

Off-price retail continues to thrive

Article

The trend: Off-price retail continues to thrive as economic concerns drive shoppers to seek out discounts.

- Foot traffic to **TJ Maxx** and **Marshall's** in April grew 2.6% and 3.0% year-over-year (YoY), respectively, [per](#) Placer.ai. That was in stark contrast to apparel retailers, which saw visits fall by 16.2% in the same month.
- Both **Macy's** and **Nordstrom** will open more off-price stores this year in a bid to drive store visits and sales. Macy's plans to add 10 **Backstage** locations to existing Macy's stores, while

Nordstrom will add 20 to its **Rack** fleet.

Zoom out: Off-price retailers are uniquely positioned to continue growing despite market uncertainty.

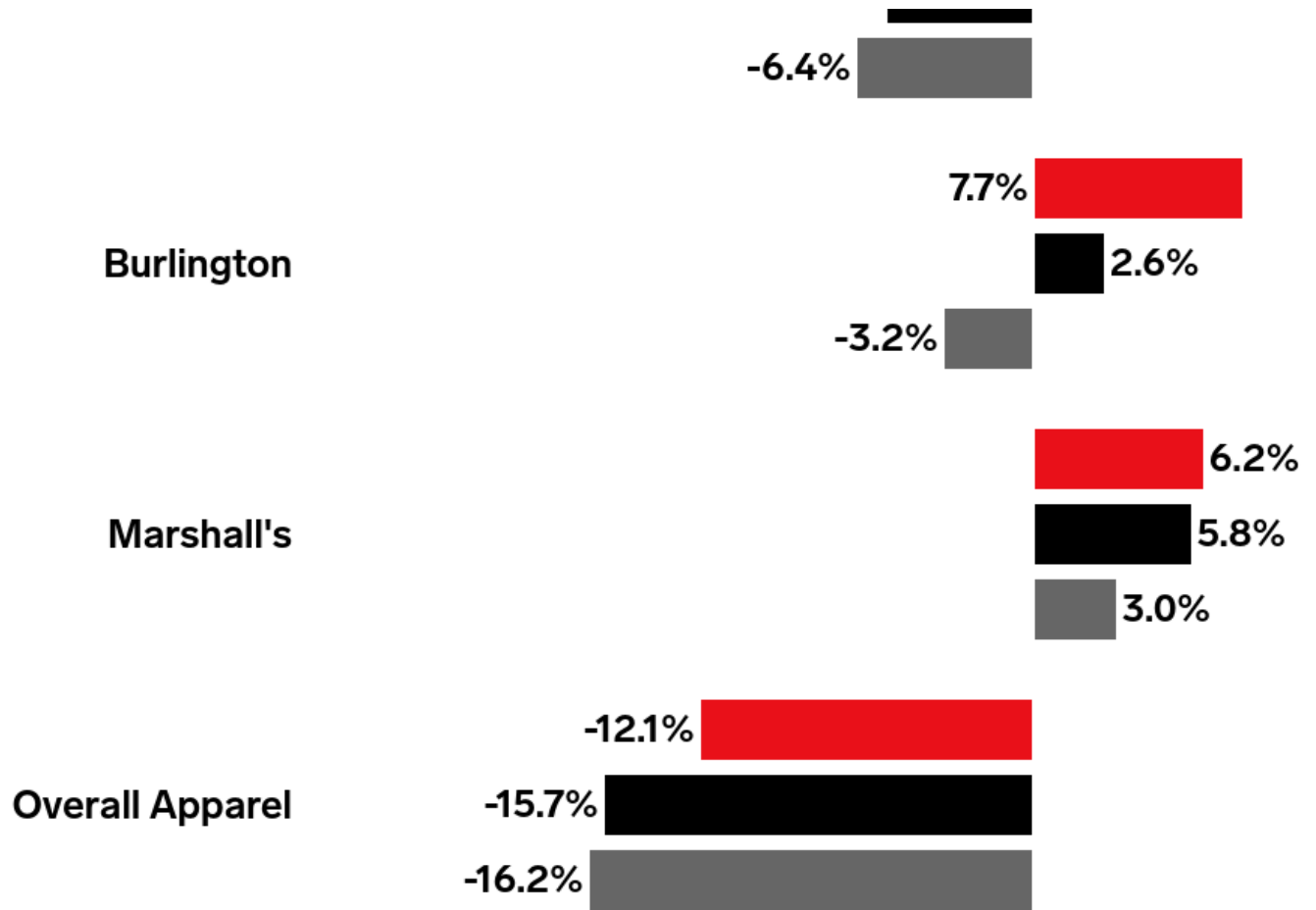
- In addition to their abilities to draw in price-conscious consumers, off-price operators have an abundance of inventory at their disposal, thanks to widespread retail inventory gluts in 2022.
- **TJX Companies, Burlington, and Ross Stores** are among the retailers highlighting the abundant availability of merchandise, especially branded items, as a crucial element of their growth strategy.
- For both Macy's and Nordstrom, off-price banners offer the opportunity to both offload excess merchandise and appeal to consumers shopping at lower price points.
- While Nordstrom Rack's inventory issues hurt its ability to make inroads with shoppers, Macy's is seeing more success. Macy's Backstage shop-in-shops are outperforming its department stores, while 99% of Backstage customers also shop at another of the retailer's nameplates, per its Q4 earnings presentation.

Looking ahead: While off-price retailers look set for another strong year, growing competition from secondhand retailers could eventually eat into market share as more shoppers look for ways to save money while consuming sustainably.

Change in US Monthly Visits to Select Off-Price Retailers, Feb-Apr 2023

% change vs. prior year





■ February 2023
 ■ March 2023
 ■ April 2023

Source: Placer.ai as cited in company blog, May 15, 2023

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