

# CHAIN STORE AGE

NEWS AND ANALYSIS FOR RETAIL EXECUTIVES

AUGUST/SEPTEMBER 2012

## GAME-CHANGING INNOVATION TO STAY AHEAD OF THE REST



IT IS A YEAR OF INNOVATION.

New technologies are being used in new ways; shoppers and small players are joining with large ones to change retailing; it's a new world with new ideas, and inspiration is everywhere.

A STATE OF THE INDUSTRY REPORT FROM  
InterbrandDesignForum

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*CityTarget, Seattle*

# A YEAR OF INNOVATION

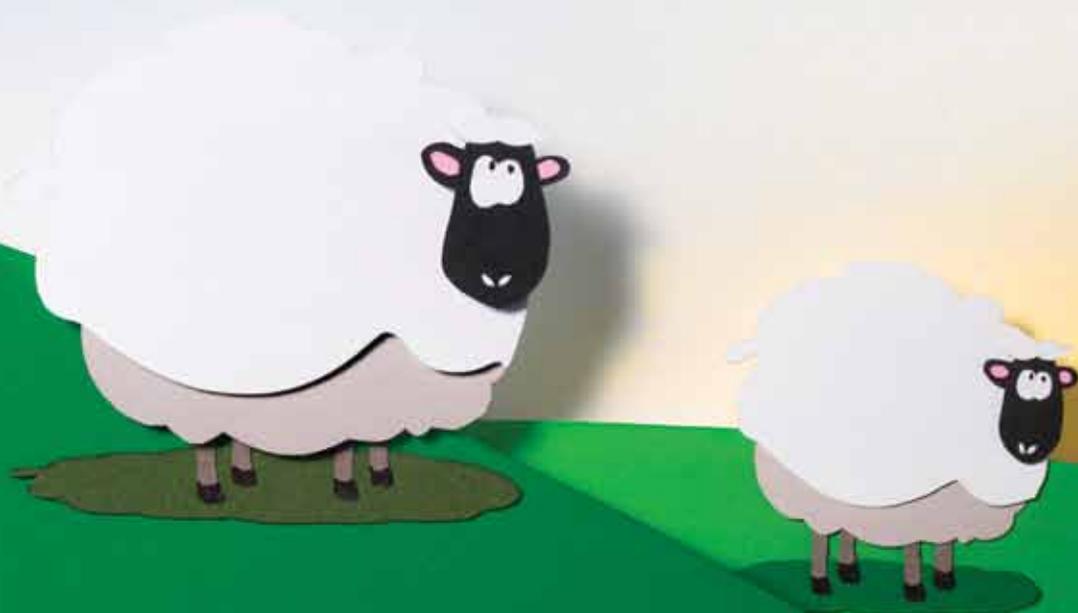


**It is a year of innovation — innovation that disrupts the status quo and changes the game for all involved.** Much of this innovation is driven by the smaller players — the individual shopper, the small local retailer and the style leader. Aided by the newest technologies and approaches, these “little guys” are driving game-changing innovation even in the largest retailers. But game-changing innovation is not just adopting a new way of doing things — it is using tools in unexpected ways to create shopper experiences new to a region, a market or the world.

**Today, new technologies are changing the way retailers do business.** GPS services that can pinpoint a shopper’s location down to a square meter or two, and scanning devices that turn your smartphone into a credit card machine are just two examples of ways that digital devices are leveling the retail playing field. Large and small retailers alike can now meet their customer where she is, whether that is browsing the mall, commuting home from work or hitting the farmers market. It is a win/win for shoppers and retailers: Shoppers have more avenues of engagement with their experience, and retailers can operate more efficiently.

**It all adds up to game-changing innovation,** in which retailers are finding new ways to reach their customers, improve the experience and deliver on their own marketing promises. Doing so requires new technologies, new strategies and new points of view.

THE RETAIL GAME WILL **NEVER BE THE SAME.**



# WHAT IS GAME-CHANGING INNOVATION?

There are as many ways to innovate as there are environments to accomplish it. It could be a completely new, never-tried idea. It could be an old idea, turned on its head and taken into a new context. It could be a new way of handling the customer journey, whether that is encouraging customer behavior, shaping their experience or ensuring seamless operations behind the scenes. Or, it may be a technology that has reached maturity, allowing it to be used in new and unexpected ways to change the way retailers serve their customers.



## SHOPPING COMES TO ENVIRONMENTAL DISPLAYS

What happens when branding meets a company's mission to provide a service to the consumer? The answer might look like the virtual shelving appearing in cities like Philadelphia and Chicago from online grocer Peapod. The company pioneered the online order of groceries for delivery at the beginnings of e-commerce, and a similar concept is turning the wait for a commuter train into an opportunity to run errands.

Peapod's virtual wall displays products available for order much like they would appear in a traditional store. Customers order using a mobile app, and their products are delivered the next day. A natural fit for environmental displays in locations like commuter train stations, the Peapod wall promotes the company brand while letting busy customers check another errand off their list.

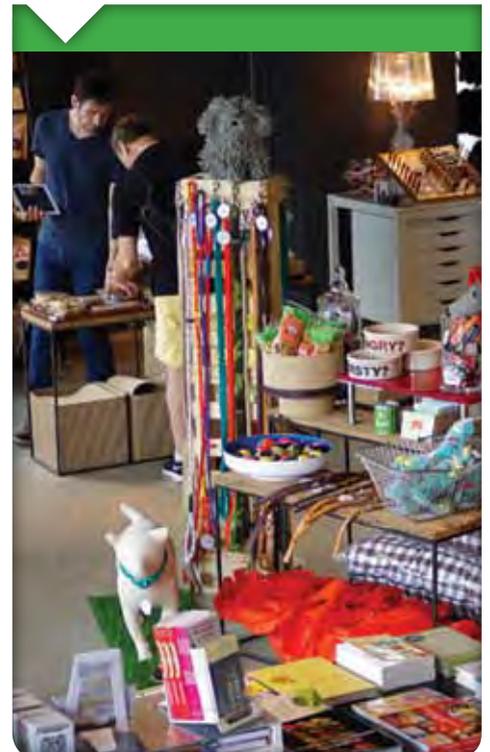
Peapod did not need to reinvent the wheel, as grocer Tesco pioneered the idea of a subway-based, QR code-driven ordering wall in South Korea. When it comes to game-changing innovation, it is not always necessary to be the first with an idea; the innovation comes in leveraging the idea and being the first to bring it to your market.

Another application of this basic idea arrived in time for Christmas 2011, when Sears Holdings Corp. announced that Sears and Kmart would make use of QR code-driven "toy walls" that allowed shoppers to order toys on the go. Walls were available in selected malls, in airports and in movie theater lobbies.

All of these "wall-driven" shopping experiences draw from the same basic idea, but each retailer needed to understand its own customer base and be willing to take action and translate the idea into a new context. That's innovation.

## STORY: THE 3D RETAIL MAGAZINE

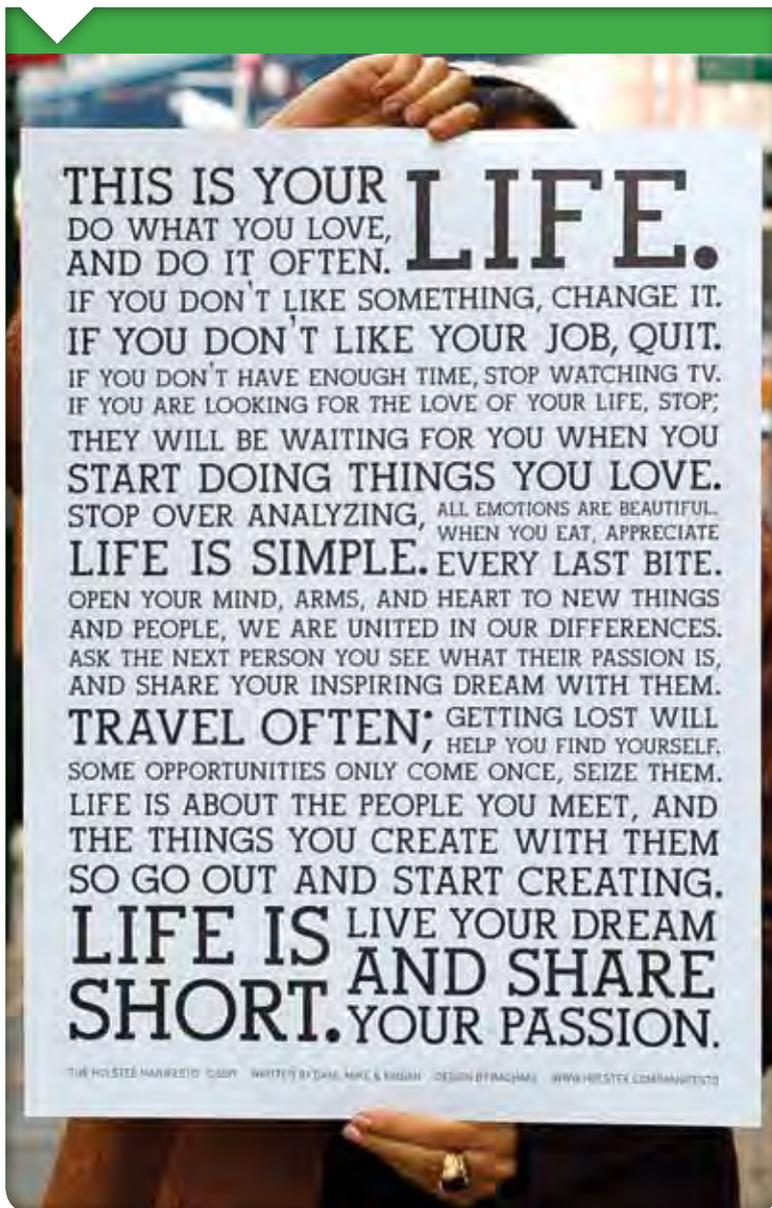
Online retailers have the ability to sell products while maintaining a magazine-style feel, so why should physical stores be different? Story, a curated retail store in New York, is exploring this idea with a store that behaves like a walk-in magazine, changing focus every four to six weeks and providing a mix of expected and surprising products. With "issues" centered around concepts like love and color, Story offers a selection of products that span price points and target markets. Founder Rachel Shechtman hopes this is a new way to encourage consumer engagement with retail.



## THE MISSION THAT WENT VIRAL

Some corporate mission statements languish in the personnel manual, taken out every few years during strategic planning and then never heard from again. For Brooklyn-based eco-clothing and accessories retailer Holstee, it has become one of its most popular products.

Containing such pieces of advice as “Do what you love and do it often,” and “If you don’t like your job, quit,” the mission statement — known as the Holstee Manifesto — gained viral popularity last year. The company now sells its manifesto printed on posters and greeting cards, making Holstee a company that customers truly buy into.



## ONLINE RETAIL GETS PHYSICAL

When people think “online retailer,” they often think of Amazon.com, the online retailer that has branched into a variety of products supported by a network of affiliated sellers. But recognizing the need customers have to touch and interact with products, it is opening its first physical store in Seattle. The store will support Amazon’s core bookselling business by allowing customers to hold, try and become comfortable with the Kindle, Amazon’s e-reader. The company hopes that this will boost sales not only of the Kindle, but of the digital content that can then be purchased the “traditional” online way.

# PARTNERING FOR INNOVATION

When companies team up to serve customers, our response is sometimes either, “What a great idea!” or “What took them so long?” Creating an engaging customer experience is often a case where two — or more — heads are better than one. **When companies team up to each do what they do best, the result can certainly be more than the sum of its parts.**

## STEPPING INTO THE ARTWORK

What happens when a hotel joins forces with an artist to create an experience reflective of that artist's style? Australia has three examples with its Art Series Hotels, created by property developer and art collector Will Deague. The Cullen Hotel is inspired by contemporary artist Adam Cullen; The Olsen Hotel by Dr. John Olsen and his water colors and etchings; and The Blackman Hotel by Charles Blackman and his Alice and Wonderland series. Each hotel offers guests a chance to live in the art in addition to experiencing the benefits of a boutique hotel, making these truly one-of-a-kind.



## THE NATURAL FIT

Some partnerships are such natural fits that they feel like an organic outgrowth of the brand. But sometimes even the most obvious choice requires a great deal of planning and execution to get it right.

An example is Taco Bell and its partnership with Doritos to make the Locos Taco, a taco inside a Dorito shell. While the idea is one that has likely been thought of many times before by those with late-night cravings, the actual execution involved the creation of a shell that was as close to a Dorito as possible, right down to the orange finger afterglow. Ensuring an adequate supply for the launch and subsequent demand was also a problem to be solved before releasing the Locos Taco to the public.

Similarly, Starbucks acquired San Francisco's Bay Bread LLC and its La Boulange Bakery brand, seemingly an obvious choice for one of the best-known coffee retailers. But this acquisition was about more than just a fresh pastry along with your latte — it is part of the company's strategy to expand its footprint along with its food choices.





## THE CONSUMER PRODUCTS TRUCK

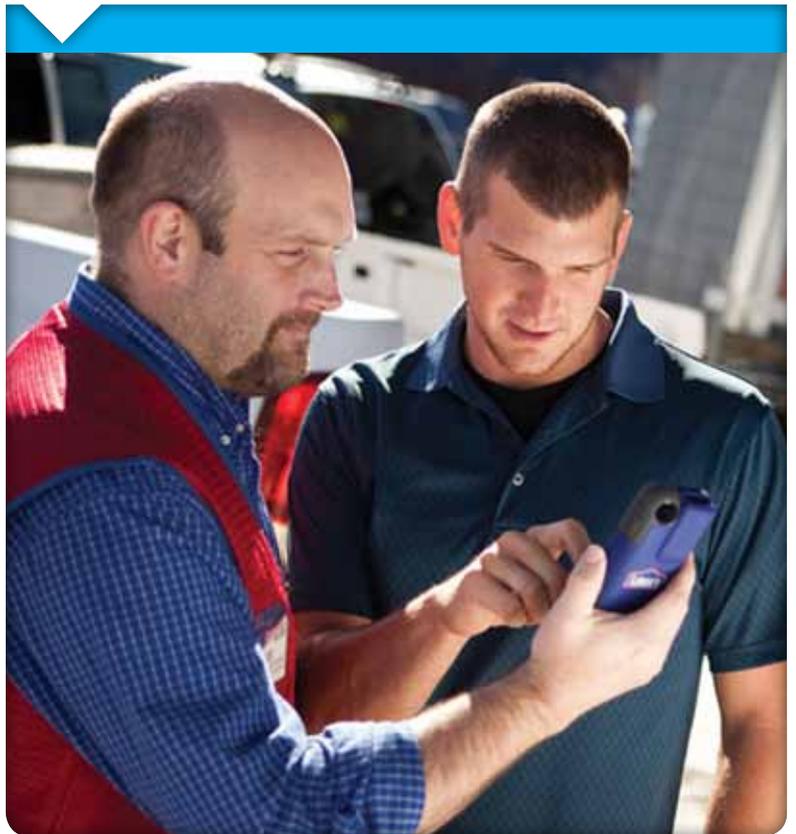
Part of the charm of city life is the wide range of food purchases you can make from a truck. However, a new partnership between P&G and Walmart aims to add boxes of Pampers and bags of Iams dog food to the tacos and yakitori one would expect to find delivered right to where the customer lives or works. Called “@PGMobile” trucks after their Twitter handle, these trucks are an extension of online retailers whose delivery options make it easier for urban consumers to purchase large and bulky items. Social media is part of the mix. While the trucks targeted high-traffic areas like Union Square and the Fashion District in New York, consumers were encouraged to tweet their desire for the truck to show up in their neighborhood. When it did, shoppers scanned QR codes on items to order them from Walmart.com with free delivery for orders over a certain amount.

The project was spearheaded by P&G, although initial efforts in Chicago and New York seem to be generating the most benefit for Walmart, which fulfills the orders. Both partners hope the reach of the @PGMobile truck will reach far beyond the physical location; as consumers try the products, they are encouraged to reorder through Walmart.com.

## INFORMATION TECHNOLOGY BECOMES PART OF THE STORE EXPERIENCE

IT infrastructure for the retail experience is no longer confined to the back room. With the proliferation of mobile technology, store associates now have more tools to help the shopper and more time to spend giving personalized service.

For example, The Home Depot has partnered with Motorola Solutions, giving sales associates Motorola mobile computers to take onto the floor. A similar partnership between Lowe's and Apple equips sales associates with iPhones. These pairings make technology a more conspicuous part of the store experience, while letting store associates better assist customers. Associates pull information from the company website, putting them on equal footing with the customer who has done advance (or simultaneous) research. While providing assistance, they are essentially training the customer how to help themselves in the future. The devices are also used to link to manufacturer data for deeper questions and can be used to manage the work force if associates are needed in other areas of the store.



**Pairings make technology a more conspicuous part of the store experience,** while letting store associates better assist customers.

# WHERE ARE THEY NOW?

Some stories splash into national attention, but the real lessons are to be learned months or years later, when the project has had time to gain results, make changes and draw conclusions.

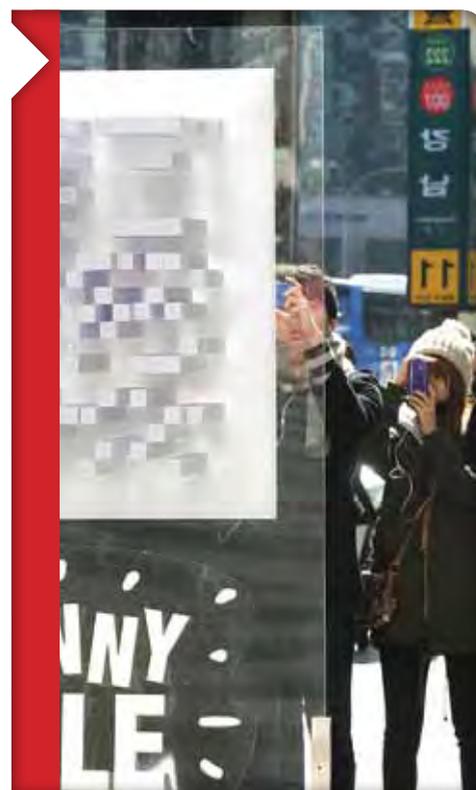
## QR CODES: IS ANYONE SCANNING?

They seemed like an exciting marketing tool. QR codes — those square cousins of the bar code that can carry up to 100 times more information — looked tech-savvy and held the promise of a better way to connect with consumers. But the use of QR codes in some cases shows a lack of understanding of how the consumer will use these codes, and what information they should be used to convey.

Only about one in 20 consumers scans a QR code, in spite of their seeming ubiquity. Part of this is due to a digital divide of sorts; users must own a smartphone and download an app to be able to scan the codes. Then, marketers have failed to reach this segment of the population by placing the codes in some inexplicable places, such as in-flight magazines where readers typically have no Internet access, or in impossible-to-scan locations, like on billboards, on the inside of bottle labels or on the side of race cars. Even when the codes are easy to scan, the results are often disappointing, using all of that mobile device drama to simply point the user to a company website.

However, some marketers are thinking outside the QR box to draw attention to their brand, one of the best applications of the QR code. Korea's largest retail chain E-mart is making use of "shadow QR codes" — a QR code created by a three-dimensional sculpture designed to cast a code-shaped shadow only between the hours of noon and 1 p.m. Scanning the code leads customers to E-mart's online store with coupons for purchases that will be delivered to their homes. The code-creating sculpture is interactive, interesting and addresses consumers' need to run errands at lunch. The lesson here is simple: QR codes are at their best when they encourage an action, like placing an order; using them to simply provide information is a missed opportunity.

Possibly more important to the future of QR codes is Apple's likely involvement through a feature called Passbook due to be included in the next edition of the iPhone OS. This feature will store information like airplane boarding passes, coupons and gift cards, all natural applications for QR codes. Perhaps the popularity of the iPhone will drive the popularity of QR code-based information, at least long enough for marketers to learn that you can't scan a billboard while you are driving.



**QR codes are at their best when they encourage an action, like placing an order; using them to simply provide information is a missed opportunity.**



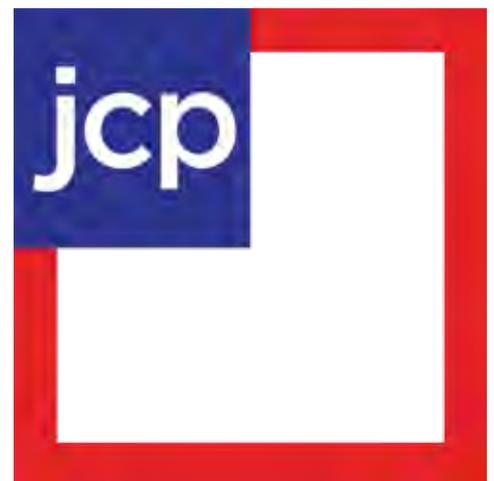
## J.C. PENNEY: FAIR AND SQUARE GETS A TEPID RECEPTION

No-haggle pricing seemed to work for automobiles, but when iconic department store J.C. Penney adopted its “Fair and Square” pricing strategy, it faced an uphill battle that created upheaval in its executive suite. The new pricing plan had no less ambitious a goal than to turn department store retailing on its head, eliminating the constant hunt for a sale price by establishing three pricing tiers: Everyday, Month-long and Best. The goal was to change consumer behavior by reeducating shoppers to rely on the J.C. Penney price tag to indicate the best price for an item without the need to go from store to store, clip coupons or watch for advertising circulars.

Shoppers, however, had other ideas. Accustomed to the category norm of continuous sales, shoppers apparently missed the thrill of the chase. Weekday traffic declined with weekend traffic taking an even larger hit, and spending declined as well. J.C. Penney delivered an incomplete experience; even if the items and the prices were right, the joy of finding a bargain was reduced.

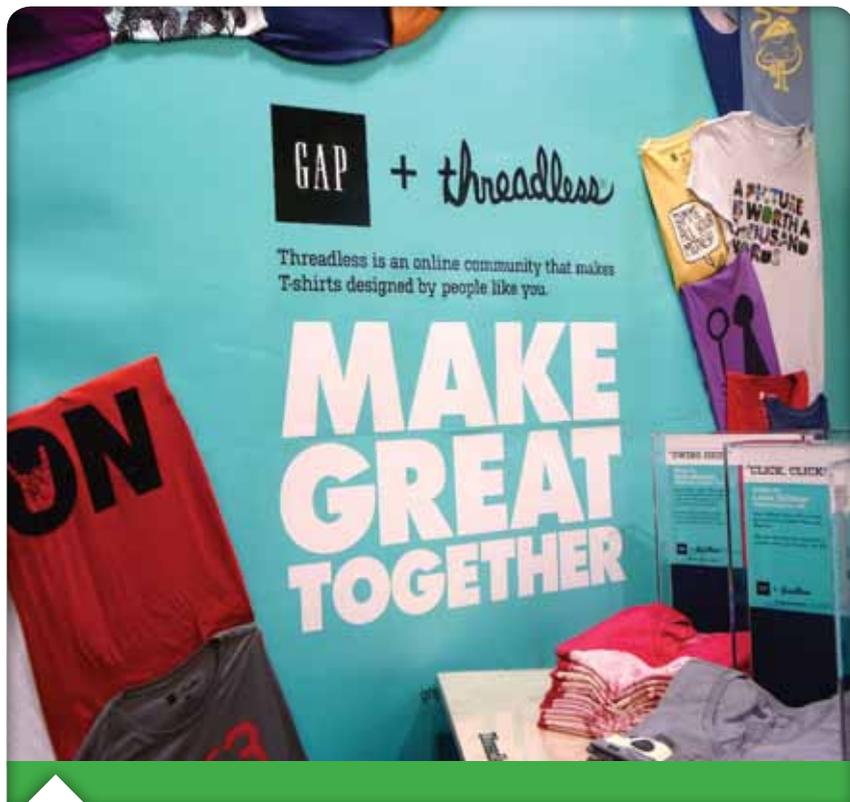
The retailer plans to transform its store experience by recreating the space as a main street filled with some 100 branded shops. The in-store shop concept has already proved itself at J.C. Penney through its successful partnership with Sephora. Under the new plan, the store will be transformed with shops for a multitude of brands, from Martha Stewart in home goods to Canada’s cheap-chic’s Joe Fresh fashions.

The lesson? Changing consumer behavior can be a difficult task, especially when the consumers are well-trained by the industry to expect cues like sales and discounted prices, and when shareholders are demanding to see growth. But it is equally important not to count a venerable retailer like J.C. Penney out as it attempts to innovate in not only its stores but in the entire industry.



# THE LITTLE GUY

**Time was the little guy had a tough time competing with national — and international — scale retailers.** Today, a variety of digital and mobile technologies have leveled the playing field. The problems of scale, equalization, and distribution are solved to a greater degree than ever before, opening the door for these “little guys” to satisfy the customer’s hunger for something unique. Shoppers are demanding the quality and service they expect from a global retailer with the personal touch they want from the retailer next door, and retailers are responding.



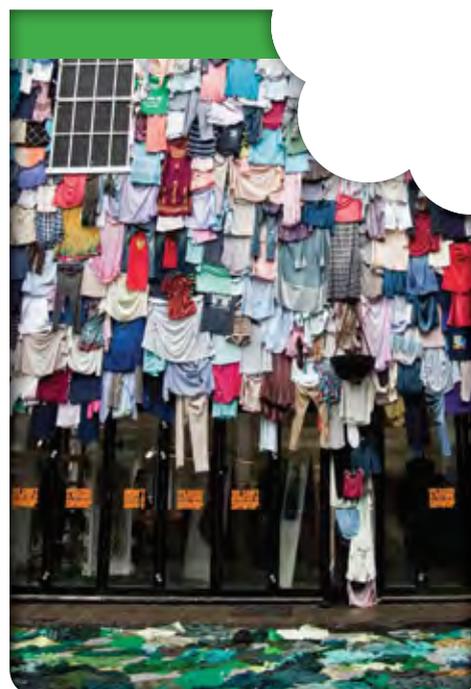
## BUY ONE, GIVE ONE

The U.K.-retailer Marks & Spencer is known more for High Street than for charitable clothing donations, but its “Schwop” campaign is changing that by giving its customers a chance to let their desire to act philanthropically balance out their desire to shop. Through this program — part of M&S’s corporate responsibility program called “Plan A” — customers are asked to “buy one, give one” when they go shopping. During certain periods, customers who donate an item when shopping will receive a coupon for pounds-off when making a purchase. The donated items are then routed to impoverished people around the globe, helping reduce their clothing needs while keeping unwanted clothing out of landfills. Getting customers into M&S for new clothing purchases and the good feeling of helping others is part of the plan.

## LITTLE DESIGNERS, BIG EXPOSURE

Creating your own T-shirt design and selling it is a dream of many “little guy” designers, but a partnership between Chicago-based Threadless and retail giant Gap is making that dream come true. Threadless’ concept involves creating crowd-sourced products, including hoodies, messenger bags and backpacks in addition to T-shirts through a process that allows designers to submit their idea for critique and voting by the public. Winning designs are published, paid for and put up for sale.

With Gap now in the mix, some of these winning designs are gaining national exposure. The small-scale designers who make it through the Threadless selection process onto Gap shelves gain some of the advantages of selling through a large retailer, including being featured on Gap’s innovative displays with tabletop digital signage. Gap gets a much-needed injection of unique talent to season its product mix.





## A CUT ABOVE

With the traditional butcher shop a rarity, most consumers' experience of purchasing meat involves a sterile white grocery store display. This is not so at Victor Churchill, a family-run butcher shop in Woollahra, Australia, that has been designed to be a shopping experience as much as a way to put food on the table. Custom copper and metal shelving displays the meat, timber paneling and marble flooring are included throughout, and the cool room features a rotating display of specialty meats. This beautiful store combines the best of a luxury shopping experience with the best of a specialty butcher shop.



## WALMART GETS LITTLE GUY ON THE SHELF

Getting on the Walmart shelf typically involves large production runs from a big supplier, but thanks to the Get on the Shelf program, small companies and niche products are winding up there as well. The program used crowd sourcing to select projects from entries that included a YouTube video; participants voted on the winning projects to appear on Walmart shelves.

The initial winners showed a decided slant toward the altruistic. The grand prize winner was a bottled water that donated 100% of net profits to providing clean water to children worldwide, while another prize winner was an eyeglasses-repair kit that donated profits to end bullying. Another prize winner hewed toward the practical, offering a snap-on cover for storing plates of food in the refrigerator.

## SWEET WITHDRAWALS

The automat is an old idea, but restyle it into modern parlance as an “ATM” and have it dispense cupcakes, and you have a winner. This is the innovative practice of Sprinkles, a Beverly Hills retailer that has added the ATM to its family of Sprinkles Cupcakes and Sprinkles Ice Cream.

The ATM stocks 600 cupcakes in various flavors, and the candy-colored machine takes payment by credit card and allows the consumer to follow by video camera the cupcake's path from shelf to delivery window. The sweet treat arrives in a Sprinkles-branded box, and the customer is on his or her way with instant, sweet gratification. The Sprinkles ATM elevates the idea of an automat or vending machine to one of pure entertainment — and the cupcakes are a nice bonus.



# LEVERAGING CURATION

With so many choices available, consumers are looking for a sense of confidence in their purchases. Curation conveys a sense of style across a variety of items, allowing consumers to “borrow” the style of a guest curator or of a brand with which they identify.

Curation filters items from a variety of sources and helps consumers cut through the noise to find just the right items to fit their lifestyle. It also operates as a sort of style short-hand; instead of sorting through items for oneself, the shopper can now find a curator with a style similar to her own and let the curator make the choices.

## IF YOU PIN IT, WILL THEY COME?

To paraphrase a popular pin, Pinterest is where consumers go to plan weddings they’ll never have and decorate houses they can’t afford. But with the incredible popularity of this social media site, it is clear that pinning — a virtual version of collecting magazine clippings in a file or on a bulletin board — is a force to be reckoned with for retailers.

Retailers are already noticing an impact from Pinterest. As many of them jump on board, creating pages of products in a sort of virtual catalog, some are noting an increase in referrals to their own websites. Others are using it as a kind of market research; as individuals curate their own Pinterest pages by liking and repinning, retailers capture data about which items are grabbing customer attention and which are falling flat. The site can be similarly validating for the individual pinner, who sees how many people in her own circles approve of her sense of style.

But the question remains whether Pinterest is actually driving consumers to buy or if it is simply generating looks but no purchases. After all, offering items for outfits that will never be purchased is a bad strategy, no matter who repins it.



## WHERE ANALOG IS STILL COOL

Call them Baby Boomers or mature consumers — in Japan, the 50+ age group is known as “premiere age,” and they now have a book, music and movie retail site geared just for them. The Daikanyama T-Site, the newest location for chain store Tsutaya, offers a variety of entertainment media with an emphasis on the analog. Items are selected and displayed to appeal to the “premiere age” consumer, and expert concierges (all of the same generation as the target consumer) in each area help the consumers find an item or even provide specialized services, like booking a trip in the travel section. iPads are available, but many customers prefer the wide selection of magazines; movies are known as “movies” rather than by their delivery method, like “DVD.” The store also features warm, club-like interior design rather than sleek modernism, more inviting for these “premiere age” consumers to come and spend time.





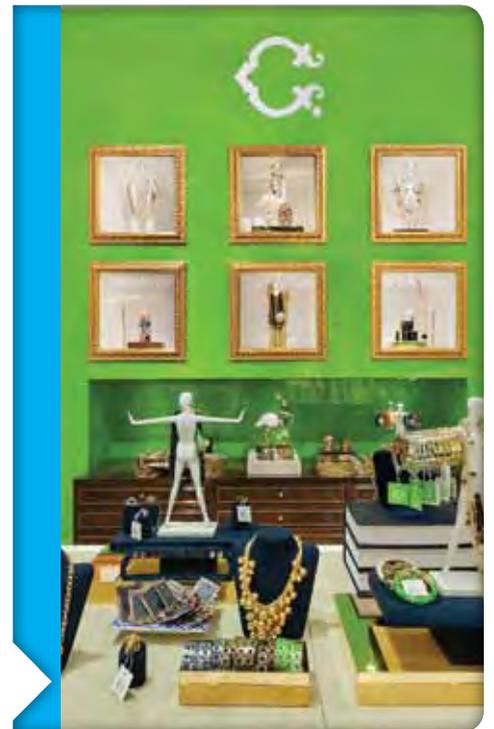
## BRINGING HOME RECOGNIZABLE STYLE

At the heart of curation is a desire to emulate a style, and who has a better style than 007, James Bond? Except, when Sean Connery was vying for the role, he was taken to Anthony Sinclair to be outfitted with the suits that had been the mark of the British gentleman since the 1950s and to develop his polish. Connery would wear these suits for his entire run as Bond, from 1962 to 1971. Now, David Mason, creative director of Anthony Sinclair, is relaunching the Savile Row brand with both ready-to-wear and tailor-made versions.

The time is right for shoppers to look to fictional heroes like 007 for sartorial inspiration. Entertainment is influencing retail product lines, often with a 1960s twist. Banana Republic has brought Mad Men style to consumers with its special tie-in line, giving shoppers the chance to return to an era of hourglass figures and sleek lines. With a renewed societal focus on handcrafted items and 1960s dapper style, the time may be right for more men to ditch the flip flops and T-shirts in favor of the suit that made Bond famous.

It may also be a sign that imitation is at the heart of style inspiration. This year saw the launch of C. Wonder, a new retail concept from Christopher Burch, the former husband of designer Tory Burch. C. Wonder offers a wide variety of lifestyle goods in a colorful and cheerfully upbeat setting. While the updated preppy styling of the merchandise may recall such tony designers as Tory Burch and Kate Spade, the affordable price points appeal to shoppers at all budget levels.

There are many options for shoppers wanting to buy shoes, bags and accessories online, but Stylistpick takes shopping a step further by adding a stylist's touch. Selections are curated by one of several well-known fashion stylists, or users can create a profile and take a simple quiz that generates a style profile based on their own preferences. This generates a customized showroom with items most likely to meet the user's own style. In a sense, Stylistpick creates a unique virtual store just for every customer, surely a case of online convenience meeting individualized attention.



Curation helps consumers cut through the noise to find just the right items to fit their lifestyle.

# DIGITAL/ MOBILE

**Sure, digital and mobile technologies are cool, but there is more to this kind of innovation than using electronic devices.** Digital technology has leveled the playing field in a new way, solving problems of scale, equalization, and distribution for large and small retailers alike. Now, even global retailers can create a local feel, and small local retailers can do business around the world.

## WHERE BRICK-AND-MORTAR MEETS DIGITAL



At the nexus of online shopping and brick-and-mortar stores lies the Adidas Virtual Footwear Wall. Powered by technology from Intel, the Wall provides the self-service advantage of shopping online in the context of the traditional store format.

Tested in the U.K. earlier this year, the Wall allows shoppers to access a range of information independent of store assistance. They can view videos of shoes in use, look at the shoe from all angles, review the colors and sizes of a particular shoe in stock in that store, and use a fitting boot to determine proper sizing. A scrolling display at the top of the Wall shows tweets about the brand. Sales staff are not required until it's time to retrieve the selected shoe.

The U.S. launch of the technology occurred in March, and a rollout to all 2,300 company-owned stores and some franchisees is anticipated.

## CREDIT CARD PAYMENTS ON THE GO

The ability to accept credit cards has traditionally been a barrier for the small retailer competing with larger ones. That has all changed with Square, a small device with a big impact on the way retailers do business. Although Square has been available since 2010, this example of mobile payment technology continues to gain traction.

Instead of contracting with the credit card companies for the ability to accept credit, Square allows retailers to use a small plug-in device with their smartphone or iPad to accept swiped or manually entered credit card payments. Fees start at 2.75% per swipe, with no merchant account or monthly fees; payment accepted is transferred nightly into the user's designated business account.

With obvious applications for small Etsy-style retailers at craft shows, yard sales and on Craigslist, Square is also finding a home among professionals who need to take payments at trade shows, for speaking gigs and for consulting jobs.

Square is part of a growing trend toward mobile and e-commerce options that make paying for goods and services seamless, from group bill-splitting apps aimed at groups dining out to one-click payment on websites.

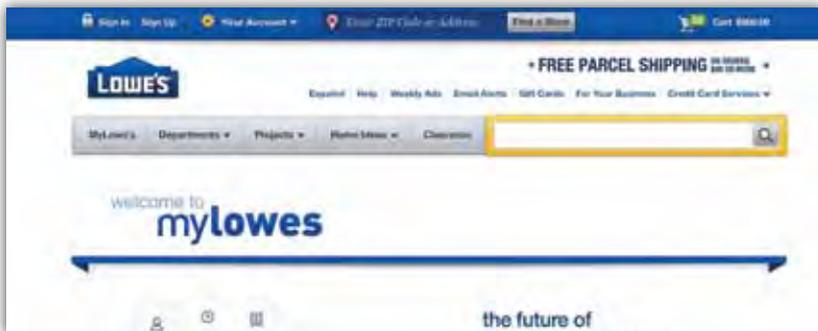


## MOBILE APP MANAGES DIY TO-DO LIST

A website can do more than describe products and provide e-commerce. For hardware chain Lowe's, it can also help the consumer manage projects and remember purchases needed to make those projects go smoothly. That's innovation that turns a weekend errand into a destination shopping trip.

Through Mylowes.com, shoppers can create folders and lists that help them manage projects, such as remembering just the right faucet fixture for the bathroom or the thinset for the tile project. The site also allows users to set reminders for seasonal purchases that are easily forgotten. A home profile section allows users to save data such as room sizes, paint colors and product warranty information. A smartphone app keeps all of this information handy while the shopper is in the store. Part shopping list, part inspiration-keeper, part problem-solver, this service keeps shoppers' projects on track.

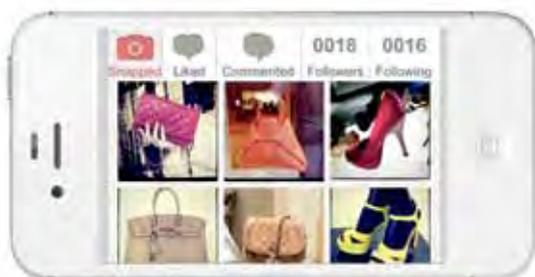
Mylowes.com is not just an app, it is a point of differentiation for the Lowe's brand. It gives the customer a "sticky" relationship with Lowe's; why go to any other hardware store when your trip to Lowe's will help you manage your projects and save time?



## MAKING THE MALL INTERACTIVE

Part of the fun of shopping is the discovery of new items and great bargains, but this element of random chance can be frustrating for some. With the mobile app Snapette, the thrill of the hunt is combined with improved location services to create an experience akin to shopping-based geocaching.

Improved and indoor GPS capabilities make it possible for a shopper's mobile phone to identify in precise detail his location in a shopping center. Snapette takes advantage of this by pushing content to the phone such as coupons and product announcements, giving users an incentive to visit a favorite store or a reason to explore an unfamiliar one. If users can get excited about this app, just as they are with location-based check-in services like FourSquare, retailers have an excellent opportunity to target their customers down to a meter or two.



## SOMETIMES, SMALL IDEAS CAN BE THE MOST INNOVATIVE

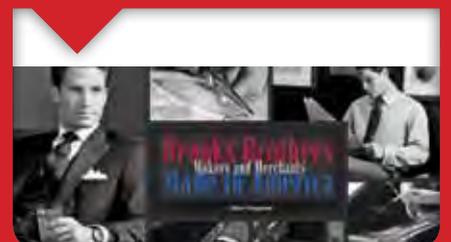
In Brazil, Hellmann's mayonnaise prints recipes on customers' grocery receipts. The recipes are tailored to use Hellmann's along with other ingredients the shopper purchased.



International fashion retailer C&A is using hangers that display the number of Facebook likes a particular item has earned, with totals changing in real time. The retailer hopes this is a way to translate social media support into buying behavior.



American clothing brand Brooks Brothers is placing product badges — small images that denote product characteristics — beside certain items on its website. Approaches like this can be most successful when focused on a particular customer segment; for example, for Brooks Brothers, the "Made in America" badge has resulted in conversion rates up to 26% higher and about a 5% increase in the add-to-cart rate.



# CAPTURING MARKET SHARE

For many retailers, innovation involves branching out into markets they have not previously tapped, even if those markets are not traditional choices for that retailer. How do you capture market share in non-traditional areas — and how do you do so in a way that creates a fresh experience for the consumer?

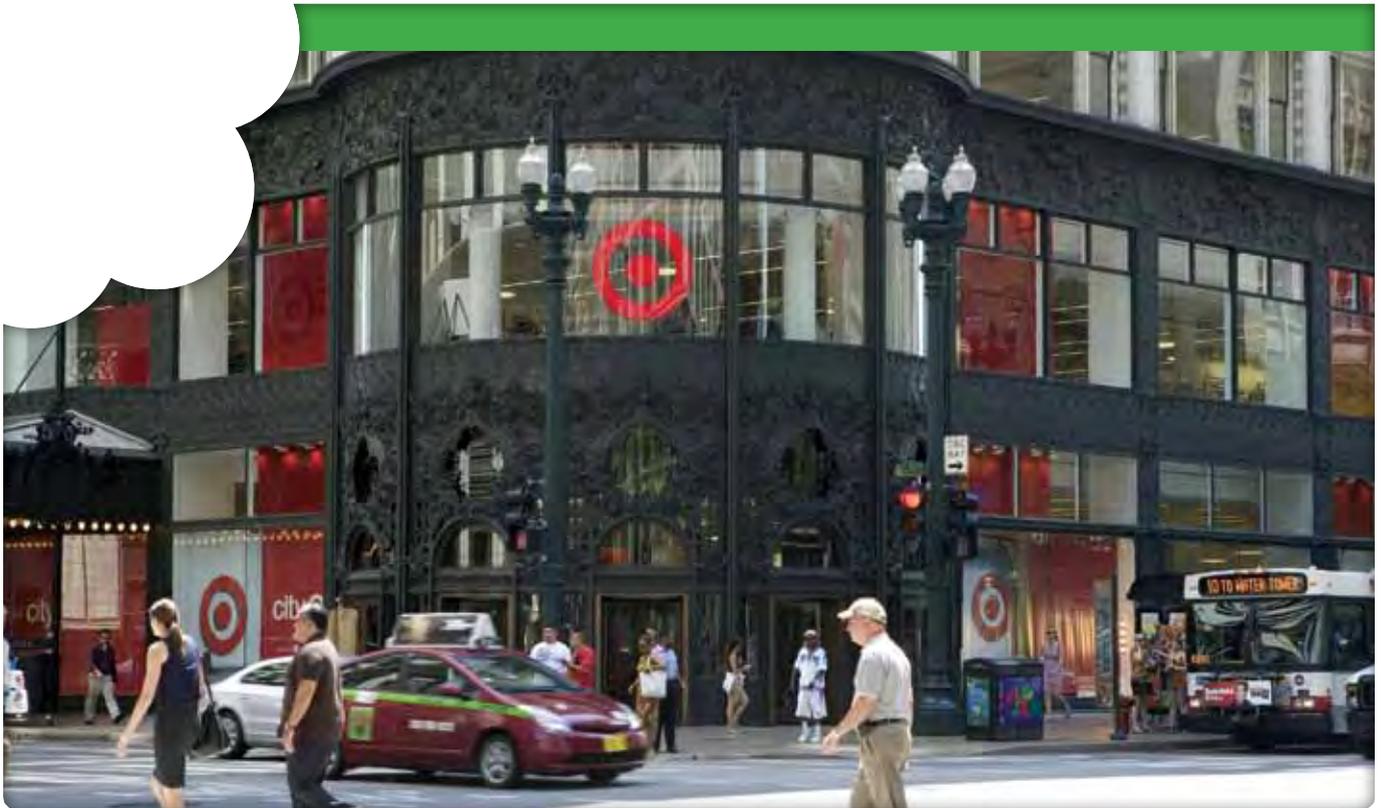
## SUBURBAN RETAIL PUSHES INTO NEW AREAS

Target is a destination retailer for many suburbanites seeking interesting items and competitive prices, but it has undertaken several initiatives designed to increase its market share in new areas.

The first initiative is the PFresh program, a series of expanded grocery departments in selected Target stores that includes fresh items such as fruits and vegetables, as well as an expanded freezer section. Although Target completed 400 such remodels in 2011, it planned to add only half that amount in 2012 as it moved into remodels of lower-volume stores.

The second initiative was CityTarget, the company's attempt to take the primarily suburban chain into urban environments. The stores are smaller than a typical Target and contain a smaller array of products chosen for that particular city's customer demographic. City Target is Target's response to the trend of faster growth in urban environments than in the suburbs, a reversal of the pattern seen for several decades.

The final initiative is the Shops at Target, the chain's program that injects a bit of curated retail into its discount department store format. Billed as a small store-within-a-store featuring a small or local retailer, the Shops at Target has thus far been restricted to endcap displays scattered through selected Target stores.





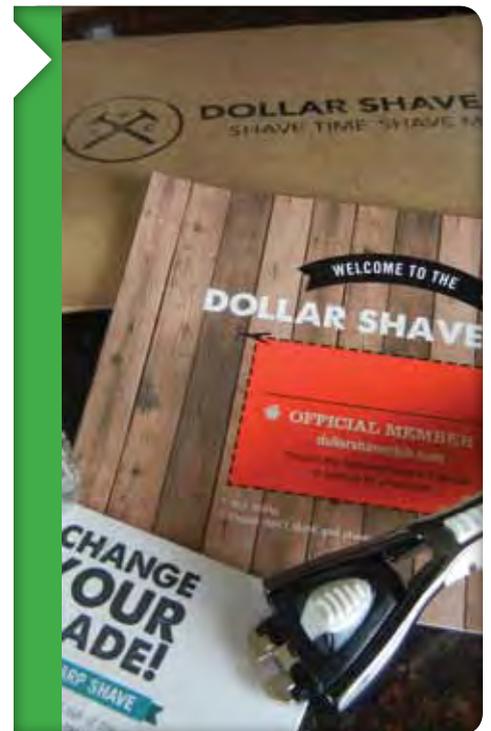
## COMPETING WITH THE COLLEGE BOOKSTORE

College students traditionally complain about the high prices of textbooks, so Amazon.com is taking comparison shopping on the go with the Amazon Student mobile app. The app allows students to scan the bar code of a textbook and quickly see the price of a purchase through Amazon, effectively allowing the online retailer to tap into the textbook market while students are standing in the college bookstore. The app also allows students to scan their textbooks at the end of the term to see their trade-in price through Amazon, payable in gift cards.

## CUTTING OUT THE MIDDLEMAN

Online ordering of consumer-packaged goods with home delivery is a trend that is picking up speed worldwide. In Singapore, RedMart is adding its own twist to this by cutting the middleman retailer out of the equation completely. RedMart works with manufacturers directly, eliminating some of the product mark-up and passing the savings to the customer. The model attracted investment from Skype co-founder Toivo Annus, and Singapore was chosen for the initial market in part because the densely populated island makes the logistics of home delivery simpler.

Yet another example of removing the middleman from the equation is Dollar Shave Club, an online-only brand that allows subscribers to pay for regular delivery of razor blades to their homes, eliminating the regular errand and the peril of forgetting to resupply. These online-only brands can deliver lower prices to the shopper and better margins to the companies through their control of the vertical process. If shoppers can look forward to the day that basic needs are delivered to their door at a lower price, traditional retail establishments will need to respond assertively to get them back in the stores.



Online ordering of packaged goods with home delivery is a trend that is picking up speed worldwide.



# WHAT IS INNOVATION?

**Innovation is multifaceted.** An organization can innovate in their culture, systems, processes or people, but there is one thing that sets great innovators apart from the rest. Innovative organizations move beyond the big ideas to the big actions; it takes courage and fortitude to make these revolutionary steps, but the organizations that can harness that spirit tend to become the best.

## SERVICE AS THE CENTERPIECE

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The best organizations see technology as a step toward service delivery. The use of technology is alluring and on-trend, but unless it enhances the customer experience, it can become little more than a fad or — worse — a distraction.

*“Our No. 1 priority is to deliver a great customer experience. Technology is helping us meet this goal. We’re taking the devices, apps and technology that our customers use, and that we feature in our stores, and we’re making it part of the customer experience. Today, tablets are used by employees to complete certain sales and account changes from anywhere in the store — ensuring faster checkouts. By mobilizing our retail reps, we have changed a transaction to an interaction and have made the experience more personal and engaging. Innovation is part of our culture. The needs of our customers are changing faster than ever before, and our goal is to meet and exceed these ever-changing needs and preferences, each and every time.”*

**Paul Roth**  
President, Retail Sales and Service  
AT&T

## IT ALL STARTS WITH THE CUSTOMER

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Innovation for innovation’s sake may keep you in the news, but if it’s not grounded in customer needs, it won’t provide lasting success. The most innovative companies have a deep understanding of their customers’ needs and behaviors.

*“At Motorola Solutions, we look at innovation through the lens of our customers, with a focus on helping them be their best in the moments that matter. Our research and study approach allows us to immerse deeply in the end-user experience, to fully understand how users engage technology and receive information. This gives us an unmatched view toward what the future of these markets will look like and helps us envision future experiences to deliver what’s next.”*

**Eduardo Conrado**  
Chief Marketing Officer  
Motorola Solutions

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## ENVIRONMENTS FOSTER BRIGHT IDEAS

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Whether it is a beautifully designed store, a digital wall or an inspiring corporate office, physical environment can enable innovators to be more inspired. Creating the right environment for innovation is the first step to creating those game-changing ideas.

*“Interaction with people in different environments is vital for innovation and helps fuel the Zappos culture. As we plan to move our offices next year, we have been thinking a lot about our physical space as well as the surrounding area. We want to create an environment that generates even more interactions. This thinking was a big contributor to our decision to move to an urban campus in downtown Las Vegas.”*

**Chris Nielsen**  
CFO/COO  
Zappos.com

## CULTURE AS THE CATALYST

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The most innovative organizations are flat, flexible and feedback-oriented so every employee has the permission — and the responsibility — to share great ideas. By empowering everyone in an organization, you create a culture that values innovation.

*“We have a very strong culture at LUSH, one that is deeply rooted in the individuals who make up the business, from those who hand-make our products to those who invent them. At the heart of this culture and at the very top of the business are our customers. Our organizational structure is built around providing shop managers with the support necessary to best meet the customer needs. By turning the traditional retail structure upside down, our shop managers can take responsibility for the success of their shops and are provided the autonomy to do so. All of this allows for innovation and invention throughout the business that ultimately finds its way to the customer.”*

**Andrew Gerrie**  
CEO  
LUSH UK

## BE TRUE TO YOURSELF

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You need to take the risk of not blending in with the crowd. Look at redefining paradigms and pushing boundaries through the lens of what you believe in.

*“Aesop looks at innovation by going back to the origin of retail. We strive to provide a personalized service, with stores that are designed to be neighborhood stores where people can come enjoy a cup of tea and talk about art, a movie or get a recommendation for a great restaurant. This is what retail used to be before chains took over and everything became anonymous. We of course offer a great product that people come back for, and well-trained consultants who can prescribe specific products suited to each individual and answer any questions about our products.”*

**Giovanni Lepori**  
General Manager Americas  
& President  
Aesop

# Chain Store Age Top 100

## The Nation's Largest Retailers by Annual Revenue

Glimmers of optimism are evidenced in *Chain Store Age's* Top 100, an annual report of the nation's largest retailers. Ranked according to revenues generated in the most recently completed fiscal year, the Top 100 profiles the largest, and in many cases the healthiest, retailers across the North American industry. In this year's ranking, an impressive 89 retailers experienced an increase in revenues from the preceding fiscal year, and 42 of the retail companies reported higher net incomes in 2011 than 2010. Another indicator of vitality in the industry: 71 of the Top 100 retailers increased their store count from 2010 to 2011.

Within the *crème de la crème* Top 10, the unrivaled trinity of Wal-Mart Stores, The Kroger Co. and Costco Wholesale Corp. held firm to the top three positions for yet another year. However, Walgreen continued its subtle ascent rising to the No. 4 spot from No. 5 last year and No. 6 on the 2010 ranking. This pushed The Home Depot back a notch to the No. 5 seat, but the bigger upset resulted from Amazon.com stepping into the No. 10 position. Sears Holdings slipped from the 2011 No. 10 spot to No. 12 on this year's list, while Safeway held steady at No. 11 both years.

The remaining retailers in the top 20 positions mirrored last year's names, albeit Rite Aid slipped from No. 14 to No. 16, enabling Publix and Macy's each to move up one spot to No. 14 and 15, respectively.

Ahold USA, now No. 17, and Staples, now No. 18, swapped places.

Throughout the 2012 Top 100, there were a number of similarly subtle exchanges in rank with the exception of a handful of companies that had more dramatic leaps. For instance, Verizon Wireless scaled to the No. 38 position, from No. 47 on last year's list, while its counterpart AT&T Wireless rose to No. 64 from No. 69.

Others slipped backwards: GameStop dropped from No. 36 on the 2011 list to No. 45 this year; Me-nards moved from No. 45 to No. 57; and The Great Atlantic & Pacific Tea Co. plummeted from No. 46 in 2011 to No. 62.

New to the list in 2012 are Pilot Flying J (No. 25), a merger of two c-store operators; Wakefern Food Corp. (No. 32), owner of the ShopRite banner; Cumberland Farms (No. 54), a New England c-store operator; and BI-LO Holdings (No. 79), which grew to dominance through its acquisition of Winn-Dixie.

While the retailers on the Top 100 remain relatively unchanged year over year, there is nothing static about their approaches to business. New technologies, increased connectivity with consumers and emerging opportunities for expansion into new markets energize an industry that is at heart defined by a purposeful response to cultural and economic dynamics.

	Company/ Fiscal Yearend	2011 Revenues [000]	2010 Revenues [000]	2011 Net Income [000]	2010 Net Income [000]	Stores 2011 2010	Update
1	<b>Wal-Mart Stores</b> Bentonville, Ark. 1/31/2012 <sup>A</sup>	443,854,000	418,952,000	15,699,000	16,389,000	10,130 8,970	Global giant celebrating its 50th anniversary on three consecutive quarters of accelerating same-store sales growth, as merchandising initiatives to broaden assortment and more effective marketing around a familiar low-price message gain momentum. Mexican unit trimmed its expansion plans under tightened scrutiny following bribery allegations.
2	<b>The Kroger Co.</b> Cincinnati 1/28/2012 <sup>A</sup>	90,374,000	82,049,000	602,000	1,116,000	3,574 3,605	Nation's biggest supermarket chain continues to outpace rivals Safeway and Supervalu; announces \$1 billion share repurchase plan. Testing new convenience store concepts that feature fresh foods.
3	<b>Costco Wholesale Corp.</b> Issaquah, Wash. 8/28/2011 <sup>A</sup>	87,048,000	76,255,000	1,462,000	1,303,000	592 540	Buying out joint venture partner Comercial Mexicana's 50% stake in its Mexican unit to take full control of the business in its third-largest market. Improving its online services and considering entering Continental Europe.

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E = Estimate

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X = Currency reported converted to U.S. dollars based on exchange rate as of the date the company's fiscal year ended

NA = Not Available DNA = Does Not Apply

Source: Company reports/Chain Store Age research

For Methodology, see p. 29A

	Company/ Fiscal Yearend	2011 Revenues [000]	2010 Revenues [000]	2011 Net Income [000]	2010 Net Income [000]	Stores 2011 2010	Update
4	<b>Walgreen Co.</b> Deerfield, Ill. 8/31/2011 A	72,184,000	67,420,000	2,714,000	2,091,000	8,210 8,046	In its biggest deal ever, buys 45% stake in British drug store giant Alliance Boots for \$6.7 billion, allowing it to push into international markets. Reaches agreement with Express Scripts to return to its pharmacy network.
5	<b>The Home Depot</b> Atlanta 1/29/2012 A	70,395,000	67,997,000	3,883,000	3,338,000	2,252 2,248	Rolling out second-generation mobile device for sales associates, allowing more workers to use wireless technology to help customers. Implements PayPal payment service across chain.
6	<b>Target Corp.</b> Minneapolis 1/28/2012 A	69,865,000	67,390,000	2,929,000	2,920,000	1,763 1,750	Opens new, slimmed-down City Target format, with stores in downtown Chicago, Los Angeles and Seattle. Will open its first wave of stores in Canada starting in March 2013.
7	<b>CVS Caremark Corp.</b> Woonsocket, R.I. 12/31/2011 A	59,599,000	57,345,000	4,912,000	4,537,000	7,327 7,182	Plans to expand its MinuteClinic footprint from current 650 to 1,000 by 2016 to tap into growing demand for health services. Shuttered its 25 free-standing beauty stores and online site, Beauty360, to focus on core beauty business.
8	<b>Best Buy Co.</b> Richfield, Minn. 3/3/2012 A	50,705,000	49,747,000	[1,231,000]	1,277,000	4,308 4,073	In August, founder and former chairman Richard Schulze offered to buy the struggling retailer for as much as \$8.8 billion. Move follows turbulent year during which retailer closed stores, cut jobs and tried out new store format to improve its business. Searching for replacement for CEO Brian Dunn who stepped down amid scandal.
9	<b>Lowe's Cos. Inc.</b> Mooresville, N.C. 2/3/2012 A	50,208,000	48,815,000	1,839,000	2,010,000	1,745 1,749	Rejected in its July \$1.76 billion, unsolicited takeover bid for Rona, Canada's largest home-improvement company, Lowe's is keeping up the pressure. Realigns corporate personnel and responsibilities to focus chain more closely on customer experience strategies.
10	<b>Amazon.com</b> Seattle 12/31/2011 A	48,077,000	34,204,000	631,000	1,152,000	DNA DNA	Purchased Kiva Systems, manufacturer of automated fulfillment solutions that include sophisticated mobile robots. Reportedly planning to open its first test store in Seattle area.
11	<b>Safeway</b> Pleasanton, Calif. 12/31/2011 A	43,630,200	41,050,000	516,700	589,800	1,678 1,694	Longtime chairman, president and CEO Steve Burd gives up title of president to devote more time to strategic initiatives. Chain excited about potential of its Just For U marketing program that combines personalization and mobility.
12	<b>Sears Holdings Inc.</b> Hoffman Estates, Ill. 1/28/2012 A	41,567,000	42,664,000	[3,113,000]	122,000	4,010 3,949	Looking toward its substantial real estate portfolio to offset its weak financial performance, Sears is spinning off large chunk of its stake in its struggling Canadian unit. Move follows spinoff of Orchard Supply Hardware Stores Corp.
13	<b>Supervalu Inc.</b> Eden Prairie, Minn. 2/25/2012 A	36,100,000	37,534,000	[1,040,000]	[1,510,000]	2,434 2,394	Taps chairman Wayne Sales as new CEO to lead turnaround efforts after ousting Craig Herkert in July. Move comes on heels of dismal quarterly results and rumors company might put itself up for sale.
14	<b>Publix Supermarkets</b> Lakeland, Fla. 12/31/2011 A	26,967,389	25,134,054	1,491,966	1,338,147	1,046 1,034	In its farthest thrust north to date, much-admired supermarket operator will open two stores near Charlotte, N.C., market in October.
15	<b>Macy's</b> Cincinnati 1/28/2012 A	26,405,000	25,003,000	1,256,000	847,000	842 850	Embarked on massive, \$400 million renovation of Herald Square flagship in New York City. Continues to focus on well-received merchandising localization efforts and digital/social media campaigns. Also expanding Bloomingdale's Outlet stores.

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For Methodology, see p. 29A

	<b>Company/ Fiscal Yearend</b>	<b>2011 Revenues [000]</b>	<b>2010 Revenues [000]</b>	<b>2011 Net Income [000]</b>	<b>2010 Net Income [000]</b>	<b>Stores 2011 2010</b>	<b>Update</b>
16	<b>Rite Aid Corp.</b> Camp Hill, Pa. 3/3/2012 <sup>A</sup>	26,121,222	25,214,907	[368,571]	[555,424]	4,667 4,714	Committed to remodeling efforts that calls for some \$300 million in capital expenditures this year to new wellness format.
17	<b>Ahold USA</b> Chantilly, Va. 1/1/2012 <sup>A</sup>	25,072,000	23,523,000	NA	NA	756 751	Company continues to actively explore growth opportunities in and around its current markets in the United States. Giant Carlisle division increases presence in Philadelphia with acquisition of 16 Genuardi's Family Markets supermarkets.
18	<b>Staples</b> Framingham, Mass. 1/28/2012 <sup>A</sup>	25,022,192	24,545,113	984,656	881,948	2,295 2,281	Cuts 500 jobs worldwide as international business remains weak. Looks to continue to build momentum in categories beyond office supplies, including facilities and breakroom supplies, copy and print, mobile phones and accessories, and tablets and e-readers.
19	<b>The TJX Companies</b> Framingham, Mass. 1/28/2012 <sup>A</sup>	23,191,455	21,942,193	1,496,090	1,343,141	2,905 2,859	With store traffic and comp-store sales up across its brands, company remains committed to becoming a global, \$40 billion value retailer, with a footprint of some 4,500 stores.
20	<b>Alimentation Couche-Tard</b> Laval, Quebec 4/29/12 <sup>A</sup>	22,997,500	18,550,400	457,600	369,200	5,803 5,795	Recently closed largest acquisition in its history with purchase of retail unit of Statoil ASA, Norway's state-owned oil giant, for \$2.8-billion in an ambitious plan that will shift its future growth focus to Europe.
21	<b>7-Eleven (U.S. &amp; Canada)</b> Dallas 12/31/2011 <sup>A</sup>	20,350,000	16,800,000	NA	NA	7,149 6,610	Continues to expand aggressively, primarily through acquisitions. On target to open 630 stores this year.
22	<b>Delhaize America</b> Salisbury, N.C. 12/31/2012 <sup>A</sup>	19,230,000	18,807,000	NA	NA	1,650 1,627	Eliminated Bloom banner as part of a broader reorganization that included cutting some 5,000 jobs and closing 125 stores. Focusing on Food Lion brand, which continues to roll out new strategy of lower prices on popular items and better produce selections.
23	<b>Kohl's Corp.</b> Menomonee Falls, Wis. 1/28/2012 <sup>A</sup>	18,804,000	18,391,000	1,167,000	1,120,000	1,127 1,089	Building smaller-format stores as it goes forward. Continues to invest in store base, with 50 remodels on tap for 2012. Also expanding solar program by nearly 25%, installing solar panels at approximately 30 additional Kohl's locations.
24	<b>HE Butt Grocery Co.</b> San Antonio 10/30/2011 <sup>E</sup>	18,000,000	15,500,000	NA	NA	337 330	Spending about \$100 million to expand, relocate and remodel several of its Austin, Texas-area stores this year as part of a larger, statewide expansion and price-cutting campaign. Increasing focus on private-label products.
25	<b>Pilot Flying J</b> Knoxville, Tenn. 12/31/2011 <sup>E</sup>	17,770,000	17,000,000	NA	NA	550 550	Investing \$49 million for facilities improvements that include upgraded shower and bath amenities in all locations.
26	<b>J.C. Penney Company</b> Plano, Texas 1/28/2012 <sup>A</sup>	17,260,000	17,759,000	[152,000]	378,000	1,102 1,106	Begins extensive IT overhaul in partnership with Oracle, and launches store transformation with rollout of first wave of branded shop concepts in nearly 700 stores. Introduces mobile checkout. Still fine-tuning confusing pricing strategy.
27	<b>Dollar General Corp.</b> Goodlettsville, Tenn. 2/3/2012 <sup>A</sup>	14,807,200	13,035,000	766,700	627,900	9,937 9,372	Continues aggressive expansion, with plans to open a total of 625 stores in 2012, including 50 locations and a distribution center in its newest market: California, and first store in Massachusetts.
28	<b>Gap Inc.</b> San Francisco 1/28/2012 <sup>A</sup>	14,549,000	14,664,000	833,000	1,204,000	3,263 3,246	Concentrates on overseas development and expanding e-commerce as it continues to shutter underperforming domestic units. U.S. expansion focused on new Athleta brand, with 24 units open by yearend and 50 by end of 2013. Opening first brick-and-mortar location for Piperlime business this fall in New York City.

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	<b>Company/ Fiscal Yearend</b>	<b>2011 Revenues [000]</b>	<b>2010 Revenues [000]</b>	<b>2011 Net Income [000]</b>	<b>2010 Net Income [000]</b>	<b>Stores 2011 2010</b>	<b>Update</b>
29	<b>Meijer</b> Grand Rapids, Mich. 1/27/2012 <sup>E</sup>	14,400,000	14,200,000	NA	NA	197 196	Opening its fourth smaller-footprint location, Meijer Marketplace, in the Chicago area. Spending more than \$8 million to expand its recently acquired Bareman's Dairy plant, renamed Purple Cow Creamery. Launched "Made in Michigan" initiative in conjunction with Michigan State University that brings locally made products to stores.
30	<b>Apple</b> Cupertino, Calif. 9/24/2011 <sup>ER</sup>	14,120,000	9,820,800	NA	NA	357 317	Majority of new store growth in 2012 will be overseas, with only 10 of 40 planned units in United States. Ended search for Ron Johnson's replacement with appointment of John Browett, CEO of European electronics retailer Dixons Retail, as senior VP retail.
31	<b>Toys "R" Us</b> Wayne, N.J. 1/28/2012 <sup>A</sup>	13,900,000	13,855,000	149,000	168,000	1,640 1,600	Focused on creation of destination synergies with the positioning of Toys R Us and Babies R Us side by side. Announced 8 new side-by-side locations will open and 13 existing locations will be renovated to the side-by-side format for a total of 204 side-by-side locations at yearend.
32	<b>Wakefern Food Corp.</b> Keasbey, N.J. 10/1/2011 <sup>E</sup>	12,800,000	11,800,000	NA	NA	260 255	Broke ground in May on a 524,000-sq.-ft. distribution center in Elizabeth City, N.J., that is expected to be operational in May 2014.
33	<b>Dell Computer</b> Round Rock, Texas 2/3/2012 <sup>AR</sup>	11,900,000	12,357,000	NA	NA	DNA DNA	In the first quarter of the current fiscal year, consumer revenue was \$3 billion, down 12% from the same period last year.
34	<b>Starbucks Coffee Company</b> Seattle 10/2/2011 <sup>A</sup>	11,700,400	10,707,400	1,248,000	948,300	17,003 16,858	Extends reach further beyond its coffee-shop roots with acquisition of Bay Bread and its La Boulange Bakery brand, which it hopes to expand nationally. Two more Evolution Fresh juice bars on tap by yearend. Expanding use of mobile payments in deal with start-up Square. International focus is on China.
35	<b>eBay</b> San Jose, Calif. 12/31/2011 <sup>A</sup>	11,651,654	9,156,274	3,229,387	1,800,961	DNA DNA	Company projects 2012 revenues will reach \$13.8 billion to \$14 billion, including \$8 billion in mobile commerce retail volume, up from \$5 billion in mobile commerce last year.
36	<b>Office Depot</b> Delray Beach, Fla. 12/31/2011 <sup>A</sup>	11,489,533	11,633,094	95,691	[46,205]	1,262 1,244	Revamping many of its stores into more compact and shopper-friendly spaces. New features include colorful signs and a simple-to-navigate floor plan.
37	<b>BJ's Wholesale Club</b> Natick, Mass. 1/31/2012 <sup>E</sup>	11,300,000	10,632,947	NA	95,036	192 189	Acquired by Beacon Holdings on Sept. 30, 2011, BJ's is now a privately held company.
38	<b>Verizon Wireless</b> Basking Ridge, N.J. 12/31/2011 <sup>ER</sup>	10,997,000	8,021,000	NA	NA	2,330 2,330	Opened first tri-lingual store in April in Providence, R.I., where customers may be served in English, Spanish and Portuguese.
39	<b>Quik Trip</b> Tulsa, Okla. 4/30/2012 <sup>A</sup>	10,770,000	8,770,000	NA	NA	609 580	Opened first store in South Carolina in October, plans aggressive expansion into the Palmetto State.
40	<b>Nordstrom</b> Seattle 1/28/2012 <sup>A</sup>	10,497,000	9,310,000	683,000	613,000	225 204	Teams up with British fast-fashion retailer Topshop to open in-store boutiques in select Nordstrom stores and on its website. Announces first location in Manhattan, opening in 2015. Continues deployment of in-store mobile devices.
41	<b>Limited Brands</b> Columbus, Ohio 1/28/2012 <sup>A</sup>	10,364,000	9,613,000	850,000	805,000	2,941 2,968	Strong sales at Victoria's Secret and Bath & Body Works continue to drive company. Victoria's Secret in U.K. debut, with two stores in London.

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42	<b>Army &amp; Airforce Exchange Service</b> Dallas 1/28/2012 <sup>A</sup>	10,300,000	8,700,000	277,000	428,500	2,958 3,024	In June, Tom Shull was named director and CEO of AAFES, the first civilian to assume that role in the organization's 117-year history.
43	<b>Whole Foods Market</b> Austin, Texas 9/25/2011 <sup>A</sup>	10,107,787	9,005,794	342,612	245,833	311 299	Company maintains it is on track to grow to 1,000 stores from its current 369 locations. Sees great potential in Canada and United Kingdom as well.
44	<b>Liberty Interactive Corp. (QVC)</b> Englewood, Colo. 12/31/2011 <sup>A</sup>	9,616,000	8,932,000	965,000	1,937,000	DNA DNA	Liberty Interactive Corp. was split off from Liberty Media, parent company of QVC. Liberty Interactive includes QVC and other e-commerce retailers.
45	<b>GameStop Corp.</b> Grapevine, Texas 1/28/2012 <sup>A</sup>	9,550,500	9,473,700	339,900	408,000	6,683 6,670	Store traffic, sales and net income dipped in the first quarter of fiscal 2012; however, digital sales continued to surge, up 23% year over year.
46	<b>Bed Bath &amp; Beyond Inc.</b> Union, N.J. 2/25/2012 <sup>A</sup>	9,499,890	8,758,503	989,537	791,333	1,173 1,139	Acquiring Cost Plus, which has 259 stores in 30 states.
47	<b>Giant Eagle Inc.</b> Pittsburgh 6/30/2012 <sup>E</sup>	9,300,000	8,600,000	NA	NA	397 375	Set to unveil new discount supermarket concept, Valu King. First store will open this fall, in Pittsburgh area.
48	<b>Trader Joe's</b> Monrovia, Calif. 7/1/2012 <sup>E</sup>	9,000,000	8,500,000	NA	NA	375 365	Taking the Lone Star State by storm with stores opened or opening soon in Houston, San Antonio, Fort Worth and Plano — plus locations next year in Dallas and, in 2014, in Austin.
49	<b>The Sherwin-Williams Co.</b> Cleveland 12/31/2011 <sup>A</sup>	8,766,000	7,776,000	442,000	462,000	3,715 3,390	Plans to open 60 to 65 new stores in 2012.
50	<b>Ross Stores</b> Pleasanton, Calif. 1/28/2012 <sup>A</sup>	8,608,291	7,866,100	657,170	554,797	1,125 1,055	Encouraged by strong performance, chain ups its long-term growth forecast from 2,000 stores to 2,500 stores.
51	<b>Family Dollar Stores</b> Charlotte, N.C. 8/27/2011 <sup>A</sup>	8,547,835	7,866,971	388,445	358,135	7,023 6,785	Continues to renovate stores with improved layout and better adjacencies; also expanding its food offerings with national brands. Building DC in Utah to help support its growth in the West — sees potential for up to 1,000 stores in California.
52	<b>The Pantry</b> Cary, N.C. 9/29/2011 <sup>A</sup>	8,138,500	7,265,300	9,800	[165,600]	1,649 1,638	Dennis G. Hatchell, formerly vice chairman of Alex Lee, became president and CEO in March. At press time search under way for a CFO to replace Mark Bierly who resigned in May.
53	<b>AutoZone</b> Memphis, Tenn. 8/27/2011 <sup>A</sup>	8,072,973	7,362,618	848,974	738,311	4,813 4,627	Recently made additions to leadership team: Ron Griffin, formerly with The Home Depot and HP, as senior VP and CIO; Michael Womack, formerly with Cintas Corp., became senior VP HR.
54	<b>Cumberland Farms</b> Framingham, Mass. 9/30/2011 <sup>E</sup>	8,020,000	6,570,000	NA	NA	598 589	Announced a partnership with PayPal in June that provides consumers with an app to pay for fuel from their mobile devices and also get a 5% discount. The app is being piloted at 50 locations in Massachusetts.
55	<b>Aldi Inc.</b> Batavia, Ill. 12/31/2011 <sup>E</sup>	8,000,000	6,800,000	NA	NA	1,215 1,135	Entering Houston market with 30 stores over next three years.
56	<b>Hy-Vee</b> West Des Moines, Iowa 10/2/2011 <sup>E</sup>	7,300,000	6,850,000	NA	NA	235 231	Launched a mobile app in January. After a 43-year career at Hy-Vee, Ric Jurgens retired as CEO in June. Randy Edeker, formerly president and COO, succeeded him as CEO.

A = Information taken from actual company reports

E = Estimate

R = Retail operations only, not total enterprise

X = Currency reported converted to U.S. dollars based on exchange rate as of the date the company's fiscal year ended

NA = Not Available DNA = Does Not Apply

Source: Company reports/Chain Store Age research

For Methodology, see p. 29A

	<b>Company/ Fiscal Yearend</b>	<b>2011 Revenues [000]</b>	<b>2010 Revenues [000]</b>	<b>2011 Net Income [000]</b>	<b>2010 Net Income [000]</b>	<b>Stores 2011 2010</b>	<b>Update</b>
57	<b>Menards</b> Eau Claire, Wis. 1/30/2012 <sup>E</sup>	7,170,000	8,300,000	NA	NA	261 255	Plans to enter Detroit market with the opening of four stores next year.
58	<b>Barnes &amp; Noble</b> New York 4/28/2012 <sup>A</sup>	7,129,199	6,998,565	[68,867]	[73,920]	1,338 1,341	Separated its Nook e-reader business as a stand-alone operating segment to reflect its commitment to developing that business as a separate unit that will gain force in the digital book market. Sales of digital content, including e-books, magazines and apps, rose 65% in most recent quarter and 119% for the year.
59	<b>OfficeMax Inc.</b> Naperville, Ill. 12/31/2011 <sup>A</sup>	7,121,200	7,150,000	32,800	68,600	978 997	Expects to close 35 stores in United States during current fiscal year, while opening 8 to 10 stores in Mexico and closing one to two.
60	<b>WaWa</b> Media, Pa. 12/31/2011 <sup>E</sup>	6,990,000	5,890,000	NA	NA	575 570	Recently opened new stores in New Jersey, Delaware, Pennsylvania and Virginia. Opened first stores in central Florida in July.
61	<b>Casey's General Store</b> Ankeny, Iowa 4/30/2012 <sup>A</sup>	6,987,804	5,635,240	116,791	94,623	1,699 1,645	Plans to open first stores in Kentucky and Tennessee in the current fiscal year, as well as complete major remodels on 50 to 75 existing stores.
62	<b>The Great Atlantic &amp; Pacific Tea Co.</b> Montvale, N.J. 2/25/2012 <sup>E</sup>	6,700,000	8,078,455	NA	[598,575]	336 393	Emerging from Chapter 11 bankruptcy in March as a private company with a solid new direction, introducing its new "Food Emporium" concept in New York City in May.
63	<b>Dollar Tree</b> Chesapeake, Va. 1/28/2012 <sup>A</sup>	6,630,500	5,882,400	488,300	397,300	4,351 4,101	Opened 110 stores and expanded or relocated 44 stores in the first quarter of fiscal 2012. Sales were up 11% over the first quarter of fiscal 2011.
64	<b>AT&amp;T Wireless</b> Dallas 12/31/2011 <sup>ER</sup>	6,486,000	4,990,000	NA	NA	2,300 2,315	In a moment of irony, the company celebrated its decline in smartphone sales in second quarter 2012 because profitability rose as a result of the money saved from not having to subsidize the sale of smartphones.
65	<b>Dillard's</b> Little Rock, Ark. 1/28/2012 <sup>A</sup>	6,263,600	6,120,961	463,909	179,620	304 308	In the first quarter of the current fiscal year, comp-store sales were up 5% over 2011, and net income jumped \$19 million over the prior year.
66	<b>Wegmans Food Markets</b> Rochester, N.Y. 12/31/2011 <sup>A</sup>	6,200,000	5,600,000	NA	NA	80 77	Remains focused on the Northeast as it expands. Will unveil a new, smaller, 70,000-sq.-ft. urban concept in Newton, Mass.
67	<b>Advance Auto Parts</b> Roanoke, Va. 12/31/2011 <sup>A</sup>	6,170,462	5,925,203	394,682	346,053	3,662 3,563	Opened 25 stores, including three Autopart International stores, in first quarter of fiscal 2012. Also closed five Autopart International locations.
68	<b>PetSmart</b> Phoenix 1/29/2012 <sup>A</sup>	6,113,304	5,693,797	290,243	239,867	1,232 1,187	David K. Lenhardt named president and COO in January. Building a new 870,000-sq.-ft. DC in Bethel, Pa., to be operational April 2014.
69	<b>Defense Commissary Agency</b> Fort Lee, Va. 9/30/2011 <sup>A</sup>	5,900,000	5,800,000	NA	NA	248 252	Mike Dowling was named COO on July 17; he has served in various capacities with Defense Commissary Agency since its inception in 1991.
70	<b>O'Reilly Automotive</b> Springfield, Mo. 12/31/2011 <sup>A</sup>	5,788,816	5,397,525	507,673	419,373	3,740 3,570	Sales in first quarter of fiscal 2012 were up 11% over the prior year, and net income rose an impressive 44% year over year.
71	<b>Sheetz</b> Altoona, Pa. 9/30/2011 <sup>A</sup>	5,775,000	4,525,000	NA	NA	406 381	Opening 32 new stores in 2012, including 11 new stores located in North Carolina.

A = Information taken from actual company reports

E = Estimate

R = Retail operations only, not total enterprise

X = Currency reported converted to U.S. dollars based on exchange rate as of the date the company's fiscal year ended

NA = Not Available

DNA = Does Not Apply

Source: Company reports/Chain Store Age research

For Methodology, see p. 29A

	<b>Company/ Fiscal Yearend</b>	<b>2011 Revenues [000]</b>	<b>2010 Revenues [000]</b>	<b>2011 Net Income [000]</b>	<b>2010 Net Income [000]</b>	<b>Stores 2011 2010</b>	<b>Update</b>
72	<b>Racetrac Petroleum</b> Atlanta 12/31/2011 <sup>E</sup>	5,750,000	4,700,000	NA	NA	328 320	Introduced a new 6,000-sq.-ft. prototype in January.
73	<b>Foot Locker</b> New York 1/28/2012 <sup>A</sup>	5,623,000	5,049,000	281,000	173,000	3,369 3,426	Chief Executive Ken Hicks credited with revitalizing company, which celebrated its 100th anniversary as a publicly traded company on the NYSE in June. Same-store sales have risen in mid- to high-single digits for several quarters and are expected to do the same through the end of the year.
74	<b>Dick's Sporting Goods</b> Pittsburgh 1/28/2012 <sup>A</sup>	5,211,802	4,871,492	263,906	182,077	561 525	Opened six new stores in first quarter of fiscal 2012 and expects to open 40 total new stores this year, plus relocate five stores.
75	<b>Big Lots Inc.</b> Columbus, Ohio 1/28/2012 <sup>A</sup>	5,202,269	4,952,244	207,064	222,524	1,533 1,398	In fiscal 2011, opened 92 stores in the United States and expanded into Canada with acquisition of Liquidation World.
76	<b>WinCo Foods</b> Boise, Idaho 3/31/2012 <sup>E</sup>	5,200,000	4,500,000	NA	NA	80 78	Expanding into Arizona. In late 2011, deployed a mobile app to improve in-store shopping experience, integrate social media and deliver coupons.
77	<b>Susser Holdings</b> Corpus Christi, Texas 1/1/2012 <sup>A</sup>	5,194,168	3,930,630	47,500	800	541 526	Debuted on the Fortune 500 list in May, ranked 486 on the F500.
78	<b>IKEA North America</b> Conshohocken, Pa. 8/31/2011 <sup>EX</sup>	5,077,000	4,404,000	NA	NA	49 48	Hits U.S. solar energy milestone with 30th completed installation. When nine ongoing projects are completed, installations will have a total generating capacity of 38 megawatts. Expanding Montreal location to make store its largest in North America, with 469,694 sq. ft.
79	<b>BI-LO</b> Jacksonville, Fla. 12/31/2011 <sup>E</sup>	4,943,119	6,880,776	NA	[70,000]	688 484	Completed acquisition of Winn-Dixie in March, creating a privately held company with 688 stores in eight states.
80	<b>Luxottica Group</b> Port Washington, N.Y. 12/31/2011 <sup>ARX</sup>	4,880,000	3,900,300	NA	NA	5,437 4,733	North American stores showed a 5.4% increase in comp-store sales in 2011.
81	<b>Coach Inc.</b> New York 6/30/2012 <sup>E</sup>	4,760,000	4,158,507	1,040,000	880,800	840 723	Expanded digital presence with direct-to-consumer sales up 16% in fiscal year ended June 30. Also continued to leverage international opportunities in Asia, and sales in China were up 60% year over year, topping \$300 million.
82	<b>Save Mart Supermarkets</b> Modesto, Calif. 12/25/2011 <sup>E</sup>	4,600,000	4,900,000	NA	NA	233 243	New concept FoodMaxx debuted in San Jose in March. The new design presents lower "warehouse" prices in an easier shopping experience.
83	<b>RadioShack Corp.</b> Fort Worth, Texas 12/31/2011 <sup>A</sup>	4,378,000	4,265,800	72,200	206,100	7,309 7,183	Struggling at home amid increasing competition from online retailers, the chain has big expansion plans in Southeast Asia, with plans to open at least 1,000 sites within the next 10 years.
84	<b>The Neiman Marcus Group</b> Dallas 7/28/2012 <sup>A</sup>	4,350,000	4,002,300	NA	31,600	79 71	Equipping all of its 4,000 associates at its full-line stores with smartphones in an effort to better serve customers. Plans to remodel its stores on Michigan Avenue in Chicago, and in Bal Harbour Shops, Bal Harbour, Fla.
85	<b>Harris Teeter Supermarket</b> Matthews, N.C. 10/2/2011 <sup>A</sup>	4,285,565	4,099,353	91,247	112,041	204 199	Plans to expand presence in key markets, including Washington, D.C., metro area. Three stores that recently opened in Maryland and South Carolina received LEED certification in June.

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NA = Not Available DNA = Does Not Apply

Source: Company reports/Chain Store Age research

For Methodology, see p. 29A

	<b>Company/ Fiscal Yearend</b>	<b>2011 Revenues [000]</b>	<b>2010 Revenues [000]</b>	<b>2011 Net Income [000]</b>	<b>2010 Net Income [000]</b>	<b>Stores 2011 2010</b>	<b>Update</b>
86	<b>Tractor Supply Company</b> Brentwood, Tenn. 12/31/2011 <sup>A</sup>	4,232,743	3,638,336	222,740	167,972	1,085 1,001	Expects to open 90 to 95 new stores this year.
87	<b>Michaels Stores</b> Irving, Texas 1/28/2012 <sup>A</sup>	4,210,000	4,031,000	176,000	103,000	1,198 1,182	Fiscal first-quarter earnings jump 43% on a rise in crafts sales. Searching for a new CEO in wake of resignation in July of John B. Menzer, who is recovering from stroke.
88	<b>Abercrombie &amp; Fitch</b> New Albany, Ohio 1/28/2012 <sup>A</sup>	4,158,058	3,468,777	127,658	150,283	1,045 1,069	Has identified another 180 stores to close over the next few years as retailer looks to improve margins in its U.S. stores and emphasize international expansion. Slows international expansion in wake of slowing sales.
89	<b>Burlington Coat Factory</b> Burlington, N.J. 1/28/2012 <sup>A</sup>	3,887,531	3,701,089	[6,272]	30,998	482 462	Opening a 92,000-sq.-ft., three-level flagship store in Manhattan's Union Square this fall.
90	<b>Roundy's</b> Milwaukee 12/31/2011 <sup>A</sup>	3,841,984	3,766,988	48,048	46,194	158 155	Launched its IPO in February and is traded on New York Stock Exchange.
91	<b>Bass Pro Shops</b> Springfield, Mo. 12/24/2011 <sup>E</sup>	3,830,000	3,650,000	NA	NA	58 56	To reduce customer wait time, the company began to pilot mobile sales devices in February.
92	<b>Signet Jewelers Ltd.</b> Akron, Ohio 1/28/2012 <sup>A</sup>	3,749,200	3,437,400	324,400	200,400	1,853 1,857	In the first quarter of fiscal 2012, sales were down in the U.K. but grew modestly in the U.S. division.
93	<b>Williams-Sonoma</b> San Francisco 1/29/2012 <sup>A</sup>	3,720,895	3,504,158	236,931	200,227	576 592	Continues to expand West Elm brand; will make Orange County debut this fall at South Coast Plaza.
94	<b>Stater Bros. Markets</b> San Bernardino, Calif. 9/25/2011 <sup>A</sup>	3,700,000	3,600,000	NA	NA	167 167	Six of the company's newest stores received the EPA's GreenChill Gold Award for using ozone-friendly refrigerants.
95	<b>Belk</b> Charlotte, N.C. 1/28/2012 <sup>A</sup>	3,699,592	3,513,275	183,148	127,628	303 305	Investing \$600 million over a five-year period, beginning in 2011 in store remodels and service improvements.
96	<b>Systemax</b> Port Washington, N.Y. 12/31/2011 <sup>A</sup>	3,682,039	3,589,989	54,400	42,600	42 41	In May, the business unit that includes TigerDirect, CompUSA and Circuit City appointed three new executive leaders: Jed Stillman, EVP strategy and services; Michael Amkreutz, EVP merchandising; and Michael Jones, CIO.
97	<b>Tiffany &amp; Co.</b> New York 1/31/2012 <sup>A</sup>	3,642,937	3,085,290	439,190	368,403	247 233	Opened four stores in the first quarter of current fiscal year in Mexico City; Montreal; Salt Lake City; and Wuhan, China.
98	<b>Price Chopper/Golub Corp.</b> Schenectady, N.Y. 4/30/2012 <sup>E</sup>	3,600,000	3,500,000	NA	NA	130 128	Introduced a new concept with full-service grocery in a smaller 19,000-sq.-ft. store in April, located in Saratoga, N.Y. Earned LEED Gold certification on two stores in June.
99	<b>Ingles Markets</b> Asheville, N.C. 9/24/2011 <sup>A</sup>	3,559,921	3,390,051	39,060	30,842	203 202	Fiscal 2011 marked the 47th consecutive year of sales growth and, in the first half of fiscal 2012, sales were \$56.8 million ahead of 2011.
100	<b>Collective Brands</b> Topeka, Kan. 1/28/2012 <sup>A</sup>	3,461,700	3,375,700	[149,800]	122,600	4,496 4,844	On May 1 the company announced it would be acquired by a consortium of two investment firms and Wolverine World Wide, Inc.

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Source: Company reports/Chain Store Age research

For Methodology, see p. 29A

## Chain Store Age Top 100: Alphabetical listing by company name

Company	2011 Revenue (000)	Rank
7-Eleven	\$20,350,000	21
Abercrombie & Fitch	\$4,158,058	88
Advance Auto Parts	\$6,170,462	67
Ahold USA	\$25,072,000	17
Aldi Inc.	\$8,000,000	55
Alimentation Couche-Tard	\$22,997,500	20
Amazon.com	\$48,077,000	10
Apple	\$14,120,000	30
Army & Air Force Exchange Service	\$10,300,000	42
AT&T Wireless	\$6,486,000	64
AutoZone	\$8,072,973	53
Barnes & Noble	\$7,129,199	58
Bass Pro Shops	\$3,830,000	91
Bed Bath & Beyond Inc.	\$9,499,890	46
Belk	\$3,699,592	95
Best Buy Co.	\$50,705,000	8
Big Lots	\$5,202,269	75
BI-LO (Winn-Dixie)	\$4,943,119	79
BJ's Wholesale Club	\$11,300,000	37
Burlington Coat Factory	\$3,887,531	89
Casey's General Store	\$6,987,804	61
Coach Inc.	\$4,760,000	81
Collective Brands	\$3,461,700	100
Costco Wholesale Corp.	\$87,048,000	3
Cumberland Farms	\$8,020,000	54
CVS Caremark Corp.	\$59,599,000	7
Defense Commissary Agency	\$5,900,000	69
Delhaize America	\$19,230,000	22
Dell Computer	\$11,900,000	33
Dick's Sporting Goods	\$5,211,802	74
Dillard's	\$6,263,600	65
Dollar General Corp.	\$14,807,200	27
Dollar Tree	\$6,630,500	63
eBay	\$11,651,654	35
Family Dollar Stores	\$8,547,835	51
Foot Locker	\$5,623,000	73
GameStop Corp.	\$9,550,500	45
Gap Inc.	\$14,549,000	28

Company	2011 Revenue (000)	Rank
Giant Eagle Inc.	\$9,300,000	47
Golub Corp.	\$3,600,000	98
Harris Teeter Supermarket	\$4,285,565	85
HE Butt Grocery Co.	\$18,000,000	24
Hy-Vee	\$7,300,000	56
IKEA North America	\$5,077,000	78
Ingles Markets	\$3,559,921	99
J.C. Penney Company	\$17,260,000	26
Kohl's Corp.	\$18,804,000	23
Liberty Interactive Corp. (QVC)	\$9,616,000	44
Limited Brands	\$10,364,000	41
Lowe's Cos. Inc.	\$50,208,000	9
Luxottica Group	\$4,880,000	80
Macy's	\$26,405,000	15
Meijer	\$14,400,000	29
Menards	\$7,170,000	57
Michaels Stores	\$4,210,000	87
The Neiman Marcus Group	\$4,350,000	84
Nordstrom	\$10,497,000	40
O'Reilly Automotive	\$5,788,816	70
Office Depot	\$11,489,533	36
OfficeMax Inc.	\$7,121,200	59
PetSmart	\$6,113,304	68
Pilot Flying J	\$17,770,000	25
Publix Supermarkets	\$26,967,389	14
QuikTrip	\$10,770,000	39
Racetrac Petroleum	\$5,750,000	72
RadioShack Corp.	\$4,378,000	83
Rite Aid Corp.	\$26,121,222	16
Ross Stores	\$8,608,291	50
Roundy's	\$3,841,984	90
Safeway	\$43,630,200	11
Save Mart Supermarkets	\$4,600,000	82
Sears Holdings Inc.	\$41,567,000	12
Sheetz	\$5,775,000	71
The Sherwin-Williams Co.	\$8,766,000	49
Signet Jewelers Ltd.	\$3,749,200	92
Staples	\$25,022,192	18

Company	2011 Revenue (000)	Rank
Starbucks Coffee Company	\$11,700,400	34
Stater Bros. Markets	\$3,700,000	94
Supervalu Inc.	\$36,100,000	13
Susser Holdings	\$5,194,168	77
Systemax	\$3,682,039	96
Target Corp.	\$69,865,000	6
The Great Atlantic & Pacific Tea Co.	\$6,700,000	62
The Home Depot	\$70,395,000	5
The Kroger Co.	\$90,374,000	2
The Pantry	\$8,138,500	52
Tiffany & Co.	\$3,642,937	97
The TJX Companies	\$23,191,455	19

Company	2011 Revenue (000)	Rank
Toys "R" Us	\$13,900,000	31
Tractor Supply Co.	\$4,232,743	86
Trader Joe's	\$9,000,000	48
Verizon Wireless	\$10,997,000	38
Wakefern Food Corp.	\$12,800,000	32
Wal-Mart Stores	\$443,854,000	1
Walgreen Co.	\$72,184,000	4
WaWa	\$6,990,000	60
Wegmans Food Markets	\$6,200,000	66
Whole Foods Markets	\$10,107,787	43
Williams-Sonoma	\$3,720,895	93
WinCo Foods	\$5,200,000	76

## Chain Store Age Top 100: Methodology Matters

The annual *Chain Store Age* Top 100, which ranks leading retail companies by annual revenues recorded in their most recently concluded fiscal year, is distinguished from similar rankings by its factual credibility. In this year's report, 77 of the 100 companies are ranked based on the retailer's actual documented financial performance.

Research to establish this ranking was comprehensive and included a thorough review of SEC filings, financial statements, announcements published by the retail companies and interviews with select retailers. For privately owned retail companies that do not release financial statements, estimates were based on multiple independently published financial reports.

- Key financial metrics reported in the Top 100 include revenues, net incomes and store counts for the last two fiscal years. For U.S.-based retailers, these numbers reflect the company's global presence. For retailers with headquarters outside the United States, only the company's U.S. or North American division is included.

- For companies that operate outside the retail sector as well as retail businesses, the financials quoted are for the retail segment only.

- When sales and earnings were reported in currencies other than U.S. dollars, the numbers were translated to U.S. dollars based on the actual exchange rate for that retailer's specific year-end date.

- Most retail fiscal years close at the end of December, January or February. *Chain Store Age* publishes its Top 100 ranking at the point in the year when the most timely, accurate and conclusive financial metrics are available for the majority of retail companies. Because of the random occurrence of year-end dates, readers should not directly compare the performance of companies.

The Top 100 ranking is augmented by additional charts that highlight pertinent trends and financial metrics relative to these leading retail companies, including retailers that have achieved impressive net earnings in the last two fiscal years.

*Research and analysis conducted by Connie Gentry, contributing editor for Chain Store Age.*

## Giant Presence: Top 20 retailers by North America store count

The companies on this list dominate the retail landscape across the United States, and in many cases have a large presence in Canada and Mexico as well. For the most part, these retailers continue to grow aggressively, and in the last fiscal year, they were responsible for a combined total of more than 5,000 new store openings in North America. However, five of the companies (Collective Brands, GameStop, Kroger, Rite Aid and Sears Holdings) ended their last fiscal year with fewer stores than the previous year.

Rank	Company	North American Store Count
1	Starbucks Coffee Company*	10,787
2	Dollar General Corp.	9,937
3	Walgreen Co.	8,210
4	CVS Caremark Corp.	7,327
5	7-Eleven**	7,149
6	Family Dollar	7,023
7	Wal-Mart Stores	6,900
8	Alimentation Couche-Tard	5,803
9	Radio Shack	5,544
10	Luxottica Group	4,946

Rank	Company	North American Store Count
11	GameStop	4,849
12	AutoZone	4,813
13	Rite Aid Corp.	4,667
14	Dollar Tree	4,351
15	Collective Brands	4,199
16	Sears Holdings Inc.	4,010
17	O'Reilly Automotive	3,740
18	Sherwin-Williams	3,715
19	Advance Auto	3,662
20	The Kroger Co.	3,574

\* U.S. stores only \*\* U.S. and Canada stores only

## Noteworthy: Rising Stars and Shifts in Status

Newcomers to the annual Top 100 Ranking range from Wakefern Food Corp., owner of the ShopRite brand, to Cumberland Farms. Corporate mergers and spinoffs produced new names for retailers that were ranked in Top 100 lists of previous years, and retailers that failed to return after making the 2011 Top 100 list are also worth noting. The group also includes Demoulas Market Basket, a privately held regional grocer based in Tewksbury, Mass.

Company	Top 100 Rank	Fiscal 2011 Revenues (000)	Status
Amazon.com	10	\$48,077,000*	Revenues in 2011 were \$13.9 billion ahead of 2010, elevating Amazon to a ranking among the elite Top 10
BI-LO	79	\$4,943,119**	New to Top 100 due to Winn-Dixie acquisition
Cumberland Farms	54	\$8,020,000***	Newcomer to Top 100 Ranking
Liberty Interactive Corp.	44	\$9,616,000*	New to Top 100 due to spin-off of QVC parent company
Pilot Flying J	25	\$17,770,000***	Merger of Pilot and Flying J created new name for Top 100
Wakefern Food Corp.	32	\$12,800,000***	Newcomer to Top 100 Ranking
Demoulas Market Basket	NA	\$3,400,000***	2011 revenues almost placed the company among the Top 100 -- this is a regional retailer worth watching
The Sports Authority	NA	\$3,200,000***	Ranked #99 in last year's list, stronger sales by other retailers bumped the company off this year's list
Raley's	NA	\$3,000,000***	Ranked #97 in last year's list, stronger sales by other retailers bumped the company off this year's list
Bon-Ton Stores	NA	\$2,884,661*	Ranked #100 in last year's list, off the list this year because 2011 sales slumped

\* actual reported; \*\* estimate based on BI-LO's estimated 2011 sales plus Winn-Dixie's actual six-month sales for last half of 2011;

\*\*\* estimated from published reports

## Deep Pockets: Top 25 retailers by net income

When you're in business to make money, nothing spells success like ending the year with strong profits. The Top 25 retailers that led the industry in 2011 net earnings not only had impressive results in the last fiscal year, but also amassed billion-dollar bragging rights for the combined two-year period.

Newcomers to this year's ranking include Coach, Dollar General, Liberty Interactive Corp., Nordstrom, Ross Stores and Starbucks. Amazon.com and Kroger, which were among the top 20 money makers on last year's ranking based on their 2010 net incomes, fell to the bottom two slots on this year's Top 25 list. Best Buy, which was also on last year's list, actually recorded a loss of more than \$1.2 billion in 2011.

*(Privately held retail companies do not report net earnings and therefore cannot be considered for this ranking.)*

Rank	Company	2011 Net Income (000)	2010 Net Income (000)	Two-Year Net Income (000)
1	Wal-Mart Stores	15,699,000	16,389,000	32,088,000
2	CVS Caremark Corp.	4,912,000	4,537,000	9,449,000
3	The Home Depot	3,883,000	3,338,000	7,221,000
4	eBay	3,229,387	1,800,961	5,030,348
5	Target Corp.	2,929,000	2,920,000	5,849,000
6	Walgreen Co.	2,714,000	2,091,000	4,805,000
7	Lowe's Cos. Inc.	1,839,000	2,010,000	3,849,000
8	The TJX Companies	1,496,090	1,343,141	2,839,231
9	Publix Supermarkets	1,491,966	1,338,147	2,830,113
10	Costco Wholesale Corp.	1,462,000	1,303,000	2,765,000
11	Macy's	1,256,000	847,000	2,103,000
12	Starbucks Coffee Company	1,248,000	948,300	2,196,300
13	Kohl's Corp.	1,167,000	1,120,000	2,287,000
14	Coach Inc.	1,040,000	880,800	1,920,800
15	Bed Bath & Beyond	989,537	791,333	1,780,870
16	Staples	984,656	881,948	1,866,604
17	Liberty Interactive Corp.	965,000	1,937,000	2,902,000
18	Limited Brands	850,000	805,000	1,655,000
19	AutoZone	848,974	738,311	1,587,285
20	Gap Inc.	833,000	1,204,000	2,037,000
21	Dollar General	766,700	627,900	1,394,600
22	Nordstrom	683,000	613,000	1,296,000
23	Ross Stores	657,170	554,797	1,211,967
24	Amazon.com	631,000	1,152,000	1,783,000
25	The Kroger Co.	602,000	1,116,000	1,718,000

# CHAIN STORE AGE®

NEWS AND ANALYSIS FOR RETAIL EXECUTIVES

Chain Store Age is the leading publication serving retail headquarters management. Its reach and coverage extends across the entire spectrum of the industry, from discount stores and apparel stores to department stores and hardlines stores to multi-site restaurants and shopping center owners and developers.

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Chain Store Age produces the annual SPECS conference, the industry's premier event dedicated to store planning and design, construction and facilities management (specsshow.com). It also produces Executive SPECS, a management development and networking event for senior-level executives involved in store planning, construction, facilities, operations and real estate, and the Retail Store of the Year design competition.

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Virtual Experience Design	Documentation
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Digital Marketing	MEP Engineering
Digital Asset Management	Multi-Site Adaptation
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