

Walmart 



Retail disruption and engaging the customer in the new normal

- How retail continues to change and how we have adapted to serve our customers
- What changes have we made to support customers experience
- Understanding the NEW customer demands and how we are engaging



What Just Happened???

ONE PER
CUSTOMER
PLEASE

Trip and category behavior in online grocery

- Overall B&M retail has saw larger baskets and fewer trips being made to stores and the types of trips, the engagement across retailers, and the categories purchased are all evolving.
- Online grocery impacts a shopper's behavior and relationship with a retailer beyond just what happens in the online space. As a result, we have been building solutions that leverage a broader set of tools.

The shift to online grocery has accelerated



68%

of people have
bought groceries
online since
March 2020.



43%

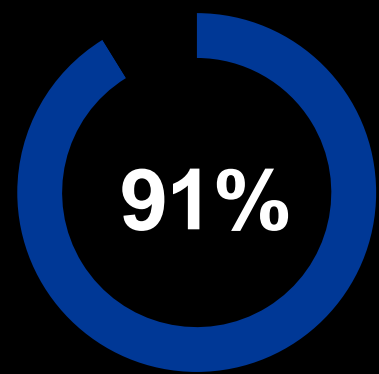
are doing so
2 or more times
a month.



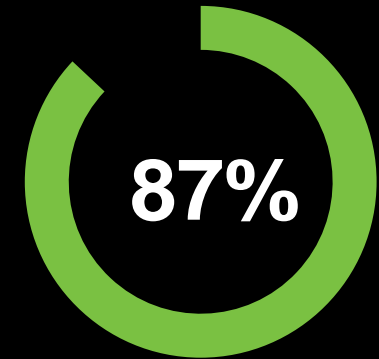
81%

say they'll continue
to order groceries
online after the
pandemic.

**Online grocery shopping
significantly changes grocery
shopping behavior beyond just
online behavior**



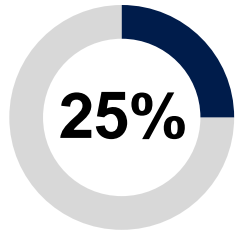
Changed **HOW** shop



Changed **WHERE** shop

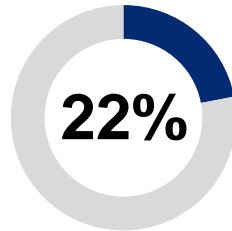
Online grocery shopping impacts shopping outside of grocery and in-store shopping

OVERALL SHOPPING



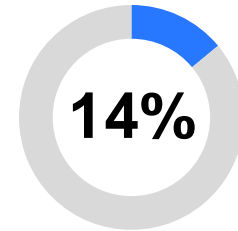
I am doing more of my overall shopping online (not just my grocery shopping) since I started buying groceries online.

CATEGORY ROUTINES



I have set up specific items that I buy online and others that I buy in stores.

IN-STORE EXPECTATIONS



I am less patient now when I am shopping in a store.

Barriers to basket in fresh categories tie back to distrust in a blind process.

Online grocery shoppers are hesitant to purchase from fresh categories because of the uncertainties and risks of purchasing sight unseen.



What continues to be the barriers for customers even during COVID



Produce

Previous disappointment may be a barrier for produce:

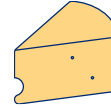
- “I have purchased in the past and DID NOT receive a quality product.”
- “I have had certain fruits delivered and there has been a higher percentage of them that have gone bad or been overripe by the time they were delivered.”



Fresh meat

Elevated risk (e.g., higher prices) and the need to visualize options appear to be an obstacle for online meat purchases:

- “Different people have different ideas of what a good choice is when buying fresh meat. I don’t like to take a risk and would rather pick it myself.”



Deli meat/cheese/salads

A highly customizable category, shoppers want to see deli products before they buy:

- “I would prefer to eyeball this type of product myself. Not everyone has the same standards.”
- “I get these items from deli where I can see the first slice.”



Fresh prepared foods

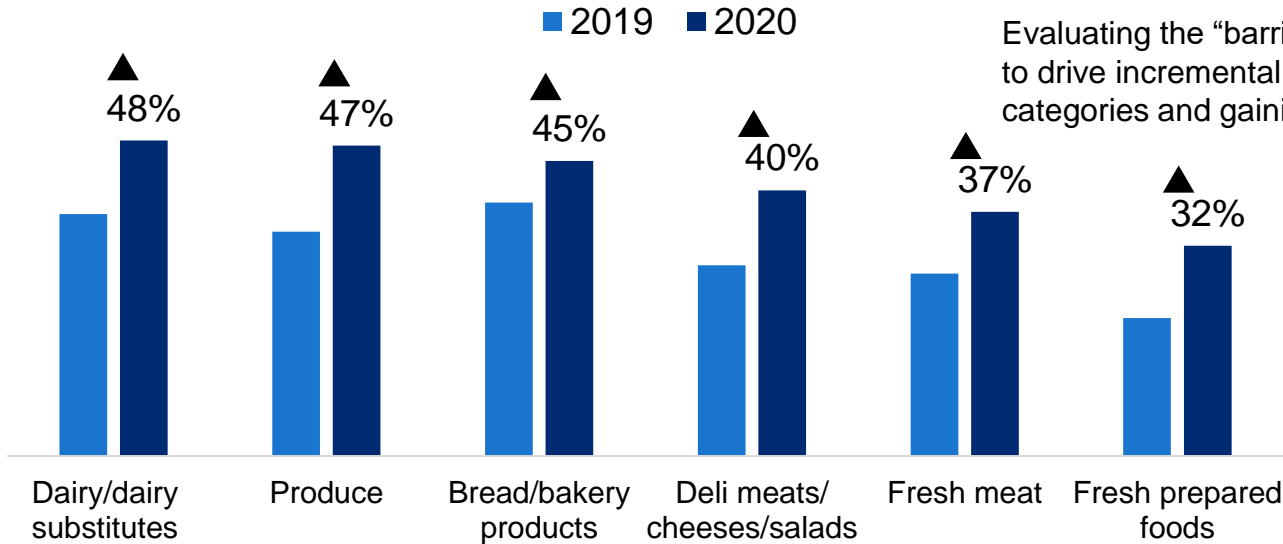
Shoppers want to view options before committing to purchase:

- “I want to see how fresh the items look and select for myself.”
- “I prefer to select items that I find appealing.”

However, online grocery shoppers are shopping a wider variety of categories

As shoppers have become more accustomed to making grocery purchases online, they have become increasingly prone to shopping perimeter categories, such as produce and fresh meat, that have historically been less likely to make it into online carts.

Evaluating the “barriers to basket” reveals opportunities to drive incremental online penetration for key fresh categories and gaining more trust.



Encouraging more frequent, stickier shopping routines in an ever growing market

Expect the online grocery landscape to continue to grow and evolve as major players make big moves in this space to increase loyalty and share of wallet:

- **Walmart Canada:** Continued access growth in both Pickup & Home Delivery, while driving improvements in the overall experience
- **Walmart US:** Introducing the Walmart+ paid membership program, offering unlimited free delivery from stores, encouraging purchase frequency and greater loyalty
- **Amazon:** Moving offline with Amazon Fresh grocery stores in US, what will come to Canada. They are striving to drive grocery credibility and play a more consistent role in shoppers' grocery routines
- **Sobey's:** Partnership with Ocado in GTA % Montreal rolling out fresh grocery delivery and trying to enter Pickup services in other cities across Canada



One example by Walmart to drive loyalty & stickiness

Apply now
and reward
yourself
faster!



- Faster way to accumulate Reward Dollars
- It enables Walmart Ecommerce customers to earn 3% Rewards dollars instead of 1.25% as compared to the regular Rewards Card
- Increase customer loyalty by acting as a proxy for a loyalty program (such as PC Optimum)
- Increase Walmart MasterCard acquisition
- Walmart rewards World Master Card that provides opportunity to more than double reward dollars
- Increase in average basket size by 5%

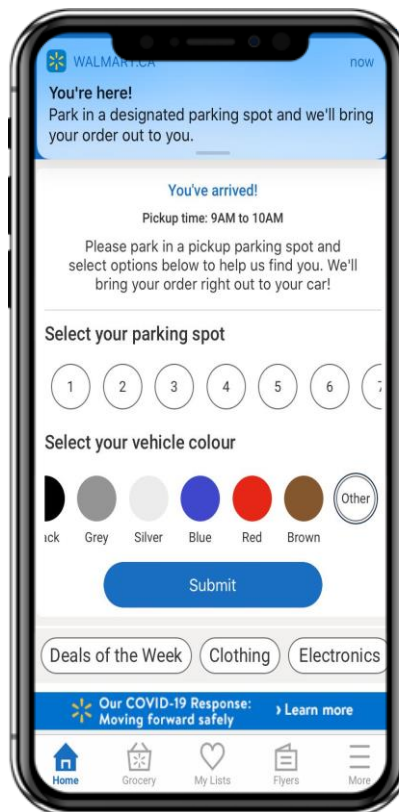
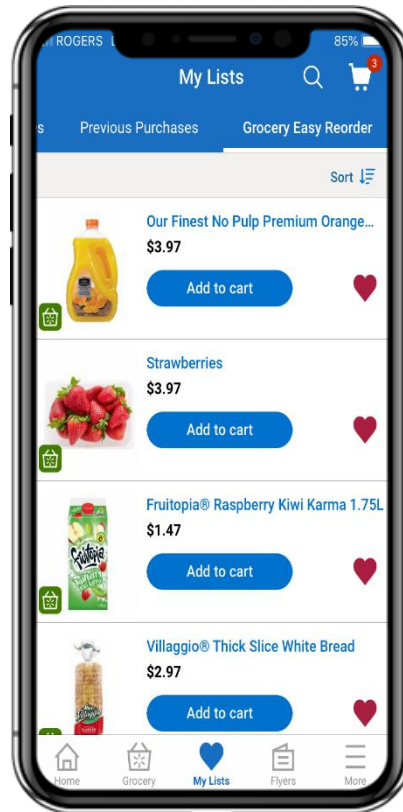
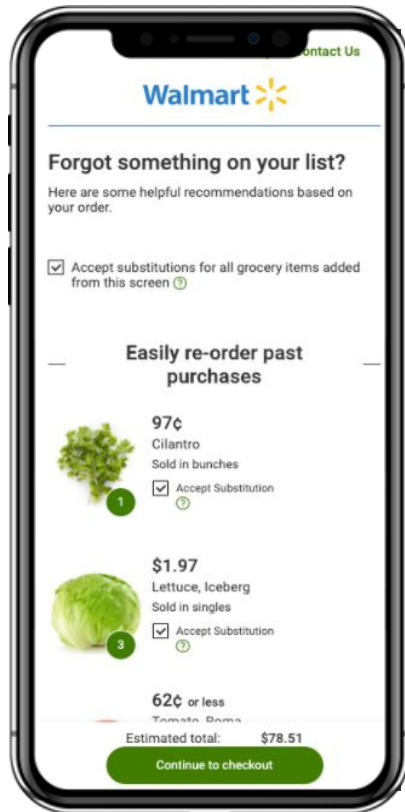
How are Walmart stores changing to reflect the online shift of customers?

Omnichannel Investment



Date: October 30, 2020

Mobile first by continued simplification for our online customer



Where do we go next?

