



Micro & Macro Economic Conditions of Walmart Inc.

Global Business Challenges (BMMB7006D)

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Executive Summary

This report considered the economic conditions affecting the retail industry, and in particular, Walmart Inc. (Walmart). Industry analysis using Porters 5 Forces framework is used to assess the trading conditions within the retailing sector. From this, a PESTEL analysis considers the external and macro-economic conditions affecting Walmart and a SWOT is provided to assess the firm-level micro-economic strategies Walmart could adapt to sustain competitive advantage. Recommendations are provided in the form of a TOWS study, taking into account external pressures and opportunities and internal strengths and weaknesses. Lastly, the report looks at an IMF identified challenge of a slowdown in productivity related to an ageing population and the rise in AI and robotics.



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1.0 Introduction

1.1 Walmart Inc.

Based on an Everyday Low Price (EDLP) structure, Walmart Inc. (Walmart) has become the largest retailer in the world, with 11,000 stores worldwide employing over 2.2 million people in 27 countries. The fiscal year 2019 left Walmart with a revenue of £514.4 billion (Walmart, 2019). In the US, Walmart has 14.5% of market share in the food retail sector also, Walmart holds a market share of 15.4% in the grocery market in the UK under the Asda Brand name (Kantar, 2019). This excludes e-commerce and other divisions.

Operating in the retail industry, Walmart has an objective of prioritising strong, efficient growth through increasing sales and eCommerce. Walmart is seen as a universal retailer, selling over 30 major products over 28 brands. (MarketLine, 2019).

1.2 Walmart – Globalised International Business

Friedman cited McKenna and Peticca-Harris (2016:332) stated that globalisation is “the inexorable integration of markets, nation-states, and technologies to a degree never witnessed before in a way that is enabling... the spread of free-market capitalism to virtually every country in the world”. Cross-border alliances and networks have allowed international business’ to thrive as globalisation is a fundamental property of international business; barriers to trade are lessened and advancements in technology have accompanied internationalisation through accelerating developments in telecommunications, to become increasingly interconnected (Nicole et al., 2016).

Walmart has a global presence, where international revenue is growing at pace. Table 1 provides a summary of countries which Walmart is present, year of entry and the total number of stores.



Table 1 - Walmart's Global Presence (Hunt et al., 2018:23)

Country	Year entered	Total stores 2016
USA	1962	4574
Mexico	1991	2360
Canada	1994	400
Argentina	1995	108
Brazil	1995	499
China	1996	432
Germany (excited in 2006)	1997	-
South Korea (excited in 2006)	1998	-
UK	1999	621
Japan	2002	346
Central America	2005	709
Chile	2009	395
India	2009	21
Africa	2011	408

Walmart believes that having a global reach will mean that more people can “Save Money. Live Better” which is the mission statement for the company. Walmart also believes that this will create opportunities for associates and small and medium-sized global suppliers (Walmart(b), 2019).

Within this report, the micro and macro-economic conditions will be assessed using analytical tools such as PESTEL, Porters 5 forces and SWOT. Conclusions evaluate the current position of Walmart within the international market. Outlooks and recommendations will be provided for the future of the organisation. The report also looks into a global challenge on the economy identified by the IMF.



2.0 Main Findings

2.1 Industry and Sector Analysis

Walmart operates within the global retailing industry, an industry which grew 4.8% over 5 years (FY11-16). The top 250 companies contribute \$4.4 trillion to the global economy (Figures from Deloitte 2019). Walmart is ranked number 1 in the list of the top 250 global retailers and has been the leader for 20 years.

In 1979, Porter published a paper titled “how competitive forces shape strategy”, this paper highlighted five forces, which have to date shaped industry research and business practice (Porter 2008). The Five Forces are depicted in figure one. The power of suppliers is concerned with how much power a supplier has over an organisation, for example, powerful suppliers may hinder the profitability of a business as they may hold a monopoly (Porter 2008). The power of buyers focuses on customers. Buyers are considered powerful if they have the leverage to negotiate relative to industry averages. If there are fewer buyers, they will have greater power as the business works to retain them (Porter 2008). Substitute products or services have a similar function, this is a force which considers similar products and services offered elsewhere. The buyer cost of switching to a substitute may be low, so organisations need to find unique selling points and market products to focus on customer retention (Porter 2008). The threat of new entrants is encompassing the ease of entry into the market, any potential barriers to trade and how this affects the industry as a whole. The fifth force is rivalry among existing competitors. High rivalry may reduce profits, as competitors may enter ‘discounting wars’ to force others out of the market. Porter (2008:32) states that “Rivalry is especially destructive to profitability if it gravitates solely to price because price competition transfers profits directly from industry to its customers”.



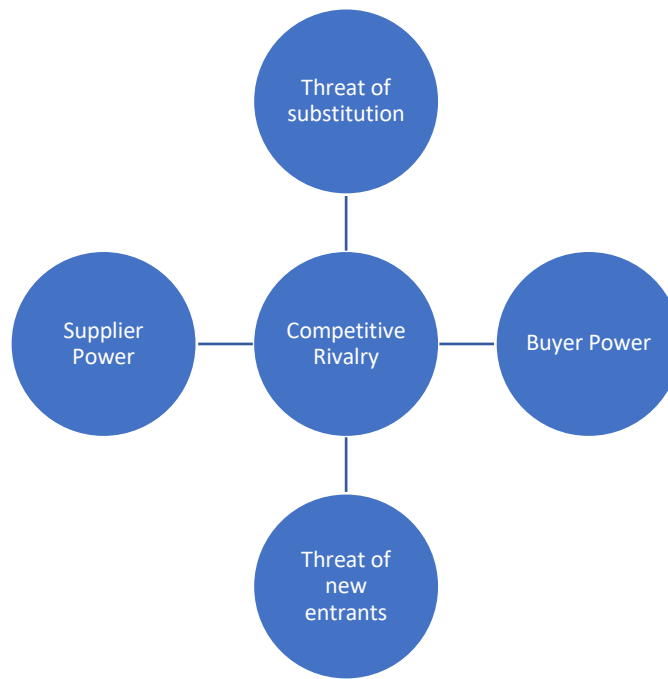


Figure 1 – Porter's 5 forces

2.1.1 The Threat of New Entrants

Walmart is number one among retailers on the Forbes Global 2000 list (Forbes 2019). Their strong financial grounding and brand image, the barriers of entry into the retailing industry may be high, for instance, Walmart's Everyday Low Price (EDLP) strategy derives from their ability to exploit the economies of scale. Walmart would be able to drive down supplier prices, so cost savings are passed onto the customer. This may not be possible for new entrants to compete with on such a large scale. Nevertheless, discounters such as Aldi have boomed in the market. Aldi has over 1,700 stores in the US alone and studies have shown that prices are 21% lower in Aldi than Walmart. Aldi state that this is a result of favouring in-house brands, to win over price-sensitive customers (Bose 2017).



2.1.2 Threat of substitution

Walmart sells a vast range of products from groceries to household appliances. It could be said that the threat of substitution is relatively low due to the range of products sold, however certain departments may decrease in sales with the rise in technology. For example, online storage solutions such as Google Drive and Dropbox limits the need for data storage solutions. The rise of streaming services such as Netflix and Amazon Prime has led to a decrease in sales of DVDs and physical CD's. Figure 2 depicts the trend in an increase in sales of digital downloads and a decrease in physical retail and rental.

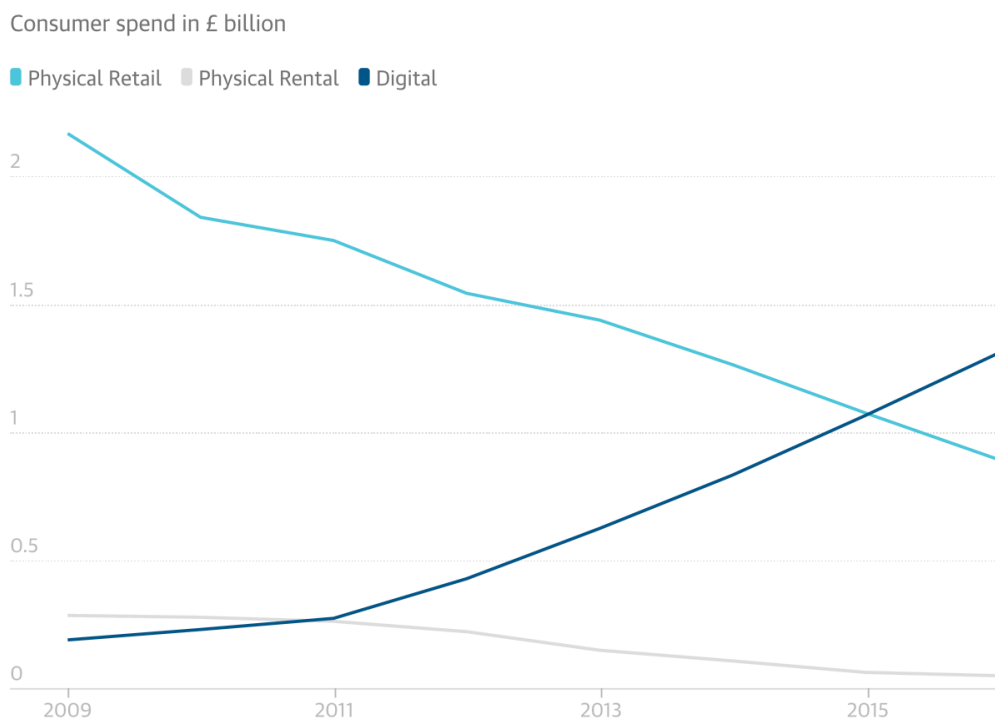


Figure 2 - Sales of Video Streaming and Physical DVD's (Entertainment Retailers Association [The Guardian])

Physical sales of music, TV shows, films and computer games are still worth £2.2bn annually, however, it is clear that sales of physical entertainment products are off peak.



2.1.3 Bargaining Power of Suppliers

Walmart holds a majority of market share in the US supermarket industry and has a large market presence overseas. Walmart holds significant power over its suppliers and has substantial negotiating leverage by using the economies of scale to its advantage (Pettypiece 2015). This leverage assists to contribute to Walmart's concept of Everyday Low Prices, where any cost saving is passed onto the customer.

2.1.4 Bargaining Power of Buyers

The power of buyers is relatively low for Walmart in terms of physical retail sales, as the average sale per customer is on the lower end. For example, Asda has a division in the UK for non-perishable products, trading under 'Asda Living'. One of these stores situated on a busy retail park in South Wales has an average basket spend per customer of £12. This was for high price ticket purchases (compared to groceries). Put into context, a loss of one customer would not have an effect on overall Walmart sales.

2.1.5 Competitive rivalry

Walmart's main competitors include organisations within the US and overseas. Notable competitors are Amazon, Costco, Sainsbury's, Target, Tesco and Bust Buy (MarketLine 2019). Within the UK, the main competitors of Asda are mainly Aldi and Lidl who are undercutting Asda's prices. Walmart has the ability to use its power to push out the competition, Walmart reported a free cash flow of \$17.4billion in FY19 (Walmart[c] 2019). Walmart is able to use its capital for product and market development, invest richly in research and focus on adverting campaigns.



2.2 International Business and Globalisation

One relatively early definition of international business was Oviatt and McDougal 1994 cited Servantie et al. (2016:170), who defined the concept as “business organisations that, from inception, seek to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries”. This suggests that organisations which are trading internationally seek to gain advantage and increased revenue. This is supported by Kuntonbutr and Kulken (2017:1801) who state that “business firms are forced to expand their operations across borders to increase their competitive advantage with will support sustainability performance”. Implying that businesses are ‘forced’ to expand internationally may be a direct result of an increasingly globalised world. As stated by Butt (2017:10-11), Globalisation involves “people and countries... becoming more interdependent globally, and as a consequence national and cultural boundary and becoming less significant”. It is evident that Walmart is taking advantage of across border trade aided by Globalisation, as the business currently trades in 26 countries and according to leading statistic provider, Statista (2019), Walmart’s net sales from international business (excluding the US) was \$118.06 billion in 2018. That equates to 38% of total sales coming from outside the US.



2.2.1 PESTEL Analysis

A PESTLE analysis is a framework to analyse key factors influencing an organisation from the outside (CIPD 2018). This analysis helps understand the external environment with Walmart operates in.

2.2.1.1 Political

Walmart is one of the top contributors for political lobbying spend, spending a total of £34,630,000 between 2013-2017 (Retail Drive 2019). This significant spend suggests that there are many political matters affecting Walmart's business.

Protectionism is concerned with a country fiscal, tax and customers policies. Which results in a means of macroeconomic stabilisation (Panchenko and Reznikova 2017). Protectionism encourages produces to move to international markets and areas that provide the highest share of added value. Back in 1999, a report by the BBC (1999) suggested that the imbalances that exist in the global economy are unhealthy and that the US shouldn't have such power over the global economy in terms of domestic demand-led growth. Protectionism could lead to poorer countries failing, as support and encouragement are concentrated in the US. With considerable investment in China, Walmart may be at a disadvantage as a result of US protectionism due to increased barriers to trade (Odland and Carmer 2017).

2.2.1.2 Economic

According to Fornalska (2015), "new trade theories consider trade between companies - on a micro level" and that new trade theory focuses on government support focuses. If the government focuses on supporting companies with an emphasis on productivity, this may be more effective than traditional export promotion programs (such as subsidies) (Görg, Henry and Strobl 2005). Walmart has been under scrutiny over 'flooding' the US with cheap imports, this has caused unemployment figures to rise in the US as Scott cited Tabuchi (2015) states that "Walmart is one of the major forces pulling imports into the US... and the jobs we're losing are good-paying manufacturing jobs". Although Walmart has announced it increase its sourcing



of American made products by \$50billion over the next 10 years, many argue that \$50billion is just a fraction of Walmart's sales.

Trade agreements will have a major impact on Walmart, the cost of tariffs may result in prices rising for the consumer, which would have a direct impact on Walmart's low-price strategy.

2.2.1.3 Sociocultural

As Walmart continues to expand globally, the culture of the country in which it will operate it needs to be considered and analysed. For example, Japanese shoppers tend to shop frequently and do not tend to stock up, they also prefer luxury brands as oppose to discounted prices (Hunt et al. 2018). As this culture of "low price, low quality" is directly conflicting with Walmart's everyday low prices strategy, Walmart may have a challenge of entering and expanding in markets such as these.

The location of Walmart stores tends to be on the outskirts of major cities, requiring a car to get to the store. According to Hunt et al. 2018, Walmart will need to consider this when entering the Korean and Brazil markets, as fewer families travel by car.

When entering new countries and markets, Walmart should consider and take time to understand the countries' culture before entering. By applying marketing practices to strategic decisions, Walmart should be able to tailor its strategies to best meet local consumer needs (Hunt et al. 2018).



2.2.1.4 Technological



Figure 3 – Commerce development

Commerce is changing, many brands have now harmonised their brand onto the digital market to take advantage the changing consumer buying trends which now favour online purchases, for instance in 2007 3.9% of grocery shoppers shopped online for food at least once a year, in 2017 this figure was 23.4% (OneSpace, 2019). Walmart is able to reach further customers globally, and this is proven as e-commerce sales have grown by 43%.

According to Wang et al (2015) “shoppers tend to use mobile devices to shop for habitual products that they already have a history of purchasing” suggesting that mobile computing is used for repeat purchases. Walmart already has the ability to place orders from customers selecting their favourites online, making the shopping experience quick and easy for mobile users. Nevertheless, mobile devices may not be the best channel for launching new products, or for products which require more consideration during the process of buying (Wang et al 2015).

As stated by to Makridakis (2017:53) “AI technologies coupled with exponential growths of the Internet will affect how firms operate, how they sell their products/services as well as how they are managed, influencing employment patterns”. Organisations such as Walmart are adapting their traditional brick-and-mortar stores to digitally revolutionise and compete with retailers based solely online, such as Amazon. Walmart will need to continue to grow its online presence if it is to sustain a competitive advantage in the retailing industry.



2.2.1.5 Environmental

Public perceptions on climate change and organisational responsibility are changing, increased knowledge through media reporting and education have been a driver for change (Shi et al. 2016). The call for change has let the UK Parliament declare a climate change emergency in hope to “set off a wave of action from parliament and governments around the globe” (Corbyn cited BBC News, 2019). This movement has shown that the mass population are aware of climate change and may seek to become increasingly environmentally friendly, which may have a direct effect on shopping habits. Messages may be reinforced in an ever more transparent, connected world through the use of the internet and social media. According to Mainwaring (2018) “addressing climate change now will serve as good business in the long run” as “more aggressive climate policies will be enforced by government bodies on an international level”. This strengthens the view that action is being taken across the globe to combat climate change.

The rise in climate change awareness and changing public perceptions of organisational responsibility may put pressure on Walmart to amend its Corporate Social Responsibility practices and priorities, reassess supply chains and product lines and invest in new technologies to reduce carbon footprint. It is suggested that Walmart build a climate change action plan which focuses on supply chains, energy, transportation and operational practices to ensure they are compliant in changing regulations and retain their customers, by possibly looking at product ranges to best suit the trend for environmentally friendly products.

Walmart has already started to implement practices which help reduce their footprint, assist in waste reduction in plastic and focusing on key metrics to achieve its goals (Walmart[d]). Strategies are proving to be successful as published in the 2018 global responsibility report, Walmart state 78% of waste was diverted from landfill and 200 of their key suppliers have reported emissions reductions that have totalled over 20 metric tons (Walmart[e]).



2.2.1.6 Legal

The World Trade Organisation is the global body for international trade. With Brexit in mind, if the UK leaves without a deal, Dr Dhingra (2017) explains that this could lead to a reduction of trade between the UK and EU by 40% over ten years; resulting in a fall in income per head of 2.6% per year. This is because the UK exports would need to be checked before entering the EU to ensure exports comply with their rules. This fall in income per head may hinder Walmart's UK business, Asda, as there will be a natural decline in disposable income.

The WTO highlights what a global trading system encompasses and the benefits of the trading system. There are discrimination free trade, freer trade negotiations, promotion of fair competition and encouragement of development and economic reforms. As stated by Pekdemir (2018:1), "ineffective enforcement and inadequate allocation of legal, political, and funding resources seriously imperil the institutional alignment necessary for trade purposes" suggesting that although regulation can enhance trade relations, it can also damage the system if not managed correctly. As Walmart is a global grocery retailer, changing laws regarding food safety regulations may prove to be challenging as this may impact on the ability to produce on large scale. New laws around plastic packaging may impact the shelf life of products, and force Walmart to develop strategies which create social value when implementing change which may force up prices for the consumer.



2.3 SWOT Analysis

2.3.1 Strengths

Global Branding and International Integration

Walmart's brand is recognised globally and ranked #26 on the Forbes World's Most Valuable Brands 2019 (Forbes [b] 2019). Walmart's international brands including Asda and Sam's Club has allowed the company to grow globally. Data from Statista[b], 2019 which is depicted in figure 4 shows the rate of steady growth in the number of stores opened since 2008. By growing internationally and diversifying its income sources, Walmart will further benefit from the economies of scale and reach new market segments. Due to globalisation, Khorana and Servaes, 2012 cited Yoder et al., (2016:234) explains that "they [companies] are motivated to compete in a global arena to increase sales, improve profits, remain competitive, diversity their market and customer bases, and gain market share". This explains why Walmart is keen to be exposed to a global customer base, economies have become tightened and intergraded, leading to a decrease in barriers to trade, making it easier for Walmart to gain competitive advantage globally through the use of rapid advancement in technology and infrastructure (Langdana and Murphy 2014).

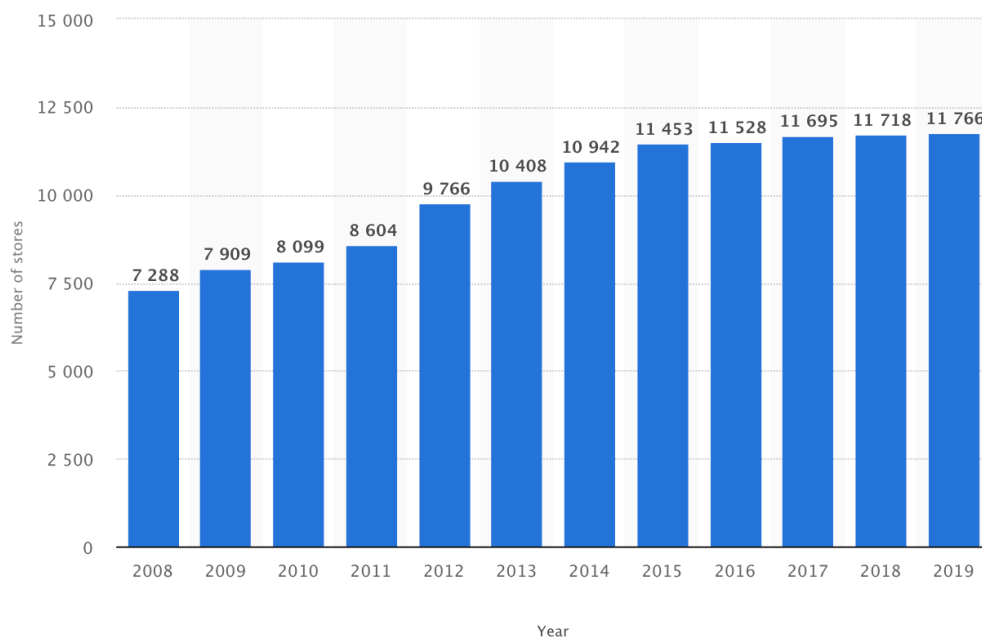


Figure 4 - Total Number of Walmart Stores Worldwide



Innovation and Technological Advancements

Walmart has and is still making innovative changes to work smarter, improve productivity and improve shopping experiences. Walmart has introduced a dedicated website to show its innovative projects, and Asda is keen to invite people into its Head Office to show off its workings. From developing its eCommerce platforms to introducing cleaning robots in stores, Walmart can be seen as the leader in retail technological innovation. To contextualise the view that Walmart is leading in technology development, we can consider one store as a case study to ascertain how technology is assisting in everyday operations. An Asda Living store (non-grocery product) has started to implement technology such as 'mobile' devices making stock control accurate, online training for employees, the introduction of a paperless office, central HR operations through AI and introducing mobile apps to employees as part of Asda's reward system. Asda holds regular meetings with its managers to keep them informed of upcoming changes in stores which will further productivity, lower costs and improve sales (assisting the everyday low-cost model of operating). In the near future, we could see robots to complete inventory shrinkage counts, customers using their phones to facilitate scan and go and an increase in employee custom apps to succour productivity (Walmart [f] 2019).

2.3.2 Weaknesses

Low-profit margins

Walmart operates using everyday low prices and costs strategy (cost leadership strategy), this model allows Walmart to pass any cost savings onto the customer, affecting profit margins. As products are sold at a lower price compared to competitors such as Target (US) and Tesco (UK) Walmart may be at a disadvantage in regard to having less of a profit margin on each product it sells.

A rise in disposable income

As the amount of household disposable income rises in the United States at a rate of 1.6% annually (OECD 2019), consumers may seek to store which offers an enhanced shopping experience. Walmart/Asda is seen as offering a basic 'warehouse like' service, whereas Target may offer an increased amount of customer service.



2.3.3 Opportunities

New technologies

As outlined in 2.2.1.4, the rise of artificial intelligence and augmented reality will affect how companies operate around the globe. As Walmart continues to focus on technology and innovation, AI is a concept which Walmart may take advantage of by furthering knowledge of customer bases and ways of working. Voice-controlled products such as Google Assistant and Alexa open up a new platform for commerce. Mobile shopping is assisting 'grab and go' shopping, where customers scan their shopping with their own smartphone and pay through an app. Sainsbury's in the UK is the first supermarket to not have any physical checkouts, requiring customers to scan and pay on their phones, this has allowed customers to enjoy a faster shopping experience and provides the company with a source of cost saving as fewer employees are needed (Sainsbury's 2019). Walmart has already partnered with Google to offer voice shopping, however, there is scope to develop operations through personalising shopping experiences through virtual reality (Deloitte 2019).

Developing countries

Economic analysis within the PESTEL shown that trade agreements will have a significant impact on sales and social analysis provided knowledge that Walmart should consider the culture of the country which it wishes to operate in. An opportunity for Walmart to further increase its global reach would be to consider emerging markets, there are economies which are developing and integrating into 'developed' equities; emerging markets account for 10.8% of world equity capitalisation (Bekaert et al. 2017). 'Nest' markers, i.e. South Africa, Poland and Philippines may be a favourable option for Walmart to operate within, as the government of these countries may encourage foreign direct investment and may offer healthy trade agreements and subsidies.



2.3.4 Threats

Changing lifestyles

As discussed in 2.2.1.5, public perceptions of climate change and maintaining a healthy lifestyle is changing. This puts pressure on organisations to change their product offerings and to review supply chains as consumers are now favouring ethical and 'clean' sources with the hope to improve the climate change situation.

The Fastest 50

The fasters 50, as explained by Deloitte (2019:34) is "based on compound annual revenue growth over a five-year period" and driving the fastest 50 is eCommerce and acquisitions. This is a threat to Walmart, as main online competitor Amazon has recently acquired Whole Foods, opening up the 'brick and mortar' grocery concept to Amazon. Walmart may have to seek to develop its strategy to compete directly with Amazon.



2.4 TOWS – Recommendations and Strategic Future Planning

A TOWS analysis matrix allows the identification of strategic options derived from the SWOT analysis applied to Walmart in section 2.3. TOWS has four outcomes, which are ‘maxi-maxi’ strategies which use strengths to maximise opportunities; ‘maxi-mini’ strategy focuses on using strengths to minimise threats; ‘mini-maxi’ strategies consider minimising weaknesses by taking advantages of opportunities; ‘mini-mini’ are strategies that minimise weaknesses and avoid threats (Weihrich 1982).

2.4.1 Maxi-Maxi strategy and recommendations

It is recognised that one of Walmart’s key strengths is its focus on innovation and technology, and a key opportunity is new ‘smarter’ technology and entering developing countries. It is recommended that Walmart continue to invest and develop its technology and seek to procure contracts with companies such as Google, Amazon’s Alexa and virtual reality firms to take advantage of the benefits such as deep understanding of customer analytics and a surge in productivity throughout its operations. A key undertaking may be to consider payment systems, as they are becoming more seamless through the use of virtual currency (Apple and Android pay). A cashless future may be upcoming, excluding the need for checkouts and ‘front-end’ staff. As digital infrastructure develops with emerging markets, Walmart should seek to enter these markets and use global branding to attract initial audiences.

2.4.2 Maxi-Mini strategy and recommendations

The changing lifestyles of consumers is a potential threat to Walmart, however, to minimise this threat on a global scale Walmart may be able to create shared value by reconceiving the intersection between society and corporate performance (Porter and Kramer, ND). According to Porter and Kramer (ND), “companies can create economic value by creating societal value” for example, Walmart may want to have an ‘eco’ department with items with a slightly higher profit margin. This could increase profits, and also attract customers who seek those eco products. This strategy would integrate directly with Walmart’s CSR policies and intern improve financial performance. It is recommended that Walmart consider employee productivity and how that can create shared value. If a company is seen to look after its employees through providing



provisions such as the living wage and offering employee benefits, it is doing good for society, but also this may increase productivity as according to Maslow's hierarchy of needs, safety and a sense of belonging is the foundation to motivating employees.

2.4.3 Mini-Maxi Strategy and recommendations

The general rise in disposable income may see consumers shifting to more 'upmarket' stores, nonetheless, Walmart is still in a good position to expand into developing countries where the Everyday Low-Price model is applicable as economies are on the route to become 'developed'. It is recommended that Walmart consider new technology to bolster its low-profit margins. New technology such as voice shopping and virtual reality makes shopping easier for customers, consumers may purchase more through there channels which minimises the risk of having low-profit margins if stock is being turned over quickly.

2.4.4 Mini-Mini Strategy and recommendations

Competitors such as Amazon are entering the grocery market with advanced technology and a sound understanding of its customer base (through purchase history analysis and web cookies). This puts Walmart at risk as Amazon has the potential and capital to grow as quick as Walmart. It is recommended that Walmart take advantage of the general rise in disposable income and diversify its product range to reach new markets. Similarly, discount store Aldi has implemented this strategy by introducing 'speciality' products, which attract more affluent customers (Rice 2019).



3.0 Global economy challenge identified by the IMF

‘Slow growth in labour productivity combined with the ageing population in developed countries and the rise in AI and robotics’

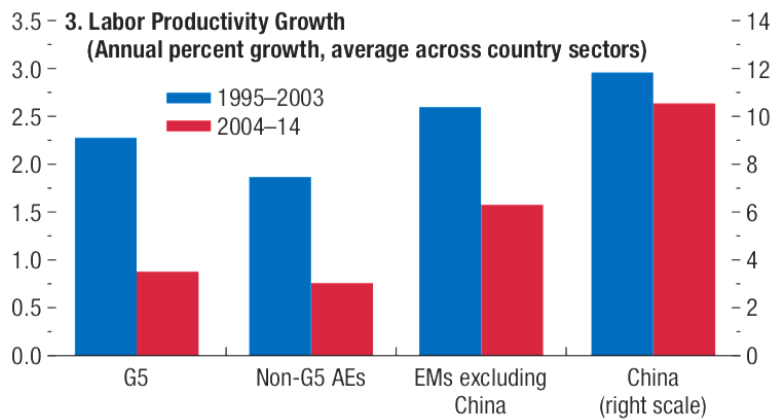


Figure 5 - Labour productivity growth (Internationaler Währungsfonds 2018)

As stated by Aiyar and Ebeke (2016:4), “aging exerts a macroeconomic impact... through a higher dependency ratio (i.e. a higher proportion of retirees to workers), and through workforce aging. A higher dependency ratio will result in a fall in per capita GDP. There will be increased demand for the service sector, as the ‘greying’ economy requires services such as energy, house-keeping and health activities (Siliverstovs et al., 2011). The growing service sector (non-tangible product) may have a negative effect on Walmart’s sales as this market segment is left untouched. Walmart could enter this market; however, it would be complete diversification and the focus may be lost.

Organisations are changing rapidly with the growth of technologies; an ageing workforce may hinder productivity during periods of long-term change as older workers may find it more difficult to adapt (Internationaler Währungsfonds 2018). Walmart is no exception, constantly going through change to keep up with key competitors. To constrain the level of resistance to change, Walmart should set short-term goals that people can achieve, as achieving is rewarding, therefore motivating. Walmart should provide clarity and information to all stakeholders when going through change, as our minds like to reach their own insights (Scarlett 2016).



Figure 5 shows a slowdown of productivity growth; however, this focuses on labour productivity and does not take into account the rise of innovative technology such as artificial intelligence.

The concept of artificial intelligence linked to productivity has been around since AI capabilities were recognised in successful operations in space station automation. In a paper written in 1986, the focus was placed on robotics, sensors and computing power to boost productivity and autonomy (Firschein et al., 1986).

Alexopoulos and Cohen (2019) revealed that there was a slowdown in innovative activity in the early 2000s but due to the recent uptake of robotics, AI and cloud computing, productivity gains through automation are likely to be achieved in the future.

In regard to innovative technologies, Walmart is in a strong position as mentioned in 2.3.1. It is a necessity for Walmart to continue to develop its technologies if it wishes to remain competitive in the retailing market, both in 'bricks' and e/mCommerce.



4.0 Conclusion

In today's globalised world, the integration of economies is tighter than ever. This has allowed Walmart to thrive and have a global presence, with growing international revenues. The global retailing industry grew 4.8% over 5 years, and ranking number 1 in the top 250 global retailers list, Walmart is in a good position to develop and take advantage of innovative trends. Operating with the EDLP strategy, Walmart is able to use the economies of scale to retail fast moving consumer goods. It is to be noted that new entrants such as Aldi and Lidl are undercutting Walmart's prices, by creating 'like for like' products on a mass scale. Walmart holds strong bargaining power over suppliers, providing them with leverage negotiate contracts. Walmart's international expansion may be hindered by US protectionism, as this increased barriers to trade, especially as the trade war continues with China. If Walmart were to expand into new areas, it must consider the culture of the country to negotiate the best trade deals and marketing practices as possible.

Walmart places a strong emphasis on technological innovation and should continue to do so, it has been recognised that the way people shop is changing, and that AI and virtual reality could be the future for retail. Technology can also boost productivity, as automation could replace employees and speed up operations. Continuing to invest and develop technologies is a 'maxi-maxi' strategy of Walmart, which uses its strengths to maximise upcoming opportunities.



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