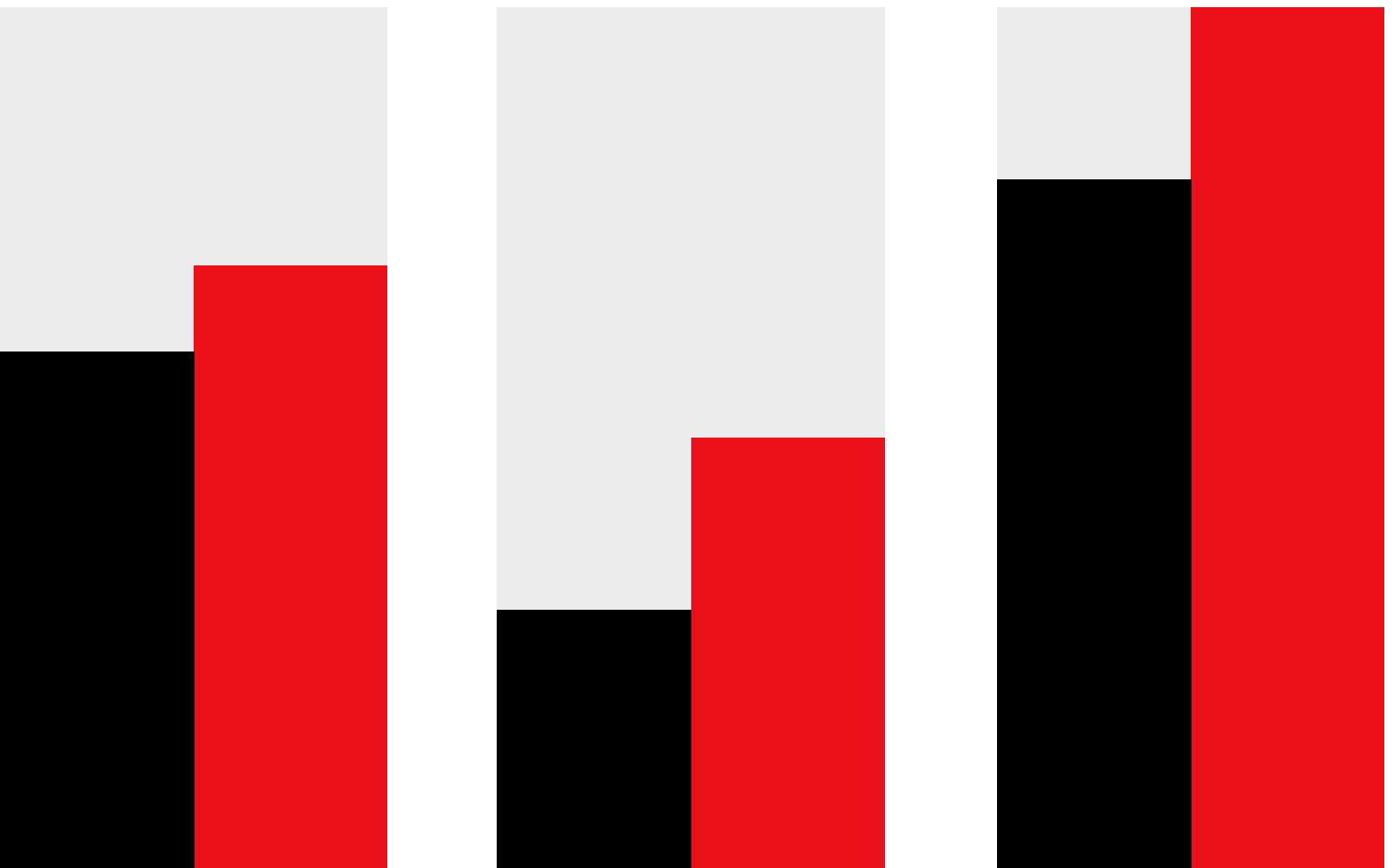


# 4 More Retail Predictions for 2023

Article



## 4 More Retail Predictions for 2023

This year will be marked by a little bit of the old and a little bit of the new. While consumers give in-store shopping another go, augmented reality (AR) will help bridge the gap between the physical and digital worlds. Our analysts have already covered the [biggest trends of 2023](#), but here are four more predictions for what's to come this year.

### Prediction: Expect more Prime Day-type events from Amazon and other retailers

Even before its annual Prime Day kicked off in July, Amazon had eyes for a second go-around in October.

- Prime Day brings in big bucks—total US online spending reached [\\$11.9 billion in July 2022](#), up 8.5% year over year, according to Adobe—but inflation took a toll on both events last year. Spending on the October event was [down 40% from the July event](#), per Clover, which saw 35% of Prime Day shoppers spending less than the year before.
- We expect Amazon's ad revenue growth to slow from 20.4% in 2022 to 18.8% in 2023.
- Its ecommerce sales also have cooled significantly following pandemic highs (42.0% growth in 2020 compared to 2022's 10.3%).

[More Prime Day events can help with ecommerce and ad slowdowns](#), according to our analyst Andrew Lipsman, who believes Amazon could run an event each season.

- For its part, Amazon's economists said in a [November 2022 report](#) that there was a 30% likelihood of a recession in the US in the next six months. And the ecommerce giant is taking preemptive cost-cutting steps to shore up its finances. More events could help in these efforts.

It's not just Amazon using these occasions to boost sales.

- Both Walmart and Target hosted concurrent events (Rollbacks and More, and Deal Days, respectively).
- With inflation impacting purchasing decisions and companies struggling to hold onto pandemic growth spurts, creating more must-buy purchasing events is likely on the docket for many retailers.

### Prediction: In-store shopping is back, but it's changing

After two years of ecommerce dominance, [in-store shopping is having a comeback](#).

- We expect more direct-to-consumer retailers to [invest in brick-and-mortar](#) this year, as Warby Parker and Allbirds did in 2022.
- Other [expansions](#) include dollar and discount stores (Dollar General plans to open 1,050 this year) and fast-fashion brands (Primark expanding in the US).

But not all brick-and-mortar locations are enjoying this resurgence.

- Many [malls are struggling](#) to attract tenants and shoppers, exacerbated by the closure of major department stores.
- [Malls will replace shuttered department stores with alternative businesses](#) to keep foot traffic up. Think grocery stores, restaurants, or even doctors' offices.

In the year ahead, retailers will rethink the in-store experience:

- [Major department stores](#) like Macy's and Bloomingdale's will continue to move away from large, mall-anchored locations to smaller-format stores in more accessible locations.
- Retailers will attempt to become a "[third place](#)" where consumers can do more than just shop. Retailers from cookware-maker Our Place to H&M are putting a community-focused spin on their stores.
- [Stores will double as distribution centers](#) as retailers navigate the narrowing space between ecommerce and physical stores.

## Prediction: Resale is ripe for explosive growth

The resale market will continue to grow in 2023, driven by consumers who want to save the planet and, maybe more importantly, some money.

- According to OfferUp, 93% of Americans say inflation impacts their decision to [buy and sell secondhand goods](#).
- Meanwhile, just 21% say that reducing their carbon footprint is a top reason to participate in “recommerce.”

The secondhand apparel market will contribute to that growth in a major way, thanks in part to online platforms like thredUP and Poshmark.

- Resale’s ecommerce expansion will continue this year as companies like [Shein](#) and [Goodwill](#) invest in online marketplaces.
- We estimate that [US fashion digital resale marketplace sales](#) will hit nearly \$20 billion this year and continue to grow by double digits through 2025.
- Categories outside of apparel will explore resale in the coming months, following in the footsteps of [Ikea](#) and [Dick’s Sporting Goods](#).

As the resale market heats up, so will the [potential for mergers and acquisitions](#).

- And it’s already started. South Korean tech company [Naver](#) will acquire recommerce marketplace Poshmark for \$1.2 billion.
- We expect to see more moves like this in 2023 as companies team up to streamline operations and widen their customer bases.

## Prediction: 2023 is the year of AR

If 2022 was the year of the metaverse hype (and the year of metaverse hate), 2023 will be the year of AR. To participate in AR shopping, consumers don’t necessarily need expensive headsets like they do for virtual reality (VR). For the [91%](#) of US internet users who shop via mobile, AR is already accessible.

Using a filter to [simulate a couch in a living room](#) or virtually try on makeup is free, whereas Meta’s less expensive VR headset, the [Quest 2](#), will leave a \$400 hole in consumers’ pockets. The cost of entry and change in behavior required for VR adoption indicate it’s further down the road than AR, which is already in many shoppers’ hands in the form of a smartphone.

- Granted, just 13% of US adults say they have used AR or VR when shopping, according to our survey, but as the [tech improves](#), growth should pick up momentum.
- Retailers are trying to cut down on [returns](#), which contribute billions of dollars in lost revenues. Adoption of AR fitting rooms could help to prevent customers from [buying multiple items](#) and returning some.

Consumers are still confused as to what the metaverse really is. But while mass adoption of a VR alternative world remains far in the future, [retail AR is already here](#).

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