

FEBRUARY 2024

LICENSING SALES BRIEFING

Key Takeaways

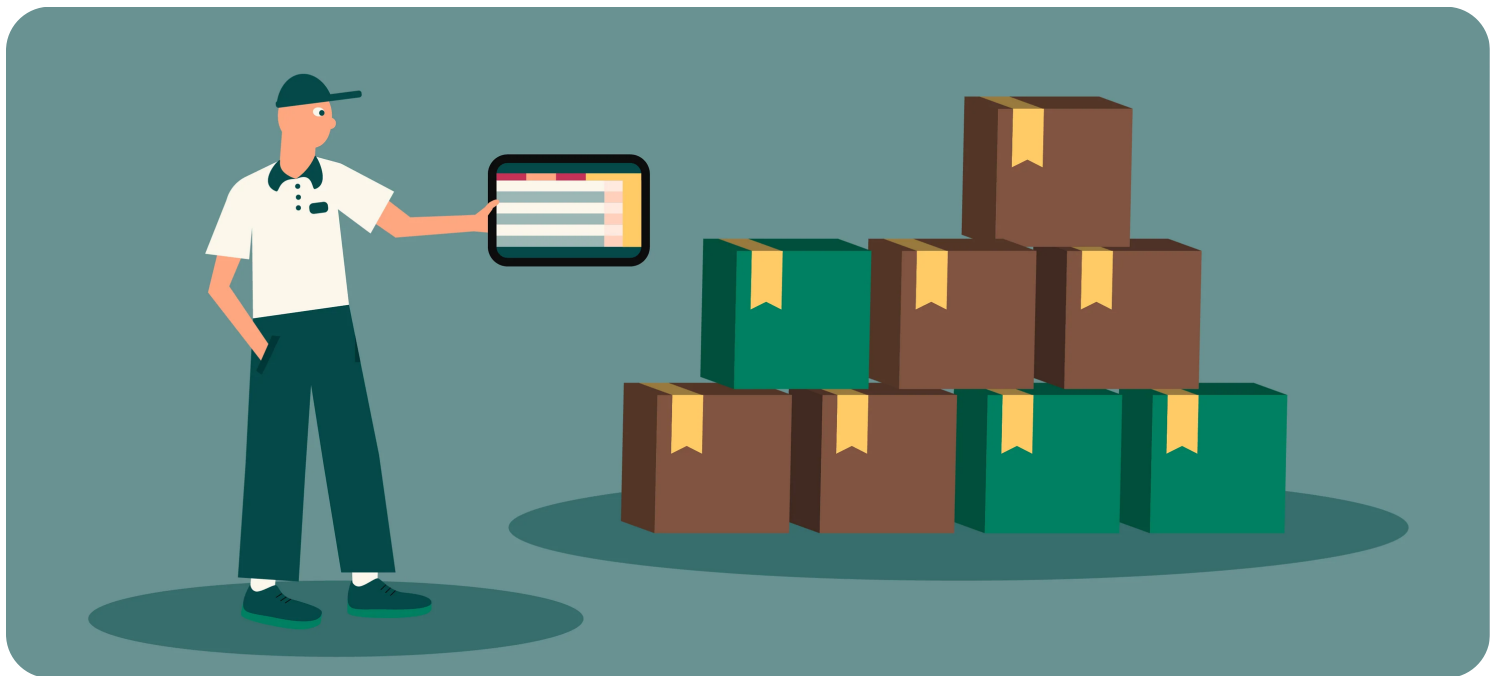
- Total Wine & More recently became the largest alcohol retailer in the U.S., surpassing Costco
- Academy Sports + Outdoors is utilizing AI technology for allocation and replenishment decisions
- The U.S. economy has been more resilient than expected with reports showing lower inflation and no sign of a recession
- Global e-commerce revenue is expected to grow to \$3.64 trillion in 2024, after spiking 108% during the previous five years

What's the Recipe for Total Wine's Success?

- Total Wine & More recently became the largest alcohol retailer in the U.S., surpassing Costco
- Total Wine price shops retailers in each area to ensure it has the lowest prices.
 - The company's website states, "Our tremendous buying power and special relationships with producers, importers and wholesalers bring us considerable savings, which we pass on to our customers."
- The shopping experience includes flat-panel monitors spouting information about products. The middle of the store features a high-tech wine education center for events, tastings, and classes. A "Meet the Makers" series enables virtual tastings with producers in places such as Napa Valley.
- Total Wine has 263 store in 28 states, with plans to add 15 to 20 store annually
 - " We are following more of a Whole Foods strategy, with real estate, but we have low prices. In the end our strategy comes down to offering consumers a great selection, with the lowest prices within that market, and knowledgeable people to serve them."

Academy Sports: Utilizing AI for Inventory Control

- Academy Sports + Outdoors is optimizing individual allocation and replenishment decisions with artificial intelligence.
- Academy sought to simplify what it had determined were overly complicated processes for forecasting, replenishment and allocation forecasting, which relied on human inputs, required constant refreshes and could not deliver quantified results.
- The retailer sought a new solution that could increase the agility and productivity of its inventory and fulfillment decisions and be integrated with existing solutions.
- Leveraging Invent Analytics technology, Academy Sports is achieving more profitable inventory levels and enables its business teams to adjust and change strategies based on AI-generated insights.
 - They saw a major improvement in both metrics, plus an improvement in its percent on clearance events
 - They also have said the hub model has significantly improved inventory flow through its distributions centers to reduce lead times.
- The retailer will also rely on AI-optimized planning functions to help support expansion efforts as it eyes opening 120 to 140 new store by the end of 2027



NRF: Monthly Economic Review

- Recent performance shows that the U.S. economy has been more resilient than expected
 - Gross domestic product rose at a 3.3% annual rate in the fourth quarter of 2023 as almost every major component of this key gauge of activity expanded

- December's personal income and spending reports were encouraging, reflecting lower inflation and showing no sign of recession.
 - Disposable personal income was up 6.9% from a year earlier and included a 6.5% increase in private wages and salaries.
- Consumer sentiment for the month was at its highest level in nearly three years as shoppers appeared to be more upbeat about the economy, income and employment.
- Non-farm productivity, which measures hourly output per worker, increased at a 5.2% annual rate for the third quarter, its fastest growth in three years
- Increasing productivity is a key factor in economic growth, especially during periods of tight labor markets, inflation and high interest rates.

Global E-Commerce Revenue to Hit Record-Breaking 3.64T

- Total worldwide online retail sales are expected to increase 15.6% year-over-year.
- According to new Statista data, global e-commerce revenue will continue strong growth to \$3.64 trillion in 2024 after spiking 108% during the previous five years, rising from \$1.52 trillion in 2018 to \$3.15 trillion in 2023.
 - This trend is expected to continue through 2028, when global e-commerce revenue is forecast to reach \$5.3 billion.
- The U.S. e-commerce market is projected to gross \$930 billion this year, up 15% from 2023, and constitute 25% of the world's total online retail sales.
- Besides impressive 15.6% year-over-year revenue growth, the global e-commerce market is also forecast to see a considerable user increase.
 - Statista expects around 300 million more people to utilize e-commerce sites and shopping apps this year, pushing the total user count to more than 3.4 billion, or 42% of the world's population.



Sources

Websites:

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