

# Wal-Mart's Financial Analysis

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**Abstract.** Due to the impact of the epidemic, e-commerce is developing very rapidly. Under such a circumstance, this article would like to choose a company that may be greatly affected by the epidemic and starts an e-commerce business Under the pressure of the epidemic. After my understanding of e-commerce at home and abroad, this article finally chooses Walmart as the research object of this project. In this essay, this article used SWOT economic analysis to describe WalMart's development speed, development potential, and business barriers in recent years. After the economic analysis and stock analysis of Walmart, this article found that the company had been developing for almost 10 years before the outbreak of the epidemic, so Walmart must have done very well in both economy and management. These advantages also made previous losses during the pandemic less dramatic. Based on the stock fluctuations, this article found that there are two characteristics of the impact of the pandemic on Walmart; One is a short time, and the other is a big influence. This can also be seen in Walmart's response to the pandemic quickly.

**Keywords:** Walmart, COVID19, e-commerce.

## 1. Introduction

The digital revolution continues to transform the way business is done worldwide. The COVID-19 pandemic has made entrepreneurs more resilient and creative in how they develop strategies for working in a world with less face-to-face contact. And has led to an entirely new crop of startups. Take an example of OnlyFan [1-3]. Only fun was founded in London, UK, in 2016. During the Covid-19 lockdowns, almost everybody caught wind of an explosive new platform called OnlyFans. Famous for raunchy content, endless memes, and putting power back in the hands of content creators, OnlyFans has been successful despite limited investor backing (mainly due to NSFW content). Despite net revenue of \$2.5B in 2022 and a dedicated user base of 7M fans per month, OnlyFans' public image has prevented many larger investors from jumping in thus far [4-6].

By analyzing the financial situation of Walmart and the volatility of Walmart stock in recent years, I found out the impact of Walmart under the pandemic. The structure of this paper is mainly divided into five parts. The first two paragraphs mainly introduce the background of the company and my research direction [7-8], followed by the analysis of Walmart's finance, stock, and financing, and the SWOT analysis based on my understanding of the company. Finally, the conclusion. In this article, the SWOT analysis shows that the biggest threat to international relations is the impact of the pandemic. But international relations are also a great opportunity for Wal-Mart to expand in more countries.

The remainder of the paper is organized as follows: Section 2bombard the text companies' background and analysis of their stocks and finances. Section 3 performs the SWOT analysis; Section4 shows some advice for Walmart on the impact of the pandemic. The last Section presents our skimming.

## 2. Firm description

### 2.1. Background

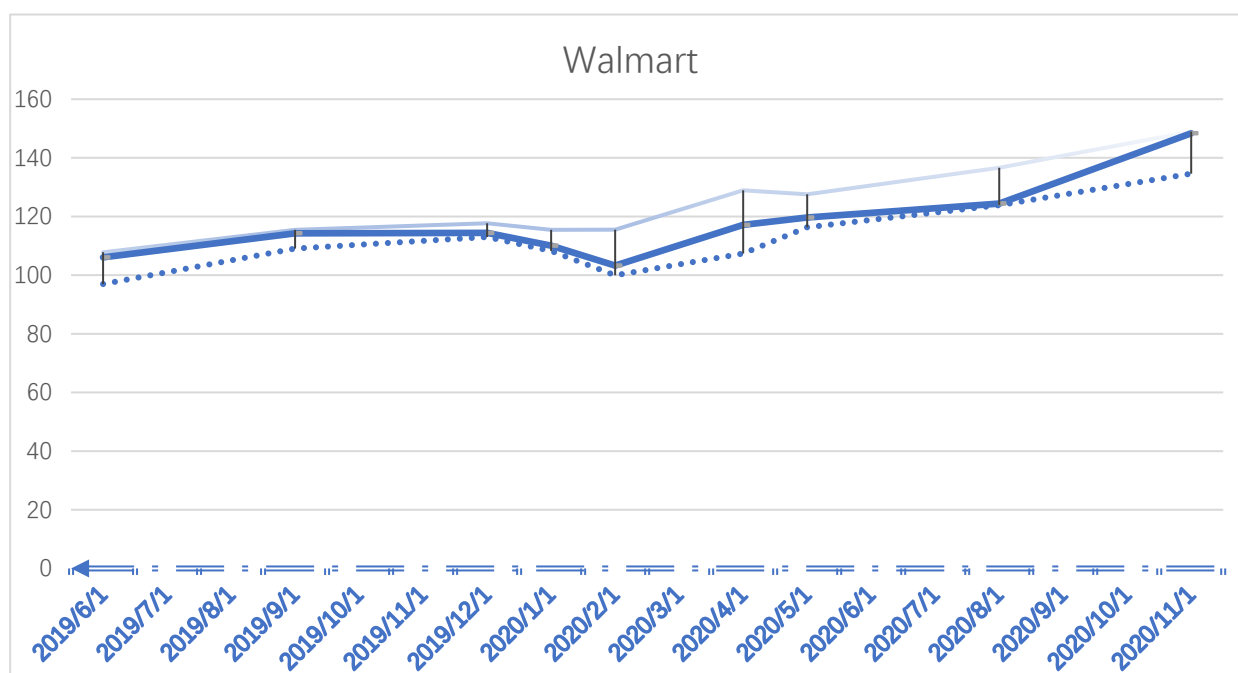
Walmart is a multinational retail corporation that operates several chains of discount department and warehouse stores [9-10]. Wal-mart's main profit brand has 'Great Value', 'Marketside', 'George',

‘mainstays’, ‘Simple Basic’, etc. ‘Great Value mainly covers food and non-food product’, ‘Marketside’ mainly covers household goods; ‘Simply Basic’ mainly covers clothing products.

## 2.2. Financial analysis

In the Fiscal year, total revenue was \$572.754 billion, up 2.4 percent from a year earlier; Operating profit of \$25.942 billion, up 15.1% year on year; Net income attributable to its parent company was \$13.673 billion (86.5 billion yuan), up 1.2% year on year. Diluted earnings per share were \$4.87, compared with \$4.75 a year earlier. Adjusted earnings per share were \$6.46, compared with \$5.48 a year earlier.

## 2.3. Share analysis



**Fig. 1** Walmart's stock market change from 2019 to 2020

**Note:** blue lines-The share price blue dotted line-the day of the lowest Light blue solid line -highest of the day

After 2000, Walmart's stock price rose steadily, from 54.65 yuan in 2008 to 131.6 yuan in 2022. The rapid development of this company makes it quickly become a global 500 enterprise. Part of its success results from rising living standards and reduced economic pressure around the world, as more people seek quality products and choose Walmart. In the meantime, an unprecedented challenge-- the outbreak of the coronavirus pandemic -- has led to volatility in the stock market. The coronavirus broke out in China in early 2020 and quickly spread around the world, under such a circumstance, Walmart was also greatly affected at the beginning of the pandemic. In January 2020, Walmart's stock price fell from 114.42 yuan to 110.07 yuan and reached 103.26 yuan in February. Nearly 50,000 retail stores have closed and millions of workers face the prospect of being suspended without pay or laid off. This remarkable change has led Walmart's top executives to take some fixed policies, such as developing e-commerce. Walmart accelerated information technology research after the pandemic and invested heavily in e-commerce. In the end, e-commerce sales grew 8 percent. In addition, Walmart provides more products related to food, groceries, and other daily necessities, and provides consumers with the option of installment, which reduces people's pressure. Walmart is not letting its guard down in the face of rising market prices. The company still guarantees that the goods and materials are sufficient, the price is stable, and the epidemic prevention measures are strictly done. This is also a big reason for Wal-Mart's success (fig 1).

## 2.4. Financing situation

**Table 1.** Walmart's financial condition

Investor	Funding round	Money raised
Canada Pension Plan Investment Board, GIC, SoftBank Vision Fund, Walmart	Flipkart	3.6 billion dollars

Walmart has a total of 26 investment companies and 14 lead investors. It's worth mentioning on July 12, 2021. Flipkart, the e-commerce arm of Walmart, has announced that it has raised \$3.6 billion in new capital at a projected valuation of \$37.6 billion. Flipkart, India's largest e-commerce company with 350 million users, was the fastest-growing e-commerce market in the world in 2021 and is expected to enter the US market soon. In addition, this is the second time SoftBank has become a Flipkart shareholder. In August 2017, SoftBank invested \$2.5 billion in Flipkart through its Vision Fund, making it Flipkart's largest shareholder with a stake of nearly 20%. This was followed by Walmart's purchase of 77% of Flipkart for \$16 billion in May 2018. SoftBank also reaped about \$4 billion in revenue (Table 1).

## 3. SWOT Analysis

### 3.1. Strength

(1). Advanced logistics information technology

Walmart's cutting-edge logistics technology was a decade ahead of its competitors, and it bought commercial satellites early in its life to connect to the world.

(2). human resource

Walmart values equality and makes good use of its local workforce. Most supermarkets are staffed by local staff, which saves transportation costs and enables better communication with consumers from local people, thus saving part of the time cost.

(3). The price

Walmart has kept prices constant for years and often sells them at low prices. Including an installment model during the pandemic could also attract more prescribed customers.

(4). public welfare establishments

Wal-mart often takes part in public welfare activities, which sets up a good brand Appearance and attracts more customers.

### 3.2. Weakness

(1). supplier

Because Wal-Mart products are in high demand, few suppliers can meet the demand.

(2). Professional field

Areas of expertise are too narrow and lack innovation.

Employees

The salaries and treatment of domestic and foreign employees are quite different, which may affect the efficiency of employees to a certain extent.

### 3.3. Opportunity

(1). Electrical business development

With the popularity of the Internet, e-commerce is still a good opportunity to get greater profits.

The foreign development

Based on the international popularity of Wal-Mart, the company has great opportunities to develop abroad. Walmart can expand its territory again.

### 3.4. Threat

(1). competitors

Although Wal-Mart's dominance in retail today, there are other companies and individual businesses that are growing rapidly.

(2). Policy

Walmart may face some international policy changes that will make it difficult for the company to grow abroad.

(3). International relations

International relationships are very important to Walmart, but in recent years, the relations between some countries are very tense, which will make Walmart face a great economic crisis. It could also affect Wal-Mart's growth abroad.

Based on Wal-Mart's performance in recent years, my advice would be to try some smaller retail stores while maintaining the current size, because there are other effects of the pandemic, and people may not have enough time or energy to go to the large stores. In this case, small retail stores may be more suitable for today's young people. Second, I think Wal-Mart can try some new areas, such as semi-finished product processing if the funds permit. This not only broadened Wal-Mart's business area but also supported Wal-Mart's large retail stores. Walmart will be able to act as its supplier, saving time and cost and giving the company better security.

## 4. Conclusion

This article mainly studies the development of Walmart and its subsidiaries from 2000 to 2022. In terms of stocks and finance, it mainly showed the analysis of stock price fluctuations and company operations at the beginning of the pandemic in 2020. During the writing of the thesis, I used the financial analysis method of SWOT to study the strengths, weaknesses, opportunities, and threats according to the overall operation mode of the company. And in the summary of these four aspects after writing their own Wal-Mart company's future development suggestions.

The study concludes that under the influence of the epidemic, although Walmart received a short-term impact, it soon found appropriate operation modes, such as the development of e-commerce and the reduction of prices. And I think the pandemic has brought out Wal-Mart's business potential. And we found that Walmart's business area is narrow, which is what I mentioned in the proposal, and it can expand into other areas if the funds allow.

The whole article only shows and describes the research object step by step. There is very little information about Wal-Mart's future development, and there is still a big lack of stock analysis. The chart of Wal-Mart's stock market only shows how the stock price changed after the pandemic began in 2020, missing a long comparison of stock prices. There is also less information about weaknesses and threats in SWOT analysis, a deeper analysis of the causes is missing. In future research, the author should make great efforts in data collection, and combine and compare conclusions with data, to better reflect differences. Second, when analyzing the negative aspects of a company, it should be more critical and open-minded. Finally, complete an economic analysis paper that readers can understand in depth.

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