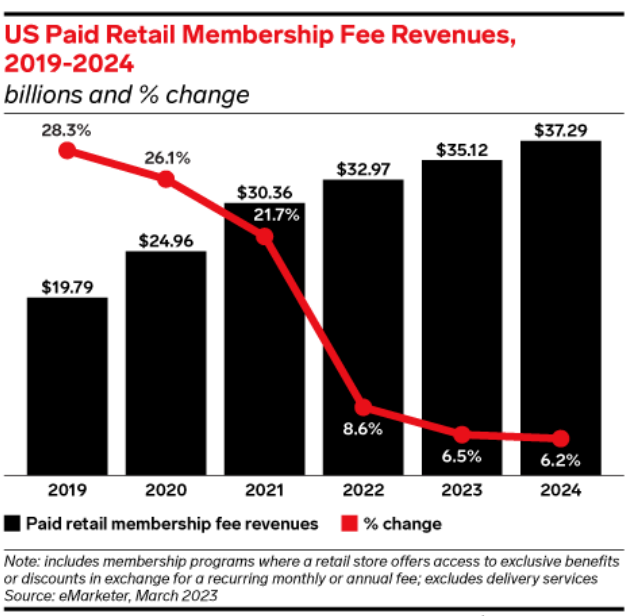
Blake Droesch

Revenue growth has slowed despite the influx of new paid retail memberships

Article

Many retailers launched paid memberships over the past three years. For the most part, they were intended to increase revenues and build loyalty during the pandemic-driven ecommerce boom. But the slowdown in revenue growth indicates that consumers are only willing to spend so much on retail subscriptions, particularly amid economic uncertainty.

- **Walmart, Best Buy, Sephora, The Kroger Co., and Albertsons Companies have launched new paid memberships since 2020.** Most of these memberships assume the Amazon Prime model, putting free shipping and delivery front and center. They often also offer access to exclusive products, services, and rewards programs.
- **Despite these new offerings, the overall rate of revenue growth is decreasing.** Last year, membership revenue growth percentages fell to the single digits after growing by more than 20% during the first two years of the pandemic. Certain memberships have been successful, but the overall slowdown points to an oversaturated market.
- **Retailers aren't just competing against each other.** Delivery apps, quick-service restaurants (QSRs), D2C brands, and media platforms all offer subscriptions that vie for a share of consumers' budgets. This has caused subscription fatigue for many people.
- **The long-term outlook is murky, particularly amid economic uncertainty.** Subscription revenue growth was strong during the first two years of the pandemic, pulling forward years of longer-term, more gradual growth. While growth may increase in the long term, consumers are more cautious about spending right now. That will keep growth rates lower through 2024.



Report by Blake Droesch May 08, 2023

Retail Memberships Forecast 2023


INSIDER INTELLIGENCE | eMarketer
MAY 2023
Blake Droesch

Retail Memberships Forecast 2023

Can Walmart+ and Other New Entrants Compete for Subscription Revenues?

Contributors: Whitney Birdsall, Suzy Davidkhanian, Andrew Lipsman