Ten Retail Brands to Watch in 2019

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News

BY CSA Staff December 5, 2018

Brand-building consultant and author Denise Lee Yohn has released her annual Brands to Watch list — the brands that she will be keeping her eye on in the coming year. There are 26 companies on the list (one for each letter of the alphabet), with retail and restaurant brands accounting for 10 of the spots. Here is Yohn's take on the top 10 brands:

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• **Amazon:** No surprise, Amazon will dominate the headlines. Increased competition for its voice-activated services and devices and its unfolding retail strategy (Go, 4-Star Stores and Whole Foods Market) will be newsworthy items. Plus, we’ll likely see the company make some bold moves in light of slowing Prime membership growth. And although the decision about the location of its new headquarters has been made (NYC and D.C.), the fallout–including reduction in its business with FedEx, NIMBY resistance from the selected local communities and increasing criticisms about tax breaks it receives–will continue.

• **Canada Goose:** Canada Goose is to consumers today what Range Rover was in the 1990s–a luxury brand with product performance cred. Canada Goose puffer jacket wearers probably never have to endure extended time in sub-zero temperatures, but they could–and that’s the brand’s appeal. It’s become the ultimate status symbol, sported by celebrities and fashionistas. The company’s recent expansion into sweaters and acquisition of Baffin boots shows it is preparing to become more of a lifestyle brand and build the product line diversity it will most likely eventually need.

• **Hema:** Hema, the grocery store concept from Alibaba that combines fresh food and digital technology into a breakthrough customer experience, is only one of the many reasons to keep your eye on the Chinese e-commerce giant. Another is the record $30.7 billion in sales it took in during Singles’ Day, its annual 24-hour online shopping holiday, which made the $1 billion Amazon generated on Prime Day seem paltry. The stepping down of founder, executive chairman, and public face of the company, Jack Ma, next year is yet another. Overall the company is boldly pursuing its “new retailing strategy,” which emphasizes the “harmonious integration” of on- and offline commerce.

• **J. Crew:** This letter is actually less about J.Crew per se and more about its partnership with Amazon Fashion (although change is brewing at J.Crew, given its latest CEO resigned after only 17 months). Amazon is giving brands like J.Crew their own dedicated storefronts, with a look distinct from Amazon. For the brands, the offering is a way to become more accessible and convenient to a larger audience than they could attract on their own. For Amazon, it’s attracting brands that had previously resisted selling through Amazon – and positioning Amazon as the top player of the U.S. apparel industry.

• **Lowe’s:** With Lowe’s Home Improvement recent decision to close nearly 50 stores, you might think the brand should be headlining a list of Brands Most Likely to Fail in 2019. But I actually think the brand could undergo a successful turnaround. At the company’s helm is Marvin Ellison who successfully executed a similar scale-back at Home Depot a decade ago – and a new CIO who previously headed up Target's digital and marketing technology. And the company's working on improving customer experience through advanced technology and rationalizing inventory – so there's reason to be cautiously optimistic.

• **Rent the Runway:** Rent the Runway, the 10-million member wardrobe-for-rent retailer, is transforming fashion retail. In addition to the high-end selections the brand started with, it has become more accessible and convenient, now offering a subscription service that allows customers to rent four items for 30 days at $89/month and the option to pick up orders at select WeWork locations. Now, Rent the Runway has developed a program that allows other brands use its platform to rent out their inventory – Club Monaco and Levi's are just a few that have already signed on. That means we'll be seeing more of this and other sharing economy retailers in 2019.

• **Starbucks and Schultz:** This letter is a two-fer, highlighting two related brands. First, Starbucks. The company ended 2018 with a great Q4 (strong comparable store sales momentum, new store openings and growth in its loyalty program) and recently entered into a partnership with Alibaba in China that is expected to accelerate growth in that already high-growth potential market. But it also recently announced it was eliminating 350 positions from its Seattle headquarters.

Second, former Starbucks CEO Howard Schultz seems to be gearing up for a bid for the U.S. presidency. He has a personal website and a new book, From the Ground Up: A Journey to Reimagine the Promise of America, slated for release in February. Hmmm…

• **Victoria's Secret:** My questions above about #MeToo notwithstanding, it's clear the movement has impacted business as we know it. Victoria's Secret is just one brand that has suffered from the new spirit among women who rail against notions like buying and wearing sexy lingerie just to impress men. The company's sales, market share, and stock price have taken a nose dive and the brand no longer enjoys the cachet of a cultural icon. Will new leadership be able to turn it around? And what about the rest of the L Brands portfolio, which includes Bath & Body Works?

• **Walmart:** Walmart is once again my choice for "W" because it continues to fight aggressively against Amazon and other competitors. It has been working on reinventing itself through acquisitions that shore up its specialty business expertise, including lingerie brand Bare Necessities and women's plus-sized ELOQUII, and the strengthening of its digital capabilities, as demonstrated by its 43% jump in Q3 e-commerce sales. But the company still has organizational and cultural issues to overcome and Amazon continues to dominate the digital world while expanding its brick-and-mortar offerings.

• **Yum! Brands:** Yum! As the parent company of fast food chains KFC, Pizza Hut and Taco Bell, Yum! serves as a bellwether for brands in the more price-driven segment of QSR. For years, the segment has been losing share to fast casual restaurants – but now with the crowding of the fast casual space and the improving quality and innovation in fast food, the tide may be turning and fast food brands may be making a comeback. Yum! specifically has engaged a three-year transformation plan that seems promising.

To see the full list of the top brands of 2018, click here.

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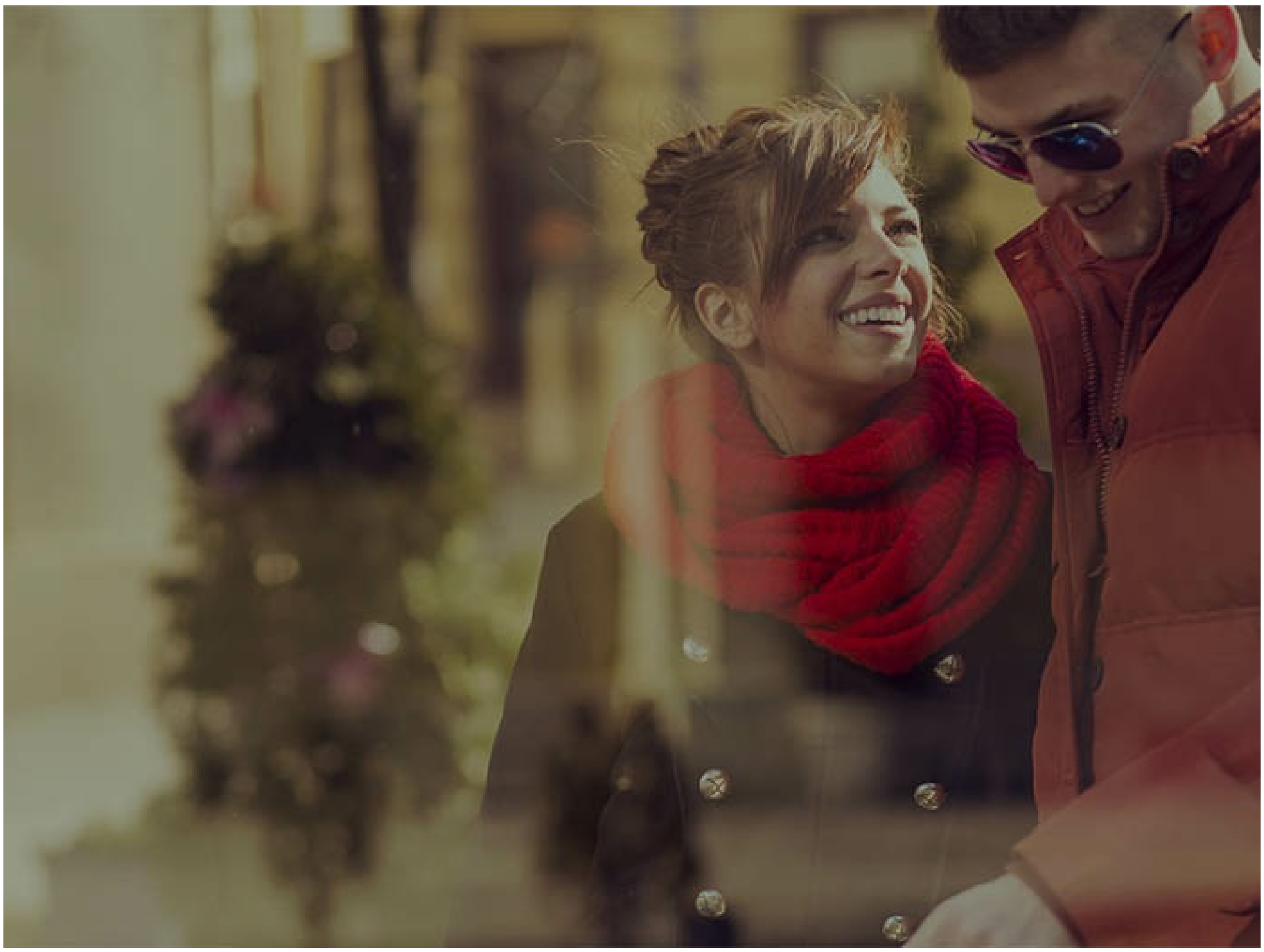

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BY Marianne Wilson December 4, 2018
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