

Sam's Club sees big opportunities to grab share

Article



The situation: Walmart-owned **Sam's Club** is making several notable moves to put the wholesale club in position to capitalize on consumers' growing focus on value and willingness to trade down to private label products.

The details: The improvements fall into several different buckets across the company.

- **Supply chain:** Sam's Club is merging its corporate supply chain team with Walmart's team, which it says will help it "move even faster and better leverage [Walmart's] enterprise systems and infrastructure," per Business Insider.
- **Labor:** The wholesale club will raise its minimum wage to \$16 per hour, up from \$15, while also boosting wages 3% to 6% for its nearly 100,000 employees based on their tenure. The retailer expects the investments will push the average hourly rate for Sam's Club associates above \$19, with the potential to earn thousands of dollars annually in bonuses.
- **Promotions:** The retailer is currently offering an annual membership for \$15, \$35 less than its typical rate, while also offering a host of incentives to expose shoppers to the club's benefits. For example, first-time users of the [Scan & Go](#) mobile checkout experience, curbside pickup, or delivery from club receive \$10 back.
- **Technology:** The retailer introduced innovations such as AI-powered arches equipped with cameras in some locations that eliminate the need to wait for an associate to check shoppers' receipts upon leaving.

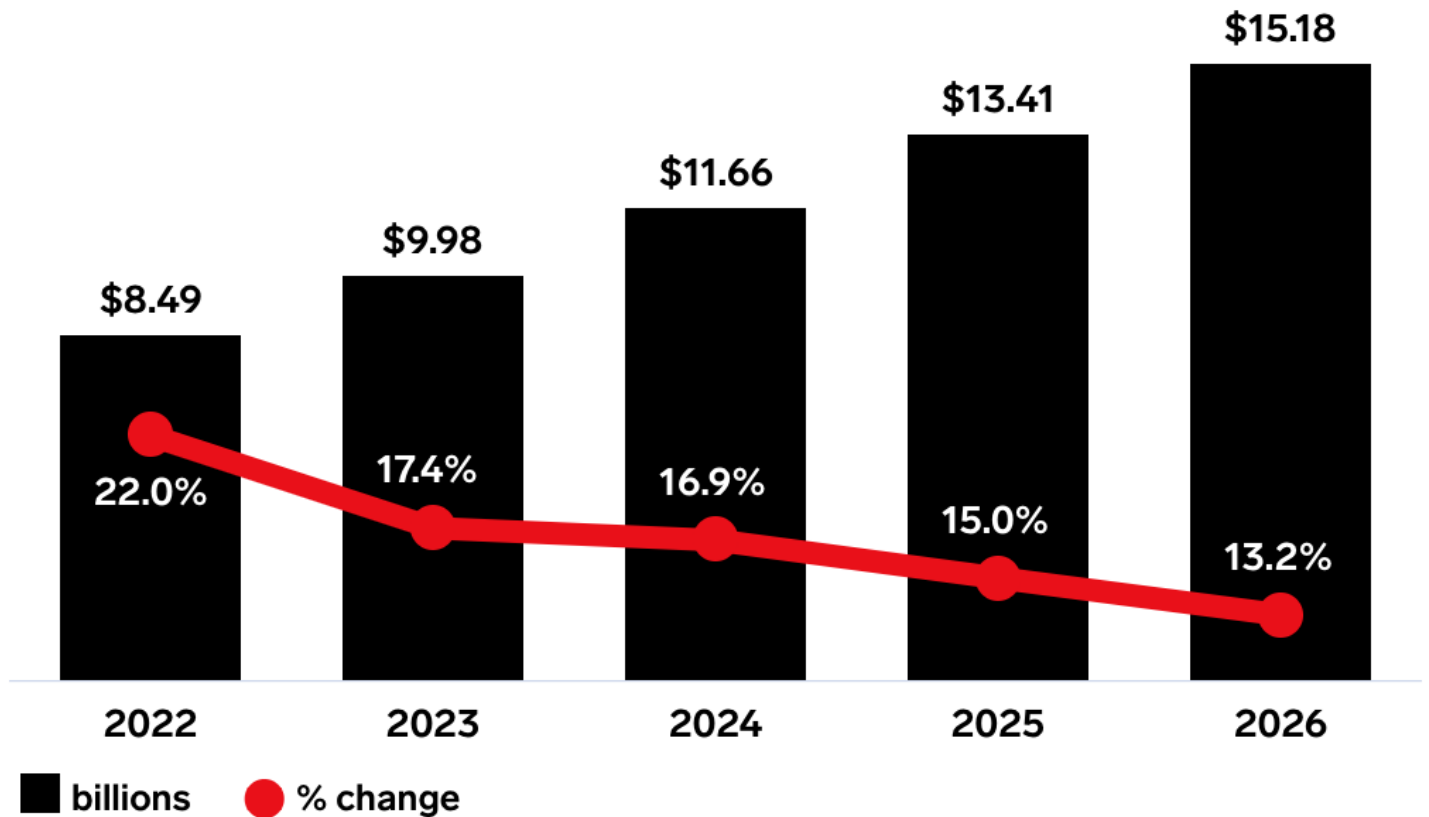
The context: Sam's Club is on a winning streak.

- **The retailer's revenues are up nearly 50% over the past five years** despite its US store count remaining flat.
- Sam's Club US member total and Plus membership hit record highs in Q2. Its membership income was up 14.4% year over year (YoY) and Plus penetration rose 320 basis points YoY.
- The club has been particularly successful at appealing to younger consumers as it has grown its [Gen Z membership](#) 68% over the past two years thanks to younger consumers' focus on value, CEO **Chris Nicholas** told CNBC.

Our take: Sam's Club isn't taking its gains for granted. The retailer recognizes that happy, satisfied customers are the essential ingredient to produce long-term growth, which is why its various initiatives are all aimed at delivering a top-notch customer experience.

Sam's Retail Ecommerce Sales

US, 2022-2026



Note: represents the gross value of products or services sold on samsclub.com (browser or app), regardless of the method of payment or fulfillment; includes third-party sales from its marketplace; excludes travel and event tickets

Source: EMARKETER Forecast, July 2024