



WALMART FULFILLMENT SERVICES

WALMART'S GAMBLE TO CHALLENGE AMAZON FBA

kaspien

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WFS CHALLENGES FBA

WALMART INTRODUCES NEW WALMART FULFILLMENT SERVICES IN EFFORT TO GROW ONLINE BUSINESS

On February 25th, Walmart publicly announced the launch of Walmart Fulfillment Services (WFS). The service [began testing in September 2019](#), as reported by Bloomberg. Walmart Fulfillment Services is Walmart's answer to Amazon's incredibly popular service, Fulfillment by Amazon (FBA). Walmart Fulfillment Services allows brands selling on Walmart to offer guaranteed 2-Day shipping in all 48 contiguous states (only standard shipping is available in Alaska and Hawaii).

Similar to Amazon's FBA, products enrolled in Walmart Fulfillment Services will display "Sold by (seller), Fulfilled by Walmart" on the product detail page. Most products enrolled in Walmart Fulfillment Services will also qualify for 2-Day shipping, so the listing will also feature a 2-Day shipping tag, which Walmart states results in better placements in the search results.

Why This News Matters

"Offering two-day shipping and competitive rates is a big step in Walmart's attempt to close the gap with Amazon in the ecommerce space," Kaspian's Director of Retail Operations, Will Higgins, commented on the news.

"Ensuring competitive rates is a fundamental step to increase their product selection as well as market share. This is a continued sign that Walmart is willing to invest in their marketplace and continues to prove they are best suited to capitalize on ecommerce market share. If brands are not represented on Walmart as a part of their ecommerce strategy it's seeming to be the right time, as the brands that launched on Amazon in the early days certainly benefited from being an early adopter, as will brands on Walmart."

With this effort, Walmart is taking an aggressive move to compete with Amazon, which has for so long dominated online retail, in large part due to the convenience it provides to consumers and sellers through FBA. As Walmart scales Walmart Fulfillment Services, their value proposition to brands could increase dramatically, making Walmart an even more important element in brands' ecommerce strategy.

WALMART FULFILLMENT SERVICES

Walmart is making big moves to capture more market share in online retail, and brands may want to expand to the platform earlier than expected.

What are the Benefits of WFS?

The [Walmart Fulfillment Services Overview](#) lists the six primary benefits as “exceptional service, cost-effective solution, full transparency, increased site visibility, omnichannel success, and personal support.”

These benefits parallel those offered by FBA. Both offer fast and convenient shipping, allow sellers to rely on Amazon and Walmart’s credibility (through the Fulfilled by Walmart tag) to bolster customer confidence, simplifies the parties involved in running your marketplace business, and handles customer service.

How Does WFS Work?

Like the FBA program, brands enrolled in Walmart Fulfillment Services will ship their inventory to Walmart fulfillment centers, where it stays in storage until an order is placed. Walmart states that they will manage any returns, providing support for customers and sellers.

Sellers must apply and be accepted into the program to start using Walmart Fulfillment Services. Walmart Fulfillment Services will only fulfill items sold on Walmart.com, though Walmart notes that “we will evaluate fulfilling additional items in the future.”

Walmart also states on their website that the most ideal products for Walmart Fulfillment Services will be competitively



Exceptional service

Delight customers with fast delivery, easy returns and quality customer service



Cost-effective solution

Save on fulfillment with simple pricing and no hidden fees



Full transparency

Track inventory, orders and shipments with easy-to-read dashboards



Increased site visibility

Gain higher search rankings and Buy Box prominence with Walmart TwoDay tags



Omnichannel success

Optimize your returns with omnichannel [Free & Easy Returns](#) program



Personalized support

Let us be your personal advisor on the next-generation fulfillment service

source: [marketplace.walmart.com](#)

WALMART FULFILLMENT SERVICES

priced so they can consistently win the Buy Box. Winning the Buy Box is proven to be far easier with fewer sellers, with an exclusive seller model ensuring that you always win the Buy Box.

Products must satisfy the following requirements in order to be eligible for Walmart Fulfillment Services:

- Products must ship to Walmart fulfillment centers from within the United States
- No perishable or regulated products
- Maximum product weight is 30 lbs
- Maximum product dimensions: 25"x20"x14"

What Does WFS Cost?

The program boasts a simple pricing structure where participants pay a fixed monthly storage fee and a fulfillment price based only on shipping weight:

“Our simple and straightforward cost structure includes a fixed monthly storage fee and a fulfillment price that is based on the item weight alone (excluding add-on fees for apparel & HAZMAT). That’s it, no signup or monthly subscription fees,” Walmart’s website states.

The fee structure starts at products less than or equal to 1 lb, which begins at \$3.45. Once products reach 4 lbs, the fee is \$5.75 + \$0.40/lb. If products exceed 20 lbs, there is an additional \$3.00 fee added. This fee structure is current as of February 18, 2020.

How Does the Pricing Structure Differ from FBA?

Walmart Fulfillment Services fee structure differs from FBA in that, currently, Walmart does not plan to increase their storage fee for Q4 unless inventory remains in a Walmart fulfillment center for more than 30 days.

While the Q4 storage fee model is a dream, Walmart’s long-term storage (LTS) fees have severe penalties for stagnant inventory. If inventory remains in a Walmart fulfillment center for over 12 months, the LTS fee increases by a factor of 10, jumping from \$0.75/cubic foot per month to \$7.50/cubic foot per month.

How Does the Pricing Structure Differ from Third-Party Fulfillment Providers?

Walmart Fulfillment Services differs from third-party fulfillment providers like [Deliverr](#) in that they charge a flat rate based on the greater of the unit weight or the dimensional weight. The dimensional weight is equal to volume divided by 139. This is similar to how Amazon calculates FBA fees.

Deliverr, one of the leading fulfillment providers (they even have a [solution provider page on Walmart](#)), calculates their flat rate using a combination of product dimension and product weight. For storage fees, Deliverr charges a [daily storage fee](#) based on SKU dimensions and the length of time inventory has been in their fulfillment network. In contrast, Walmart Fulfillment Services charges a monthly storage fee based on product dimensions.

WALMART FULFILLMENT SERVICES

In an effort to promote the 2-Day program and increase the number of 2-Day offerings on their marketplace, Walmart offers a subsidized rate through Deliverr. It is unknown yet whether or not Walmart will continue to subsidize 2-Day fulfillment rates through Deliverr now that they have introduced Walmart Fulfillment Services. As of today, the subsidized rates for Deliverr have not changed.

How Will WFS Affect Brands Currently Using Third-Party Fulfillment Providers?

Sellers currently using 3PLs will have to weigh the benefits of Walmart Fulfillment Services against the wider reach of 3PLs, which can provide a uniform, quality service to multiple marketplaces. Kaspien has partnered with the leading 3PL, Deliverr, since 2017 to leverage their services for marketplaces like Walmart and eBay. We asked Deliverr to comment on the Walmart Fulfillment Services news:

“We remain fully committed to our partnership with Walmart as it relates to their 2-Day delivery program for marketplace sellers. Deliverr’s value is inherently multi-channel, so no matter where you sell, whether it’s Walmart, Amazon, eBay or Shopify, you can offer fast and cost-effective fulfillment through Deliverr and get access to every fast shipping program available.

We will soon be introducing the ability to connect multiple sales channels to Deliverr with just a few clicks to make it even easier to sell everywhere, and will be announcing new fast shipping programs with other leading sales channels over the coming months.”

While Walmart Fulfillment Services may threaten Deliverr’s market share, their omni-channel model means they still offer a tremendous value add to brands looking to scale across multiple marketplaces, as brands can leverage one uniform system instead of adapting to each marketplace’s individual fulfillment nuances.

This sentiment is backed by investors, as shown by Deliverr’s recent announcement of raising [\\$40MM in Series C funding](#).

What is Kaspien Doing About WFS?

Kaspien has applied to the program, however, we have been and remain able to provide 2-Day shipping for all eligible products through our successful partnership with Deliverr. If you’d like to expand your business to Walmart, reach out to an Kaspien account manager or [get in touch](#) with one of our specialists.

RESOURCES

WHERE CAN I FIND MORE INFORMATION ABOUT IT?

Walmart has several pages dedicated to their Walmart Fulfillment Services program. To learn more about the news, you can visit:

- [Walmart Fulfillment Services Overview](#)
- [Walmart Fulfillment Services Program Introduction](#)
- [Walmart Fulfillment Services Pricing](#)

