JUN 28

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Reimagining Retail: Retailers to watch in 2024—Most likely to reinvent itself, go viral, or make it in media

Audio

On today's podcast episode, in our "Retail Awards" segment, we discuss the retailers to watch out for in 2024 (superlatives edition). Find out which retailer will win most likely to need a makeover, most likely to reinvent itself, most likely to go viral, and more. Join our analyst Sara Lebow as she hosts analysts Arielle Feger and Zak Stambor.

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Episode Transcript:

Sara Lebow:

Hello listeners. Today is Wednesday, January 24th. 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. Shout out to last week's host, Marcus, who filled in as a special guest while I was stranded at an airport in Texas. Turns out it gets really cold down there, and then you get stuck. Today's episode topic is Retailers to Watch in 2024.

First, let's meet today's guests. Joining me for today's episode, we have senior analyst, Zak Stambor. Hey Zak, welcome back.

Zak Stambor:

Hey Sara, thanks for having me again.

Sara Lebow:

And also joining us today is analyst Arielle Feger. Hey Arielle.

Arielle Feger:

Hey, Sara. I'm requesting my middle name now be Arielle, "happy to be here", Feger. So, if you can start doing that.

Sara Lebow:

That's a little long, but we'll see what we can do. All right, let's get started with Free Sample.

Our Did You Know? segment, where I share a fun fact, tidbit or question. I guess this one's a tidbit. I think this one falls in the tidbit category, since our topic is retailers to watch in 2024, let's set the scene with what we're talking about this year. $7.5 trillion. That's the amount of US retail sales, both e-commerce and in-store we forecast for this year, $7.5 trillion. Any guesses on what percentage of worldwide retail sales that $7.5 trillion represents?

Zak Stambor:

Oh gee, I'm so bad.

Sara Lebow:

Me, too.

Zak Stambor:

Geez guesses.

Arielle Feger:

I'm going to guess 20? But I'm not very confident.

Sara Lebow:

All right, we've got an unconfident 20. Zak, what's your guess?

Zak Stambor:

I will go with 28.

Sara Lebow:

You guys did a great job. It's 23%. You crushed that.

Arielle Feger:

Good job.

Sara Lebow:

You sound so great. We have the best analysts around. They know their stuff, even though that's a number that's fully available on our website and if you ever actually needed it, you could just look it up. And that's a plug for our website.

Zak Stambor:

[inaudible 00:02:19]

Sara Lebow:

But that is, 23%. That's how much US retail will be as a percentage of global retail sales. Okay, now that we have that out of the way, it's time for our next segment. Retail Awards.

We've done retail awards in the past. Today we're doing some superlatives. We're taking you back to high school. Arielle, Zak, did either of you win superlatives in high school?

Zak Stambor:

Not one.

Arielle Feger:

No, I did not.

Sara Lebow:

Okay. Well, I won two. So, I want clumsiest and most likely to blow up the chem lab, so I've got us covered.

Arielle Feger:

Definitely things to be proud of.

Sara Lebow:

I was fine at chemistry, too, but I was breaking stuff in that chem lab.

I would like to know who you're watching this year and why, in terms of retailers. The way this is going to work is each of you will say what your 2024 superlative is and which retailer you're giving it to and why. Then the other two of us will say whether or not we're voting for that retailer to win that superlative. Zak, why don't you start it off with naming a superlative and a winner.

Zak Stambor:

Okay, so I am going to start out with most likely to need a makeover and I'm going to award that to Amazon and Amazon Fresh in particular, although I'll fold in Whole Foods a bit. So I fully recognize that Amazon Fresh got a makeover just last year, but I'm not really sure if redesigning the stores, growing the selection, adding a Krispy Kreme donut shop to the store is really a big enough changes to enable Amazon to grab a bigger hold of the grocery market. Grocery is a category where scale really matters and Amazon just doesn't have the scale.

Sara Lebow:

So Amazon Fresh for most likely to need a makeover, a harsh superlative. Arielle and I will discuss whether or not we're voting for Amazon Fresh for this superlative. Arielle, thoughts?

Arielle Feger:

I'm going to give it a vote of yes, I do think it's most likely to need a makeover. However, I will give a caveat and I do think towards the end of 2024 that Amazon is going to find its identity there a little bit. I do think it's going to have a little more momentum in the grocery business, so I think that it's going to need another makeover, but I think by the end of the year it's going to be looking pretty good.

Zak Stambor:

How do you think so? Look, I can see them continue to want to make moves in the space. It's roughly $1 in $5 spent in retail is spent at a grocery store, so it's an important space. It has a massive trove of first party data that can be collected, but I don't see how Amazon can actually grab that hole without grabbing a whole lot of store.

Arielle Feger:

Well, I think that's where it's going to go. I think we're going to see a lot more physical expansion from Amazon. I mean, they have the resources and I really think they're going to really start pushing out those Amazon Fresh stores this year and I think people are going to go. I think people are going to visit them.

Sara Lebow:

I am also voting for Amazon Fresh to win most likely to need a makeover. I'm with Zak. I'm not confident Amazon Fresh's makeover montage is going to pay off. In the interest of time, let's keep moving. Zak, what is your next superlative?

Zak Stambor:

So most likely to spark a conversation. And so I'm going to go with a retailer that you might not know about. It's called Finesse. It's an apparel retailer. It builds itself as the first ever AI driven fashion house because its designs are based on AI powered algorithms. The reason I voted it most likely to spark a conversation is because a part of its model is that it asks consumers to vote on which designs to produce to help it gauge demand and avoid overproduction.

Sara Lebow:

Beyonce once said, you're that bleep when you cause all that conversation, and I think that this site Finesse looks like an AI that's trying to dress people who want to look more like Beyonce. I agree. This seems like something that could cause a conversation. The website looks crazy. It looks like TikTok threw up. I agree it'll start a conversation. I'm not confident that conversation will result with Finesse having a renaissance, to use another Beyonce reference.

Arielle Feger:

I totally agree. I think it's definitely going to start a conversation, but it seems like it's doing too much all at the same time. It's very buzzword. AI, voting, and I think that's going to be a really hard model to sustain as the years go. So I think it's going to cause a conversation but not necessarily going to be a good one.

Sara Lebow:

Also, do people want to vote? Do people like polls? Do polls work? We're in an election year. Do we want more decision on our hands?

Arielle Feger:

Good question.

Zak Stambor:

It's true. This is not the first retailer to attempt something like this. Beta brand, which is a retailer that, I don't know if you know about, but it's been around for a very long time. It had a very similar model and I think the voting piece went away at one point because it's hard to get people to vote, at least on an ongoing basis.

Sara Lebow:

Okay. You heard it here first. Register to vote.

Arielle Feger:

Definitely.

Sara Lebow:

Arielle, what is your first superlative?

Arielle Feger:

My first superlative is most likely to never grow up and I'm awarding that to Claire's. Now, I'm a millennial. I grew up with Claire's. I definitely got my ears pierced there. I went and I bought all sorts of accessories, earrings, jewelry, that I absolutely did not need at my age. So I have a strong affinity for Claire's. But I think, as millennials grew up, Claire's didn't really age with us. But that's kind of a good thing because I think Claire's is now going for the Gen Zalpha, which is the Gen Z/Gen Alpha cohort, the ages in between those, and they're doing it with a lot of really interesting stuff. They've revamped their loyalty program, they've rebranded their piercing business to make it more modern. They're going to be in Coles stores across the country. They're developing a new TV series for kids. Then similarly, they also have a deal with a podcast in audio entertainment production studio. So they're really going on all cylinders to try to get Gen Alpha or Gen Zalpha, and I think it's going to work.

Sara Lebow:

I definitely agree with you. I think it was smart of Claire's not to think how can we grow up with millennials, but instead how can we stay young, get young millennials, old Gen Z, and then get those millennial's children? I am not a parent, but I definitely grew up going to Claire's and if I had kids, I think that's a place where I would think to take them, especially piercings, things like that, that bring people into the store that we associate with youth. I think that Claire's is staying fun for children, but it's also really staying fun for parents with that nostalgia. So I agree. I'm voting for them for most likely to never grow up, in a good way.

Zak Stambor:

Totally agree, and I think that the store within a store piece is really important here because a lot of the malls where Claire's were located have just grown dilapidated, and so if you want to have a presence, you have to be where people are, and so that's what they're doing.

Arielle Feger:

That's a great tee up for my next superlative.

Sara Lebow:

Give it to us.

Arielle Feger:

Thanks Zak. So the next superlative I've got is most likely to reinvent itself, and I'm giving that to Macy's. As Zak said, malls are struggling and the stores within malls, traditionally department stores, are trying to find ways to reach people outside of those mall situations.

Macy's is doing that with smaller format locations that are complimentary to their locations within malls. And these smaller format stores focus on more casual or curated experiences in ways that'll bring people in who are looking for something specific. They're also focusing on private label brands, which I think is something that is different for Macy's. So I think they launched their first private label brand back last year and they've got plans to do a few more. So I think that is really helping it be current and now and reinvent itself as a 2024 retailer.

Zak Stambor:

I'm a little skeptical of Macy's ability to reinvent itself. For one thing, there are rumblings that it's going to go private and if it goes private, I think they're going to sell off a lot of the real estate that's very valuable and sell off Blue Mercury and it's really going to just fizzle out. That said, the Bloomies concept is great. It has a pretty clear distinct identity, which is one of the things that Macy's has struggled with and led to its current challenges. So if it can hone in on what it is, who it's serving and that sort of stuff, then perhaps they can find a path forward.

Sara Lebow:

I'm not voting for Macy's for this one. Please don't tell Susie, our number one Macy's fan on the podcast, but I'm not that confident in Macy's. I don't think that they know their identity. I think that they've had trouble with that before in malls. One thing that is strong to their identity is malls. Macy's is a mall store. They have Macy's in midtown, New York City, so I guess it's a department store elsewhere, but it's large form. It's not small form. It's hard for me to see myself going to a small form Macy's. It's hard for me to see that working.

Arielle Feger:

All right. Sarah, I think you're up.

Sara Lebow:

All right, it's time for my first superlative, which is most likely to go viral. I'm giving this to e.l.f., the beauty brand, Eyes, Lips, Face. e.l.f. is so good at social, I don't know another brand who's doing it like e.l.f. right now. Last night I watched a five-minute TikTok of just someone organically not paid by e.l.f. doing their makeup, half with high quality products and half with e.l.f. Dupes. It had over a million views and it was a long piece of content that was fully organic and not paid for by e.l.f. We're seeing this all over TikTok, both with organic social and with paid social. e.l.f. knows exactly who they are, they're leaning into dupes and affordability, and then in terms of paid content outside of social, they're putting money in the right places.

They just announced a new Super Bowl ad. Last year they had one with Jennifer Coolidge. They had a video with Meghan Trainor last year. And I don't know if either of you have seen the new Mean Girls movie yet, but the whole thing reads like an ad for e.l.f., which maybe isn't great, but at least it is, once again, starting that conversation.

Zak Stambor:

Having e.l.f.'s come right after Macy's is just such a stark contrast. I completely agree with you. They know exactly who they are, they know exactly who their audience is and they serve that audience well. So I agree.

Arielle Feger:

I agree that e.l.f. is really good at knowing its audience and it certainly racked up a lot of popularity in the past year, but I do wonder if it's gone too mainstream now and another brand will come and take its place as the new viral sensation. So I guess I'm going to vote no, tentatively, and say that I think e.l.f. has no worries at all. I think it's going to do great this year, but I do think that there might be another beauty brand that comes up and sneaks up like a dark horse and goes really viral.

Sara Lebow:

I'm staying strong to this statement, but I do see where you're coming from. If your thing is dupes and you become that girl, the main character, then someone's going to dupe you. Okay, my final superlative, our final superlative, this one is most likely to make it in media. I am giving this superlative to Walmart. Walmart is gaining retail media share right now. It's going to be at like 7.5% of all retail media ad spend in the US this year and next year it'll be up to 8.5%. Amazon is the elephant in the room here because it's remaining at like 70%. But Walmart has launched Shoppable Video on Roku, TikTok, YouTube. It has all sorts of partnerships. It's really getting into CTV, it's putting more screens in stores, which Walmart has a massive audience in stores. Just if you think of the Walmart store as a media channel, which it is, then it has a huge engaged audience.

So I'm giving Walmart most likely to make it in media. I recognize that there's a caveat here where Amazon Prime is getting ads and I have a feeling one of you is going to bring that up.

Arielle Feger:

Not me. I totally agree. I think Walmart is really innovating with its partnerships. I think it's trying a lot of different things, and I think that's to its benefit. It's really doing the best that it can to be in every single channel and to partner with the leaders in those channels. So I agree. Obviously, yes, Amazon is a big competitor, but I think Walmart's got its own little niche that it's really carving out in terms of retail media.

Zak Stambor:

I mean, obviously Amazon is the 800 pound gorilla in this space, if not the 8,000 pound gorilla in this space. That said, Walmart, as you said, has something that Amazon just doesn't have. A massive trove of stores, and that store footprint is incredibly valuable for targeting consumers where they're spending a lot of time and Walmart consumers spend a lot of time and a lot of money in their stores. So I completely agree.

Sara Lebow:

Okay. We did it. We successfully created a retail yearbook. I think we can call it quits for the rest of the year now. Just kidding. But that is all we have time for today, so thank you for being here, Zak.

Zak Stambor:

Thanks for having me.

Sara Lebow:

And thank you, Arielle.

Arielle Feger:

Thank you. Had a great time.

Sara Lebow:

Please give us a rating and review wherever you listen to podcasts and follow us on Instagram at Insider Intelligence. Thank you to our listeners and to Victoria who will win most likely to edit this podcast because that's what we ever do. 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.