

Walmart Case Supplement: Some Relevant Headlines

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BUSINESS | LOGISTICS REPORT

Guest Voices: In-Store Fulfillment is No Defense Against Amazon

In a commentary, MIT's Yossi Sheffi writes that e-commerce strategies forged by traditional retailers have critical flaws as storefronts try to meet the online-marketplace cost advantage



So-called click-and-collect strategies add new work tasks at brick-and-mortar stores where companies have been moving to reduce jobs with greater automation. PHOTO: BLOOMBERG NEWS

By YOSSIE SHEFFI

July 27, 2016 12:11 p.m. ET

Facing a growing threat from Amazon.com Inc. and its e-commerce imitators, many traditional retailers and supermarkets are trying to turn a weakness—their costly brick-and-mortar stores—into a competitive advantage. The so-called omnichannel solution envisions those outlets operating both as familiar sites for merchandise display and as fulfillment nodes for online sales.

↑ Many issues with in-store fulfillment

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BUSINESS

As Web Sales Spike, Retailers Scramble to Ship From Stores

Companies try to keep a balance between online promotions and ability to fulfill orders quickly



Toys 'R' Us has prepared nearly its entire chain of 670 stores to help ship web orders during the holidays. A Black Friday shopper at a Toys 'R' Us in Fairfax, Va. PHOTO: PAUL J. RICHARDS/AGENCE FRANCE-PRESSE/GETTY IMAGES

By PAUL ZIOBRO

Updated Dec. 1, 2016 12:13 p.m. ET

Toys "R" Us Inc. is trying to avoid a repeat of last Christmas, when it had to deploy an unusual step: "sales prevention."

↑ Sales prevention!

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BUSINESS

Wal-Mart Shuffles Executive Ranks, Blending Web and Store Duties

The moves mark a more comprehensive remake of the retailer's e-commerce leadership structure



Wal-Mart Stores Inc. reworked its e-commerce leadership structure, giving responsibility for both online and in-store operations to several top executives. PHOTO: AGENCE FRANCE-PRESSE/GETTY IMAGES

By SARAH NASSAUER

Updated Jan. 13, 2017 4:16 p.m. ET

Wal-Mart Stores Inc. is shuffling its leadership ranks five months after buying Jet.com Inc., giving several top executives responsibility for both online and in-store operations.

↑ Jet.com execs take leadership at Walmart.com

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Wal-Mart's Big Box of Trouble

Warren Buffett nearly bailing out of Wal-Mart Stores Inc. only adds to the big-box chain's list of concerns.

Mr. Buffett's Berkshire Hathaway dumped \$900 million worth of Wal-Mart stock at the end of 2016, the fourth consecutive quarter it has pared its position, according to federal filings. The move supports the concerns Mr. Buffett and others have voiced about the world's largest retailer and its uphill battle against online behemoth Amazon.com Inc.

Amazon "is a big, big force and it has already disrupted plenty of people and it will disrupt more," Mr. Buffett said last year at Berkshire's annual shareholders meeting. And while Wal-Mart has taken substantial steps to improve its e-commerce operations, Tuesday's earnings report for the key holiday season will likely show just how much further it still has to go.

Analysts polled by FactSet estimate fiscal fourth-quarter earnings of \$1.29 a share, down from \$1.49 a year earlier. Revenue for the period ending in January is expected to have risen 1% to \$131.1 billion.

The good news is that Wal-Mart finally is refining its approach to the Amazon threat. Last month it wisely dropped a program that offered customers free two-day shipping for a \$49 annual membership free, electing instead to offer free shipping on more items.

Such a decision, which isn't cheap, comes after Wal-Mart bought Jet.com last year for \$3.3 billion, the largest purchase ever of an e-commerce startup. Jet.com helped boost Wal-Mart's e-commerce sales by 21% in the third quarter. And just last week, Wal-Mart bought outdoor internet retailer Moosejaw for \$51 million, its second small-scale e-commerce purchase of 2017.

W-M acquired e-com
Jet.com and Moosejaw



Buffett selling W-M stock on
concerns about W-M ability to
compete with Amazon

But Amazon e-com
unit is not profitable



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Amazon to Shut Down Unprofitable Quidsi Division

Seattle-based ecommerce giant spent 7 years to bolster operations of company behind Diapers.com and Soap.com



Amazon boxes are seen stacked for delivery in the Manhattan borough of New York City. Amazon will shut down its Quidsi division because it hasn't been able to bring it to profitability. Mike Segar/Reuters PHOTO: MIKE SEGAR/REUTERS