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Which brands won (or lost) in 2023

Article

The winners: Retailers faced no shortage of headwinds throughout 2023 as inflation, rising borrowing costs, and the resumption of student loan repayments weighed on consumers' budgets and caused them to adjust their spending habits. Despite the challenging terrain, several retailers managed to thrive.

- **Abercrombie & Fitch** successfully wooed millennial and Gen Z consumers by focusing on the values important to them, such as inclusivity, diversity, and authenticity, as well as by expanding the range of sizes and categories it sells. The retailer has also executed well by expanding into new categories and clearing excess inventory faster than most of its competitors

- **E.l.f. Beauty** was perfectly positioned to capitalize on consumers'—particularly Gen Z and millennials—desire to buy lower-cost alternatives to premium beauty products. Leaning into "dupes" helped the brand approach the $1 billion sales mark.
- **TJX** thrived as value-oriented shoppers gravitated toward off-price merchants and other discounters in search of deals. The retailer's low prices have helped attract a growing share of shoppers—particularly Gen Z and millennials—to **TJ Maxx**, **Marshalls**, and **HomeGoods** for their treasure hunt experiences and frequent inventory refreshes.
- **Walmart**'s clear value proposition drove shoppers across all income levels, helping it win share—especially in the grocery category, which it already dominated. And its Walmart+ membership service helped it retain those customers by offering online orders quickly delivered to their doors at no additional cost. The combination of Walmart's booming grocery and ecommerce sales also fueled its highly lucrative advertising business.

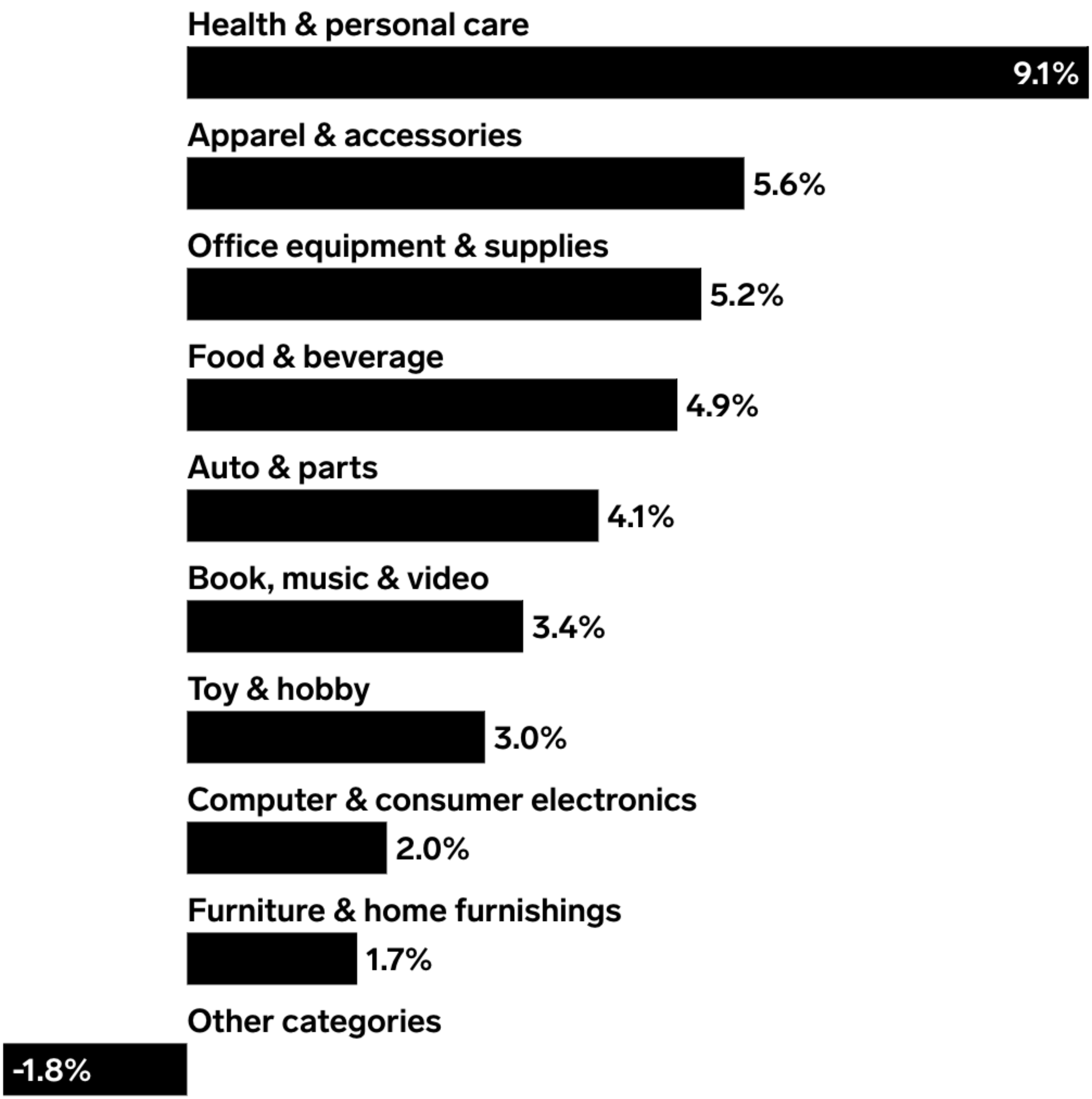
The losers: Unsurprisingly, the retailers that struggled the most this year largely rely on discretionary spending in categories such as apparel, home furnishings, and consumer electronics.

- **Target** faced no shortage of challenges throughout the year. Some, such as its decision to pull LGBTQ+ Pride Month-themed merchandise just ahead of Pride Month in response to a right-wing backlash, have been its own doing. Others, such as the growing challenge of retail shrink and consumers' pullback on nonessential purchases, have been industrywide issues. To right its ship, Target is focused on bolstering its merchandising and shoring up its bottom line.
- **Nordstrom Rack** proved to be the exception to the off-price retail boom due to its uninspiring mix of brands and prices that weren't as competitive as its rivals.
- **Bed Bath & Beyond** shed the name **Overstock** earlier this year after buying Bed Bath & Beyond's brand equity and customer data. But it hasn't been able to shed its challenges as all of its key metrics fell in Q3, its first quarter since making the name change. While the company noted in its earnings release that Bed Bath & Beyond was the fifth most recognizable brand in the home space (well ahead of Overstock at No. 25), that brand ID largely stemmed from its physical presence. The new Beyond Inc. may need to learn how to operate stores or else its investment may fall flat.

The big takeaway: Success is no accident. While conditions were favorable for each of our retail winners, their abilities to thrive stemmed from their clear visions and strong execution.

Retail Sales Growth, by Product Category

US, 2023, % change



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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