

# Retail Trends to Watch in 2025

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Which retail trends will dominate in 2025? We take a look at the location intelligence to uncover shifts poised to shape the retail landscape in the coming year.

- Discount & dollar stores may have reached a growth ceiling.** Discount & dollar stores were some of the biggest beneficiaries of a shaky economic landscape – but slowing foot traffic suggests that this category, too, may be ripe for a readjustment. We see this as a return to the middle – and an opportunity for discount chains to rethink their offerings and operations.
- Innovative value continues to dominate.** Consumers want to stretch their dollars without sacrificing quality – and reward retailers that offer specialty products and elevated experiences that don't break the bank. Chains like **Trader Joe's**, which keeps things fresh (and inexpensive) by constantly updating a unique private-label mix, and **Chili's**, which offers an FSR experience at a QSR price point, are reaping the foot traffic benefits.
- Is convenience still king? It depends who's asking.** The foregone conclusion that "convenience is king" may not be so foregone after all. Shoppers are making shorter trips to grocery stores, traveling farther for specialty items, and visiting multiple chains to get what they want – suggesting that they are willing to go the extra mile to find what they're looking for.
- Robotize my meal.** But convenience still resonates – especially in dining, where consumers are flocking to restaurants that harness tech to speed things up. Chipotle's avocado-peeling robot and McDonald's automated restaurant are drawing crowds – showcasing the power of tech to increase visits and get customers in and out the doors faster.
- Retail, shrinking and growing.** Retailers are meeting consumers where they are (literally!) with both smaller and larger-format stores. **Macy's** is growing its share of local weekday visits by going small – while home improvement brands **Harbor Freight Tools** and **Ace Hardware** are servicing smaller growth markets with the help of a leaner square footage. Other chains, like **Hy-Vee**, are leaning into large-format, one-stop shops that attract higher shares of weekend visits.
- Legacy brands are making a comeback.** Apparel and lifestyle chains that were hot in the 90s and aughts – brands like **Gap**, **Abercrombie & Fitch**, and **Anthropologie** – are back on the rise. **Anthropologie** has seen steady visit growth in recent years – with foot traffic to the chain now above pre-pandemic levels.
- Millennials remain a coveted demographic** – and brands like **Sam's Club** are attracting younger consumers with convenient, value-oriented shopping experiences. Between Q3 2019 and Q3 2024, The share of "Singles and Starters" in **Sam's Club's** trade area grew from just 6% above the nationwide baseline to 15% higher than average. Other brands are finding success by leaning into nostalgia offerings: **Taco Bell** made a splash with its "Decades Menu" – driving visits from far and wide.

# Table of Contents

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<b>Introduction</b>	<b>3</b>
<b>Conventional Value Reaching Its Ceiling</b>	<b>3</b>
<b>Innovative and Disruptive Value Shake Up Retail and Dining</b>	<b>5</b>
Trader Joe's Drives Visits With Private Label Innovation	6
Chili's Beats QSR at its Own Game	7
<b>The Convenience Myth</b>	<b>8</b>
<b>Serving Diners Quicker With Automatization</b>	<b>10</b>
Chipotle Draws Crowds With Autocado	10
McDonald's Leans into Automation in Texas	11
<b>Evolving Retail Formats - Finding the Right Fit</b>	<b>12</b>
Macy's Draws Local Weekday Visitors With Small-Format Stores	13
Harbor Freight Tools and Ace Hardware Serve Smaller Growth Markets With Less Square Footage	14
Hy-Vee Bucks the Trend by Going Big	15
<b>A Resurgence of Legacy Brands</b>	<b>16</b>
<b>Meeting the Evolving Needs of Millennials</b>	<b>18</b>
Sam's Club Draws Value-Conscious Singles and Starters	18
Taco Bell Brings in Crowds With Value Nostalgia Menu	19
<b>What Lies Ahead?</b>	<b>20</b>
Key Takeaways	21

## Introduction

2024 has been another challenging year for retailers. Still-high prices and an uncertain economic climate led many shoppers to [trade down](#) and cut back on unnecessary indulgences. Value took center stage, as [cautious](#) consumers sought to stretch their dollars as far as possible.

But price wasn't the only factor driving consumer behavior in 2024. This past year saw the rise of a variety of retail and dining trends, some seemingly at odds with one another. Shoppers curbed discretionary spending, but made room in their budgets for "essential non-essentials" like gym [memberships](#) and other wellness offerings. Consumers placed a high premium on speed and convenience, while at the same time demonstrating a willingness to go out of their way for quality or value finds. And even amidst concern about the economy, shoppers were ready to pony up for specialty items, legacy brands, and fun experiences – as long as they didn't break the bank.

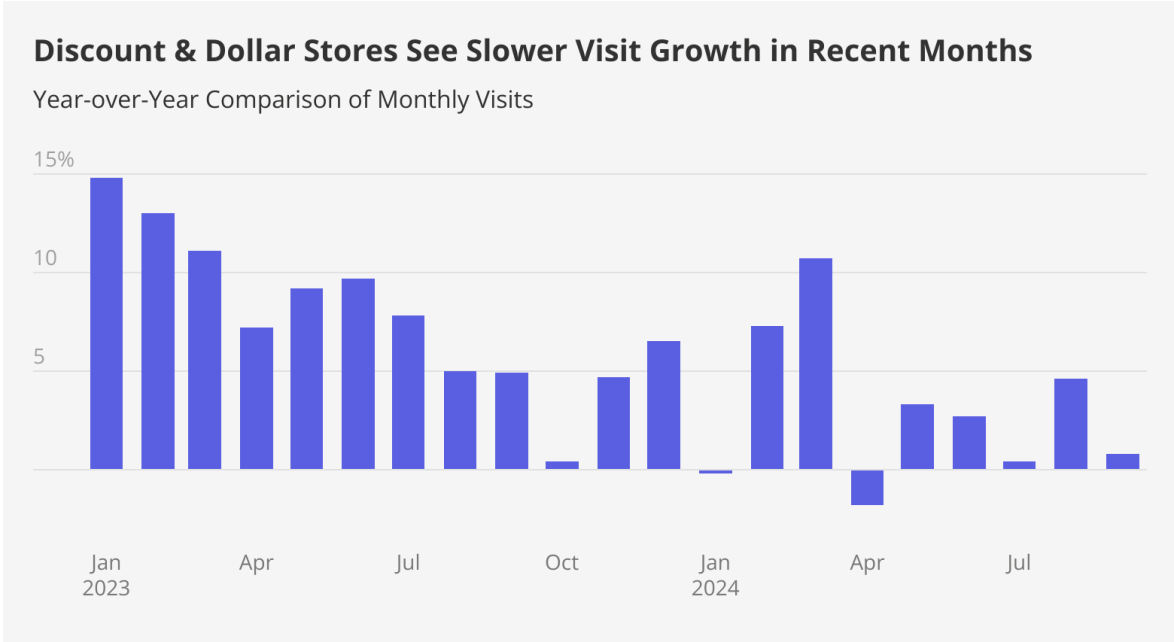
How did these currents – likely to continue shaping the retail landscape into 2025 – impact leading brands and categories? We dove into the data to find out.

## Conventional Value Reaching Its Ceiling

[Bifurcation](#) has emerged as a foundational principle in retail over the past few years: Consumers are increasingly gravitating toward either luxury or value offerings and away from the 'middle.' Add extended economic uncertainty along with rapid expansions and product diversification from top value-oriented retailers, and you have an explosion of visits in the value lane.

But we are seeing a ceiling to that growth – especially in the discount & dollar store space. Throughout 2023 and the first part of 2024, visits to discount & dollar stores increased steadily. But no category can sustain uninterrupted visit growth forever.

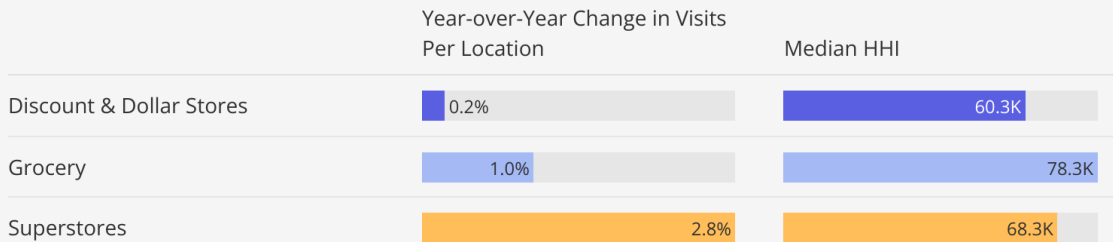
Since April 2024, year-over-year (YoY) foot traffic to the segment has begun to slow, with September 2024 showing just a modest 0.8% YoY visit increase.



Discount & dollar stores, which attract lower-income shoppers compared to both grocery stores and superstores, have also begun lagging behind these segments in visit-per-location growth. In Q3, the average number of visits to each discount and dollar store location remained essentially flat compared to 2023 (+0.2%), while visits per location to superstores and grocery stores grew by 2.8% and 1.0%, respectively. As 2024 draws to a close, it is the latter segments, which appeal to shoppers with incomes closer to the nationwide median of \$76.1K, which are seeing better YoY performance.

## Growth Lags for Discount & Dollar Stores as Economic Strain Hits Lower-Income Consumers

Q3 2024



\*Median HHI based on STI: Popstats Data combined with Placer.ai Captured Trade Area Data.

The deceleration doesn't mean that discount retailers are facing existential risk – discount & dollar stores are still extremely strong and well-positioned with focused offerings that resonate with consumers. The visitation data does suggest, however, that future growth may need to focus on initiatives other large-scale fleet expansions. Some of these efforts will involve moving upmarket (see [pOpShelf](#)), some will focus on fleet optimization, and others may include new offerings and channels.

Return of the middle anyone?

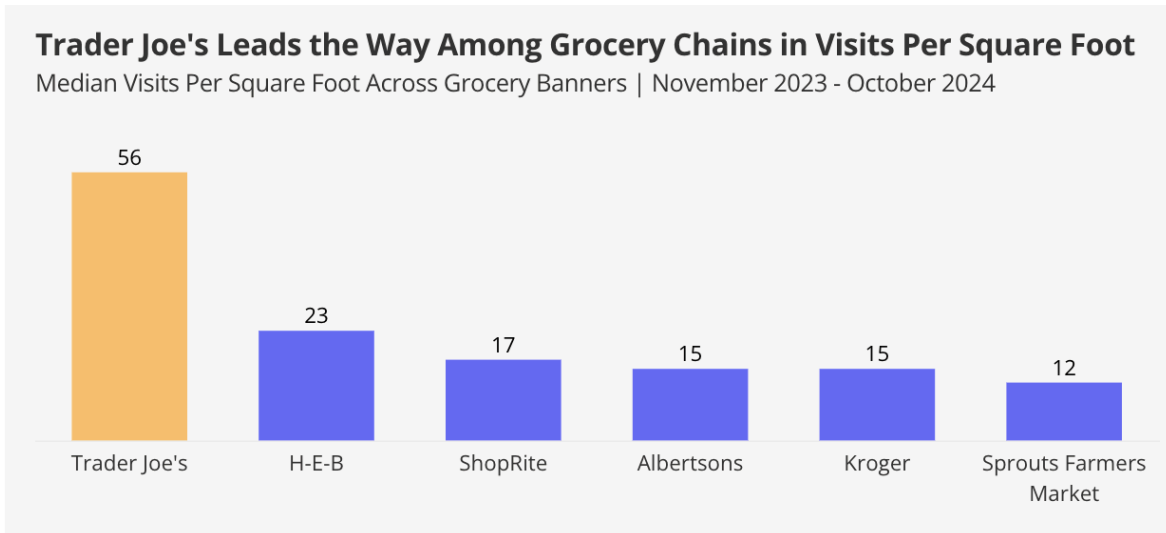
## Innovative and Disruptive Value Shake Up Retail and Dining

Still, in an environment where consumers have been facing the compounded effects of rising prices, value remains paramount for many shoppers. And brands that have found ways to let customers have their cake and eat it too – enjoy specialty offerings and elevated experiences without breaking the bank – have emerged as major visit winners this year.

## Trader Joe's Drives Visits With Private Label Innovation

Trader Joe's, in particular, has stood out as one of the leading retail brands for [innovative](#) value in 2024, a trend that is expected to continue into 2025.

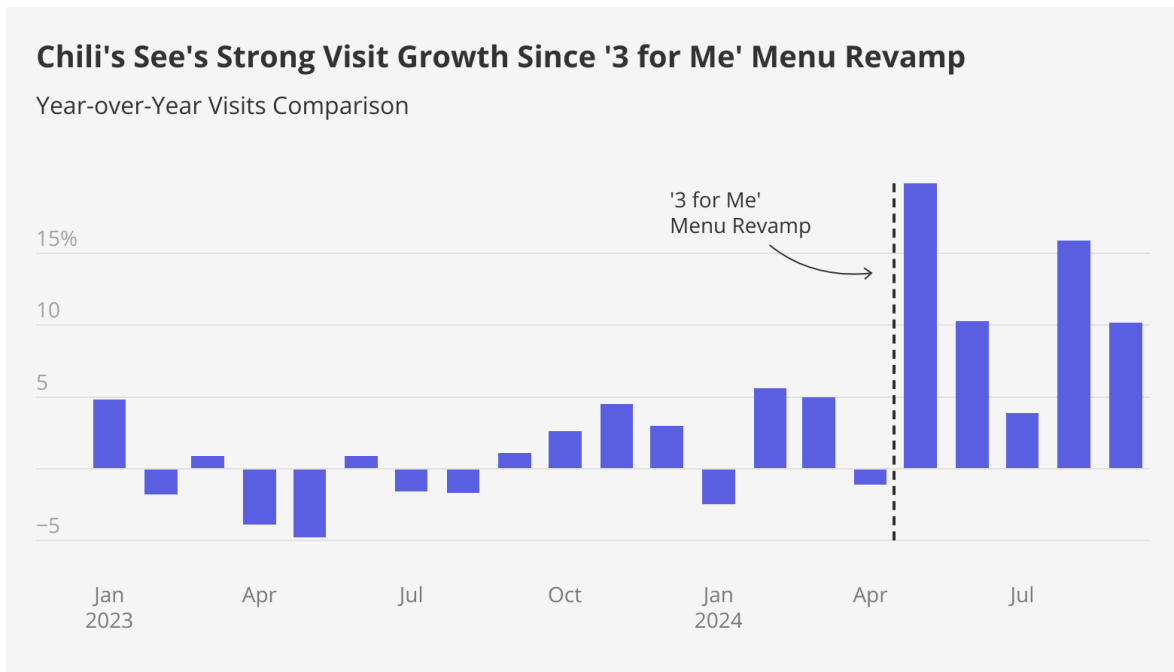
Trader Joe's dedicated fan base is positively [addicted](#) to the chain's broad range of high-quality specialty items. But by maintaining a much higher private label mix than most grocers – approximately 80%, compared to an industry average of 25% to 30% – the retailer is also able to keep its pricing competitive. Trader Joe's cultivates consumer excitement by constantly innovating its product line – there are even [websites](#) dedicated to showcasing the chain's new offerings each season. In turn, Trader Joe's enjoys much higher visits per square foot than the rest of the grocery category: Over the past twelve months, Trader Joe's drew a median 56 visits per square foot – compared to 23 for H-E-B, the second-strongest performer.



## Chili's Beats QSR at its Own Game

Casual dining chain Chili's has also been a standout on the disruptive value front this past year – offering consumers a full-service dining experience at a quick-service price point.

Chili's launched its Big Smasher Burger on April 29th, 2024, adding the item to its popular '[3 for Me](#)' offering, which includes an appetizer, entrée, and drink for just \$10.99 – lower than the average ticket at many quick-service restaurant chains. The innovative promotion, which has been further [expanded](#) since, continues to drive impressive visitation trends. With food-away-from-home inflation continuing to [decelerate](#), this strategy of offering deep discounts is likely to continue to be a key story in 2025.

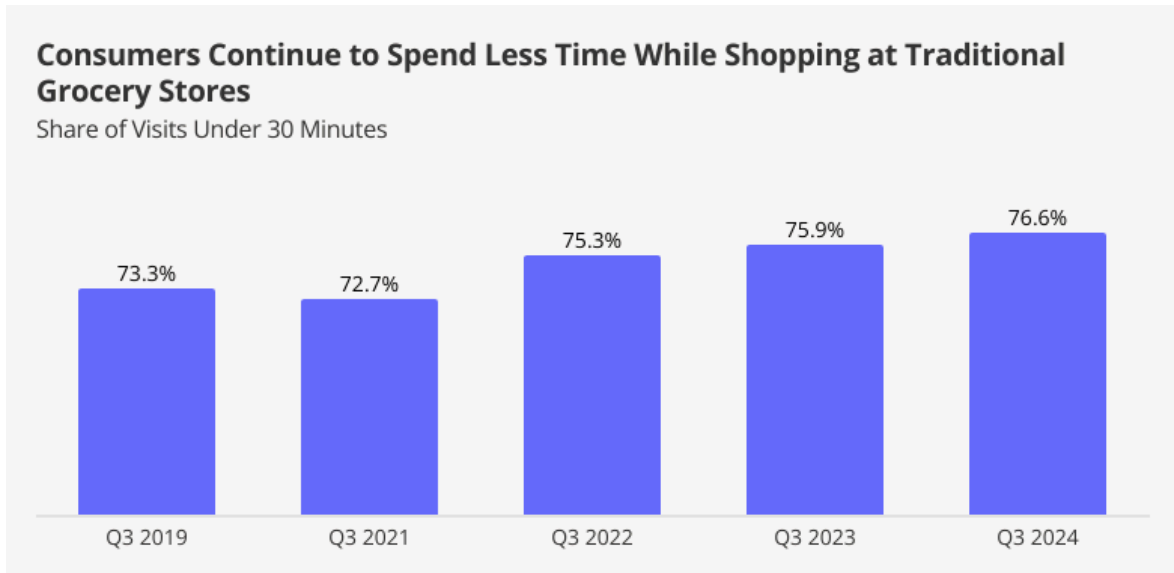


## The Convenience Myth

Convenience is king, right?

Well, probably not. If convenience truly were king, visitors would orient themselves to making fewer, longer visits to retailers – to minimize the inconvenience of frequent grocery trips and spend less time on the road. But analyzing the data suggests that, while consumers may want to save time, it is not always their chief concern.

Looking at the superstore and grocery segments (among others) reveals that the proportion of visitors spending under 30 minutes at the grocery store is actually increasing – from 73.3% in Q3 2019 to 76.6% in Q3 2024. This indicates that shoppers are increasingly willing to make shorter trips to the store to pick up just a few items.



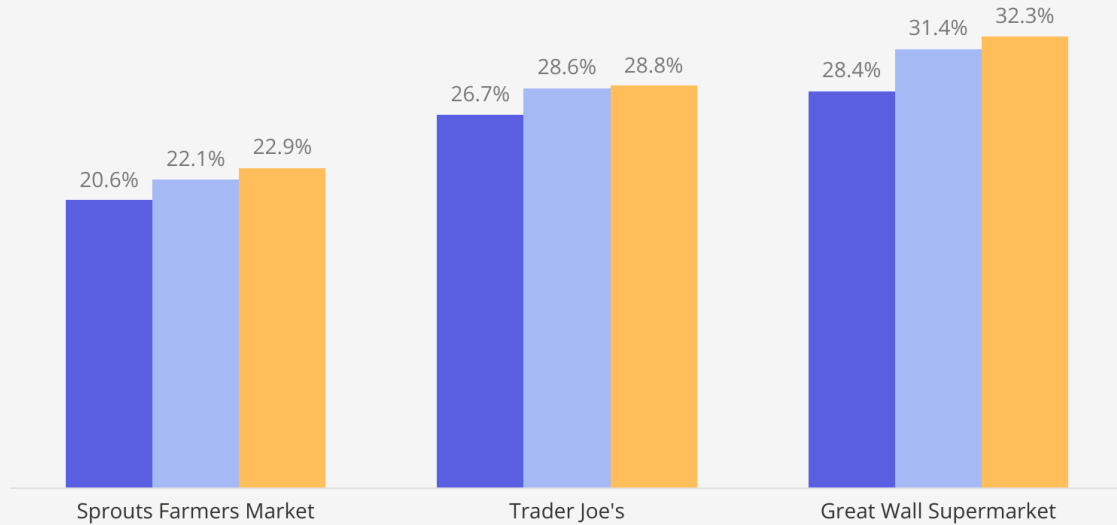
At the same time, more consumers than ever are willing to [travel farther](#) to visit specialty grocery chains in the search of specific products that make the visit worthwhile.



## Expanding Reach: Sprouts, Trader Joe's, and Great Wall Supermarket See Rising Share of Visits from Farther Away

Share of Visits by Distance Traveled to the Store | 7+ Miles

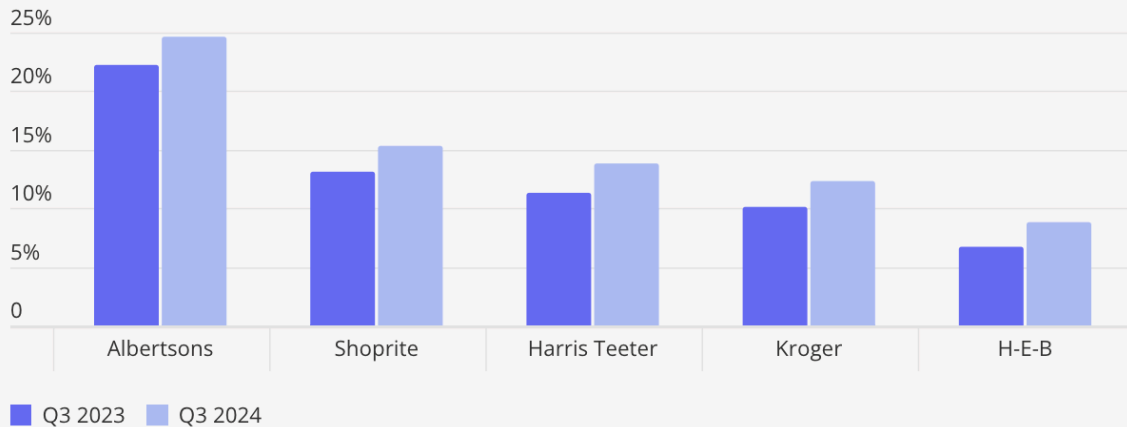
■ Q3 2019 ■ Q3 2023 ■ Q3 2024



Cross visitation between chains is also increasing – suggesting that shoppers are willing to make multiple trips to find the products they want – at the right price point. Between Q3 2023 and Q3 2024, the share of traditional grocery store visitors who also visited a Costco at least three times during the quarter grew across chains.

## Traditional Grocery Shoppers are Increasingly Shopping at Costco

Share of Traditional Grocery Chain Visitors that Visited a Costco at Least 3 Times During Q3



Does this mean convenience doesn't matter? Of course not. Does it indicate that value, quality and a love of specific products are becoming just as, if not more, important to shoppers? Yes.

The implications here are very significant. If consumers are willing to go out of their way for the right products at the right price points – even at the expense of convenience – then the retailers able to leverage these 'visit drivers' will be best positioned to grow their reach considerably. The willingness of consumers to forego convenience considerations when the incentives are right also reinforces the ever-growing importance of the in-store experience.

So while convenience may still be within the royal family, the role of king is up for grabs.

# Serving Diners Quicker With Automatization

## Chipotle Draws Crowds With Autocado

Convenience may not be everything, but the drive for quicker service has emerged as more important than ever in the restaurant space. Diners want their fast food... well, as fast as possible. And to meet this demand, quick-service restaurants (QSRs) and fast-casual chains have been integrating more technology into their operations. Chipotle has been a leader in this regard, [unveiling](#) the “Autocado” robot at a Huntington Beach, California location last month. The robot can peel, pit, and chop avocados in record time, a major benefit for the Tex-Mex chain.

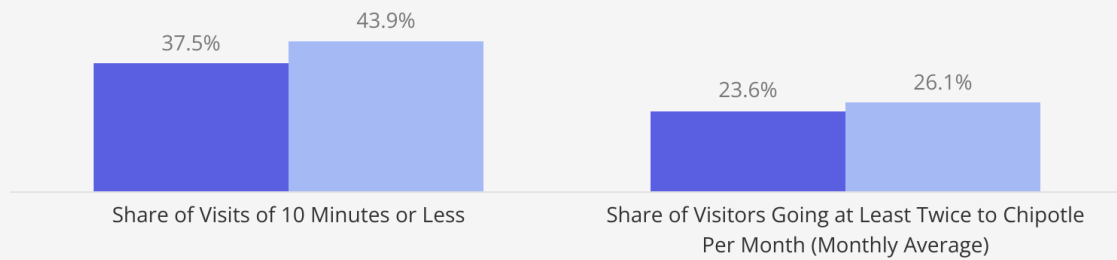
And the Autocado seems to be paying off. The Huntington Beach location drew 10.0% more visits compared to the average Chipotle location in the Los Angeles-Long Beach-Anaheim metro area in Q3 2024. Visitors are visiting more frequently and getting their food more quickly – 43.9% of visits at this location lasted 10 minutes or less, compared to 37.5% at other stores in the CBSA.

Are diners flocking to this Chipotle location to [watch](#) the future of avocado chopping in action, or are they enticed by shorter wait times? Time will tell. But with workers able to focus on other aspects of food preparation and customer service, the innovation appears to be resonating with diners.

## Chipotle Location with "Autocado"\* Sees Higher Share of Short Visits and Loyal Customers

Q3 2024

■ Chipotle / Los Angeles-Long Beach-Anaheim, CA CBSA ■ Chipotle with Autocado / Magnolia St, Huntington Beach, CA



The Chipotle with Autocado Saw **10%** More Visits Than The Average Chipotle in the Los Angeles-Long Beach-Anaheim, CA CBSA During Q3 2024

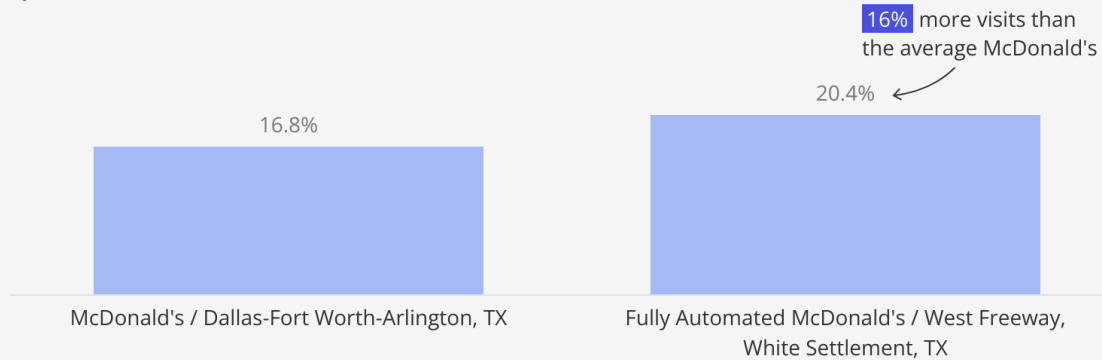
\*The "Autocado" is a Robotic Device that Automates the Cutting, Coring, and Scooping of Avocados to Create the Restaurant's Signature Guacamole

## McDonald's Leans into Automation in Texas

McDonald's, too, has leaned into new technologies to streamline its service. The chain debuted its first (almost) [fully automated](#), takeaway-only restaurant in White Settlement, TX in 2022 – where orders are placed at kiosks or on app, and then delivered to customers by robots. (The food is still prepared by humans.) Unsurprisingly, the restaurant drives faster visits than other local McDonald's locations – in Q3 2023, 79.7% of visits to the chain lasted less than 10 minutes, compared to 68.5% for other McDonald's in the Dallas-Fort Worth-Arlington, TX CBSA. But crucially, the automated location is also busier than other area McDonald's, garnering 16.8% more visits in Q3 than the chain's CBSA-wide average. And the location draws a higher share of late-night visits than other area McDonald's – customers on the hunt for a late-night snack might be drawn to a restaurant that offers quick, interaction-free service.

## The Fully Automated McDonald's in White Settlement, TX Saw a Higher Share of Late Night Visits and Performed Better than Nearby Locations

Q3 2024 Share of Visits Between 8 PM and 12 AM



## Evolving Retail Formats - Finding the Right Fit

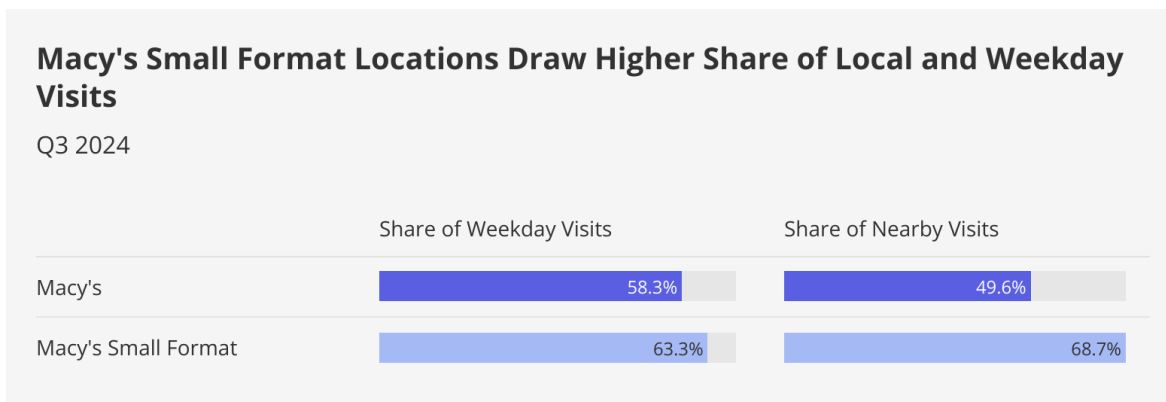
Changing store formats is another key trend shaping retail in 2024. Whether by reducing box sizes to cut costs, make stores more accessible, or serve smaller growth markets – or by going big with one-stop shops, retailers are reimagining store design. And the moves are resonating with consumers, driving visits while at the same improving efficiency.

### Macy's Draws Local Weekday Visitors With Small-Format Stores

Macy's, Inc. is one retailer that is leading the small-format charge this year. In February 2024, Macy's [announced](#) its "Bold New Chapter" – a turnaround plan including the downsizing of its traditional eponymous department store fleet and a pivot towards [smaller-format](#) Macy's locations. Macy's has also continued to [expand](#) its highly-curated, small-format Bloomie's concept, which features a mix of established and trendy pop-up brands tailored to local preferences.

And the data shows that this shift towards small format may be helping Macy's drive visits with more accessible and targeted offerings that consumers can enjoy as they

go about their daily routines: In Q3 2024, Macy's small-format stores drew a higher share of weekday visitors and of local customers (i.e. those coming from less than seven miles away) than Macy's traditional stores.



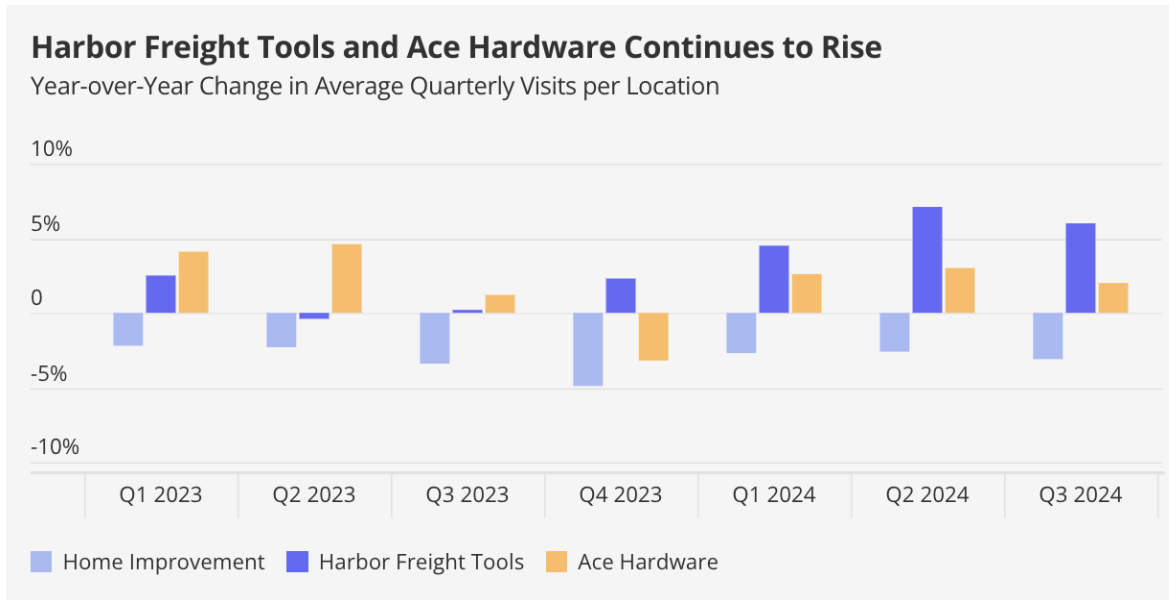
### Harbor Freight Tools and Ace Hardware Serve Smaller Growth Markets With Less Square Footage

Small-format stores are also making inroads in the home improvement category. The past few years have seen consumers across the U.S. migrating to [smaller suburban](#) and rural markets – and retailers like Harbor Freight Tools and Ace Hardware are harnessing their small-format advantage to accommodate these customers while keeping costs low.

Harbor Freight tools and Ace Hardware's trade areas have a high degree of overlap with some of the highest growth markets in the U.S., many of which have populations under 200K. And while it can be difficult to justify opening a Home Depot or Lowe's in these hubs – both chains average more than 100,000 square feet per store – Harbor Freight Tools and Ace Hardware's smaller boxes, generally under 20,000 square feet, are a perfect fit.

This has allowed both chains to tap into the smaller markets which are attracting growing shares of the population. And so while Home Depot and Lowe's have seen moderate visits [declines](#) on a YoY basis, Harbor Freight and Ace Hardware have seen

consistent YoY visit boosts since Q1 2024 – outperforming the wider category since early 2023.

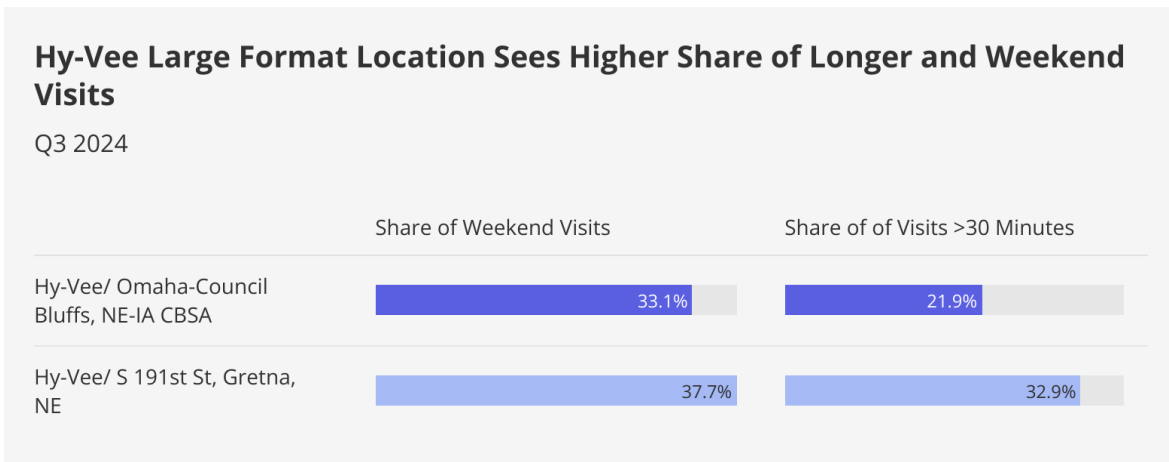


## Hy-Vee Bucks the Trend by Going Big

Are smaller stores a better bet across the board? At the end of the day, the success of smaller-format stores depends largely on the category. For retail segments that have seen visit trends slow since the pandemic – home furnishings and consumer electronics, for example – smaller-format stores offer brands a more economical way to serve their customers. Retailers have also used smaller-format stores to better curate their merchandise assortments for their most loyal customers, helping to drive improved visit frequency.

That said, a handful of retailers, such as [Hy-Vee](#), have recently bucked the trend of smaller-format stores. These large-format stores are often designed as destination locations – Hy-Vee’s larger-format locations usually offer a full suite of amenities beyond groceries, such as a food hall, eyewear kiosk, beauty department, and candy shop. Rather than focusing on smaller markets, these stores aim to attract visitors from surrounding areas.

Visit data for Hy-Vee’s large-format store in [Gretna, Nebraska](#) indicates that this location sees a higher percentage of weekend visits than other area locations – 37.7% compared to 33.1% for the chain’s Omaha CBSA average – as well as more visits lasting over 30 minutes (32.9% compared to 21.9% for the metro area as a whole). For these shoppers, large-format, one-stop shops offer a convenient – and perhaps more exciting – alternative to traditionally sized grocery stores. The success of the large-format stores is another sign that though convenience isn’t everything in 2024, it certainly resonates – especially when paired with added-value offerings.



## A Resurgence of Legacy Brands

Many retail brands have entrenched themselves in American culture and become an extension of consumers' identities. And while some of these previously ubiquitous brands have disappeared over the years as the retail industry evolved, others have transformed to keep pace with changing consumer needs – and some have even come back from the brink of extinction. And the quest for value notwithstanding, 2024 has also seen the resurgence of many of these (decidedly non-off-price) legacy brands.

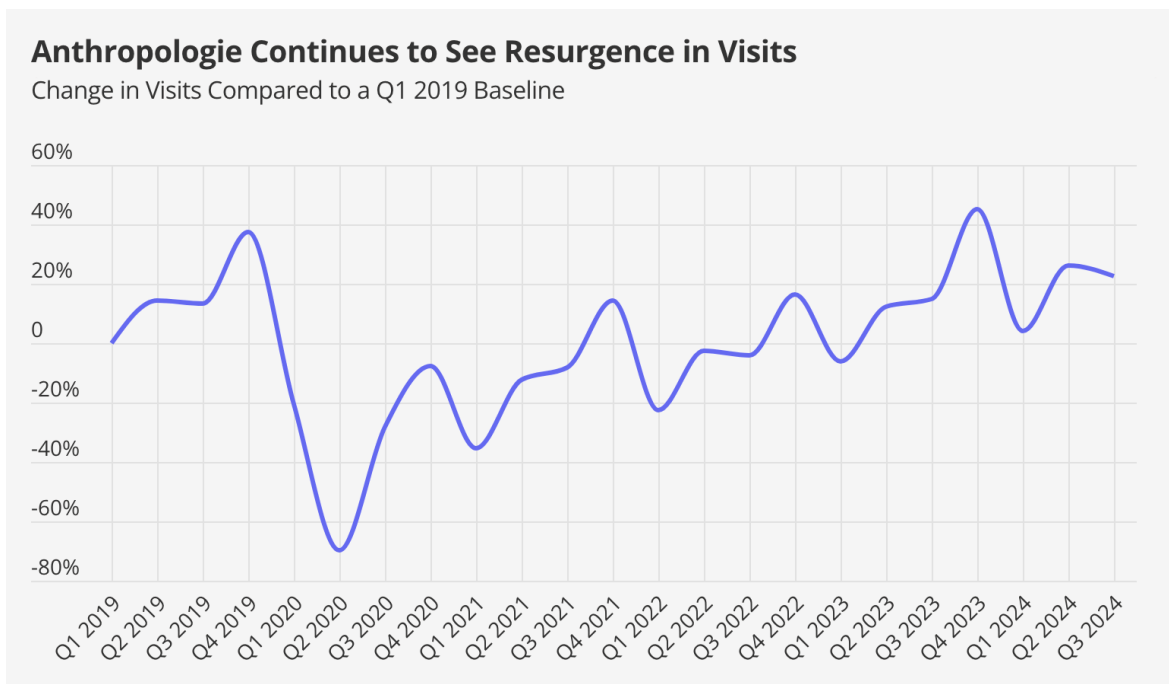
In apparel specifically, [Gap](#) and [Abercrombie & Fitch](#) – two brands that dominated the cultural zeitgeist of the 1990s and early 2000s before seeing their popularity decline



somewhat in the late aughts and 2010s – may be [staging](#) a [comeback](#). Bed Bath & Beyond, a leader in the home goods category, is also making a play at returning to physical retail through [partnerships](#).

Anthropologie, another legacy player in women’s fashion and home goods, is also on the rise. Anthropologie’s distinctive aesthetic resonates deeply with consumers – especially women millennials [aged 30 to 45](#). And by capturing the hearts of its customers, the retailer stands as a beacon for retailers that can hedge against promotional activity and still drive foot traffic growth.

And visits to the chain have been rising steadily. In Q4 2023, the chain experienced a bigger holiday season foot traffic spike than pre-pandemic, drawing more overall visits than in Q4 2019. And in Q3 2024, visits were higher than in Q3 2023.



## Meeting the Evolving Needs of Millennials

And speaking of the 35 to 40 set – the generation that all retailers are courting? Millennials. Does that sound familiar? Yes, because this is the same generational cohort that retailers tried to target a decade ago. As millennials have aged into the family-formation stage of life, their retail needs have evolved, and the industry is now primed to meet them.

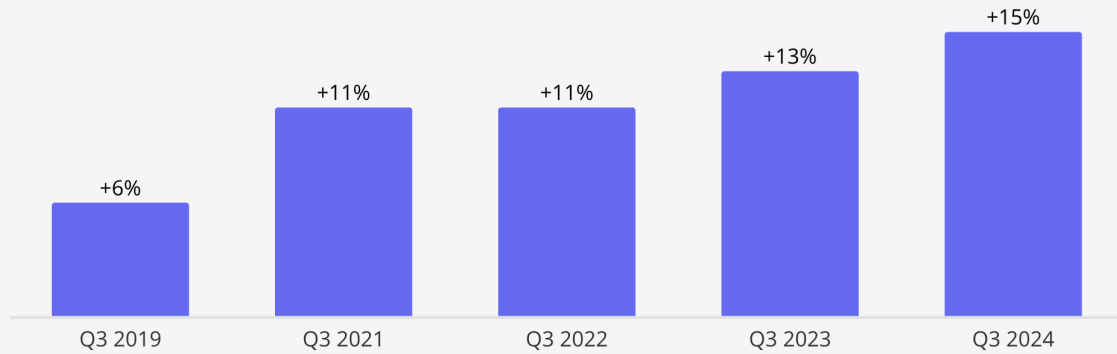
### Sam's Club Draws Value-Conscious Singles and Starters

From the revival of nostalgic brands like the [Limited Too](#) launch at Kohl's to warehouse clubs expanding memberships to younger consumers as they move to suburban and rural communities, there are myriad examples of retailers reaching out to this cohort. And [Sam's Club](#) offers a prime example of this trend.

Over the past few years, millennials and Gen-Zers have emerged as major [drivers](#) of membership growth at Sam's Club, drawn to the retailer's value offerings and digital upgrades – like the club's Scan & Go technology. Over the same period, Sam's Club has grown the share of "Singles and Starters" households in its captured market from 6% above the national benchmark in Q3 2019 to 15% in Q3 2024. And with plans to involve customers in co-creating [products](#) for its private-label brand, Sam's Club may continue to grow its market share among this value-conscious – but also [discerning and optimistic](#) – demographic.

## Sam's Club is Increasingly Attracting Younger Households

Share of 'Singles and Starters' Households Compared to the National Benchmark



Based on Experian: Mosaic Data Combined with Placer.ai Captured Trade Area Data. The 'Singles and Starters' segment is defined as 'Young singles starting out and some starter families living a city lifestyle.'

## Taco Bell Brings in Crowds With Value Nostalgia Menu

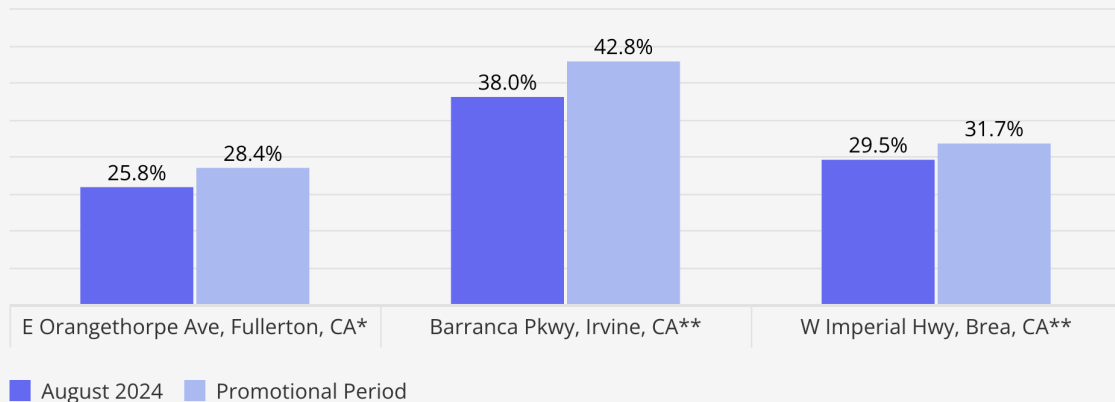
Millennials are also now old enough to wax [nostalgic](#) about their youth – and brands are paying [attention](#). This summer, Taco Bell leaned into nostalgia with a promotion bringing back [iconic](#) menu items from the 60s, 70s, 80s, and 90s – all priced under \$3. The promotion, which soft-launched at three Southern California locations in [August](#), was so successful that the company is now offering the specials [nationwide](#). The three locations that trialed the “Decades Menu” saw significant boosts in visits during the promotional period compared to their daily averages for August. And people came from far and wide to sample the offerings – with a higher proportion of visitors traveling over seven miles to reach the stores while the items were available.

## Taco Bell's 'Nostalgia Menu' Test Provided Boost In Visits and Attracted Visitors From Further Away

Average Daily Visits During Promotion Compared to the August 2024 Daily Average

+43.3%	+31.6%	+24.0%
E Orangethorpe Ave, Fullerton, CA*	Barranca Pkwy, Irvine, CA**	W Imperial Hwy, Brea, CA**

Share of Visits To Taco Bell Test Locations From 7+ Miles Away



\* Promotion Dates: 8/15/2024 - 8/19/2024. \*\*Promotion Dates: 8/15/2024 - 8/21/2024.

## What Lies Ahead?

Hot on the heels of a tumultuous 2023, 2024's retail environment has certainly kept retailers on their toes. While embracing innovative value has helped some chains thrive, other previously ascendant value segments, including discount & dollar stores, may have reached their growth ceilings. Consumers clearly care about convenience – but are willing to make multiple grocery stops to find what they need. At the same time, legacy brands are plotting their comeback, while others are harnessing the power of nostalgia to drive millennials – and other consumers – through their doors.