

Retailing - Hardlines

Monthly hardline retail spending snapshot: Hardline spending down 9.9% in Jan

Industry Overview

Sequential improvement across most categories

In January, Hardlines spending declined 9.9% YoY (vs. -10.1% in December). The following categories showed the largest acceleration from Dec to Jan: housing-related services, auto services, and auto parts retailers. The following categories showed the largest deceleration from Dec to Jan: bedding, car wash, and furniture. Colder temperatures and more winter storms YoY likely hurt hardlines spending in aggregate but helped auto parts and services. See the [BofA on USA note \(02/08/2024\)](#) for an explanation of the methodology, disclaimers, and limitations with BAC aggregated credit and debit card data.

Home improvement: YoY change improves sequentially

For January 2024, spending at home improvement retailers declined (7.0)% YoY, vs. (7.5)% YoY in December 2023, per BAC aggregated credit and debit card data. Spending on housing-related services improved YoY in January 2024, increasing 1.3% YoY compared to a (4.0)% YoY decrease in December 2023. Whirlpool (WHR) stated on its 4Q earnings call (1/29/24) that soft discretionary demand and higher retail inventory levels are likely to weigh on industry performance in 1H24, particularly 1Q24, and promotions will be a headwind YoY in 1H24.

Furnishings & bedding: bedding decline worsens

For January 2024, spending on furniture was down (15.8)% YoY vs. (13.5)% YoY in December 2023, per BAC aggregated credit and debit card data. Spending on high-end furniture was down (12.2)% YoY in January 2024 vs. (13.0)% in December 2023. Spending at bedding retailers fell (17.8)% YoY in January 2024 vs. (11.7)% YoY in December 2023. Tempur Sealy (TPX) stated on its 4Q earnings call (2/8/24) that its order book was positive in January and its online sales were up double digits even though mattress retailers were likely -10% per mgmt.

CE & hobby retail: demand is still down

For January 2024, spending at consumer electronics (CE) & hobby retailers was down (11.9)% YoY vs. (11.0)% YoY in December 2023, per BAC aggregated card data. Sonos (SONO) stated on its F1Q earnings call (2/6/24) that its pre-Christmas promotions likely pulled demand from January.

Pet specialty: decline shows slight moderation

Spending at pet specialty retailers fell (5.3)% YoY in January vs. (5.5)% YoY in December 2023, per BAC aggregated card data. The category has seen consistent negative trends since August 2023.

Auto parts and services demand down less

In January, spending at auto parts retailers was down (1.4)% YoY vs. (3.0)% YoY in December, per BAC aggregated card data. Spending on pro auto services fell by (1.4)% YoY vs. (6.0)% YoY the prior month, and spending on car washes grew 6.2% YoY vs. +11.2% YoY the prior month. O'Reilly (ORLY) called out on its 4Q earnings call (2/8/24) a solid start in January from favorable winter weather.

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Heatmap

Exhibit 1: Hardline categories monthly YoY% change

In January, car wash remained the strongest category with 6.2% YoY growth, and bedding was the weakest with -17.8% YoY decline.

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Car wash	0.7%	6.9%	-0.1%	1.6%	1.2%	9.3%	11.3%	9.7%	10.4%	11.0%	6.5%	6.2%	19.8%	11.2%	6.2%
Housing-related services	-1.3%	-2.2%	1.2%	-2.3%	-5.4%	-6.6%	2.2%	-3.3%	1.1%	0.2%	-2.3%	2.7%	-0.6%	-4.0%	1.3%
Auto parts retailers	-0.5%	-1.1%	0.7%	-1.9%	-4.2%	-3.9%	0.7%	0.1%	1.2%	0.8%	-0.2%	-1.4%	0.6%	-3.0%	-1.4%
Auto services	4.0%	2.5%	6.0%	1.6%	-0.3%	-4.5%	4.3%	0.6%	-0.6%	0.3%	-3.0%	-0.5%	-1.1%	-6.0%	-1.4%
Pet specialty	4.6%	3.5%	2.5%	3.3%	3.1%	1.5%	2.2%	2.7%	0.1%	-0.7%	-2.6%	-2.2%	-4.4%	-5.5%	-5.3%
Home improvement	-8.3%	-5.1%	-4.7%	-6.3%	-10.3%	-8.2%	-0.5%	-6.4%	-4.7%	-5.7%	-7.4%	-5.5%	-4.6%	-7.5%	-7.0%
Consumer electronics & hobby	-13.3%	-11.8%	-9.2%	-9.3%	-13.0%	-12.8%	-9.8%	-6.9%	-10.6%	-10.9%	-9.7%	-7.7%	-4.4%	-11.0%	-11.9%
High-end furniture	-8.3%	-15.9%	-19.4%	-18.5%	-22.8%	-21.7%	-16.0%	-18.9%	-19.2%	-17.8%	-15.2%	-13.3%	-10.4%	-13.0%	-12.2%
Furniture	-11.0%	-12.2%	-13.5%	-13.6%	-16.1%	-16.6%	-12.9%	-11.9%	-13.8%	-16.5%	-14.1%	-16.1%	-11.4%	-13.5%	-15.8%
Bedding	-18.7%	-17.7%	-17.7%	-15.3%	-19.7%	-18.7%	-19.8%	-17.1%	-18.0%	-18.0%	-15.1%	-20.9%	-13.0%	-11.7%	-17.8%
Hardlines	-8.3%	-7.6%	-8.3%	-8.3%	-11.1%	-11.6%	-8.4%	-8.3%	-9.1%	-9.7%	-9.0%	-9.8%	-7.1%	-10.1%	-9.9%
Home improvement West	-6.5%	-7.1%	-9.3%	-14.1%	-17.7%	-9.6%	0.7%	-2.3%	-4.2%	-4.7%	-5.4%	-4.4%	-2.1%	-3.7%	-3.2%
Home improvement Northeast	-7.8%	-6.3%	-5.6%	-6.4%	-13.1%	-7.8%	-1.5%	-7.3%	-6.0%	-5.5%	-10.8%	-4.0%	-7.1%	-9.2%	-4.8%
Home improvement Midwest	-5.4%	-4.1%	-4.5%	-0.9%	-9.9%	-0.2%	0.5%	-3.9%	-2.3%	-5.0%	-5.6%	-6.1%	-3.1%	-5.2%	-6.5%
Home improvement South	-9.8%	-1.5%	1.5%	2.0%	-1.1%	-8.0%	0.9%	-9.1%	-3.5%	-5.4%	-7.0%	-5.4%	-4.9%	-10.0%	-10.1%

Source: BAC internal data

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Exhibit 2: Hardline categories monthly 4-year % change

In January, car wash and housing-related services were the top performers in 4-year % change, with 51.1% and 39.9% growth, respectively.

	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Car wash	52.5%	55.7%	65.3%	74.2%	36.6%	62.9%	66.2%	59.8%	57.8%	56.0%	47.1%	68.8%	60.0%	56.7%	51.1%
Housing-related services	53.2%	64.6%	48.7%	56.2%	61.4%	37.6%	45.6%	51.9%	36.3%	48.7%	43.9%	37.6%	43.3%	41.6%	39.9%
Pet specialty	44.4%	40.3%	44.2%	40.9%	38.9%	40.2%	38.1%	38.7%	37.9%	34.7%	36.5%	36.9%	32.8%	28.0%	31.9%
Auto parts retailers	22.6%	26.7%	22.9%	22.3%	20.2%	18.9%	22.9%	24.8%	21.6%	24.9%	26.4%	22.9%	24.8%	19.1%	21.7%
Auto services	18.2%	29.8%	18.7%	23.0%	23.4%	13.9%	19.9%	27.7%	13.9%	21.6%	25.2%	16.4%	18.9%	22.0%	17.5%
Home improvement	24.2%	26.7%	23.0%	32.6%	28.1%	19.1%	25.3%	24.0%	15.7%	18.0%	19.5%	16.9%	20.0%	16.7%	14.0%
High-end furniture	26.4%	25.5%	21.3%	28.7%	23.5%	18.8%	15.6%	18.6%	9.3%	8.2%	16.2%	11.0%	23.6%	-3.1%	-0.5%
Consumer electronics & hobby	1.8%	2.7%	3.6%	7.2%	1.2%	2.9%	-0.1%	2.4%	2.4%	-4.1%	-0.5%	5.3%	6.7%	-9.8%	-4.7%
Furniture	17.7%	7.2%	13.3%	14.8%	5.2%	9.3%	7.0%	6.3%	3.7%	-2.6%	4.6%	-1.3%	5.6%	-8.9%	-7.2%
Bedding	8.3%	7.0%	12.0%	10.5%	-5.9%	5.9%	-3.7%	-6.0%	-1.9%	-15.0%	-0.4%	-10.6%	-12.1%	-16.7%	-16.7%
Hardlines	17.8%	15.9%	18.0%	19.8%	17.3%	23.1%	14.7%	12.5%	11.1%	7.1%	12.3%	9.7%	10.5%	0.4%	4.0%
Home improvement South	33.6%	37.7%	34.3%	41.2%	41.2%	24.4%	31.4%	35.9%	24.0%	27.3%	29.0%	28.8%	27.5%	21.4%	19.5%
Home improvement Northeast	28.1%	25.9%	21.5%	29.6%	31.9%	22.6%	26.5%	19.2%	14.8%	17.2%	10.7%	18.7%	18.6%	17.2%	17.2%
Home improvement West	16.2%	19.1%	15.2%	26.0%	16.2%	12.8%	20.4%	21.7%	12.3%	14.8%	17.7%	16.2%	17.1%	14.8%	11.4%
Home improvement Midwest	19.0%	21.0%	16.0%	31.7%	21.8%	22.2%	28.9%	16.1%	13.5%	12.1%	17.6%	15.4%	17.7%	14.3%	7.7%

Source: BAC internal data

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Exhibit 3: Data category and description

Merchants are categorized based on products/services they provide

Data category	Description
Home Improvement	Merchants that sell a wide range of home products and supplies
Housing-related services	Merchants/individual professionals that provide plumbing, flooring, painting, carpentry or other home-related services
Furniture	Merchants that sell furnishing items, such as sofas, dressers, tables, chairs
Bedding	Merchants that sell bedding and mattresses
Consumer electronics & hobby	Merchants that sell household appliances and electronic goods
Pet specialty	Merchants that sell pets, pet food, and pet supplies
Auto parts	Merchants that sell automobile parts and wholesale distributors of motor vehicle accessories, tools, equipment, and new parts

Exhibit 3: Data category and description

Merchants are categorized based on products/services they provide

Data category	Description
Auto service	Merchants that conduct automotive repairs and general servicing
Car wash	Merchants that wash, wax, and polish automobiles, including drive-through, custom hand wash, and do-it-yourself car wash locations

Source: BofA Global Research

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Readers should be aware that although the BAC datasets utilized in our analysis represent a significant number of data points, they nevertheless present a degree of selection bias, including but not limited to income levels and geographies. In addition, the data is limited to debit and credit cards and does not include other payment methods such as cash or checks.

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BAC data used in this report include spending from active US households only. Spending from corporate cards are excluded.

Our methodology for calculating the growth rates for daily data: we calculate the %y/y growth rate and the 4-year % change by matching calendar days (Jan 1 2023 is matched to Jan 1 2022, and Jan 1, 2019, respectively). The % change is calculated based on the 7-day moving average of spending levels.

Additional information about the methodology used to aggregate the data is available upon request.

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Gas station sales data includes two MCCs: Automated Fuel Dispensers and Service Stations. Therefore this data may include other items and services purchased at gas stations in addition to gasoline.

Methodology of estimating gallons of gas purchased: To estimate the YoY % change of daily gallons of gas purchased, we divide indexed daily gas station sales by indexed average US gas prices, and then calculate the YoY % change.



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