

Target reportedly considers launching an Amazon Prime-like paid membership program

Article

The report: Target could launch a paid membership program along the lines of **Amazon Prime** and **Walmart+** as early as this year, per Bloomberg.

- The program may be built off of **Shipt**, the \$99-per-year delivery service the company bought in 2017.

The challenge: Nearly 86% of US adults already pay for at least one retail membership service, including 71.1% who pay for Amazon Prime and 19.7% who pay for Walmart+, per the Insider Intelligence Ecommerce Survey conducted in December.

- A significant share also pays for membership clubs, including 28.1% who belong to Sam's Club, and 24.9% who belong to Costco.
- Only 2.3% pay for Shipt, which offers free grocery deliveries on orders of at least \$35, as well as free delivery from Target, **Petco**, **Walgreens**, and other national chains.

Given that Target would be a late entrant to the paid membership space, it would need a clear differentiator to drive shoppers to enroll. Walmart, for example, has driven consumers to enroll in Walmart+ by adding perks such as discounts on gas.

The big takeaway: It's easy to see why Target is eyeing a paid membership: Programs like Prime offer a recurring revenue stream and drive more repeat business as enrolled members tend to spend more with those retailers to ensure they're reaping the value of their investment.

- But getting shoppers to enroll won't be easy. Target may need to undercut its competitors by making its program less expensive than its peers. It could also partner with a company such as a streaming service to offer better value and discounts.

Which Retail Membership Services Do US Adults* Pay For?

% of respondents, by demographic, Dec 2023

	Gender		Age			Total
	Female	Male	18-34	35-54	55-65	
Amazon Prime	72.9%	69.3%	65.1%	76.8%	70.1%	71.1%
Sam's Club	30.9%	25.5%	24.9%	32.9%	25.9%	28.1%
Costco Wholesale	26.7%	23.1%	19.5%	29.0%	25.0%	24.9%
Walmart+	16.9%	22.5%	24.5%	23.2%	12.3%	19.7%
DoorDash DashPass	10.7%	10.8%	16.1%	11.0%	6.2%	10.7%
Best Buy	8.2%	11.7%	11.5%	11.6%	7.1%	10.0%
Instacart+	5.6%	7.3%	10.0%	8.5%	1.5%	6.5%
Uber One	4.7%	8.4%	13.4%	6.4%	1.2%	6.6%
Shipt	1.6%	3.0%	4.6%	1.2%	1.5%	2.3%
FreshDirect DeliveryPass	0.0%	2.4%	1.9%	1.8%	0.0%	1.2%
Other	2.7%	2.4%	1.1%	3.0%	3.1%	2.5%
None	15.6%	12.7%	11.5%	12.8%	17.6%	14.1%

Note: *or any member in the household

Source: "The Insider Intelligence Ecommerce Survey" conducted in December 2023 by Bizrate Insights, Dec 30, 2023

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