

# Walmart gives Amazon run for its money in third quarter

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Unseating Amazon as the biggest player in e-commerce is a tall, maybe even impossible task. But Walmart is giving the online titan a run for its money.

"It won't become Amazon, but it doesn't have to," Clement Thibault, an analyst with Investing.com, wrote in a note on Thursday after Walmart reported its latest earnings. "It has to make sure it remains a viable alternative to Amazon," he added. "The pie is big enough to sustain multiple players."

Walmart, which has been challenging Amazon by adding products, partners and perks, saw online sales soar in its most recent quarter.

The nation's biggest retailer reported a 50% increase in U.S. online sales during the three month period that ended Oct. 31. The strong financial performance drove up the company's stock price by 9% to \$97.99 in early afternoon trading.

Walmart also continued to outpace many of its peers with increased revenue and traffic.

"We have momentum, and it's encouraging to see customers responding to our [store](#) and e-commerce initiatives," Doug McMillon, Walmart's president and CEO, said in a statement.

The company's moves to revamp its stores and hone its customer service

appear to be paying off as sales at U.S. stores open at least a year—a key industry measure of financial performance—rose 2.7%. Traffic, which has been dipping at many retailers as more consumers shop online, climbed 1.5%.

The retailer has been shaping up as one of the key competitors to Amazon, buying online marketplace Jet, and niche sites like menswear retailer Bonobos, to attract a more affluent, fashion-conscious shopper.

Walmart tripled to more than 70 million the number of items available on its website. Earlier this week, it announced that it will partner with upscale retailer Lord & Taylor to feature a branded shop on Walmart.com starting next spring.

In the meantime, Walmart has been making the most of its more than 4,700 U.S. stores. It offers discounts to customers who pick up purchases they've made online, and will roll out the ability to retrieve online grocery orders to an additional 1,000 locations next year.

Other moves include the launch of a speedier returns process that starts with a few clicks of the Walmart app, and ends with a designated line at a local store. And Walmart is paying some employees extra if they drop off orders on their way home, a service that may eventually expand.

Shoppers may also head to stores because some items are cheaper there than online, a difference that Walmart.com displays by putting the dueling prices side by side.

"There are lots of cases where it's just cheaper to sell products out of a store," Marc Lore, president and CEO of Walmart eCommerce U.S., said in a call with media Thursday. Showing the two prices is a way to be "transparent" he said, and that "there are different ways to get products and there are different costs associated with that."

Neil Saunders, managing director for retail consultancy GlobalData, highlighted Walmart's success with its brick-and-mortar locations at a time when more people are shopping using mobile phones and laptops.

"Although online has been a success story for Walmart, the second reason for its U.S. growth is the performance of stores," Saunders said in a note. "For a retailer of its size and scale, we believe that Walmart's ability to keep its stores growing is impressive."

Walmart's \$1 in adjusted earnings per share was three cents higher than what S&P Global analysts had expected for the company's third quarter. And total revenue reached \$123.2 billion, an increase of \$5 billion, or 4.2%, over the the third quarter of 2016.

In the pursuit of a more affluent shopper, company officials say what's key is the same-day delivery currently available at 20 stores, Jet.com's focus on urban millennials, and Walmart's growing grocery offerings.

"I still think that there is an opportunity in front of us in terms of stores," Walmart U.S. President and CEO Greg Foran said, referring to attracting higher income consumers. "That's what you're starting to see in terms of our marketing, and that is clearly one of our objectives."

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