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PYMNTS.com

AMAZON — VERSUS — WALMART Q4 2021

The Ongoing Battle For
Consumer Retail Spend

In Amazon Versus Walmart Q4 2021: The Ongoing Battle For Consumer Retail Spend, PYMNTS examines both Amazon and Walmart's quarterly earnings reports and goes back to the field to get the latest consumer spending data to discover how much of their total retail spend they managed to win in the final months of 2021. The report also looks at how Amazon has managed to take and maintain its edge over Walmart and what it means for the future of their ongoing rivalry.

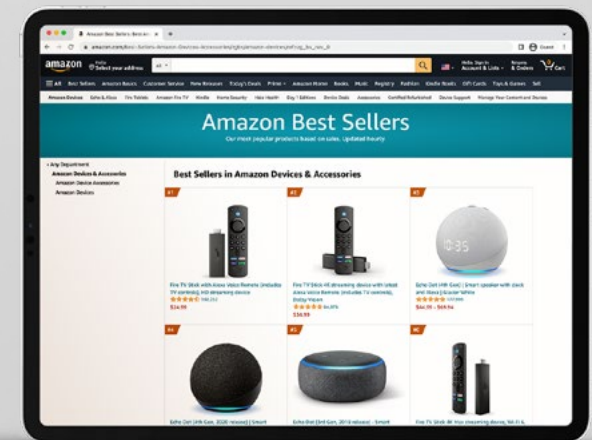
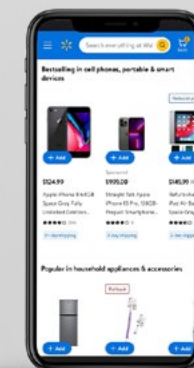




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INTRODUCTION

“Two tigers cannot share the same mountain.”

This loosely translated Chinese proverb dates back centuries, but its lesson still rings true: It is impossible for two powerful entities to be the king of the same space. Eventually, one will lead, and the other will fall behind.

We rarely get the chance to witness such battles unfold in real time, but the rivalry between Amazon and Walmart is precisely that matchup.

In 2021, Amazon captured the consumer wallet share mountaintop for the first time in its 27-year history.¹ That year, United States consumers spent a collective \$16 trillion, with \$5.5 trillion of that total attributed to retail purchases and the remainder going to other expenses such as

rent, mortgage payments, utilities, health-care and entertainment. Consumers spent \$510 billion at Amazon, or 3.6% of total consumer spending and 9.4% of total consumer retail spending, outpacing the 3.0% share of total consumer spending and 8.6% share of consumer retail spend captured by Walmart (\$472 billion).

In Amazon Versus Walmart Q4 2021: The Ongoing Battle For Consumer Retail Spend, PYMNTS examines both Amazon and Walmart’s quarterly earnings reports and goes back to the field to get the latest consumer spending data to discover how much of their total retail spend they managed to win in the final months of 2021. The report also looks at how Amazon has managed to take and maintain its edge over Walmart and what it means for the future of their ongoing rivalry. We examine eight key retail segments.

This is what we learned.

These two companies are the two “tigers” of the retail sector. In 2021, U.S. consumers spent a collective \$5.5 trillion on retail purchases, with \$510 billion spent at Amazon and \$472 billion spent at Walmart. The average U.S. household spends \$4,694 of its \$95,347 in annual income purchasing their products, and those dollar amounts continue to grow. For many years, these two retail behemoths competed for the consumer’s retail spend from different starting points: Amazon in 1995 in eCommerce and Walmart in 1962 in physical retail.^{2, 3} Since then, Walmart has expanded its physical footprint, and its more than 5,300 physical locations put a Walmart within a 15-minute drive of 90% of Americans.⁴ Walmart reports that in the U.S., 100 million Americans walk thru its doors every week. Grocery has always been Walmart’s moat, driving 56% of its overall sales as of Q4 2021. More recently, Walmart has announced its intention to expand its portfolio of financial services and has invested in bringing healthcare services to its shoppers with its VillageMD partnership.

Over that same period of time, Amazon has expanded its digital footprint, fueled by consumers’ penchant for the convenience of online shopping and the vast assortment of products at competitive prices available on its marketplace. Since its beginnings as a book retailer, Amazon’s “everything store” has expanded its roster of third-party sellers to now include nearly 2 million Amazon sellers globally in 2021 (2.5 million active sellers and 500,000 sellers are based in the U.S.), accounting for 56% of units sold in Q4 2021.^{5, 6} Amazon’s purchase of Whole Foods in 2017 for 13.4 billion gave Amazon a physical grocery footprint to supplement its burgeoning Subscribe & Save subscription business — a business unit that accounts for 32% of the U.S. consumer’s retail subscriptions and its eGrocery business.^{7, 8} More than 550 million consumers visit the Amazon site every week, and its 166 million consumer-strong U.S. Amazon Prime user base spends 113% more on average than non-members shopping on Amazon’s site.^{9, 10, 11}

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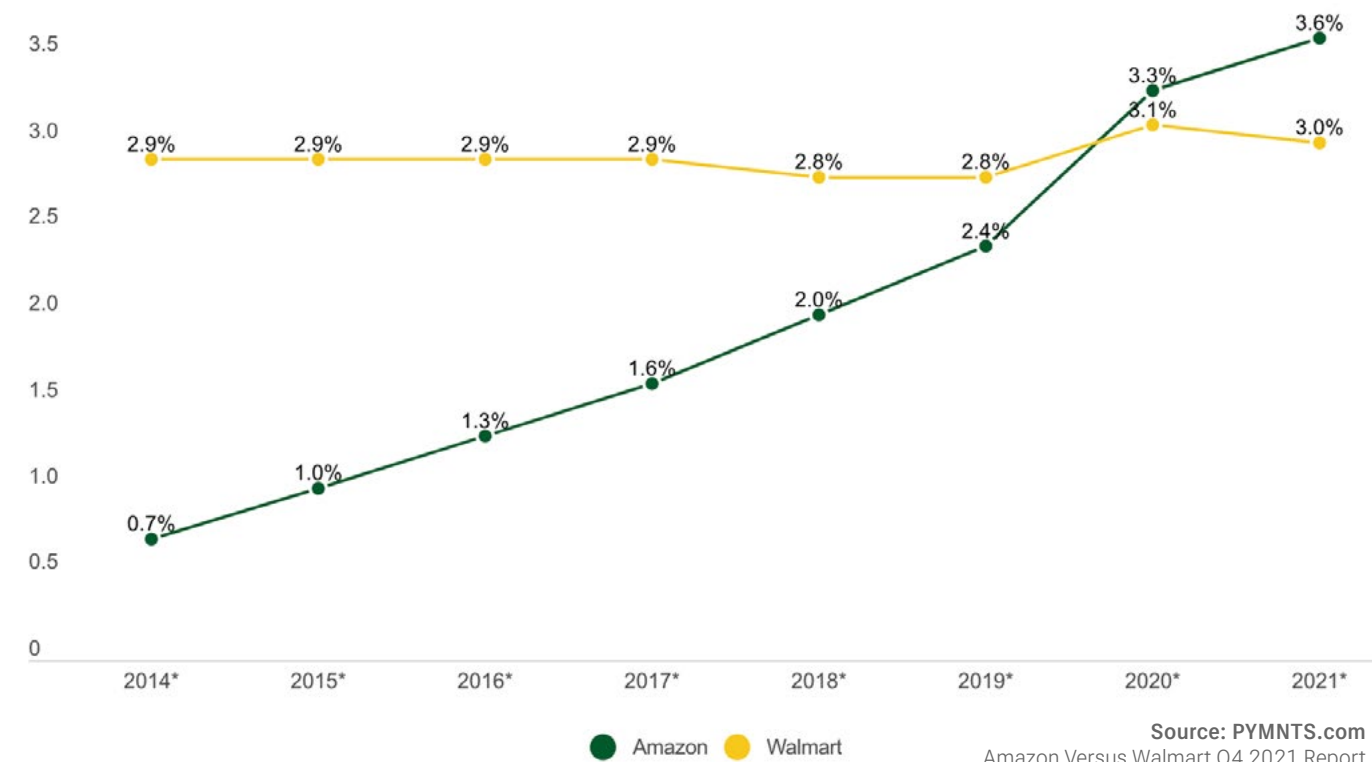
PART I: THE BIG PICTURE

2021 was THE year when Amazon dethroned Walmart as the biggest winner of both consumer AND retail spend in the U.S. Amazon captured 3.6% of all consumer spend and 9.4% of all retail spend in the U.S. that year — more than either retailer has ever won in a single year.

Consumers spent roughly \$510,388 million with Amazon in 2021, amounting to 9.4% of all the money that consumers spent on retail purchases that year. This is more than Amazon or Walmart has ever won in any year since we began tracking their rivalry in 2014.

FIGURE 1:
Total consumer spend at Amazon or Walmart in 2021

1A: Share of U.S. households' total spend with Amazon or Walmart, by quarter and year



Source: PYMNTS.com
Amazon Versus Walmart Q4 2021 Report

Walmart is still a force to be reckoned with — just not as much as Amazon. Our research shows that \$472 billion of all the money consumers spent in 2021 went to Walmart, a sum that equates to 8.6% of consumers’ total annual retail spend. Taken together, this means that \$18 out of every \$100 consumers spent on retail purchases in 2021 went to Amazon and Walmart.

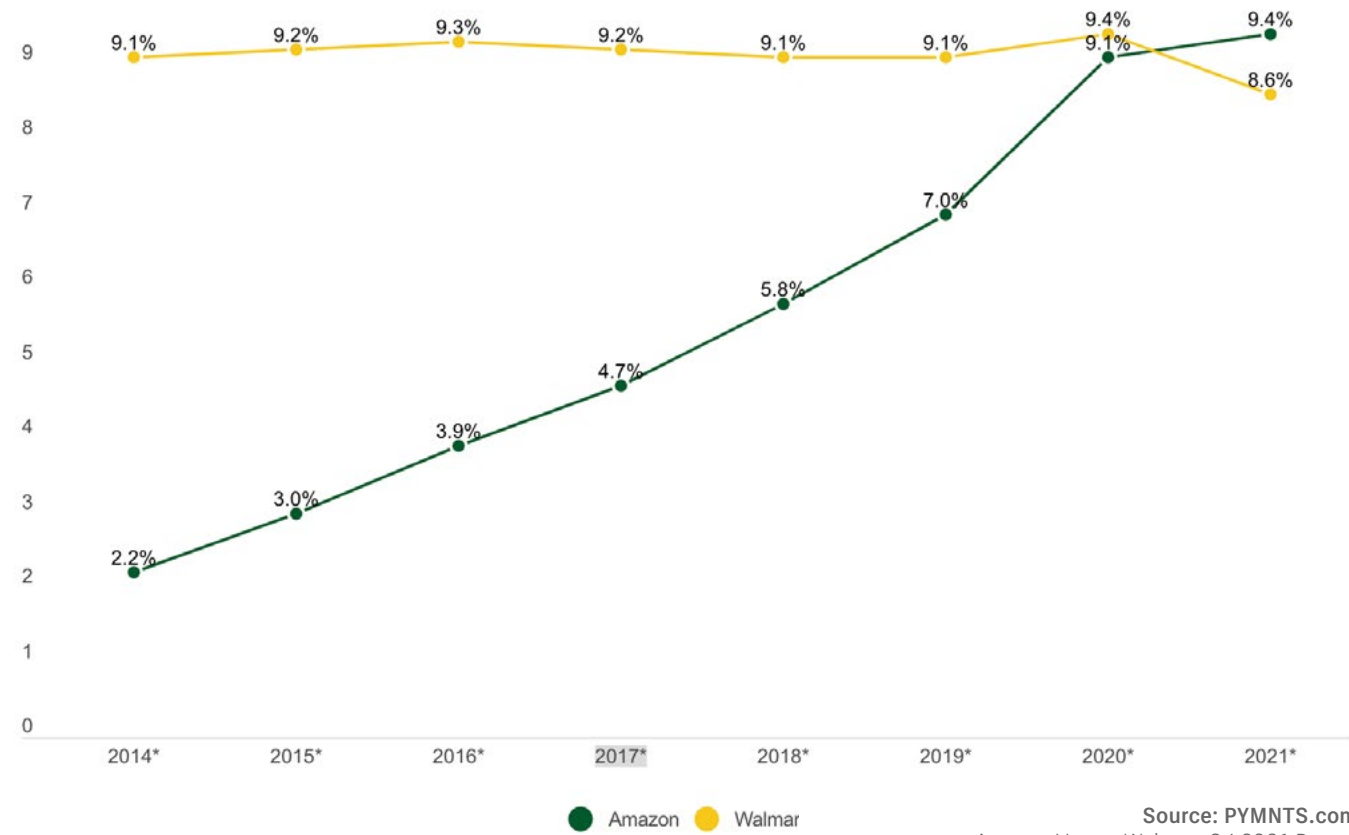
Amazon’s newfound dominance in the retail sector is a long time coming. The

eCommerce giant has been steadily gaining on Walmart in the retail space since 2014. It went from earning just 2.2% of consumers’ total retail spend in 2014 to earning 3% in 2015, 3.9% in 2016, 4.7% in 2017 and so on, earning more and more of consumers’ total retail spend with each passing year. Meanwhile, Walmart’s total share of U.S. households’ retail spending has held steady at approximately 9% since 2014.

FIGURE 1 (continued):

Total consumer spend at Amazon or Walmart in 2021

1B: Share of the average U.S. household’s retail spending at Amazon or Walmart, by quarter and year



Source: PYMNTS.com
Amazon Versus Walmart Q4 2021 Report

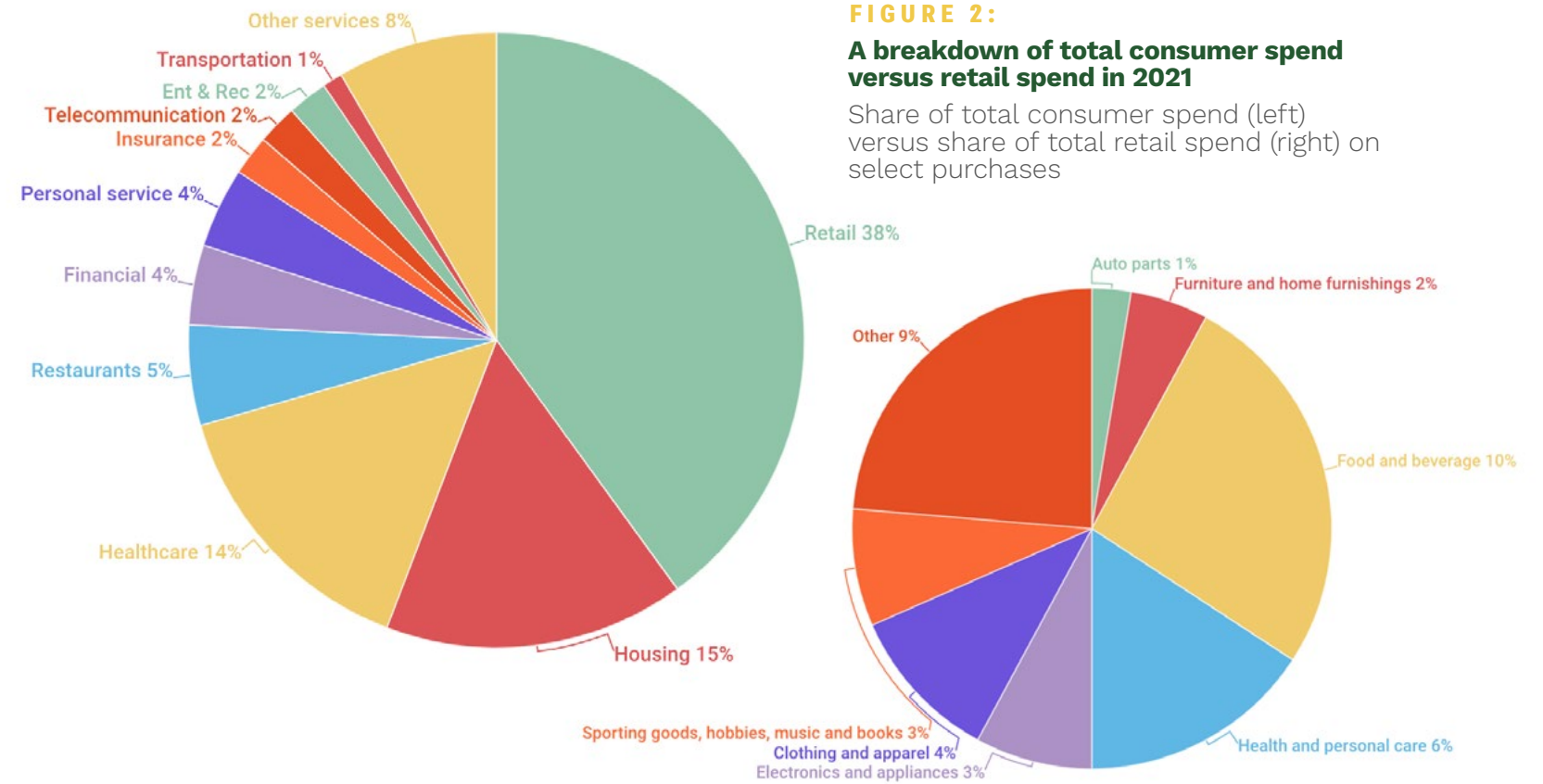
TOTAL CONSUMER SPEND VERSUS RETAIL SPEND

Among the approximately \$16 trillion that U.S. consumers spent in 2021, \$5.5 trillion was spent on retail purchases. Food and beverages and health and personal care products were the most common types of retail products consumers purchased that year, representing 9.8% and 5.8% of all spend, respectively. These were followed by clothing and apparel, electronics and appliances and furniture and home furnishings.

FIGURE 2:

A breakdown of total consumer spend versus retail spend in 2021

Share of total consumer spend (left) versus share of total retail spend (right) on select purchases



PART II:

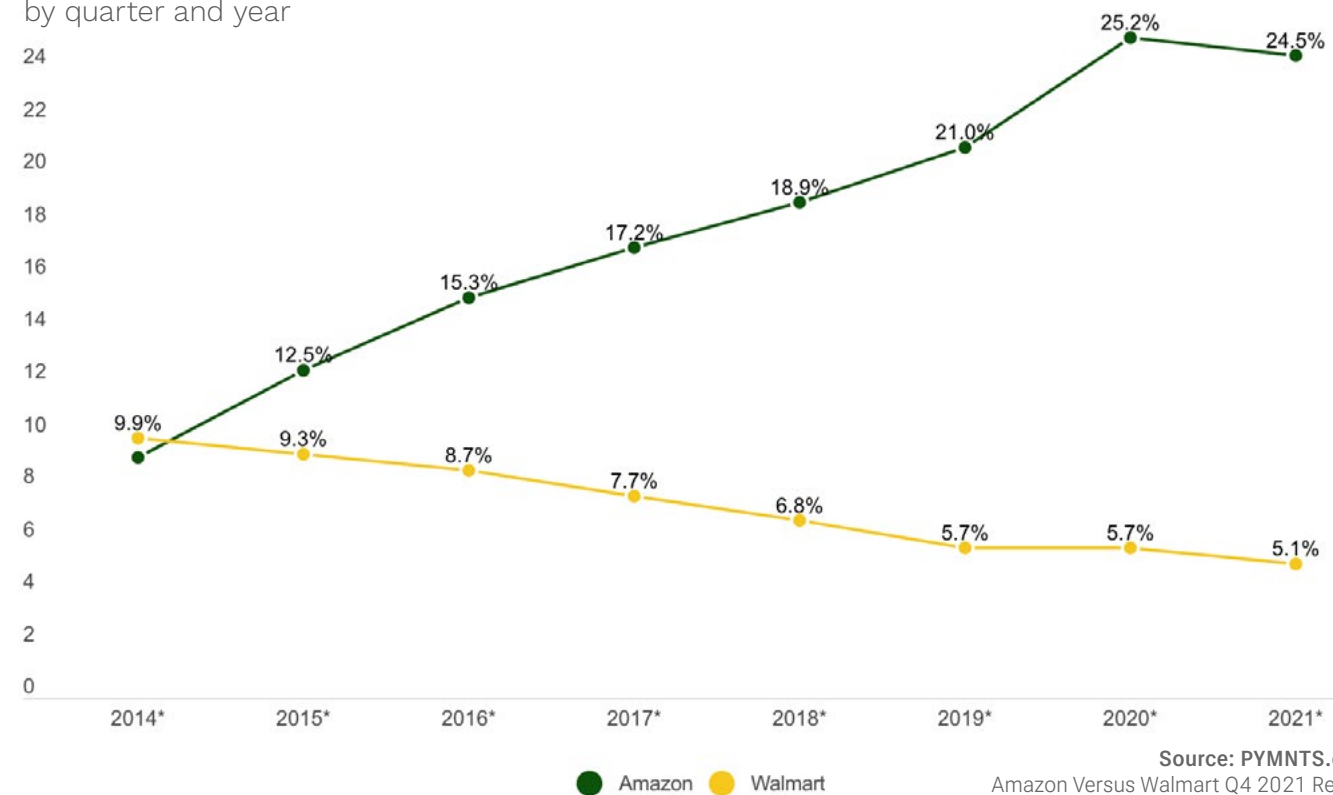
AMAZON TAKES THE LEAD

Amazon captured nearly five times the share of U.S. household spending on electronics, appliances, sporting goods, hobbies, music and books than Walmart in 2021. It now wins roughly (25%) \$108 billion of consumer spend in these key areas.

By 2021, the average U.S. household spent nearly five times as much on electronics and appliances on Amazon than they spent on the same types of products from Walmart. Twenty-five percent of consumers' total electronics and appliances spend (\$108 billion) and 17% of their total sporting goods, hobbies, music and books spend (\$77 billion) went to Amazon in 2021.

FIGURE 3:
U.S. households' electronics and appliances spending at Amazon or Walmart

Share of the average U.S. household's electronics and appliances spending at Amazon or Walmart, by quarter and year



Source: PYMNTS.com
Amazon Versus Walmart Q4 2021 Report

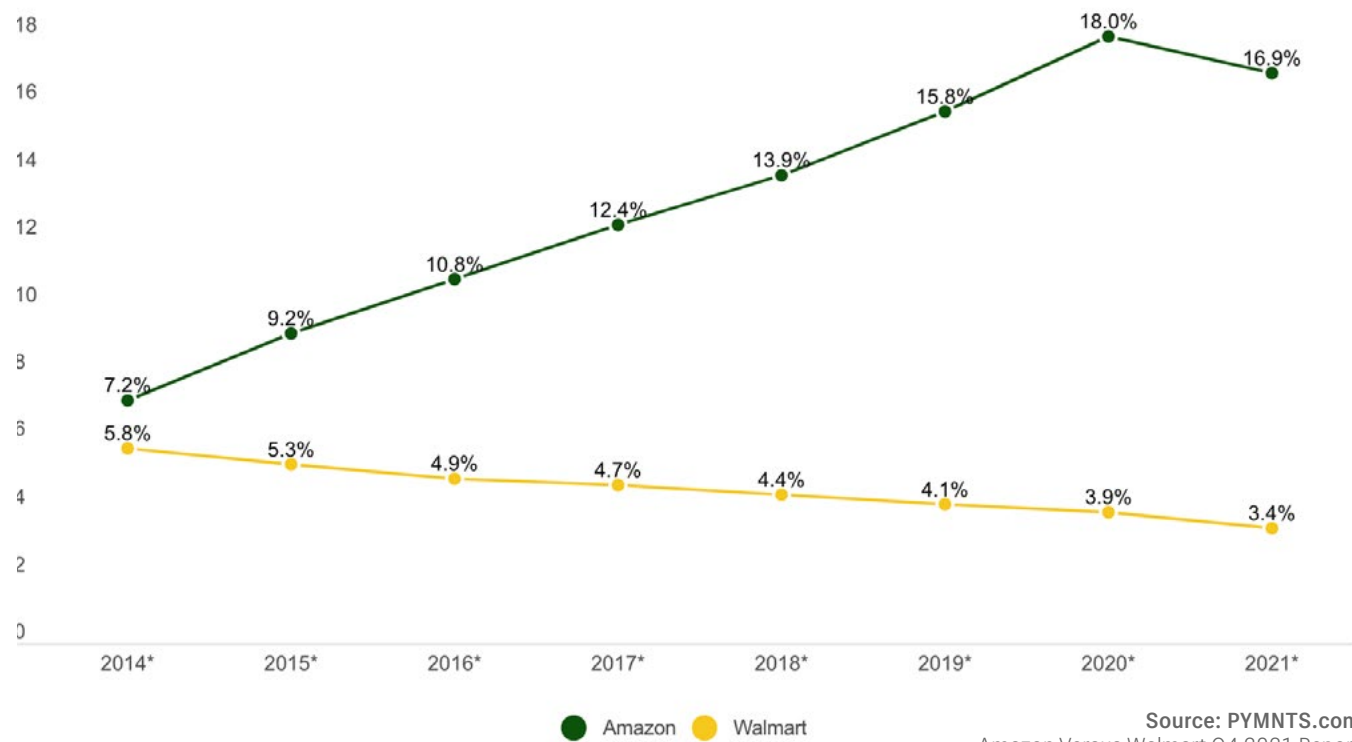


The lead that Amazon enjoys over Walmart in the sporting goods, hobbies, music and books area is just as considerable. The eCommerce giant won 17% of the money that U.S. households spent on sporting goods, products to support their hobbies, music and books in 2021 — roughly \$77 billion in total. This compares to the 3.4% — \$16 billion — captured by Walmart.

Amazon also enjoyed a holiday bump in both the electronics and appliances and the sporting goods, hobbies, music and books sectors in 2020 and 2021, but that advantage has actually shrunk considerably year over year. Amazon’s electronics and appliances sales increased 31% quarter-over-quarter between Q3 and Q4 2020, compared to a far more modest increase of 24% seen between Q3 and Q4 2021. This decrease notably coincides with historic inflation rates.

FIGURE 4:
U.S. households’ sporting goods, hobbies, music and books spending at Amazon or Walmart

Share of the average U.S. household’s sporting goods, hobby, music and book spending at Amazon or Walmart, by quarter and year



Source: PYMNTS.com
Amazon Versus Walmart Q4 2021 Report

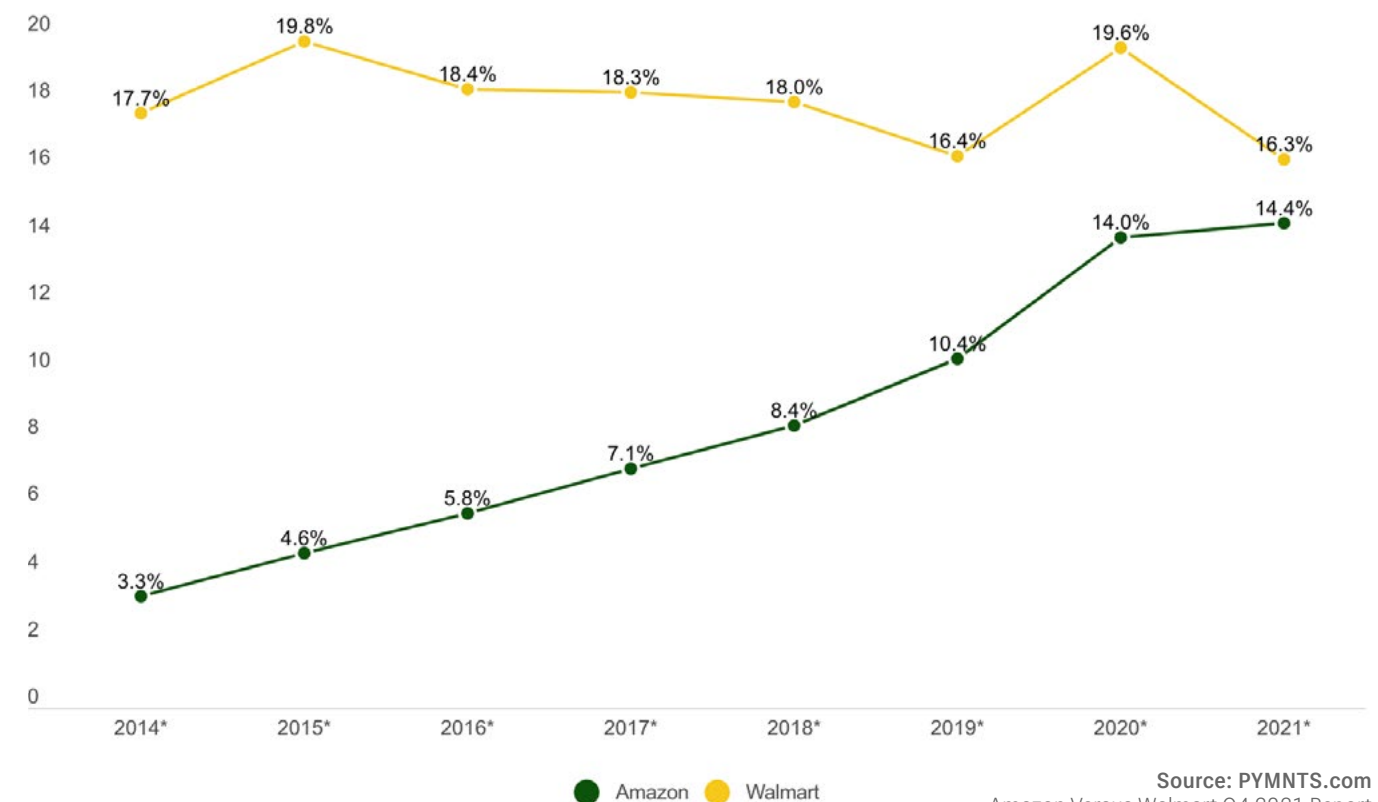
Amazon has caught up with Walmart for the first time in capturing consumers’ auto part spend in 2021. Amazon now captures 14% — or \$15 billion — of that spend, while Walmart captures 16% — \$17 billion..

17% of the average U.S. household’s auto parts and products spend. This works out to roughly \$4 billion in total income for each.

Walmart has been losing ground to Amazon in the auto parts space since 2014, and Amazon caught up to Walmart in Q4 2021, when both businesses captured roughly

FIGURE 5:
U.S. households’ auto parts spending at Amazon or Walmart

Share of the average U.S. household’s auto parts spending at Amazon or Walmart, by quarter and year



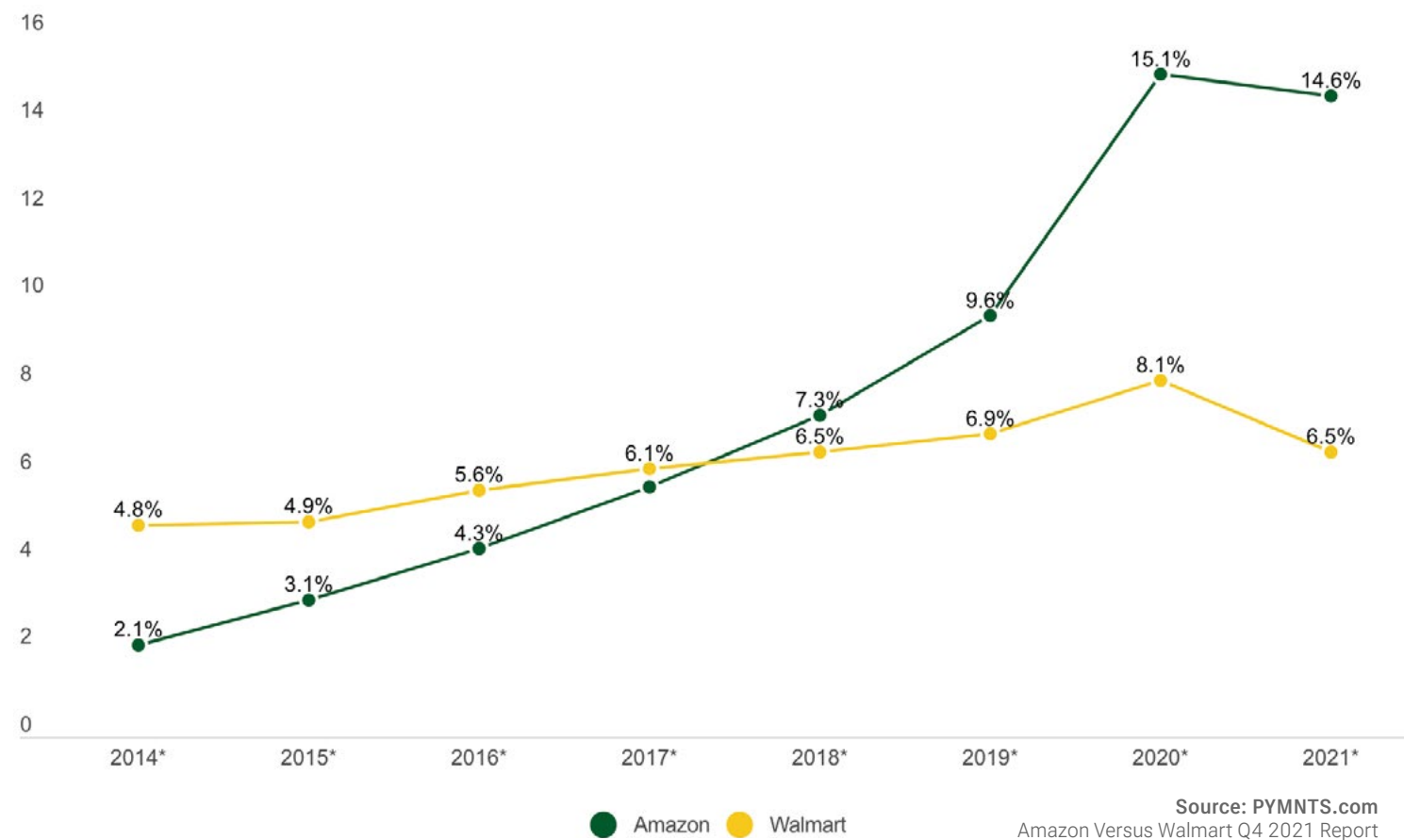
Source: PYMNTS.com
Amazon Versus Walmart Q4 2021 Report

Amazon secured more than twice the clothing and apparel spend than Walmart in 2021. Fifteen percent (\$91 billion) of all the money U.S. consumers spent on clothing and accessories went to Amazon that year, while 6.5% (\$41 billion) went to Walmart.

Amazon has been capturing more of U.S. consumers' spend on clothing and apparel every year since 2017, and 2021 was no exception. Amazon won roughly 15% in 2021, while Walmart's share of consumer clothing and retail spend was 6.5%, giving Amazon nearly a three-fold lead over its rival.

2021 also marks the first year since 2014 in which both Amazon and Walmart's captured share of clothing and accessories spend did not increase year-over-year. Amazon's share of consumer clothing and accessories spend decreased ever-so-slightly from 15.1% to 14.6% between 2020 and 2021, while Walmart's share dropped from 8.1% to 6.5%. This decrease notably coincides with rising inflation rates, a factor that is causing many consumers to tighten their belts. This factor makes it difficult to predict how Amazon and Walmart will fare in the clothing and accessories space going forward.

FIGURE 6:
U.S. households' clothing and apparel spending at Amazon or Walmart
 Share of the average U.S. household's clothing and apparel spending at Amazon or Walmart, by quarter and year



AMAZON'S CAPTURED SHARE OF CONSUMER RETAIL SPEND HAS SKYROCKETED SINCE IT SURPASSED WALMART IN 2017, REACHING ALL NEW HEIGHTS IN 2020 AND BEYOND.

PART III:

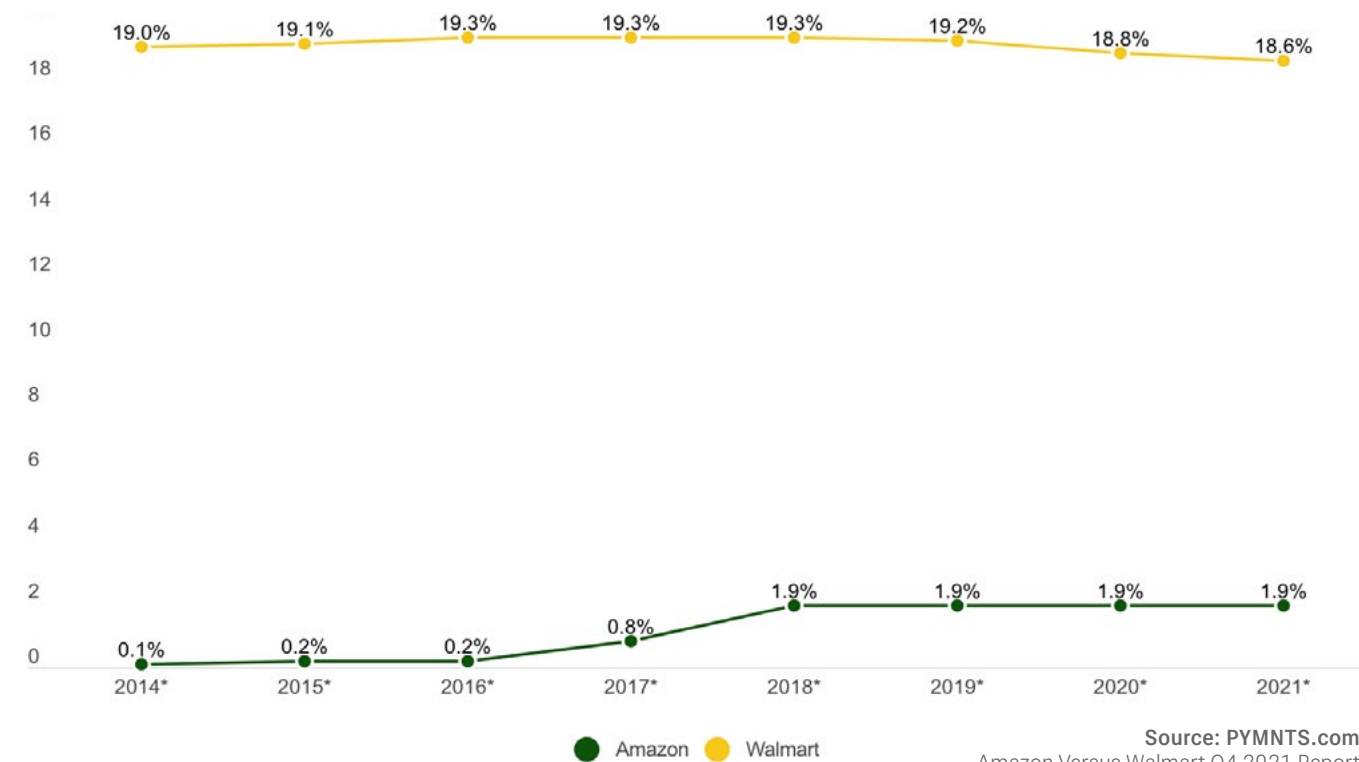
WHERE WALMART STILL REIGNS SUPREME

The average U.S. household still spends roughly 10 times as much on food and beverages at Walmart than at Amazon. This is only one area where Walmart has managed to hold and maintain its lead over Amazon.

Food and beverage is just one area where Walmart can truly be said to have a firm grip on its share of consumers' total retail spend. Walmart is and always has been far ahead of Amazon in the battle for food and beverage sales. It currently earns nearly 10 times as much of consumers' total spend on food and beverages than Amazon, capturing a total of \$264 billion in sales in 2021. Amazon captured just \$27 billion that year, by comparison.

FIGURE 7:
U.S. households' food and beverage spending at Amazon or Walmart

Share of the average U.S. household's food and beverage spending at Amazon or Walmart, by quarter and year



Source: PYMNTS.com
Amazon Versus Walmart Q4 2021 Report



Amazon has never captured more than 2.1% of consumers' total spend on food and beverages, and it does not show any signs of winning more than that any time soon. Ever since 2018, when Amazon first acquired Whole Foods, the share of food and beverage spend won by Amazon has oscillated between 1.7% and 2.1% — a leeway of just 0.4 percentage points. It is therefore clear that the food and beverage sector is a refuge for Walmart, which is positioned to remain the chief grocer in the U.S. for many years to come.



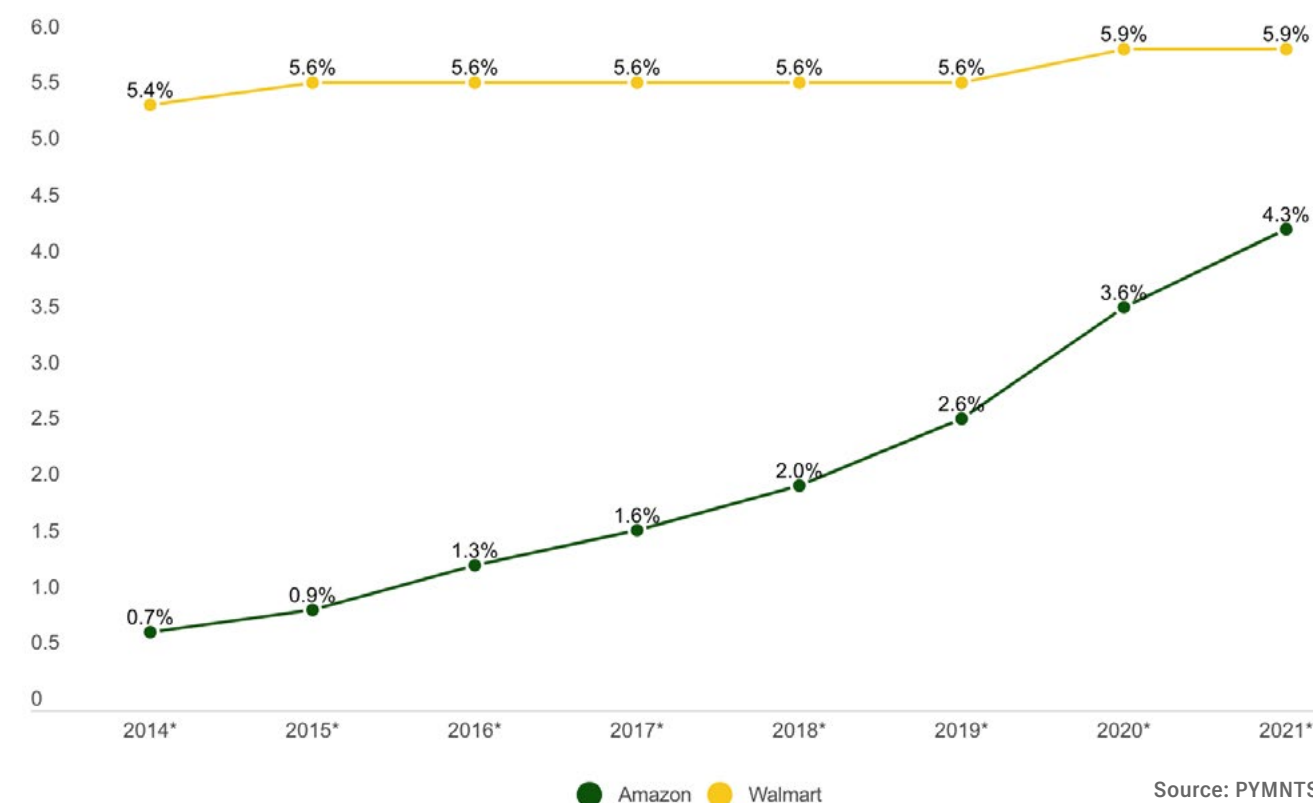
Walmart captured just 1.6 percentage points (roughly \$13 billion) more of consumers' health and personal care spend than Amazon in 2021. This is the smallest annual difference we measured at any time since 2014.

Health and personal care is one of the few segments in which Walmart still enjoys a lead over Amazon, but that lead is rapidly shrinking. Walmart held a 4.7 percentage-point lead over Amazon in this sector back in 2014. Now, it earns just 1.6 percentage points more of the average U.S. household's health and personal care spend than Amazon, measuring out to a total difference of \$13 billion.

This shrinking lead is chiefly due to the fact that Amazon keeps earning more of consumers' health and personal care purchases with each passing year, while Walmart has captured roughly the same share of this spend since 2014. In all that time, Walmart has always won over between 5% and 6% of the total dollar amount that U.S. households spend on health and personal care products. If this trend does not change, Amazon is likely to overtake Walmart in this segment within the next few years.

FIGURE 8:
U.S. households' health and personal care spending at Amazon or Walmart

Share of the average U.S. household's health and personal care spending at Amazon or Walmart, by quarter and year



Source: PYMNTS.com
Amazon Versus Walmart Q4 2021 Report

CONCLUSION

Amazon has taken the upper hand in the battle for dominance of the U.S. retail space, and it is not letting go. The eCommerce giant now generates more retail sales in all but three sectors, and it is gaining ground in two of those three. Food and beverages is Walmart's very last stronghold in U.S. retail market, with the grocer maintaining a decisive lead over Amazon that shows no sign of shrinking. Only time will tell if Walmart will be able to reverse this trend and recapture its share of the U.S. retail mountaintop.



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