



our CUSTOMER



MULTICHANNEL EXPERIENCE

CENTERS OF EXCELLENCE

PERISHABLES

GENERAL MERCHANDISE

OUR BRANDS

FINANCIAL SERVICES

SATISFACTION AND PROTECTION

IN 2016 WE IMPROVED OUR CUSTOMERS' SHOPPING EXPERIENCE, ENABLING THEM TO BUY THE PRODUCTS OF THEIR CHOICE IN AN EASIER AND MORE COMFORTABLE WAY. WE STRENGTHENED THE TOOLS THAT ALLOW US TO BETTER UNDERSTAND THEIR SHOPPING HABITS AND BUYING NEEDS; WE ENHANCED OUR VALUE OFFERING IN KEY AREAS; WE BROADENED OUR AVAILABILITY OF OUR BRANDS; AND WE EXTENDED OUR FINANCIAL SERVICES PORTFOLIO, THUS GIVING THEM THE FREEDOM TO SHOP IN OUR STORES -EITHER PHYSICAL OR DIGITAL- SO THE EXPERIENCE CAN BE QUICKER, SIMPLER AND SAFER.

WE EXTENDED

OUR IN-STORE AND ONLINE
PRODUCT CATALOG

WE BEGAN

ROLLING OUT THE CONCEPT OF CENTERS
OF EXCELLENCE TO OUR SELF-SERVICE UNITS

WE REINFORCED

OUR VALUE OFFERING
IN KEY AREAS



multichannel **EXPERIENCE**

WE RENOVATED

OUR INTERNET SITES

WE REINFORCED

OUR PRICE PROGRAMS IN
BODEGA AURRERA

OUR MARKET SHARE

IN CENTRAL AMERICA
HAS GROWN

Our customers' buying needs evolve constantly and therefore we have worked to provide a value proposition in each of our business formats that is aimed at meeting their expectations regarding price, assortment, and quality, with an ever wider range of availability in our stores and/or online portals.



AT SUPERCENTER OUR EFFORTS ARE CENTERED ON HAVING THE BEST AND MOST COMPLETE ASSORTMENT IN THE MAJORITY OF OUR CATEGORIES, THEREBY DRIVING OUR VALUE PROPOSITION IN PERISHABLES, GENERAL MERCHANDISE, AND OUR BRANDS.

This year we increased the coverage we have for the home delivery of grocery products throughout Mexico, doubling the number of deliveries made. Our portal -walmart.com.mx- underwent changes that make it easier for our customers to access Grocery and General Merchandise products. Our in-store eCommerce kiosks have also evolved, with modules now found on the sales floor so as to better serve our customers and make them more comfortable to use. Moreover, we have begun offering free wireless internet service in some stores as a supplementary way of providing the opportunity to explore additional buying options within our internet portal. Signage in our stores has been adjusted to better communicate our extended online catalog, giving our customers the choice of using the channel of their preference for their shopping needs.

Superama now has a reinforced offering for Perishables. An example of this is the Experts in Fresh program, through which we provide training for our associates so they can be even more informed regarding this division and provide better service to our customers. We launched two new campaigns, Grill Masters and NFL, focused on relevant shopping occasions. The results have been quite favorable. We have underscored our commitment to customer service with our field associates

through the Clean, Fast, Friendly and Safe campaign, whose goal is to enhance the shopping experience. Betting on our online offerings, we have focused on renewing our mobile app, making it more dynamic and user-friendly. In parallel, we initiated our Click & Pick service. With this, our customers can buy their products through different digital channels, with the option of picking up their orders directly at the store.

This year Sam's Club celebrated its XXV anniversary. We continue to offer greater differentiation in all the divisions of the business, with greater emphasis placed on Perishables. We work hand-in-hand with our strategic partners to have new items, packaging fit for a membership warehouse club, imported products, quality brands, and exclusive items, all with the purpose of adding value to each membership. This past year was the beginning of our item segmentation and regionalization strategy, which focuses on providing the best variety according to the income level and geographic location of our members.



Similar to that implemented in Supercenter, this year we began offering wireless internet in some clubs so our members can consult the extended product catalog offered online at sams.com.mx. Having achieved the highest growth rate of the last five years regarding our customer base is a reflection of all these efforts, driven by the highest membership renewal rate ever.

True to our value proposition for Bodega Aurrera, we strengthened our price programs: *Morralla*, Anniversary, and Bodega Prices. We have also worked on initiatives to improve our offering of Perishables, together with raising operation standards in our stores through our Centers of Excellence program. On the other hand, we relaunched our communication strategy and our iconic figure of *Mamá*

Lucha through a digital platform in social media, focused on increasing the interaction of the brand with our customers.

Our formats in Central America posted solid performance, translating into increased sales and greater market share in all divisions throughout the region. We conduct on-going monitoring of our key divisions so as to continue offering the best prices and assortment. The Global Promo program was launched in 2016, thus allowing us to sell products from different categories combined with lower prices, which in turn generated a favorable response from our customers, especially regarding our supermarket formats. We also improved the product catalog in our discount stores, resulting in a more competitive value offering and increased traffic from the target demographic segment.



centers of **EXCELLENCE**

OUR ORDERLINESS

AND CLEANLINESS IN STORES HAS
UNDERGONE IMPROVEMENT

WE STRENGTHENED

OUR OFFERING IN PERISHABLES

OUR CUSTOMERS

RATE US IN SPEED
AND SERVICE

Based on the positive results achieved by Sam's Club during previous years, during this past year we decided to expand the Centers of Excellence program to our self-service formats. Through this initiative we established higher service and operation standards in our stores, with the goal of exceeding our customers' expectations and adapting quicker and easier to their needs.





SPECIAL ATTENTION WAS PAID TO IMPROVING THE NEATNESS AND
CLEANLINESS OF OUR STORES, AS WELL AS REINFORCING THE VALUE
OFFERING IN PERISHABLES.

The adjacencies of our categories also underwent changes in keeping with the shopping habits of our customers, making it easier and simpler for them to find everything they need.

A key element in our Centers of Excellence is the Customer and Member Experience Index, a tool enabling us to have much better information on their shopping experience. Through a questionnaire, they have the possibility of grading the speed

and friendliness in the service provided by our associates, in addition to scoring our stores' cleanliness and safety. The data gathered allows us to better understand their shopping needs and, in response, decide on the right actions that meet their expectations.



PERISHABLES

WE REDESIGNED

OUR PRODUCE DISPLAYS
IN BODEGA AURRERA

WE ADDED

MORE AND NEWER ORGANIC PRODUCTS
IN SUPERCENTER

WE LAUNCHED

THE EXPERTS IN FRESH
PROGRAM IN SUPERAMA

This year we established resources and efforts meant to drive our value proposition in the Perishables division, making improvements in freshness, assortment, price, and presentation with the purpose of generating customer loyalty and enhancing their shopping experience.





WE PUT EFFICIENCY INITIATIVES INTO PLACE IN OUR MEAT PLANT, WHICH IN TURN RESULTED IN PRODUCT QUALITY AND SUPPLY IMPROVEMENTS IN OUR SELF-SERVICE UNITS AND CLUBS THROUGHOUT THE CENTRAL REGION OF MEXICO.

Among the changes conducted in Bodega Aurrera are the redesign of product displays for Produce and the launching of a new range of Bakery products, all with favorable results.

At the same time, the catalog for Supercenter was adapted with the addition of new categories that meet the current needs of our customers, such as organic and healthy products.

Our program Experts in Fresh was launched for the first time with Superama, whereby the Department Managers for Perishables attend sensory training courses to hone their abilities as experts for their division; in this manner they are better equipped to assist our customers throughout the shopping process.



general

MERCHANDISE

MORE UNITS

NOW OFFER
SHIP FROM STORE SERVICE

THERE ARE

MORE HOME SECURITY ITEMS AVAILABLE
IN SUPERCENTER

WE LAUNCHED

THE NFL AND GRILL MASTERS
CAMPAIGNS IN SUPERAMA

We continuously work to consistently offer our customers a wide and competitive assortment of General Merchandise, in line with their needs and current preferences. Throughout 2016 we made considerable progress within the Electronics and Seasonal items divisions, ensuring that our products are always found, at the best possible prices and in all available channels.





WE CURRENTLY HAVE OVER 150 SUPERCENTERS THAT OFFER DELIVERY SERVICE FOR GENERAL MERCHANDISE, THROUGH WHICH THE CUSTOMERS CAN PICK UP PRODUCTS PURCHASED AT WALMART.COM.MX.

We have equipped more units with the Ship from Store service, through which we send products direct from our units in Mexico, thereby reducing delivery times, shipment costs and storage needs. In keeping with our value proposition, this year we added new categories to our catalog, including home security items such as wireless cameras and movement sensors.

Superama continues improving what we offer in Seasonal merchandise, bringing the hottest licenses of the moment. The campaign we launched –Grill Masters- offers solutions and promotes products such as different beef cuts, sausages and hot dogs, and grills for customers seeking an optimum barbecue experience. We also launched the NFL campaign this year, starting with a display of exclusive products at the start of the season and ending on Superbowl Sunday, with an event devoted to our customers in which the game is broadcast and special products and recipes available in Superama are offered.



our

BRANDS

COVERAGE

AND IN-STORE PROMOTION HAS
INCREASED

WE ENFORCE

STRICT QUALITY PROCESSES
AND CONTROLS

PERFORMANCE

IS MONITORED THROUGH MARKET
RESEARCH AND SENSORY PANELS

As part of our mission of helping our customers save money and live better, in 2016 we offered a greater assortment of Our Brands, thus providing access to additional options at low prices without sacrificing quality, available both in our self-service stores and our clubs.





THIS YEAR WE CONCENTRATED OUR EFFORTS ON EXTENDING OUR COVERAGE AND PROMOTING OUR BRANDS, GIVING THEM GREATER PRESENCE WITHIN OUR PRODUCT CATALOGS TO POSITION THEM IN THE MINDS OF OUR CUSTOMERS AS A SHOPPING ALTERNATIVE WITH QUALITY AND LOW PRICES ASSURED.

Our Brands undergo strict quality processes and controls with the highest of standards in all development and maintenance phases. All the products on our shelves go through quality monitoring programs with analysis

performed by third-party laboratories, market research, and sensory panels with consumers, so as to offer products that satisfy our customers.



financial **SERVICES**

OUR CREDIT

PROGRAMS HAVE BEEN RELAUNCHED
FOR SAM'S CLUB

REMITTANCE PAYMENTS

NOW AVAILABLE IN SUPERCENTER

WE DOUBLED

THE NUMBER OF SERVICES THAT CAN NOW
BE PAID IN OUR STORES

This year our customers were able to increase their shopping capacity in our stores through new credit solutions and service payments developed with the purpose of becoming the preferred destination for buying what they need.





CREDIBODEGA WAS LAUNCHED IN BODEGA AURRERA, THEREBY PROVIDING ACCESS TO ELECTRONIC GOODS OR HOUSEHOLD APPLIANCES TO INCREASINGLY MORE MEXICAN FAMILIES IN A SIMPLER MANNER AND WITH COMPETITIVE FINANCING.

On the other hand, thanks to our commercial alliances we have been able to relaunch our credit programs to our Sam's Club members, offering them exclusive benefits and plans in keeping with their type of membership.

In parallel, by the end of the year we were able to operate remittance payments from Supercenter units in the United States to their counterparts in Mexico, offering important

advantages to our customers. These include the convenience of operating schedules, location, security, and full availability of funds. In addition, we duplicated the number of services that can now be paid in our stores, thus improving the shopping experience during each visit to our units.



satisfaction and

PROTECTION

G4-PR5

WE OPERATE

A MULTICHANNEL CONTACT CENTER
FOR OUR CUSTOMERS

WE RESPONDED

TO 100% OF ALL CLAIMS RECEIVED
AT OUR CALL CENTER

WE GUARANTEE

THE SECURITY OF ALL
CUSTOMER DATA

Our social media have played a strategic role, as it allows us to hear and respond directly to our customers and members. We have therefore been able to greatly increase the level of interaction, building relationships based on reinforced loyalty and commitment.



OUR CUSTOMERS EXPECT A PLEASANT SHOPPING EXPERIENCE WITH THE BEST POSSIBLE RANGE OF PRODUCTS, AT THE BEST POSSIBLE PRICES, AND IN A CONVENIENT LOCATION. CONSEQUENTLY, THIS YEAR WE IMPLEMENTED THE CUSTOMER EXPERIENCE INDEX (IEC, PER ITS ACRONYM IN SPANISH) IN EACH OF OUR FORMATS AND THE MEMBER EXPERIENCE INDEX IN OUR CLUBS (IES, PER ITS ACRONYM IN SPANISH).

We monitored their shopping experiences in all our units, which included verifying their satisfaction with our assortments, freshness, product availability, prices, cleanliness, service provided by our associates, among other factors. These scores help us to improve our decision-making processes in our Centers of Excellence, ensuring optimum operation in keeping with customer needs; in 2017, we will establish objectives that are included in the performance evaluations of our store managers.

In addition, we have included the multichannel Contact Center on our Corporate website, available 24/7, and which consists of the Telephone Service Centers (CAT, Per ITS Acronym in spanish) that are tailor-made for each business format. They include the option of scheduled calls according to the time selected by the customer, email contact, and online chats. Moreover, our eCommerce sites have a 01 800 number, email, and chat possibilities to serve orders made.

In 2016, through the CATs we served more than 600,000 calls per month, responding to 100% of claims made and of which 66% were handled within a maximum period of 48 hours. In Central America, we served over 310,000 calls from customers

Our respect for the privacy of our customers' data is a top priority. We have policies and procedures to ensure that all personal data, regardless of how and when received, is managed with the utmost sensitivity, security, and in keeping with all applicable laws, regulations and standards. With this in mind, we have areas devoted to Consumer Protection and Privacy, which report to the Vice President of Ethics and Compliance. Said areas are in charge of writing and implementing said policies and procedures. Likewise, every area of the Company has a Privacy Ambassador in charge of defining the necessary action plans. As a consequence, we received no claims on privacy violation matters and/or the improper release of customer data in 2016. **G4-PR5, PR8**