

# Enter the Wally-Verse



**How can a Global leader  
in eCommerce & direct to  
consumer sales fit into a  
digital imaginary landscape?**

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Date: 6/22/2022

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Class: MKG 540 – Strategic Marketing  
in a Digital Economy

## -----EXECUTIVE SUMMARY-----

This case study will explore if there is any viability in Walmart's entrance into the metaverse and the path to successful integration of their new venture. Walmart is a global heavyweight in relation to brand recognition for businesses, but that is irrelevant if they do not provide the 3 key features their customers expect: affordability, opportunity, and variety. For Walmart to provide relevancy within the metaverse as the first profit driven venture to build a utility, there are several benchmarks that must be tackled. They will need to leverage their brand name for collaboration purposes with business and individual brands, and at least continue providing at least the three key pillars their consumer base has come to expect. The most critical feature is to tie both together to create a fourth pillar of experience to attract multi-login users to the space, create sustained interest, and entice non-users to venture in. Walmart needs users to go out of their way in their own home to access this utility and needs to do this by directly competing with their own eCommerce platform for the attention of online users. At the end of the day, Walmart needs to build the equivalent of a candy house (their metaverse) in the woods (the internet) so that anyone wondering alone in the woods (users of the internet) will be caught off guard, intrigued, and want to venture in.

## -----Role-----

My role within this narrative is a consultant advocate. My job is to provide Walmart with the reasons behind why they might not succeed, and the avenue to least resistance to help them succeed.

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## -----INTRODUCTION-----

Currently in all markets there is a lot of disruption due to the Covid-19 pandemic and the technological race to superiority. For Walmart to maintain as a dominant factor in this market, they need to throw down the gauntlet and continue pushing the boundaries of innovation and expectations of their market segments. This analysis will explore Walmart's business and current offerings and how best to utilize those strengths to become a "first-mover" for their provided offerings in the metaverse. There is a lot of risk and a lot of equity being poured into the solution that Walmart will need to provide, and a lot of unanswered questions; would their customers use it, what Walmart customers would use it, why would they use it. Walmart has been a key figure in innovative business practices since its inception, but how will those real-world business practices stand out in a fully virtual space like the metaverse. The metaverse according to McKinsey's preliminary forecast, the "metaverse has the potential to grow up to \$5 trillion in value by 2030. It shows ecommerce as the largest economic force (\$2.6 trillion), ahead of sectors such as virtual learning (\$270 billion), advertising (\$206 billion), and gaming (\$125 billion)."<sup>[1]</sup> In the mists of ever mounting competition, can an easily replicated business model stand on its own and stand out from the competition? How much of Walmart's weight be utilized to enact their virtual vision? I invite you along as we explore these and many more questions, to establish Walmart's position in the future of web3 and the evolving global/social technology framework.

## -----SITUATION ANALYSIS-----

### THE INTERNAL ENVIRONMENT

#### **Walmart the Company**

Walmart has always been a company at the forefront of disruption regardless of the acceptance of that disruption to the locations and people affected. In the 80's to early 2000's when a Walmart would pop up in a small or medium sized town, the fragile economic framework of a small town would be "thrown into turmoil. Many small and regional businesses get trampled by the low prices made possible by the massive economies of scale of the giant retailer."<sup>[2]</sup> Companies would close their doors after generations of family-owned business because there was no ability to compete with the pricing power that Walmart could provide. To that end, there are 2 sides to that argument, Walmart was able to bring that pricing power, but it was also on the citizens to choose to buy from Walmart instead of their current town offerings. That consumer choice was held true not just in 1 small town or 1 state, but it has held true through geographic locations and time to allow Walmart to open 4,742 locations throughout all 50 states. "The value proposition of Walmart is a reflection of its business policy: Providing its customers with a wide variety of products, at the lowest price and in the most convenient way possible."<sup>[3]</sup> For the consumer in these towns, this Goliath provided more than just affordability

of their everyday clothes, Walmart also provided them the opportunity and variety that no small business could stand up against. The consumer variety came with the range of Walmart's provided offerings due to its size and pricing power. Walmart's span does not only provide fresh food and meat, but it also provides clothes, technology/electronics, sporting equipment, outdoor items. With all these options, the consumer had the variety they never knew they wanted. They were not limited by the produce of the season, or the amount local farmers could provide. Consumers were also no longer limited by the limited options previously provided to them, which is where the consumer opportunity came into play. The opportunity was that a consumer could go to one location and shop for everything they needed, affordably.

Today, Walmart has progressed past trying to infiltrate and coerce small towns to utilize their offerings. Due to its name and brand being synonymous with affordability, variety, and opportunity, they have been able to successfully open over 10,000 locations worldwide in 24 countries. On top of that, Walmart has a substantial eCommerce platform that "is now the second largest eCommerce retailer in the United States eCommerce making up around 13% of its sales." [4] As stated, Walmart insights disruptions. Walmart was excelling at just being a brick-and-mortar store boasting affordability, opportunity, and variety, but in 2013 they decided to create and test an omnichannel strategy for its online consumers to shop online and pick-up at the store. "Having a wide range of fulfillment options, including delivery to home, collection from store – and by using stores for fulfillment – allowed Walmart to ramp up capacity in a way that many other players struggled to do." [4] said Neil Saunders, Managing Director at Global Data Retail. They invested a bit in their eCommerce platform to not only provide a great experience for the end user in the utility but proved them options not seen in the market for the shopper post order.

## **Walmart's Current Product Lines, Brands, and Markets Served**

Within its global eCommerce ecosystem in the US alone, Walmart is second only behind Amazon, which has very few physical locations. Within their physical locations, as mentioned, they have an exponentially high variety of products that they offer that would draw any consumer into the store for one item and get them to leave with a cart full of items. Online, they have a different strategy. Walmart's competition is more difficult online, as an affordable one-stop-shop, but how have they been able to grow to capture second place in market-share? In the years after its launch, there were many articles and discussions about the platforms' inability to produce. In 2017, Charles Fishman noted, "For a company of Wal-Mart's scale, experience and skill, its online performance remains experimental and surprisingly bad." [5] In a different quote, Mark Cohen mentions that Walmart "is in possession of an almost infinite number of darts and they're firing them at a hypothetical barn in the hope that they'll hit something." [5] As the strategists at Walmart know, disruption does not happen overnight. Studies show that back in 2017, about half of Walmart's eCommerce customers had a household income was under 60,000. To attract more competitive pricing to stay ahead in affordability, Walmart opened its platform up to sellers. Walmart would still allow their items to be sold through the platform and consumers had the option to ship them to their home or pickup at the store, but Walmart also decided to bring in 3rd party vendors to allow them to sell direct to consumers on their platform.

To add to this, a short time after 2020, there was a global pandemic that caused most consumers in the world to fear going outside and have as little contact with others as possible. Perched on its channel tree was Walmart, which provided its customers and sellers the opportunity, variety, and affordability not just through in-person brick-and-mortar offerings but also through its online eCommerce platform.

## **Analysis of Walmart's Current Marketing Performance**

Since the inception of their digital eCommerce platform, there has been growth year over year in sales and revenue. Their last quarter there was 1% overall year over year growth. “Digital sales grew slightly year over year during the first quarter of the retail giant’s fiscal 2023, but at a slower rate than overall sales.” [6] Walmart’s total eCommerce sales growth compared to pre-pandemic was 38% with their overall revenue growing 2.6% year over year. Recently, Walmart has been sacrificing the growth of their net income (bottom line) in pursuit of the growth of sales (top line). With the current climate of high inflation, particularly in food and fuel, and supply chain disruption, adding costs to the bottom line, this is not the only company that has seen this effect. Even with the additional traffic to their platform, sales, and growth, “the department store giant came in last place in ACSI's categories for General Merchandise, Drugstores, Supermarkets, and Online Retailers — suggesting thousands of customers are less than satisfied with Walmart's shopping experience.” [7] Although Walmart came in last place in the American Customer Satisfaction Index (ACSI) for 2021, they have scored in the lower percentile for the past few years. [Table 1] On the ACSI, it seems that companies that specialize in usually get a higher score than broader offering companies, except for Costco, one of Walmart’s major competitors. Walmart scored at the bottom of each category, it was included in General Merchandise, Drug Store, Supermarket, Online Retailer. [Table 2] This helps to determine that although there are sales, profits, growth, and value getting to Walmart’s balance sheet, there is no direct correlation with consumer happiness, confidence, loyalty or excitement about the company or brand. It is as if customers go to shop there not because they want to or like shopping at Walmart, but instead they go because of the affordability, opportunity, and variety.

Walmart has made their name as an all-in-one location to provide all aspects or needs of consumers entering their store or accessing their portal. They are indeed a market leader in many facets but is that the fault of their design? The one aspect that has allowed them to ascend the throne as the top global retailer is in fact what is causing them to have negative consumer feedback. As Hans Selye said, “leaders are leaders only as long as they have the respect and loyalty of their followers.” This was about leaders in an organization, but I think it also applies to market leaders. People that go to Walmart to shop are not boasting that they bought x at Walmart, they have no loyalty to the brand, it is just a means to an end. Luckily for Walmart, they are really the only offering that consumers have for a one stop shop so they have the likelihood to stay on top for a while longer.

## Walmart's Major Current Competitors

Due to Walmart's strategy of providing exponential offerings in store and online, it is hard to segment them into a specific category to really peg their major competitor. Walmart is comprised of 3 major categories: retail, wholesale and other. The competitor that offers nearly the same experience and business model is Target with higher quality products. For the eCommerce category, they have Amazon as the primary. Brick-and-Mortar would be Costco as their largest competition. Based on return users, Amazon has a heavier hold on their customers than Walmart. Amazon demands its members have a subscription-based service to purchase from their platform, but that service comes with the added perks of a streaming platform and what used to be next day shipping on orders. The company offered a tradeoff. Costco has the highest loyalty among the competitors mentioned here. Next to Walmart, their in-store offerings are very similar in affordability, and recently Costco has been improving their overall offerings to bring more variety and opportunity into their stores. To add to that, Costco has been working on improving its eCommerce platform to rival their other competitors. Of all the competitors, Costco has the highest capability to directly usurp Walmart as they have the most similar offerings, and they hold the most loyalty from their end consumer.

## Walmart's Marketing Resources & Capabilities

Walmart's key resources include their distribution network, technology, physical footprint, and human elements. The distribution network, logistics and coordination of storage is paramount to ensure produce gets to shelved fresh and inventory gets to the correct stores. The technology allows seamless access for a user through their eCommerce platform or mobile app to order at the touch of a finger. This also allows scheduled repeat orders, shipping to residence or store pickup, and store locator to keep favorite stores. The physical footprint or the layout and design of their physical store is also a very powerful resource. Finally, their human feature which is related to their ability to train, develop, and manage their employees. A business insider says "the company employs 1.4 million people in the U.S. This is a staggering 1% of the U.S.'s 140 million working population."<sup>[8]</sup> Walmart also maintains significant market share from its global reach and strong name recognition. This also provides Walmart with a powerful grip on the market when dealing with customers, suppliers, partnerships, and competitors. The organizational and marketing resources/capabilities which Walmart holds are tied very closely with its working business model, and although it is a simple model that can be easily replicated, the model has proved exceedingly successful for Walmart up till now. This could be primarily due to Walmart's ability to innovate and take risks so that they maintain the paramount supplier of these offerings.



## THE EXTERNAL ENVIRONMENT

### Economic Growth and Stability

With the current high inflationary market climate in areas including but not limited to fuel, food, and housing, the stability of markets is looking shaky. Walmart uses vast amounts of fuel through its distribution structure to provide services to customers, and one of the best items they provide as a service is food. [Table 3] As these core items experience high inflation, Walmart is still experiencing higher year over year revenue.

Another feature that is preventing stability in the customer service sector is the great migration. The millennial generation at the front of the great migration is disrupting a lot of markets and standard practices. Their demands are simple for the companies they work for, 'increase their pay to a fair living wage.' However simplistic this may sound; it has caused the minimum wage for hourly employees to skyrocket in the past few years. In January 2018, Walmart raised the rate of pay to \$11 dollars for its hourly associates, which ahis affected the company's one million U.S. Hourly associates. In February 2022, 450,000 US hourly Walmart associates got a raise to over \$15 per hour. On top of that, these employees are less and less vested in the companies they are working for, so the turnover rate is significant. This means, hourly employees are demanding more money, these companies must pay their rates, and spend resources on training them just to have them leave when they are unhappy or are undervalued by the company. [Table 4]

### Political, Legal, and Regulatory Issues

Walmart has faced a few issues with the products sold via their eCommerce platform. The main product controversy discussed here is based on claims that the merchandise (a T-shirt) Walmart was allowing consumers to purchase through their site was promoting violence. The company *Impact 45* at the time was selling a shirt that read "Rope. Tree. Journalist. Some Assembly Required." Understandably, Walmart no longer stocks this item, and has removed the T-shirt from its websites and stores to prevent further consumer purchase. Walmart has some allegations in relation to bribery, which it is currently investigating internally.

### Technology Issues

The technical level that was produced in their eCommerce platform has not consistently been enough to support the traffic for the utility. This inability for the technology to keep up with the users has caused frequent technical issues on the website, from slow loading speeds, disorganized product listings. This could cause a lot of customers to lose interest in the utility due to no customer loyalty cultivated by the company and because a cohesive online experience is what most consumers have grown accustomed to from rivals like Amazon.



## **Socio-Cultural Trends**

There is a big shift of customers moving to trusted quality brands or the convenience of online ordering instead of in-person shopping, through eCommerce resources and online shoppers. Although there is a stigma against the brand from previous generations, as it stands from this article “Amazon, Target, and Walmart dominate both Gen Z and Millennials’ top rankings. Clearly, convenience is a huge allure to these generations when it comes to shopping, and affordable one-stop-shops have one them over... Some may be surprised to see the relatively ‘uncool’ Walmart at the top of both gens’ rankings. But the reality is that young consumers genuinely like shopping at Walmart, and their affinity for the brand is evident. In 2020, Walmart actually topped our “Favorite Places Young People Are Buying Clothes” ranking.” [9] This again proves that although there is no customer loyalty, the value added, opportunity and cost is really what is keeping Walmart the top destination for shoppers. It is also very enticing for Walmart to attract the younger generation because they are more active through social influence platforms which aligns with free publicity for Walmart.

## **Social Responsibility Expectations**

This is a difficult spot for Walmart. They are successful because of the offerings they provide in-store and online, but to do that, someone needs to put in the time to make those offerings available. In October 2021 the white house released that “Walmart has pledged to extend its night-time working hours to help ease supply chain woes...Extra hours at night could help Walmart increase its capacity by as much as 50%.” [10] This sounds amazing at a time when the American consumer desperately needed the vast offerings Walmart could provide, they were going to make it happen. Only at the cost of their employees' working conditions. Walmart has walked a fine line with what their employees have a right to versus what their customers have a right to and which to prioritize. Recently, due to the great migration, Walmart has been paying their employees more and providing them more bonus. They have had a lot of battles with employees about working conditions, worked hours, and pay and I see that as a constant human resources issue in the future life of the company.

# **BRAND AND CUSTOMER ANALYSIS**

## **The Walmart Brand Strengths and Weaknesses**

Walmart owns the top market share in relation to its position in the market. The Walmart name also carries a lot of weight, Walmart has seen this benefit in relation to development and securing partnerships, while also using it for price negotiation from their suppliers. Although it has this power, the loyalty of the consumers is very low, the brand and source are seen as cheap,

and it is at the top of the market because of the price and options it can provide to its consumers (as stated prior).

### **Walmart's Current Customers in Each Current Segment**

As previously stated, Walmart is the top of the Gen Z and Millennial list, as well as being the go-to for the generations outside of those brackets. “Over 45% of mobile users who shop at Walmart are in the 25-34 age group. In fact, Gen Z are big fans of Walmart, having listed the retailer as one of their favorite brands.” [11] [Table 5] With the opportunity Walmart provides for Walmart's international stores, Walmart's US stores, Sam's Club (to counter direct competition from Costco), and Walmart Global eCommerce. The physical stores offer clothes, technology, toys, fresh and frozen produce and much more. Their locations are spread all over the US and now they have been opening more of their “neighborhood markets” which have a smaller footprint and cater more to the grocery aspect and other highly shopped items. Walmart and its global expansion can connect to almost any market and any customer globally. It all comes down to the customer, Walmart is not looking for loyalty, it takes customers' pride in affordability over quality.

### **Why (and How) Do Customers Select Walmart?**

Walmart is an all-in-one shop that is used by all generations because of the value, opportunity, and affordability of its items. Walmart stands by their customer first mentality, but not to promote loyalty but to facilitate shopping. Since it is an all-in-one shop, once it gets a customer in the door, the customer does the rest. The primary population for Walmart's marketing budget is targeted toward “typically associated with low to middle class rural families who want a one-stop, convenient and attractively priced shopping experience.” [11] [Table 5]

### **Why Do Potential Customers Not Purchase from Walmart?**

There are a few draw backs that would prevent people from shopping or supporting Walmart. Walmart does not support small American businesses. Walmart goes into a rural area and disrupts it with dramatically lower prices, killing off the small businesses that have been established in the area. Walmart's offerings are assumed to be low quality or cheap compared to the competition, cheap price means cheap product. Walmart has a very low consumer loyalty base, their customers frequent the establishment for the affordability, opportunity, and variety. The loyalty of customers at Costco and Amazon is much higher, but customers continue to return to Walmart for its offerings until there is a better option. Customers do not boast about shopping at Walmart, they do not wear Walmart logo products like they would Nike or Under Armor.

## SWOT ANALYSIS

### SWOT Matrix [Table 6]

<b>Strengths</b> <ul style="list-style-type: none"> <li>• Market presence             <ul style="list-style-type: none"> <li>○ Brand recognition</li> <li>○ Expansion into global markets</li> <li>○ Market power over supply and competition</li> </ul> </li> <li>• Technology utilization</li> <li>• Everyday affordability</li> <li>• Inventory and resource management</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>• eCommerce expansion and sales improvement</li> <li>• Further global expansion</li> <li>• Customer service</li> <li>• Brand loyalty</li> <li>• Strategic partnerships</li> <li>• Higher profits</li> <li>• Quality improvement</li> <li>• Employee resources</li> </ul>
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Potential for imitation of business model</li> <li>• Straddling/over-segmentation</li> <li>• Associate treatment and conditions</li> <li>• Overextend</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Big target for growing competition             <ul style="list-style-type: none"> <li>○ At same scale</li> <li>○ At small scale (eCommerce)</li> </ul> </li> <li>• Political and legal issues             <ul style="list-style-type: none"> <li>○ Trade disputes</li> <li>○ Potential conflict</li> <li>○ Legal issues (from provided products, employees, external entities)</li> </ul> </li> <li>• Inflation             <ul style="list-style-type: none"> <li>○ Higher cost of raw materials</li> <li>○ Higher cost of labor</li> <li>○ Higher costs of shipping</li> </ul> </li> </ul>

## -----DESCRIPTION OF THE NEW OFFERING-----

### Walmart's New Product Description

Walmart, as is its practice, will be taking on another innovative challenge so far not touched or conquered by direct competitors, and potentially paving the way for a new step forward within the evolving technology market. “Walmart” is “venturing into the metaverse with plans to create its own cryptocurrency and collection of non-fungible tokens, or NFTs.” [12] The potential offerings and reach provided by these virtual spaces is next to limitless, and for a company like Walmart that currently provides customers with affordability, opportunity and

variety, the sky could be the limit. The metaverse is a digital landscape that is staked on a platform offering where entrants can join from anywhere via virtual reality headsets to venture through the digital landscape. Put simply, it could be seen as a game that a customer gets to traverse in real life.

- New line extension must have's;
  - a. "Walmart" is "venturing into the metaverse with plans to create its own cryptocurrency and collection of non-fungible tokens, or NFTs." [12]
  - b. Walmart will provide a full digital landscape/metaverse to its consumers.
  - c. Walmart will create a cryptocurrency/coin/token to be exchanged for USD when purchasing items in the metaverse.
  - d. Walmart will create Non-fungible tokens or NFT (different from cryptocurrency token) to bid/offer to contributors/partners that are willing to collaborate within the space.
  - e. Within the broader metaverse Walmart and its partners will provide users:
    - i. Access to a full eCommerce platform
    - ii. Substantial deals through the metaverse partnership, direct products or grouped products, which are only accessible to users within the digital space
    - iii. Most importantly, they will provide experience
      1. Similar the "product deals," these are only accessible for on service users (the consumers within the metaverse).
        - a. Ex. Concerts, movies playing in the sky while shopping, games, amusement parks, a destination getaway, the entire town of Las Vegas, casino's, and the list goes on.

## Product-Company/Brand Fit

Walmart is at a very interesting crossroads. The technology revolution is reaching a pinnacle and is becoming a standard in all industry to either meet expectations or fall, not behind but fall. Over the past few quarters, more and more companies are making their appearance within the digital landscape of at least one of the primary metaverses on the market today. [Table 7] "Blurring the lines between the physical and digital worlds enables brands from various industries to cater to specific audiences and deliver personalized consumer interactions. Marketing to the younger audience also becomes more natural, as brands launch video games and virtual shopping stores." [13] The provided table shows just a few of the of different business and user based activates represents the vast flexibility provided within the space currently. Walmart's offering would harness some of those ideals, build off them, and adjust them create Walmart's metaverse utility for its partners and users.

## Product-Market/Industry Fit

As there is a greater shift for many companies of many varieties and in many markets to turn their attention to the metaverse for the next leg of their expansion, there is no developed or in-process eCommerce space for the metaverse. There is shopping, purchasing but primarily for one's avatar (or in game player), not for someone's real life scenario. There is indeed a gap in the market for this, but the offerings of this space would need to compete with the eCommerce platform that the company currently provides. With the rise of their Gen-Z and Millennial populations shopping, there is an interesting area for Walmart to play to the strength of that generation and the next generation, which is technology. The Walmart metaverse will provide the equivalent value of their eCommerce platform in relation to most offerings but has the potential to offer quite a bit more, not just for the consumer but also the company.

### Company benefits

- Within a metaverse the users need to use an established type of currency, (for Walmart let's classify it as W-coin), this is a currency that can be bought through any denomination of standard currency and will have 1 centralized value within the space.
  - o This could save the company millions in relation to their pricing algorithms.
- If successful, this venture could begin to curb the desire for consumers to go to brick-and-mortar stores, which would cut down exponentially on new stores as well as closing older stores.
- This would also allow Walmart to easily test out target markets that they might want to open locations in.
- The more land parcels and W-coins that are used and purchased by users, the more the inherent value of those assets will increase.
- Walmart can rent out land to partners in relation to collaborations or for additional features
- No other competition in the space currently
- Solidifies their spot as a technology leader
- Selling ad space to partners
- Renting land to members

### Consumer benefits

- Metaverse only user perks:
  - o Products that can only be purchased through the Walmart metaverse
  - o Partnerships or collaborations with brands or influential agents to be provided solely to the patrons of their metaverse extension business
  - o Events or activities like concerts could take place in the metaverse while "out shopping"
- Does not change the price or value offered
- Continues to provide opportunity and adds to said opportunity
- Consumers holding the W-coin will have a higher level of loyalty to the brand because the more users & land parcels are used, the more valuable the token becomes overtime.

Partners benefits

- Direct site to consumers
- Offer specific collaborations with a heavy hitter in the eCommerce space
- Can curate experiences
  - o Not defined by place, space and time restrictions, their location could be a water park and the neighbor could have a bungy jumping activity.
- Testing ground for new company products
  - o Centralized global market visibility and testing
  - o Trying to make a splash
  - o Low cost to entry
  - o Not necessary to build a traditional brick-and-mortar
  - o Purchase a plot, and open for business the next day.
- As visitor's grow
  - o The more profitable a partner's land parcel will increase in value
  - o The more the W-coin will be causing the partners W-coin holding to increase in value
    - W-coin has a finite supply as does all cryptocurrency. When it is used it might be washed or "burned" destroyed thus increasing the inherent value of the overall asset due to less overall supply.
- Direct customer or product ad targeting
- Having access to a global market of global consumers that any company can curate a fun experience for.

## -----MARKETING GOALS AND OBJECTIVES-----

### Qualitative Goal and Quantitative Objective

66% of Walmart's market share is millennial and younger (under 35). 43 billion in sales can be attributed to the US Walmart eCommerce site last year. Roughly 28 billion in sales could be made if 66% of the US Walmart eCommerce traffic decided to use the metaverse utility. This is not the only value they gain from users within the metaverse, but it is a good area to assume as the cap of sales directly to users compared to eCommerce for this utility. This also only takes into consideration the US Market, but within the metaverse Walmart will have a 24/7, 365 store, without the need for associates, open to the whole planet, with shelves that never need to be stocked and are never low on stock.

**The foremost important goal of this project is for Walmart to get as many users as possible on the utility.** Within environment have users exchanging physical currency for their W-coin, using the W-coin in purchases on the utility (even if it is not Walmart purchases) and venturing through the space to see other company offerings. This exchange ensures the longevity of the metaverse. Walmart will establish user flow and investment into metaverse their currency

to use the features. The cycle will perpetuate itself and the daily/weekly/monthly repeat user growth will continue to grow.

## Rationale for Goal and Objective

Walmart is using its brand recognition and pillars as a superior (affordability, variety, opportunity) leg up on the competition in the post pandemic world. With supply chain issues and other factors causing excess inflation in grocery bags, “shoppers in all socio-economic groups are more sensitive to prices and turn to Walmart for their grocery shopping and other consumer needs.” [11] With their superior distribution system and proven omnichannel approach, Walmart has very effectively mitigated customer concerns about high inflation costs within its offerings while not entirely alleviating inflation. Their goal is to be a comfortable option that provides a low cost for goods (based on the broad market), a variety of options and consumer opportunity to complete all shopping in one location. Unlike other companies that are facing significant issues due to supply chain woes like Revlon, Walmart is stable footed.

- In relation to their metaverse offerings, their goal of added experience is the primary factor of change.
- Unlike the current metaverse offerings Walmart’s (Wally-Verse) will provide more than just a token utility, and NFT land, it will provide the backing of any and every company that wants to partner up with Walmart and gain access to their plethora of consumers.
- Virtual experience and virtual identity within the metaverse and social/digital universes (open world role player games) have led to a lot of collected data about those consumer habits.
  - o Epic Games currently has more than 350 million registered users on **Fortnite**, and an open world concept (users have no set objectives) role-playing game.
    - Within the game, a player would use V-Bucks to purchase skins or virtual avatar identity features “According to loan website, Lendedu, the average Fortnite player will spend **as much as \$80** on cosmetic items. That is about \$30 more than what you could pay for big games” [14]
  - o **Fortnight Concert** – within their open world fortnight decided to throw a never-before-seen concert for their users for free, just like admission to the game itself.
    - “Epic tweeted Thursday, “over 12.3 million concurrent players participated live in Travis Scott’s Astronomical, an all-time record” for in-game events. Fortnite is also releasing specific gear, emotes and a Travis Scott-themed player skin as part of the two-day event and some are available through in-game challenges.” [15]
    - 12 million unique humans logged on to their devices at the same time (concurrent) to see the concert from all over the world for free.
    - The performer received 20 million dollars, which included merchandise sales. Epic decided to also release some specialized gear which immediately sold out.



- Overall, it is difficult to fully ascertain much Epic made from their free concert. It was confirmed that it was a good investment and they booked Ariana Grande for the second concert.
- **Disney NFT** “Disney capped off that first week of the Golden Moments NFT sales with a drop of 4,333 statues of Walt Disney holding Mickey Mouse’s hand. These Ultra Rare NFTs sold at a price of 333 Gems (~\$50). Given that the lowest price of these rare collectibles is now 16,400 gems (~\$2,500)” [16]
  - These consumer purchases represent a prime example of the power of NFT’s, and the social/group think mindset around them. These consumers purchase useless pieces of code which when opened makes a pretty picture on the computer. The value of these digital items and the only reason they can become worth \$2,500 is because the supply was designed to be finite. Once general sales run out, holders control all supply in the market. If there are interested parties, the holders can set the price to their liking and some consumers will still choose to pay it. The intrinsic value of these digital pieces is not tied to anything physically, so there is no direct scope to determine how much their future value can be.
  - On the other side of the argument, Disney had this NFT drop through a 3<sup>rd</sup> party company and did not train or teach their customers how to participate. At the end of the day, Disney was able to get its consumer base and the broader consumers to transfer standard currency into a cryptocurrency, and purchase 4,300 digital pieces, each for ~\$50. Since these digital tokens cost little to no money for Disney to produce, their sales profit for this launch was ~\$215,000. This also worked as the proof-of-concept Disney needed and led Disney to release many more collections.
  - Disney has, in total, released NFT’s into 5 broad collections in less than a year, each collection currently has around 18,666 released NFT’s (through different releases within collections). Disney has sold at least 91,000 NFT’s for ~\$50, the rarity or proclaimed rank/worth of these are hidden until purchase, and the rarity can range from common to super rare. The gross sales profit on their NFT venture is currently well above \$4.55 million dollars. This does not include % of secondary marketing sales, and for Disney next to no marketing, training, heavy lifting, or standard seller practices.
- This data shows that users of the open world concept games, understand the key features that would be replicated by the Wally-Verse, and users that don’t will learn them if necessary.
  - Tokenized economic structure
  - Value of utility
  - Virtual land ownership and its intrinsic value
  - FOMO (Fear of missing out) mentality

- This brings together the FOMO mindset, value propagation (potential value), and scarcity/exclusivity (no demand but little supply)
  - Walmart controls the supply of its metaverse experience offerings.
  - If they can get users to constantly log on for indeterminant amounts of time, it will provide a proof of concept in establishing or an established user base.
  - These experiences just need to entice users enough to jump into the metaverse on a commercial break of their favorite show so they can get an item they didn't know they wanted and don't need but must have before their neighbor gets the last one or the quantity runs out.
    - Ex. *the one-of-a-kind, digital purchase only option, Walmart & Yeezy Collab, NFT shoe*
- Investing in a social community to grow with it and see it grow
  - The generation raised on Myspace and Facebook
- Entrepreneurial growth in a social space
  - First to market does not only apply in business, but it is also applied to social media influencing. Influencers, now understand the value of time, and content released on social media. Content creators are looking for likes and views and they try anything to get them. In Walmart's space they would be able to have a multitude of areas and experience to traverse, built by Walmart's metaverse partner companies. Also, they would have broader concerts and exclusive.

## -----MARKETING STRATEGY DEVELOPMENT-----

### TARGET MARKET

#### Identification of the Target Market

The target market that Walmart is shooting for is the millennial generation, Gen Z and younger. Walmart is trying to establish a level of loyalty with future generations as the primary source for all their needs when they need them, wherever they are physically or virtually. Walmart's current older consumer base will not be expected to adapt to this new environment as their primary consumer base. The new environment will come with a lot of stipulations that would be a difficult struggle for older generations. This is an area that would be beneficial for retirement homes or live-in care where retirees cannot get out of their house on their own, but this, again, would not be the main target market for Walmart. For the generations described as primary, it is shown that they enjoy the affordability, opportunity, and variety that Walmart

offers, but this needs to take it a step further with the offer of experience and exclusivity. Black Friday is one of the largest shopping days in the United States and has recently included the week leading up to the day and the flow over to the Monday following. The generations in question love the experiences they can have with friends and family and the exclusivity that comes with it. The first live show in the Fortnite game in 2020 had rapper Travis Scott, had “a peak of 12.3 million players participated in the event, marking an all-time record for the game.” [17] The metaverse offers the ability to host an unlimited number of consumers/players/parties/events at one time, a sale in region 15 and a live concert in region 150. For a company like Walmart who was until recently opened 24/7 to offer the most convenience, breaking into a space where clocks do not exist, employees are not needed to greet customers, and a customer does not have to leave their house only attach VR goggles (or access from a device) to be in the store not just a landing page, it could be as powerful as an Alexa in a home. The company is being invited into the consumer home not only as a place to shop but as a destination to visit with no max limit on the number of visitors capacity and the ability to “sell out” or “restock” items without issue. [Table 5] Walmart’s target generations for this metaverse are lower than 34 years old, and that population makes up about 66.3% of their total shoppers as of this graphic. This would provide that population the additional luxury of shopping anytime, anywhere, while also potentially enjoying or just diving in for fun.

## COMPETITION AND POSITIONING STATEMENT

### Levels of Competition for Walmart in the Metaverse

The Walmart metaverse falls between a monopolistic and an oligopoly. Due to there being no direct coemption for market share of any competing eCommerce companies within the metaverse space, Walmart’s biggest hurdles will be total budget competitors in relation to user time allocation. Users can access purchase offerings directly on their cell phone, they can go into a store, they can go to a competitor. Walmart currently does not offer anything different from these competitors but retains its customer base because of the opportunities within the locations, the variety they offer and the affordability. To become a staple within the metaverse and combat all competitors, they need to offer something none of their direct, or indirect competitors are or can offer, and that is experience. Walmart already offers their staple products through monopolistic competition which allows them to slightly distinguish their brand from others. Walmart also holds strong in its oligopoly competition where they provide a large portion of products into the market and control prices through the opportunity and variety they provide within their stores. I do not see these key features changing when Walmart establishes their metaverse.

## Strategic Theme of Walmart's Metaverse

Walmart is venturing into the metaverse to capture the loyalty of their 35 and under population. The US 35 and under population currently accounts for about 66% of their market share, Walmart has been notorious in the past for their inability to capture loyalty to their brand. With their first to market strategy, they expect a portion of this population to venture in and gain that loyalty for the future. With their US eCommerce platform netting 43 billion in sales and 66% of the market share of the company to 35 and under, a good estimation is that Walmart will be able to carve out up to 28 billion dollars in sales from this venture.

The 28 billion only accounts for direct sales to customers, this metric does not include the other areas of potential revenue for the company from this venture.

- Land sales on the primary (100% profit) and secondary (up to 10% profit) markets
- W-coin holdings by Walmart
- Ad generation or purchasing from in-metaverse and external partners
  - o These could float around and appear anywhere
- Any sales-based contingencies tied to partnerships within the metaverse
- Large events or experiences put on by Walmart that they might sell tickets to
- Special digital only items that would be purchased by users, which could be for the user's avatar or for the users' private NFT collection.
  - o NFT primary and secondary market sales

## Walmart's Positioning Statement

This product offering will provide Walmart with the ability to establish a huge point of difference in relation to its competition. Its general business model is something that can be easily replicated and is seeing a lot of new smaller entrants. For Walmart to stay relevant and on top, they must leverage their brand power and the offerings they provide affordability, variety and opportunity into a new realm where they can offer something more, experience. Experience will be the feature that puts Walmart way ahead of its growing and current competition. The same offerings as in stores and eCommerce will be provided but experiences (such as concerts or special events) will be provided to patrons of the digital space. Also, special physically and digitally collaborations/partnerships will be available to these digital patrons. To add to this feature, the higher the traffic, the greater the value of the W-coin (their cryptocurrency) and the digital land. It is the incentive of holders of the coin (digital patrons), and Walmart partners to get users on the utility. This holder incentive has the potential to foster loyalty or at least the public facade of loyalty to Walmart and its brand.

## Positioning Map of the Walmart Metaverse

Walmart has 66% market share from their 35 and under category, which is the target of this venture. In 2021, 43 billion in online sales came from their U.S. eCommerce website. The

target position Walmart needs to attack is the mid to non-game sector, up between 1 billion and 28 billion (66% of 43B) in sales. This would prevent any unnecessary competition with external companies and future entrants into the market under/within the eCommerce mid to non-game sector. [Table 8], [Table 9]

## MARKETING MIX

### Product Strategy

#### The Major Product Attributes and Ingredients of the Wally-Verse

There are several pieces needed for WM to succeed in the metaverse

- The metaverse itself
  - This is the vast amount of code that has been written, checked, tested, re-tested and integrated with other companies to create a digital space
  - More simply, the development of their metaverse (just putting it together).
- The metaverse coin –
  - To use any digital environment, there needs to be a specific digital currency assigned to the space.
  - Walmart would need to create a cryptocurrency that would be the dominant currency used within their metaverse.
- The land parcels – Non-fungible tokens (NFT) need to be created for land offerings within the broader metaverse
  - Partnership opportunity of land and stall ownership within the Walmart metaverse
- Experiences
- Ad space

#### Performance Features and Benefits of the Provided Utility

Walmart needs to come out swinging.

- A standard eCommerce offering will not be enough because that is what a customer can get from any .com on web2.
- There will also be substantial package deals offered to customers.
- To make their digital landscape enticing for users, Walmart must tie some experience aspects within the space for its consumers.
  - These experiences can come from
    - Walmart's direct offerings

- Walmart builds the experience or event.
- Ex. Travis Scott or Ariana Grande concert only for users within Fortnite
- Contributors' offerings
  - The offerings provided from other companies within Walmart's metaverse.
  - Ex. A company opens a casino, movie theatre or museum with their acquired land parcel

## Brand Elements

The Walmart Brand and brand offerings might vary within the space only to work with partnership offerings. To maintain their current and, in the short-term, future client base and target market, Walmart will have to focus on, at minimum, maintaining its core offering in their metaverse: opportunity, affordability, and variety.

- An example would be Walmart-Nike presents
- Another example is "Exclusive product" brought to you by Walmart Metaverse

## Packaging

There will not need to be an extensive packing remodel. The core features of the brand and offerings will stay intact, the utility will be different.

## Assortments/Variants

Walmart will need to focus on core offerings within this segment and not straddle too many items. If Walmart straddles too many items, then a lot of time and code will be wasted on things that are not that important in the short-term. If a consumer is interested in purchasing an item within the metaverse, the customer will care much less if they can pick up a mango and put it in the cart the first time, then the broader metaverse accessibility options and exclusivity. The focus is to get the utility off the ground with moderate functionality of important aspects. It is more crucial for Walmart to focus on offering a metaverse and the space it can provide for consumers, then Walmart waste its resources ironing out fine motor skills of an avatar.

- Anything in the cart can be picked up and thrown out
- Select items from different in store regions can be grabbed directly off the shelf
- Exclusive in metaverse deals, ads, collaborations, items, experiences
  - In relation to experiences, Walmart should also stay away from straddling too many items. They would focus on gathering partnerships that can provide

experiences too the metaverse. Walmart will get their cut but only if and when customers log on.

## Wally-Verse Customer Service Strategy

This will be a very interesting challenge for Walmart and the challenges come in a few parts. Above were examples of how Disney tackled this problem using a 3<sup>rd</sup> party vender, Walmart's situation is a bit more complex because they are creating their own utility. Walmart should plan on having at minimum the below lines of service readily available for their customers to ease transition into their metaverse.

- What to do? – Walmart will need to navigate and curate the training of their current client base in using their metaverse offerings.
  - What kind of VR device is needed/supported; what activities can be completed within the space?
  - How to walk within VR
  - How to navigate the different areas of the metaverse
  - How to set up an account (bank account information will need to directly be linked to an exchange so that a transfer of assets can occur from USD to Walmart token),
- How to do it? – Walmart will need to support the customers and contributors in the purchase of their digital assets
  - The customer (end user) and contributor (business partners)
    - Needs support with the purchase of cryptocurrency [coin/token] (which is a volatile market, exchange rates, gas fees, terminology) since it is not a 1 for 1 exchange of the US dollar
    - Disney used a 3<sup>rd</sup> party and didn't train consumers, but Walmart should have this prepped as a contingency for easy transition and ease of use.
  - The contributors (business partners)
    - Should have support in the acquisition of digital land, with a finite amount allotted to the digital metaverse. If a contributor wants to move into the space, they will need to purchase the NFT in the public market (most likely)
- Internal customer service from the IT department in relation to
  - Physical issues servers going down
  - Digital issues cloud framework/infrastructure
  - Hacks
    - Very prominent in cryptocurrency exchanges
    - Companies that have large amounts of crypto on their balance sheets
    - Companies that compile consumer PII or Personal Identifiable Information like bank account, birthdate, phone number, and other personal data



## Complementary Products

For this initiative, the complementary products will be more focused on the contributor base that can be drawn into this space.

- Walmart already has a wide-spanning product offering with a great connection to the brands.
- Walmart will need to leverage this strength to persuade those companies and others to invest in building an area within the greater Walmart digital landscape.
  - o As they did with brick-and-mortar and then their eCommerce platform
- Walmart will also need to sweeten some deals with a large coin deposit incentives for some companies to join.
  - o An easy way to think of that is that a start-up has many shares. A partner or initial liquidity provider would purchase shares or be offered shares of the business before they went public or before they grew. When and if the company gets more profitable, the shares will become more valuable.
  - o Walmart would sweeten the pot with an offering of its cryptocurrency offering. A coin/token/cryptocurrency (W-coin) starts out with a value of nothing. The inherent value of the asset is only based on the demand of the asset by consumers because it is a finite asset that is regulated by the company. If the initial offering is too large, Walmart can “burn” or destroy some of the token supply to cut down on the amount in circulation. This means if there are consumers using the metaverse then the coin price must increase since it is the main point of value within the space.
- This could also be a potentially a discounted lease on the land parcel

## Warranty, returns, etc.

Within Walmart’s core brand structure, product defects are already baked in and channels are established. The metaverse will potentially not offer new items for customers to purchase, just a new avenue to purchase said items.

## Creating the Product Prototype

This will be a huge challenge for Walmart. They are trying to develop a metaverse within a market climate that is hot, and the assets are limited. Meta (formally Facebook) has their metaverse developers at 97k per year, startup’s range anywhere from 100k – 240k per year. They will need to attract the talent, be content with little senior’d experience (metaverse’s has been around for less than 5 years) and be willing to pay a pretty penny for the talent.

## Pricing Strategy

### **Overall Pricing Objectives, Policies, and Strategies within the Wally-Verse**

For Walmart to hold significant market share with their consumers, they would need to maintain affordability, opportunity, and variety for their offerings within any digital or physical space. Meaning, with this offering, their prices should not go up. Their prices are probably going to be lower for a while because they need to undercut their own eCommerce and brick-and-mortar stores to get traffic to their space. Walmart will need to offer an exponential amount of digital in-space incentives including free concerts, exclusive collaborations, and free items. These will have an upfront cost to the company but with the trade-off of increased users within the space, they avoid lower overall cost and less logistical costs of physical incentives.

### **What Factors Establish the Set Price of Goods within the Wally-Verse?**

This will be situationally based but should be stated that Walmart will have full control over all pricing (within their core location), availability of W-coin, and burn rate of token.

- Cost - Prices will remain low to improve their competitive advantage in the marketplace and entice visitors
- Demand – some items will have no demand until an event or a partnership arises. At that point, the demand will be assessed based on other analysis and price will be established from there.
- Environmental – This could come into play, but due to Walmart's size and brand identity, it will keep the prices as low as it can and use its name to negotiate lower prices from suppliers.
- Competitive – Walmart will have no competition in the metaverse space for eCommerce but it will need to compete with other eCommerce companies and offerings (including their own) and undercut their prices to get visitors within their space.

### **Customers and Legal Sensitivity Toward Pricing**

Since this is a space with no eCommerce competition, price sensitivity will be very important. To get traffic, the price will need to be lower than their current offering while also providing them special discounts within metaverse for potential bundled products and broader experiences.

## **Does the Wally-Verse Price Match its Customer's Perceived Value for the Brand?**

As it stands currently, the customers that frequent the space do so because of the offerings Walmart provides. Most customers associate Walmart with 2 words, “cheap” and “price.” This identifies that the affordability is what they desire as more important than the quality.

### **Target Market Pricing Tactics**

They will be using a few pricing tactics within the space.

- Discounting on the quality of Walmart's offerings is seen as “cheap.” A further discount will not be a large negative if the sacrifice is to directly improve traffic to their new utility.
- Skimming will be occurring in relation to some metaverse and event only items.
  - o An example could be selling an NFT of a ticket to a concert within the metaverse
- Penetration will be used to attract current metaverse users to try the space, like discounting. This can also be used to poach companies in other metaverse's.
  - o If Walmart wanted to poach Nike from Decentraland they might give them a great partnership deal that would provide much larger value than the current Nike offering in Decentraland.

### **Discount, Markdown, and Coupon Strategies**

Discussed in prior section.

### **Current and Future Pricing Competitor Reactions**

Discussed in prior section.

### **Walmart and the Wally-Verse Ability to Counter Competitor Reactions**

If Walmart can foster experience alongside its standard pillar's affordability, opportunity, and variety, it will be able to grow the loyalty of its consumer base. This will provide much needed strength for Walmart in combatting competitors. Other competitors could move into this space, but the only one that would truly bring heavy competition would be Amazon. But with experience at the forefront, shopping could be a fun experience and include more than any offering Walmart already has on the table for its consumers.

## **Achieving the Marketing Goals and Objectives through the Pricing Policy**

The pricing policy will cut the margins very thin in relation to direct customer eCommerce. It should be mentioned that metaverse will have more than just a “Walmart” and more than just shopping at Walmart. It will also contain other vendors paying rent for land parcels, paying for ad space, the value of the W-coin will grow with use, and the metaverse will be more profitable with each visit even if customers do not buy anything. With all free incentives and perks provided by the space, Walmart will be netting a lot of revenue from their extra business-to-business activities and collaborations (Ex. Fortnite). Walmart is building a place to house consumers, they will get some profit from those consumers, but most profits or equivalent will be coming from business partnerships (internal/external), and social influence collaborators.

## **Placement Strategy**

### **Proposed Channels and Distribution Levels for the Metaverse**

The proposed channel for this product would be direct selling. The metaverse would provide Walmart’s products with the ability to be directly purchased by the consumer. It will also provide 3rd party vendors and other companies to integrate and partner with Walmart and sell their products directly to consumers, which means a company could have a direct channel (like Alibaba), and/or indirect channel within the space.

For actual physical distribution of the products post purchase, Walmart will use its current set of distribution activities to provide in-store or home delivery of said purchases within the metaverse.

### **Firms, Entities, and Partners within the Distribution Network**

Walmart has a vast network of firms, entities, and partnerships pre-established in relation to distribution. Within the metaverse they will have key partnerships with mutual benefits of collaborations, user traffic increase and profit allocation on held assets increasing. Like Decentraland many companies will jump at the opportunity to gain a credible partnership with a brand as large as Walmart. On top of that, first gen partners can sell their land parcel and any business or entity from a mom-and-pop shop to the president could purchase it on the secondary market.

The distribution networks of products purchased with W-coin/token will be treated like all other items purchased through Walmart’s eCommerce platform and provide the user the option to ship to residence, for a specific date of delivery or ship to the local store.

## **The Distribution Strategies Contribution to Value Delivery**

With Walmart's omnichannel design, it allows the customer to identify how, when and where they would like their package delivered. Pick-up in-store, drop off at home, what time would you like either scheduled.

## **Retail Facing Tactics and Point of Purchase Promotions**

There will be several variations in the Walmart metaverse that will differ from physical shopping.

- Ad placement within different areas
  - o Ad's will pop up about events and bundle items for further purchases.
- The Walmart partners will be able to create impressive and immersive experiences within their plots.
  - o These would take the place of an impressive storefront in the real world.
- Digital patron specific items
  - o These could be NFT's, physical or digital products that are only available for digital patrons within a set amount of time or until quantity runs out.
  - o These could be free or sold, but the primary purpose is to get return users and users are constantly thinking about the space and what is occurring within it.
  - o This could also be tied to push notifications, similar to social media, that would provide a hit of dopamine and excite the user to dive in.

## **Promotional Strategy**

### **The Goal or the "Big Idea" for marketing promotional activities**

Get users to login to the utility, easy enough, right?

- If they can get users in the metaverse, with the assistance of partnerships, they can attract the value and grow the value of the space (figuratively and literally).
- With Walmart's brand power and through the current offerings of affordability, opportunity, and variety, the space will be self-sufficient as long as there are visitors.
- Also, providing the user the experience that makes shopping feel less like a chore and more like an adventure with friends from anywhere in the world

## Activities that Support the Promotional Goals and Marketing Strategy (Advertisements, promotions, contests, publicity, and personal selling)

Walmart within the metaverse will be branded as the same Walmart consumers outside of the digital space have come to expect. The standard offerings within the core Walmart within the Walmart metaverse infrastructure will be the same. Walmart will spend R&D funds to create functionality, explained below, that can be easily reproduced for their core marketing functions to fully capitalize on their efforts. Below are the marketing efforts surrounding Walmart's core offering. These can be replicated in other areas throughout the metaverse but the primary focus is to establish these offerings within the core store.

- Walmart "digital shopping store feature" promotions - User's login directly to access the utility, they will be able to traverse the isles either by shifting section/department or walking. Users will have access to purchase/add any standard Walmart item to their cart. Actual functionality to pick specific items up will be limited to promotional items and most bought.
  - o Within the shopping feature Walmart will embed internal partnership ads as pop ups/outs when users select certain promotional items for the user to add further items to their cart.
    - This feature is either a flat rate per ad or per click (like an affiliate marketing link).
    - The feature also allows Walmart to advertise all of their products to the fullest, since there is no limit to the number of ads or bundles, they can provide for their users.
      - Beta testing of the feature will determine the percentage of utilization of this feature Walmart should assign to products (30%, 50% or 80% per shopper, per visit, etc.)
      - Also, full utilization is a possibility because these will be pop ups/downs only when a user grabs/selects an item and hovers it over their cart.
        - o This means a standard user will not see every single item advertisement, only the advertisement of the items they selected/added to their "cart."
    - Walmart provides the infrastructure for ad framework and functionality based on predefined code.
    - Partner provides any direct advertisement material, price changes or promotional images.
  - o Like the internal partnership ad, Walmart will offer this service to businesses in the "outer-verse" or not in their metaverse.
    - Based on the same framework they have for non-digital promotions but at a premium for direct-to-customer advertising.
  - o Walmart also has the option (like Facebook had in their inception) to offer users a premium to not share data and not get ads. Although they have this option to do this, there is a low likelihood they will offer it.

- Their base goal upon inception is to get users to use the utility. Users have a higher likelihood of attempting to use, trying and retrying if the option to use is not hindered by an option to pay to denote advertisements.
  - Also, the user data that will be collected within their metaverse will be invaluable.
- Exclusive items will be strictly available within Walmart's metaverse for their digital users to acquire or purchase.
  - These exclusive items could be digital goods (NFT's) or physical goods.
  - To acquire these exclusive items, Walmart can mandate an action/activity that needs to be accomplished (like a quest).
    - This allows Walmart the unique ability to create a consulting arm of their company in relation to digital goods (NFT), and further foster additional collaborations and deals directly with social powerhouses or influential figures.
      - These collaborations will include free/near-free publicity of Walmart's metaverse through the network of the project partners.
      - Walmart could also charge a utility fee when a user purchases an NFT's. A utility fee is a standard practice and an easy way for Walmart to get additional profits (easy profits for just existing) to help Walmart focus on getting more users into the space.
    - First 100 users to get to the sporting goods section to receive your tiger woods sponsored NFT golf club.
    - This further ties the exclusivity aspect for only active users to have these exclusive items. Those users can either hold on to the NFT or flip it (sell it for a profit) on an external exchange (like Disney's NFT's).
    - This allows a lot of smaller, influential player to gain entry into the metaverse, and NFT space without all the hassle of building out a project and community.
  - The other side of exclusive items is the physical merchandise. These are real-life collaborations between Walmart and a virtual or physical partner that will only be available for a limited time at a limited quantity exclusively to the Walmart metaverse audience.
    - This unique feature will allow smaller and larger businesses to be a focal point of product testing.
      - The results could be skewed by supply re-sellers/scalpers, but this can be combated with designed "limited punching" capabilities for these special wears.
      - This also allows Walmart to assign value to user purchasing data and sell the blanket, generic user data.



- A banner will show up over all user's carts and mobile push notifications will be to registered users not in the space to indicate a special collaboration item/event is happening right now (or in the future).
        - Set supply amount should be established and the remaining supply count should be available (as a countdown feature [sense of urgency]) to users inside the space via banners (below). The users should be able to see that other users want the item, thus enticing them to purchase as well before it runs out.
      - To further establish exclusivity for exclusive items, a timer/clock function should be established as a failsafe for special event products, in case of flops or zero/limited interest based on supply.
    - Promotional store banners advertisements about approaching events, specials/exclusive deals.
      - These floating signs provide users with important information not just about the core Walmart utility but also the broader metaverse space.
- Exclusive events –
  - This would be large scale concerts, business openings, other exciting physical/digital collaborations between big names.
  - In-digital partnership land development to provide users with extremely immersive experiences within the metaverse.
  - The venders will be created with fun land structure/buildings to increase the level of interest of user and time-in metaverse environment.
    - Ex. fly around in a jet pack to check air quality or walk on top of the pyramids or the moon to test out NFT shoes.

## **Utilizing Online Tools and Social Media for Promotional and Marketing Goals and Objectives**

As discussed above, influencers and reputable social figures will have the ability to team up with Walmart to produce a small batch of physical and digital objects that can be put through the experience exclusivity engine that Walmart is creating around their metaverse. Upon collaboration, they provide Walmart metaverse with free social media marketing to their consumer base, and they pay for or work with Walmart to create said small batch of specific brand/design/NFT projects. The Walmart metaverse and its offerings of broader events from its partners will also be a draw to influencers. As stated, the generation (under 35) understand that time equity into a new social space/platform can produce high levels of future gains, social entrepreneurship.

**Wally-Verse Promotional Material**

“For the next step forward in technology, you better go home and sit down while we welcome you to the Wally-Verse” [Table 10]

**-----MARKETING IMPLEMENTATION AND CONTROL-----****IMPLEMENTATION SCHEDULE**

- - - (My project was too substantial to fit into a 1 year timeline) - - -

“Considering its thriving creator economy, Meta could launch a working prototype in 2-5 years. The Californian chipmaker isn't directly building its own metaverse platform, yet it will be a key enabler. The company calls its solution Omniverse – a solution that connects 3D worlds into a shared virtual universe” [18]

With Meta currently in process with their 2-to-5-year project, now is the time for Walmart to put the foot down and establish their name in the space. There are several key features that need to occur for Walmart’s metaverse vision to become a reality expressed below. The timeline for this is not linear but based on concurrent items in a stacked design. The total implementation can be expected to reach completion within about 3 to 4 years based on the current leg work, planning, and process Walmart has already done since SXSW (for buffering purposes).

- A tokenized economy with W-coin or whatever token name they provide (6 months to 2 years)
  - o This should also include exchange options for USD, and all other currencies into their native token. Potentially cryptocurrencies as well depending on how much of the asset Walmart wants to hold.
- The capacity to have the metaverse constantly running (2 years).
  - o Walmart also must deal with the weight of its global consumer base, so there should be extra contingencies in place for special events, original release, and any other date that could bring exceptionally high user volume.
  - o This includes building data warehouses for hardware capabilities, creating metaverse infrastructure software, developing the metaverse framework, and land parcel NFT’s.
- Large first-generation partnership agreements (3 years)
  - o This includes contract discover and incentive-based offerings.
    - This should not be hard Walmart; they can offer a lot of perks:
      - A land parcels
      - Additional digital world collaborations
        - o NFT and physical partnerships

- Physical world incentives
  - W-coin/token incentives
  - The partner would be able to leave and sell the land parcel for profit to another company that would want to join the metaverse
- Experiences (need to occur during the whole project timeline 3 to 4 years)
  - This could be a brand collaboration only available to in space users.
    - With digital partners or external partners
  - Smaller partnerships
    - NFT and physical products
  - Invite or pay musicians for metaverse concert
  - Special deals at special times
  - Bundled deals for digital only patrons

Walmart's optimal move is to have their metaverse up in beta with some additional functionality or close to market release by June 2023. This would be a year and a half after they officially announced the venture in 2022, and 6 years after they created their VR experience for SXSW festival showing the potential future of shopping. The benefit of this is they can iron out their space, fix bugs, and start providing more experiences with enough time to prepare for Black Friday 2023, which is sure to be a heavy user day. With the utilization of their resources and a focus on the key features of the broader metaverse environment (the build), the digital monetary unit of measure (coin/token), the rest will fall into place. They will also need partnerships and experiences which come from in house and partnerships. I would expect them to have a working beta with a token and some partnerships fully operational within the timeline provided. With their beta through testing and user Q/A, Walmart should be able to solidify their first to market eCommerce spot within the metaverse sector.

## **MARKETING COSTS, REVENUE, AND RETURN ON MARKETING INVESTMENT**

Thanks to companies like Decentraland, Sandbox, Roblox and Minecraft a lot of the fundamental groundwork has been established, code has been written, tested, improved and is all open source available. To aggregate the cost to build we can rely on some factors from current market competitors. Decentraland received 25 million in seed capital as of its last funding round in 2021, their metaverse official opened in 2020. Let's assume 25 million for core capabilities with no team, no prior infrastructure, no nothing. At the end of 2021, their revenue was 650 million dollars. They do not directly make sales to users except for avatar based NFT's, and they also maintain 10% gains of any future sale/re-sell of any NFT they have created. With their first-to-market strategy as a global enterprise focused on the metaverse, Walmart can use the efforts of their competitors to really propel them forward into this stage of innovation. With their US eCommerce platform netting 43 billion in sales and 66% of the total market share of the

company tied to customers 35 and under, a good estimation is that Walmart will be able to carve out up to 28 billion dollars in sales of their current offerings yearly from this venture.

The 28 billion number only accounts for direct sales to customers, it does not include the other areas of potential revenue for the company from different aspects of this venture. [Table 9]

- Walmart metaverse land parcel sales on the primary (100% profit) and secondary (up to 10% profit) markets.
  - o 7% to 10% of every sale after the primary sale is given to the creative group (standard process for an NFT project).
- W-coin holdings by Walmart
- Ad generation or purchasing from in-metaverse and external partners.
  - o These could float around and appear anywhere.
- Any sales-based contingencies tied to partnerships within the metaverse.
- Large events or experiences could be for free to attract users (Fortnite concert) but Walmart could also put on a show every so often that they can sell tickets for.
  - o Tickets to the virtual events will be in the form of NFT's.
- Small events related to partnerships of special small-scale projects and product market research.
- NFT Consulting for small and large projects that would create special digital only items that would be purchased by users. These items could be for the users to re-sell (again 10% profits to the original project holder), for their avatar or for the users private NFT collection.

## -----CONCLUSION-----

As a first-mover or early entry into the metaverse eCommerce marketplace, Walmart can create the standard for the market while connecting and further gaining customer loyalty for the 35-year-old and younger consumer. If Walmart can secure the loyalty of their current 66% of shoppers which are younger than 35 then it gives them a unique opportunity to control future market growth and brand adoption. They were able to get to the top of many categories with no customer loyalty, and only providing customers affordability, opportunity, and variety. If enticed that population to invest time in the metaverse experiences offered, then their shopping will no longer be a chore, but instead it would be fun trip/escape. That can foster the loyalty Walmart needs to stay at the top of the food chain. As said in the billion-dollar brand club “as important as a good product is, creating a good customer experience fosters loyalty, and loyal customers spread the word on social media and bring in more customers...a company needs to create moats to fend off the competition. How do you create moats? You continue to provide more value. How do you provide more value? You create a more holistic experience.” [19]

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## -----APPENDIX-----

[Table 1]

	2015	2016	2017	2018	2019	2020	2021
Supermarket Average	73	78	79	78	78	76	76
WM	67	74	73	72	73	71	70

[Table 2]

	General Merchandise	Drug Store	Supermarket	Online Retailer
General	75	76	76	77
Walmart	71	71	70	72

[Table 3]



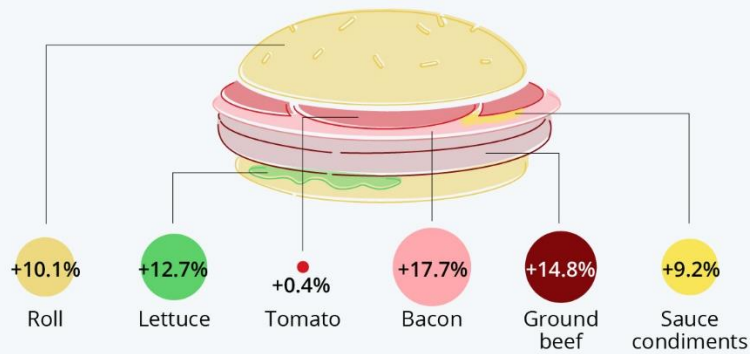
<https://theprepared.com/blog/news-roundup-for-fri-jun-10-2022/>

[Table 4]



## How Inflation Changed the Price of a Hamburger

Year-over-year change in the price of selected ingredients of a hamburger (April 2021-April 2022)



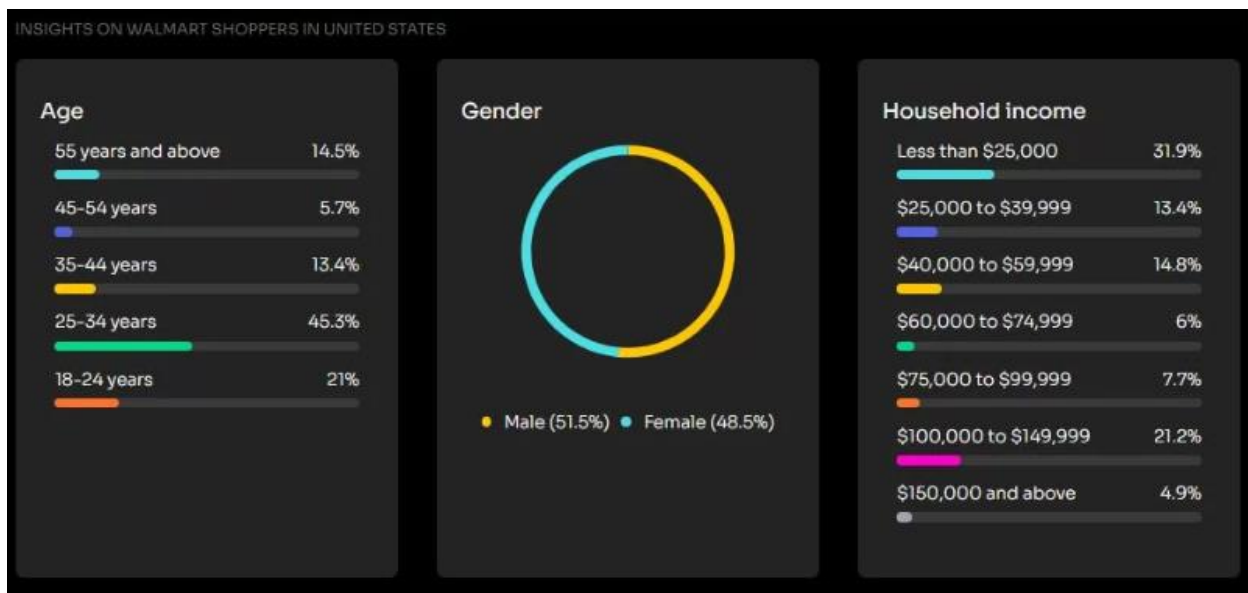
Based on retail prices, urban consumers  
Source: Bureau of Labor Statistics



statista

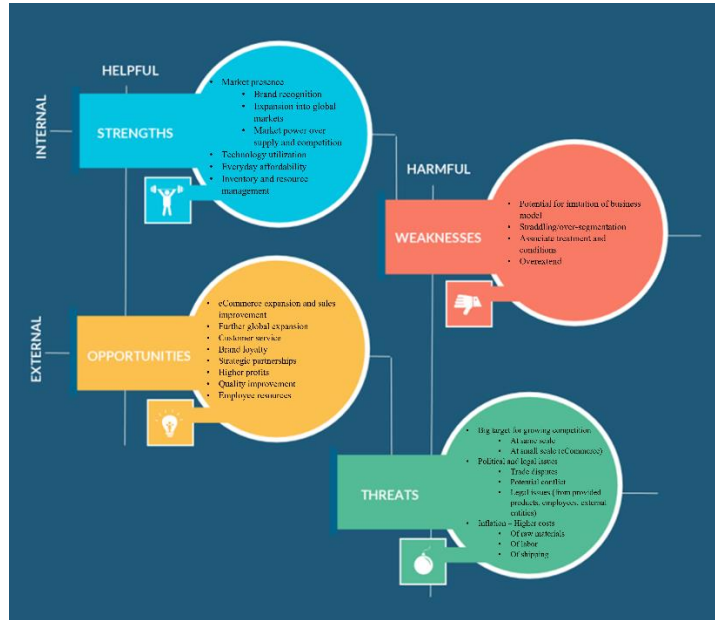
<https://www.nxtmine.com/economics/how-inflation-changed-the-price-of-a-burger/>

[Table 5]



<https://www.start.io/blog/walmart-target-market-analysis-shopper-demographics-and-insights/#:~:text=Who%20is%20the%20target%20market,and%20attractively%20priced%20shopping%20experience.>

[Table 6]

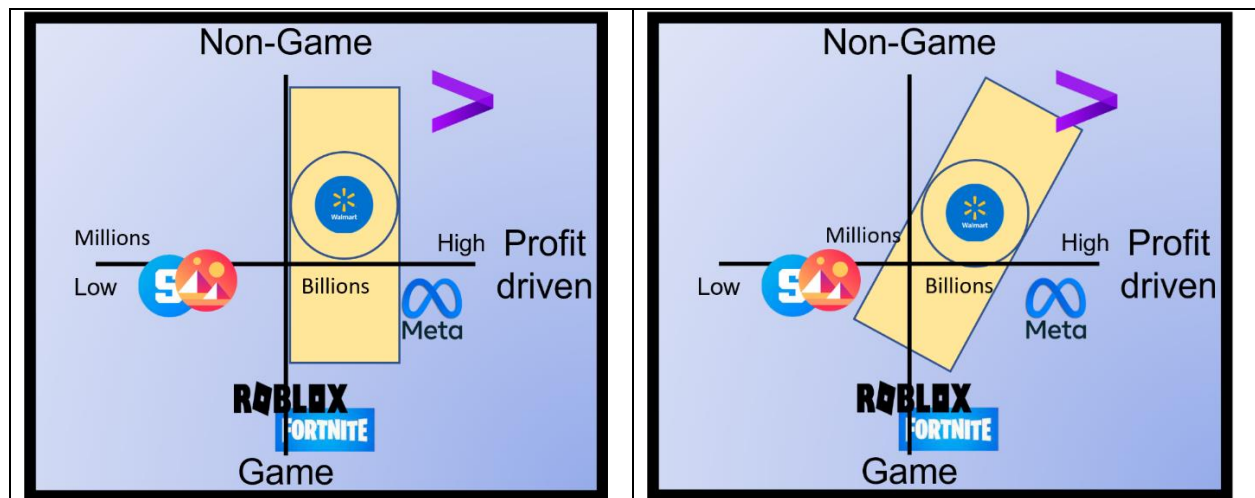


[Table 7]

Nike	Owns land [Roblox metaverse], sells NFTs for avatars [shoes, hats full outfits], digital/physical games [digital games that make the physical user move],
Samsung	Owns Land [Decentraland], Samsung store in the metaverse. It was originally designed for users to stop in, look around or take on quest based on objectives. Now it provides a more immersive experience, letting users curate their own adventures, communicate with other characters and complete objectives.
HSBC	Owns land [sandbox] to engage in sports, e-sports, and gaming
JPMorgan	Owns land [Decentraland] to build a lounge for customers
Sentosa	Owns land [Animal Crossing], has built a virtual island getaway was created so users

	could visit and enjoy the amenities offered by the resort virtually.
Louis Vuitton	Created a metaverse game, various partnerships and NFT projects
Barbados	Owens Land [Decentraland], building the first metaverse embassy
Accenture	Developed their own metaverse, primarily for talent development, but they monetize plots for clients to purchase and recreate their building.
Harvard	Have a metaverse, have released NFT's to former students which grant special privileges and network capabilities (A VIP pass)
Kraft	Filing patents for metaverse

[Table 8]



[Table 9]

Metaverse or company entering the space	2021 revenue	Denomination of revenue	Company Market
Decentraland	650	Million	Metaverse Technology Company
Sandbox (animoca brands)	530	Million	Metaverse Technology Company
Fortnite	5.8	Billion	Game/Social Company
Roblox	1.9	Billion	Game/Social Company

## Enter the Wally-Verse Quinton Carter

Meta	39.37	Billion	Social Company
Accenture	44.5	Billion	Global Consulting Firm

[Table 10]



WM SXSW 2017