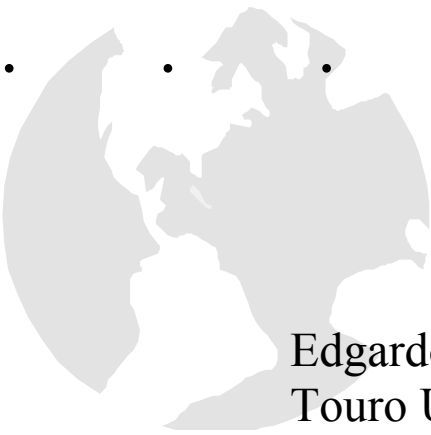




Wal-Mart: The Imperative of Click and Mortar Competitiveness



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"In August 2002, Wal-Mart, the world's biggest retailer, told its suppliers they would have to start sending and receiving electronic data over the Internet. Today, more than 98% of Wal-Mart's EDI exchanges with suppliers are done over the Internet using AS2, a software package from Isoft Corp., Dallas, that suppliers must purchase and install if they wish to continue selling to the chain.." (Zimmerman)

Whereas during the 1990's pure play ecommerce operations were seen as a new force that would drive business away from traditional "brick and mortar" companies today the "click and mortar" model has become the de facto reality for all companies competing in the retail and business to business sectors. Today it would sound silly to think of a major retail player like Wal-Mart to exist without an online channel given that would be tantamount to a quasi insurmountable handicap in the race to build relationships with customers while winning ever increasing shares of their acquisition dollars.

Although there will never be an equal substitute for face to face relationships inside a retail environment an online web presence provides a company with an alternate channel to reach the customer when they not at a store. With the advances in database technology coupled with the ubiquitous nature of web technology it is now easier to build customer relationship management systems that track and interact with customer shopping within an online retail store. Furthermore, there is a potential synergistic relationship between the online and brick and mortar components of their business given that the online component can act as a catalyst an reminder for a customer to go to an actual Wal-Mart store to touch and feel products they have researched off of the online store.

"You need to aggressively invest resources, consistency, and time to leverage the web as an effective marketing tool." (Donovan)

Wal-Mart has masterfully built an online retail component to their business that seamlessly integrates with their dated existing retail inventory management system. They can ensure availability of products by either shipping them directly to customers or by transferring them among different retail stores. The online component also enables them to track product searches and click-through rates giving them an extra window into consumer shopping behavior. In essence, they have achieved the technological sophistication of an aggressive high cash burn rate startup competitor while maintaining the financial solvency of a seasoned frugal industry leader.

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"The acquisition, maintenance, and delivery of inventory can be more efficiently managed with the use of on-line resources so that customers aren't promised goods that aren't in the inventory." (Yee)

With patience, consistency, and attention to detail the online retail component of Wal-Mart will enable them to build customer profiles that may recommend products and services based on past purchase habits similarly to the way Amazon.com does it on their web site. This type of operation will require a deeper level of integration between the legacy driven inventory system and online store.

"In October 2002, Wal-Mart told Mr. Beachler that he had about six weeks to get his AS2 infrastructure up and running. In anticipation that other retailers would follow Wal-Mart's lead, he chose a system that cost about \$22,000 -- and in the six months that he has been using it with Wal-Mart, he says, it has almost paid for itself, reducing long-distance fees between \$1,000 and \$5,000 a month.." (Zimmerman)

Walmart.com operates the standard set of traditional ecommerce features off of its web site. It is organized within a middle-tier catalog engine interconnected to an extensive product database which in turn integrates with elements of the back end legacy inventory management system. The web site benefits from plugs on all official Wal-Mart advertising initiatives but also adopts viral marketing techniques to include referral incentives as well as outright affiliate programs.

Wal-Mart follows an acceptable system of navigation and follows a web site flow design that resonates well according to human factors issues. While navigation refers to the structure of the site, links are the mechanism by which users move from one place to another. Successful link structures can help users navigate the site more effectively. A well-designed site comes down to understanding the user and taking into consideration usability issues. Sites that do not pay attention to these standards risk being less successful. It is essential to provide users with an indication of the location of the page they are on relative to the structure of the web site. Bad user interfaces can contribute to human error, possibly resulting in personal and financial damages.

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