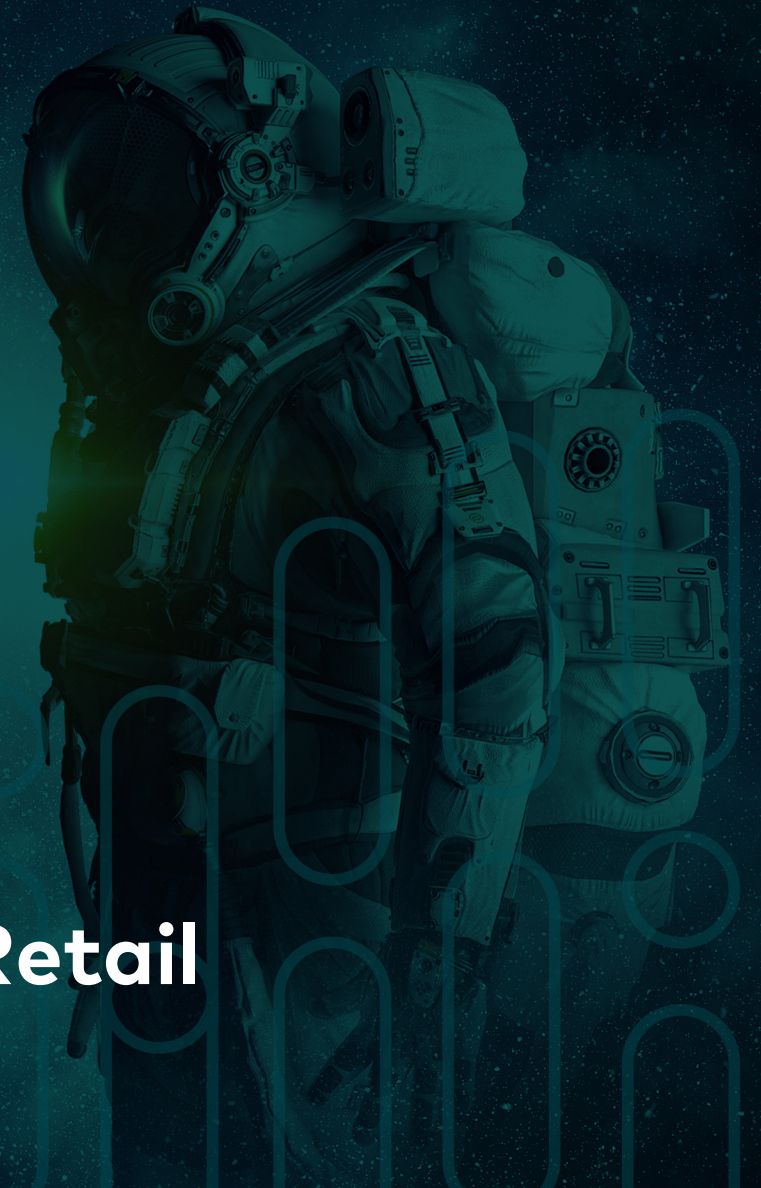




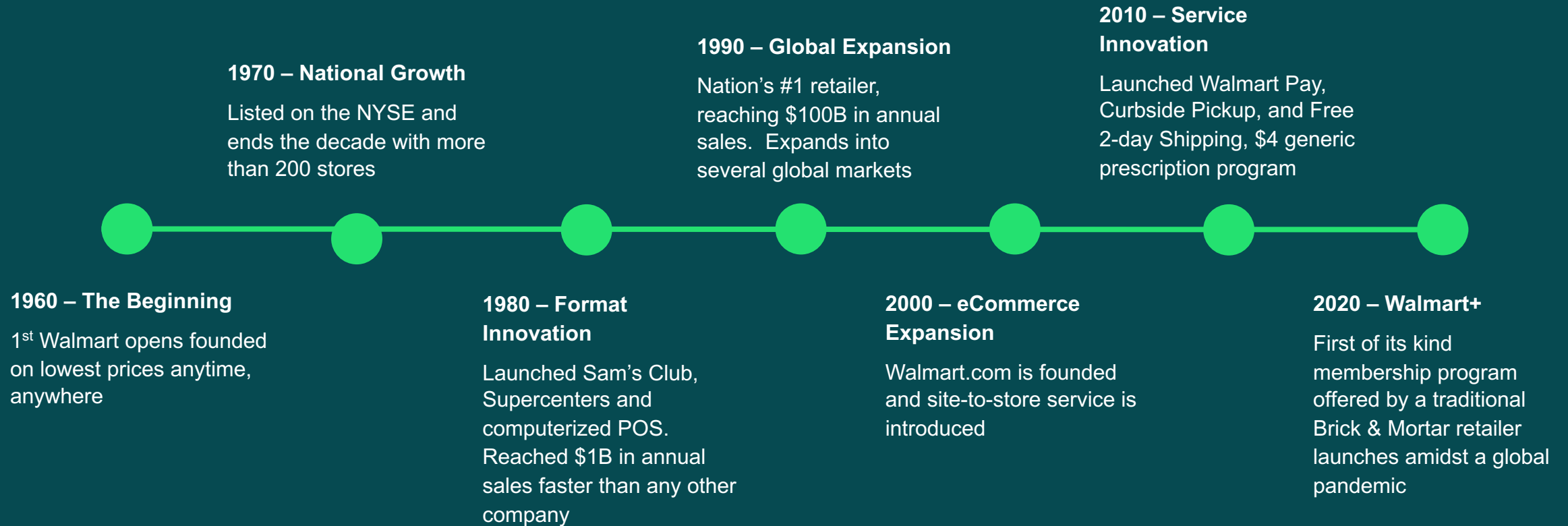
# NU FRONTIERS

**Walmart+ is Winning: The Impact on Retail**  
October 2021





# Walmart has shaped the way we've shopped for decades



**With all eyes on  
Walmart+, let's  
examine its  
performance over the  
past year**





## WHO

Walmart+ is helping Walmart grow with a different shopper— high income, suburban families looking for conveniences that help save time.



## HOW

Walmart+ is driving loyalty for Walmart predominately through the OPD grocery & household essentials basket.



## WHY

Walmart+ is differentiated from Amazon Prime on grocery delivery, but Walmart struggles to win non-grocery departments due to assortment or price.



## WHAT NEXT

Walmart and CPG manufacturers should look for ways to solve Walmart+ shoppers' pain points through digital offerings and membership benefits aimed at saving time and money.



# Despite Walmart prioritizing customer experience over membership growth, Walmart+ gained traction in the first year



~ **28.2MM**

total subscribers

**19.7MM** active subscribers

8.5MM past subscribers



~ **\$2.1B**

membership revenue

**\$959MM** annual membership

Additional **\$93MM** monthly membership

Source: Numerator Instant and Custom Survey, August 2021

Base: Walmart Shoppers who have made three or more purchases at Walmart within the L3M (05/01/2021-07/31/2021); N = 710

Q1\_Are you a current/past subscriber (including trials) of the Walmart+ program?

# Free trial is successfully driving membership with high conversion

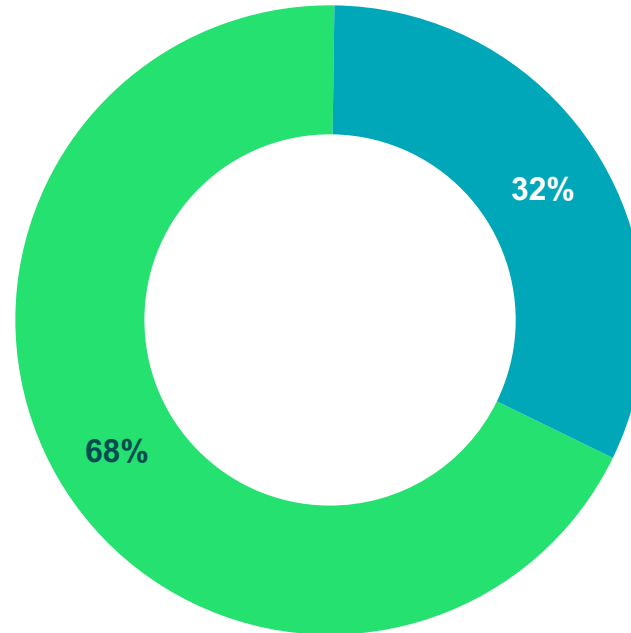
But automated paid sign-up at the end of the free trial period is likely causing a sizeable cancellation rate among converters.

## How Shoppers Enter Walmart+

**68%**

**enter through a free trial**

- **65%** convert to a paid membership, which consists of **40%** yearly and **60%** monthly subscribers
- **22%** of converters have since cancelled



**32%**

**enter through a paid subscription**

- **63%** sign up for yearly membership
- **9%** have cancelled

# Walmart+ shoppers are very valuable; they outspend in all departments driven by their spend online

Walmart+ shoppers spend **\$18,970** per year\*

\*Total Box Spend Across All Retailers in the following sectors: apparel, automotive, baby, books, electronics, entertainment, grocery, health & beauty, home & garden, household, office, party & occasions, pet, sports, tobacco, home improvement, toys









**25%** more than the average Walmart shopper

## Driven by eCommerce Spend:

B&M	eCommerce
\$10,289 per year	\$7,455 per year
(93 index)	(251 index)

## With all Sectors Contributing

					
Grocery \$8,636 (120 index)	Health/Beauty \$1,640 (129 index)	Household \$1,064 (126 index)	Electronics \$1,137 (137 index)	Pet \$849 (141 index)	Toys \$376 (144 index)



# Walmart+ has lots of potential to grow – awareness driving tactics could grow the member base by 20MM households

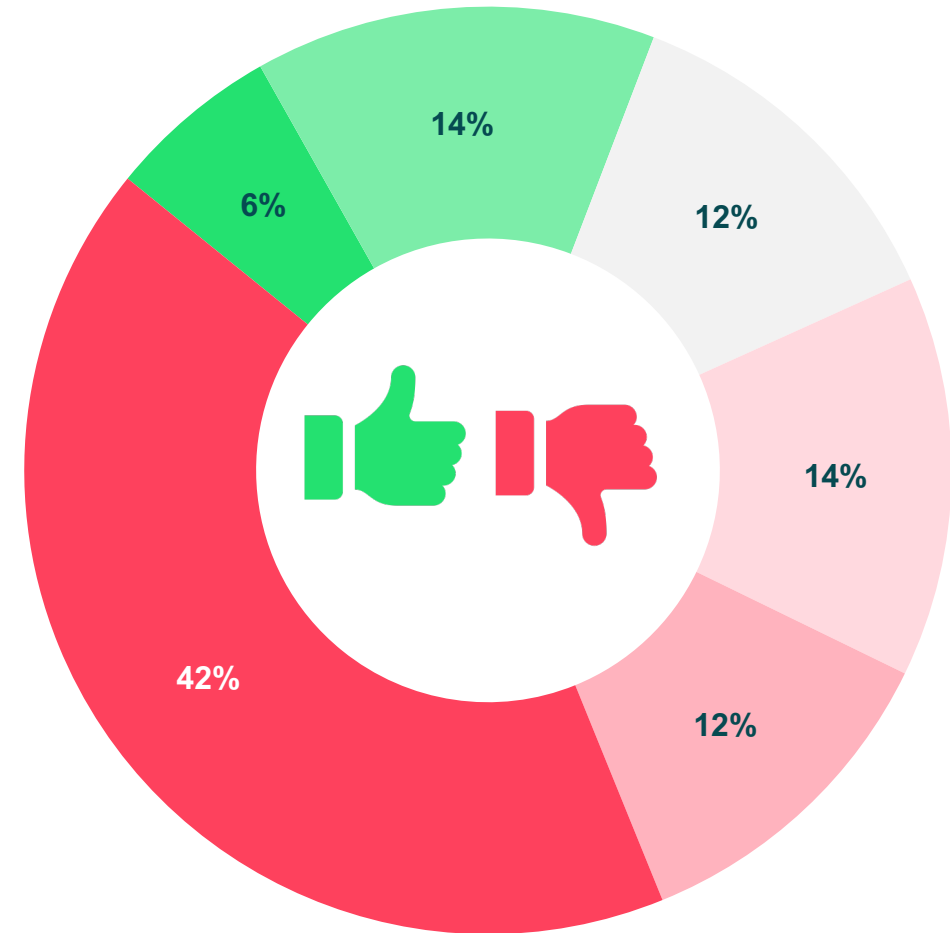
## Among Non-Subscribers

**20%** expressed high interest in the current program

**38%** had neutral/low interest

**42%** were not interested at all

- High Interest - Very likely to subscribe
- High Interest - Somewhat likely to subscribe
- Neutral Interest - Neither likely nor unlikely to subscribe
- Low Interest - Somewhat unlikely to subscribe
- Low Interest - Very unlikely to subscribe
- Not Interested at All



Source: Numerator Instant Survey, August 2021

Base: Non-Walmart+ Users who have Shopped at Walmart three or more times within the L3M (05/01/2021-07/31/2021); N = 515

How likely or unlikely are you to sign-up for Walmart+? Q7\_The Walmart+ program currently costs \$98/year. How much would you be willing to pay for a membership program like this?

# Let's look at who is joining Walmart+



# Walmart+ is attracting affluent, suburban moms seeking to make life easier



## Middle Aged Women

- 29% 35-44 years old (**151** index)
- 24% 45-54 years old (**120** index)
- 88% Female app owner (**112** index)
- 10% Homemaker (**156** index)

## Diverse

- 69% White (101 index)
- 17% Black/African American (**132** Index)



## Families

- 56% With 3+ people in HH (**111** index)
- 43% With children (**121** index)
- 20% Separated/Divorced (**142** index)



## Suburban, Affluent

- 52% Suburban (**131** index)
- 35% Income >\$100K per year (**120** index)
- 36% Rent their home (**142** index)



## Digitally Savvy

- 83% Use Amazon Prime (**141** index)
- 52% Use voice assistant (**130** index)
- 42% Of total spend is online (**221** index)
- 40% Use subscription services (**132** index)

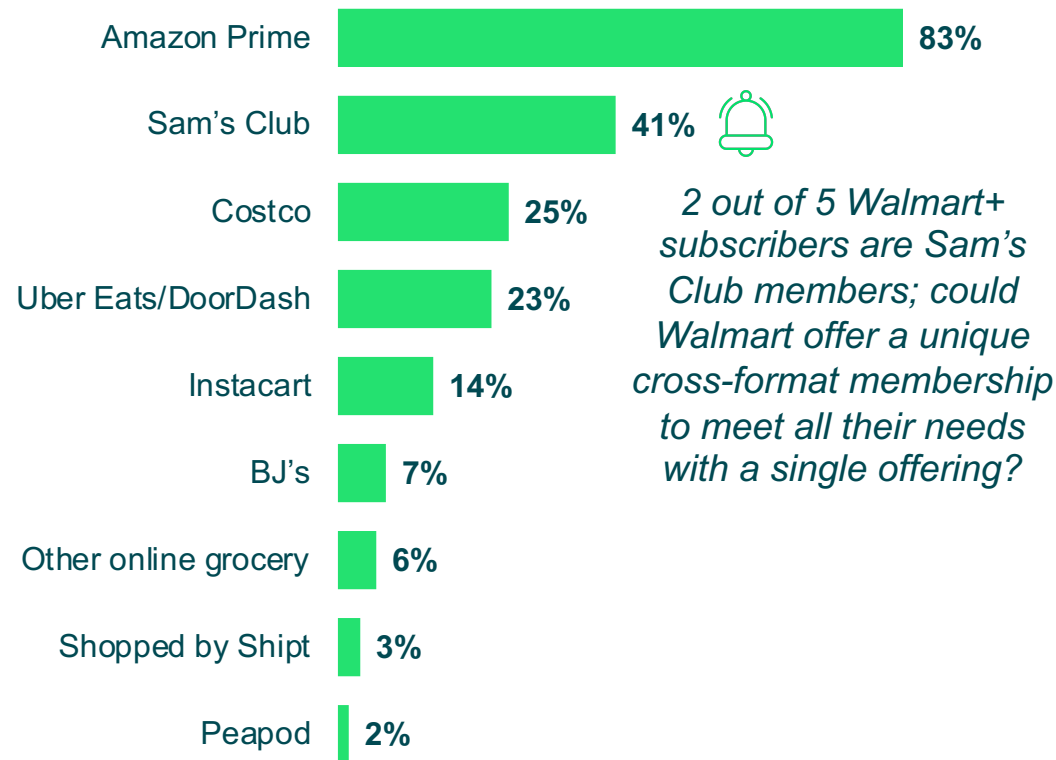
*\*Index to 12+ trips per year Walmart shoppers*



# And they are willing to pay for convenience, paying upwards of \$200 for multiple retailer memberships

## Non-Walmart Membership Status

Among Walmart+ Users



On average, Walmart+ subscribers own **two** other paid shopping memberships (spending \$200-\$300 just for the right to shop)

Why do they have multiple memberships?

*"Because I like being a "member " for whatever that's worth"*

*"I like them to compare prices"*

*"I am a bargain hunter"*

*"One delivers fresh grocery to my house, the other doesn't"*

*"Walmart is mainly for everyday groceries and essentials. We need Amazon for streaming and subscribe and save."*

# They are looking for simple, safe, and cost-effective ways to shop and feed their family

Although they are high-income, they are budget conscious and deal seekers



## Easy Meal Solutions

- Meal planner
- **Need help in kitchen**
- Does not enjoy cooking
- Picky eaters at home
- **Guilt when not cooking**
- Ordered food for delivery



## Contactless & Clean

- Extremely concerned about COVID
- **Take extra precautions**
- Primary COVID concerns: Household becoming infected, Access to basic essentials, **Others not following guidelines**, Safety outside of home



## Omni Shopping

- Shop online weekly
- **Shop on smartphone**
- **Visit an average of 7 eComm retailers each year**
- Really enjoy online shopping
- Reasons shop online:
  - Save time, Save money, Convenient deliveries



## Time Strapped

- **Grocery shopping is a chore**
- Quick in-and-out
- No time for self
- Creature of habit:
  - 7 in 10 use Walmart+ more than 1X per week
- Make shopping list
- Dine out because too busy to cook & will pay for convenience



## Budget Buying

- Value is important factor
- **Stick to budget important**
- Overwhelmed by financial burdens
- **Spender not a saver**
- Rent home
- Financial impact due to COVID

# Product-wise, Walmart+ shoppers have positive perceptions of Store Brands and are also driven by new and unique products

## Private Label Perceptions

Walmart+ users indexed to Walmart Regular Shoppers

PL products are **excellent value for money**

(30% | **115** index)

**Savvy when I buy PL**

(25% | 109 index)

**Switch to PL if on sale**

(22% | 109 index)

**I prefer popular brand names**

(10% | **111** index)

**PL quality has improved**

(53% | **111** index)

PL products are **excellent quality**

(25% | **115** index)

**PL is just as good**

(25% | **113** index)



PL buying is a tradeoff based on value and quality

## New Product Perceptions

Walmart+ users indexed to Walmart Regular Shoppers

**Try New Things**

(25% | 109 index)

**Impulse Buyer**

(23% | **126** index)

**Innovative/New/Interesting Important in Purchase Decision**

(12% | **129** index)



**Next, let's look at how  
Walmart is changing  
the way they shop**

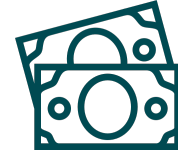


# Walmart+ is driving loyalty among members

Walmart+ appeals to more than the most loyal Walmart shoppers, as share of spend was similar to other Walmart shoppers prior to the membership program.

	Walmart SOW Pre-Walmart+	Walmart SOW Change Since Walmart+	Impact on Walmart Sales
 Walmart+ Shoppers	27%	<b>+5.2pt</b> increase in Walmart SOW vs YAG	+\$968 per member per year
 Walmart Shoppers	25%	<b>-0.3pt</b> decrease in Walmart SOW vs YAG	-\$58 per shopper per year

# Loyalty is built through eComm as Walmart+ shoppers shift spend and trips primarily to OPD



	% of Walmart+ Shoppers		% of Regular Walmart Shoppers		Walmart+ Shoppers % of Walmart Spend		Regular Walmart Shoppers % of Walmart Spend		Walmart+ Shoppers % of Trips		Regular Walmart Shoppers % of Trips	
	P12M	VS YAG	P12M	VS YAG	P12M	VS YAG	P12M	VS YAG	P12M	VS YAG	P12M	VS YAG
<b>Walmart Brick &amp; Mortar</b>	99%	-1pt	100%	--	46%	-29pt	86%	-7pt	54%	-28pt	91%	-5pt
<b>Walmart eComm</b>	100%	+9pt	47%	+5pt	54%	+29%	14%	+7pt	46%	+28pt	9%	+5pt

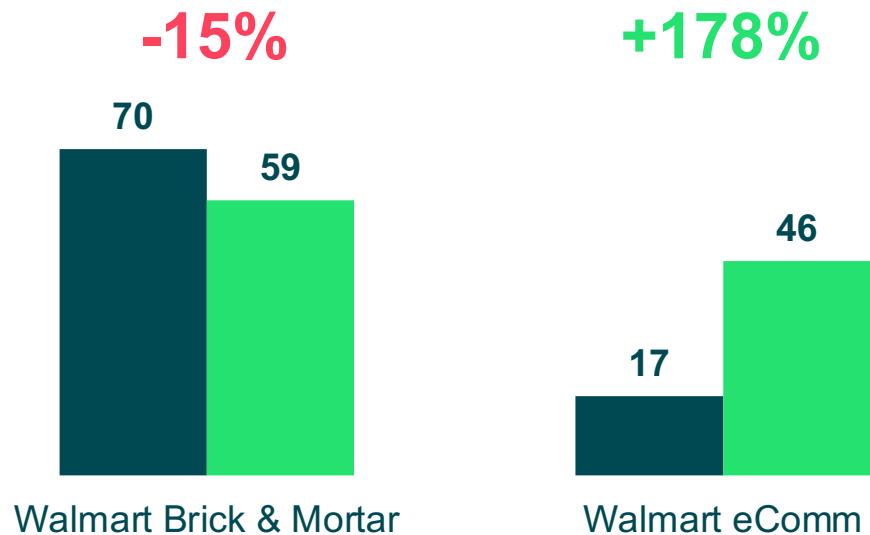


The increase in eComm adoption is driven by OPD. 43% of Walmart+ shoppers were new to OPD

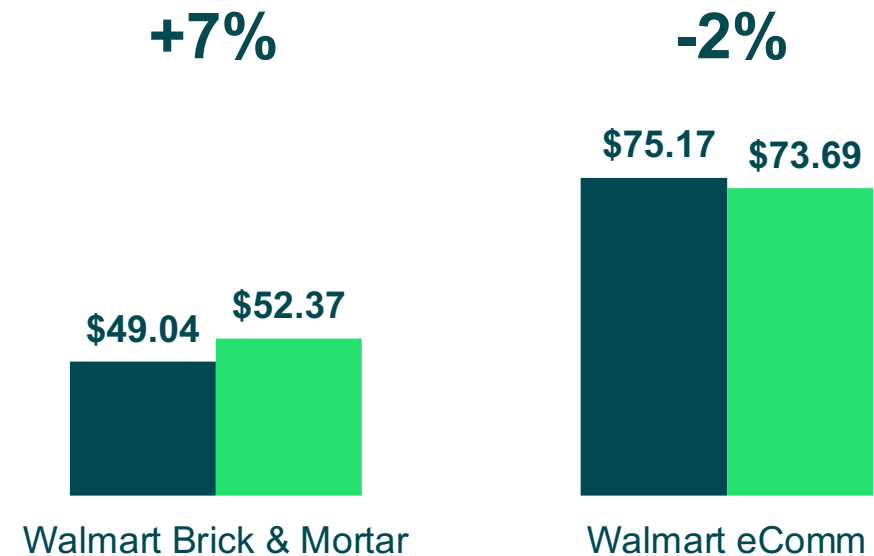
# And some of this growth is incremental— eComm is growing trips at a faster rate than B&M, which is losing among this group

While there was a dip in B&M trips, the significant increase in eComm trips offset that dip and added incremental value

### Walmart+ Shoppers: Purchase Frequency



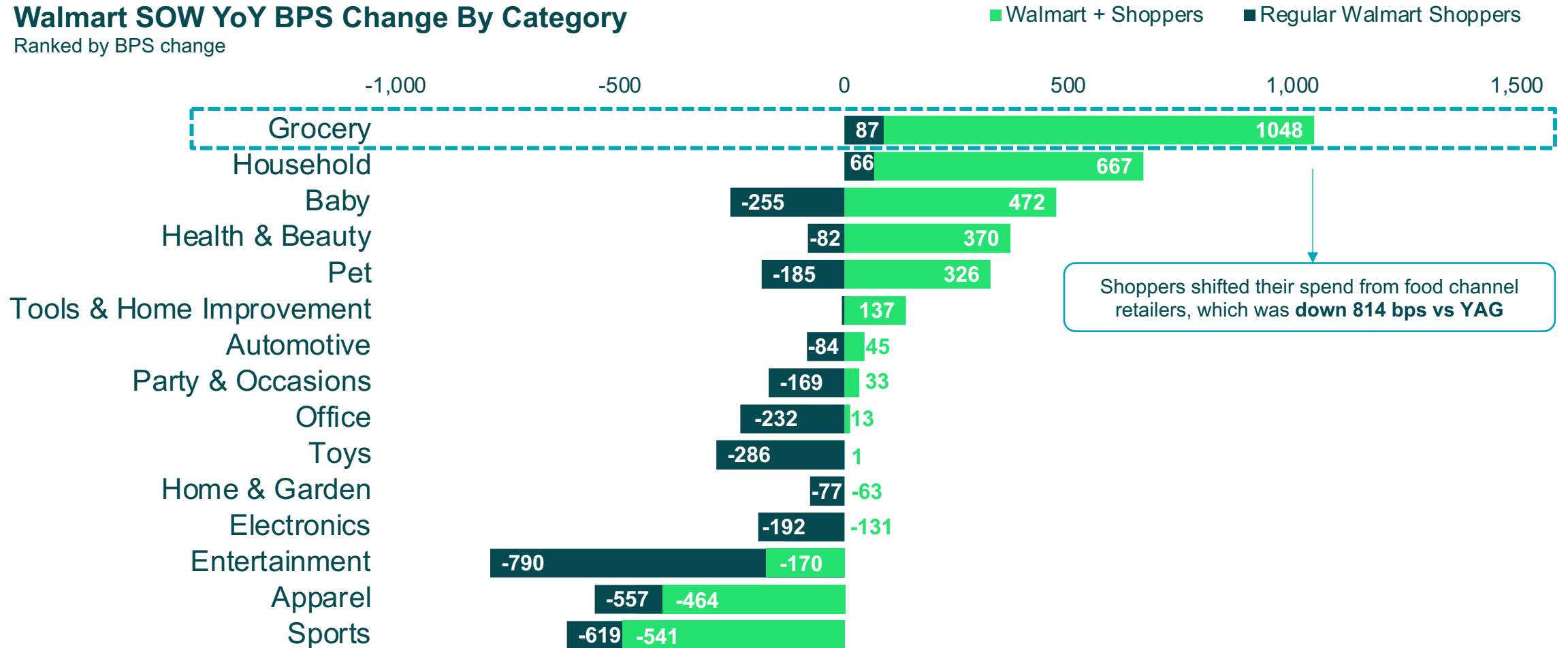
### Walmart+ Shoppers: Spend per Trip



# The increase in loyalty is primarily driven by Food and Household Essentials

## Walmart SOW YoY BPS Change By Category

Ranked by BPS change

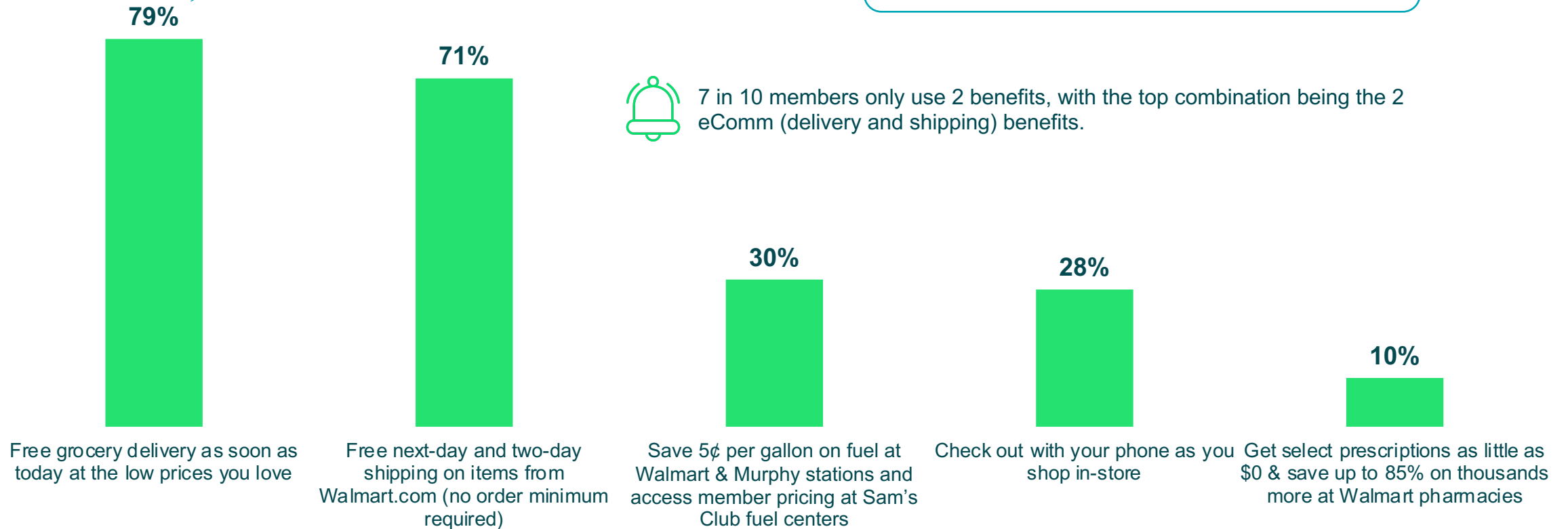


# Unsurprisingly, free grocery is one of the most important benefits for Walmart+ shoppers

## Walmart+ Benefits Usage

% of Paid Walmart+ shoppers using benefit

When asked to rank these benefits, **58% of Walmart+ shoppers** said grocery delivery was the top Walmart+ benefit



Source: Numerator Custom Survey, August 2021

Base: Walmart+ Users who have Shopped at Walmart 12 or more times within the L12M (08/01/2021-07/31/2021); N = 677

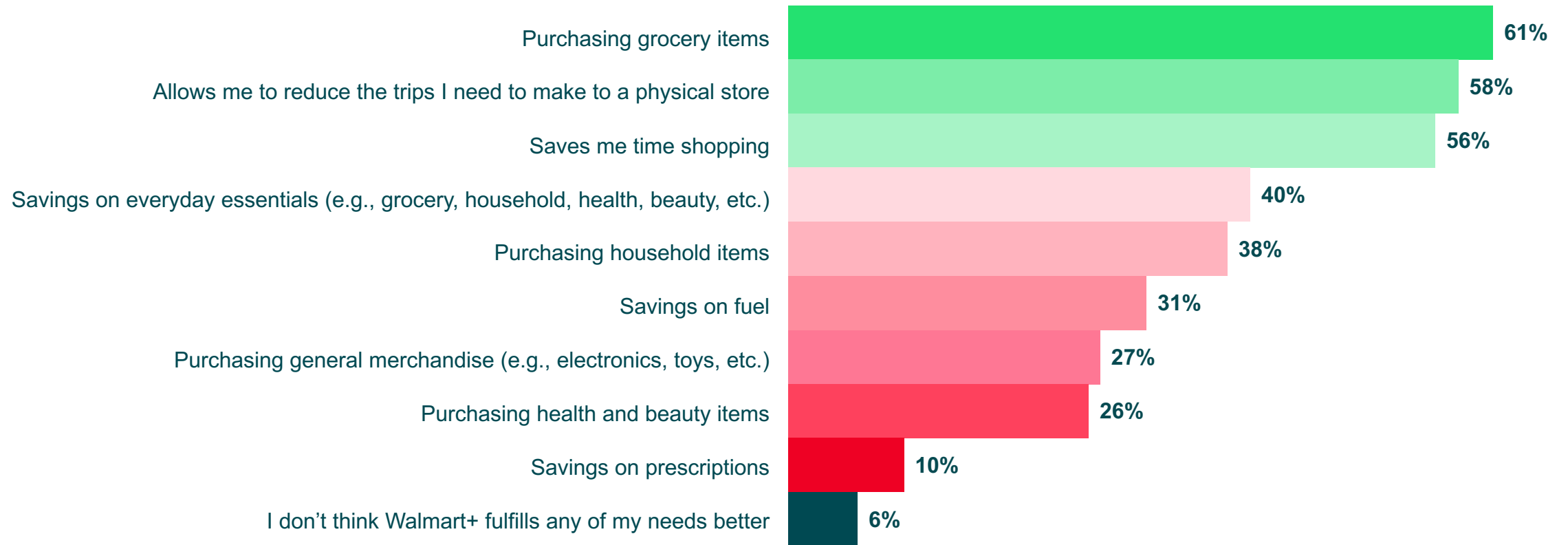
Q5\_Which of the following Walmart+ membership benefits do/did you use? Q6\_Please rank the following Walmart+ benefits in order of importance, where 1 is the most important



# Grocery differentiates Walmart+ from other memberships, allowing shoppers to save time and reduce in-store trips

## Perceived superiority of Walmart+ Services in Comparison to other grocery membership

% of Walmart subscribers see Walmart+ fulfills their needs better than other membership






Source: Numerator Custom Survey, August 2021




Base: Walmart+ Users who have Shopped at Walmart 12 or more times within the L12M (08/01/2021-07/31/2021); N = 677




Q14\_Which of the following needs does your Walmart+ membership fulfill better than other memberships you are currently subscribed to?




# Besides grocery, there is growth in Household, Health & Beauty, Pet, & Baby among Walmart+ shoppers

While there is growth in these areas, it is not as much as grocery. How can Walmart accelerate these sectors' growth among these key Walmart+ shoppers?

Household	Walmart+ Shoppers SOW	Vs YAG
	40%	667 bps
	14%	221 bps
	6%	-101 bps

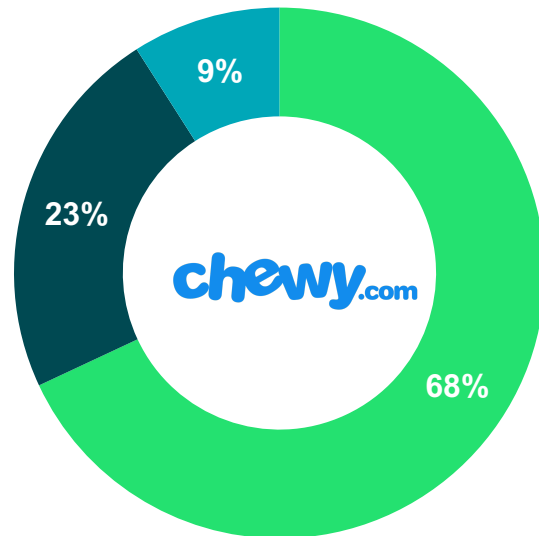
Health & Beauty	Walmart+ Shoppers SOW	Vs YAG
	33%	370 bps
	22%	93 bps
	8%	52 bps

Pet	Walmart+ Shoppers SOW	Vs YAG
	27%	326 bps
	20%	314 bps
	18%	-42 bps

Baby	Walmart+ Shoppers SOW	Vs YAG
	39%	472 bps
	21%	-4 bps
	18%	193 bps

# For Pet, these Walmart+ shoppers will most likely respond to a more premium assortment of Pet Food brands

**Walmart+ Shoppers:**  
% of Leaked Pet Spend to Chewy.com



■ Pet Food & Treats   ■ Pet Supplies   ■ Pet Prescriptions



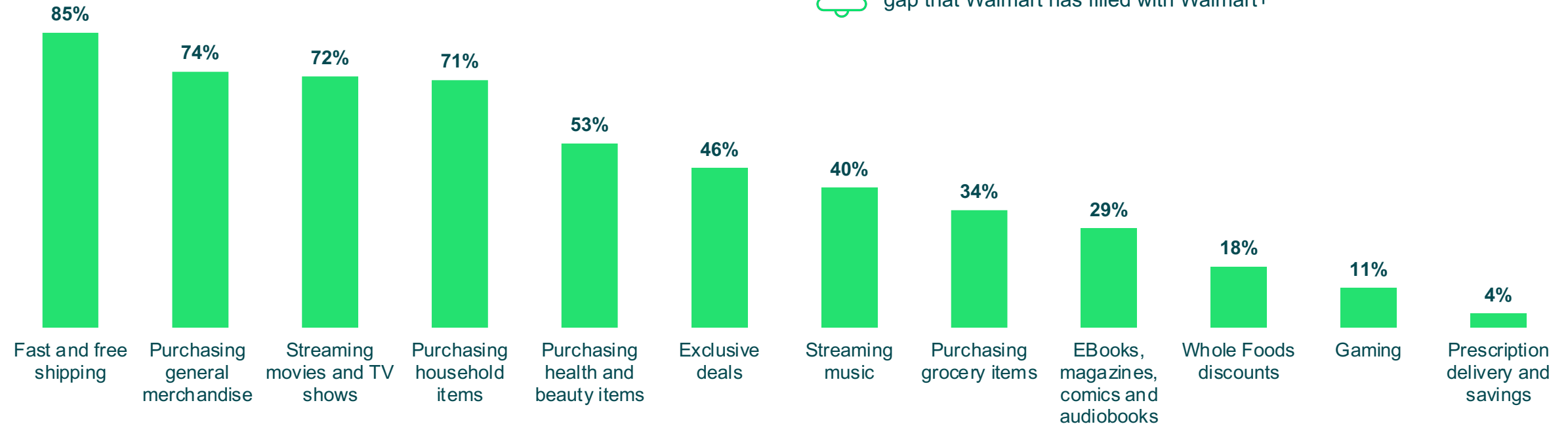
Top Pet Foods & Treats Brands for Walmart+ shoppers at Chewy.com are **Royal Canin & Hill's Pet Foods**. Both of which are **not offered at Walmart**, suggesting Chewy.com is winning against Walmart because of **premium assortment**

# Walmart+ shoppers use Amazon Prime for Non-Grocery benefits, such as purchasing GM items & streaming services

“With Amazon I’m able to buy in bulk and on subscription and with Walmart+ I’m able to buy all my groceries and other merchandise and it’s delivered”

## Amazon Benefits Usage

% of Walmart+ shoppers using Amazon Prime benefit



Source: Numerator Custom Survey, August 2021

Base: Walmart+ Users who have Shopped at Walmart 12 or more times within the L12M (08/01/2021-07/31/2021) & are Amazon Prime Members; N = 563

Q15\_You mentioned that you are an Amazon Prime member. Which of the following do you use your Amazon prime benefits for?

# Finally, let's look at how Walmart+ compares to Prime



# Satisfaction with Walmart+ trails Amazon Prime, which could be a hard gap to close given the complexities of food delivery

## Program Satisfaction Ratings

*“Don't make me pay \$10 for free delivery! Something more than free delivery, I get that on walmart.com and can wait a day or two on my items to arrive. I don't need my items same day.”*

*“Totally free delivery (don't have to tip driver). More grocery items available to order. Better prices - ability to use coupons”*

*“Something like amazon where I can buy random things I don't need and am still able to return hassle free. Returns at Walmart are not always easy.”*



**amazon.com**  
*Prime*

**Walmart+**

*“Totally free delivery (don't have to tip driver). More grocery items available to order. Better prices - ability to use coupons”*

*“Walmart+ just added a bunch of stuff on to their program that I would like to compare. Their food/ delivery isn't always reliable in getting what you order.”*

*“Actually have delivery yes available without extra express fees”*

*“Walmart just always out of stock when I do food delivery or no times are available.”*



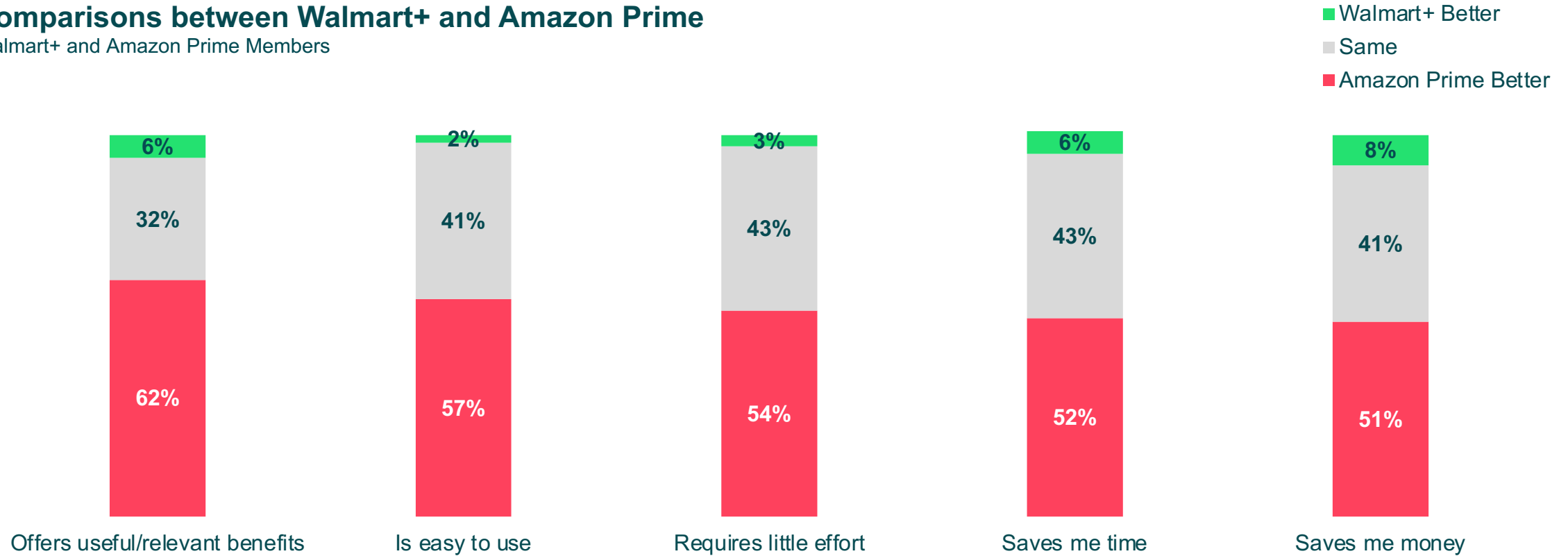
# Amazon Prime beats Walmart+ across the board – most notably on benefits and ease of use



Walmart+ is rated about the same or better than Amazon Prime by about ½ of dual members on saves time and saves money.

## Comparisons between Walmart+ and Amazon Prime

Walmart+ and Amazon Prime Members



Source: Numerator Instant Survey, August 2021

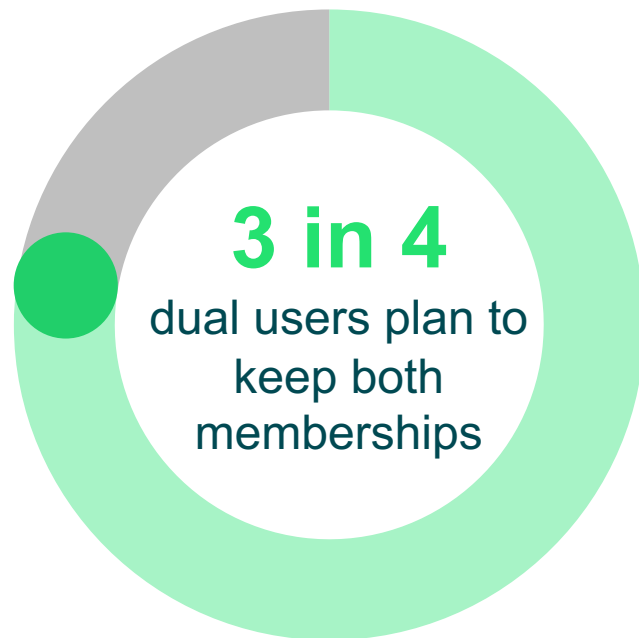
Base: Walmart+ Users who have Shopped at Walmart 12 or more times within the L12M (08/01/2021-07/31/2021) who also subscribe to Amazon Prime

Q17\_How does Amazon Prime compare to Walmart+ on the following attributes?

# Despite this gap, most dual members will keep both memberships because they fill different needs and allow for price matching

## Membership Intentions

Among Walmart+ & Amazon Prime Subscribers



## Reasons for Keeping Both Amazon Prime & Walmart+

*Benefits fulfilling different needs/wants: 40%*

"We use Walmart+ just for groceries and gas savings and Amazon Prime for general merchandise and video streaming."

*Convenience: 18%*

"They are both convenient and save me time. Overall, I think it's totally worth the money."

*Product Assortment/Availability: 18%*

"Amazon has some things Walmart does not and vice versa"

*Price Comparison: 14%*

"Sometimes I can find things at Walmart cheaper than Amazon, [and] sometimes I can find things they don't have at Amazon at Walmart."



Of the 23% who will choose a membership, most will keep Amazon Prime over Walmart+

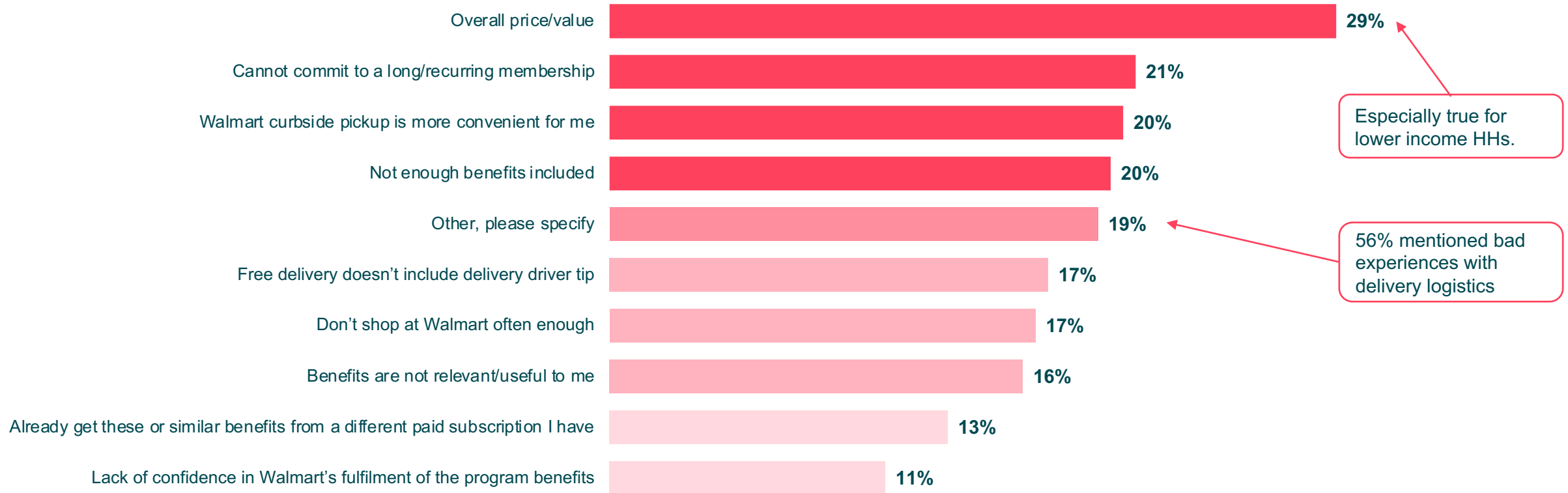
Source: Numerator Custom Survey, August 2021

Base: Walmart+ & Amazon Prime Users who have Shopped at Walmart 12 or more times within the L12M (08/01/2021-07/31/2021); N = 563

Q18\_Which of the following best describes your membership subscription plans for Walmart+ and Amazon Prime? Q19\_OE\_You said you [plan to continue both memberships]. Why is that?

# Walmart should consider driving value through the benefits structure *and* improving delivery logistics

## Top Reasons for Cancellation

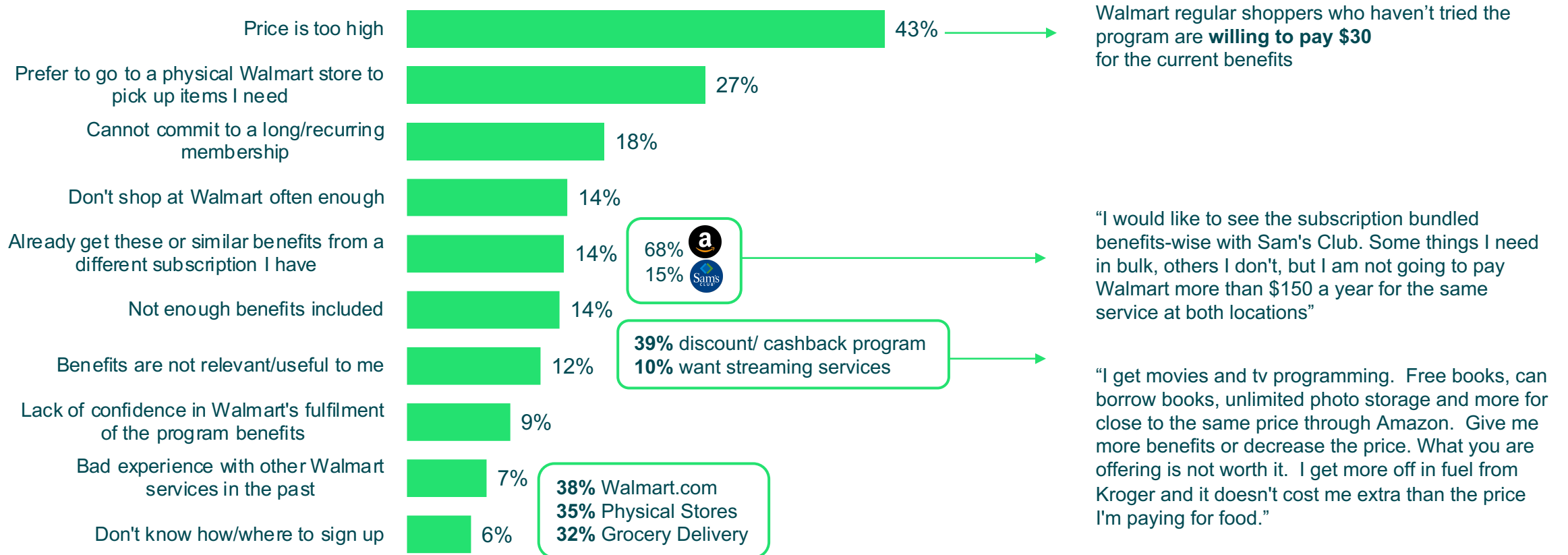


Source: Numerator Custom Survey, August 2021  
Base: Walmart+ Users who have Shopped at Walmart 12 or more times within the L12M (08/01/2021-07/31/2021); N = 677  
Q3\_Why did you cancel your Walmart+ membership?

# These are similar to the pain points deterring non-triers from signing up

## Barriers to Walmart+ Subscriptions

Non-Walmart+ Users



Source: Numerator Instant Survey, August 2021

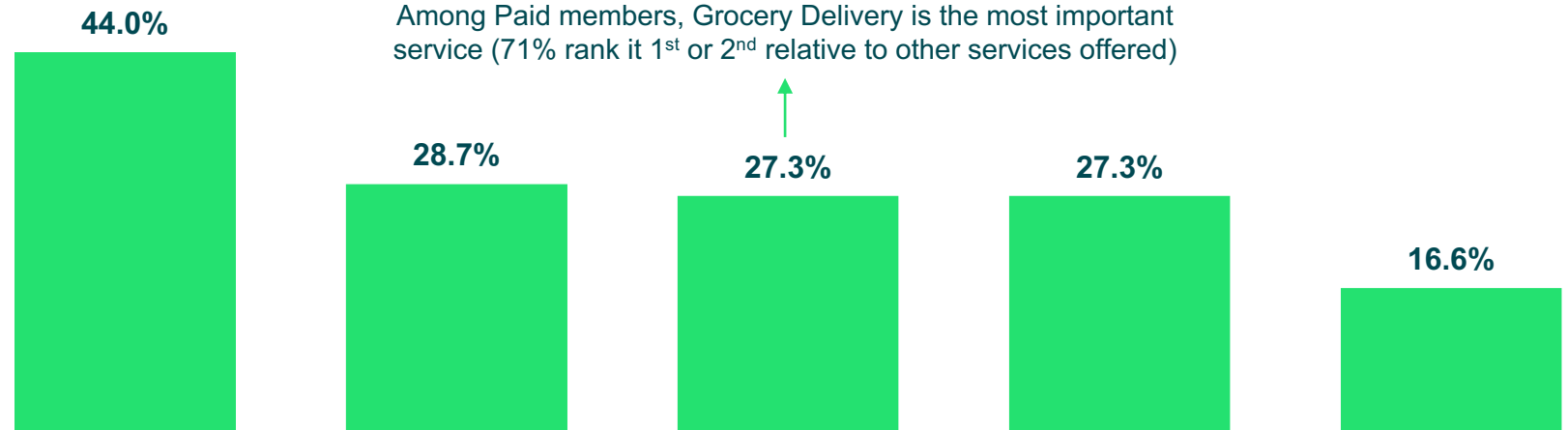
Base: Non-Walmart+ Users who have made three or more purchases at Walmart within the L3M (05/01/2021-07/31/2021); N = 515

Q8\_What are some reasons that might prevent you from participating in the Walmart+ program? Q9\_You mentioned that not enough benefits are included in the program. What are some additional benefits that would motivate you to subscribe? Q10\_You mentioned that you already get these or similar benefits from a different subscription you have. Which subscription is that? Q11\_You mentioned that you had a bad experience with Walmart services in the past. Which service(s) did you specifically have a bad experience with?

# Walmart must work to attract new members, knowing Grocery delivery is not as enticing to non-subscribers

## Perception of Walmart+ Benefits as Walmart Experience Enhancers

By Walmart Stores/Services Shopped



Stores/services visited	Free Shipping on Walmart.com	Fuel Discounts	Free Grocery Delivery	Mobile Checkout In Store	Prescriptions Benefits
Walmart B&M (SC/NHM)	92	81	90	100	75
Walmart.com	111	83	109	101	88
Walmart Online Pickup & Delivery	96	87	112	85	81
Walmart Pharmacy	101	92	96	89	147
Walmart Fuel Station	96	149	100	110	99
Walmart Auto Care Center	106	113	96	103	128
Sam's Club	98	94	97	112	81

Source: Numerator Instant Survey, August 2021

Base: Non-Walmart+ Users who have made three or more purchases at Walmart within the L3M (05/01/2021-07/31/2021); N = 515

Q4\_What Walmart stores and services have you visited/utilized in the past? Q5\_In thinking about your past encounters with Walmart (including Walmart.com, Walmart Grocery, Pharmacy, and Walmart Fuel), which of the following services and benefits, if any, would improve your Walmart experience?

**So... how should  
brands and retailers  
react to the success  
of Walmart+?**





# Walmart+ subscribers are active online, suggesting that Walmart might be best served moving away from traditional media

## What do we know about the Walmart+ subscribers in the digital space?



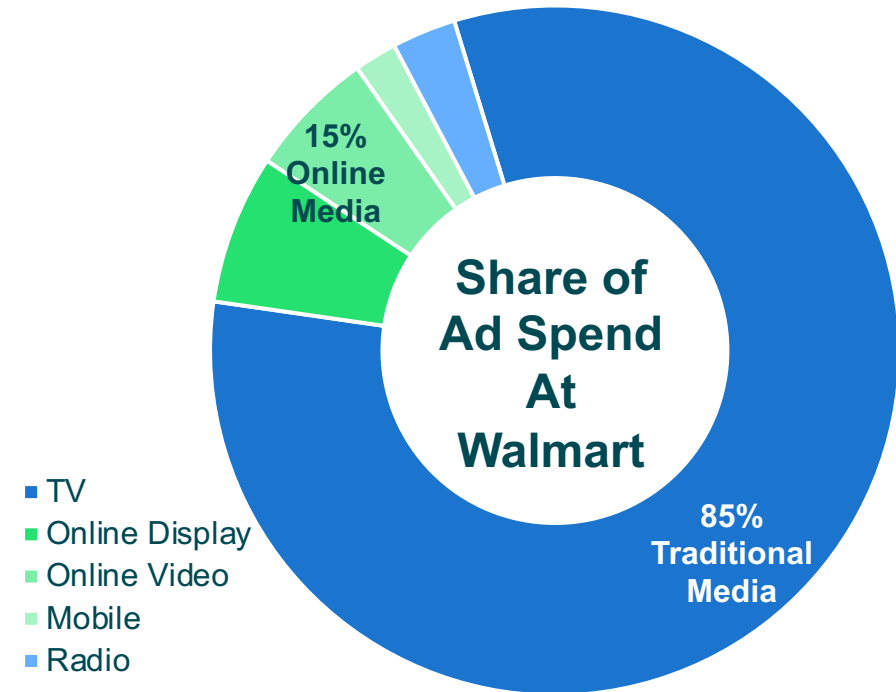
**Active social media users:** Facebook (83%, 106 index), Instagram (55%, 123 index), and Pinterest (47%, 112 index)



**Active video streaming watcher:** Amazon Prime Video (66%, 128 index), Netflix (61%, 110), Hulu (47%, 140 index), and Disney+ (40%, 134 index).

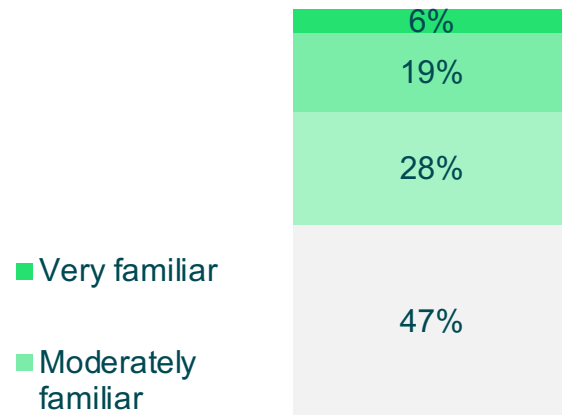


73% are **music streaming subscribers** (110 index): Amazon Prime Music (39% , 138 index), Pandora (24%, 103 index), and Spotify (21%, 122 index)

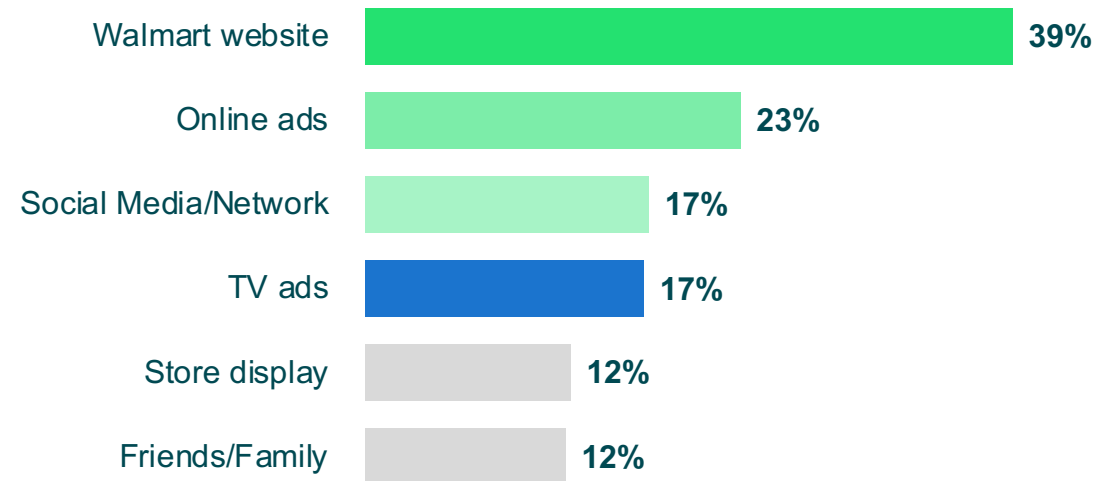


# Shifting ad spend online could be effective at reaching future subscribers, as digital media drove 69% of Walmart+ awareness

## Awareness/Familiarity of Walmart+ Among Non-Subscribers



## Top Channels for Awareness



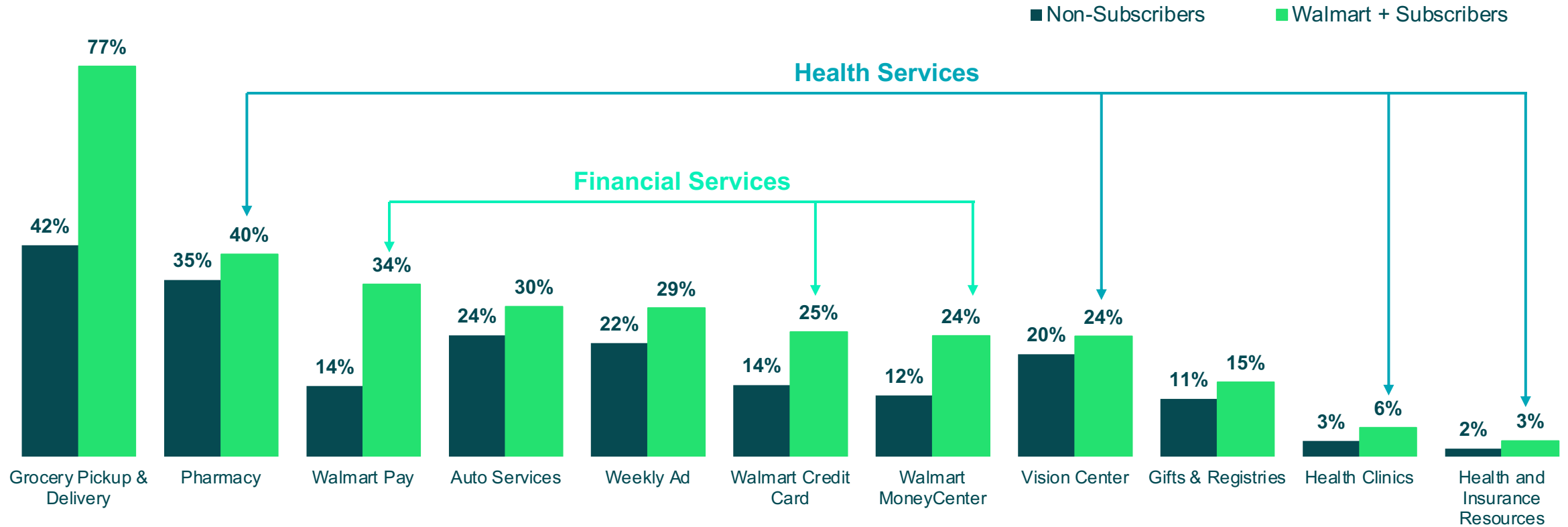
Source: Numerator Instant Survey, August 2021; Numerator Ad Spend Data L12M ending 7/31/2021

Base: Walmart Shoppers who have made three or more purchases at Walmart within the L3M (05/01/2021-07/31/2021); N = 710

Q1\_Are you a current/past subscriber (including trials) of the Walmart+ program? Q2\_To what extent are you aware or familiar with the Walmart+ program? Q3\_ How did you become aware of the Walmart+ membership program?

# Fintech benefits aimed at budgeting could resonate with these shoppers who are already using Walmart's financial services

## Use of Walmart Related Services (Excl. Walmart stores and Walmart.com)



Source: Numerator Custom Survey, August 2021

Base: Walmart Shoppers who have made 12 or more Walmart purchases within the L12M (08/01/2021-07/31/2021); N = 3901

Q1a\_We noticed you've shopped at Walmart in the past. Which of the following additional Walmart services have you used (not including in-store shopping)?

# Although Walmart+ shoppers have high perceptions of PL, they are selective in which categories they will buy it

Walmart+ shoppers are more likely to turn to Private Label for Grocery items, but not in Health, Baby and Pet

## PL Usage - % of Category Trips with PL Products

Walmart+ vs Walmart Regular Shoppers

Over-indexing Categories* for PL TTL Market	% Category Trips with PL (Walmart+)	Index to Regular Walmart Shoppers
In-Store Bakery	66.7%	124
Frozen Foods	38.3%	115
Bakery Sweet Goods	55.6%	113
Produce	26.4%	112
Packaged Bakery	38.2%	112
Eye Care and Vision	27.6%	111
Herbs & Spices	41.3%	111
Beverages	20.4%	109
Condiments	34.9%	108
Meat	35.1%	107
Pasta & Noodles	45.3%	107
Canned	43.6%	107
Baking & Cooking	43.1%	107
Dairy	62.7%	106

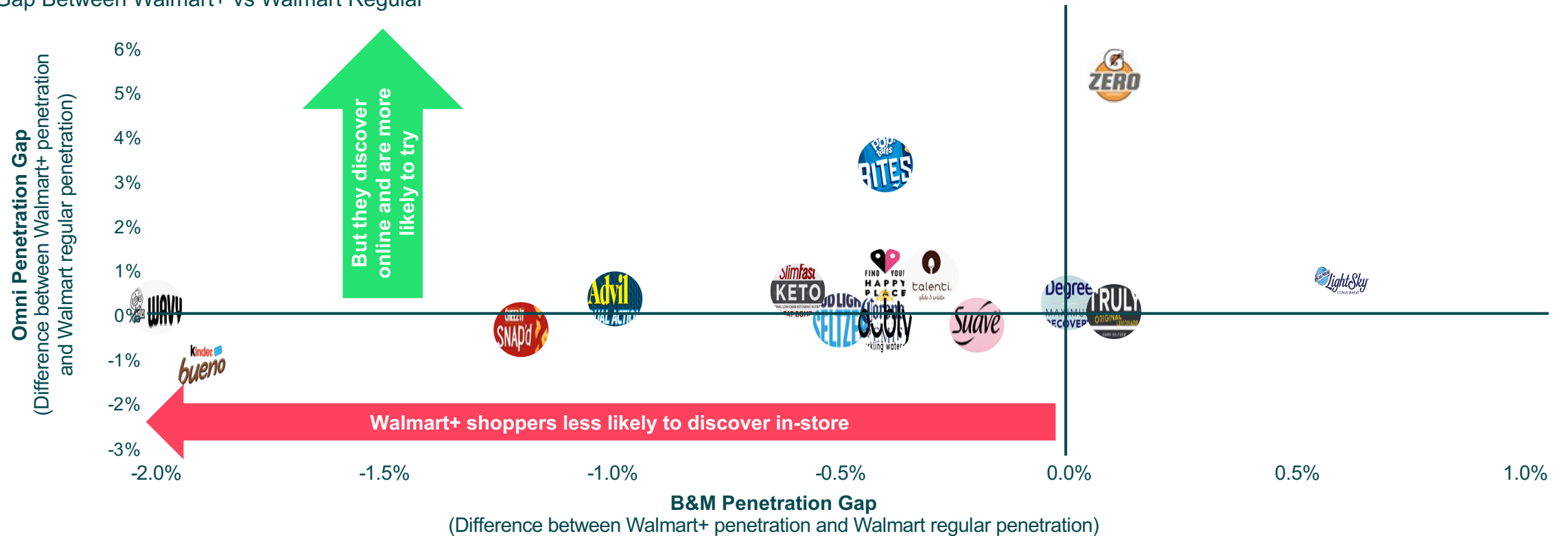
Under-indexing Categories* for PL TTL Market	% of Trips with PL (Walmart+)	Index to Regular Walmart Shoppers
Shoes (Baby)	29.7%	66
Ear	15.8%	70
Fresh Meal Kits	30.8%	73
Pet Food & Treats	13.0%	77
Vitamins & Supplements	29.0%	83
Sexual Wellness Products	17.9%	86
Laundry	10.8%	87
Infant Toddler Nutrition	22.5%	89
Pet Supplies	26.2%	89
Diapering	32.9%	92
Tools (Health & Beauty)	31.7%	92
Balanced Nutrition and Snacks	22.3%	93
Feminine Care	21.2%	94

# New items are important to Walmart+ shoppers, so invest in digital marketing to make new item discovery easy online

Walmart+ shoppers are looking for new items, but not discovering them in-store. It takes them a bit longer to discover the new items online, but once they do they are generally more likely to purchase

## New Brand Penetration in B&M and Omnichannel

Gap Between Walmart+ vs Walmart Regular



# Knowing more about these shoppers, Walmart and suppliers can work to solve their pain points through services & innovation



## Easy Meal Solutions

- Feed 4 for \$20 weekly meal solutions: Pre-bundled meals that can be added to cart with one click
- 10-minute recipe ideas with one-click option for adding all ingredients to cart



## Contactless & Clean

- Online grocery pickup and delivery with dedicated member time slots
- Mask-required shopping hours
- Tele-health services
- Sanitizer and wipes stocked at entry and exit
- Partnering with CPG company in household cleaning space to “stores certified clean by Clorox”



## Omni Shopping

- Optimize online user experience with upgraded search and compare capabilities
- Streaming services such as music and video
- Personalized substitution algorithms that take into account previous orders/returns



## Time Strapped

- Auto replenishment of pantry and household staples
- List building with voice assistant integration
- No-hassle return process
- Replicating Amazon Go experience to improve scan & go's appeal
- Bundling membership with Sam's Club to allow members to shop where they want, how they want



## Budget Buying

- Budgeting tools to track spending
- Mortgage services to help new home buyers
- Amazon price match guarantee
- Credit card membership with cash-back rewards
- Allow for coupon usage in app/special discounts



## What we're seeing

- Walmart+ is building loyalty with a shopper group that they have struggled with in the past— high income suburban families who are looking for ways to save time & money. Nearly 50% are new to Walmart's OPD service. Walmart has removed in-store experience from the equation and is winning with this group.
- Walmart is winning the **online grocery** basket among Walmart+ shoppers, but other categories are not benefiting as much. Tech savvy shoppers are comparing prices on categories they can get through their Amazon Prime membership and are looking for a premium assortment that may not be available through Walmart.
- Walmart+ members are generally satisfied with the program, but Amazon garners better ratings in nearly all areas.

## Why it matters to you

- Manufacturers should look for ways to partner with Walmart to win with these high value shoppers: member sample kit upon paid sign-up, cross-category one-click meal solutions, and optimizing assortment based on what they are buying elsewhere.
- Consider investing in targeted messaging and sponsored product placement. With free delivery, Walmart+ users are shopping more frequently, providing more opportunities to win them online. Aim to get your brand in the basket early to build lasting loyalty.
- Make online discovery of new items easy to these online heavy shoppers. Surprise and delight with free samples of new items.

## How you can take action

- Understand how these shoppers interact with brands in your portfolio inside and outside of Walmart. Are there any areas where you can partner with Walmart to adjust assortment/pricing to grow loyalty?
- Quantify your brand's ability to be first in the online grocery basket. What marketing tactics can you use to get these valuable shoppers to choose your brand on their first online grocery trip?
- What partnerships can you explore with Walmart or other complementary brands to win with this group of shoppers: building out digital couponing programs, easy meal solutions, or Amazon price match guarantees?

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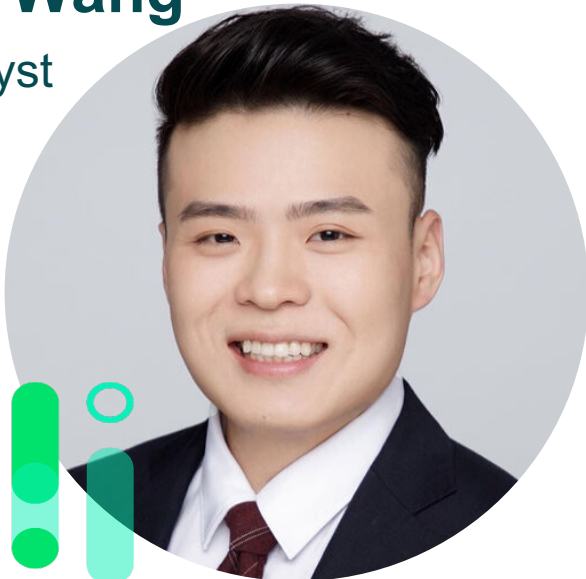
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