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# WHAT WALMART BUYING VIZIO COULD MEAN FOR PERFORMANCE MARKETING AND DATA

Deal could boost Walmart+ and grow advertiser base, but throttle valuable TV measurement data

By [Jack Neff](#). Published on February 21, 2024.

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Walmart plans to buy smart TV maker Vizio Credit: Composite images: Walmart; Vizio

Walmart's planned acquisition of Vizio opens a world of opportunities to expand the retail giant's fast-growing ad business to connected TV, build its Walmart+ membership business overnight, expand CTV advertising to small and medium-size ad businesses and create a broader TV commerce operation.

Walmart will continue sharing that smart TV viewership data, used widely for planning and buying of TV, or pull it into a walled garden a la Samsung and others.

The \$2.3 billion acquisition is expected to close this year, [Walmart announced on Tuesday](#). It's backed by Vizio CEO William Wang, who controls 89% of the TV maker's voting shares but could still terminate the deal if he gets a better offer within 45 days.

<https://adage.com/article/media/walmart-buys-vizio-impact-performance-marketing-and-data/2542536>

In its quarterly conference call on Tuesday, Walmart CEO Doug McMillon declined to comment on implications of the deal, beyond the company's statement, which touted the strength of Vizio's SmartCast Operating System and potential to build the Walmart Connect ad business and TV sales.

"We believe the combination of these two businesses would be impactful as we redefine the intersection of retail and entertainment," said Seth Dallaire, executive VP and chief revenue officer of Walmart U.S. in the statement.

Walmart reported global advertising revenue surged 34% to \$3.4 billion for its fiscal year ended Jan. 31, with e-commerce sales rising 23% to reach \$100 billion for the first time. (Walmart's total fiscal year 2024 revenue rose 6% to \$648.1 billion.) Vizio's ad business would add another \$500 million, estimated Brian Wieser, principal of Madison and Wall consultancy, in a note, while the Inscope data side of the business likely generates another roughly \$100 million, according to people familiar with the matter.

### **Expanding Walmart+ reach**

While Walmart has done deals in T-commerce with Roku and CTV advanced audiences with NBCUniversal's Peacock among others, Vizio increases Walmart's footprint in both areas significantly.

Vizio has 18 million users of its SmartCast operating system, the companies reported, which would amount to around 15% of U.S. households. But other Vizio sets may run on Roku, Amazon Fire, Google Chromecast or other systems, so its reach is bigger than that.

Overall, 22% of people in the U.S. report they have Vizio TV sets, according to CivicScience. Of those, 26% say they're current members of Walmart+, which is well ahead of the 17% of respondents in the general U.S. population. By comparison, only 29% of Vizio owners say they subscribe to Amazon Prime Video, well behind the 51% of the general U.S. adult population who are Prime subscribers, according to CivicScience.

### **Possibilities abound**

For Walmart, the possibilities of how to leverage Vizio's device, data and operating platforms go well beyond that. Given a relatively modest \$2.3 billion outlay, Walmart won't have to grow the existing ad business that aggressively to show a positive return on the deal, said Nikhil Raj, a former Walmart tech executive who later consulted for Bain & Co. and last year became VP of the retail media business at Moloco, which provides machine-learning based ad solutions. He said the deal opens a number of pathways to grow Walmart's business substantially, like prior deals by the retailer have done.

Raj came to Walmart via the 2012 acquisition of tech firm Kosmix, a deal which is said to have led to the development of the @WalmartLabs tech unit and expanding the Walmart retail media business by launching the Walmart Exchange programmatic trading platform. In a similar pattern, Walmart's 2016 acquisition of Jet.com, while it left behind few of the original assets, including the namesake e-commerce site, helped jumpstart Walmart's e-commerce business, which just reached its \$100 billion annual sales milestone. Raj believes the Vizio deal holds similar possibilities for Walmart in CTV, he said.

While Walmart's forays into its own content production and subscription services, such as Vudu, never have taken off, Vizio gives Walmart new ways to compete with Amazon, Raj said.

Walmart's move to make Paramount+ ad-supported subscriptions free to Walmart+ members already provided the retailer with a video offering comparable to Prime without the trouble or expense of producing and acquiring its own content, he said. Vizio gives Walmart other ways to compete with Amazon that will be hard for others to match, he added.

Vizio gives Walmart a TV brand stronger than Amazon Fire TV, and a much more recognizable own label than its current Onn, Raj said. Even if other retailers such as Costco decline to keep selling Vizio, or Walmart stops selling to them, he said Walmart could make Vizio TVs a loss leader, sold at low prices in its stores, to build out its CTV ad audience and data gathering.

networks largely have failed to reach so far, Raj said. Given that Walmart-owned Sam's Club was built to serve many small and medium-sized businesses and has a Sam's Member Access Platform retail network of its own, it could serve as the conduit for such a move.

Vizio gives Walmart the opportunity to launch a product similar to what Amazon launched late last year with Sponsored TV, a self-service platform aimed at small and medium-sized businesses to put ads on Freevee, apps and other free ad-supported channels, said **Himanshu Jain, VP of product at CommerceIQ**, a retail media consultancy.

"Vizio has a lot of free channels that are more local and cater to the demographics of Walmart buyers," Jain said. That could help Walmart build out a long tail of U.S. advertisers in ways that Amazon and other big digital platforms have done on a national basis.

Jain also sees potential for Vizio to strike deals with Disney, Warner Bros. Discovery and others to create more of a Prime Video style offering ultimately that could appeal to bigger brand advertisers. And Raj said Vizio brings to Walmart Connect a sales force more accustomed to working with agencies and big brands as opposed to trade and shopper marketing teams that most often buy retail media today.

### **From brand to performance**

As of right now, CTV is still largely the province of big brand advertisers and brand advertising, even as the market shifts toward direct-to-consumer and other performance players, Raj said. Vizio and Walmart Connect could combine to change that.

"We've been hearing a lot more movement in TV being really focused on performance-type advertising campaigns," said Alex Yip, director of CTV at AppsFlyer, a digital advertising and connected TV measurement firm, citing Roku integrations with Shopify and Unity to track app downloads. "You're seeing kind of this migration to people using Roku to directly make purchases. I see this Walmart play with Vizio as getting into that kind of business."

T-commerce is one area where the strength of the Vizio operating system really delivers value, Raj said. “Now Walmart, without giving up any of their data to anybody else, any third party, can deliver commerce experience on the TV integrating directly into their operating system. That’s huge. Now nobody else really has that.”

Vizio is also possibly the only remaining device manufacturer of meaningful scale that could be easily acquired by an e-commerce player, giving Walmart an edge at least in being the primary challenger to Amazon in retail media and T-commerce, Raj said.

“You may one day be able to ask Vizio to both play ‘Yellowstone’ on Paramount+ and build your Walmart shopping list at the same time,” said Nicole Scaglione, VP of CTV, OTT and Video at supply-side ad tech platform PubMatic, in an email. “Through automated content recognition [ACR] paired with household information, past purchase data and streaming preferences, Walmart will be able to own serving up content and commerce on the glass in your living room.”

### **New walled garden?**

But while Vizio gives Walmart plenty of new ways to use data, it may make the retailer choosier about how it sells that data.

One question is whether Vizio, once the deal closes and contracts expire, will continue to license its Inscope ACR data widely used in third-party TV measurement, planning and buying, to outside firms. Or, will it make more strategic sense to Walmart to keep that data only for its own use and that of its clients? Samsung and many other brands go the walled garden route, while Vizio and LG have contracts to share data with measurement firms.

Nielsen signed a deal with Inscope for an undisclosed number of years in 2022. ISpot and VideoAmp signed deals 2021 and 2017 lasting 4.5 and seven years, respectively, that both expire at the end of 2025, with VideoAmp in its announcement having said it has an option to renew on unspecified terms. ISpot may have an edge in that Walmart is a client that might see the benefit in applying its broader measurement and analytics tools to Vizio data, though that’s not a guarantee.

Whether Walmart would choose to continue to share Inscope data or keep it for itself is unclear. Under McMillon, Walmart has shifted to monetizing its data more effectively to suppliers and others through its Luminate platform. But it could do that directly, or through one or a more limited number of highest bidders.

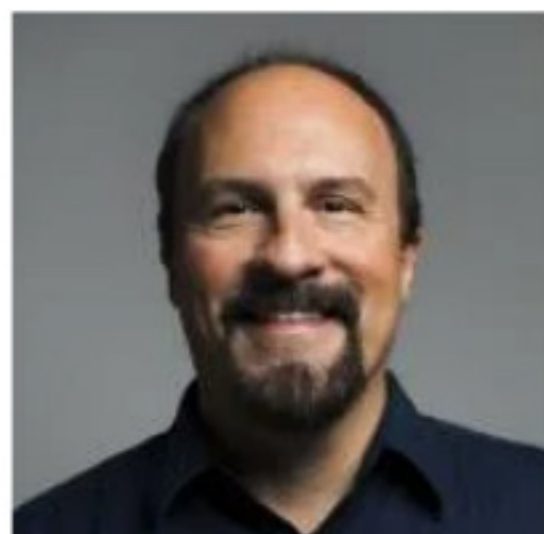
Vizio, like other device manufacturers, is prohibited from collecting data from apps such as Amazon, Netflix and others. But the U.S. Joint Industry Committee may ultimately make data from other streaming networks available for measurement firms, and Vizio, like other device manufacturers, has worked to increase viewing of and data from other content that runs through its operating system and on its screens.

Estimates of only \$100 million in annual revenue from Inscope compare to a combined Walmart-Vizio ad business of nearly \$4 billion. So the data revenue is “an amount Walmart can probably forego given other potential benefits,” said Josh Chasin, who last month left VideoAmp as chief measurement officer and is now an independent consultant.

“The primary thing that troubles me about this is that we all need more smart TV and less set-top box data,” Chasin said, noting that the latter comes from cable providers rapidly losing market share as cord cutting grows. “This is pretty chilling.”

Walmart seems like it is somewhat OK to share its data with others “and will pilot innovation that can lift the rest of the industry,” said Amie Owen, U.S. head of commerce for UM Worldwide. “Amazon really has kept it all in house.”

Conceivably, Walmart leaning in and sharing data could lead some of the walled gardens “to drop their walls,” Owen said. “That actually to me is more of the piece that I’m excited about.”



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Jack Neff, editor at large, covers household and personal-care marketers, Walmart and market research. He’s based near Cincinnati and has previously written for the Atlanta Journal Constitution, Bloomberg, and trade publications covering the food, woodworking and graphic design industries and worked in corporate communications for the E.W. Scripps Co.

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