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3 retail rivalries that aren't Amazon vs. Walmart

Article

Forget Amazon versus Walmart. Nike and Hoka battle it out over young consumers and runners; Shein and Temu are caught up in controversies and litigation; and DoorDash and Instacart take different approaches to the same problem.

1. Nike vs. Hoka

The play-by-play: Nike has been bouncing between D2C and wholesale retail, struggling to find the right mix. This has given newer brands, like Hoka, an opportunity to muscle in on Nike's audience, specifically younger consumers and runners.

- Consumers ages 18 to 34 drove the largest YoY increase in Hoka sales during the company's fiscal third quarter ending December 31, according to parent company Deckers' CEO Dave Powers.
- "I think in the early days of Hoka, we were selling obviously to core runners and beyond, and then some people were using it for comfort and longevity reasons. And the younger consumers weren't really adopting it as part of their own yet," he said to investors on an earnings call as reported by Insider. "But we've seen that shift change dramatically in the last year or so."

Hoka's Q4 sales of $397.7 million are only a fraction of Nike's multibillion dollar footwear empire. But Hoka just unveiled a global brand campaign encompassing owned media, out of home, connected TV, digital, and paid social, which should boost brand awareness.

The likely winner: Come on—it's Nike. The brand may be taking a moment to reconfigure its sales strategy, but consumers' brand affinity isn't going anywhere. Nike is the most valuable apparel brand in the world for a reason.

2. Shein vs. Temu

The play-by-play: Shein made big waves on social media with its low prices and wide variety of styles. But consumers got wise to the fast-fashion brand's wasteful nature and harmful labor practices, dimming the TikTok darling's shine.

Enter Temu, which made headlines with its US debut late last year, enticing customers with splashy social campaigns and too-good-to-be-true prices. The company has since come under similar accusations to Shein, but it doesn't seem to be having the same effect on consumers.

The competition escalated earlier this month, when Temu filed an antitrust lawsuit against Shein, claiming Shein uses its market power to force manufacturers to sign exclusivity agreements that prevent them from working with Temu.

The likely winner: It's a close call, but we're going to go with Shein. The brand has been taking steps to clean up its image, though it's unclear whether it's working. Meanwhile, Temu reportedly loses an average of $30 on each order to the US, which is not a sustainable model to keep up.

3. Instacart vs. DoorDash

The play-by-play: Now that consumer behavior is normalizing post pandemic, Instacart and DoorDash must find new ways to generate revenues.

- Instacart is going hard on its retail media business, which reportedly soared 30% YoY last year to reach about $740 million, according to The Information.
- DoorDash is using its retail partnerships with non-food players like Dick's Sporting Goods, Victoria's Secret, and Lush Cosmetics to expand its customer base.

For DoorDash, this strategy seems to be working. The company said revenues grew 39.8% YoY in Q1, noting orders from convenience stores and groceries grew faster than other deliveries in the US.

But Instacart's focus on retail media may be impacting its core delivery business: The number of grocery orders it facilitated in the latest quarter fell 2% YoY.

The likely winner: DoorDash may have had a good quarter, but Instacart is still the king of delivery. This year, we predict Instacart will bring in $35.19 billion in grocery delivery intermediary sales, compared with DoorDash's $5.27 billion, per our forecast. In addition, we forecast Instacart will increase its retail media ad revenues by 43.8% this year, faster than Walmart or Amazon.

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