

Walmart touts investment in people, technology as advantages (Update)

2 June 2017, by Christopher S. Rugaber And Anne D'innocenzio



Walmart CEO Doug McMillon speaks during the Walmart shareholders meeting Friday, June 2, 2017, at Bud Walton Arena in Fayetteville, Ark. (Jason Ivester/The Northwest Arkansas Democrat-Gazette via AP)

Walmart CEO Doug McMillon touted the company's investments in people and technology, but also said the company may have reached an employment peak and urged employees not to be afraid of automation.

Speaking Friday at the annual shareholders' meeting, McMillon highlighted ideas Walmart has introduced or tested in the past year, like grocery pickup and technology that tracks food through the global supply chain. The company has also put money into its online operations, buying up several smaller retail sites as it seeks to compete better with Amazon.

The gathering—part pep rally, part music concert, and only briefly a business meeting—comes as the retail industry has been challenged by shoppers moving online.

McMillon and other executives also noted the

company's investments in higher wages and training for its employees. "We will compete with technology, but win with people," McMillon told a cheering audience.

He added that workers shouldn't fear increasing automation in the industry.

"No doubt our work will be different in the future—robots, drones and algorithms will do some work that we used to have to do," he continued. "Some people are afraid of what these changes will bring. I don't think we should be. Instead, I think we should recognize that we'll be able to learn, grow and change together."

A report conducted by the Cornerstone Capital Group commissioned by the Investor Responsibility Research Center Institute, says that 6 million to 7.5 million U.S. retail jobs could be wiped out in the coming years because of the use of technology.



Walmart CEO Doug McMillon talks about employee Willie Perkins during the Walmart shareholders meeting Friday, June 2, 2017, at Bud Walton Arena in Fayetteville, Ark. (Jason Ivester/The Northwest Arkansas Democrat-Gazette via AP)

In a briefing with reporters, McMillon did suggest that the company may have reached an employment peak, with 1.6 million workers.

"We may end up over time with fewer people, paying them more and have them use more technology," he said. But when or if that would happen is "to be determined."

Walmart's moves to meld its online services with its battalion of 4,700 stores are gaining momentum. But executives told shareholders they shouldn't remain comfortable in a fiercely competitive world.

The company's online sales surged as it tinkered with its shipping offers and other services, and drew more shoppers to its stores as well in its fiscal first quarter. The world's largest retailer has posted sales gains at established stores for the eleventh straight quarter, and customer traffic has risen for the tenth quarter in a row.

The mood at the meeting was upbeat, despite the overall struggles of the retail industry. About 14,000 people packed the arena including Wal-Mart workers from around the world. Performers included Gwen Stefani and Mary J. Blige, while Blake Shelton served as host.

McMillon cited the company's efforts to offer more shopping options, including automated pickup stations in some store parking lots, in-store pickup for online orders, and "Jet Fresh" delivery, which provides grocery delivery in 1-2 days and is available to about half of U.S. households. That service is a result of the company's acquisition last year of online retailer Jet.com.

"The historic trade-off between price and service doesn't really exist anymore," McMillon said.



Gwen Stefani performs during the Walmart shareholders meeting Friday, June 2, 2017, at Bud Walton Arena in Fayetteville, Ark. (Jason Ivester/The Northwest Arkansas Democrat-Gazette via AP)

With faster shipping a key area of competition, Walmart had announced on Thursday a delivery service using its own store employees, who will deliver packages ordered online while driving home from their regular work shifts.

Walmart has invested \$2.7 billion in higher wages and training for workers to lower turnover and make the shopping experience more appealing.

The company has opened 155 training academies, located at Supercenters, and plans to have 200 by the end of this year. Roughly 100,000 associates have been trained.

"I'm really excited about the environment that we're creating for people to learn," McMillon told reporters.

The company spent more than \$3 billion for Jet.com last year in its bid to lure younger and more affluent customers. With Jet.com founder Marc Lore installed as head of Walmart's U.S. e-commerce operations, it bought ShoeBuy.com, outdoor gear seller and MooseJaw and trend clothing seller ModCloth.

It's also implemented options like letting online

shoppers pick up items at a store for a lower price, and revamped its shipping program to make it more competitive with Amazon's popular Prime plan.

McMillon tweaked the online giant for calling its shipping "free," given that Prime members pay \$99 a year for the benefit. "I don't think you should have to pay for free shipping," he said.

Marion, South Carolina, thanked the company for its wage increases, announced two years ago, which has boosted her pay from \$7.25 an hour to \$10 an hour.

But "too many of us are still part-time," she said. "Too many of us have schedules and hours that change so frequently we can't plan our lives, or line up a second job."



Greg Penner, left, board chairman, speaks alongside Jim Walton, Alice Walton and Rob Walton for the presentation of the Sam Walton Award during the Walmart shareholders meeting Friday, June 2, 2017, at Bud Walton Arena in Fayetteville, Ark. (Jason Ivester/The Northwest Arkansas Democrat-Gazette via AP)

Carolyn Davis, an employee from the Outer Banks, North Carolina, urged the company to provide more parental leave. Salaried Walmart employees get 10 weeks of maternity leave. Full-time hourly workers get six to eight weeks of leave at half pay.

"Investing in associates means that new parents are allowed time to bond with our children," Davis said.

Jeff Gearhart, executive vice president of global governance, said that last year Walmart converted 150,000 part timers to full-time work. And 200,000 were promoted to positions of greater pay or more responsibility.

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Walmart's financial performance has stood out amid a largely gloomy environment for retailers. Its shares have risen 13 percent over the past year and are hovering close to \$80.

Still, amid the company chants and upbeat presentations, there were some signs of dissatisfaction.

Two employees, speaking on shareholder proposals, called for Walmart to provide more hours for part-time workers and greater parental leave. The comments, both from members of the OUR Walmart worker group, prompted loud cheers from the employees.

Janie Grice, a three-year Walmart employee from

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