

Wal-Mart Drives Efficiency with Project Impact

By Mike Duff | Apr 6, 2009

Wal-Mart is striving to become even more efficient and [is seeing results](#).

Speaking last week at a **Morgan Stanley** event in Arizona, **Bill Simon**, executive vice president and COO, Wal-Mart Stores U.S., detailed early results from [Project Impact, an initiative that includes updating store lay outs and displays](#) in new and remodeled stores to focus on merchandise that enjoys the best consumer reaction and, as a result, moves from distribution system to consumer most efficiently. That not only allows Wal-Mart to turn over its inventory effectively, it also allows the company to trim assortments so it always is [offering what customers want without the clutter of what they don't](#). The goal is [a quick to shop, friendly and clean store environment](#), Simon said.



Project Impact also permits Wal-Mart to provide “bold” prices in popular product categories, he said, with efficiencies driving savings to consumers. In fact, its surveys indicate that the company enjoys a 13.5 percent price advantage over its leading competitor, Simon asserted. He didn’t name the competitor, but **Target** would certainly be indicated.

Driving efficiencies in Project Impact is a merchandise evaluation and designation concept Wal-Mart dubs “win, play, show.” Categories where Wal-Mart dominates are designated win, and Simon said the company is focusing efforts in them on establishing even clearer price leadership as well as on enhancing displays in the aisle and in feature presentations, such as those at aisle ends.

Conversely, in show categories where it isn’t evidently dominant, Wal-Mart is scaling back assortments at store level to essential items but enhancing them on the company’s web site. So Project Impact also is having an influence on Wal-Mart’s development as a multi-channel retailer that balances store and online selling. Simon noted that [the company’s site-to-store program](#), which allows customers to order online then pick up merchandise at stores to avoid delivery fees, had been a significant boost to Wal-Mart’s Internet-based sales, aiding in efforts to “offer a broader assortment without distorting the store in a way that we are not happy with.”

Simon said that Project Impact had been a factor behind [the strength of Wal-Mart’s recent performance](#) allowing it to reduce inventory by 1.2 percent even as it increased sales by 6.8 percent.

Focus on high-demand merchandise and efficiency in moving it through the store always have been key to Wal-Mart’s success, and Project Impact demonstrates the company hasn’t lost site of where its advantage lies.