

Can deeper gas discounts drive more people to sign up for Walmart+?

Article

The news: Walmart doubled the fuel discount it offers members of its **Walmart+** program. Members will receive **five to 10 cents off each gallon** at both Walmart-run and **Murphy USA** stations (the discount varies based on state regulations).

- Members will also receive **10 cents off each gallon at roughly 12,000 ExxonMobil stations.**

- The announcement comes days after **AAA reported** that the **national average for a gallon of regular gas rose four cents over the past week** to \$4.12, which is a 43% increase year-over-year (YoY).

More on this: The increased gas discount provides Walmart shoppers with another reason to enroll in the **\$98-per-year Walmart+ program**, which already offers free delivery on items, like groceries, purchased in stores, free shipping for online orders, and prescription drugs discounts.

- Nearly all Walmart customers, 91%, are aware of rising gas prices and nearly half of those shoppers have changed their behaviors because of those increased costs, wrote **Chris Cracchiolo**, senior vice president and general manager of Walmart+, in a blog post. “We want Walmart+ to help our customers save time and money, not only when they’re shopping with us, but throughout their day. We’re excited to continue to find new ways to deliver for them.”

Growing membership: Boosting membership in Walmart+, which launched in September 2020, is a key priority for the retailer.

- Walmart has a significant opportunity to do so because of its vast reach. About **90% of the U.S. population lives within 10 miles of a Walmart store**, according to the company. And **95% of shoppers had visited a Walmart store two or more times in the past year**, according to data based on a Numerator consumer panel reported on by Business Insider.
- However, only **15% of US households had Walmart+ access** in February, a far cry from the 62% of households with an **Amazon Prime** membership, according to research conducted by Bizrate Insights for Insider Intelligence.
- Increasing that share can produce significant dividends given that **Walmart+ members are more lucrative and more frequent shoppers**, Cracchiolo told CNBC. They spend more than twice as much with the company as the typical Walmart shopper, since they shop both online and in stores.

Which Retail Membership Services Do US Adults* Pay For?

% of respondents, by demographic, Feb 2022

	Female	Male	18-34	35-54	55+	Total
Amazon Prime	64%	59%	60%	69%	55%	62%
Sam's Club	26%	22%	21%	25%	28%	24%
Costco	24%	23%	21%	25%	24%	23%
Walmart+	12%	18%	25%	14%	7%	15%
DoorDash DashPass	10%	11%	21%	8%	2%	10%
Best Buy	7%	11%	14%	6%	6%	9%
Nike	4%	10%	15%	6%	1%	7%
InstacartExpress	6%	6%	1%	6%	1%	6%
Shipt	2%	4%	6%	3%	1%	3%
Fresh Direct DeliveryPass	1%	3%	3%	1%	1%	2%
Other	2%	2%	1%	2%	1%	2%
None	20%	17%	13%	16%	1%	18%

Note: *or any member in the household

Source: "The Insider Intelligence Ecommerce Survey" conducted in February 2022 by Bizrate Insights, Feb 7, 2022

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Inflation as an advantage: US inflation rose to 8.5% in March YoY, per the US Labor Department, which is the largest increase since December 1981.

- **Soaring gas prices**, which rose 18.3% in March, accounted for a significant share of that gain.
- Periods of inflation push consumers across all income levels to be increasingly price sensitive, which is an advantage for Walmart given its long-standing positioning as a value-oriented mass merchant, CEO **Doug McMillon**, during the company's Q4 earnings call.

The big takeaway: Retention is critical to the success of every retailer's membership program. That can be challenging. For example, while **18.3%** of households had Walmart+ access in December, that share fell 3.2 percentage points two months later after the holiday season.

- While gas discounts may spur some shoppers to enroll in Walmart+, the retailer needs to ensure that it offers a wide enough array of benefits to keep them enrolled.