

# THE BENEFITS OF MEMBERSHIP:

MASS RETAILERS AND  
SUBSCRIPTION SERVICES



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## THE BENEFITS OF MEMBERSHIP:

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# INTRODUCTION

**W**here retail is concerned, the United States is a nation of members. PYMNTS' research shows that most Americans subscribe to some kind of membership service with a mass retailer, such as Amazon Prime, Costco, Sam's Club or Walmart+. These services appeal to consumers for a host of reasons. Consumers can use them to access exclusive deals, which can include wholesale pricing or bulk quantities of goods, having orders shipped to their homes rather than shopping for them in person and accessing streaming services and digital content.

These membership-based shopping services have swelled in popularity over the past few years. Amazon Prime, in particular, has become a major part of the retail landscape, with PYMNTS' research finding that roughly two-thirds of U.S. consumers have Prime memberships. Other mass retailers, including heavyweights such as Walmart, have responded to consumers' enthusiasm by entering the shopping subscription landscape themselves.

As the market has grown saturated, however, these retailers have seen their numbers plateau, and memberships to shopping subscriptions dropped slightly over the past year. Walmart, in particular, is facing other concerning trends. While the initial response to its Walmart+ service seemed positive, the total amounts spent by its subscribers and its membership numbers have proved disappointing compared to other retailers' subscription services. These and other findings suggest that most consumers do not want to sign up for every service — they just want to pick one or two that deliver the features and values that resonate with them.

The Benefits Of Membership: Mass Retailers And Subscription Services examines the popularity of these services, explores how membership affects the way consumers shop and analyzes the benefits of each shopping subscription. This report draws from a census-based survey of 2,129 U.S. consumers that explores subscription-based shopping trends, the retailers with which shoppers spend the greatest amount of money and the motivations they have for obtaining and using different memberships.

**This is what we learned.**

## Shopping memberships are very common, and Amazon Prime leads the way.

PYMNTS' findings make it clear that most American consumers value shopping memberships, and several services are leading the pack. Approximately 64% of the adult U.S. population, an estimated 166 million Americans, are subscribed to Amazon Prime. Meanwhile, 28% of the adult population — representing 73 million Americans — have Costco memberships, and a projected 69 million, or 27%, hold Sam's Club memberships.

Walmart launched its shopping club, Walmart+, on Sept. 15, 2020, gearing its membership service toward competing with Amazon Prime.<sup>1</sup> Our research calculates that 38 million Americans, roughly 15% of the population, now have Walmart+ memberships. While those numbers might seem large, Walmart has generally struggled to grow its paid membership numbers after an initial spike in signups during the first few months after its debut.<sup>2</sup>

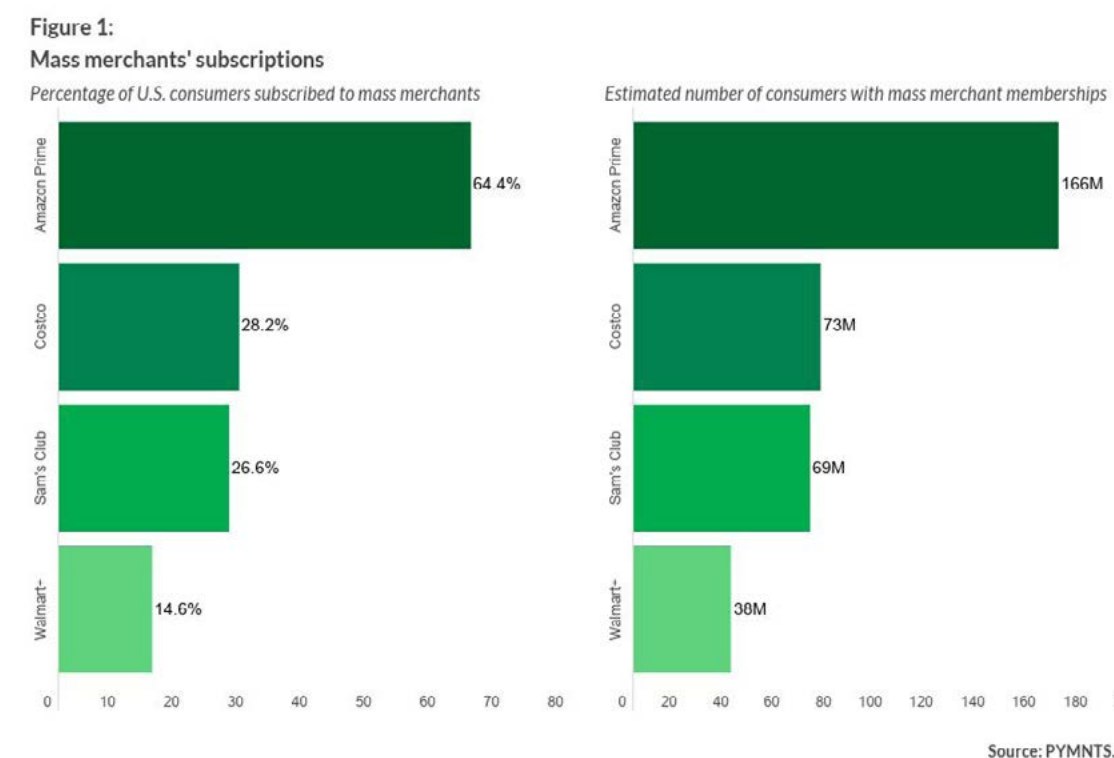
1 Author unknown. Walmart Plus: price, free trial, and all the details on Walmart+ membership. What Hi Fi? November 2021. <https://www.whathifi.com/us/advice/walmart-plus-price-release-date-and-all-the-details-on-walmart-membership>. Accessed April 2022.

2 Walmart's Loyalty Program Walmart+ Struggles to Grow Paid Membership. PYMNTS.com. November 2021. <https://www.pymnts.com/news/retail/2021/walmarts-loyalty-program-walmart-plus-struggles-to-grow-paid-membership/>. Accessed April 2022.

## Shopping behaviors vary across mass retailers.

Consumers' decisions about whether to shop online or in-store depend largely upon which retailer they are using. Unsurprisingly, 98% of Amazon Prime shoppers conduct their transactions online. Amazon does have some brick-and-mortar locations, but the company originally made its name as an online-only retailer, and the vast majority of its customers' transactions reflect this.

Both Sam's Club and Costco shoppers, on the other hand, are far more likely to shop in person. Eighty-four percent of Sam's Club customers shop in-store, while 88% of Costco customers report the same. Walmart has observed similar trends, with 85% of its shoppers making their purchases in-store.



Part II: Retail habits in 2022

**The subscription model works:  
The total value of purchases made  
by subscribers is double that of  
nonsubscribers across all merchants  
— except for Walmart.**

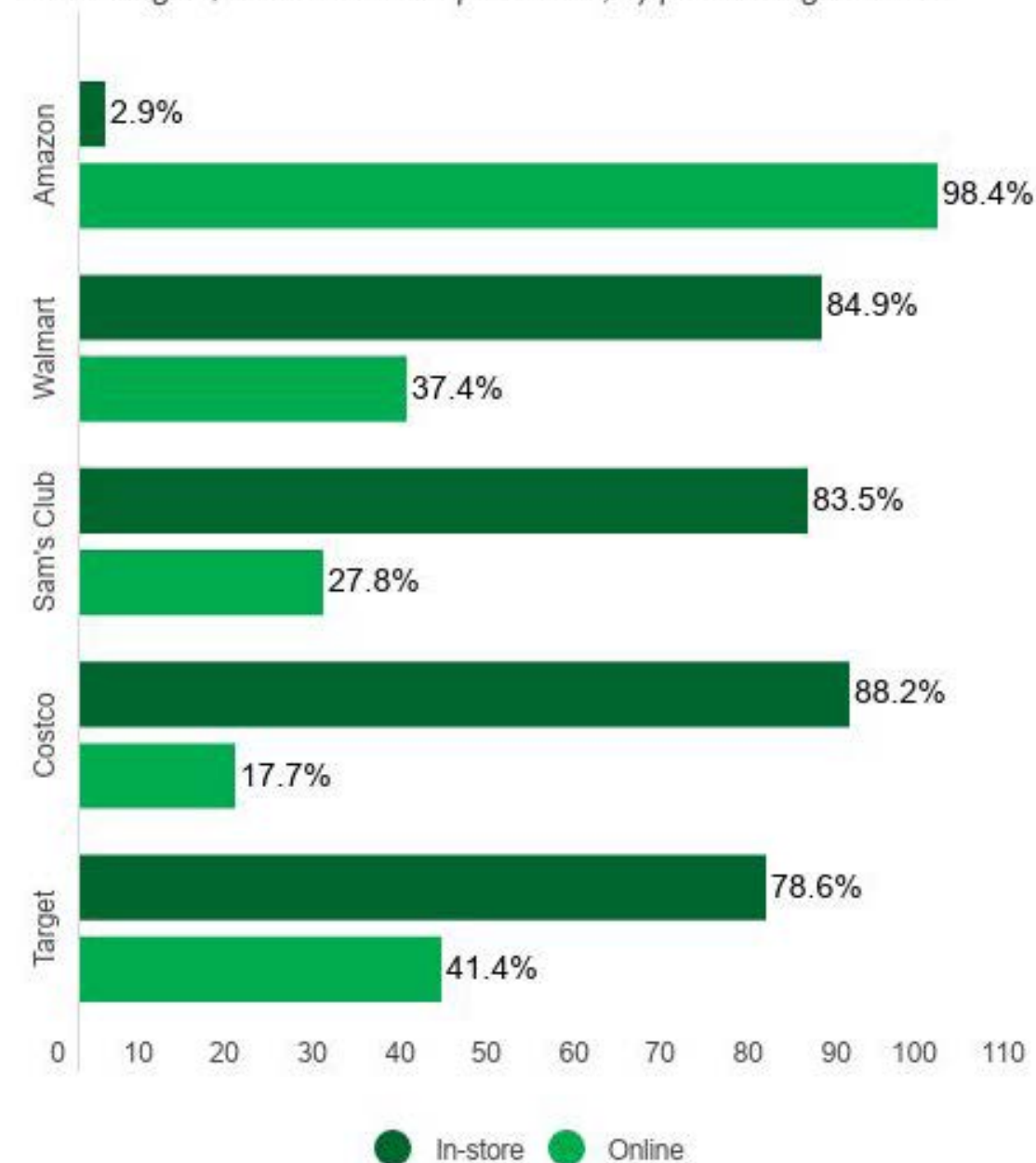
Retail membership in general is a strong indicator that a consumer will spend more with the brand to which they are subscribed. Amazon Prime members spent 113% more than nonmembers each month when shopping online, for example. At Costco and Sam’s Club, members spend 101% and 109% more in-store than nonmembers, respectively.

The same trends do not hold true for Walmart+ subscribers, however. These members spend only 15% more than nonmembers each month when shopping online, and they spend 10% less than nonmembers when shopping in-store. Twenty-three million Walmart+ subscribers shopped exclusively online in the past month, spending an average of \$263. This could be because some members are taking advantage of the free shipping Walmart+ offers.

Figure 2:

Mass merchants' purchasing channels

Percentage of mass merchant purchases, by purchasing channel



Source: PYMNTS.com

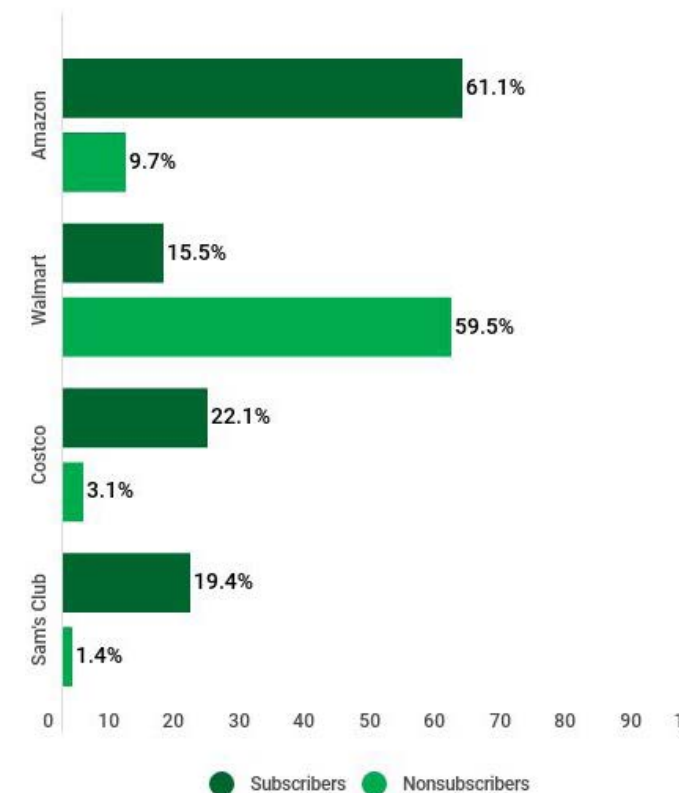
## Mass merchants remain popular overall despite market saturation – 79% of U.S. consumers made purchases at a mass merchant within the past month.

Walmart was the most frequently cited mass merchant with which consumers shopped: 75% of respondents made purchases from the retail giant within the past month. The next most popular was Amazon, at 71%, followed by Costco at 25% and Sam’s Club at 21%.

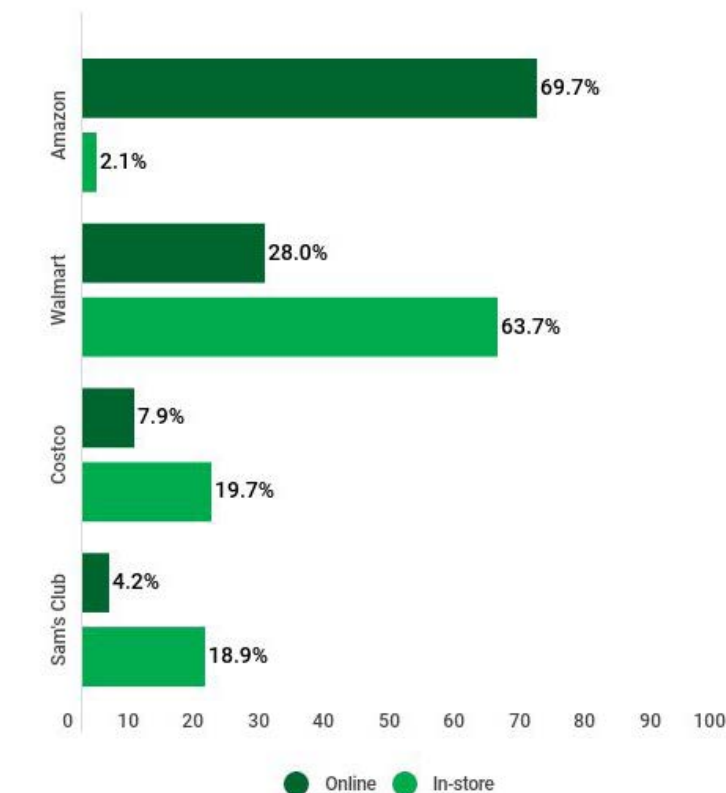
Notable trends emerge when these purchases are broken down by subscription status, however. Three-fourths of respondents reported making Walmart purchases within the past month, but only 21% of consumers who made such purchases have a Walmart+ subscription. This contrasts markedly with Amazon. Sixty-one percent of respondents made purchases from Amazon within the past 30 days and have Prime subscriptions.

**Figure 3:**  
Mass merchant purchases

3A: Share of consumers who made a purchase at a mass merchant in the last month, by subscription status



3B: Share of consumers who made a purchase at a mass merchant in the last month, by shopping channel



Walmart also stands out from the other mass retailers we examined in that the majority of the consumers making purchases from the retail giant are not subscribers. Memberships are required to shop at Costco and Sam’s Club, and though Amazon does not require customers to have subscriptions, subscribers were responsible for most of its transactions over the past month. Walmart thus appears to have some catching up to do in this regard.

With the notable exception of online retail-oriented Amazon, the vast majority of mass retailers’ purchases are occurring in-store. Seventy percent of respondents reported making an Amazon purchase online within the past month, whereas just 28% said they made an online purchase at Walmart. Sixty-four percent of consumers made in-store purchases at Walmart, however, compared to just 2% of respondents who said the same for their Amazon purchases.

## Part III: The benefits of membership

## Determining subscriptions' worth depends on where customers shop and what they buy.

Walmart+ was created in a bid to help the retailer compete with Amazon Prime.<sup>3</sup> Its pricing is similar, with Walmart+ costing \$12.95 monthly or \$98 annually, compared to \$14.99 monthly or \$139 annually for Amazon Prime. Walmart+ touts features such as free shipping, free deliveries on orders of \$35 or more and members-only discounts on gasoline purchased from select providers. Amazon Prime, meanwhile, offers free delivery within one or two days for its subscribers and free same-day delivery for orders of more than \$35. Prime also offers streaming and digital benefits including Prime Video, Amazon Music and Prime Gaming as well as access to Prime Reading.

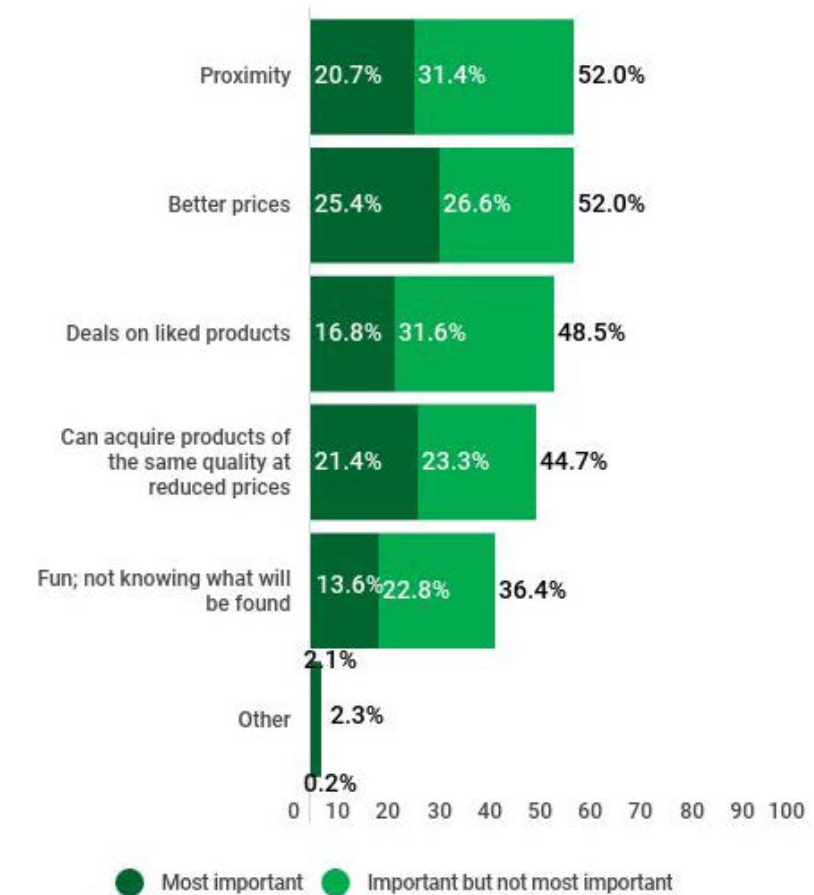
Like Walmart+ and Amazon Prime, Costco and Sam's Club have features of their own.<sup>4</sup> A standard Costco membership is \$60 annually, while an executive membership costs \$120. The standard membership includes shopping access at all Costco warehouses, access to discounted gasoline and free two-day delivery on nonperishable and household items orders totaling \$75 or more, among other features. Sam's Club also has two levels of membership: Club, which costs \$45 annually, and Plus, which costs \$100 per year.

<sup>3</sup> Dow, N. Walmart Plus vs Amazon Prime: How to Choose. The Penny Hoarder. February 2022. <https://www.thepennyhoarder.com/save-money/walmart-plus-vs-amazon-prime/>. Accessed April 2022.

<sup>4</sup> Bryant, S. Costco vs. Sam's Club: What's the Difference? Investopedia. November 2021. <https://www.investopedia.com/articles/personal-finance/061715/business-model-analysis-costco-vs-sams-club.asp>. Accessed April 2022.

So, which membership offers the best deal? The answer depends on what consumers are looking for from their mass-retailer memberships, and consumers typically have their own reasons for shopping with a specific merchant. Twenty-five percent of the respondents in our survey said access to better prices was most important to them, while 21% said selecting a store based on proximity would be ideal. These varied preferences indicate that differing types of subscriptions are likely to appeal to consumers with select priorities. Mass retailers that take note of their core consumers' preferences and tailor their subscription offerings with them in mind are more likely to grow their membership bases.

**Figure 4:**  
Purchases at specific stores  
*Reasons for shopping at specific stores in the last month*



Source: PYMNTS.com

## CONCLUSION

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American consumers have many options when it comes to shopping at mass merchants, and this is also true of subscriptions. Memberships benefit retailers as well because they encourage subscriber loyalty. When selecting which memberships to purchase, consumers should consider their preferences and needs in addition to factors such as their proximity to a store. An Amazon Prime membership might make the most sense if they frequently stream video, for example, while consumers who have long commutes could find more value in memberships at either Sam's Club or Costco. By creating the right mix of features and opportunities for potential members, retailers can grow their subscriber numbers and businesses while increasing customer satisfaction.

## METHODOLOGY

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The Benefits Of Membership: Mass Retailers And Subscription Services is based on a census-balanced survey of 2,129 U.S. consumers conducted between Jan. 27 and Feb. 4. Respondents were 47 years old on average, and 52% were female. Thirty-two percent of respondents had college degrees and 36% of respondents declared an annual income of more than \$100,000. Additional proprietary data from PYMNTS was used for supplementary analysis.

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