Walmart's warehouse automation is key to achieving ecommerce profitability

Article

The insight: **Walmart**'s automated warehouses are delivering vast efficiency gains, significantly lowering the cost of ecommerce fulfillment.

Zoom in: When automated, Walmart's distribution centers "see roughly twice the throughput… with half the headcount," CFO **John David Rainey** said at the Evercore ISI Consumer and Retail Conference. As a result, the retailer is on track to reach ecommerce profitability within two years.

- While just 15 of Walmart's 42 distribution centers—serving roughly 1,700 stores—are currently automated in some way, the retailer expects 55% of its fulfillment center volumes and 65% of its supercenters to be serviced by automation by the end of its fiscal 2026.
- The extra capacity generated by faster throughput is helping to grow Walmart's marketplace business by opening up more space for third-party sellers.
- That's creating demand for the retailer's fulfillment services, which over one-quarter (28%) of Walmart merchants now use.
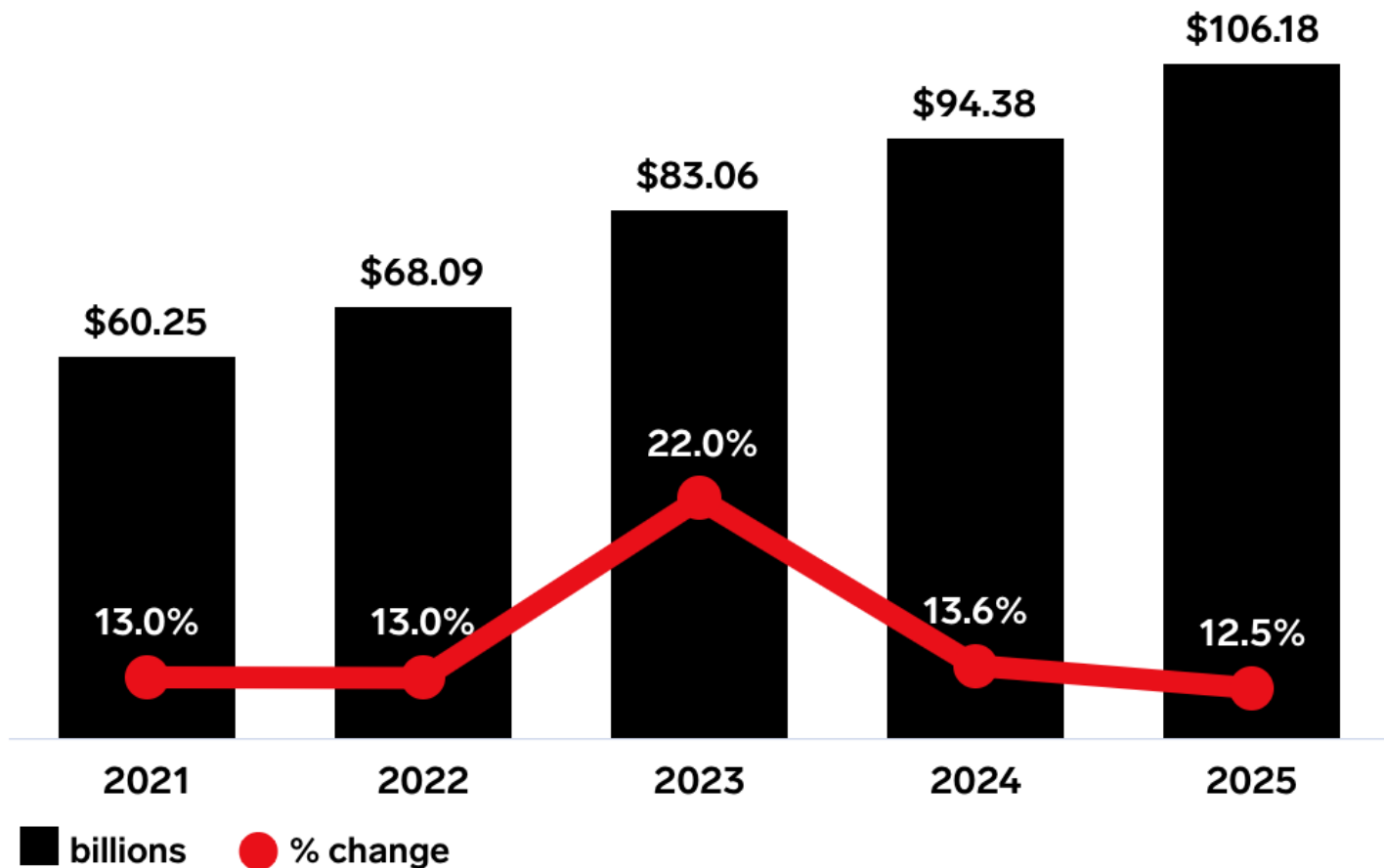
The big takeaway: Automation is key to Walmart's efforts to grow its ecommerce business, particularly as it looks to compete with **Amazon** on delivery speed without putting more pressure on its bottom line.

- Our forecast expects Walmart Inc.'s ecommerce sales to grow 13.6% this year to $94.38 billion.

Go further: Check out our report on *The Ecommerce Delivery Opportunity*.

Walmart Inc. Retail Ecommerce Sales

US, 2021-2025

Bar chart showing billions: 2021 $60.25; 2022 $68.09; 2023 $83.06; 2024 $94.38; 2025 $106.18. Line showing % change: 2021 13.0%; 2022 13.0%; 2023 22.0%; 2024 13.6%; 2025 12.5%.

■ billions   ● % change

Note: represents the gross value of products or services sold on walmart.com and samsclub.com (browser or app), regardless of the method of payment or fulfillment; includes third-party sales from its marketplace; excludes travel and event tickets
Source: EMARKETER Forecast, February 2024

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