Walmart Tops Amazon Growth Across Five CPG Categories

ARTICLE

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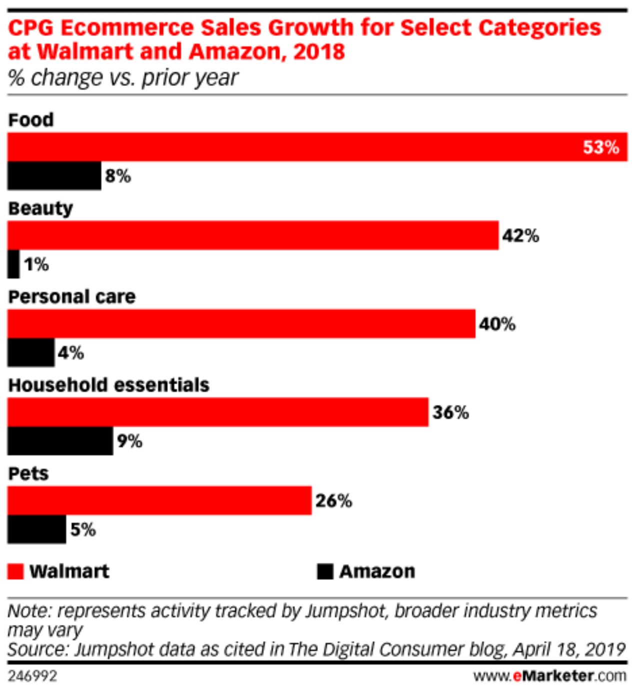
Walmart may be the biggest brick-and-mortar retailer in the US, but online, it has been playing catch-up to Amazon for years. Its smaller size has made rapid growth possible—including the 207% growth in the number of ecommerce buyers since the beginning of 2017, according to a January 2019 report from Nielsen and Rakuten Intelligence.

Digital sales at Walmart are also growing rapidly. Marketing analytics platform Jumpshot found that sales of several consumer packaged goods (CPG) categories grew many times faster in 2018 compared with Amazon's. Digital sales of food, for example, were up 53% at Walmart year over year, vs. just 8% growth at Amazon.



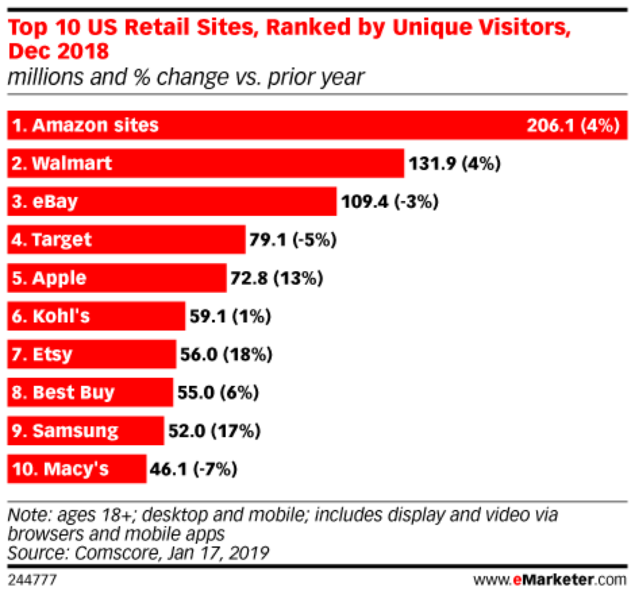
According to a November 2018 study from The Retail Feedback Group, when online grocery shoppers were asked where they'd purchased groceries most recently, one-third of respondents said Walmart, up from just over a quarter who said the same in 2017. By comparison, 31% of shoppers said they'd recently purchased groceries from Amazon, down from 36% in 2017.

But food isn't the only CPG category with substantial growth this year. Sales growth in the beauty, personal care and household essentials categories can be attributed to Walmart's 2016 acquisition of Jet.com and its large brick-and-mortar presence, which positions the retailer ahead of Amazon for its more-efficient shipping capabilities.

Walmart purchased Jet in 2016 and has since assimilated its resources, allowing the company to take advantage of Jet's penetration in more urban areas. According to Jumpshot, Walmart has also cut back on Jet's advertising, which impacted Jet's transaction volume. From 2017 to 2018, conversions dropped from 6.3 million to 2.7 million. By contrast, Walmart saw 3.2% growth year over year, with transactions increasing from 106 million in 2017 to 109 million in 2018.

These millions of transactions are taking place both online and in-store. Walmart's expansive brick-and-mortar footprint allows the retailer to better serve clients due to its thousands of stores located in close proximity of the majority of the US population. And these physical stores put the retailer one step ahead of Amazon when it comes to fulfilling fast deliveries and shipping orders.

Walmart’s retail site also had 132 million unique visitors in December 2018, up 4% from a year prior, according to Comscore. While Amazon did experience greater traffic, at 206 million unique visitors, its growth was the same.



Topping Amazon’s nearly 21% sales growth this year, we expect Walmart's sales will account for about 5% of total retail ecommerce sales, growing roughly 33% year over year.