Evercore ISI Consumer & Retail Summit

Company Participants

- Brett Biggs, Chief Financial Officer

Other Participants

- Greg Melich, Analyst, Evercore ISI

Presentation

Greg Melich {BIO 1507344 <GO>}

Hi, good morning. it's Greg Melich with Evercore ISI. I cover the Retail Broadlines & Hardlines here. It's our great pleasure to have Brett Biggs, the Chief Financial Officer of Walmart back to really give us, I think, a very timely update on all the initiatives of Walmart and how things are coming as we really recover from the COVID recession of last year. Also, Dan Binder and Kary Brunner as part of the team here to help if we need it. But Brett, I've got you. I've got you for 35 minutes. I'm just going to dive into the questions if that's all right?

Brett Biggs {BIO 17414705 <GO>}

Sounds good. Thanks, Greg.

Questions And Answers

Q - Greg Melich {BIO 1507344 <GO>}

So let's just start right at the top line. So, the COVID recession, lot of challenges, you guys seem to come out of it pretty strong, right? You've done a lot of investments in multi-channel, I guess what[ph] -- but you had some challenges like everybody did last year with trip consolidation, getting traffic. So, if you just level set us now on where you think it is critical in terms of turning the business and taking the customers you won and having them around? I mean how important is traffic and ticket?

A - Brett Biggs {BIO 17414705 <GO>}

Those are pretty important for retailers, right?

Q - Greg Melich {BIO 1507344 <GO>}

Yeah. Both of those things. Thanks for having me here, Greg. Good to see you, at least, virtually. Maybe next time live. Sure.

A - Brett Biggs {BIO 17414705 <GO>}

It's been an incredible 16 months for everybody, I think, in no matter what industry you're in, and it -- we went from things being fairly normal February of last year to a complete change by mid-March, and then these ebbs and flows of how customers are responding and how the virus was acting, and stimulus in different parts of the world. And so, balancing all that was challenging.

As we went into the pandemic though, we felt -- as you know, we felt really good about our strategy and where we stood from an omnichannel standpoint, and that we felt like we were able to be there for the customer whether they want to shop in stores or on the curb or deliver to their home, we could be there. And nobody wants to see what we went through during a pandemic certainly, from a human perspective. But from a business perspective, I think we proved to ourselves and probably others as well that the strategy is right. And the way in which we were able to evolve through this period of time, and I think to your point come out stronger on the back-end is really encouraging for the company.

And we served customers in a really different way and we'll continue to do that. The business model continues to evolve for us. We have these alternative profit streams we're talking about now that we really weren't talking about much 18 months ago. Our grocery market share declined some during the pandemic as we lowered hours, we were trying to ensure that customers and associates were safe. Now as we're coming back out of the pandemic as we thought, our share is starting to expand again. So, I feel really good about the grocery side and I feel good about the improvements we made in general merchandise over the pandemic and categories in which we got stronger.

Q - Greg Melich {BIO 1507344 <GO>}

And maybe looking at them to sagarin a bit. So, if the two-year comps are running ahead of US retail sale as a sign of gaining share looking at individual categories, how important is getting traffic back? I mean you're -- you made some specific steps to reduce some short out -- shorten store hours, that -- maybe we don't go back to 24-hour stores. So, just take us a little bit through as to how you're thinking about having two-year traffic turn positive as a key part of keeping that share?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah, it's important. I mean you want to -- you want transactions to increase, you're going to have periods of time. We saw that last year, we've seen it over the years, Greg. We've had fuel prices go up where traffic consolidates a little more and ticket tends to increase. So, as you would expect, I'm concerned about the total but traffic, it's a good health indicator of the business. Traffic now is really different than five years ago. Now traffic includes online visits, not just people coming into your stores. But we want to continue to ensure our stores are really welcoming the people, their convenient one-stop-shop of the Supercenter, continuing people to come into our stores is a really important part of our strategy.

Q - Greg Melich {BIO 1507344 <GO>}

One thing we've seen and where customer asking all companies is, with all the inflation out there on the cost side, how much of it's passing through? I think, US CPI numbers are running now close to 5%. Is that a fair number if we think about the inflation that you guys might see? Do you think it's less than that? More than that? How should we think about that? And what it could -- maybe not due to the customer now, but if there are any categories where you starting to see demand response from the inflation that's out there?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah, it's hard. I think it's really hard to put one number on what's going on and it's a pretty unique period of time. As we come out of the pandemic, you have these imbalances where you have heightened demand. One, because people are getting back out and there has been stimulus dollars been put into the market. At the same time, there has been some supply constraints in various categories that has a hard time balancing out a bit, and you've got so many businesses trying to hire people as people are starting to come back into the labor force. So, you've got these imbalances that, I think, we'll find out over the next few months how much of those are temporary. Some of that causes some inflation. How much is transient? How much of it is not? We'll work our way through that.

But I think you have to look at it, it's category by category and even retail long time, Greg, it's (inaudible) item-by-item. It's working with suppliers to help on their input costs and how you manage that? Then once you do all those things and you source it as well as you can then you look at your price gaps and you look at why do you need different business standpoint for your shareholders and then, how do you -- in our cases in EDLP retailer, how do you make sure that you're doing the right thing by the customer and it's trying to balance all of those things in a pretty rapidly developing environment. And we just have to balance all those things out, I think particularly over the next six months or so as we get back to what normal might look like.

Q - Greg Melich {BIO 1507344 <GO>}

And maybe on that, you kept the price gaps up as you talk about our prices establishment[ph]?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. We are in good shape.

Q - Greg Melich {BIO 1507344 <GO>}

Right, you're in good shape. So, do you think the consumer has changed in terms of the ranking assortment convenience and price in those hierarchy of needs just given how much stimulus is out there and the savings rate being up? And how do you think about that? Will value come back or is it sort of like -- it's always there, but it's sort of like number three[ph]?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. I think value is always going to be there. I think it is going to be high. Price is always going to matter. And so, as really the EDLP retailer, we felt very good about the moat that, that creates for our business. But price and convenience -- convenience, in particular, took a front seat during the pandemic, and it was part of why we saw some traffic declines in our stores as people want a shop a little closer to home, maybe felt more comfortable shopping in stores that were a little smaller. We're starting to see that come back now to where we're getting back to the one shop -- one-stop convenience of Supercenters.

Value is always been a matter. Maybe it matters a little less when people are feeling stimulus dollars to consumer balance sheets are probably as good as they've been in a long, long time when you look at credit card rates, you look at savings rates, all of those are in good shape. But I have no concerns that value retail is going to be very, very important going forward and we'll always lead in that.

Q - Greg Melich {BIO 1507344 <GO>}

By the way, I want to get on new initiatives but I think we'll almost go with that -- with the CapEx and the strategy. So, maybe we just -- we'll stick with Walmart, US, and on margins. I mean I would say one, we saw a nice gross margin improvement in the last quarter. How would you frame up the opportunities and the risks to gross margin over the next few years?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. One thing that's interesting in the last few quarters and it's not rocket science, but it doesn't take much of a mix shift in our business, just points of food and GM market share to shift where it makes a meaningful difference in our gross margin rate. And we've seen that over the last few quarters. So, it's been a reminder that having a really strong general merchandise business is important for us going forward and is somewhat funny because we started out as a general merchandise retailer and now people think about us quite a bit as a food retailer. So in a bit, it's getting back to our roots.

But as we're growing stronger home business, apparel business, automotive business, all of those things give us some margin tailwinds that maybe weren't as prevalent three or four years ago. So, I like that. And having those tailwinds in the gross margin rate -- just Greg, you know I've talked about so many times, it just gives the business optionality on how we can do what's right for the customer and balance that out with what's great for shareholders and for shareholder return over the long term.

Q - Greg Melich {BIO 1507344 <GO>}

So this is -- you feel like the improvement that's here can be kept. It's effectively not a...

A - Brett Biggs {BIO 17414705 <GO>}

Well, we've benefited -- obviously, we benefited some from some retailers being closed last year. We know that. And particularly, some general merchandise retailers. So, we've benefited from that and others did as well. But when you look at that in combination with improvements and acceleration we're seeing in our marketplace business and the alternative revenue streams that, we've had those businesses but we're starting to accelerate the growth of some of those businesses more. All of those things together, I think, give opportunities for gross margin to be viewed very positively, at the same time, we're keeping prices in really good shape for customers that we can do all of those things.

Q - Greg Melich {BIO 1507344 <GO>}

Excellent. So, maybe transitioning to SG&A. You made a lot of productivity improvements the last few years. It -- but you're also re-amassed a lot in wages. So, I guess, help us understand where we are in that dynamic as you do[ph] -- this business starts to come back to the stores? And how you think you are competitively in your markets to get the labor you need?

A - Brett Biggs {BIO 17414705 <GO>}

And I think what we did over the last, particularly last nine months, we made some wage increases in October. And then you get the first the[ph] year, those really benefited us, the timing was good from -- in getting wage rates to where we want them to be and make sure they stay competitive. We're always kind of hotspots. And again, there is imbalances right now with so many businesses looking for workers at the same time, at the same time the workers are coming back in the workforce. That's going to work itself out a little bit. But I feel good on a broad base of where we are from a wage standpoint.

I'm happy with the cost discipline I see around the company. As you pointed out, when you raise wages that's a big number for a retailer and so it makes it more challenging to lever in total. But the lines where we should be leveraging when you're getting the comps that we've been getting, we are leveraging. So I'm pleased with that. It takes a little bit more to leverage as you increase wages. But if we get the sales growth rates that I think we'll get longer-term, I feel really good about our ability to leverage long-term, even mid to long term, I feel good about it.

Q - Greg Melich {BIO 1507344 <GO>}

Well, that's good. So, look I want to get there when we get into the investments. But I also want to make sure I don't leave out Sam's Club. I feel like when we do these, we sometimes spend so much on the company and everything.

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. Forget that little $70 billion business.

Q - Greg Melich {BIO 1507344 <GO>}

So, look, there's been a nice uptick in membership growth at Sam's Club. How can we -- are we at the point now that we can assume a high-single digit rate of membership fee growth? Is that reasonable?

A - Brett Biggs {BIO 17414705 <GO>}

Kath and the team have done a really nice job there, building on some of the things that John did --- Furner did while he was over there. Really compelling member value. What they're doing around technology, making it easier for members to be in the club to shop is why we're seeing the membership growth that we've seen. It's -- we're having record membership numbers. So, that's all really positive.

We don't give guidance on what that means from a membership income perspective. But you can -- it didn't take you long to do the math. If we continue to get the kind of membership growth rates that we've been seeing and particularly get the cost penetration that we've been seeing, it can be very, very positive for that business.

Q - Greg Melich {BIO 1507344 <GO>}

Maybe pivoting on that business, I mean, a few years ago, I think John was still there, there was a big decision, they closed 60 clubs and some (inaudible) made into smaller DCs and whatnot. Is there a concept that we could actually start to open clubs again in the US for Sam's or is that the right number?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. I think it's possible but I think the client base that we have right now is good. We're in the locations that we want to be. I would never say we'll -- never we'd say we'll never open another Sam's Club, but you've seen us scale down store openings really around the world other than places like China and Mexico. So, I feel good about the base of stores or base of clubs today.

Q - Greg Melich {BIO 1507344 <GO>}

Makes sense. So let's get down to the strategy and portfolio stuff. Because I think that's where it could get lost in the last 12 months of all the work you guys were doing and got done. So, I'd love to hear in your own words, you've gotten out of Asda, I guess Seiyu, Jet was closed or restructured or moved. So -- and then you did Flipkart. So, just sort of right size us now on your part in that portfolio optimization would be great.

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. It's been a lot of work, obviously, and I think it's just a sign that the company continues to focus, to prioritize, to remain laser-focused on what's really important for the long term. So those markets were -- they're good markets. Asda was a good business. But as we look at what's important for the next 20 years, it was something we feel like probably had a better chance of being successful with a different ownership structure.

I feel good about the markets we're in. We have four really high priority markets outside of the US with China, India, Mexico, Canada, they're all very different but their higher growth rates, which is why you're starting to see higher growth rates international segments because of the markets that we're in. Chile is a still fairly high growth market as well. So, I feel good about where we're at. If we can be successful in these markets, we have a -- we already are a really big business, we can be even bigger and continue to grow. So, I like the place we're at as a company right now.

Q - Greg Melich {BIO 1507344 <GO>}

And sort of pivoting on where the investments are going. Are there any other -- do you have what you need in those growth markets that you just lined or are there capabilities or real estate or brands or anything that you'd look to expand?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. I think less about real estate more about capabilities. I think that's the right way to look at it. And even in the US, if you look at the acquisitions that we made, go back three, four years ago from an e-commerce perspective was more around brands and getting brands under our site, acquiring Jet.com websites, and things like that. Now, I think you'll see more focus on capabilities. It is something that brings us people, it is something that brings us an expertise that can accelerate a part of our strategy, speed is really important for us. So, anything that we can do to accelerate a strategy is where we'll put our energy.

Q - Greg Melich {BIO 1507344 <GO>}

Maybe that's where I'll position a little bit now transition to the CapEx. I mean, saw in your operating cash flow $25 billion to $30 billion, it's a lot. But you made a big decision earlier this year which is the CapEx going up to $14 billion. Sounds like it could keep going higher. Help us maybe break that up a little bit, where is that money going? Is it about adding sounds like capabilities, not real estate. Think about that and then maybe we'll address on any M&A areas to think about.

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. If you go back to 2015, probably 60% of our CapEx would have been new stores, and we -- no, we were at times of $15 billion, $16 billion of CapEx, if you go back a little bit further than that and a vast majority of that was new stores. This year, less than 15%, probably 10% will be new stores around the world and almost very little of that in the US. We're spending a lot of money on things that will make it easier for customers to be in our ecosystem and make it more effective, make us more effective with our customers from an experience standpoint, and more efficient from a cost standpoint.

The biggest change in CapEx last year to this year and the next year, the next year after that is going to be on supply chain. Whether that's fulfillment capacity, which is something we've been talking about, wanting to do anyway with the volume that we've been driving in the pandemic, our e-commerce business is roughly double the size it was a year ago. We need to add capacity quicker than we anticipated. So, that's a good problem. But we've been on the cutting edge of supply chain technology whether that's what we can do in the back end of a store to make grocer fulfillment easier or what we can do in-store making pallets easier for the stores.

Think about self-loading pallets, pallets that are ready when they get to stores. And to some degree, there will be some second -- if you want to call it, second-mover advantages versus some of our competitors on that supply chain technology because it's new, it's things that we've been developing and we think set us up nicely for where the customer is going in the future and will be highly efficient.

Q - Greg Melich {BIO 1507344 <GO>}

And from my view, I think you actually have two or three pilots from different partners on that, on like store level. Could you...

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. Store and in the DCs.

Q - Greg Melich {BIO 1507344 <GO>}

Okay. And so, how should we think about that sort of spending rolling out. When we -- as a customer will be see it or as an investor see that?

A - Brett Biggs {BIO 17414705 <GO>}

Well, there'll be some things that you won't see as a customer because some of it's -- a lot of it's back end. But you'll see it in better in stocks, you'll see it in more efficiency, which should lead to continued good prices inside the stores, it all finds its way to the customer initially. But there's things that we're already starting to roll out some and -- are starting to phase in. But these aren't things that are 10 years away. They can't be 10 years away. These are things over the next three to five years that should be having an impact on our business and that's why, Greg, as we talked about a little bit of a longer-term algorithm in February, we felt more comfortable doing that because we can see -- start to see the timeframe of when we think these things will benefit the business.

Q - Greg Melich {BIO 1507344 <GO>}

Well, I guess, that's where I would love to talk about some of those initiatives, whether it be 3P or advertising or Walmart+. Maybe walk us through those three things that could create stickiness with customers you have or enhance the margin, and whatever you feel that -- we'll say start with Walmart+ because we've done some survey work that's (inaudible) there could be demand out there from US households about 7 million members this year. Do you think that's reasonable or is too high, too low, anything you want to comment on that? And what do you need to do on the back end to actually serve that and do it right?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. We'd like to get as many Walmart+ members we can get. There is not -- there is not a number that we're -- certainly a number we're looking to cap out at. But we want to do it thoughtfully. I think you've seen us do this in the past. Anything -- when we're rolling out something new, we want to be thoughtful about the customer experience, making sure that we get the right services in place that matter to the customer, and doing it in a way that satisfies them and grocery delivery is a big part of that service. We have fuel, and we have some things with pharmacy now. Those all matter but that grocery delivery is really important.

We're happy with what's going on with Walmart+. It's -- we're described[ph] -- mentioned group[ph] earlier with you, Greg. It's a piece of the strategy. I think sometimes when someone like Walmart announces something, it gets viewed as BEE strategy, and it's a piece of the strategy of us being the best omnichannel retailer that we can be in establishing and growing that customer relationship. That's what's really important to us. We've had memberships for 30 years at Sam's Club. So, we've been a membership company. But I think this could be a really nice part of getting customers into our ecosystem now and in the future. So, I'm really glad we've done it when we did it.

Q - Greg Melich {BIO 1507344 <GO>}

And for grocery delivery, are there capabilities that you could acquire or is that something that's an organic growth kind of thing? Do you need last-mile delivery? Do you need your own drivers or do you just...

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. You can always -- I mean there's -- you can do any of those things you just mentioned, right? But we've been developing those capabilities. We have relationships with all kinds of third parties, obviously, but we've been developing -- we've tested associate delivery. I think that's something that still could be an important part of our strategy last-mile going forward.

We've built our own crowdsourcing Spark platform internally which has been very successful, and we continue to build that rapidly. And we're going to continue to need to do that with things that we're trialing in home. We're trialing that now in North West Arkansas in addition to the three markets that we had before. Because eventually, we want to get customers to where they don't have to think about shopping, it's just replenishment. And we're there to take care of that for them.

So we're trying -- obviously, we're going to stand for the customer, trying to get ahead of the customer and some things like that. Last mile will be really important, and I think right now we're in a good place, Greg, to have optionality on how we fulfill that last mile, and continuing to keep options open in a way that as it becomes more clear maybe the best way to do that for the company that we'll have the ability to make those choices when we need to.

Q - Greg Melich {BIO 1507344 <GO>}

Is last mile a bigger constraint or is it the picking basket? When you think about grocery, is it more about picking the basket or more about last mile?

A - Brett Biggs {BIO 17414705 <GO>}

They both play a part in getting the service right for customers, that delivery matters a lot and the interaction with that delivery has -- the customer is going to be the

Walmart brand on how that's delivered. Picking in stores some of the things that we're doing around the local fulfillment centers that John has been talking about, can free up capacity in stores to where you don't have as many pickers in the stores. So, we're looking at ways to continue to free up slots, to free up capacity for this business to grow to the level at which it needs to grow from a customer standpoint. We don't want to put any constraints on it, the customer don't want to put on it. And I think we're in good shape of staying ahead of that.

Q - Greg Melich {BIO 1507344 <GO>}

Got it. Well that's -- so, maybe transitioning from that, that's Walmart+ and grocery delivery. Maybe talk a little bit about 3P. I know you have brands (inaudible) that, like where are we've at? Can you give us any numbers (inaudible).

A - Brett Biggs {BIO 17414705 <GO>}

I'm excited about that. And it's -- I've said this to you before, maybe we're getting a little less this way. We're probably a little cautious as well on marketplace and making sure that we get the experience right for customers who are getting goods online, they are authentic, all the challenging we have with the 3P business, we want to make sure that we get those right.

But at the same time, the world is accelerating and we need to accelerate as well. We've had some quarters last year where we were seeing triple-digit growth in marketplace. We're adding tools, we're adding -- we've added Walmart Fulfillment Services, which is growing nicely, and sellers really want an alternative. And we're the natural alternative with the traffic we already drive to our site, the eyeballs that we have, the customers that we have. We are the natural -- I don't think the alternative, I think eventually we should be the natural leader in a place like marketplace. So, I think it should be great for us from a margin standpoint, Greg, as well as from an assortment standpoint.

Q - Greg Melich {BIO 1507344 <GO>}

So, if you are the alternative to Amazon, what is -- is eBay -- like why aren't they an alternative if you were -- not to say them particularly, but if anybody would you -- is 3P something that you would acquire to get more capabilities or do you think it's all...

A - Brett Biggs {BIO 17414705 <GO>}

I would -- for us, it's making sure we have the capabilities that we want, implementing them and growing them at the speed at which we want. If acquisitions can help and whether that's in this space or that space if acquisitions can help and we can do in a way that makes financial sense, we're always going to look at that as an alternative.

But we have -- when it comes to really all of these things now, whether it's marketplace, online grocery, Walmart+, Connect, we have everything we need in-house to grow these businesses. It's -- these are -- when we talk about now the alternative revenue streams, it's not businesses we don't have. These are businesses that we have and now it's about scaling them. That's why I think we're in such a good position.

Q - Greg Melich {BIO 1507344 <GO>}

And so, we mentioned Walmart+, we mentioned 3P and now last I want to make sure we get into advertising a little bit.

A - Brett Biggs {BIO 17414705 <GO>}

Yeah.

Q - Greg Melich {BIO 1507344 <GO>}

It's an area, I think one of your competitors on the grocery side out a number of classic marketing expense. Some of that converting over and ultimately advertising being a $1 billion-plus business. Could you help us just sort of frame that, what that means from Walmart's perspective?

A - Brett Biggs {BIO 17414705 <GO>}

We've said this could be -- we think it'll be a multi-billion dollar business. And when you look at the intersection we sit between suppliers and customers, there's reason - - there is no reason it shouldn't be. We sit at the perfect intersection. We have so many supplier relationships, with 140 plus million transactions a weak in the US. So, we sit in the right place and we want to make sure the customer experience is right, we want to make sure that we're not bombarding customers in a way that's confusing, makes our website confusing. But we can do that in a way and grow this business rapidly. So, I'm really excited about what we can do in advertising. I think it's just natural for us.

Q - Greg Melich {BIO 1507344 <GO>}

And is that specifically related to vendors or with vendors that you may have already had any assortment? Or as part of that, do you see looking to those that might be interested in the data of what your customers are buying.

A - Brett Biggs {BIO 17414705 <GO>}

Yeah. It could be both. On the data side, you just got to be -- we have to be thoughtful about what data we're sharing, and it's got to be done in the right way. And -- but we have -- and again, when you look at whether people want data or they want eyeballs for advertising, we're pretty tough to beat on both of those.

Q - Greg Melich {BIO 1507344 <GO>}

Right. Got it. So maybe as we tie it together. If we going to talk about those three things, remind me if there's anything else I didn't highlight. But if you were going to rank 3P advertising at Walmart+ one, two, three is the biggest opportunities in the next two or three years.

A - Brett Biggs {BIO 17414705 <GO>}

You know, I'm not going to answer that question, Greg. (Multiple Speakers) It's like picking your favorite child. You know they're all great opportunities and there's -- you can name one or two more. And the thing that I'm excited about right now is add-on having a bigger general merchandise business than we've had in the past. Because that's important too from a customer standpoint as well as a profitability standpoint.

The great thing is that, there'll be some of these things that work way better than we think. For instance, online grocery grew much more quickly than I think we probably ever would have anticipated when we started it. There'll be things that won't work out like we think they did. That's just the natural course of trying new things. But they don't all have to work for us to hit the levels of customer satisfaction and hit the levels of financial excellence that I'd like to see us hit over the next few years. Not all of them have to hit. So, we're not working on a 100 things, but we are working on enough things that some of these are going to hit, and I have no doubt that some are going to hit really big.

So, that's what I'm excited about. As I look forward with the company, the business model looks different, but it looks different in a really exciting way, and it looks different from a CFO's perspective, from the standpoint of having a lot more levers to pull to address customer needs as well as address shareholder needs. That's what feels so good to me.

Q - Greg Melich {BIO 1507344 <GO>}

And maybe we'll tie it together, just one question that we've asked each company at the Summit, which is of the biggest consumer changes and there's been a lot obviously, over the last 12 months. What do you think is going to prove most sticky, as you try to lean into the next, not just 12 months, but three years?

A - Brett Biggs {BIO 17414705 <GO>}

So, it's in the first part and Greg you kind of just for a second (multiple speakers).

Q - Greg Melich {BIO 1507344 <GO>}

Of all the consumer changes and habit over the last 12 months, which -- what do you think are going to be the stickiest?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah, I mean eCommerce accelerated certainly during the pandemic. That trend was already happening prior to the pandemic, it probably accelerated a little bit certainly during the pandemic. Does that line continue, that trend, I don't know, but that -- people being more comfortable shopping online, that changed. I think online grocery is a trend that will continue. I think people learned to love that online grocery service and we're right in the perfect place to serve that customer. So again, the good thing or the reason I feel so positive is, whatever sticks out of the pandemic, from a customer standpoint, there is not a place we don't -- not only don't have an answer, we thrive and that's why I feel so confident.

Q - Greg Melich {BIO 1507344 <GO>}

So the shifts are.

A - Brett Biggs {BIO 17414705 <GO>}

They play in our hands kind of either way. No matter what trend takes hold, we're kind of there for it.

Q - Greg Melich {BIO 1507344 <GO>}

Got it. And maybe as a follow-up to that. I remember at the summit a couple of years ago, you had mentioned like one thing, your click and collect, was really driving the business at that point, on the eCommerce side and if that was something that you could do, that you're -- that Amazon couldn't, is there -- is that still your one thing that you can do that they can't, would you still say that, so those are our new part that's come out of the pandemic where you have an edge that they just can't get to?

A - Brett Biggs {BIO 17414705 <GO>}

Yeah, I mean there's nothing that over time a competitor can't go do, they can. So, I'm not sure, there are places we have advantages, that's for certain. I think the customer interactions, the personal interactions with customers, I think that the culture of the Company in how we're able to personally interact with customers, that's really different. Online grocery helps with that, grocery delivery helps with that and grocery being something that people interact with every day, all of us see it every day. We do have an advantage there and we want to continue to grow that advantage, but it is a big advantage for us. Look, we have great competitors in the grocery space and they'll continue to get more aggressive. I have no doubt. But I feel, so will we.

Q - Greg Melich {BIO 1507344 <GO>}

That's exciting. So, Brett, I really appreciate your time. We got through a lot in a little over half hour.

A - Brett Biggs {BIO 17414705 <GO>}

That's great.

Q - Greg Melich {BIO 1507344 <GO>}

And, I look forward to doing this again, hopefully live.

A - Brett Biggs {BIO 17414705 <GO>}

Yes, definitely.

Q - Greg Melich {BIO 1507344 <GO>}

Alright. Thanks, Brett.

A - Brett Biggs {BIO 17414705 <GO>}

Good to see you, Greg. Take care.