotiations. For example, one of Walmart's strengths is its extensive national and international supplier portfolio (**See SWOT analysis**). It can take advantage of reducing its inventories while the company's stability returns to its average margin. This problem is constantly seen in companies with several different products for which the reduction of certain brands could be considered. If for some reason, Walmart does not constantly monitor these changes, the company's stock market could fall into a monetary reduction for its operations, salaries, and maintenance of its locations.

**Issue 3:** One of the biggest problems that Walmart currently has is the image of the brand in the environment. During these last years, companies have undertaken the mission of counteracting the effects of pollution by creating programs to obtain greater results and integrate society into this great cause. However, that strategy is not working. Walmart has been in lawsuits for non-compliance with environmental rules. According to CNN Business, Walmart (WMT), the world's largest retailer, topped the list with the highest volume traded and the largest emissions. The report estimates that Walmart (WMT) is responsible for more than 11.5 million metric tons of carbon dioxide equivalent emissions over the past two years (Ritter, 2021). In this situation, the retail industry is questioning whether Walmart cares about protecting the environment or simply doing it to create environmental pollution. Walmart is a multinational company that constantly implements new solutions for each of its demands. However, the same problem has happened in California, where he has not followed the state's environmental protection laws, for which it is facing a lawsuit (**Appendix: PESTLE Analysis**). Suppose Walmart continues to avoid obligations to protect the environment. In that case, it may be rejected by its consumers, and in a more extreme

situation, countries may consider closing their locations due to irresponsibility.

**The recommendation:** For Walmart to combat current environmental challenges (**See Issue 3**), it should start by investigating why this problem occurred with the department in charge of environmental inspections to help analyze where the failures are. Walmart is a company that has many resources to help reduce environmental pollution. The second recommendation would be to use those resources, such as technology, to obtain better results when carrying out environmental inspections. It is recognized as a company innovating in different sectors, such as shipments and robots, among other ways that help reduce costs for the consumer. (**See Recent Developments and Functional Strategy**). Therefore, they could implement the functional technological strategy to avoid lawsuits and obtain more accurate results during inspections with the supervision of the required organizations.

## Strategic Options

Walmart is a retail company that, over the years, has been incorporated into different industries to grow its actions and consumers. It has recently been involved in drone technology for efficient shipments of its products from the store to the home. However, as Walmart is more focused on the technology industry to make the lives of its consumers and employees easier, they have neglected innovation in their stores. The strategy to be implemented would be the investment of an innovation that would help and facilitate consumers who like to have the experience of buying their products in the store. Also, it faces different associates, environmental, racial and gender demands, among others, for which it is essential to incorporate or restructure CSR opportunities both for the economic benefit and the perception of the consumer and its workers in the brand image (**Appendix: Issues & Recommendations**). The next problem is inflation and the excess inventory that Walmart has right now due to the recession (**Appendix: Issues &**

**Recommendations**). For this reason, performing a divestiture should be the right strategy for the company because it will minimize the impact of inflation by reducing partners and suppliers that do not work and generate over-inventory in stores, at the same time, it provides an advantage to the consumer since prices are kept low.

### Invest in Innovation

The first strategy to develop is innovation because it helps companies reach the goal of growth. Therefore, if the landscape is changing and companies continue to do the same, it is most likely that they can become a failure. In this sense, innovating has become a necessity, becoming considered the actual motor of companies. This strategy has multiple advantages that it brings to the company: it offers the possibility of a greater satisfaction of customer needs and achieves better consumer loyalty. Also, it ensures a strategic position in the market, facilitates the use of new business opportunities, allows market development, and increases competitive advantage. Then, one internal disadvantage is that when the company looks for new solutions where experimentation is required, it can result in several failed attempts, which can end in high expenses. According to BestLife: After trying them out in stores over the last three years, Walmart has abandoned plans to have robot staff working the aisles at its stores (Quinn, 2020). It can break relationships with suppliers, partners, and even customers. The recommendation would be to invest in more innovation such as robots or machines scanning and checking at the entrance and exit, to make the check-out lines shorter. Also, improve their shopping carts with sensors to reduce robberies and implement an Apple/Samsung pay because it is one of the stores that does not have that to pay, putting back the price checkers and a better organization of the products so that the consumer does not spend much time looking for them. One downside would be to reduce the use of Walmart Pay but it makes it easier for the consumer.

## Ethics / CSR Opportunities

The second strategy is Corporate Social Responsibility (CSR), which demonstrates high benefits regarding reputation enhancement, mitigation of potential crises, increased sales and decreased organizational costs. It implies compliance with regulations and additional investment in human resources, their environment, and the different participants or interest groups. The advantages of implementing and restructuring existing CSR contracts at Walmart are to generate a better hiring capacity and retention of employees. As a second benefit, it increases consumer loyalty. Consumers admire those companies that value their employees, develop social projects, care about the environment, and invest efforts against corruption. It is considered a factor that guarantees consumer loyalty and the value of the image and the brand. Their practices add value to the company's business, which can use this differentiating potential for its business strategies and long-term business sustainability. Contrary to the two main disadvantages, the cost of CSR can be a barrier even for large companies and conflicts with the profit motive.

Walmart has continued to develop new plans to improve their CSR. According to the 2022 ESG summary: We're expanding our forest policy by aiming to source palm oil, beef, soy, pulp, paper and timber 100% deforestation-free by 2025 (Walmart environmental, Social & Governance Reporting, n.d). The problem is that Walmart has faced several lawsuits for not having considerate management of environmental CSR (**Issue 3**). Also, in the latest news, EEOC Sues Walmart for Disability Discrimination and Retaliation. According to US Equal Disability Employment Opportunity Commission, Wal-Mart Stores East, LP violated federal law when it failed to provide reasonable accommodation to an employee and then fired her after she made an internal ethics complaint of discrimination (EEOC sues Walmart for Disability Discrimination and retaliation, 2022). For this reason, Walmart must review and analyze each labor contract with human resources

to know where the problems originate and how a necessary solution can be reached before going to court. In addition, the lawsuits about toxic waste in the environment illegally, for which Walmart's legal team will have to evaluate, analyze and create new CSRs so that the company's image is not affected by both the economy and the consumption.

## Divestiture

Divestiture helps redefine responsibilities and establish competencies and agreements. This will allow decision-making to be the most appropriate in each required opportunity. A divestment's benefits are savings in operating, production, and administrative costs, greater profitability, and integration with other companies. The disadvantage of divestment is losing critical suppliers for the company if the analysis done to carry out this process has not been carried out by the needs of the company and the long-term goals. A problem affecting Walmart in the last two years is excess inventory and price inflation (**Issue 2**). According to Insider, After the Bentonville, Arkansas-based retail giant reported a 32% increase in inventory at the end of last quarter, seven current employees have told Insider about "overwhelming" and "ridiculous" working conditions as they sort through unending boxes of overstock (Tobin, 2022). Divestiture can reduce suppliers and alliances between other entities or products that are not increasing sales. Also, cost optimization and inventory will help make them more affordable because food prices are higher than their competitors. That creates a disadvantage for Walmart and its associates.

Each of the strategies explained above has different execution times and requires the participation of each department to obtain favorable results for Walmart. The first strategy is implementing innovation in their physical stores, which will help to facilitate the consumer experience and save money for the company. As disadvantages are the loss of personnel and the technology investment is expensive. The implementation time for this strategy would be from the

beginning of 2023 to the beginning of 2024. A year is an ideal time to consider the investment in all stores in the United States because they can incorporate and modify some resources they have already been generating in other areas, such as e-commerce, to improve their facilities. The backup plan for this strategy should be opening more cashiers to reduce the waiting time in line and put back the auto checker that they had before.

A second strategy is Ethics / CSR opportunities. The importance of executing this strategy is because, over the last few years, Walmart has given something to talk about with the demands made by the environment, workers, and consumers. It is necessary to restructure the environmental opportunities and labor contracts. It will take at least two years to make legal adjustments since it is a slow process with different clauses to evaluate, considering that there are also companies involved in this process. Walmart's legal team should analyze each factor causing those demands as their backup plan to find a short-term resolution. The last one is the divestiture strategy for better supplier management and the strategies used to reduce economic expenses. Considering the potential changes that should be made, executing this strategy will take one to two years (2023-2025). The strategies will help Walmart to be able to improve its infrastructure and reduce costs, inventories and demands.

### Ethics Dilemma

Walmart is a multinational company of American origin, and it is considered the largest retailer in the world. For many years, it has led the ranking of the most influential companies in the world, according to Forbes and Fortune 500, since its revenues are around \$152.859B in dollars a year (Walmart revenue 2010-2022: WMT, n.d). Walmart offers the lowest prices in the market and is therefore preferred by thousands of consumers, making Walmart so successful. The company was founded in 1962 by Sam Walton, an Arkansas businessman who decided to open a

small store to meet the needs of the residents of his city. Then, the business expanded, becoming in 1980 one of the few companies to have revenues of approximately 1 billion dollars, in addition to having 276 stores and employing more than 21,000 people (Walmart history: Walmart careers, n.d).

Walmart has been sued for causing excess labor in China. The factories in China and the contracts with the suppliers are forced to comply with the agreements to obtain the largest quantity of product at a lower price. Some employees in China denounce that they are forced to work overtime without pay, and, above all, they denounce that they are charged for giving them a place to sleep even if they do not use it (Presse, 2009). In this way, Walmart has to consider choosing its suppliers better and analyzing what kind of culture it will work with. Undoubtedly, the company has received labor complaints, but it is believed that it can indirectly cause the closures of other companies. Walmart's goal is to offer the lowest prices on the market, putting small and medium-sized businesses at a disadvantage.

Due to the constant lawsuits in recent years, Walmart has been a constant point of criticism for newspapers, magazines, social networks, and television channels. In this case, the responsibility of the media is essential because it has the power to destroy the image with just a few words. As Walmart has thousands of employees, the human resources departments lack control over them, allowing violations of labor contracts. These events involve not only the company's image but also suppliers, shareholders, human resources, rivals, workers, and consumers. Then, shareholders could remove financial support on possible campaigns, projects, and investments in other countries. In the same way, they affect contracts with suppliers and the loss of manufacturing centers globally.

In conclusion, ethical problems arise from the mismanagement of the company in its

departments. Therefore, the constant supervision of the departments is suggested to maintain the ideals, values, mission, and vision established during Walmart's creation. Also, the investigation could help to complete certain doubts about why these acts happen that puts them at a disadvantage against their rivals. Likewise, create the ideal profiles for each position in the company to ensure that all established laws and regulations are correctly obeyed with. In this way, Walmart can prevent any problems in the future.

### International Opportunities

Walmart is a company that started in a city in Arkansas and expanded according to the opportunities and goals of the CEO (**Appendix: Company Background**). Today Walmart operates approximately 10,500 stores and clubs under 46 banners in 24 countries and eCommerce websites (In which countries does walmart operate? 2022). Knowing Walmart's history and international assignment has advantages in incorporating into a new culture where they already have experience with neighboring countries. In this case, the supply chain has been an issue where import and distribution costs have affected companies. Therefore, my final recommendation is that Walmart develops a plan to oversee its locations internationally by entering Panama, Central America. Compared to other countries in Latin America, Panama has an outstanding level of security, low incidence of natural disasters, low cost of living, and high quality of life, and manages the American dollar for currency security. The economy of Panama grew at an annual rate of 9.8% percent in the second quarter of 2022 (Panama GDP annual growth RATE2022 data - 2023 forecast - 2010-2021 historical, n.d). This estimate is based on the Economic Commission for Latin America and the Caribbean (ECLAC) and the World Bank. Also, it has established itself as one of the countries in Latin America with the most outstanding economic stability. Thanks to the dollarization of its economy and a healthy political climate, Panama has allowed it to maintain the



growth that few countries on the continent have been able to provide. This type of stability generates excellent certainty for different investments. Also, the Panama Canal and its expansion have been key drivers for the development of Panama's maritime port hub, which is an essential part of the country's logistics sector. Panama has a strategic location. It is no more than a five-hour flight from the main cities of the United States, including non-stop flights from Atlanta, Chicago, Houston, Los Angeles, Miami, New York, Boston, and Washington D.C. There are even direct flights from Toronto, which facilitates the possibility of much closer and more fluid commercial relations.

### Factors that Walmart must consider entering Panama

Factors	Weights	How to measure	Panama
Unemployment %	1	Unemployment rate %	14.50%
Real estate prices (per square feet)	5	Real estate process per sq.	UD\$2,800 per sq.
Country taxes (VAT)	5	VAT tax rate	7%
Standard of living	4	The cost of living from high to low	Low
Income (average)	3	Income rate	\$25,319 USD
Favorable tax environment	5	Environmental tax rate	100%
Population of the country	2	Number of people living	4,475,053
Diversity of the city	3	Cultural diversity %	70% mestizo, 14% Amerindian and mixed, 10% white and 6% Amerindian.
Access to labor	4	Access to labor rate %	60.4%
Population density	2	Compared to the world population	0.06%
Open to business	5	Ranking	#2
Competitors	5	Independent and convenience grocery stores in Panama	11,000
Access to seaport	5	How many ports have Panama?	5
Quality of infrastructure	5	Quality of infrastructure from high to low	High

Those factors presented in the table are based on analyzing all the information Walmart looks for when it wants to invest in international countries—considering social, economic, and cultural factors, defining them by the weight of importance. One of the factors is unemployment. The importance of the unemployment rate is a significant indicator in evaluating the economic

performance of a country. According to Trading Economy, Panama's unemployment rate decreased to 14.50 percent in 2021 from 18.50 percent in 2020 (Panama unemployment RATE2022 data - 2023 forecast - 1963-2021 Historical - Chart, 2022). This is a cause of the pandemic that could affect future hiring for Walmart. Therefore, it is an indicator that should be constantly analyzed since it has the opportunity to improve, as interpreted in the information above. Then, the income helps to determine the poverty and wealth of the country. The average salary in Panama is 25,400 PAB (Panamanian Balboa) per year, approximately 25,319 USD per the exchange rate of March 2022. (Doctor, 2022). Also, the country's taxes are considered to estimate the budget to spend and how much extra would have to be paid to establish in Panama. According to Worldwide Tax Summaries, the Panamanian value-added tax (VAT). The general tax rate is currently 7% (Panama, n.d). The Value Added Tax (VAT) is applied to consumer goods and services in different countries. This tax consists of a percentage or rate determined by the tax institutions that is added to the final cost of the company's imported products or services. According to the information comparisons between El Salvador, Honduras, Guatemala, and Nicaragua, Panama has a more significant advantage with less VAT taxes than the countries mentioned above.

The infrastructure is to collaborate to make mass production economically feasible since its physical nature and cost are inaccessible to individual economic agents. Therefore, Panama has five seaport areas: Panama City, Manzanillo, Balboa, Colón, and Cristóbal. In the ports of Panama they are able to handle more than one billion dollars in imports. According to the top imports of Panama are Passenger and Cargo Ships (\$7.46B), Refined Petroleum (\$4.78B), Crude Petroleum (\$3.45B), Packaged Medicines (\$911M), and Boat Propellers (\$534M), importing mostly from China (\$8.8B), United States (\$5.43B), Japan (\$4.6B), Ecuador (\$2.43B), and Colombia (\$1.43B)

(Panama (PAN) exports, imports, and trade partners, n.d). The nation's infrastructure is relatively well-developed. Roads in the urban areas are generally good, but in the nation's rural areas, they remain poor. (Panama - infrastructure, power, and Communications, n.d). Walmart always looks for a country open for business and with favorable environmental taxes, for which Panama is the ideal country. The table shows it is in rank #2 with a 100% Favorable tax environment (Panama - rankings, news | U.S. news best countries, n.d).

Social factors are essential for decisions. Panama has a huge diversity due to its import and export connections with the closest countries. Panama's population is 70% mestizo (white and Amerindian), 14% Amerindian and mixed (West Indian), 10% white, and 6% Amerindian (Panama - ethnic groups, n.d). Having great diversity in the country contributes to increasing the sales of its different products. Another characteristic that emerges in Latin American culture is always consumers' desire for American products. No matter how expensive or cheap it is, as long as they are American products and the ease of buying in their country instead of ordering abroad is something the culture wants. Its density is 0.06% compared to the world's total population, with the current population of Panama being 4,475,053 (Panama population (live), n.d). The last factor that will be important is to know how much competition Walmart will have in Panama, where there are approximately 11,000 independent grocery and convenience stores in Panama (Panama Country Profile, n.d).

The incorporation into a new country takes time, and it would take around 5 to 8 years to establish a Walmart franchise in Panama. According to the analysis and the search, there is no reason why Walmart did not want to set up a store. However, in 2016 they had intentions, but it was never carried out because the company has an extraordinary logistic infrastructure (Pellicer, 2016). However, the circumstances have changed after the pandemic, which would be an excellent

source of resources and connections. The advantage of incorporating stores and distribution centers in Panama is to increase the use of e-commerce in Latin America and reduce costs in its physical stores. The culture is based more on going to the stores, but the new generations are including more the use of online ordering, being a strategic selection. One of the possible disadvantages may be the competition with its rivals in Panama and the loyalty of consumers to their local supermarkets. Ultimately, this recommendation brings more benefits than consequences for the company. Therefore, Walmart should consider putting stores and distribution centers in Panama.

## Conclusion

This strategic analysis made it possible to find key issues that may be affecting the present with more significant consequences in the future, considering the creation of new opportunities for success that are recommended to be covered for future research. It is demonstrated that three of the main issues are related to inflation during and after the pandemic. These results are analyzed through the financial performance during the last three years. Also, the latest news about overstock is another of the problems caused by inflation. The second is the lawsuits due to the lack of compliance in contracts and initiatives in corporate social responsibility. They see themselves reflected in the latest news and results of lawsuits in the environmental and labor environment. The third is analyzed by the competition of its rivals in the e-commerce market. It is an oversaturated market with companies trying to use technological, differentiation, and innovation strategies.

Walmart is a company that has always been on the lookout if it fails or continues to succeed, but considering all the information collected, it must act immediately. It is recommended to carry out investigations related to employee contracts to mitigate the slightest possibility of potential lawsuits. The entities that should carry them out would be the CEO of Walmart, human resources,

and lawyers to be able to make the modifications according to the findings. In the same way, its initiatives in Corporate Social Responsibility will help the company to visualize in different ways the advantages and disadvantages that the current actions are generating. At the moment, Walmart needs a positive image in the environmental case, for which it is suggested to collect data and compare contracts with oil, water, and energy companies, among other sources that come from the environment, to obtain the necessary update with changes in the future. The following recommendation is related to inflation and overstock. Walmart should collect data through surveys and sales analysis, where the question of the products with the highest sales, preferences, production, and other factors can influence the decision to divest the unnecessary suppliers. In this way, it is possible to increase the income of Walmart and reduce losses of both products and money.

Walmart has an opportunity to expand its distribution centers and physical stores with advantages in importing products in Panama, Central America. According to the analysis, this country has great potential to increase consumption, and the incorporation of e-commerce since having a direct connection with Central America and South America makes online shopping easier. Walmart can even reduce import costs. Despite showing the collection of fundamental data when making this investment, Walmart needs to continue analyzing the impact and influence of Foreign Direct Investment in Panama as well as social and economic indicators in the region's countries, such as unemployment, purchasing power, and poverty level, among others. In turn, it is recommended that the company analyze its expansion strategy in the last decade to consider those elements that have yet to give the expected results in terms of cultural adaptation to avoid making the same mistake with Panama.

To conclude this strategic report on the possible strategies, recommendations, and international entries, the next step that Walmart must take is to conduct a further in-depth analysis. This should include each of the most affected areas in the company, such as the supply chain, human resources, and physical stores. Walmart is considered one of the leading companies in the national market and internationally. However, it must consider that by focusing on a single area, such as e-commerce and its competition with Amazon, it is beginning to indirectly overlook other areas, where the consequences are more prominent than it thinks.

## Lessons Learned

Upon completing this strategic report, I understood that it was not only about explaining the problems, looking for solutions, and giving recommendations to obtain the best results when implementing them but also about having a constant search for research and analysis on situations that occur internally and externally. I learned more about the analysis of the company's structure, the CEO's reputation, competitive strategy, and economic performance analysis, among other factors that helped to find evidence and recommendations at the end of the project. From a personal side, I learned my strengths and weaknesses in writing, analyzing, speaking, explaining, and understanding both in class and by making this report. My choice was to make Walmart a company with a great history and evolution in its last years and the experience I had during the summer was a factor that pushed me to want to put my knowledge into practice. I learned that Walmart faces a constant problem: lawsuits at the environmental, labor, and customer level. Also, price inflation is a factor that can put small retail stores in competition with Walmart, becoming a permanent problem in the long term if they do not take care of it. I want to add that, for me, the consumers' loyalty and keeping the price strategy is what sustains Walmart in the number 1 position. Concluding this final report, I am satisfied with the work I have achieved to do and what I have

learned this semester. I want to highlight the instructor Dr. Irwin, for how she taught the class, shared her experiences, explained each case, and took the time to read and comment on the reports because that helps us to understand and leaves us with excellent knowledge for our future careers.

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