JUN 28

Arielle Feger, Sara Lebow, Sky Canaves, and Blake Droesch

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

Audio

On today's podcast episode, we discuss the unofficial list of the most interesting retailers for the month of February. 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 Blake Droesch, who will dispute the power rankings by attempting to move retailers up, down, on, or off the list.

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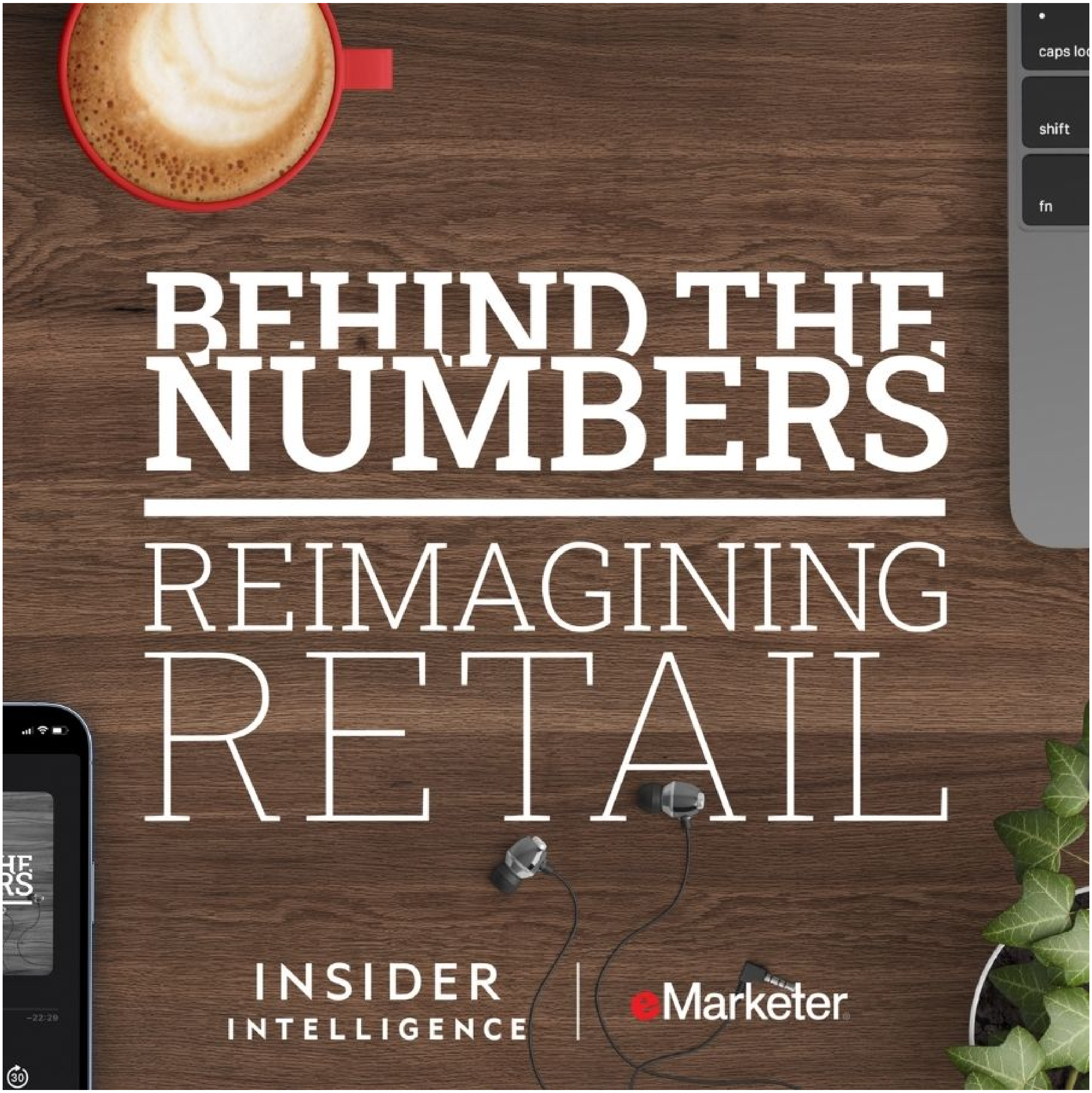

Episode Transcript:

Sara Lebow:

Hello, listeners. Today is Wednesday, February 28th. Welcome to Behind the Numbers, Re-Imagining Retail, an eMarketer podcast. This is the show where we talk about how retail collides with every part of our lives. I'm your host, Sara Lebow. Today's episode topic is our second ever unofficial retailer ranking. We did this last month in January. We're doing it again. We've got updates. We've got changes, and we've got a new panel of guests, so let's meet them. Joining me for today's episode, we have senior analyst, Arielle Feger.

Hey, Arielle.

Arielle Feger:

Hey. As always, I'm happy to be here.

Sara Lebow:

As always, I'm happy to have you. We also have senior analyst, Blake Droesch.

Hey, Blake.

Blake Droesch:

Hey, Sarah. Good to be back.

Sara Lebow:

Good to have you back, and senior analyst, Sky Canaves.

Sky Canaves:

Hi Sarah. I'm excited to join you today.

Sara Lebow:

Excited to have you. We've got a crowded virtual room today, so let's jump in with free sample, our Did You Know Segment. This is the segment where I share a fun fact, a tidbit or a question. I have a multiple-choice question for you.

Which of the following is not a real celebrity brand? Made one of these up. Which one did I make up? The options are Flower Beauty, Hampton Water, Teremana, or ForeSource. Which one of those did I make up? I'll read them again. Flower Beauty, Hampton Water, Teremana, or ForeSource?

Arielle Feger:

I'm going to go with A.

Sara Lebow:

Flower Beauty?

Sky Canaves:

I'm going to go with ForeSource because I can barely pronounce it.

Blake Droesch:

Yeah, I'm going to go with ForeSource, too, because I don't know what that means, what type of product would that be if it existed.

Sara Lebow:

Rural Jar Situation. Okay. Flower Beauty is real. It's Drew Barrymore's beauty brand. Hampton Water is real. It's Jon Bon Jovi's water company. Teremana-

Blake Droesch:

It's a wine company actually.

Sara Lebow:

Oh, really?

Blake Droesch:

Yeah.

Sara Lebow:

Oh, I clearly didn't do my research. Teremana is real. I don't know if that's pronounced that way. It's Dwayne Johnson's tequila company, sorry, Dwayne "The Rock" Johnson's Tequila company. ForeSource, I made up. I decided that if Mark Hamill wants to start a beauty brand, he can use that. He's always leaning into that one role.

Arielle Feger:

Yeah, I was like, "That could easily be a Star Wars brand," or some kind of tech bro brand.

Sara Lebow:

Mark Hamill is always unabashedly being like, "I'm making stuff up about Star Wars," and it's true.

Arielle Feger:

Except for Mark Hamill.

Sara Lebow:

All right. Now it's time for our segment, The Unofficial Most Interesting Retailers of the Month List.

Arielle, Becky, who's not on the pod with us today, and I, aka The Committee, have once again put together our very unofficial list of eight retailers we're watching right now based on who is making the most interesting moves this month. What does interesting mean? It means new initiatives, partnerships that move the needle, over-performing earnings, notable social media buzz, standout marketing campaigns, et cetera. This list is hyper-subjective, but it's supported with objective analysis.

Arielle will present our list in the first half of this episode and, in the second half, Blake and Sky will have the opportunity to edit and argue with our list. Starting off with number eight, Gap, which just hired designer Zac Posen as creative director.

Arielle, tell me more.

Arielle Feger:

Yeah. Zac Posen, for those who may not know, he is a designer, and he was huge in the 2000s. He dressed lots of celebrities on the red carpet. He was an official judge on Project Runway for a few seasons. This guy knows his fashion. A lot of people might be thinking, "Hmm, a lot of what you just said is in the past." That's true, but what the Gap is doing with this move is appealing to millennials, and that's a really core consumer base for the Gap and for Old Navy. As a millennial myself, I definitely shopped at both of those stores, maybe still do, and so I think this is a great grab for millennials. Gen Z is not every brand's ideal consumer base, so I think this is a great play.

Sara Lebow:

Yeah. I said, when we were putting this list together, Zac Posen is the opposite of Kanye West, right? Gap is taking some stuff that didn't work, that cost them a lot of money and fully reversing course.

Arielle Feger:

Absolutely.

Sara Lebow:

Okay. Number seven, Cécred, Beyonce's new haircare brand, which just launched last week. This is an unusual pick for us. We haven't had a new brand here, and we definitely haven't had a celebrity brand. Honestly, I think most celebrity brands are over-hyped, but this one is Beyonce, the queen of the hair toss, and so I don't actually think we're over-hyping this new brand. I think it's a really big deal. Haircare e-commerce sales will rise nearly 13% this year according to our forecast and make up over a quarter of the category sales, so, yeah, I think Beyonce is on top. I think Cécred is a big deal.

Sky Canaves:

I think one thing that helps to set her beauty brand apart from other celebrity beauty brands is her very personal story from her mom owning a hair salon and running that, and even she will continue to be involved in the brand along with Beyonce. They're kind of working together, and they have this lifelong mother-daughter story that they're bringing to haircare. They're also serving a market that is still quite underserved for textured hair, Black hair, and bringing premium beauty products to that, and so I think they'll see strong demand if the products work as well as we think they should because it's Beyonce, of course, yes, the queen of great hair.

Sara Lebow:

Yeah, she's so protective of her brand famously, so I don't think that she's just going to put some products out there and see what happens. Okay, number six, Coca-Cola, which launched a new spiced flavor and a limited edition K-pop inspired flavor. Arielle, elaborate on this one.

Arielle Feger:

Yeah, so the spiced flavor is Coca-Cola's first new permanent flavor in years, and I think that's a really big deal. Think about PepsiCo introducing Starry last year or maybe the year before. These are very well-established brands who are trying to compete in a very mature category, so they've got to keep it new, keep it interesting. The K-pop brand is limited edition, and that's out of its creations program, which has also launched some interesting flavors. They did the Coca-Cola Y3000, which is the AI-generated flavor. They've done other things, flavors called Happy Tears and Dreamworld. I think they're really just trying to spice it up and trying to get more people to try their beverages.

Sara Lebow:

Yeah. I'm looking at the beverage I'm drinking right now to see if it's a Coca-Cola brand. I'm drinking a Schweppes. It's not. It's Dr Pepper.

Sky Canaves:

I'm going to wait for the diet spiced Coke. As you can see here, I'm holding my-

Sara Lebow:

Sky is holding Up a Diet Coke.

Sky Canaves:

... regular can of the silver bullet.

Arielle Feger:

I'm sure it's on its way.

Sara Lebow:

Number five, Amazon, which launched Rufus, an AI-powered shopping assistant. Amazon actually moved down from our number one most interesting retail company last month to number five. It's still on the list, but it's not quite as interesting as last month. The company did post decent earnings, but, other than Rufus, there hasn't been a ton of action from Amazon this month. In my own personal opinion, I'm still not actually convinced that consumers want AI shopping assistance.

Sky Canaves:

We're actually about to launch a consumer survey on marketplaces, and that's going to be a question in our survey, so we'll find out. We'll be publishing those results around the middle of the year. I'm interested, I'm looking for Rufus. He's not on my Amazon app yet.

Sara Lebow:

Let us know when you meet Rufus.

Blake Droesch:

I do think whoever cracks the code is going to be very successful because this is a true practical use case for consumers using AI. Though a lot of the stuff around ChatGPT and the other generative AI tools that are consumer-facing are really just experimental, this is the first real use case that I think could catch on, so I'm relatively excited for it as well.

Sara Lebow:

Yeah, I mean a lot of shoving in AI in different places feels like a way to appeal to shareholders rather than to consumers. You're right. This one really is consumer-facing, so we'll see.

Number four, Apple, whose Vision Pro headset became available in the US at the start of this month. I think it's fun that Apple made our list because we don't always think of them as a retailer. I mean, we in this room definitely do, but they're more in the tech company category even though obviously they're a huge retailer. The new VR headset is $3,500. I am not buying it, but brands like e.l.f., Lowe's, Alo Yoga, J.Crew, and TikTok have all made apps for the new system. I do not think this is another iPhone moment, but I do think it's a big deal.

Arielle Feger:

Yeah, I agree. I don't think it's an iPhone moment, but I do think it's really interesting that all of these brands and TikTok have been so quick to jump on board. I think they really just want to capitalize on the early movement, and I think that the people who get on board earlier obviously have the leader advantage.

Sara Lebow:

Yeah, although some of this is just leader for the sake of leadership. TikTok's new app as far as I can understand is like you're still scrolling through TikTok just like, in the background, there's Mars or the Sahara Desert. Do people want that? I don't.

Arielle Feger:

I could maybe be convinced to scroll on Mars.

Sara Lebow:

All right. Fair enough. I guess, if I were on Mars, I'd probably still just be scrolling. Number three, Temu, which we all learned how to pronounce earlier this month with its Super Bowl ad. Its animated Super Bowl ad played like seven times over the course of the night of the Super Bowl. The three ads that played during the game alone were about $7 million each. Temu invested approximately one boatload in this one ad playing on repeat. The ad is fascinating because it breaks the rules of advertising. It's repetitive. It's obnoxious. It does not fit in with the Super Bowl ads and, because of that, everyone was talking about it after the game. In a little over a year, the brand has gone from relatively obscure in the US to an e-commerce icon, so number three on our list.

Blake Droesch:

I'm going to be really interested to see how Temu can leverage targeted social ads in terms of things like really making good use and leveraging things like carousel ads on Instagram. I'd just mention that because I hadn't been seeing them on my personal feed until recently. It's going to be really interesting to see if they can find from their selection of products things that can really target consumers on an individual level based on what they're really interested in the way that Amazon is really an effective social media advertiser. I'm definitely going to be curious about seeing Temu pop up on my feeds more often.

Sara Lebow:

What are they targeting to you?

Blake Droesch:

Just like a lot of your typical men's wear, like men's satchels, that I would never buy, but the algorithm thinks that I would buy, things to carry pens and whatnot. I'd be interested to see where they're going to go with it because it was more targeted than just a regular ad for Temu's general product on merchandise selection. That was interesting to me, but it wasn't. I didn't pull the trigger. Let's put it that way.

Sara Lebow:

Okay. Number two, Target, which just dropped a new private label brand called Dealworthy. Arielle, why is this a big deal?

Arielle Feger:

Target is trying to find its way. I think I might have mentioned this on the pod before. It's trying to figure out how it can compete with Walmart's low prices. Walmart has grocery squared. Actually, Dealworthy is the new private label brand, and it's also expanding one of its other low price private label brands of household essentials. Target is really going after people who need to get paper towels, toothbrushes, whatever, need to stock up on their regular essentials, and they're just trying to get them at the low price points, and I think that's a really winning combination.

Sara Lebow:

I was less convinced of Target being number two when we were putting this list together. I definitely think it deserved to make the list, but, I don't know, Target launching another private label brand doesn't seem particularly exciting to me. They already have 40-something of them.

Arielle Feger:

Well, I think that's why it's exciting. I think they're really building out a really strong private label portfolio. They also just added a line with Diane von Furstenberg, another fashion name that's going to have its apparel, its accessories, beauty, home categories. I think, by leaning into new, by leaning into low price, Target might sway some customers from Walmart or other places that they might not have before.

Sara Lebow:

Sure. Okay. Number one, Walmart, which just announced that it is buying TV manufacturer, Vizio, boosting its retail media portfolio. Arielle, thoughts on this one?

Arielle Feger:

Yeah, this is a huge retail media play. Basically, it's going to pair Walmart's customer data with Vizio's CTV tech and also their audience of 18 million active Smartcast accounts. When you think about putting that all together, that means that advertisers are going to be able to broaden their reach, but also be able to target people in much more accurate or personalized ways. I think that's just going to help Walmart grow its already really growing advertising business and accelerate that flywheel of e-commerce advertising and content, which is going to be really, really important if it wants to reach anywhere near where Amazon is right now.

Sara Lebow:

Okay. There you have it. Our top eight are, number eight, Gap, number seven, Cécred, number six, Coca-Cola, number five, Amazon, number four, Apple, number three, Temu, number two, Target and, number one, Walmart. We also had our honorable mentions, nine and 10, of Shopify for adding a bunch of AI everywhere, and Crocs for really having a strong year, but they didn't quite make our top eight.

Now it's time for our second half where Blake and Sky get to tell us where we went wrong or maybe just where we need some edits. Each of them will have a chance to move a brand up or down in our rankings list and to add a new company entirely.

Sky, make a move, which is up or down.

Sky Canaves:

I would like to move Amazon up to number two for this month because, in addition to reporting a really strong Q4 results for last year, they basically dominated the holiday season, but, looking ahead, on January 29th, they launched an ad-supported tier on Prime Video, which essentially defaulted all of its 160 million-plus Prime viewers into an ad-supported tier. They're estimating that more than or roughly two-thirds of those viewers are going to stay in that tier rather than pay an extra 299 a month for ad-free. This is really part of Amazon's big strategic shift to become an advertising powerhouse that can reach customers across the marketing funnel from the top of the funnel on CTV right down to search on the Amazon-owned properties.

We're forecasting that this move is going to add some 1.7 billion-plus to Amazon's ad revenues this year. That's just to its CTV ad revenues this year actually. That's a huge move. It's really shaking up the CT advertising landscape and the retail media advertising landscape. It's pushing competitors like Walmart to really make some big moves like Vizio acquisition, but Amazon is still going to retain the upper hand there for the foreseeable future.

Sara Lebow:

Yeah, I think that's a fair move. I think we overlooked this as a retail move because it's an advertising move. Obviously, it's retail media, and we talk all the time about how retail media is the future of CTV advertising data, so I do agree that Amazon introducing ads on Prime Video can't be overlooked.

Sky Canaves:

It will more strongly innovate to connect the targeting to shopping and commerce the content on Prime Video to being able to shop. It's already rolled out some QR code innovations where you can shop from your TV, and it's allowing targeted advertising on CTV where different versions of ads can be shown to different consumers based on the advertisers' requirements.

Arielle Feger:

Yeah, I totally agree that Amazon adding ads to Prime Video is a big move. We definitely touched on that last episode, the last time we did this ranking, but it's important to note that, even though the move happened at the very end of January, obviously, it is still rolling out into February, so there's definitely a reason to have Amazon higher up in the rankings.

Sara Lebow:

I'm accepting this move. Are you, Arielle?

Arielle Feger:

I'll accept it.

Sara Lebow:

All right. Blake, your turn to make a move.

Blake Droesch:

I'm going to move Apple from wherever it is now up to number one, and if you don't accept it-

Sara Lebow:

Apple is at number four.

Blake Droesch:

If you don't accept it, then you're not visionaries like I am, because I do think that the Apple Vision Pro is a huge, hugely interesting story because we saw it roll out with some fanfare, but I think the big question, looming question was are people going to buy these products? Do people need them? That was really the question that the market was asking when the iPad came out and then when the Apple Watch came out, and then these became massive hits for Apple.

I will caveat it with I'm not personally sold that the Apple Vision Pro is going to be the next iPad or Apple Watch, but the consumer electronics market has been really sluggish over the last couple of years and really needs a new type of product to jumpstart growth. It really seems like, at this point at least, the Vision Pro and VR headsets are really the only thing cooking right now in terms of potential for jump-starting that market. I think, whether it's successful or not, it's a hugely interesting story, and the fact that Apple has been able to make the splash that it has with this release is warranted as the most interesting story in retail this month.

Sara Lebow:

Arielle, thoughts?

Arielle Feger:

I got to respectfully disagree. I mean, I think, while it's certainly interesting, interesting enough for us to have listed it as number four, I think that the retail implications are still down the road. I think we're still not seeing commerce happen. I mean, obviously, it just came out, so that's very new. I think the price point is still too high for it to really be super adopted by consumers.

Sara Lebow:

$3,500.

Arielle Feger:

Yeah, while I agree there is some forward-looking implications, I just don't think we're going to see that yet, so I think I would pause on moving Apple up for the time being.

Sara Lebow:

Tech evangelists get by so much on saying, if you disagree with me, you're not a visionary, and I know you're joking.

Blake Droesch:

You guys are just the people that didn't buy that Apple stock before the iPod came out. You're missing out.

Sara Lebow:

Yeah. Well, that is because I was in middle school, but I should have done it.

Blake Droesch:

No, but I'm caveating it with the fact that I'm not personally convinced that it's going to be, but we're talking about interesting here, and it's definitely interesting. We're not talking about most successful.

Sara Lebow:

Okay. I'm keeping Apple where it is. It made the list. It entered the list. That's huge. It doesn't need to be higher on the list. It created a new product. The new product is too expensive for anyone to afford, unless they're already driving their Cybertruck around and want to also get in a car crash while they're wearing their headset.

Blake Droesch:

I saw a video online of some guy at the U2 concert at the Sphere wearing an Apple Vision Pro while watching the concert, and then it was maybe one of the funniest things I've ever seen.

Arielle Feger:

That's just the recipe for motion sickness. That's a no.

Sara Lebow:

That video can rank high. For now, we're keeping our list as is with Sky's move. Right now, as the list stands, we have, from top to bottom, Walmart, Amazon, Target, Temu, Apple, Coca-Cola, Cécred, and Gap. Now it's time for our wild cards. This is where both Blake and Sky will have the opportunity to add a new company to the list.

Blake, what is your wild card?

Blake Droesch:

I'm going to introduce Meta to the list.

Sara Lebow:

I'm familiar.

Blake Droesch:

Okay. My thoughts around Meta are sticking with the Apple Vision Pro because I don't know if you saw that video that Mark Zuckerberg released, which was shot in the context of when a celebrity does something wrong and has to apologize, and they're just sitting in a non-discreet room and it's unedited, and he's just basically talking about how he believes the Meta Quest Pro is a superior product to the Apple Vision Pro. Again, I found it very interesting because, when I watched it, I was like, "This seems really desperate. This is sad. This is rushed. It seemed panic. It's just like some guy on an ego trip," and then I started reading the comments, and people were like, "Oh, Zuck's going off. He still got it," and everyone was giving him, weirdly, a lot of credit for what was perceived to be a ballsy move, off-the-cuff move.

I think that, if we're continuing this idea that VR is this one tool that has the potential to restart the consumer electronics market, I'm very interested to see if Meta will be successful in selling hardware. I found that video to be oddly disturbing and compelling at the same time.

Sara Lebow:

Blake, I'm sorry to naysay you twice, but I don't think, if every time Mark Zuckerberg released a video that was weird that a bunch of people said was cool, if every time that happened we'd have to be like, "That's interesting," we'd have to do that every time Mark Zuckerberg released a video.

Blake Droesch:

That's a fair point actually. I will take that, but I still find it interesting nonetheless.

Arielle Feger:

I would argue that, yeah, I'm in the same opinion as Sara. I would also argue that Meta's headset has been out and nothing has happened. In terms of drumming up business for it, I'm not really seeing any real upward trends happening.

Sara Lebow:

Blake, when we are recording the podcast a year from now in VR space in the Metaverse wearing our headsets, you have permission to virtually beat Arielle and I up in our virtual little world.

Blake Droesch:

I'm sorry, I-

Sara Lebow:

I didn't agree to that.

Blake Droesch:

I'm siding with the innovators. Anybody can buy a TV company, but I'm going with the people who are creating fascinating technology.

Sara Lebow:

Can you buy a TV company?

Blake Droesch:

Any big retailer with a little bit of dough in their pocket, they can buy something, but I'm siding with the creators.

Sara Lebow:

Sky, who is your wild card?

Sky Canaves:

I'm also going to side with the creators in a different sense and add TikTok Shop to the list. I'd like to see them on there because they're really starting to push livestream creators and the development of livestreaming in the US and investing in a new platform called the Star Creator platform to start to develop livestreaming talent in the US. It needs those kinds of people who are going to be able to talk a lot about products, show them, engage the audience and, ultimately, sell. I think TikTok so far is the only one of the marketplaces with Chinese roots. The others are Temu and Shein, but TikTok is the only one that's been able to get real brands on the platform to spend, invest and try out TikTok Shop and livestreaming. Beauty brands and smaller brands are the main ones so far, but I think we're going to see this expand.

We're seeing a little more traction around livestreaming. In recent news, NTWRK livestreaming platform just announced that it was going to buy Complex, the content and commerce part of BuzzFeed that's really focused around streetwear and trendy style. Shein also announced that it's going to livestream its upcoming collection of fashion on various platforms, not TikTok, but competitors like Instagram and X and Facebook. I think TikTok still has the eyeballs to push livestreaming forward. It's also building out studios in LA for livestreaming, and it's helping to really start to grow in terms of selling and having the most traction there with brands. I think that's why I'd like to put TikTok on the list.

Sara Lebow:

I definitely agree that TikTok Shop is a huge deal right now. On my own feed, I've recently seen the "find similar products" on TikTok feature where, if someone is doing a makeup tutorial, that palette then will show up in TikTok Shop. I've seen that feature more and more. I'm not convinced that TikTok Shop made big enough moves this month to warrant them being on the list.

Arielle Feger:

I'm of two minds about it. I agree with Sara that we haven't really heard anything concrete about what TikTok has been doing. It seems like a lot of creator stuff, but, at the same time, I do feel like we are talking about TikTok Shop every day. It's definitely become something that is so ingrained in our everyday lives as consumers. I know I see it on my TikTok feed all the time and also, as analysts, when we're talking about retail and e-commerce. I think, ultimately, I will accept adding TikTok Shop to the list. I don't know what it means when we have a disagreement between Sara and I.

Sara Lebow:

Well, if we added in that sort of-

Blake Droesch:

You have to fight in the Metaverse.

Sara Lebow:

If we add it in, that nudges Gap out. Do you feel like that is-

Arielle Feger:

I think so. I think so because, while Gap is doing something interesting with Zac Posen, I think TikTok Shop will continue to be something that is cutting-edge for a very long time into the future.

Sara Lebow:

All right, let's put them in there. Sorry, Zac Posen, and sorry, Blake, who didn't convince us of his changes.

Sky Canaves:

I will note some news out from The Information. They reported on Flexport, which is a logistics service, that it inked a deal with TikTok to fulfill TikTok Shop orders. They reached revenues of something around 500 million last year, and a lot of that was due to partnering with TikTok. That deal is now helping them target an IPO for next year.

Arielle Feger:

Yeah, that's a good point. It's not super flashy. It's not a huge big ad dealer, but those are things that are going to help TikTok have its e-commerce business and boost that.

Sara Lebow:

Okay, so we have our final list. In eighth place, we have TikTok Shop. In seventh place, we have Cécred, Beyonce's haircare brand, sixth place, Coca-Cola, fifth place, Apple, fourth place, Temu, third place, Target, second place, Amazon, and our winner, our number one for this month is Walmart.

Thank you guys all for being a part of making this list and being on the podcast. Thank you, Arielle,

Arielle Feger:

This has been super fun.

Sara Lebow:

Thank you, Sky.

Sky Canaves:

Thanks, everyone.

Sara Lebow:

Thanks, Blake.

Blake Droesch:

You're welcome. I'll see you all on the Metaverse.

Sara Lebow:

See you in the Metaverse.

Please give us a rating and review wherever you listen to podcasts, and follow us on Instagram, @insiderintelligence. Thank you to our listeners and to Victoria who edits the podcast and is never a wild card. That's actually not true. A lot of times, she's a wild card. We'll be back next Wednesday with another episode of Reimagining Retail, an eMarketer podcast. Tomorrow, join Marcus for another episode of the Behind the Numbers Daily.