2022 Q&A Session with the Investment Community

Company Participants

- Brett Biggs, Executive VP & CFO
- Daniel Binder, SVP of IR
- Douglas McMillon, President, CEO & Director
- John Furner, Executive VP, CEO & President of Walmart US
- Judith McKenna, Executive VP, President & CEO of Walmart International
- Kathryn McLay, Executive VP, President & CEO of Sam's Club Division
- Leigh Hopkins, Senior Vice President and Global Chief Culture, Diversity, Equity & Inclusion Officer
- Suresh Kumar, Global CTO, Chief Development Officer & Executive VP
- Unidentified Speaker, Unknown

Other Participants

- Christopher Horvers, Analyst, JPMorgan Chase & Co.
- Gregory Melich, Analyst, Evercore ISI Institutional Equities
- Michael Lasser, Analyst, UBS Investment Bank
- Peter Benedict, Analyst, Robert W. Baird & Co. Inc.
- Renato Basanta, Analyst, Barclays Bank PLC
- Robert Griffin, Analyst, Raymond James & Associates, Inc.
- Robert Ohmes, Analyst, BofA Securities
- Rupesh Parikh, Analyst, Oppenheimer & Co. Inc.
- Scott Mushkin, Analyst, R5 Capital LLC
- Simeon Gutman, Analyst, Morgan Stanley

Presentation

Unidentified Speaker

Welcome, everybody, to our Executive Q&A Session for the Investment Community. I hope you all enjoyed this morning's events. It was very special to be back in person and glad to have you here.

Thanks for those that are on the webcast, we appreciate your interest.

It's special for a few reasons. One, this is going to be Brett's last Q&A session with the investment community.

So he'll be fielding all the questions.

So thank you, Brett, for your service to the company. We all appreciate your time as CFO, and your guidance.

I also want to make a very special warm welcome to Maggie Gillian. I don't know how many people know Maggie Gillian but she was like a rockstar Wall Street analyst when I was in grade school.

She's been coming down to these meetings when I was pretty young. I was always a admirer. And her research still graces our bookshelves. We still cite it on a regular basis. So welcome, Maggie. We appreciate you making the long trip.

Maggie was saying that she probably came to the first one in 1970.

Yes. I just asked her that. She said, it was in the ’70s.

I was like, wow.

There are some great photographs, Maggie, of you and Sam Walton, with you asking him hard questions. I'm inspired by that.

And then in a canoe.

How many canoe trips did you do?

(Inaudible).

Too many.

Yes.

Yes. And you survived all of that.

Yes. I remember.

You guys don't want to go on a canoe trip anymore, do you?

Maggie says it's fun. We're going to have to do that again.

No, we don't.

I'd say 14 years later it was fun.

So the agenda for this next hour, I'm going to pass it to Doug briefly for some opening remarks, and then we'll answer your questions. You just have to raise your hand. My team will have mics, and they'll pass them around. If you could just do us a favor of stating your name and your firm for the benefit of those on the webcast, that would be greatly appreciated.

Before we get started, let me remind you that we may make forward-looking statements during our discussion today. These statements are subject to risks and uncertainties that could cause actual results to differ materially from these statements. These risks and uncertainties include, but are not limited to, the factors identified in our filings with the SEC, and you can review our full safe harbor statement on our Investor Relations website at stock.walmart.com. With that, I'll pass it to you, Doug.

Douglas McMillon

Good afternoon, everybody. I appreciate you making the trip. It's good to see a lot of familiar faces. I've missed this. I hope that you enjoyed coming back and doing it again.

I'll start with introductions and then make a couple of comments, and then we'll open it up for questions. I'll start up here. Suresh Kumar, as I think you all know, leads our technology areas, continue to do an outstanding job building a really strong team and getting a lot done.

Judith McKenna, as you know, leads our International team. She probably doesn't have much hearing left after this week, it's been so fun. Brett Biggs got the longest hug today. Unless any of you want to set a new record, come up at the end and hug Brett more.

Brett Biggs {BIO 17414705 <GO>}

No.

Douglas McMillon

I appreciate Brett for lots of things, and I've talked about that a lot lately. But one of the things I appreciate is the way he's handled this transition. I didn't want Brett to transition at this point, but he was ready to do that, but he was gracious enough to work with us over a period of time to create a very smooth transition plan and a very transparent plan, which I appreciate, which led to the hire of John David Raney, who's sitting over here to the right, John, if you'd stand up?

I think it's June 6, three days from now, that you become the official CFO of the company. So you guys can ask him questions too, if you want. He doesn't know anything. This is really his -- is this week two? Week two.

Here's John Furner. John leads Walmart U.S., but as you know, he's led Sam's, lived in China for us, done a lot for the company.

Kath McLay, who leads our Sam's Club business here in the U.S., it's exciting to have a meeting where you can make one of these big presentations, Kath. You did a great job today.

Seated over at this table, we have Donna Morris, who leads our people team; and Rachel Brand, if you guys would stand up? Donna First? Rachel Brand leads our governance areas. Dan Bartlett leads corporate affairs, sustainability in other areas. And we've got a bunch of other Walmart people around, other Walmart and Sam's Club leaders.

You guys can just raise your hand, a bunch of people in the back that if you ask us really difficult questions, we'll drag them into the process. And I won't introduce them all. We did not enjoy the first quarter.

We were, as we've said, kind of surprised by the pace of change and the magnitude of cost impact kind of middle of the quarter on. We faced inflationary pressures kind of throughout the income statement. Top line was in pretty good shape. As we mentioned, we do see some changes with some really value-conscious customers as we mentioned. We'll see how that plays out quarter-to-quarter.

Not a lot has changed since we released our results. So we'll probably repeat a lot of what we shared at that time, but we'll see how we go as we go through the Q&A.

And we're focused on keeping the top line going. We do care about units and dollars. We'll track baskets, units, market share. We'll look at all those metrics to evaluate our own performance as we look ahead. And then we've been working really hard on costs, top to bottom, taking action to get our costs down so that the second quarter looks better than the first quarter, and then we're on our way. It will take a little bit of time to work through the inventory, and we have more inventory than we want, and we'll talk more specifically about that during the Q&A, I'm sure.

We didn't, as shareholders, enjoy that process. We're all very vested and care a lot about what happens with the share price. But we are long-term thinkers. We care about the short term. We manage the short term. And then over the last few weeks, in particular, you saw the team react in a very detailed and aggressive way. Some people inside the company kind of called it old-school Walmart.

I mean, that's a complement to me, we still know how to run a retail business down to the granular level, and when pressured, that's what happened. But we have a great strategy. We're excited about how the business model itself is changing.

We can build a more profitable company. Some of the things that we've started are really encouraging, and that will result in a better bottom line as we continue to have top line that grows and earn share and earn the favor of customers and members, which is our goal. So we don't really see anything strategically that concerns us.

We just want to go faster to get those things done as we manage the short-term pressures, which seem to change fairly frequently. It's a very fluid environment. And obviously, the pandemic was a significant change, and there were things that happened within that pandemic period and racial equity and other things that occurred.

And now we're staring a different set of circumstances in the face, and we'll adjust to those just as we do the other ones. Dan, with that, I'll open it up to questions from you.

Questions And Answers

A - Daniel Binder {BIO 1749900 <GO>}

All right. Great. Well, we had lunch with Lior Suchard, so we already know what their questions are. We're prepared. We'll go to Robby Ohmes with Bank of America.

A - Douglas McMillon

Robby?

Q - Robert Ohmes {BIO 1541955 <GO>}

Robby Ohmes, Bank of America. I just -- I have one question, but as many of you up there would be willing to comment on it, I'd be really grateful because it's kind of a question I'm getting a lot and you're probably not going to answer it as much as I would want you to.

So in this scenario, that inflation remains very elevated and kind of broadly elevated, what is the outlook in profitability for discretionary versus grocery. So you've had some profitability issues in discretionary very recently in the first quarter, but it seems like grocery and consumables has held up.

What is the thought process? Can grocery get less profitable like discretionary has? Can it get more profitable in an inflationary environment like this? Is there some balance between discretionary versus grocery? Anything each of you could tell me to figure out this puzzle would be wonderful.

A - Douglas McMillon

Yes. Would you just go ahead and give us the answers to the puzzle, that would help a lot. I'll kick it off kind of generally and then, John, you and Judith and Kath and Brett and others can chime in if you want to.

We make money in food, and we make money in fresh food and that mix of fresh to dry grocery is another dimension to keep an eye on. And I do worry sometimes when we talk about market share growth in grocery that somehow there's a shorthand that, that means there could be margin pressure.

We make money in fresh food and in dry grocery. And we can manage inflation in those areas. General merchandise, apparel, seasonal hard lines, home, those are all really important, both in stores and online.

And so -- yes, we care about growing those. But getting the inventory level right is one of the keys to success. When you get too much, you get too mark downs, you get too much handling. You get too little and you don't have enough to really drive the margin mix.

So -- and we'll talk more about inventory, maybe we can just address it now. To me, that's the key when I think about getting the mix right over time, more so than just how the customer or member responds to the environment.

A - John Furner {BIO 19351533 <GO>}

Robby, let me pick up inventory point. And if you look at the end of the first quarter, we were up a little over 32%. And if you step back and somewhat break that at heart, there's probably 20% of it, if you could just wish away and make it disappear, you would. But there were some really healthy improvements in there as well.

About 1/3 of the increase, roughly 1/3 was getting us back into the position you want to be in for customers, be back in stock. So remember, the year before, we had stimulus that helped in general merchandise and throughout the pandemic there were categories, some frequently some infrequently that were just out of stock and hard to get to.

So that was important. And then there was the impact of inflation as well. So when you put all that together, I think our team and many of them are here today have done a great job really since the middle of the quarter. when the cost came through and really the inventory came through pretty quickly as well as ports and containers and things move really at a pace we haven't seen in the last couple of years. that will happen.

They've done a great job of getting inventory moved out into our distribution centers or fulfillment centers through the import network. So we're working on the positioning. I think it's going to take this quarter and probably part of next, maybe a couple of quarters would be the best way to describe it, to get back to where we want to be.

And some of the inventory that is here, we brought forward because of the long lead times we were seeing at port. So we do have some of our late Q2 and Q3 inventory already here, which will help us over the long term. So we'll continue to work through this. But I think it's a couple of quarters.

And the thing Doug said that's important, when you look at the mix of not only the supercenter, but the supercenter and ecommerce, the supercenter and ecommerce and Marketplace, all across the entire business, then our merchants have a lot of flexibility in terms of what they lever and what they lever up and what they can lever down if a customer chooses to buy other things.

So mix within categories is important, mix within food to fresh is important. Consumables, it works the same way. And we mentioned in the first quarter, we took some markdowns in apparel. The weather was soft at that point. So we wanted to get ahead of that and the rollbacks that we've put in the store. And if you walk the stores or you go on the site, you'll see a big section of rollbacks.

Those are working, the customer is responding. So we're positioned, I think, really well to serve customers given any change we see. If you look all the way back into the early 2000s in different markets, Walmart is positioned well to do a great job.

And the team -- as Doug said, I've really enjoyed the last few weeks, even though it was hard and it wasn't the results you wanted. I've really enjoyed seeing how quickly the team can respond and get all the way into the details run great stores, make improvements on the website, some of them in an hour at times, they're moving really quickly to stay ahead of this and make sure we're in great shape.

A - Douglas McMillon

That 20% number you mentioned is the overage amount. Like, if we could snap our fingers and have part of our inventory go away, it'd be 20% of the overage, not 20% of the total. Just to clarify that.

A - John Furner {BIO 19351533 <GO>}

Yes. The growth. That's exactly right.

A - Kathryn McLay {BIO 20989984 <GO>}

Yes. I would just say, like the last two years, we've seen phenomenal growth -- and part of it was people had different behaviors with Covid. They're at home, they're doing up their backyards, they're eating at home and not going out to restaurants. So we came into this year thinking, I wonder what's going to happen as we move forward. Are we going to have people going back out to restaurants and traveling and what would be the impact on sales?

Well right now with inflation, they're not going out to restaurants as much, and they told us that they're not going to travel as much. And boy, we've got the inventory for them. So what we're looking at is just how do you continue to be the place where they want to shop because you're giving them great value.

A - Douglas McMillon

One of the things about general merchandise too, that I mentioned is that they're opening price points throughout the general merchandise out of store. We talk about it in terms of the store, there are tennis balls and sporting goods. There are opening price point T-shirt items in ladies wear.

So managing where those get positioned and then thinking about other price points that you may want to roll back to drive mix, that's another variable that we manage. So units, traffic across the whole box, roll of rollbacks, roll of opening price points, those are some of the variables that we manage. Anything you want to add?

A - Judith McKenna {BIO 4806787 <GO>}

No. Just maybe the only thing I would say is one of the advantages that we have as a company, and we see all of those across the markets and taking very similar actions is that we have people across the market to have deep experience in inflationary times.

We have -- one of our presidents is Brazilian another is Argentinian, our Chief Merchant in Mexico is Argentinian. And that team have been gracious enough to spend a lot of time with all of the other teams around the world, John, including your team, merchants, operators, everybody, helping everybody understand one of the things that you navigate through at these times and what levers you can pull and what works, assuming short term, medium term, whatever that looks like.

They have experience of it, including on the other side of it as well. So one of the powered-by-Walmart elements of this is we have people who know these environments and help share that really far.

A - Douglas McMillon

I sat through one of those clinics a couple of weeks ago, and it was awesome. And I get reminded of some things that I had experienced when I moved into International, the first time in 1999, I got exposure to Brazil. And cooking oil was going like this, like daily going up, and I had never seen anything like that before. Their tactics are clear and helpful.

A - Unidentified Speaker

They are. And one of the things that Gui, who's our President in Mexico, he's Brazilian, is focus the business on controlling the things that you can control and spend your time there because that is actually how you'll get the best results.

A - Daniel Binder {BIO 1749900 <GO>}

We'll go to Simeon Gutman next.

Q - Simeon Gutman {BIO 7528320 <GO>}

Simeon Gutman, Morgan Stanley. And well wishes to you, Brett.

A - Brett Biggs {BIO 17414705 <GO>}

Thanks, Simeon.

Q - Simeon Gutman {BIO 7528320 <GO>}

Do I get one and a follow-up or -- I'll put them all in now. Doug, you said nothing has really changed since we last spoke. Curious what type of consumer is assumed in your guidance for the rest of the year. There are multiple headwinds, and they feel like they're rising, not going down, you're maybe taking price -- gas prices are going up, inflation in general. That's the first question.

A - Douglas McMillon

Yes. So if we think about the most value-conscious customer group, we're watching that group, I'm kind of giving you a U.S. answer, but I think this is somewhat true around the world. How is that group behaving and what do they need from us.

And as I mentioned during the call, we're thinking about opening price point items, Charles Broadfield is our Chief Merchant, sitting back here, for what they need to put food on the table.

We mentioned the half gallon of milk story. But going through and looking at tuna, mac and cheese -- you can shout out a few items if you want to, Charles, a group of items that help a family put groceries on the table.

A - Unidentified Speaker

Rice, beans pasta.

A - Douglas McMillon

So think about them, what do units look like? How many units in the basket, what does inflation look like for them? And then as you move up the income scale, how many of those customers can you attract in areas you might not have been doing business with them as frequently. Can we move some volume into apparel and home and maybe even some of the consumable categories as people become even more value conscious.

And Dan was talking earlier about some surveys that he's seen that indicate that's already happening. So that's the way we think about it is protect and serve help that group that needs the most help, and then be attractive and attract others, whether it's stores or ecommerce.

A - John Furner {BIO 19351533 <GO>}

I think I'd also add, Simeon, the benefit Walmart has with being able to shop in the store, be able to pick up the curb side, have things delivered and with Walmart+ and limited delivery, we see take-up rates in all those channels, whether people are trying to save time or just have someone bring it to their house for them.

So depending on where you are on the value spectrum, then there should be something that we should be able to help each individual family and customer with.

Q - Simeon Gutman {BIO 7528320 <GO>}

The follow-up is on pricing. All the retailers we follow, say that the price gaps are essentially unchanged. And I don't know if that's true or not, do you debate leaning into price? Would you communicate that to us even if you were? And how does your philosophy change on price now?

A - John Furner {BIO 19351533 <GO>}

Well, if you take a look at where we are now, the best way I would describe it is we're about where we were when the pandemic began, and that was a strong price position that we were proud of. And so we'll continue to watch price all along the way.

And of course, we're going to manage costs. The thing that Doug said in the beginning that we talk about a lot is we've got to keep the top line growing. What's really important is that we are in-stock. We're running great stores.

Chris and Dakota and others have made what I think are pretty significant improvements in store standards over the last few months. In stock is -- it looks to me to be the best it's been in a couple of years. Charles and the team have focused on that. So we've got to keep the top line growing strong, and then we'll continue to manage the value gap on costs that need to flow through like cost of product or the fuel or the shipping that takes to move those, we'll pass those through.

And what was different in the first quarter, there were some costs that came in really quickly. And in some of those, we felt were more onetime in nature. And those did not flow through. So we'll continue to flow through what we need to, to fairly price and protect the margins where appropriate to make sure that our customers get the right value versus the rest of the market.

A - Douglas McMillon

When I think about investing in price, during a period like this, the first thing I think about is we know where our gaps need to be to grow profitable market share.

Number two, investing in price doesn't necessarily translate to loyalty. There are other thing could translate to loyalty longer term, even when we're not in this inflationary period. We'd like to have more Walmart+ members.

We'd like to have more customers shop both stores and ecommerce. When somebody shops both, as we've told you before, our share of wallet goes up and they stick with us in a bigger way for a longer period of time, making investments in things that might drive long-term value for the company, we're open to and interested in. In the short term, trying to increase the price gap to have better short-term performance that might not translate into long-term behavior, isn't really a good investment.

A - John Furner {BIO 19351533 <GO>}

A good example -- Doug, I remember Robby, last time I saw you in New York, three years ago, you asked about capacity pickup, and team has done just a fantastic job. And it feels like every week now, they're finding new unlocks for more capacity, more slots, more time available, more express shipping.

So I'm just really happy with the way that the team continues to just press boundaries and find new ceilings on the business.

A - Daniel Binder {BIO 1749900 <GO>}

Michael Lasser first and then we'll go to Scott in the back after that.

Q - Michael Lasser {BIO 7266130 <GO>}

It's Michael Lasser from UBS. Two questions. Doug, one of your peers in the financial services industry recently described the macro as a looming hurricane. Do you share that view? And as you're thinking about that, I'll ask my second question, which is, in hindsight, some of the challenges that Walmart experienced in the first quarter were more systemic than idiosyncratic.

If this marks an inflection point transitioning from the last two years where consumers were binging on the consumption of goods to now feeling that they can spread their spending across a lot more categories at the same time, they're experiencing more inflation and this puts downward pressure on the profitability of the retail sector more broadly, does that make it more challenging for Walmart to achieve the greater than 4% operating income growth element of its algorithm?

A - Douglas McMillon

Yes. Jamie has a way with words, and I'm a little different. I probably wouldn't try to coin a term. I am concerned about the inflation rate. And should it stay at this level or go up and be there for a sustained period of time. I think that has a negative impact on too many families, and I'm concerned about that.

As it relates to the other question, I think the business model change is real and puts us in a good position to decide how much we want to invest to drive growth if we need to and how much flows to the bottom line in a way that we could not before.

So I think we just need to execute our strategy, we need to execute as quickly as we can do it well. And that's what goes through my mind. And then the future will be what it will be. If the world is under more pressure and people are generally more value-conscious, we're the place to go.

If the world is a little more brighter than that and people can experience more convenience than we've got delivery and we've got ecommerce and we've got everything else. The world during the pandemic, where so much was spent on goods and not on services was not a real world.

That was a temporary situation all along, and we know that. And I hope that people can go on vacations and experience life in the way that we did before the pandemic peacefully and happily as we hope and pray for. In either environment, we're going to grow share and we're going to do it more profitably over time.

And the four and four algorithm is one that we are excited about, committed to we do say it's over time, and we've said from the beginning quarters, we week quarters, but we think we can achieve that. And with a company of our size I think that's a really good performance. So we're committed to that.

A - Daniel Binder {BIO 1749900 <GO>}

Scott, and then we'll go to Greg Melich after that.

Q - Scott Mushkin {BIO 7138867 <GO>}

Yes. Scott Mushkin from R5 Capital. Way back here. So the first question is actually for John. We -- our research has shown just an enormous improvement in the store operations and standards over the last year, kudos to your team for that. As the economy changes, how do you protect that? Obviously, you had a lot of money to invest. And as we move forward, how do you protect that?

A - John Furner {BIO 19351533 <GO>}

Yes. Scott, thanks for the question. When you go back a couple of years, there were a number of impacts. Doug mentioned a few this morning. We had divisions of the store close. We're moving people around to keep stores open. And there were some times that were pretty tough, and I want to commend my store teams for all that they did the pandemic they showed up and they served communities.

In the last probably year, even more than just the last few months, the team have been working on a lot to make stores and supply chain all work together.

So we've put Chris Nicholas in the role that he's in as the Chief Operating Officer, who has everything from import delivery, all the way to in-home delivery into refrigerators into people's homes. So we took the opportunity to step back and make sure that all the operations are all working to a very common goal, which is the end of the Walmart year, the customer is number one, and ensuring that each of those teams are delivering on customer metrics.

We start all of our meetings with NPS scores and how does the customer feel and we're really focused on in-stock availability in every one of the channels. Probably the third point that's important is the amount of digital innovation that's happening in the stores for the associates, I think it's making a big difference.

It's probably about 1.5 years ago, we put about 1 million devices in people's hands. Since that point, we've been taking all the processes and technology they need and putting it on that device so that when an associate walks in, to work, they clock in on their device and then everything they need is right there in their hands to try to save them time and make it easier for them to be productive.

And then the last thing I'd say, the team has done a really nice job with the regional managers, the divisional managers, market managers, store managers of making sure that they feel like they are an owner of the store. We've had a number of listening sessions with those groups, and we list them and close it out.

We've got digital listing tools where we get 10 million questions a week. If we listen to those and we go develop things that make ease for -- just this week, we had 3,000 associates we had listening sessions with.

So -- we're really focused, Scott, on making sure that the associates are heard, the things that they need, we get in front of them and then our product and tech teams are working as quickly as possible to develop solutions to make them be in the best position they can to be in a winning business unit.

Q - Scott Mushkin {BIO 7138867 <GO>}

Perfect. And my follow-up question was around automating the picking process, the MFCs. Any quick update you can give us on that?

A - John Furner {BIO 19351533 <GO>}

Yes. Excited about the work there. We've got a couple of places in the country, New Hampshire, Northwest Arkansas, Dallas, where we have sites that are in construction and ready to go. As we work through remodels, I'm really happy with the remodel program and some of the changes they're making. But in the facilities that need MFCs, we're going ahead another building on the space, getting the space clear.

So the idea of having a supply chain that's upstream, more automated and can deliver everything from the regional cases, refrigerator cases from automated equipment that's picked and ready for the aisle in the store or the fulfillment center, I think it's going to make a big difference.

The team really has spent probably the last 18 months working with each of the were pretty static supply chains, a perishable supply chain and e-com supply chain and an ambient supply chain.

And they've worked out a number of ways to ensure that the product flows. We consolidate early, we can deconsolidate as late as possible, which is the store, the curb. So just a lot of great work in the supply chain. I think I'm spending some time with you next few weeks. So looking forward to showing you a store.

A - Douglas McMillon

When you think about the market fulfillment centers, I would call out automated storage and retrieval systems and then also that we have automated storage and retrieval system ideas for ecommerce FCs ambient distribution centers, grocery, perishable distribution centers as well as the MFCs.

That technology, which, in some cases, we had relationships with start-ups to progress has all kind of in the last year or so, gotten to the point where we have high confidence that productivity and the numbers that they're supposed to hit, we will hit and deliver.

And we're really excited about what that means throughout the supply chain cost-wise, productivity-wise, but also as it relates to the associate experience back to having high store standards. When you have a pallet that comes in that's more often already department ready and on a pallet instead of a four-stacked ambient load, it's a dramatically different job.

And it helps us in a number of ways as it relates to inventory management and accuracy, too. So that's an exciting part of our future.

A - Daniel Binder {BIO 1749900 <GO>}

We'll go to Greg next, then Peter, and then Chris.

Q - Gregory Melich

Greg Melich with Evercore ISI. I'll start with my follow-up, actually maybe for Charles. What are we planning units for fourth quarter this year given the supply chain challenges we have, but then also the extra inventory we have now? Are we buying to up units or down units for fourth quarter?

A - Douglas McMillon

Yes. Charles, we're all done to here. I don't know if that's a question you even can answer because we usually don't buy in, in units, but do you -- John, why don't you go first?

A - John Furner {BIO 19351533 <GO>}

Yes. Let me start. Certainly, Greg, there are categories that we're excited about in the third and fourth quarter. And this -- while we see some customers in the value segment switching some, this is still -- it's a big economy.

There's a lot of money out there. There's a lot of consumption. And there are important categories like toys, electronics, Christmas where it's important that we do a great job and win on behalf of the customer.

Second, really excited about the work that Tom Moore and the ecommerce team are doing, not only in the -- with 1P and enabling the entire system to deliver them half the customer, but also the growth in the marketplace. I think they've got a lot of exciting innovation there.

Third, the last point you made, while I said a bit earlier that there definitely is going to be some inventory we'll work through over the next couple of quarters. In places, we'll -- we've been really thoughtful and we're planning what we need to continue to buy, what we could slow down a bit or what we need to continue to remain aggressive with.

I did say -- and -- this fact that we did bring in some of our Q2, Q3 inventory that's already here. So I think we'll adjust as those lead times adjust. And what we saw in the last two years as lead times expanded, because the ports backed up and then what we saw in early February is a lot of that came through and it came through much quicker. You see that across the entire country and the industry, but a lot of that came through quickly, which, in many cases, can help us with share in growth.

Q - Gregory Melich

So that was my follow-up. So if I could then, my question is sort of a bigger picture. I think, Doug, we were talking a little bit before that the business model has changed a lot and the company well-positioned through Covid, it's actually amazing, right, what's happened, how you guys got through it.

But I remember that growing traffic and transaction counts was a real part of the turn I'd say, five, six years ago. But now we're probably running high single-digit transaction counts down from pre-Covid. So given how the business models change, the growth of ecommerce, items and basket.

Should we expect traffic to not grow going forward? Could it -- is there a scenario where it would actually be flat or slightly down and it still makes sense and successful just because the basket is growing and people doing more click and collect and more ecommerce? Like, how do we think about traffic as part of the business model now?

A - Douglas McMillon

It's so interesting isn't because it's multidimensional now in a way that it wasn't because of the way ecommerce is playing out. There are pickup orders, there's delivery orders, there's traffic walking into the store, just as there always was. And I think transaction count is a good measure of the health of a retailer over time, that total transaction count.

But we've been trying to position the company everywhere to be a bit indifferent as it relates to how people want to shop. If they want to pick up order, great, if they want a delivery, great, they want a different kind of delivery, great, if they want to come to the store, great. And we think families are going to do all the above.

And when you add it all up, I would just encourage you to look more than one metric. Track units, look at units per basket, look at the size of the basket, look at how many are ecommerce, how many are stores, look at share, and then decide how you think things are going.

For example, if you just take transactions. Another question you would ask would be, what share of transactions did you get, if transactions are down a little, but your share of transactions went up then that's good. And if transactions are down because they went to ecommerce because something happened like a pandemic, all that's got to be factored into the way that we think about it.

But the punchline is, yes, we want transactions to go up. And we want to design, we think we are designing a business model that works, whether those are store transactions or some other form of transaction.

A - Daniel Binder {BIO 1749900 <GO>}

Great. And we'll go to Peter.

Q - Peter Benedict {BIO 3350921 <GO>}

Peter Benedict at Baird. So first question on labor. Curious what you're seeing in terms of labor availability trends there the cost of labor, what kind of your outlook is over the balance of the year and into next year? That's my first question.

A - Douglas McMillon

Yes. Why don't you two both take that one to start?

A - Kathryn McLay {BIO 20989984 <GO>}

Sure. So about six months into last year, we totally revamped the way that we hire people so that we could hire them within a 24-hour period. We've also been investing in wage rate over the last couple of years. We're now at a minimum of $15. We're probably on average more of like $17.40.

I think those two things together has meant that we've been at full employment pretty much for the last six months. And that doesn't mean that we don't have pockets. So you're still looking at like geographies or particular like TBC -- time battery skills, et cetera. So you're still in markets trying to find kind of solutions. But pretty much across the board, we've been at full employment. We're not seeing that as being a barrier for us at hand.

A - John Furner {BIO 19351533 <GO>}

Yes. Ours is similar says, and then there are probably a couple of differences to mention. For the most part, through the pandemic, we overscheduled and we ran a little under. We proved a couple of points under what we scheduled for most of the last two years.

And then as we got into the end of January and February, a number of people leave as Omicron moved all across the country at a pretty fast rate. And then in February, we had quite a surge of people that came to work probably one that I've never seen anything like for a few weeks.

So the team made adjustments over time. We worked that through with attrition and scheduling out for a few weeks. And I'd say by the end of the quarter, late March, middle of April, end of April, I think we feel really good about our staffing levels. Still some pockets, of course, where we may be over under, we'll find that as we look across the country map.

And then the same thing on wages. We made a number of investments during the pandemic. We've made geographic investments, and we'll continue to make those in facilities where we need to because we want to make sure that we are appropriately staffed. Supply chain also feel really good about staffing levels all across the country, really end to end.

And I'm been -- going to say this again, I'm just really happy with -- thankful for the team the way that they work through all the containers and everything and it has gotten us in a position where we can say we think in a couple of quarters, we'll sell through. But generally speaking, we feel good about where the staffing is right now.

Q - Peter Benedict {BIO 3350921 <GO>}

My other question, just around Walmart Global Tech. Maybe just some comments on what are the most impactful initiatives there that maybe we should expect to see impact the business over the next 12 to 24 months?

A - Suresh Kumar {BIO 21073281 <GO>}

Yes. Over the last few years, we have been really investing in all of those technologies in global tech that truly are going to transform the entire retail experience from the customer experience to what we see, the tools that we give to our associates so that they can be more efficient so that they can serve the customers better to all the way to how we run our business processes, more automated, more optimized, making use of machine learning, making it a lot more continuous improvement.

So we've been investing pretty much throughout the stack, from the infrastructure layer, where we are investing in sort of the best of public cloud, private cloud, bringing it all together, data and demo to our app layer where we are bringing in things like voice, AR, AR/VR, natural language processing. All of these things are coming together.

Ultimately, the idea is we want to deliver friction-free delightful experiences for our customers. We want to make sure that our associates are focused on helping our customers as efficiently and as effectively as possible. And we want to make sure that the business processes are automated, optimized and continuously learning. So that's the vision.

With these investments that are already in way, you'll start seeing that already -- whether it is customer experience. John talked about some of the investments in terms of consumer-grade tools that we are putting out to the associates, all of those things are going to continue to accelerate.

A - Judith McKenna {BIO 4806787 <GO>}

It's maybe worth saying, Suresh, as well, you and the team have been focusing on trying to see where we can build global platforms.

A - Suresh Kumar {BIO 21073281 <GO>}

That's right.

A - Judith McKenna {BIO 4806787 <GO>}

From scratch, the glass would be a good example of that.

A - Suresh Kumar {BIO 21073281 <GO>}

Yes. Glass is a platform that we have used for the customer app, which brings the omni experience together. We launched that last year. And that is serving as a platform on which we are now building all customer experience, and not just for the U.S., but we are doing it for other international for Mexico. And we'll start developing more functionality on that.

So where -- what due to -- talking about is that a possible we are building leverageable, multi-tenanted platform so that you build it once, and then you customize it for different scenarios.

A - Daniel Binder {BIO 1749900 <GO>}

Okay, we'll go to Chris Horvers and then Renato.

Q - Christopher Horvers {BIO 7499419 <GO>}

Chris Horvers, JPMorgan. So my first question is also a follow-up. Have you seen any bottom-of-funnel effect in your customer base where they're looking to economize on miles driven and gas and maybe average check, not average price? And if you do see it, how would that affect your pricing strategy?

A - John Furner {BIO 19351533 <GO>}

And one of the things that we did just recently, for example, Walmart+ members, we increased the fuel discount. And we've seen a take up there that's been helpful. Traffic was solid in Q1. I think that was pretty straightforward.

We are seeing some customers use Plus more frequently. And in some cases, we do there for through an vital feedback that, that is having a delivery made versus driving to the store. So I think over time, having this inflation impact in energy and fuel is not helpful. It obviously hurts the customer and their spending power over time.

But I think we'll have to just continue to monitor everything from the way people are spending on energy, transportation, food, by value chain and -- or by value tier of the customer group and adapt.

Fortunately, we're well-prepared to be able to handle any of those. A couple of things that I think are interesting though, are the different ways the team have learned to develop and we've got a last mile team in the last mile business, that continues to grow and offer new ways that we can deliver. We've got some interesting experience with drone deliveries.

We've got electric vans that are consolidating orders. So what we're trying to do, over time, Tom and the team that originally built all this is that they build density in neighborhoods for delivery, then we can take more in a single load. And that will enable us to lower our cost per delivery, which ultimately helps power the flywheel or costs go down, we can keep the value right for the customer and offer more values to the customer.

Q - Christopher Horvers {BIO 7499419 <GO>}

And so my follow-up is, given the store base, how do you think about the need to get to next-day delivery availability for the 70 million, 80 million, 90 million SKUs that sit in a fulfillment center and ship direct to home? Is that a goal of Walmart U.S. over time? And does the three- to five-year supply chain plan get you to that?

A - John Furner {BIO 19351533 <GO>}

We haven't said the number of items that we intend for same day or next day. But generally speaking, we have around 3,700 stores that can deliver the entire assortment that's in the store, same day. And we couldn't have said that two years ago, it would have been just a part of the assortment.

On the 1P business, first party, we made pretty significant improvements in the amount of the assortment that is delivered next day, and that will continue to improve. And then the last one that I'm, I think, most energized about as you look out over time, is being able to use the store locations as cross docks for ecommerce orders to flow through, be consolidated with grocery orders, local orders and ecommerce orders and move out.

We've done a lot in the last two years, and it really started -- I'm thinking (inaudible), maybe in the middle of 2020, enabling ecommerce orders to be handed off to a store that's closed. We started those in the beginning. We would ship those by a post or a third party.

And then as the pandemic went on and we developed more capabilities, those became same-day orders. So one of the things that we need to improve on is there are a lot of orders where we'll tell you it will be here in two days, you order it, and it's here in a couple of hours.

So we're delighting customers, I think, in an unexpected way. So that's given us the confidence to start lowering those times and telling customers it will be today or it will be tomorrow and bringing the windows down.

A - Daniel Binder {BIO 1749900 <GO>}

Good. Renato?

Q - Renato Basanta {BIO 16418108 <GO>}

Renato Basanta, Barclays. So I just wanted to follow up on the pricing discussion because clearly, Walmart has a history of advocating or being an advocate for the consumer in terms of keeping prices as low as possible, and that's needed -- very much needed at this point in time.

But at the same time, your CPG partners, vendors, they're having their own pressures in terms of inflation. They're talking about protecting their own margin structures.

And there was a recent quote in the Wall Street Journal where a large CPG partner of yours talked about protecting margins. And so -- but just wondering how you're thinking about that dynamic playing out going forward?

A - John Furner {BIO 19351533 <GO>}

Well, let me start with customers, and then I'll talk about the margins at the same time. First, we have a -- well, as of July 2, a 60-year history of delivering prices that are trustable, valuable. Less time than 60 years, but for a number of decades, having what is known as everyday low price. And being able to have a basket of goods -- and it's not always every item every day, but basket of goods that you can trust, you will find a value on that basket at Walmart is really important to us.

And we spend a bit of time every week looking at where we are versus the market to ensure that customers can trust Walmart for a value, and we won't stop doing that. The way that we have moved inflation through back to Q1, things happened much quicker than we thought.

We have a process where we will evaluate all the costs that are associated with moving goods, receiving goods, putting in the store and then pricing against that. Some of those changes happened faster than we thought. We've readjusted how quickly we want to make those kinds of adjustments. So the emergency, the full cost.

And those would include the cost that need to move through and we'll price to those. And then as far as suppliers, we've got a very wide range of suppliers, and there are certain suppliers that have taken one line, others that are working with us to find ways to reduce costs even in time when costs are going up.

Just this week, Charles has been updating me on a number of suppliers who are working with us to find ways to ensure that the price doesn't go up. And in some cases, I'm really impressed with the even come down. And we need to do that for the American consumer at a time when they're pressured.

They're pressured on energy and fuel and other things that I want to go to the whole list, even not they are. it is exciting to see that even in times when it looks like there's inflation everywhere, there are ways to cut costs out of the system, be more efficient and deliver better value.

So when you're in a store, you'll see a number of rollbacks now that I'm really proud of that are across the entire assortment. Everything from general merchandise into food, and we're going to continue to do that.

A - Daniel Binder {BIO 1749900 <GO>}

Great. Thank you. We'll go to Rupesh, next, then Bobby.

Q - Rupesh Parikh {BIO 15915617 <GO>}

Rupesh Parikh, Oppenheimer. So the first one is on Walmart+. So clearly, the consumer environment is going to be more -- potentially more difficult going forward.

So how does that impact -- how do you guys think about adoption of Walmart+ in a more challenging environment? And as you look at retention, are there additional, I guess, benefits you can add to the offering? So I'm just curious, any thoughts there.

A - John Furner {BIO 19351533 <GO>}

I think the retention will be strong and the ability to attract more customers in Walmart+ will be strong as long as the value prop is strong. Number one, for a monthly price, for an annual price, we have a delivery program that offers an unlimited delivery to people.

And early on, it was tough because we launched it at a time when we had some availability issues, and we had some process issues that left customers at times frustrated because the entire order wasn't delivered or it was late. And if you're sitting in our meetings, you just hear Chris and the team and everyone working through each part of that NPS to ensure that we are making the necessary improvements so that customers don't have that frustration.

There will likely always be some kind of, at least for the foreseeable future, some kind of substitution that happens at shelf. So we're working on things like two-way communication, so that customers can talk back and forth with the person pulling their order.

Our times have come down, our wait times have come down. So the performance, I think, is encouraging. So the second thing you said, Plus also offers people the ability to use Scan & Go in stores to save time, something that's really popular at Sam's and was developed at Sam's, which they've done a wonderful job improving.

And then finally, on other benefits, we just raised in a lot of states, the fuel discount for $0.05 to $0.10 per gallon. I think that's an appropriate discount given the time and then we'll continue to evaluate other things that we may want to put in the program. We do have an event today, tomorrow, this weekend. It's our first Plus event that has a number of deals online that went live last evening.

The stores are really fired up about signing people up and communicating value. We made all of our associates Plus members. So their experience and the value -- but a lot of energy there, and I'm excited about it.

A - Douglas McMillon

We'd like to use special purchases for those so that we're not running counter to the EDLP. It's an item we carry all the time. We're trying to drive consistency as much as possible, but a onetime purchase on something is also exciting.

Q - Rupesh Parikh {BIO 15915617 <GO>}

Yes. Okay. Okay. Great. And then maybe just one follow-up question. So obviously, after you guys reported a number of retailers ended up with too much inventory. So just curious, comfort with your gross margin outlook just given really even more inventory out there and more retailers having to take markdowns.

A - John Furner {BIO 19351533 <GO>}

We were off 38 basis points in the first quarter. And I think what that tells you -- and there were some apparent markdowns that were included in that number. I think what it shows you is the team's ability to manage margins across a wide portfolio of categories. whether it's fresh food, grocery, consumables, apparel, general merchandise, hardlines, ecommerce.

And then the derivative -- or I should say derivative, they're not derivative business, they're actually great businesses that we're growing on the site, like advertising, our data service business. There are a lot of things that are happening that are helping Walmart position itself well so that our income statement is more diversified over time.

That progress is exciting, and I think we'll be able to tell you more and more about that in the future as it continues to grow. But we'll continue to manage this quarter-to-quarter. I think it's -- as I said, I'll just say it one more time. It's probably another couple of quarters until we manage the inventory down to a level that we're going to be happy with.

It will still be up on last year. We still had out-of-stocks last year. We have some inflation built into the inventory numbers. It's just that 20% of the increase that we need to work through and get out of the system.

A - Daniel Binder {BIO 1749900 <GO>}

Go to Bobby next.

Q - Robert Griffin {BIO 17061746 <GO>}

Bobby Griffin, Raymond James. Yes. So first question, just a follow-up kind of on the supply chain dynamics and stuff with inflation. But U.S. entering environment -- or already in it, where inflation is running a lot higher than the last decade. Has that changed the desire for Walmart to further integrate into the supply chain to really be able to control cost better than maybe where you're thinking about over the last 10 years? And really, kind of, I guess, on the transportation side or even on the grocery side, kind of across the organizations where the question is.

A - Douglas McMillon

We've done a little bit of that, but the thing that comes to mind first is the automation of the supply chain, the automation that goes into the centers to drive productivity that way, more so than additional vertical integration.

Q - Robert Griffin {BIO 17061746 <GO>}

Okay. And then follow-up wise, Sam's Club. The performance over the last couple of years has been tremendous. So just curious maybe talk a little bit about what the next leg of growth is for Sam's.

Are we back to kind of maybe some potential club growth, membership fee increases, anything there just now that the business is really operating at a very high level?

A - Kathryn McLay {BIO 20989984 <GO>}

Yes. I think what we've seen over the last couple of years is the Club, which was traditionally just for walk-in traffic is now -- fills multiple channels. So -- we're seeing growth in the foot traffic coming in, but we now obviously have curbside and we're into our second year of growth in that. We've got ship from Club, that's also kind of growing.

And now we're just leveraging Walmart Go Local for delivery. And that was launched just pre-Christmas, and we didn't put a lot of marketing behind it because we wanted to build up that muscle. So we wanted to make sure that we're always going to delight members when they get that delivery from the Club, and that's delivery across kind of fresh, ambient -- kind of -- basically any item in the Club.

And so I think what we're seeing is that the boxes are becoming really productive by serving all of those channels out of the one facility. That's where -- there's so much organic growth out there for us. That's what we're focused on right now. But I don't close my mind to potentially opening up facilities in the future, et cetera. But where's a lot of growth like still left on the table for us.

A - Daniel Binder {BIO 1749900 <GO>}

Okay. We've got about 10 minutes left in this session. If there's any other questions, I didn't see any hands up, but if you have them...

A - Douglas McMillon

Scott is in the back.

A - Daniel Binder {BIO 1749900 <GO>}

Scott and Peter.

A - Douglas McMillon

Simeon, up front.

Q - Scott Mushkin {BIO 7138867 <GO>}

It's Scott Mushkin again from R5 Capital. So the question is regarding pricing and how fast it's moving. It's more a psychology question for the consumer. Our surveys would say maybe the consumer is losing its understanding of where price is supposed to be. Do you think that plays into Walmart as its brand is so strong on price? And do you anticipate that could actually -- you could gain a lot of share as the year goes on? Does that make sense?

A - John Furner {BIO 19351533 <GO>}

Yes. Scott, I think back to a video I saw a long time ago, of a guy named Jack Shewmaker, as some of you would remember, developing everyday low price using spray paint. It was an item -- I think that you may remember the number better, but like $1.29 a can, and it would go on sale for $0.79 and back to $1.29, and he just pegged, I think it was $0.97 every day and ran it for years and years. That was probably 1980, late 1970s. So that 40 years that we have with customers running everyday low price, I do think builds trust.

And I do think it can give customers, in a very uncertain time, some ability to know that we're focused on an everyday low price. We're going to keep our costs low.

Yes. We had some issues in the first quarter. We're working through this. But we want to keep our costs at a consistent level so that we build trust. And if we had to -- picked you, push too much through, too less through, we'll always lean on -- we've got to make sure that we're doing the right things for customers with trust on pricing over the time.

You mentioned 13-week period. If the 13 weeks had started sooner or later, things would probably look different, but they are what they are. And over time, we'll continue to really work to developing prices that people trust so that we can get to 4% growth.

A - Douglas McMillon

It's been my experience that customers know what's going on. And I think you're right that because things have changed quickly, there may be some that are a little up balance, but they'll figure it out quickly in an inflationary environment.

If a lot of customers are paying even more attention to pennies. And so over time, your reputation, the trust that you've earned only tracks reality. And so we just want to keep earning it, Scott, so that when they do pay really close attention, it just confirms for them that we're the place they should shop.

A - Daniel Binder {BIO 1749900 <GO>}

Okay. We'll go to Simeon, and then back to Peter.

Q - Simeon Gutman {BIO 7528320 <GO>}

I'll ask two quick ones. First, on fintech, anything that we could talk about update, but more importantly, on maybe buy now pay later, at least to -- things that could help the consumer in this environment. That was the first part.

Second is we haven't talked about e-com profits or profitability in a long time. And I know we've moved the discussion away since it's integrated. But given that we think there were material losses, any incremental improvement should be positive to the story. So -- can we talk about either KPIs or directional improvement that the business is making over time?

A - John Furner {BIO 19351533 <GO>}

Okay. What if I take e-com, touch on fintech, and maybe Judith do the same thing? Ecommerce in stores, the reason that we haven't spoken as much about is, honestly, it's just extremely hard to measure.

Seeing where the sales come from, that's a bit easier because you can tell someone started in the store, they started on the app or they started on a desktop. But the fulfillment channels are -- have just really blurred so much, it's really hard to tell.

We have stores that serve in-store customers. We have stores that do that and have pickup and ship from store, and cross dock. And there are just so many things moving all at the same time. We're looking at the cost per transaction. And then as a result of all those transactions, we look at context that we get from customers to try to make sure that our context for orders going down so that it's really fluid and friction free for the customer. Your first question, which I'll come back to on fintech.

We had a couple of acquisitions that we've announced. One Finance and Even. One Finance is a really interesting, innovative start-up neobank for customers excited about our strategy. We haven't begun integration just yet. We just made the acquisition in April.

We also bought a company called Even, that is a platform where hundreds of thousands of our associates find value in saving and being able to pull money off their paycheck. They've already accrued. So we'll put those together and come up with a great offer -- there was another, buy now pay later. We have a partner that we use in store online with a firm, that's going well.

A - Kathryn McLay {BIO 20989984 <GO>}

Maybe just fintech around the world. We see in our Walmex business, their Cashi app that the team have developed, which is continuing to go from strength to strength. They just completely relaunched that recently. And at the same time, you heard Gui talking today about the development of the Bite which is the telecoms offer for customers as well.

So they're really thinking about how do you connect customers around the ecosystem that Walmex is building. And Cashi is a really key part of that. And you'll see them continue to build that out in the coming quarters and coming years, probably our best-known fintech business is PhonePe in India.

And you saw in the Q1 results, they're now reaching 800 billion of annualized TPV. They are in nearly 30 million merchants across India. So they started when we very first talked to you about them, of course, about being a P2P business.

They've then expanded into merchants. And as they think about how they continue to fund their growth levers for the future, they're really now leaning heavily into insurance in two-wheeler and four-wheeler insurance, in particular.

So they're thinking about this at every stage of the consumer's life in India and how do they play a part in that and be something the app gets fired a remarkable number of times, Leigh Hopkins, can you remember how many times the app gets fired?

A - Leigh Hopkins {BIO 21415683 <GO>}

I can't give you a number. We are on 2.7 million transactions a month.

A - Kathryn McLay {BIO 20989984 <GO>}

That's right. These 3 billion transactions a month that they're now doing. So think about the number of times the app is getting fired.

So what they're looking to do is create use cases that sit behind that for the way that they can further engage with the customer in the future. But they do some really exciting work. We were in India recently and spent some time with the engineers there, and I was just telling Suresh the other day, they're still building that scale they have now of some of the original code that they wrote in the beginning. And it's now able to handle that 3 billion transactions, which is extraordinary.

A - Douglas McMillon

I think it's obvious, but I'll say just in case some people have haven't really focused on this. We're trying to design for families, design for customers and members a retail experience that has stores or clubs plus ecommerce in the various forms. And that brings along with it a marketplace business, a fulfillment business and ad business.

and we're going further into healthcare in multiple countries and financial services in multiple countries. And so I think you can hear in our earnings script and this conversation in other places, there commonalities of that connected flywheel that are happening across markets, which relates to the point that Suresh and Judith were making about more global platforms, build it once, leverage across as many countries as you can, adjusting for compliance differences if you need to.

That commonality is -- it's an interconnected relationship, kind of easy conceptually to get but hard to design through an app or a site in other kind of digital forms that will emerge in the future.

But it's so exciting. If you can turn one relationship, whether it comes through e-com or stores or health and wellness or financial services, all being top of funnel, into a set of relationships where the other businesses become defaults, which in a digital world, you can do better than you could in an analog world, you've got a more valuable company.

And that's what we're trying to do. But we can't get all the businesses stood up at the same pace. India is different than the United States and stitching them together in a way where everything is intuitive, requires change to where -- working, more design mindset and different skill sets in the company, which we've been adding to the company.

Please ask the last question to Brett. I don't think he's gotten one yet. Peter, do you have the mic?

A - Daniel Binder {BIO 1749900 <GO>}

And Peter, this will be our last question.

A - Brett Biggs {BIO 17414705 <GO>}

You can ask me a really long-term question.

A - Daniel Binder {BIO 1749900 <GO>}

That was a great wrap up there.

Q - Peter Benedict {BIO 3350921 <GO>}

I don't have an answer at this point. Well, for Brett, have you gotten sunglasses since April or were you outside watching sporting events?

A - Unidentified Speaker

That's awesome. There's a famous photo of Brett that he does not want you to look at, at a golf tournament where he's squinting and someone made fun of him, for those of you who that don't know. Not that I want to further...

That is a fitting end to 22 years right there, Peter.

So good.

Q - Peter Benedict {BIO 3350921 <GO>}

I was just going to ask Judith to maybe talk a little bit about China and the Chinese consumer, but this just feels...

A - Judith McKenna {BIO 4806787 <GO>}

It’s not worth it after that is it?

Q - Peter Benedict {BIO 3350921 <GO>}

If there's nothing so -- we can wrap it up.

A - Judith McKenna {BIO 4806787 <GO>}

Yes. I mean, listen, those of you at the meeting today heard me give a call out to the Walmart China team. You'll all be following events there in the lockdowns that have been happening, particularly at Shanghai.

The single focus of our team is making sure that we can serve customers in some way there -- and as things have taken a challenging turn, the team has pivoted entirely into ecommerce. And for many people, the thing they've been most interested in is how do they get food to their homes, whilst they've been locked down.

And if -- Peter, just give you an example of how the team have been handling that. Usually, we have about 2,500 associates across our stores and clubs working in Shanghai across the clubs that we have there. We have five stores and three clubs.

And at one point, we had just 170 people working, and we still managed to keep the ecommerce business running serving and pivoting heavily into fresh fruit and vegetables for people, less so in the other categories, but doing that. So the team are doing an utterly tremendous job there, and we continue to give them all the support that we can.

A - Daniel Binder {BIO 1749900 <GO>}

That will end our Q&A session. Did you want to keep going?

A - Douglas McMillon

Yes. I'll close. But do you want to have anything you want to share before I do that?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. Today is a weird day. It's -- in 22 years, almost seven years in this role. And the great thing for Walmart is it's such a great company, such a great role, but it's easy to attract really good people, and John David, you have that, who's coming in. So I know you'll enjoy work with him.

But this was my first CFO gig when I started this 6.5 years ago, and I got to know a lot of you for the first time during that period. And over the years, I've gotten to know you even more. You've been helpful to me. You've been helpful with the questions you asked. You've been helpful to the company with the questions you asked because it makes us better.

And you know our company really well. And to a person, you've always been fair, and that's all you can ask, I think, from sitting in my chair, but I've really enjoyed working with you. I know I'll see some of you as I move on. But the company is in a fantastic position. You can tell the leadership team is strong.

People have asked, if it's so great, why are you leaving right now, and that is because it's never over at Walmart. There's never an end, it always keeps going. But when I look at the next three, four, five years, the upside I see for this company is unlimited.

And then Greg, you asked about the business model. The business model is exactly what we need to be doing. The strategy is right, and I know we're going to execute. I know that for certain because I've seen it in my entire career. So I feel great about Walmart.

A - Douglas McMillon

I'll just add my gratitude and say thank you for coming. Thank you for paying attention to the company, those of you who are listening or those of you that are here in person. We can manage the short term while we build for the long term, and that's what we're going to do. Thank you all.

A - Unidentified Speaker

Great. Thank you.