Lowest cost
• Always low prices - Always
• Sales per square foot $440 (vs. $249 Target, $221 K-Mart)
• Disintermediation - dealing with ultimate manufacturers (3-4% savings)
• Lowest prices (2-4% below competitors on average)
• Cross Docking - from inbound vehicles to store-bound vehicles
• Unbranded suppliers and private labels
• Single price negotiation with suppliers
• U.S. largest importer from China
• Unique hub-and-spoke distribution system (2-3% COGS vs. 4-5% others)
• Highest inventory turns (7.6 vs. 6.1 Target and 5.4 K-Mart)
• Lowest advertising to sales ratio (.3% vs. 2.2 Target, 1.2 K-Mart)
• Scan N’Pay
• RFID (radio frequency identification) reduces uncrating and pilferage (6% cost savings)
• Suppliers absorb cost of Rollback (promotion discounts)
• Sales per employee ($175,000 vs. $144,000 Target, $145 K-Mart

Dominant Exchange
• Retail Link ($4B to develop)
• Vendor partnership
• Private satellite network
• RFID
• UPC scanner and check-out counters
• MCAPS

Restricted access
• Initially open stores in isolated rural areas with 5000-25000 people (“in towns that everybody else was ignoring”)
• Pushing from inside out - never jump and then backfill
• Concentration in small towns and rural areas

Horizontal breadth
• One stop shopping
• Full format scope (Discount Stores, Sam’s Clubs, Supercenters, Neighborhood Market)
• Full line grocery store, specialty departments, and general merchandizing
• Hard goods, soft goods, and consumables
• Nationally branded and private labels

Customer engagement
• “People Greeter”
• Satisfaction guaranteed or your money back - no questions asked
• EDLP image supported by advertising
• Communities involvement (local charities, scholarships)
• 24 hour store opened
• Walmart.com

Customer integration
• Joint forecasting, planning, replenishment and shipping with suppliers
• Optimizing merchandise mix
• “Best retailer to do business with”
• Automated distribution centers linked to stores and suppliers

Differentiation
• Unique merchandising by store
• MCAPS (Modular Category Assortment Planning System)
• Tailoring product assortments to local demographics

2002. Wal-Mart is Fortune’s Most Admired Company and #1 in Fortune 500 (replaced ExxonMobil) - The Most Respected.