

April 2023

Placer.ai Quarterly Index - Q1 2023

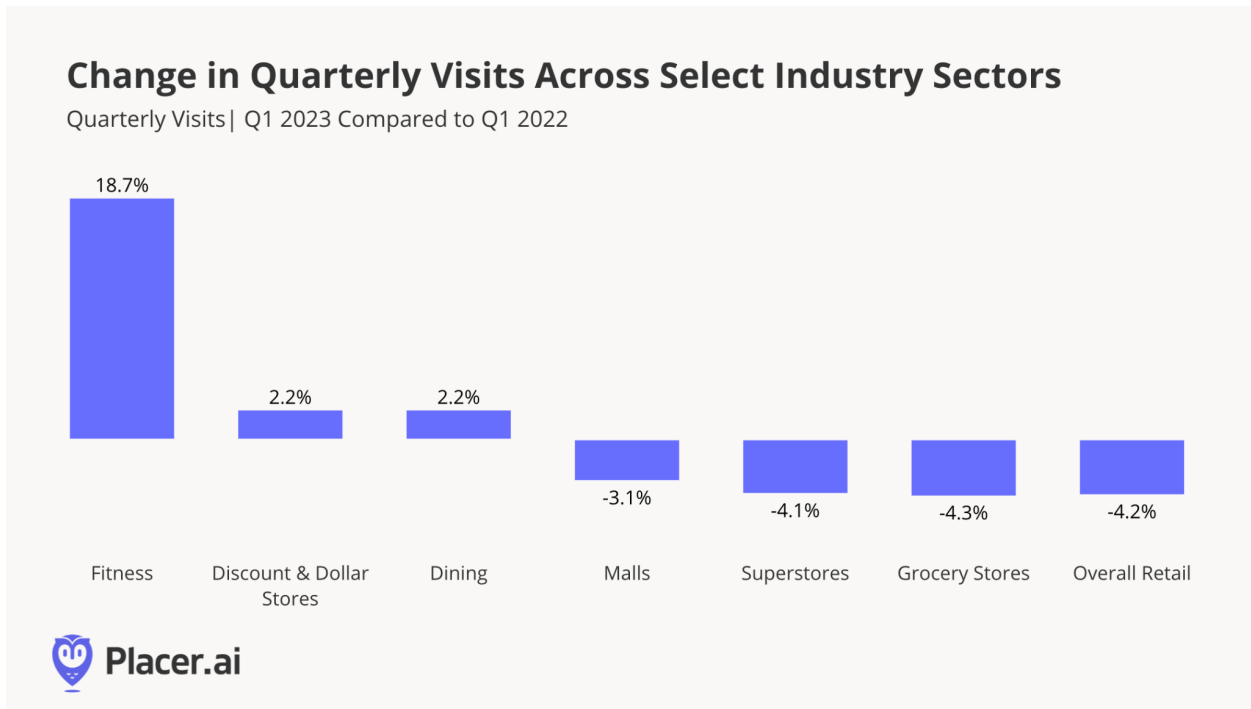
Dive into Placer.ai's Q1 2023 Quarterly Index to find out where the economic headwinds are continuing to impact retail performance and what categories are beating the curve.



Placer.ai's Q1 2023 Quarterly Index

Following a [strong January](#) – driven at least partially by the comparison to an Omicron impacted 2022 – retail traffic slowed somewhat as consumers continued adjusting their spending habits to inflationary prices. Overall retail visits fell 4.2% year-over-year (YoY), and some of the pandemic's strongest categories – including Grocery and Superstores – also saw visit dips. And while some of the traffic decrease is due to the success – and the unique behaviors – these sectors [last year](#), the drops also signal that 2023's retail landscape is going to look different from what we've seen in recent years.

Still, despite the challenges, some categories continued to impress. Fitness continued its remarkable run, with YoY traffic growth of 18.7%. Discount & Dollar Stores also exceeded 2022 levels – a noteworthy feat given their strength over the past couple of years. Finally, Dining marked a 2.2% YoY visit increase, indicating that the category's recovery is still ongoing.

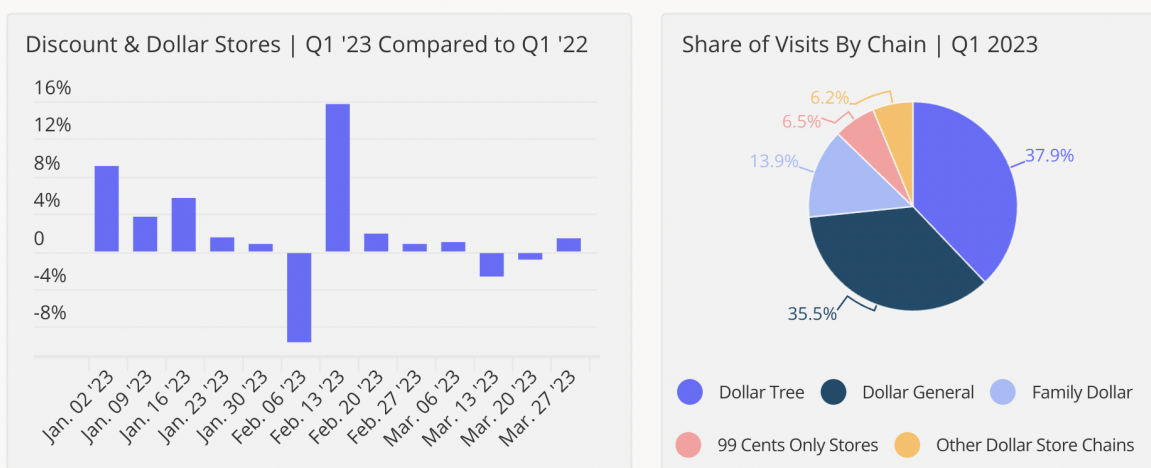


Discount & Dollar Stores

Q1 2023 Weekly Discount & Dollar Store Visit Trends

Many Discount & Dollar Store chains – including visit share leaders [Dollar Tree](#) and [Dollar General](#) – have [expanded significantly](#) in recent years, with foot traffic to the category [consistently ahead](#) of pre-COVID numbers. Now, visit data indicates that growth is beginning to slow down, with March traffic remaining close to 2022 levels. Still, the sector’s success in maintaining its pandemic-era visit gains despite the volatile economic environment indicates that Discount & Dollar Stores are now embedded in many consumers’ regular shopping routine.

Change in Weekly Visits to Discount & Dollar Stores Nationwide

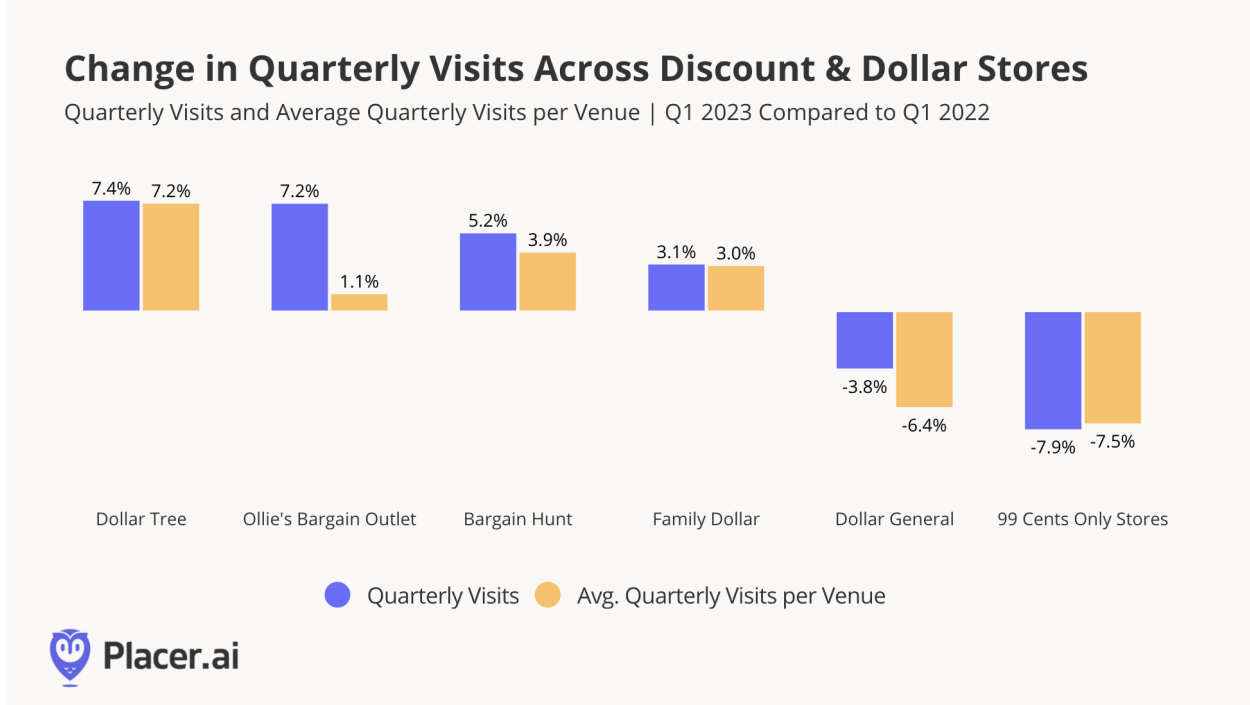


Discount & Dollar Stores Brand Breakdown

With the exception of [Ollie’s Bargain Outlet](#) – which saw a significant increase in YoY visits but just a 1.1% increase in visits per venue – YoY visits to most Discount & Dollar Stores



tracked closely with YoY visits per venue. Since visit and visits-per-venue trends tend to get decoupled when a chain expands or contracts its store fleets, the correlations between YoY visits and visits per venue indicate that the recent expansions undergone by many Discount & Dollar Stores largely normalized in 2022.

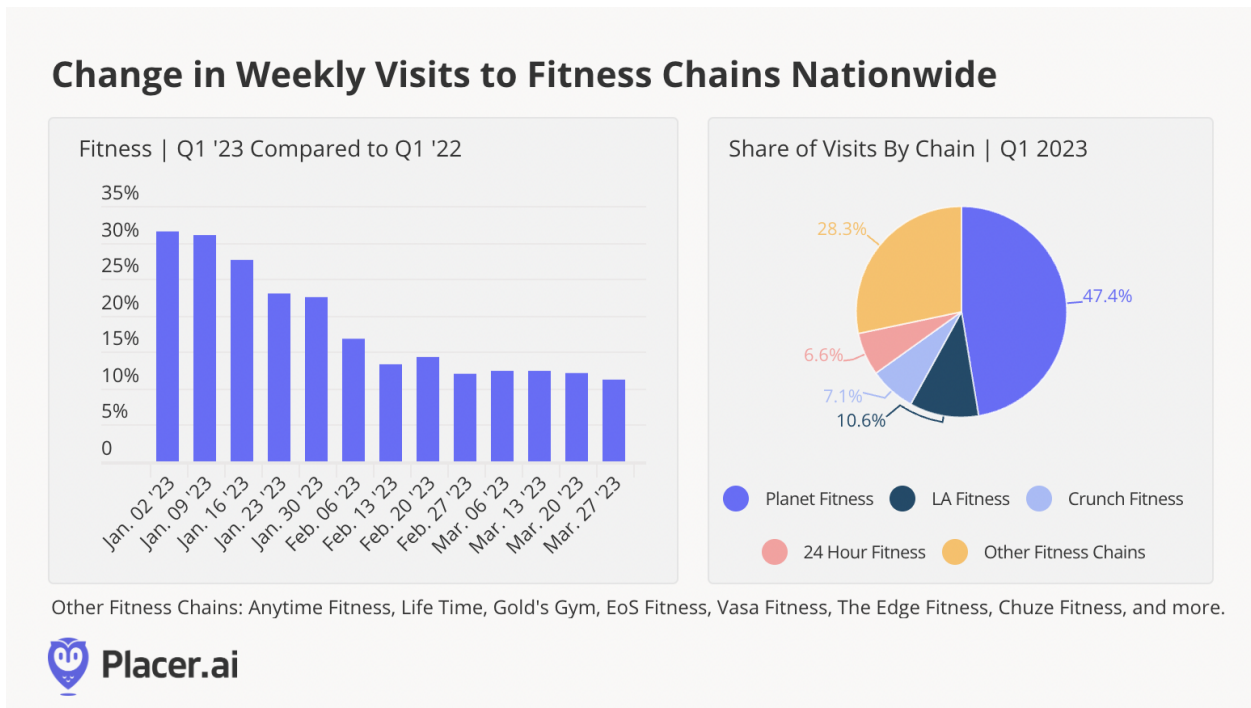


Fitness

Q1 2023 Weekly Fitness Visit Trends

Following its COVID hiatus, the Fitness category continued driving remarkable foot traffic numbers in Q1 2023, with weekly visits consistently up relative to 2022. Weekly visits in January 2023 – traditionally Fitness’ strongest month – were up 22.5% to 31.5%, although some of that strength is likely due to the [disappointing January 2022](#) performance when Omicron limited traffic peaks. The double-digit increase in traffic later in the quarter is therefore even more impressive than the January surge, as the comparison to already high

weekly Fitness visit numbers in [February and March 2022](#) reveal the full extent of Fitness' current strength.

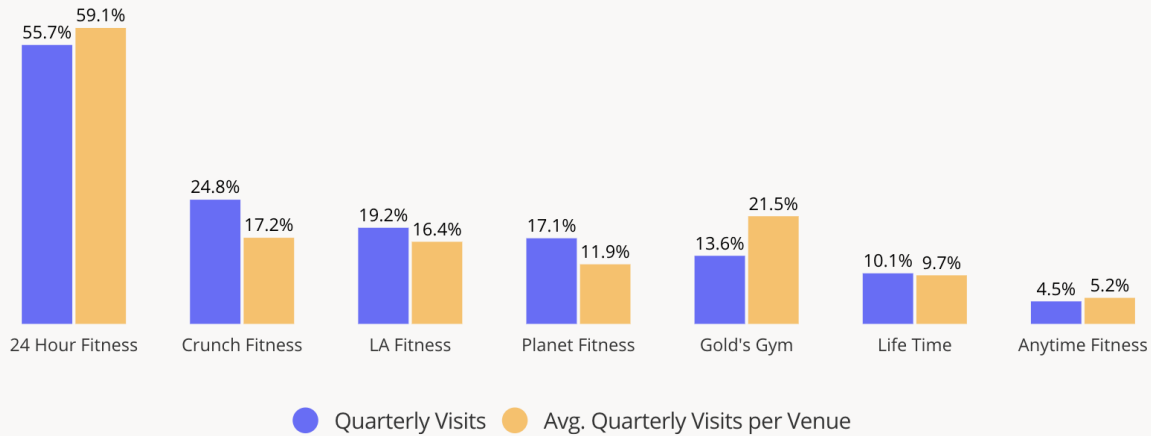


Q1 2023 Fitness Chain Break Down

Following the COVID-era [rightsizing](#) undergone by [several Fitness leaders](#), all major Fitness chains analyzed posted YoY gains in Q1 2023, both in terms of visits and in terms of visits per venue. This indicates that Fitness venue closures have mostly tapered off, just like Discount & Dollar Stores expansions have slowed down – and may signal that 2023 will see fewer dramatic store fleet adjustments.

Change in Quarterly Visits Across Leading Fitness Chains

Quarterly Visits and Average Quarterly Visits per Venue | Q1 2023 Compared to Q1 2022



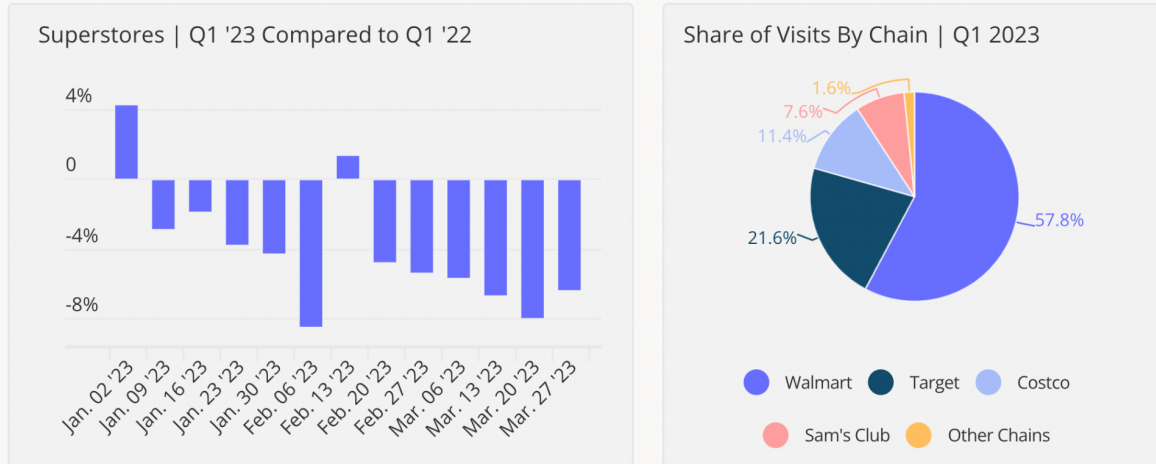
Superstores

Q1 2023 Weekly Superstore Visit Trends

With the exception of the first week of January and the week of Valentine's Day, Superstore Q1 2023 visits mostly stayed below 2022 levels – perhaps another sign that 2023 consumer behavior is likely to be quite different from that which we've seen in recent years. But while some Superstore patterns are shifting, other aspects of the Superstore industry remain the same. Walmart is still the undisputed leader with 57.8% of the visit share in Q1 2023, and the brand is [investing in automation](#) – both in-store and at its fulfillment center – to maintain its lead over its competitors.



Change in Weekly Visits to Superstores Nationwide



Other Chains: BJ's Wholesale Club and Kmart.

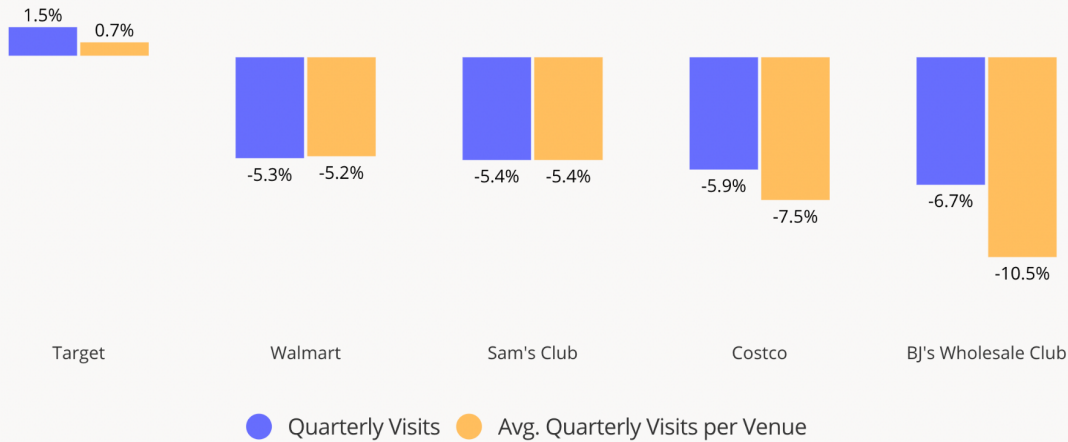


Superstore Brand Breakdown

The Superstore category performed well in [Q1 2022](#), making YoY comparisons challenging. Still, Target – the second largest Superstore chain – saw its visits and visits per venue grow relative to Q1 2022. The chain’s success could be partially due to its appeal to [younger shoppers](#), its [expanding portfolio](#) of brand partnerships and [shops-in-shop](#), and its assorted [private labels](#) appealing to a variety of customers.

Change in Quarterly Visits Across Leading Superstores

Quarterly Visits and Average Quarterly Visits per Venue | Q1 2023 Compared to Q1 2022



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Grocery

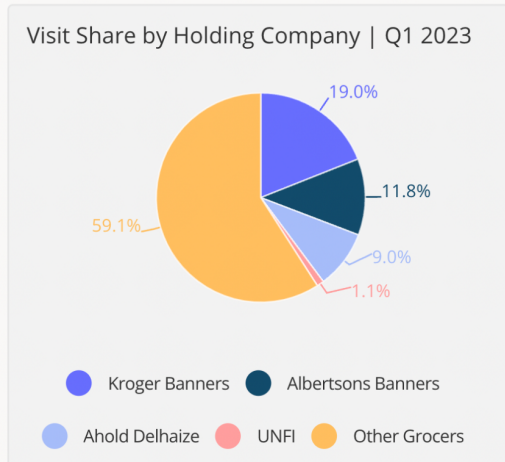
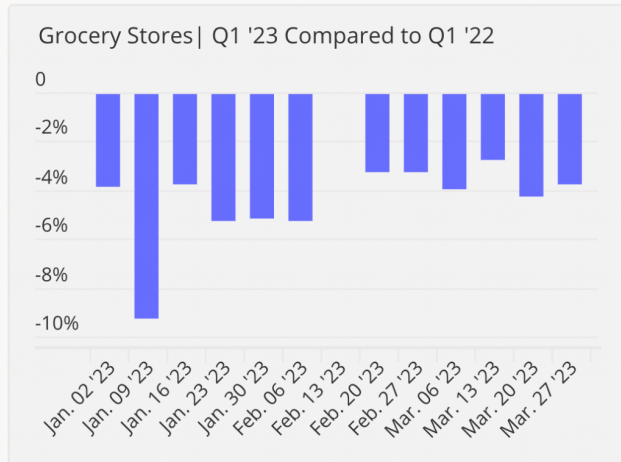
Q1 2023 Weekly Grocery Visit Trends

The pandemic brought Grocery visits to [record peaks](#), as interest in elaborate home cooking skyrocketed and many consumers clung to any reason to leave the house. But the category has experienced [particularly steep](#) price increases, and as inflation [replaced](#) COVID as consumers' primary concern, Grocery traffic fell. But as more grocers [build out](#) their [private label options](#) – which are typically priced lower than better known brand names – consumers who [shifted](#) some of their food shopping away from traditional grocery stores may return and bring traffic back up.



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Change in Weekly Visits to Grocery Stores Nationwide



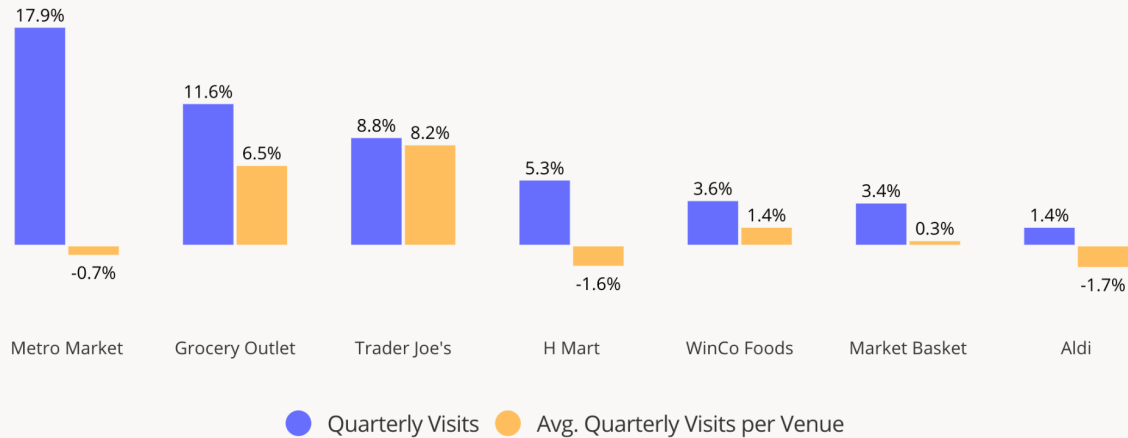
Grocery Brand Breakdown

Even as many major Grocery labels see YoY declines, some smaller brands are seeing traffic increases – indicating that despite the economic headwinds, there is still room for growth in the Grocery space. For most of these growing brands, the increases in visits are larger than the increases in visits per venue, so at least some of the traffic gains are likely due to expansions. Still, the fact that these grocers are building out their store fleet while maintaining positive or neutral visit-per-venue numbers means that the expansions are meeting with a ready demand.



Top Performing Grocers | Q1 2023

Quarterly Visits and Average Quarterly Visits per Venue | Q1 2023 Compared to Q1 2022



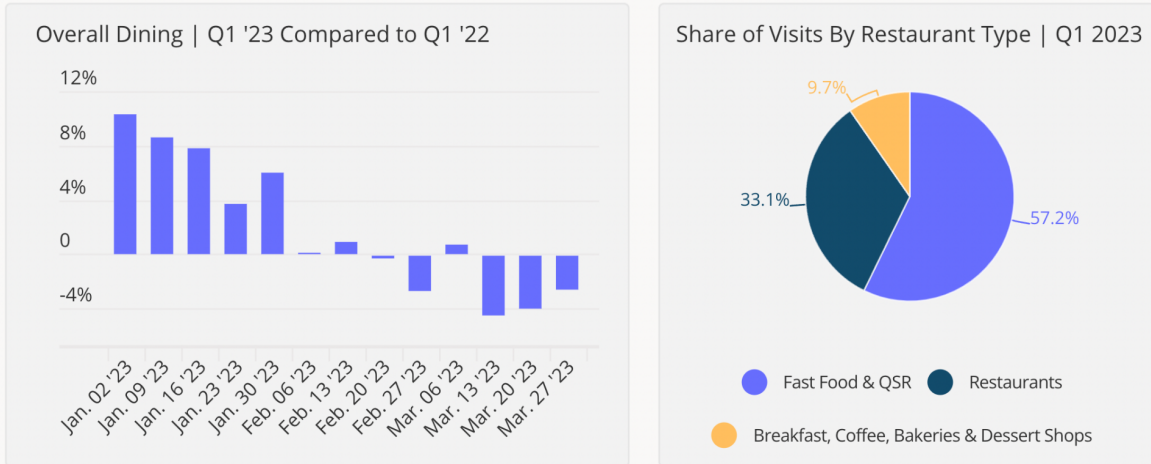
Dining

Q1 2023 Weekly Visit Trends

Dining was one of the [hardest hit sectors](#) over COVID, and the category barely had time to recover before inflationary pressures on consumer spending began [impacting traffic](#) to the space. The effect of the current economic headwinds is less apparent when looking at YoY visits in early Q1 2023 – due to favorable comparisons to an Omicron-plagued January 2022 – but the visit dips later in the quarter indicate that the category is indeed seeing its recovery limited by inflation. Still, there is some room for optimism – the visit gap steadily narrowed over the last three weeks of March, which may signal that consumers have begun making peace with higher prices and are now returning to dining out.



Change in Weekly Visits to Dining Chains Nationwide



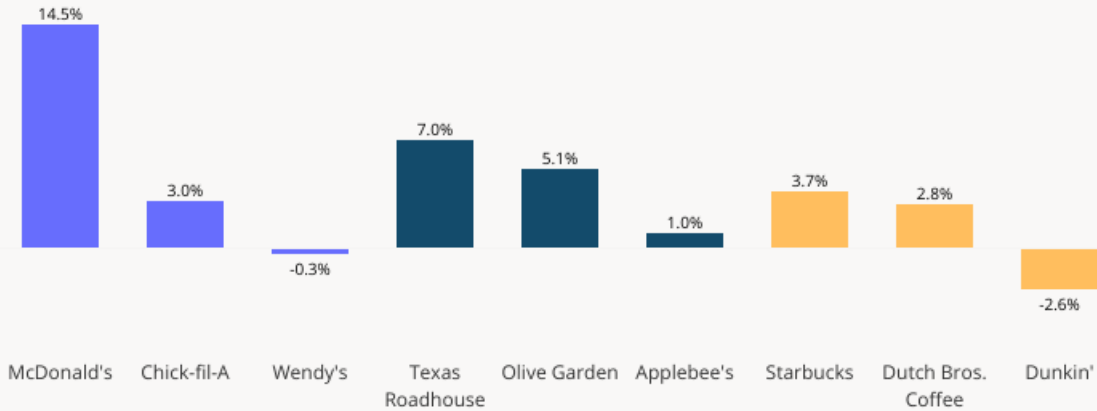
Restaurant Type Breakdown

Even as overall dining visits remain below last year's levels, several leading chains are maintaining – or even exceeding – 2022 traffic numbers. [McDonald's](#), which is thriving under the current inflationary climate, saw its YoY visits grow 14.5% in Q1 2023. [Texas Roadhouse](#) and [Starbucks](#) are also enjoying significant visit gains. The success of these various chains from across the dining spectrum indicates that many consumers are still finding room in their budget for the occasional coffee or meal – and strong brands appear to be the major beneficiary of consumers' dining spend.



Change in Quarterly Visits to Across Top Dining Chains | Q1 2023

● Fast Food & QSR ● Restaurants ● Breakfast, Coffee, Bakeries & Dessert Shops



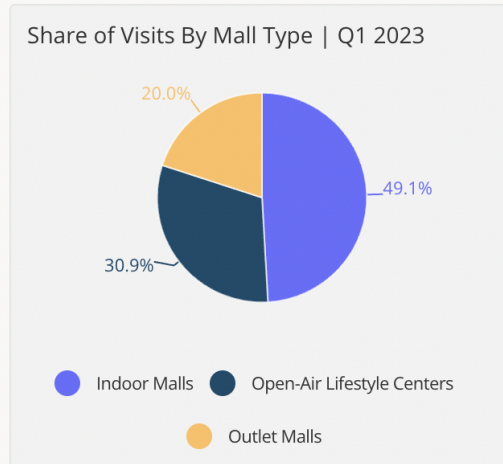
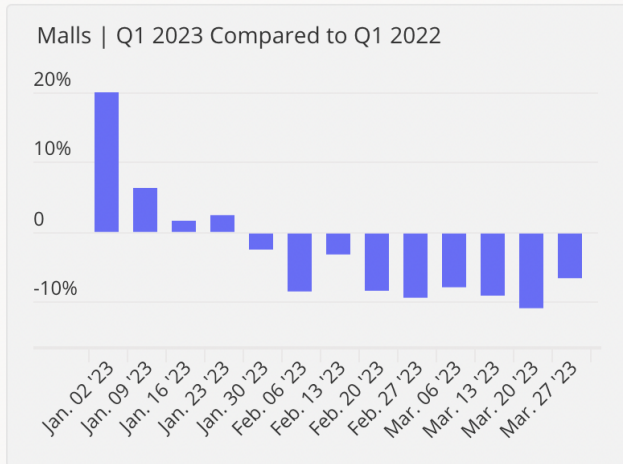
Malls

Q1 2023 Weekly Malls Visit Breakdown

Year-over-year weekly visits to malls were up in January, largely due to favorable comparisons with an Omicron-plagued January 2022. But beginning the week of January 30th, 2023, traffic numbers began to dip as the economic headwinds continued [weighing](#) on consumers' discretionary spending. As inflation [begins to cool](#) and warm weather returns, shopping centers may well get a boost in Q2 as pent-up demand drives visitors to the category.



Change in Weekly Visits to Malls Nationwide



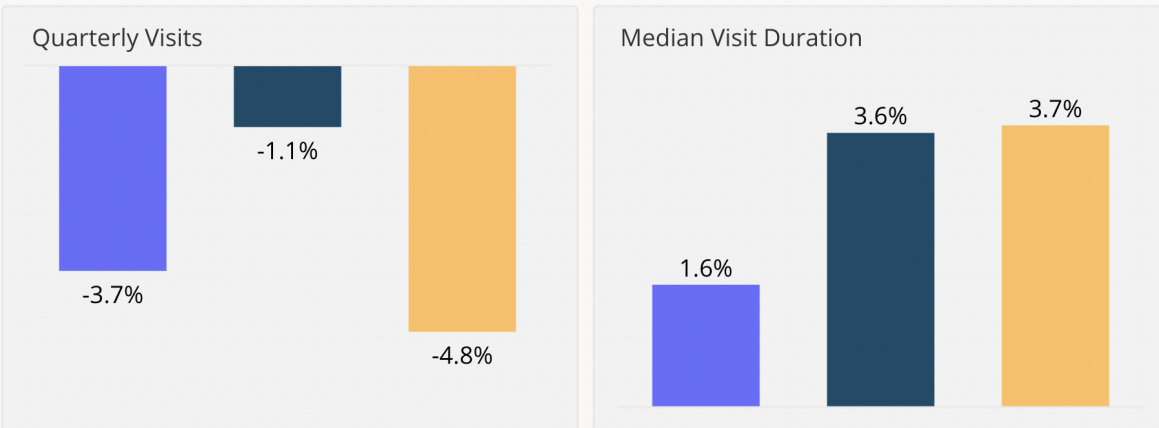
Mall Category Breakdown

Traffic to Open-Air Lifestyle Centers tracked closest to last year's numbers, with visits down just 1.1% relative to Q1 2022 – perhaps thanks to the Open-Air Lifestyle Centers' [added draw](#) as a social and entertainment hub. The across-the-board increase in dwell time could also indicate that more people are visiting shopping centers to do more than just shop – so at least some of the traffic dip could be coming from consumers taking longer trips and doing more with each visit.



Foot Traffic Breakdown by Mall Category | Q1 2023 vs. Q1 2022

● Indoor Malls ● Open-Air Lifestyle Centers ● Outlet Malls



Key Takeaways

1. Q1 2023 visits to **Discount & Dollar Stores** remained ahead of 2022 levels, but traffic growth was not as marked as it has been in previous years, indicating that the sector's massive fleet expansions have slowed down. At the same time, the fact that visits remain steady in a difficult retail environment highlights the sector's ongoing appeal.
2. The remarkable strength of the offline **Fitness** sector continued in Q1 2023, with YoY visits up by double digits every week of the quarter – and the category's success is driving visit growth at all analyzed Fitness chains.
3. Visits to **Superstores** took a YoY dip in Q1 2023 as consumers consolidated trips and tightened budgets. Still, Walmart remains the Superstore visit leader, and Target continued seeing visit growth – indicating while some things may be changing, other aspects of the Superstore landscape remain the same.

4. Visits to the **Grocery** sector have normalized following their pandemic highs, with the increase in food prices likely impacting traffic growth. But visits to some smaller chains increased in Q1, indicating that despite the economic headwinds, there is still room for growth in the Grocery space.
5. Overall **Dining** visits were up YoY, but visit gaps opened up towards the end of the quarter, so the current economic headwinds are likely hampering the category's recovery. Still, several Dining leaders across various sub-sectors saw visit growth, which could mean that consumers are taking fewer risks with their Dining spend and favoring familiar brands.
6. **Mall** traffic fell YoY for the three shopping center categories analyzed, but median dwell time increased, which could mean that consumers are taking fewer trips to malls but making more out of each visit.