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# WALMART 5260

**A LOOK AT THE INAUGURAL  
RETAIL EVENT**



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The Walmart event 5260, named after its 5-10 flagship store in Bentonville, Arkansas kicked off on May 29th with opening remarks by Walmart Media Group's VP and General Manager, Stephanie Jay. Jay emphasized Walmart's focus on the customer journey acknowledging the massive 'customer shift' between digital and physical channels. She, along with other top Walmart executives, took to the stage to highlight the behind the scenes work of the Walmart Media Group (WMG) to not only adapt to this shift, but its ambition to lead the future customer journey and the opportunities this presents for brands.

## Two Key Themes: Putting Customers & Partners at the Forefront

The battle between Walmart and Amazon continues as Walmart pushed its message hard to agencies and its suppliers that they mean business. As the current largest retailer in the US at \$86B in 2018 (4,700 stores nationwide, 100M site visits a month and an average of 160M instore customer visits per week), Walmart believes its scale and measurability positions them to deliver an unparalleled full-service customer solution for advertisers. And they certainly seem to be on a path towards doing so.

It was evident during the 3 -day event, that Walmart seeks not to be the biggest advertiser, but the best. This vision will be delivered through two core pillars:

**Advertising that customers love and Partnerships that brands love.**

In a move to combat Amazon's customer-first positioning, Walmart pushed its partnership messaging with both agencies and their suppliers, emphasizing its openness to share as much data as its partners are willing to bring product insight to the table to reach consumers in the right way. The second was an emphasis on Walmart's ability to be a bridge between instore and online activity – an advantage over Amazon. With 95% US HH penetration, its willingness to harness its full view of the consumer to meet them where they are with high-quality content, was quite compelling.

What will become key is WMG's ability to drive innovation and disruption across the omni-channel experience. In their own words, they must continue "to swim upstream", already a core part of their culture.

### Advertising that Customers Love

As its first pitch to advertisers, WMG came out strong with end-to-end internal alignment from marketing to sales to fulfilment, all centered around the customer. Its most valuable data asset is past purchases, which they still believe is the best predictor of future purchase behavior. As such, the group is committed to building deeper predictive models that deliver more meaningful advertising as a complement to the customer journey. They recognize that bridging the gap from brand to consumer is a mutual win and the excitement to deliver the right messaging to the right consumer was palpable.

A testament to this focus is last year's website redesign, which offered many new ad formats while transitioning standardized IAB units to more meaningful native experiences for brands. Partly inspired by Instagram, this shift is already an example of their effective native advertising platform powered by WGM's consumer data.

However, recognizing a need to go further than native IAB units, WMG went on to share its sincere belief that "Ads are Content" and therefore should be created as such. WMG spoke to its willingness to tap into its vast trove of data to deliver real consumer insights to elevate the power of brand content. Furthermore, with 90% of the population living within a 10 mile radius of a Walmart and over 4500 page views per minute, they are uniquely capable of telling a fully branded story across all of its touchpoints, than that of any other competitors in the space.

### Partnerships that Brands Love

The second pillar WMG focused on was Partnership. This term, used many ways throughout the day, became a theme that ran through the fabric of the overall event from the setup of the event location to the community spaces for networking to the candor with which data and facts were shared. It's clear that WMG believes that trust through partnership can be a differentiating factor not only for the retailer, but for brands selling through the retailer.

A series of key executives spoke about the elevated role of advertising in connecting more deeply to merchandising, marketing and most of all, the customer experience. Enter Steve Bratspies, Chief Merchandising Officer, to build on this story as he walked the room through the Walmart productivity loop that has been the centerpiece of their growth for over 52 years. This belief that "operating for less, buying for less and selling for less equals growth" has been a key driver in keeping Walmart ahead of its competition. Bratspies briefed the audience on its Computer Vision technology, highlighting the future use cases of AI in creating smart stores capable of sharing in-store product interactions directly with brands to help in delivering the most value to its shared customers. Currently, its first prototype store sits in Long Island and is aptly referred to as the 'Intelligent Retail Lab' or, affectionately, "In Real Life".

Throughout all the Partnership presentations, Sam Walton played a major role with his founding values driving the narrative on his desire for Walmart to *Swim Upstream*. This reference serves as a key driver for Walmart to continue to evolve, listen, innovate and disrupt the traditional way of doing things. Its current disruption plans -- transform the customer journey from a physical and digital experience to a seamless omnichannel one.

## What Comes Next

For Walmart, its advantage lies in its ability to use retail locations as fulfillment centers, enabling both scale and accessibility (90% of the US lives within 10 miles of a Walmart store). This power has been brought to life through its burgeoning Online Grocery Pickup business which is now available to 40% of the US population and was rolled out to an additional 2300 stores in 2018.

It was Janey Whiteside, Chief Customer Officer, who addressed attendees to discuss how Walmart is preparing for its future as it adapts to the changes in “how” customers shop. Addressing the value of data in identifying friction within customer touchpoints, she highlighted Walmart’s vast data set – one that is virtually identical to the US population. With an emphasis on customer privacy, WMG has set a goal of data-driven transformation working in conjunction with its ‘Every Day Low Price’ proposition to deliver an overall experience that drives both sales and share of wallet.

Chief Product Officer, Jeff Clark took this topic head on as he shared ways in which Walmart’s product team is aligning solutions to meet the evolving demands of customers. The two fundamental points of value that Walmart anticipates will “raise the bar” are its next day delivery and free online grocery pickup – both of which offer ample data collection opportunities for the retailer and brands.

## So What Does This All Mean

The Walmart event not only framed the retailer’s journey to success for brands and its agencies, but offered insight into how it’s plotting a course for the future. These definite moves and offers from the world’s largest retailer present new opportunities for Wavemaker clients to test and learn in the face of increased competition on shelf. The key benefits include:

- **Better ad formats** allowing for more diverse media presence, real estate for brand equity and data points to learn and optimize against
- The growth and acceleration of **One-Day Shipping** and **Free Online Grocery Pickup** to support digital growth and allow for testing new ad formats and audience segments aligned with business objectives
- Elevated **Content Offering** that allows for more meaningful experiences both on and off Walmart’s domain. And with the introduction of audience extension through Walmart’s DSP, more opportunities to scale against its customer data set in 2020

Additionally, as self-service platforms within the WMG ecosystem become more widely available, we will have access to backbone ID data that will allow us to better reconcile WMG’s audiences with our own and, more importantly, close the loop on both in-store and online sales to identify ways to promote incremental sales volume. Walmart’s 5260 event not only set the tone for their future next steps, but did so by opening its arms to its partners. It’s about time some stepped up to give Amazon a run for its money.



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