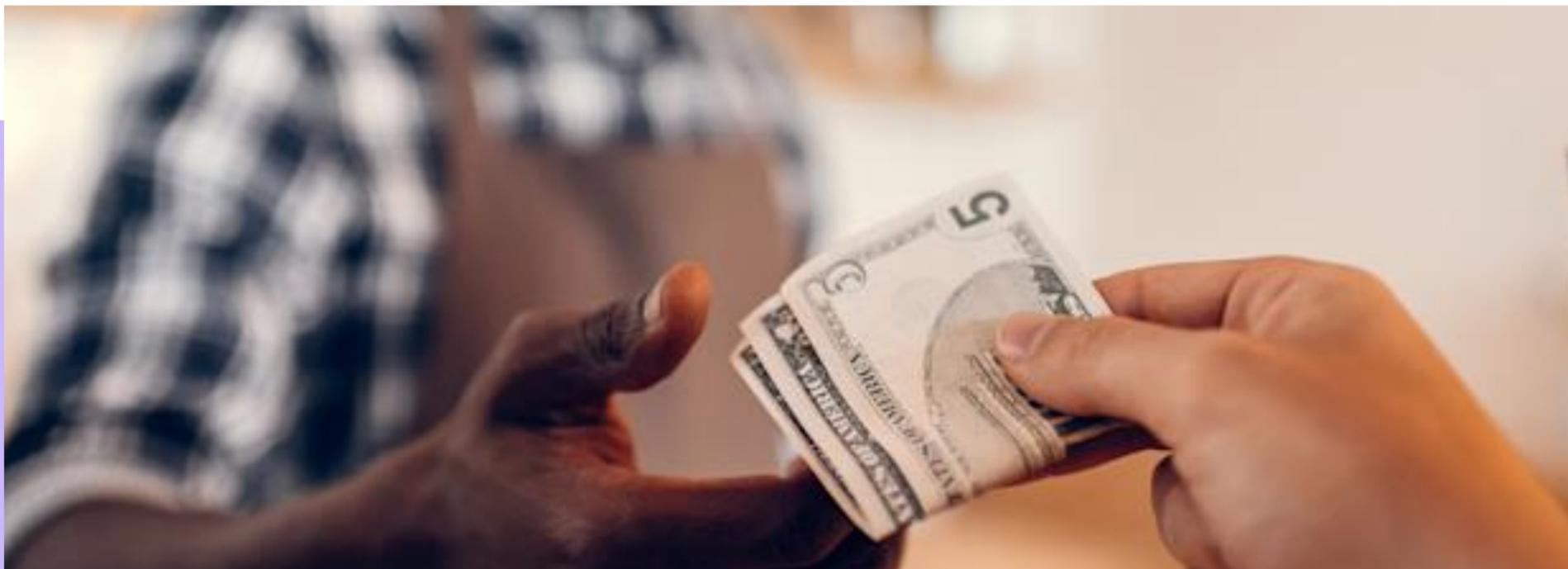


Tracking the rise of discount shopping in America



A closer look at discount store visitation in 2022.

Introduction



Today's economic climate could present an optimal opportunity for America's discount retailers to grow and build a loyal customer following. As inflation has risen this past year, so has discount retailers' share of wallet, as more consumers turn to stores like Dollar General, Dollar Tree, Family Dollar, 99 Cents Only and Five Below for the best prices on everyday essentials.

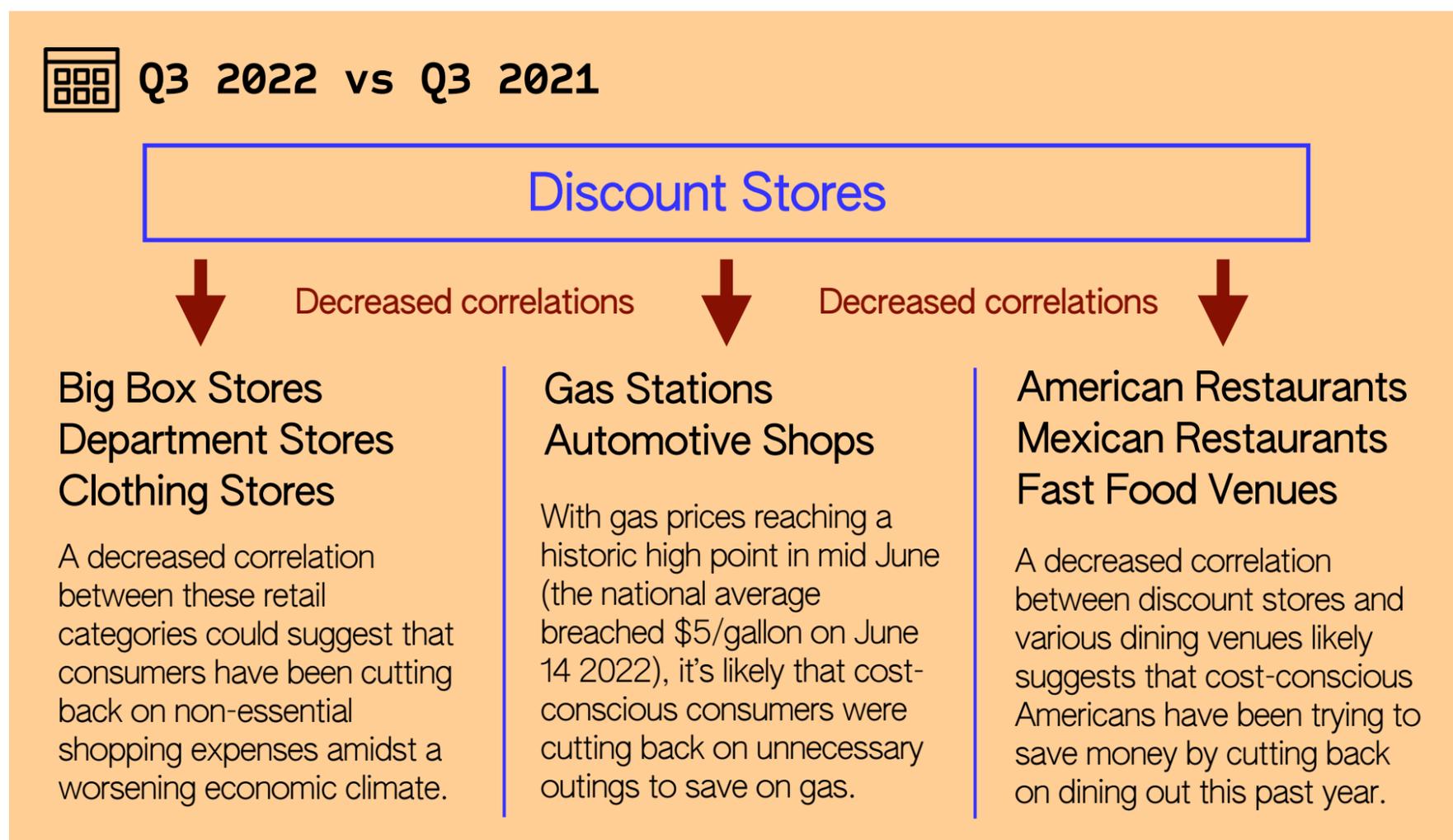
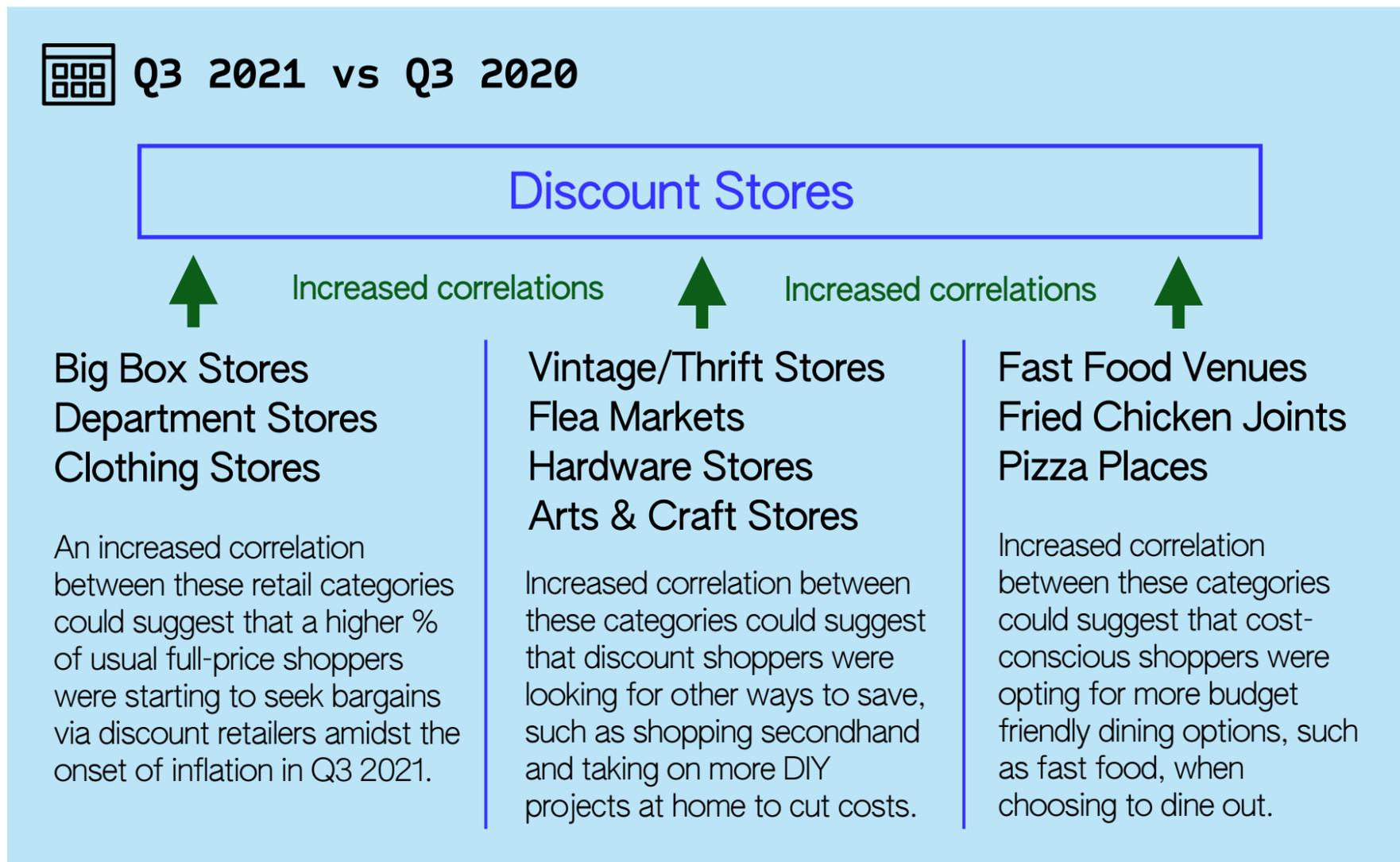
In fact, according to NRF*, discount and off-price retailers account for half of the top 10 fastest-growing retail companies in the United States. Five Below, for instance, generated over 40% sales growth in 2021 vs 2020.

Many shoppers tend to turn to discount and off-price retailers in times of necessity. This makes it rather difficult for brands to gain and retain loyal customers ongoing. Today's economic climate is an ideal time for discount retailers to shine, but looking ahead, what will it take for discount stores to retain newly acquired customers as conditions improve? To help answer this question, we set out to leverage Foursquare's location intelligence to analyze key metrics such as share of wallet, share of category visits, venue count per capita and category foot traffic correlations to provide a more accurate assessment of the changing landscape and customer loyalty in America.

With a deep understanding of how people move around the real world, Foursquare is uniquely positioned to measure loyalty based on true consumer behavior, rather than reported behavior and brand perception. In our latest analysis, we unpack geographical nuances of discount store visitation over the past year, to provide deeper insights surrounding the competitive landscape and identify areas of opportunity for today's discount retailers to capitalize on.

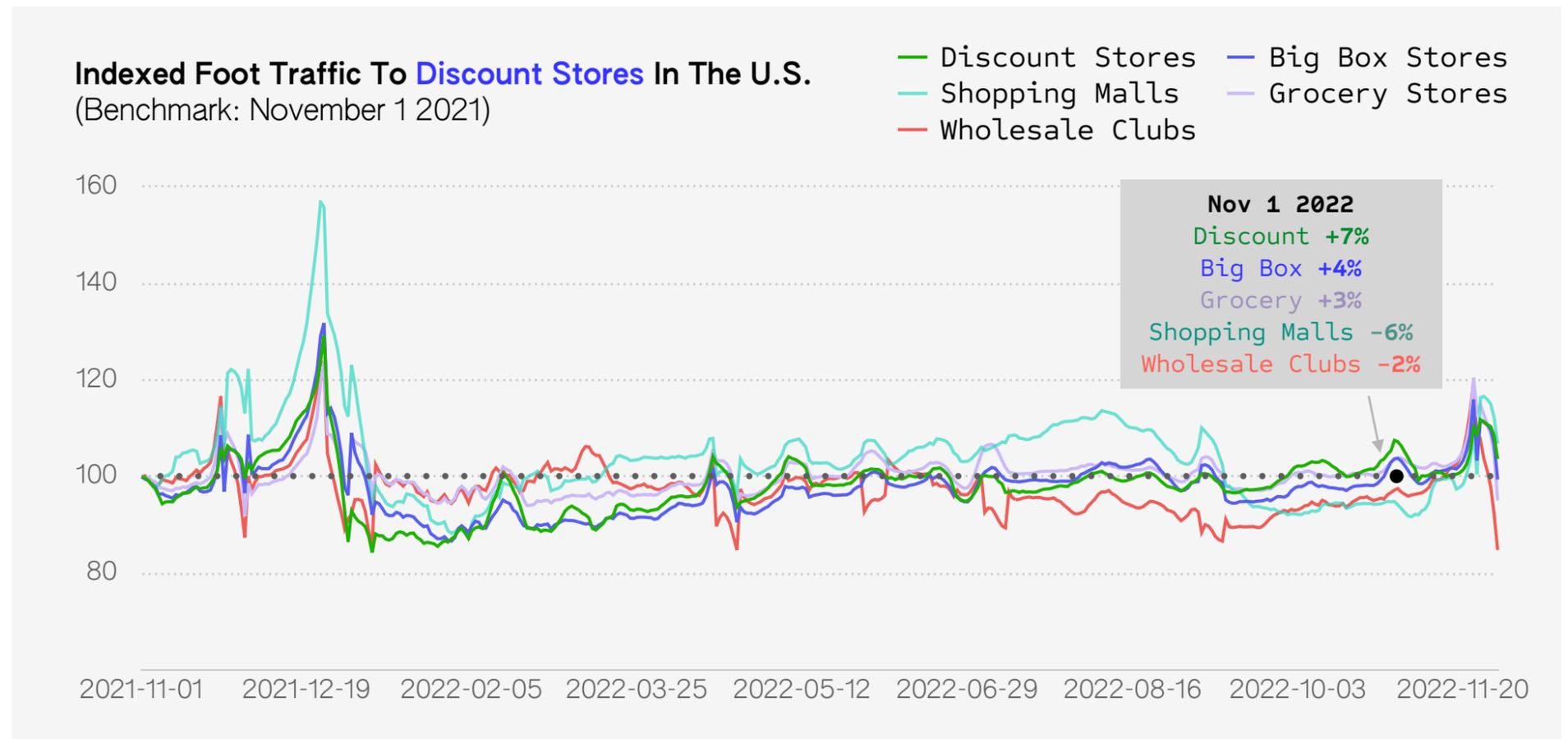
Shoppers' behavior is evolving

Location data can provide valuable insight as to how consumer behavior is evolving over time, especially in response to macroeconomic circumstances and other large scale events. In the following analysis, we took a closer look at year-over-year changes in the correlation between discount store visitation and foot traffic to other places of interest during the summer months.

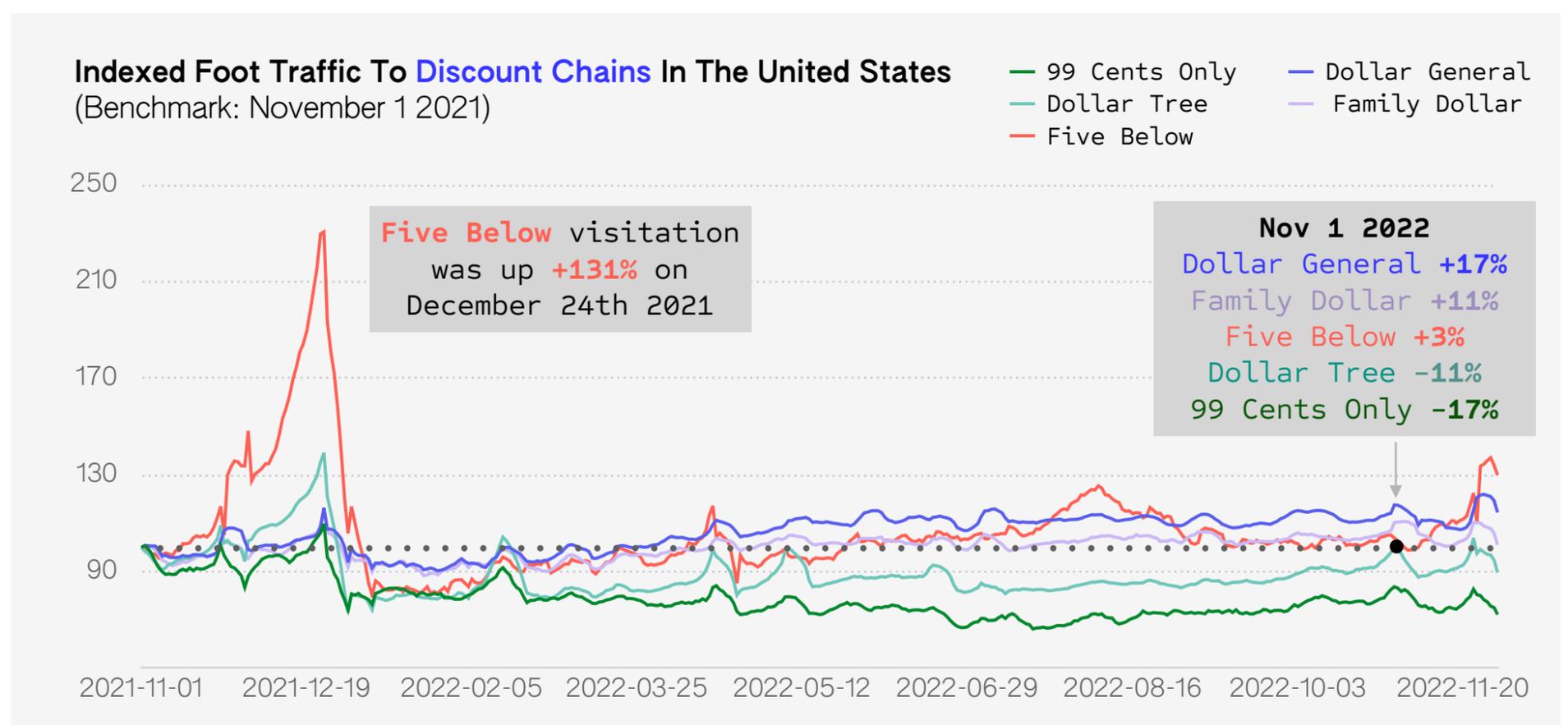


Discount shopping is on the rise

In the following analysis, we took a closer look at trending foot traffic to discount stores relative to other retail categories over the past year, and found that discount shopping is indeed on the rise in America. Our analysis reveals that **discount stores saw the biggest YoY increase in foot traffic of any retail category** (visitation was up +7% YoY as of Nov 1 2022), while shopping mall traffic declined by -6% YoY. Furthermore, discount retailers have seen an average visit frequency of **9 visits per shopper** in 2022 YTD, up from an average of 6 visits per customer in 2021.



Foot traffic can also provide valuable intel about the **competitive landscape**. Most discount retailers saw an uptick in visitation during the 2021 holiday season. Of the 5 brands analyzed, Five Below experienced the most considerable growth in foot traffic volume between Nov 1 to Christmas Eve 2021 (up +131% as of 12/24). According to NRF, Five Below was also experiencing exceptional sales growth during this time (over 40% sale increases in 2021 vs 2020*). **Five Below** saw another notable boost in early August, perhaps driven by back-to-school shoppers. As of Nov 1 2022, foot traffic to **Dollar General** & **Family Dollar** was up +11-17% YoY, while traffic to **99 Cents Only** was down -17% YoY.



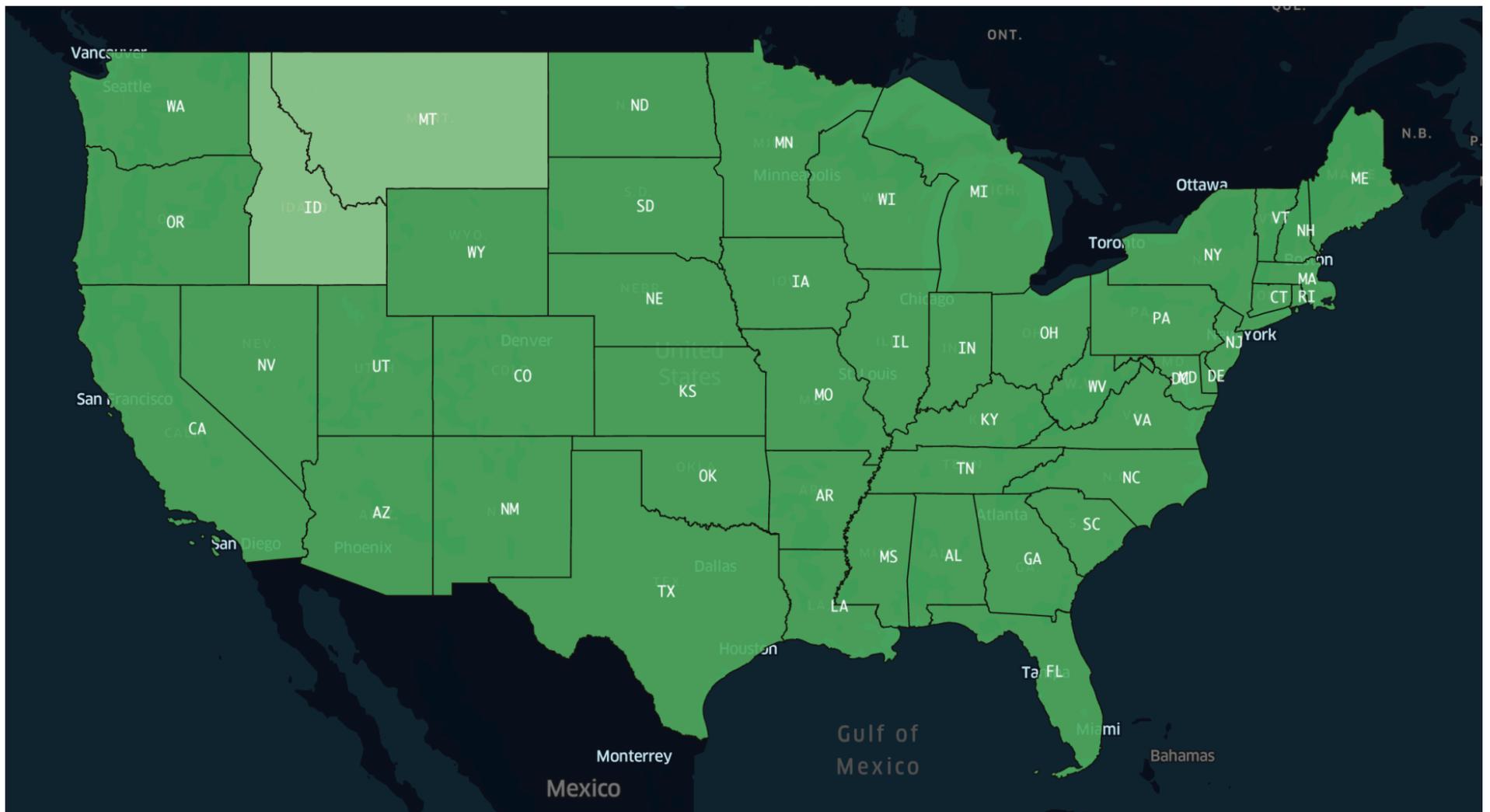
Source: Foursquare data from November 2021 - November 2022; Charts represent indexed foot traffic to U.S. discount stores and other retail stores amongst all U.S. consumers, where visits in the first week of November 2021 = 100 for each respective category or chain; *NRF

When it comes to discount shopping, Americans are most loyal to Dollar General

With discount shopping only increasing in popularity, we decided to take a closer look at geographical nuances in shoppers' brand preferences. The map below shows which of the 5 discount chains we looked at has the highest **share of wallet** in each state. In the context of this report, share of wallet is highly effective tool for measuring customers' brand loyalty, revealing what % of customers' total category traffic belongs to a particular brand.

Highest Share of Wallet By State:

-  Dollar General has the highest share of wallet
-  Dollar Tree has the highest share of wallet



Dollar General has more than 18,000 stores across 47 states in the continental U.S.

Between **Dollar Tree** and **Family Dollar** there are about 16,000 stores operating in all 48 contiguous states and five Canadian provinces.

Five Below has nearly 1,200 locations across 40 U.S. states.

99 Cents Only has under 400 stores today, and is only operating in CA, TX, AZ & NV.

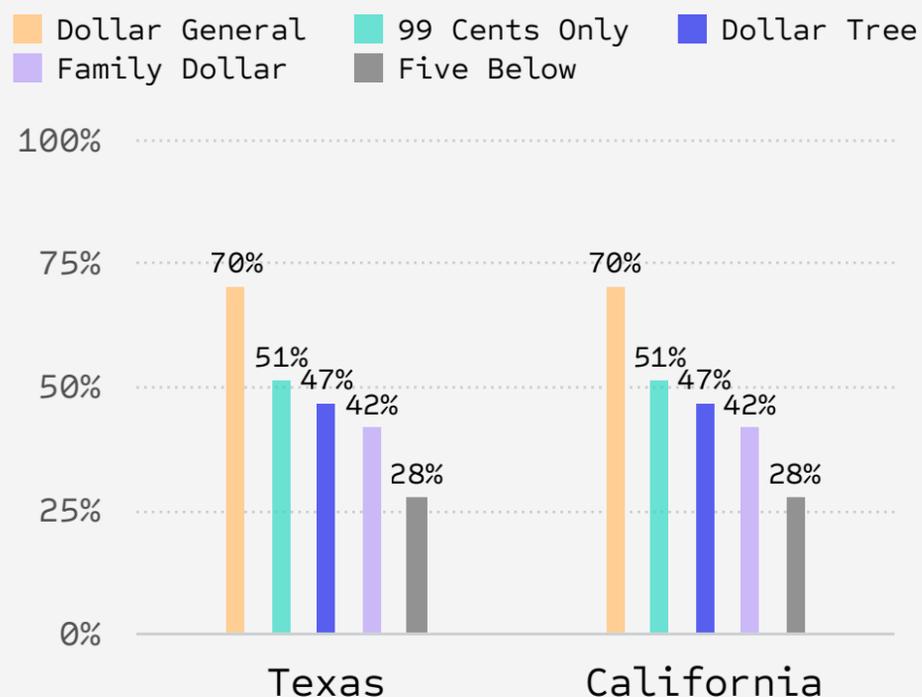
Dollar General Dominates

Dollar General has the highest share of wallet across all continental U.S. states where stores exist today. In the absence of Dollar General stores in Idaho and Montana, Dollar Tree claims the highest share of loyal customers. These results aren't all too surprising considering Dollar General outpaces all other chains in total venue count. In the following pages, we'll take a closer look at share of wallet alongside other key metrics to help distinguish key nuances in discount shoppers' preferences by state.

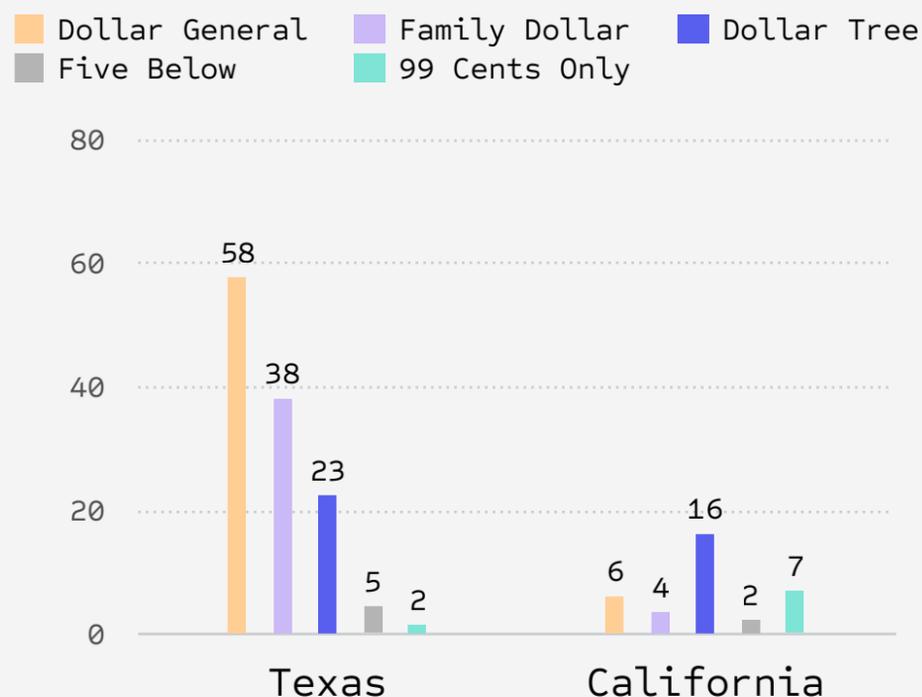
Comparing customer loyalty across state lines

In the following analysis, we set out to explore the respective roles and relationship of population size & venue count alongside venue count per capita in an effort to contextualize key learnings about customer loyalty by state, focusing on 6 discount retail chains in America's two most populated states: California & Texas.

Share of wallet: Discount Stores By State



Discount Store Venues Per Capita By State



Discount Retail Does It Bigger In Texas

Discount stores do it bigger in **Texas**. For most discount chains, Texas has the highest venue count of any state. For instance, 9% of Dollar General's 18,000+ nationwide stores are located in Texas. 14% of Family Dollar stores and roughly 8% of Dollar Tree stores are located in Texas. Additionally, about 10% of Five Below's 1,300 stores can also be found in Texas.

With this being the case, we decided to take a closer look at discount retailers' **share of wallet** in the lone star state. We found that Dollar General reigns king, maintaining 70% share of wallet in Texas, while other chains are only seeing between 28-51% share.

Texas is indeed home to some incredibly loyal customers of **Dollar General**. Of the Texans who visited a Dollar General store in 2022 YTD, trips to Dollar General accounted for 70% of their total in-store discount shopping & spending. This finding makes sense considering Dollar General outpaces all other chains with about 58 venues per capita in the state of Texas.

Despite having the 2nd highest number of venues per capita in Texas, **Family Dollar** actually ranks 4th (out of 5) in share of wallet.

Striking [Discounted] Gold In California

Share of wallet for discount retailers in the golden state mirrors what we saw in Texas. However, unlike Texas, California is home to the highest concentration of **99 Cents Only** stores in the country. Though the chain is only operating in CA, AZ, NV & TX, **California** is home to about 72% of the chain's nearly 385 locations.

Despite being home to highest concentration of 99 Cents Only stores, California has the most love and loyalty for **Dollar General**. Of the Californians who visited a Dollar General store in 2022 YTD, visits to Dollar General accounted for 70% of their total in-store discount shopping & spending, while other chains (including 99 Cents Only) saw between 28-51% share of wallet. This is a noteworthy feat considering 99 Cents Only outpaces Dollar General, Family Dollar, and Five Below in terms of venues per capita. And despite having the most venues per capita of any discount chain in California, Dollar Tree ranks 3rd in share of wallet in this state.

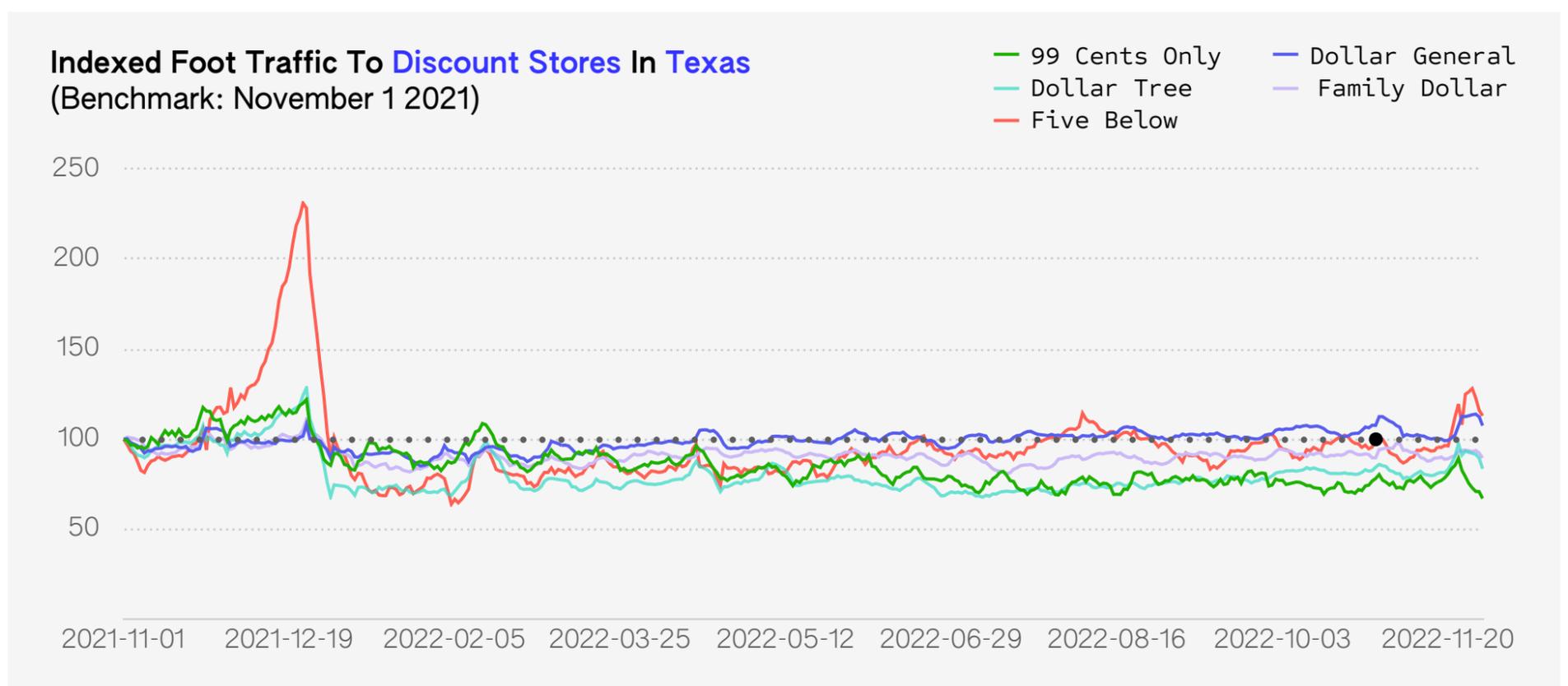
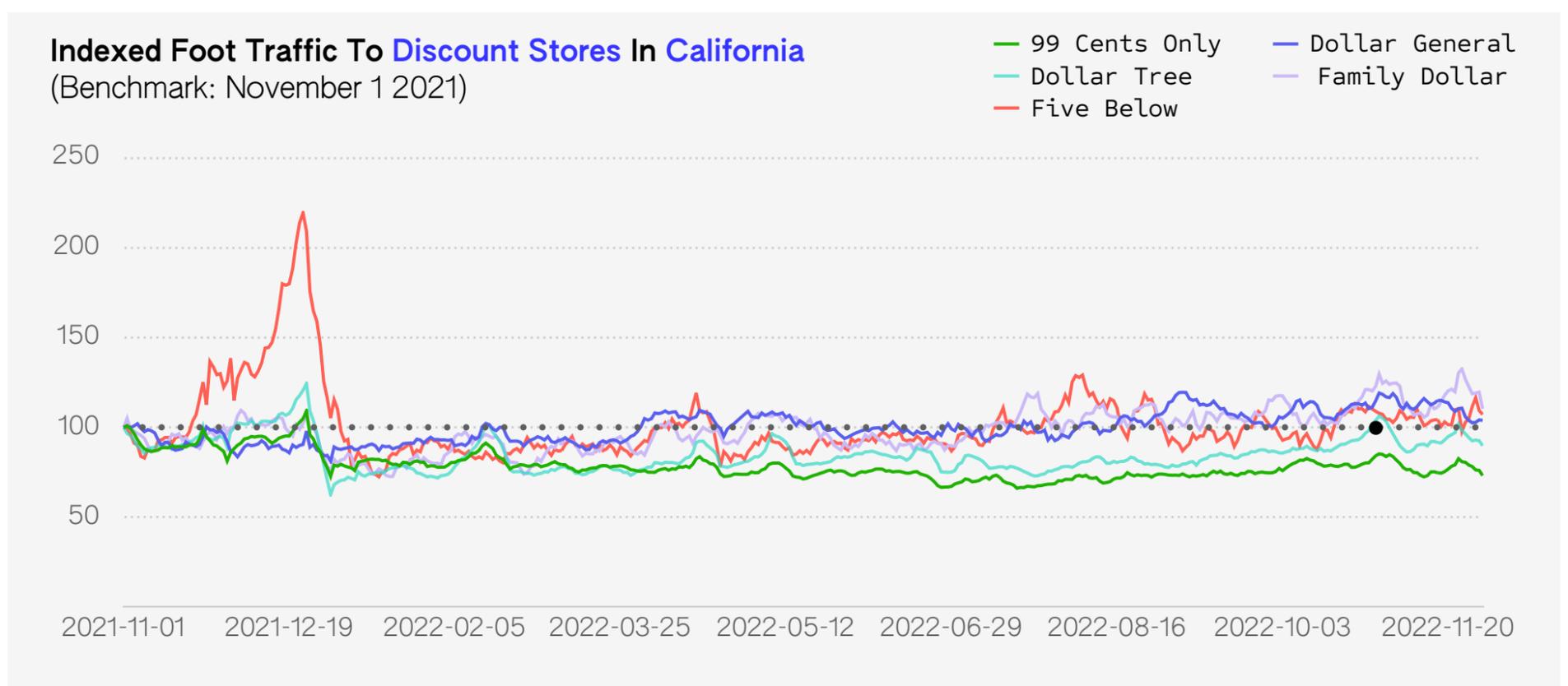
Similar to what we saw in Texas, **Five Below** shoppers in California are more likely to branch out and shop elsewhere, considering visits to Five Below accounted for less than 1/3 of their total discount shopping this year to date.

So what does this tell us? Having more store locations for customers to choose from doesn't necessarily equate to retaining loyal customers. We uncovered that 99 Cents Only actually outpaces Dollar General in store count in the state of California by a couple dozen venues. Yet, share of wallet for Dollar General outpaces 99 Cents Only in this state by nearly 20 % points. And even though Dollar General has nearly 7X as many stores in TX compared to CA (and therefore more venues per capita), the brand has the same share of wallet in both states. The same can be said for 99 Cents Only — despite having nearly 6X as many stores in CA compared to TX, the chains' share of wallet is consistent in both states.

Tracking Foot Traffic Trends By State

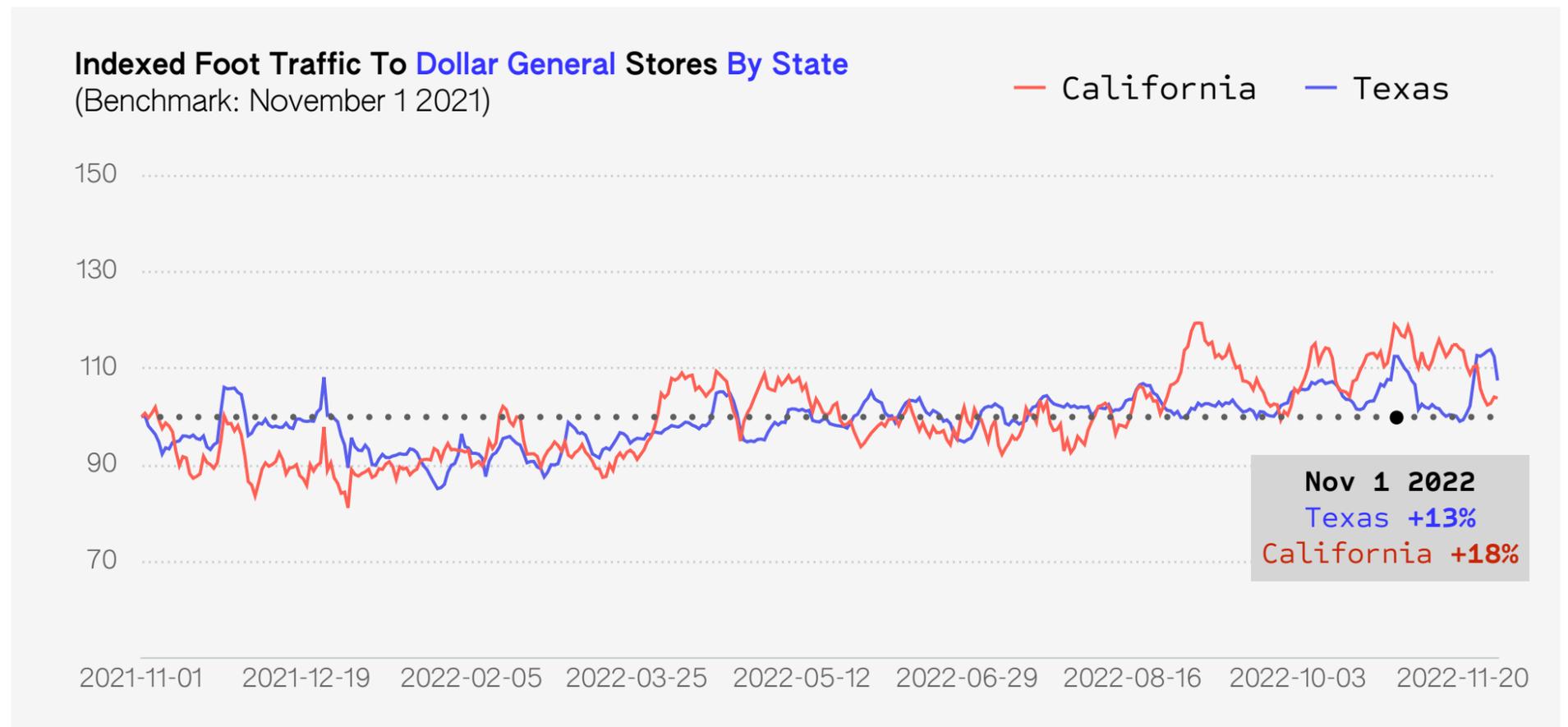
While share of wallet appears consistent for all chains in both Texas and California, an analysis of foot traffic volume over time reveals nuances in state-specific visitation by chain. For instance, foot traffic for **Five Below** increased by +109% between Nov 1 - Dec 24 in **California** last year, but increased by +128% during that same time in **Texas**. This year, Five Below stores in California experienced a more substantial uptick in visits in early August (+29% on 8/6) compared to Texas (+14% on 8/6). Regardless of the disparity in venue count, foot traffic to **99 Cents Only** stores across both states had declined by -15-23% YoY as of Nov 1 2022.

Family Dollar visitation has remained mostly elevated in California in recent months, while foot traffic to Family Dollar stores in Texas has mostly declined since November 1 last year. Meanwhile, **Dollar General** stores across Texas and California have experienced slightly more visit volume in recent months. With 70% share of wallet in both states, the chain continues to gain and retain a loyal following amongst cost-conscious shoppers in the country's two most populated states.

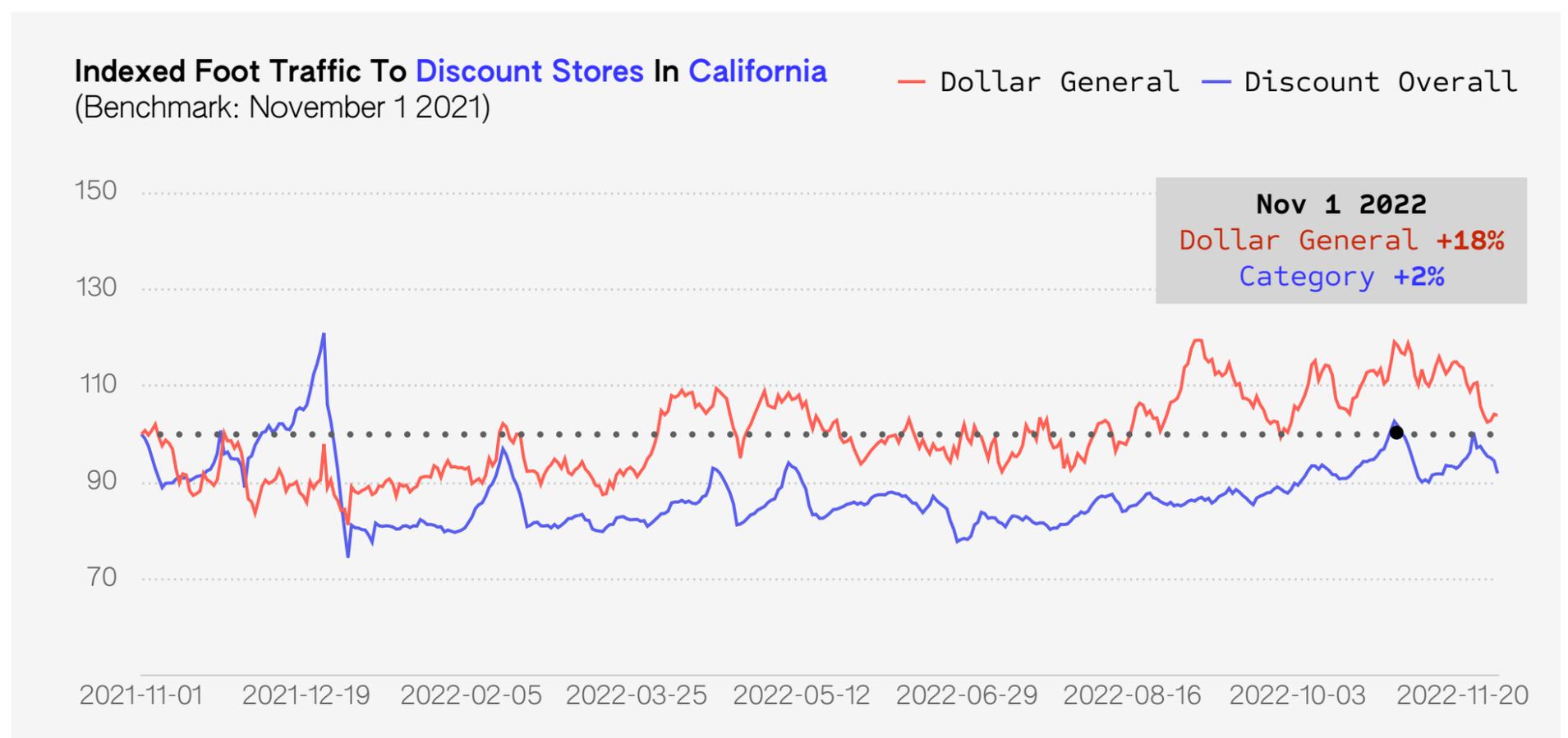


Keeping up with Dollar General

For Dollar General, stores in [California](#) have been experiencing more notable upticks in visit volume since August this year, especially compared to Dollar General stores in [Texas](#). The most notable uptick occurred in mid August, perhaps driven by [back-to-school](#) shoppers. For many school districts in California, the first day of grade school began on Monday, August 15th this year. During that first week of school, foot traffic to DG stores in [California](#) was up +4-7% from early Nov 2021.



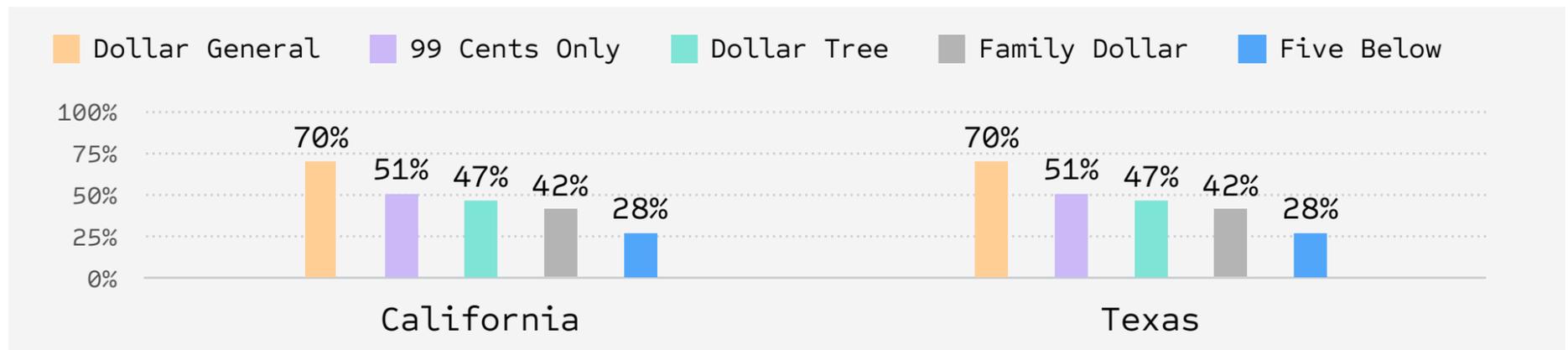
By comparing foot traffic to Dollar General stores vs discount stores overall in the state of [California](#), we found that upticks to DG stores in more recent months have outpaced any upticks for the overall discount category. In fact, in California, Dollar General visitation has been elevated since late July, while discount traffic overall has remained mostly down since early Nov 2021. With 70% share of wallet amongst CA customers, it's no surprise that Dollar General continues to gain traction in the golden state.



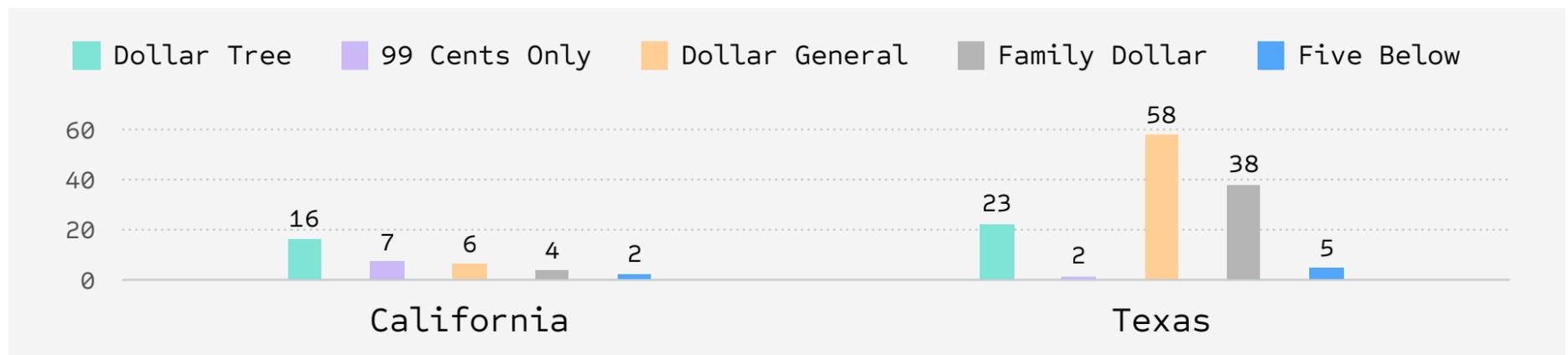
Taking Foot Traffic Share Into Account

Next, we continue to analyze the relationship between share of wallet and venues per capita by state, but now with the added perspective of share of category visits by chain in California and Texas.

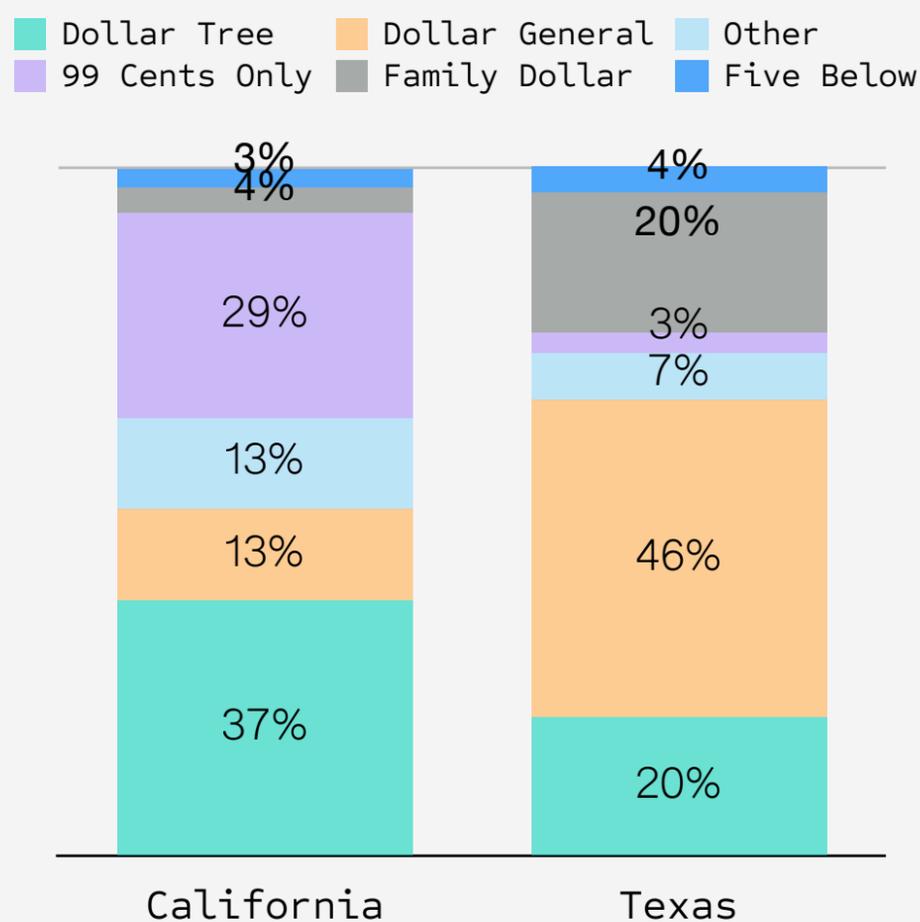
Share of wallet: Discount Stores By State



Discount Store Venues Per Capita By State



Share of Total Discount Store Visitation By Chain



Though all 5 brands are operating in both states, share of discount store visitation in California looks considerably different than share of discount store visitation in Texas.

In [California](#), visits to Dollar Tree account for the highest share of any single retailer (37%), followed by 99 Cents Only with 29% share. While visits to **Dollar General** only account for 13% of total discount traffic in the golden state, and the chain has slightly fewer venues per capita compared to 99 Cents Only and Dollar Tree, Dollar General still manages to outpace all other chains in share of wallet by at least 19 % points.

In [Texas](#), visits to Dollar General account for nearly 1/2 of total discount store traffic (46%). Family Dollar and Dollar Tree are tied for second highest share, with visits to both chains each accounting for 20% share. Even though visits to 99 Cents Only account for less than 4% of total discount store traffic in the lone star state, and there are fewer than 2 venues per capita, the chain still manages to rank 2nd overall in share of wallet, outpacing Dollar Tree, Family Dollar and Five Below in this metric. This data shows that, of the customers **99 Cents Only** does have in Texas, this audience is extremely loyal.

Where are discount store chains seeing the most loyal customers today?

Foursquare data reveals which states are home to discount shoppers with the highest [share of wallet](#) by chain:



Location data reveals that [Washington](#), [Oregon](#), [Idaho](#), [Washington DC](#) and [Montana](#) are home to some of the most loyal discount shoppers in America, with share of wallet across all 3 brands (Dollar General, Dollar Tree and Family Dollar) ranging between **68-82%**.

[Dollar General's most loyal customers reside in the Pacific Northwest.](#)

Of the people who visited a Dollar General store in [Washington](#) or [Oregon](#), visits to Dollar General accounted for **82%** of their total discount shopping trips in 2022 YTD. In these same states, Dollar Tree only saw 57% share of wallet. This is a rather interesting finding, considering neither Washington nor Oregon rank within the top 35 (of 47) states with Dollar General locations, based on venue count. In fact, there are about 100 stores total across both states combined. And yet, both states outpace Texas (a state with 17X more Dollar General stores) by 12 % points. This tells us that venue expansion is not the only factor to consider when it comes to building and retaining loyal customers. In fact, having fewer locations to choose from can result in even higher share of wallet, as we're seeing in Washington and Oregon.

[In the absence of Dollar General, Dollar Tree prevails.](#)

[Montana](#) and [Idaho](#) are home to some of the most loyal Dollar Tree and Family Dollar shoppers, with over 70% share of wallet across both brands. And in both states, the Dollar Tree company benefits from not having to compete with Dollar General. For every state that Dollar General has locations, the brand consistently sees the highest share of wallet of any discount chain in that state. In states that do not have Dollar General locations (Idaho, Montana, Washington DC), Dollar Tree takes the lead and outpaces Family Dollar in this metric by at least 5 % points.

Ready to Boost Your Customer Loyalty?

Foursquare partners with leading retailers to measure consumer behavior, shedding light on the path-to-purchase, lifestyle preferences, and competitive visitation.

Location technology helps marketers measure incremental visits, visit frequency, penetration and cross-visitation -- as well as comparing effectiveness by campaign, message, target, and partner, determining how media strategies tie back to visit behavior. **Need help on the below? Let's talk.**



To Improve Share of Wallet...

Leverage location data to determine your **true competitive set** in the minds of your customers -- it may surprise you.

Build custom segments to conquest visitors from competitive chains, while accounting for their loyalty, daypart patterns, and region.

Build brand affinity by understanding and aligning with your customers' lifestyles, rather than driving one-off promotional visits.

Expand conquering strategies to include brands in adjacent categories where consumers also go for a bite, like convenience stores and fast food chains.



To Improve Visit Frequency...

Segment customers into fanatic (high loyalty), sporadic (moderately loyal), and defector (disloyal), to plan more effective CRM strategies, customizing communications with each segment to boost brand loyalty.

Measure media's impact on visit frequency, optimizing towards the most effective creative, targeting tactics and partners to maximize your return on investment.

Deliver proactive location-contextual messaging to shoppers in times of consideration to intercept them on the path to purchase.

Tailor creative to consumer preferences and behaviors, which vary by region, state and DMA.

Want to know more?

For a detailed competitive analysis and a tailored strategy to boost your customers' loyalty, [contact us](#) today.

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