

Best Buy - What Should the Next CEO Sequence?

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Decision scope: The incoming CEO's first two quarters of strategic execution

Case convention: This is an author-created management exercise. The transition and company announcements are historical; the assignment and alternatives are hypothetical. No private meeting, board directive, fixed investment pool, or management intention is represented.

The assignment

Jason Bonfig was scheduled to become Best Buy's CEO on November 1, succeeding Corie Barry. The company had recently described four priorities: develop as a retail, media, advertising and technology company; expand its reach; elevate the customer experience; and remain human-powered and customer-focused. It had also announced new executive roles spanning strategy and growth, revenue, retail and services, advertising and media, and fulfillment and operations. [S4-S5]

As a classroom exercise, assume Bonfig's transition team asks you to recommend the first two quarters' strategic sequence. Should the team give its lead attention to expanding Marketplace and Best Buy Ads, to strengthening the specialty retail experience and fulfillment, or to sequencing work across both with explicit review gates? Specify the first actions, what evidence the team should request, and what would cause you to change course.

This assignment is hypothetical. Best Buy has not publicly announced a choice among these alternatives or a fixed pool that requires one priority to displace another. Use public written information available by September 30, 2026. Do not assume an undisclosed initiative return or infer one from segment results.

Two connected propositions

Best Buy describes itself as a technology retailer that combines digital shopping, physical stores, services and in-home support. Its fiscal 2026 annual report says its multi-year strategy is to strengthen its omnichannel retail position while scaling new profit streams. The company's digital and store plans include personalization, digital conversion, customer experience, store-labor optimization, vendor partnerships and operational efficiency. [S1, Item 1, "Business Strategy Update"]

The same report describes two growth initiatives. Best Buy Ads has served merchandise vendors and was expected to reach more advertisers, including agencies and demand-side platforms, with investment in technology and staff. The U.S. Marketplace launched in fiscal 2026. Best Buy planned to expand the number of third-party sellers and invest in technology,

advertising and its Marketplace team. The company said it expected Marketplace to add assortment and create potential commission and advertising revenue. [S1, Item 1, “Business Strategy Update”]

Both directions were visible in recent actions. In June, Best Buy and Meta announced branded, hands-on Meta Lab experiences planned for more than 50 stores, staffed by Meta specialists. In late September, Best Buy announced Best Buy CTV with Fire TV, LG and Roku relationships, a broader creator offering and new multi-touch attribution and incrementality-testing capabilities. These releases described plans and capabilities, not measured incremental profit. [S6-S7]

A transition after a mixed quarter

The Q2 FY2027 quarter ended August 1. Best Buy reported enterprise comparable-sales growth of 4.1%, compared with 1.6% a year earlier. Domestic comparable sales rose 4.5%; comparable online sales rose 5.1%. Management said computing, home theater and newer categories such as AI glasses and trading cards were important growth drivers, while traditional gaming declined. [S2, MD&A, pp. 20-21; S3]

The company’s Domestic segment reported a gross-profit rate of 24.0%, up from 23.4%, and an adjusted operating-income rate of 4.5%, up from 4.0%. Its adjusted selling, general and administrative expense rate also increased, to 19.6% from 19.3%. Management attributed gross-profit-rate improvement primarily to growth in Marketplace and Best Buy Ads and \$34 million of IEEPA tariff refunds, partly offset by lower product margins. It attributed higher adjusted SG&A primarily to compensation and incentive pay, Marketplace and Ads costs, and advertising expense. These are segment-level management explanations: the filing does not provide separate initiative revenue, expense, or contribution. [S2, MD&A, p. 22; S3]

The Q2 comparison also requires care. Best Buy recorded a \$6 million reduction in restructuring charges in Q2 FY27, compared with \$114 million in Q2 FY26. The prior-year charges were primarily connected to labor and store optimization. The filing says lower restructuring charges and favorable gross-profit rates drove the increase in the GAAP operating-income rate. [S2, MD&A, pp. 19-20; S3]

A further \$41 million in tariff refunds arrived on September 2 and was to be recorded in Q3. It was separate from the \$34 million recorded in Q2. By the case cutoff, Best Buy said the two amounts represented substantially all refunds it had requested. [S2, MD&A, p. 18]

Exhibit 1. Domestic category mix and Q2 comparable-sales change

Revenue category	Share of Domestic revenue	Q2 comparable-sales change
Computing and mobile phones	46%	+6.8%
Consumer electronics	27%	+5.6%
Appliances	12%	+0.2%
Services	9%	+6.4%
Entertainment	6%	−6.3%

Source: Best Buy Q2 FY2027 Form 10-Q, MD&A, p. 21. Prior-year category data were recast after a presentation change. Best Buy’s Services category includes multiple activities, including advertising and Marketplace commissions, delivery, installation, memberships, repair, support and warranty-related services; it is not a stand-alone Marketplace measure. The company’s

comparable-sales definitions also include advertising revenue and Marketplace commissions. [S1, Item 1, revenue categories; S2, MD&A, pp. 17-21]

A broad store network and a broader marketplace

At August 1, Best Buy operated 926 Domestic stores and 142 International stores in Canada. The company said it continuously monitors store performance under a market-driven omnichannel strategy and reviews lease options as they approach expiration. It expected to add two Domestic Best Buy stores by the end of fiscal 2027. [S2, MD&A, p. 19]

The store proposition remained part of the company's public strategy. Bonfig described investments in specialty expertise, vendor partnerships and fulfillment speed. The June Meta Lab announcement offered one example of in-person product exploration; the September CTV release also described stores as places for brand experiences. Their incremental effect on sales, customer retention or profit was not disclosed. [S3-S5, S7]

Marketplace broadens the assortment available through Best Buy's digital storefront, while the company remains responsible for the trust customers place in that storefront. Best Buy's FY2026 10-K identified risks that third-party products might fail quality, safety or regulatory standards, harming customer trust and the brand; it also identified legal and product-liability uncertainty. [S1, Item 1A, pp. 13, 16]

A larger retailer provides context, but not a direct benchmark. Walmart's Q2 FY2027 release described Marketplace, fulfillment services, membership and advertising as strengthening its business economics; it reported global e-commerce growth of 23% and global advertising growth of 38%. Walmart's scale, mix and fulfillment network differ substantially from Best Buy's. [S8]

Exhibit 2. Selected reported results and guidance

Measure	Q2 FY27	Q2 FY26
Enterprise revenue	\$9.779bn	\$9.438bn
Enterprise comparable-sales change	+4.1%	+1.6%
Domestic comparable-sales change	+4.5%	+1.1%
Domestic comparable online-sales change	+5.1%	+5.1%
Domestic gross-profit rate	24.0%	23.4%
Domestic adjusted SG&A rate	19.6%	19.3%
Domestic adjusted operating-income rate	4.5%	4.0%

Source: Best Buy Q2 FY2027 Form 10-Q, MD&A, pp. 20-22. Revenue-category comparatives are recast. Company-reported, non-GAAP adjusted segment measures follow Best Buy's definitions. The table does not isolate Marketplace or Ads economics. [S2]

Best Buy raised its FY2027 guidance to 1.9-3.0% comparable-sales growth and a 4.4-4.5% adjusted operating-income rate. It kept capital-expenditure guidance at approximately \$750 million. These are company forecasts, not initiative-specific returns. [S3]

What should the transition team learn first?

The public record establishes strategic intent and recent operating results but leaves central questions unanswered. It does not disclose Marketplace revenue or take rate, the share of sales that is incremental rather than shifted from Best Buy's own assortment, seller acquisition and service costs, return or complaint rates, or buyer repeat behavior. Nor does it separately report Best Buy Ads revenue, advertiser renewal, net contribution, or independently validated sales lift. Best Buy's September announcement cited a Circana study, but its methods and underlying data are not in this case.

The record also does not show the incremental sales or profit from Meta Lab or other in-store experience investments. Nor does it establish how much customer-service performance depends on store labor, vendor support, product category or fulfillment choices. A higher segment margin and faster online growth do not by themselves answer these questions.

Decision memo

Recommend a first-two-quarter sequence. Identify the strategic emphasis, the first actions, and the information the executive team should collect before expanding or changing course. Address seller and advertising-partner governance, the customer experience, category differences and the interpretation limits of the Q2 results. Explain the strongest argument against your recommendation and identify observable conditions that would change it.

Any proposed tests, targets or timelines beyond the reported company plans are classroom recommendations. Do not invent budget amounts, internal forecasts, private deliberations or initiative-level returns.

Sources

S1. Best Buy Co., Inc., [FY2026 Form 10-K](#), year ended Jan. 31, 2026; filed Mar. 18, 2026. Cited item and section locators appear in the text.

S2. Best Buy Co., Inc., [Q2 FY2027 Form 10-Q](#), quarter ended Aug. 1, 2026; filed Sep. 4, 2026.

S3. Best Buy, [Q2 FY2027 results](#), Aug. 27, 2026.

S4. Best Buy, [CEO succession announcement](#), Apr. 22, 2026.

S5. Best Buy, [Executive Team updates](#), July 14, 2026.

S6. Best Buy, [Inside The Drop](#), Sep. 28, 2026. Company announcement; underlying Circana methodology is not assessed here.

S7. Best Buy, [Meta Lab @ Best Buy](#), June 8, 2026.

S8. Walmart, [Q2 FY2027 earnings release](#), Aug. 20, 2026. Used only as broad competitor context.

Only information publicly available by September 30, 2026 is included. The Aug. 27 earnings call and Sep. 28 event recording are not part of this case.