

## Retail Trends

### March 4, 2025

#### Monthly retail sales from the US Commerce Department



In January, total monthly sales reached \$234.88B, with retail sales rising 3.9% year over year and e-commerce up 3.8%. Despite cold weather, apparel sales increased due to outerwear purchases, while sporting goods sales fell 4.3%. Analysts noted that fears of tariffs led some consumers to pull forward purchases, contributing to a strong start for retail, though potential headwinds like inflation and high debt levels could impact future growth.

#### Tech, trade and taxes: What's impacting retail in 2025



NRF President and CEO Matthew Shay shares insights on the retail landscape and outlook for 2025. While we are poised to continue another strong year in retail sales, variables such as trade relations, taxes, and immigration and workforce reform may be challenging to navigate. "Retailers are finding ways to be creative and adapt in the face of uncertainty," he says.

## Brick and Mortar

#### Joann to be sold, all stores going out of business



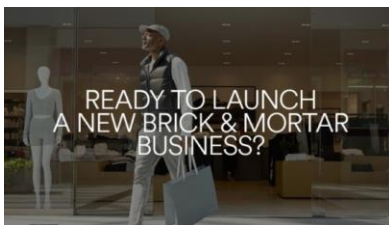
Joann will close all of its more than 800 stores following its second bankruptcy in less than a year, pending court approval. Despite efforts to restructure and reduce debt, Joann's significant financial challenges and a sluggish retail economy ultimately could not be overcome. The retailer reported \$615.7 million in debt in January.

#### Walmart rolled through 2024, but uncertainty about consumers and tariffs seep into year ahead



Walmart reported strong sales and profits for 2024, driven by its competitive prices attracting inflation-weary shoppers. However, the company expressed concerns about the uncertainty of consumer behavior and the impact of new tariffs, which could affect its low-price model. Despite these challenges, Walmart continues to gain market share, particularly among higher-income households, and is exploring new sourcing strategies to mitigate tariff impacts.

#### Simon, Shopify team up to help digital brands enter brick-and-mortar retail



Simon, Shopify, and Leap have partnered to help ecommerce brands expand into brick-and-mortar retail. This collaboration offers solutions for quickly opening new stores, with brands like True Classic and Ring Concierge already benefiting from the initiative. The partnership aims to enhance omnichannel strategies, leveraging physical stores to grow revenue and attract new customers.

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#### Store closures outpace openings amid 'historic shift' to service-based tenants



Retail store closures are outpacing openings for the first time in recent years, with over 9,900 closures compared to 7,700 openings from 2024 through mid-February 2025. This trend is driven by bankruptcies and a shift towards service-based tenants like restaurants and fitness clubs. Despite the challenges, the real estate churn may free up 140 million square feet of retail space, offering opportunities for new tenants.

#### Amazon, King of Online Retail, can't seem to make its physical stores work



Amazon is closing about half of its Amazon Go convenience stores, which have struggled to gain traction since their launch in 2018. Other physical-store ventures by Amazon, including bookstores and fashion outlets, have also faced challenges, leading to closures. The company is now focusing on licensing its “Just Walk Out” technology to other retailers, while continuing to invest in its grocery portfolio, including Whole Foods Market and Amazon Fresh.

#### Why there is no relief ahead for high used car prices



Used-car prices remain high due to factory disruptions from three years ago, causing a 2.2% increase from December to January. This price surge is contributing to overall inflation, which is stuck at 3%, raising doubts about potential interest rate cuts by the Federal Reserve this year. Persistent high prices are making it difficult for consumers to find affordable used vehicles.

## Ecommerce

#### From AI to AR: the bold innovations defining e-commerce in 2025



Advancements in AI and AR are revolutionizing e-commerce in 2025 by enhancing personalization, improving logistics, and integrating social commerce. AI-driven subscriptions are becoming more personalized and anticipatory, while social platforms like TikTok and Instagram are merging storytelling with seamless purchasing.

# Retail Trends

## April 3, 2025

## Overview

### Monthly Retail Sales from the US Commerce Department



In February 2025, total monthly retail sales were \$223.30 billion, with e-commerce rising 1.7% year over year. Key sectors showed mixed performance: non-store sales increased by 2%, furniture and home goods rose by 2%, general merchandise remained flat, clothing and accessories dropped by 3%, sporting goods and hobbies fell by 6%, and electronics and appliances declined by 9%. January 2025 saw total monthly sales of \$234.88 billion, with a 3.9% year-over-year increase in retail sales, driven by a 3.8% rise in e-commerce and gains in home goods, general store sales, and apparel.

### California's AB 2854 Update: April 30th Compliance Deadline



In March 2025, the California Department of Tax and Fee Administration (CDTFA) adopted [Emergency Regulation 1808](#), which clarifies the reporting and publication requirements for local agencies under Revenue and Taxation Code section 7213 (AB 2854). This regulation mandates that local agencies report tax revenue sharing agreements and outlines penalties for non-compliance. These regulations will remain in effect for two years from adoption and may be readopted as needed. The regulation was adopted in accordance with the Administrative Procedure Act. For updated AB 2854 compliance requirements [please see this guidance from the CDTFA](#).

**Compliance due date is April 30, 2025.**

### Register Now for the Institute for Local Government Webinar: Boosting Local Budgets



**Thursday, April 10, 11:30am - 1:00pm**

Learn how retail and consumer trends impact local government via sales tax revenue, and what to expect from 2025. Bobby Young, Client Services Director, will share the HdL forecast. Connor Duckworth, HdL Client Advisor will cover the difference between regulatory and non-regulatory tax codes and discuss how to better leverage the lesser-known local taxes and fees that can shore up your budget for the year, and Bret Prebula, City Manager for Suisun City, will share lessons learned from putting these strategies into practice.

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### Forever 21 is Going Out of Business in the United States



Forever 21 has filed for bankruptcy for the second time in six years, citing fierce competition from foreign fast fashion retailers and rising costs. The company plans to conduct liquidation sales and seek a buyer for some or all of its assets while keeping its U.S. stores and website operational for now. This move highlights the challenges faced by traditional retailers in adapting to changing consumer trends and the competitive landscape dominated by e-commerce giants like Shein and Temu.

### Kohl's Shares Fall After Weak Sales Outlook



Kohl's reported a 9.4% decline in quarterly sales and announced a cut to its dividend, projecting a larger-than-expected sales decline for fiscal 2025. This news led to a 24% drop in Kohl's shares on Tuesday, adding to the stock's 14% year-to-date decline. The company joins a growing list of retailers warning of a slowdown in household spending.

### CVS Opening Smaller Pharmacy Only Stores



CVS is opening around a dozen smaller-format stores this year that will only have pharmacies, eliminating the front-end retail section. This move is part of CVS's broader turnaround strategy, which includes closing over 1,000 stores and laying off thousands of employees to adapt to industry changes. The smaller stores aim to meet specific community pharmacy needs and reduce operational costs amid growing competition from digital players and other retail chains.

### Target Upgrades Circle Week Deals in Quest for \$15B Sales Growth in Five Years



Target aims to boost its sales by \$15 billion over the next five years by enhancing its Circle Week deals and expanding its Circle and 360 membership programs. The retailer added 13 million new Circle members in 2024, bringing the total to over 110 million, and plans to triple its 360 membership base with new perks and benefits. Despite these efforts, analysts remain skeptical about Target's ability to achieve its ambitious growth targets in a volatile consumer market.

### Nordstrom Posts Healthy Fourth-quarter Results as It Prepares to Go Private

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Nordstrom reported a positive fourth quarter with net earnings of \$165 million, or 97 cents per diluted share, and a 4.7% increase in comparable sales. The company plans to go private through a \$6.25 billion deal with Mexican retailer El Puerto de Liverpool, offering \$24.25 per share to common shareholders. Despite the privatization move, Nordstrom's strong performance in women's apparel, activewear, and men's apparel contributed to its overall sales growth and profitability.

### Dick's Posts Record Holiday Sales, Flags Uncertain Year Ahead



Dick's Sporting Goods reported a strong fourth quarter with comparable sales rising 6.4% and total sales reaching \$3.89 billion, slightly up from the previous year. Despite this performance, the company predicts modest sales growth of 1% to 3% for the upcoming year due to global uncertainty. Dick's continues to see growth from new retail concepts and its GameChanger app, which is expected to generate \$150 million in revenue this year.

### Ulta Beauty Tops Quarterly Results on Strong Holiday Demand for Cosmetics, Perfumes



Ulta Beauty exceeded sales and profit expectations for the fourth quarter, driven by strong holiday demand for cosmetics and perfumes, leading to a 7% rise in shares during extended trading. Despite a 1.9% decline in net sales to \$3.49 billion, the company posted a profit of \$8.46 per share, surpassing estimates. However, Ulta forecasted annual sales and profit below expectations due to potential impacts from impending trade policies.

### Store Visits Grow at Trader Joe's, Aldi



In 2024, Trader Joe's and Aldi saw significant growth in store visits, with Trader Joe's visits up 6.2% and Aldi visits up 18.2%, driven by store expansions and strong consumer demand. Despite their limited assortments, both chains have become primary shopping destinations, with Trader Joe's attracting higher-income shoppers (median household income of \$110,100) compared to Aldi (\$75,700). The trend continued into 2025, with January and February visits increasing at both grocers, highlighting their appeal as weekend stock-up destinations.

### GM-backed 'Coast-to-Coast' EV Charging Network Grows to 130 Locations

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GM, EVgo, and Pilot have installed electric vehicle chargers at 130 locations across 25 states as part of their coast-to-coast EV charging network initiative. The partnership aims to install 2,000 DC fast chargers at 500 Pilot and Flying J truck stop locations nationwide, enhancing road trip plans for EV drivers. Each station features gas station-style canopies and can charge most EV models from 20% to 80% in around 30 minutes, significantly faster than home chargers.

## Ecommerce

### How Walmart Built the Biggest Threat Amazon Has Faced



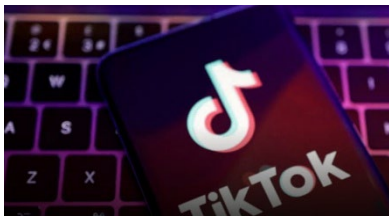
Walmart has emerged as a formidable competitor to Amazon in e-commerce by utilizing its extensive network of stores for rapid and convenient delivery, especially for groceries and everyday essentials. The retailer's Spark delivery system, powered by freelance drivers, has expanded its same-day delivery reach to 93% of U.S. households, providing a significant advantage over Amazon. Walmart's strategy of offering low prices, fast delivery, and a wide range of products, including premium items, has attracted higher-income shoppers and increased its market share in the online grocery space.

### Grocers see record-high 80M households buy groceries online in February



In February 2025, U.S. grocers saw a record high of over 80 million households ordering groceries online, driven by aggressive promotions and membership strategies. Online grocery sales for the month totaled \$10.3 billion, a 31% increase compared to February 2024, with delivery services like Amazon and Instacart contributing significantly to this growth. Despite lingering consumer price sensitivity, retailers have successfully positioned their memberships as valuable options, leading to a sharp rise in delivery sales and a slower growth in pickup services.

### How TikTok Shop is Beating Amazon and Temu in the Social Shopping Space



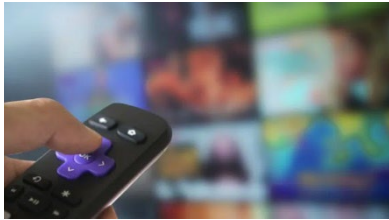
TikTok Shop has quickly become a leading social shopping platform in the U.S., attracting 47 million shoppers who spend an average of \$32 million daily. The platform's success is attributed to its integration of ultra-cheap prices and in-app social shopping, which keeps users engaged and purchasing without leaving the app. However, TikTok Shop faces potential disruption as Congress has mandated

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that ByteDance sell TikTok's U.S. operations by April 5, 2025, or face a ban due to national security concerns.

### Global Online Consumer Expenditure to Hit \$6.6 Trillion by 2029



A new study by Omdia predicts that global online consumer spending will grow from \$4.4 trillion in 2025 to \$6.6 trillion by 2029, with shoppable TV emerging as a significant opportunity. The U.S. is expected to see its online consumer spending rise from \$1.4 trillion to \$2 trillion during the same period. Challenges such as seamless checkout, consumer trust, and platform integration need to be addressed to fully realize the potential of shoppable TV.

## Trade

Trump tariffs: 39 imported cars and trucks that are likely to see price hikes