

Pioneering CommTech Transforms Corporate Reputation and Influences Walmart's Omnichannel Approach.

Adopting a Start-Up Mentality to Create New Tools, Influence and Roles.

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Stage: Pathfinder, with elements of Pacesetter



Company Background and Objective

Walmart redefined commerce first in USA and then around the world. From humble beginnings with Sam Walton's first "Wal-Mart" in Rogers, Ark., Walmart now has more than 10,000 stores and clubs in 24 countries across multiple brands. It is also the largest private employer globally, with 1.3 million employees. One reason for Walmart's rise: their business model placed stores at America's doorstep. Now, more than 90 percent of Americans live within 10 miles of a Walmart.

This doesn't mean Walmart is unrivaled. Amazon's scope and scale in e-commerce outshine Walmart's. Walmart has made aggressive moves to build its e-commerce capabilities, including acquiring Jet.com, the platform the company absorbed into its own for even faster e-commerce growth by expanding customer reach and adding new capabilities. Now, e-commerce at Walmart includes sales that originate online but are fulfilled by dedicated e-commerce fulfillment sites or their stores. The omnichannel retail model includes pickup at the store, ship from store and digital pharmacy fulfillment options.

Not only does that omnichannel model generate \$572.8 billion in annual revenue, it also creates an avalanche of data. Tracking the inputs from social platforms, M&A deals, legislative filings, patent applications, store sales and traditional media around the globe at a scale that rivals small countries. With these disparate data sources, getting insights at scale became akin to finding the needle in this haystack of needles.

In 2014, Doug McMillon became Walmart's president and CEO. He has placed significant emphasis on digital transformation throughout the Company. That inspired the communications and corporate affairs team to go beyond their traditional remit to create CommTech tools not only to streamline the data analysis but to turn those insights into actionable and measurable outcomes. The key driver was Aaron Bernstein, SHead of Market and Competitor Intelligence - Enterprise Strategy.

To get there, Bernstein curated tools that didn't emerge from Walmart's information technology department or even marketing. His efforts started in 2016, just as more organizations turned to social media to solve their problems.

Bernstein's journey led him down a path to find new ways to react to sentiment shifts, analyze competitive trends, test and measure PR and social campaigns and spot behaviors. All of this lifted Walmart's ability to provide deep insights into audience trends and behaviors to guide and track reputational efforts.

While the brand impact that CommTech can have on a company is not unique to Walmart, Bernstein's efforts and results are. "The brand is unique in the sense of its size and scale," said Bernstein. "Almost every facet of political, social, economic and cultural shifts have some bearing or influence on the Walmart brand."

Bernstein first joined Walmart in 2008 as senior manager of advocacy and outreach in Walmart's corporate affairs and communications team in Washington, DC. He used his prior experience in government affairs within the petroleum industry to support and lead various initiatives before being named director of strategic outreach and engagement in 2011.

"I came into an environment that felt like we were living in a 24/7 crisis," said Bernstein. "We had war rooms for daily onslaughts of media coverage on many different levels. The mandate at the time was to begin pushing back, to be more aggressive and outward in telling our story. And this is not just from a transactional perspective, talking about our value proposition, low price and saving people money to live better. There was a need to actually talk about Walmart as a brand, as something that extends outside of the head and reaches for the heart."

At the time, Walmart's listening programs revolved around traditional focus group research and surveys. "I was asked to unpack the complexity around Walmart's reputation, to understand why people feel the way they do," said Bernstein. "I probably sat through hundreds of focus groups while fielding exhaustive, deep-dive quantitative surveys. These led to some really insightful outputs and insights going underneath the surface into how people feel that frankly formed the foundation of our data infrastructure efforts. The data enabled corporate affairs to build legitimacy and make the case for investment to then go out and tell our story."

The 2012 Obama campaign was an inflection point in personalized, data-centric persuasion. Bernstein began thinking of Walmart in terms of being a candidate rather than just a merchandiser. "During the 2012 presidential race, we really saw the application of data technologies accelerate," said Bernstein. "The Obama campaign built an infrastructure designed to optimize messaging, media and drive persuasion. They were leaning in on voter turnout and an outcome on election day. At the time, it occurred to me that with Walmart's size and scale, our customers were voting at the register every day. It's a daily referendum."

This became the catalyst for building Walmart's CommTech capability – and, by extension, communications and government affairs eclipsing marketing in strategic importance.

"We saw what the campaign achieved in 2012 and realized there was an application for using similar tactics at Walmart," said Bernstein.

"We started to think about individuals within an audience versus the traditional marketing sense, which is to think about everyone in your audience".

"If you think historically about the role of marketing in Walmart, it was to acquire customers and sell more products, period. To drive the core value proposition of everyday low prices.

That left a pretty big void that communications and corporate affairs filled, which was about the brand perception outside of the four walls of a store.

It wasn't about the core transactional attributes.

It was about favorability feelings, corporate

citizenship attitudes and employer attitudes around Walmart in the community."

Bernstein worked on issue advocacy and building grassroots programs to engage stakeholders, associates, and customers around issues during his DC tenure. But he saw the competitive differentiator data could make to Walmart's corporate affairs, communications and marketing departments sparked his journey to develop a data-driven culture.

Bernstein and others deviated their messaging strategy away from the "you say/we respond" back and forth, which led to arguments.

"We built an emotional framework around the brand to deliver fact-based messaging through reputational advertising, which the company had never done previously," said Bernstein. "I was fortunate enough to be a part of the first effort that led to Walmart telling its story at scale, starting with a targeted, paid campaign. That led to the next wave of data analytics in the form of advertising."

Walmart identified a base of 27 million American households from that modeling as "persuadable shoppers." "Communications partnered with marketing to create targeted ads that matched our reputational messaging. We optimized our media to reach them in the most direct one-to-one way and experimented with addressable capabilities. For example, we assigned treatment and control to different households, exposing certain households to different reputational messaging, holding out others, then tracking those households back to our own sales data to show lift. The data proved the ROI on reputational messaging, which was a breakthrough for us."

Bernstein began to build Walmart's CommTech and targeting infrastructure - from scratch. Despite the level of sophistication Walmart had, its IT team was working on any number of other initiatives driven by Doug McMillon's agenda to transform the company. That meant Bernstein had to blaze his own trail.

How did Bernstein move to Stage 2/Pathfinder?

Bernstein ran with McMillon's transformation agenda principles and began to pursue CommTech without waiting for the IT team to come to him. "We wanted to take the lessons learned on reputational advertising and apply them to analyze, in real-time, publicly available information spanning billions of web pages, social posts, patent filings, news sources and earnings calls transcripts to find patterns within these disparate data sources to become smarter." That led to an introduction to Quid (now Netbase Quid) and discussions about their intelligence platforms.

"I wanted access to things that had been built and were already bleeding edge," said Bernstein. He knew he wouldn't get attention from the IT team amidst other CEO priorities. So, he got on a plane and went to Silicon Valley to meet with venture capitalists to find who was developing tools to synthesize inputs in real-time to spot trends, judge A-B testing and gauge impact.

"We became a part of the development team within analytics companies, building products in parallel with them," said Bernstein. "Quid is a good example. We were the only client at the time applying their tools and capability within communications. I can read a hundred thousand articles on a topic, which may take years. Our tools can read those in under two minutes and extract key themes, narratives and influencers. All of this informs the effectiveness of our influencer efforts."

This was the spark that drove Walmart's CommTech transformation.

In 2016, Bernstein moved to the company's headquarters in Arkansas, and another national election year.

He used his curiosity as a liberal arts major and remade himself into a student of data. "As an under-the-radar generalist, I had broad perspective," said Bernstein, "In fact, I had the permission, and am even expected, to have such perspective."

Bernstein had the autonomy and senior leader support to move forward.

"As the role of the CCO and the communications environment continue to evolve, the need to translate measurable insights into business decisions and effective counsel have never been greater. It's been exciting to see how the team has blended not only CommTech and marketing tools, but also newer capabilities from the worlds of artificial intelligence and political campaigns, into unique solutions that strengthen the effectiveness and impact of what we do."

He adopted a start-up mentality, repurposing the budget for listening channels and consultants into automation. He hired others who had the same liberal arts curiosity he did rather than hiring data scientists. "I drew in people from consultancies and agencies who wanted to learn about CommTech. We grew not just in traditional diversity, but a diversity of experience and thinking."

Not waiting for the internal change processes to catch up with his needs, he started to onboard different tools, slowly, one at a time. "We trained ourselves and learned as we went," said Bernstein. "I'm not a data scientist, but the technologies enable me to be one. Communicators don't have to be subject matter experts in data technology. You just have to be intellectually curious."

His team's use of CommTech tools contributed to Walmart's transformation beyond corporate affairs. Bernstein's ability to provide real-time insights and actionable recommendations started to influence the company's digital transformation. Senior leaders gave his team the tailwind to keep going, which led to more training for his team.

This led to creating a team of CommTech members with dedicated beat areas in various organizations throughout Walmart, such as compensation and corporate social responsibility.

“It’s not just about having the right tools,” said Bernstein. “We help connect the dots.”

Bernstein’s team looked for trends that touched the greater world of shopping, such as what was happening within mergers and acquisitions, to find concepts that Walmart could use.

What elements of Stage 3/Pacesetter did Bernstein achieve?

Bernstein’s team of five is operating at scale and providing data and insights across communications, marketing, and many other areas of the business. The number of analyses, reports and tools Bernstein developed to analyze the competitive landscape, track VC investments, etc., go beyond what most CCOs would see as their remit.

“The right data and technology infrastructure enables a few intellectually curious, tech- and digital-savvy liberal arts majors to serve more than 20 departments, answering any and all questions that range from brand reputation measurement, tracking and analysis to competitor intelligence to public policy and regulatory tracking,” said Bernstein.

“We are looking at what people actually do versus what they say. Legacy engagement like impressions, story count and views don’t answer the question of whether you changed someone’s behavior or opinion. You need to understand if exposure to content resulted in a brand lift or a purchase.”

Walmart’s CommTech capabilities have caught the attention of senior executives from the CEO on down. “Walmart always has been focused on valuable business intelligence, but now it’s more than just gaining better competitor intelligence,” said Bernstein.

They reviewed competitor patents to see how they were innovating. And, of course, creating and measuring content for every conceivable touchpoint.

Bernstein used his early experiences to move CommTech toward the Pacesetter stage. As Bernstein saw, CommTech isn’t just looking backward but also predicting threats, such as proactively listening for fake news to be out front.

“We’re uncovering hidden trends regarding competitors’ R&D efforts by analyzing their patent filing or their investments by reviewing acquisitions and partners.”

His team became a center of excellence, influencing more than communications and marketing. Rather than holding data and insights close to the vest, Bernstein believes in democratizing data so other parts of Walmart benefit. “Data is going to become more open and transparent, much less proprietary. We pay the likes of Google and Facebook large sums of money to serve as the middleman to the consumer. Startups disrupt that model and cut out the middleman by going straight to the consumer. Why wouldn’t I explore a model that goes directly to the consumer?”

What were the keys to sustainable and scalable success?

Just like with any new program, Bernstein suggests getting started in CommTech by first asking, “what are you trying to achieve?”

“I think people can get started by doing some self-reflection and diagnostic work within their organizations to determine what functionality is missing,” said Bernstein. “What existing data and technology systems do you have, if any? Likewise, decide what will better insights and intelligence allow you to do. Do you want to become a true business counselor? Gain improved media and social monitoring, alerting and reporting? There’s no sense in trying to boil the ocean. What’s the one thing you want to do? Determine that, then build a use case. This makes identifying the right tools much easier. People go awry by looking for the data and the technology to define their goals and objectives.”

“We started just to experiment. We went beyond traditional KPIs to measure message penetration by measuring numbers of likes and impressions. Then we went further by experimenting with different technologies to use as a springboard to do more.”

“Don’t wait for anyone outside of communications to talk to you about CommTech. “I wouldn’t be in the job I have, nor would Walmart be able to have access to such insights, if I had to wait on our IT team to catch up,” said Bernstein. “Likewise, I don’t think I could have achieved what I have if I was in our marketing team. Instead, I benefited from being in a corporate affairs environment that appreciated the political campaign-style of outreach and even creating an under-the-radar startup environment. It fits well with the mandate to have our fingers on the pulse of the world and to influence areas outside of our domain.”

The only way to do that effectively is to harness data. “If you think about the vast unlimited world of publicly available data across news and social and blogs, and economic data and reports and studies, there are reams of information and signals

that can really inform your core strategies based on where the world is going,” said Bernstein, “That’s more than a remit. It’s about how communicators feel about their job. Many think vertically, such as being in charge of financial services communications or sustainability or whatever. The world of communications has to operate horizontally. We have to have plasticity and connectivity across everything. It’s the only way to make what you’re doing more relevant and impactful.”

No two people yet have the same definition of CommTech. “It’s kind of analogous to early terms around digital and new media,” said Bernstein. “Today, digital and comms are much more aligned. Most communications practitioners and leaders are going through the same exercise to become more data-driven and tech-enabled. And the way that I think about content writing is simply feeding technology that’s helping power the strategy and execution of a modern communications function.”

What challenges lie ahead?

The capabilities Walmart created 10 years ago still may seem futuristic to many CCOs. Walmart is continuously tweaking its CommTech tools and expanding the influence of communications across the organization.

“The mandate of communications is continuing to broaden,” said Bernstein. “Dan Bartlett [EVP, Walmart Corporate Affairs] has said our mandate is to be a counselor to the business, not just through a PR lens. That means being a counselor on every sort of decision, particularly looking at the external world and being able to describe how that decision will impact the business based on the insights we have.

“It’s not just being aware of what’s happening within your own business, but what’s happening outside. Look at what we’ve been facing in the zeitgeist in recent years politically, culturally, socially. How can you stay up-to-speed and understand the implications in the relationships between what’s happening in the external environment and what that means for your business? The only way to inform business decisions is to go beyond the traditional review of media stories. CommTech can be the infrastructure that provides that level of intelligence contextually and effectively counsel marketing and comms strategies, right through data intelligence. Our credible results led us to garner an audience at the highest levels of the company.”

CommTech provides the opportunity for communications leaders to go from listening to gaining insights with new digital tools, techniques and data to enable personalized engagement with stakeholders. As Bernstein and Walmart have demonstrated, CommTech takes us beyond communicating what we want stakeholders to know and believe and equips them to act upon those beliefs.

CommTech requires increasingly sophisticated technology and new team configurations, roles, skillsets, KPIs, and budgeting priorities, as seen in other Page Progression Paths.



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