

With Amazon looming, Walmart touts surging online grocery sales

August 24 2017, by Charisse Jones And Nathan Bomey, Usa Today

Walmart said Thursday that it's delivering online grocery orders from more than 900 stores with "strong results" in the early going, as the company's rivalry with Amazon intensifies following the online giant's acquisition of Whole Foods.

Amid speculation that Amazon will use Whole Foods' network of 468 stores to expand its [grocery](#) delivery service, Walmart said Thursday that it would expand its own service to 1,100 locations by the end of this year.

Greg Foran, Walmart U.S.'s president and CEO said that the company will "watch closely" if Amazon ramps up its online grocery business. But he says he welcomes the competition, not only from Amazon but other potential rivals, such as discount grocery chain Aldi and German chain Lidl which are also expanding in the U.S.

"In order to do well in a market that's improving you have to perform better yourself," he said in an earnings call with media Thursday.

Walmart, which is the largest U.S. company by revenue and still more than three times larger than Amazon, poses a huge threat in online grocery because its stores are located within 10 miles of about 90% of Americans.

During the company's second quarter, strong grocery sales overall gave Walmart a lift. The retail giant said its grocery sales enjoyed their

strongest quarterly growth rate in five years,

But a decline in profit interrupted a streak of momentum for the retailer, whose rising sales and customer traffic in recent quarters have encouraged investors as other retail giants continue shrinking, including department-[store](#) chains J.C. Penney and Macy's.

As traditional retailers are struggling to compete with Amazon, and to lure shoppers away from the keyboard and through their doors, Walmart has remained resilient. From July 20 through Aug. 3, the retailer's stock enjoyed its longest rally in 22 years when it rose for 11 trading days in a row.

The gains reversed Thursday as Walmart's stock fell 1.9% to \$79.39 in late morning trading.

Overall, revenue rose 2.1% to \$123.4 billion, besting S&P Global Market Intelligence expectations of \$121.9 billion. Sales at Walmart U.S. stores open at least a year rose 1.8%, meeting projections.

But net income tumbled 23.2% to \$2.9 billion, or 96 cents per share, missing projections of \$3.2 billion and \$1.06 per share. That decline reflected a 17 cent charge related to the dispatching of debt. Adjusted earnings were \$1.08 per share.

Investors are watching closely to see if Walmart can continue its digital momentum. The company has been on a buying spree, building a portfolio of websites that serve niches while matching Amazon's offers of free shipping and leveraging its 4,500 physical stores.

In June, Walmart bought premium menswear seller Bonobos for \$310 million. Previously, it purchased online marketplace Jet, footwear site ShoeBuy, outdoor gear seller Moosejaw and women's clothing site

ModCloth.

Walmart is also testing employee delivery of Walmart.com orders "in a few stores" and will have 100 "automated pickup towers in stores" by the end of the year, Walmart CEO Doug McMillon said in a statement.

And the retailer says it's achieving much of what it hoped by offering discounts on items ordered online if customers will pick them up at a brick and mortar location.

"We're seeing that customers are coming into the store when they come to pick up items," says Marc lore, president and CEO of Walmart eCommerce U.S. "And we're saving costs by not having to pay for last mile delivery" to people's homes.

©2017 USA Today

Distributed by Tribune Content Agency, LLC.

Citation: With Amazon looming, Walmart touts surging online grocery sales (2017, August 24) retrieved 27 June 2024 from <https://phys.org/news/2017-08-amazon-looming-walmart-touts-surging.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
