

# General Merchandise Comp Stores Sales Analysis

## September 2011

### September Sales Spring

The stock market may be flailing up and down like a maniacal yo-yo, European debt may explode the euro, and 1960s-style sit-ins may be making a comeback in and around Wall Street, but the retail sector generally posted strong September sales. According to the Johnson Redbook Retail Sales Index, which measures a sample of large general merchandise retailers, same store sales in September 2011 rose 4.4%.

Note that Retail Metrics predicted a 4.9% increase in September 2011 same store sales, the 25th straight monthly gain, and that Thomson Reuters expected the 24 US retail chains it tracks to post an average same store sales gain of 4.6% for September – although from an analyst perspective, early results from 14 chains found eight beating expectations and six failing to meet expectations.

Limited Brands, owner of the Victoria's Secret chain and Bath & Body Works brand, posted an 11% increase in same-store sales, beating analysts' 4.9% estimate. Indeed, its Bath & Body Works posted a 12% sales gain, surpassing a projection of 1.3%, in large part due to increased sales of home fragrance and anti-bacterial products.

Other big September winners were warehouse chain Costco Wholesale Corp., exceeding analysts' forecast for 10.1% rise with a robust 12% boost, sports retailer Zumiez Inc. with a 10.1% rise versus analysts' expected 3.2% increase, and Nordstrom, which had a 10.7% increase in same store sales – more than double the 5.2% analysts expected. The Buckle Inc. sported a 10.3% increase against analysts' forecast of a 3.8% rise.

September sales also gained momentum from the damage that hurricanes Irene and Lee did while dancing through the Eastern US in August as shoppers shifted back-to-school purchases. Clothing sales, especially in the children and young adult markets, are particularly important at this time of year and at least two chains benefited from strong apparel sales. Analysts also noted September sales were boosted by retailers raising prices to mitigate the higher cost of cotton and other materials, making sales in dollar terms look better than sales in unit terms.

Target Corp. same store sales rose 5.3% in September, better than the 3.9% predicted, in part due to a rush for the new Missoni line it launched on September 13 th and from increased children's clothing sales (including the Missoni items). Kohl's also beat expectations, 4.1% to 2.2%, as shoppers embraced the newly launched Jennifer Lopez and Marc Anthony clothing lines.

JC Penney missed analysts' estimates with a 0.6% drop in September same-store sales versus a Reuters forecast of a 0.6% increase and a Retail Metrics forecast of a 0.9% increase. However, it would have been worse but for the excellent sales in the children's apparel division. Wet Seal was another miss, as its same-store sales slid 0.3%, below the expectations of a 3.8% increase.

Blame good health – the late start to the flu season – for Walgreen Co.'s slower than expected 3.1% same-store sales increase instead of the 4.6% predicted by Reuters analysts.

Also note that storm damage likely sent more shopper dollars into home improvement stores, such as Home Depot, Inc., Lowe's, and Sears Holdings Corp., which sell generators and other associated items and which do not report monthly same store sales figures.

For October, Johnson Redbook Research is more sanguine about retail expectations. It's predicting October 2011 same-store sales growth of 3.6% over October 2010, which would be a 1.7% decline from September 2011.

Indeed, many analysts, citing uneven economic prospects, are predicting an October lull before holiday sales start up in November. The National Retail Federation predicted sales in November and December 2011 would rise 2.8%.

#### Top Performers

Company	Comp%
Victoria's Secret Stores (div. Limited )	13.00%
Bath & Body Works (div. Limited )	12.00%
Costco	12.00%
Limited Brands, Inc. (consolidated)	11.00%
Nordstrom, Inc.	10.70%
Buckle, The	10.30%
Zumiez	10.10%
Saks Fifth Avenue (Saks Inc.)	9.30%
Target Corporation	5.30%
Ross Stores	5.00%

#### Laggard Performers

Company	Comp%
Gap (North America)	-4.00%
Gap (Consolidated)	-4.00%
Bon-Ton Stores	-3.60%
Cato Corporation	-3.00%
Arden B (Div of Wet Seal)	-2.20%
Stein Mart Inc	-1.70%
Banana Republic (Div of Gap Inc.)	-1.00%
Old Navy (Div of Gap Inc.)	-1.00%
Stage Stores (Consolidated)	-0.70%
J.C. Penney	-0.60%

**Broadlines, Wholesale and Discount**

<i>(sorted by category and by comp +/-)</i>	comp sales change			total sales change		
	Sep +/-%	FYTD +/-%	spread	Sep +/-%	FYTD% +/-	spread
Costco Wholesale Corp. (FYE 08/31, US comps)	12.00%	10.00%	2.0	15.00%	14.00%	1.0
Duckwall-ALCO	3.00%	4.60%	-1.6	4.00%	6.00%	-2.0
Freds Inc.	1.10%	0.60%	0.5	1.00%	2.00%	-1.0
Target Corporation	5.30%	3.40%	1.9	6.50%	4.50%	2.0

**Fashion Department Stores and Off-price Fashion Stores**

<i>(sorted by category and by comp +/-)</i>	comp sales change			total sales change		
	Sep +/-%	FYTD +/-%	spread	Sep +/-%	FYTD% +/-	spread
Bon-Ton Stores Inc.	-3.60%	-2.10%	-1.5	-4.10%	-2.70%	-1.4
Dillard's Inc.	3.00%	4.00%	-1.0	2.00%	3.00%	-1.0
J.C. Penney Co. Inc.	-0.60%	1.60%	-2.2	-3.60%	-1.30%	-2.3
Kohl's Corporation	4.10%	1.50%	2.6	5.80%	3.30%	2.5
Macy's	4.90%	5.60%	-0.7	5.30%	6.10%	-0.8
Nordstrom, Inc.	10.70%	7.40%	3.3	16.30%	12.80%	3.5
Ross Stores Inc.	5.00%	5.00%	0.0	9.00%	8.00%	1.0
Saks Fifth Avenue (Saks Inc.)	9.30%	11.50%	-2.2	7.30%	9.60%	-2.3
Stage Stores Inc. (consolidated)	-0.70%	0.10%	-0.8	1.80%	1.40%	0.4
Stein Mart, Inc.	-1.70%	-0.80%	-0.9	-2.50%	-1.70%	-0.8
TJX Companies	4.00%	3.00%	1.0	6.00%	6.00%	0.0

**Specialty Stores, non-Apparel**

<i>(sorted by category and by comp +/-)</i>	comp sales change			total sales change		
	Sep +/-%	FYTD +/-%	spread	Sep +/-%	FYTD% +/-	spread
Bath & Body Works (div. Limited Brands)	12.00%	8.00%	4.0			0.0

**Specialty Apparel and Accessories**

<i>(sorted by category and by comp +/-)</i>	comp sales change			total sales change		
	Sep +/-%	FYTD +/-%	spread	Sep +/-%	FYTD% +/-	spread
Arden B (div. Wet Seal)	-2.20%		-2.2	5.90%		5.9
Banana Republic (division Gap, Inc.)	-1.00%		-1.0			0.0
Buckle, The	10.30%	8.70%	1.6	13.00%	12.20%	0.8
Cato Corporation	-3.00%	0.00%	-3.0	-2.00%	2.00%	-4.0
Gap (North America)	-4.00%		-4.0			0.0
Gap, Inc. (consolidated)	-4.00%	-3.00%	-1.0	0.70%	0.00%	0.7
La Senza (div. Limited Brands)	2.00%	-2.00%	4.0			0.0
Limited Brands, Inc. (consolidated)	11.00%	11.00%	0.0	11.20%	11.80%	-0.6
Destination Maternity (FYE 9/30)	2.40%	0.10%	2.3	6.60%	2.70%	3.9
Old Navy (division Gap, Inc.)	-1.00%					0.0
Victoria's Secret Stores (div. Limited Brands)	13.00%	15.00%	-2.0			0.0
Wet Seal Inc. (consolidated)	-0.30%		-0.3	4.80%		4.8
Zumiez, Inc.	10.10%	6.80%	3.3	18.30%		18.3
Wet Seal Inc. (consolidated)	7.40%		7.4	12.90%		12.9
Zumiez, Inc.	4.90%		4.9	12.30%		12.3

**Drug Stores**

<i>(sorted by category and by comp +/-)</i>	comp sales change			total sales change		
	Sep +/-%	FYTD +/-%	spread	Sep +/-%	FYTD% +/-	spread
Rite Aid - front-end comps	-0.50%	1.00%	-1.5			
Rite Aid - prescription comps	2.10%	1.60%	0.5			
Rite Aid - total store comps	1.30%	1.40%	-0.1	1.10%	0.90%	
Walgreen - front-end comps	3.40%		3.4	5.10%		
Walgreen - prescription comps	3.00%		3.0	4.60%		
Walgreen - total store comps	3.10%		3.1	5.40%	7.20%	

**Quarterly Comp Store Sales**

<i>(based upon quarter close date closest to NRF standard)</i>	<b>Q2'11</b>	<b>Q2'10</b>	<b>Q2'09</b>
A. C. Moore Arts & Crafts (Q2 7/3)	-0.70%	-4.70%	-13.80%
Abercrombie & Fitch (consolidated)	9.00%	5.00%	-30.00%
Abercrombie Kids (div. Abercrombie & Fitch)	7.00%	8.00%	-29.00%
Aeropostale	-14.00%	4.00%	12.00%
American Eagle Outfitters	0.00%	-1.00%	-10.00%
AnnTaylor (div. AnnTaylor Stores Corp.)	5.30%	-3.10%	-15.40%
AnnTaylor LOFT (div. AnnTaylor Stores Corp.)	11.00%	19.60%	-38.00%
AnnTaylor Stores Corporation (consolidated)	8.60%	6.10%	-22.50%
Ascena (Frmly Dress Barn Q4 7/30 Con.)	7.00%	7.00%	-4.00%
Banana Republic (div. Gap, Inc.)	-2.00%	3.00%	-15.00%
Bath & Body Works (div. Limited Brands)	4.00%	0.00%	-5.00%
bebe Stores (Q1 10/1)	7.00%	-4.70%	-20.10%
Bed Bath & Beyond (Q2 8/27)	5.60%	8.40%	-0.60%
Big 5 Sporting Goods (Q2 7/3)	-1.70%	-0.50%	0.30%
Big Lots, Inc.	-1.50%	3.80%	-2.40%
BJ's Wholesale Club	8.00%	4.40%	-7.70%
Bon-Ton Stores Inc.,	-1.50%	0.20%	-9.80%
Buckle, The	8.90%	-7.30%	8.60%
Burlington Coat Factory	4.00%	0.30%	-2.10%
Cache, Inc. (Q2 7/2)	6.00%	5.10%	-23.00%
Casual Male Retail	4.90%	0.80%	-13.90%
Catherine's Stores (div. Charming Shoppes)	2.00%	0.00%	-9.00%
Cato Corporation	-1.00%	5.00%	-3.00%
Charming Shoppe's Inc. (consolidated)	1.00%	1.00%	-13.00%
Chico's FAS	12.80%	6.40%	1.30%
Children's Place Retail	-5.60%	4.70%	-8.50%
Christopher & Banks (Q2 8/27)	-8.00%	1.00%	-22.00%
Coldwater Creek	-30.60%	4.80%	-10.20%
Collective Brands (consolidated)	-0.70%	5.00%	-7.30%
Costco Wholesale (U.S. comps, Q4 8/28)	10.00%	6.00%	-3.00%
CVS - front-end comps (Q2 6/30)	0.80%	0.40%	3.00%
CVS - prescription comps (Q2 6/30)	2.60%	2.90%	7.50%
CVS - total store comps (Q2 6/30)	2.00%	2.10%	6.10%
Dick's Sporting Goods	2.50%	5.70%	-4.10%
Dillard's Inc.	6.00%	-6.00%	-13.00%
Dollar General Corp.	5.90%	5.10%	8.60%
Dollar Tree Stores	4.70%	6.70%	6.80%
Duckwall-ALCO	7.20%	4.40%	-3.00%
Family Dollar Stores (Q4 8/27)	5.60%	6.10%	6.40%
Famous Footwear (div. Brown Shoe)	0.20%	11.80%	-6.70%
Fashion Bug (div. Charming Shoppes)	-3.00%	3.00%	-18.00%
Freds Inc.	-0.40%	2.50%	-1.30%
Gap North America	-3.00%	-4.00%	-10.00%

**Quarterly Comp Store Sales (continued)**

<i>(based upon quarter close date closest to NRF standard)</i>	Q2'11	Q2'10	Q2'09
Gap, Inc. (consolidated)	-2.00%	1.00%	-8.00%
Guess?, Inc.	-1.90%	3.50%	-12.50%
Gymboree	8.00%	-3.00%	-1.00%
Haverty Furniture (Q2 6/30)	-0.60%	4.30%	-11.90%
Hollister (div. Abercrombie & Fitch)	12.00%	2.00%	-33.00%
Home Depot, The	4.30%	1.00%	-8.50%
Hot Topic, Inc. (consolidated with Torrid)	2.60%	-6.40%	-7.70%
J. Crew Group	3.00%	11.00%	-5.00%
J.C. Penney	1.50%	1.00%	-9.50%
Jos. A. Bank Clothiers	14.70%	9.20%	6.20%
Kmart (div. Sears Holdings)	0.00%	-1.40%	-3.90%
Kohl's Corporation	1.90%	5.90%	-2.30%
Lane Bryant (div. Charming Shoppes)	3.00%	1.00%	-13.00%
Limited Brands (consolidated)	9.00%	7.00%	-9.00%
Lowe's	-0.30%	1.60%	-9.50%
Macy's, Inc.	6.40%	4.90%	-9.50%
Marmaxx (TJMaxx and Marshalls div's TJX)	5.00%	3.00%	4.00%
Destination Maternity (Q3 6/30)	-1.60%	-3.30%	-2.80%
Nordstrom	7.30%	8.40%	-9.80%
Old Navy (div. Gap, Inc.)	0.00%	2.00%	-4.00%
Pacific Sunwear (consolidated)	1.00%	-10.00%	-24.00%
Pier 1 Imports (Q2 8/28)	10.80%	11.20%	-7.60%
Rite Aid - front-end comps (Q2 8/27)	2.50%	-1.30%	-1.60%
Rite Aid - prescription comps(Q2 8/27)	2.00%	-0.90%	1.60%
Rite Aid - total store comps (Q2 8/27)	2.20%	-1.00%	0.60%
Ross Stores Inc.	5.00%	4.00%	3.00%
Saks, Inc.	15.50%	4.60%	-15.50%
SAM's Clubs (div. Wal-Mart Stores, Inc.)	5.00%	2.60%	-4.30%
Sears (U.S. stores)	-1.20%	-2.80%	-12.50%
Stage Stores, Inc.	1.90%	-0.60%	-10.70%
Stein Mart, Inc.	-1.10%	-2.00%	-4.50%
Target Corporation	3.90%	1.70%	-6.20%
TJX Companies (consolidated)	4.00%	3.00%	4.00%
Victoria's Secret Stores (div. Limited Brands)	12.00%	13.00%	-12.00%
Walgreen - front-end comps (Q4 8/31)	4.60%	0.10%	-1.20%
Walgreen - prescription comps (Q4 8/31)	4.40%	1.00%	2.90%
Walgreen - total store comps (Q4 8/31)	4.40%	0.70%	1.30%
Wal-mart Stores (div. Wal-Mart Stores, Inc.)	-0.90%	-1.80%	-1.50%
Wal-Mart Stores Inc. (consolidated)	0.00%	-1.10%	-1.90%
Wet Seal Inc. (consolidated)	6.00%	-4.30%	-10.60%
Zumiez	7.50%	9.10%	-12.00%

**August Comparable Store Sales, 3 Consecutive Years** (excluding most consolidations)

Retailer	Sep-11	Sep-10	Sep-09
Banana Republic (div.Gap, Inc.)	-1.00%	0.00%	-12.00%
Bath & Body Works (div. Limited Brands)	12.00%	11.00%	5.00%
BJ's Wholesale Club	N/A	1.50%	-0.50%
Bon-Ton Stores Inc.	-3.60%	5.90%	-4.80%
Buckle, The	10.30%	3.00%	5.10%
Cato Corporation	-3.00%	2.00%	6.00%
Costco Wholesale Corp.	12.00%	5.00%	-1.00%
Destination Maternity	2.40%	-2.20%	-7.00%
Dillard's Inc.	3.00%	3.00%	-6.00%
Duckwall-ALCO consolidated	3.00%	-2.30%	-5.10%
Freds Inc.	1.10%	0.00%	3.30%
Gap (Consolidated)	-4.00%	-2.00%	-1.00%
Gap (North America)	-4.00%	-1.00%	-3.00%
J.C. Penney (store comp sales)	-0.60%	5.10%	-1.40%
Kohl's Corporation	4.10%	3.00%	5.50%
Limited Brands (Consolidated)	11.00%	12.00%	
Macy's, Inc.	4.90%	4.80%	-2.30%
Nordstrom, Inc.	10.70%	7.50%	-2.40%
Old Navy (division Gap, Inc.)	-1.00%	-5.00%	13.00%
Ross Stores Inc.	5.00%	2.00%	8.00%
Saks Fifth Avenue Enterprises	9.30%	6.50%	-11.60%
Stage Stores (consolidated)	-0.70%	1.80%	-5.60%
Stein Mart, Inc.	-1.70%	0.40%	-5.40%
Target Corporation	5.30%	1.30%	-1.70%
TJX Companies	4.00%	1.00%	7.00%
Victoria's Secret Stores (div. Limited Brands)	13.00%	13.00%	-1.00%
Wet Seal Inc. (consolidated with Arden B)	-0.30%	-0.70%	-4.50%
Zumiez	10.10%	17.00%	-0.80%

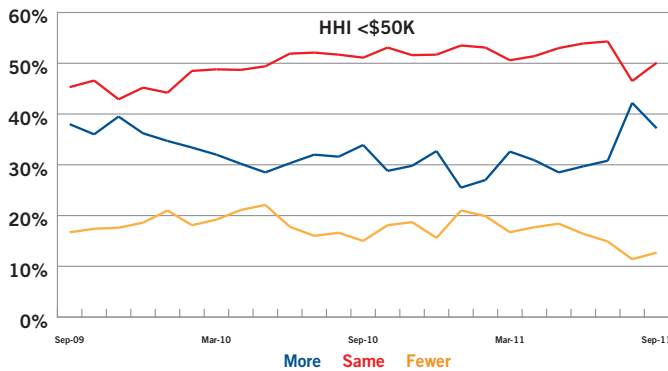


## Pre-Holiday Jitters

### Layoffs? Part 1

Regarding the U.S. employment environment, over the next six months, do you think that there will be more, the same or fewer layoffs than at present?

Households with income of less than \$50,000 are turning optimistic about the labor market for the holiday season, according to the September 2011 BigResearch survey. Those who feel there will be more layoffs dropped from 42.2% to 37.2%, with most of that drop heading into those who feel there will be about the same number of layoffs -- 50.1%, up from 46.5% last month. Those who believe fewer layoffs are coming jumped from 11.4% to 12.7%.

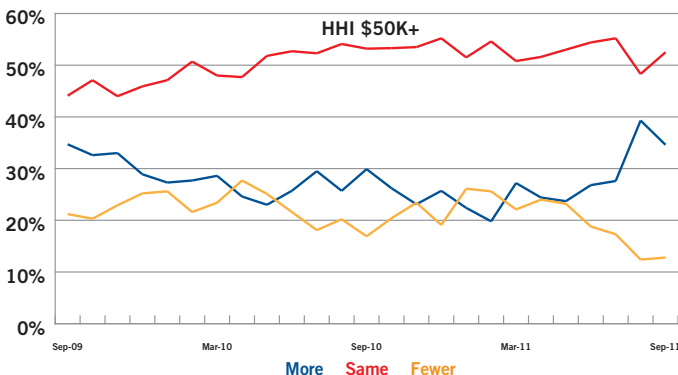


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### Layoffs? Part 2

Regarding the U.S. employment environment, over the next six months, do you think that there will be more, the same or fewer layoffs than at present?

That same optimism extends into households with income of \$50,000 or more, according to the September 2011 BigResearch survey. Those who feel there will be more layoffs dropped from 39.3% to 34.6%, with most of that drop heading into those who feel there will be about the same number of layoffs -- 52.5%, up from 48.3% last month. Those who believe fewer layoffs are coming edged up from 12.4% to 12.8%. Granted, over a scale of two years, the numbers are still pessimistic, but upticks are always welcome.

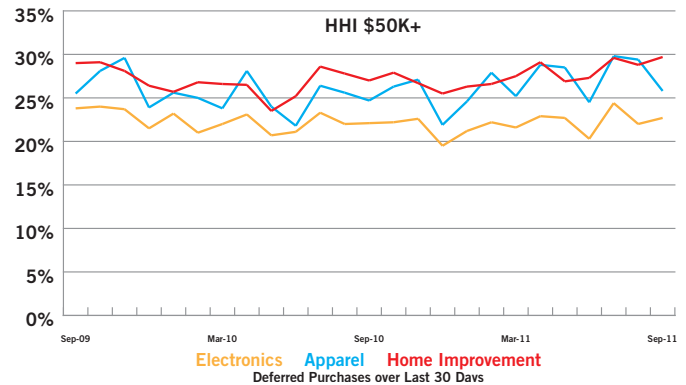


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### Pent Up Demand?

Over the last 30 days, have you put off or deferred purchases of apparel, home improvement, or electronics?

With holiday sales predictions all over the map, could deferring purchases be building up demand? The September 2011 BigResearch survey found that 29.7% of households with income of \$50,000 or more are skipping home improvement projects, the highest number in the last two years. Apparel continues its yo-yo sales, falling from 29.4% to 25.5%, while electronics is up a tick from 22.0% to 22.7%, although that has been pretty consistent over the past two years. With a quarter of people postponing purchases, the economy is still on edge.

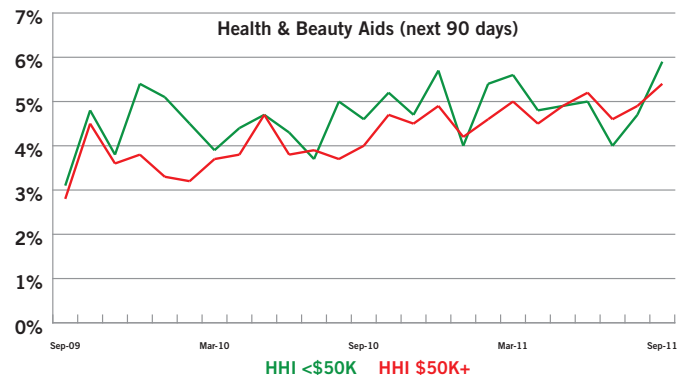


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### Beauty Splurge?

Over the next 90 days, do you plan on spending more on Health & Beauty Aids than you would normally spend this time of the year?

The adage goes that when times are tough, women spend more on lipstick and nail polish to treat themselves to a small luxury. According to the September 2011 BigResearch survey, that's true over the last couple of months. Indeed, households across all incomes hit two-year highs in plans to spend more for healthy and beauty products over the next three months. Those with income of \$50,000 or more rose from 4.9% to 5.4% while households with income of less than \$50,000 rose from 4.7% to 5.9%. Granted, under 6% is a small percentage of the total, but growth potential exists even in tough times.



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## What do Comparable Store Sales Numbers Mean?

Comp Store Sales are also known as, **same store sales**, **identical store sales** or **like-store sales**. They measure sales changes at stores that have been open for at least 12 months.

By comparing sales data from existing outlets (that is, by excluding new outlets), the comparison is like-to-like, and avoids comparing data that are fundamentally incomparable. This financial and operational metric is expressed as a percentage.

Comp Store Sales changes are reported by a number of publicly owned retail chains as a key element of their operational results. For chains that are growing quickly by opening new outlets, same store sales figures allow analysts to differentiate between revenue growth that comes from new stores, and growth from improved operations at existing outlets.

By comparing how well existing outlets perform during a particular period compared to that same period in the previous year, business trends can be measured more accurately. Seasonal and geographical variations are removed from the measurement: instead of collecting an average over spans of time and location, annual changes in performance are revealed.

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