

WALMART PLUS: THE LESSONS FOR UK GROCERS



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“THREE KEY LEARNINGS THAT UK GROCERS CAN IMPLEMENT TO GROW CUSTOMER INTERACTIONS, ENHANCE PERSONALISATION AND DRIVE CONVENIENCE”

INTRODUCTION

Walmart recently announced its own membership programme in the US, Walmart Plus, to respond to growing competition in the online grocery market. The US grocer promises “More savings. More time. More joy in your day.” This will be through a combination of unlimited free home delivery, cheaper fuel and mobile scan-and-go in-store.

We expect to see a similar trend in the UK, so in this article I'll be looking at the thinking behind Walmart Plus and three key learnings that UK grocers can apply from the acceleration of the grocery subscription model in the US.

KEY LEARNING 1: SUBSCRIPTION AS THE NEW LOYALTY

The rise of subscription-based retailing has led many to wonder - is subscription the new loyalty? Subscription models can be a great way of locking consumers in; if a customer already has Amazon Prime or ASOS Premium, the customer always has them at the top of their mind, a psychological advantage that is hard to beat.

Between 2015 and 2019, the number of Amazon Prime users grew from **58m to a huge 112m**, generating a \$19bn revenue. One of the key reasons for this is the broad product range, from music and video streaming to groceries. Walmart Plus will deliver a similar offering for nearly \$100 less per year, providing groceries, technology and beauty products to name a few, as well as discounted fuel.

This could be the future for UK grocers - taking the recent M&S/Ocado partnership, the customer experience has been greatly enhanced by Ocado offering a wider range of M&S products, rather than just food. In the future, we could see retailers taking this further, by adding services on top of their product offering, in order to improve the quality of customer interactions.

A recent study estimated that **Brits spend over £2bn per year** on subscription services, with food services being the most popular. Because of this, UK grocers should look to learn from international examples such as Walmart Plus, where subscribers are offered perks such as unlimited free delivery.

KEY LEARNING 2: PROVE THAT YOU KNOW ME

Aside from financial benefits, increased personalisation is a crucial factor for the success of subscription services, with **87% of consumers** being open to brands monitoring their shopping behaviour if it results in more personalisation.

Subscription services provide retailers with a wealth of customer data which can be used to offer more accurate recommendations, improving user experience and the likelihood of cross or up-selling. Think of Amazon, whose services touch on multiple aspects of their consumers' lives, providing a much deeper insight into consumer behaviour than the standard loyalty card.

A curated offer is much more appealing to consumers, providing a reason to not switch to a competitor. This approach has led to Graze becoming the **second most popular subscription service** in Britain. Its healthy snack boxes are tailored based upon consumer likes and are continuously updated based on feedback. Implementing a data-driven strategy aided their successful expansion into the US, selling **£23m worth of boxes** in their first year alone.

I expect Walmart to utilise Plus customer data to enhance its consumer offer and grow its competitive advantage, with UK grocers needing to take a similar approach. For example, for consumers potentially becoming bored of tedious home cooking, what if grocers were able to determine favourite cuisines from past purchases, suggesting meals for the next week and providing the shopping list?

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KEY LEARNING 3: JUST MAKE IT EASY

Whether it be the availability of delivery slots or a seamless customer experience, retailers should just make it easy for their customers. A lack of convenience can be disastrous, with [NRF research](#) finding that 97% of consumers have abandoned a purchase because it was inconvenient to them.

Replenishment services, especially those providing food, work very well using a subscription model as they save consumers the time cost of regular purchases. Meal delivery service HelloFresh has successfully capitalised on this trend, providing subscribers with the exact ingredients required to make quick, healthy meals. They have seen a surge in demand since Covid-19, reaching over [4m active customers in Q1 2020](#).

Like Amazon Prime, Walmart Plus will provide consumers with the convenience of unlimited same-day delivery. Since Covid-19, delivery times have become a huge pain point for consumers, so any grocer that can promise same or next day delivery is guaranteed to win consumer support. Tesco has already [rolled this out in some areas](#), and others should look to prioritise their online delivery operations to ensure they can meet the growing consumer demand caused by Covid-19.

CONCLUSION

Launched as a direct response to growing competition in the US online grocery market, Walmart Plus has the potential to narrow the gap in the US market due to its vast physical presence, loyal customer base and exceptional buying power.

UK grocers should consider what lessons they can learn from the Walmart experience. They need to reflect internally on their unique selling points, what makes them stand out to their loyal customers and build upon this- quickly!

As we have learnt from the rise of the subscription model, the three key things to focus on are: subscription as the new loyalty, proving you know your customers, and just making it easy for them.

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