Project Details

- Company: Walmart

- Ticker Symbol: WMT

- 28-Sept-18 Stock Price: $93.91

- Number of stocks for $10,000:

$$\frac{\$10,000}{(\frac{\$93.91}{stock})} = 106.5 \ stocks$$

- 20-Nov-18 Stock Price: $94.16

- Total from stock sale:

$$\$94.16 \ per \ stock * 106.5 \ stocks = \$10,028.04$$

- Total Profit from trading: $28.04

- Percent Profit:

$$\frac{\$28.04 \ Profit}{\$10000 \ Original} = 0.0028 = \ 0.28\%$$

Why Choose Walmart Stock?

The purpose of choosing this stock, was to leverage the appearance of performing well due to the

seasonal rush on the retail market. To make this decision, the primary consideration that I took was the

timeframe of this project. I could not see how any correctly evaluated company could prove to be a solid

investment over the period of one and a half months, especially with the looming trade-war in Asia. So, I

thought that the holiday season could draw the eye of fellow investors into retail, and since I would be

selling the stocks the Tuesday before Black Friday, retail seemed to be a safe bet. I was certain that the

largest brick-and-mortar retailing company in the US was Walmart, and so I chose Walmart. The reason

why I wanted a physical store, as opposed to an online store, was I did not trust the online stores' ability to overcome the trade-war obstacle.

Company Overview

Years Business: The Walmart store was initially started in 1962, or 56 years ago, by Sam Walton, who started it in a small town in Arkansas. He started it to be a "general store" for people who could not pay a ton of extra money for various needs from grocery to clothing (Walmart Inc.).

Major Products: Groceries, and discount retail items.

HQ Location: Currently, the location of the headquarters is the same as it has been since the beginning of the first store, Bentonville, AR (Walmart Inc.).

CEO: Doug McMillon, a former hourly summer staff, learned business skills through his studies at college. Afterwards, he started taking on managerial responsibilities, working his way up the chain, until he was president of Walmart's international division. He became CEO in 2014 (Walmart).

Social Efforts: (1)Walmart China has received "1,400 retrofit projects" that increase efficiency for the stores from corporate, ranging from upgrading to LED lighting to upgrading the heating and cooling of the products (Walmart Inc.) (2) Making the first serious steps towards flipping over 100% towards renewable energy, Walmart has made contracts with SunPower to "install solar systems at 19 stores and two distribution centers in Illinois" (Walmart Inc.).

2017 Annual Report Key Points: (1) Doug has 4 goals for the future of the company: 1, easier and faster business for families; 2, updating the work with better training and technology; 3, "deliver" high quality service with discipline; 4, "be the most trusted retailer". (2) Walmart's figures have been positive for the past 10 quarters. (3) The future will focus more heavily on e-commerce instead of brink-and-mortar (McMillon).

Walmart major competitors:

Amazon is a major competitor because they offer low prices on a wide variety of items in a user-friendly webstore (Agarwala, Katiyar and Singh). Amazon has several distribution centers across the US, like Walmart, and has offered fast, two-day, shipping, like Walmart (Agarwala, Katiyar and Singh). Amazon brands itself as the most convenient option available for customers, since after subscribing to their services, one can get fast shipping included with orders, and one can instantly stream some movies and music at no extra cost. They are competitors to Walmart because Walmart once offered similar conveniences to customers. Imagine a consumer back in the 1980s, he would be watching TV after a long day at the office, and then see a must-buy product that meets his personal desires. He wants it now. He **needs** it now. He cannot wait for weeks after making a telephone order to some mail-order company in order to get it. His heart skips a beat, they are at Walmart! He struggles off the couch, goes

to the car, and before long he has his product which used to be at the nearest Walmart. Today is similar, except the consumer sees an advertisement on Facebook, watches a short video on Youtube of the product, and makes the purchase at Amazon.

Target is a major competitor because they offer retail goods that are competitively priced, at a brick-and-mortar store. They have in the past chosen to match the price of any good that Walmart offered (Target Brands, Inc). Target has many locations all over the US, like Walmart. Target is more narrowly associated to clothing, and style. The average Target customer is "female, younger and chic", unlike Walmart (PYMNTS). Target shoppers are also more well-to-do than Walmart shoppers (PYMNTS).

Stock Comparison

The Walmart Stock

The price of Walmart shares of stock on September 28, 2018 was $93.91, and I was able to purchase 106.5 stocks for $10,000. The closing price of November 20, 2018 was $94.16, and upon selling the 106.5 stocks I received $10,028.04, a profit of $28.04, barely anything. Figure 1 (see below) clearly indicates that I could have made money, if I had chosen to sell the stocks after they had reached the $100 per share threshold.
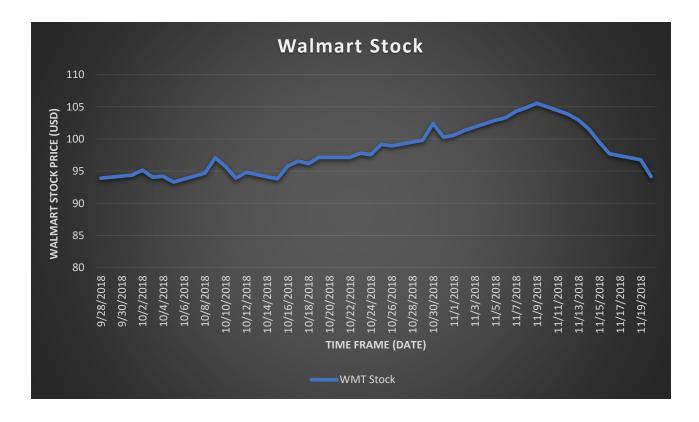
Figure 1

However, I still did better than the competition.

The Competition's Stock

They lost by a lot.

On September 28, 2018, Amazon stock (AMZN) was $2003.00, and on November 20, 2018, it was

$1495.46. Amazon lost over $500 per stock during the course of the assignment, which would have been

approximately a 25% loss on every investor who invested at the beginning of the assignment.

On September 28, 2018 Target stock (TGT) was $88.21 per stock and never came back up again. On

November 20, 2018, it was $69.03. The calculation goes as follows:

$$\frac{Final\ price}{(Original\ price)} = Amount\ left$$

$$\frac{\$69.03}{\$88.21} = 78.3\%$$

$$100\% - 78.3\% = 21.7\%$$

Any investor in Target would have lost 21.7% of the money that he had invested in the stock. Putting it in a different way, the stocks went down 21.7%.

Why Did Walmart Win?

Simply put, there was much turmoil in the market. There was a trade war with China which hurt everyone (Meyersohn). Walmart is coming off a terrific season of back-to-back financial victories (Tip Ranks). According to the D.M. Martins Research group, Walmart was expected to lose money along with everyone else, but did surprisingly well, and that the reason behind the drop in the last few days was due to the "FX headwinds" (foreign exchange headwinds, aka international trade) (D.M. Martins Research Group). According to CNBC, Amazon fell because everybody fell, and Target fell because of "lower than expected earnings" which could have easily been because of the plummeting stock market (Imbert and Srvastava). Essentially, Walmart won because everyone else lost too early, and Walmart had enough recent victories which slowed its eventual stock fall.

Personal Feelings

I am glad that I chose Walmart as opposed to most other retail chains. I had no idea that, what originally started as a Steel trade embargo would affect so much of the economy. I am happy with the $28 profit, and I feel sorry for my colleagues who lost money during this time. I chose Walmart based on the information that I knew, I wish that I had studied more on the trade war, before choosing a company.

However, I am still happy with Walmart, I would consider investing "real money" with them long-term

because I believe that they pay out dividends, which are a nice little bonus.

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