

Leaked memo reveals Walmart is quickly losing online grocery market share to competitors

Article

The internal memo from February viewed by [Recode](#) highlights the retailer's competitive struggles in the last year.

Here's what you need to know:

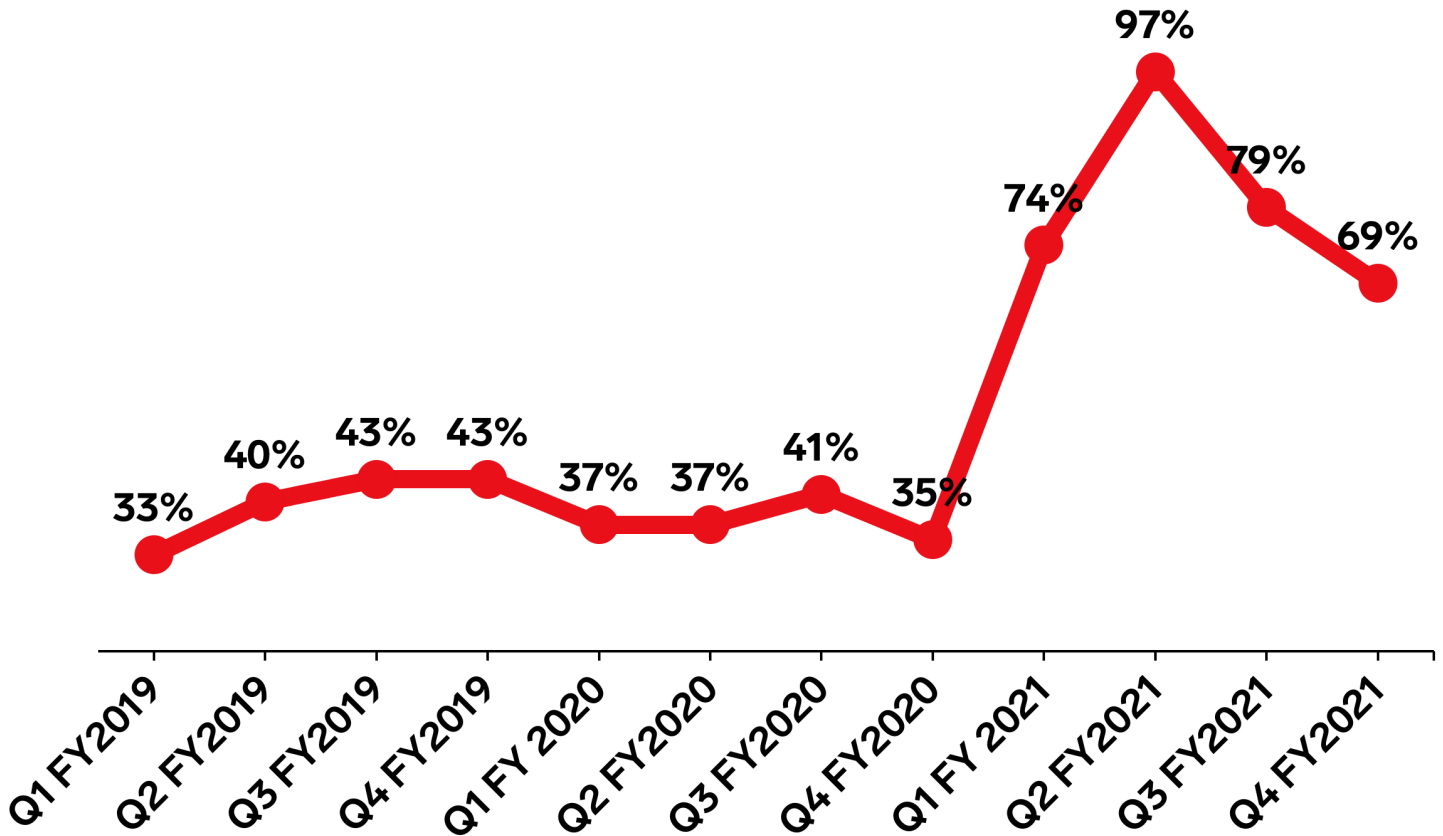
- **Walmart is on the brink of losing its leadership position in the online grocery market.** According to the memo, the retail giant held a nearly 40% share of the online grocery market before the pandemic, while Instacart had roughly 20%—but in February, Walmart's stake dropped to about 31%, and Instacart moved up to 30%. Walmart's brick-and-mortar presence and decades of building relationships with consumers have allowed it to enjoy the leadership position in the overall grocery market, but the pandemic-driven [surge](#) in ecommerce put more emphasis on online grocery offerings and thrust players like Instacart into the spotlight.
- **Walmart+ is having trouble retaining members to catch up with Amazon Prime.** The retail giant has struggled with membership retention for [Walmart+](#) despite the service being fairly new, having launched less than a year ago. Walmart+ is estimated to [have](#) between 8 million and 9 million US users—Amazon has around [200 million](#) paid Prime members globally.

The jump in ecommerce benefited not only Walmart's business but also that of its competitors—making it harder to hold on to online grocery market share. Despite Walmart's online sales surging 76% year-over-year (YoY) last year, [according to](#) eMarketer forecasts from Insider Intelligence, [Amazon](#) and Instacart both saw similar results in 2020 and have been beefing up their offerings to woo customers: Amazon for example, [expanded](#) its in-home grocery delivery service to make it easier and more convenient for customers to order groceries online. Meanwhile, Instacart continues to [evolve](#) its business by moving beyond groceries to general ecommerce—stepping further into Walmart's territory and pushing the retailer to look for ways to enhance its own value proposition and differentiate itself from competitors.

Walmart's latest efforts can help optimize its business and prevent further attrition. It recently decided to get rid of its in-store online order pickup towers after the pandemic pushed more consumers toward [curbside pickup](#). And it's [enhancing](#) fulfillment to attract customers with faster delivery. The retail giant can also introduce new Walmart+ perks to help it capture consumer interest and differentiate itself from Amazon Prime. And it can do this by revisiting previous ideas—before launching its membership program, Walmart was [reportedly](#) considering benefits like a branded credit card offering or early access to product deals. And with in-store retail [coming back](#) thanks to the COVID-19 vaccination rollout, Walmart will likely regain the brick-and-mortar advantage it has over primarily online-based players like Amazon

—helping strengthen its position in the overall grocery market as ecommerce growth comes back to Earth.

Walmart US Ecommerce Annual Sales Growth



Source: Walmart, 2021

Methodology: Walmart released these figures as part of its fiscal Q4 2021 (ended January 29, 2021) earnings report on February 18, 2021.

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