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## Analysis: Walmart accelerates omnichannel innovation

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**Walmart** has continued its upward trajectory with the announcement this morning of its fourth quarter and full year results. Analysts had been looking for signs that the retailer could continue to build its eCommerce business and **take the fight to Amazon**, without damaging profitability.

What they got was a **mostly upbeat set of numbers**. While net income did slump by just over 42%, Neil Saunders, MD at **GlobalData** Retail is not that concerned: "Walmart remains comfortably profitable and because much of the deterioration is down to the various investments it is making in future-proofing its business. We applaud this long-term view, especially as it is now being coupled with some rationalisation and streamlining initiatives,"

And long-term investment in innovation is still front of mind at Walmart.

"We're accelerating innovation in the business to save busy families time and money," said Doug McMillon, president and CEO, during a call with the investment community. "This includes digitising the returns process, streamlining in-store processes, rolling out 'Scan-and-Go' in-store, and expanding grocery delivery in the US and around the world."

He added: "People who shop across channels are extremely important to us; they spend twice as much as those who only shop in-store."

McMillon also flagged up the online addition of designer luxury retailer **Lord & Taylor**. The plan is to turn **walmart.com** into an online mall that features high-end brands, with further deals believed to be in the pipeline. There have also been digital acquisitions such as ShoeBuy, Moosejaw, Bonobos and ModCloth.

**The deal to buy Jet.com** brought founder, Marc Lore, into the fold (taking on the role of CEO at Walmart eCommerce US). It has been a key driver of eCommerce growth and is helping the world's largest bricks and mortar retailer expand its presence in urban markets.

eCommerce sales increased 23% for Q4 and 44% for the full year. That sounds impressive, but on the flipside, Walmart, which shelled out \$3 billion for **Jet.com**, expects to lose money on its online and mobile operations for the next few years. "It's possible we may choose to lose a little more this year in eCommerce than we did in 2017, but we are looking to remain on the same level," McMillon commented.

### **Breaking the walls down**

Walmart's position on omnichannel brings exactly the refreshing mindset that is required in today's context, where retail technology is breaking the barriers between digital and physical realities, according to Beena Nair, retail customer engagement consultant at **Capgemini Consulting**.

Customers demand a seamless and relevant experience across all interactions with a brand, she adds. By enabling customer analytics capabilities at the heart of these interactions, the traces of data that customers leave behind can be effectively translated into actionable insights.

"These can then be deployed across the organisation and wider marketing ecosystem to further enhance the customer experience. It will be interesting to see how the pioneers of bricks and mortar stores embrace new retail technologies and deliver the social and tactile experiences needed to engage their customers in both digital and physical worlds alike."

Dmitry Bagrov, MD at **DataArt**, observes that many retailers are competing with disruptive upstarts like Amazon, but in the case of Walmart, Amazon is the competitor. The eCommerce giant has clicks and wants bricks (hence the Whole Foods acquisition) and Walmart, by contrast, has bricks and wants clicks.

"Walmart has pioneered some of the true innovations in retail, such as locating stores and warehouses so that they are always within a one-hour drive of one another. This is proof positive of the ability to foster further innovation," he says.

"The company filed a patent for facial recognition technology that uses video cameras at store checkout lines to monitor customers' facial expressions and movements to identify signs of dissatisfaction, so that workers can address the issue in a timely fashion. Interestingly, Walmart has a long history of being employee – or 'associate' as they call it –

friendly, while Amazon has not escaped some of the 'Uber curse', with an allegedly dog-eat-dog culture, long hours and over-demanding bosses."

Further investments are planned in the areas of technology and supply chain, although Walmart would not go into specifics on the call. Expect more acquisitions and in-store and eCommerce innovation, with the retailer benefitting from a Trump administration tax bill passed in December that cuts corporate tax rate from 35% to 21%. Rumours are swirling that Walmart is about to buy a 15% to 20% stake in Indian eCommerce firm **Flipkart**, although there was no comment on that during the call.

Original article can be found here: <https://www.essentialretail.com/analysis/walmart-accelerates-omnichannel/>