# **INTRODUCTION**

# **Intention:**

We will examine Walmart financial statements with analytical methods to identify critical problems in the Walmart operations, financial health and strategies. From the examination, we would provide a recommended strategy so that Walmart can implement and evaluate in the long run.

**Company Overview**

Wal-Mart Stores, Inc. (Wal-Mart) is the world’s largest retailer offering a variety of products under grocery, health and wellness, entertainment, hardline, apparel and home categories. The company offers merchandise under various private label and licensed brands including Equate, Everstart, Faded Glory, George, Great Value, Mainstays, Marketside, Holiday Time, Adventure Force, Auto Drive, BlackWeb, My Life As, Onn, Kid Connection, Hyper Tough, Special Kitty, Spring Valley, Way to Celebrate and No Boundaries. Wal-Mart classifies its business operations into Wal-Mart US, Wal-Mart International and Sam’s Club. It implements various programs such as everyday low prices (EDLP) and everyday low cost (EDLC) to offer products at low prices. The company operates a network of owned and leased stores globally. It also retails its merchandise through various e-commerce websites. Wal-Mart is headquartered in Bentonville, Arkansas, the US.

In FY2016, the company generated 74.2% of the total revenue from the US and 25.8% from non-US operations.

**Wal-Mart History**

In 2000, Walmart began our first digital initiative by creating the walmart.com retail website. Since then, our digital presence has continued to grow. As of January 31, 2016, it operated e-commerce websites in 11 countries, providing access to Walmart and our various brands around the world. (Walmart Annual Report 2016)

In 2005, Walmart reported US$312.4 billion in sales, more than 6,200 facilities around the world – including 3,800 stores in the United States and 2,800 elsewhere, employing more than 1.6 million associates. Its U.S. presence grew so rapidly that only small pockets of the country remained more than 60 miles (97 kilometers) from the nearest store. (Zook, Matthew; Graham, Mark, 2006)

In the aftermath of Hurricane Katrina in September 2005, Walmart used its logistics network to organize a rapid response to the disaster, donating US$20 million in cash, 1,500 truckloads of merchandise, food for 100,000 meals, as well as the promise of a job for every one of its displaced workers. (Barbaro, Michael; Gillis, Justin, 2005)

On September 12, 2007, Walmart introduced new advertising with the slogan, "Save money. Live better.", replacing "Always Low Prices, Always", which it had used for the previous 19 years. Global Insight, which conducted the research that supported the ads, found that Walmart's price level reduction resulted in savings for consumers of US$287 billion in 2006, which equated to US$957 per person or US$2,500 per household (up 7.3 percent from the 2004 savings estimate of US$2,329). ("Wal-Mart rolling out new company slogan". Reuters, 2007)

On June 30, 2008, Walmart removed the hyphen from its logo and replaced the star with a Spark symbol that resembles a sunburst, flower, or star. The new logo received mixed reviews from design critics, who questioned whether the new logo was as bold as those of competitors, such as the Target bullseye or as instantly recognizable as the previous company logo, which was used for 18 years. (Armin, 2008)

On March 20, 2009, Walmart announced that it was paying a combined US$933.6 million in bonuses to every full and part-time hourly worker. (Bennett, Coleman & Co., 2009)

On April 23, 2011, the company announced that it was testing its new "Walmart To Go" home delivery system where customers will be able to order specific items offered on their website. The initial test was in San Jose, California, and the company has not yet said whether the delivery system will be rolled out nationwide. ("Wal-Mart tests online grocery delivery in California". Los Angeles Times. April 23, 2016. Retrieved March 7, 2016.)

In June 2014, some Walmart employees went on strike in major U.S. cities demanding higher wages. Sheridan, Patrick M. (June 4, 2014). "Wal-Mart workers strike in major cities". CNN Money. CNN. Archived from the original on January 26, 2015. Retrieved January 26, 2015. "How can you save money if you're not making enough money?"

On January 15, 2016, Walmart announced it would close 269 stores in 2016, affecting 16,000 workers. "Walmart will close 269 stores this year, affecting 16,000 workers". CNN.com. January 16, 2016.

On August 8, 2016, Walmart announced a deal to acquire e-commerce website Jet.com for US$3.3 billion. Hadley Malcolm (August 8, 2016). "Why Walmart is spending $3B for online seller Jet.com". USA Today. Retrieved October 6, 2016.

October 19, 2016, Walmart announced it would partner up with IBM (IBM) and Tsinghua University to track the pork supply chain in China using blockchain. Roberts, Daniel (October 19, 2016). "Walmart to team with IBM (IBM) and Tsinghua University to track the pork supply chain in China using blockchain". Retrieved October 20, 2016.

**Industrial Environment**

The US food retail industry had total revenues of $1,007.3bn in 2014, representing a compound annual growth rate (CAGR) of 3.5% between 2010 and 2014.

Walmart’s top competitor is Costco Wholesale Corporation and eight other companies: Target Corporation, Dollar General Corp., Tesco PLC (ADR), Kroger Co, Companhia Brasile, PriceSmart, Inc., Big Lots, Inc., Fred's, Inc.

In this top ten companies, Walmart gains the largest market share 57.7% followed by Costco 17.2%, Target 7.8%, and others 17.3%.

# **CASE ANALYSIS**

**Question 1:** Identify the firm’s apparent current mission. Then briefly review the firm’s current objectives and strategies. [Please note that you must evaluate the firm’s mission statement.]

**Mission Statement:**

Wal-Mart Stores, Inc. ("Walmart," the "Company" or "we") helps people around the world save money and live better – anytime and anywhere – in retail stores or through our e-commerce and mobile capabilities.

**Mission Statement Evaluation:**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** |
| **Component** | **Customer** | **Product** | **Market** | **Technology** | **Profitability** | **Philosophy** | **Self-concept** | **Public image** | **Employee** |
| **Wal-Mart**  **Mission Statement** | YES | NO | YES | YES | NO | YES | YES | YES | NO |

**Company Objectives:**

In 2016, Wal-Mart President and CEO Doug McMillon addressed four key objectives to focus on. They were: (1) Make every day easier for busy families; (2) Operate with discipline, including a continued focus on expense management; (3) Be the most trusted retailer; and (4) Deliver results and position the company to win. (Walmart Annual Report 2016)

**Company Strategies:**

Integrated cost leadership differentiation:

Walmart strategy is to lead on price, differentiate on access, be competitive on assortment and deliver a great experience. Leading on price is designed to earn the trust of our customers every day by providing a broad assortment of quality merchandise and services at everyday low prices ("EDLP"). EDLP is Walmart’s pricing philosophy under which they price items at a low price every day so our customers trust that our prices will not change under frequent promotional activity. Price leadership is core to who they are. Everyday low cost ("EDLC") is their commitment to control expenses so those cost savings can be passed along to their customers. Their digital and physical presence provides customers access to our broad assortment anytime and anywhere. They strive to give their customers and members a great digital and physical shopping experience. (Walmart Annual Report 2016)

Horizontal diversification:

While brand name merchandise accounts for a majority of the sales, Walmart has both leveraged U.S. private brands and developed market specific private brands to serve their customers with high quality, lower priced items. Along with the private brands marketed globally, such as "Equate," "George," "Great Value," "Holiday Time," "Hometrends," "Mainstays," "Ol' Roy" and "Parent's Choice," our international markets have developed market specific brands including "Aurrera," "Cambridge," "Chosen by You," "Extra Special" and "Smart Price." In addition, they have developed relationships with regional and local suppliers in each market to ensure reliable sources of quality merchandise that is equal to national brands at low prices. (Walmart Annual Report 2016)

**Wal-Mart Financial Conditions**

Walmart financial statements showed the current financial condition. From the historical records, the percent change can be calculated between 2014 and 2016, hence, the performance of Walmart’s can be evaluated with current trends in five categories - liquidity ratios, liquidity ratios, asset utilization ratios, leverage ratios, profitability ratios, and market ratios.

|  |  |  |
| --- | --- | --- |
|  | **Historical Financial Evaluation** | **Competitive Evaluation** |
| **Liquidity Ratios** | Positive | Weakness |
| **Assets Utilization** | Positive | Weakness |
| **Debt Management** | Neutral | Strength |
| **Profitability Ratios** | Negative | Strength |
| **Market Ratios** | Positive | Weakness |

**Historical Financial Analysis:**

Liquidity ratios

The current ratio and the quick ratio have shown positive trends between FY2014 and FY2016, even though we saw a recent drop 5% in the current asset and 1% in the current liabilities. Notably, the quick ratio is well-managed to fluctuate between 0.28 and 0.24 in the period.

Asset utilization ratios

During FY2014 and FY2016, the accounts receivable turnover increases 20% while the day sales outstanding decreases 17%. The efficiency ratios indicate a positive trend.

Leverage ratios

The times earning interest (TIE) decreases 19% between FY2014 and FY2016, hence, this interest coverage ratio indicates a negative impact from the risk management. However, the debt ratio with 4% decrease shows a good signal from Walmart to reduce its long-term debt during the period. As a result, the leverage ratios are neutral.

Profitability ratios

Even though the gross margin increases 1% between FY2014 and FY2016, the operating margin, the profit margin, and the return on equity (ROE) decrease 10% simultaneously. In general, the growth is negative during the period.

Market ratios

During FY2014 and FY2016, the price per earnings ratio (P/E) increases 10% which shows positive capital gain from the stock market.

**Competitor Financial Analysis:**

The Costco Wholesale Corporation is the key competitor to Wal-Mart following by Target Corporation. We would discuss about Walmart financial condition compared to Costco in the five categories.

Liquidity ratios

The quick ratio of Walmart is 39% less than Costco’s, hence, the liquidity ratios of Walmart are weak compared to the key competitor.

Asset utilization ratios

The efficiency ratios show a lot of weaknesses such as inventory Turnover (29% less) accounts receivable turnover (10% less), fixed asset turnover (37% less), and total assets turnover (53% less) compared to the Costco’s. As a whole, Walmart is weaker than Costco in the asset utilization.

Leverage ratios

Walmart has strength in debt management which has debt ratio 35%, and interest coverage ratio 135% lesser than the Costco’s.

Profitability ratios

Walmart has strength in which the gross margin 89%, the operating margin 62%, and the profit margin 45% greater than the Costco’s. However, it’s weaker in basic earnings power 24%, and return on assets 32% than the Costco’s. Due to the strength in debt management, it helps Walmart to gain strength over Costco.

Market ratios

The price per earnings (P/E) of Walmart’s is 40% less than the Costco’s, therefore, Walmart is weak compared to Costco.

**Company Valuation**

|  |  |  |  |
| --- | --- | --- | --- |
| Company Valuation (million) | Wal-Mart Stores, Inc. | Costco Wholesale Corporation | Target Corporation |
| Stockholders' Equity - (Goodwill + Intangibles) | $60,785 | $131,789 | $13,586 |
| Net Income x 5 | $75,400 | $12,810 | $24,835 |
| (Share Price/EPS) x Net Income | $242,947 | $69,151 | $33,844 |
| Number of Shares Outstanding x Share Price | $242,947 | $69,151 | $33,844 |
| METHOD AVERAGE | **$155,520** | **$70,725** | **$26,527** |

As a whole, Walmart’s valuation is 2.2 times larger than Costco’s valuation, and 5.9 times larger than Target’s valuation using the method average. In short, after all the financial analysis were taken into account, Wal-Mart financial stability was sustainable by the top management between FY14 and FY16.

**Recommendation:**

We suggest Walmart to improve the asset utilization, thus, increasing liquidity. For better understanding of Wal-Mart business, we will move on to evaluate external and internal factors in next section.

**Overall Financial Health or Evaluation:**

**Q3**

**External Opportunities and Threats**

Opportunities are the factors which when utilized properly, may lead to an expansion of the venture as well as its success in the market (Hollensen, 2015). Walmart has several opportunities which when it exploits, it will lead to a wider customer base, a greater profit margin among others. The primary opportunities that the company should dwell-on are the improvement in customer services, diversification of their services, expansion in developing countries, cutting back on costs and improvement in quality standards (Smithson, 2017, January). On the other hand, threats are factors that may be posted by a competitor or any external influence that if not taken care of in an early stage, may lead to the company losing a portion of its market or even failing terribly (Hollensen, 2015). For such reasons, we would demonstrate

**General Environment**

From U.S. in-depth PESTLE insights (Source: Marketline, 2015), we have a broader societal dimensions that influence an industry and its firms as follows:

1. Demographic Segment:

Christianity is the major religion of the US population as of 2007, with Protestants constituting 51.3%, Roman Catholics (23.9%), other or unspecified (8.8%) [includes Mormons (1.7%), other Christians (1.6%), Jews constitute (1.7%), Buddhists (0.7%) and Muslims (0.6%)], unaffiliated (12.1%) and those professing no belief at 4%. According to the CIA – The World Factbook, as of 2007, the country’s ethnic groups include whites (constituting 79.96% of the population), followed by blacks (12.85%), Asians (4.43%), and others (2.76%) as of 2007.

1. Economic Segment:

The American population enjoys a high standard of living, which is reflected in the high ranking (fifth among 187 countries) secured by the country in the 2013 Human Development Index published by the United Nations Development Programme (UNDP). The US industrial sector accounted for 20.35% of the nation’s GDP in 2014. Industrial output increased from $2.97 trillion in 2010 to $3.57 trillion in 2014. The US was the world's largest manufacturing country until 2010, when it was surpassed by China.

1. Political/Legal Segment:

The Environmental Protection Agency (EPA) is the leading federal government agency, with a mandate to protect human health and the environment. Each state also has its own regulating agency. Since the 1960s, the US government has recognized protection of the environment as an important agenda, first drafting the Clean Air Act in 1963. Although the performance of the country has improved in terms of toxic and greenhouse gas emissions, it has remained an underperformer compared to leading industrial countries. Democrats and Republicans were able to sort out budget issues after the 16-day government shutdown in October 2013 resulting in the smooth passage of the budget agreement in December 2013 and increase in debt ceiling in February 2014; however, differences in political ideology have stalled reforms in the country.

1. SocioCultural Segment:

The country has a vast proportion of highly educated population, as around 43% of the adult population in the 25–64 age group have attained tertiary education, as of 2012, a rate exceeded only by Canada (53%), Israel (46%), Japan (47%) and the Russian Federation (53%) for this age group.

1. Technological Segment:

According to MarketLine, the US spent 2.8% of its GDP on research and development (R&D) expenditure in 2013, demonstrating its commitment to innovation. However, this is less than that of other developed nations such as Japan, which spends nearly 3.4% of its GDP on R&D. The number of patents received by US from the United States Patent and Trademark Office (USPTO) went up from 95,038 in 2009 to 1,58,713 in 2014. On a per million capita basis, the country received 497.7 patents from the USPTO which was higher than that of Japan (441.2), Republic of Korea (360.2), Switzerland (316.3) and Germany (216.9).

1. Global Segment:

Successive governments have played an important role in industry, having advanced US business goals in international trade within their policies. The federal government aims to negotiate lower tariffs and remove other barriers to US imports while also protecting US companies from unfair foreign competition. Furthermore, state governments promote the export of goods produced by industries in their respective regions. Industrial growth averaged 4.66% during 2010–14 and industrial output is expected to grow by 4.9% in 2015.

**Opportunities**

The online retailing is growing quickly (CAGR: 14.8%, 2015) when more virtual retail shops can be owned via accessing a simple sign-up process of services – business services companies such as Amazon (CAGR: 22%, FY15-20), eBay, or Alibaba (CAGR: 45%, FY15-20). International expansion with horizontal diversification through developing the private brands globally is also growing with the current foreign direct investment policy when globalization movement has been actively promoted in recent years. In United States, the retail market U.S. is expanding at a compound annual growth rate (CAGR: 3.2%), especially, the rapid demand for organic food by the American (CAGR: 11.5%).

**Threats**

Walmart also faces a few threats mostly from its competitors. The primary ones are the aggressive competition from other businesses, the evolving customer profiles, small-scale online selling, a general rise in living costs as well as unreliable suppliers (Smithson, 2017, January). The aggressiveness of the competitors in providing quality products at low prices in cases of eBay and Amazon poses a great threat to Walmart. Walmart’s competitors are also very aggressive when it comes to retaining their customers. These competitors provide excellent customer services and ensure that they do everything in their power to attract more customers. In addition, the customer profiles are constantly evolving.

From the U.S. standard of living, the manpower cost is on the rise through minimum wage appeal and healthcare cost. Besides that, the foreign direct investment through international capital expenditure has to face the foreign exchange risk.

**Firm’s strategic group**

Key competitor #1: Costco Wholesale Corporation (CAGR: 15%, FY10-15)

Overview

Costco Wholesale Corporation (Costco or 'the company') operates an international chain of membership warehouses. The company offers a limited selection of nationally branded and private-label products across a wide range of merchandise categories at lower prices. Costco has operations in the US, Puerto Rico, Canada, the UK, Korea, Taiwan, Japan, Mexico, Spain and Australia. The company is headquartered in Issaquah, Washington and employed about 205,000 people, of whom 88,000 were part- time employees, as of August 30, 2015.

The company recorded revenues of $116,073 million in FY2016. This number is 2.12% greater than in FY2015.

Strategies

Costco strategy is to provide our members with a broad range of high-quality merchandise at prices we believe are consistently lower than elsewhere. We seek to limit specific items in each product line to fast-selling models, sizes, and colors. We carry an average of approximately 3,700 active stock keeping units (SKUs) per warehouse in our core warehouse business, significantly less than other broad-line retailers. Many consumable products are offered for sale in case, carton, or multiple-pack quantities only.

In keeping with our policy of member satisfaction, we generally accept returns of merchandise. On certain electronic items, we typically have a 90-day return policy and provide, free of charge, technical support services, as well as an extended warranty. Additional third-party warranty coverage is sold on certain electronic items. (Form 10-K Annual Report 2016)

|  |  |
| --- | --- |
| Strength | Weakness |
| * Price positioning leads to increased customer loyalty * Low cost operating model * Sustainability initiatives | * Limited product choice * Overdependence on the US and Canadian markets * Product recall due to E. coli outbreak |

Key competitor #2: Target Corporation (CAGR: 16.1%, FY10-13)

Overview

Target Corporation (Target or 'the company') is one of the largest retailers in the US. The company offers household essentials, apparel and accessories, hardline, food and pet supplies, and home furnishings and decor at discounted prices. Target primarily operates in the US. It is headquartered in Minneapolis, Minnesota and employed about 366,000 people as of February 1, 2014.

The company recorded revenues of 69,495 million in FY2016 which is 5.8% less than the revenues in FY2015.

Strategies

Target competes with traditional and internet retailers, including off-price general merchandise retailers, apparel retailers, wholesale clubs, category specific retailers, drug stores, supermarkets, and other forms of retail commerce. Our ability to positively differentiate ourselves from other retailers and provide a compelling value proposition largely determine our competitive position within the retail industry.

Intellectual Property: the brand image is a critical element of our business strategy. Our principal trademarks, including Target, Super Target and our "Bullseye Design," have been registered with the U.S. Patent and Trademark Office. We also seek to obtain and preserve intellectual property protection for our owned brands.

|  |  |
| --- | --- |
| Strengths | Weaknesses |
| * Well established presence in the US Differentiation through strong merchandise assortments * Price positioning adjusted to consumer behavior and reinforced through value marketing message * REDcard rewards loyalty program | * Failed business partnership in the electronics business * Data breach instances could erode customer confidence |

**Competitive Profile Matrix (CPM):**

Total scores show that the high to low scores with Costco (3.60), Walmart (2.90), and Target (2.80). Through all twelve factors, Walmart is considered to be weak compared to Costco and competitive to Target.

**External Factors Evaluation summary:**

Walmart has a competitive advantage to enhance the operation matching the opportunities with 3.0/4.0 EFE score.

**Q4**

**Internal Strengths and Weaknesses**

In a business or market platform, strengths can show how competitive advantage a company be through evaluating its financial health on which the venture capital can based, and mostly, the competitors can’t compete to the company. When identified and utilized well can lead to numerous gains against its competitors (Hollensen, 2015). Walmart takes pride in several strengths when it can utilize to implement any projects in the future. Weaknesses can easily have negative affect to the business if not taken care of, which mostly include internal factors (Hollensen, 2015).

**Strengths**

The primary strength that Walmart has over its competitors is market positioning (57.7% Top 10 Market Capitalization). Walmart are operating with an efficient global supply chain and customer concentric-based, a wide variety of product categories as well as dedicated human resource (Smithson, 2017, January). Walmart services in different countries around the world from the most developed ones to the developing countries with a wide customer diversity (McGrath, 2013). Walmart has become the largest retail and the most successful venture capital in the world.

Walmart’s global supply chain helps to ensure that all its retail stores are well stocked (Jawad, 2017). The high efficiency of Walmart’s supply chain (39% Top 10 Global Market Revenue Generation) enables it to detect and prospect the demand of certain goods and services and supply them to the stores in good time (Jawad, 2017). This gives the customer a variety of purchasing choices, in other word, Walmart is the market leader with large scale and wide product assortment. Walmart offers a wide variety of product that lowers the chances of customers leaving a retail store without getting what they intended. The company also retains a large customer-base loyalty which is an acute determiner of the success of any venture in the market because it is a customer-centric business operation.

**Weaknesses**

The primary weakness of Walmart is the thin profit margin that reflects in its profitability ratios with negative trend, besides, Walmart business operation philosophy of “Every Day Low Price” is popular in local and regional stores and its assortments don’t guarantee that customers can find what they want in the stores (Smithson, 2017, January). The cause of thin profit margin can be the availability of substitutes amongst products that Walmart carries in-store with different suppliers and prices. In other word, the customer learning curve is short to realize the price differences amongst product competitors.

Walmart is involved in a number of legal proceedings. The company has made accruals with respect to these matters that caused a liability is not probable or the amount cannot be reasonably estimated and therefore an accrual has not been made. After the matters are settled, the accrual will be made.

The Company is a defendant in Braun/Hummel v. Wal-Mart Stores, Inc., a class-action lawsuit commenced in March 2002 in the Court of Common Pleas in Philadelphia, Pennsylvania. The plaintiffs allege that the Company failed to pay class members for all hours worked and prevented class members from taking their full meal and rest breaks. On October 13, 2006, a jury awarded back-pay damages to the plaintiffs of approximately $78 million on their claims for off-the-clock work and missed rest breaks. (Form Exhibit 13)

**Internal Factors Evaluation (IFE) summary:**

Walmart has 2.7/4.0 IFE score which is above average, so the weaknesses are clear to the investors due to the low interest coverage ratio (9.77) in FY 2016 showing negative trend.

Question 5:

**Mission and Objective Revisions:**

The current mission statement has fulfilled the relevant activities and objectives of the Wal-Mart’s. Furthermore, it also matches our recommended strategies which would be discussed in the following.

**Alternative Solutions or Strategies:**

**SWOT matrix summary:**

We had generated twelve strategies that Walmart can implement to take the opportunities in their hands and diminish or neutralize parts of the threats through their strengths and weaknesses. From the matrix, three strategies showed the most matches between the four elements, hence, we have completed the Quantitative Strategic Planning Matrix (QSPM) for the score comparisons.

**Strategy 1:** Autopay Mobile App (Intensive strategy – Market development)

QSPM Score: 5.30/8.0

S-O:

S-T:

W-T:

**Strategy 2:** QR coupon code (Intensive strategy – Market penetration)

QSPM Score: 4.85/8.0

S-O:

W-O:

S-T:

W-T:

**Strategy3:** Organic supply acquisition (Integration strategy – Backward integration)

QSPM Score: 3.15/8.0

S-O:

**Grand Strategy Matrix summary:**

Rapid growth – Strong competitive position:

**APPENDIX B: STRATEGIC MATRICES**

**SWOT MATRIX**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Strengths** | | | **Weaknesses** | | |
|  |  | 1 | Segment performance (39% Top 10 Global Market Revenue) | | 1 | Liquidity position | |
|  | **SWOT Matrix** | 2 | Market position (57.7% Top 10 Market Capitalization) | | 2 | Legal proceedings | |
|  |  | 3 | Market leader with large scale and wide product assortment | |  | Litigations affect labor relations adversely | |
|  | **Wal-Mart Stores, Inc.**  **(U.S.: WMT)  Strategy Generation Fiscal Year 2017** | 4 | Low cost leads low price | |  | Allegations related to violation of anti-corruption laws | |
|  | 5 | International expansion leads growth | |  |  |  |
|  | 6 | Customer-centric business operation | |  |  |  |
|  |  | 7 | Inventory Turnover Ratio | |  |  |  |
|  | **Opportunities** |  |  |  |  |  |  |
| 1 | Online retailing:  More people ordered via e-commerce websites | 1 | raising club membership benefits (cash-back or discount) (O2, S6) | | 1 | enhancing customer benefits (i.e. thrive-through shopping) in U.S.  (O2, W1, W2) | |
| 2 | Expanding retail market in U.S. (CAGR: 3.2%) | 2 | offering fresh seafood sector within existence stores in U.S.  (O2, S1, S2, S6, S7) | | 2 | mailing out imprinted coupon on local newspapers.  (O2, O4, W1) | |
| 3 | Rising organic foods demand by American (CAGR: 11.5%) | 3 | **acquiring suppliers of organic food in U.S.  (O2, O3, S1, S2, S3, S4, S6, S7)** | | 3 | **using QR code as coupon accessibility uniquely for employee.  (O1, O2, O4, W1, W2)** | |
| 4 | International expansion | 4 | constructing new wholesale distribution center in global  (O4, S2, S3, S4, S5, S7) | | 4 | employees has better benefits (premium discount or cash reward) in U.S. (O2, W2) | |
|  |  | 5 | *opening more grocery stores in global  (O4, S1, S2, S3, S4, S5, S6, S7)* | |  |  |  |
|  |  | 6 | **forming partnership or joint resources with local competitors in global.  (O1, O3, S1, S3, S4, S5, S6, S7)** | |  |  |  |
|  |  | 7 | **investing in new auto-pay mobile app across platforms.  (O1, O2, O4, S1, S2, S3, S4, S5, S6, S7)** | |  |  |  |
|  |  | 8 | **contracting with more global distributors  (O1, O2, O4, S1, S2, S3, S4, S5, S6, S7)** | |  |  |  |
|  |  | 9 | **using QR code as coupon accessibility  (O1, O2, O4, S1, S2, S3, S4, S5, S6, S7)** | |  |  |  |
|  |  | 10 | enhancing customer benefits (i.e. thrive-through shopping) in U.S.  (O2, S1, S2, S3, S6, S7) | |  |  |  |
|  | **Threats** |  |  |  |  |  |  |
| 1 | Foreign Exchange Risks | 1 | *relocating manufacturing to fast-growing developing countries.  (T1, T2, T3, S1, S2, S3, S4, S5, S7)* | | 1 | cut-off top management benefits to increase liquidity.  (T3, W1, W2) | |
| 2 | Intense Competition: E-commerce channels and related competitors | 2 | forming partnership or joint resources with local competitors in global.  (T1, T2, S1, S2, S3, S4, S5, S7) | | 2 | employees have better access to benefits (i.e. premium discount or cash reward) (T3, W2) | |
| 3 | Increasing Manpower Cost:  Rising wage and high healthcare costs | 3 | **constructing new wholesale distribution center in global.  (T2, T3, S1, S2, S3, S4, S5, S6, S7)** | | 3 | **investing in new auto-pay mobile app for employees. (T1, T2, T3, W1)** | |
|  |  | 4 | **investing in new auto-pay mobile app across platforms.  (T1, T2, T3, S1, S2, S3, S4, S5, S6, S7)** | | 4 | **using QR code as coupon accessibility for employees. (T3, W1, W2)** | |
|  |  | 5 | **contracting with more global distributors.  (T1, T2, T3, S1, S2, S3, S4, S5, S7)** | |  |  |  |
|  |  | 6 | **using QR code as coupon accessibility with unique features for employees. (T2, S1, S2, S3, S4, S5, S6, S7)** | |  |  |  |