

The Global Business Environment
Environmental Analysis of an Industry

Assessment 2

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Course: BA Business Management

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Assignment Date: 22/12/2022

Introduction

In 2020, a new viral outbreak known as COVID-19 struck havoc throughout the globe, resulting in "lockdown" restrictions in numerous locations. These regulations had a detrimental impact on many businesses, some of which even went out of business. While some companies suffered from the pandemic's spread, others saw growth (Meyer et al., 2022). People remained inside throughout the harsh quarantine phase of the coronavirus pandemic, either out of fear of contracting the disease or because governments forbade them from leaving their homes. As a result of the quarantine, several companies suffered enormous losses as customers stopped shopping at their establishments. Numerous restaurants, cinemas, hotels, and department stores had failed or closed. This article will focus on Walmart, the largest revenue-generating retailer in the world (Penrod and Crow, 2018) . The study will also examine how the pandemic has affected Walmart and the factors that will ensure its survival and profitability in the face of megatrends.

The impact of the pandemic on Walmart

The COVID-19 pandemic significantly impacted Walmart, as it did many other businesses. Here are some key ways in which the pandemic affected the company:

In-store sales decline: The pandemic led to widespread store closures and restrictions on business operations, which impacted Walmart's in-store sales (Volpe and Boland, 2022). Many people were hesitant to shop in person due to health concerns, which led to a decline in foot traffic and sales at the company's physical stores.

E-commerce growth: The pandemic also led to a surge in online shopping, as many people turned to the internet to purchase groceries, household essentials, and other items. Walmart was well-positioned to take advantage of this trend, as it had already invested heavily in its e-commerce operations. The company saw a significant increase in online sales during the pandemic, which helped offset some of the declines in in-store sales. Walmart reported robust growth in the first quarter of 2020, with e-commerce sales up 37% and revenue growth of 2.7% to \$138.3 billion (Paramannand, 2021). The company also gained market share in the grocery sector and saw an increase in comparable U.S. sales of 6%. However, revenue was negatively impacted by \$4.2 billion due to overseas divestitures. The strong growth can likely be attributed to the COVID-19 pandemic and stimulus checks, which caused a shift in consumer behaviour and increased spending.

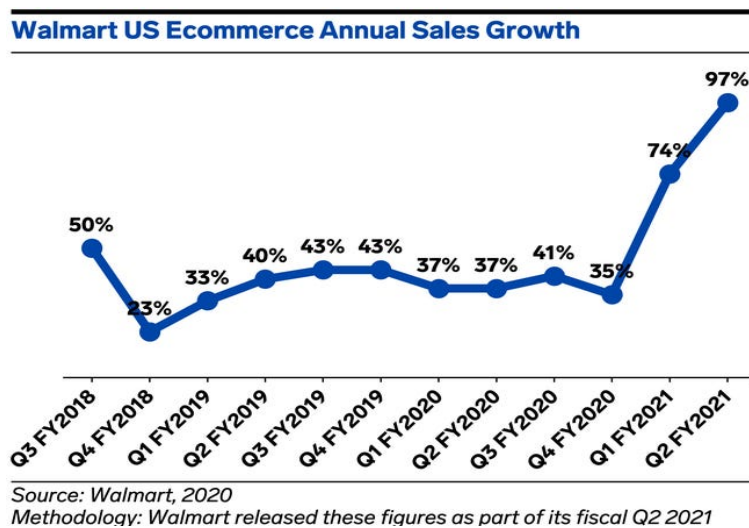


Figure 1: Walmart's E-commerce Annual sales growth

Source: (Volpe and Boland, 2022)

Supply chain disruptions: The pandemic had a ripple effect on global supply chains, leading to disruptions and shortages of certain products. Walmart worked to maintain the flow of products to its stores and customers, but the company faced challenges in sourcing some items during the early stages of the pandemic.

Health and safety measures: Walmart implemented various health and safety measures in its stores and distribution centres to protect its employees and customers from COVID-19. These measures included face mask requirements, social distancing guidelines, and increased cleaning and sanitisation efforts. These measures impacted the company's operations, requiring additional time and resources (Luo, 2022).

Employee safety: The pandemic also brought concerns about the safety of Walmart's employees, as they were considered essential workers and were required to continue working during lockdowns and other pandemic-related restrictions. The company worked to protect its employees by providing personal protective equipment and implementing health and safety measures. Still, some employees contracted COVID-19, leading to absences and disruptions in the company's operations.

Success and survival factors

The COVID-19 pandemic significantly impacted Walmart, as it did many other businesses. Here are some key factors that contributed to the company's survival and success during this challenging time (Luo, 2022):

Essential business status: Walmart was designated as an essential business, which allowed it to remain open during lockdowns and other pandemic-related restrictions. This helped the company continue to serve customers and generate revenue, even during the most challenging times.

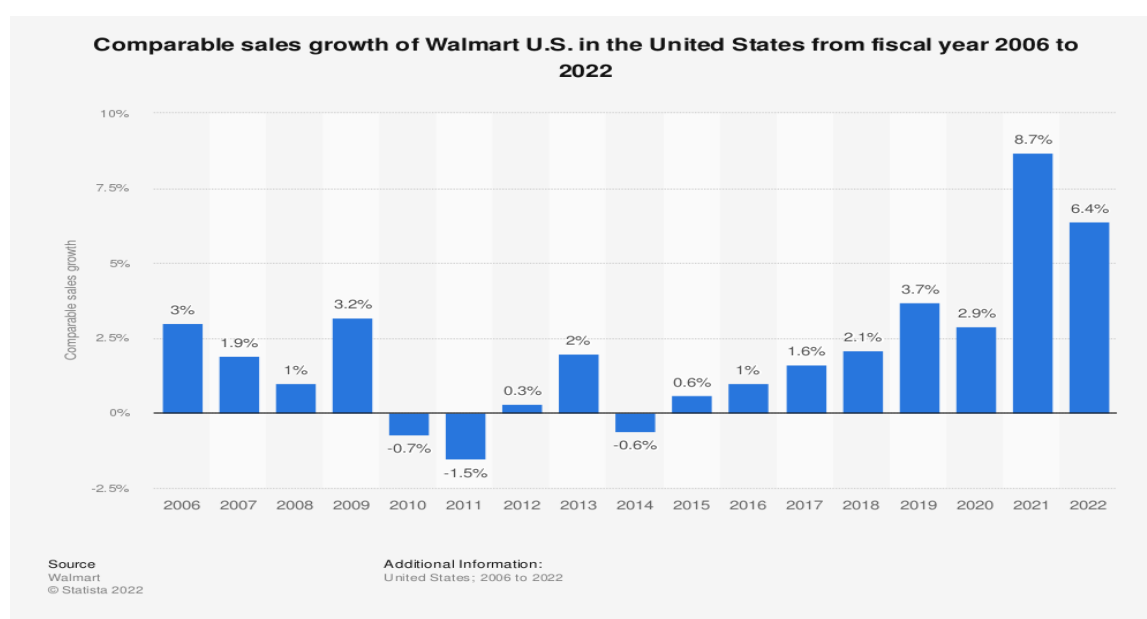


Figure 2: Sales growth of Walmart 2006-2022

Source: (Mrozek, 2022)

The net sales of Walmart's U.S. operations increased by 6.4% in the fiscal year 2022 compared to the previous period (Mrozek, 2022). Walmart U.S. operates retail stores in the United States and offers a wide range of products, including groceries, clothing, furniture, home appliances, and electronics. Walmart, formerly known as Wal-Mart Stores, Inc., is a well-known and highly valuable global brand.

E-commerce growth: The pandemic led to a surge in online shopping, as many people turned to the internet to purchase groceries, household essentials, and other items. Walmart was well-

positioned to take advantage of this trend, as it had already invested heavily in its e-commerce operations (Luo, 2022). The company saw a significant increase in online sales during the pandemic, which helped offset some of the declines in in-store sales.

Strong supply chain: Walmart has a strong and well-established supply chain, which has been an essential factor in the company's ability to respond to the challenges of the pandemic. Some specific ways in which Walmart's supply chain has been able to support the company during the pandemic include:

- **Ensuring access to essential goods:** Walmart's supply chain has provided the company access to a wide range of basic goods, including personal protective equipment (PPE) and cleaning supplies, which were in high demand during the pandemic.
- **Facilitating the shift to online sales:** Walmart's supply chain has also supported the company's transition to online sales, including using technology such as artificial intelligence (AI) to optimise inventory management and fulfilment (Stopford and O'Reilly, 2022).
- **Providing flexibility and adaptability:** Walmart's supply chain has responded to changing demand patterns and shifts in consumer behaviour during the pandemic, including through advanced analytics and data-driven decision-making.
- **Supporting efforts to address shortages:** Walmart's supply chain has also played a vital role in the company's efforts to address the needs of certain goods during the pandemic, including using alternative sourcing strategies.

Overall, Walmart's strong and well-established supply chain has been an essential factor in the company's ability to respond to the challenges of the pandemic and continue serving its customers.

Health and safety measures: During the COVID-19 pandemic, Walmart implemented several health and safety measures in its stores to help protect customers and employees. These measures include:

- **Requiring customers and employees to wear face masks:** Walmart has required all customers and employees to wear masks in its stores since July 2020 (Petković et al., 2020).
- **Enhancing cleaning and sanitisation:** Walmart has increased the frequency of cleaning and sanitisation in its stores, regularly disinfecting high-touch areas such as checkouts, self-checkout kiosks, and restrooms.
- **Implementing social distancing measures:** Walmart has marked off 6-foot distances in lines and throughout the store to help customers maintain a safe distance from each other. The company has also implemented limits on the number of customers allowed in the store at one time and installed sneeze guards at registers.
- **Providing hand sanitiser and wipes:** Walmart has made hand sanitiser and wipes available to customers at entrances and throughout the store.

- **Offering contactless payment options:** Walmart has expanded its contactless payment options, including using self-checkout kiosks and mobile checkout with the Walmart app (Abbu et al., 2021).
- **Providing additional support for employees:** Walmart has offered additional support, including providing personal protective equipment (PPE) and implementing temperature checks for employees at the start of their shifts.

Overall, these measures are intended to help reduce the risk of transmission of COVID-19 in Walmart stores and to create a safe shopping experience for customers.

Adaptability: Walmart was able to adapt quickly to the changing circumstances brought on by the pandemic. For example, the company modified its operations to accommodate contactless payment options and introduced curbside pickup and delivery services in response to the shift to online shopping.

Megatrends at Walmart

In terms of megatrends, there are a few that are particularly relevant to Walmart's success during the pandemic:

Digital transformation: The pandemic accelerated the digital transformation trend as more and more people turned to online channels for shopping, communication, and entertainment. Walmart's strong e-commerce presence helped the company capitalise on this trend. Before the pandemic, Walmart recognised the importance of implementing digital transformation several years ago. The company's efforts to compete with Amazon in e-commerce began in 2019 when

Surech Kumar became the global CTO (Turner, 2022). To support these efforts, Walmart invested billions of dollars in building an in-house cloud computing infrastructure with server farms larger than ten football fields. The pandemic also contributed to the growth of the Walmart Marketplace, which reportedly had around 70,000 sellers in 2020 due to increased online shopping and investments in technology and vendor relationships (Benner and Mason, 2020).

During the pandemic, Walmart has implemented several digital transformations to support its operations and better serve its customers. Some examples of these transformations include:

- **Expanding online sales and delivery options:** Walmart has expanded its online sales and delivery options, including offering contactless pickup and delivery options such as curbside pickup and delivery to customers' homes.
- **Implementing virtual healthcare options:** Walmart has also implemented virtual healthcare options, including telemedicine services, to provide convenient and accessible healthcare options to its customers.
- **Enhancing in-store technology:** Walmart has also improved its in-store technology, including implementing self-checkout options and using artificial intelligence (AI) to assist with tasks such as inventory management (Mahmoud et al., 2020).
- **Investing in supply chain technology:** Walmart has also invested in technology to improve its supply chain operations, including implementing block chain technology to track the movement of goods through its supply chain.

- **Enhancing customer experience through technology:** Walmart has also used technology to enhance the customer experience, including implementing augmented reality (A R) technology in its mobile app to help customers visualise products in their homes before purchasing.

Sustainability: The pandemic has brought increased attention to sustainability and social responsibility issues. Walmart has a strong track record in these areas, and the company's efforts in them may have helped it weather the crisis and emerge in a stronger position. During the pandemic, Walmart has continued to focus on sustainability practices and has made several commitments to sustainability. Some examples of these efforts include:

- **Reducing greenhouse gas emissions:** Walmart has committed to reducing its greenhouse gas emissions by 1 billion metric tons by 2030, equivalent to taking 211 million cars off the road for a year (Mustafa and Abbas, 2020).
- **Increasing the use of renewable energy:** Walmart has also set a goal to reach 50% renewable energy usage in its operations by 2025.
- **Promoting sustainability in its supply chain:** Walmart has launched several initiatives to promote sustainability in its supply chain, including Project Gigaton, which aims to eliminate one gigaton of greenhouse gas emissions from its supply chain by 2030.
- **Supporting small and minority-owned businesses:** Walmart has also supported small and minority-owned businesses through its Open Call program, which helps these businesses connect with Walmart buyers and sell their products in Walmart stores (Steinfeld, 2021).

- **Reducing waste and increasing recycling:** Walmart has also made efforts to reduce waste and increase recycling, including launching a program to recycle plastic waste from its stores and distribution centres.

Health and wellness: The pandemic brought an increased focus on health and wellness as people became more concerned about their well-being and that of their families. Walmart's emphasis on health and safety measures and its availability of essential products may have helped it to attract and retain customers during this time (Luo, 2022).

Conclusion

Overall, the pandemic had both negative and positive impacts on Walmart. The company faced challenges in its in-store sales and supply chain, but it was able to capitalise on the shift to online shopping and saw an increase in e-commerce sales. Walmart also implemented various measures to protect its employees and customers from COVID-19, which impacted its operations. Walmart's strong financial position, essential business status, and well-established supply chain were vital factors in its ability to survive and even thrive during the pandemic. The company's adaptability and focus on digital transformation, sustainability, and health and wellness helped it navigate the crisis and emerge in a strong position.

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