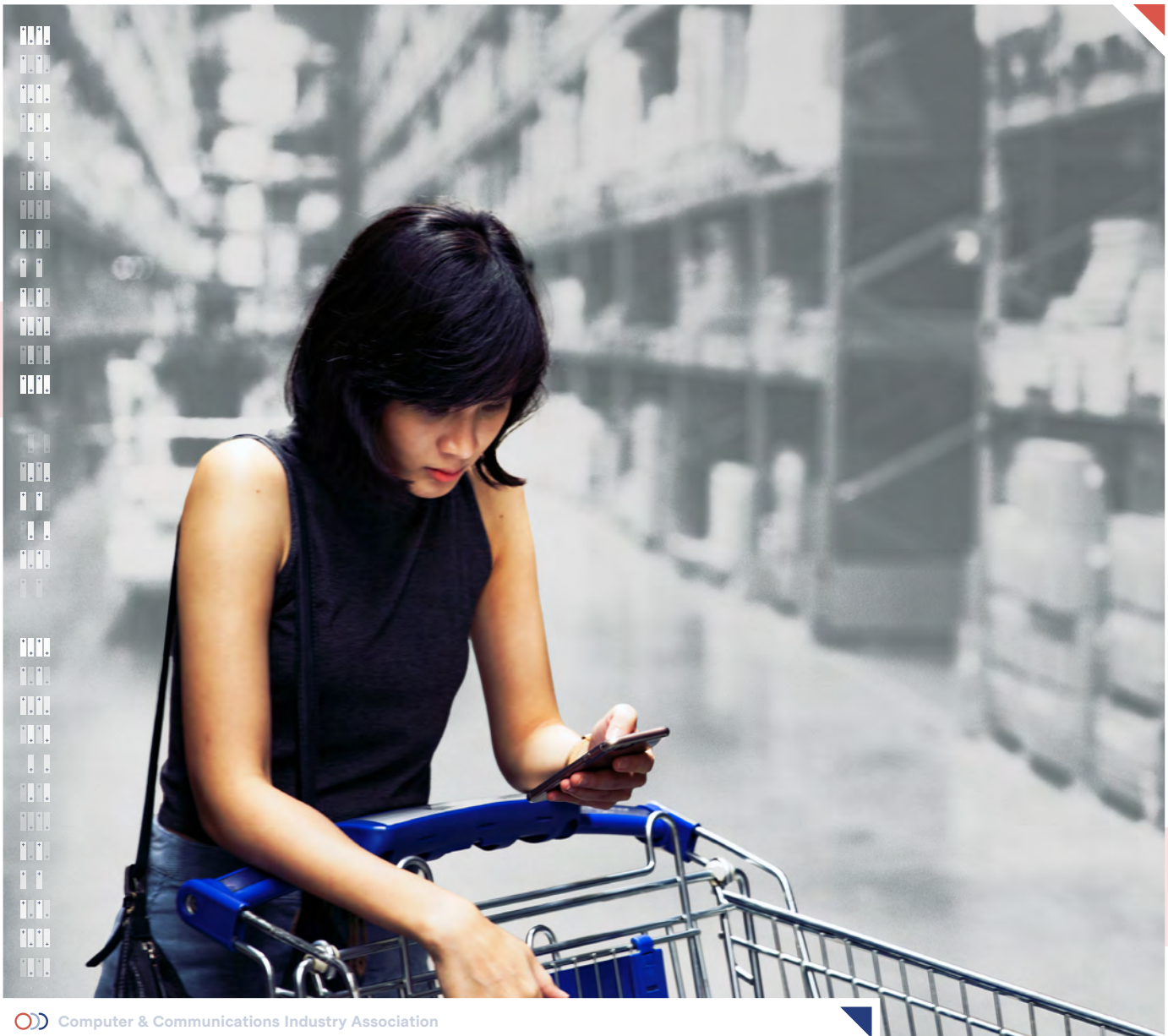


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Bundled Benefits of Retail Memberships

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Executive Summary

Paid retail memberships have become a major fixture of the U.S. retail landscape, and retailers are increasingly attempting to attract and retain members by incorporating additional features and benefits into memberships. This paper provides an overview of retail membership bundling strategies seen in the marketplace today, and contributes to the literature with findings from a consumer survey assessing consumers' reactions to the attributes and features of paid retail memberships.

Bundled goods and services have the potential to benefit both consumers and sellers. Retailers benefit from offering bundled goods, for instance via cost and efficiency savings, reduced customer attrition, mitigation of demand uncertainty, increased revenue generation, and product differentiation.¹ Retailers may offer bundles including items from partner brands, synergistically benefitting both brands. Retailers' cost savings may be passed through to consumers via lower prices. Academic studies have estimated bundled price savings across a variety of product markets, with several studies documenting typical savings of approximately 10%.² However, the literature also provides examples of product bundles costing more than the individual components purchased separately.³ This suggests that in some cases, bundles may pose a challenge to consumers in assessing the total price and value of the bundle.

Aside from pricing considerations, bundles have the potential to enhance customer satisfaction by helping simplify purchase decisions.⁴ Bundles can also provide customers with features they may not have purchased on a standalone

1 Section II.A below provides an overview of the literature discussing retailer benefits from bundling.

2 Section II.B below provides an overview of the literature discussing price savings.

3 Estelami, Hooman, "Consumer Savings in Complementary Product Bundles," *Journal of Marketing*, Summer 1999: 107-114. The findings in the paper are based on gathering prices on 400 product bundles in fast food, computer equipment, and photography equipment.

4 See Harris, Judy and Edward A. Blair, "Consumer Preference for Product Bundles: The Role of Reduced Search Costs," *Journal of the Academy of Marketing Science*, 34(4), 2006, 506-513.

basis, and they may benefit from the availability of these options. However, bundles can also reduce customer flexibility if components are not sold on a standalone basis. Bundled packages may not cater to individual preferences, as they are often designed to appeal to a broad audience. Consumers may feel that they have to compromise on their specific needs, in particular if they feel constrained by provider choice limitations (for example, feeling that they are forced to purchase a bundle that offers free Hulu, when they would really prefer Netflix).

To assess consumer reaction to bundled elements, we conducted a consumer survey, collecting responses from 1,001 participants. The survey assessed consumers' current membership subscriptions, their attitudes towards the features included with each membership, their frequency of use of such features, and the trade-offs consumers make when choosing between different memberships with different attributes. To assess these elements, we administered a survey questionnaire focusing on paid memberships at four big-box stores: Walmart+, Sam's Club, Costco, and BJ's Warehouses. Our findings are described in detail in Section IV. A summary of our findings is as follows.

Customers Enjoy the Inclusion of Additional Features in Retail Memberships

- ❖ We observe heterogeneity among consumer reactions to membership attributes, with some consumers responding with delight that a feature is included, some finding the feature “as expected,” and some indifferent whether or not it is included.
- ❖ We observe very few respondents reacting negatively to the inclusion of features in membership bundles. This suggests that customers do not feel constrained by provider choice limitations: consumers do not appear to be upset when a benefit is offered from a non-preferred provider, but instead are simply indifferent.
- ❖ Members are more likely to use the featured attributes than non-members, and expressed a higher level of delight at the featured attributes than non-members.
- ❖ Customers who expressed delight at a feature are more likely to anticipate using it frequently, whereas customers who anticipate rarely or never using a feature are likely to not care if it is included in the bundle.

Customers Often Subscribe to Multiple Memberships

- ❖ Subscribing to multiple competing memberships—also known as “multi-homing”—is common among respondents. This reinforces the conclusion that in general, consumers do not feel constrained by provider choice limitations. If provided with a bundle component from a non-preferred brand, consumers are free to also patronize their preferred brand.
- ❖ Specifically, we find that big-box store members are likely to subscribe to another big-box membership (**54%** on average).
- ❖ When examining a larger set of paid retail memberships, the majority of respondents multi-home, with **81%** of respondents having two or more paid memberships.⁵ We observe **10%** of respondents having **seven or more** paid memberships.
- ❖ Big-box store members are likely to also be members of Amazon Prime and vice versa, with **84%** of Amazon Prime subscribers also members of one or more other big-box stores.

How Membership Features Drive Consumers' Purchase Decisions

- ❖ Of all membership attributes explored, price plays the most important role in respondents' purchase decisions, suggesting the necessity for retailers to offer competitive prices.
- ❖ Other membership features—such as video streaming, free two-day shipping, gas savings, or store credit card—all have the ability to sway consumers' purchase decisions between retail memberships.
- ❖ Of the membership features explored, customers most valued a store credit card offering cashback rewards on in-store purchases. This suggests that customers enjoy being rewarded for their utilization of a membership.
- ❖ Customers would receive negative utility from a curbside pickup option costing \$4, and would strictly prefer that no curbside pickup option was available at all rather than paying \$4 for this option. As explained in more detail below, this finding ties into the literature on prospect theory, suggesting that retail membership consumers evaluate potential features from a “reference point” of expectation that features will be included at no cost if they are included at all.
- ❖ We find that each big-box store membership is associated with positive consumer surplus, which quantifies the net benefit that consumers receive when they purchase a good or service at a price lower than what they would be willing to pay. Market-wide, consumer surplus for all four retail memberships is approximately \$1.6 billion.

5 In addition to Walmart+, Sam's Club, Costco, and BJ's memberships, we additionally inquired whether respondents had purchased memberships at: AAA, Albertson's, Aldi, Amazon Prime, AMC, Apple One, Best Buy, CVS, DoorDash, Instacart, Kroger, Lowe's, REI, Sephora, or Petco.

Literature Review

Various aspects of bundling have been explored in the academic literature, including quantifying consumer price savings from bundles; discussions of retailer benefits of bundling; and studies of consumer perceptions of bundled goods.

1. Retailer Benefits of Bundling

Retailers derive benefits from offering bundled goods, including cost and efficiency savings, reduced customer attrition, mitigation of demand uncertainty, increased revenue generation, and product differentiation.

Cost and efficiency savings. Sellers generally save on marginal costs when they bundle goods or services because it reduces per unit transaction costs with buyers and per unit negotiation costs with upstream suppliers. These savings, which may come from packaging, inventory maintenance, accounting, and marketing costs,⁶ often exceed any additional fixed costs companies may incur by supplying bundled goods.⁷ For example, bundles allow sellers to make efficient joint orders from their upstream suppliers rather than have to order individual products, reducing fixed transaction costs per purchase.⁸ Bundling also gives certain types of sellers more bargaining power with their upstream suppliers, allowing them to purchase inputs at lower costs compared to other sellers.⁹ In addition, sellers can spend less on marketing each individual good to consumers.¹⁰

Reducing customer attrition. Bundling often reduces attrition in the consumer base of a product and therefore saves costs that would otherwise have been spent trying to retain consumers. For example, particularly for bundles that are part of loyalty or subscription programs, consumers are less likely to switch providers, helping sellers reduce attrition.¹¹

- 6 Pindyck, Robert S., "Lecture Notes on Bundling and Brand Proliferation: 15.013 – Industrial Economics for Strategic Decisions," *Sloan School of Management MIT*, July 2018.
- 7 Evans, David S. and Michael Salinger, "An Empirical Analysis of Bundling and Tying: Over-the-Counter Pain Relief and Cold Medicines," *Center for Economic Studies and ifo Institute*, Working Paper No. 1297, October 2004.
- 8 Kohli, Rajeev and Heungsoo Park, "Coordinating Buyer-seller Transactions Across Multiple Products," *Management Science*, 40(9), 1994, 1145-1150.
- 9 Crawford, Gregory S. and Ali Yurukoglu, "The Welfare Effects of Bundling in Multichannel Television Markets," *American Economic Review*, 101(2), 2012, 643-685.
- 10 "How does the Right Loyalty Program Help in Lowering Operational Costs?," Novus Loyalty, May 25, 2022, <https://www.novusloyalty.com/blog/how-does-the-right-loyalty-program-help-in-lowering-operational-costs/> (last accessed November 8, 2023).
- 11 Gopalakrishnan, Arun, Zhenling Jiang, Yulia Nevskaya, and Raphael Thomadsen, "Can Non-tiered Customer Loyalty Programs Be Profitable?," *Marketing Science*, 40(3), March 2021, 508-526.

In particular, Gopalakrishnan (2021) found that the customers who had the highest number of pre-loyalty program visits and the lowest number of pre-loyalty visits experienced the largest reductions in the likelihood they would go on a hiatus from patronizing a business after a loyalty program is introduced.¹² In comparison, moderate visitors only experienced a non-significant increase in frequency of visit rather than decrease in attrition rates. This may be because the most frequent customers anticipate the loyalty program will allow them to receive rewards and give them a high return, while least frequent customers may be incentivized to increase their use of the service or stay with the seller rather than switch.¹³

Furthermore, bundling helps companies reduce consumer churn when the seller is part of a declining or turbulent market where there is high turnover in services or service providers. In particular, a seller may choose to bundle both the declining good and a more popular good (e.g. cable television and broadband) to encourage consumers to stay with their services rather than swap to a new service provider who may offer only the updated good.¹⁴

Mitigating demand uncertainty. Bundling allows sellers to more effectively mitigate losses caused by demand uncertainty. This is because it gives the seller ability to clear excess inventory of the primary product if supply exceeds demand, and allows them to extract additional value from the secondary product when demand exceeds supply.¹⁵

Increased revenue generation. Many of the business efficiencies created by bundles are through increased revenue generation. The highest price a customer is willing to pay for a product varies greatly from product to product. Bundles can increase revenue by smoothing out that variation.¹⁶ Bundling can also increase revenues by enhancing consumer loyalty to the seller or brand, making it more likely they will purchase from these sellers repeatedly and engage in word-of-mouth marketing.¹⁷

12 Gopalakrishnan, Arun, et. al. pp. 3, 28.

13 Gopalakrishnan, Arun, et. al. pp. 35.

14 Prince, Jeffrey and Shane Greenstein, "Does Service Bundling Reduce Churn?," *Journal of Economics and Management Strategy*, 23(4), 2014, 839-875.

15 Cao, Qingning, Xianjun Geng, Kathryn E. Steckle, and Jun Zhang, "Operational Role of Retail Bundling and Its Implications in a Supply Chain," *Production and Operations Management*, 28(8), 2019, 1903-1920.

16 If a customer is willing to pay a lot for product A and not much for product B, bundling them together ensures that a retailer can get, at minimum, the margins they need for both product A and B. Before bundling, they might be losing money on product B, and the number of times product A or B was purchased was likely lower. Thus, bundling can increase total purchase frequency and purchase amount. See Wu, Weijie, Richard T.B. Ma, and John C.S. Lui, "Exploring Bundling Sale Strategy in Online Service Markets with Network Effects," *IEEE Conference on Computer Communications*, 2014, 442-450.

17 Üner, M. Mithat, Faruk Güven, S. Tamer Cavusgil, "Bundling of telecom offerings: An Empirical Investigation in the Turkish market," *Telecommunications Policy*, 39(1), 2015, 53-64; Wertz, Jia, "The Perks Of A Great Loyalty Program," *Forbes*, September 26, 2021, <https://www.forbes.com/sites/jiawertz/2021/09/26/the-perks-of-a-great-loyalty-program/?sh=7e0fb0632b2e> (last accessed June 8, 2023); McMillen, Jenn, "Costco Next Is A Best-Kept Secret: Here's Why," *Forbes*, April 20, 2023, <https://www.forbes.com/sites/jennmcmillen/2023/04/20/costco-next-is-a-best-kept-secret-heres-why/?sh=18d0ddacb772> (last accessed July 12, 2023).

Product differentiation. Bundling can allow sellers to differentiate the product or service they offer from those of competitors, which may improve ease of entry of new competitors into a marketplace. Bundling can also improve the perception of new firms or new products, helping them penetrate competitive markets. For example, a new firm that seeks to enter an existing market where entrenched firms specialize in providing one part of a line of goods and services (e.g. truck, fuel, maintenance service and leasing), can offer a bundle of goods and services which includes all these aspects.¹⁸ This allows them to stand out to consumers compared to existing firms, and is a valuable market entry strategy.

2. Consumer Price Savings from Bundles

The literature provides empirical estimates of price savings from bundled goods, which vary across industries and products:

- ✦ Estelami (1999) finds the average consumer savings in product bundles is **8%**, with the range varying from **57%** at the highest to **-18%** at the lowest level (where negative estimated savings indicate the bundle is more expensive than the individual components purchased separately).¹⁹ The findings in the paper are based on gathering prices on 400 product bundles in fast food, computer equipment, and photography equipment. Negative savings are more common in fast food bundles than in photo equipment or personal computer bundles.
- ✦ Evans and Salinger (2004) estimate **30% to 50%** price savings from purchasing over-the-counter pain relief and cold medicines that combine multiple active ingredients, versus purchasing medicines for each active ingredient separately.²⁰
- ✦ Kim et al (2009) finds **10%** average price savings for travel products purchased as a bundle from online travel agents, versus purchasing each product separately.²¹

18 Woo, Heejin and Jake Grandy, "Nikola motors: a case study in bundling as a market entry strategy", *Journal of Business Strategy*, 42(1), 2019, 59-68.

19 Estelami, Hooman, "Consumer Savings in Complementary Product Bundles," *Journal of Marketing*, Summer 1999: 107-114. The findings in the paper are based on gathering prices on 400 product bundles in fast food, computer equipment, and photography equipment.

20 Evans, David S. and Michael Salinger, "An Empirical Analysis of Bundling and Tying: Over-the-Counter Pain Relief and Cold Medicines," *Center for Economic Studies and ifo Institute*, Working Paper No. 1297, October 2004.

21 Kim, Jinhoo, David C. Bojanic, and Rodney B. Warnick, "Price Bundling and Travel Product Pricing Practices Used by Online Channels of Distribution," *Journal of Travel Research*, 47(4), May 2009, 403-412. The estimate of 10% is based on the finding reported on p. 409: "The mean prices charged by online travel agents were lower than the prices charged by the individual service providers for the separate components of the bundle (\$1,269 and \$1,417, respectively)". 10% = 1 - 1269/1417.

- Garfinkel et al. (2006) finds a median savings rate of **10%** on bundles of technology products such as cameras and printers relative to buying them individually.²²

The literature contains few empirical studies of cost savings from bundled goods due to inherent challenges in measuring the standalone price of the component goods and features comprising a bundle. Estelami (1999) describes many of these challenges, motivating the paper's eventual selection of three industries for price study. In many industries such as medical care, price advertising is limited, which means that sufficient data on bundle prices and individual components is difficult to obtain.²³ In other industries, goods are effectively sold as bundles of varying attributes and features which are not sold individually. For example, automobiles are typically sold in a range of trim packages, but the vehicle features and components are not sold individually and thus the retail price of each individual feature is never defined in isolation from the total vehicle package.

3. Consumer Perception of Bundles

Consumers generally perceive bundled goods and services positively, with bundles seen as cost-saving and value-adding.²⁴ Bundles can reduce search cost and search effort for consumers, allowing them to find and enjoy products without needing to expend time and effort researching product options.²⁵

Leveraging consumers' positive perceptions can help sellers acquire and retain customers while also increasing consumer satisfaction. In particular, bundles and loyalty programs that offer price discounts help sellers attract consumers into the program, while experiential discounts offered by bundled services prompt consumers to stay in the program.²⁶ Consumer perceptions

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- 22 Garfinkel, Robert, Ram Gopal, Arvind Tripathi, and Fang Yin, "Design of a shopbot and recommender system for bundle purchases," *Decision Support Systems*, 42(3), 2006, 1974-1986. The estimate of 10% is based on the finding reported on pp. 1981-1982: "For each bundle we solved the problem using both CPLEX and our algorithm and compared the resulting savings using the sum of the individually-cheapest prices of items in the bundle as a benchmark... The median savings rate was 10%, and in nearly 10% of the cases the percentage savings were over 20%."
- 23 Rao, Preethi, Shira H. Fischer, Mary E. Vaiana, and Erin Audrey Taylor, "Barriers to Price and Quality Transparency in Health Care Markets," *RAND Health Quarterly*, 9(3), June 2022, 1.
- 24 Heeler, Roger M., Adam Nguyen, and Cheryl Buff, "Bundles = discount? Revisiting complex theories of bundle effects," *Journal of Product & Brand Management*, 16(7), November 6, 2007, 492-500; Collins, Emily, and Anjali Lai, "The Psychology Of Points," Forrester, May 8, 2018, https://www.forrester.com/report/The-Psychology-Of-Points/RES139651?reference=twitter&utm_source=twitter&utm_medium=ppc&utm_campaign=msbg_cx_cert&categoryid=2826672 (last accessed October 30, 2023).
- 25 Harris, Judy and Edward A. Blair, "Consumer Preference for Product Bundles: The Role of Reduced Search Costs," *Journal of the Academy of Marketing Science*, 34(4), 2006, 506-513.
- 26 Boudet, Julien, Jess Huang, and Ryter von Difloe, "Coping with the big switch: How paid loyalty programs can help bring consumers back to your brand (Exhibit 3)," McKinsey & Co, October 22, 2020, <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/coping-with-the-big-switch-how-paid-loyalty-programs-can-help-bring-consumers-back-to-your-brand> (last accessed October 30, 2023).

are also affected by how involved consumers are with sellers and with the loyalty programs.²⁷

Importantly, the mere presence of bundles changes consumers' evaluation of the products or services in comparison to those same products individually. Consumers, especially first time users, are more likely to see an all-inclusive price package as providing more value.²⁸ Not only that, goods that are made part of a bundle are perceived as one unit, with consumers being more dissatisfied with the loss of a good or service from a bundle than the loss of that singular good/service in isolation,²⁹ and as such, are willing to pay more for the restoration of the complete bundle. Consumers who participate in bundled services, especially those who already hold a favorable attitude towards loyalty programs, are also likely to enjoy a feeling of higher status and increased belonging due to potential perceived exclusivity of the membership (for products such as elite credit cards, etc.),³⁰ thus increasing consumer satisfaction overall.³¹

How bundles are presented will also have a large impact on consumer perception. Displaying the price of individual components of a bundle may increase perceptions of fairness and value, especially when it is clear how the sum of component prices differs from the total package price.³² In addition, although consumers will infer cost savings and form a favorable impression of a bundle in the absence of other information, if they discover that the bundle is actually undiscounted, they will switch to a negative reaction to the bundle.³³

When introducing a new product or brand, bundling allows sellers to take advantage of effects associated with existing products or brands and use them in marketing the new good or service. Consumers are more likely to view a new product positively if it is associated with an existing product they already feel positively about.³⁴ This effect also applies to brands. Attitudes towards the existing brand's product or service in the bundle can influence

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- 27 Jeon, Hoseong and Youjae Yi, "Effects of Loyalty Programs on Value Perception, Program Loyalty, and Brand Loyalty," *Journal of the Academy of Marketing Science*, 31(3), June 2003, pp. 229-240.
- 28 Naylor, Gillian and Kimberly E. Frank, "The Effect of Price Bundling on Consumer Perceptions of Value," *Journal of Services Marketing*, 15(4), 2001, 270-281.
- 29 Fishbach, Ayelet and Franklin Shaddy, "Seller Beware: How Bundling Affects Valuation," *American Marketing Association*, 54(5), 2017, 737-751.
- 30 Arbore, Alessandro and Zachary Estes, "Loyalty program structure and consumers' perceptions of status: Feeling special in a grocery store?," *Journal of Retailing and Consumer Services*, 20(5), 2013, 439-444.
- 31 Söderlund, Magnus, "Can the label 'member' in a loyalty program context boost customer satisfaction?," *The International Review Of Retail, Distribution And Consumer Research*, 29(3), 2019, 340-357.
- 32 Tanford, Sarah, Mehmet Erdem, and Seyhmus Baloglu, "Price Transparency Of Bundled Vacation Packages," *Journal of Hospitality & Tourism Research*, 35(2), May 2011, 213-234.
- 33 Nguyen, Adam, Roger M. Heeler, and Cheryl Buff, "Consumer perceptions of bundles," *Journal of Product & Brand Management*, 18(3), 2009, 218-225.
- 34 Simonin, Bernard L., and Julie A. Ruth, "Bundling as a Strategy for New Product Introduction: Effects on Consumer's Reservation Prices for the Bundle, the New Product, and Its Tie-In," *Journal of Business Research*, 33(3), 1995, 219-230.

the perception of the bundle that contains the new product, the product sold individually, and the brand that produces the new product.³⁵ Finally, consumers will also be more likely to accept a new innovation or unfamiliar technology if it is presented in a bundle with a complementary good.³⁶

Bundling Strategies Used by Retailers

A wide variety of bundling strategies is employed by retailers in the marketplace. We start by providing a market-wide summary, and we supplement our discussion with featured examples of bundles offered by retailers, illustrating the various attributes of bundles with real-world examples.

Market-wide Summary

For an overview of the U.S. retail market, we examine the top 20 U.S. retailers by revenue in 2021.³⁷ **Eight** of these 20 companies—representing **63%** of retail sales among the set of top 20 retailers—offer paid membership programs (as distinct from free loyalty programs). The prices of the memberships range from **\$48 to over \$200** annually. **Figure 1** below provides a list of these companies and membership programs.

35 Sheng, Shibin and Yue Pan, “Bundling as a new product introduction strategy: The role of brand image and bundle features,” *Journal of Retailing and Consumer Services*, 16(5), 2009, 367-376.

36 Reinders, Machiel, Ruud T. Frambach, and Jan P.L. Schoormans, “Using Product Bundling to Facilitate the Adoption Process of Radical Innovations,” *Journal of Product Innovation and Management*, 27(7), 2010, 1127-1140.

37 Based on 2021 revenue data compiled by the National Retail Federation (NRF). “Top 100 Retailers 2022 List,” National Retail Federation, <https://nrf.com/resources/top-retailers/top-100-retailers/top-100-retailers-2022-list> (last accessed October 30, 2023).

Figure 1: Top 20 US Retailers and Paid Membership programs

#	Company	2021 US Retail Sales (\$Billions)	Paid Membership Programs and Annual Fee
1	Walmart	\$459.5	Walmart+: \$98/yr Sam's Club "Club Membership": \$50/yr Sam's Club "Plus Membership": \$110/yr
2	Amazon.com	\$217.8	Amazon Prime: \$139/yr
3	Costco Wholesale	\$140.4	Gold Star Executive: \$120/yr Gold Star: \$60/yr
4	The Home Depot	\$140.1	n/a
5	Kroger Co.	\$136.5	Kroger Boost \$59/yr Kroger Boost \$99/yr
6	Walgreens Boots Alliance	\$108.3	n/a
7	Target	\$104.6	n/a
8	CVS Health Corporation	\$93.4	CVS CarePass: \$48/yr
9	Lowe's Companies	\$87.7	n/a
10	Albertson's Companies	\$71.9	FreshPass: \$99/yr
11	Apple	\$64.8	Apple One Individual: \$203.40/yr Apple One Premier: \$395.40/yr
12	Royal Ahold Delhaize USA	\$53.7	n/a
13	Publix Super Markets	\$48.0	n/a
14	Best Buy	\$47.8	My Best Buy Plus: \$49.99/yr My Best Buy Total: \$179.99/yr
15	TJX Companies	\$38.1	n/a
16	Aldi	\$37.0	n/a
17	Dollar General	\$34.2	n/a
18	H.E. Butt Grocery	\$31.0	n/a
19	Dollar Tree	\$25.9	n/a
20	Ace Hardware	\$24.7	n/a

Sources: NRF (<https://nrf.com/resources/top-retailers/top-100-retailers/top-100-retailers-2022-list>); individual company websites.

Membership programs offer a range of bundled benefits, as summarized in Figure 2 below.

- ❖ **All** of the companies selling physical goods³⁸ offer members exclusive or discounted fulfillment options, such as free two-day shipping or curbside pickup.
- ❖ **Half** of the companies offer bundled benefits via partner brands, such as the Paramount+ subscription bundled with Walmart+ membership.
- ❖ Other bundled benefits are offered by **multiple different retailers**, such as store-brand products available exclusively to members (such as Costco’s Kirkland Signature); media subscriptions such as video or music streaming; and gas savings.
- ❖ Each company offers a **heterogeneous selection of benefits**, offering some of these benefits but not others.

Figure 2: Summary of Bundled Benefits offered by retailers with paid membership programs

Features Available Exclusively (or at a Discount) to Members	Number of Companies Offering Feature	Walmart+ and Sam's Club	Amazon Prime	Costco	Kroger Boost	CVS CarePass	Albertson's FreshPass	Apple One	My Best Buy
Fulfillment Options	7	X	X	X	X	X	X		X
Bundled Benefits via Partner Retailers	4	X	X		X		X		
Media Subscriptions	3	X	X					X	
Gas Savings	3	X		X	X				
Store Brand Products	2	X		X					
Financing Options	1			X					

Source: individual company websites.

Next, we provide several examples of memberships involving bundles, describing the elements included with each.

³⁸ That is, all bundles except for Apple One, which only offers digital products.



Walmart—the largest retailer in the U.S.³⁹—launched a new retail membership program in September of 2020.⁴⁰ Walmart+ is currently priced at **\$98/year**⁴¹ and allows its members access to discounts and additional services provided by Walmart and partner brands, including:

- ❖ Fulfillment benefits including member-exclusive access to “Mobile scan & go” self-checkout services and free same-day delivery on orders over \$35.⁴²
- ❖ Fuel discounts of \$0.10/gal at Walmart, Murphy’s, Mobil, and Exxon gas stations.⁴³
- ❖ “Rx for Less”, a program that allows Walmart+ members access to up to 85% off eligible prescription medications from Walmart Pharmacies.⁴⁴
- ❖ Video streaming subscriptions to Paramount+ (Essential subscription, priced at **\$59.99/year** on a standalone basis)⁴⁵ and Pluto TV (ad-free subscription, currently unavailable on a standalone basis but previously available for \$9.99/month or **\$119.88/year**).⁴⁶

39 Based on 2021 revenue data compiled by the National Retail Federation (NRF). “Top 100 Retailers 2022 List,” National Retail Federation, <https://nrf.com/resources/top-retailers/top-100-retailers/top-100-retailers-2022-list> (last accessed October 30, 2023).

40 Perez, Sarah, “Walmart+ launches Sept 15, offering same-day delivery, gas discounts and cashierless checkout for \$98/yr,” TechCrunch, August 31, 2020, <https://techcrunch.com/2020/08/31/walmart-plus-launches-sept-15-offering-same-day-delivery-for-98-per-year-plus-gas-discounts-and-cashierless-checkout/> (last accessed September 23, 2023).

41 “Explore Walmart+ Benefits,” Walmart, <https://www.walmart.com/plus/> (last accessed October 30, 2023).

42 Non-members ordering groceries and non-grocery items online would need to pay delivery fees of \$7.95-\$9.95 for all orders; See Stephanson, Ardith, “How to Get Walmart Delivery In-Depth Guide,” Circuit, April 19, 2023, <https://getcircuit.com/package-tracker/blog/how-to-get-walmart-delivery> (last accessed October 30, 2023).

43 When Walmart+ was first introduced in September 2020, gas savings were \$0.05/gal, and only available at Walmart and Murphy’s stations. See: Perez, Sarah, “Walmart+ launches Sept 15, offering same-day delivery, gas discounts and cashierless checkout for \$98/yr,” TechCrunch, August 31, 2020, <https://techcrunch.com/2020/08/31/walmart-plus-launches-sept-15-offering-same-day-delivery-for-98-per-year-plus-gas-discounts-and-cashierless-checkout/> (last accessed September 23, 2023); “Explore Walmart+ Benefits,” Walmart, <https://www.walmart.com/plus/> (last accessed October 30, 2023).

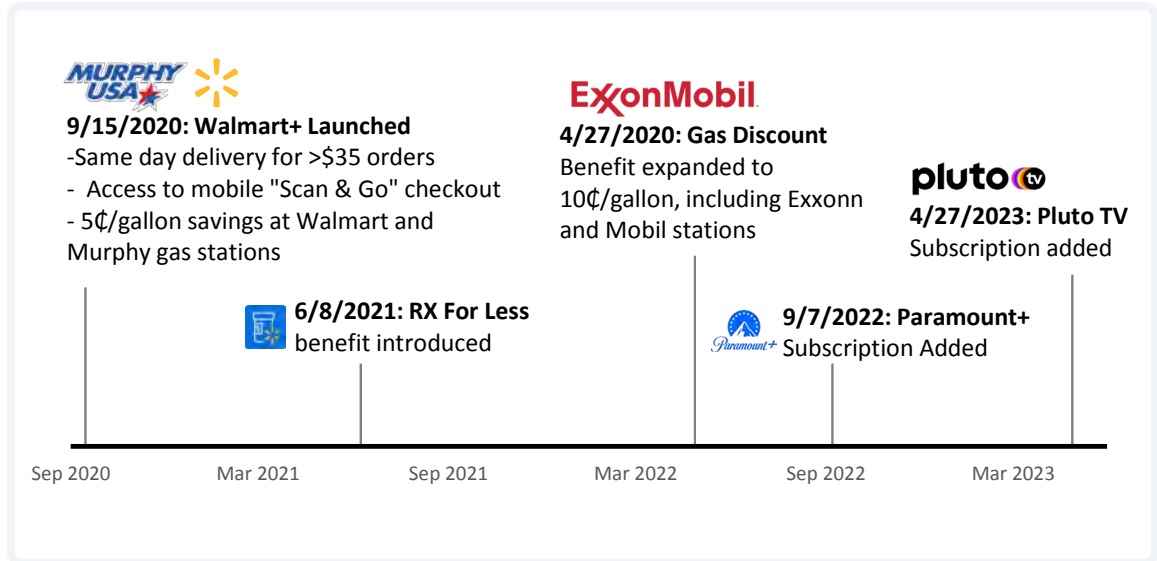
44 Grace, Christine L., “Rx for Less: Walmart+ Members Get New Prescription Savings,” Winsight Grocery Business, June 8, 2021, <https://www.winsightgrocerybusiness.com/retailers/rx-less-walmart-members-get-new-prescription-savings> (last accessed October 30, 2023).

45 For date of introduction of this benefit, see, e.g., “Paramount+ is Now Available to Walmart+ Members,” *BusinessWire*, September 7, 2022, <https://www.businesswire.com/news/home/20220907006204/en/Paramount-is-Now-Available-to-Walmart-Members> (last accessed November 8, 2023). Current Paramount+ subscription price available at “Pick Your Plan,” Paramount+, <https://www.paramountplus.com/account/signup/pickplan/> (last accessed October 30, 2023).

46 For date of introduction of this benefit, see, e.g., Schoon, Ben, “You can now watch Pluto TV ad-free with Walmart+ -How to set it up,” 9to5Google, April 27, 2023, <https://9to5google.com/2023/04/27/pluto-tv-walmart-plus> (last accessed September 23, 2023). For prior historical fee for ad-free subscription, see, e.g., “How to Watch Pluto TV Without Ads,” ACEThinker, October 6, 2023, <https://www.acethinker.com/web-videos/does-pluto-tv-have-commercials.html> (last accessed October 30, 2023).

Figure 3 below illustrates the addition of benefits to the Walmart+ membership over time.⁴⁷

Figure 3: Timeline of introduction of Walmart+ Benefits



We can estimate the savings for a Walmart+ subscription, although we note that such estimation is inexact, as some features confer different levels of dollar savings depending on utilization (such as gas savings), and other features are priced on a standalone basis (such as the mobile scan-and-go services). Despite this, even the price of the video streaming subscriptions (based on the most recently available standalone prices) add up to a greater amount than the Walmart+ subscription price (\$98 for the Walmart+, compared to \$179.87 for the video streaming subscriptions on a standalone

46% minimum estimated savings from bundle

25% of Walmart’s online customers are Walmart+ members

83% of Walmart+ members are also enrolled in Amazon Prime

19% of Amazon Prime members switched to Walmart+

⁴⁷ Walmart+ has also introduced limited-time benefits, such as a 6-month extended free trial of Spotify Premium which was available to members between March 8, 2022 and March 6, 2023 (see, Cracchiolo, Chris, “Walmart + Unveils New Spotify Promotion and Rolls Out Free Membership for Associates,” Walmart, March 8, 2022, <https://corporate.walmart.com/newsroom/2022/03/08/walmart-unveils-new-spotify-promotion-and-rolls-out-free-membership-for-associates> (last accessed November 8, 2023); “Explore Walmart+ Benefits,” Walmart, <https://www.walmart.com/plus/> (last accessed October 30, 2023). As of July 2023, Walmart+ members can access limited-time offers from partner retailers including Panera, Rover, Spafinder, Pawp, Lingokids Plus, Babbel, Scribd, SiriusXM, True Network Solutions, readingIQ, and ABCmouse.

basis, representing a *minimum* savings from the bundle of **46%** compared to a-la-carte pricing).

Although Walmart does not publish specific usage statistics from Walmart+, estimates of the user base range from 11 to 32 million subscribers⁴⁸ (representing approximately **25%** of Walmart’s online shoppers).⁴⁹ Morgan Stanley has valued Walmart+ at around \$45 billion.⁵⁰

A high degree of multi-homing is observed among Walmart+ subscribers. According to a consumer survey conducted by *RetailDive* in 2020, **45%** of Walmart+ subscribers are also subscribed to Amazon Prime; that survey also found subscribers also demonstrated a willingness to move between subscription brands, with **19%** of survey respondents reporting they had switched from Prime to Walmart+.⁵¹ Based on our consumer survey, we observe a higher rate of multi-homing, with **83%** of Walmart+ members also subscribing to Amazon Prime.⁵² The increased rate of multi-homing is potentially due to increased adoption of both memberships over time, with the *RetailDive* survey being conducted shortly after the initial introduction of the Walmart+ membership. Since the *RetailDive* survey was conducted, both Walmart+ and Amazon Prime have added additional bundled features, which may encourage additional adoption as well as multi-homing.

In terms of the composition of the member base, Chris Cracchiolo, current CEO of Walmart, has noted that the service attracts both “younger, more tech-savvy, and more affluent” individuals compared to the average Walmart shopper, as well as shoppers who are more budget-constrained and are looking to take advantage of Walmart+’s discounts.⁵³ Specific to this second category, Cracchiolo notes that around 25% of Walmart+ members receive government-provided

48 The following source estimates 11 million subscribers: Repko, Melissa, “Who needs another subscription service? Walmart is betting its millions of customers do,” CNBC, October 2, 2022, <https://www.cnbc.com/2022/10/02/walmart-inflation-walmart-plus-subscriptions.html> (last accessed November 8, 2023); The following source estimates 11.5 million subscribers: Yaqub, M., “How Many Walmart Plus Members are There: Statistics and Facts in 2023,” BusinessDIT, April 7, 2023, <https://www.businessdit.com/walmart-plus-statistics/> (last accessed November 8, 2023); The following source estimates 32 million subscribers: Repko, Melissa, “Walmart+ s gaining momentum, hits 32 million members, Deutsche Bank estimates,” CNBC, September 14, 2021, <https://www.cnbc.com/2021/09/14/walmart-hits-32-million-members-deutsche-bank-estimates.html> (last accessed November 8, 2023).

49 Capriolo, Paul, “Walmart Marketplace Statistics that Sellers Should know,” Zentail, updated March 31, 2023, <https://www.zentail.com/blog/walmart-marketplace-statistics> (last accessed November 8, 2023).

50 This figure is derived from the fact that analysts at Morgan Stanley estimate retail memberships in general generate around \$2500 per subscriber. See Remorosa, Valerie, “The Value of Walmart+ (WMT Stock) Might Go As High as \$45 Billion. Morgan Stanley Estimates,” Press Reach, last modified October 11, 2022, <https://pressreach.com/investing-news/the-value-of-walmart-wmt-stock-might-go-as-high-as-45-billion-morgan-stanley-estimates/> (last accessed October 30, 2023).

51 Dumont, Jessica, “Study: 11% of U.S. shoppers have signed up for Walmart+,” RetailDive, October 2, 2020, <https://www.retaildive.com/news/11-percent-of-shoppers-signed-up-for-walmart-study-estimates/586328/> (last accessed November 8, 2023).

52 See Figure 14 below.

53 Repko, Melissa, “Who needs another subscription service? Walmart is betting its millions of customers do,” CNBC, October 2, 2022, <https://www.cnbc.com/2022/10/02/walmart-inflation-walmart-plus-subscriptions.html> (last accessed November 8, 2023).

food assistance benefits, demonstrating the attractiveness of Walmart+ to price sensitive customers.⁵⁴ Doug McMillon, former CEO of Walmart, described the appeal of Walmart+ as follows:

[T]he reason that [consumers] would want a membership is because of the increased levels of service that we can provide...If you want delivery from Walmart frequently, it's just more efficient for the customer to buy in bulk, and that takes the form of an annual membership. And then we'll add some things to it beyond just delivery.⁵⁵

McMillon also pointed out that Walmart's intention is to focus on driving up repeat purchases amongst Walmart+ members, in line with what bundling strategies are often used to achieve. To that end, much of Walmart's rhetoric surrounding Walmart+ has been focused on the membership's ability to reduce costs and expand access to services. For example, with regard to the increase in fuel discounts, Cracchiolo noted in a Walmart press release:

We want Walmart+ to help our customers save time and money, not only when they're shopping with us, but throughout their day. We're excited to continue to find new ways to deliver for them.⁵⁶

The New York Times

We next offer an example of bundling within the media sector. The New York Times (the "Times" or "NYT")—which has the largest number of digital subscribers of any English-language news website⁵⁷ has put bundling at the forefront of its growth strategy. In February 2023, Times leadership explicitly expressed a desire to shift focus towards the bundled product, launching its so-called 'All In' marketing campaign.⁵⁸

54 Repko, Melissa, "Who needs another subscription service? Walmart is betting its millions of customers do," CNBC, October 2, 2022, <https://www.cnbc.com/2022/10/02/walmart-inflation-walmart-plus-subscriptions.html> (last accessed November 8, 2023).

55 Peterson, Haley, "Walmart CEO addresses 'buzz' about Amazon Prime competitor Walmart Plus, and says a launch is coming," Business Insider, August 18, 2020, <https://www.businessinsider.com/walmart-ceo-addresses-buzz-about-amazon-prime-rival-walmart-plus-2020-8> (last accessed November 8, 2023).

56 "Walmart+ Increases Fuel Discount and Expands to Exxon and Mobil Stations, Pumping Additional Savings into Member Wallets," Walmart press release, April 27, 2022, <https://corporate.walmart.com/newsroom/2022/04/27/walmart-increases-fuel-discount-and-expands-to-exxon-and-mobil-stations-pumping-additional-savings-into-member-wallets> (last accessed November 8, 2023).

57 "Leading English-language news websites worldwide from March 2021 to March 2023, by number of digital-only subscriptions," Statista, 2023, <https://www.statista.com/statistics/785919/worldwide-number-of-digital-newspaper-subscribers/> (last accessed October 30, 2023).

58 "The New York Times Debuts Its New Campaign 'All In,'" The New York Times, February 27, 2023, <https://www.nytc.com/press/the-new-york-times-debuts-its-latest-campaign-all-in/> (last accessed September 29, 2023). See also Smith, Gerry, "N.Y. Times Pushes Bundle Subscriptions as Ad Sales Face Pressure," Bloomberg, August 3, 2022, <https://www.bloomberg.com/news/>

The Times “All Access” subscription costs **\$325/year** and bundles several separate features:⁵⁹

- ❖ NYT news digital subscription, which is no longer available for purchase on a standalone basis. Before it was discontinued in August 2023, a standalone news subscription it cost \$17/month (**\$204/year**).⁶⁰
- ❖ NYT Games, providing Spelling Bee, Wordle, crosswords and other games, available on a standalone basis for **\$50/year**.⁶¹
- ❖ NYT Cooking, providing recipes and cooking-related articles, available on a standalone basis for **\$40/year**.⁶²
- ❖ Wirecutter, providing product reviews and recommendations, available on a standalone basis for **\$40/year**.⁶³
- ❖ The Athletic, providing sports journalism, available on a standalone basis for **\$95.88/year**.⁶⁴

In total, the separate elements of the All Access bundle would cost **\$429.88/year**, meaning the bundle represents **savings of 24%**. However, customers who *only* wish to purchase digital news are now seeing a **cost increase of 59%** after the discontinuation of the standalone news product.

According to the Times’ chief financial officer, Roland Caputo, “The driving motivation of moving toward a more intentional marketing of the bundled offering is higher (subscriber) retention but also higher ARPU [average revenue per user].”⁶⁵

[articles/2022-08-03/n-y-times-pushes-bundle-subscriptions-as-ad-sales-face-pressure#xj4y7vzkg](#) (last accessed October 30, 2023).

59 “New York Times Subscription,” The New York Times, <https://www.nytimes.com/subscription> (last accessed September 28, 2023).

60 Maher, Bron, “Bundled: Inside The New York Times’ revenue growth strategy,” Press Gazette, August 31, 2023, <https://pressgazette.co.uk/paywalls/new-york-times-bundle-revenue-growth-strategy/> (last accessed September 28, 2023).

61 “Subscribe to Games from The New York Times,” The New York Times, <https://www.nytimes.com/subscription/games> (last accessed September 28, 2023).

62 “New York Times Cooking Frequently Asked Questions,” The New York Times, <https://cooking.nytimes.com/frequently-asked-questions#how-do-i-get-access-to-nyt-cooking> (last accessed September 28, 2023).

63 “New York Times Wirecutter Subscription FAQs,” The New York Times, <https://www.nytimes.com/wirecutter/paid-subscription-faqs/> (last accessed September 28, 2023).

64 “The Athletic Checkout,” The New York Times, https://theathletic.com/checkout2/summersale23/?source=googlesearch&ad_id=662142923030&gclid=CjwKCAjwyNSoBhA9EiwA5aYIb_T5EYr0YYP0sMvd6-0RsZFQznsb0e3YIUOMey6Z30bytp8dC9xrRoCntsQAvD_BwE (last accessed September 28, 2023).

65 Fischer, Sara, “New York Times Surpasses 10 Million Subscriptions,” Axios, February 2, 2022, <https://www.axios.com/2022/02/02/new-york-times-10-million-subscriptions> (last accessed September 29, 2023).

T Mobile™

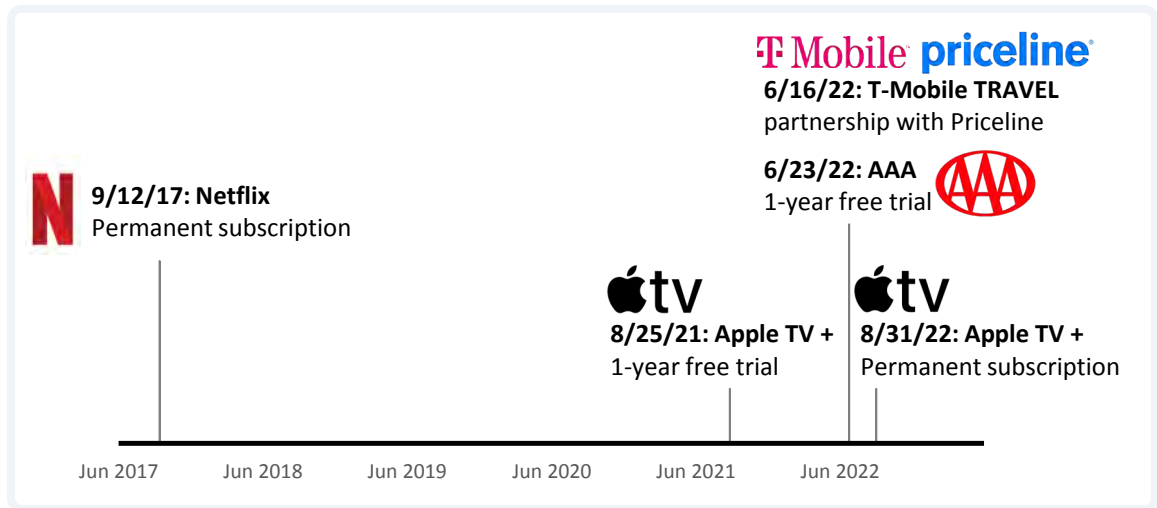
Bundling strategies also occur in other industry sectors such as mobile services. T-Mobile US, Inc. is a wireless mobile service provider, which offers a variety of mobile plans at a range of price points. Some of T-Mobile's plans incorporate additional features provided by T-Mobile and partner brands, including:⁶⁶

- ❖ Netflix Standard, priced at **\$185.88**/year on a standalone basis.⁶⁷ This benefit was first introduced on September 12, 2017.⁶⁸
- ❖ Apple TV+, priced at **\$119.88**/year on a standalone basis.⁶⁹ This benefit was first introduced as a one-year free trial on August 25, 2021;⁷⁰ the benefit was later expanded to a permanent subscription on August 31, 2022.⁷¹
- ❖ One year of AAA Classic or Basic Membership, priced at **\$72**/year on a standalone basis (which includes roadside assistance as well as additional bundled benefits, discussed in more detail later in this paper).⁷² This benefit was first introduced on June 23, 2022.⁷³
- ❖ T-Mobile TRAVEL with Priceline. This benefit was first introduced on June 16, 2022⁷⁴ and provides savings on select hotels and rental cars.⁷⁵

Figure 4 below illustrates the addition of select benefits to T-Mobile plans over time.

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- 66 "Compare our plans," T-Mobile, <https://www.t-mobile.com/plan-details> (last accessed October 30, 2023).
- 67 "Plans and Pricing," Netflix, <https://help.netflix.com/en/node/24926> (last accessed October 30, 2023).
- 68 Cheng, Roger, "Like Netflix? T-Mobile is giving it away for free," CNET, September 6, 2017, <https://www.cnet.com/tech/mobile/like-netflix-t-mobile-is-giving-it-away-for-free-uncarrier-john-legere/> (last accessed November 8, 2023).
- 69 "All Apple Originals. Only on Apple TV+," Apple TV, <https://www.apple.com/apple-tv-plus/> (last accessed October 30, 2023).
- 70 Spangler, Todd, "T-Mobile giving Away Apple TV Plus Free for One year to Most Customers," Variety, August 23, 2021, <https://variety.com/2021/digital/news/t-mobile-apple-tv-plus-free-one-year-1235046900/> (last accessed October 30, 2023). Note that the benefit originally applied to Magenta and Max plans (the Go5G Next plan did not exist at the time).
- 71 Torralba, Christine, "T-Mobile permanently offers free Apple TV+ on select plans," TmoNews, August 29, 2022, <https://www.tmonews.com/2022/08/t-mobile-permanently-offers-free-apple-tv-on-select-plans/> (last accessed October 30, 2023).
- 72 "Calculate your potential member savings," AAA, <https://wa.aaa.com/membership/join.html> (last accessed October 30, 2023). AAA pricing varies by zip code; we assessed the price using 77494, the most populous zip code as of October 2023. See "ZIP Code Facts & Statistics," Zip-Codes.com, <https://www.zip-codes.com/zip-code-statistics.asp> (last accessed October 30, 2023).
- 73 Petroni, Susan, "T-Mobile Customers To Get Free Year of AAA Under New Partnership," Framingham Source, June 23, 2022, <https://framinghamsource.com/index.php/2022/06/23/t-mobile-customers-to-get-free-year-of-aaa-under-new-partnership/> (last accessed October 30, 2023).
- 74 "T-Mobile Announces T-MobileTravel.com with Priceline for Exclusive Customer Travel Benefits," T-Mobile, <https://www.t-mobile.com/news/un-carrier/t-mobile-travel-with-priceline> (last accessed October 30, 2023).
- 75 Unavailable for separate purchase. "T-Mobile Announces T-MobileTravel.com with Priceline for Exclusive Customer Travel Benefits," T-Mobile, <https://www.t-mobile.com/news/un-carrier/t-mobile-travel-with-priceline> (last accessed October 30, 2023).

Figure 4: Timeline of introduction of Select T-Mobile Benefits



After the introduction of the Netflix partnership in 2017, T-Mobile’s COO Mike Sievert gave an interview with *GeekWire* commenting on the role of the Netflix bundled benefit in T-Mobile’s brand strategy, saying:

This is really about a recognition that things are changing in our industry. This is about understanding that content of all kinds is landing on the internet, and the internet is going mobile, so there’s a massive convergence happening.

We weren’t able to get a giant discount. We’re paying, and we’re putting customers first, and that’s something we are really proud to be in a position to do.

We are looking for an opportunity to add value for our customers and solve their pain points. It’s so different from what our competitors are doing. They are seeing dollar signs, how they can slam their customers with big fat juicy bundles inspired by the way big cable has always operated.⁷⁶

T-Mobile’s partnership with brands such as Netflix represents an opportunity for both T-Mobile and the partner company to provide a product to consumers that they may not purchase on a standalone basis. The consumers receive value from having access to an additional product. Netflix saves on fixed costs such as marketing and customer management that it would otherwise need to expend to reach this customer base, while the marginal cost of providing an additional streaming subscription is likely low (particularly for customers who may not be frequent users of the service). Both the customer and the company can benefit from this arrangement.

⁷⁶ Levy, Nat, “Video: T-Mobile COO on new Netflix partnership what it says about today’s media landscape,” *GeekWire*, September 6, 2017, <https://www.geekwire.com/2017/video-t-mobile-coo-new-netflix-partnership-says-todays-media-landscape/> (last accessed October 30, 2023).



As another example of a traditional retailer offering a paid membership including bundled elements, Kroger is a retailer that operates supermarkets, including pharmacies and gas stations. Kroger offers two tiers of a paid membership program called Kroger Boost, which they launched in select markets in November 2021 and expanded nationwide in July 2022.⁷⁷

The first tier, priced at **\$59/year**, offers benefits including fuel savings at Kroger and participating Shell stations,⁷⁸ online grocery ordering, savings on Kroger specialty brands, and free next-day delivery on order minimums of \$35.⁷⁹ The second tier, priced at **\$99/year** offer the same benefits in addition to free delivery in “as little as two hours” on order minimums of \$35.⁸⁰ **Figure 5** below summarizes the benefits provided with these memberships.

Figure 5: Kroger Boost Membership Benefits

	Kroger Plus (Free)	Boost \$59/year	Boost \$99/year
Fuel Points per \$1 Spent	1X	2X	2X
Digital Coupons	✓	✓	✓
Weekly Specials	✓	✓	✓
Order Groceries Online	✓	✓	✓
\$100+ in Savings on Our Specialty Brands		✓	✓
Free Next-day Delivery*		✓	✓
Free Delivery in as Little as 2 Hours*			✓

Source: <https://www.kroger.com/pr/boost>

77 Wells, Jeff, “Kroger Launches Boost Membership Program,” Grocery Dive, November 4, 2021, <https://www.grocerydive.com/news/kroger-launches-boost-membership-program/609457/> (last accessed October 30, 2023); Redman, Russell, “Kroger Marks 1st Year of Boost by Kroger Plus Membership Program,” Winsight Grocery Business, July 18, 2023, <https://www.winsightgrocerybusiness.com/kroger/kroger-marks-1st-year-boost-kroger-plus-membership-program> (last accessed October 30, 2023).

78 “Fuel Program FAQs,” Kroger, <https://www.kroger.com/o/fuel/faqs> (last accessed October 30, 2023); “Fuel Savings at Shell,” Kroger, <https://www.kroger.com/o/fuel/shell-fuel-points> (last accessed October 30, 2023).

79 “Your Membership Benefits,” Kroger, <https://www.kroger.com/pr/boost> (last accessed October 30, 2023).

80 “Your Membership Benefits,” Kroger, <https://www.kroger.com/pr/boost> (last accessed October 30, 2023).

Many of these benefits are in the form of savings, and therefore cannot be purchased separately from the membership. However, for benefits such as free delivery (which is fulfilled through Instacart or directly by Kroger),⁸¹ Kroger's next-day delivery without a membership costs around \$6.95 - \$11.95 per delivery.⁸² If a customer with a \$99/year tier Kroger Boost membership purchased at least two deliveries per week, spent at least \$91 in groceries each week, required 13 gallons per fill-up and redeemed their fuel points two times a month, they would save up to \$1,000 per year on gas, groceries, and delivery fees.⁸³

During the first year since its nationwide rollout in July 2022, Kroger announced that members of the Boost program had saved over \$115 million.⁸⁴ During an earning call in early March 2023, Kroger Chairman and CEO Rodney McMullen commented on Boost's first year, saying that the results were "exceeding our expectations with incremental engagement and overall household spend" and that Kroger would continue to invest in areas such as "pricing, promotions, continuing to roll out Boost."⁸⁵

CHASE SAPPHIRE®

Bundled benefits are also offered as part of credit card packages. As an example, Chase Sapphire is a brand of personal credit cards offered by J.P. Morgan Chase & Co. The Sapphire Preferred card has an annual fee of **\$95**, and includes various bundled benefits, including the following (some of which are offered on a temporary promotional basis):⁸⁶

- ❖ 5x rewards points on Lyft ride purchases.

81 "Boost Membership FAQs," Kroger, <https://www.kroger.com/pr/boost/faq> (last accessed October 30, 2023); "Our Delivery Services," Kroger, <https://www.kroger.com/i/ways-to-shop/delivery> (last accessed October 30, 2023).

82 "Our Delivery Services," Kroger, <https://www.kroger.com/i/ways-to-shop/delivery> (last accessed October 30, 2023) (listing a delivery fee of \$6.95). We also contacted Kroger customer service and were told that for delivery orders, the service fee can range from \$9.95 to \$11.95 depending on location.

83 "Your Membership Benefits," Kroger, <https://www.kroger.com/pr/boost> (last accessed October 30, 2023).

84 Redman, Russell, "Kroger marks 1st year of Boost by Kroger Plus membership program," Winsight Grocery Business, July 18, 2023, <https://www.grocerydive.com/news/kroger-launches-boost-membership-program/609457/> (last accessed October 30, 2023).

85 Bigora, Peyton, "Kroger says Boost membership enrollment has 'exceeded' expectations," Grocery Dive, July 19, 2023, <https://www.grocerydive.com/news/krogers-boost-members-saved-over-115-million-in-first-year/688315/> (last accessed October 30, 2023).

86 "Chase Sapphire Preferred Credit Card (Partnership Benefit Value Pop-Up)," Chase Credit Cards, <https://creditcards.chase.com/rewards-credit-cards/sapphire/preferred?iCELL=61FY> (last accessed October 30, 2023).

- ❖ \$10 monthly Gopuff statement credit (promotion runs through December 31, 2023).
- ❖ 5x rewards points for Peloton equipment and accessory purchases over \$150 (promotion runs through March 31, 2025).
- ❖ Complimentary one-year subscription to DashPass, which includes DoorDash and Caviar (promotion for one year runs through December 31, 2024). DashPass is available for purchase on a standalone basis for **\$96/year**.
- ❖ Six months of complementary Instacart+, followed by \$15 per calendar quarter in statement credits on qualifying Instacart orders (promotion runs through July 2024). Instacart+ is available for purchase on a standalone basis for \$9.99/month.

The yearly value of these bundled benefits for the Chase Sapphire Preferred is **\$306**,⁸⁷ representing savings of **69%** compared to the card annual fee.

Bundled benefits provided by partner brands are common in the credit card industry. **Figure 6** below provides a summary of a variety of partner benefits offered by credit card issuers, focusing on the eight largest U.S. issuers by transaction volume in 2021.⁸⁸ Although not captured in the figure, each issuer offers a range of different credit card products with varying different fees and features. In our summary table, we simply indicate whether *any* of an issuer's cards includes a given benefit. We observe the following patterns:

- ❖ **Almost all** of these issuers offer cards with fulfillment benefits (such as UberEats or Instacart+ memberships).
- ❖ Almost all issuers offer credit cards **partnering with specific brands**, such as airlines, hotels, retailers, or even cruise lines.
- ❖ Distinct from cards partnering with specific retailers, multiple issuers also offer **complementary paid retail memberships** (for example, American Express offers Walmart+ memberships).
- ❖ Each issuer offers a **heterogeneous selection of benefits**, offering some of these benefits but not others.
- ❖ Discover offers few bundled benefits with its cards; we also note that Discover is the *only* card issuer in this figure which does not charge an annual fee on *any* of its credit cards.

87 Does not include rewards in the form of points.

88 Luthi, Ben, "8 Biggest U.S. Credit Card Companies This Year," U.S. News Money, May 2, 2023, <https://money.usnews.com/credit-cards/articles/biggest-us-credit-card-companies-this-year> (last accessed October 30, 2023).

Figure 6: Summary Of Credit Card Bundled Benefits Offered By U.S. Credit Card Issuers

Features Available With Credit Card Membership	Number of Issuers Offering Feature	Number of Issuers Offering Feature							
		Chase	American Express	Citi	Capital One	Bank of America	Discover	U.S. Bank	Wells Fargo
Fulfillment Benefits	7	X	X	X	X	X		X	X
Partner Cards With Airlines	5	X	X	X			X	X	
Partner Cards With Hotels	4	X	X				X		X
Partner Cards With Retailers	4	X		X	X			X	
Complimentary Retail Paid Membership	3		X		X			X	
Steaming Music and Video	3	X	X		X				
Partner Cards With Cruise Lines	1					X			
Partner Cards With Sports Leagues	1						X		

Sources: Individual credit card websites.⁸⁹



AAA is possibly the oldest example of a membership offering bundled benefits with partner retailers. AAA (American Automobile Association) is a federation of affiliated motor clubs throughout the U.S., offering members roadside assistance services (such as towing, flat tire, vehicle lockout) in addition to a host of discounts at other brands. AAA’s bundling strategy first began in 1978, when it partnered with Hertz to provide members enhanced value for Hertz’s car rental service.⁹⁰ AAA’s long-standing strategy of forming partnerships with other brands serves to advertise partners’ services, as well as to potentially attract additional customers.

89 “Our Most Popular Rewards Cards,” Chase, <https://creditcards.chase.com/?CELL=6CDQ> (last accessed October 30, 2023); “American Express Compare Page,” American Express, https://www.americanexpress.com/us/credit-cards/?inav=menu_cards_pc_viewallcards (last accessed October 30, 2023); “View and Compare All Credit Cards,” Citi, <https://www.citi.com/credit-cards/compare/view-all-credit-cards?intc=megamenu~creditcards~vac> (last accessed October 30, 2023); “Compare All Credit Cards,” Capital One, <https://www.capitalone.com/credit-cards/compare/> (last accessed October 30, 2023); “Credit Cards,” Bank of America, <https://www.bankofamerica.com/credit-cards/#filter> (last accessed October 30, 2023); “No Annual Fee Credit Cards,” Discover, <https://www.discover.com/credit-cards/no-annual-fee-credit-cards/> (last accessed October 30, 2023); “Find a Credit Card that Fits Your Lifestyle,” U.S. Bank, <https://www.usbank.com/credit-cards.html> (last accessed October 30, 2023); “Choose From These Great Credit Cards,” Wells Fargo, https://creditcards.wellsfargo.com/?sub_channel=SEO&vendor_code=G (last accessed October 30, 2023).

90 “Hertz and AAA Celebrate 40 Years of Partnership,” AAA Newsroom press release, June 14, 2018, <https://newsroom.aaa.com/2018/06/hertz-aaa-celebrate-40-year-partnership/> (last accessed October 30, 2023).

AAA's current bundled offerings include benefits from the following partner brands:⁹¹

- ✦ 1-800-Flowers
- ✦ Atlas Van Lines
- ✦ Dell
- ✦ HP
- ✦ LensCrafters
- ✦ Shell Fuel Rewards
- ✦ Hard Rock Café
- ✦ Hertz Car Rentals
- ✦ Hotels (Best Western, Marriott, MGM Resorts, Hilton, Hyatt)

Consumer Survey

To provide an in-depth evaluation of the features included in retail memberships, we conducted a survey of 1,001 customers, using a variety of survey techniques to evaluate consumers' attitudes towards, expected utilization of, and willingness to pay for specific attributes of memberships.

In order to assess consumers' purchase decisions and tradeoffs, we restricted our survey to a set of companies that are competitive substitutes for each other. We elected to study a handful of big-box stores, as these stores represent some of the largest U.S. retailers, as well as featuring a variety of membership options and benefits. Specifically, we focused on four big-box memberships: Walmart+, Sam's Club, Costco, and BJ's Wholesale Club.

In order to ensure respondents were familiar with big-box stores, we restricted to respondents who would consider shopping at a big-box store, and who had the decision-making power over their household's retail membership purchase decision.⁹²

91 "AAA Member Perks, Benefits & Discounts," AAA Club Alliance, <https://cluballiance.aaa.com/discounts> (last accessed October 30, 2023).

92 Respondents were not allowed to complete the survey if they reported that they "rarely or never" shopped at big-box stores and "likely would not" or "definitely would not" consider shopping at a big-box store. Respondents were only allowed to complete the survey if they had significant influence over their household's decision to purchase a big-box membership (eliminating respondents with slight or no influence). Responses were further screened if respondents quit the survey partway through, or if they completed the survey so rapidly that it was unlikely they read the survey questions. After these screening steps, there were 1,001 completions of the survey.

In the survey, we focused on the following attributes found in one or more big-box memberships:

- ❖ Membership price per year;
- ❖ Availability of store credit card with cashback rewards at the store;
- ❖ Video streaming services, specifically Netflix, Paramount+, and Pluto TV;
- ❖ Buy online pickup in store (BOPIS) or curbside;
- ❖ Gas savings at the big-box store or at partner locations;
- ❖ Store distance from home;
- ❖ Free two-day delivery; and
- ❖ Access to store brand products not available to non-members.

1. Membership and Multi-homing

The majority of respondents (**74%**) had a paid membership at one or more of the big-box stores in our survey (the remaining 26% did not have memberships at any of these four stores).⁹³

Figure 7 below lists the number of respondents, out of the total sample of 1,001, who are members of each of the four stores. In addition, the figure summarizes the propensity of respondents to “multi-home” or subscribe to more than one retail membership. We find that it is common for members of any one big-box store to purchase a membership at an additional store, with an average of **54%** of members of big-box stores included in our survey choosing to be members at more than one store. **Figure 7** provides additional detail on the rate of multi-homing between each pair of stores. For example, among Walmart+ subscribers in the survey, 50% also subscribe to Sam’s Club, and 45% also subscribe to Costco. The lowest amount of overlap is seen with BJ’s, likely due to the regional nature of the BJ’s chain.⁹⁴

93 See Appendix Figure 3 for counts of respondents by number of memberships purchased at the big-box stores in our survey.

94 BJ’s has 235 club store locations in 18 states, concentrated in the eastern U.S. See BJ’s Wholesale Club form 10-K for the fiscal year ended January 28, 2023, p. 8.

Figure 7: Membership in big-box stores

Membership	# Members	# Members with more than one membership	% Members with more than one membership	Also Members of:			
				Walmart+	Sam's Club	Costco	BJ's
Walmart+	206	148	72%		50%	45%	17%
Sam's Club	356	189	53%	29%		37%	10%
Costco	394	178	45%	23%	33%		9%
BJ's	115	57	50%	30%	30%	31%	
			Average:	54%			

Source: Consumer survey.

Breakdown by Respondent Characteristics

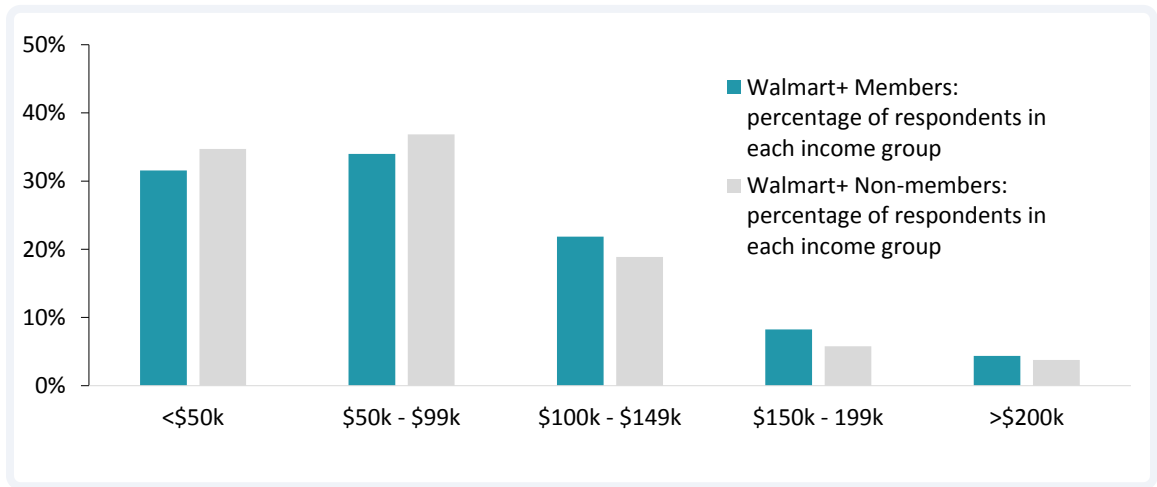
We next examine the demographic breakdowns of each big-box store’s members. We find that for both Walmart+ and BJ’s, members have a similar distribution of incomes as compared to non-members.⁹⁵ Costco members tend to have higher incomes than non-members.⁹⁶ Sam’s Club members are less likely to fall within the lowest or the highest income brackets, compared to non-members.⁹⁷ **Figure 8** through **Figure 11** below show, for each big-box store separately, the income distribution of members versus nonmembers.

95 For each income bracket, for each big-box store separately, we use a chi-square test to assess whether the proportion of store members within that income bracket is statistically different from non-members. For Walmart+ (and similarly for BJ’s), for each income bracket, we find that these proportions are not statistically different.

96 Based on chi-square tests, as compared to non-members, Costco members have a statistically significantly lower proportion of respondents with household incomes less than \$50k ($p < 0.001$). Costco members have a statistically higher proportion of respondents with incomes between \$100k and \$149k ($p < 0.001$), between \$150k and \$199k ($p = 0.007$), and over \$200k ($p = 0.011$).

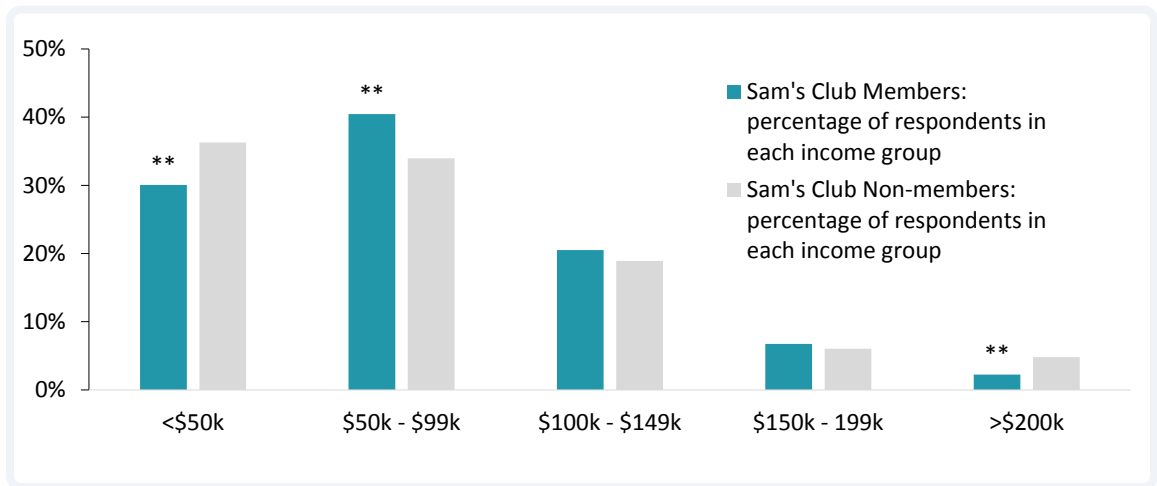
97 Based on chi-square tests, as compared to non-members, Sam’s Club members have a statistically significantly lower proportion of respondents with household incomes less than \$50k ($p = 0.047$). Sam’s Club members have a statistically significantly higher proportion of respondents with household incomes between \$50k and \$99k ($p = 0.041$), and a statistically significantly lower proportion of respondents with incomes over \$200k ($p = 0.045$).

Figure 8: Distribution of income, Walmart+ Members versus nonmembers



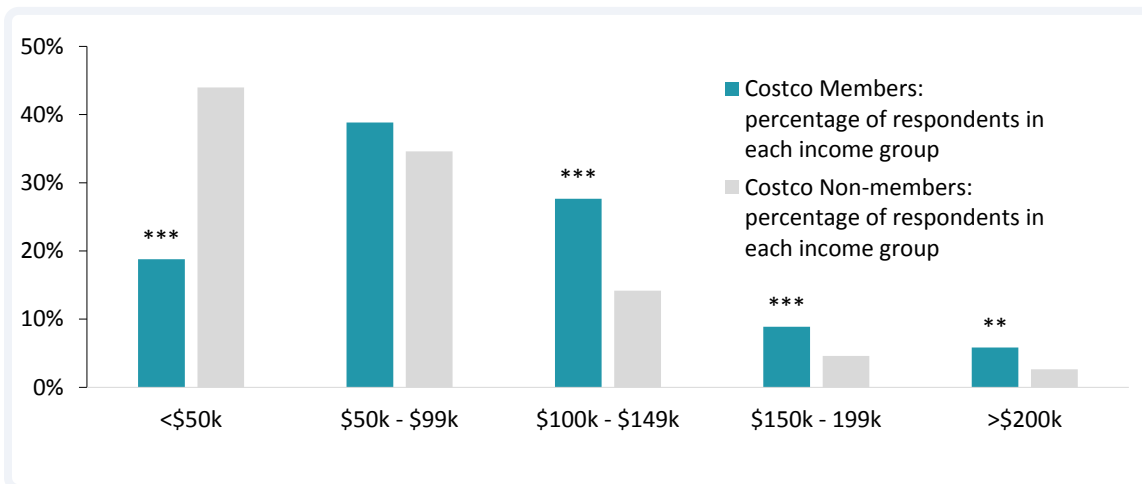
Source: Consumer survey. Differences between members and non-members are not statistically significant, based on chi-square tests.

Figure 9: Distribution of income, Sam's Club Members versus nonmembers



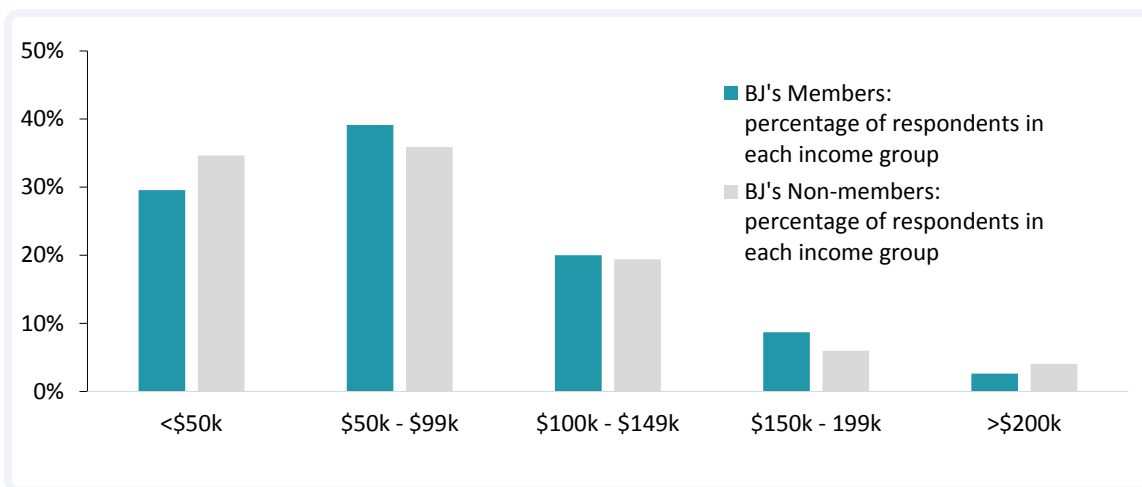
Source: Consumer survey. Above each bar, stars indicate that the proportion of store members in this income bracket is statistically significantly different than non-members, based on chi-square tests: ***, **, and * indicate statistical significance at the 99%, 95%, and 90% levels, respectively.

Figure 10: Distribution of income, Costco Members versus nonmembers



Source: Consumer survey. Above each bar, stars indicate that the proportion of store members in this income bracket is statistically significantly different than non-members, based on chi-square tests: ***, **, and * indicate statistical significance at the 99%, 95%, and 90% levels, respectively.

Figure 11: Distribution of income, BJ's Members versus nonmembers



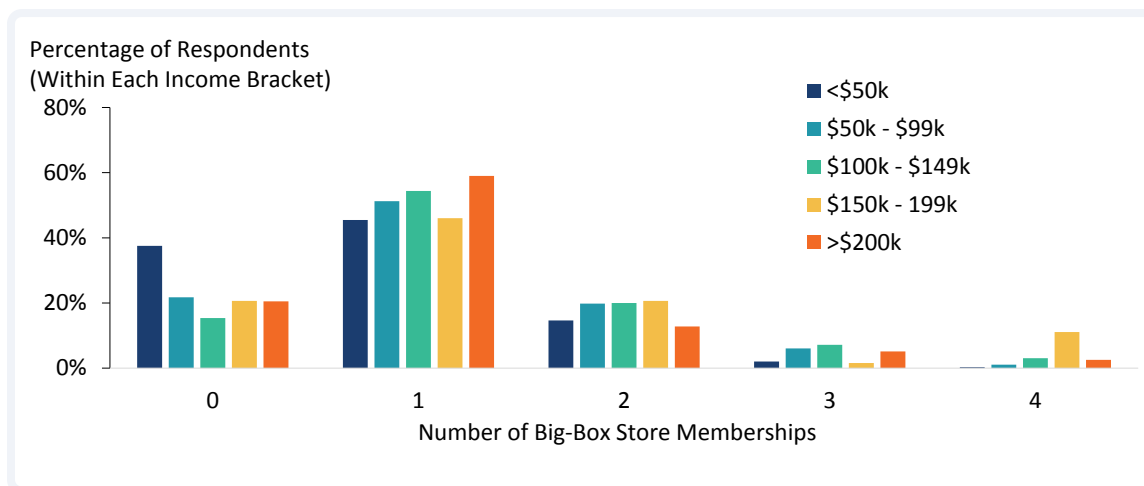
Source: Consumer survey. Differences between members and non-members are not statistically significant, based on chi-square tests.

Respondents within different income brackets also display a different propensity to purchase memberships and to multi-home (see **Figure 12** below). Respondents with household income less than \$50k are the least likely to purchase a big-box membership, and are the least likely to purchase three or four big-box memberships.⁹⁸ Propensity to purchase multiple subscriptions is not strictly increasing with income; respondents of all income brackets have roughly similar likelihood to purchase two big-box

⁹⁸ The difference in likelihood is statistically significant at the 99% level.

memberships.⁹⁹ Respondents with household income between \$150 and \$199k are the most likely to purchase four subscriptions.¹⁰⁰ This suggests that consumers are balancing multiple factors when determining their retail memberships, including price sensitivity to the cost of the membership and sensitivity to the savings that will come from using the membership. This is also consistent with the mental tax of balancing multiple memberships and optimizing cost savings. Our findings suggest that consumers in the \$150k-\$199k income range get the most use out of multiple retail memberships. For consumers with more than \$200k of income, although they have more money to cover additional membership fees, their purchasing behavior reveals they will get less utility out of those additional memberships.

Figure 12: Number of Memberships Purchased by Respondents, by income



Source: Consumer survey.

Additional Retail Memberships

Although not a primary focus of our survey, we additionally asked respondents whether they currently owned memberships for a set of 15 additional brands: AAA, Albertson's, Aldi, Amazon Prime, AMC, Apple One, Best Buy, CVS, DoorDash, Instacart, Kroger, Lowe's, REI, Sephora, or Petco. Although by no means an exhaustive list of the subscription memberships available on the market today, this selection of brands provided a range of price points and services.

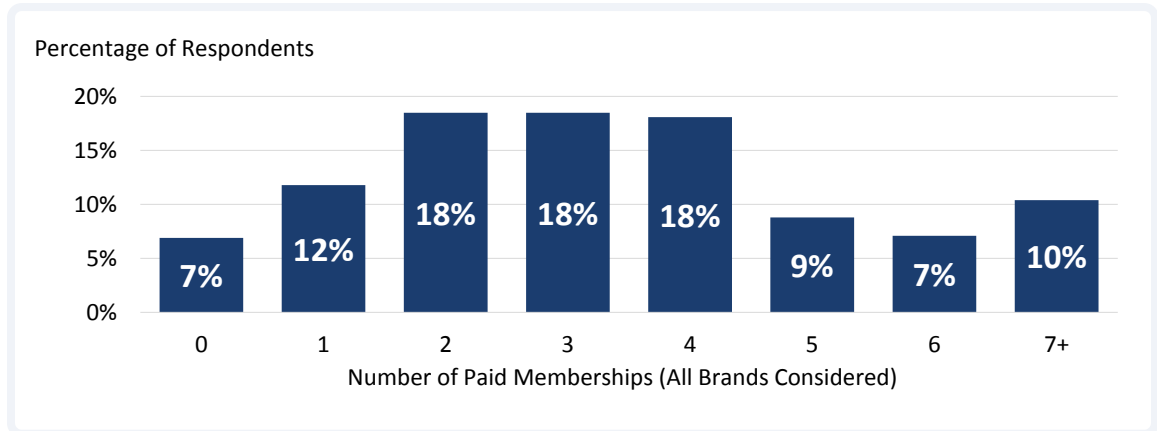
Considering these additional brands alongside the four big-box stores, we find that the vast majority of respondents (**93%**) had at least one paid membership

⁹⁹ The differences between the groups are not statistically significant at the 95% level, based on chi-square tests.

¹⁰⁰ The difference in likelihood is statistically significant at the 99% level.

among the full set of brands considered. Furthermore, the majority of respondents multi-home, with **81%** of respondents having two or more memberships. A nontrivial portion of customers subscribes to a large number of membership services: we observe **10%** of respondents having **seven or more** paid subscriptions. **Figure 13** below summarizes membership rates among respondents.

Figure 13: Number of Paid Memberships Owned by Survey Respondents



Source: Consumer survey.

Amazon Prime had the highest number of subscriptions out of all **19** brands considered, with **62%** of respondents reporting Amazon Prime memberships. Of the Amazon Prime members in the survey, the vast majority multi-homed: **95%** had at least one other membership among all brands considered, and **84%** also had memberships with at least one of the four big-box stores. **Figure 14** below provides a detailed breakdown of the membership overlap between the big-box stores and Amazon Prime. The highest degree of overlap is seen among Walmart+ members, **83%** of which are also members of Amazon Prime. The higher degree of overlap is potentially because Walmart+ is the newest of the services analyzed: Walmart+ was launched in 2020,¹⁰¹ whereas Amazon Prime was launched in 2005,¹⁰² Costco and Sam’s Club opened their first club stores in 1983,¹⁰³ and BJ’s was founded in 1984.¹⁰⁴

101 Perez, Sarah, “Walmart+ launches Sept 15, offering same-day delivery, gas discounts and cashierless checkout for \$98/yr,” TechCrunch, August 31, 2020, <https://techcrunch.com/2020/08/31/walmart-plus-launches-sept-15-offering-same-day-delivery-for-98-per-year-plus-gas-discounts-and-cashierless-checkout/> (last accessed October 30, 2023).

102 “An update on Prime Video,” Amazon, September 22, 2023, <https://www.aboutamazon.com/news/entertainment/prime-video-update-announces-limited-ads> (last accessed October 30, 2023).

103 “About Us,” Costco Wholesale, <https://www.costco.com/about.html> (last accessed October 30, 2023); “About Sam’s Club: Company & Leadership,” Walmart, <https://corporate.walmart.com/about/samsclub/company-and-leadership> (last accessed October 30, 2023).

104 “Forbes Profile: BJ’s Wholesale Club,” Forbes, <https://www.forbes.com/companies/bjs-wholesale-club> (last accessed November 8, 2023).

Figure 14: overlap between Membership in big-box stores and Amazon Prime

Membership	# Members	# Members with more than one membership	% Members with more than one membership	Also Members of:				
				Walmart+	Sam's Club	Costco	BJ's	Amazon
Walmart+	206	191	93%		50%	45%	17%	83%
Sam's Club	356	291	82%	29%		37%	10%	71%
Costco	394	318	81%	23%	33%		9%	73%
BJ's	115	92	80%	30%	30%	31%		70%
Amazon	617	517	84%	28%	41%	46%	13%	

Source: Consumer survey.

2. Importance of Product Features to Customers' Purchase Decisions

To assess how consumers make tradeoffs between products, we employed a conjoint choice task survey methodology. In the conjoint choice task, respondents were asked to select among four hypothetical big-box membership subscriptions, based on randomized values of price, brand, bundled benefits included with the membership, and other membership features. **Appendix Figure 1** lists the product attributes and possible levels tested in the survey. **Appendix Figure 2** provides an example of a conjoint choice task presented to respondents.

Overall Importance of Membership Attributes to Consumer Decisions

The conjoint methodology allows us to observe which product features are most likely to drive a customer's choice between products, referred to as the "relative importance." **Figure 15** below shows the relative importance of each of the attributes studied in the survey. The percentage values can be interpreted relative to each other (for example, an attribute with "relative importance" of 20% is twice as important as an attribute with "relative importance" of 10%). As can be seen in the figure, the most important elements driving customers' decisions are the brand of the store and the membership price per year. This suggests that offering competitive pricing is very important for retail subscription memberships.

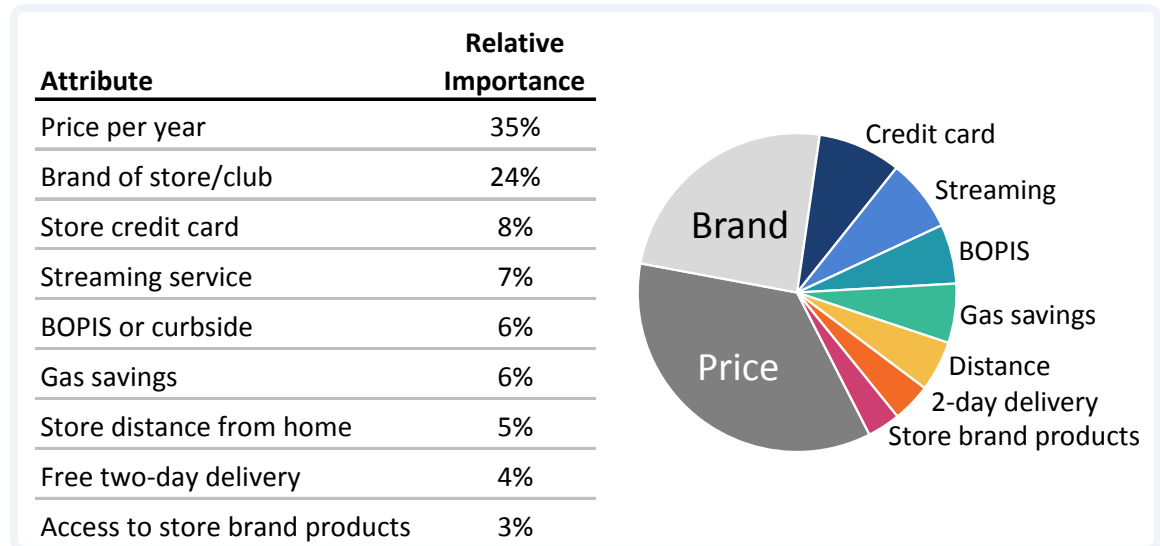
Membership **price** is the **most important** driver of consumers' purchase decisions.

Membership features such as **streaming services** and **gas savings** are of approximately **equal importance** to consumers' purchase decisions.

After brand and price, the remaining membership attributes are of similar importance to the customer's purchase decision. The attribute most important to customers' decisions is the availability of a store credit

card offering cashback rewards on in-store purchases.¹⁰⁵ This suggests that customers enjoy being rewarded for their utilization of a membership.

Figure 15: Relative importance of Membership Attributes



Source: Consumer survey.

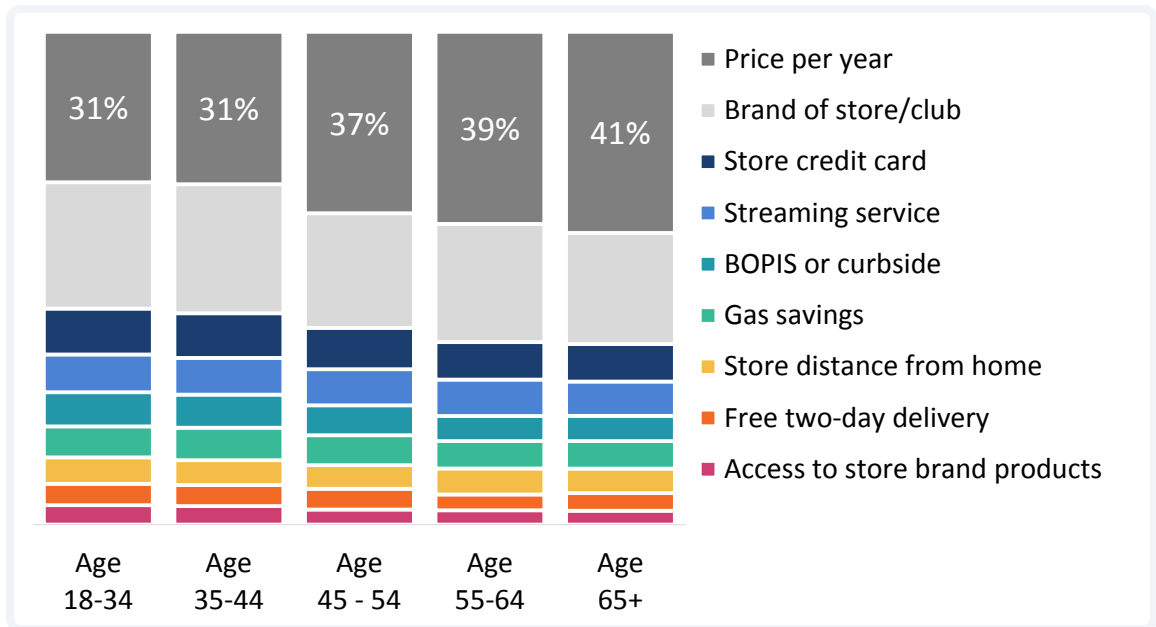
Breakdown by Respondent Characteristics

Breaking down the relative importance of attributes by age and income reveals varying degrees of price sensitivity, but homogeneity across groups in terms of importance placed on the remaining membership attributes.

Compared to older consumers, younger consumers are less sensitive to price, and their purchase decision is more affected by the availability of different membership attributes. **Figure 16** below summarizes relative importance by age groups of consumers. Notably, after accounting for price, there is virtually no variation between age groups when it comes to the relative importance placed on store brand and the additional membership attributes. In other words, after controlling for membership price, there is effectively no variation across age groups in the importance consumers place on each membership attribute. For example, customers aged 18-34 place the same importance on the availability of streaming services as do customers aged over 65.

¹⁰⁵ Specifically, the survey showed customers credit cards with three tiers of possible rewards: 1% cashback rewards on in-store purchases; 2% cashback rewards on in-store purchases plus 1% on all purchases with higher percent on select categories; and 3% cashback rewards on in-store purchases plus 1% on all purchases with higher percent on select categories.

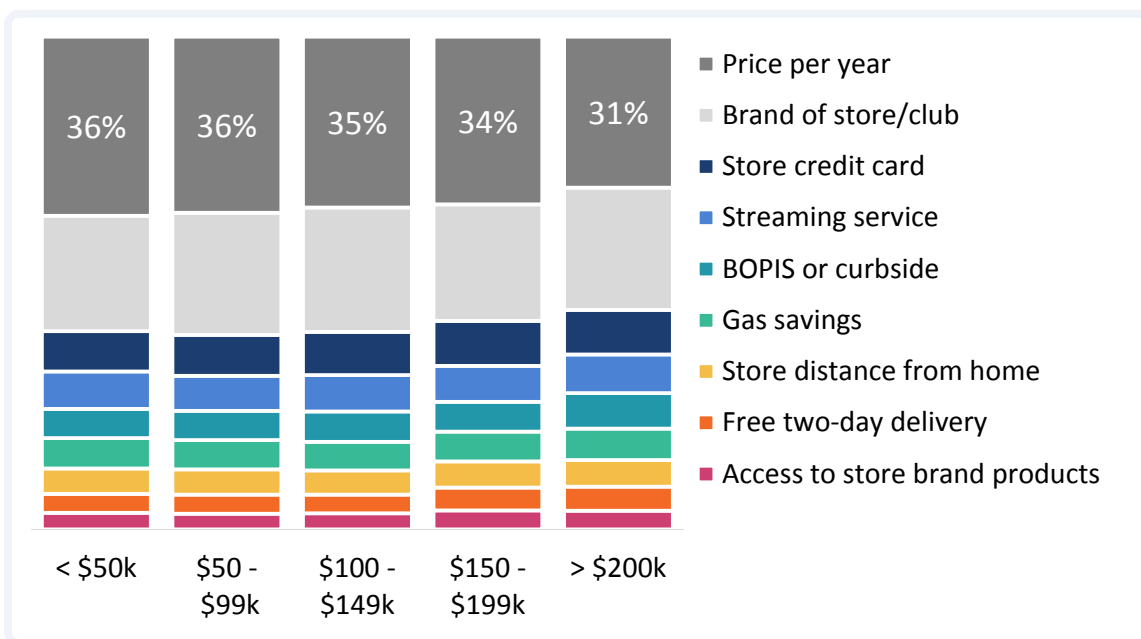
Figure 16: Relative importance of membership attributes, by age



Source: Consumer survey.

A similar pattern is seen when breaking down customers by household income. As expected, price sensitivity is decreasing with consumer income. **Figure 17** below summarizes relative importance of membership attributes by income level. Again, after accounting for price, there is virtually no variation between income groups when it comes to the relative importance placed on store brand and the additional membership attributes. In other words, after controlling for membership price, there is effectively no variation across income brackets in the importance consumers place on each membership attribute. For example, customers with income less than \$50k place the same importance on the availability of streaming services as do customers with income above \$200k.

Figure 17: Relative importance of membership attributes, by household income



Source: Consumer survey.

3. Consumers' Willingness to Pay for Membership Attributes

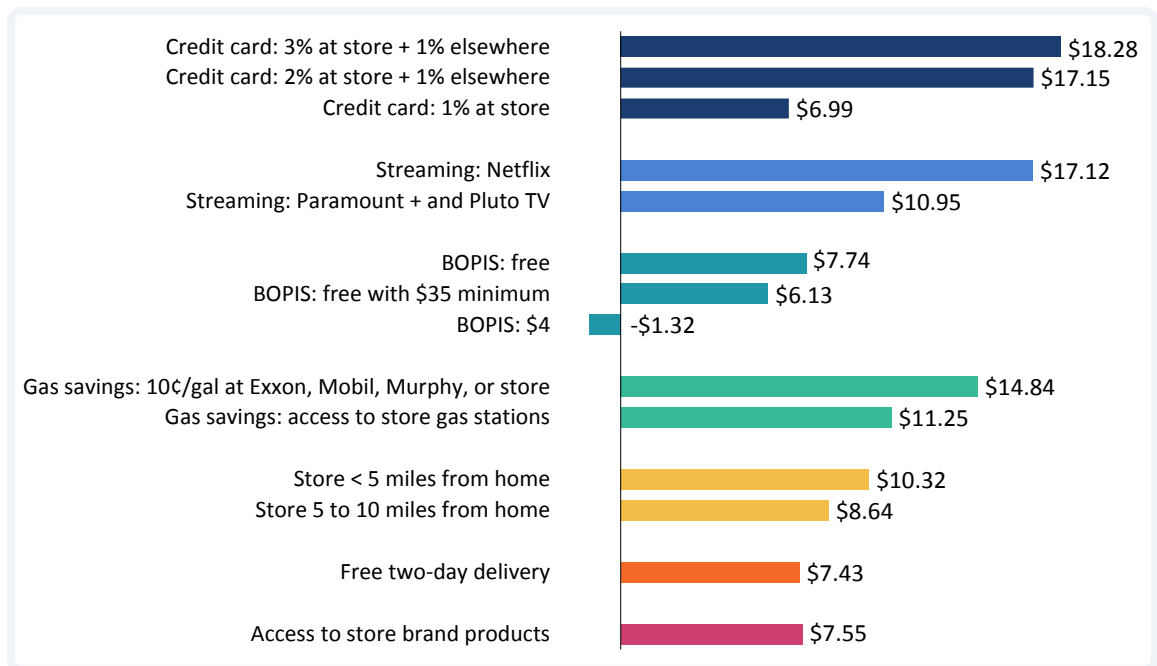
In addition to assessing the relative importance to the consumer's purchasing decision, the conjoint survey methodology allows us to assess the dollar value consumers place on each product feature, referred to as the "willingness to pay" ("WTP"). The WTP is measured by assessing the tradeoffs customers made between different hypothetical product bundles, given the different price points presented.

For example, we find that the WTP for free two-day delivery is **\$7.43**. This means that consumers would be willing to pay an extra **\$7.43** per year for a membership, all else equal, if it includes free two-day shipping.

Figure 18 below presents the WTP for each of the membership attributes studied, showing the dollar value consumers are willing to pay for each level of that attribute. The WTP amounts for each attribute are measured relative to the implicit \$0 consumers would pay when the attribute is not offered at all.¹⁰⁶

¹⁰⁶ For the "store distance from home" attributes, the WTP amounts are measured relative to a store located more than 10 miles from home, which is normalized to \$0.

Figure 18: Willingness to pay for membership attributes



Source: consumer survey.

Below, we discuss some of the key takeaways from the WTP assessment, tying these findings into the larger discussions of customer welfare.

Negative Value Placed on A-La-Carte Pricing

We find that customers place a **negative** value on paying \$4 per order for BOPIS (buy online pickup in store) or curbside pickup.¹⁰⁷ In other words, consumers are less happy when BOPIS is available for a fee of \$4 per order, and would be happier if BOPIS were simply not offered at all. Further research would be needed to assess whether a similar result holds for other membership attributes. However, our result is suggestive that customers expect features of membership subscriptions to be included at no additional price, and are not happy when it is required that they pay per use. One possibility is that, in addition to imposing a literal transaction cost, a-la-carte pricing imposes a mental tax on consumers, eliciting a negative reaction.

This finding ties into prospect theory, a branch of economic literature positing that customers do not make decisions strictly based on the expected value of outcomes—as traditional economic theory suggests—but rather evaluate potential gains and losses relative to the status quo. Prospect theory was first explored by psychologists Daniel Kahneman and Amos Tversky in their

¹⁰⁷ The WTP is statistically significantly less than zero, with 95% confidence interval ranging from -\$2.23 to -\$0.40.

1979 paper "Prospect Theory: An Analysis of Decision under Risk," published in *Econometrica*.¹⁰⁸ Kahneman and Tversky pioneered the concept of loss aversion, in which people place a higher psychological weight on potential losses as compared to equivalent gains. According to prospect theory, different reference points can lead to different decisions, even when the underlying probabilities and payoffs are the same.

Evaluating our survey results through the lens of prospect theory, in a strictly rational sense, having the BOPIS option available for \$4 is superior to not having any BOPIS option available. Even if the customer never makes use of the BOPIS \$4 option, in a strictly rational sense they are equally well-off as if this option was never made available, so they should value this feature at a lower bound of \$0. However, prospect theory suggests that customers are not evaluating the strict expected value of these features, but rather evaluating each feature relative to a "reference point" or status quo. The negative value consumers place on the \$4 BOPIS option according to our survey suggests that the relevant "reference point" for retail membership consumers is for features to be included at no cost if they are included at all.

We note that in competition and antitrust matters, a potential resolution mechanism is the removal of bundled product elements. Our findings from the consumer survey suggest that research would be needed in each case to assess the consumer welfare effect of removing a bundled element, and we note that any conclusions are dependent on the landscape of competition in each particular market.

Price Discrimination and Synergies

Another key takeaway from our survey is that consumers' WTP for streaming services is far less than the standalone price of these subscriptions. For example, consumers in the survey would be willing to pay an additional **\$17.12** per year for a membership that included a Netflix streaming subscription. Purchased separately, a standard Netflix subscription would cost **\$185.88** per year.¹⁰⁹ Similarly, consumers are willing to pay **\$10.95** per year for Paramount+ and Pluto TV, which would cost **\$179.87** if purchased separately.¹¹⁰

108 Kahneman, Daniel and Amos Tversky, "Prospect Theory: An Analysis of Decision under Risk," *Econometrica*, 47(2), March 1979, pp. 263-291.

109 Price is for a "Standard" subscription. "Plans and Pricing," Netflix, <https://help.netflix.com/en/node/24926> (last accessed October 30, 2023).

110 Paramount+ "Essential" subscription is priced at \$59.99/year; see "You're your Plan," Paramount+, <https://www.paramountplus.com/account/signup/pickplan/> (last accessed July 13, 2023). Pluto TV ad-free subscription is currently unavailable on a standalone basis but was previously available for \$9.99/month or \$119.88/year; see "How to Watch Pluto TV Without Ads," ACEThinker, October 6, 2023, <https://www.acethinker.com/web-videos/does-pluto-tv-have-commercials.html> (last accessed November 2, 2023).

Based on the difference between the WTP and the full price of a standalone membership, we can infer bundling may allow companies to reach customers who may not have otherwise purchased the product because the standalone price was too high. This is an example of “price discrimination,” in which a seller charges different prices to different customers for the same product.¹¹¹ This structure benefits sellers by allowing them to capture additional customers (reducing so-called “deadweight loss”). This structure can also benefit customers if they are able to access the good for a lower price than they would have been able to pay on a standalone basis (increasing so-called “consumer surplus”).

Specifically, selling a bundle of goods for less than the sum cost of the individual goods comprising the bundle is a type of second-degree price discrimination.¹¹² This strategy may reduce the seller’s per-unit costs, since the marginal marketing costs are minimized when the product is bundled, as the bundle benefits from each component product’s marketing efforts.¹¹³ Second-degree price discrimination also gives sellers a cost-effective method to implement market segmentation: separating customers into groups that can be targeted with different strategies (in this case, the market is segmented by whether the customer is willing to purchase the standalone goods or requires price savings from the bundle).¹¹⁴

Consumer Surplus

Consumer surplus quantifies the net benefit that consumers receive when they purchase a good or service at a price lower than what they would be willing to pay. In other words, consumer surplus corresponds to the extra satisfaction consumers derive from a purchase.

Following the approach in the paper “Economic Valuation of Product Features” by Allenby, Brazell, Howell, and Rossi, we compute consumer surplus based on the conjoint survey responses.¹¹⁵ For this calculation, we define a “feature rich” state of the world containing the four big-box stores covered by our survey with the actual prices charged and attributes included with each membership. We contrast this against a “feature poor” state of the

111 Mankiw, Gregory, *Principles of Economics: 8th Edition*, (Boston: Cengage Learning, 2016), 303.

112 Black, John, Nigar Hasimzade, and Gareth Myles, “Second-Degree Price Discrimination,” in *A Dictionary of Economics 3rd Edition*, (Oxford: Oxford University Press, 2009).

113 Yan, Ruijiang, Chris Myers, John Wang, and Sanjoy Ghose, “Bundling products to success: The influence of complementarity and advertising,” *Journal of Retailing and Consumer Services*, 21(1), 2014, 48–53.

114 McDonald, Malcolm, Martin Christopher, and Margrit Bass, “Market segmentation,” *Marketing*, 41–65, 2003, 46.

115 Allenby, Greg M., Jeff D. Brazell, John R. Howell, and Peter E. Rossi, “Economic Valuation of Product Features,” *Quantitative Marketing and Economics*, 12(4), 2014, 421–456.

world, which we configure as missing one of the competitors. In other words, we measure the consumer surplus for Costco by asking the question, “If Costco closed, but you could still have a membership with Walmart+, Sam’s Club, or BJ’s, what surplus have you lost?”

Figure 19 below provides estimates of consumer surplus for members of each club store (note that the concept of consumer surplus is based on people who purchased a product). We then scale the per-member surplus by the total number of members for each club store, to provide the total market-wide consumer surplus. Taken together, the total market-wide consumer surplus for all four retail memberships is approximately \$1.6 billion.

Figure 19: Estimated consumer surplus

Membership	Per-Member Consumer Surplus	Number of Members	Total Consumer Surplus
Walmart+	\$4.11	11-32 M	\$45 M to \$132 M
Sam's Club	\$5.49	69 M	\$379 M
Costco	\$14.94	66 M	\$986 M
BJ's	\$16.58	7 M	\$116 M

Sources:

- Per-Member consumer surplus estimated based on consumer survey.
- Walmart+ membership estimates obtained from Melissa Repko, “Walmart+ s gaining momentum, hits 32 million members, Deutsche Bank estimates”, September 14, 2021, <https://www.cnb.com/2021/09/14/walmart-hits-32-million-members-deutsche-bank-estimates.html> (estimating 32 million subscribers); Melissa Repko, “Who needs another subscription service? Walmart is betting its millions of customers do,” CNBC, October 2, 2022, <https://www.cnb.com/2022/10/02/walmart-inflation-walmart-plus-subscriptions.html> (estimating 11 million subscribers); M., Yaqub, “How Many Walmart Plus Members are There: Statistics and Facts in 2023”, BusinessDIT, April 7, 2023, <https://www.businessdit.com/walmart-plus-statistics/> (estimating 11.5 million subscribers).
- Sam’s Club membership estimates obtained from PYMNTS.com, as of April 2022, <https://content.pymnts.com/wp-content/uploads/2022/04/PYMNTS-Benefits-Of-Membership-April-2022.pdf>.
- Costco membership counts obtained from Costco’s 2022 Annual Report. Considers all locations globally; member counts not provided for the U.S. separately.
- BJ’s membership counts obtained from BJ’s 2022 Annual Report.

4. Consumer Preferences

To assess consumer reactions to features of retail memberships, we employed a Kano survey technique, named after Noriaki Kano, who pioneered this framework in 1984.¹¹⁶ Using the Kano survey technique, we asked respondents how they would feel if a given option was a feature of a retail membership subscription. Consumers could respond that they would be delighted, they would expect the feature, they would not care, they would

¹¹⁶ Kano, Noriaki, Nobuhiko Seraku, Fumio Takahashi, and Shin-ichi Tsuji, “Attractive Quality and Must-Be Quality,” *Journal of the Japanese Society for Quality Control*, 41(2), 1984, pp. 39-48.

tolerate the feature, or they would not be happy with this feature. We posed the Kano assessment separately for each of the big-box stores, since consumers evaluate each feature within the context of what they know about the brand.

Consumer Reactions to Membership Attributes

Below, **Figure 20** through **Figure 23** present the distribution of consumer reactions to each membership feature, for each of the four big-box stores, as evaluated by members of that store. Across all four big-box stores, the following patterns emerge:

- ⌘ Among all four brands, **very few respondents reacted negatively** to membership attributes (as seen from the rightmost two columns in the figures below, indicating “I would tolerate it” or “I would not be happy” responses).
- ⌘ Among all the product features examined, **streaming services garnered the highest rate of delight** from customers. Netflix received a more positive reaction than Paramount+ and Pluto TV, receiving a higher proportion of “I would be delighted” responses, and typically a lower proportion of “I would expect it” and “I would not care” responses.
- ⌘ **Walmart+ members express the highest rates of delight** when evaluating potential features of the attributes of their store memberships. We note that Walmart+ is the newest of all the big-box memberships studied. According to academic studies of consumer satisfaction, customers are typically surprised and delighted by new product features, but after a period of exposure, customers come to expect these same features and take them as given. This phenomenon is known as “hedonic adaptation,” described as the “psychological process by which people become accustomed to positive or negative stimulus, such that the emotional effects of that stimulus are attenuated overtime.”¹¹⁷ Because less time has passed since Walmart+ has released, the positive effect of subscribing to Walmart+ could be less attenuated than other subscriptions of the study.
- ⌘ We observe **heterogeneity among consumer reactions** to each of the membership attributes, as seen by the variety of consumers delighted, expecting, or indifferent to each attribute (as seen in the leftmost three columns in the figures below).

117 Lyubomirsky, Sonja, “Hedonic adaptation to positive and negative experiences,” in *The Oxford Handbook of Stress, Health, and Coping*, ed. Susan Folkman (Oxford: Oxford University Press, 2011), 201.

Figure 20: Consumer reactions towards Attributes of Walmart+ Membership

WALMART + MEMBERS:					
How Would You Feel if This Option Was Included With a Walmart+ Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	52%	35%	10%	0%	2%
Netflix	70%	15%	13%	0%	2%
Paramount + and Pluto TV	59%	20%	19%	1%	1%
Buy online pickup in store or curbside	49%	41%	9%	1%	0%
Gas Savings at warehouse store gas station	53%	38%	7%	0%	2%
Free two-day delivery	56%	41%	2%	0%	1%
Access to Store Brand Products	46%	47%	6%	0%	0%

Source: consumer survey.

Figure 21: Consumer reactions towards Attributes of Sam’s Club Membership

SAM'S CLUB MEMBERS:					
How Would You Feel if This Option Was Included With a Sam's Club Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	46%	38%	15%	0%	1%
Netflix	66%	9%	21%	2%	2%
Paramount + and Pluto TV	58%	11%	26%	3%	3%
Buy online pickup in store or curbside	33%	49%	16%	0%	1%
Gas Savings at warehouse store gas station	48%	45%	6%	0%	1%
Free two-day delivery	55%	31%	12%	0%	1%
Access to Store Brand Products	39%	52%	8%	0%	1%

Source: Consumer survey.

Figure 22: Consumer reactions towards Attributes of Costco Membership

COSTCO MEMBERS:					
How Would You Feel if Each Attribute Was Included With a Costco Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	44%	37%	17%	1%	1%
Netflix	68%	8%	20%	2%	2%
Paramount + and Pluto TV	57%	10%	30%	2%	1%
Buy online pickup in store or curbside	35%	35%	28%	1%	1%
Gas Savings at warehouse store gas station	50%	42%	7%	0%	1%
Free two-day delivery	54%	27%	18%	1%	1%
Access to Store Brand Products	41%	48%	10%	0%	1%

Source: Consumer survey.

Figure 23: Consumer reactions towards Attributes of BJ's Membership

BJS MEMBER:					
How Would You Feel if This Option Was Included With a BJ's Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	51%	29%	17%	2%	2%
Netflix	71%	7%	20%	1%	1%
Paramount + and Pluto TV	61%	6%	30%	1%	2%
Buy online pickup in store or curbside	37%	44%	17%	0%	2%
Gas Savings at warehouse store gas station	43%	46%	10%	0%	1%
Free two-day delivery	48%	27%	23%	0%	2%
Access to Store Brand Products	40%	50%	10%	0%	1%

Source: Consumer survey.

Members Are More Likely to Express Delight at Membership Attributes

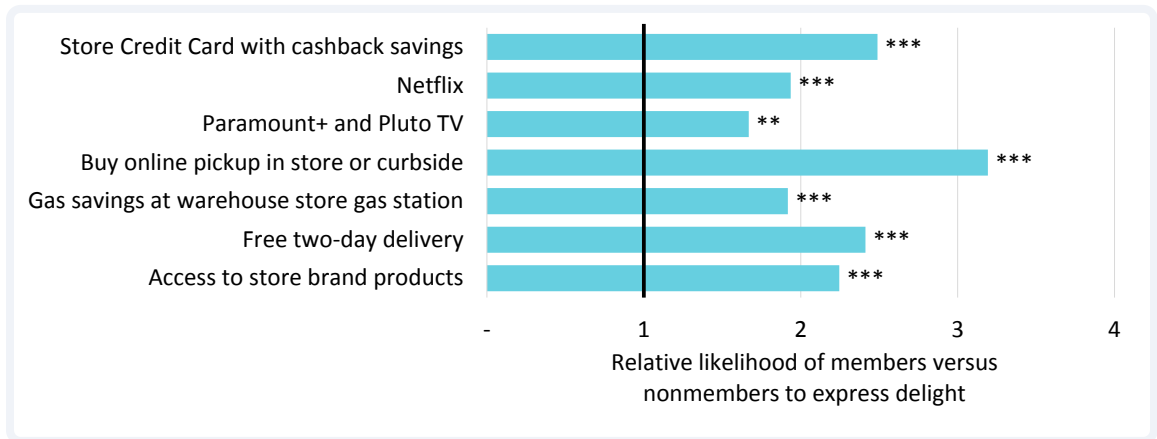
Compared to non-members, members of a retail subscription are more likely to express delight at the membership's features. This effect holds even after controlling for respondent income and the total number of big-box retail memberships the respondent owns. This result indicates that people who have chosen to pay for a membership are more pleased with the features than people who have not purchased it.

Figure 24 below presents the likelihood that Walmart+ members will respond to membership attributes with delight, relative to non-members. The chart can be read as follows: a value of 1, indicated with a black line, means that members and non-members are equally likely to respond with delight. Values above 1 indicate that members are more likely to be delighted: for example, a value of 2 would mean members are twice as likely as non-members to be delighted. For every membership attribute, Walmart+ members are statistically significantly more likely to be delighted than non-members.¹¹⁸

118 Based on a logistic regression controlling for income and number of big-box memberships owned.

Figure 24: relative likelihood that Walmart+ members will respond with delight

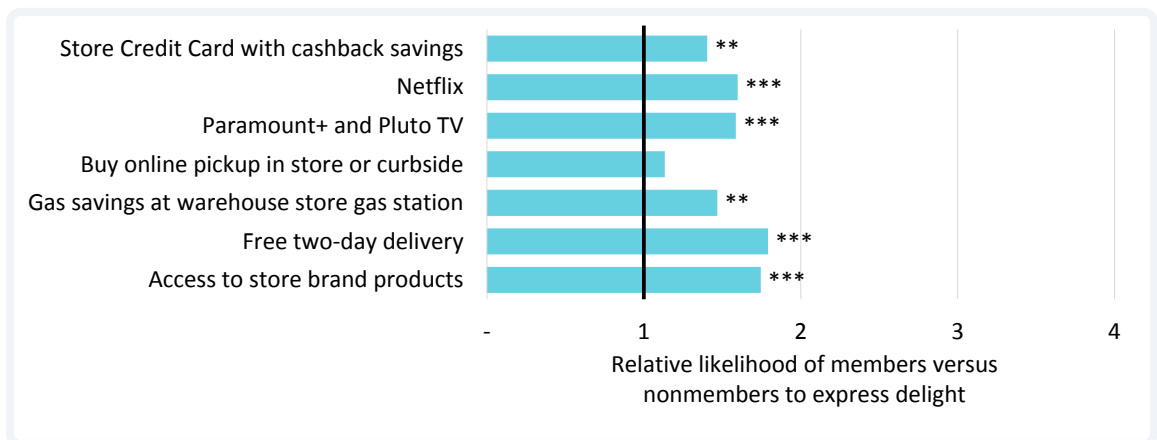
AS COMPARED TO NON-MEMBERS



Source: Consumer survey. Next to each bar, stars indicate that members have a statistically significantly different probability of responding with delight, as compared to non-members, based on a logistic regression also controlling for income and number of big-box memberships owned: ***, **, and * indicate statistical significance at the 99%, 95%, and 90% levels, respectively.

Next, **Figure 25** displays the results for Sam’s Club members. For most product attributes, Sam’s Club members are more likely to be delighted than non-members, although the effect is less pronounced than for Walmart+ members. The one exception is BOPIS, for which Sam’s Club members are, statistically, equally likely to be delighted as non-members.

Figure 25: relative likelihood that Sam’s Club members will respond with delight as compared to non-members



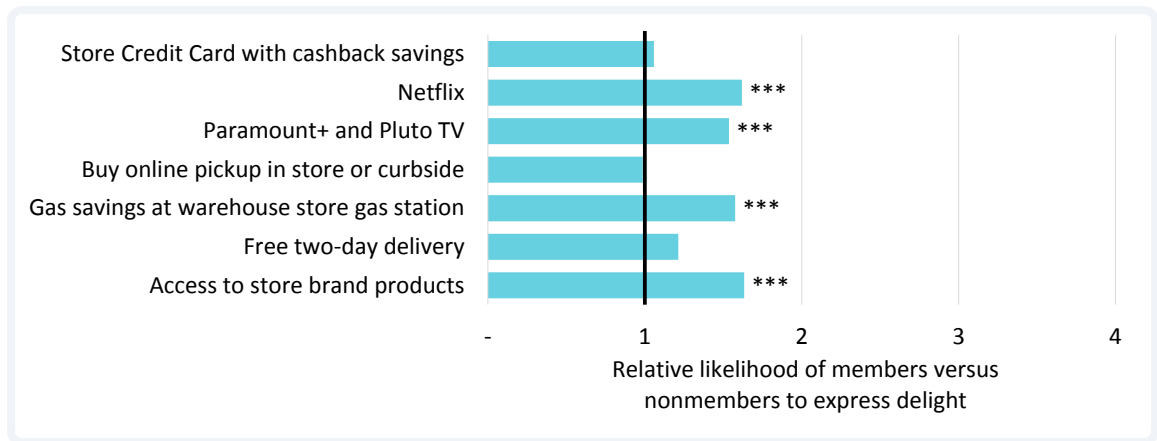
Source: Consumer survey. Next to each bar, stars indicate that members have a statistically significantly different probability of responding with delight, as compared to non-members, based on a logistic regression also controlling for income and number of big-box memberships owned: ***, **, and * indicate statistical significance at the 99%, 95%, and 90% levels, respectively.

Figure 26 below provides results for Costco. For four of the product attributes—access to store-brand products, gas savings, Netflix, or

Paramount+ and Pluto TV streaming subscriptions—Costco members are statistically significantly more likely to be delighted than non-members. For the remaining product attributes, members are statistically equally likely to be delighted as non-members.

Figure 26: relative likelihood that Costco members will respond with delight

AS COMPARED TO NON-MEMBERS

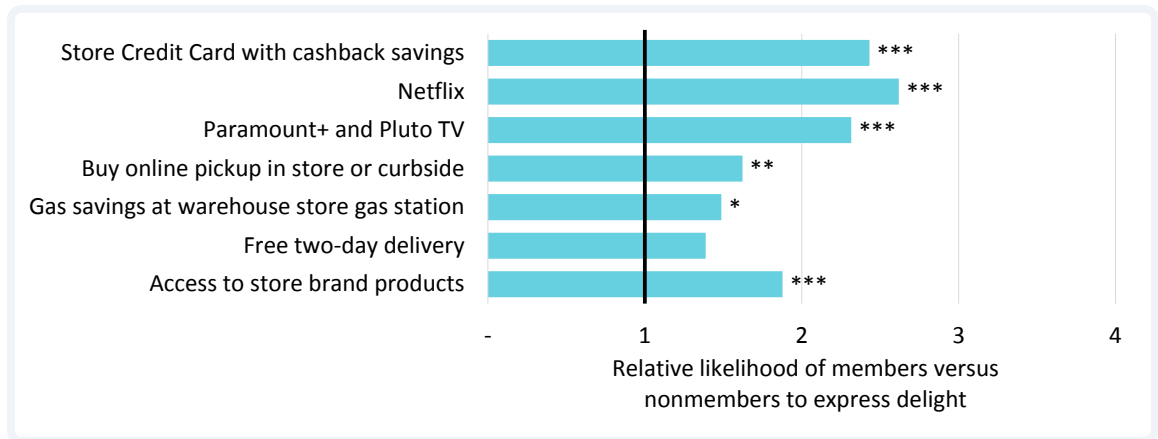


Source: Consumer survey. Next to each bar, stars indicate that members have a statistically significantly different probability of responding with delight, as compared to non-members, based on a logistic regression also controlling for income and number of big-box memberships owned: ***, **, and * indicate statistical significance at the 99%, 95%, and 90% levels, respectively.

Finally, **Figure 27** provides a breakdown for BJ’s members. For most membership attributes, BJ’s members are statistically significantly more likely to be delighted than non-members. For the gas savings attribute, the statistical effect is weak (statistically significant at only the 90% level), and for free two-day delivery, BJ’s customers are statistically equally likely to be delighted as non-members.

Figure 27: relative likelihood that BJ's members will respond with delight

AS COMPARED TO NON-MEMBERS



Source: Consumer survey. Next to each bar, stars indicate that members have a statistically significantly different probability of responding with delight, as compared to non-members, based on a logistic regression also controlling for income and number of big-box memberships owned: ***, **, and * indicate statistical significance at the 99%, 95%, and 90% levels, respectively.

5. Frequency of Use

We asked respondents how frequently they would use each membership attribute, as well as how frequently they would shop at a big-box store.

Figure 28 below summarizes frequency of use among all respondents. For interpreting this table, we remind readers that the survey was conducted specifically among customers who would be willing to shop at big-box stores.

¹¹⁹ We also note that the different membership attributes cannot always be compared directly, due to natural differences in terms of how frequently most people would tend to use them. For example, people may watch streaming TV multiple times per week, whereas they may only need to refill their gas tanks once a week.

Several patterns emerge:

- ⚡ Within each attribute, we see a **wide degree of variation** among respondents, with many customers anticipating frequent use of a given feature, and others never planning to use it.
- ⚡ **Streaming video** services see a **bimodal distribution**: respondents either plan to use the service at least weekly, or do not plan to make use of the feature. Respondents are less likely to be occasional users of streaming TV services.

¹¹⁹ In order to ensure familiarity with the products and attributes, the survey was restricted to respondents who would consider shopping at a big-box store. Specifically, among respondents who reported they would use big-box stores rarely or never, we eliminated respondents who likely or definitely would not consider shopping at a big-box store.

- ⚡ **BOPIS** has the highest percentage of respondents who would **rarely or never** use this feature. However, we also see respondents interested in occasional use of this feature, suggesting that it can add value to consumers even if they do not make use of it very frequently.
- ⚡ **Two-day delivery** sees roughly similar proportions of customers who would use this feature quite frequently, occasionally, or never.

Figure 28: Frequency of Use of membership attributes

ALL RESPONDENTS: How Often Would You Use This Attribute of a Big-Box Retail Membership?	Multiple times per week	Weekly	Every 2 to 3 weeks	Monthly	Every few months	Rarely or never
Shop at big-box store	14%	21%	27%	14%	22%	1%
Store Credit Card with cashback savings	13%	30%	16%	13%	5%	22%
Netflix	46%	22%	5%	5%	3%	19%
Paramount + and Pluto TV	33%	23%	7%	7%	4%	26%
Buy online pickup in store or curbside	7%	19%	18%	14%	13%	29%
Gas Savings at warehouse store gas station	9%	32%	26%	14%	5%	14%
Free two-day delivery	9%	20%	22%	19%	13%	16%
Access to Store Brand Products	14%	40%	22%	13%	4%	6%

Source: consumer survey.

Frequency of Use and Consumer Preferences

We next summarize respondents by their reactions to each membership attribute, as well as their anticipated use of that feature, in **Figure 29** through **Figure 35** below.¹²⁰ Each graph is organized as a grid: moving left to right shows the range of customer reactions, from delight to dislike.¹²¹ Moving top to bottom shows the range of expected use, from most to least frequent.

Several patterns emerge:

- ⚡ In general, we find that the more positively an individual responds to a subscription characteristic, the more they expect to use it. Individuals who respond with indifference to a feature tend to anticipate using it rarely or never, and vice versa.

¹²⁰ Note that these figures average the Kano responses across all four big-box stores.

¹²¹ Note that for simplicity, we consolidate the two negative responses—"I would tolerate it" and "I would not be happy"—due to low numbers of respondents selecting these options.

- With respect to video streaming services Netflix (shown in **Figure 30**) and Paramount+ and Pluto TV (shown in **Figure 31**) customers are concentrated in the corners of the grid. The top-left corner shows customers who anticipate very frequent use of the streaming service and would be delighted by its inclusion. The bottom-right corner shows the fraction who do not care whether streaming is included and do not anticipate using it.
- Free two-day shipping (shown in **Figure 34**) sees a more uniform distribution of customers across the grid. Customers who expressed delight at free two-day shipping varied in terms of how frequently they planned to use it.
- Across all membership attributes, very few customers express delight at a feature while still anticipating using it rarely or never. However, when interpreting consumers' anticipated utilization of products, we note that the literature has documented the consumers' propensity to overestimate their use of a product.¹²² Therefore it may be the case that when consumers are delighted by an attribute, they will over-estimate the amount they will actually use it, leading to a higher concentration towards the upper-left corner of the grid.

Figure 29: Consumer Preferences and anticipated frequency of use

STORE CREDIT CARD WITH CASHBACK SAVINGS				
Expected Use Frequency:	I would be delighted	I would expect it	I would not care	I would tolerate it or not be happy
Multiple times per week	8%	4%	1%	0%
Weekly	14%	11%	5%	0%
Every 2 to 3 weeks	6%	7%	3%	1%
Monthly	4%	5%	4%	0%
Every few months	1%	2%	2%	0%
Rarely or never	2%	4%	15%	1%

Source: Consumer survey.

¹²² See, e.g., Grubb, Michael D., "Overconfident Consumers in the Marketplace," *Journal of Economic Perspectives*, 29(4), Fall 2015, 9-36.

Figure 30: Consumer Preferences and anticipated frequency of use

NETFLIX				
Expected Use Frequency:	I would be delighted	I would expect it	I would not care	I would tolerate it or not be happy
Multiple times per week	35%	3%	7%	0%
Weekly	13%	3%	6%	0%
Every 2 to 3 weeks	2%	1%	2%	0%
Monthly	2%	0%	2%	0%
Every few months	0%	0%	2%	0%
Rarely or never	1%	0%	14%	3%

Source: Consumer survey.

Figure 31: Consumer Preferences and anticipated frequency of use

PARAMOUNT+ AND PLUTO TV				
Expected Use Frequency:	I would be delighted	I would expect it	I would not care	I would tolerate it or not be happy
Multiple times per week	25%	3%	5%	0%
Weekly	13%	3%	6%	0%
Every 2 to 3 weeks	2%	1%	3%	0%
Monthly	2%	1%	4%	0%
Every few months	1%	0%	3%	0%
Rarely or never	2%	1%	20%	3%

Source: Consumer survey.

Figure 32: Consumer Preferences and anticipated frequency of use

BUY ONLINE PICKUP IN STORE OR CURBSIDE				
Expected Use Frequency:	I would be delighted	I would expect it	I would not care	I would tolerate it or not be happy
Multiple times per week	5%	2%	0%	0%
Weekly	8%	8%	2%	0%
Every 2 to 3 weeks	5%	9%	4%	0%
Monthly	3%	7%	4%	0%
Every few months	2%	7%	4%	0%
Rarely or never	2%	8%	17%	2%

Source: Consumer survey.

Figure 33: Consumer Preferences and anticipated frequency of use

GAS SAVINGS AT WAREHOUSE STORE GAS STATION				
Expected Use Frequency:	I would be delighted	I would expect it	I would not care	I would tolerate it or not be happy
Multiple times per week	5%	3%	1%	0%
Weekly	16%	12%	4%	0%
Every 2 to 3 weeks	9%	12%	5%	0%
Monthly	5%	5%	3%	0%
Every few months	1%	2%	2%	0%
Rarely or never	2%	3%	8%	1%

Source: Consumer survey.

Figure 34: Consumer Preferences and anticipated frequency of use

FREE TWO-DAY DELIVERY				
Expected Use Frequency:	I would be delighted	I would expect it	I would not care	I would tolerate it or not be happy
Multiple times per week	6%	2%	1%	0%
Weekly	10%	8%	2%	0%
Every 2 to 3 weeks	10%	7%	4%	0%
Monthly	8%	6%	4%	0%
Every few months	4%	4%	5%	0%
Rarely or never	1%	3%	10%	1%

Source: Consumer survey.

Figure 35: Consumer Preferences and anticipated frequency of use

ACCESS TO STORE BRAND PRODUCTS				
Expected Use Frequency:	I would be delighted	I would expect it	I would not care	I would tolerate it or not be happy
Multiple times per week	7%	6%	1%	0%
Weekly	11%	23%	6%	0%
Every 2 to 3 weeks	5%	11%	5%	1%
Monthly	3%	6%	4%	0%
Every few months	0%	2%	2%	0%
Rarely or never	0%	1%	5%	1%

Source: Consumer survey.

Conclusion

We have documented a variety of bundling strategies employed by retailers as well as service providers in other sectors such as mobile communications, media, credit cards, and others. As we have shown, bundled benefits are a common strategy applied by many brands, with different brands exhibiting heterogeneous levels of bundled offerings.

Based on our survey assessing consumer reactions to bundled elements, we find the following:

- ❖ Customers typically enjoy the inclusion of additional features in retail memberships, although customer reactions are not uniform.
 - ❖ We observe very few respondents reacting negatively to the inclusion of features in membership bundles.
 - ❖ Members reported being more likely to use the featured attributes than non-members, and expressed a higher level of delight at the featured attributes than non-members.
- ❖ Customers often subscribe to multiple memberships.
 - ❖ This reinforces the conclusion that in general, consumers do not feel constrained by provider choice limitations. If provided with a bundle component from a non-preferred brand, consumers feel free to also patronize their preferred brand.
- ❖ Membership features—as well as prices—drive consumers' purchase decisions.
 - ❖ Price plays the most important role in respondents' purchase decisions, suggesting the necessity for retailers to price their memberships competitively.
 - ❖ Other membership features—such as video streaming, free two-day shipping, gas savings, or store credit card—all have roughly similar ability to sway consumers' purchase decisions between retail memberships.
- ❖ Market-wide consumer surplus for all four retail memberships is approximately \$1.6 billion.

Appendix A: Survey Methodology

Appendix Figure 1: Membership attributes studied in survey

Attribute	Levels
Price per year	<ul style="list-style-type: none"> • \$35, \$65, \$95, \$125, or \$155
Brand	<ul style="list-style-type: none"> • Walmart+ • Sam's Club • Costco • BJ's Wholesale Club
Store credit card	<ul style="list-style-type: none"> • 3% cashback at store plus 1% on all purchases • 2% cashback at store plus 1% on all purchases with higher percent on select categories • 1% cashback at store • Not available (--)
Streaming service	<ul style="list-style-type: none"> • Netflix • Paramount + and Pluto TV • Not available (--)
Buy online pickup in store or curbside	<ul style="list-style-type: none"> • Free • Free with \$35 minimum • \$4 • Not available (--)
Gas savings	<ul style="list-style-type: none"> • 10¢ savings at Exxon, Mobil, Murphy or • Access to Warehouse Store gas stations • Not available (--)
Store distance from home	<ul style="list-style-type: none"> • Less than 5 miles • 5 miles to 10 miles • Over 10 miles
Free two-day delivery	<ul style="list-style-type: none"> • Available () • Not available (--)
Access to store brand products	<ul style="list-style-type: none"> • Available () • Not available (--)

Appendix Figure 2: Example of Conjoint Choice task

Scenario 1 of 14	Option 1 	Option 2 sam's club	Option 3 	Option 4
Gas savings	\$.10 savings at Exxon, Mobile, Murphy or Warehouse	--	Access to Warehouse Store Gas Station	Access to Warehouse Store Gas Station
Access to store brand products				--
Buy online pickup in store or curbside	Free with \$35 minimum	Free	--	\$4
Store credit card	3% cash back at store and 1% cash back on all other purchases	1% cash back at store	--	2% cash back at store and 1% cash back on all other purchases
Free two-day delivery	--	--	--	
Streaming service	Paramount + and Pluto TV	--	--	Netflix
Store distance from home	Store < 5 miles from home	Store 5 to 10 miles from home	Store < 5 miles from home	Store > 10 miles from home
Price per year	\$155	\$125	\$65	\$95
Which do you most prefer?	<input type="checkbox"/> Option 1	<input type="checkbox"/> Option 2	<input type="checkbox"/> Option 3	<input type="checkbox"/> Option 4
Would you really subscribe to this service at the price shown?	<input type="checkbox"/> Yes		<input type="checkbox"/> No	

Appendix B: Additional Survey Results

Appendix Figure 3: Respondents' number of memberships owned at big-box stores in survey

	Number of Big-Box Memberships	Number of Respondents	Percentage of Respondents
	0	258	26%
	1	499	50%
	2	179	18%
	3	46	5%
	4	19	2%

Source: Consumer survey.

Appendix Figure 4: All Consumer reactions towards Attributes of Walmart+ Membership

ALL RESPONDENTS:

How Would You Feel if This Option Was Included With a Walmart+ Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	34%	34%	29%	1%	2%
Netflix	54%	9%	33%	1%	3%
Paramount + and Pluto TV	45%	11%	40%	2%	2%
Buy online pickup in store or curbside	25%	45%	27%	1%	2%
Gas Savings at warehouse store gas station	39%	35%	23%	1%	2%
Free two-day delivery	38%	38%	22%	1%	1%
Access to Store Brand Products	26%	51%	20%	0%	1%

Source: Consumer survey.

Appendix Figure 5: Non-members reactions towards attributes of walmart+ membership

NOT A MEMBER OF ANY BIG-BOX STORE:

How Would You Feel if This Option Was Included With a Walmart+ Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	31%	32%	34%	1%	2%
Netflix	46%	7%	41%	1%	4%
Paramount + and Pluto TV	41%	8%	47%	2%	3%
Buy online pickup in store or curbside	19%	47%	31%	1%	2%
Gas Savings at warehouse store gas station	35%	34%	27%	2%	2%
Free two-day delivery	36%	36%	25%	0%	2%
Access to Store Brand Products	20%	55%	23%	0%	2%

Source: consumer survey

Appendix Figure 6: All consumer reactions towards attributes of sam's club membership

ALL RESPONDENTS:

How Would You Feel if This Option Was Included With a Sam's Club Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	36%	35%	27%	0%	2%
Netflix	56%	8%	31%	1%	3%
Paramount + and Pluto TV	47%	9%	39%	2%	2%
Buy online pickup in store or curbside	26%	42%	29%	0%	2%
Gas Savings at warehouse store gas station	39%	40%	19%	1%	1%
Free two-day delivery	43%	31%	25%	0%	1%
Access to Store Brand Products	28%	50%	20%	1%	1%

Source: consumer survey

Appendix Figure 7: Non-members reactions towards attributes of sam's club membership

NOT A MEMBER OF ANY BIG-BOX STORE:

How Would You Feel if This Option Was Included With a Sam's Club Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	30%	30%	36%	1%	3%
Netflix	47%	8%	39%	1%	5%
Paramount + and Pluto TV	41%	5%	49%	2%	3%
Buy online pickup in store or curbside	18%	43%	36%	1%	2%
Gas Savings at warehouse store gas station	32%	39%	26%	2%	2%
Free two-day delivery	35%	34%	28%	2%	2%
Access to Store Brand Products	18%	53%	25%	2%	2%

Source: consumer survey

Appendix Figure 8: All consumer reactions towards attributes of costco membership

ALL RESPONDENTS:

How Would You Feel if Each Attribute Was Included With a Costco Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	40%	31%	28%	0%	1%
Netflix	57%	8%	30%	2%	2%
Paramount + and Pluto TV	48%	9%	39%	2%	2%
Buy online pickup in store or curbside	28%	37%	31%	1%	2%
Gas Savings at warehouse store gas station	43%	38%	17%	0%	1%
Free two-day delivery	46%	28%	24%	1%	1%
Access to Store Brand Products	32%	49%	18%	0%	1%

Source: consumer survey

Appendix Figure 9: Non-members reactions towards attributes of costco membership

NOT A MEMBER OF ANY BIG-BOX STORE:

How Would You Feel if Each Attribute Was Included With a Costco Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	31%	26%	41%	0%	2%
Netflix	49%	7%	38%	1%	5%
Paramount + and Pluto TV	42%	6%	48%	2%	3%
Buy online pickup in store or curbside	18%	38%	40%	2%	2%
Gas Savings at warehouse store gas station	35%	33%	29%	1%	1%
Free two-day delivery	37%	28%	33%	2%	2%
Access to Store Brand Products	24%	47%	27%	1%	1%

Source: consumer survey

Appendix Figure 10: All consumer reactions towards attributes of BJ's membership

ALL RESPONSES:					
How Would You Feel if This Option Was Included With a BJ's Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	29%	30%	38%	1%	2%
Netflix	48%	7%	41%	1%	2%
Paramount + and Pluto TV	40%	8%	48%	1%	3%
Buy online pickup in store or curbside	22%	37%	38%	1%	2%
Gas Savings at warehouse store gas station	32%	34%	31%	0%	2%
Free two-day delivery	36%	27%	35%	1%	2%
Access to Store Brand Products	23%	44%	31%	1%	2%

Source: consumer survey

Appendix Figure 11: Non-members reactions towards attributes of BJ's membership

NOT A MEMBER OF ANY CLUB:					
How Would You Feel if This Option Was Included With a BJ's Membership?	I would be delighted	I would expect it	I would not care	I would tolerate it	I would not be happy
Store Credit Card with cashback savings	27%	26%	43%	1%	3%
Netflix	41%	7%	47%	2%	4%
Paramount + and Pluto TV	37%	6%	52%	2%	3%
Buy online pickup in store or curbside	15%	40%	42%	0%	3%
Gas Savings at warehouse store gas station	29%	33%	35%	0%	2%
Free two-day delivery	33%	27%	37%	1%	2%
Access to Store Brand Products	15%	48%	34%	0%	2%

Source: consumer survey



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Bundled Benefits of Retail Memberships



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Bundled Benefits of Retail Memberships



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Bundled Benefits of Retail Memberships