24-229
Revised July 4, 2026

Amazon.com, Inc. vs. Walmart Inc.

Justin Morris, Christopher Noe, and Joseph Weber

Business journalist Blake Morgan had been evaluating Walmart and Amazon since 2019. Every couple of years, she contributed a comprehensive article to *Fortune* magazine, offering insights into the logistics, customer service, innovation, and financial health of the two companies. In 2023, Morgan observed that the return on equity (ROE) for both was nearly identical – 17.5% for Amazon and 18.7% for Walmart. However, as a seasoned observer of the retail industry, she understood that while two companies might appear similar financially at first glance, deeper analysis often revealed significant differences.

Business Evolution

Amazon

Amazon launched its website on July 16, 1995, initially offering books for sale online. The company steadily expanded into other product categories, including CDs, DVDs, consumer electronics, video games, office products, and household goods. As sales continued to grow, Amazon invested in increased computing power to handle the rising web traffic, as well as in fulfillment centers and delivery vehicles to manage the ever-increasing volume of products.

In 2000, Amazon opened its platform to third-party sellers. Six years later, Amazon launched its Fulfillment by Amazon (FBA) program, leveraging the company's extensive distribution infrastructure. This program allowed third party-sellers to outsource warehouse storage, shipping, customer service, and returns, all for a predictable fee. The appeal of the FBA program led to steady growth in Amazon's

This case was prepared by 2024 MBA Justin Morris, Senior Lecturer Christopher Noe, and Professor Joseph Weber.

third-party seller business. As of 2023, third-party sellers accounted for 60% of unit sales on the Amazon platform.[1]

While some product categories had higher or lower rates, Amazon typically earned a 15% commission, known as a referral fee, on third-party sales.[2] Additional services as part of the FBA program, along with advertising on the Amazon platform, could cause a third-party seller's total fees to exceed 50% of a sale.[3]

The same year Amazon launched the FBA program, the company also decided to rent out excess capacity on its computer network to other businesses. This decision marked the genesis of the cloud computing services industry. Amazon's on-demand services, known as Amazon Web Services (AWS), included storage, computing power, software, and database management. As of 2023, the cloud computing market was dominated by three major players: AWS, Microsoft Azure, and Google Cloud. AWS's tremendous growth led it to contribute a larger share of Amazon's revenue and an even greater portion of the company's profit.

Despite having a strategy focused on disrupting the brick-and-mortar retail sector, Amazon made its largest acquisition to date in 2017 by purchasing Whole Foods Market Inc. for $13.7 billion.[4] This acquisition provided Amazon with 460 stores, which could serve as strategic points for in-store pickup. It also instantly positioned Amazon as a major player in the grocery business, a significant spending category where it had struggled to gain traction due to consumer preference for in-store food shopping.

Exhibits 1 and 2 provide financial statements and segment information from Amazon's annual report for the fiscal year ended December 31, 2023.

Walmart

In 1962, Sam Walton opened the first Walmart in Bentonville, Arkansas. Employing a strategy of offering a wide variety of products at low prices, this single store grew into a retailing powerhouse, encompassing a collection of discount stores, combination discount/grocery stores known as supercenters, and warehouse clubs across numerous countries. As of 2023, Walmart was the largest company in the world by revenue, a position it first attained in 2001.[5]

Despite its emphasis on physical locations, Walmart ventured into e-commerce in 2000 with the launch of walmart.com and samsclub.com. In 2007, walmart.com introduced the "site-to-store" service,

[1] Statista via the company.

[2] https://sell.amazon.com/pricing (accessed July 2024).

[3] Juozas Kaziukėnas, "Amazon Takes a 50% Cut of Sellers' Revenue," *Marketplace Pulse*, February 13, 2023.

[4] Laura Stevens and Annie Gasparro, "Amazon to Buy Whole Foods for $13.7 Billion," *The Wall Street Journal*, June 16, 2017.

[5] "Wal-Mart Tops Fortune 500 List," *CBS News*, March 31, 2002, https://www.cbsnews.com/news/wal-mart-tops-fortune-500-list-31-03-2002/ (accessed July 2024).

allowing customers to make online purchases and pick up their orders in stores. Walmart accelerated its investments in e-commerce in response to the COVID-19 pandemic. In 2020, the company launched the Walmart+ membership program, offering free same-day grocery delivery, free next-day or two-day shipping on other online purchases, a discount on gas at Walmart and Sam's Club locations, and mobile checkout in stores. Even with pandemic-driven gains in e-commerce, however, online net sales remained a relatively small share of Walmart's total revenue – just 15% as of early 2024.[6]

In 2009, walmart.com opened to third-party sellers, but this initiative, known as the Walmart Marketplace, was not a strategic priority until 2016. At that point, Walmart began courting online third-party sellers by offering support services and adopting a fee structure similar to Amazon's FBA program. Nonetheless, as of early 2024, the effect of third-party sellers on Walmart's overall financial performance was immaterial.

Exhibits 3 and 4 provide financial statements and segment information from Walmart's annual report for the fiscal year ended January 31, 2024.

[6] Walmart Inc. 10-K, January 31, 2024.

Exhibit 1 Amazon.com, Inc. Income Statements ($ Millions)

	Year Ended December 31,		
	2023	**2022**	**2021**
Net product sales (1)	255,887	242,901	241,787
Net service sales (2)	318,898	271,082	228,035
Total net sales	574,785	513,983	469,822
Operating expenses:			
Cost of sales (1) (3)	304,739	288,831	272,344
Fulfillment (3)	90,619	84,299	75,111
Marketing	44,370	42,238	32,551
Technology and infrastructure (4)	85,622	73,213	56,052
General and administrative	11,816	11,891	8,823
Other operating expense, net	767	1,263	62
Total operating expenses	537,933	501,735	444,943
Operating income	36,852	12,248	24,879
Interest income	2,949	989	448
Interest expense	(3,182)	(2,367)	(1,809)
Other income (expense), net	938	(16,806)	14,633
Total non-operating income (expense)	705	(18,184)	13,272
Income (loss) before income taxes	37,557	(5,936)	38,151
Provision for income taxes	(7,120)	3,217	(4,791)
Equity-method investment activity, net of tax	(12)	(3)	4
Net income (loss)	30,425	(2,722)	33,364

(1) Amazon is not the seller of record in third-party transactions. Therefore, it does not record revenue on these transactions in net product sales, and it does not record the cost of third-party products in cost of sales.
(2) Commissions and other fees earned on third-party sales are included in net service sales.
(3) Expenses associated with providing third-party seller services are included in cost of sales and fulfillment.
(4) AWS expenses are primarily included in technology and infrastructure.

Exhibit 1 (cont.) Amazon.com, Inc. Balance Sheets ($ Millions)

	December 31,	
	2023	**2022**
Current assets:		
Cash and cash equivalents	73,387	53,888
Marketable securities	13,393	16,138
Inventories (1)	33,318	34,405
Accounts receivable, net	46,853	37,860
Other current assets	5,400	4,500
Total current assets	172,351	146,791
Property and equipment, net	204,177	186,715
Operating leases	72,513	66,123
Goodwill	22,789	20,288
Other assets	56,024	42,758
Total assets	527,854	462,675
Current liabilities:		
Accounts payable	84,981	79,600
Accrued expenses and other	64,709	62,566
Unearned revenue	15,227	13,227
Total current liabilities	164,917	155,393
Long-term debt	77,297	72,968
Long-term lease liabilities	58,314	67,150
Other long-term liabilities	25,451	21,121
Stockholders’ equity:		
Common stock	109	108
Treasury stock, at cost	(7,837)	(7,837)
Additional paid-in capital	99,025	75,066
Accumulated other comprehensive loss	(3,040)	(4,487)
Retained earnings	113,618	83,193
Total stockholders’ equity	201,875	146,043
Total liabilities and stockholders’ equity	527,854	462,675

(1) Third-party sellers retain ownership of their inventory, regardless of whether fulfillment is provided by Amazon or by the sellers themselves. Consequently, these products are not included in Amazon’s inventories.

Exhibit 1 (cont.) Amazon.com, Inc. Cash Flow Statements ($ Millions)

	Year Ended December 31,		
	2023	**2022**	**2021**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	54,253	36,477	42,377
OPERATING ACTIVITIES:			
Net income (loss)	30,425	(2,722)	33,364
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depreciation and amortization of property and equipment and capitalized content costs, operating lease assets, and other	48,663	41,921	34,433
Stock-based compensation	24,023	19,621	12,757
Non-operating expense (income), net	(748)	16,966	(14,306)
Deferred income taxes	(5,876)	(8,148)	(310)
Changes in operating assets and liabilities:			
Inventories	1,449	(2,592)	(9,487)
Accounts receivable, net and other	(8,348)	(8,622)	(9,145)
Other assets	(12,265)	(13,275)	(9,018)
Accounts payable	5,473	2,945	3,602
Accrued expenses and other	(2,428)	(1,558)	2,123
Unearned revenue	4,578	2,216	2,314
Net cash provided by (used in) operating activities	84,946	46,752	46,327
INVESTING ACTIVITIES:			
Purchases of property and equipment	(52,729)	(63,645)	(61,053)
Proceeds from property and equipment sales and incentives	4,596	5,324	5,657
Acquisitions, net of cash acquired, non-marketable investments, and other	(5,839)	(8,316)	(1,985)
Sales and maturities of marketable securities	5,627	31,601	59,384
Purchases of marketable securities	(1,488)	(2,565)	(60,157)
Net cash provided by (used in) investing activities	(49,833)	(37,601)	(58,154)
FINANCING ACTIVITIES:			
Common stock repurchased	0	(6,000)	0
Proceeds from short-term debt, and other	18,129	41,553	7,956
Repayments of short-term debt, and other	(25,677)	(37,554)	(7,753)
Proceeds from long-term debt	0	21,166	19,003
Repayments of long-term debt	(3,676)	(1,258)	(1,590)
Principal repayments of finance leases	(4,384)	(7,941)	(11,163)
Principal repayments of financing obligations	(271)	(248)	(162)
Net cash provided by (used in) financing activities	(15,879)	9,718	6,291
Foreign currency effect on cash and cash equivalents	403	(1,093)	(364)
Net increase (decrease) in cash and cash equivalents	19,637	17,776	(5,900)
CASH AND CASH EQUIVALENTS, END OF PERIOD	73,890	54,253	36,477

Source: Amazon.com, Inc. 10-K, December 31, 2023.

Exhibit 2 Amazon.com, Inc. Segment Information ($ Millions)

	Year Ended December 31,		
	2023	**2022**	**2021**
Net sales			
North American retail	352,828	315,880	279,833
International retail	131,200	118,007	127,787
AWS	90,757	80,096	62,202
Consolidated	574,785	513,983	469,822
Operating income			
North American retail	14,877	(2,847)	7,271
International retail	(2,656)	(7,746)	(924)
AWS	24,631	22,841	18,532
Consolidated	36,852	12,248	24,879
Assets			
North American retail	196,029	185,268	161,255
International retail	69,718	64,666	57,983
AWS	108,533	88,491	63,835
Corporate (1)	153,574	124,250	137,476
Consolidated	527,854	462,675	420,549

Net sales by groups of similar products and services, which also have similar economic characteristics, is as follows:

	2023	2022	2021
Net sales			
Online stores (2)	231,872	220,004	222,075
Physical stores (3)	20,030	18,963	17,075
Third-party seller services (4)	140,053	117,716	103,366
Advertising services (5)	46,906	37,739	31,160
Subscription services (6)	40,209	35,218	31,768
AWS	90,757	80,096	62,202
Other (7)	4,958	4,247	2,176
Consolidated	574,785	513,983	469,822

(1) Total segment assets exclude corporate assets, such as cash and cash equivalents, marketable securities, other long-term investments, corporate facilities, goodwill and other acquired intangible assets, and tax assets.
(2) Includes product sales and digital media content sold on a transactional basis.
(3) Includes product sales where customers physically select items in a store. Sales to customers who order goods online for delivery or pickup at physical stores are included in online stores.
(4) Includes commissions and any related fulfillment and shipping fees, and other third-party seller services.
(5) Includes sales of advertising services to sellers, vendors, publishers, authors, and others, through programs such as sponsored ads, display, and video advertising.
(6) Includes annual and monthly fees associated with Amazon Prime memberships, as well as digital video, audiobook, digital music, e-book, and other non-AWS subscription services.
(7) Includes sales related to various other offerings, such as certain licensing and distribution of video content, health care services, and shipping services, and co-branded credit card agreements.

Source: Amazon.com, Inc. 10-K, December 31, 2023.

Exhibit 3 Walmart Inc. Income Statements ($ Millions)

	Year Ended January 31,		
	2024	**2023**	**2022**
Net sales (1)	642,637	605,881	567,762
Membership and other income	5,488	5,408	4,992
Total revenues	648,125	611,289	572,754
Costs and expenses:			
Cost of sales	490,142	463,721	429,000
Operating, selling, general and administrative expenses	130,971	127,140	117,812
Operating income	27,012	20,428	25,942
Interest:			
Debt	2,259	1,787	1,674
Finance lease	424	341	320
Interest income	(546)	(254)	(158)
Interest, net	2,137	1,874	1,836
Loss on extinguishment of debt	0	0	2,410
Other (gains) and losses	3,027	1,538	3,000
Income before income taxes	21,848	17,016	18,696
Provision for income taxes	5,578	5,724	4,756
Consolidated net income	16,270	11,292	13,940
Consolidated net (income) loss attributable to noncontrolling interest	(759)	388	(267)
Consolidated net income attributable to Walmart	15,511	11,680	13,673

(1) Walmart recognizes revenue from service transactions at the time the service is performed. Generally, revenue from services is classified as a component of net sales.

Exhibit 3 (cont.) Walmart Inc. Balance Sheets ($ Millions)

	January 31,	
	2024	**2023**
Current assets:		
Cash and cash equivalents	9,867	8,625
Receivables, net	8,796	7,933
Inventories	54,892	56,576
Prepaid expenses and other	3,322	2,521
Total current assets	76,877	75,655
Property and equipment, net	110,810	100,760
Operating lease right-of-use assets	13,673	13,555
Finance lease right-of-use assets, net	5,855	4,919
Goodwill	28,113	28,174
Other long-term assets	17,071	20,134
Total assets	252,399	243,197
Current liabilities:		
Short-term borrowings	878	372
Accounts payable	56,812	53,742
Accrued liabilities	28,759	31,126
Accrued income taxes	307	727
Long-term debt due within one year	3,447	4,191
Operating lease obligations due within one year	1,487	1,473
Finance lease obligations due within one year	725	567
Total current liabilities	92,415	92,198
Long-term debt	36,132	34,649
Long-term operating lease obligations	12,943	12,828
Long-term finance lease obligations	5,709	4,843
Deferred income taxes and other	14,629	14,688
Redeemable noncontrolling interest	222	237
Equity:		
Common stock	805	808
Capital in excess of par value	4,544	4,430
Retained earnings	89,814	83,135
Accumulated other comprehensive loss	(11,302)	(11,680)
Total Walmart shareholders’ equity	83,861	76,693
Noncontrolling interest	6,488	7,061
Total equity	90,349	83,754
Total liabilities, redeemable noncontrolling interest, and equity	252,399	243,197

Exhibit 3 (cont.)   Walmart Inc. Cash Flow Statements ($ Millions)

	Year Ended January 31,		
	2024	**2023**	**2022**
Cash flows from operating activities:			
Consolidated net income	16,270	11,292	13,940
Adjustments to reconcile consolidated net income to net cash provided by operating activities:			
Depreciation and amortization	11,853	10,945	10,658
Net unrealized and realized (gains) and losses	3,193	1,683	2,440
Losses on disposal of business operations	0	0	433
Deferred income taxes	(175)	449	(755)
Loss on extinguishment of debt	0	0	2,410
Other operating activities	2,642	1,919	1,652
Changes in certain assets and liabilities, net of effects of acquisitions and dispositions:			
Receivables, net	(797)	240	(1,796)
Inventories	2,017	(528)	(11,764)
Accounts payable	2,515	(1,425)	5,520
Accrued liabilities	(1,324)	4,393	1,404
Accrued income taxes	(468)	(127)	39
Net cash provided by operating activities	35,726	28,841	24,181
Cash flows from investing activities:			
Payments for property and equipment	(20,606)	(16,857)	(13,106)
Proceeds from the disposal of property and equipment	250	170	394
Proceeds from disposal of certain operations, net of divested cash	135	0	7,935
Payments for business acquisitions, net of cash acquired	(9)	(740)	(359)
Other investing activities	(1,057)	(295)	(879)
Net cash used in investing activities	(21,287)	(17,722)	(6,015)
Cash flows from financing activities:			
Net change in short-term borrowings	512	(34)	193
Proceeds from issuance of long-term debt	4,967	5,041	6,945
Repayments of long-term debt	(4,217)	(2,689)	(13,010)
Premiums paid to extinguish debt	0	0	(2,317)
Dividends paid	(6,140)	(6,114)	(6,152)
Purchase of company stock	(2,779)	(9,920)	(9,787)
Dividends paid to noncontrolling interest	(763)	(444)	(424)
Purchase of noncontrolling interest	(3,462)	(827)	0
Sale of subsidiary stock	716	66	3,239
Other financing activities	(2,248)	(2,118)	(1,515)
Net cash used in financing activities	(13,414)	(17,039)	(22,828)
Effect of exchange rates on cash, cash equivalents and restricted cash	69	(73)	(140)
Net increase (decrease) in cash, cash equivalents and restricted cash	1,094	(5,993)	(4,802)
Change in cash and cash equivalents reclassified from assets held for sale	0	0	1,848
Cash, cash equivalents and restricted cash at beginning of year	8,841	14,834	17,788
Cash, cash equivalents and restricted cash at end of year	9,935	8,841	14,834

Source: Walmart Inc. 10-K, January 31, 2024.

Exhibit 4 Walmart Inc. Segment Information ($ Millions)

	Year Ended January 31,		
	2024	**2023**	**2022**
Net sales			
U.S. retail	527,996	504,898	466,803
International retail	114,641	100,983	100,959
Consolidated	642,637	605,881	567,762
Operating income			
U.S. retail	22,103	17,463	22,184
International retail	4,909	2,965	3,758
Consolidated	27,012	20,428	25,942
Assets			
U.S. retail	153,464	146,149	139,722
International retail	86,136	86,766	91,403
Corporate	12,799	10,282	13,735
Consolidated	252,399	243,197	244,860

Source: Walmart Inc. 10-K, January 31, 2024.