

# Reimagining Retail: The Unofficial Most Interesting Retailers List (May)

Audio

On today's podcast episode, we discuss the unofficial list of the most interesting retailers for the month of May. 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 Arielle Feger and Sara Lebow will defend their list against analysts Sky Canaves and 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 (00:00):

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Hello listeners. Today is Wednesday, May 29th. Welcome to Behind the Numbers re-Imagining Retail and e-Marketer Podcast made possible by Aen. This is the show where we talk about how retail collides with every part of our lives. I am your host, Sarah Libo. Today's episode topic is another one. It's our May unofficial most interesting retailers of the month list. Let's meet today's guests. Joining me for today's episode, we have senior analyst Ariel Fager. Hi Ariel, welcome back.

Arielle Feger:

Thank you. I am delighted to be here.

Sara Lebow:

Delighted to have you Also with US senior analyst Sky Canaves. Hey Sky.

Sky Canaves (01:08):

Hey Sarah. Great to be back.

Sara Lebow (01:09):

And also here is senior analyst, Zach Stan. Hi Zach.

Zak Stambor (01:13):

Hey Sarah. Hey guys.

Sara Lebow (01:15):

Okay, let's jump right into our unofficial most interesting retailers of the month list.

Sara Lebow (01:26):

As we know Ariel, our colleague, Becky and I, were the committee, we put together this unofficial list every month, the retailers that might be launching new initiatives, partnerships that move the needle overperforming on earnings generating, notable social media buzz, you name it. Our list is hyper subjective, but it's supported with objective analysis. Ariel and I will present the list in the first half of this episode in the second half, sky and Zach will be able to edit our list. Let's kick it off. We're starting with number eight. Macy's for its ad sales reaching \$37 million is \$37 million a lot in the retail media world, not compared to Amazon's \$42 billion, but it does put Macy's toward the front end of what we call the long tail of retail media. It's

behind eBay's 65 million, but ahead of Etsy's \$30 million in ad revenues. For context, we project all us in-store retail media ad spent will also be 37 million this year. So Macy's is in pretty good shape.

Zak Stambor (02:26):

That's so interesting. That is not why I thought you had Macy's on the list. Macy's just reported their earnings and in the 50 stores where they have begun to roll out their turnaround plan, they actually saw some solid results. The sales were up 3.3% and so that's what I thought you were going to point to. So it's interesting to hear you talk about the retail media end of things.

Sky Canaves (02:50):

Me too. I thought it was going to be about their store refresh and turnaround, which I have yet to witness in person, but I don't think some of their stores have been in pretty sad shape. So it's kind of been like it can only go up from there.

Zak Stambor (03:02):

Yes. I thought it's raising it from a very low bar, so I wasn't that surprised to see some gain.

Sara Lebow (03:10):

So Macy's for coming up from a low bar number seven, Aldi. Ariel, tell us why.

Arielle Feger (03:16):

So Aldi has recently dropped prices on 250 items, which in itself yes is not that exciting. But I think what is exciting is the way that Aldi is kind of communicating and working with its suppliers to try to keep prices low. Obviously we've seen a lot of different retailers recently do some price cuts, but Aldi is really trying to form a partnership with its suppliers saying, Hey, if you guys keep prices low, we're going to try to help with new production lines. We're going to offer more long-term contracts. So I think it's just a really great collaborative way to kind of keep the relationship between retailer and supplier good. And also keep the relationship between consumer and retailer. Good.

Sara Lebow (04:00):

When we were putting this list together, I asked Ariel to tell me why a grocery lowering their prices was interesting and she pointed to that supplier relations thing, which sold me on it.

Zak Stambor (04:10):

Yeah, I'll have a little bit to say when I adjust the numbers, I'll save my fire.

Sky Canaves (04:16):

I was going to say Aldi already is known for such low prices. It's almost a question of how low can they go and keep their margins and those of their suppliers intact?

Arielle Feger (04:26):

Yeah, it's a good question.

Sara Lebow (04:28):

Number six, Amazon. Amazon Prime had its first ever upfront presentation this month. That is not retail news specifically, but the shoppable ad formats that it released are Amazon's ad business is doing really well. And this month it had four different sales events. Arielle wrote a story asking if Amazon is having too many special sales and her conclusion, which I agree with was no, its consumers want sales and they know they can get them on Amazon

Sky Canaves (04:57):

And it's interesting how they're using these sales events to draw in non-Prime members by opening them up to the general public. And then I think that's becoming kind of a draw to boost prime membership as well. Membership.

Arielle Feger (05:09):

Absolutely. Yeah.

Sara Lebow (05:10):

Which is wild because Prime membership is already, what, 60 to 70% of the us, so how much higher can I get?

Arielle Feger (05:16):

I guess we'll find out a hundred

Sara Lebow (05:18):

Percent. Okay. Number five, Warby Parker. I'm not going to linger too long on Warby Parker because we talked about them last week. So listen to last week's re-imagining retail episode for that, but they had a really strong earnings showing and the company is finding growth while many direct to consumer companies aren't leveraging their store footprint and they're leveraging in-store eyecare in order to stay healthy.

Arielle Feger (05:42):

I think that that services part is really key to keeping people coming in to their physical locations and also the wide variety of places they are. They're really building across the country. The

Zak Stambor (05:55):

Other thing that they've done well is expand their product mix, both with regularly bringing in new styles, but also expanding into contacts and sunglasses. And so they are giving people more reasons to visit more often.

Sky Canaves (06:09):

And I think that expansion into services that Ariel mentioned has really been critical in setting them apart from a lot of the kind of D two C, digitally native D two C darlings iPod and have really struggled since then and have seen their stock prices tumble and in some cases faced threats of delisting. Whereas because they have that services nexus, it's a lot more than just the products that can keep bringing people back into physical locations.

Sara Lebow (06:37):

Absolutely. Okay, number four, Kroger, Ariel, give us the lowdown on Kroger for May.

Arielle Feger (06:44):

So Kroger Precision Marketing, Kroger's retail media Network has partnered with Yahoo Advertising to give advertisers access to Yahoo's DSP and leveraging Kroger's first party data to reach a more targeted audience. Essentially what that means is Kroger's making it easier for advertisers to be able to reach consumers without third party cookies, which is going to be super important once they are deprecated next year. I think it's just a super important thing that marketers should be paying attention to and prepping for the time when

they can't rely on cookies anymore. Oh, also Kroger also is in tox with Disney or other streaming companies and is considering adding a streaming service to its membership, which I think would be really interesting. That obviously follows in the footsteps of Walmart plus and Amazon Prime, so we'll see where that goes.

Sara Lebow (07:40):

Yeah, I like this partnership for Kroger. I thought it was exciting news. Okay, number three, Gatorade. Ariel, I'm going back to you for this. Why is Gatorade on our list?

Arielle Feger (07:49):

So Gatorade has launched an omnichannel loyalty program and also the idea is that it's also going to boost its D two c e-commerce site. Now, I'm not saying that this D two C site is going to be uber successful, but what I think is interesting is the loyalty part of things. As I just said, data first party data is going to be incredibly important in the months and years going forward, and this is a great way for Gatorade, which is a subsidiary of PepsiCo to kind of capture more data and really get to know its customers more. And then on their side they get discounts, they get to have points and redeem them for the money they spend on products. They also get free shipping, et cetera, et cetera. So it to me is a win-win all around.

Zak Stambor (08:38):

Yeah, I thought this was interesting just about everybody is launching a loyalty program at this point, but it's interesting to see Gatorade do it and do it in a way that it's omnichannel like you said, and also to offer rewards when people refer their friends and them enrolled in the program, I thought was just another added interesting element.

Sara Lebow (09:01):

But on the other hand, Gatorade going D two C doesn't make any sense to me. This is a list of most interesting and it's interesting, so I think it definitely makes sense on the list, but Gatorade is everywhere. If there's one thing Gatorade is good on, Gatorade is good at a lot of stuff. It's being everywhere. They don't need to be D two C and I'm not really sure who will buy them D two C.

Arielle Feger (09:21):



Yeah, I think the majority of those sales they're going to be making in-store and online, I think having the D two component is maybe not the most interesting part of it.

Zak Stambor (09:32):

Yeah, I think it's on the margins that it'll move the needle, but it's also they sell stuff like water bottles and that sort of stuff, so it's beyond, that's a good point beyond just Gatorade. Point

Sara Lebow (09:42):

Number two, best Buy. Okay, we're cheating a little bit here because what Best Buy did happened in April, but it was the end of April and it was after our last episode. So we're including it Best Buy partnered with CNET on a new retail media model where cnet product reviews show up on Best Buy channels and advertisers who buy inventory from Best Buy can show up on cnet. We talk a lot about offsite retail media. This is a great example of it and this is the most integrated form of these partnerships that we've seen. Okay. And number one, Walmart, Ariel bring us home.

Arielle Feger (10:20):

So Walmart kind of did a lot this month. They launched a new private label brand Better Good, which is targeted to younger consumers. It's also very plant-based, focused, healthier, better for you foods. Walmart Connect, Walmart's Retail Media Network teamed up with Disney advertising to use Walmart's data and Disney's audience graph to help advertisers target and measure their campaigns better. They opened up their first two neighborhood market locations of 2024, which are bigger. They have a wider variety of fresh options, more space for pickup and delivery, so kind of exciting there. And then they're also partnering with pet care platform pop, I believe it's how you pronounce it, to add pet telehealth services to Woods Walmart plus membership. And it had a pretty good earnings for Q1, so it's a lot going on.

Sara Lebow (11:14):

Becky accurately predicted it'd be adding pets to its loyalty program,

Sky Canaves (11:19):

So just more recently they announced a new immersive experience that involves influencers and is really aimed at the younger consumers in the way that they've done activations on

Roblox. And interestingly, they're even starting to bring some of the technologies that have taken off online and bringing them into store. They announced a partnership with L'Oreal to have L'Oreal products scannable with a QR code that lets you do virtual hair color, and this is taking place in Walmart stores. So it's very interesting just how they're all over the place. I'm a little bit concerned though about some of their recent news around layoffs and retrenching on the tech side and innovation side. I think they've really made so many moves pushing innovation forward that now there might be some concerns that they're trying to boost deficiency and we may lose a little bit of that.

Sara Lebow (12:18):

We'll watch out for that for next month. But for this episode, our current list is number eight, Macy's, which is on the list for the first time. Number seven, all D, which is back on the list number six, Amazon, which is in the same place as last month. Number five, Warby Parker on the list for the first time. Number four, Kroger. Also a first time. Number three, Gatorade on for the first time. Number two, best Buy on for the first time. And number one, Walmart, which takes the same spot as last month. Our honorable mentions for nine and 10, we gave number nine to Instacart, which partnered with Uber and number 10 to Scrubs company Figs, which is outfitting US healthcare professionals at the Olympics. Okay, now it's time for our second half, which is where Zach and Sky get to tell us where we went wrong. Each of them have a chance to move a brand up or down on our rankings list and to add a new company entirely. So Sky make a move.

Sky Canaves (13:22):

So I think I'm going to move one brand off the list so that I can make room for my own brand choice later on. I'm going to take Gatorade off. I think their new loyalty program is interesting, but I don't know that it's going to have that much traction. I don't know how many people are such big fans of Gatorade that they're going to save their receipts from buying Gatorade products in store to redeem their points for Gatorade for more Gatorade if it were a Pepsi wide initiative with all of the brands and there would be more opportunities for shopping and engagement with consumers and frequent repurchases. I could see it a little more, but right now we just put out a loyalty report on retail loyalty programs and we found that us consumers are in a record high number of loyalty programs, almost 18 per consumer on average, but they only really actively engage with half of them. So I think the Gatorade loyalty

program might fall into that lower half that doesn't get much engagement even among people who might initially sign up for it for some introductory bonus or perk.

Sara Lebow (14:37):

Skye, it's hard to argue with you on loyalty because you literally wrote that report and it is a really good report, but I don't know the criteria is interesting, not will it work. And I think it's interesting because it's indicative of this greater loyalty trend. So even if they're sort of fumbling around, I still feel like it makes sense on the list.

Arielle Feger (14:57):

Yeah, I think it's interesting for a kind of brand within a bigger company to do this, and this is not a PepsiCo loyalty program, which as you stated could be more successful, but this is very specifically Gatorade and Gatorade products. So I think because of that interesting. It's hard to say that I would kick it off the list. I think it's more interesting than some of the other things that are on here, which are great, but not necessarily surprising.

Zak Stambor (15:30):

Yeah, I totally agree. I think it's interesting to see Gatorade making this move at a time when there are upstart competitors in this space. Yeah, that's a good point. And Gatorade needs to be making moves. It needs to be finding ways to build loyalty and get people coming back. And so it's again, interesting to see them doing this.

Sara Lebow (15:53):

Okay. Sorry Skye, you have been overruled by the committee plus Zach, so we're going to keep Gatorade where it's at. Zach, make your move.

Zak Stambor (16:01):

Okay. I am going to yank Aldi right off this list. First of all, price cuts is something that we are seeing from many retailers. We just recently saw Target make an announcement about price cuts. Walmart is doing it once more. They do it all the time. They basically invented the practice and the price cuts that Aldi is making. If you actually look at what they're doing, it's 5 cents here, 10 cents there. It really doesn't move the needle much. So I don't find it that exciting.

Arielle Feger (16:38):

I don't know, I'd say 5 cents here and 10 cents there can really add up, especially to someone who is really scrimping by. But second of all, I think that Aldi is clearly making a play for grocery and I think we've probably said on the pod before that it's one of the companies that could give Walmart a run for its money. So I think in the way that it can compete on price, I think that's the most important way it can compete with Walmart. So I don't know. I still think it's interesting.

Sara Lebow (17:12):

I already admitted that. I don't think price cuts are very interesting right now. We have all the at number seven, I'm not comfortable taking them off the list until we know who your new inputs are. I am comfortable with flopping them with Macy's and moving them down to number eight.

Arielle Feger (17:26):

I would be amenable.

Zak Stambor (17:27):

I'll take it.

Sara Lebow (17:28):

Alright, we're doing that Aldi to number eight. Macy's to number seven on that note now we're in the portion where you guys get to add your wild card companies to our list. So Zach, I'll let you go first. What is your wild card?

Zak Stambor (17:43):

Wayfair? Maybe it's recency bias because I literally was at opening day, its first large format store, which is very much in my way. But Wayfair is actually making some interesting plays here. The one, the large format store is really nice and it has definitely captured the attention of people who live around me because it's all anybody is talking about. But beyond that, a few other things. One is they're outpacing the furniture and home furnishings industry by a decent share. Their US sales fell 1% in the first quarter. The broader furniture and home furnishings industry saw sales fall 8.4% during the same span. And then also they launched a loyalty program, which again, similar to Gatorade, I don't know how strongly that will resonate given

that furniture and home furnishings are not purchases that you make that frequently. But it's interesting to see them move in this direction and make a play here.

Sara Lebow (18:54):

So to be clear, the outpacing that Wayfair is doing is that they are losing money at a slower rate

Zak Stambor (19:01):

Sure

Sara Lebow (19:03):

Than the rest of the market,

Zak Stambor (19:04):

But by a decent amount. So it's a tough time to be selling this stuff. Nobody's moving. There were a lot of sales pulled forward earlier in the pandemic. And so yes, they are doing not as badly as their competitors.

Sky Canaves (19:21):

And I think part of that is because they don't just sell the big ticket furniture items. They also sell a lot of the smaller home goods decorative items that people are still buying a bit more and they might even have some opportunity with appliances, which they have some sales of on their website. I don't know if they're putting that in store, how much they're showcasing the big furniture versus the other categories in store.

Zak Stambor (19:46):

Yes, it was interesting.

Sara Lebow (19:48):

Was this Wayfair store, its first store opening?

Arielle Feger (19:50):

Yes.

Zak Stambor (19:51):

Large format and it's big, it's like 150,000 square feet.

Arielle Feger (19:55):

I love hearing Zach's consumer perspective because to me, I've seen this, I'm keeping an eye on it. I'm like, okay, this is interesting. But to know that it is caught with the attention of everyone in your area, I think that makes it like that's proving to me that it is more interesting.

Sara Lebow (20:14):

Yeah, I feel like Zach chipped away at my resolve with the Aldi one. So now I'm comfortable putting Wayfair at number eight, especially because opening that first store is pretty interesting.

Arielle Feger (20:25):

I'll take it at eight and I think I'm going to have to see some proof before it goes any higher on my list.

Sara Lebow (20:31):

Alright, sounds good. Sky, what is your wild card?

Sky Canaves (20:34):

Okay, so my wildcard is a very different type of company, one that's doing better than an industry that's also facing challenges, and that's Canada Goose, the luxury outerwear company. They reported some really strong accelerating growth in their latest quarter with sales up 22% for that quarter versus a little under 10% for the full year that they reported. And that was really thanks to the power of their direct to consumer strategy with a really big expansion of their store footprint. I think they added about 17 stores, which is maybe more than a quarter of their total store count for the end of their fiscal year. And the D two C part is really important for luxury brands. We're seeing a lot more luxury brands reporting mixed results. Some are up down and it's really important to control the distribution that enables them to manage their pricing and their branding as well as maintaining their relationships with their customers to foster loyalty and engagement.

Sky Canaves (21:35):

And they still saw a strong growth in China in particular, which has been a very challenged market. But what I'm most excited about, and this is something that's so critical for fashion and luxury brands, is they also announced a new creative director whose name is Heider Ackerman. He's a very visionary type of designer, a very fashion forward designer, and I think he'll be capable of moving the brand in a new direction beyond the logo, beyond outerwear or really creating a new type of luxury fashion category that matters performance outerwear with really high-end craftsmanship and sustainability as well. So his first product for the brand is a hoodie that is supporting polar bear conservation and it's being sold in select stores. But I think beyond that, he'll really bring a new vision to the brand.

Sara Lebow (22:26):

You're going to win Ariel's vote

Arielle Feger (22:28):

With polar, polar, polar bear. Yeah, I was like, sky just won me with the polar bear conservation.

Sara Lebow (22:32):

That's all it takes. I really want to hold fast to our list. We'd have to kick Macy's off to put Canada Goose in either number seven or number eight. It's affordable luxury. Technically it's really expensive, but it's affordable luxury. And in that sense I'm actually kind of surprised to hear it's doing so well.

Sky Canaves (22:51):

I think they've moved more into the higher end luxury into the approaching \$2,000 jackets. I think there's a question of when you're buying outerwear at that price point, then how often are you buying? So they need to move into new product lines, new categories. I think they've had some success with the athletic shoe that they've put out and I think they're looking to expand beyond that, the traditional jacket into more high-end performance wear or meeting different needs for their consumers.

Sara Lebow (23:20):

Ariel, what do you think?

Arielle Feger (23:21):

I'm really torn. I think hiring a new creative director is super interesting and something that we've seen Gap actually have some success with Zach Poin, which we've mentioned on the pod before. But I'm not convinced enough that just having a good earnings is enough to be interesting.

Sara Lebow (23:42):

But that's sort of why Macy's is on, which is who it would kick off. That's a really good point. And we did say that for Warby Parker, it was specifically that they're a D two C company that has good earnings. That's interesting. Alright.

Arielle Feger (23:54):

Alright. You've done it.

Sara Lebow (23:55):

I know. I argued against myself here.

Arielle Feger (23:57):

Let's throw 'em on the list.

Zak Stambor (23:59):

Okay. I think that's the right choice.

Sky Canaves (24:01):

It's really that creative director creative vision that is I think going to fuel them ahead. And I'm noting they also had a very tepid outlook. I think they're kind of managing expectations and we're seeing that with a lot of other luxury brands. I think Chanel reported results and Ralph Lauren this week, and they're all painting kind of a gloomy picture for the rest of the year, but they may also be trying to manage expectations and set a low bar which they can then exceed.

Sara Lebow (24:31):

Yeah, Ralph Lauren will be interesting to watch with the Olympics coming up because they famously always outfit the athletes. But that's all we have time for today. In terms of list, let's put Canada Goose at eight and Wayfair at seven. So we've got number eight, Canada Goose



number seven, Wayfair number six, Amazon number five, Warby Parker, number four, Kroger. Number three, Gatorade. Number two, best Buy. And number one, the uncontested Walmart. Okay. Thank you all for being on another retailer ranking podcast. Thank you, Zach.

Zak Stambor (25:05):

Yeah, always fun to be on.

Sara Lebow (25:06):

Thank you, Arielle.

Arielle Feger (25:07):

Thank you. Save the polar bears

Sara Lebow (25:09):

And thanks Sky.

Sky Canaves (25:10):

Thank you. Phew.

Sara Lebow (25:12):

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