



Walmart Research Report

Challenges & Opportunities of the Future Shopping Experience

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Literature Review

Future expectation of shoppers



Seamless Shopping Experience

In the future, the customers will expect a seamless shopping experience, expecting consistency right from their interaction with digital interface to their experience in the physical store. The physical store experience will become a continuation of the digital experience. This will involve an effortless transition from a mobile device to a digital home device to the physical store. For example, customers will be able to search for and save various products they might be interested in purchasing on the online platform. When they arrive at the store, they will be automatically directed to the products they saved. This will give them the opportunity to try out the various products and make a well informed purchasing decision.

Composite Shopping Experience

Shoppers will be looking for a shopping experience that has traditional, skilled customer service that is supported by online and social technologies in the physical store. They will expect the associates to be knowledgeable about the products and help them in make purchasing decisions. For example, consider a customer who is hosting a wine and cheese party for the first time. The customer will go to the store in

order to buy the cheese and wine. Being a novice, the customer will look to the associate for help. The associate, being an expert will be able to assist the suggest the perfect pairing of wine and cheese, helping the customer make an informed decision.

Effect of Online Communities

Millennials and Generation Z will the next generation of shoppers. These generations are very comfortable with technology and spend significant portions of their lives digitally engaging with society on social media websites and value the opinions of their friends and family. When considering a purchase, they look at their online social communities and make their decisions based on community ratings.

Hyper Fulfillment

The shoppers of the future will expect to receive the products they require almost immediately. With the click of the button, the order of the products they require will be sent to the store. These products will be packed and the customer could either pick the products up or have them delivered. This almost instantaneous fulfillment will be the need of the day.

Literature Review

Evolution of the global retail workforce



Global Workforce Crisis

BCG projects a significant labor shortage across nearly all global economies by 2030. As a result, the workforce will no longer be viewed as a cost, instead it will be viewed as an investment, there will be an increased use of technology in order to improve the associate's experience and there will be an emergence in the IoRT (Internet of Robotic things).

Workforce as an Investment

In order to build a successful business, loyal customers who share positive experiences in the shop with their friends are needed. The workforce is the most important element in the creation of these customers. If the workforce is highly skilled and knowledgeable they can drive higher sales conversion - the process of converting shoppers to buyers and help drive higher revenues.

Associate's Experience

Associate will no longer be concerned only about their pay but rather, they will be concerned about the work culture: relationship with superiors, work-life balance, relationship with colleagues and appreciation

for their work. Technology will be used to meet these considerations. The performances of the associates will be tracked and they will receive specific feedback. If the associates over-achieve, their positive performance will be communicated to peers and managers, as well as tracked within the system. Next-generation workforce management systems will provide the ability for associates to digitally interact, on both an individual and social level, with the scheduling solution. The solution will be intelligent enough to gather information and learn about specific associate's lifestyle and work preferences at a granular level – executing optimized schedules that place much greater emphasis on associate satisfaction.

Emergence of Automation

Because the future gap between labor supply and demand will be very large, machines will be needed to automate many of the tasks that people do today. There are two technological trends that will converge, allowing machines to not only perform repetitive tasks, but also make intelligent, skilled decisions. The explosion of the Internet of Things (IoT) will help increase the contribution of technology and connected devices.

Literature Review

Technology & Service Trends



Current Technologies & Services

Amazon

- Twitter + Shopping Cart: Since 2014, Twitter users could link their accounts to an Amazon account and automatically add items to their shopping carts by responding to any tweet with an Amazon product link bearing the hashtag #AmazonCart. This allows customers to never leave their Twitter feed, and the product is waiting for them when they visit the Amazon website.
- Amazon Prime provide subscriptions service for all Prime members, creating a more convenient shopping mode, which fulfills the needs of many customers.
- Amazon Go: Uses computer vision, deep learning algorithms and sensor fusion, much like you'd find in self-driving cars. They call it "Just Walk Out" technology.

Target

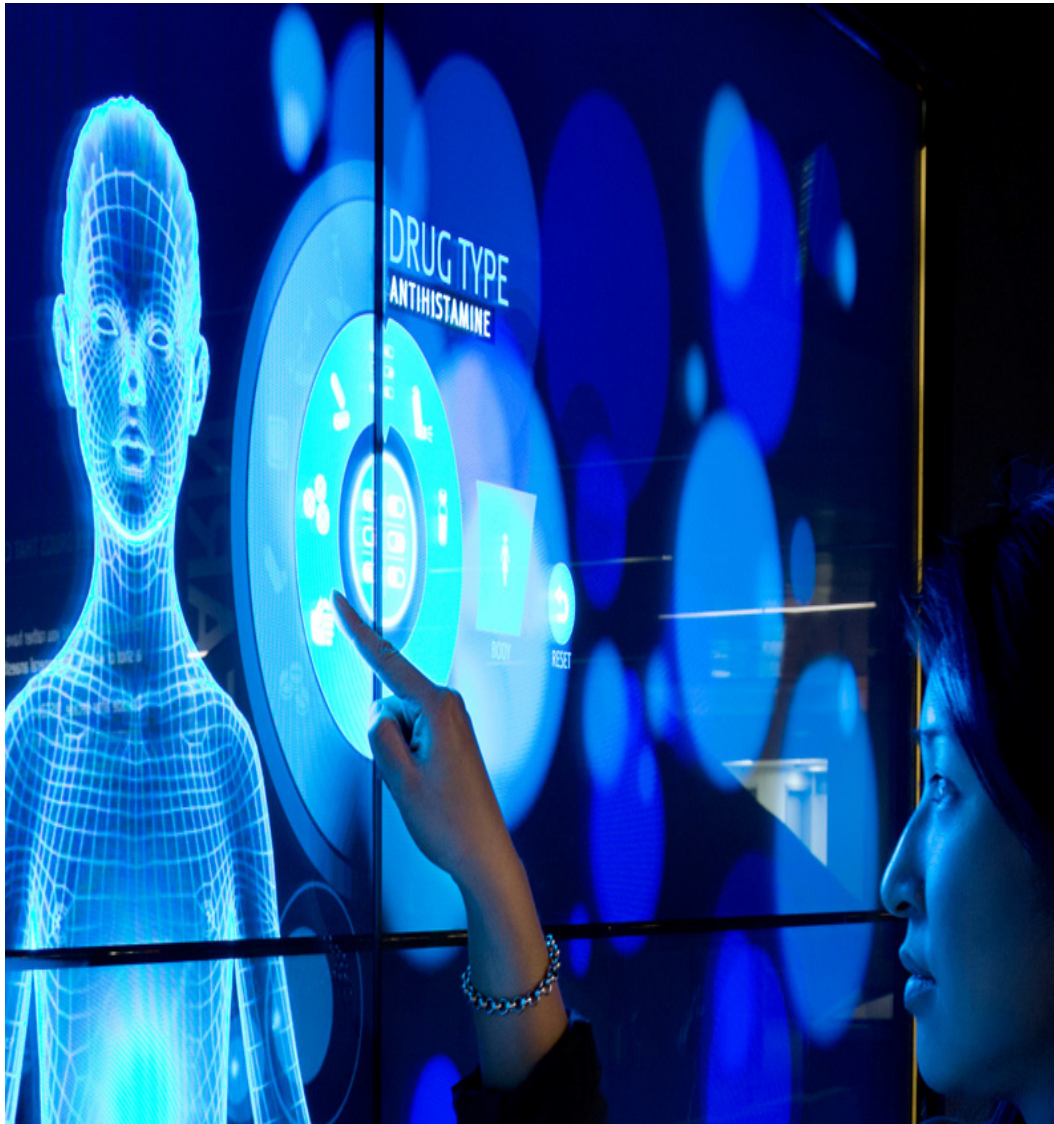
- Personalized Ads: Create a personalized guest experience through the collection and use of accurate and relevant guest data, which is how they differentiate from other retailers.

Kroger

- Omni Customer Service: Provide customer service facility through call, mail, customer service email and can post on the registered website

Literature Review

Technology & Service Trends



Prospective Technologies & Services

With research of future technologies that could be implemented in shopping, we find AR (Augmented Reality), Machine learning, AI (Artificial Intelligence), and in-store locating really go with our vision of creating a seamless shopping experience.

According to “CCS Insight” technology report, AR device forecast sales is predicted to grow 12 times more from 2016 to 2018. Also Tech giants have spent a fortune developing AI personal assistants. In-store locating could be very useful in terms of navigation, helping out customers, and store management.

Augmented Reality

Augmented reality (AR) has the power to bring an image, product label or even shop window to life. This nature of AR enables us to rethink about the in-store shopping experience.

Machine Learning

Machine learning largely improves the ability of retailers to learn about the shopping habits of customers. By understanding more about customers, retailers are likely to make more accurate personalized suggestions, thus increasing sales numbers and customer satisfaction.

Artificial Intelligence

The most common implementation of AI is intelligent assistant that many tech giants are building, like Siri, Cortana, etc. An intelligent assistant service that is accessible whenever a customer needs help is going to enhance the shopping experience largely.

In-store Locating Technology

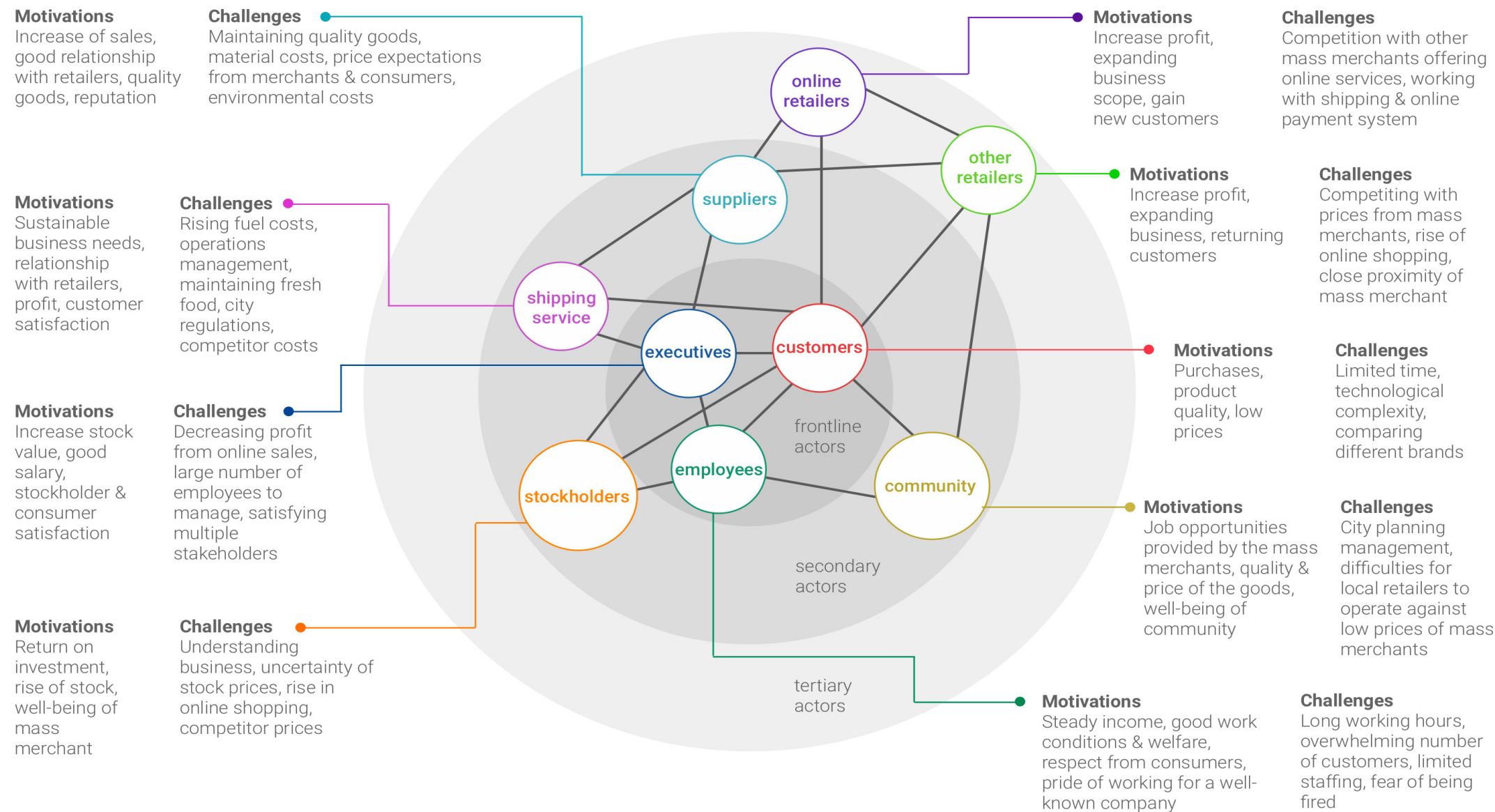
It happens a lot when some customers cannot find some specific item, or an associate nearby to help out. In-store locating technologies like iBeacon sensors create a small, concentrated area of detection. Within the transmission zone, customized notifications can be sent to iBeacon-enabled apps on iPhone, iPad, or iPod touch devices that support Bluetooth 4.0 technology. Customers can be alerted to everything from special offers and discounts to details about a display to personalized messages.

Hologram

Hologram is a three-dimensional image formed by the interference of light beams from a laser or other coherent light source. It enables people to see virtual items from all perspectives, and has a lot of potential in future shopping experience.

Stakeholder Relationships

Innovation Will Impact A Variety of Groups



Walmart's Formerly Exclusive Status as A Convenient One-Stop-Shop Is Challenged



Walmart and Other Competitors

Walmart is the largest discount store in the world, owning 11,695 stores and clubs in 28 countries, under a total of 63 banners. In terms of products and services it provides, Walmart, as a traditional retailer, has competitors like Target and Costco. Kroger is now a main competitor because it is no longer a pure grocery store and because Walmart also sells many groceries. Kroger has expanded its business to multiple areas like convenience stores and fuel centers, increasing its product offering. On the other hand, Walmart is also developing their digital business and Amazon is a main competitor in the online retail space.

Strengths and Weaknesses

We compared Walmart with its main competitors in 4 categories: Products (Range, Price, Quality), Service (Range, Price, Quality), Employment Opportunities, and Overall Shopping Experience. Please see the Appendix for a more detailed comparison.

Product Range (Price & Quality)

Walmart, Amazon, Target and Costco have a wide range of available products which cover more than 18 categories. As a base comparison across all stores, we searched online for food & beverage items to compare the total amount of products. Results for "coffee" showed 5645 items in Walmart, 2870 in Amazon, 1530 in Target, 126 in Costco and 1185 in Kroger. According to this information, Walmart has a huge advantage from its wide range of products. However, Kroger has a comparable selection of organic produce at lower prices, which attracts a more diverse demographic of customers.

Service Range (Price & Quality)

Amazon has the widest range of special services (e.g. customers can hire someone to help trim trees in the yard). Amazon also developed its own technology ecosystem of services through their technology team, AWS, Smart home system and Kindle, which cover many facets of a customer's life. The products support each other, reducing the cost to the customer.

The services Walmart, Costco and Kroger provide are very similar to each other, with services to support their online business, such as their shipping policy, return policy and Membership rewards.

To compare shipping, Walmart and Amazon's free shipping minimum is \$35 while Target's is \$25. This policy applies for selected products with specific signs on product images. On the other hand, there are multiple shipping options for Amazon and Target: one-day, 2-day and 3-5 days. Customers have freedom to choose the service they want. In Amazon, sometimes the shipping will take more than a week for unusual products like designer or international products.

For returns, companies usually require customers to return products within 90 days. The maximum period varies on the product type ranging from 15 - 120 days. Although all companies will say they accept unopened products with a receipt, Walmart is the most strict with this rule. For membership, Walmart doesn't have a membership system. But its competitors,

Competitive Analysis

Walmart's Competitors Offer Similar Benefits



Amazon and Costco, benefit a lot from their membership systems. The basic annual membership fee for access to the Amazon is \$99 and Costco is \$55. Membership and low prices help with the loyalty of the store brand, while sales & profit increase. In 2014, the total operating profit of Costco was \$3.2 billion while \$2.4 billion was from the membership fees. Amazon Prime members spend \$1,500 annually through Amazon's website, versus \$625 for non-members.

Employment Policy

Walmart has 2.3 million associates worldwide, which is almost 10 times more than the other companies (300,000 in Amazon, 143,000 in Costco). Walmart invested \$2.7 billion to improve hourly wages, education and training. The Training and "Pathway" programs help Walmart employees with their career growth. The healthcare program pay on average, over 75% of the premium cost and 60% of total health care costs for associates. And for employees who seek for higher education, they are eligible for 15% tuition grants of university education. Other companies like Target provide similar benefits to their employees.

Although Walmart and its competitors provide similar benefits to their employee Walmart is more difficult to cover a wide range of employees or improve employees' benefits at a obvious level considering the amount of their

employees.

Overall Shopping Experience

As Amazon focus on online shopping, and Kroger and Costco focus on offline shopping, there is really no company that provides satisfying experience through online and offline shopping. Online and offline shopping experience have their own advantages and disadvantages, so why not utilize their advantages to provide the customers with a satisfying Omni experience?

Walmart Claims Commitment to Customer Service, but Customer and Employees Feel Differently



Key Takeaways

There seems to be a disconnect between customer reviews, Walmart goals, and employee experience. There is opportunity to bridge the gap and create a more enjoyable experience for customers and employees, which will help Walmart be more successful.

Online Review Analysis

Understanding What People Think

An online analysis was performed to understand customer and employee perceptions of Walmart. Many customers complain about the quality or availability of products on shelves, the availability and friendliness of employees, and the excessive time for checkout due to long lines or few open registers. In general, customers say that Walmart has an uninviting and unpleasant atmosphere.

Walmart.com's online Customer Satisfaction Survey says, "Walmart is committed to providing you superior customer service and a pleasant shopping experience," which contradicts the experience customers remember.

To hire new employees, Walmart has a three-step interview process and a three day orientation, which is time-consuming for potential employees and store managers. Hiring qualified employees is important to Walmart. Every few years, Walmart adjusts hourly wages for employees, which satisfies new employees, but can cause unrest among more experienced employees who had to work longer for the same pay increase. A few times a year Walmart rearranges products in stores, which requires customers to walk around more and hopefully buy more products. Employees have difficulty remembering where products are due to the frequent relocation and diverse product offering. Employees

staffed in each department are based on the sales in that department on that day last year, which explains why customers sometimes have difficulty finding employees for assistance.

On Glassdoor.com, Walmart ranks an average of 3.2/5.0 stars by 23,614 employee reviews. Pros include good pay, good benefits, room for growth within the company, and flexible schedules. Cons include difficult work-life balance due to scheduling, lack of full-time employment (new employees are hired part-time and before becoming eligible for full-time), and questionable motives among upper management. 80,342 employee reviews on Indeed.com give Walmart 3.6/5.0 stars. The rankings are similar: Work/Life Balance: 3.4, Culture: 3.4, Compensation/Benefits: 3.3, Job Security/Advancement: 3.3, and Management: 3.2. It is interesting to note that most employee reviews written in English seem to rate Walmart with 2 & 3 stars, while most reviews written in Spanish rate 4 & 5 stars.

Contextual Inquiry

Shop Alongs with Millennials Reveal People's Shopping Habits



Key Takeaways

People do not really enjoying shopping at Walmart, but they do it because it provides a huge variety of products at good price, and due to the proximity of the stores

Method

The team conducted shop-alongs with 6 participants. During the shop alongs, one member of the team was the interviewer and the other was the note taker. We noted general insights from the shop alongs and then used an affinity diagram to draw out themes and central issues.

Insights

Shopping Strategies

Shopping List: Some customers make shopping lists before shopping at Walmart. Some of them buy only the products on their shopping lists while others like exploring products that are not on their shopping lists. They use physical lists, lists on their phones or keep a list in their mind. A few of them do not keep shopping lists.

Discovery/Impulsive Buying: Some customers enjoy looking around the store to discover product. While others discover some products not listed on signs/shopping lists by accident. Some will do impulsive shopping when products look appealing or interesting. A few customers also look for inspirations for personal projects

Features: Customers compare the specifications of products available before purchasing them. Price and expiration date are very strong determining factors when it comes to shopping for food for some customers. Other

factors, like nutrition or flavor, also influence purchasing decisions. Customers tend to buy products from familiar brands. Some will rely on their prior research before buying a product other than food (e.g. video games, electrical appliances).

Hesitation while purchasing: Customers may not be able to tell differences between certain products. Some users are not sure if they should buy a new type of product if they have not used it before. Due to uncertainty, they might be hesitant to purchase the products.

Navigation

Size of the Store: Some customers find the store too big to navigate. It took them a long time to find the products they were looking for.

Signage: Customers refer to the signs in the store to navigate within the store. Some find the signs incomprehensible as they do not list how the products are located within the aisle.

Locating Specific Items: Customers find it difficult to locate specific item in a store, especially when they are in the store for first time or when they are buying something that is not familiar. Some look at the actual items instead of the signs to locate items. Most people want an easier way to help them locate specific items in the store. Some customers will turn to associates if they cannot find something specific.

Contextual Inquiry

Shop Alongs with Millennials Reveal People's Shopping Habits



Key Takeaways

There are a number of things they are not so happy about.

- *It is always very difficult and time consuming for them to navigate around the store*
- *The quality of the products available at Walmart are quite poor*
- *It is difficult for users to find associates around when they need help*
- *Even when they do find help the associates are either not helpful/cannot provide good assistance*

Time Concern: Customers tend to go to the shortest route available. They will go to the sections closest to the entrance first. Some find it troubling when they cannot find things they need when in a hurry. Some will just skip the entire aisle if they find something they are looking for right at the start.

Personal Habits: Customers have specific habits in terms of navigating within a store (e.g. turn left once enter). Some customers find it difficult to find associates who they need help and as a result are looking for ways to call an associate. Sometimes when they find an associate, the associate is unable to help them.

Associates

Associates Not Being Helpful: Some customers think the associates are not always helpful. Some have encountered associates that do not know directions to specific products. A few customers felt that cashiers do not greet them properly.

When They Look for Associates: Some customers will look for associates when they cannot find something. Some will need help from associates for retrieving big and heavy items.

Positive Experience with Associates: Some customers have interacted with very helpful associates.

Why Walmart?

Good Price: Customers enjoy the low prices provided by Walmart. Some will buy Walmart's Great Value products because they are the least expensive. A participant claimed if there was any other mass merchant providing the same price as Walmart, he/she would not choose Walmart.

Location: Walmart being nearby is a big plus

Variety: The variety of products is a big plus as customers can find unusual and daily essentials. This also allows shoppers the opportunity to discover and explore new and unrelated products. The large variety of products can be used to make something new. Customers can compare different products and choose the one that suits their needs.

Self-checkout: The self-checkout system at Walmart is fast when items have barcodes, however, checking out fruits can be slow and cumbersome. The lights at the self checkout and the feedback system could be designed better. When buying multiple items, there is not enough room to place all the items on the self checkout.

Cashier: People who don't want to bag their items prefer the cashier checking the items out. As people/cashiers are prone to mistakes, some users always double check their receipt

Contextual Inquiry

Shop Alongs with Millennials Reveal People's Shopping Habits



Store Facilities

Lack of Facilities in: There is a dearth of plastic bags for the fruits. Returning shopping cart after unloading it is annoying. Stronger grocery bags are needed. Putting back items at the last minute should be easier.

Under Utilized: Price checking scanners are mostly not used. Weighing scales are not used often.

Shopping Carts: Big shopping carts are inconvenient, alternatives such as baskets are required. The cart is hard to push.

Poor Layout: Frozen goods are far from checkout and might melt by the time the shopper leaves the store. Eye-level goods are usually picked up. Unrelated items are put together on aisles. The essentials should be at the front of the store. High up products are hard to reach.

Poor Quality of Layout: Participants did not trust the quality of Walmart goods, such as produce.

Why Not Walmart?

- Target is more inviting, has more items to see, and has a friendlier atmosphere
- Walmart's image is tainted with past publicity of low quality, bad customer service, and low wages for employees
- Online stores have more options

Walmart Employees Want to Provide Friendly Service, But Struggle Due to Busy Workload



Overview

On March 3rd, 2017, our team visited the Walmart SuperCenter in Marietta, Georgia, to interview with Front-End Innovation Project Manager (Michael Bookman), store managers and associates. Our interviews informed us that Walmart is aiming to improve their scores in three criteria – Clean, Fast, and Friendly. They believe scoring higher in these three areas will lead to higher customer satisfaction, which will translate to higher sales. Management also believes that the key of a store's success lies in good price impression and good customer service; therefore they are constantly looking for ways to improve in these areas. In order to achieve their goals, Walmart has been trying to introduce different technologies and infrastructure changes.

Current Situation and Challenges

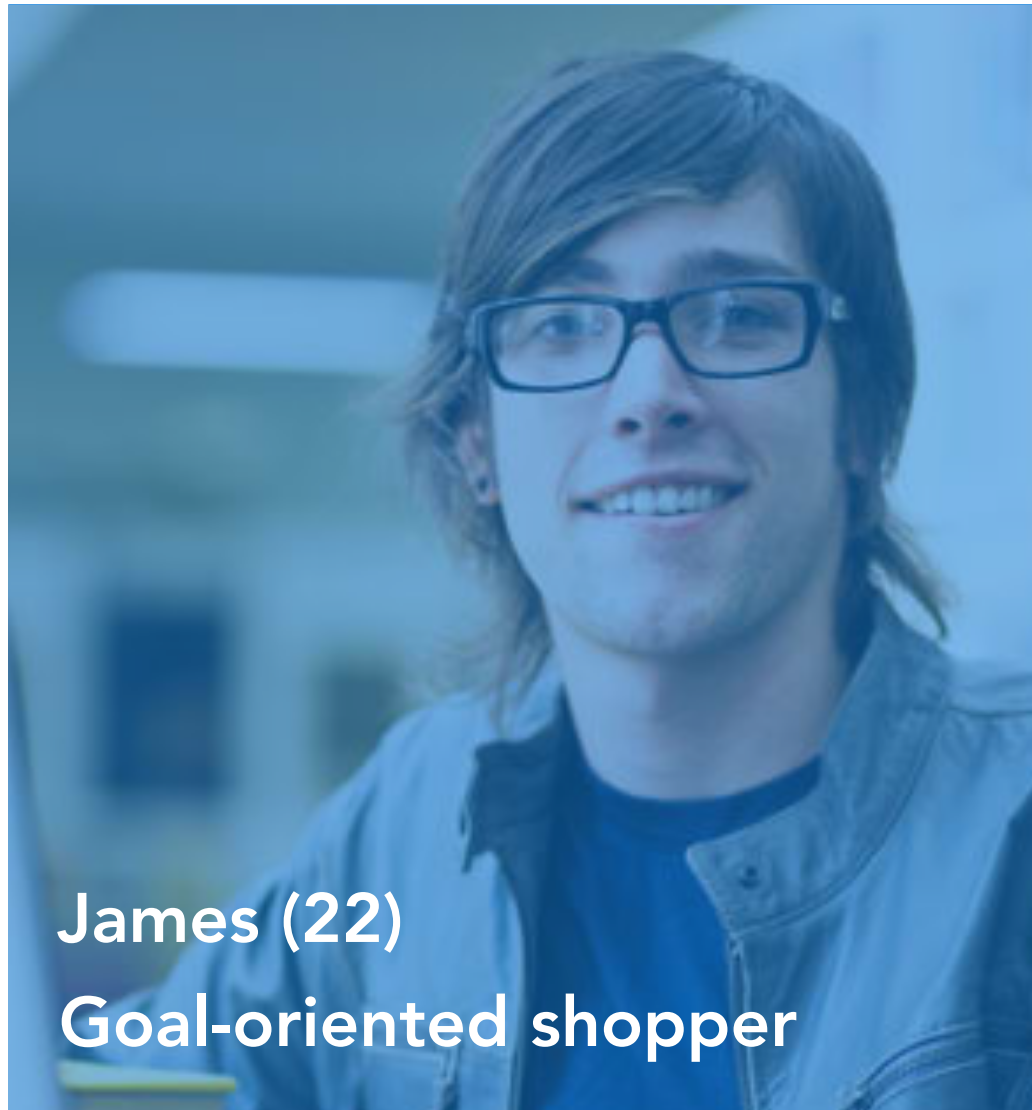
Clean (Store Impression)

Walmart pays attention when it comes to store layout. It has also been stressed by Walmart CEO Greg Foran that Walmart stores need to look cleaner and more attractive, as Walmart believes cleanliness strongly influences customers' impression of the store. It was emphasized by the store manager at the Marietta store

that they always keep fresh produce in a clean and maintained environment, which leaves customers with a great impression of the quality of products provided in the store. They also maintain wide and open aisles for clear sight from the front to the back of the store to give a good, uncluttered impression to customers.

Walmart also has strong concerns about price and quality impression. Price impression is the cornerstone of Walmart's success – as it has always been able to offer products at attractive pricing which stimulates customers' buying rate. For instance, Walmart stores put rollback products at the entrance to attract customers and use clip strips to hang related/low-priced items on the shelves to encourage customers to do impulse buying. They believe that the better price impression is, the better Walmart's sales will be. At the same time, they have concerns regarding quality impression, as a lot of customers reflected a distrusting attitude of Walmart's produce quality and prefer buying produce from other retailers. In order to maintain the quality of the products, Walmart adopts policies such as "Will I buy it myself?" (which requires associates to only put out products that they themselves would buy) and Cold Chain Adherence (to ensure cold products have not been out of the fridge

Goal-oriented Shopper



James (22)
Goal-oriented shopper

User story

James is an engineer who has limited time to shop because of his busy schedule. Therefore he is extremely organized when it comes to shopping at mass merchants. He has a shopping list well prepared and he sticks to the Walmart near his house because he knows the layout well. He is also loyal towards brands he likes and he tends to pick the same items every trip. He will then shop according to the most efficient route he knows to get all the items listed in his list only. At the end of his shopping, he will utilize self-checkout as he cannot stand the long lines waiting for cashiers.

Frustrations

- The bulky shopping cart is making it difficult for him to move quickly within the store
- The layout of the store does not seem logically organized
- The self checkout process is always shows warnings, which obstruct his checkout

Goals

- Buy all the items on his shopping list only
- Find the fastest route/method to shop in Walmart
- Stick with the same routines/products he is familiar with

Exploratory Shopper



User story

Janet is a college student who shops at Walmart because it provides a huge variety of products at low prices. The majority of the furniture in her dorm and the groceries in her pantry are from Walmart. Before she visits Walmart, she will make a quick mental shopping list. While shopping, she doesn't only limit herself to the list. She also looks for things that are interesting to her in the store and are not too expensive. Many times she ends up being attracted by different appealing products around the store. She usually buys more products and spends more time at Walmart than she planned.

Frustrations

- She compares different products available to make shopping decisions
- She gets distracted by other products and forgets something she actually needs
- She feels exhausted after shopping at Walmart when she spends a long time there

Goals

- She wants to make sure she buys good and inexpensive products
- She wants to know the differences between products more efficiently
- She wants to be exposed to more interesting items that she likes

Leisurely Shopper



Catherine (25)
Leisurely shopper

User story

Catherine is an artist who loves working on different creative projects. Many times she goes to Walmart with her friends even when she is not sure if she needs something - she simply enjoys going there to get inspiration, and occasionally buys a few items that suddenly come to mind. She also thinks going to Walmart to do some shopping with friends is a great socializing opportunity. She loves going through the craft, home improvement, and appliances sections to find interesting items. Most of the time she ends up doing quite a lot of impulsive buying based on her interests.

Frustrations

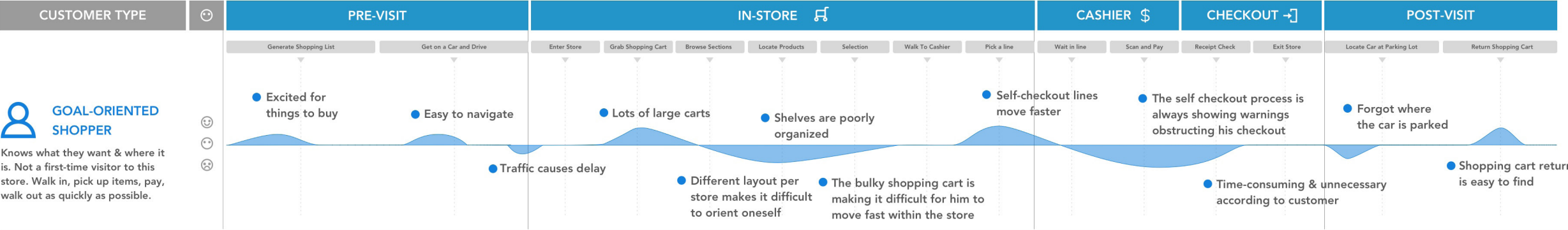
- She is always looking for something new to try out in the store, but it is sometimes hard for her to find those products
- Sometimes the friends she goes shopping with make her feel pressured to finish her shopping journey much faster than she would like to
- Associates at Walmart are too busy and she is not sure if she should approach them

Goals

- She wants to look for new and interesting products all the time
- She wants to utilize her time as Walmart as a socializing opportunity
- She wants to interact with associates more to learn about products

Customer Journey Map

Goal-oriented Shopper



KEY POINTS

Generally, they make their own shopping list beforehand with mobile apps or physical notes.

These shoppers aim to grab all the items on their shopping list without forgetting anything. Also, they would like to come into the store and exit as fast as possible.

Due to the size of the store, navigating through and finding items on their shopping list is often challenging.

Shopping carts are too bulky to move around and quickly pass by other shoppers who are spending time in one area.

Self-checkout is sometimes time-consuming with errors, lack of associate help and payment errors.

Customer Journey Map

Exploratory Shopper

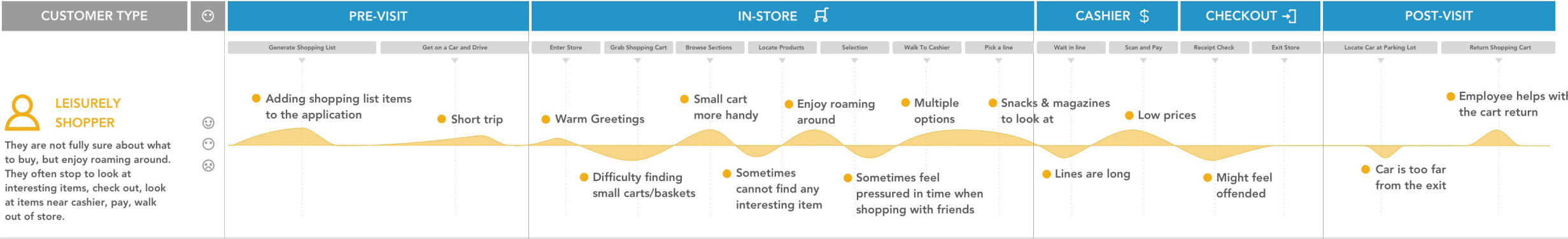


KEY POINTS

- Although they already have specific things to buy, they are open to exploring new items that suits their taste.
- Most commonly, they will grab a shopping cart first to begin their shopping journey and this is their first objective.
- Navigating around the store is challenging sometimes because the store is very large and the signs or directions for items aren't clear enough.
- When discovering interesting items, it's tough to compare between brands to make a decision.
- Getting assistance from the employees for suggestions or help for direction are some of the hardships they often go through.

Customer Journey Map

Leisurely Shopper



KEY POINTS

- These shoppers are frequently visiting Walmart to look around for any interesting items.
- Shopping carts and baskets might not be their first primary objective.
- With so many items in the store, these shoppers would like to have recommendations, promotions, events or other captivating factors for their taste.
- They enjoy roaming around the store without having specific goals in mind.
- They sometimes visit the store with friends or family members.

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for more than 20 minutes). However, the majority of customers remain unaware about Walmart's product quality, hence are less motivated to purchase Walmart produce. Walmart is also looking for opportunities to improve its price and quality impression.

Fast (Shopping and Checkout Efficiency)

Walmart is hoping to create an optimized experience for customers. It has introduced different technologies and services include Scan & Go, self-checkout and online order pickup to improve customers' shopping efficiency. For instance, Scan and Go is a service for customers to pick up a handheld device when they enter the store and to scan items desired as they put them in the shopping cart. As the customers finish selecting the items, they just need to go to checkout with the handheld device and pay for the total amount. It has been stressed by Michael Bookman that adoption rate of a handheld device by customers is much higher than mobile, as it does not require customers to input information and eliminates steps for customers.

Other than improving checkout procedures, Walmart is also exploring technologies that will help customers find their way in the huge Walmart stores. They belie-

ve cutting-edge technologies will transform customers experience by improving shopping efficiency within Walmart. Walmart is also open to remodeling and infrastructure changes as long as there is a return of investment in about 5 years.

Friendly (Customer Service)

Friendliness has always been a major concern for Walmart. While the store manager considers customer experience as a priority, she admits that there is a lot of room for improvement to be made based on the feedbacks they have received from online surveys and reviews. In order to improve the friendliness of Walmart, managers have tried to introduce different policies such as the Ten Foot Rule (a greeting policy which requires associates to acknowledge and greet customers who are within 10 feet of the associate) as well as rewarding associates by using a recognition scheme to identify associates with the best customer service, and a tendency to hire employees who are smiley in the interview process. The store manager also shared her belief in "coaching by walking around" to show store associates the proper customer service and provide effective communication to ensure the associates feel they are a part of the team.

Walmart Employees Want to Provide Friendly Service, But Struggle Due to Busy Workload



It is also emphasized by management that friendliness of associates affects the adoption of new technology in store. Customers tend to be uncomfortable with new technologies such as self-checkout implemented in the store. The key of guiding them to use new technology lies in the associates around; as associates are friendly and encouraging in the process of guiding customers through the use of new technology in store, it will leave customers a great impression and confidence in using new technologies.

Most Walmart associates share the same belief that customers come first and gain a sense of accomplishment after helping customers. It is also pointed out by Walmart associates that sometimes it is difficult for them to cater to the customers' need when they have multiple front-end tasks to work on or are very busy due to the store being short-staffed. Front-end Walmart associates are required to be prepared for different aspects of services, therefore their workload can sometimes be overwhelming. At the same time, the associates pointed out sometimes it is hard for management to recognize or appreciate all the efforts they have made to provide good customer service. It is clear that there are opportunities to help associates solve their problems with work, which will lead to better customer service.

Service Blueprint

A lot of touchpoints remaining to be enhanced



Appendix A – Competitive Analysis (1/5)

Details on the Product Comparison



1) Product range, price & quality

Walmart – Product Range

Electronics & Office, Movies, Music & Books, Home, Furniture & Appliances, Home Improvement & Patio, Clothing, Shoes & Jewelry, Baby & Toddler, Toys & Video Games, Food, Household & Pets, Pharmacy, Health & Beauty, Sports, Fitness & Outdoors, Auto & Tire, Photo, Gifts & Personalized Shop, Sewing, Crafts & Party Supplies, Specialty Shops.

Walmart – Product Price & Quality

Walmart's slogan is "Everyday Low Price". It purchase large volume of products from factory, selling products at prices lower than the usual market price. The statistics shows, in markets that Wal-Mart has entered, grocery prices drop by an average of 10-15%. Additionally, Wal-Mart is able to drop grocery prices 10-30% drastically during promotional periods because it can remain profitable on extremely low margins due to its volume of sales. As for quality, Walmart purchase fresh produce from the same farmer as Target although the quality of their produce is always questioned by the customers.

Amazon – Product Range

Amazon is the largest online retailer in the world and it has multiple product lines which include media (books, DVDs, music CDs, videotapes and software), apparel, baby products, consumer electronics, beauty products, gourmet food, groceries, health and personal-care items, industrial & scientific supplies, kitchen items, jewelry, watches, lawn and garden items, musical instruments, sporting goods, tools, automotive items and toys & games. 2870 items in "Coffee, Tea & Beverages

Amazon – Product Price & Quality

Amazon provides the platform for vendors to directly sell their product to customers. As a result, the products on Amazon can maintain low price with a relatively high quality.

Target – Product Range

Target is the second largest retailer in the world, behind Walmart, and it has multiple product lines which include clothing, shoes, accessories, baby, home, furniture, patio & garden, electronics, movie music & books, video games, toys, sports

& outdoors, luggage, school & office supplies, beauty, personal care, health, food & beverage, household essentials, pets, part supplies, clearance, weekly deals, gift finder, gift cards, holiday shop. 1530 items in "coffee, tea & cocoa

Target – Product Price & Quality

Target's prices were about 12 percent lower than usual market according to a report, Which Supermarkets Are Best for Price and Quality?, published on Nov.2015. That means, "for a family that spends \$200 per week at the supermarket, a 12 to 24 percent price difference could total \$1,250 to \$2,500 a year".

Target also has a price match guarantee.

Appendix A – Competitive Analysis (2/5)

Details on the Service Comparison

Costco – Product Range

Costco is the largest wholesale company retailer in the world and it has multiple product lines which include media (books, DVDs, music CDs, videotapes and software), apparel, baby products, consumer electronics, beauty products, gourmet food, groceries, health and personal-care items, industrial & scientific supplies, kitchen items, jewelry, watches, lawn and garden items, musical instruments, sporting goods, tools, automotive items and toys & games. 126 items in “Coffee & Tea”

Costco – Product Price & Quality

According to a report studied the price difference between Costco and usual market, products in Costco are sold with a price 20% lower than market.

Kroger – Product Range

Adult Beverage, Books & Movies, Deli & Bakery, Floral, Fresh Produce, Fuel, Health & Beauty, In-store Services, Marketplace, Meat & Seafood, Natural & Organic, No-contract Wireless, Pet-care, Pharmacy

Kroger – Product Price & Quality

Kroger is able to fend off the likes of Wal-Mart Stores Inc. (WMT), Costco Wholesale Corp. (COST), and Amazon.com, Inc. (AMZN) largely through its attention to customer experience,

leverage of fuel centers, and minimal pricing premiums. It also has cultivated its private label products since the 1990s, having grown by more than 60% in the last decade

2) Service Range and Service Quality

Walmart – Service Range

Walmart provides multiple services :Walmart MoneyCenter, Product Care Plans, Trade-In Program, Registries & Lists, Health & Wellness, Photo Services, Box Subscription Programs, Grocery Pickup, Tech Support.

Walmart – Shipping Policy

Any item with a 2-Day shipping logo in Walmart is eligible for the free 2-Day Shipping option if the order is over \$35. For items that do not qualify as free 2-Day Shipping, Walmart offers free 3 - 5 day shipping on orders over \$35. Items must be sold directly by Walmart and not a Marketplace seller. If customers need to return or exchange an item, they can return the item at local Walmart store for an immediate refund or send it back in the mail at no cost.

Walmart – Return Policy

Items purchased at Walmart.com may be returned either to a store or by mail, unless stated otherwise in the list of exceptions

below

Items must be returned in the original manufacturer's packaging. We strongly recommend you keep your packaging for at least the first 90 days after purchase.

Items purchased from a Marketplace retailer cannot be returned to a Walmart store or to Walmart.com; they must be returned to their Marketplace Retailer in accordance with their returns policy. Please email the Marketplace retailer directly.

Items purchased from dealers or resellers and not Walmart.com directly are not eligible for return, refund, or exchange. Walmart provides multiple services :Walmart MoneyCenter, Product Care Plans, Trade-In Program, Registries & Lists, Health & Wellness, Photo Services, Box Subscription Programs, Grocery Pickup, Tech Support.

Walmart – Membership

Before 1/31/17, customers need to be a member of Walmart to get free 2-day delivery.

Appendix A – Competitive Analysis (3/5)

Details on the Service Comparison



Amazon – Service Range

Smart Home Services, Home Theater, House Cleaning, Assembly, Home Improvement, Yard & Outdoors, Computer & Electronics, Business & Commercial. In each category, it provides corresponding service e.g. customers can hire landscaper in Yard & Outdoors. The full-range special service provides 360° care for Amazon's customers, supporting its vision: "To be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online."

Amazon – Shopping Policy

Add at least \$35 of eligible items or \$25 of eligible books (in which case all other eligible items in the order also ship free) to your Shopping Cart. Any item with „FREE Shipping“ messaging on the product detail page that is fulfilled and shipped by Amazon is eligible and contributes to your free shipping order minimum.

Amazon – Return Policy

Items shipped from Amazon.com, including Warehouse Deals, can be returned within 30 days of receipt of shipment in most cases. Some products

have different policies or requirements associated with them.

Amazon – Membership

Amazon maintains a subscription-based business model through Amazon Prime service as well as a small electronics product line. It allows Prime members subscribe certain merchandise and purchase routinely. The membership system encourages purchasing frequency and total price. Statistics shows Prime member spent \$1,500 annually at Amazon, versus \$625 for non-members.⁵⁴ million Amazon Prime members in the U.S. Overall, 47% of the people who shop at Amazon are Prime members.

Target – Service Range

Not applicable.

Target – Shopping Policy

There are two easy ways to qualify for free standard or to-the-door shipping every time you shop Target.com: - Pay for your order with a REDcard™ (Target Credit Card™, Target Debit Card™, Target™Mastercard®) No minimum purchase required. Handling fees may apply.

Valid for orders shipped to all 50 states and APO/FPO addresses. Or Spend \$25 or more using any payment method. (\$25 minimum to qualify is based on cart subtotal and doesn't include gift wrap or tax. Handling fees may apply. Valid for orders shipped to 48 contiguous states and APO/FPO addresses.)

Target – Return Policy

Most unopened items in new condition and returned within 90 days will receive a refund or exchange. Some items have a modified return policy noted on the receipt, Target policy board (refund exceptions), Target.com or in the item department. Items that are opened or damaged or do not have a receipt may be denied a refund or exchange.

Target – Membership

Target RedCard Policy

- Use it at any Target store or online at Target.com.
- Save 5%* on every shopping trip.
- Free standard shipping on Target.com* – no minimum purchase required. Handling fees may apply.
- Get 30 extra days for returns*.
- Manage your card online using Manage My REDcard

Appendix A – Competitive Analysis (4/5)

Details on the Service Comparison



Costco – Service Range

Costco Auto Program Parts & Service Discount
Motorcycles & Powersports Bottled Water Delivery Mortgage
Purchase & Refinancing Identity Protection Payment Pro-
cessing Phone Services Payroll Services QuickBooks® Online
Business & Personal Checks, Forms & Accessories

Costco – Shopping Policy

Most merchandise can be delivered by package carriers such as UPS (United Parcel Service), Federal Express, or USPS (United States Postal Service). These carriers deliver your merchandise directly to your door, etc.

Costco – Return Policy

I On Membership: Costco will cancel and refund customers' membership fee in full at any time if customers' are dissatisfied. On Merchandise: We guarantee customers' satisfaction on every product we sell, and will refund.

Costco – Membership

Costco offers three types of memberships: Executive, Business and Gold Star which different in cost. Executive members enjoy an annual 2% Reward (up to \$750) on qualified Costco purchases and they also receive additional benefits and gre-

ater discounts on many Costco Services (Automobile service, delivery etc) , including Costco Travel (vacation packages). In 2014, the total operating profit of Costco is \$3.2 billion while \$2.4billion of it is brought by the membership fees.

Kroger – Service Range

Deli/Bakery Ordering, Digital Coupons, Gift Card Mall, Join Our Customer Panel, Mobile App, Monthly Newsletter Subscription, ClickList – Pick Up at Store, Receipt Survey Invitation, Recipes, Request a Donation, Shopping List, Store Locator

Kroger – Shopping Policy

Not Applicable.

Kroger – Return Policy

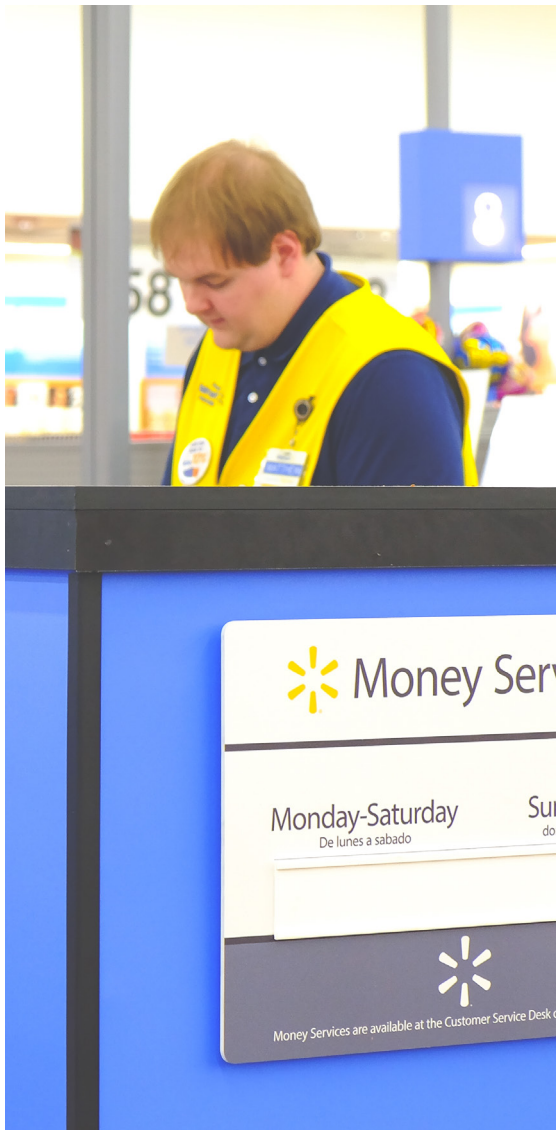
Kroger will accept returns of products in nearly every case. They will offer either a refund, exchange, adjustment or a Kroger gift card. This policy even applies if customers simply do not like a Store Brand item.

Kroger – Membership

Not Applicable.

Appendix A – Competitive Analysis (5/5)

Let's find out about other companies similar to Walmart



3) Employment Policy

Walmart

Walmart has 2.3 million associates worldwide and is investing in their futures through increased training and development, higher pay and better opportunities to build rewarding careers. Statistics shows Walmart has spent \$2.7 billion approximate 2-year investment in higher U.S. hourly wages, education and training. Training and “Pathways” program support career growth. Walmart is positioned to win the future of retail by providing a ladder of opportunity for every member of their team. Over 300,000 associates have been with Walmart for 10 years or more. Full- and part-time associates are eligible for quarterly bonuses based on store performance. Last year, associates earned more than \$550 million in bonuses. Full- and part-time associates are eligible for 15% tuition grants at American Public University. Walmart offers scholarships to associates and their dependents through the Walmart Foundation. Walmart most popular health care plan starts at only \$23.20 per pay period – and includes an up-front contribution of \$250 to \$1,000 to help pay for medical expenses. All

of our eligible associates – both full and part-time -- have affordable options that include no lifetime maximum, eligible preventive care covered at 100% and an up-front contribution to help pay for medical expenses. Walmart continues to pay on average, over 75% of the premium cost and 60% of total health care costs for associates covered under our medical plans.

Amazon

Amazon has 180000+ employees in the USA, 306,800 people in full- and part-time jobs worldwide. However, it has a notoriety for sick brutality and secret history of ruthlessly intimidating workers. A substantial New York Times article published on August 16, 2015, described evidence of an intimidating and confrontational working culture for the company's office workers.

Target

Target offer a wide range of benefits (a pension plan, 401(k) plan, medical and dental plans, disability insurance, paid vacation, tuition reimbursement, various team member assistance) to their employees. The specific benefits varies according to their employment status, compensation level,

date of hire, and length of service.

Costco

Costco owns 143,000 full-time and part-time U.S employees. On average, employees have almost nine years of service with the company. Over 60 percent of U.S employees have five or more years with Costco. The benefits provided to employees are the backpack program to give children food; Employee healthcare benefits.