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Study: Walmart shoppers checking out Whole Foods Market

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As Whole Foods Market continues to slash prices at its stores, the chain is attracting competitors' shoppers — including those from Walmart.

This was according to "Competitive Impact of Lower Prices at Whole Foods," a report from data intelligence firm Thasos Group.

Immediately following Amazon's acquisition of Whole Foods in August, the natural foods grocer has significantly dropped prices on merchandise storewide. This effort has increased foot traffic by 17% year-over-year during the week of the price reductions, which began on Aug. 28.

Walmart’s regular customers accounted for the largest percentage (24%) of Whole Foods’ new customers the week of Aug. 28. Kroger (16%), Costco (15%) and Target (11%) comprised the next largest numbers of new customers.

When it comes to customer defections, Trader Joe’s saw the highest rate, with an average loss of nearly 10% daily customers. This was followed by Sprouts (8%) and Target (3%), the study revealed.

Whole Foods’ new customers overwhelmingly belonged to the same upper income demographic as the company’s traditional customer base. Furthermore, defecting customers came from the wealthiest segment of each competing store’s customer base the week of the price cuts.

Since the price cuts were first announced, foot traffic has settled in at lower, but still elevated levels. The price reductions were too insufficient to attract new kinds of customers, as new customer demographics (including income levels and distance driven to a given store) largely matched those of existing customers, the study said.

“Knowing which stores new customers have defected from, what income levels they represent, how far they traveled to get to Whole Foods, and ultimately, whether they will continue to shop there after trying it out, are invaluable pieces of information for both investors and the stores themselves,” said Greg Skibiski, Thasos Group CEO and founder.
“We all know that Amazon’s acquisition of Whole Foods has the potential to be a game-changer in the grocery space, and in the ‘brick-and-mortar versus online’ battle more broadly,” he added. “It will be extremely interesting to watch the winners and losers emerge from the data over the coming months.”