

Identifying and assessing the impact of distribution practices which acted  
as driving force behind Walton's success



## **Internship report**

**On**

“Identifying and assessing the impact of distribution practices which acted as driving force behind Walton’s success”

**By,**

MD. Hasib Ul Alam Naheen

18104245

An internship report submitted to BRAC Business School in partial fulfillment of the requirements for the degree of Bachelor of Business Administration

BRAC Business School

BRAC University

25<sup>th</sup> October, 2023

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## **Declaration**

It is hereby declared that

1. The internship report submitted is my/our own original work while completing my degree at BRAC University.
2. The report does not have material previously published or written by a third party, except where this is appropriately cited through full and correct referencing.
3. The report does not have material that has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I/We have acknowledged all main sources of help.

### **Student's Full Name & Signature:**

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MD. Hasib Ul Alam Naheen

18104245

### **Supervisor's Full Name & Signature:**

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Tanzin Khan

Senior Lecturer

BRAC Business School

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## Letter of Transmittal

To

Ms. Tanzin Khan

Senior Lecturer

BRAC Business School

BRAC University

66 Mohakhali, Dhaka-1212

**Subject: Submission of internship report**

Dear Ma'am,

It is an immense pleasure to submit my internship report on “Identifying and Assessing the impact of distribution practices which acted as driving force behind Walton’s success”. As per the requirements and with your valuable guidelines, I have completed the report and am now submitting my internship report which is based on my three months internship experiences at Walton Hi-Tech Industries PLC.

I have given my best efforts to complete this report as per the guidelines with essential data and recommendations in a comprehensive manner.

Sincerely yours,

MD. Hasib Ul Alam Naheen

18104245

BRAC Business School

## Confidentiality Agreement:

1. The internship report, whether in draft or final form, is not secret and may be shared by students, employers, and teachers. The faculty supervisor may destroy the internship report after one year (during a grade review).
2. All materials provided by the employer to the student during the internship remain the employer's property, unless requested by the employer. Professor, supervisor, and student will not keep this knowledge hidden.
3. Information gained during the internship cannot be kept secret by any of the persons involved.

And the undersigned student at BRAC University

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MD. Hasib Ul Alam Naheen

Student

Brac Business School

Brac University

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Tanzin Khan

Senior Lecturer

Brac Business School

Brac University

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## Acknowledgement:

I would like to express my immense gratitude to my internship supervisor, Ms. Tanzin Khan, for her amazing support and guidelines. Without her guidelines and support would not have been possible to complete this internship report in such manner. I would also like to thank my line managers and supportive colleagues for all the insights and supports. I would also like to show my gratitude to all the participants in different interviews and discussions for adding their valuable insights and all the thoughts they have regarding the issue. This internship report would not have been possible without their unwavering support.

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## Executive Summary

This internship report is based on my three months internship experience at Walton Hi-Tech Industries PLC. During my tenure as an intern, from 15.07.2023 to 15.10.2023, I worked in the Walton Distributors Network section under the sales department. I had the amazing opportunity to learn a lot of new things including corporate culture, work ethics and intricate details regarding the company and the industries it operates in.

This report demonstrates my hard work and dedication while working in one of the leading consumer electronics and appliance company of the country and overcoming challenges to get a in depth understanding regarding sales, distribution, consumer behavior and the consumer electronics industry.

It also serves as a guide to those who are interested in pursuing their internship or career in sales or marketing at Walton Hi-Tech Industries PLC. and the consumer electronics industry.

I am forever grateful to my internship advisor, line manager and colleagues for giving me such an amazing opportunity to learn and grow. I'll always cherish this experience and try to implement my learnings in my upcoming professional and personal life.

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## Chapter 1 : Overview of internship



## 1.1 Student Information:

I, MD. Hasib Ul Alam Naheen, a student of Bachelors of Business Administration (BBA) of BRAC University, majoring in Marketing and minoring in Finance. I got myself admitted to BRAC University during the Spring 2018 session. Currently I am pursuing my internship at one of the country's leading electrical and electronic appliances conglomerate Walton Hi-Tech Industries PLC and I am assigned as an intern of Walton Distributors Network which falls under the sales department.

## 1.2 Internship Information:

Company : Walton Hi-Tech Industries PLC.

Period : Three months; 15<sup>th</sup> July, 2023 to 15<sup>th</sup> October, 2023.

Department : Walton Distributors Network (Sales)

### 1.2.1 Internship Supervisor's Information:

My internship supervisor is Mr. MD. Shibir Ahmed Rafi, Deputy Operative Director and National Sales Co-Ordinator of Walton Hi-Tech Industries PLC. He is my line manager under whose direction I work to achieve the organizational goals.

### 1.2.2 Job Description:

- 1 Monitor and analyze sales performance of nationwide distributors of Walton.
- 2 To observe and learn about the basic intricates of Walton's sales and distribution.
- 3 Communicate with the sales force to effectively solve problems they face in market through policymaking.
- 4 To be in communication with the sales force and the distributors and push them for ensuring sales targets
- 5 Visit markets to know how the business works in reality and the driving factors of the consumer behavior.
- 6 To design the User Interface of the real time sales dashboard of Walton and implement the project with the help of IT department.

## 1.3 Internship Outcomes:



### 1.3.1 Contributions to the company

Throughout my tenure as an intern in Walton I got to engage myself in various activities and gained intricate knowledge regarding the business and the industries it operates in. As an intern under the Walton Distributors Network i mainly was engaged in works related to distribution and sales. As my first assignment I got the opportunity to design the framework and user interface for National Real Time Sales dashboard and help the it team to develop the dashboard. This dashboard will make it super-efficient to monitor the national, team wise, regional wise, area wise and finally distributor wise sales performance

and inventory.

I also had to analyze and track sales to distributors on a daily basis and come up with comparative reports. I also participated in the policy making process for the distributors and sales force which was aimed to identify and solve the problems occurring due to existing policies and market situation. Along with these I also participated in the document verifying and risk assessment process for new and existing distributors.

Additionally, i got the opportunity to visit various markets in and out of Dhaka along with the Head of Sales and my line manager to get a better understanding of how to communicate with, manage and push the sales force and distributors management for achieving organizational goal. From time to time, I shared my findings and suggestions with my seniors which I think would be beneficial to the company.

### 1.3.2 Benefits to The Student

During my internship period I had the amazing opportunity to learn a lot and grow as a person. To start with, I got to learn about corporate culture, importance of ethics, following organizational chain of command, which I surely will implement in my professional life in future. I got to sharpen my skills and analytical ability along with my leadership attributes. Furthermore, exposure to the organizational management of Walton Hi-Tech Industries PLC. gave me the chance to closely spectate how such a huge organization functions and is managed. Additionally, this internship helped me a lot to improve my market understanding and negotiation skills. To sum up, it has been a blessed opportunity for me which let me work and learn a lot about sales, the field I wish to have a career in and helped me become better in true sense.

### 1.3.3 Problems

At the beginning it was a bit challenging for me to cope up with the corporate culture as Walton has strict policy for entry within 9 am and as an intern I could not avail the transportation service for the employees and as the corporate office was very far from my home it was tough to cope up with travelling at first. Also, the six days work week at Walton was hard to adapt with at first. But as time passed, I got used to with these issues well. Other than those, it was a bit challenging to analyze huge amount of data on a daily basis was a bit challenging but at the same time it was a great opportunity to learn more about something I was already interested in and become better at handling workload.

### 1.3.4 Recommendations

During my internship period I found that though Walton has adopted automation and digitalized almost everything still due to some communication and synchronization gap it affects in sales and distribution. I believe that, adoption of AI based or any other type of central production and sales management system would be effective in solving this issue. Also, most of the distributors till now keep accounts and inventory manually which is a hurdle to cross for monitoring inventories and correctly predict the demand. Also, as an intern I faced some difficulties getting access to the IT facilities and transportation was also a problem due to the remote location of the head office of Walton. In short, these steps should be taken to make the operations and the internship experience better.

## Chapter 2 : Organization Part



**Walton Hi-Tech Industries PLC.**





## 2.1 Introduction

Walton Hi-Tech Industries PLC. is a Bangladeshi conglomerate and a very well-known brand all across the country offering a vast portfolio of products such E&E consumer appliances, home appliances, communication, digital and technological goods, motor vehicles etc. It has revolutionized the E&E industry and the overall manufacturing scenario in Bangladesh being a pioneer in locally manufactured electrical and electronics products in a fully import dependent market. Walton's rise has been simultaneous with the economic growth of Bangladesh and it's people. Walton's affordable and reliable products have paved the way for the people of Bangladesh who had been witnessing economic development and lifestyle upgradation to have electrical home appliances for the very first time.

## 2.2 Overview of the company

Overview of Walton started its journey towards excellence pioneered by SM Nazrul Islam in 1977 as "Rezve and brothers" situated at Paltan, Dhaka. Later on, S. M. Nurul Alam Rezvi, (the elder son of the founder and former chairman of Walton Hi-Tech Industries PLC.) joined the business with a goal to take their family venture to a new level. Back then almost the whole electronic appliance industry of Bangladesh was fully import dependent. In that time with a goal of changing the market scenario Mr. Rezvi envisioned a total locally produced, self-reliant appliance factory in Bangladesh and with this goal his mind he brought his four brothers into the company. These five brothers with their hard work, determination and amazing leadership transformed "Rezvi and Brothers" to what we today know as Walton Hi-Tech Industries PLC. The real journey of Walton Hi-Tech Industries (WHIL) becoming the leading E&E appliances company of Bangladesh started on April 17th, 2006 when it was incorporated under the companies act 2011. In 2007, Walton established factories in Chandra, Gazipur for manufacturing refrigerators, televisions, air conditioners and motorcycles. The business started at full pace on 2008 and since 2011 Walton started exporting for the first time as a Bangladeshi E&E appliance manufacturer. With great success in refrigerator market (60% market share), in 2017 WHIL established

the first ever compressor manufacturing plant.

Every great business thrives when it solves problems of its consumers. Walton Hi-Tech Industries started with the goal of solving a simple problem which was the 100% import dependency of E&E industry of Bangladesh. Walton had come up with an even simpler solution, to meet the local demand with locally produced E&E appliances. WHIL had achieved its initial goal by 2016 with 60% market share of

domestic refrigerator market. Walton currently has secured 75% market share of domestic refrigerator market, 20% of local air conditioner market and 50% share of local television market. Walton Hi -Tech Industries Limited was enlisted as a public limited company or PLC in 2018 with a goal to reimburse the country's economy and started trading in 2020.

WHIL has various brands under its portfolio such as Walton, Marcel, Safe, ACC, VoRisingBD.com etc. Over the years under these brands WHIL has diversified its product portfolio a lot by introducing various locally produced home appliances, mobile phones, kitchen appliances, E&E appliances, chipboards, computers, computer accessories, motor vehicles etc. With state-of-the-art research and development facility, high capital-intensive setup, superior capability products in competitive pricing Walton Hi-Tech Industries PLC. have established its reputation and dominance in the domestic market. After dominating the domestic market with its high quality, reliable and diverse product portfolio, WHIL started exporting to different countries around the globe and in present it exports to 49 countries worldwide, proudly hoisting the red and green flag in the global market. (Babu, 2021) With their strong production capabilities, superior products and competitive pricing all the brands of Walton Hi-Tech Industries PLC., especially Walton and Marcel have grown to be trusted brand names around the globe.

Walton Hi-Tech Industries PLC. has established strong, huge, technologically advanced, efficient manufacturing capability with its 22 state of the art manufacturing plants, spread across over 700 acres of land. Bangladesh became one of the 15 countries globally and second among the SAARC countries to have a factory of this sheer magnitude. (Walton, 2023) Additionally, it has grown to be one of the largest employers of the country with more than 20000 employees. Walton also creates more employment of thousands of people indirectly through distributors and various vendors.

Walton Hi-Tech Industries PLC. has come a long way and also revolutionized not only the E&E industry but the whole manufacturing industry of Bangladesh. Since 2023, as a part of diversification WHIL has introduced Industrial solutions. Also, in 2023 Walton became the first Bangladeshi exporter of PCBs (Printed Circuit Boards), a very commonly used component of every digital, electronics and electrical devices (TBS, 2023). Keeping the love for the country in heart Walton Hi-Tech Industries PLC. is committed to keep serving the domestic market with affordable word class goods and reach beyond the boundaries to become a dominant player in the global market representing Bangladesh proudly.



## 2.2.1 Vision, Mission and Core Values

### 2.2.2 Vision

Walton is working towards their future with a very clear and concise vision mind. Vision 2030 of Walton is to become a bold leader among the top 5 global E&E brands. This vision clearly describes the aspiration of Walton to create a stronghold in the global markets. Walton is currently using “Go Global” as their motto moving forward.

### 2.2.3 Mission

Walton has been relentlessly coming up with innovative, superior quality products and maintaining international standards throughout their operations. Their mission statement says that, Walton aims to keep up with the ever-changing demand of consumers and markets with innovations and compliance with internationally recognized quality standards.

### 2.2.4 Core Values

Walton has five organizational core values which are expected to be present in every employee and must be adorned in their work. Those are:

- Consumers are priority one:

Walton always tries to cater to the consumers by keeping their needs and experience as priority on mind. It reflects in their product portfolio and after sales services.

- Competent Innovative Brilliance:

In this age of fast paced technological evolution, it is very hard to keep being relevant in the market and the consumers. Innovative and creative solutions are in the core of Walton’s evolution.

- Dynamic Quality and Compliance standards:

Walton never compromises with the quality of their products. With best components and modern state of the art production process Walton is committed to produce superior quality products.

- Demand facing predictive market presence:

Walton is focused on constantly adopt with the changing demands and aims to cater to the consumers with the best way possible aligning with their actual needs. With more than 20000 POS around the country and vast product portfolio Walton is committed to expanding as per the demand.

- Our people, Our Family:

Walton believes that employee satisfaction is a must for achieving consumer's satisfaction. With the commitment towards excellent working experience Walton focuses on their wellness and development.

## 2.3 Management Practices

An organization's management practices are crucial for the success of it. Effective leadership/management practices surely benefit the organization in several ways to succeed and reach new horizons. Though Walton is strict regarding hierarchy and corporate decorum, it has adopted a mix of collaborative and transformational management/leadership style. This enables the employees to come up with innovative and creative solutions to solve the problems and run operations effectively. This practice has enabled Walton to cater the consumers with best possible product offerings as well as ensured efficiency in all the operational processes such as manufacturing, distribution and customer servicing.



### 2.3.1 Organogram and Leadership team

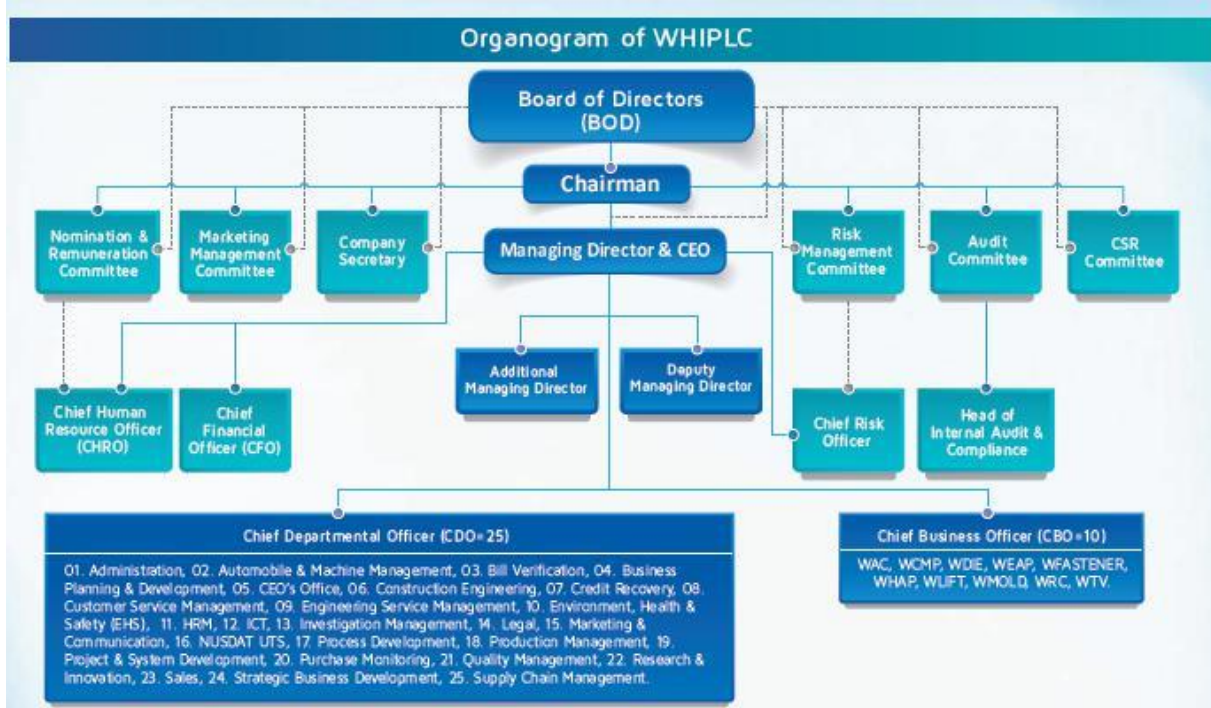


Fig 1 : Organogram of Walton Hi-Tech Industries PLC.



Fig 2: Leadership team of Walton Hi-Tech Industries PLC.





## 2.4 Marketing Practices

As a leading conglomerate of Bangladesh, Walton Hi-Tech Industries PLC. has positioned itself strongly in the market through an effective and robust marketing mix.

### 2.4.1 Target Customers

Income Group: Lower middle to higher income class

Gender: Both Male and Female

SEC: A1, A2, B1, B2, C1 & C2.

### 2.4.2 Product

Walton Hi-Tech Industries PLC. boasts a vast product portfolio under various brands such as Walton, Marcel, Safe, ACC etc. Product portfolio of these brands comprise of E&E appliances, consumer, kitchen and home appliance, motor vehicles, computers and related accessories, circuits and other electrical equipment, mobile, lift etc. Its superior quality products are developed keeping the consumer's best interests in mind and have been applauded by consumers throughout years.



*Fig 3: Product portfolio of Walton Hi-Tech Industries PLC.*



### 2.4.3 Place

Walton has a robust distribution network covering the busy metropolises to distant rural areas throughout Bangladesh. With 25000+ point of sales and service centers Walton has created strong and efficient distribution network. Other than Walton Plaza (Walton's own retail), distributors and dealers Walton products are sold throughout the country by sub dealers and other retailers. This strong foothold in distribution has given an edge to Walton over its competitors and enabled it to achieve nationwide customer coverage.

### 2.4.2 Price

At the initial stage Walton penetrated the market with low-cost goods but after a certain period Walton had to change its pricing strategies at times to reach and acquire customers from different economic strata. But throughout the time Walton has kept a competitive pricing to outgrow its competitors. Though due to local manufacturing many international brands have cut their prices in recent times, Walton with its strong supply chain and efficient production and distribution system has been able to keep the prices competitive mostly lower when compared to other local and international players.

### 2.4.3 Promotion

As a part of Walton's robust marketing initiatives, it runs large scale promotional efforts throughout the country using various channels. Walton regularly runs marketing campaigns, consumer promotions, discount offers and trade marketing activities. It promotes products and offers using various offline and online channels such as newspapers, poster banners, Facebook, YouTube, Instagram etc. Other than these, Walton also participates in various national and international events to showcase and promote the brands and the products. They also invest heavily in sponsoring events, teams and competitions on a frequent basis.

### 2.4.4 Distribution

Walton has a vast distribution throughout Bangladesh and also in international markets. Domestically, Walton distributes mainly through two distribution channels, which are Walton Plaza and Walton Distributors Network. Walton Plaza is an electronics retail chain run by Walton in around 500+ locations nationwide, which was established with target of being mainly display and experience center but with time has started selling products too. On the other hand, Walton Distributors Network distributes products through 2200+ exclusive distributors who further distributes products through various sub distributors and other retailers. Other than these, Walton also sells products using various online channels including their very own Walcart and other e-commerce platforms. Internationally, Walton has set up partnership, retail stores and distributions to sell its products in 49 countries as of 2023.

### 2.4.5 Positioning

Walton has positioned its brands and products as reliable, high-quality products with excellent after sale service in an affordable price. It took Walton years to create such a strong positioning in consumer's mind.

### 2.5 Financial Performance

Despite Walton has performed well in recent years due to Covid-19's aftermath, Russia Ukraine war and global economic scenario and inflation Walton faced some problems in fiscal year 2022-2023. Along with these factors Walton's credit intensive distribution has also taken a toll on the financial performance. Due to these Walton's revenues took a hit and reduced by almost 16% than 2022. This kind of drop can be also seen in other financial performance indicators. Walton's financial highlights and year on year comparisons are given below:



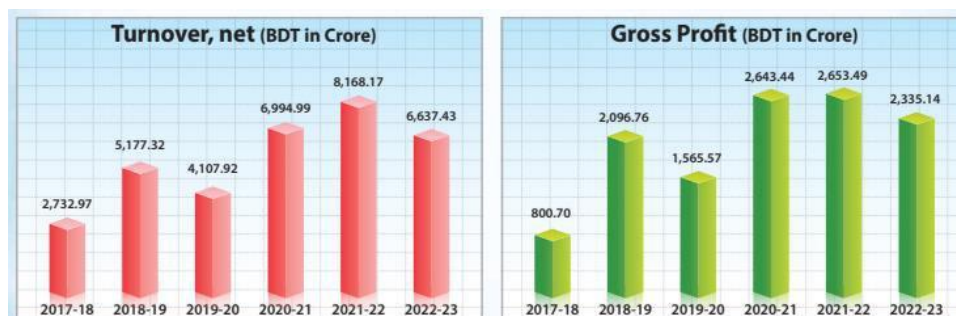
Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
<b>Statement of Profit or Loss and Other Comprehensive Income</b>						
<b>BDT in Crore</b>						
Total Turnover/Annual Sales with VAT	2,732.97	5,236.77	4,255.18	7,196.49	8,433.68	7,076.78
Turnover, Net	2,732.97	5,177.32	4,107.92	6,994.99	8,168.17	6,637.43
Gross Profit	800.7	2,096.76	1,565.57	2,643.44	2,653.49	2,335.14
Operating Profit before Interest and Taxes	589.21	1,690.00	1,100.33	1,934.53	1,735.03	1,556.85
Profit after Finance Cost	403.42	1,548.55	883.47	1,818.40	1,269.18	806.48
Profit before Tax	381.24	1,476.61	833.01	1,780.52	1,234.51	787.31
Net Profit after Tax	352.32	1,376.11	726.45	1,639.20	1,216.62	782.68
Earnings before Interest, Tax, Depreciation & Amortization (EBITDA)	762.85	1,834.81	1,254.76	2,119.46	1,962.93	1,794.96
<b>Business Growth on Financial Performance</b>						
Total Turnover/Annual Sales with VAT, Growth (BDT in Crore)	-460.13	2,503.80	-981.6	2,941.32	1,237.18	-1,356.89
Total Turnover/Annual Sales with VAT, Growth in %	-14.41%	91.61%	-18.74%	69.12%	17.19%	-16.09%
Turnover, (Net), Growth (BDT in Crore)	-460.13	2,444.35	-1,069.40	2,887.07	1,173.18	-1,530.74
Turnover, (Net), Growth in %	-14.41%	89.44%	-20.66%	70.28%	16.77%	-18.74%
Gross Profit Growth (BDT in Crore)	-333.94	1,296.06	-531.19	1,077.87	10.04	-318.35
Gross Profit Growth in %	-29.43%	161.87%	-25.33%	68.85%	0.38%	-12.00%
Net Profit after Tax Growth	-382.16	1,023.79	-649.66	912.75	-422.59	-433.94
Net Profit after Tax Growth in %	-52.03%	290.59%	-47.21%	125.65%	-25.78%	-35.67%
<b>Statement of Financial Position</b>						
<b>BDT in Crore</b>						
Authorized Capital	600	600	600	600	600	600
Paid up Capital	300	300	300	302.93	302.93	302.93
Number of Ordinary Shares Outstanding	30.00	30.00	30.00	30.29	30.29	30.29
Retained Earnings	2,479.73	3,858.75	4,498.11	5,909.65	6,611.99	6,940.35
Share Money Deposit	-	-	60.97	-	-	-
Revaluation Reserves	3,141.96	3,139.06	3,136.15	3,133.24	3,130.34	3,075.97
Total Shareholders' Equity or Fund	5,921.69	7,297.81	7,995.22	9,438.99	10,138.43	10,412.41
Total Non-current Liabilities	1,002.42	707.89	524.97	385.7	330.84	640.42
Total Current Liabilities	1,312.09	2,337.11	3,122.91	3,620.24	5,486.43	3,541.12
Total Non-current Assets	5,869.63	6,023.03	6,410.19	6,625.24	7,214.21	7,640.90
Property, Plant & Equipment	5,486.28	5,757.56	5,971.21	6,229.53	6,547.51	6,882.49
Total Current Assets	2,366.57	4,319.78	5,231.91	6,819.69	8,741.49	6,953.06
Total Assets	8,236.20	10,342.81	11,642.10	13,444.93	15,955.69	14,593.96
Net Current Assets/(Liabilities)	1,054.48	1,982.66	2,109.01	3,088.84	3,255.06	3,411.94
<b>Business Growth on Shareholders' Equity or Fund and Total Assets</b>						
Total Shareholders' Equity Growth (BDT in Crore)	3,494.28	1,376.11	697.42	1,443.77	699.44	273.98
Total Shareholders' Equity Growth in %	143.95%	23.24%	9.56%	18.06%	7.41%	2.70%
Total Assets Growth (BDT in Crore)	2,945.12	2,106.61	1,299.29	1,802.83	2,510.76	-1,361.74
Total Assets Growth in %	55.66%	25.58%	12.56%	15.49%	18.67%	-8.53%

Fig 4 : Five years financial performance analysis of Walton Hi-Tech Industries PLC.



Particulars	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
<b>Financial Ratios</b>						
Gross Profit Ratio (%)	29.30%	40.50%	38.11%	37.79%	32.49%	35.18%
Operating Profit Ratio (%)	21.56%	32.64%	26.79%	27.66%	21.24%	23.46%
Net Profit Ratio (%)	12.89%	26.58%	17.68%	23.43%	14.89%	11.79%
EBITDA Margin to Net Sales Revenue (%)	27.91%	35.44%	30.54%	30.30%	24.03%	27.04%
Return on Capital Employed (ROCE) (%)	7.54%	17.46%	10.29%	16.57%	12.14%	11.89%
Return on Average Shareholders' Equity or Fund (%)	8.44%	20.82%	9.50%	18.80%	12.43%	7.62%
Return on Average Total Assets (%)	5.21%	14.81%	6.61%	13.07%	8.28%	5.12%
Current Ratio (Times)	1.8	1.85	1.68	1.88	1.59	1.96
Quick Ratio (Times)	0.79	1.12	0.83	1.08	0.93	1.24
Debt to Equity Ratio (Times)	0.49	0.38	0.37	0.34	0.48	0.30
Interest Cover Ratio (Times)	3.07	11.38	4.9	16.01	3.74	2.10
Asset Turnover Ratio (Times)	0.4	0.56	0.37	0.56	0.56	0.43
Inventory Turnover Ratio (Times)	1.36	2.38	1.43	1.89	1.83	1.39
<b>Ordinary Share Information</b>						
Face Value Per Share (BDT)	10	10	10	10	10	10.00
Market Value Per Share at 30 June (BDT) (at DSE)	n/a	n/a	n/a	1,340	1,093.90	1,047.70
Market Capitalization at 30 June (BDT) (at DSE)	n/a	n/a	n/a	403,652	33,137.33	31,737.80
Number of Shareholders	8.00	8.00	8.00	13,875.00	11,916.00	12,029.00
Cash Dividend (%) - General Shareholders	-	0.00%	200.00%	250.00%	250.00%	300.00%
Cash Dividend (%) - Sponsor Shareholders	-	30.00%	75.00%	170.00%	150.00%	90.00%
Net Asset Value (NAV) Per Share with Revaluation Reserve (BDT)	197.26	243.16	264.48	311.59	334.68	343.73
Net Asset Value (NAV) per share without Revaluation Reserve (BDT)	92.52	138.53	159.94	208.16	231.34	242.18
Net Operating Cash Flow Per Share (NOCFPS) (BDT)	32.53	1.36	16.81	31.96	-7.91	111.84
Contribution to National Exchequer	125.38	349.35	506.85	695.08	695.69	547.05

Fig 5: Five years ration analysis and share performance of Walton Hi-Tech Industries PLC.







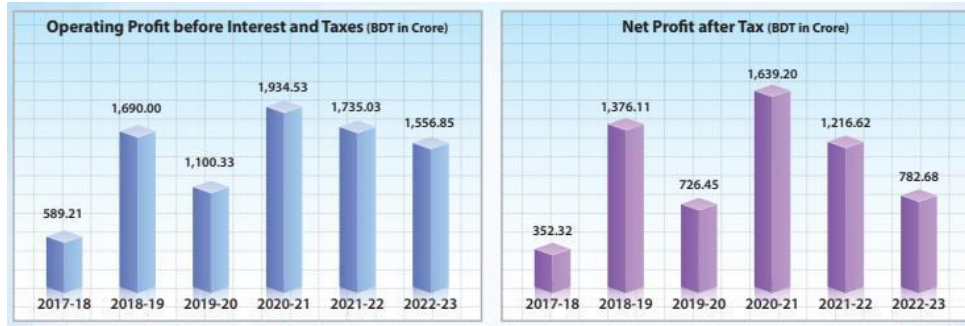


Fig 6&7: Key performance indicators (Five Years)



Fig 8: Performance highlights of 2022-2023 fiscal year.



## 2.6 Operations Management

Walton has been on the forefront of organization wide digitalization and automation in Bangladesh. All of the production plants are automated now and this has enabled Walton to achieve highest efficiency standards in Bangladesh and maintain quality. Walton also has made many day-to-day operations other than production automated or digitalized such as order placing and distribution, human resource management etc. Walton's app Awaz is used by its salesforce and distributors to place and return order, place complaints and queries, monitor targets and achievements along with currently running trade offers etc. This has enabled Walton to streamline its sales and distribution operations. Other than that Walton has its own online suit named HRMS. It is a human resource management software which enables HR managers to monitor daily progress and activities of the employees. HRMS doesn't only serve this purpose but also it helps employees to share and get necessary data, apply for leave, book transportation, avail dining facilities etc. These, initiatives have helped Walton to ensure streamlined and efficient operational management.

## 2.7 Industry and competitive analysis

Though Walton offers a huge collection of products of various categories its major presence can be noticed in the consumer electronics and appliances industry. It is a growing sector of Bangladesh which has benefitted from the economic development and upgradation of lifestyle of the Bangladeshi people. According to UCB Asset Management Ltd, the Bangladeshi consumer Electronics industry has been growing at a brilliant rate of roughly 14% in the years 2016-2020 and as of October 2021 the size of the industry was USD 2.35 billion. The report also suggested that the market size is expected to reach the USD 10 billion mark by 2030 if the industry grows at current rate. Walton is the leader in almost all the product categories of this industry.

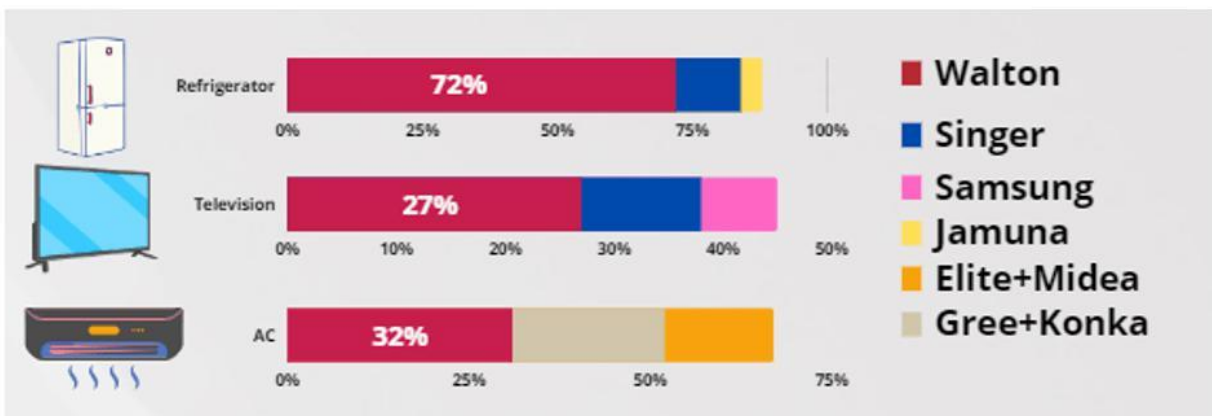


FIG 9: Market share of Walton Hi-Tech industry PLC. in different product categories



## 2.7.1 Porter's Five Forces model

Porter's five forces model helps one to analyze the five competitive forces that shape up most industries. Here is a Porter's five forces analysis based on the industry Walton operates in consumer electronics and appliances industry of Bangladesh:

- **Threat of new entrants:**

Though the consumer electronics and appliances industry is highly capital intensive and innovation driven, it is not impossible for global giant companies to enter. But it is quite tough for potential domestic companies to enter the market due to its requirement of huge capital and intensive R&D. Walton uses these measures to establish barriers for the competitors:

1. Robust setup of necessary resources such as capital, manpower and technology.
2. Nationwide distribution
3. High brand recognition and customer loyalty
4. Efficient and streamlined operations

- **Bargaining power of the consumers:**

This industry is a very saturated one as there are a lot of international and domestic brands present in the market. There are mainly two driving factors which play major role in consumer's decision-making process and these are affordability and features. Basically, consumers have strong bargaining power over the brands. Walton uses these tactics to ensure their strong position to the consumers:

1. Superior quality products with amazing features at competitive prices
2. Over 22000 points of sales and nationwide distribution
3. Huge product portfolio and excellent after sales service

- **Bargaining power of the suppliers:**

As a major amount of the essential raw materials, technology and machineries need to be imported outside of Bangladesh and due to the fact of these resources being controlled by some giant organizations, the bargaining power of the suppliers is quite high in this industry. Walton implemented these tactics to counter this bargaining power of suppliers through:

1. Robust supply chain with just in time procurement

2. Diverse options of sourcing from a number of different suppliers
3. Strategic partnership with raw material suppliers
4. Economy of scale

- **Threat of substitute products:**

The threat of substitute products is moderate in this industry. As, in this age of rapidly changing consumer preference and frequent technological advancements companies like Walton are in need of constant product development and innovations to keep up with the changing market demands. Walton has taken these initiatives to tackle the threat posed by substitute products:

1. Huge investment R&D and innovation
2. Cutting edge technology for efficient production and quality assurance
3. Fast adaptation with technological advancements

- **Competitive Rivalry:**

High competitive rivalry can be seen in this industry as there are many giant international brands and many local brands competing in the market. And as the local production keeps getting adapted by other players the competition is becoming more intense day by day.

But still Walton managed to hold majority market share in this industry due to these reasons:

1. Established brand position and excellent brand image
2. Large portfolio of world class products
3. Excellent quality of products at competitive prices
4. Superior after sales service
5. Huge manufacturing setup
6. State of the art technology and world class R&D





## 2.7.2 SWOT Analysis

### **Strengths:**

- Strong brand positioning and vast distribution network
- Strong research and innovations base
- Economy of scale, strategic partnership with suppliers and vertical integration
- Huge sustainable manufacturing capability and skilled workers
- Huge portfolio of energy efficient and adequate supply of labor and talent
- Industrialization friendly government policies

### **Weaknesses:**

- Credit intensive distribution practices resulting in wider receivable periods
- Complex operational portfolio
- Dependence on import of raw materials which is vulnerable to global economic scenario
- Huge unorganized distribution channel under sub dealer category beyond Walton Plaza and Distributors

### **Opportunities:**

- Growing market demand due to enhanced purchasing power and lifestyle upgradation of consumers
  - Development of electricity coverage and increase in per capita usage
  - Population growth and urbanization
  - Expanding in the global market
-



### **Threats:**

- Fluctuations of foreign currency rates
- Volatile geo political factors
- Frequently changing technologies
- Global and domestic economic downturn
- Open trade

## **2.8 Conclusion**

By analyzing the company, its operations, marketing practices, financial performance, leadership and management styles and the industry scenario it can be said that Walton currently is in a leading position in the industry. The company has grown to be a behemoth of its industry and a pioneer of innovation, automation and digitalization in the country. With its giant portfolio of world class products, superior quality, magnificent production capabilities, strong brand image and innovative approaches Walton has secured its stronghold in such a highly competitive industry. Therefore, I hope that with its strengths and by utilizing the opportunities Walton can keep its domination and reach new horizons in future.

## **2.9 Recommendations**

Though Walton is in a leading position right now some issues can be noticed which pose as barrier from farther development for Walton. Here are some recommendations which I believe will help the company to perform even better and reach new heights:

- Better alignment between sales and production: Steps should be taken to mitigate the discrepancies between sales and distribution such as more precise demand forecasting, better delivery procedures to assure better availability etc.
-



- Utilizing the most of government's assistance: Government has introduced policy changes favoring domestic manufacturers such as discount in taxes, reduced import duties, economic stimulus etc. Along with those Walton should work with the government for better policies benefitting not only the company but the domestic economy as a whole.
- Brand image development: Bangladeshi people are very sensitive regarding brand image and due to Walton's history of low-cost products it is finding it difficult to assure strong presence in mobile and computer markets. Introduction of a new brand with a better image may help in bringing positive results.
- Talent acquisition: Due to comparatively lower wages and facilities most of the best talents of the country are not being attracted to working in Walton. But Walton needs to have the best talents in the industry to reach its goal of being a dominant leader in the global market.



## Chapter 3: Project Part

**Identifying and assessing the distribution practices acting as driving factors behind  
Walton's success**





## 3.1 Introduction

Walton Hi-Tech Industries PLC is one of the leading players in the consumer electronics and appliances industry of Bangladesh. since its Inception Walton has been committed consumers with locally produced world class product in affordable prices. it has created a strong brand image along with dominance over the domestic market while competing with global giants as well as local brands. Walton has also created robust nationwide distribution network with more than 21000 points of sales. (Walton, 2023) it also has more than 500 Walton Plaza located throughout the nation which are operated completely by Walton, which not only act as display or experience centers but also as a retail chain. Walton also has more than 2200 active distributors under Walton distributors network. Other than these Walton has many sub dealers and retailers selling products of different brands under the Walton umbrella.

Consumer electronic industry of Bangladesh is a growing one with huge future potential. Thus, it is considered as a lucrative market by various global and local brands who have been competing intensely in such a saturated market. Distribution practices of Walton have contributed a lot behind the success of Walton to become the leader of the market with highest market share acquired in most of the product categories. As an intern of the Walton Distribution Network section under the sales division i got to observe the distribution practices of Walton and get hands on experience to learn about the intricate details and the impacts of various distribution strategies and tactics practiced by Walton.

Practices such as 70% credit to distributors, setting up Walton plazas, rebate policy, market parameters etc. have played pivotal role behind Walton's success in establishing such a robust distribution network. These have mostly brought positive impact but also have affected the distribution and sales performances at times such as recent under rating crisis of Walton, long receivables period impacting company's profitability etc.

### 3.1.1 Background

The aim of this research is to identify the distribution practices which have contributed to the establishment of robust nationwide distribution network and furthermore, to the immense success of Walton Hi-Tech Industries PLC. in becoming the market leader of consumer electronics industry of Bangladesh. Furthermore, the research also emphasizes on the negative effects of these practices.

### 3.1.2 Research Objectives

**Broad objective:**

The broad objective of this research is to identify the distribution strategies, tactics and practices which played crucial role behind Walton's success and assess their impacts and negative effects on the overall performance of the company.

**Specific objectives:**

- To identify distribution practices of Walton
- To assess their impact on the distribution network
- To assess their negative effects on the overall performance

### 3.1.3 Literature Review

Distribution management is the process of managing the flow of products from the supplier to manufacturer to points of sales and finally to the consumer and it is crucial for enabling a company to attract and serve customers successfully and operate profitably (Chen et al.,2023). He also added that the tactics and strategies practiced for distribution management have their own significance and at times can be key factor driving a company's success. Walton Hi-Tech Industries PLC. operates in the consumer electronics and appliances industry which is one of the growing industries of Bangladesh with present market size of almost 2.35 billion USD which is expected to grow at a rate of 17% till 2030 to become valued more 10 billion USD. (Markedium, 2022) Walton also wants to become one of global top 5 consumer electronics brand by 2030 by expanding its dominance over the global market like it has done in the domestic market. (Walton, 2023) Strong, vast and effective management of distribution has helped Walton to reach its success and it now aims to create a global distribution network as streamlined and effective as the global giant brands. (Walton, 2022) But, Walton is also going through a rough period recently as their revenue reduced by almost

18% in fiscal year 2022-2023 than the previous one. (Walton, 2023) Mr. Golam Murshed the ex-CEO and MD of Walton expressed his hope to tackle this situation and come up even stronger to achieve the short term and long-term organizational goals. (Nikkei Asia, September 5,2022)

### 3.1.3 Significance of the study

The consumer electronics and appliances industry is growing steadily as a result of the economic development, lifestyle upgradation and increase of purchasing power of the Bangladeshi people. Many foreign and local brands are now present in the market and competing intensely with each other to secure dominance over the market. This report highlights the impact of various distribution practices of Walton behind its immense success and the negative effects of some practices. Therefore, the significance of this report is to help students, researchers and professionals to understand the distribution practices of Walton, their impact and negative effects on the performance of Walton.

### 3.2 Methodology

For collecting information for this research, I conducted both secondary and primary research. Secondary researches included reviewing articles, journals and organizational reports. And, for primary research I used interviewing stakeholders and used my observations regarding the industry and from my experience at Walton to understand the distribution management and practices which worked as driving factors behind Walton's success. For the interview a questionnaire was prepared for different stakeholders, to be specific mainly for the sales employees and distributors and my observations were based on the various reports I had to work with, market visits and conversation with my seniors at office, distributors and consumers.

Questionnaire for the interview was set considering the distribution management practices, Walton's performance and overall market scenario. Along with this, the questionnaire was set in manner that avoided biases and succeed to get a understanding of the impact of those distribution practices, their necessity and how some of those practices have affected Walton in recent times.

**Research design:** Qualitative research methods such as reviewing articles, reports and journals for secondary research and interviews and personal observations were used for this study with the objectives of identifying the distribution management practices that played pivotal role in Walton's success and their impact and negative impact on the overall performance of Walton.

**Sampling:** The sample was comprised of Area and Regional Sales Managers of Walton and distributors who had been associated with Walton for more than two years and possessed knowledge regarding the distribution management of Walton.

**Sample Size:** Interviews of total 10 persons were taken who were chosen randomly based on their tenure of association with Walton. 7 of them were Area Sales Managers and regional Sales Managers of Walton and the other three were distributors.

**Data Collection:** The data were collected through in person interviews.

**Data Analysis Method:** The collected data was analyzed using Narrative method which is a qualitative analysis method used for analyzing observations and opinions from the experience of the participants.

**Ethical Considerations:** The questionnaire was designed with intention of avoiding biased opinions and keeping participant's privacy protected. The collected data were used just for the purpose of this research.

### 3.3 Findings and analysis

#### 3.3.1 Data analysis procedure:

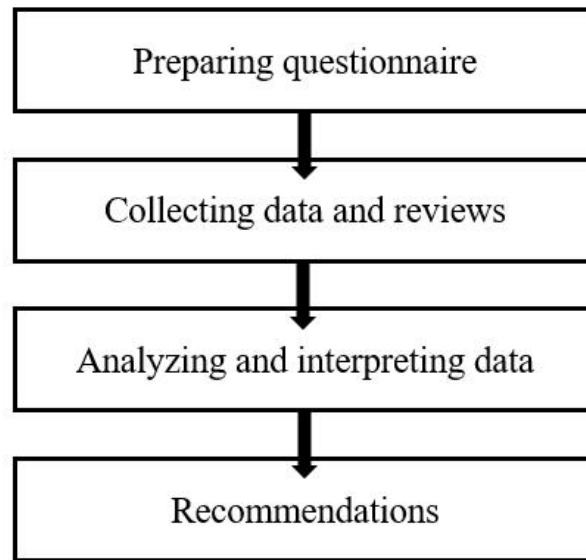
Following procedure was used while analyzing the data:

- Asking right questions to right participants
- Collecting the data
- Getting rid of unnecessary information
- Analyzing the data and interpreting



### 3.3.2 Research Framework

These are the steps followed to collect and analyze the data:



*Fig 6: Framework of the research*

### 3.3.3 Data Analysis:

#### **Walton Plaza:**

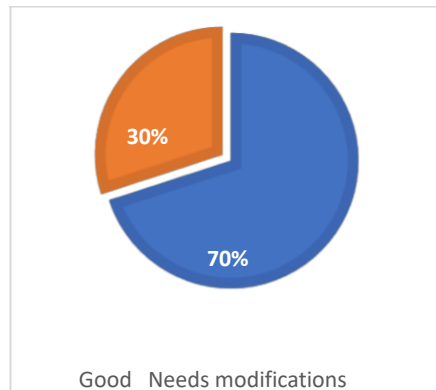


Walton Plazas throughout the country has enabled Walton to bring more exposures to their products and increase brand visibility. In recent years Walton Plazas have also started to generate considerable number



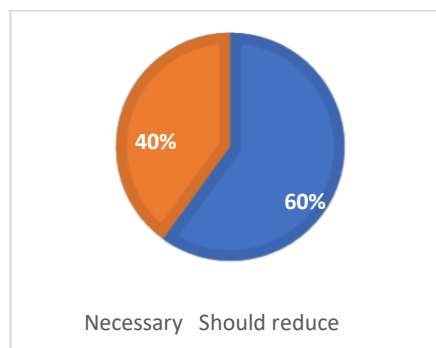
of sales. But 9 out of the 10 participants including both distributors and sales employees have raised concerns regarding increasing number of Walton Plazas as this expansion has affected sales of distributors in some instances by intercepting the size of distributor's designated market boundaries.

**Rebate policy:**



Walton's current rebate policy considers various parameters such as order size, disciplinary measures, transportation options, average collection rate, usage of Awaz, size of showroom etc. Which motivate the distributors to develop their resources and expand their business. But at the same time this policy benefits the large distributors more than the smaller ones as the large distributors enjoy healthier margins due to more rebate. 7 of the participants have given their opinion in favor of the current rebate policy as this motivates distributors to upgrade their capabilities and business volume and 3 participants asserted that current policy should be modified.

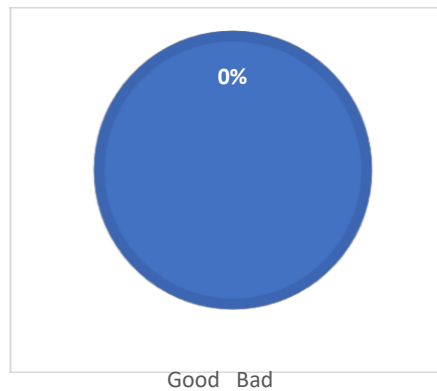
**70% Credit on purchase:**





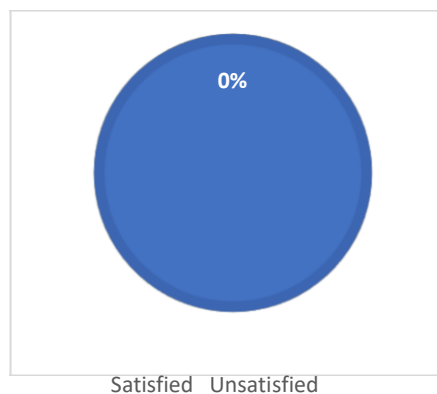
Credit intensive distribution practices are common in almost all the companies operating in the industry. This has helped Walton to spread its distribution network from metro areas to distant rural areas. It has also enabled distributors to get a strong support to expand their business and increase revenue. This has also helped distributors to sell products to consumers on credit without credit card or any other financial instruments which in turn has enabled Walton to capture the market and create dominance. But this credit intensive distribution has also affected the cash flow of Walton as it has created wider receivable periods and huge accumulated receivable amount of more than BDT 3500 crores. Out of 10 participants 6 said that this practice may harm the overall performance but it is still necessary for the business while 4 of the participants asserted that credit should reduce.

**Awaz:**



Awaz is the app developed for automating the ordering and performance evaluation process of the distributors. This is an initiative applauded by all the participants as this has helped both sales force and distributors to increase efficiency and ease of operating.

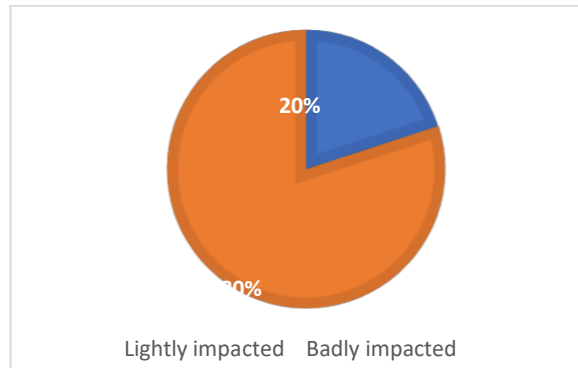
**Recent policy updates:**





Amidst of recent under rating crisis and disruption in business Walton has brought updated set of policies to counter the challenges that have come to light. These policies were welcomed by both sales force and the distributors as it has included harsh measures against any syndicate that try to stage such conspiracies in future. It has also announced strict punishments for violating market boundaries, increased rebates, facilitated more assistance for local promotion and offers by the distributors. All the participants were in support of this policy upgrade.

**Economic Turmoil:**



Walton’s growth has been simultaneous with the economic rise of Bangladesh and increased purchasing power of the people. But due to global economic turmoil and inflation consumer’s purchasing power has taken a significant hit and that has resulted in slowdown in sales. Though some product categories such as Air Conditioners have seen a rise in sales this year, some major product categories such as Refrigerators, Televisions and home appliances have witnessed a reduction in sales. Among the participants 8 had responded that business was significantly affected because of the economic scenario while 2 said the impacts were not very significant.

**3.3.4 Analysis**

Summary of the findings described above are mentioned below:

- Increasing number of Walton Plazas may hamper the business of distributors and increase competition between Walton and its distributors which can cause disastrous after effects.
- Though the current rebate policy favors the large distributors more it has been effective to motivate distributors to upgrade their business volume and resources.

- The credit intensive distribution practices although are hurting company's financial performance but also have been helping the distributors and Walton to expand business and acquire customers. It is a necessary evil that should be controlled but not eliminated as of now.
- Awaz has been a great addition and its greater adoption will help to make the process better for both the distributors and sales force of Walton.
- New policy updates have also brought good results as the distributors and sales force are relieved to know about the enforcement of punishments to the perpetrators trying to disrupt the business for personal ill intentions.
- Global and domestic economic turmoil have impacted the sales of Walton severely but there are still hope for a better future.

### 3.4 Summary and Conclusion

The research shows that Walton has strong food hold over the market through its vast distribution networks and distribution management. It's effective strategies and tactics have helped it grow to become a behemoth of its sector. But current global economic turmoil and other factors have affected the performance of Walton. Some long running distribution practices are now being criticized due to their negative effects on the business. But there is still hope as Walton has had a track record of creatively tackling challenges and coming up with effective solutions which made Walton stronger than before every time.

The findings in the analysis identifies the driving factors and both the positive and negative impacts of those distribution practices on the business. But as said earlier Walton can come up with effective solutions to turn the situation around. To conclude, I would like to say that Walton Hi-Tech Industries PLC. have utilized their strengths and resources to always push for betterment and these issues mentioned in the findings are just some of the hurdles which Walton has the ability to cross.



### 3.5 Recommendations

Based on the findings described above here are some recommendations for Walton's distribution management which may benefit the company in many ways:

- Slowing down on expansion of Walton Plazas throughout the country and developing policies regarding Walton Plaza which will protect the interests of the distributors who are the backbone of Walton's distribution network.
- Gradually decreasing the credit amount so that the market doesn't react negatively and also the cash flow of the company becomes better
- Steps should be taken to increase the adaptation of Awaz throughout the nation. Rewards and necessary trainings should be arranged.
- Policies should be maintained strictly and no miscreants creating such crisis should go unpunished regardless of their size or business volume. ASM and RSMs should be more conscious regarding these issues.
- Fast deployment of real time national sales performance tracking dashboard to streamline operations and achieve centralized control.





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## Appendix

### Questionnaire for the participants

1. What is your name?
2. How are you associated with Walton Hi-Tech Industries PLC.?
3. For how long have you been associated with Walton Hi-Tech Industries PLC.?
4. What do you think about the current market scenario of consumer electronics and appliances industry?
5. From your perspective what factors associated with Walton have played important role behind Walton's strong distribution network and overall success?
6. What is your opinion regarding Walton Plaza?
7. Is Walton Plaza becoming a potential threat for disruption in Walton distributors network?
8. Are you aware of Walton's current rebate policy?
9. Share your thought regarding the current rebate policy.
10. Are you familiar with Awaz and if yes, do you use it?
11. Please share your opinion regarding Awaz.
12. Are you aware of the credit policy of Walton for distributors?
13. What is your opinion regarding the policy of distributors purchasing products at 70% credit?
14. Please share if there is any change you want to see in the credit policy?
15. Are you familiar with the newly updated sales policy of Walton?
16. Share your opinion regarding the updated sales policy.
17. What do you think about current global and domestic economic situation?
18. What is your opinion regarding the impact of economic turmoil on sales of Walton's products?

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