

Amazon's struggles give Walmart an opening

Article

The news: Walmart's GoLocal delivery solution and Store Assist local fulfillment app will be made available to **Salesforce** clients, per a press release, as the big-box retailer steps up its challenge to **Amazon**.

How it works: Like Amazon and a number of other retailers, including **Target** and **American Eagle**, Walmart has begun offering the tools it uses to support its own retail business to other companies as an additional revenue stream.

- The Store Assist app allows retailers to turn their stores into fulfillment centers and improve order accuracy, speed, and efficiency.
- GoLocal lets businesses tap into Walmart's delivery network to offer faster fulfillment options, including same- and next-day delivery.

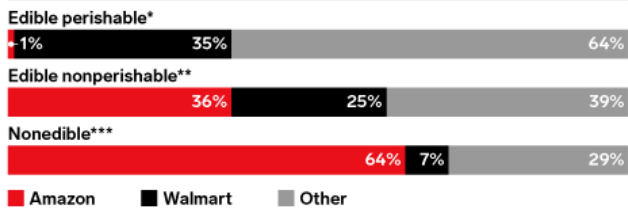
Partnering with Salesforce puts Walmart's solutions in front of a larger pool of potential clients, maximizing the revenue-generating opportunity. The offering allows Walmart to deepen its understanding of what customers are looking for throughout the customer journey, and improve the overall experience, the company's global chief technology officer **Suresh Kumar** told CNBC.

Taking on Amazon: The partnership with Salesforce allows Walmart to position itself as an alternative to Amazon's newly expanded Buy with Prime offering, chipping away at the ecommerce giant's competitive advantage. And after years of struggling to prevent Amazon from taking market share, the big-box retailer is finally in a position to strike back.

- Amazon burned through its considerable cash reserves over the past several years as it grew its warehouse footprint at a frenetic pace, made expensive acquisitions like **MGM** and **One Medical**, and shored up its loss-making devices unit.
- Meanwhile, Walmart's low grocery prices have enabled it to grow market share over the past year—while Amazon's grocery business is in a state of uncertainty as the company prepares to lay off 18,000 workers and rein in spending. Amazon hasn't opened a new Amazon Fresh grocery store since September 2022, despite having at least seven US locations fully built out, per The Information.
- Walmart is also quickly taking the lead on delivery by drone, an area where Amazon was meant to be the pioneering force. The big-box retailer made over 6,000 drone deliveries in 2022, while the latter only began offering the service in December.

Amazon vs. Walmart Share of US Retail Ecommerce Sales for Edible vs. Nonedible Goods, 2022

% of total



Note: *includes frozen and refrigerated goods; **includes beverages and general foods (e.g., sugar); ***includes beauty, health (e.g., vitamins), general merchandise (e.g., pet supplies), and home care (e.g., laundry detergent)

Source: Forrester and IRI, "US Online Grocery Snapshot: Q2 2022," Aug 8, 2022

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Our take: While Walmart has often found itself playing catch-up with Amazon, it now has an unprecedented opportunity to level the playing field as the latter's new focus on profitability creates an opening for Walmart to drive retail innovation.

- In the past few months alone, Walmart launched text-to-shop and [visual search](#) features, improved its mobile shopping experience, and expanded the use of automation in its fulfillment centers.
- Walmart is also in a much stronger position to benefit as consumers gravitate toward retailers that offer the best value.

Go further: For more on Walmart's growth prospects, check out our [Power of Walmart](#) report.

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