

6 retailers to watch in 2024

Article

Amazon Fresh could get a refresh to conquer the grocery market, Finesse uses AI to reduce fashion waste, and Claire's leans on content to engage Gen Z alphas. Meanwhile, Macy's downsizes, e.l.f. Beauty aims to go viral, and Walmart makes strides in media. Here are six retailers that are most likely to makeover, reinvent, go viral, and more, as predicted by our analysts in a recent ["Reimagining Retail"](#) podcast episode.

Most likely to need a makeover: Amazon Fresh

The expansion of Amazon Fresh's brick-and-mortar stores was put on hold last year, but is expected to resume this year. In addition, Amazon is redesigning some stores to include larger product selections, smart shopping carts, and kid-friendly features. However, our analysts are skeptical of whether those changes will help the brand capture a larger share of the \$1.382 trillion in US physical grocery sales this year, according to our November 2023 forecast.

"I'm not sure if redesigning the [Amazon Fresh] stores and adding Krispy Kremes inside is a big enough change for it to grab a bigger hold of the grocery market," our analyst Zak Stambor said. "Grocery is a category where scale really matters, and Amazon just doesn't have it."

Most likely to start a conversation: Finesse

Self-described as the first AI-driven fashion house, Finesse uses proprietary algorithms to determine what styles and how much to produce. The brand also asks consumers to vote on designs to help gauge demand and avoid overproduction and waste.

"[The voting model] is going to be a really hard model to sustain," our analyst Arielle Feger said. So it may stir conversation, "but it's not necessarily going to be a good one."

Most likely to never grow up: Claire's

Claire's has stayed committed to its brand identity, resisting the urge to age with millennials, allowing it to cater to Gen Zers and Gen Alphas in innovative ways. "It's revamped [its] loyalty program, its piercing business is more modern, and it will be in Kohl's stores across the country," Feger said.

Claire's is investing in content through its production studio, CMedia. The brand will launch a children's TV series in partnership with Sony Pictures Television - Kids, as well as scripted audio shows with Audio Up Media.

Most likely to reinvent itself: Macy's

Q3 2023 sales and profits were higher than expected, bolstered by more efficient inventory, lower promotions, and investments in high-performing categories such as beauty and luxury. Despite that, the retailer plans to continue reducing its operating costs by cutting around 2,350 positions.

Department store sales were down 4.1% YoY in October 2023, per the US Commerce Department. Macy's is experimenting by opening small-format stores (roughly a fifth the size of its usual footprint) that offer a more casual, curated experience with new private label brands to appeal to a wider demographic. "It's helping [Macy's] be more current for 2024," Feger said.

Most likely to go viral: e.l.f. Beauty

"E.l.f. knows exactly who they are. They're leaning into dupes and affordability, and then in terms of paid content outside of social, they're putting money in the right places," our analyst Sara Lebow said. Those efforts helped e.l.f. Beauty's revenues spike 76% YoY in its fiscal Q2 2024 to reach \$215.5 million.

Following the success of its ad starring Jennifer Coolidge in 2023, e.l.f. Beauty will return to the Super Bowl with a 30-second spot featuring its top-selling Halo Glow Liquid Filter.

The future is bright for the industry, too. In 2023, the **cosmetics and beauty sector was the fastest-growing US retail segment**, bringing in \$94.36 billion, according to our US Beauty Consumer report. In addition, most beauty consumers don't plan to cut back spending in 2024, according to our November 2023 **US Beauty Consumer survey**.

Most likely to make it in media: Walmart

Although it's no match for Amazon, which will claim 74.2% of digital retail media ad spend this year, according to our October 2023 forecast, Walmart is putting up a fight. Not only is Walmart's share of retail media ad spend expected to grow from 7.5% in 2024 to 8.6% in 2025, it's leaning heavily into shoppable media and entertainment partnerships.

The retailer teamed up with NBCUniversal to launch shoppable ads on Peacock, showcasing products inspired by the show "Below Deck Mediterranean." AI-powered ads allow viewers to shop relevant table settings and cookware directly from Walmart between episodes.

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