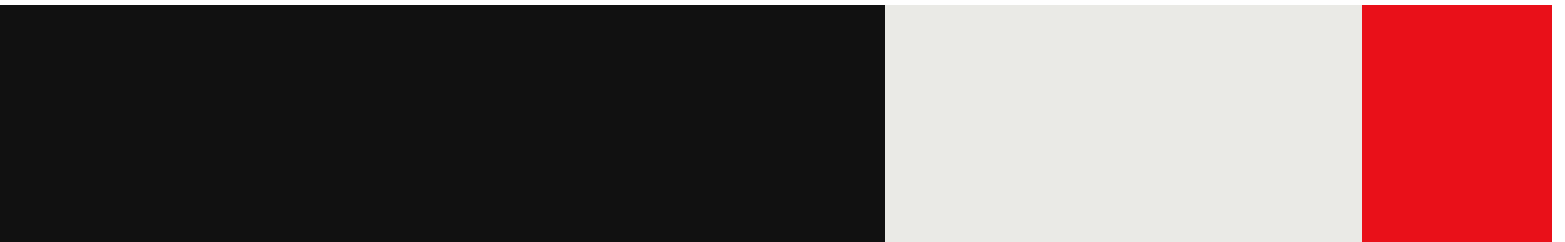


Reimagining Retail: The Unofficial Most Interesting Retailers List (March)

Audio



On today's podcast episode, we discuss the unofficial list of the most interesting retailers for the month of March. Each month, our analysts Arielle Feger, Becky Schilling, and Sara Lebow (aka The Committee) put together a very unofficial list of the top eight retailers they're watching based on which are making the most interesting moves: Who's launching new initiatives? Which partnerships are moving the needle? Which standout marketing campaigns are being created? In this month's episode, Committee members Becky Schilling and Sara Lebow will defend their list against vice president of content Suzy Davidkhanian and analyst Zak Stambor, who will dispute the power rankings by attempting to move retailers up, down, on, or off the list.

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Episode Transcript:

Sara Lebow:

Hello, listeners. Today is Wednesday, March 27th. Welcome to Behind the Numbers, Reimagining Retail, an e-Marketer podcast. This is the show where we talk about how retail

collides with every part of our lives. I'm your host, Sarah Lebow. Today's episode topic is our March unofficial most interesting retailers of the month list. That's right, we're doing it again. Before we jump into that, let's meet today's guests. Joining me for today's episode, we have senior director of content on our media team, Becky Schilling. Hi Becky.

Becky Schilling:

Hello Sarah.

Sara Lebow:

Also with us, VP of content on our retail desk, Suzy Davidkhanian. Hey Suzy.

Suzy Davidkhanian:

I'm sorry. I'm so excited to be on.

Sara Lebow:

I'm so excited to have you. Hi.

Suzy Davidkhanian:

Thanks for having me.

Sara Lebow:

And also with us is the senior analyst, Zak Stambor. Hey Zak.

Zak Stambor:

Hey guys.

Sara Lebow:

All right. Let's get started with free sample. This is our did you know segment where I share a fun fact, a tidbit or a question. I am doing another multiple choice quiz. Today, my quiz for the three of you is, which of the following is not a real subscription box product name? I looked up a list of subscription boxes. Three of these are real, one of them is not. Is it A, Blueland, B, SinglesSwag, C, FaceTory, or D, Gum Guru? Which one of those isn't real?

Becky Schilling:

I'm going A.

Suzy Davidkhanian:

Me too.

Zak Stambor:

Oh, I'm going to go B.

Suzy Davidkhanian:

The Singles. I feel like there's always a market for sad single people who are ready to pay whatever it takes to find their partner in life.

Sara Lebow:

Suzy says there's a market for Sara Lebow.

Zak Stambor:

What products are in that?

Sara Lebow:

Okay. Well, let me tell you what I would put in there. Everyone is wrong.

Suzy Davidkhanian:

Oh.

Zak Stambor:

Okay.

Sara Lebow:

This is all according to a buzzfeed list. Blueland helps you say bye-bye to plastic with reusable bottles and nifty cleaning tablets that dissolve in water.

Suzy Davidkhanian:

Oh yes, I know about this one.

Sara Lebow:

If you want those monthly, you can get them. SinglesSwag wants you to treat yourself with a collection of goodies geared towards self-care and self-love.

Suzy Davidkhanian:

Oh, how cute.

Sara Lebow:

FaceTory, that's one word, but it's like face, and then the name Tory, is for K-beauty sheet masks that'll pamper and rejuvenate your skin. And Gum Guru, I made up, but it's my idea for gum every month for gum chewers. Maybe they could get a different gum each month.

Zak Stambor:

Yeah, I got it. It made sense to me.

Sara Lebow:

All right. Cool. So I tricked you guys this time with my brilliant product idea. Let's keep going. Now it's time for our segment, the Unofficial Most Interesting Retailers of the Month list.

Becky, our colleague, Arielle and I, aka the committee, have put together a very unofficial list of eight retailers we're watching right now based on which retailers are making the most interesting moves this month. What does interesting mean? Launching new initiatives, partnerships that move the needle, over performing earnings, notable social media buzz, standout marketing campaigns, etc. This list is hyper subjective, but supported with objective analysis. Becky and I will present our list for the first half of this episode. And in the second half, Zak and Suzy will have the opportunity to edit our list. So here is our list. Number eight, Michaels, for launching a new online marketplace and in-store experiences. Becky, tell us more.

Becky Schilling:

Yeah. So we put Michaels in at number eight. In light of the Joann bankruptcy news, Michaels is trying to position itself in a better place. They're doing that with leaning into the store, in-store experiences, enhancements, doing birthday parties and classes. They're piloting, selling some of their third-party marketplace items in the stores as well. So they're building that local community, getting people to come in and really trying to drive, repeat and loyal engagement through their stores.

Suzy Davidkhanian:

At first, I thought this was so random, but after I knew a little bit more about it, I do think that it's very clever. I already thought they were doing birthday parties, but it's very clever that they have add-ons. Right? This is a friction point for parents with younger kids. How do you organize a birthday party? So it's all in. You could pick the pizza if you want it. You can do goodie bags. You don't have to spend extra ounces of energy on it, you could just get it done.

Sara Lebow:

Yeah. They also have this adorable ad for the MakerPlace with this little handmade doll that I can't really describe, but it's so cute if you look it up.

Zak Stambor:

Well, and it all makes sense with the brand. That's the thing that I really like about what they're doing, is whether it's the marketplace or the birthday parties or anything else, it makes sense for Michaels and helps put Michaels top of mind for consumers.

Suzy Davidkhanian:

Yeah, because they also have a bunch of other classes. I mean, it was lengthy, the list of things. I just thought through COVID, they were already doing all these things. They must have revamped it a little bit, but the truth is they also don't have a lot of competition. You don't think about a Walmart or a Target when you're thinking about getting crafty things, so it also helps.

Sara Lebow:

They sometimes do.

Suzy Davidkhanian:

Do you?

Sara Lebow:

But yeah, I mean, they don't have Joann's anymore. I mean, I do, but...

Zak Stambor:

Now there's Hobby Lobby.

Sara Lebow:

It's true. Number seven, Walmart, for making its AI delivery optimization tool available to other companies and for announcing early morning delivery. Becky, why is Walmart interesting?

Becky Schilling:

Walmart is always interesting, just Walmart plug. But Walmart is selling its software to other retailers, which is something that Walmart can do because of its scale, because of its size, because of its infrastructure, because of its investments. Walmart isn't just about offering retail products. They bring in so many other things into their stores that we've talked about before. Healthcare payments, expanding on their software that they built in-house makes perfect sense for them, especially to sell it to retailers who can't build those out on their own. They also have launched early morning delivery, kind of as a poke back at Target. And they're piloting a use of 3D weavers for some of their private label clothing that was just announced and that's interesting as well. So that's why we put Walmart at number seven.

Sara Lebow:

Yeah, I think Walmart makes a lot of sense as a software, as a service company.

Zak Stambor:

And none of these things are that heavy a lift for Walmart, but the impact of each of these initiatives could be significant. I mean, the push into software makes a whole lot of sense and I think I see a whole lot of runway there. And then smaller initiatives such as offering more convenience with more delivery options is just a very smart play and a way to leverage its stores in a smart way.

Suzy Davidkhanian:

And if you think about it, it's an extension of what they were already doing. Right? Every retailer tried to figure out new revenue streams during COVID because their stores were closed for the most part. Obviously, not Walmart, but a lot of them. And so they started doing delivery as a service. And so now, it's just a matter of time that everything that they figure out how to do, scale that they then sell. And at the end of the day, it's probably to try and make sure that they win over every single retailer is on their side to beat Amazon.

Sara Lebow:

Number six, Aldi, which will open 800 new stores by the end of 2028. Becky, say more.

Becky Schilling:

Yeah, it's a \$9 billion expansion coming off the heels of a pre-prior multi-billion dollar expansion. Aldi is making huge waves in grocery. Placer.ai ranked them as the number four grocery chain that was visited in the US in 2023. And if anyone could come after Walmart for their grocery, it's Aldi in my opinion.

Sara Lebow:

Aldi also has been doing a good job of having a cult following, almost like a Trader Joe's. They just launched a bunch of new merch and it sold out right away.

Suzy Davidkhanian:

I actually do not agree at all, at all, at all, at all, and I just talked to a journalist about this. Because everybody is thinking about, how do we beat Walmart at grocery? And I don't think an Aldi will. No matter how many stores they build out, Walmart still has so many more stores and we know Walmart is so good at that last mile delivery. And more importantly, when you go to a Walmart, you're buying groceries that you trust that are fresh, but you're also buying other random things. So it's like a one trip wonder kind of activity versus Aldi only has that groceries. All they have is groceries. The one thing I think is very cool is that they've turned grocery shopping into a fun activity with this aisle of shame. I don't know if you guys heard about this, where it's random, random things that consumers are a bit embarrassed that they buy like Kraft Macaroni and Cheese, and it's in this space where you can go and it gets changed often enough that it makes you want to go and check it out.

Sara Lebow:

Okay. Number five, Lowe's, which is beta testing Google's new retail media product. Google jumping into retail media is a really big deal to me at least, and Lowe's is taking a risk by working with Google, kind of a risk. I mean, they already work with Google in another sense of advertising. So it's really not that huge a risk to work with Google, but I'm excited to see where the partnership leads. Our colleague, Skye, also mentioned that Lowe's was at South by Southwest experimenting with Apple's new Vision Pro goggles, so they're sort of getting a foot in every new channel.

Suzy Davidkhanian:

I agree that Lowe's is doing some interesting new things, especially if you think about, they're trying to build out their retail media network. And so using Google and going off site is going to, I think, help them because Google is trying to figure out how to get back in the top used sort of way of shopping and starting a customer journey. So this would help.

Sara Lebow:

Number four, Abercrombie & Fitch, which is getting into weddings. Abercrombie beat estimates in its Q4 2023 earnings. And now it's launching an affordable bridal shop, similar to what Anthropologie is doing. I think this really shows that Abercrombie understands who its core customer is. Its core customer is getting older. Its core customer is getting married. It's not trying to stay young. It's done a really good job of adapting, really consistent with what we've seen from Abercrombie over the past couple of years.

Zak Stambor:

I think that's right. I think they have their finger on the pulse of their customer base. They understand them well and they're serving them in many different ways, so that they offer both a leisure, as well as wedding stuff and everything in between.

Sara Lebow:

Yeah. It's leisure for the folks buying the single swag box.

Zak Stambor:

Yeah.

Sara Lebow:

Number three, Wayfair, which is rebranding and opening a brick and mortar store. Becky, tell us more.

Becky Schilling:

Yeah. So we picked Wayfair for its rebrand and its new campaign, which is welcoming shoppers to the Wayborhood, which is cute. They have a lot of celebrity partners. They have some new ones like Lisa Vanderpump of Vanderpump Rules, if anyone is not on the Bravo universe-

Sara Lebow:

Are you in the Bravo universe?

Becky Schilling:

We can talk about that later. Maybe, a shame. It's-

Sara Lebow:

I didn't know that.

Becky Schilling:

It's my shame watching. Sometimes you just got to put something on and have it in the background.

Suzy Davidkhanian:

It's like the shame aisle.

Becky Schilling:

Like the shame aisle. Yeah.

Suzy Davidkhanian:

What's one person's shame is not someone else's.

Becky Schilling:

They also did a Pinterest creator tour and they're opening their first large format store in Illinois. So they're doing a lot of things to rebrand, to reposition themselves, to try to come out of a little bit of the slump that they've been in.

Sara Lebow:

Zak, the store is near you, right?

Suzy Davidkhanian:

It's very close to me. It's a mile and a half, maybe two miles from my house.

Sara Lebow:

Congrats on being in the Wayborhood.

Zak Stambor:

Right. I'm very much in the Wayborhood. I have been watching it get built out. I'm very excited to see what it looks like, what shape it takes and what the experience is like. I'm not sure it's going to work, but I think it's really interesting that they're pushing in this direction.

Sara Lebow:

I agree. I pushed back on this being on our list originally. Becky and Arielle reminded me that this is interesting things, not things we have faith in. And it's interesting.

Suzy Davidkhanian:

I was going to move this off the list, but now that you said that, I will pick a different retailer. I actually think it's too little, too late. And the category that they're in, it's a difficult one. There's a lot of impulse purchases that are happening in the home decor space, which people are doing like at a TJ Maxx or a HomeSense. They can't, so it's hard to compete on price. I think it's a touch feel kind of not a really online world. It has such a long cyclical life cycle for the products. I just think it's too little, too late. I was going to take them off, so I agree with you Sara.

Zak Stambor:

Yeah, it is such a tough category to build an in-store experience when you very much are everything, which is what Wayfair offers. It offers every type of style of every type of thing. So deciding what to put in the store and how to showcase it will be again, interesting to see how it actually takes shape.

Sara Lebow:

Number two, Target, which announced a paid membership to rival, Walmart+ and Amazon Prime. Target also just launched a private label toy brand, which adds to its big catalog of private label brands. And its retail media network, Roundel, just rolled out a new in-house ad buying program. So Target's at number two. I think the main reason is this paid membership.

Suzy Davidkhanian:

I mean, I thought you guys were also adding it because they're rolling out pilots around the cash wrap and making sure that there's a localization that's happening at the register at point of sale, whether it's self-checkout that's itemized or whether it's understanding who their consumer is and they want actually someone to help them. I thought that's why it made the list, because they were moving from pilot to rollout.

Sara Lebow:

Great point, Suzy.

Zak Stambor:

The paid membership program is interesting though, because they are undercutting Walmart+ at least for Target credit card holders and Amazon Prime members. And so if it's only \$49, that's a pretty inexpensive price tag to get free shipping. It's just a matter of, does Target have the inventory that people need to get so quickly?

Suzy Davidkhanian:

But also, you could get a lot of stuff for free shipping if you hit a threshold. So what do they have? I feel like this game is so hard because I can't say more right now. You have to wait until the second part.

Zak Stambor:

No, but it's true. It's because the grocery business drives Walmart+, but Target's grocery business just doesn't have the same heft to it. Yeah.

Sara Lebow:

Okay. Number one, Amazon, which announced a spring sale Prime Day type event. That's something that we predicted on this podcast last year. So, pretty excited that that prediction came true. Amazon also has a new feature that uses AI to generate product listings from existing URLs. You just put a URL for a product in and it makes a listing on Amazon. And it's rumored to be considering a FedEx partnership for returns, but that's still rumored.

Zak Stambor:

I think the talk, they were in discussions last year, but the talks broke down and it's not going to happen.

Sara Lebow:

That's why they call them rumors. Okay. So that is our top 10. To recap, we have number eight, Michaels, number seven, Walmart, number six, Aldi, number five, Lowe's, number four, Abercrombie & Fitch, number three, Wayfair, number two, Target, and number one, Amazon. We also have honorable mention 9 and 10. Nine is Pinterest for data clean removes, and 10 went to Rent the Runway for its new CMO and marketing approach. Now it's time for our second half where Suzy and Zak get to tell us where we went, blah blah. Each of them will have a chance to move a brand up or down on our rankings list and to add a new company entirely. So Suzy, make a move.

Suzy Davidkhanian:

So I would move Target down a couple because of the... Really, they've tried every single membership program that they can right now. It's tied to their red card, which I think is working for them. And to do a random pay \$50 a year, we know people don't have multiple retail memberships, but let's throw one more in. And by the way, you don't get anything really new or different and there's no additive to it than if you had your red card. You even get cash back with your red card. So I just think it's really not going well for them right now. Although I do love Target and I do want to do a plug, their Target Canada didn't quite work out, but they have figured out a different way to get some loved private label brands into Canada, and so they're partnering. So I think they're doing some very cool things. I just don't think that membership is the right move. And they probably, I'm hypothesizing as all of us are, that they'll probably launch other additive things, but right now, you can't have a membership service based on delivery.

Sara Lebow:

I think we need the added context there that Suzy is Canadian, in case you're not an always listener. Hence, the Canada plug. Becky, do you accept Suzy's move to move Target down?

Becky Schilling:

How far down are you proposing, Suzy?

Suzy Davidkhanian:

I mean, I would move out Abercrombie & Fitch because I actually think they're only doing well, because everything is more expensive. And their consumer that is slightly younger, even

though they're getting older and doing bridal, but everybody has bridal in that sort of sphere of brands, like J.Crew has it. Everybody has it already. So they're a little bit late to the party. And at some point, the people that they're trying to target with more expensive jeans because just inflation and cost of goods, they're going to stop spending. So I'm not really sure what's going to happen to Abercrombie. So I would move them off completely, and I think I would just move Target to four maybe. I don't know. I kind of would move Wayfair off too, so I don't know. I didn't play by the rules.

Becky Schilling:

You broke every rule in the book right now.

Suzy Davidkhanian:

What's new? Ask Marcus.

Sara Lebow:

So Becky, are you accepting moving Target down and maybe replacing Abercrombie & Fitch?

Suzy Davidkhanian:

I would replace it with the one I'm going to add.

Sara Lebow:

Okay. Will you move Target down to four, Becky?

Becky Schilling:

I will accept that move.

Sara Lebow:

I'll accept it too.

Suzy Davidkhanian:

Thanks guys. I feel so good.

Sara Lebow:

Target's interesting. I don't think a ton of brands did crazy things this month. Hence, Target being so high, but I'm fine with moving it down. Zak, make a move.

Zak Stambor:

I'm moving Aldi all the way up to the third slot. This is a huge move that they're making. It will increase their store count by 30% roughly, I think.

Suzy Davidkhanian:

Yeah, because they don't have a lot.

Zak Stambor:

Yeah, but groceries is all about convenience. And so you need a big store count if you want to boost sales. And that's what they're doing. They're moving into new areas, which will enable them to attract more customers. And they're doing it at a time when everyone is thinking about how much groceries cost. And so I think this is really interesting.

Sara Lebow:

Becky?

Becky Schilling:

I accept that move wholeheartedly. I had Aldi number two on my list.

Sara Lebow:

Yeah. Do I accept that move? Sure.

Suzy Davidkhanian:

I wouldn't.

Zak Stambor:

Yeah. Also, one other thing about Aldi is to what Suzy was saying earlier, I don't think... Although Walmart and Aldi are both going after similar types of customers, I think the actual people who shop at each have different mindsets. Aldi, it's a very streamlined, simple to navigate experience. Whereas Walmart, you have 50 different pasta sauce.

Sara Lebow:

Aldi is not easy to navigate if you don't have a quarter, because you need a quarter to get the shopping cart UK style. And if you don't have a quarter, you just can't shop at Aldi. But otherwise, it's easy to navigate. It is an interesting store format. And like Becky said, it's a multi-billion dollar expansion. So yeah, I'll accept this move. Sorry, Suzy.

Becky Schilling:

No, that's okay. I hope they'll be successful. I feel like we do need competition. It's why the Albertsons-Kroger move isn't getting approved necessarily at least. It's contentious right now. The more competition there is in groceries, it's basics, the better value consumers will have.

Sara Lebow:

Okay. So we've accepted those moves. We've moved Target down to number four and we've moved Aldi up from number six to number three. Okay. Now let's do some wild cards. Zak, what is your wild card?

Zak Stambor:

Kohl's. Kohl's is interesting. That is my caveat. This is interesting retailers. It is not like this is a surefire hit, but Kohl's is enlarging its home assortment by 40%, which is interesting. Kohl's very much is in a push to reposition, remake its inventory mix to really more sharply define who it is, who it serves. And this is its first big push in that direction. So again, I'm not really sure this will work. It's a tough category, where a lot of sales were pulled forward earlier in the pandemic. We were just stuck at home and people were sick of what their houses looked like and they bought a lot of home stuff, but it's interesting. It's interesting.

Sara Lebow:

I don't accept this move. Arielle had Kohl's on her list when we were coming up with this list. So you're definitely in agreement with one third of the committee, but that third isn't here to speak up. So Kohl's is leaning really heavily into shop in shops, but that's always been its thing. Arielle is bullish on shop in shops we see like Clair's and Walgreens right now, and just a lot of that, but Kohl's has always been doing that. And in order for that to be successful, you need people coming into Kohl's. And it's just Kohl's is inherently not the most interesting brand to me.

Suzy Davidkhanian:

So I feel like the Sephora has really helped them, right? The Sephora into Kohl's has really brought them a new customer. And for HomeGoods, I didn't know about this, but it doesn't sound like they're doing a shop in shop. It sounds like they're adding assortment. A lot of their assortment in home is private label, which is value, and then they can jump on trends much more quickly. And a lot of people don't know if you have Ralph Lauren deck pillows or... I mean, unless you get them with a little logo, but you know what I mean. It's not a super branded... Home Decor is not that branded. So they do have a shot, especially if they cater to a younger Sephora-style customer.

Zak Stambor:

Yeah, I think that's right. And it is not a shop in shop. This is just Kohl's. But the biggest hurdle is just going to be building awareness. And can they build awareness that they are a destination for home stuff? I don't know.

Sara Lebow:

And I'm not convinced, so I'm not accepting this move. What about you Becky?

Becky Schilling:

Who would you take off?

Zak Stambor:

I think I'll take off Abercrombie because nothing this month in particular, is that overwhelmingly interesting.

Becky Schilling:

I would accept that move. I would accept Kohl's for Abercrombie & Fitch.

Sara Lebow:

Okay. Because we know Arielle was pro-Kohl's, I think that we should record that one as accepted.

Zak Stambor:

Okay.

Sara Lebow:

All right. Suzy, who is your wild card?

Suzy Davidkhanian:

So obviously, nobody is going to be surprised about who I picked, but I have really strong reasons why I picked Macy's to put into the top 10. Because Macy's has a new CEO that just started and he is going back to basics. So Macy's Inc, I should say. Not Macy's the department store, but just the conglomerate of brands. He's coming from the smaller luxury space of Bloomingdale's and he's going to infuse some of that back to basics customer service into the store. They just announced how they're going to start fueling more salespeople into the store. At the same time, they're doing cost-cutting. So they're investing and they're cost-cutting, which will help their bottom line. They're closing a fulfillment center, they're closing a ton of stores. We all heard about that earlier this month. And more importantly, so this is back to they're doing something interesting when it comes to the investor world.

It is the first time in a very long time that I have heard Macy's is now actually open to going private. Part of that is it's so expensive to move the needle on these large legacy brands and the street is waiting to see immediate results. We saw that with JCPenney, right? And so the easiest way to try and put your... And even with Bed Bath & Beyond, we see a time and time again where someone comes in, tries to make changes, they're trying to do it, but everybody wants it to happen much faster. So going private will give them a little bit of leeway to make some big changes before they go back and are public again, assuming that happens.

The other cool thing is that they are not alone in the department store space. Nordstrom is also entertaining the idea of going private again. And so I just think this is a new way of thinking. It's something that they have been opposed for a long time. The only sadness for me is that part of the duo that's looking at them is very real estate forward. And so the sad thing will be, if they do go private, and then they start to get sold for pieces.

Sara Lebow:

Becky, are you accepting this move?

Becky Schilling:

I love you Suzy, but I'm not accepting this move. I don't think it's as interesting as what the other retailers on this list are doing.

Sara Lebow:

I'm with Becky. I think going private is interesting. I think that Macy's for the same reason that I don't find Kohl's inherently interesting, these retailers need people going to them. And in the case of Macy's, it needs people going to malls. I know it's not exclusively in malls anymore and I know people are going to malls some, but I still just don't think it's interesting.

Suzy Davidkhanian:

That's fine. I'm okay with that. But it is Macy's Inc. So that does include Bloomingdale's and the outlet stores and Blue Mercury, but still, I mean, the big news right now is the right sizing, cost and spending.

Sara Lebow:

Okay. So our latest list with those moves is number eight, Michaels, which is new on the list, number seven, Walmart, which dropped from number one in February, number six, Lowe's, that's new, number five, Kohl's, also new, number three, Target, which dropped just one spot from February, number three, Wayfair, that's new, number two, Aldi, also new on the list, and number one, Amazon, which is up from number two in February. So there is our final list. Thank you all for being here. Thank you, Suzy.

Suzy Davidkhanian:

Thanks for having me.

Sara Lebow:

Thank you, Zak.

Zak Stambor:

Yeah, thanks for having me. This is really fun.

Sara Lebow:

And thanks, Becky.

Becky Schilling:

It was a blast. Thanks gang.

Sara Lebow:

Please give us a rating and review wherever you listen to podcasts. Thank you to our listeners and to Victoria who edits the podcast and is number one on my list. We'll be back next Wednesday with another episode of Reimagining Retail, an e-Marketer podcast. And tomorrow, join Marcus for another episode of the Behind the Numbers Daily.