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CORPORATE PARTICIPANTS

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

MANAGEMENT DISCUSSION SECTION

Kate McShane - Goldman Sachs retail analyst

Okay. Good morning, everyone. Thank you for joining us. It's my pleasure to introduce Walmart. And to moderate this fireside chat, we're very excited to have with us Manish Joneja, today, Senior Vice President of Walmart US Marketplace and Walmart Fulfillment Services. Manish joined Walmart in 2022, having previously served as a CEO of BARK, and prior to that a leader at Amazon in the Worldwide Operations Division, and at eBay. Manish, thank you so much for joining us today.

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

Thanks for having me.

Kate McShane - Goldman Sachs retail analyst

Before we start, I just wanted to give two seconds of thanks for coming today, because I do think when it comes to the alternative revenue streams that Walmart has talked about now for the last – I mean, for a while, but in earnest really, I feel like the April Analyst Day of 2023 was a real turning point in terms of people understanding what this second P&L is for Walmart. So appreciate that we can drill down now on some of these businesses. And so we appreciate your time and walking us through it.

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

Thank you.

QUESTION AND ANSWER SECTION

Q

So maybe to start, it would help, I think, to learn a little bit more about your background and what your current role is at Walmart?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

Sure. Hey, everybody. My name is Manish Joneja. I'll start with a disclaimer. I'm super passionate about ecommerce and marketplace. I've been told, when I talk about passion subjects, I speak fast. My accent kicks in. So if somebody wants to stop me, please stop me.

I started my career as an engineer in the Y2K days when the world was ending. Thankfully, it did not. And for the first 10 years, I focused on omnichannel commerce. So helping different brands like Nordstrom, Victoria's Secret, Polo, GAP, also Microsoft connect offline and online consumers. And then for the next 10 years, I focused on marketplaces and global growth, so with eBay and with Amazon, and then somewhere on the line I fell in love with dogs, so I decided to take on the opportunity for the dog company and took them public, and then decided to not come to New York and stay in Seattle, and other areas of West Coast. So we came across Walmart, met the leaders, love the humility and the humble nature the leaders have, understanding the opportunities ahead of them, thinking about big thing opportunities what's right for the customer obsession and decided to take over this role. So, I'm leading the Marketplace business as well as Fulfillment Services business, and super excited to be here.

Q

That's great. Just given the marketplace that Walmart has changed a lot over the last few years. Can you maybe walk us through a quick history of the evolution of Marketplace and where we are today?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

Yeah. So I really believe that Walmart Marketplace is one of the biggest opportunities in the retail landscape today. And I'll tell you why. We are just a few years old. So even though we set up Marketplace in 2009, we opened up the marketplace to more sellers and an open marketplace to more countries, about three years ago. That includes Walmart Fulfillment Services building all the ancillary efforts that we're working on.

So when I think about a marketplace that's so young and at stage, that is seller obsessed as well as customer obsessed, the only path that's forward is growth, and we've seen that happen across the customer base by unlocking new customer cohorts, by unlocking new seller segments that are bringing onboard new assortment. That's been our journey so far. And is looking the future, we see more and more of that happening especially as we think about growing Walmart Fulfillment Services, Walmart Ads, when I think about our data and our omnichannel efforts.

Q

So when you look across the industry, what are some of the key changes you've seen in the retail marketplaces over time? What is Walmart doing to differentiate itself amongst the other marketplaces? And how do you position yourself as a preferred partner to help navigate this?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

Yeah. So, the first would be changing customer perception. Customers are now more and more open to marketplaces. They are open to that wider assortment. You might discover new products, or you might have the same product in different flavor, different styles, different colors that you discover on marketplaces. The key difference for successful marketplace and not so successful would be, can you keep your promises, right? So that's what people are looking at is, do I have wider assortments, and do we bring the convenience to the table? And that's what something we're building and we are good at.

Second is it's becoming increasingly omnichannel, right? So, when you have customer, there is no longer, I only want to shop at store, I only want to shop online, you only want to look at one fee merchandise, you want that wide assortment that you can buy at the convenience that you become used to.

We've been building our retail business for decades and we are basically really good at thinking what fulfillment solutions and everything else that we build to fire up in the retail marketplace as such. So, we're seeing that increased omnichannel penetration and sellers wanting to be successful. So I'll give an example that is unique to us. So we, last year, we fired up 3P sellers with tires. So those of you who have cars, you'll get tires installed. I haven't been able to do it myself. I think it's super complex. What we've done is we fired up the entire 3P assortment online, connected them to over 2,300 Walmart Supercenters that have full service auto care centers. So now what you can do is, third-party merchandise powered by first-party capabilities. So whatever we've built in the past 60 years, all those LEGO blocks, you're stacking up on top to fire this marketplace for sellers and so that's an omnichannel advantage.

Second would be returns. So, you can walk into more than 4,000 Walmart stores for most of the assortment and return the item right there. No need to pack or do anything else. That's a unique advantage that we can offer.

Another one to think about it is store penetration. So, our shelves are the most valuable shelves in retail. We've had a lot of sellers come in with the merchandise that have performed really well, worked with our merchants and put them in stores. So there's a store injection.

Fourth, we are working on a platform that's equitable, it's a level playing field. We work on behalf of the customer. It does not matter whether we own the merchandise or seller owns the merchandise. As long as the right merchandise, we sell that merchandise and we power that up. So it's a fair level playing field for all of the sellers.

And the third point of the question becomes like change. Marketplaces are evolving, commerce is evolving. It's becoming content commerce, social commerce, no longer about lifting an item once and hoping it sells. It's about local stores that will get fired up, essentially with these assortments. How do you connect that with the Walmart traffic?

So, we also announced local finds in Atlanta and Dallas, where we have florists basically going to list the products on our platform and drive that, right? So that navigation of evolution change, like sellers want to work with people who have navigated such complex changes before, and that's what we've been really good at, and we lead it.

Q

That's great. I guess, the brick and mortar piece of it really does make a big difference.

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

Huge.

A

Q

So when you think about Marketplace and how quick it's growing? I think there was 30% growth each of the last four quarters. Can you talk about what you prioritize in terms of your strategic initiatives and what are the bigger drivers of that 30% growth right now?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

We've delivered 30% growth four quarters in a row; and ecommerce has grown more than 20%, last report that we did. What we obsess about is what customers want, right. There's no arbitrary SKU number or seller number when it comes to like, hey, it should be a 1 billion SKUs or 10 billion SKUs. You might have a 1 trillion items on site, they'll not be good enough, so it won't sell. So if you obsess over us having the right inventory at the right price with the right experience, with the right content, so if you're able to find those, that's what you obsess about. So what you would have seen in our assortment growth is very precise growth in terms of getting the inventory that people want going after that. So we have teams that go and do inventory acquisition. But then, if you're a seller with long-tail inventory who wants to come on board, we welcome you as well, there's checks and balances, right? That's how we focus on inventory and assortment growth. It's all about what customers want.

A

So, one example would be StockX. We announced this today morning, right. So we announced that we – in last week's Sellers Summit – we did a Sellers Summit in San Francisco. We talked about category growth. We talked about Premium Beauty that we grew, that's Marketplace. You can find the brands that you love on Marketplace, and experience that you love because you don't shop for Premium Beauty the way you shop for household products. It's a different experience.

We announced collectibles. We also announced resold. So collectibles, today morning we announced StockX is going to be using us as a fullest third-party marketplace to list the products, bought these from them. So you can actually get some cool kicks out of Walmart.com that you typically never got, right. The place to get that rider assortment from all the partners and more examples like StockX, where we see more and more brands coming on board, serving our customers which brings a wider and deep assortment.

Our North Star is, and I can say this is like we want to serve our customers what they need, want and love. There's stuff that you buy, that you want, there's stuff that you need, but there's stuff that you want to discover.

We bring all these different brands on board so you can actually come and discover the items that will resonate with you.

And on the sellers side, it's about fair playing field. Low cost, profitable platform. So we want our sellers to come on board. We make it easy for them to come on board, but we also want them to make money. They should be profitable business with us and a partnership model. So that's what we're working with on the sellers side. And think about the buy side and sell side, both on the customer and seller side. And what we've heard from sellers is they look at us as a win-win platform, not a win-lose platform. I'll tell you what that means.

First, they look at us as a smart path of growth. We already have the customer reach, there's hundreds of millions of customers that buy from us every week in stores and online. So they have eyeballs. They're looking for the products that our sellers are bringing on board, right, that's one.

Second is, we now made it easy for the sellers to sell multi-country. So we are present like Mexico, Canada, US and Chile, where the marketplaces exist. We now made it easy that it's more like, welcome to Walmart. You list once, we'll take your item, we'll translate it, we'll help you list and sell in other places including from Walmart Fulfillment Services to power that for you. And that makes it super easy for you versus think about listing it four different time and figuring out what the price should be, you just manage one listing and that's how you actually go and translate to other countries, that's the bottom line.

And we know winning seasons. So last holiday season, and from last year onwards, Walmart+ event, holiday events, all these events were predominantly run by sellers. That's where the inventory was and that was really cool thing to see such sellers win and sustain momentum, right? So that's how our sellers view us and the building, what I call more than a Marketplace, it's marketplace above listing items, but think about connecting dots between Marketplace, Fulfillment, adds and omnichannel. And I talked about the tires example, the returns example. We happen to be the largest omnichannel retailer and we've done this before. And that's what we are unlocking for all our sellers and customers as they think about creating a compelling value proposition for both of them, and it's always about looking backwards. I think part of the question was about, 1P, 3P?

Q

Yeah.

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

We always look back from the customer. We are agnostic to 1P and 3P. When I say we, not just me, the entire company, including our awesome merchants, to make sure we surface the best products and sell the best products to our customers.

Q

And within that, I think it's pretty clear the value that you're providing for the sellers, what the sellers are doing for your customers? Is it wrong to ask or to think about the process by which you vet sellers. Is that still very important? And additionally, the 1P versus 3P experience for the shopper, I think in other examples, maybe you've noticed a difference. How are you making that a little bit more uniform?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

Yeah. So we always – our sellers have to pass the bar for them to be able to list items. So I talked about resold, for example, right? There's vetting process that has to be done for them to be able to list items. You want trust. The trust for us is paramount. We've earned trust from our customers for the past six decades. We want to make sure we maintain the trust. The trust is the reason people have started searching for wider assortment on our site. They used to search for it, didn't find it, but now that we have the assortment, that's where they buy. So our sellers have not just to pass the bar when they come in, but we have lifecycle risk management for our sellers to make sure we can differentiate between sellers and bad actors. And there's a daily process like an hourly and real-time process that we run on that.

On the second part which I was talking about was experience for our customer, right? So think of this, I was talking to somebody about this was, when you go to a Walmart store, you go and talk to a store associate or a store manager to find the items that you want. Like, let's say, I want a TV, like that's the region. How they narrow down based on purchasing expectations. Search is the store associate for us on the web. So it always works backward from a customer intent, it does not look at 1P or 3P. So we're agnostic to that. So everything that we do is all about obsessing about customers and making sure the right item wins. That's how we operate on it. So if you search for, let's say, a Samsung TV, I'm making it up right or a restored item, we surface for you the item that matches your intent, that matches the speed expectation and the quality expectation. It's irrelevant whether it's 1P or 3P.

Q

You mentioned the Marketplace Sellers Summit last week and there. For those of you that haven't seen it, there's a press release on walmart.com. It's a laundry list. It's a very intense list of things that you are introducing, and some of which you talked to before. But how are you thinking about category expansion in general, when it comes to Walmart Marketplace, how much is maybe too much? How much is too little? How do you know when is the right time to roll some of these initiatives out?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

So everything we do with respect to our expansion plans is based on customer demand. So, we launched Premium Beauty, so you can find COSRX and other elements now, brands on the platform they can buy on Walmart. We launched resold, which is quality goods that come at a lower price. So have twin boys, they're about eight years old. I bought new iPads for them, which was not a wise decision. They probably broke it in a few weeks.

Now I can actually buy similar quality goods, so they don't care about the processing speed of the iPad. They care about having an iPad, being able to finish their homework and everything else on that. I can buy it for half the price on Walmart and use the other half to possibly buy them a switch or something else.

So we're providing that option to a customer. So what Walmart Marketplace does is it gives you the choice of making a decision that did not exist before, and that's very important for us. Same thing is collectibles that talks about StockX, but you can buy collectible cards. So people have been buying collectibles on Walmart stores for decades. You can buy a card, you can buy licensed merchandise, now that's online. And we're also launching our capability to think about pre-ordering collectibles before they come on. They can place an order before the item is

listed. It's actually in stock and you can get that delivered once the item in stock. We're very careful about the planning of these feature sets, so that we can actually meet our customer demand.

Now, think about launching speed in the volume. So since we are still new, technology has evolved in the past 15 years to an extent where I can do in one year what I could have done in 10 years, 15 years ago, right. So we're ramping up really rapidly to make sure we can short circuit the entire thing and give our sellers and customers what they want much faster. And that's working out really well from the key functions of why we are able to hit those numbers.

Q

And you mentioned before the interplay of Marketplace with other businesses, and there're probably some sellers who can't or won't sell on Marketplace until you're able to maybe handle their fulfillment. So can you maybe walk us through the relationship between Walmart Marketplace and Walmart Fulfillment Services? And then, even the interplay for some of the other businesses like Walmart Connect?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

Yeah. So think about Fulfillment as one of the most challenging aspects of running a business. It is not easy to ship product from Asia or a production factories to US and fulfill it. We are really good at it. We've been doing it for six decades. We have all these LEGO blocks that we build, that we are now extending to our customers. So when I say it's more than a marketplace, we want our sellers to come on board, list the item, fulfill the item, and then basically sell the items for [indiscernible] (00:33:59) they want to. They have that option. It just makes it easy for them because then they can focus on the customer or they can focus on product development.

So when you build all those assets for a seller, the feedback received is that helps them focus on the customer product more. And as we do that, we see growth. So I'll give you an example. Our sellers who use Walmart Fulfillment Services on average sometimes see 50%-plus conversion uplift. Two out of three sellers are right now Walmart Fulfillment Services. That's how these are tied together, so our customers can operate better.

Another example of that would be OPD; online pickup delivery. If you bought from Walmart store, you would have experienced that. We can deliver in hour. That's a capability that we built, that has been awesome for our customers to be able to buy grocery, fresh item, general merchandise that can get delivered at a much faster rate than from anywhere else.

We have that capability. And what we heard a lot of neighborhood stores ask is, can we get that capability? So we announced at the Sellers Summit that 1-800 Flowers is the first partner that we're onboarding in Austin and Dallas where we can have florists list their items, just like a regular seller. So when you search, you can see a neighborhood store and you can get delivered through our own SPOC drivers, which are own network. That gives tremendous opportunity to this entirely new assortment, that's not the same-day delivery. It's like a few hours delivery, and that helps them win the small neighborhood stores and helps our customers win.

Q

And when it does come to fulfillment, can you walk us through the build out, including local, multi-channel and then even cross-border fulfillment? Is there still a build out phase of this?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

We will continue building out. So Walmart Fulfillment Services, think about it, like I said, it's the most challenging aspect of fulfillment. We're really good at it. So what we did was, WFS is a low-cost end-to-end solution that we've enabled for our sellers on the backbone of the world class supply chain that we have. We have an amazing supply chain and transportation team that's been doing this for a long time. What we've done is we made it extensible to our customers. It's an average 15% cheaper than a competition. We see 50% conversion uplift, when you're enrolled in that, less customers, that's because it creates trust for the customers, and about 40% of the sellers are adopting to it. So we see more and more sellers increasing, especially the top sellers that come on board.

One of the things that our sellers have asked for us is, can we use those services for non-Walmart orders, for own business and direct-to-consumer site or non-site orders? So, last week, we announced that it's going to happen this year, next month onwards we're going to actually allow our sellers to use the Walmart Fulfillment Services to do brown box fulfillment, which means we'll accept orders from not Walmart. They don't have to worry about it and we fulfill. So we are seeing sellers move the inventory into Fulfillment Center so they can actually go and fulfill their orders.

Second thing we asked – our sellers asked us was, can you pick up the inventory from a production factories like in China, for example, Asia. So we fired up three ports. There'll be more coming, where now, on your behalf, we can pick up inventory from Asia, we can cross-stock it directly to our fulfillment centers. We know where the demand is so we can move and mirror the inventory around and then fulfill it. So what that does is, it just makes it easy for a seller to focus again on the customers more than anybody else.

And the LocalFinds example is another example, right? So when you think about take a step back is fulfillment is a challenge. How do we use the assets that we build to enable growth for our sellers to power the inventory that our customers want? So that's creating the width and the depth of inventory, if we can do that for our sellers. And that's – we've received really positive feedback; but again we'll continue to build out and bolster our capabilities.

Q

And then when it comes to the value proposition, how are you using Marketplace to reinforce Walmart's value proposition at everyday low prices through this broader assortment?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

Yeah. So Walmart is in a category of its own. We are omnichannel, more than a marketplace. So I think about what our customers have come to trust us is, for assortment, for value, for convenience. What Walmart Marketplace does is, it adds hundreds of millions of products that you don't have in a store or online before. So it extends the assortment.

And as a customer, now I can find items that I had no idea about, right? So, I bought some restored items for my wife, for example, I bought this – there's a seller who came on the platform. They sell amazing jewelry and it ranges from \$15 to \$50. And they started at, I think \$50,000, about four or five years ago, they were doing \$20 million this year, right. So it's because we could actually expose the traffic to this awesome inventory that the seller brought that our customers are searching for. So you get the wide assortment of what you're looking for a

collectible item, you're looking for a sneaker, like you said, you're looking for resold for your kids if you want to do and focus on that, looking back to school, back to college, all different grocery.

You can find everything in one place. That wide assortment creates an entirely new differentiator when it becomes omnichannel. That's very different. And it includes both 1P and 3P, right? So that's the beauty of Walmart is, you can have those hundreds of millions of product delivered in the way that you want, at the price that basically connects with you.

Q

And how are you supporting Marketplace from a marketing perspective? How are you letting your customers know that this is something you're offering?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

So our marketing team focuses again on customer backwards. So when I think about back to school, back to school when you were backwards, is not about whether I have the merchandise as a seller or Walmart has at 1P? It's again agnostic. We want to make sure we can serve the right item. So if you go to walmart.com, you'll start seeing more general merchandise pop up in your app or in .com. You'll see that'll be a mix of 3P and 1P.

Last holiday season – starting actually last year, you can see the majority of items are coming from really amazing sellers who are selling – one of the hot selling products last year was a pink Lamborghini when Barbie movie came out, pink was hot color, and that sold out. So these sellers are really fast in acquiring inventory. So that shortens the go-to-market signal for us, right, and they bring inventory on and sell it. So that's what marketing does is, I think Lamborghini was one of the part of the marketing initiatives that we did. So our marketing team, like us, focuses on customer-first, increased the consideration set for general merchandise. So you can order, you have guacamole with LEGO and everything else that you want with an iPhone cover and get delivered to your home.

Q

I think one of the most intriguing parts of Marketplace when it comes to investor consideration is just whether it's contributing to the top line, but also how we should think about it from a margin standpoint?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

Yeah.

Q

So we wondered if you could talk to that a little bit?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

Yeah. So our objective is to make and continue being the first place to shop for Walmart. And for that, we have to serve our customers what they need, want, and love, and we cannot buy every single item that's made in the world, that's where Walmart Marketplace comes in, it extends that. It complements the already awesome assortment that we have in 1P, for this 3P deep assortment that brings on the table. And part of that is it creates this – deepens the relationship with the customers.

So what we're seeing is more customers come more often and buy more often across different categories. So, it's not just groceries. It's toys, it's electronics, it's fashion, it's hardlines, it's home goods. And what we are realizing is that our customers already wanted this merchandise that we did not have. And so they are bringing the merchandise on, that's connecting the sellers to the customers. We see it happen across our segment. So it's not just one category.

And Premium Beauty, for example, right? That's how you figured out was there's a demand for it. How do we go and unlock the demand to serve our customers better? Same thing with tires. We connected online/offline, local finds is going to be in the same path. And that's more about connecting demand with supply, right. And as you do that, the sellers come on board and the suite of services we've created for them to connect with the customers more, Fulfillment Services, adds data and more that creates this ecosystem that actually helps our P&L, as well. At the end, it's about, if our sellers win, which means our customer winning, that's when we win. So we only succeed when our ecosystem of sellers and customers win.

Q

And as a percentage of overall ecommerce, I mean, even with the growth that we've seen the last couple of quarters, I think ecommerce is still driven primarily by 1P. So what does the evolution of Marketplace ultimately look like in terms of its contribution to ecommerce in the

future?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

So the thing about ecommerce, our omnichannel commerce for us, right. What we want to do again is be there for our customers, for the items that they search, and it's looking to the future and see more and more penetration of marketplace items come in. So more sellers coming on board, you'll see more models evolve, you're seeing people come and sell in bulk, for example, we have B2B marketplace. So sellers can sell in bulk to small businesses, right? That's a new model that we are ramping up.

You will see local marketplace ramp-up. You'll see cross-border more happen. So we have the right merchandise. If you're in one of these markets, you tend to gravitate towards brand that we might have. We're going to enable that transaction as well. You'll see higher penetration come, but what we'll never compromise is on trust. We want to make sure we have the right sellers, the right assortment and we enable them to sell across all the countries in the cohorts. There're more models that I can't think of right now that will pop up, but we want to be ahead of the game and lead that through change. That's how we see ecommerce and marketplace penetration grow.

Q

Okay. And then when it comes to Walmart as a company working to grow operating income faster than sales, how does Marketplace play a role in that?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

A

Yeah. So, think about Marketplace as a – I think John David Rainey was right, where he said it's a linchpin, right, so basically Obviously for a future of mix. If we get the right assortment, we see our customers come in more and buy more and more frequently. You see sellers come in, sell more frequently, especially when it's a low cost profitable platform, and that's despite all the fees and everything else that we have in place, right. As we expand that, you'll see a larger penetration come towards ecommerce and marketplace, you'll see more revenue mix happen through our sellers. So that's why we focus a lot on getting the right merchandise, right. It's not about getting just arbitrary number of sellers and SKUs about the right merchandise at the right time, at the right place.

And if you can get that, we see higher conversion. We see sellers taking, bringing more merchandise. And I'll give you an example. Last holiday season, Black Friday and Cyber Monday, one of the top selling days for our – lot of our sellers, they set records. Lot of sellers ran out of stock. So they had to rush inventory because there was high demand, they ran out of stock again. So we're seeing sales beget sales. So [indiscernible] (00:45:01) we get sales, these sellers are coming in asking us like, hey, what are the projections we can do? So we're seeing inventory hit our FCs right now for the upcoming events that we have.

So we think that, if we can connect the dots well for these customers and sellers, we've seen this flywheel kick off and that's what's really exciting is, that example I took about a seller who was \$15,000 to \$20 million, there's so many success stories that we had in Sellers Summit. We had a line out the door for Walmart merchants talking to us. They really appreciate the – it's not quantifiable, but the humanity factor of it.

Like every seller we worked with, knew the name of account manager or a customer service agent that helped them. And that you don't get anywhere. So I started with the humanity aspect that I basically found in my interview when I was trying to join and I figure out Walmart. That's just innate and organic in a culture that's called our best sellers and we really appreciate them for that and we want to make sure we can be there as a human partner to them as they grow.

Q

Can you just talk a little bit about some of the risks that you're managing with regards to this, as it sounds like everything is moving in the right direction. You're seeing this double-digit, very strong growth, but what risks do you have to manage in the process?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

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So we have a roadmap planned for the entire year and so look forward and think about long range planning. We have to make sure that we can deliver our promises, right. So I talked about trust, which is a really important factor. The risks that I look at is are we executing our plans in the right time, there's a time for everything. We could have done some of these initiatives early last year, but again, there's a sell-side and a buy-side, right? I can bring the assortment, but a customer has to be able to buy it in the way that they're used to, the way that he shop Premium Beauty, the way that he shops resale, the way that he shop collectibles. So we have to time it right. And that's one of the things that we work internally, really well in Walmart is, it's all our teams company-wide initiative versus just a Marketplace initiative is to slot it in the right time, so we can maximize the growth. The last thing we would want to bringing assortment online that doesn't sell and then basically sticks around, becomes dead inventory. So we work with our sellers very closely to make sure it's the right time for the right inventory.



And then for our last question, one thing that you mentioned was we've talked about all of kind of the interconnectedness between Fulfillment and Connect and it's even within the store, which you mentioned before. So I think we've seen digital signage in the store, able to showcase items that people can get on marketplace through a QR code, for example. How are you envisioning that evolution of the store assortment with marketplace?

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.



Yeah. Omnichannel is one of the biggest superpower we have that nobody can replicate, right? So when you think about the broad customer reach we have, that combined with our combination of digital and physical experiences, and our stores – 90% of the US population being within 10 miles of a store, that's a really powerful combination that nobody can compete with. And that's one of the reasons we could figure out tires, returns, signage talking about right, the more tests and play right now as you think about like blurring the boundaries between our assortment before stores and online and that's where our ecommerce [indiscernible] (00:48:19) comp, Marketplace 30% plus comp.

We're going to keep on doing these tests and find new ideas to serve our store customers with digital assortment and same with digital to do through OPD. And that's our kind of approach. And again, it works backward from we want to be the first place to shop for our customers. They're looking for what they need. They're looking what they want, they're looking for new inventory, by adding all these things together with the power of omnichannel that nobody else has, like, think about being in a Walmart store shelf.

What we're also seeing is sellers are becoming suppliers, like I said, right to articulate when they launched entire assortment, they saw the right SKUs, the merchants of what we're selling. We moved those assortments to our stores. That's a new kind of avenue for revenue for them. But we're also seeing suppliers bringing their extended assortment on Marketplace. That gives them like, it's a no regret model list items, you see what's selling, you're able to find the right prices, you can ship it yourself or you can ship it to Walmart Fulfillment Services. That helps us become the first place to shop for our customers and the first consideration for our sellers.

Unverified Participant

Okay. Thank you so much for being with us today. We learned so much. Thank you.

Manish Joneja

Senior Vice President, Walmart Marketplace & Walmart Fulfillment Services - Walmart U.S., Walmart, Inc.

Thank you so much. Thank you.

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