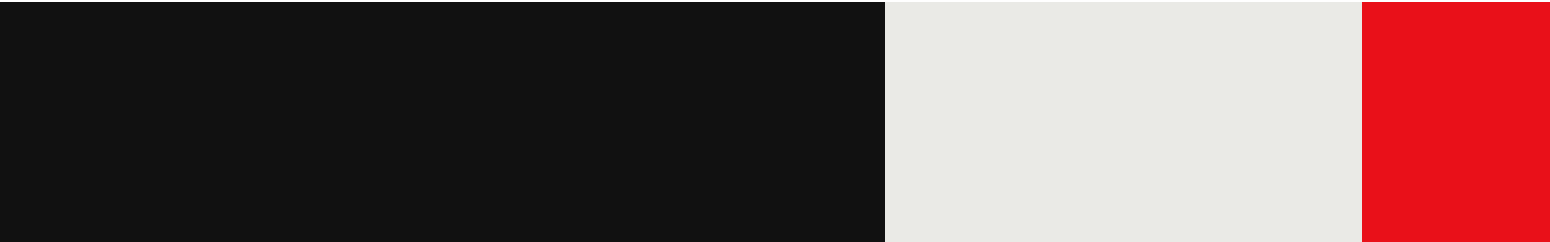


# Five Below, Stitch Fix, Bath & Body Works say mix of pricing, loyalty programs, and AI drive sales

Article



Five Below is using price cuts to appeal to low-income households, while Bath & Body Works is leveraging its [loyalty](#) program to keep customers coming back. AI is a valuable tool for Stitch Fix, helping the company to optimize its inventory.

Here are three key stats from each retailer's most recent earnings and what they mean for the industry at large.

## 1. Five Below delivers on low prices

**The key stat:** About 85% of units sold by Five Below in Q1 were priced at or below \$5.

- The retailer is conducting a pricing test across 100 stores to measure the impact of price reductions on sales, said president and CEO Joel D. Anderson in a Q1 earnings call.
- A main focus for Five Below is keeping prices low across seasonal products.

**What it means:** Consumers are becoming more discerning with their dollars, especially lower-income households, noted Anderson, which means Five Below must be increasingly strategic with its pricing strategy.

“The lower-end customer is really being stretched, and we [have] got to deliver value. And we've got to really display that in how we go to market.”

## 2. Bath & Body Works grows its loyalty program

**The key stat:** Bath & Body Works' loyalty program drove 80% of US sales in Q1. Active loyalty members increased 18% YoY to reach 37 million, said CEO Gina Boswell in last week's earnings call.

**What it means:** Loyalty programs can drive purchases and boost customer lifetime value.

- In Q4 2023, Bath & Body Works introduced exclusive and early access events to incentivize purchases.
- This helped the retailer grow sign-ups—new customers made up 43% of loyalty program enrollments in the quarter.
- The loyalty program also helps personalize the customer journey, which drives further engagement among consumers, said Boswell.

### 3. Stitch Fix leverages AI for inventory management

**The key stat:** Stitch Fix's AI buying tool informed nearly half of the company's inventory in Q1.

- The tool uses proprietary data to predict demand, empowering the merchandising team to make more effective buying decisions, said CEO Matt Baer.
- It also enables merchants to spend more time identifying trends, working with vendor partners, and developing private brands.

**What it means:** AI's use cases in retail are evolving, automating more manual tasks to free employees up for more complex, creative projects.

It can help the bottom line—Baer said Stitch Fix's AI-selected merchandise outperformed items selected without the use of the tool, though he didn't elaborate on what metric was being tracked.

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