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# Walmart, Inc. (WMT)

Cowen Broadline & Grocery Executive Summit

## CORPORATE PARTICIPANTS

### Tom Ward

*Senior Vice President, Digital Operations, Walmart, Inc.*

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## OTHER PARTICIPANTS

### Oliver Chen

*Analyst, Cowen and Company*

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## MANAGEMENT DISCUSSION SECTION

### Oliver Chen

*Analyst, Cowen and Company*

Thanks everybody for joining us. We're thrilled to have Tom Ward here. He's the SVP of Digital Operations at Walmart. Walmart, we have an Outperform rating, \$155 price target at Cowen. The retailer reported very strong second quarter earnings last week, inclusive of comp growth, 9.3%, and eComm growth of 97%. So Tom, it's really great to have you here. The world continues to look a lot different since we spoke last and Walmart's accomplished a lot during the past year; innovation is just starting to accelerate.

## QUESTION AND ANSWER SECTION

**Oliver Chen**

*Analyst, Cowen and Company*

Q

With the pandemic, which investment and tests have accelerated now and which ones may have been lesser prioritized given all the opportunities that you're reaping and the execution you're conducting?

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. Thanks a lot, Oliver. It's great to speak to you again about this. And I think you're exactly right, I mean who would have guessed when we last spoke that we'd be in an environment like the one that we're in right now. And COVID has really been a fascinating thing to see unfold over the last six months. And to your point, the pandemic has really pointed to a lot of different needs that a customer has. And what's been really exciting at Walmart is the way we've been able to serve the customer has truly been unveiled and focused on a number of new areas. We've been putting down this pickup and delivery footprint for several years now, as you're aware. And during the time that we've kind of experienced recently, there's never been a greater focus on how we manage to keep our customers safe and how we manage to serve those needs that they have during this time.

So to your point around investments and tests that have been accelerated, what I've been saying or what I've been thinking about this particular space is really what this has done is, it's highlighted the benefits that Walmart brings to the customer as it relates to all the above and so it's given us really clear focus and – people at the beginning of the pandemic really wanted to get hold of items that they truly needed, whether that was the basics, the food and the consumables and the everyday items that we all need to run our lives and – or whether it was more interesting items that help them engage in their work or school behaviors at home – Walmart was there to serve those needs. And so as we saw those things unfold, solving these problems for the customer became very, very clear and so that made it actually really straightforward for us to focus our investment and our intentions to solve those problems as they arose.

And then a few examples, Oliver, that I'd share and that we're really proud of, so – who would have guessed previously that if you wanted to receive a delivery, you'd want it to be left on your doorstep without any contact with the delivery driver. That's not something we'd have ever anticipated. But clearly during the pandemic, that was really important to our customers. And so we introduced unattended deliveries at curbside, the vast majority of our deliveries that arrive to customers' front – doorsteps now are entirely unattended, meaning that they can get a notification to say, hey, the things that you order are here and so they can bring them inside the house. And contactless pickup was another huge innovation that the team's pointed and scaled really quickly and effectively across the enormous footprint we've got right now. Over 3,300 of our stores are active with curbside pickup. And so when a customer arrived to collect those essential items, we managed to conduct that whole transaction without even opening the window, so the customer can conduct the transaction and have personal shoppers who are trained in these updates through the technology that we've provided them, load the trunk of the car and send the customer on their way really quickly.

And then probably, the last feature that I mentioned as a great innovation was, we began to understand that certain customers, as defined by the CDC, were at risk and more risk than others perhaps for various reasons and you may have seen different retailers designate certain hours within our stores and we're really proud of the work that we've done in our stores to keep customers and associates safe while they shop. But we need to see as many of those translate to digital world. We need to see as many of those opportunities come to life for customers

who chose to shop online and so we actually made an at-risk batch, a designated slot for customers who needed that to be able to get hold of those slots and those delivery times during the very peak of that crisis, so lots of great focus from the team and I'm really proud of the way it's coming together.

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**Oliver Chen***Analyst, Cowen and Company*

Q

Tom. Thank you for that. One question we receive is curbside, curbside pickup relative to delivery. How do you see those two buckets evolving and what has the customer behavior been? Do customers use both or what might happen in the future?

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**Tom Ward***Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. Absolutely, so curbside pickup obviously went live first, so we started with this scale program of pickup where our customers can use the app to place an order, not just food and consumables, an increasingly huge range of the assortment in the Supercenter of general merchandise items, electronics, things that they need and they can book a slot and pull-up curbside to receive those items straight into their trunk and be on their way really quickly. And like I said, that's in about 3,300 stores and growing today. And delivery – we introduced a couple of years ago to supplement that because honestly, what we want to do at Walmart is create an environment where however customers choose to engage with us, however they want to access those great items and that great price, they can do that.

And obviously, the prices that customers pay for our items are the same in-store – as they are for pickup as they are for delivery, and with some fees associated to our delivery service for that convenience. And honestly, Oliver, we see people move in and out of the channel. We serve busy families, people who have different things going on in their life, at different weeks. Sometimes, it's more convenient for a pickup, kids are going back to school in some places right now and nothing beats swinging by and picking up groceries or whatever items that you might need on the way back from a school run. But equally, when we're not leaving the house, delivery serves a fantastic way to get hold of those items at your own convenience. So quite honestly, our focus is on maximizing the number of ways that customers can shop with us and letting the customer choose which one suits them best.

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**Oliver Chen***Analyst, Cowen and Company*

Q

Yeah, Tom, on that question, are there major trends in terms of the basket size of customers and preferences within these channels that we should know about?

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**Tom Ward***Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah – I mean – I think you know – you look at the way that people are behaving right now and people are building big stock of baskets – our pickup basket – I think John referred to this in our earnings call last week, but the pickup basket is a big basket. People want to build these items and Oliver, they might build it over a number of days. And so as we see people's shopping behavior, they start to plan for what they need. There's always the core essentials, really who guessed the toilet paper will be so popular last year, but we see people stock up on these core basic items. And then as they build the basket over the coming days, they really begin to explore our full assortment and our range and those of us who are learning how to be teachers at home as well as conduct our jobs once again are starting to think about things like printer ink or paper, essential items that people need to run their daily lives. And so that builds a really big basket.

On the other hand, Oliver, we've got Express capabilities now. So we built that service out, which we're really proud of. It actually started a few weeks into the pandemic and we thought that customers would really appreciate a way to get things really, really quickly. And so in less-than-two-hour promise, we can get the items available on that platform into our customers' hands and that serves a couple of different needs. So, the dog chews through the phone charger and you need to get hold of something really quickly, you might not want to put them into your large pickup shop, you might want a more rapid delivery. And so we wanted to build that capability out in order to serve those needs and we're really pleased with the way customers are engaging with those services.

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**Oliver Chen**

*Analyst, Cowen and Company*

Q

Tom, what's ahead regarding profitability and improving profitability? We've seen you make really good progress here, but what are some key features we should think about in terms of how you may drive that going forward?

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**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. So I think our number one focus is serving the customers' needs, right. So, as we've laid out this footprint and as we've listened to the customers and understand the way that they engage with our product, we want to continue to find new and inclusive engaging ways to build upon that experience. And honestly, Oliver, we're doing this really fast. So, tends to be that people will build this grocery basket that contains lots of consumables. But increasingly, we're really seeing people engage in our general merchandise and our electronic offering. I shared a story recently with our teams that as we're all on these Zoom calls, like you and I right now, Wi-Fi has never been more important or needed to be more reliable. And so, I needed a Wi-Fi mesh system that was pretty high-end system, which is the one that was recommended.

But I actually – as I was building the grocery basket, it's in a Supercenter assortment, so actually added it to the Express Delivery that I was building at the time. And I received it in around 45 minutes from the point of placing the order to the point of receipt, just as one example in this local area of how we're beginning to think about the mix.

And the more instances that we see of those baskets and those purchases, it really expands customers' minds as to what's possible through Walmart and to reactivate these different digital channels. So mix is going to be important and I'm really excited about how people will think about using those services. I had a similar story about some desks. So, as different areas begin to home school and the challenge of everyone around the kitchen table not being ideal, a colleague was sharing his story about buying two desks through Express and receiving them within an hour or so of placing their order to solve that problem. So mix is important.

And then we're going to continue to build on the efficiency. So the demand for the service, Oliver, is huge. And so if we continue to build upon that, it gives us the opportunity to really lean in to some fantastic efficiencies, both in the way we pick on the sales floor and the way that we stage those orders and then dispense them for either pickup or for delivery and now increasingly for some of the Express propositions as well. So I'm really excited and energized about what we're going to see in that space for the coming months and years for sure.

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**Oliver Chen**

*Analyst, Cowen and Company*

Q

Another big change, Tom, was integrating the two mobile applications. How has that gone and have you been seeing mix benefits from general merchandise ads and any other catalyst that that's led to with consumer behavior?

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yes, it's a great question. So, during the peak of the pandemic, the Online Grocery app or the Orange app as we used to refer to it, I think it was – you've probably seen the articles, Oliver, it was one of the top downloaded apps in the retail space. We were having record downloads of this service because again, we were providing a solution to customers that really helped them fulfill their needs. But we were also sending customers to two different locations. We had the general merchandise, the Walmart.com app with various tools that customers depend on and to tune it separately. And so honestly, it was a great time to bring these two services together under one application, to make really a one-stop shop for customers' needs as it relates to their digital experience. And this is key to our omni-channel journey that we're on. We've got this fantastic asset base and the Walmart, of our stores, our neighborhood markets, our fulfillment centers.

And the one app that we now have out there for customers really brings those experiences together. And to your point around mix, absolutely. I mean I think people's view of how they interact with Walmart is changing really rapidly. They can depend on us for low prices, for great assortment, for the right products. And they know that if they interact with our digital services, they're paying that same shelf-edge price. But really the pandemic's pointed people to understand much more about what's available at Walmart and so bringing the two applications together has really helped drive convenience for the customer and that's essentially the goal.

**Oliver Chen**

*Analyst, Cowen and Company*

Q

Net Promoter Scores have been really solid and high. Where is further opportunity on NPS? And how is it doing in curbside in grocery delivery?

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. We haven't shared the specifics, but we continue to be really pleased with where our NPS is at and where it's heading, Oliver. And I think the way I think about this and the teams think about is, we're obsessed with solving customer problems and every time that we do that and we find a new way to build a solution into the experience that we know customers really love, that saves them time and saves them money, they reward us. And so I'm really excited about the trajectory that we're on and I'm really pleased with where we're at right now.

**Oliver Chen**

*Analyst, Cowen and Company*

Q

And as delivery becomes a bigger piece of the pie over time, what do you think about labor mix and utilization of third-party partners versus your internal Spark platform. How are you forecasting that may evolve?

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah, so what's exciting about the way we approach omni-channel at Walmart, specifically pickup and delivery, is actually how common it is inside the four-walls. So we have this fantastic force of personal shoppers that perform a number of tasks across our estate and obviously the Walmart employees that are trained in how to pick the right items, the best produce, the right meat, the right vegetables and so on, all the way through to the more specialized items in general merchandise and beyond. And so as we leverage that workforce, we really focus on how do we make them as efficient as possible.

So believe it or not, personal shopper today on our sales floor, they might be picking up to eight different orders at the same time, when you see them going around with those carts and we build a lot of technology and logic into that pick route to make it as efficient as possible and we're as obsessed about the associate technology interface as we are about the customers because that makes them great personal shoppers, which means they can serve the customers really well.

But we didn't actually differentiate during that period as to whether this is a pickup or a delivery item. We just get them to focus on picking the best item in the best possible way and then we'll bring those items together to be staged and stored again, this is a common process all the way through to the point of dispense, where honestly, Oliver, the only difference is, you know, they're handing that item off to either a customer themselves or to somebody who's going to bring it to a customer. And we've shared across the last couple of years the diversity we've got in the ways that we fulfill our last-mile capabilities. And like I said at the beginning, people move in and out of these channels. It depends what makes the most sense. So I don't know whether delivery is going to represent more or less over time. I think it will represent a key part of the puzzle and we'll continue to build on those efficiencies and the channels we own and we'll continue to partner with people that make sense for us to deliver those to customers and again, understand technologies that might help us do that with even greater efficiency over time.

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**Oliver Chen**

*Analyst, Cowen and Company*

Q

Tom, we've also been excited about the partnership with Alphabot and Alert. Could you discuss the progress you're seeing with Alphabot and Salem and how it's operating and surprised us in learnings as demand has accelerated here?

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**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. So Alphabot and Alert of course, one of our automation providers that are helping us think about what a micro-fulfillment environment might look like in the future. And we've been really excited about the progress we're making in terms of automation and what that will represent going forward, as demand continues to increase, we're going to always be out there, on the lookout for technologies that made the most sense for us. And there's lots of learnings along the way and we've really enjoyed partnerships, not just with Alert, but with lots of technology providers. And I think Oliver, a way you can see us connecting those dots and where this technology is going to make the most sense for bringing new ways to serve customers and bringing the cost of serving customers down, so we can share that back in investment and price and so on. And then that's exactly what we're going to do. And so we're really excited about the direction that that's headed and no end of learnings that we continue to take onboard and then often disseminate across the estate, not just through automation, but there might be certain behaviors or ways that people interact with technology that we find is useful to share with our manual pick systems, all the way through to our high automation solutions, such as that one.

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**Oliver Chen**

*Analyst, Cowen and Company*

Q

You also announced the expansion of this pilot to Texas. What are your thoughts about timing and building the system and scaling this to other stores? I know that you've been laser-focused on execution and maintaining great service.

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**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. Absolutely. So I think the team referred to that in our earnings call. But yeah, really excited. I mean like I say, you can rely on Walmart where we're going to get behind technologies that make the most sense and like I say, when they solve the right problem, when the math adds up, we can understand how this is going to scale and what it's going to do for us, then we will lean in hard to those solutions, so I'm excited about what that might look like as it comes together in those tests and obviously you will see more about that as it unfolds. But I would rest assured that the key focus for all of these solutions are, how do we solve the customer's problem, how do we connect asset base, this fantastic footprint of stores that we have through that single application now to create the best omni-channel experience we can and that's likely going to involve automation and some of those features take more time than others. But honestly, it's part of the patch work and the plan that brings this whole solution to life.

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**Oliver Chen***Analyst, Cowen and Company*

Q

And Tom, you talked about this earlier. But when associates are filling orders and store, what tools do they have now and what are the cost implications now about associates picking online grocery orders by hand? A client was asking about relative profitability within that... between the channels too.

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**Tom Ward***Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah, it's a great question and I love talking about this space because like I say, it's – as excited as we always are about serving customers providing new ways for our associates to fulfill the orders that customers need is equally excited and there's huge area of focus. So, there are a lot of different ways that we're thinking about improve in this.

As we think about the tool that the associate uses when they are on the sales floor, I mentioned that they are often picking up to eight orders at once, and so we think about how you maximize the efficiency of that process, and we have to get somebody that's really passionate about picking the right items like I mentioned. So we're really proud of training that we do with our personal shopper team. And then as you deploy them on the floor, whether it's the pick cart they used in or whether it's the technology in the handheld. There is an awful lot of support that goes behind this even down to the detail of – as an associate is picking items on the shelf, it might make more sense for them to go across the aisle as opposed to up and down because it's going to save time, it's going to remove footprints from that particular order path and it's now allow us to serve even more customers even more efficiently.

Whether it's the way that we described where the items placed or the description and the image involved in that system or even into our substitution system where we put all kinds of algorithmic information into that decision process to ensure ultimately the customers satisfied. But equally the personal shopper as a really straightforward task of building these orders and putting them together and when you roll all those things up across our scale, we take a phenomenal number of items every day, every hour, as this operation runs and the technology and the data that we're using, they're continually improve that process is really excited.

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**Oliver Chen***Analyst, Cowen and Company*

Q

Yeah. Another topic from an AI perspective, what are some of your main highlights about how it's driving the most difference and I remember talking with you about prescriptive and predictive analytics and then moved to prescriptive. Where are you in that journey? What would be some key learnings about what's ahead?



**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. So, great – if you look across the whole journey and you think about the customer and their experience that they're exchanging with us. And on the frontend, as the customers build in a basket, they're often thinking through what are all the different items that I need as a customer build in this order. Maybe it's groceries, like I said, maybe it's general merchandise or other categories across the store and but as they do in that, if you're anything like I am, you don't remember everything.

And so hopefully as you're engaging with the service [indiscernible] (23:49) maybe you're trying this for yourself as well. And you might be reminded of certain items that we've seen that you buy before in the past as you approach the checkout and there is lots of great examples of this and it's the small thing people forget maybe it's the tinfoil, maybe it's the barbecue skewers for grilling out, maybe it's the ink for the printer, whatever it might be. But we're presenting those items to customers in an intelligent way to help remind them of things that they may have forgotten so that they can add them.

**Oliver Chen**

*Analyst, Cowen and Company*

Q

Tom, you're on mute, so if you unclick the mute.

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

I apologize. I think my...

**Oliver Chen**

*Analyst, Cowen and Company*

Q

Yeah, we just lost just recently, the last sentence, as you go to the checkout and see these extra items.

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. I apologize, I think my Wi-Fi – I was talking about needs to reset. But yes, so as you go towards the checkout process and there are certain items customers just forget right. If you're [indiscernible] (24:55) anything like mine, it's always the small things right. It's the [ph] box (24:58) that you need, the cakes that you make and it's the barbecue skewers that you forget to add to the cart. And so we're already intelligently selecting those items and presenting them to the customer at that point in that process.

And that's going to be really helpful and it's based on previous behaviors, it's based on the basket that they're building at the time, so it's appropriate and it's always designed, Oliver, to save the customer time and to be convenient. And because you got to get that algorithm right in order to present the right items and be confident that you're solving the problem that they have. Equally after customers place an order, oftentimes you open a [ph] cupboard drawer (25:40), kids run up to you and say, hey, we need some of this and then you need to amend that basket.

Well, we provide the customer options to add items to an order they've already placed, which is really convenient and because it means that they don't put a second order and they can aggregate those journeys together, which solves a really, really good problem. And then on the instances the items they're looking for in a retail environment isn't available, we're really proud of the work that we've done on the smart substitutions. And, so this is a very

exciting tool that allows the personal shopper to pick an item that is a great replacement for that customer. And it's based on millions of data inputs.

And one of the examples I often used is blueberries. If we see that the customer is in need of blueberries, it looks like maybe they're baking a cake. Then perhaps frozen blueberries or dry blueberries are a great alternative. But if you're buying berries for a kids' lunchbox, frozen berries [ph] isn't just (26:43) good. And so maybe strawberries or raspberries are a great alternative as a substitute.

And as we see that satisfaction come in through the customer experience, we can continue to build upon that experience. And then probably one of the last examples and one of the more recent ones that we've talked about already on the call was through our Express Delivery, where a lot of great pieces of technology come together in order to be able to allow a customer to fill this basket and receive in a really quick time. And we're live in 2,500 locations with this proposition already. And so as we think about where the driver is, what the weather conditions might be, where the customer is and which items they need, bringing all those different calculations together and to produce the experience that we're seeing today is something that we're really proud of and honestly is the begin and we're going to continue to build upon that experience.

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**Oliver Chen**

*Analyst, Cowen and Company*

Q

Thank you, that's helpful and also we're going to be really exciting to see that journey. Can you describe how you might ultimately envision your suite of various online grocery automation solutions in terms of micro fulfillment centers and also thinking about your automated kiosk and even more automated pickup over time and driverless cars and autonomous vehicles as well?

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**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah and I think, you hit it, Oliver, the breadth of technology that's available to towards the Walmart we're experimenting with is huge. And so as we think about this the number one focus like I've said is always how do you build the best possible experience with the customer. And how do you do it by bringing to life the assets we have and the omni-channel focus that the business is having around activating that assortment and those capabilities through a single app for our customer to shop with regardless of their needs. And depending on the situation and depending on the need, different technologies like you outlined, play a different role.

And so I think it's going to be a mix, quite honestly. I think we'll have a high-end automation micro fulfillment solutions where they make sense. I think to your point kind of a digital interaction kiosk. We experimented with multiple providers and it's really towards a whole lot about how customers interact with screens, right, whether it's the screen in their hand or whether it's a screen that might dispense their grocery order to them curbside, so that we can even expand hours beyond the typical.

It's allowed us to understand how do we couple a pick solution on our sales flow with an automation solution at dispense and what does that mean. And honestly, how do you make that process seems so consistent and so seamless. And the customer only has to decide what they want and how they want to receive it or how they want to come and get it. And we will build the technology that will enable and empower that in a way that makes sense for the business, in a way that makes sense for the customer.

And you mentioned autonomous vehicles, we've got multiple experiments that obviously we've released and shared in that space and we're always excited about what new technology is going to mean for lowering cost of the business, for making sense to the way customers interact with us. And that could look in many different ways.

But I think the key is the customer focus be obsessed with the problems they need to solve them. And then make that experience truly seamless. So whichever way they choose to engage with us and all they're doing is wanting to exchange their money for great value products. And that's the journey that we're on.

**Oliver Chen**

*Analyst, Cowen and Company*

Q

Tom, on that journey, a technical question is like edge versus cloud and utilization of edge computing. Is that playing a role and fulfillment or what you see happening within the customer experience?

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. I mean I think our technology teams have been fantastic partners on this journey and obviously, we serve millions of customers. We have millions of transactions. We have thousands of personal shoppers. And like I said, we're picking hundreds of thousands of orders across individual stores, thousands of items and on all these different combinations and data points can reveal fantastic amounts of insight that we can use to improve the customer service.

And so whether it's where those data points are stored, through cloud or whether it's how we interact with those calculations, whether it's through cloud or through edge computing, whatever makes the most sense.

**Oliver Chen**

*Analyst, Cowen and Company*

Q

Yeah.

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Honestly, our technology partners are going to help us make the right decision on that front. And we're going to help bring those things to life, so the experience is improved.

**Oliver Chen**

*Analyst, Cowen and Company*

Q

Yeah. Another great feature and an important tool in your arsenal, ship from store. What are some learnings you had on ship from store and managing the reality of the whole inventory network in minimizing split shipments, but balancing that against stock outs?

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. You mentioned a great asset though, which is again back to the way we think about our stores as a customer facing entity and also as node of the supply chain quite honestly. And so ship from store is something that played a big role over the last few months and we expanded it and obviously some of those locations we're going to continue to lean into and equally, Oliver, some of those locations we can spin up and down very quickly to fulfill customer needs and to pivot the focus to almost use the stores as a small fulfillment center.

I think the key with this is the zoom way out and think about the basket somebody is building and think about where you are and think about where the assets you have are and the items that somebody wants. And then how

do you connect those dots together and how do you use the technology and the capabilities that you've seen scale over the last few years. With ship from store being one of those capabilities to connect the dots in a way that makes the most sense economically, and how do you get that products in the customers' hands.

I mean ultimately our focus is we want to get people things that they need as quickly as we can and so we build all those different data points into the engine, the algorithmically we're determined where to send that product, whether it's through ship from store or through a fulfillment center, how do you minimize the amount of splits and ultimately how do you get the products in the customers' hands in a way that makes more sense for them?

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**Oliver Chen**

*Analyst, Cowen and Company*

Q

You've also been doing less with more, Tom, in terms of inventory management and accuracy as a factor there, that we work a lot with Bossa Nova and we'll have Bossa Nova and [ph] Lowe's here (33:59) later today. But could you speak to how Bossa Nova fits into the overall connected store and as well as the FAST Unloader and what you're doing with automation?

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**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah, if we're partnering with all kinds of automation partners to your point, so some of those partners, Oliver, are focused on how do we create these micro fulfillment solutions, or how do we improve the efficiency of our pick. And then equally if we're going to pick from these shelves then we need to be obsessed about the inventory signal that we receive from those products. And so getting the items from the truck to the shelf is an equally important journey and it's critical for both our physical, in-store customers and our personal shoppers who are using that same shelf and enjoying those same benefits through the technology that – some of which you referred to.

So as we think about unloading the truck and we think about what makes the most sense to this workforce that's focused on getting the items that are needed to be on the shelf in priority order by lanes, our stores have lots of different aisles. And so helping people get access to the items they need for the aisle that they're going to be replenishing is really important.

And so technologies like FAST Unloader and others are going to play a big role on that. And equally understanding the inventory levels, to your point, whether it's through technologies like Bossa Nova or some of the in-house technology that we build in the handheld, helps to build a robust signal and that signal is reflected both on the shelf edge for the physical customer and online for the digital customer and we're really confident in the way that we're going to continue to tackle that.

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**Oliver Chen**

*Analyst, Cowen and Company*

Q

Tom, could you also share with us your thoughts on why Instacart and what that partnership may hold or what you're testing for in that relationship and why versus doing it internally?

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**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. I mean the way I look it, Oliver, is, we built this huge footprint. Like I say, 3,300 pickup and delivery locations and grow in 2,800 of those stores already live for delivery. 2,500 live for Express Delivery. We have a huge physical footprint that's enabling us to reach customers and we know the primary goal is how do you get

Walmart products and prices in customers' hands. And so we're always going to experiment on this front, right. And the test we have with Instacart is another example of just another avenue to allow customers access to Walmart products and prices in different ways. And we'll learn from it, it's too early to say right now and then we'll understand what moving forward looks like, whether it's with our in-house solutions, or other technologies that are yet to be discovered, we're mostly obsessed with how do we serve our customers and get them access to Walmart.

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**Oliver Chen**

*Analyst, Cowen and Company*

Q

A question we're asking every management team is what do you view as the most permanent changes to the shopping experience? It's open ended question and we've covered a lot of this, but how would you answer that?

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**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. I think it's a great question. I mean you think of the environment that we're in right now versus where we ended last year, Oliver, and the landscapes very different. I think what I'm really excited about Walmart is we've spent years building this capability and that truly allows customers to interact with our business, how they choose to interact with it. And during the pandemic, that's being digital in a lots of different ways whether it's through bringing the apps together, whether it's through our growth in curbside and delivery or the introduction of new propositions like Express.

And so I think the diversity of options is going to be the big change. I think people will continue to engage with us in many different ways and some customers have been doing it a long time and other have discovered it more recently. And so the obsession and the focus we've gone solving those problems has really helped us being laser focused and move really quickly. And to do some of the examples that I've kind of called out. But I think what we'll continue to see in the future is people engage with Walmart in all the different ways that we present them an opportunity to whereas maybe [ph] in fall (38:15) they didn't conduct as many different transactions and now they with – kind of their eyes open to the opportunity.

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**Oliver Chen**

*Analyst, Cowen and Company*

Q

Tom, there is so many amazing things happening. How are you prioritizing your time and leadership across these different modalities of the way the customer shopping?

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**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah, I always feel super fortunate because with the footprint we've got with the access we have at Walmart, the biggest opportunity I have in terms of prioritization is listening to our customers and is understanding what people's needs are, what problem does a customer need from us to solve and whether it's they forget an ice-cream when they get to the checkout and so we can build that feature. Whether they place the order and the kids have run up to them to say that they're out of cereal so they can go back and amend it, all the way through to the in-store personal shopper that tells us they pick thousands of items every day and they need that task to be made even simpler through technology or automation and beyond.

And so quite honestly solving the problems that matter the most, whether it's to the associate and the customer and optimally bringing the business together to serve people and know in different ways, makes my job's prioritization the really straight forward and it's just about being customer obsessed.

**Oliver Chen**

*Analyst, Cowen and Company*

Q

Yeah. The one of the big aspects of the future retail is data and capturing data and using data and harnessing customer data, how are customers manifesting there with respect to their own privacy of data and balancing privacy versus convenience and what they are willing to share and what you want to do with the data?

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

Yeah. I mean you hit a great question, which is there is a lot of data out there, right, as we conduct totally different transactions, as we learn more about the ways people want to shop, obviously there is data that's protected and govern accordingly and rightly so, and so the data that we see that's available to us that we can use to help improve customers experience, that's really where the focus is...

**Oliver Chen**

*Analyst, Cowen and Company*

Q

Yeah.

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

A

...the graph side and if it's in the servicing on the sales floor, Oliver, we want to use the data about the items that we need them to pick to make them most logical pick that possible to drive the efficiency in the business and our scale that's really excited. And for the customer, you got to solve the right problem, you got to solve – you got to start with saying what is the person that we are serving need for us the sell for them and then if there is information that we can use to help do that and then we will right, so whether it's the personalization on substitutions and like I say whether it's the way that we connect the dots across our network to most – make the most logical speedy delivery fulfillment we can using our assets, there is so much data available to us. And I think I continue to be energized and excited about the ways that we can use that information and ultimately to drive efficiency and to serve customers in the best possible way.

**Oliver Chen**

*Analyst, Cowen and Company*

Well Tom, I know we're running up against the end of the time. I really appreciate your comments and thoughts and strategy and congrats on the execution around in this dynamic environment where Walmart has really responded to the challenge and this has been a long time coming as well in terms of investing behind this for many years. Thank you for your time and...

**Tom Ward**

*Senior Vice President, Digital Operations, Walmart, Inc.*

Great. Thanks, Oliver.

**Oliver Chen**

*Analyst, Cowen and Company*

...for dialing – for being part of this.

## Tom Ward

*Senior Vice President, Digital Operations, Walmart, Inc.*

Thank you very much.

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