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Article

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Who took home the trophy and who went home with a consolation prize? We asked our [Reimagining Retail](#) team to give us the lowdown:

The winner: Despite issuing profit warnings last month, **Walmart** is sitting pretty coming out of Q2. Is this a case of under promising and over delivering? Or has the economy taken a significant upturn? It's a bit of both, according to analyst Andrew Lipsman. The retailer did its best to prep the market for less-than-stellar results but somehow managed to clear the

lowered bar. Plus, “Relief at the gas pump means money back in consumers’ hands to spend at physical retail,” Lipsman said. “So it’s not a great picture but a better picture.”

CEO Doug McMillon told CNBC the retailer’s sales got a lift from [new customers from households with an annual income of \\$100,000 or more](#). While Walmart isn’t targeting that cohort, it has benefited from value-seeking shoppers. “If you can buy something that is of equal quality but at a lower price, why wouldn’t you?” analyst Suzy Davidkhanian asked.

The loser (well, not really): Target didn’t have as good of a second quarter. Earnings were below expectations, and profits were down dramatically. But it’s not a huge surprise. “We knew they had a worse inventory overhang,” Lipsman said. “They had to discount aggressively to move it and take that product hit.”

But it’s not all doom and gloom. Though things aren’t looking great from a shareholder perspective, the retailer has a strong merchandising strategy, Davidkhanian said. By leaning into its private label brand and its national brand partnerships, Target has set itself up nicely for the second half.

Secret sauce: Walmart+ may be the key to success for the retailer going forward. With the service at the center of its flywheel, the retailer can keep customers within its ecosystem and fuel other business parts.

For Target, it needs to keep doing what it’s doing, investing in its brand partnerships and expanding its private label assortment. “Target has a sweet spot with its private label,” Lipsman said. “These are brands customers have an affinity for and they get to save money.”

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