



## Most Outlet and Factory Stores Offer Cheaper Goods Made Specifically for Off-Price Locations, Not Genuine Bargains, Consumers' Checkbook Investigation Finds

*Nonprofit Spent Three Months Investigating 40 Major Brands*

**WASHINGTON — June 30, 2026** — The words “outlet mall” conjure images of steep discounts on designer goods and past-season fashion steals. But a new investigation by nonprofit consumer organization [Consumers' Checkbook](https://www.consumerscheckbook.org) finds that the reality is less exciting and often misleading.

After spending three months visiting outlet centers, factory stores, and clearance locations representing 40 major brands — from Adidas to Zales — Checkbook researchers found that more than half of the goods sold at outlet and factory stores are manufactured specifically for those off-price locations, not discounted from regular retail. The goods are lower-priced, but also lower-quality: thinner fabrics, synthetic materials substituted for natural ones, cheaper soles on shoes, and inferior construction on bags and accessories.

“Most shoppers arrive at outlet stores believing they’re getting the same merchandise they’d find at mainline retailers, just at a discount,” said Jennifer Barger, Director of Content at Consumers' Checkbook. “The reality we uncovered is that brands have quietly turned their ‘factory’ and ‘outlet’ stores into a separate, lower-quality distribution channel — and very few of them disclose that to their customers.”

### Key Findings

Checkbook’s investigation found that outlet stores fall into three broad categories:

- **Made-for-outlet** — Brands including J. Crew Factory, Banana Republic Factory, Ann Taylor Factory, Gap Factory, LOFT Outlet, Coach, Cole Haan, Levi’s, and Kate Spade sell merchandise manufactured exclusively for their off-price locations. These items are not discounted versions of regular-store goods — they are different products made with cheaper materials.
- **Genuine clearance centers** — A smaller number of retailers, including Burberry, Lafayette 148, Pottery Barn, RH, Williams Sonoma, Athleta Factory Outlet, Nike Clearance, and Talbots Clearance Centers, offer real overstock, floor models, and past-season merchandise from their mainline stores at meaningful discounts.
- **Regular-price goods in outlet locations** — Some brands, including Bath and Body Works, Yankee Candle, Le Creuset, and DKNY, simply operate stores in outlet mall locations with little or no pricing advantage over their regular retail channels; this may come as a surprise to customers thinking they are getting special outlet pricing.

## **Misleading Pricing and Hidden Label Codes**

Checkbook found widespread use of “Compare At” and “MSRP” pricing at outlet stores — figures that reference completely different, higher-quality mainline products rather than the made-for-outlet items on the rack. Consumer advocates have filed class action lawsuits against several brands, including J. Crew, Coach, Samsonite, and Oakley, alleging false reference pricing and failure to disclose made-for-outlet merchandise.

Many brands use subtle interior-label differences to distinguish outlet goods from mainline items — codes that are rarely explained to shoppers. For example, J. Crew Factory labels bear two small diamonds under the words “J. Crew;” Banana Republic Factory labels feature three small diamonds; Talbots Outlet uses white labels with three dots, while mainline Talbots labels are blue-black.

“Brands go to considerable lengths to obscure the fact that outlet merchandise is a different — and lesser — product,” Barger said. “The label coding is cryptic. Shoppers shouldn’t need a decoder ring to know whether what they’re buying is a genuine bargain.”

### **Tips for Outlet Shoppers**

- Ignore “Compare At” and “MSRP” tags — they don’t reflect the actual value of outlet items.
- Know which stores sell genuine clearance goods (home décor outlets like Pottery Barn and RH, and select high-end fashion brands) versus made-for-outlet merchandise.
- Compare prices online before buying — researchers frequently found lower prices on the same items at Amazon, Dick’s, or brand websites than at outlet stores.
- Consider buying secondhand through platforms like ThredUp, Poshmark, or TheRealReal to get higher-quality mainline merchandise at true discounts.
- Learn to identify quality hallmarks: natural fabrics, lined garments, leather soles on dress shoes, and uniform stitching on bags.

The full investigation — including detailed findings on all 40 brands and a guide to decoding outlet labels — is available at [checkbook.org](https://www.checkbook.org).

### **About Consumers’ Checkbook**

Consumers’ Checkbook ([Checkbook.org](https://www.checkbook.org)) is an independent, nonprofit consumer organization, founded in 1974. Its mission is to educate consumers and to help them get high-quality services and products at the best possible prices. In addition to working on national projects, Checkbook publishes Consumers’ Checkbook magazine in print and online in the Washington, D.C., San Francisco Bay, Puget Sound, Twin Cities, Chicago, Boston, and Delaware Valley areas, with ratings of service providers ranging from dentists to plumbers. Checkbook is fully funded through subscription and publication sales, fees for information services, and consumer donations, and does not accept advertising dollars or other support from businesses so there can be no question of bias.

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