

Amazon and Walmart lean on exclusive sales to boost membership enrollment

Article

The news: Amazon and Walmart are following similar playbooks by hosting events that provide Prime and Walmart+ members exclusive access to discounts and products.

- Walmart launches its 24-hour spring Walmart+ Early Access event at 12pm EDT on Monday, April 29. Members get early access to a curated selection of new and limited-edition Walmart-exclusive items, such as a **Chips Ahoy!** MMMProved Keke Palmer fan box that features a cookie and autographed T-shirt, **Duncan Hines** and **Dolly Parton's** Rockin' New Baking Collection, and **Campbell's** Condensed Grilled Cheese & Tomato Soup.
- Amazon will host its 10th Prime Day event sometime in July in 24 countries, including Australia, Japan, Saudi Arabia, the US, and UK. While the retailer shared scant details on the sale, it noted that last year's event was its biggest-ever Prime Day.

Why it matters: Exclusive sales events enable retailers to provide a lucrative perk to their best customers that also boosts traffic and sales.

- **Give the people what they want.** Over a third (36%) of US adults say early or extended access to new products and sales events is the experience-based reward they would be most interested in from brands, per an October 2023 Ebbo survey.
- **Push consumers to open their wallets.** US Prime Day sales rose 6.3% last year to \$7.77 billion, per our forecast. The event also helped the retail giant suck up market share as ecommerce sales at retailers not named Amazon fell 7% on the first day of Prime Day compared with 2022, per Salesforce.
- **Drive advertisers to spend.** Third-party sellers feel pressured to spend heavily on advertising during tentpole events to ensure their products are seen. For example, sellers spent 14% of their Prime Day revenues on Amazon ads last year, per Momentum Commerce.

Growing competition: Membership programs provide a lucrative revenue stream and boost loyalty, which makes them incredibly important to retailers' bottom lines. Amazon, for example, generated over \$40 billion in subscription revenues last year (which is mostly, but not exclusively, tied to Prime).

- But competition is growing as retailers such as **Target** and **Best Buy** launch or revamp their own membership programs.
- That increases the pressure on every retailer to find ways to distinguish their programs to keep shoppers enrolled. For example, beyond access to exclusive sales, Amazon Prime offers a broad swath of perks, including fast, free shipping; a free **Grubhub+** membership; Prime Video streaming service; Prime Music streaming service; and photo storage. Those perks have convinced 97.2 million US households to subscribe to Prime, per our forecast.

- Walmart+—which we forecast **16 million US households belong to**—has gained traction by offering free delivery on low-cost groceries, along with other benefits such as discounts on gas and auto repair, and access to **Paramount+**.

The big takeaway: There’s a reason that Amazon and Walmart keep running the same play: It works. Member-exclusive sales reinforce the value of their membership programs, boost sales, and drive sellers to buy ads.

Which Retail Membership Services Do US Adults* Pay For?

% of respondents, Feb 2021-Feb 2024

	Feb 2021	Feb 2022	Feb 2023	Feb 2024
Amazon Prime	68%	62%	65%	60%
Costco Wholesale	29%	23%	29%	24%
Walmart+	6%	5%	14%	23%
Sam's Club	26%	24%	26%	22%
DoorDash DashPass	-	10%	10%	12%
Instacart+	4%	6%	6%	9%
Best Buy	-	9%	9%	9%
Uber One	-	-	6%	7%
FreshDirect DeliveryPass	1%	2%	2%	2%
Sephora	na*	na*	na*	2%
Shipt	2%	3%	2%	2%
Other	5%	2%	3%	1%
None of the above	19%	18%	16%	19%

Note: ages 18-65; Sephora added in Feb 2024; *or any member in the household
Source: "The EMARKETER Ecommerce Survey" conducted in February 2024 by Bizrate Insights, Feb 29, 2024

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