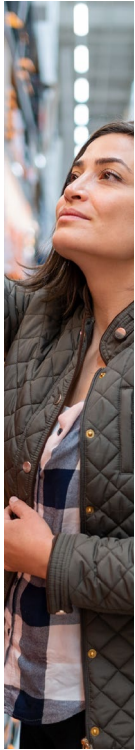


## State of US Retail

US retail sales continue to grow, albeit at a lower rate in 2023



It is expected that US retail sales will slow in 2023 to 2.5% on average driven by less inflation and flat demand. Brick-and-mortar will lose sales to online and disciplined spending by shoppers, who continue to be concerned about affording everyday essentials. Consider keeping inventories lean amid another year of low or stagnant retail demand but also watch for hopeful indicators of improved demand in 2023 that, however unlikely, may still materialize.

By 2027, it is expected that US retail sales will grow 4.5% with the online channel growing the fastest at 10.1%. Beyond online, **the Discounter channel is expected to be the second fastest growth channel, +6.5% by 2027.**

In fact, **there were more shoppers shopping in dollar stores for 8 consecutive months through March 2023** versus the same period in the prior year according to Kantar ShopperScape®. Overall, shoppers are channel shifting towards the dollar (discounter) and convenience channels versus all other FMCG-focused channels.

## Health & Wellness

Advancements within the digital health ecosystem empower consumers



Consumers are more informed regarding their well-being and support health partners and brands in streamlining health products and services. The three leading drug retailers (CVS, Rite Aid, and Walgreens) are expanding their primary healthcare services with telehealth partnerships and in-store clinics.

In fact, **Gen Z shoppers use drug retailers' health clinics heavily**, underlining their preference to proactively manage health & wellness needs. 22% of Gen Z shoppers have used CVS MinuteClinic®, 16% have used Walgreens VillageMD and 18% have used Walmart Health, all representing a significant difference versus 2022 according to Kantar ShopperScape,® February 2023.

## Future of Commerce

Five major global disruptions for drug chains and pharmacies to consider



**The first is new business models**, such as Cost Plus Drug Company, which it states offers more than 100 generic medications at a significant discount compared to traditional pharmacy chains. **The second is data, AI, and automation**, leading to numerous innovations including unattended pharmacy formats. **The third is the e-Pharmacy platform** driving more convenience and autonomy for consumers: one example is Tata 1 mg.com in India. **The fourth is the rise of challenger value brands** including private label competing more favorably with national brands. **The fifth is the rise of social media and influencer pharmacists** who will change how consumers approach healthcare considerations.

## Shopper Reset

Fundamental “ShopperDNA” — i.e., what guides shopping decisions — is relatively immutable



However, **economic conditions are forcing shoppers to refocus more on the inputs of shopping – time and money** – instead of the more intangible aspects of shopping like convenience and experience. Shopper confidence about their ability to afford everyday expenses reached a new low in March 2023. With SNAP federal incremental benefits gone, an estimated 12% of US consumers (US Census) will be more restricted in their spending each month. **The loyalty equation becomes even more important than before.**

## Our goal is to empower the world's most important organizations.

Armed with meaningful insights, businesses can focus on what matters and go further in the retail marketplace.

We're here to empower you. Boost your business. And take you further. Fueled by curiosity and rooted in research, we bring the tools, trends, and expertise that arm you to do more.



### Insight

In an ever-changing retail landscape, the smartest place to be is ahead of the curve. Unlock enterprise access to tools, insights, and expertise to arm you with forward-thinking plans, strategies, and advice. So, you're not just prepared for what's next in retail — you have the power to change it.



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On-site workshops. Applied research. Expert advising. We're bringing the experience, perspectives, and coaching to help you strategize, plan, execute, and succeed. Answering critical business questions and co-creating practical action plans. We're your partners in turning your goals into retail reality.



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