

Retail Trends January 30, 2025

HdL Companies selected as GovTech 100 honoree



HdL Companies recognized in the 2025 GovTech 100 list by Government Technology Magazine, highlighting its significant impact within state and local government markets. The company, which has been a leader in revenue management solutions for over 40 years, supports local governments with advanced technology and data analytics to enhance revenue streams and improve operational efficiencies.

Monthly retail sales from the US Commerce Department



December retail sales rose 5.6% year over year to \$325.4 billion, with e-commerce growing 10.2%, driven by strong consumer spending and credit usage. Despite early holiday shopping, sales volumes increased by 1.6%, though discounts and credit reliance may impact future financial stability.

Brick and Mortar

US closures to again outpace openings this year



Coresight Research projects that U.S. retailers will close more stores than they open in 2025, with an estimated 15,000 closures compared to 5,800 openings. This trend is driven by liquidations, restructuring, and changes in brick-and-mortar strategies, with significant closures announced by Party City, Big Lots, Kohl's, and Macy's.

Costco workers vote to strike



Costco workers vote to strike on February 1st if a union deal is not struck. Teamsters characterize the retailer's financial performance as "record-breaking" as last quarter was the company's best since 2023. In the period, global net sales rose 7.5% year over year to \$61 billion, with U.S. comps excluding fuel up more than 7% and net income up more than 13% to \$1.8 billion.

Mapping Trader Joe's ambitious store growth

Retail Trends January 30, 2025



In 2024, Trader Joe's experienced significant growth, opening 34 new stores across the U.S., with over half of these openings occurring between October and December. California saw the most new locations, with 10 stores, contributing to the grocer's total of nearly 200 locations in the state, representing over one-third of its entire U.S. store fleet.

Nordstrom Rack raises 2024 guidance following holiday boost



Nordstrom Rack outperformed the company's namesake banner in net sales growth during the first three quarters of 2024, with a 4.6% year-over-year increase in Q3. The company raised its 2024 guidance, expecting revenue growth between 1.5% and 2.5%, and comparable sales growth between 2.5% and 3.5% year over year.

Joann files for bankruptcy for the second time in a year



Joann filed for bankruptcy for a second time in 2024 due to ongoing retail challenges, financial difficulties, and inventory issues. The company plans a court-supervised sale to maximize business value while maintaining commitments to customers and employees, despite recent store closures and operational struggles.

Reduced refinery activity puts upward pressure on fuel prices



Since early January 2024, U.S. refinery utilization has decreased by 11%, falling as low as 81% during the two weeks ending February 9 and February 16. Despite U.S. retail average prices for gasoline and diesel being below 2023 levels, decreasing regional inventories have led to increased retail prices for both fuels last month.

Ecommerce

Amazon Prime Day statistics to know



In 2024, Amazon Prime Day generated a record-breaking \$14.2 billion in sales in the U.S., a 10.5% increase from the previous year, with 60% of households placing multiple orders. Apparel, shoes, and electronics were top sellers, with electronics being the most discounted at around 34%.

Trade

Tariffs may add to a 'toxic brew' for consumers

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A National Retail Federation (NRF) study estimates that proposed tariffs on imports, including a universal 10-20% tariff and an additional 60-100% tariff on goods from China, could cost U.S. consumers \$46 billion to \$78 billion annually in lost spending power due to higher prices on products like apparel, toys, and furniture. These tariffs would disproportionately impact low-income families and raise prices significantly across key consumer goods, while providing limited benefits to U.S. manufacturers and placing a financial burden on retailers and consumers.

2024 Global Trade Report: Supply chain vulnerabilities & trade complexities dominate concerns



The 2024 Global Trade Report identifies key challenges, including supply chain disruptions, geopolitical conflicts, and labor issues. Companies are focusing on improving supply chain visibility, managing regulatory complexities, and investing in technology to navigate these challenges and enhance efficiency.

What We're Reading

Retail job cuts spiked in December



Retail job cuts spiked dramatically in December 2024, and the industry overall saw a 47% decline in job cuts year over year. Despite the layoffs, hiring in retail increased, with retailers seeking to hire more workers in 2024 compared to 2023.

After fires, bidding wars and cutthroat demand take over L.A.'s rental market



The Los Angeles wildfires have intensified competition in the rental market, with thousands of displaced residents urgently seeking housing. This surge in demand has led to bidding wars and concerns about rent gouging, as many struggle to find long-term accommodations amidst the crisis.