



The Lean Retail Insights Brief

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Timely Consumer Insights for Marketers

Although there are several ongoing economic challenges impacting consumer spending, back-to-school shopping is predicted to be up 7.5% from July 14 through September 5, compared to last year when sales rose 11% during the same period. These modest gains are generating some positive increases for several brands. Retail categories such as party supplies, apparel, and health & beauty saw substantial visitation gains between May and July. But as we all know, shoppers are being much more frugal with their spending this year as they focus on getting more bang for their buck. So it may not be surprising that discount brands are also experiencing an uptick in foot traffic and sales. Stores like Burlington, TJMaxx, and Ross Stores, which are listed third, fifth, and sixth, respectively, in NRF's annual Top 25 ranking, have seen positive growth recently.¹

The Impact on Marketers

The loyalty that brands have worked so hard to regain over the past year is at risk as consumers opt for making "practical" and "cost-based" buying decisions, even if it means passing on their favorite brands and products.

For marketers, understanding how customers modify their spending and shopping behaviors during economic instability is paramount to developing a marketing strategy that keeps their loyal customers engaged and, more importantly, providing them with options that fit their budget.

In this issue of the Retail Lean: Volume 2, we spotlight key visitation trends that reveal which audiences are likely to be spending during the Back-to-School (BTS) shopping season and how consumers modify their spending and shopping behaviors. Also, we look at the retail sectors and brands that have been able to grow their share of visitation despite the decrease in consumer spending.

About The Lean

Between professional careers and personal lives, we understand that there is very little time left to read drawn out whitepapers. This is why we created The Lean — meaningful marketing insights that help brands make strategic decisions about their marketing campaigns. Specifically designed for easy consumption and quick reference, each issue of The Lean applies offline behavioral data filters and other industry sources to current consumer trends to help understand the impact they are having on business outcomes such as visits and sales. GroundTruth data is sourced from the 30 billion annual global visits observed on its platform. All data is anonymized and aggregated.

¹ NRF



Retail insights

1 Sales and foot traffic are up for many retail categories



2 Certain retail sectors and brands are faring better than others during an uncertain economic climate

3 Consumers plan to shop more in-store, encouraging retailers to open more stores

4 Due to rising costs, cautious shoppers are modifying their spending and shopping behaviors

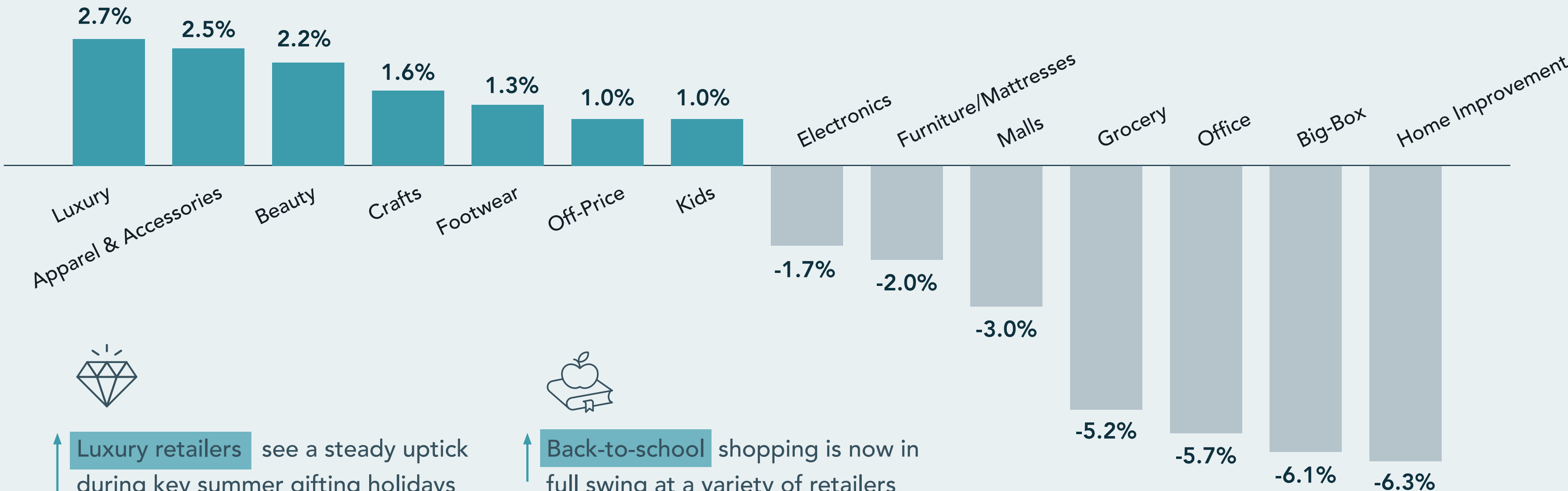


Sales and foot traffic are up for many retail categories

Luxury, apparel, beauty, crafts, footwear, off-price and kids sectors see foot traffic increases in July

CHANGE IN FOOT TRAFFIC

July vs. May/June 2022



Luxury retailers see a steady uptick during key summer gifting holidays and occasions, such as Mother's/ Father's Day and Graduation season



Back-to-school shopping is now in full swing at a variety of retailers



As the housing market settles down, there is less need for home improvement purchases



Grocery store visits decrease due to seasonality and more people opting to dine out while the weather is nice

Consumers are modifying their spending

Shoppers are prioritizing essentials such as food, energy and back-to-school items

Reach summer shoppers at their other points of interest

Back-to-school shoppers are **76%** more likely to be Morning QSR Goers



There is expected to be an increase in back to school shopping as children head back to physical schools, some for the first time since before the pandemic²



TOP BACK-TO-SCHOOL (BTS) SHOPPER AUDIENCES

% LIKELINESS TO BE BTS SHOPPER THAN AVERAGE

Morning QSR Goers	+76%
In-Market for Auto	+63%
In-Market for Furniture	+60%
Movie Goers	+58%
DIYers	+56%
Pizza Lovers	+56%
Pet Lovers	+45%
Coffee Lovers	+34%
Department Store Shoppers	+34%
Convenience Store Shoppers	+28%

Top brands staying hot this summer

Summertime naturally leads to more parties and events. We've seen an increase of up to 45% in foot traffic to party supply stores such as Party City

Some favorite back-to-school brands this year:



TOP TRENDING RETAIL BRANDS IN JULY (VS. MAY/JUNE)

% Change in Foot Traffic

Party City

+44%

NIKE

+33%

MODELL'S SPORTING GOODS

+17%

Neiman Marcus

+12%

Pier 1 imports®

+10%

Justice

+9%



Microsoft Store

+9%

lululemon athletica

+9%

sunglass hut

+8%

SEPHORA

+8%

ZARA

+7%

Consumers plan to shop more in-store, encouraging retailers to open more stores

Retailers announce seven times as many store openings as closings this year



85%

of people say they plan to shop in physical stores more in 2022 than last year³

7X

Retailers announce seven times as many store openings as closings in the first quarter of 2022⁴



↑ Openings remain concentrated in discount/dollar and off-price sectors

Discount chains represented 45% of total opening announcements

DOLLAR GENERAL

Burlington



↓ Closings are concentrated in footwear and apparel

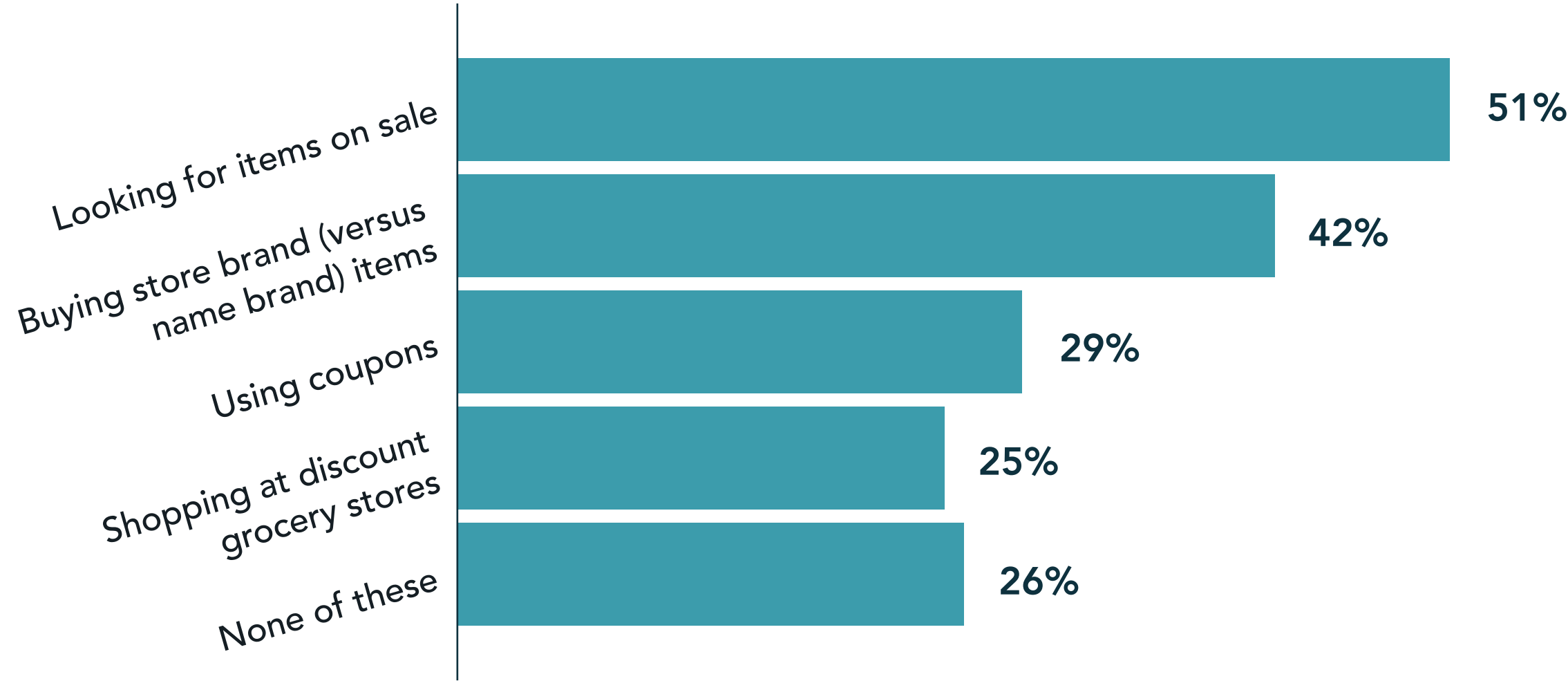
Apparel retailers accounted for 33% of closures

Due to rising costs, cautious shoppers are adjusting their shopping patterns

Shoppers are in and out of stores more quickly to avoid over-buying. Shoppers are also purchasing more store brands and sale items

WHAT HAVE U.S. ADULTS FOUND THEMSELVES DOING MORE THAN USUAL WHEN GROCERY SHOPPING RECENTLY?⁵

% of respondents, week of May 29, 2022



AVERAGE TIME SPENT IN RETAIL STORES

by month, 2022

MAY	28 minutes
JUNE	26 minutes
JULY	24 minutes

↓ Shoppers are spending an average of 4 less minutes in stores, a **14% decrease from May**

⁵eMarketer

Looking Forward

- **“Deal shoppers” are not exclusively limited to shopping at discount brands – they buy everywhere.**

With so much competition for share of wallet, marketers need to increase engagement with key shopper segments that can help drive revenue. Neighborhood location-based targeting technology allows marketers to target unique geographical boundaries based on the combination of visitation patterns and audience segments.

- **Let your KPI be your guide.**

In a down economy, it’s important for marketers to clearly define KPIs to avoid wasting marketing dollars on programs that have little to no ROI. To reach the audiences during the right phases of the purchasing journey, marketers need to make sure they match those KPIs with their strategy. For example, if you’re looking to expand your reach through multiple channels, think about blending CTV and other video assets to produce a measurable reach extension advantage with your campaign.

- **Make every minute count.**

With less disposable income, shoppers are in and out of stores more quickly to avoid overspending. This makes reaching customers BEFORE they get to your location more important than ever. Using physical world behavioral insights, marketers can strategically engage with new and loyal customers before they shop using visitation pattern insights with relevant offers based on their brand preferences.

- **Multiple locations with different inventory levels can be frustrating for shoppers.**

35% of shoppers are willing to substitute a similar brand or product for the out-of-stock items on their shopping lists. In-stock marketing technologies can help national and local retailers and CPG brands serve shoppers similar or alternative product options for items that may not be available at specific store locations or redirect shoppers to alternative stores with higher levels of product availability.





Questions?

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