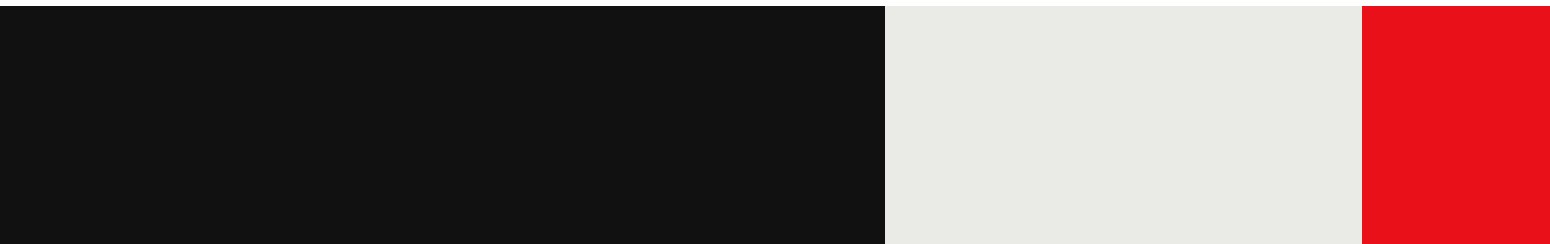


Walmart struggles to find an urban format that works

Article



The news: Walmart will close four of its eight Chicago locations by the end of the week, although the pharmacies will remain open for up to 30 days.

- The retailer, which opened its first store in Chicago nearly 17 years ago, says that its Chicago stores lose “tens of millions of dollars a year,” and their annual losses nearly doubled in the last
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five years.

- The closures come on the heels of Walmart [closing](#) its two stores in Portland, Oregon.

Finding a model that works: Walmart suggests that the Chicago store closures stem from its inability to find a formula that works in the US' third-largest city.

- Walmart opened three stores in affluent Chicago neighborhoods between 2011 and 2012—only to close them all by 2017.
- Walmart's [announcement](#) of the latest closures noted it has invested “millions of dollars” in the city and experimented with different strategies, including varying store formats, localizing product assortment, and offering services beyond traditional retail.
- Walmart's remaining Chicago stores—on the South and West Sides—“continue to face the same business difficulties.”
- It isn't just Chicago where Walmart has struggled to find a model that works. Walmart doesn't operate any stores in New York City, Boston, or San Francisco.

Hitting the mark: Walmart's urban struggles stand in stark contrast to **Target**, which has stores of varying sizes in most major cities, including 19 locations in Chicago.

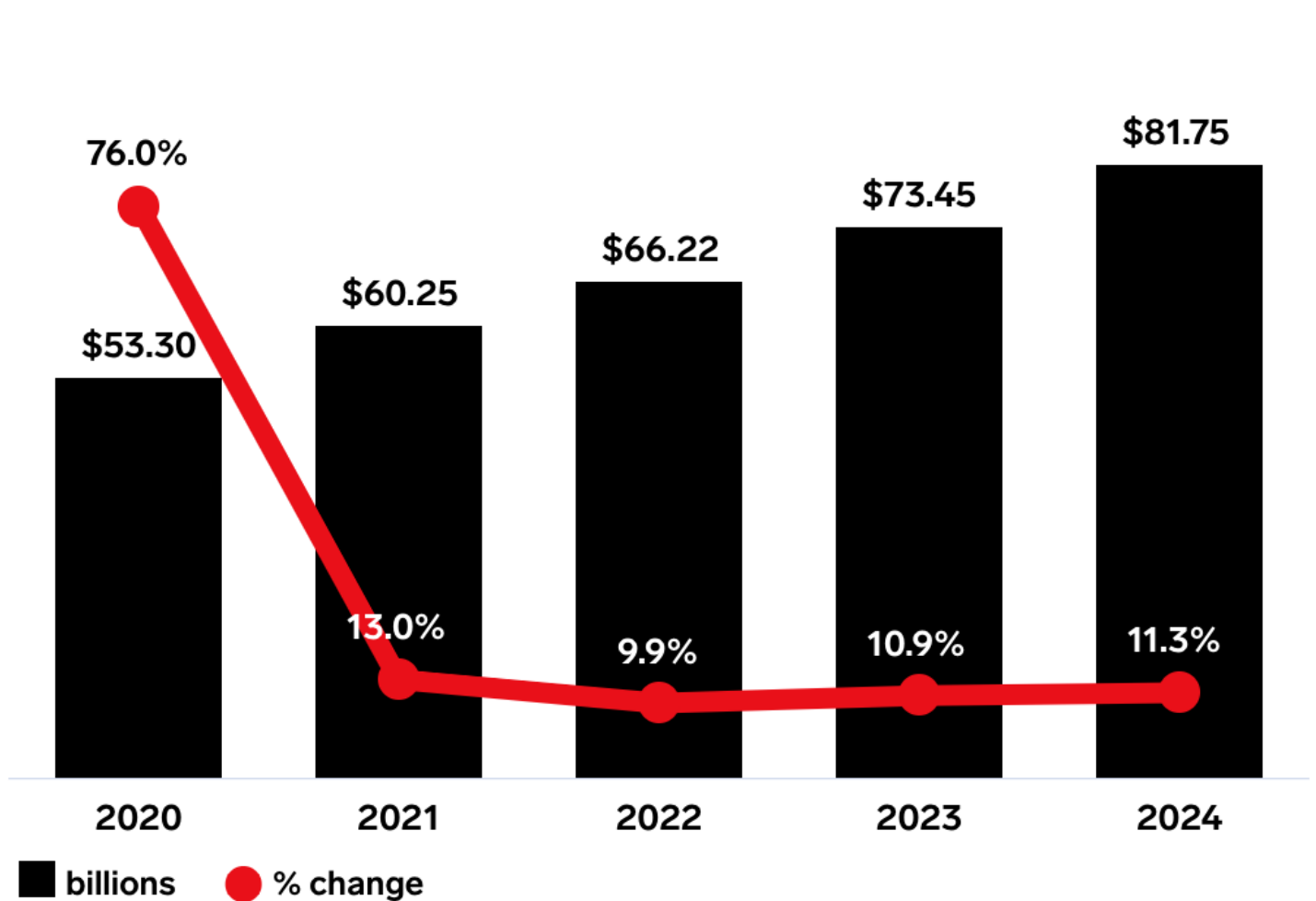
- When it opened a 30,000-square-foot store in New York's Times Square, Target [wrote](#) that the location was a “shining example of [its] ability to open and operate stores in spaces of any size—including where a traditional store may not fit—and tailor them to best serve the community.”
- The difference stems from the company's brand positioning. Target has long appealed to young, urban consumers as a destination for affordable, elevated fashion and other goods, while Walmart has leaned into its “Save Money, Live Better” ethos (although that has [started](#) to change).
- That enabled Target's stores to thrive in many of the same types of areas where Walmart stores flopped, including Chicago's affluent Lakeview neighborhood.

The big takeaway: Walmart has been masterful at leveraging its massive scale and logistics knowhow to consistently provide value. But it has never understood how to appeal to shoppers in urban environments.

- Amid a turbulent economic environment, it aims to protect its bottom line. That has driven it to cut bait on unprofitable stores as it looks for growth opportunities, such as boosting its online sales by giving its digital presence a facelift.

Walmart Inc. Retail Ecommerce Sales

US, 2020-2024



Note: represents the gross value of products or services sold on walmart.com and samsclub.com (browser or app), regardless of the method of payment or fulfillment; includes third-party sales from its marketplace; excludes travel and event tickets

Source: eMarketer, February 2023

eMarketer | InsiderIntelligence.com

Go further: For a deeper dive into Walmart, read our [The Power of Walmart](#) report.

*This article originally appeared in Insider Intelligence's **Retail & Ecommerce Briefing**—a daily recap of top stories reshaping the retail industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

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