Comparative Analysis Of Corporate Finance
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ABSTRACT
As the world struggles with the pandemic, all industries are vulnerable. The retail industry is closely related to people's lives. In order to explore the impact of the epidemic on the retail industry, we studied the business models and financial data of three companies in the retail industry, and finally obtained a more complete and innovative company model with stronger risk resistance.

Keywords: COVID-19 impact, Financial analysis, Risk management, Business model

1. INTRODUCTION
Retail is closely related to our daily life, so the sales industry is the best reflection of people's quality of life and the fastest response to the economic crisis industry. This article will take the three U.S. retail giant, Walmart, Costco and Target as the research target, from the position, customer behavior, inventory management and sales Angle analyzes the operating situation of three companies, and through to the three companies before and after the outbreak of COVID-19 in 2018-2021, and risk response data analysis of the economic downturn, such as cash flow, The stock market and so on, compare which company's risk management ability is better. We read a number of papers and found that almost all of the studies compared a company's financial performance before and after a recession, and although they focused on how companies changed in a market crisis, none of the existing literature chose to compare three companies horizontally. The paper analyzes the ability of the three companies to cope with risk by comparing their financial performance in the economic downturn during the COVID-19 pandemic, which is not covered by other researchers in the same field and will fill in the research gap. This paper will be composed of four parts: introduction, discussion, results and summary. The discussion section will be narrated from the perspective of companies analysis and financial analysis.

2. DISCUSSION
2.1. COMPANIES ANALYSIS

Walmart is a worldwide chain enterprise and retail giant. It has ranked first in the world's top 500 for many years. This scale and profitability are far beyond the reach of a good city [1].

The most important difference between Costco and Walmart is that different business models lead to different profit models, that is, different profit sources. Costco's profit comes more from the membership dues. It is precisely because Costco's profit source does not completely depend on the profit generated by selling goods, so it can lower the product price than Walmart, give people the impression of high cost performance, and further increase the purchase volume of members to achieve a virtuous circle.

Target's excellent performance during the epidemic is due to the return of many of the company's investments. Some of the company's investments include improving its full-service experience by providing services such as delivery on the same day and pick-up at the store. It also allows consumers to place orders on apps and take goods to their cars. The improvement of target department store's Omni channel seems to continue to promote customer flow and performance in the new year. The retailer is still looking...
Generally speaking, from the internal finance of the company, Walmart tends to be excellent and stable in all aspects, and has unique advantages in long-term asset and debt management. Target's inventory capacity is worth learning from the other two companies, and due to its inventory advantages, it has achieved an explosive increase in revenue after the outbreak of the epidemic. Costco's strong short-term solvency ensures the company's safety in the short term.

Interestingly, we can see that due to the more innovative retail model of target and Costco, they seem to have a safer business model and better growth prospects than Walmart, which attracted the attention of investors during the outbreak of the epidemic and performed well, which is of great benefit to the future development of the two companies.

Walmart and target's sales increased significantly during the epidemic as consumers avoided shopping malls, bought more groceries and sought more items for use at home, from puzzles to home clothes. In particular, target's sales increased by more than $15 billion in 2020, surpassing the total sales growth in the previous 11 years. According to research by the company and third parties, target gained about $9 billion in market share in the fiscal year ended January 30.

At present, both retailers are facing new and complex problems. Consumers are struggling to cope with more spending, and they are spending all the stimulus checks or savings they saved from the early days of the epidemic. At the same time, retailers decided to spend more on transportation and even charter ships to ensure sufficient inventory on shelves. In addition, they had to raise wages and welfare to ensure the staffing and smooth operation of warehouses and stores.

2.2 THE SPECIFIC DATA CAN BE ANALYZED FROM THE FOLLOWING POINTS:

(1) Liquidity

After the outbreak of the epidemic in 2019, we can see that the capital liquidity of the three companies is stronger than before, and the three liquidity ratio indicators have been significantly improved, which well shows the resilience and mechanism to risks during the epidemic.

The current ratios of the three companies are low, with an average value close to 1, fluctuating around 1. Costco's quick ratio is higher than the other two companies, reaching 0.64, indicating stronger short-term solvency. Walmart's liquidity is weak, and its cash ratio is lower than that of Costco and Target.
2.3. EXCELLENT BUSINESS MODEL

the most common definition of business model is ‘the logic of the firm, the way it operates, and how it creates and captures value for its stakeholders [3].

Over the years, Walmart has become the world's largest private employer and retail chain. Walmart's fiscal 2019 revenue of $513.3 billion, despite the pandemic, speaks volumes about the strength of its business model and its ability to mitigate risk and it is worth our analysis and study.

Walmart mainly uses a cost-oriented strategy to manage the enterprise. Its business model is mainly long-tail and multilateral platform business model. Based on the business model created by Ostwald and Pineuw Canvas model framework, mainly divided into nine building blocks: Customer Details points, value proposition, distribution channels, revenue sources, core capital source, customer relationship, key business, cost structure, key partners companion. The 9 elements in the business model do not exist independently. Rather, there is a certain logical relationship :1) Value creates income: Provide value proposition, Finding customer channels ,building relationships. 2) Value creating Needs Infrastructure: Measuring Core Resources and Capabilities, Finding important partner. etc. The core resources are used for analysis, and the core resources of the business model make the enterprise. industry organizations are able to create and deliver value propositions, access markets, and Customer segments build relationships and earn revenue. core capital Including physical resources, financial resources, etc., that is, the implementation tools of enterprises Competencies and qualifications required by the business model [4].

Under Walmart’s integrated business model, Walmart’s profit sources will change from single to diversified, which is the key to resisting risks. The first layer of profit is to use the combination of commodities to arrange the 25,000 categories of commodities that are owned, to lower the prices of commodities familiar to customers, and to raise the prices of high-quality commodities. This will give customers the illusion that they are taking advantage of. The second tier of profit is that Walmart charges an entry fee for incoming goods. We all know that items on the shelves of Walmart supermarkets are more likely to be swept away, so suppliers are also scrambling to pay Walmart entry fees to qualify for Walmart shelves. The third tier of profits comes from excellent logistics management and centralized procurement. There are many aspects to a supply chain foundation, such as lead times, performance metrics, and order constraints. Most importantly, it is driven by consumer preferences [5].

Using its huge logistics system and sales volume, Walmart can purchase goods on a large scale, thus keeping the prices of goods bought from suppliers very low, and using its own developed logistics system to transport goods to all parts of the world, so goods The cost is also much lower than the average small and medium supermarkets. The forth layer of profits come from the right investment strategy. Walmart makes full
because Costco's profit source does not completely come more from the membership dues. It is precisely between Costco and Walmart that different business strategies can be used for reference by other companies in coping with risks and economic downturn. By analyzing the business models and financial data of these three companies, we also find that companies with strong pricing power are more able to resist risks. The essence of pricing power is that you create unique consumer value, the revenue that consumers give you in return. Merchants use all means to prove that their commodities are unique and can bring consumer surplus. It is this uniqueness that makes consumers choose companies even when the economy is down. As the COVID-19 pandemic has hit, it is clear that online shopping is becoming more popular, so catching the younger generation of online shoppers means minimizing the impact of the pandemic. Obviously, Amazon, Walmart, Target and other retail giants do this.

The profit of the sixth floor comes from the development of various forms of supermarkets. At present, in addition to ordinary department stores, Walmart also has Sam's Club stores, as well as convenience supermarkets in residential buildings. Most importantly, since online shopping has entered the competition, Walmart is also actively engaged in online sales. These various Diverse sales methods provide great protection for Walmart to resist the risk of the epidemic and the company's sustainable development concept also enhances customer loyalty.

Finally, Walmart is the most widely distributed in the world, so Walmart is currently the most powerful import and export platform in the world. Walmart has become a procurement platform between countries, and I believe that Walmart will not stop at its pace and will continue to amplify this advantage to gain more benefits.

However, as an established retailer, under the development of the Internet, Walmart's Internet shopping has not become the mainstream of the market. The fundamental reason is that Walmart's fixed thinking does not pay attention to brand promotion, does not pay attention to the user experience in the Internet thinking, and ignores the user-oriented thinking logic. Although Walmart also dragged out its own online shopping app and door-to-door delivery, but almost no one cares. Perhaps in the next few years, Walmart can pay more attention to Internet shopping and make the Internet become Walmart's main source of profit. After all, the Internet will be the mainstream trend in the future.

Walmart is a worldwide chain enterprise and retail giant. It has ranked first in the world's top 500 for many years. This scale and profitability are far beyond the reach of a good city. The most important difference between Costco and Walmart is that different business models lead to different profit models. Costco's profit comes more from the membership dues. It is precisely because Costco's profit source does not completely depend on the profit generated by selling goods, so it can lower the product price than Walmart, give people the impression of high cost performance, and further increase the purchase volume of members to achieve a virtuous circle. Target's excellent performance during the epidemic is due to the return of many of the company's investments. Some of the company's investments include improving its full-service experience by providing services such as delivery on the same day and pick-up at the store. It also allows consumers to place orders on apps and take goods to their cars. The improvement of target department store's Omni channel seems to continue to promote customer flow and performance in the new year. The retailer is still looking for better ways to adapt its physical stores to the needs of modern consumers [6].

At present, both retailers are facing new and complex problems. Consumers are struggling to cope with more spending, and they are spending all the stimulus checks or savings they saved from the early days of the epidemic. At the same time, retailers decided to spend more on transportation and even charter ships to ensure sufficient inventory on shelves. In addition, they had to raise wages and welfare to ensure the staffing and smooth operation of warehouses and stores.
From the above analysis and data comparison, it is not difficult to see that retailers' focus is shifting from physical to online sales, which is also an important node whether retailers can seize the opportunity. Strengthening and improving the management and control of enterprise funds is also an important aspect to reduce risks. Walmart is the best at this. If an enterprise wants to remain invincible in the industry and have better development space, it should pay attention to capital management and improve the efficiency of capital use. Strengthening fund management, there are many channels, from the reasonable layout to the efficient market development, from the funds are used to raise money, from raw materials in the scale of production, capital management in enterprise daily production and business operation activities, to the management for economic profit, less investment, large output, effective solutions to improve business efficiency. Flexible use of SWOP model, based on the analysis of internal and external environment situation, through investigation can list the main internal strengths, weaknesses and external opportunities and threats, etc., and arranged according to the matrix form, and then use the thought of system analysis, the various factors each other match analysis, from which a series of corresponding conclusions, and conclusion is usually a certain decision-making. In short, the economic downturn and other shocks brought about by the pandemic can serve as a cautionary tale for other companies to learn from the best of those that have handled the situation well in case of a risk.

REFERENCES


