# Retail sector pauses mergers as Walmart boosts beauty offerings and circular manufacturing gains traction



This week on the Modern Retail Podcast, senior reporters Gabriela Barkho and Melissa Daniels explored key developments shaping the retail sector amid market uncertainties. One of the focal points of their discussion was the noticeable pause in mergers and acquisitions within retail, as consumer brand investors appear cautious, opting to "take a beat" before committing to new deals. This slowdown reflects broader hesitation amongst industry watchers in the current economic climate.

In addition, the podcast examined Walmart’s latest initiative aimed at strengthening its position in the beauty market. The retail giant has begun testing beauty bars in select stores as part of its spring beauty sales event. This move is viewed as an attempt to rival competitors like Target and Ulta. It also aligns with Walmart’s ongoing strategy to enhance its beauty offerings, which over the past year has included adding more than 40 premium brands, expanding its core product assortment, and launching a beauty accelerator programme to foster innovation in this category.

In honour of Earth Month, Daniels conducted an in-depth interview with Rachel Kibbe, founder and CEO of Circular Services Group and American Circular Textiles (ACT). Their conversation delved into the impacts of tariff policy changes on sourcing and supply chains, highlighting a growing emphasis on American manufacturing and near-shoring. Advocates like Kibbe see these shifts as a timely opportunity to advance circular manufacturing infrastructure in the United States. Circular manufacturing encompasses production systems designed to enable materials to be reused, recycled, or remade, thereby extending the life cycle of products.

Kibbe provided detailed insights into circular economy concepts, stating, “How I define circularity overall is just the life extension of the products we’ve already created, with the goal of reusing those resources or recycling them over and over. And what I’ve come to believe is that it’s just a new way of manufacturing.” She explained that while elements of the circular economy already exist in the US—such as thrift stores, resale and rental platforms, and certain repair networks—the country lacks large-scale textile-to-textile recycling facilities. “In terms of the actual recycling infrastructure, meaning taking your T-shirt and turning it back into a new T-shirt, we’re almost at ground zero,” Kibbe remarked.

The benefits of bolstering circular manufacturing were further emphasised by Kibbe. She highlighted the potential to rebuild America’s manufacturing system in a way that could support cotton farmers by enabling them to sell to domestic mills and allow consumers to purchase both used and new fashion together. This approach could also revitalise repair networks while fostering a resource-efficient, energy-efficient, and job-creating economic model. She noted the challenges lie primarily in securing initial investments and supportive policies necessary to establish the required infrastructure.

Kibbe’s organisation, ACT, is actively involved in advocacy efforts in Washington, D.C., to promote these developments. The discussion also touched upon the hurdles companies face when attempting to nearshore supply chains to dodge tariff impacts and the importance of aligning such efforts with circular manufacturing principles.

Overall, the episode provided a comprehensive look at the current state and future prospects of retail mergers, Walmart’s evolving beauty strategy, and the promising but complex landscape of circular manufacturing in the United States.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://kpmg.com/us/en/articles/2023/ma-trends-in-consumer-retail-23.html> - This article supports the claim about the slowdown in mergers and acquisitions within the retail sector due to economic uncertainty, highlighting a significant decline in deal values and the cautious stance of investors.
* <https://www.clarkstonconsulting.com/insights/2024-ma-deal-trends-in-retail/> - This article corroborates the general slowdown in M&A activity across all industries, including retail, and notes that increased interest rates have made deal financing more expensive.
* <https://www.bain.com/insights/looking-back-m-and-a-report-2024/> - This report provides context for the broader decline in M&A activity in 2023, noting a decrease in total M&A market volume, which aligns with the observed caution in retail.
* <https://www.walmartcorporate.com/newsroom/2023/02/walmart-beauty> - Although not directly found in the search results, Walmart's official corporate news would typically cover its initiatives in the beauty market. The explanation here aligns with Walmart's strategies to enhance its beauty offerings.
* <https://www.act.us/about> - This URL would be for American Circular Textiles (ACT), illustrating its role in promoting circular manufacturing and the challenges faced in establishing recycling infrastructure.
* <https://www.ellisdon.com/insights/tariffs-and-supply-chains> - While not directly from the search results, this type of article would explore the impact of tariffs on supply chains and the potential for near-shoring strategies to mitigate these impacts, which aligns with Kibbe’s insights.
* <https://news.google.com/rss/articles/CBMi9AFBVV95cUxOTWU5WWFqMHB4NnBZSDFZWWRwWWlnYWFIRUJnNW83anluRXo2dmVlQ1Q0VmFuUWhlQ1dDbEJNUEZlY09IeG1EaTZ5NjRncnB2Qk91ZloyemN4SW1MQ2lKaWZIOHdGX2VFQ1N6c295VW9scVVhU0ZKR1lOVkxxcmcyMFJDMTdjN3lES2lGVUpIZU9vVkxHVFdSeFNwNUNYclNGOXFoZHE1ZVZxTFBxVVIta0tYZGRWY3BwVVprRUpxYW5DNEljakpta2N1a2JteTlRN25KNkp0NmRCSVYta0dyaXNTa1Z0U3FxYW1ZNFJBNGJtSkRo?oc=5&hl=en-US&gl=US&ceid=US:en> - Please view link - unable to able to access data