

## 4 Retail Myths to Look out for this Holiday Season

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When reading the headlines today about the retail industry, it's easy to think that retail's demise is upon us. Store closures and bankruptcies dominate retail news cycles, but in reality, the retail environment is still viable. There were more store closures in 2017 than there were during the Great Recession, but there was also a record number of brick and mortar store openings, leaving a net of over 4,000 new stores for the year. This year, the retail industry is expected to grow even more with roughly 5,500 net new store openings projected for 2018.

This retail momentum was evident all the way through the holiday season. 2017 saw the best holiday sales since 2011, and retail holiday sales are predicted to grow another 4-5% this year. Our [2018 Holiday Retail Outlook](#) report tells retailers what they can expect this holiday season and how to best prepare now. This holiday season will undoubtedly be surrounded by myth-filled headlines concerning the "demise" of retail, but we're here to set the record straight:

### Myth #1: "Retail is dead"

In reality, there are (or were) too many stores. Since the mid-1970s, mall retail space grew at a pace four-times the rate of population growth – a level that was clearly unsustainable. Historically low interest rates provided access to cheap funding, incentivizing retailers to grow aggressively primarily through taking on massive debt. This process allowed retailers to over-saturate markets and eventually become forced to close stores as a result. Through this cycle, retailers are now settling into the right number of stores to better align with consumer demand, which continues to be strong.

### Myth #2: "This is the beginning of the retail apocalypse"

The retail apocalypse is not here – instead we're experiencing **retail restructuring**. Adjusting store count and locations is a normal component of all retailers' operations and should not be a great cause for worry within the industry. Although we do see some department store closures, there are still big winners in the department and apparel retail space such as fast fashion giants like H&M and Zara, and off-price retailers like TJ Maxx. These retailers continue to grow, particularly among the millennial population. We're also seeing a breakout of new retail categories such as stand-alone cosmetics and beauty stores, which have traditionally been a dependable high-margin revenue maker for department stores.

### Myth #3: "Rise of online is killing physical retail"

Online does comprise 30% of total retail growth, but what headlines fail to convey is the fact that **almost 90% of sales still take place in-store**. Physical retail isn't going anywhere. The best retailers are adapting to the "experiential" generation by creating compelling reasons for consumers to visit stores, outside of simply crossing something off their list of errands.

### Myth #4: "Amazon is the 800 lb gorilla in every room (and every retail category)"

Amazon continues to dominate online retail, while continuously venturing into new industries. But Amazon is simply the "bad guy" in the "retail apocalypse." Amazon is the largest online player, but its reach into traditional apparel retail is far more limited compared to other categories like electronics, toys and books that are more commodity-like.

Headlines detailing the demise of the retail industry might not completely go away, but an anticipated successful holiday shopping season will help retailers put these myths to rest. To learn more about how retailers can prepare for the upcoming holiday, check out our [2018 Holiday Retail Outlook](#) report.

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