

Despite high-profile layoffs at Macy's, Wayfair, and Amazon, there's good reason to expect solid retail sales this year

Article

The trend: Several struggling retailers have recently announced layoffs:

- **Macy's** plans to cut about 2,350 positions, or 3.5% of its overall workforce excluding seasonal hires, per The Wall Street Journal. As the retailer looks to cut costs, it plans to add more automation to its supply chain, outsource some roles, and eliminate others. It is also closing five stores.
- **Wayfair** is laying off about 1,650 employees, or 13% of its workers in its latest round of layoffs, per The Journal. It cut about 1,700 jobs last year, roughly 900 in 2022, and around 500 in 2020.
- **Stitch Fix** is eliminating full-time styling positions and laying off 10 “styling leader” positions, per Modern Retail. The retailer employed roughly 2,620 stylists as of July 2023, about a quarter of whom worked full-time.
- **Rent the Runway** cut about 10% of its corporate headcount, about 37 positions, as part of its restructuring plan.

Meanwhile, **Amazon**, which continues to dominate ecommerce, is laying off about 30 employees in its Buy with Prime unit, and has also eliminated hundreds of roles at game streaming site **Twitch**, **Prime Video**, and **MGM Studios**, according to CNBC.

The roughest month: Job cuts historically spike in January as retailers embark on structural changes for the new year.

- In January 2023, 277 companies laid off nearly 90,000 workers, which far outpaced the next-busiest month—February—when 181 companies cut about 40,000 positions per Layoffs.fyi.
- Retailers—including Amazon, **Everlane**, **Saks**, and **Wayfair**—accounted for a significant share of those cuts as they eliminated about 13,000 jobs last January, per Challenger, Gray, and Christmas data reported in Retail Dive.

The big picture: While layoffs at high-profile companies attract headlines, the number of retail workers continues to grow.

- Retailer employment hit its highest level since 2019 in December with about 15.54 million workers, up slightly from 15.48 million a year earlier, per the US Labor Department.

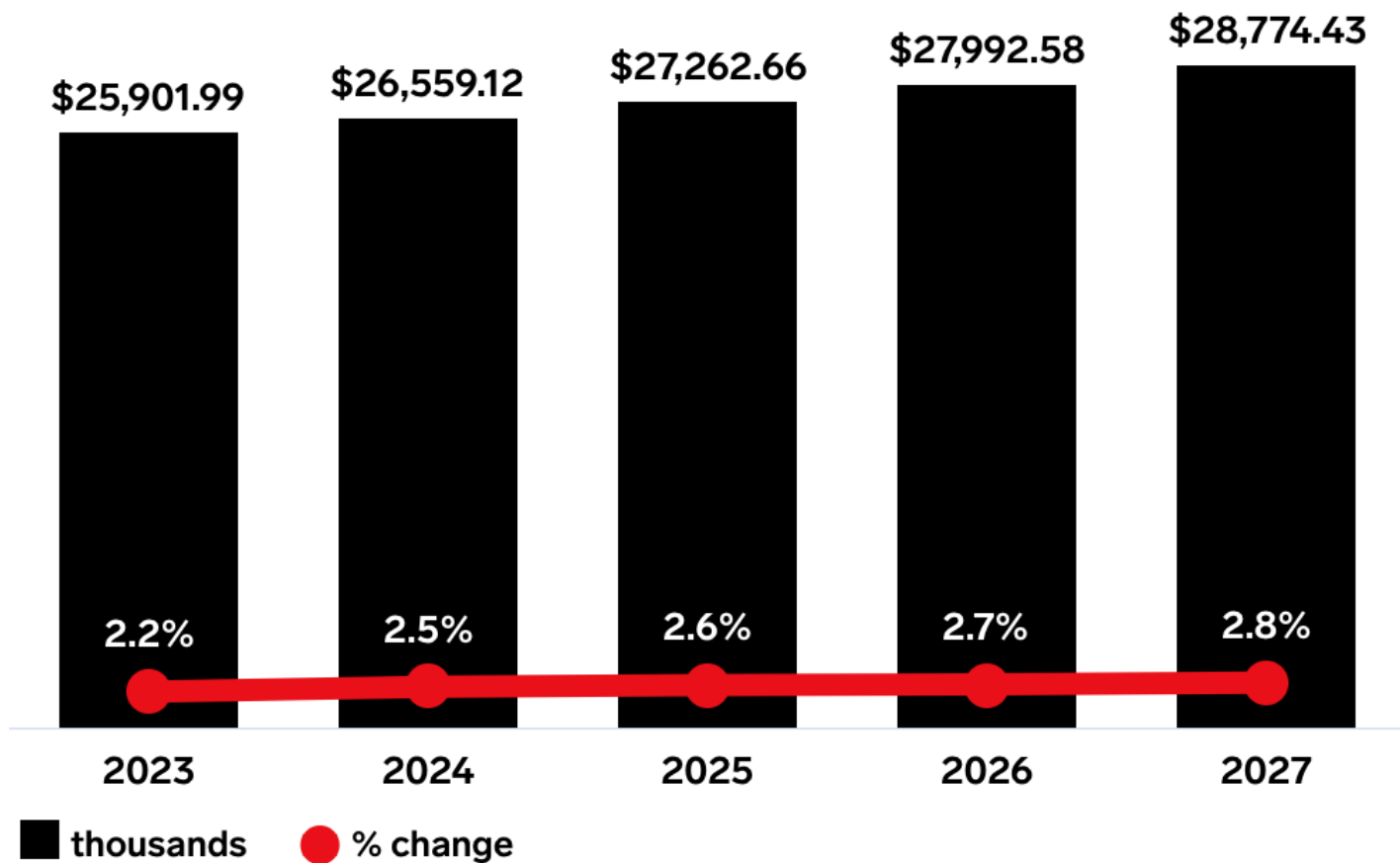
Looking ahead: In spite of the layoffs, there's plenty of reason for retailers to feel optimistic about 2024.

- **Holiday sales were strong.** Core retail sales during the holiday season rose 3.8% over 2023, per NRF analysis of US Commerce Department data. That provided strong momentum heading into the new year.
- **Consumers feel good.** Consumer sentiment soared 13% in January to reach its highest level since July 2021, per the University of Michigan. Over the last two months, sentiment has risen 29%—the largest two-month increase since 1991 following the end of a recession.
- **More workers have more money to spend.** Nearly six in 10 workers (57%) earned higher annual inflation-adjusted wages than the year before in November, a share higher than the 2017–2019 prepandemic average.

That's why our [US retail sales forecast](#) expects retail sales, per person, to rise a solid 2.5% this year and overall retail sales to rise 3.3%.

Retail Sales, per Person

US, 2023-2027



Note: excludes travel and event tickets, payments such as bill pay, taxes or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales

Source: Insider Intelligence | eMarketer, November 2023

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