



# EXPANDING ON DEMAND STRATEGY

Our operation continues evolving with innovation in all parts of our business. This ongoing transformation process has helped to maintain leadership in the market, in addition to successfully responding to the challenges posed by digital acceleration.

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This year we strengthened our strategy, working on four fronts:



## 1. DEVELOPING ACTIONS TO ENHANCE CUSTOMER EXPERIENCE:

We have conducted initiatives that have enabled us to deliver merchandise more efficiently in the least amount of time possible.

### CROWDSOURCING

We are aware that customer seek quick delivery service and they value this new service, especially in high-density urban areas. This third-party delivery service complements the existing model and allows for product delivery in less than 90 minutes. It is operating in more than 177 stores of all our formats, and for Sam's club as well, where we conducted a pilot program in 12 clubs. At Walmart Express we are piloting delivery in even shorter delivery times to meet the needs of our customers and so they may have a quicker and more convenient shopping experience.

More than 10% of the On Demand orders of Walmart and Walmart Express were fulfilled by this model.



### FRESH PICKER PROGRAM

We also started up our Field Picker Program at 160 stores, to train our associates and provide them with the tools needed to better select fresh products. We have seen an increase of 50 basis points in shopping frequency as a result of this program.



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## 2. ADDING THOUSANDS OF PRODUCTS TO OUR CATALOGUE, AT BETTER PRICES AND WITH SAME-DAY DELIVERY

One of the greatest strengths of On Demand is to be able to deliver fresh products in just a matter of hours, maintaining freshness and quality.

An omnichannel network was created through synergies with various processes that were put to work jointly. This begins with the customer making an order, being able to now meet their delivery expectations.

### ADAPTING AND ENABLING NEW INFRASTRUCTURE

Our infrastructure has undergone adaptations to make the job of pickers easier -associates in charge of gathering the products ordered by customers- and we reassigned spaces originally set aside for storage in the back areas of our stores. This model is currently found in 77 stores and it makes filling orders a quicker process, without interfering with the shopping experience of customers found in the stores; the ordering and sale capacity by squared feet, is extended with agility.



#### Benefits

The capacity to **fulfill 20 times more orders than a store**

**Grouping orders 15% quicker**, thus reducing delivery times

Support for the flow of orders and deliveries is accomplished by two hubs we set up this year. They consist of conditioning spaces with the infrastructure needed to perform activities related to our eCommerce services. The location of these two initial hubs was chosen in terms of areas with the highest saturation in Mexico City: The Taxqueña neighborhood in the southern part of the city; and Girasoles, a neighborhood to the east.

These initiatives have been accompanied by program and process designs that allow us to be more efficient in last-mile delivery times, combining routes, vehicles with greater load capacity, and vehicles for specific loads.



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### 3. BROADENING CAPABILITIES TO OFFER SERVICE TO MORE MEXICAN HOUSEHOLDS

The benefits derived from our brick-and-mortar stores and everything relative to them are used to increase the potential of On Demand strategies, improving the value proposition for our customers and members. We therefore continue creating capacity and gaining shopping frequency with this strategy.



## Our store infrastructure is constantly evolving so our stores may become omnichannel

We adjust and innovate our stores and clubs prototypes, incorporating our regenerative approach, which means putting nature and humans at the heart of all our business practices. We also made changes in the distribution of spaces and blueprints to strengthen our omnichannel capabilities and thus help building a true ecosystem of choice for our clients.



The latest concepts have been added to remodeled stores so that these remodels have the same operational capacity and value proposition as any new omnichannel store.



**On Demand service has been activate in over 760 stores** throughout 120 cities, thus covering almost 70% of our big-box formats.



By leveraging our assets, we offer this large scale service for the greater convenience to our customers: **almost 95% of On Demand orders are delivered in less than 24 hours.**



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In all our formats, we accelerated our stores transformation



245

units have been enabled this year with omnichannel capabilities

### BODEGA CASE

Bodega's On Demand strategy is an ambitious and pioneering initiative, and its success has become **a case study for the Harvard Business School**. This publication is an acknowledgment to the effort, strategy, and resources invested and, as a whole, has enabled online commerce to reach the lower income population segments.

**+90%**  
of Walmart Supercenter have On Demand service

**+95%**  
of Walmart Express have On Demand service

Some 150 Walmart and Walmart Express stores have On Demand home delivery service in the most densely populated areas of the principal cities throughout the country.

To make life easier for Bodega customers who do not have a car, **there are 220 Bodega stores with Despensa a tu Casa service**. In this way, Bodega customers now have the opportunity to purchase any product, including large-volume items. As a result, the average ticket with Despensa a tu Casa is considerably larger than the average ticket in stores, and the NPS is higher than the average for On Demand.

**Omnichannel continues growing strong at Sam's.** During our Member Fest event, **online sales had great penetration** and contributed extensively to growth. **A full 100% of our Sam's clubs offer the On Demand service.**



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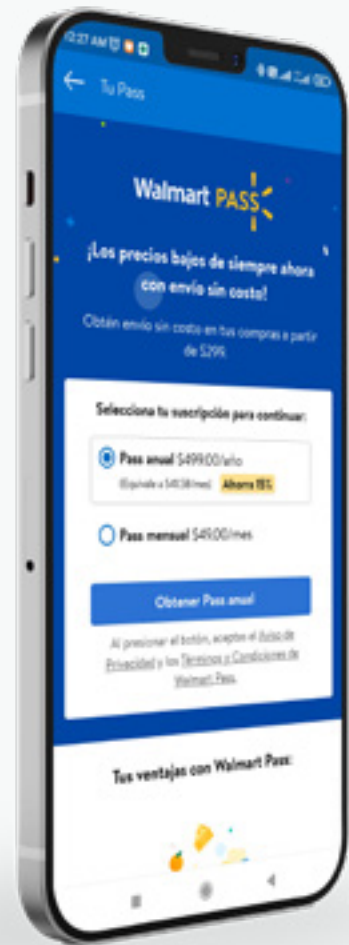
### 4. WALMART PASS

Based on our purpose of helping our customers save money and time, this year we launched Walmart Pass, a subscription model where On Demand customers can get unlimited same-day home deliveries.

Unlimited Walmart Pass deliveries are for all online store departments, ranging from pantry items, dairy, fresh, bakery and tortillas, frozen, to household items, apparel, footwear and pharmacy products.

The current amount charged per delivery is 39 pesos. Through Walmart Pass, paying a monthly fee of 49 pesos, or an annual fee of 499 pesos, customers may receive unlimited home deliveries.

For greater customer convenience, we reduced the minimum purchase of 499 pesos to 299 pesos.



Our customers recognize the convenience of having this service, as is reflected in the good results achieved this year. The average ticket for Walmart Pass customers had double digit growth, as compared to those who are not program members; the average shopping frequency is also two times greater than non-members.

The positive reaction that Walmart Pass has produced is witnessed with the increase in subscriptions, and also in customer satisfaction levels for those who joined the program. We are on the right path, but we have a lot to do. We will continue to improve our service levels and to make life easier for our customers.



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