

# *Analysis of Walmart's Marketing Strategy Based on STP Theory*

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**Abstract:** Walmart is a retail industry leader, and its growth and success have given the company a measure of reference significance. Analyzing the retail industry's current market condition, resolving the challenge, and providing strategic reference for other businesses may all be accomplished by studying Walmart's approach to marketing. This study examines the following aspects of Walmart's marketing strategy through literature review and analysis method: market segmentation, market target, and market positioning, with an eye on the theory underlying each of them. The research concluded that Walmart used population, geography, and the purchasing power of different consumer groups to divide the market into distinct segments, and that the company used both a generic marketing strategy and a more targeted marketing strategy to meet customer demand for its low prices and convenient locations. Walmart has made tactical tweaks to the aforementioned marketing methods to account for the ever-shifting nature of the market. In order to pursue the sustainable development of businesses, the paper adopts a more complex and humanized segmentation principle, modifies the market target strategy and market positioning, and upgrades the positioning to energy conservation and environmental protection.

**Keywords:** Walmart, marketing strategy, market segmentation, market positioning

## 1. Introduction

For the eighth year in a row, Walmart has topped the Fortune Global 500 list, which was just revealed for the year 2022. Walmart's success as a global retail giant has propelled it to the position of highest annual revenue in the globe. As the Internet continues to expand at a dizzying rate, so does the global economy. Since Walmart is a market leader, studying how it promotes its products can shed light on the challenges facing the retail sector and suggest avenues for growth, providing useful information that can inform the business practices of other retailers and businesses in related fields.

Businesses can benefit greatly from the clear and systematic determination of marketing plan implementation made possible by the use of the insights provided by the Theory of Segmenting, Targeting, and Positioning (STP). The theory's ultimate goal is to clarify the business's positioning in the market; it does so not by narrowing attention to a single market, but by breaking down the multi-level market into multiple sub-markets based on criteria like geography, population, and demand; from there, the theory aims to help businesses establish varying levels of market objectives based on the current state and future potential of each sub-market. For sustained business growth, it is essential to determine where your company stands in each relevant niche market, develop and

implement strategies to reach those customers, and adapt those plans as necessary to reflect the market and technological climate.

Analysis of Wal-Mart's marketing strategy and growth variables are included in the current literature. As an illustration, Ramon Corona [1] primarily compared the marketing effectiveness of Costco and Walmart as a corporation. According to the research, companies' marketing prowess determines how much of a profit they can make from their market share. Wal-Mart's marketing approach and the effect of the company's enormous success have been the subject of research by James J. Donegan, Michele W. Ganon [2-3], and others. Wal-Mart's success has been researched extensively, primarily by Rudresh Pandey, Dillip D, Kajal Vashishth [4], and others. After evaluating these works, however, it becomes clear that there is a dearth of study using STP theory to examine Wal-Mart's marketing approach. Therefore, this paper utilizes STP theory as a jumping-off point to examine Walmart's segmentation, targeting, and positioning in the marketplace.

## **2. Analysis of marketing strategy of Walmart based on STP theory**

### **2.1. Marketing strategy from the perspective of market segmentation**

Walmart established its shopping plazas, Sam's Club warehouses, traditional Walmart stores, and Walmart neighborhood markets to cater to the varying needs and purchasing power of customers in different geographic areas. Both Walmart and Sam's Club are located in a sizable plaza and stock a diverse selection of products that can be used to supplement a person's routine grocery run. Due to their limited square footage and focus on providing for customers' immediate, often urgent, requirements, retailers like Walmart and neighborhood convenience marts provide mostly standard fare and a limited selection of specialty items. Having a convenience store located within or near a neighborhood is helpful for residents because it cuts down on travel time when meeting basic needs.

The consumer base that a business must contend with is massive, and the market can be segmented into many niches based on specific requirements. According to Ailawadi and Farris, "segmenting consumers not just based on their preferences for different channels, but also on the attributes or reasons for those preferences, is important." Suppliers can benefit from segmentation schemes that reveal the relevance of convenience and price qualities and how they correlate in different categories in order to gain information into how they should manage the availability, presentation, and pricing of their brands online. They can also help stores figure out how to differentiate themselves in order to attract key demographics while keeping expenses down in areas that are less relevant to those demographics [5]. This is one of the best methods for understanding buyer habits and developing advertising plans. To ensure that Walmart can accommodate shoppers of all ages, the store's clientele can be segmented into four distinct age groups, each with its own set of shopping preferences. Occasionally holding events like ultra-low price membership recharge activities in Sam's Club or special children's products promotion activities on Children's Day can encourage the growth of the sub-market and the number of customers who frequent the store. In recent years, Walmart has made progress in these areas, but more needs to be done.

### **2.2. Marketing strategy from the perspective of market target**

Walmart is able to successfully cater to a wide variety of clientele thanks to the company's use of market segmentation. When a market is segmented, the resulting submarkets have distinct requirements, and the business can flourish over time by tailoring its offerings to meet those demands.

Walmart has two primary methods of targeted advertising. The first is a pricing and promotion plan that offers little differentiation. Walmart has always set the tone, and has even shouted out the slogan, "Everyday low price," in all Walmart supermarkets from the beginning of the deployment of

this slogan, to guarantee that customers always receive the best possible price on the market. The second is the use of a niche market approach to advertising [6]. There are a few Walmart private labels available, including Great Value, Marketside, and George. Expanding brand categories mean that more and more of Walmart's exclusive products may now be found exclusively at Walmart supermarkets.

### **2.3. Marketing strategy from the perspective of market positioning**

Any Walmart location, from a shopping center to a neighborhood store, is designed with the customer in mind. The majority of the packaging is miniature. In particular, shopping malls are better suited for frequent shopping since they have a wider range of products that cover nearly every element of people's life. The Sam's Club is a membership-only warehouse store that requires annual dues from its customers, who tend to be more affluent. Sam's Club places a premium on providing a pleasant shopping experience for its members; the majority of its products come in bulky containers and are therefore best suited for a warehouse club's ability to serve the demands of its consumers over the long term. Sam's Club is able to maintain a healthy, long-term connection with its clients because it can guarantee the high quality of its products, offer prices that are more in line with their expectations, and provide discounts on bulk purchases. These four types of grocery stores serve the grocery needs of the great majority of city dwellers and are continuously optimized for their target demographics.

Walmart's rock-bottom prices are one of the store's main draws. We may build trust with shoppers and a lasting connection with vendors by focusing on short-term gains rather than long-term gains when pricing and selling products in our supermarket.

As the Internet and society have evolved, online shopping and door-to-door delivery have made life more convenient for consumers, while also having an effect on traditional brick-and-mortar stores. Walmart's door-to-door delivery and pick-up services cater to this demographic of shoppers so that the retailer can meet their shopping requirements. In a survey conducted by Rupinder P. Jindal, Dinesh K. Gauri, and others, 87% of respondents said they frequently shopped at Walmart stores; 37% said they shop on Walmart.com and have it delivered to their home on a regular basis; and 35% said they shop recurringly at Walmart pickup locations [7]. After updating its service, Walmart attracted customers from other platforms that provide home delivery services, strengthening its market competitiveness in new channels. It's clear that the new channel gives Walmart a shot in the arm when it comes to their bottom line.

Convenience is another key component of Walmart's success. Companies have perfected warehouse management procedures to save money on logistics; centralized procurement of commodities allows for storage of huge volumes of items at reduced prices. Walmart may improve the effectiveness of services like home delivery and parking by cutting costs without passing the savings on to customers in the form of higher prices.

## **3. Discussion**

Walmart under increasing pressure to keep up with the competition in the retail industry as the market expands and becomes more saturated, especially in light of Carrefour's meteoric rise, which has put the retailer at a competitive disadvantage [8]. Meanwhile, Walmart's discontent with its suppliers stems from the latter's inability to forego the business brought in by Walmart's massive customer base in exchange for a smaller cut of the profits from each order's worth of goods. Walmart's pricing strategy is overly focused on low-cost marketing; while low prices are a powerful customer acquisition tool, relying on this tactic exclusively has led to some problems for the company, including a homogenized corporate image and an incomplete reflection of the brand's true value. In

addition, Walmart still primarily relies on offline sales, and the corporation has not yet built out its online service infrastructure, making the transition to the e-commerce age less than ideal.

In response to these challenges, Walmart refocused its marketing efforts, repositioned its products, and began aggressively acquiring other brands [9]. These brands ranged from smaller competitors in the retail industry to product brands with a diverse customer base, from the general public to middle- and upper-class consumers. In addition to allowing many higher-priced brands into its sales, Walmart made significant changes to its product structure so that it could continue to offer its signature low-priced items while also giving customers access to a wider selection of high-value options. Since the green economy has gained so much attention in recent years, major corporations like Walmart have begun to shift their focus from simply maximizing profits to also prioritizing environmental and social responsibility. As much as possible, it necessary to optimize management processes, encourage sustainable development of enterprises, and construct an omnidirectional corporate image that extends from the product supply chain to the storage, sale, and transportation of green commodities [10]. As a result, Walmart needs to invest heavily in the optimization of its online services, the refinement of its online service content, the provision of more goods across a wider range of categories, the prioritization of the growth of its distribution services, and the enhancement of its customers' online consumption experience.

#### 4. Conclusion

Walmart, one of the most successful companies in the world, has developed a wide range of well-thought-out marketing tactics. These strategies take into account the market in three key ways: segmentation, target audience, and market position. The market is segmented into many submarkets based on differences in geography, population, and purchasing power. In terms of market positioning, Walmart takes into account the purchasing needs of various sub-markets and makes precise market positioning for businesses, utilizing a mix of undifferentiated and differentiated marketing strategies. In addition, the strategies in the aforementioned three areas are continuously refined in response to shifts in the economy and the market, allowing businesses to stay up with the times and achieve effective operations.

To study Walmart's marketing strategy from the perspective of STP theory, this paper chooses the qualitative analysis research method, focusing more on the logic and the actual decision of Walmart rather than the relevant data. The conclusion of this paper would carry greater weight if it cited specific statistics from market research.

There's no denying that Walmart's marketing approach is intricate and multifaceted, with many theories yielding varying strategic inferences. Online shopping has flourished thanks to the proliferation of computers and the Internet. Even though Walmart offers convenient door-to-door delivery, the majority of their sales still come from traditional in-store purchases. The question of what kind of marketing strategy can maintain a healthy dynamic between online and offline shopping, allowing for the healthy growth of both channels of consumption, is one worth investigating.

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