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<<Rich Lehrfeld, Senior Vice President and General Manager>>

All right. Hello everyone. I'm Rich Lehrfeld, the SVP and GM of Walmart Connect, which is Walmart's omnichannel retail media business. So, I'm here to really talk about retail media and how we're helping drive Walmart's retail transformation.

I'm going to do like a quick presentation. We'll just update you on what retail media is. I know some know it extensively and some don't know as much. I'll do a quick presentation and then we'll just do a Q&A. We'll go a little deeper into what retail media is.

Hopefully you've seen our earnings in the past. Last fiscal year, we reported \$3.4 billion of global advertising revenue for the Walmart business. We have reported last quarter a 26% growth rate. And then between membership and advertising, about one third of last quarter of operating income that are coming from membership and advertising. So, a big business, it's growing fast. We think it's important at Walmart. Hopefully you guys will see what it is, and why it's important and what we're doing.

So, I'll just – we'll start with the customer. As you know, customer behaviors are changing. There's rapid shifts in shopping behaviors. It's no longer just a linear. Maybe they see an ad, they come into a store or they go online. Every moment becomes now a shopping moment that can be through online they're seeing something or through social or they're seeing something on TV. But ultimately as retailers, we have to meet them where they are and serve them how they want to be served? Wherever they serve and wherever inspiration really does happen?

So where do we meet the customer? We always think about at Walmart, the customer first. And we say that always, we say it in our Cheer. If you've ever heard the Walmart Cheer, and it's really helped guide us for the past 60 years. I love this quote from Sam. He really does always talk – he always, we use his quotes a lot. He talks about the customer. And our CEO, Doug McMillon really puts this to practice in our four kind of value propositions. The dimensions of Walmart, which is really about price, assortment, shopping experience and then trust, and how we stay competitive is really focusing on that.

So, price, if you've been around Walmart, you've heard EDLP or EDLC everyday low prices. We try not to do high and low. We stay consistent with making sure we're meeting the best price each and every day. From an assortment perspective, we have been spending a lot of time to really grow the assortment within Walmart, go from 1,000 to 10,000 to 100,000 maybe in store to tens of millions of SKUs that can go online. And then embedding our marketplace business to help us grow our general merchandising business and we've been spending a lot of time.

And then from a shopping experience really upgrading and making our stores a better shopping experience and then building out our online capabilities to have a great customer experience

when our customers want to shop online. Embedding AI into search and using other techniques to really deliver a great customer experience. And all of that is embedded with trust, right? Trust that we're going to meet the price, the assortment, the shopping experience, that we're going to be there for them and we're going to deliver for them.

So, Walmart Connect. We are a retail media and advertising business. And when done right, we deliver great ads. We deliver relevant ads that our customers want. They can discover new products and we can help brands solve their business challenges or their marketing challenges. And then ultimately, we'll drive profitability into the business. It's a high margin business and that profitability can go back to the business to support our customers and support that overall retail transformation.

So let me explain what retail media is for those of you that it's relatively new. The lines really have blurred in the shopping journey with thousands of touch points and millions of choices for customers. Customers, again, as I said, it's not linear anymore. They're being bombarded with messages and they feel ultimately, I just want a relevant product when I want it. And how do you make it really simple for me? And for marketers, the B2B customers that I deal with, they're dealing with, how do I reach a customer at the right time with the right message? How do I eliminate waste? There's a lot of signal loss that's happening with 3P cookie deprecation. A lot of different opportunities for marketers to reach customers to get the right data signals. It's very hard. And discovery, organic discovery on the internet and organic discovery on sites still is growing hard. It's still very, very hard.

So, the notion of retail media is really about a solution that can solve both for the customer and for the marketer. It's 1P. So, first party, real shopping. Understanding the customer data combined with traditionally retail media has been at the point of sale on a digital site. So, customers are making decisions, a really good audience and then impact at the point of sale. And that is very powerful combination and it delivers a customer a highly effective targeting mechanism that creates an omnichannel advertising that's additive to the shopping experience when done really well.

And for a marketer it really does maximize their limited budgets. And if they even have big budgets, they need to make sure they're efficient as possible and that creates more value for them and more effectiveness. And then when you look at overall on the TAM, so the overall marketplace, you're talking about a \$400 billion plus media business. And retail media is expected to be about \$100 billion over the next couple years. And I would say probably retail data or the notion of commerce data is going to probably be infused in every part of the media business. So, we're in a really good place to help capitalize on that and deliver for Walmart and for our customers.

And there's so many – you probably see so many retail media, so many retail networks. Retailers are diving into retail media because the margins in retail media are being retail are being compressed. And starting an ads business helps them diversify that revenue, improve that margin. But not all created equal. There's some larger players like Walmart and then there's probably a lot of others.

We believe, we have the right to win. So again, with Walmart Connect go deeper into like what we are. We are omnichannel advertising solution with brands of all sizes, connect with customers. Walmart's always been a connector, right? We have great brands with great customers and Walmart Connect is at accelerant. So, if you want to accelerate those sales, we can help you do that. We can help you do that for online, in-store or we can use our data and go across the internet to be able to do, to target, to optimize and then we can see the sales that can come back and really again it's at that point of sale if you go online that's going to have heavy impact.

We have unparalleled insights and we reach that omni-shopper, 145 million shoppers on a weekly basis. So, brands and advertisers and suppliers or sellers are coming to us to really engage. So specifically, what are our products? We have core digital products. If you go to the dot-com or the app, it's search, it's display, we have video, we have interactive engagement techniques, brand shops, we can help advertisers really meet that customer in an engaging and creative way. If you go right, we can use that data for off-site through DSP, demand side platform. So, platform that can reach customers across the internet. We partner with connected TV advertisers and linear media companies. We have on social, we can use the data to better target, to optimize and measure that campaign. So, it's really about that measurement.

And then the bottom is the in-store piece, which we're on our journey from an in-store perspective. Whether that's screens in-store, experiences in-store, I have radio, but you can really build an in-store experience that we can help marketers reach their targeted customers, impact them and then ultimately measure those sales.

So, we're going to make it more tangible. Let's say, you are a new product, Rich's Cookies. That's such a beautiful packaging, Rich's Cookies there. It's I guess Rich. I always say, it's Rich Cookies or it's Rich's Cookies, I don't know. But let's say, you're a new product, no one knows who you are, and you come to be able to sell at Walmart. You can get access to a big set of first party cookie buyers that can be even choco chip buyers, lapsed people that buy many different choco chip cookies. So many segments to be able to go after to really reach them. You can use search and we can push you up to the top to make sure that people know who you are and that they can see your product.

You can go in-store with screens, we have 4,700 stores with screens. You can do demos and experiences, allow them to taste those cookies or we can use the data, as I said with partners, let's say VIZIO TV, you can reach them through new advertising and all of this we can ultimately measure and at the end of their campaign, we can connect them to their advertising tactics and their sales data. I have here ROAS or return on ad spend or you can see their sales, you can see it by channel. I have a kind of lame joke, but they'll be more famous than Amos. Thank you, thank you everybody. But reality is brands come to us to really launch brands to be able to market in a new way and be very, very effective advertising.

So, what does this mean? So, we believe we're winning. We have a large first party data set. We are at that point-of-sale. So, it really does affect advertisers and their impact. We're growing at 26% so a lot of growth. And we have a multi-billion-dollar business, because we're embedded in a large scale. Walmart is very large as you know. We have a large data set. We have a large retail

business and we have 4,700 stores. We have 60 years of experience and data to be able to back that up. We have 145 million weekly customers that we're engaging with and a lot of unique differentiators that we can help brands really succeed.

So, in conclusion, because I have, we'll move on to the Q&A really quickly. So, retail media is one of the fastest growing businesses in the marketplace. You'll hear a lot about that and you'll hear about a lot of retailers that are trying to build those businesses. We are at the center of the growth with Walmart. We have differentiated IP. We are large scale. We drive the value for the customer. Again, customer centricity is critical to everything we do. We can't be interruptive. Add value through learning about new products, making sure they're delivering products that we know they want.

From a brand perspective, we're creating a lot of value and helping them grow their business. They are seeing Walmart Connect as an accelerant and then delivering back to Walmart a profit pool that can be fueled back into our business, back into the customer value propositions. And we believe the future is really bright. We're going to drive growth. We're going to do it responsibly. We're going to add value to that customer experience and we're transforming Walmart's retail experience.

So, thank you. Now, we're going to go and Brad's going to – we're going to talk about Q&A. Okay, thanks everyone.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Great. Want to join me over here, Rich?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Like we coordinated our coats. Look at this.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Thanks. I'm Brad Thomas, the hardlines, broadlines analyst with KeyBanc Capital Markets and thrilled to be here. And those cookies look quite good.

<<Rich Lehrfeld, Senior Vice President and General Manager>>

They are good. They're rich. I got a lot of bad jokes.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Rich, you joined Walmart in 2019. What attracted you to Walmart and this opportunity?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah. So, my background is marketing. I have been an advertising, media, sponsorship and I've done lots of areas in the marketing space and I've been a media buyer for over 30 years. And when I was looking to think about where I wanted to go, I was fascinated by retailing and the notion of how retailing is transforming. There's so many models that were being invented direct-to-consumer Omni/Digital in so many ways and I just thought it was fascinating. And Walmart was one of those companies that I was really fascinated by. They were making lots of investments in digital. They were building out their pickup and delivery business. They were building out so many different models. So, it was really interested in growing.

So, I was interested in Walmart. I was interested in retail, and I was fascinated to how I can help Apply my skills in marketing and media to really help create value for customers. I love the value; I talk about that customer centricity of Walmart. I was just excited to be part of that. And what we've been doing overall in the digital space and across all of our businesses has been pretty incredible.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

You mentioned in your presentation that retail media is disrupting advertising and that Walmart's a leader on that front. I was hoping we could talk a little bit more about how Walmart Connect is different from other media and from other retail media?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah, I talked about this like notion of omnichannel and this notion of where Walmart sort of is playing and where we are. I kind of look at four differentiators for Walmart, and I know lots of brands kind of talk about this. But as I said, the omni-scale is pretty immense. There's not a lot of companies and not a lot of businesses that can deliver at the size 145 million weekly customers. 80% of America shops. And from a retail media perspective, we can reach customers, as I said, in-store, online or offline. So, the amount of people that we can reach is pretty large. So, the scale is the first one. The second one is like the insights that you can get from that scale.

So just really understanding the customer and how we can apply that customer insights into better targeting. We have deterministic data, 1P deterministic data that we can operationalize to find the right kind of customer. We can look at lapsed buyers. We can look at brand loyalists. We can really operationalize that to be more effective in our targeting. The partnership at Walmart is incredible. If you work at Walmart, like although we have separate groups, we really do try to work together to make sure we can deliver for the customer, our suppliers and the priorities of Walmart. And working across that, we can get things done on the digital side or the merchant side or the operations side to work together to make sure we're delivering for that customer.

And the last one is really that point-of-sale. What makes us differentiated? If you know there's lots of media companies out there, they're probably stringing together lots of third-party data to say what kind of sales were generated. We have the strong first party, but it's that point-of-sale. Customers are coming onto Walmart.com or they're going into store and they're making those decisions. And if we can influence those decisions, that is really, really powerful and we have the

ability to do that, and do it in the right way. Again, customer centricity, adding value, introducing new products, introducing Rich's Cookies to them where they never would have known about it and we know they might want it. So that's the power of Walmart.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Let's talk a bit more about the value of the data that Walmart has and its customer insights. Why is having large scale first-party data so important to marketers?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah, when I talk about data and I talk about as a media buyer, the holy grail to me was to really understand what's the impact of what I was doing. I was buying broad-based TV and I'm old. So going back in the day, broad-based TV or radio or print, there's always that saying of I know 50% of my advertising works, I just don't know what 50%, that's what was happening. We were building reach frequency, we were building models to say if we had this many impressions against the consumer or this target, this would generate the sales. And we were building models to do that.

Having a rich first-party data set that is deterministic, both deterministic on the targeting and really understanding what they're buying, that is really, really powerful. So, if you're a big brand, first of all you need scale. As I said, the media marketplace is pretty fragmented, but the more you can aggregate and be able to drive sales, we're a big partner for a lot of big CPG brands and other brands, so they need to come to scale and they can only work with a handful of big marketers or big media platforms.

And then if you're a marketplace seller, like a small seller, you need scale, you need the ability to be able to reach customers at a scale, otherwise you don't have the efficiency to be able to operate. So, they're coming to us and we've made it really simple for them to come on our platform to start selling and then be able to activate from an advertising perspective.

And the last one I would just say, we talk about endemic and non-endemic. Endemic being people that sell at Walmart, and we do really well against those folks. Again, targeting, they can operationalize and optimize and then they can go sell. But if you don't sell on Walmart, you're say, non-endemic. You can still use our segments and our data to be able to target across the internet. And that's why we're building out our capabilities offline, whether that's with our VIZIO, acquisition to really target and then use other mechanisms to be able to measure those things.

So think about categories that we have never sold. We are starting to sell to insurance, financial services, QSR, car companies, we have an automotive servicing, but we don't. Well, we actually can start selling other things, but now we can use that data target and when we can ultimately measure through third-party mechanisms, how those – those are doing, those campaigns are doing.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Great. How does Walmart Connect serve the core customer? Or how does it affect the shopping experience?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah, as I said, we try to be as customer centric as possible. We think about every experience. We test our way into all the ad experiences. So, we don't just launch experiences, whether that is video on our site or another type of experience. We test everything to make sure that it adds value, again discovery of new products, that it's not interruptive. We will never have like big blinking sort of things that come up on or pop-ups on a site. It has to be customer centric. We have to test our way into everything and build out new capabilities that can meet the customer, that are added to the customer and then ultimately marketers that we can sell more products and services.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

You alluded to VIZIO, an acquisition that recently closed. Can you talk about how the acquisition came about and how it will fit into Walmart Connect?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

So, I mean, we sell a lot of TVs. As a marketer, we also know that TV is still an important medium to have a big broad-based message. And what was happening, a lot of our partners or suppliers, some of the larger suppliers were coming to us and saying, it's great, you want our performance. I can see exactly what the sales are. But I'm spending a lot of money in brand marketing or product marketing over here and I need full funnel solutions. I can't have this bucket over here and this bucket over here.

How can you help me bring it all together? How can you help me with broad reach, new reach and also show me the sales? So we have been building partnerships for the last couple years through our DSP, our demand side platform, which really targets customers across the internet on social again in connected TV, things like Hulu or Peacock. And we started to see the uptake pretty high and more and more interest. So, we looked across the industry and VIZIO was a company that we saw that had very similar to our customer centricity, how we think about customers. They were doing really interesting things at the top level, they have interesting technology that can broadcast into TVs. That's part of the big part of their business, which is an operating system that can reach very targeted ads and targeted content to the right customer.

And then for us we can then do now more full funnel. So, we can attach that retail media to that operating to that platform, make it more powerful for everybody. We're keeping the businesses separate for now, but ultimately, and not ultimately, but we can use the retail data to add better targeting, better engagement with a customer, and then measure everything. And that's really powerful. And that's a new piece – these are new pieces of our business we've been doing this, but it'll be a really, really big part of our business moving forward.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Great. Can you talk a bit more about Walmart Connect's omnichannel proposition and why that's a differentiator and why that's so important?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah. So as I was saying, we have in-store capabilities, we have online capabilities, and then off – that's not offline, but across the internet capabilities. I'll say across digital capabilities. As I said, kind of what I was saying with VIZIO, there's more and more need to really talk about to bring all those pieces together. For us the power of the store. We are at the beginning stages for us on how do we activate with in-store. It's a challenging environment. We have 4,700 stores. It's an operationally difficult business. So, what we want to do is, make sure we can introduce ads that are additive, like I was talking about sampling or experiences in-store that are additive to the customer experience. But that is a competitive differentiator for us.

We see, as I said, 145 million customers weekly across all of our channels. It's a large platform, a large canvas for suppliers or marketers to come and activate against, and then we can bring it all together. And I talk about this notion of omnichannel. There's not a lot of companies that can kind of think through the digital, the in-store, the off platform, and kind of bring it all together. And as I said, customers are moving across. They don't just buy one way anymore. Especially after the pandemic hit. We saw our customers, they want to go in-store maybe on the weekends, but throughout the week, they want. Maybe they want multiple shopping or they want to be delivered to their home. We're seeing them come more, and as they come more, we have to be really good at making sure we're not blasting them here, we're not blasting them here, we're not blasting them here.

That we look holistically across how we're actually delivering messages and marketing to them in a responsible, accretive, additive way. And that's what we're doing. There's ways to go. We're not perfect yet, but we are looking holistically at customers and making sure for marketers there's less waste for them that they're reaching the customer at the right place, at the right time with the right message. And that's the holy grail of marketing.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Rich, as a Walmart customer myself, as I look at the app, I do see the ads. The business has gotten fairly sizable. How do you think about what inning you are in the growth journey ahead here for Walmart Connect?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

This is a good question. Someone asked me this. I haven't thought about, I know the inning analogy. And I separate our business again, I'll make it, you have the in-store, you have the online piece, the dot-com piece or the app piece. And then you have the off-platform piece, the digital piece. So, search and display and experiences online were probably a little further along. That's what we started with. We started building out search capabilities. Search is probably one

of the most powerful mediums. Think about it, you know exactly what they want, and you can introduce products to them. That is very, very impactful.

So, I would say, on the online piece, we're probably at the second or third inning. It's really early. We're still building out our capabilities. Our marketplace business is really growing. And from a market, when you bring the marketplace piece into this, you expand the amount of advertisers that are that you can reach out to, that are going to advertise on your platform. So, say we're at the second or third in the online space, in the in-store space, we're at zero to one. We just started to servicing. It is a very hard medium to be able to operationally execute to the level that marketers want. We want to make sure we're delivering at the highest level. You're talking about a lot of stores and things can go down, things can break. And also, measurement is really important when you have an in-store experience.

So, we're building that out. We're probably at zero to one, and then the off-platform pieces, we're just at the beginning stages. We just talked about the VIZIO piece. We talked about these partnerships. We're at the zero to, I will say the one space. So, when I talk about our numbers, our \$3.4 billion that we talked about in the last fiscal year and we talk about our 26% growth, I mean, think about we're at the zero to one, one to two, two to three. The opportunity is tremendous. I talk about the TAM of the overall media marketplace being \$400 billion. You talk about retail media being a \$100 billion. There's just so much growth, and we're going to achieve that again, doing it the right way, through customer centricity, adding value to that customer experience. And were – we have plans across all of those areas.

I think the thing to look at is as we grow our traffic, we will grow, there will be more ways to engage customers. As the marketplace grows, we will grow, there will be more advertisers. The marketplace gives you, that gives you the revenue. But also, in a world we are performant-based media, we only charge customers when they click on something. When they do something, there's an action. So, think about it. I'm only incentive to build real value to the customer experience, because we want them to click on an ad and get more value. But what happens in an auction-based, performance-based system? There's bidding that's happening. So, the more advertisers, the more bids. Then our cost per click or our cost per conversion may go up a little. As long as we keep our return on ad spend and our platform delivers, our pricing can go up. So, we'll make revenue by pricing going up and then accretive all the advertisers that will come on the platform.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

I think everybody knows that advertising is a higher margin business. And looking forward for Walmart, advertising will be an important driver of the company's goals to grow operating income faster than sales. But I was hoping you could talk a bit more just about the financial returns from advertising and how you think about that?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

We don't talk about the margins, but it is, if you think about, if you're, I don't know, your Facebook or your, I don't know, NBC, right your expenses are the content, the technology and

then you monetize through the advertising. But you're looking at it holistically because that's your business. You're a media company. We've built the retail business. The core, the crux of this platform is being built. From my perspective, I do have technology costs, I build advertising products on top, but the core pieces are built into the retail business already and that's helping our customers get what they want every single day.

So, the margin structure is going to be pretty high. It's going to be very accretive to the business.

And my costs are people, right? I have sales people, I have some operations people, but the margin structure is going to be really high. And I talked about like, why advertisers are getting into the business because they built the core of their business and then they're going to – so, then they can build on top of it, and it can be really accretive. And as we build out all these new businesses, whether that's Walmart Fulfillment Services, Data Ventures or Data Business, hopefully you've heard about those pieces. The core of the infrastructure has been built and then we're building on top of it. So, these businesses are very accretive to the operating income. We talk about growing our operating faster than our top-line and these businesses are really helping us do that. And as long as again we stay to our principles, I think we can really, really do something incredible here.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Great. I want to double click a bit on how Walmart Connect touches the store experience. You alluded to that some in your presentation. How is advertising influencing the shopping experience in the store?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah. So as I said, we're across 4,700 stores, 145 million weekly shoppers. We are building out capabilities, screens through – screens in our TV wall area, our checkout screens. We're building screens in areas that are towards the front area. We're building out screens in our deli area, our bakery area, but they have again relevant advertising, broad-based advertising and then direct advertising. We're building out experiences, sampling demos, we're building out different types of experiences in parking lots and stores that allow brands to really launch products.

And then if they have, they want to just again demo or sample new things for customers, they can get direct feedback, which makes it really easy for them to think, to understand by region, by store of what they're doing is impactful and then it's going to ultimately drive what they want to do. But again, we're at the beginning stages of that in store piece and I'm really excited to build out some of those products. And looking into the future, I think again as that omni, they can launch a product maybe online through our marketplace, then they can sample it in the store, ultimately get it into the store and then they can use us to reach them in a broad-based medium like connected TV or other mediums.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Great. A question we get sometimes is, how Walmart Connect fits into the interaction with a vendor. Are you a separate conversation with a vendor? Are you in the same negotiations with a vendor for your stores? How does that work?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah, it's a great question. I think I get that question a lot, which is, all right, are you in the merchant contract? Are you in? This is a separate business. What we feel really strong and I talk about that, the notion of EDLC and EDLP, the everyday low cost and prices the merchant's job is to really negotiate a great price and there's other things, you know, assortment and things that go into that conversation. But their job is to make sure they're getting the best price for the customer and they're negotiating that. And then once that deal is done, we then come in. We don't mix those kind of conversations, we try to keep them separate. And that's really important for us to really stay true to our everyday low prices and our EDLC and EDLP principles.

But then we can come in and really talk to advertisers or suppliers about what we can incrementally do. Because in any given contract they're never going to get exactly everything they want. Both sides may not get exactly everything they want. So, we can then come in. We are the advocate for that supplier or the advertiser to get incremental things, whether that's online or in other ways, where they can drive that incrementality and really help fuel their business. But we will work with the merchants making sure that we're hitting some of the biggest priorities. We do things like seasonal programs, holiday programs or seasonal programs where we'll work with marketing and the eComm business and our business to make sure we're hitting those priorities and we're bringing in the right suppliers that can meet the needs of what that program is. And that's part of the beauty of Walmart.

And I talk in like our value propositions, that's a key piece of the partnership. As I said, as we work across the business, and leveraging those things and driving more value for the partnership that ultimately will drive value for that customer.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Great. Can you talk about your strategic priorities for growth for the business going forward?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah, I look at our business as a – like a supply demand and performance and I kind of make it really simple like that. From a supply perspective, that's everything we deliver for our customers. From an online perspective or an in-store perspective or an off-platform perspective, what are the creative solutions that we can deliver for our clients? Whether that's search or display. Video is a new area for us. We're spending a lot of time delivering video products for our clients and our customers online, so on the online piece. Brand shops, brand experiences that they can build out for engagement with customers in new unique ways.

From an in-store perspective, as I said, we're building out new capabilities for our clients, screens, experiences, we're at the beginning stages of those areas in a supply. Then off platform,

we're partnering with connected TV companies or broadcasters, social media we launch relationships with TikTok and Disney and many others. And then with the acquisition of VIZIO now we can start really going much deeper in the upper funnel sort of layers. And that's supply and there's lots of things we're doing and lots of new products that we're launching.

From a demand perspective, we're spending a lot of time on making sure that we can deliver for advertisers of all sizes. The largest IP they get heavy service from us, we help them launch new products, we help them if it's really just whatever their objectives, they need share, they're losing share. We have a whole service team on data and marketing that can help them that and then we're spending a lot of time on marketplace.

The smallest to the mid-level sellers and building a self-serve automated platform that they can come on, they can easily access whether they have partners or agencies that are helping them or they're doing it themselves. That they can launch products, get up to the top of the search or get display ads or video ads, that they can really have customers know who they are. We're spending a lot of energy in that.

And the last is the performance piece. None of this works if we can't deliver great performance. And that might be return on ad spend. ROAS, we call it, or iROAS, they want incrementality. Were they going to get that sale anyway or are we really driving incremental sales? New buyers new to brand, we can help them go do and then conversions and making sure that it's really easy for them to see how their sales are doing and then convert and that's really critical. So, spending a lot of time on that performance piece, building new capabilities, new dashboards for them, building clean room technologies where they can take their data, their first-party data, our data and work with it and then be able to go target customers across the internet and then we can measure that through the clean room technology. So, lots of things we're doing on the supply, demand and performance.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Great. Rich, you talked about some pretty exciting growth opportunities ahead for the industry overall and retail advertising taking share. Just as you think about gating factors that drive the pace of this shift in advertising spending, how do you think about what some of those drivers might be?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah, the crux of it is, there's a lot of waste, and if you're a marketer out there, you're searching for opportunities to be able to connect at the most efficient way. There's margin pressures on everybody. So how they're reaching customers in an efficient and an effective way is so critical. So, from a Walmart Connect perspective, again, large first-party data. We can operationalize it. It's at the point-of-sale. We have the ability to look across all of our omnichannel capabilities to be able to deliver for them. And that's the critical piece and that's ultimately what we can do for advertisers and it's proving effective. We have incredible return and we have more and more advertisers. Again, talk about the 26% growth rates that's in the media world, in any kind of world, 26% growth rate is pretty, pretty impressive. So, they're seeing a lot of value. They're

coming to us to help them solve those business challenges, the market challenges. More and more it's not just I'm buying ads; it's I have these challenges. How can you help me deliver on that?

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

We've got a minute left, so I'll just summarize everything maybe with one last question here for you, Rich. But in closing, could you speak to the data points that you see in the trenches, if you will, that give you conviction in the growth outlook for Walmart Connect?

<<Rich Lehrfeld, Senior Vice President and General Manager>>

Yeah. I feel, not just for Walmart Connect, but all these alternative revenue streams. I believe the winners in the marketplace have that scale, have that 1P size to be able to reach as many customers as effective as possible. I believe that our value proposition is really strong. I believe in our growth and what our ability to do. I believe in Walmart and this transformation. Hopefully you have seen that Walmart transformation, the digital transformation, the shopping transformation, the in-store piece, the omnichannel transformation, the focus on the customer that Walmart has, that's our ability to win in the marketplace. And I just get excited about where we are now. And again, we talk about like where you are in the innings.

We are at the early stages of this transformation, which is exciting. So, a lot of growth and a lot of opportunity for us. We have a large business, As I said, \$3.4 billion we reported last year. So, a lot of growth. The marketplace is big. I said \$400 billion TAM, \$100 billion of retail media. So, for us a lot of opportunity and we're excited to keep this going.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Great. So, thank you.

<<Rich Lehrfeld, Senior Vice President and General Manager>>

No, thank you.

<<Bradley Thomas, Analyst, KeyBanc Capital Markets>>

Appreciate everybody.