University at Buffalo
Center for Marketing Analysis
School of Management

U.S. Retail | 2025

War for Wallets: The Retail Battlefield of Clicks and Bricks

Shopping behaviors are shifting across in-store, online, and hybrid channels. With price sensitivity high and fulfillment preferences evolving, retailers must balance innovation with consumer trust to drive loyalty.

Who's Number One? Top Choice by Channel

Consumer shopping behavior varies significantly across channels, with no single retailer dominating every category. As retailers wage war for shoppers' wallets, two players dominate: Amazon and Walmart. Based on a survey of 1,778 shoppers during the fall of 2024, consumers are more omnichannel than ever. As the war wages on between these retail behemoths, other retailers also have an opportunity to step in and carve out their place in the ever-changing retail landscape.

Price vs. Experience

For in-store general merchandise, Walmart maintains a commanding lead with 53% of respondents choosing it as their preferred destination. However, Target has carved out a significant share of the market (24%) by differentiating itself through curated product selections, store layout, and branding.

While Walmart has focused on low prices and a wide assortment, Target has attracted shoppers with an emphasis on quality, trend-driven merchandise, and a more engaging store experience. Target's ability to compete with Walmart in this category suggests that consumer decisions go beyond just price. Walmart has taken notice, especially in recent years. The company has reinforced its dominance by investing in private-label brands (like its "bettergoods" label) and store redesigns (including a refreshed brand identity) to win over shoppers interested in more than just price.

Retailers aiming to challenge Walmart in store must find ways to enhance the shopping experience, whether through exclusive product offerings, improved store environments, or better integration with digital shopping channels.

Who is the top choice for general merchandise?

Name the store you visit the "most" for your general merchandise needs. % of respondents (n = 1,778)

In Store

Online

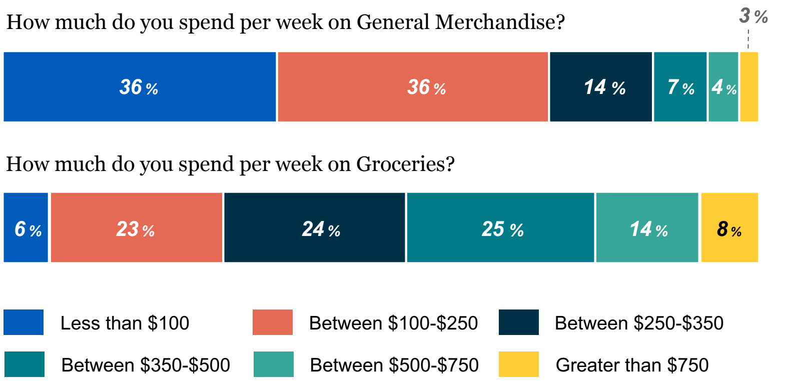
"Others" include: CVS, Kohls, Home Depot, Kroger, Sam's Club, TJ Maxx, BJ's Wholesale Club, JCPenney, Local, Aldi, Best Buy

"Others" include: Kohls, Best Buy, Dollar Tree, CVS, Home Depot, Kroger, JCPenney

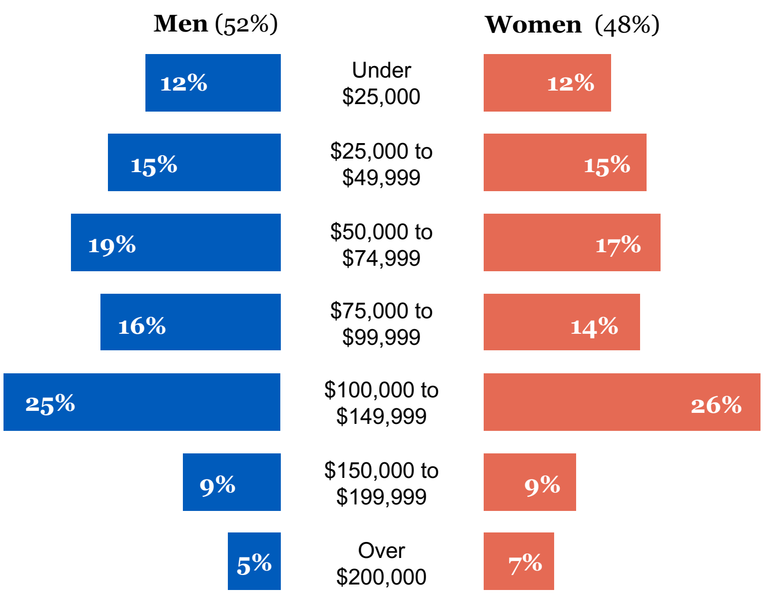
2024

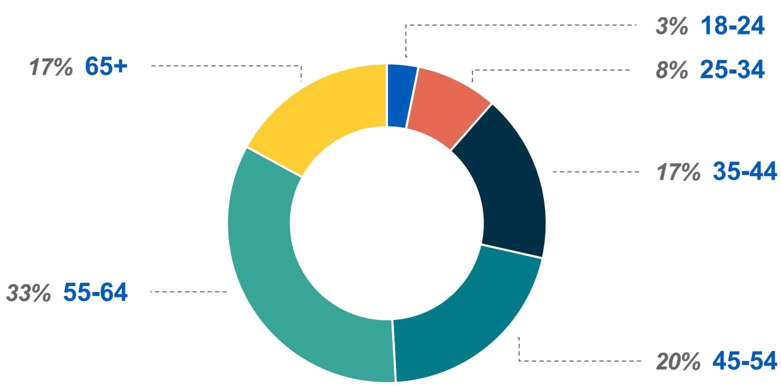
Nationwide U.S. Shopper Behavior Survey

Spending habits by category, % of respondents (n = 1,778)



Overview by Income, Age; % of respondents (n = 1,778)





In the online general merchandise market, however, Amazon maintains a commanding lead, with 61% of shoppers citing it as their top choice. Walmart, while still trailing at 14%, has made notable strides in this space, signaling its ongoing investment in digital commerce. However, the gap between the two remains significant, underscoring Amazon's established dominance in the category. With a reputation built on vast selection, competitive pricing, and fast delivery, Amazon continues to set the standard for online shopping, leaving other retailers searching for ways to differentiate.

For Walmart, closing this gap will require a multipronged approach. Enhancing its third-party marketplace, expanding its fulfillment capabilities, and refining the user experience on its digital platforms will be critical. Walmart+ presents an opportunity to compete with Amazon Prime, but its value proposition must continue to expand beyond free shipping to drive greater adoption. A stronger focus on personalized recommendations, seamless pickup and delivery options, and exclusive product offerings could help Walmart strengthen its online presence and attract more shoppers.

Beyond the online general merchandise battle, the broader competition between Amazon and Walmart reflects a larger struggle for market share across channels.

Walmart's advantage lies in its extensive store network, which allows it to bridge the gap between digital and physical retail more effectively than Amazon. By further integrating its online and offline operations, Walmart can create a more seamless omnichannel experience, appealing to shoppers who value flexibility and convenience. Investments in same-day fulfillment, localized inventory management, and digital engagement tools will be key in sustaining growth.

Amazon, on the other hand, faces the challenge of expanding its presence in categories where physical retail still plays a dominant role. Its efforts in grocery and same-day delivery reflect an attempt to capture more frequent, habitual purchases. Strengthening these initiatives, along with enhancing its brick-and-mortar footprint with Amazon Fresh, Whole Foods and third-party partnerships, will be key in gaining share in areas where Walmart still holds an edge.

As these two retail giants refine their strategies, the competition will continue to reshape the industry. The retailers best positioned for long-term success will be those that not only optimize operational efficiency but also anticipate shifting consumer expectations — delivering value, convenience, and a seamless experience across every channel. As more consumers leverage online offerings, the race for e-commerce dominance is on.

Who is the top choice for groceries?

Name the store you visit the "most" for your grocery needs. % of respondents (n = 1,778)

In Store

"Others" include: Target, Albertson's, Trader Joes, Meijer's, Whole Foods, Wegman's, Dollar Tree, Fred Meyer, Sam's Club, BJ's Wholesale Club, Local (e.g., farmer's markets), CVS

Online

"Others" include: Sam's Club, Aldi, Meijer's, BJ's Wholesale Club, Fred Meyer, CVS, Dollar Tree

A Fragmented Landscape in Grocery

In grocery, the in-store and online markets remain competitive, with a mix of national chains, discount grocers, and warehouse clubs vying for consumer spending. According to a recent survey of 1,778 shoppers conducted in the fall of 2024, Walmart is the most frequently visited retailer for in-store grocery shopping (33%), but a substantial portion of consumers choose competitors like Kroger (14%), Aldi (7%), Publix (4%), and Costco (4%) as their top choice.

The remaining 35% is spread across various other retailers, indicating a fragmented market. This fragmentation reflects an evolving landscape where different store formats serve different priorities. Traditional supermarkets like Kroger attract shoppers with fresh food selections and loyalty programs, while discount grocers like Aldi and Costco appeal to price-sensitive consumers.

For Walmart to maintain its lead over its grocery competitors, it must balance its reputation for low prices with investments in quality, convenience, and store experience.

No Clear Winner in Online Grocery

Unlike in-store grocery, where Walmart leads by a significant margin, the online grocery space is more competitive. Walmart (20%) and Amazon (19%) are in close competition, while the remaining 61% of shoppers turn to a variety of retailers. The lack of a dominant player suggests that convenience, delivery speed, and pricing are still key differentiators in this space.

To establish leadership, retailers need to refine their online grocery experience by improving fulfillment efficiency, enhancing digital navigation, and personalizing promotions. Walmart has the advantage of its extensive store network, which allows for seamless order fulfillment through pickup and delivery. Amazon, on the other hand, leverages its Prime ecosystem and advanced logistics network to fulfill orders faster than its competitors.

The winner in this space will likely be the retailer that can best integrate online and offline shopping while addressing pain points such as delivery fees, substitution issues, and out-of-stock items.

Amazon remains the dominant player in online general merchandise, consistently capturing the majority of shoppers across all shopping habits. Even among those who primarily shop in stores, Amazon still commands a significant share, highlighting its deep integration into consumer purchasing behavior. Walmart, while holding a presence in this space, trails behind, with its share remaining relatively stable across different shopper segments.

For retailers looking to compete more effectively, the challenge lies in shifting consumer habits rather than simply expanding their online offerings. Amazon's strength is built on a combination of low prices, product assortment, seamless user experience, and fast delivery, making it the default choice for many shoppers.

Walmart's opportunity lies in leveraging its store network to enhance online convenience, offering more flexible fulfillment options such as same-day delivery and in-store pickup.

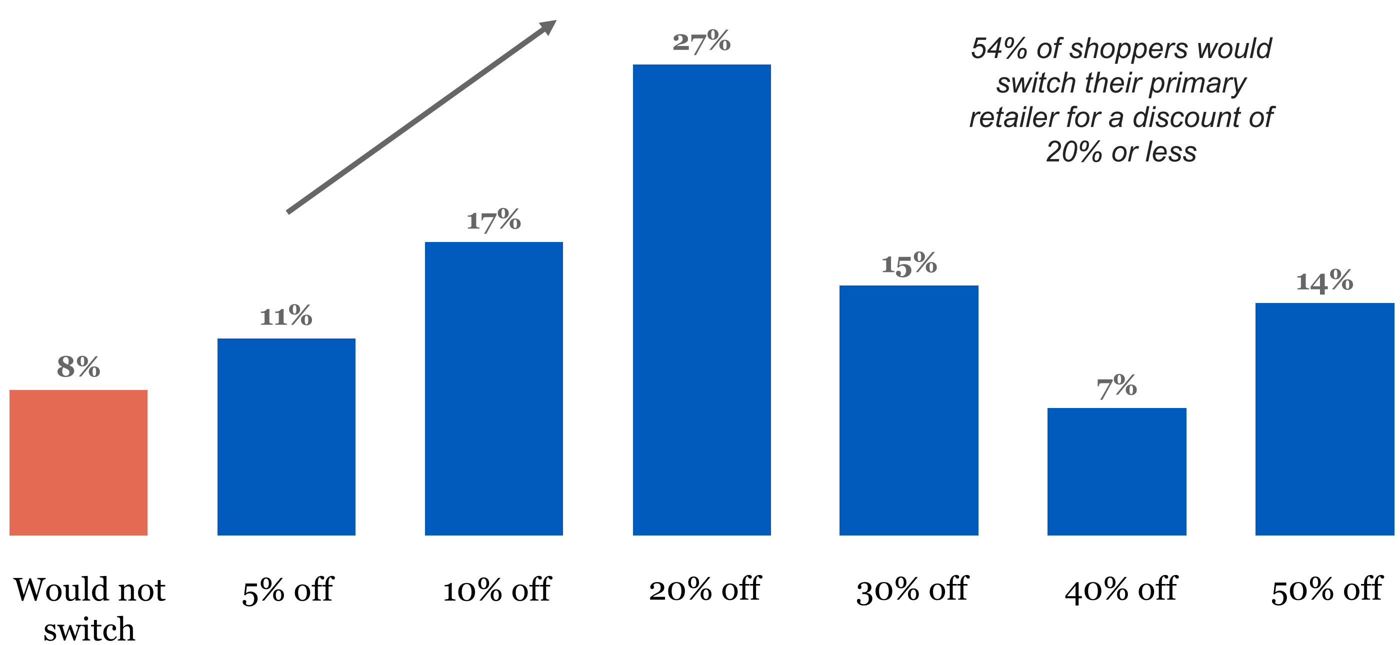
Additionally, Walmart could differentiate by focusing on exclusive product assortments, bundling services with Walmart+, or improving digital engagement to drive loyalty. The company has two choices: lure shoppers away from Amazon and Prime, and/or capture shoppers who prefer other retailers.

The fragmented "other" category suggests an opportunity for niche players to capture specific segments of the market. Retailers that can offer a unique value proposition — whether through specialized product selection, superior customer service, or innovative fulfillment strategies — may find ways to carve out a competitive position.

Retailers may also find success turning to discounts to attract new shoppers. With rising prices and concerns about the economy, discounts are an effective tool to lure in new consumers. As seen below, over 90% of shoppers would switch to another retailer for their primary needs for a discount, with over half looking for a discount of 20% or less.

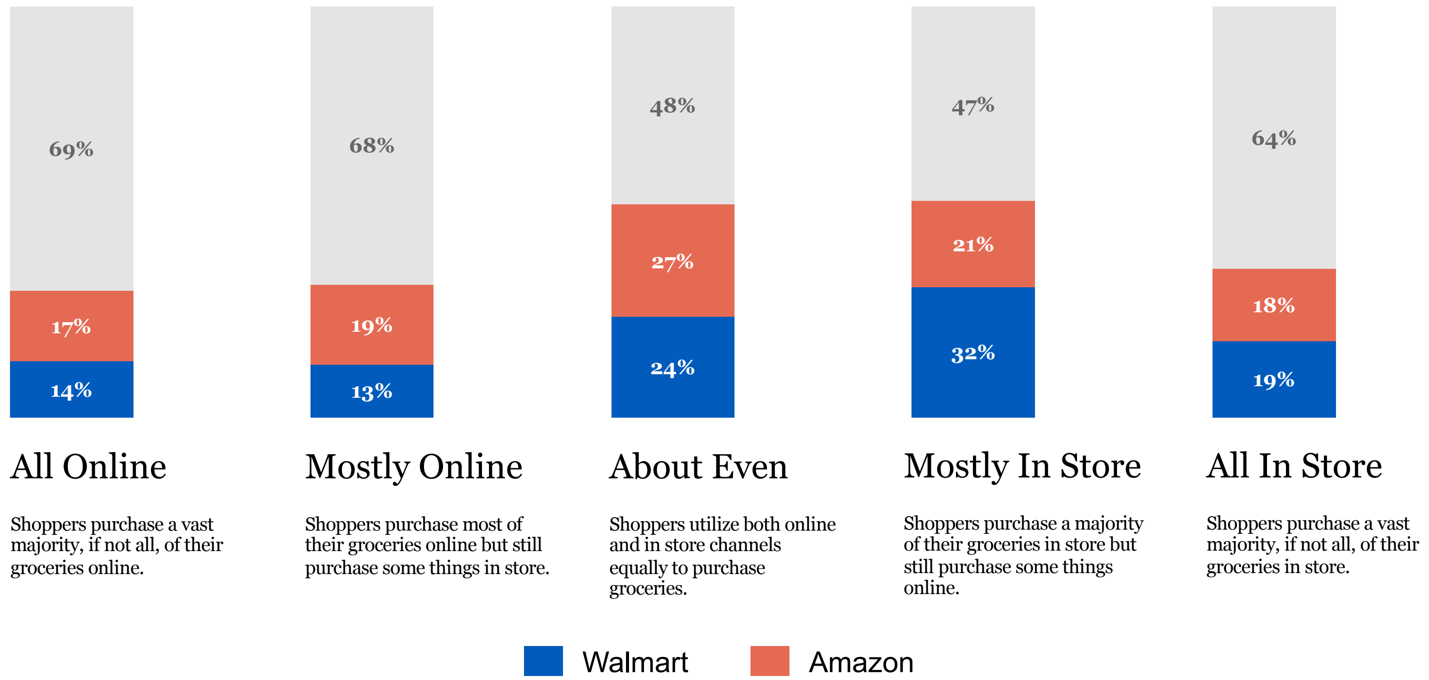
Switching for a discount

What discount would you need to receive to switch to another retailer for your primary shopping needs? % of respondents (n = 1,778)



Walmart vs. Amazon: Who is the top choice for online groceries? Split by channel preference

Consumers' favorite retailer for online groceries, % of respondents (n = 1,778)



In grocery, both **Walmart** and **Amazon** have doubled down on e-commerce, and each believes it has what it takes to win customers' wallets and loyalty.

Our survey results reveal that consumer preferences in the online grocery space vary significantly based on shopping habits, underscoring the need for tailored strategies by major retailers. For shoppers who exclusively purchase groceries online, both Amazon and Walmart capture relatively modest shares. This suggests that fully online consumers are exploring alternatives beyond the major players, likely seeking unique offerings or specialized services.

Among consumers with a more balanced mix of online and in-store shopping, the shares for Amazon and Walmart increase noticeably, with each capturing around a quarter of the preference in the evenly split category. This indicates that an integrated, omnichannel approach resonates well with shoppers who value both digital convenience and the in-store experience.

For consumers who mostly shop in store, Walmart's advantage becomes more pronounced, reflecting its strong physical presence and ability to integrate online ordering with in-store fulfillment.

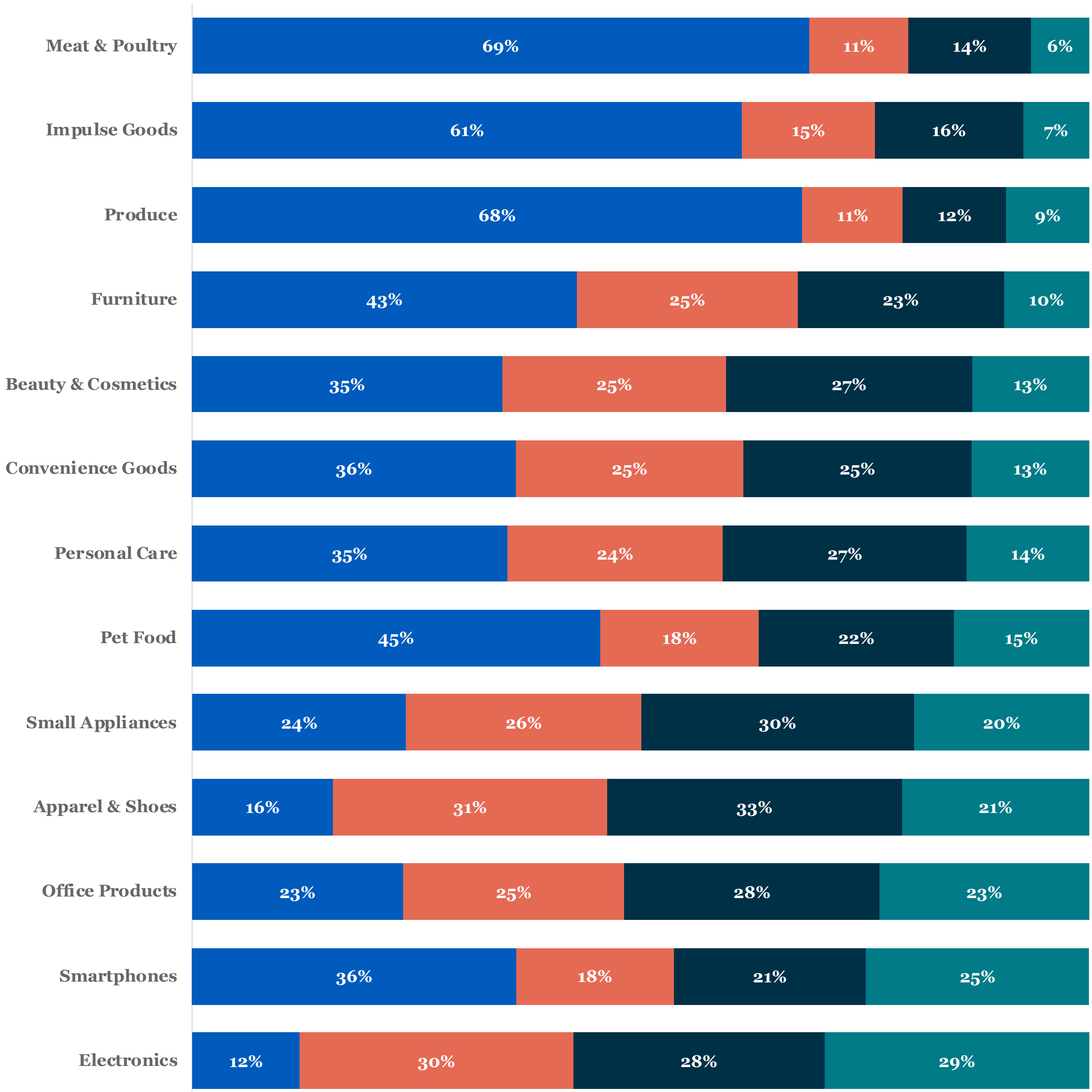
Overall, these insights point to a nuanced competitive landscape in online grocery shopping. To capture additional market share, these retail giants will need to focus on strategies that address the specific needs of different consumer segments. To win over fully online shoppers, retailers should focus on enhancing the digital user experience, personalization, and service reliability.

Conversely, for consumers who lean towards in-store shopping, leveraging robust physical networks and efficient omnichannel fulfillment will be key. By aligning their offerings with these distinct shopping habits, both retailers can better position themselves against a diverse set of competitors in the online grocery market. This strategy will be key to become shoppers' top choices in online grocery.

When do shoppers prefer to shop online?

From where do you prefer to purchase the following items?

% of respondents (n = 1,778)



Channel Preferences by Product Type

Online shopping preferences vary significantly by product category, with certain items seeing higher digital adoption while others remain firmly rooted in in-store shopping. Consumers shop for certain categories predominantly in-store, particularly fresh produce (68%), meat and poultry (69%), and impulse goods (61%). These products are often purchased based on immediate need, sensory evaluation, or habit, making in-store shopping the preferred channel.

Similarly, furniture (43%) and pet supplies (45%) skew heavily toward physical stores, likely due to the tactile nature of the shopping experience and the logistical challenges of delivery. To encourage online adoption in these segments, retailers can focus on trust-building strategies such as high-quality product imagery, better fulfillment options, and guarantees that replicate the confidence of in-person purchasing.

For other product categories, consumer preferences are more evenly split across channels. General convenience items (25%), beauty and cosmetics (27%), and office products (28%) have a relatively balanced distribution between online and in-store shopping, suggesting that while online channels are important, many consumers still value the ability to browse in person. These categories may benefit from hybrid strategies, such as buy online, pick up in store or subscription models that encourage recurring digital purchases while maintaining a physical presence for immediate needs and impulse buying.

While there are a few types of products where online shopping is more prevalent, a majority of shoppers still shop in store at least half the time for these items. Electronics (29%) and smartphones (25%) are among the most commonly purchased online, likely due to the ease of comparing features, reading reviews, and accessing competitive pricing. Similarly, apparel and shoes (21%) and small appliances (20%) see strong online adoption, reflecting consumer comfort with digital shopping in categories where brand familiarity and return policies reduce the risks of purchasing sight unseen. Retailers can further drive online sales in these categories by enhancing virtual try-on tools, improving product visualization, and streamlining returns.

To capture a larger share of consumer spending across channels, retailers should align omnichannel strategies with category-specific preferences to drive higher engagement and capture a larger share of spending.

For product categories with strong online adoption, such as electronics and apparel, investments in personalization, AI-driven recommendations, and streamlined logistics can drive conversion rates. Enhancing virtual try-on experiences, offering exclusive online discounts, and improving return policies can further increase consumer confidence in purchasing remotely.

For categories that still favor in-store shopping, retailers can bridge the gap by leveraging digital tools to enhance the in-person experience. For instance, grocery retailers can expand scan-and-go technology or digital shelf tags that offer personalized promotions based on purchase history. For high-touch categories like furniture and beauty, augmented reality (AR) previews can help replicate the tactile in-store experience online.


TACO SHELLS
Smart Taste
Ancient Grains
belVita
1.49
1.39
2.19

Last Mile Preferences: Pickup & Delivery

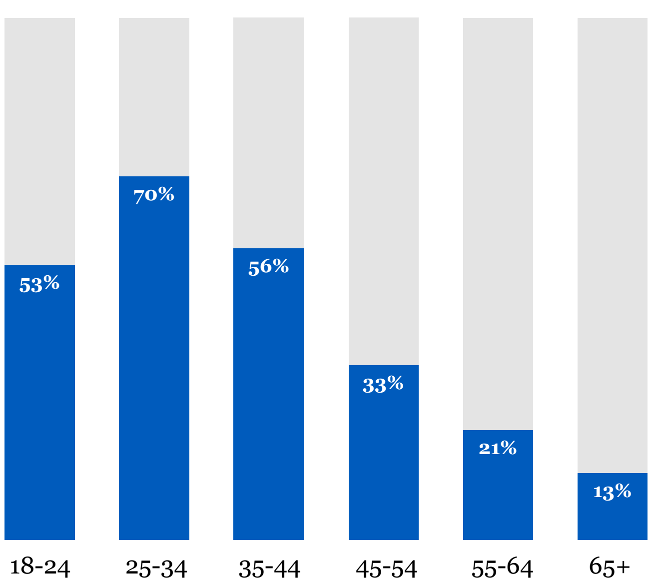
In an environment where Amazon is the clear leader, success will depend on other retailers' ability to create compelling alternatives that drive convenience, trust, and brand loyalty. As shoppers look to save time through increased convenience, retailers have increased their pickup and delivery offerings to lure shoppers in.

Shoppers aged 18-24 show the highest adoption of curbside pickup, with 53% indicating use in the last month. This suggests that younger shoppers are increasingly favoring the convenience of curbside options, likely driven by a preference for a faster, contactless shopping experience.

Shoppers in the 25-34 age group demonstrate even higher adoption rates, with 70% utilizing curbside pickup, reflecting the growing demand for flexible shopping experiences. This age group likely balances busy schedules with a preference for minimizing in-store time, making curbside services highly attractive.

Use of curbside pickup across age groups

Shoppers that have used curbside pickup services in the last month, % of respondents (n = 1,778)



For retailers, this demographic presents an opportunity to enhance curbside offerings by ensuring that pickup is quick, easy, and accessible, especially as they represent a large portion of the consumer base that values both convenience and efficiency.

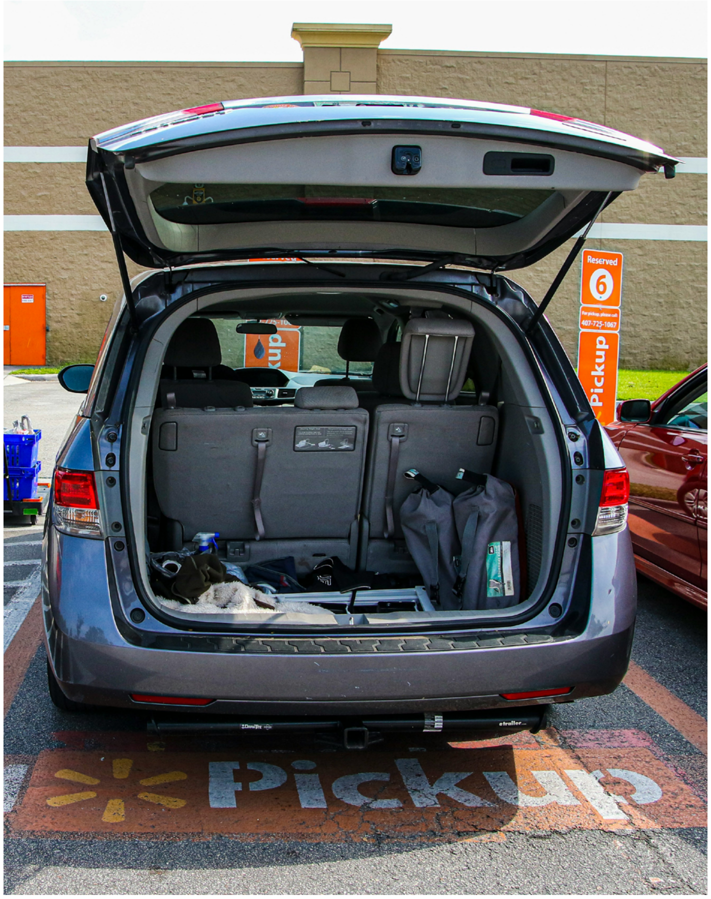
Among consumers aged 35 and older, the use of curbside pickup shows a marked decline, with only 33% of those in their 50s and 13% of those 65+ participating in this service. Although the majority of these older shoppers still prefer traditional in-store shopping experiences, their lower adoption of curbside pickup reflects a potential barrier in terms of technology adoption or a preference for more traditional retail experiences.

For retailers targeting this demographic, a stronger emphasis on personalized in-store service may be more effective, while ensuring curbside options are clearly communicated and accessible for those who do use them.

For the 25-34 age group, which shows the highest adoption of curbside pickup (70%), retailers could focus on offering time-saving features that cater to their busy lifestyles. A possible improvement could include expanding curbside hours to accommodate work schedules, offering a "scheduled curbside pickup" feature where customers can select specific time slots.

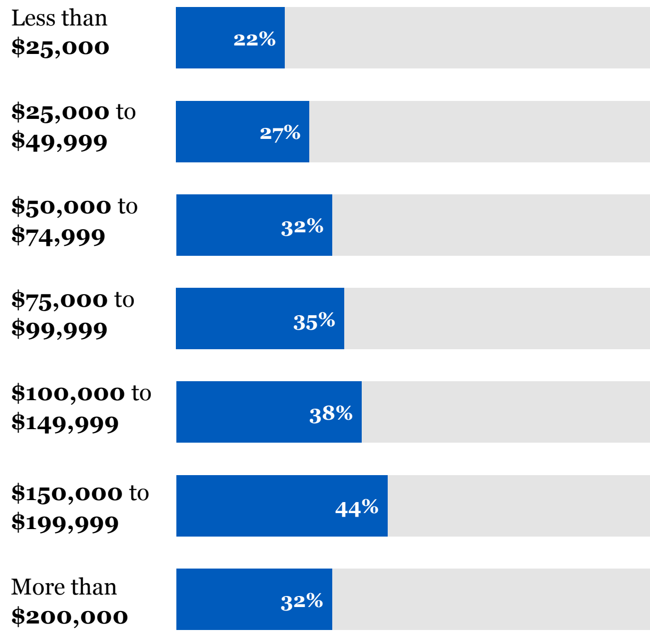
To engage older shoppers (55–64 and 65+), whose adoption rates are notably lower, retailers should prioritize accessibility and personalized service. Simplifying the ordering process through easy-to-navigate websites, larger text, or even telephone-based ordering options can lower the technology barrier.

Additionally, offering a concierge service — where staff assist with the process from arrival to order delivery — can build trust and demonstrate a commitment to safety and convenience.



Use of curbside pickup by income level

Shoppers that have used curbside pickup services in the last month, % of respondents (n = 1,778)



Higher-income, educated shoppers are more likely to utilize curbside pickup

For lower income shoppers, curbside pickup adoption is relatively low, with only 22% utilizing the service in the last month. This group may face financial constraints that make the convenience of curbside pickup less appealing, especially if the service is perceived as an added cost or not fully aligned with their shopping needs.

To better serve this segment, retailers could focus on offering promotions, discounts, or incentives to make curbside pickup more attractive. Additionally, simplifying the process to make it more accessible — such as through clearer communication about any extra fees — could also encourage more adoption in this income group.

As income levels increase, so does the adoption of curbside pickup. These income groups tend to have more disposable income and likely value the time-saving benefits of curbside pickup. However, still less than a third of shoppers with income under $75,000 have leveraged pickup services in the last month.

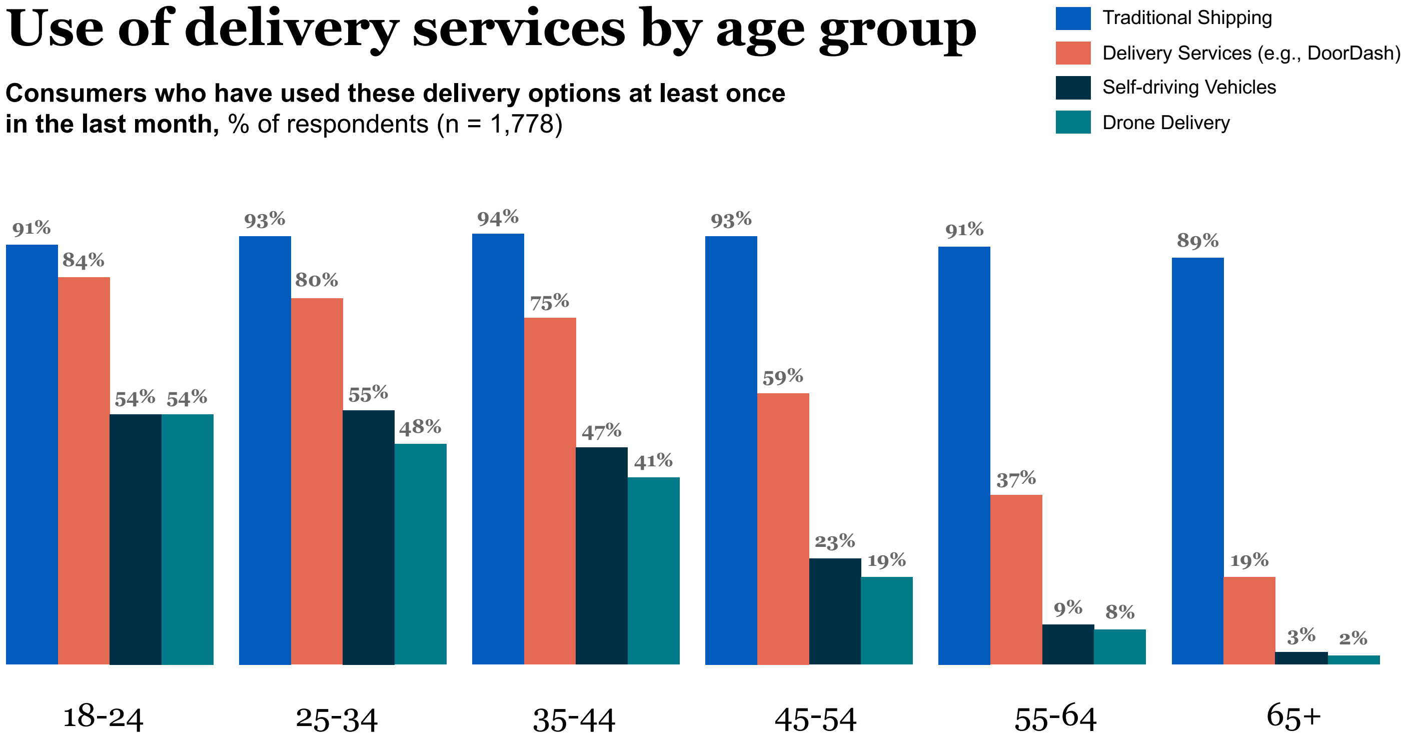
For higher-income brackets, the adoption of curbside pickup is more pronounced. 44% of shoppers who make between $150,000 and $200,000 have leveraged curbside pickup in the last month, twice the rate of those in the lowest income bracket.

Wealthier shoppers may prioritize convenience and are often willing to pay a premium for services that save them time. Retailers should consider further enhancing curbside pickup offerings for this demographic by introducing VIP programs, personalized shopping experiences, or priority pickup slots.

Interestingly, adoption rates come back down for shoppers with incomes over $200,000, who exhibit similar rates of adoption to those under $100,000 (32%). This is likely due to shoppers trading curbside pickup for delivery offerings, which increase convenience for a premium. Considering the results across age and income, young professionals fall in the sweet spot of curbside pickup users.

Use of delivery services by age group

Consumers who have used these delivery options at least once in the last month, % of respondents (n = 1,778)



Generations think differently about delivery services

Younger consumers, particularly those aged 18-24, show the highest willingness to adopt emerging delivery technologies, with 54% open to both self-driving vehicle and drone delivery options. This suggests a generational comfort with automation and innovation, likely influenced by their familiarity with tech solutions in other aspects of daily life.

At the same time, their strong reliance on traditional shipping (91%) and delivery services (84%) highlights an expectation for convenience, speed, and reliability. For retailers, this demographic represents an opportunity to introduce and normalize automated delivery methods while maintaining high service standards in existing fulfillment options.

Shoppers aged 25-34 maintain a similar openness to new delivery technologies, with 55% considering self-driving vehicles and 48% open to drone delivery. Their usage of shipping remains high, while reliance on delivery services is only slightly lower than younger counterparts. This age group values efficiency but balances convenience with practicality, making them a target for hybrid fulfillment models.

Interest in automation begins to decline among consumers in their 30s, with acceptance of self-driving vehicle and drone delivery dropping to 47% and 41%, respectively. While this group still heavily relies on shipping, their use of delivery services declines also declines, signaling a potential shift in preference toward cost-effective, predictable shipping options over premium models.

Consumers aged 45 and older show a steep decline in openness to self-driving and drone delivery. Their reliance on shipping remains strong (over 89% across all groups), but their use of delivery services drops significantly. This suggests that older shoppers prioritize established, familiar fulfillment methods and may be less likely to experiment with emerging technologies unless they offer clear advantages in reliability and ease of use.

Retailers aiming to reach this demographic should focus on enhancing traditional shipping and delivery experiences rather than pushing aggressive adoption of automation. Or at the least, retailers should market the services' predictable aspects.


prime

Concerns & Drivers of Shopper Behavior

Price remains the dominant macro concern for shoppers, with nearly 70% indicating that it significantly impacts their purchasing decisions.

This finding underscores the heightened sensitivity to cost, likely influenced by inflationary pressures and economic uncertainty. Retailers must prioritize competitive pricing strategies, dynamic promotions, and value-driven messaging to maintain customer loyalty in an environment where price remains a primary decision driver.

Beyond price, broader economic concerns also weigh heavily on consumer behavior. More than half of shoppers cite the economy as a key factor, reinforcing the link between financial stability and discretionary spending. Fuel costs similarly play a significant role, particularly for shoppers who rely on in-store visits.

Retailers with a strong omnichannel presence can capitalize on this by enhancing local delivery options, expanding curbside pickup, and offering incentives to mitigate transportation-related costs for consumers.

While financial factors take precedence, concerns around AI privacy and safety are also emerging. AI-related apprehensions are likely tied to the increasing use of automation, data collection, and personalization in retail. Retailers that transparently communicate how AI enhances — not exploits — the shopping experience will be better positioned to maintain trust.

Similarly, safety concerns reflect an evolving landscape where both physical store security and online fraud prevention influence shopping habits.

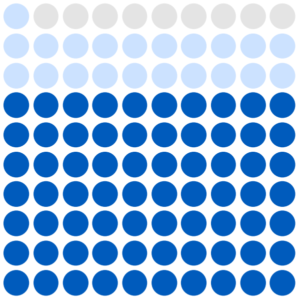
Other concerns, such as health, politics, and international crises, are more nuanced but still contribute to shifting shopping behaviors. Retailers must remain agile in responding to these factors, whether by adjusting product assortments, refining marketing strategies, or investing in corporate social responsibility initiatives.

The key to navigating these challenges lies in understanding how different consumer segments prioritize macro concerns and tailoring engagement strategies accordingly.

Impact of macro concerns on shopping decisions

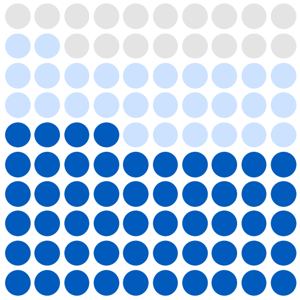
Do these impact your decision to shop online or in a physical store? % of respondents (n = 1,778)

Price



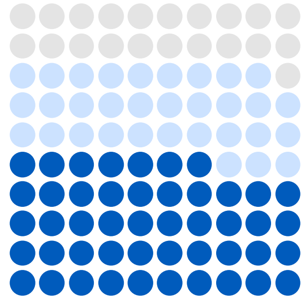
Yes	70%
Somewhat	21%
Not at all	9%

Economic Depression



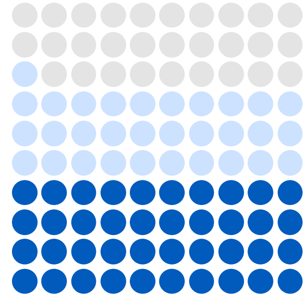
Yes	54%
Somewhat	28%
Not at all	18%

Fuel Prices



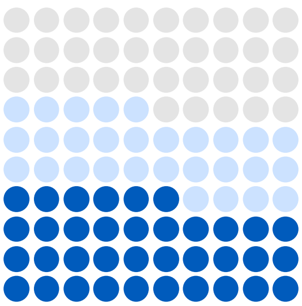
Yes	47%
Somewhat	32%
Not at all	21%

Safety Concerns



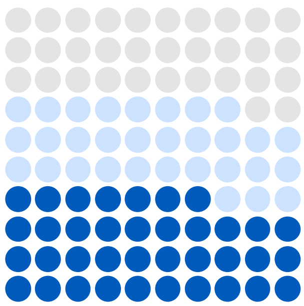
Yes	40%
Somewhat	31%
Not at all	29%

Political Uncertainty



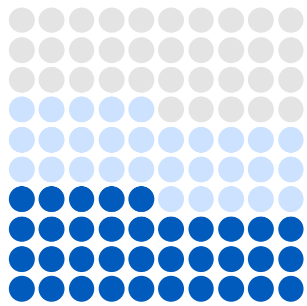
Yes	36%
Somewhat	29%
Not at all	35%

Health Concerns



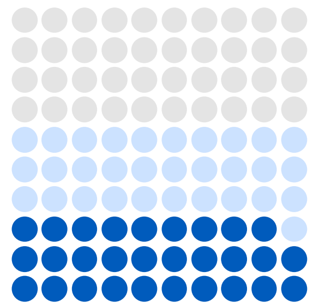
Yes	37%
Somewhat	31%
Not at all	32%

Pandemic Anxiety



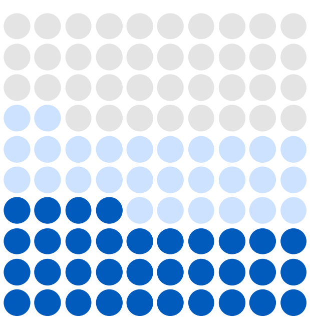
Yes	35%
Somewhat	30%
Not at all	35%

International Crisis



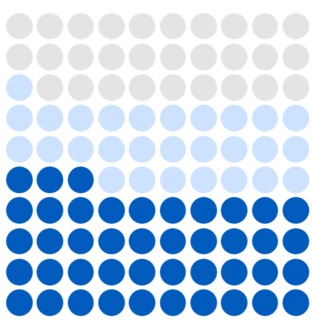
Yes	29%
Somewhat	31%
Not at all	40%

Job Uncertainty



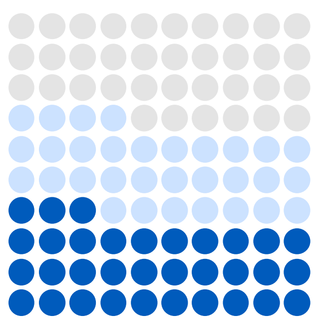
Yes	34%
Somewhat	28%
Not at all	38%

AI Privacy Issues



Yes	43%
Somewhat	28%
Not at all	29%

Use of AI



Yes	33%
Somewhat	32%
Not at all	36%

Read more:

Subscribing to the Hype: AI in Retail

Dinesh K. Gauri (2025)

Retailers can use AI and other new technologies to grow their market share, attracting and retaining subscribers by delivering convenience and value.

Key Takeaways

For general merchandise, Walmart is #1 in-store, but Amazon wins online

Online grocery is fragmented, with both Walmart and Amazon vying for position.

Young professionals are most likely to leverage curbside pickup

While all age groups use shipping, older shoppers are wary of delivery innovations

Prices and the economy weigh heaviest on shoppers' minds

War for Wallets

The war for first place, both online and in-store, continues to shape the retail landscape, and the competition is heating up. In general merchandise, Walmart dominates in-store, while Amazon maintains its online dominance, underscoring a clear divide in shopping habits.

Meanwhile, online grocery remains fragmented, with no single retailer positioning itself as the clear winner. Walmart and Amazon are both vying for position, but the breadth of options highlights the need for differentiation. To capture greater market share, retailers must refine their omnichannel strategies, balancing the convenience of e-commerce with the familiarity and trust of traditional shopping experiences.

As shopping behaviors shift, so do fulfillment preferences. Young professionals are driving the growth of curbside pickup, favoring its blend of speed and convenience, while older consumers remain cautious about emerging delivery technologies like drones and self-driving vehicles. Retailers who can find the right balance of traditional and innovative are best poised to succeed.

This generational divide signals an opportunity for retailers to tailor experiences based on comfort levels — expanding curbside infrastructure for digital-native consumers while gradually introducing advanced fulfillment options to build trust with older demographics. At the same time, traditional shipping remains a universal staple, reinforcing the importance of reliability and affordability in last-mile logistics.

Further, financial pressures still loom large with consumers. Price sensitivity and economic conditions shape purchasing decisions alongside geopolitical and technological uncertainty. As shoppers carefully weigh their spending, retailers must adapt by prioritizing value-driven pricing, personalized promotions, and flexible payment options.

Retailers who align their strategies with evolving consumer priorities — while balancing innovation with familiarity — will be best positioned to capture greater wallet share in an increasingly competitive retail environment. The war for wallets is on; now, the only question that remains is who will emerge victorious.

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About Dinesh Gauri, PhD.

Dinesh's research and teaching interests are in the areas of retailing, pricing, branding, marketing analytics, store performance measurement, e-commerce and shopper marketing. He has advised or consulted for various companies in these areas, and he is a recognized thought leader in retailing. He was ranked third in the world in the Retailing Journal Influence Index from 2009-15.

About the Center for Marketing Analysis

The Center for Marketing Analysis advances the disciplinary core of marketing science through research and collaborates with companies to help develop marketing solutions. The center also designs innovative training programs to prepare students for the era of big data analytics and apply the latest AI and machine learning methods to various marketing challenges.