Goldman Sachs 27th Annual Global Retailing Conference

Company Participants

- Brett Biggs, Executive VP & CFO
- Katharine McShane, Analyst

Presentation

Katharine McShane

Good morning, everyone. Thank you, again for joining us today at the Goldman Sachs Global Retailing Conference.

It's my pleasure today to introduce Brett Biggs, Chief Financial Officer of Walmart, and he's here to have a fireside chat with us.

Walmart reported a solid comp with Walmart U.S. comps at plus 9.3% last quarter.

Our positive thesis on Walmart is based on the defensiveness of the business benefiting from a long-tail food-at-home trend, new customer acquisition, market share opportunity due to consolidation, newer initiatives like Walmart+ and the company's proven ability to generate EBIT dollar growth in a steady-state environment.

As I mentioned, we're here with Brett Biggs. Prior to his current role, he held the roles of Chief Financial Officer for Walmart International, Walmart U.S. and Sam's Club.

Before we get started, I just have to point to the safe harbor slide that you'll see on the webcast.

With that, I think we can get started.

Brett, thank you for joining us today.

Brett Biggs {BIO 17414705 <GO>}

Yes. Thanks, Kate. Appreciate it.

Questions And Answers

A - Katharine McShane

I thought we could start off with just talking about the current environment since it has been so unusual and unprecedented. And just given Walmart's size and the complexities, we wondered if you could talk a little bit about how you navigated the past six months for your business, what some of the bigger challenges may have been and maybe what you might do differently in hindsight.

A - Brett Biggs {BIO 17414705 <GO>}

Yes. It's been amazing 6.5 months. I was thinking back even this morning to our Analyst Day in New York in mid-February.

At that time, I was looking through our script and we mentioned coronavirus one time in that script.

To think about where we've come since then has been pretty incredible.

And what our associates have done is the first thing I would mention, going from fairly normal-type store environment to multiples of volume over a period of weeks and months, particularly in March, April, May, with food volume and watching them respond.

The caring that they showed customers, they showed each other, it's not surprising, but it's always still amazing to see when I've been here 20 years with the company. So what they've done and our ability then to give back in bonuses and other things has been something -- those were fairly easy decisions to do that for associates, and that's certainly something we would do all over again if we went through this again.

I -- the thing I think that is looking at again is just how quickly this company moves. A lot of times, you think about a big company and it's slow to move, and that's not what this company is. The ability to ramp up like we did in food in the stores and in the clubs and distribution centers.

Then with stimulus that came in the U.S. in mid-April, all of a sudden, we became a big GM business.

We've got a really big GM business, but even a bigger GM business and watching the stores and clubs go through that and producing really good results at the same time through all of this.

There's how you look back and there are so many things that -- and you could look back and say we could have done differently.

We came in from a really lean inventory position into this. Who would have known you're going to enter into a pandemic where probably having a little more inventory would have been helpful, and we've been playing catch-up a little bit through the Second Quarter and some into the Third Quarter.

But I like how we were running inventory prior to that. I think we were in a really good position from -- for a normal-type environment, which certainly this wasn't.

But we scaled up very quickly with the number of stores, that we could ship from store, that was a big one.

We went from just two handfuls of ship-from-stores to thousands within a period of weeks.

Some of those, now we'll make permanent. That will be a permanent part of what we do going forward, shipping from stores in certain locations.

So I'm so pleased with how the business responded, the work that we did. Kate, you were in the middle five years ago when we said we've got to invest in wages, we've got to invest in e-commerce, we've got to invest in technology. That all worked and it was a big part of how we were able to serve customers over the last several months.

A - Katharine McShane

So on that same note then in terms of just the period of investment you just went through and how it kind of almost prepared you for what was to come, do you think these last six months has had any impact on your longer-term plans?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. There's nothing that these last six months won't impact in some way, learnings that we have or how we've seen the customer evolve. What it has done really is just strengthen our belief in our current strategy.

The omnichannel strategy in building this ecosystem for a longer-term view of what the company is going to be, it's strengthened that. I mean there are certain things we're going to tweak coming out of this, but being an omnichannel retailer is the right strategy.

It's really paid off during this time. It's allowed us to serve customers in all different kinds of ways that maybe we wouldn't have been able to as well three, four, five years ago.

So I don't see any major shifts in strategy coming out of this, but I see us doubling down in some areas that we knew were the right direction, but that the last few months have accelerated trends -- over a period of months have taken trends that would have taken years to get there.

A - Katharine McShane

And speaking of that, just going -- looking into Q2, there were a number of factors that helped drive really strong sales not only in Q2, but Q1 as well.

But when it comes to the sales deceleration that you mentioned you saw in July and August, I wondered if you could walk us through some of the factors. I know you flagged stimulus, but do you think that's one of the bigger drivers?

Or did in-stocks become more or less of an issue as we got closer to July and August?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. Some of both. Stimulus, I think there's several things going on. Stimulus was a big impact. Starting in mid-April, May, June, a lot of dollars flowing through the economy. So I think we were honest with ourselves and honest with investors that, that certainly was something that benefited us in the Second Quarter.

We also dollars freed up from people who were typically taking vacations and doing -- spending money in other ways during the summer that I think found its way into general merchandise categories, bicycles, camping, home improvement, all of that dollars somebody got somewhere else came into those categories. You saw that with results of other retailers as well, not just Walmart.

Inventory, there were categories where in some of the supply chain, some of it was our ability just to get inventory in quick enough. You couldn't find bicycles in the middle of summer, not just Walmart, in a lot of places, things like that. Who could have expected the type of impact you'd see on the category like bicycles?

And then as we talked about, back-to-school was a little slow to start.

Schools were going back later, some weren't starting at all, some students were going back remote.

So that really made the back-to-school season choppy. It's going to take longer to work its way through than we typically would see. So it's all of those things that kind of got us back into a little more of a norm -- what I'd call a normalized comp range.

Food is -- food and consumables have remained consistent really throughout the period. They were huge, obviously, March, April, first part of May.

But food has been just a solid, steady business throughout the entire time, really good foundation for us.

A - Katharine McShane

That's great. I know Doug has said in the past that if he had to thank his predecessors for anything, it was sticking with food.

That's certainly the case more recently, too.

But probably where we're getting the most questions right now when it comes to Walmart's business is on grocery. So when we get the questions, investors are trying to understand the puts and takes of the Second Quarter and the environment we're in. So when you think about the grocery performance versus your peers, how do you think your positioning in grocery maybe helped or hurt, particularly during Q2?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. I mean, obviously, market share and measurements like that are things that we watch all the time and are very, very focused on. It's really noisy right now and there's a number of things.

I don't want things coming across as excuses, but there are reasons we think why it looks so noisy.

One would be, we've kept prices down during this period of time.

Typically, you see a lot of promotions in the summer from competitors and you didn't see that as much and actually, you saw prices going back up a little bit.

So from a dollar market share perspective, that has a fairly good impact.

We took operating hours down more quickly than some competitors and actually took longer to take them back up.

We've just recently gone back to 10:00 closing. In our supercenters, we've gone to 8:30. There's a lot of business that gets down between 8:30 and 10:00 at night.

So bringing operating hours back to not 24 hours, but back to something that's a little more normal we think will have a positive impact on our business.

There's a lot of things like that, that I think makes reading market share really difficult right now.

We're still trying to.

We know we took share in some general merchandise categories.

We benefited some from some retailers that were closed, and we know that.

But over time, I still feel so good about our food and consumables business. I mean if you look at even the Second Quarter, we grew the food business by $3 billion, amazing amount of growth. In-stocks were impactful.

We ran -- as we talked about, we ran pretty lean coming in.

So I think we got hit harder earlier by customers knowing they could find everything they wanted inside a Walmart store.

So I think we got hit harder earlier, and it was tougher for us to catch back up, starting to catch back up now.

So overall, I just feel really good about the business.

I think we'll continue to grow share over time.

But it's a noisy read and probably will be for a while.

A - Katharine McShane

And could you maybe give us your view on how you're thinking about food-at-home trends for the longer term?

That's a big question that we get, too. Just as things open up, how much can food-at-home continue to outpace maybe the average of what we've seen in the last couple of years?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. I think it will depend on area. You're seeing -- I mean you're seeing more people -- for instance, here in Arkansas, you're seeing more people go out to eat certainly than they were a month ago.

We want to see those restaurants and small businesses reopen. It's good for the economy, it's good for employment, good for those communities. So we're glad to see that happening.

There'll be some areas, maybe it's in New York that are going to be a little slower because of how impactful the virus was in an area like that.

So we benefited from that trend. And likely, that trend will stay for quite a while. There'll be some folks that won't feel comfortable going back out to restaurants maybe for quite a while. So we'll benefit from that, certainly, but I think not to the level probably we would have seen over the last four to six months as people get a little more comfortable going out.

A - Katharine McShane

Okay. And you mentioned, again, just in terms of where there might have been a difference in performance is that you continue to invest in price throughout the first half and maybe some of your competitors didn't. So moving into the second half, and it's just something that we saw in one of our presentations this morning is that we're hearing and seeing maybe grocers are stepping up back their price investments from where they were. So how do you think about price gaps now going forward?

And can we expect maybe even more price investment?

Or are you comfortable with the price gap narrowing a little bit, again, based on this current environment?

A - Brett Biggs {BIO 17414705 <GO>}

Yes.

We've been really aggressive, and we held -- as you said, we held pretty steady in the first half of the year. Specifically talking about food and consumables, we -- price gaps have widened for sure.

We have a pretty good idea where we want price gaps, and it's geography-based and it's competitor-based.

So it's not just a broad peanut better spread.

We know where we want those to be.

And so there's -- I think there's plenty of room for us to do what's right for the customer or what we want to do long term for the customer and still do -- conduct business in a way that's shareholder-friendly.

That's the balance that we want to try to strike obviously starting with the customer.

As we look forward, we'll still invest in price. That's what we do. It's -- I think for us, just having a steady kind of constant downward pressure on prices is what we want.

We'll be investing a little more in general merchandise than we have in the past.

We talked about for the last few years, we've spent almost all of the price investment on food and consumables, and we'll be more thoughtful on general merchandise.

But we're always going to be the price leader. I think there's -- if you look at the last few months, there's probably a little bit of an argument that can be made that people got a little less price-conscious, which is somewhat counterintuitive.

But with all the stimulus dollars that were going through the economy, I think they got a little less price-conscious, maybe a little more convenience focused.

We have that convenience factor. Price is going to matter forever as far as I believe.

So I feel good about our position.

A - Katharine McShane

Okay. If maybe we can pivot now to your e-commerce strategy, and there are many questions that we can ask here.

But I think starting with the general merchandise business on -- with e-commerce. So a big focus has been growing breadth and depths of your SKUs to push into higher-margin categories like apparel and home.

But the way you're pursuing these goals looks like maybe it's changing a little.

We've seen some brand divestitures over the past year and a few partnership announcements that complement the marketplace. So could you maybe just contextualize -- first of all, is that the right way to think about it, you're still pursuing the same strategy but maybe in a slightly different way?

And talk to us about

where you are currently and how you're thinking about it.

A - Brett Biggs {BIO 17414705 <GO>}

Yes. Great question. The framework of what we're doing, the framework of the strategy hasn't changed.

We're -- we want to get more brands on to the side.

That could be first party, it could be third party. And you've seen some things that were -- as you mentioned, we're doing through marketplace.

We have divested some things that we acquired over the last few years and in some cases, maybe something that felt like a better fit three years ago than it felt today.

But in certain cases, we've gotten the value we want out of those brands and feel like maybe there's just a better owner this period of time. So as the Shoes.com be -- we had a -- we wanted to get more traction in shoes and -- shoe brands onto our site.

We've developed that.

We've developed that in our online and in stores, and that helped that shoe category tremendously.

So the other thing I think you're seeing with us, Kate, is we're just going to make decisions more quickly. If something fit the strategy two or three years ago and now it just doesn't fit quite as well and we want to reallocate resources, we do that way more quickly than we used to, much more agile with that. So the framework of the strategy has not changed at all.

We want to get more brands on site.

We want to have a longer tail.

We're focused on growth and profitability of that e-commerce business, and you're seeing us take steps in both of those directions.

A - Katharine McShane

Okay. That's helpful.

I know, again, pushing towards the more -- the higher-margin categories and general merchandise will help with the overall profitability. In Q2, you mentioned that e-com losses were significantly lower.

We were just wondering, what is driving that significantly lower e-commerce losses?

Is it the sales, just the strength in sales?

Or is there some cost control within that too that's helping?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. There's a little bit of everything.

We were -- we feel good about the direction of the profitability on e-commerce for several quarters now.

We said coming into the year, we thought losses would be lower. So we felt good about what we were seeing.

It's in several categories.

One is just top line.

We basically doubled the size of the business in the Second Quarter. That helps a lot of things when you get sales growth like that. The fixed cost expense. So not only we delevered the fixed costs, but the fixed costs, the rate of fixed costs are declining some the rate of growth.

That's what you would expect as the business matures a little bit.

The variable cost to fulfill has been getting better every quarter, every year. The big one is contribution profit margin. So what are we making on every product that we sell?

And that has gotten better as we've gotten bigger in areas like home and apparel, which have higher-margin structures. So as that number -- as that margin gets better, the more you sell, the better it is, which is obviously what you want.

What we were able to see in the Second Quarter, which was really encouraging, is all the things we've been working on, we saw in the First Quarter as well.

But the Second Quarter, all the things we've been working on and how that business model works, we saw it. You could really see it over the last couple of quarters.

No. It doesn't take a 97% growth for that business to work.

But we saw all those elements really play out together, and it was really encouraging to see, exciting.

A - Katharine McShane

In the same vein, we've seen some changes with regards to how you're thinking about getting your product to customers. So I think you mentioned it in one of your earlier questions that -- or one of your earlier answers in response to my questions that you're looking towards the store, you're shipping from the store more than you have before.

This again seems like a change from the DC strategy, which seemed more prevalent. So can you talk a little bit about the decision to leverage the stores more, how it's working?

And is it necessitated?

Was this always something you were thinking you would go to?

Is this one of these examples of being nimble?

Or is it more a result of what has happened in the last six months?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. Some of both. It's hard to differentiate anymore almost what caused what. Some of it was necessity in six months of just getting product to customer more quickly.

So there was some necessity to that.

But we've always talked about these stores and how they could be many fulfillment centers, and we always thought that could be part of what we do longer term. There's a few hundred stores that we're going to make that permanent. That, it worked really well.

The ability to get items to customers in a hurry, express delivery, those are done out of the stores.

So I think it will be a big part of our strategy going forward. Fulfillment centers are always going to be a big part of that strategy, the distribution centers that we've always had. So you'll see us continue to expand supply chain and fulfillment centers, distribution centers.

But that store is a really unique asset, and it's something that our competitors don't have, for the most part, our big competitors.

A - Katharine McShane

And is there something unique about the stores that you have selected to do more fulfillment from?

Are they located in more denser populated areas?

Or is it kind of the opposite, it's where a store maybe could have used or benefited from leveraging the capacity that was available?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. It would be some of both.

A - Katharine McShane

Okay.

Then going to pickup versus delivery.

We're hearing and seeing from all of our retailers now curbside pickup, which, of course, you guys have had, well, drive up for a long time.

But I -- the thing that's so exciting about pickup or curbside of course is that it is less of a headwind I think to your costs. So how do you balance all of the different things that you're testing from a delivery standpoint, a digital fulfillment standpoint with the economics of pickup versus delivery?

How do you balance that?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. I mean outside of membership, which we -- remember, Walmart+, we've just done. I mean deliveries had a fee attached to it, so that helps offset that cost. So it really makes it somewhat agnostic to someone picking it up in store. The things differentiated us picking up in-store or curbside is ours is free. Most of our competitors are not free.

That's a big differentiator for our service, we believe.

It's a way to continue to get people into our ecosystem, customers in our ecosystem, which is what we want longer term.

But we -- the idea is to be there in every occasion that customer wants to shop, deliver to home, pick it up.

We were testing going into people's refrigerators. I still think that will be something that we do longer term.

But we want to be there.

Then for the management team, we spend a lot of time making decisions and ensuring that we can do it in a way that's attractive to our shareholders and that we can keep growing operating profit.

That's what I spend a lot of my time on is thinking through the various pieces and how they come together.

The moves you were talking about earlier, finding things that we just don't want to focus on anymore and just taking those off the table, we're a lot quicker to do that.

A - Katharine McShane

Okay. That's helpful. When it comes to pickup versus delivery, I would imagine the customer characteristics are different. Is there a way to leverage that information to make yourselves more efficient I guess in either way, either capacity?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. Sure. I mean we're -- as you know, we collect a lot of data and looking at how customers shop.

The delivery is still fairly new. It's something that we're still learning.

We're going to learn a lot more now with Walmart+, as we've rolled that out more broadly, about what that delivery customer looks like and what they're looking for, and are there ways to get them to interact more in our ecosystem. That's what we want.

We want them buying general merchandise from us.

We want them coming to the stores.

We want them shopping online. So we're excited about Walmart+ for a lot of reasons, but one is that we're just going to learn a lot more about the customer.

A - Katharine McShane

And is there anything more to discuss with regards to Walmart+ today that you haven't already revealed or mentioned?

A - Brett Biggs {BIO 17414705 <GO>}

Yes.

We're excited about it. It's a week from launch. It's something that we've been thinking about for quite a while.

We've had a membership program, Sam's Club, for a long, long time.

So we're excited about it.

We wanted to find the right time and the right way to launch and felt like the three main services, delivery and fuel discounts and Scan & Go, that it was a fulfilling enough offer to go ahead and go out and particularly, the price point that we're at.

Over time, you'll see us add more to it.

We'll learn.

We'll -- but the idea again is to just to get people into our ecosystem to have to think about Walmart, be top of mind as they go through the list in their head of where they can get something.

We want to be number one on that list.

A - Katharine McShane

Okay. If I could switch subjects now to wages just because, again, the last six months has been a big change with regards to that.

But when we think about the bonuses and the incentives related to COVID, do you have any concerns that it might be difficult to pull some of that back, especially if other retailers' policies or wages are more sticky?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. Wages, obviously, for any retailer, it's a big part of the cost investment of doing business, so we spend a lot of time on that.

It's really -- it's a very geographic discussion as well.

Different geographies, obviously, you have different types of wage structures. When you look at our total compensation structure now for full-time hourly associate, when you include benefits, we're almost at $20 an hour. So just looking at start rate is not the entire way to analyze that. You've got to look at the benefits. You've got to look at the total compensation. You've got to look at how many people get promoted into management jobs, which is significant for us.

We want to be -- start people -- a place where people can start their careers and have a full career. You've -- so you've got to look at the whole picture I think when you're talking about wages.

That's how an associate is going to go through it in their mind as well.

We've got to be competitive.

We want the best associates.

We want to retain associates.

So we've got to be competitive. It's going to be an interesting dynamic with the economy I think over the next six to nine months and what happens from an economic standpoint.

But so happy the bonuses that we were able to give associates over this period of time, and we were generating additional cash flow, obviously, as you've seen in our numbers, and we wanted to make sure that our associates shared in that.

A - Katharine McShane

Okay.

I just really have two last questions from myself, and then I can look towards the audience for their questions, but it has to do with holiday. The holidays last year were a little choppy because there was a shorter season and there were softer holiday-heavy categories. To the extent that you can, how are you approaching planning for the holidays this year given the dynamic of last year and of course this year?

And are there any categories you're leaning into that maybe you wouldn't have expected six months ago for holiday?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. It's -- that's -- there's a lot in that question.

All we've announced at this point is that we're going to be closing Thanksgiving Day, which is something that we're glad to do with our associates, and we'll be announcing more as the holidays get closer. From a competitive standpoint, we want to maintain optionality.

Our merchants and operators are really good at ensuring that we can make decisions close to the time. It's -- in the pre-COVID days, 2.5 months felt like a long time until the -- or felt like it was quick for the holidays. Now it feels like 2.5 months is a long time until the holidays. So we'll maintain optionality, and we'll be really flexible going into the holidays.

I do think people -- my instinct, I'm not the chief merchant of the company, but I think people, what you've seen lately is they want to take care of their homes. My guess is you see that going in the holidays as well. You're going to see people they're going to want to decorate their homes and try to make the holidays feel really special.

So I would expect categories like that to do really well.

Our merchants are great at thinking through all the implications of what do people buy when there is an economic crisis before. This is really different than that.

But there's a lot of history that the merchants have and are able to make those decisions.

But it's just -- I think the holiday season will probably be a little longer, probably a little more spread out. For most retailers, that's what I would expect at this point.

A - Katharine McShane

When it comes to the promotional environment, it seems like you have a bifurcation.

On the one hand, you have some retailers that are probably going to be pretty competitive to make up for lost time and closed doors or whatever it might be.

But on the other hand, inventory is pretty tight in quite a few categories. So from a promotional environment standpoint, how would you maybe predict that plays out?

A - Brett Biggs {BIO 17414705 <GO>}

Every holiday is so different from a promotional standpoint. And like you said, inventory is tight in some categories. There'll be retailers that aren't as good in financial condition going into the holidays, and that might impact how they promote, how they take on the holiday season as well. So I think we're just going to have to see it play out. Again, I think we'll be ready for any type of competitive environment that we see.

I expect this that relatively, we'll have a good holiday season and we'll be what our customers need over that period of time.

A - Katharine McShane

And then my last question around holiday is a few of the major players are introducing shipping rate increases for the holidays. You guys have been very good at offsetting costs. You've proven that over the last few years.

But is there anything you can do to help offset some of these higher shipping costs that you could see?

A - Brett Biggs {BIO 17414705 <GO>}

Yes.

We had some increased costs like 18 months ago or so as capacity got tight.

It impacts us but it doesn't impact us as much as our competitors because of our dedicated fleet that we have. That's a big advantage in situations like that. E-commerce is a little different with airfreight and things like that.

But again, we have -- we've said this before, we have so many levers that we can pull as a company from a cost perspective, and we've been very focused on our costs, as you know, our cost structure. So I feel like we'll be able to manage through pretty much any scenario.

A - Katharine McShane

Okay. In these last couple of minutes, we have some questions from the audience.

A - Brett Biggs {BIO 17414705 <GO>}

Great.

A - Katharine McShane

I guess the first question I'll ask is, what levers is Walmart going to pull in order to grab customers from Amazon Prime and break their Prime habit?

Isn't it important short term to subsidize conversion more aggressively to build out Walmart+?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. And Amazon Prime is a -- and membership services like that have become very popular in the last several years, and customers have gotten used to memberships and another reason why we thought this was the right time to do that. Again, it's giving customers everything they need.

One big advantage we have over most competitors is that if you want to interact in an e-commerce world, we have a really big e-commerce business not just in the U.S., but globally. You want to be in stores, we have the largest store base in the world. If you want to order online, pick up in stores, we've got that for you, too. If you want delivery, we've got that for you, too. There's really no competitor that's able to fulfill all of these customer needs and customer shopping behavior.

We can do all of that. So we're in a really good position.

And now there's areas that we're just going to lean into and ensure that we can make that customer happy that they chose that Walmart membership.

The $98 is also attractive. It's very attractive versus other things out in the market. So I think when you put all that together, it's really attractive I think for a customer over -- and time will tell how we -- how we're able to leverage that membership to our benefit.

A - Katharine McShane

Okay. Another question focuses on holiday but specifically on toys. People are wondering if there is going to be any pent-up demand in that category because toys has been pretty strong the last two quarters.

Are there supply chain constraints that you're seeing in toys specifically?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. It'll be different. It's like everything you get into on supply constraints, it gets really detailed.

As to types of toys and other types of things, electronics, gaming, all that has been very, very popular during the pandemic, but there seems to be no end to the desire for gaming and electronics. So that will probably remain strong over the holidays. People have bought a lot of board games and other things like that, but they continue to buy items in that category. There'll be some supply constraints and different pockets of toys, but it won't be -- we don't think it will be broad-based.

A - Katharine McShane

Okay.

Then the last question I'm going to ask and we can wrap it up is just, how you're thinking about the evolution of your store footprint as you expand your e-commerce offering?

Particularly, how is the location and size of your store impacting the rollout of Walmart+ and the number of SKUs you're keeping at each store?

A - Brett Biggs {BIO 17414705 <GO>}

Yes. Each store will be a little bit different. E-commerce will penetrate more in some geographical areas than it will in others.

We'll have additional space in some stores, which is -- over time, which is fine because we'll have more pickup, we'll need more back-end space, we'll have more services in stores as we look to expand in health care and financial services. So the store footprint is going to continue to be a great asset for us. I don't anticipate us adding a lot more stores, particularly in the U.S.

We're still growing stores, some in China and Mexico and some developing markets like that.

But I don't expect the footprint to expand in the U.S. I think we, for the most part, have a really good coverage of what we need for customers.

A - Katharine McShane

Okay. Great.

Well, with that, we'll wrap it up. Thank you, so much for joining us, Brett.

A - Brett Biggs {BIO 17414705 <GO>}

Thank you. Yes. Good to see you.

A - Katharine McShane

Good to see you, too. Have a good rest of the day.

A - Brett Biggs {BIO 17414705 <GO>}

Maybe in person someday.

A - Katharine McShane

Hopefully. Fingers crossed.

A - Brett Biggs {BIO 17414705 <GO>}

Yes. Good to see you.

A - Katharine McShane

Thank you.

Bye-bye.

A - Brett Biggs {BIO 17414705 <GO>}

Thanks, everybody.

Bye-bye.