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Walmart+ vs. Amazon Prime: Which has the holiday advantage?

Article

As the top two retailers in the US, Walmart and Amazon are battling for holiday success by rolling out the best deals, the fastest delivery, and the best in-store experience. Here's who we expect will come out on top in each of those areas, plus a post-holiday outlook.

1. Holiday deals

Walmart's Black Friday Deals events are taking place over several events online and in-store starting on November 8 and ending on Cyber Monday, November 26.

- Walmart+ members get early access to the retailer's online events.
- In another push to boost membership, Walmart+ memberships were half off for consumers during the first week of November.

Amazon's Black Friday deals start November 17 and also go through Cyber Monday.

- Unlike Walmart, this event doesn't have any Prime-specific elements, other than the perks Prime members already have.
- Instead, Amazon is using a sense of urgency to promote the event, saying new deals will drop as often as every 5 minutes during select periods throughout the events.
- Amazon will also introduce new deals during its first-ever Black Friday NFL game on Prime Video on November 24.

Who's got the membership advantage? Walmart is leaning harder into its membership perks for its holiday sales, which could give it an advantage over Amazon in terms of new sign-ups. Plus, Prime membership is pretty saturated, so there's less room for it to grow. Still, the strength of Amazon Prime's year-round perks (specifically around the speed of its delivery) make it a no-brainer for the holiday season.

2. Delivery

Walmart and Amazon are building out their delivery infrastructure to ensure smooth and fast deliveries during the holiday season.

Walmart is adding more same-day delivery slots and extending its late-night delivery services until 10:30pm in preparation for the holidays. It's also making more items available for next- and two-day shipping.

Amazon says it will open two new delivery stations in Connecticut ahead of the holiday season, which will help speed up delivery times regionally.

- These facilities are a key element to Amazon's evolving fulfillment strategy, which includes expanding its same-day delivery network and pivoting to a regional model that features eight zones operating mostly independently.

- Currently, Amazon operates 553 US package delivery stations and plans to add another 116, making it the fastest-growing area within its vast distribution network, per MWPVL International.

Who's got the membership advantage? Amazon Prime. Members get same-day and one-day delivery from Amazon.com. Plus, even without Prime, Amazon's click-to-door speed gives it a massive advantage over other retailers.

3. In-store

With its 4,616 physical locations, 90% of the US population lives within 10 miles of a Walmart store. This physical presence gives it an edge over purely digital retailers during the holidays, when busy consumers are likely to use click and collect or buy online, pick up in-store (BOPIS) options.

- BOPIS will drive $28 billion in incremental store sales worldwide this holiday season, per Salesforce.
- Walmart's click-and-collect program could also help drive holiday sales, particularly when it comes to grocery.
- "When you look at what's going to be driving digital grocery growth over the next couple of years, a lot of it is coming from sales growth and click and collect, not delivery. Walmart just very simply has the largest brick-and-mortar footprint," said our analyst Blake Droesch on a "Behind the Numbers" podcast episode.

Meanwhile, Amazon is still figuring out its brick-and-mortar strategy, closing Amazon Go and Amazon Style stores in order to focus on its Amazon Fresh grocery business.

- The retailer is in the midst of a grocery revamp, which includes tweaks to the Amazon Fresh in-store experience. After redesigning two Amazon Fresh stores in the Chicago area, Amazon is moving onto three of its Los Angeles locations.
- Currently, there are 44 Amazon Fresh locations across the entire US, but Amazon says it will open more stores in 2024, encouraged by the positive feedback from its Chicago redesign.

- Amazon Fresh shoppers are more likely to try new grocery products multiple times a month, according to our survey. This could work to the retailer's advantage during the holidays, where seasonal flavors reign supreme.

Who's got the membership advantage? Walmart+, because Walmart has a much bigger physical footprint. Amazon just expanded grocery delivery and free pickup services to all Amazon Fresh customers, which previously was only reserved for Prime members. But that move will likely grow the grocery business, not Prime membership.

A post-holiday outlook: In 2024, 97.2 million US households will be Amazon Prime members, nearly six times more than the 16.0 million Walmart+ US households, per our forecasts.

While both memberships are seeing slowing growth, Amazon's is more pronounced—growth rates won't be more than 3% over the next four years.

Who's got the membership advantage? Amazon Prime. Despite the slowing growth, nearly three-quarters of US households will be members by 2027, per our forecast. Walmart+ has a long way to go before it catches up.

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