

Walmart unveils subscription program to challenge Amazon

1 September 2020, by John Biers



As an "essential" retailer, Walmart has benefited during the coronavirus pandemic and will now challenge Amazon Prime with a new subscription service

The battle for online supremacy is on as Walmart announced Tuesday the coming launch of a membership program that provides free delivery as the world's biggest retailer takes direct aim at e-commerce behemoth Amazon.

The long-discussed Walmart+ will start September 15, charging \$98 annually or \$12.95 a month to provide free delivery as soon as the same day along with discounts on fuel and other features.

The service will compete with Amazon's "Prime" program, which offers free delivery within two days with a comparably-priced subscription that also provides free and premium-priced video and entertainment offerings.

Walmart's announcement highlighted the need to meet consumer needs in a fast-evolving economy especially amid the upheaval caused by the coronavirus pandemic that has fueled a surge in tech adaptations for the work- and shop-at-home world.

"Life feels more complicated than ever. Walmart+ is designed to make it easier—giving customers an option not to have to sacrifice on cost or convenience," Walmart chief customer officer Janey Whiteside said.

"We have always been a champion for the right item at the right price, but now it's more than that. We have the right shopping solutions at the right time, too."

The launch of Walmart+ comes as the global retail giant has teamed with Microsoft in an effort to acquire TikTok, the Chinese-owned short-form video app that has come under fire from President Donald Trump.

The app has been at the center of a diplomatic storm between Washington and Beijing since Trump signed an executive order on August 6 giving Americans 45 days to stop doing business with TikTok's Chinese parent company ByteDance.

Big e-commerce push

Shares of Walmart jumped 6.3 percent to \$147.59 to become the biggest gainer in the Dow.

Walmart+ replaces the retail giant's "Delivery Unlimited" subscription service that offered home delivery of more than 160,000 items.

It is the latest step in the major ramp-up into e-commerce, propelled by Walmart's 2016 purchase of Jet.com for \$3.3 billion, and billions of dollars in additional investment to develop smartphone applications, revamp supply chains and roll out curbside pickup of groceries and other items at thousands of US stores.

The new service also will provide members with discounts of up to five cents a gallon at Walmart gasoline stations.

And it offers a "scan and go" feature that lets consumers pay for items by scanning them with a smartphone application for a "quick, easy, touch-free payment experience," Walmart said on its website.

A successful acquisition of TikTok with Microsoft could open up additional possibilities, allowing Walmart a marketing platform with TikTok users, who tend to be younger shoppers who turn to the internet for lifestyle trends and are not generally big Walmart consumers.

The potential gold mine of younger users' data also could help Walmart compete more strongly with Amazon, analysts say.

And the purchase of TikTok could give Walmart a key entertainment platform after earlier efforts stumbled. In April, Walmart's video-on-demand service Vudu announced it would be sold Fandango Media, which is part of Comcast.

Amazon and Walmart have enjoyed strong results during the coronavirus pandemic as consumers have increasingly relied on e-commerce to order groceries online either for delivery or curbside pickup.

Walmart also has benefited from its status as an "essential" store that was permitted to stay open during spring lockdowns while authorities forced other stores to close.

Last month, Walmart reported higher quarterly earnings, due partly to a 97 percent surge in US e-commerce sales.

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