

Walmart adopts Amazon's playbook to attract and maintain Walmart+ members

Article

Walmart announced earlier this month that it's making its **GoLocal** delivery service and Store Assist local fulfillment app available to Salesforce clients, expanding its retail as a service

offerings.

“This is part of **Walmart's much broader shift**,” said our analyst Sky Canaves on our “**Behind the Numbers: Reimagining Retail**” podcast. Where Walmart was once seen as primarily a retailer, it’s pivoting into tech and services. Walmart’s business remains rooted in grocery, but through its retail as a service and Walmart+ offerings, it’s expanding that flywheel.

Walmart versus Amazon: Walmart’s US retail ecommerce dollars topped \$66 billion last year, according to our data. But that massive figure is just a fraction of Amazon’s \$402.03 billion. Walmart positioned its flywheel to rival Amazon, but can it even compete?

- “It's not a space that Amazon is really relevant in at all and Walmart is a monster,” said our analyst Blake Droesch of click-and-collect grocery.
- But grocery’s margins are slim. While Walmart can use its famous everyday great savings to attract grocery shoppers, it needs to adopt other strategies to keep them in the fold.

Which Retail Membership Services Do US Adults* Pay for?

% of respondents, by demographic, Dec 2022

	Female	Male	18-34	35-54	55-65	Total
Amazon Prime	63%	58%	59%	65%	57%	60%
Sam's Club	27%	30%	28%	27%	25%	26%
Costco Wholesale	21%	27%	21%	25%	25%	24%
Walmart+	16%	29%	43%	26%	9%	23%
DoorDash DashPass	9%	14%	19%	12%	4%	11%
Best Buy	7%	20%	21%	15%	5%	13%
Nike	8%	20%	28%	14%	1%	14%
Instacart Express	5%	10%	11%	12%	2%	8%
Shipt	3%	4%	8%	3%	1%	4%
FreshDirect DeliveryPass	2%	5%	7%	3%	0%	4%
Other	3%	1%	1%	2%	3%	2%
None	19%	14%	11%	14%	23%	16%

Note: *or any member in the household

Source: “The Insider Intelligence Ecommerce Survey” conducted by Bizrate Insights, Dec 15, 2022

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eMarketer | InsiderIntelligence.com

Loyally flushed: Walmart+ is vital for maintaining loyalty.

- As of December 2022, 23% of respondents subscribed to Walmart+, according to an Insider Intelligence and Bizrate Insights survey.
- That’s up from 11% in June 2022, fueled by rising grocery prices and deal-seeking holiday shoppers.

- A shocking 43% of people ages 18 to 34 paid for Walmart+ as of December, way up from the 19% who subscribed as of June.
- For comparison, 60% of survey respondents paid for Prime in December, down from 62% in June.

And it's not just the low prices. “[Walmart has] really been bundling a lot of services and incentives,” said Canaves, pointing to a Paramount+ partnership and cash-back loyalty program.

Playing for keeps: Growth for Walmart+ carries one major risk—seasonality. Young people who subscribed for December deals could be gone come spring.

- “The key to maintaining a high membership and not have it be seasonal is to appeal to their large in-store audience,” said Droesch, who noted Walmart is trying to do that.
- Walmart+ also costs less than an Amazon Prime membership, allowing Walmart to attract and hold onto consumers who were once loyal to Prime.
- Droesch says it all comes down to value. If Walmart+ consumers see subscription fees coming back to them in the form of discounts and cash back, they'll stay loyal. “I think that's going to be the best incentive to keep this audience around.”

What's next? Walmart will also look to creative approaches for attracting—and keeping—customers. Our analysts made a few predictions about what Walmart might be eyeing.

1. **Walmart could partner with Netflix.** The streaming giant is trying to grow its ad business and Walmart wants to grow its media offerings. The resulting alliance would be a win-win, said Droesch.
2. **Walmart may team up with TikTok.** “Walmart is doing a lot to promote livestreaming,” said Canaves. A TikTok collaboration could help both companies push US social commerce.
3. **Walmart could pick up the pace of at-home return pickup.** Walmart already announced this, but Canaves says if it takes off, Walmart would have an advantage over Amazon in terms of convenience.

Final deal: To stay competitive with Amazon, Walmart is striving to be a tech company, said Droesch.

- The retailer is expanding tech and service offerings.
- It's going after streaming and media deals on the level of what Amazon already has.
- And Walmart is sticking with what it does best: low-price groceries.

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