

# Walmart widens the gap with competitors as it doubles down on offering value, convenience

Article

**The news:** Walmart had yet another strong quarter, as its clear value proposition helped it win share and attract shoppers across all income levels.

- Revenues rose 5.2% year-over-year (YoY) to \$160.8 billion, beating the \$159.72 billion forecast by LSEG’s analyst poll.
- Adjusted earnings per share (EPS) also came in a tick higher than expected at \$1.53.
- US comparable sales rose 4.9% YoY, thanks to an increase in both customer transactions and average ticket size.
- The solid results led the retailer to upgrade its full-year forecast once more: Walmart now expects consolidated net sales to grow by 5% to 5.5%, and adjusted EPS in the \$6.40-to-\$6.48 range.

**Behind the numbers:** As has been the case for the last several quarters, the retailer’s better-than-expected results were powered by the strength of its grocery and ecommerce segments.

- Walmart continued to gain grocery share in Q3, which along with growth in the health and beauty category helped offset a decline in general merchandise sales.
- Ecommerce sales grew by 15% YoY during the quarter, helped by Walmart’s investments in [automation and fulfillment](#), which have enabled it to expand its same- and next-day delivery radius and improve its omnichannel capabilities.
- The retailer noted that the expansion of its pickup and delivery offerings is proving to be key to its ability to acquire more high-income customers, as well as drive sign ups for its [Walmart+](#) membership service.
- The combination of booming grocery and ecommerce sales is fueling Walmart’s highly lucrative advertising business. Walmart Connect grew revenues by 26% during the quarter, while Sam’s Club MAP saw a 27% bump in sales.

**Warning signs?** While Walmart’s business has on the whole been immune to—and in fact has benefited from—the economic pressures households are under, the retailer’s CFO **John David Rainey** said that weaker sales during the last few weeks of October “made us pause and kind of rethink the health of the consumer.”

- Shoppers are increasingly planning their purchases around promotional events, causing sales to drop in the weeks before and after.
- Walmart executives noted that there were several factors, such as unseasonable weather, that may have contributed to softer sales.

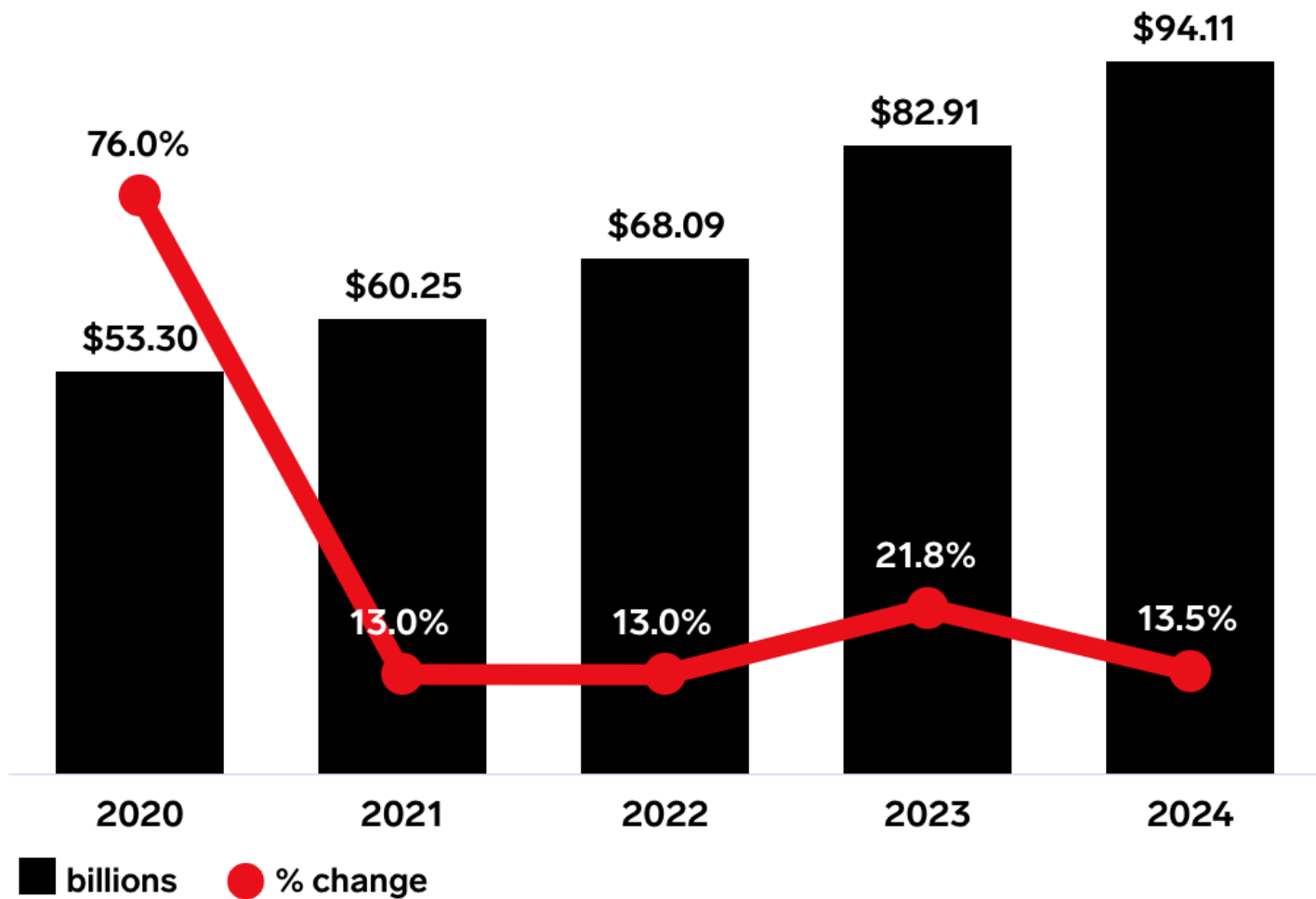
- Still, the cumulative effect of tighter access to credit, rising interest rates, depleted consumer savings, and the resumption of student loan payments appears to be driving shoppers to tighten their belts even more than they already have.

**Looking ahead:** Walmart is well-prepared to ride out any additional economic uncertainty, given that it has fashioned itself into a primary destination for both value and convenience.

- The same can't be said for retailers like **Target**, which expects demand for discretionary merchandise to remain soft during the holiday season.

# Walmart Inc. Retail Ecommerce Sales

US, 2020-2024



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: Insider Intelligence | eMarketer, November 2023

Insider Intelligence | eMarketer