

TOP 100 RETAILERS

With a maintained focus on value, retailers embrace a new way of shopping

by DAVID P. SCHULZ

The dot-com boom launched 20 years ago, ushering in a new era of retailing, and 2017 is the year that acknowledges the future has arrived. Store-based sales still overwhelm e-commerce, but the scales are tipping — not that the impact is readily noticeable in STORES Magazine’s annual list of the Top 100 retailers. Amazon crept up to seventh place, but QVC is the only other retailer on the chart that does the vast majority of business in the non-store realm.

The nation’s largest mass market retailers all rank in the top 10: No. 1 Wal-Mart, No. 3 Costco, No. 7 Amazon and No. 8 Target. The remaining top 10 retailers are arranged in pairs: two traditional supermarket operators (No. 2 Kroger and No. 10 Albertsons); two home improvement retailers (No. 4 The Home Depot and No. 9 Lowe’s); and two drugstore chains (No. 5 CVS and No. 6 Walgreens Boots Alliance).

“We are witnessing a transformation in which the physical environment now needs to serve three shopper missions rather than one,” says Ray Gaul, vice president of research and analytics with Kantar Retail. “The old one was a full shopper mission where the consumer discovers products, selects the products and then transports the products home.”

The two additional missions are buy online, pickup at store and showrooms and product information, Gaul says. “These will require two things ... store remodels and store closings, or both, and a new economic model to cover costs and deliver profits.

“Companies that have embraced this new way of shopping have begun to deliver better profit per square foot than companies that have not,” he says.

REBALANCING ACT

Steven Roth, CEO of Vornado Realty Trust and a veteran observer of the retail industry, maintains that the country is “grossly overstored” and that a third of the weakest retail locations should be shut down.

“This very painful process will surely take more than five years,” he says. “It will also create enormous opportunity for those with the capital and management platforms to [do so].”

Shopping center owner Starwood Capital Group’s Barry Sternlicht says “retail will rebalance” and be “smaller but healthier in five years.”

“The important thing to remember with e-commerce is that it is a tool to help shoppers do things more conveniently in more places than before,” Gaul says. The level of knowledge when consumers are in-store has “changed dramatically,” he says.

“Retailers with physical locations that play an important role in the decision to buy must hold on to their physical real estate but make it work differently to acknowledge that shoppers will probably have more complete information [and] more options.”

Supply chain logistics are a key to this new hybrid retail world, and Walmart got where it is today by investing in and constantly improving them. Today it is investing in logistics expertise.

(continued on page 24)



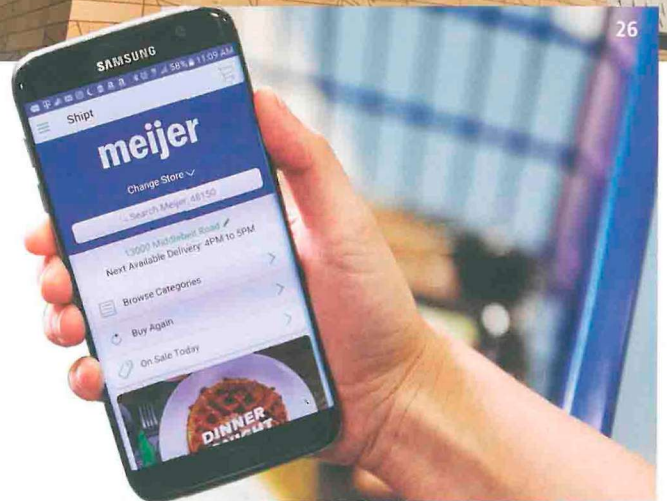
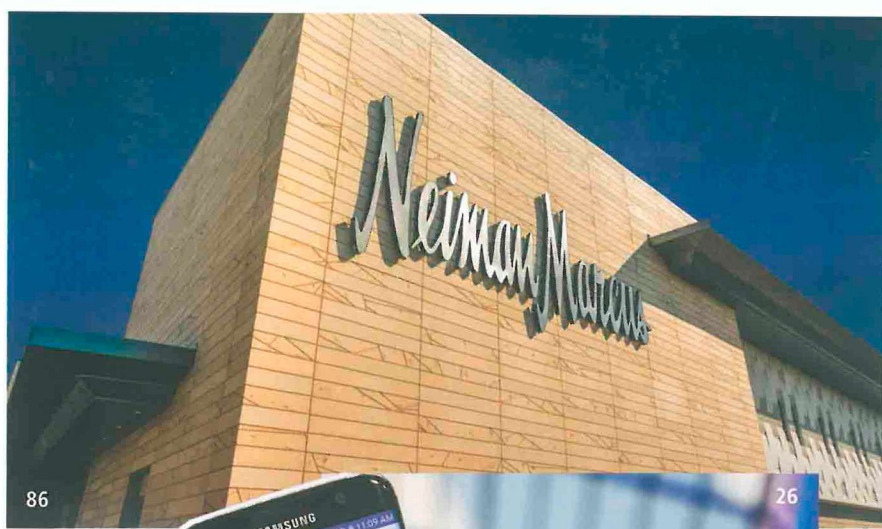
69



13



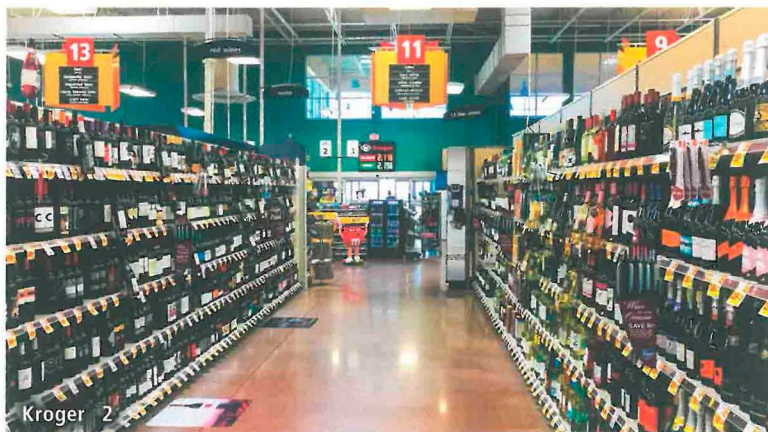
GameStop 73



20

86

26



POWER PLAYERS
SUPERMARKETS

Company	2016 USA retail sales (000)	Sales per store (000)	Comp-store change & sales	USA stores
The Kroger Co.	\$101,350,000	\$29,400	1.0%	3,446
Albertsons	\$58,696,000	\$24,500	N.A.	2,392
Royal Ahold Delhaize USA	\$44,153,000	\$22,200	0.7%/ 2.1%	1,990
Publix Super Markets	\$33,376,000	\$24,800	1.9%	1,348
Aldi [^]	\$23,491,000	\$11,300	N.A.	2,084
H-E-B Grocery	\$21,145,000	\$65,900	N.A.	321
Wakefern / ShopRite	\$16,000,000	\$45,300	N.A.	353
Whole Foods Market	\$15,011,000	\$34,700	-2.5%	432
Neighborhood Market (Wal-Mart Stores)	\$14,601,000	\$20,400	N.A.	716
SUPERVALU	\$11,526,000	\$7,300	N.A.	1,588
BI-LO	\$10,612,000	\$14,500	N.A.	731

Discount stores, dollar stores, drug stores, convenience stores, housewares stores, even home improvement stores are selling boxed, bagged, canned and shrink-wrapped groceries. Supermarkets, in return, are shrinking inventories of packaged goods in favor of fresh and prepared foods. Grocery retailers are looking in several directions to make up for the dropping volume of center store items, including work stations where home cooks can use prepped and portioned ingredients to create a meal that can be cooked at home. Grocers are also adding in-store restaurants as well as meal kits and ready-to-heat/ready-to-eat takeout offerings.

Source: Kantar Retail
*Includes online sales related to respective retailers
[^]Aldi includes Trader Joe's

Power Player Royal Ahold Delhaize USA, whose banners include Stop & Shop, Giant, Food Lion and Hannaford, has spent nearly three years upgrading its produce departments, according to John Ruane, senior vice president for fresh. This includes adding exotic fruits and vegetables, relocating seasonal and cut-up produce to the front of the store and training associates who stock the displays to ask themselves, "Would I buy it?" in an effort to eliminate overripe and damaged items.

Ahold Delhaize's Food Lion chain is remodeling 93 stores this year in the Greensboro, N.C., market and another 71 in Richmond, Va. Upgraded perishable offerings are key, with the retailer telling customers it is making things "easy, fresh and affordable" for them during the remodels. As Food Lion President Meg Ham puts it, "We want to ensure our customer can easily find fresh, quality products to nourish their families at affordable prices."

(continued from page 22)

“Walmart has the best planning software to schedule truck arrivals and departures, to track ships in the Atlantic and Pacific and air traffic,” Gaul says.

Walmart works to ensure that when consumers shop online, they pay the lowest cost to get the product from its source to the final destination. E-commerce giants such as Amazon and Alibaba are “dominating discussion on ‘agile logistics,’” he says. “However, there is still an opportunity for someone to develop everyday low cost agile logistics. This is a title that is Walmart’s to lose over the next 10 years.”

ENHANCING ONLINE

Walmart has been spending a lot of resources on omnichannel, first entering into an alliance with JD.com, China’s largest internet retailer by

revenue, and then purchasing Jet.com for \$3 billion to broaden U.S. e-commerce operations. Online retailers Moosejaw, Shoebuy and Modcloth are recent acquisitions for Walmart, also rumored to be interested in apparel retailer Bonobos and Wayfair, the web-only home furnishings and décor retailer.

In addition, Walmart has launched a retail technology incubator, called Store No. 8, to nurture nascent businesses including the small e-retailers the company has been acquiring.

“We’ll be bringing in entrepreneurs and giving them capital and the opportunity to change the course of retail five or 10 years out,” says Marc Lore, the founder of Jet.com and now CEO of Walmart’s U.S. e-commerce business. “The focus is not just on today. Think bigger.”

(continued on page 26)

POWER PLAYERS
MASS MARKET

This year, category stalwarts Walmart, Costco and Target are joined by Amazon.com. With an estimated 80 million Prime subscribers — think warehouse club membership fees — and some 300 million other U.S. customers, Amazon certainly has the profile of a mass market retailer.

Company	2016 USA retail sales (000)	Sales per store (000)	Comp-store change % sales	USA stores
Wal-Mart Stores [^]	\$347,534,000	\$76,100	0.4%	4,568
Costco	\$85,778,000	\$172,600	3.0%	497
Amazon.com	\$77,019,000	N.A.		
Target	\$69,495,000	\$38,600	-0.5%	1,802

Source: Kantar Retail
 *Includes online sales related to respective retailers
 *Sales per store metrics excludes sales of online retailers that do not have stores
[^]Walmart excludes Neighborhood Market, Jet.com, hayneedle.com

Another telltale sign is the broad scope of its merchandise, ranging from apparel and housewares to digital music and videos to jewelry and baby goods. The one area where Amazon doesn’t measure up is grocery. Not that it hasn’t been experimenting, testing and piloting, primarily on Prime members through a program called AmazonFresh. (This may be behind the speculation earlier this year that Amazon was interested in purchasing BJ’s Wholesale, the most grocery-oriented of the large warehouse club chains.)

Aping a number of bricks-and-mortar grocery retailers, Amazon launched AmazonFresh Pickup in April, allowing shoppers to order online and pickup at one of its two employee-only Seattle stores.

Pickup is a new wrinkle for AmazonFresh, which costs Prime members an additional \$15 a month to order online and have the groceries delivered. Prime Now provides for groceries and other goods to be delivered the same day.



2017 TOP 100 Retailers

Rank	Company	Headquarters/ U.S. headquarters	2016 retail sales (000)	USA sales growth ('16 v '15)	Worldwide retail sales (000)	USA % of worldwide sales	2016 stores	Growth ('16 v '15)
1	Wal-Mart Stores	Bentonville, Ark.	\$362,815,000	2.7%	\$511,991,000	71%	5,284	2%
2	The Kroger Co.	Cincinnati	\$110,215,000	6.1%	\$110,215,000	100%	3,825	2%
3	Costco	Issaquah, Wash.	\$85,778,000	2.7%	\$118,767,000	72%	497	4%
4	The Home Depot	Atlanta	\$85,086,000	7.3%	\$94,774,000	90%	1,965	0%
5	CVS Caremark	Woonsocket, R.I.	\$81,482,000	13.0%	\$82,800,000	98%	9,769	1%
6	Walgreens Boots Alliance	Deerfield, Ill.	\$79,283,000	3.5%	\$95,544,000	83%	8,053	0%
7	Amazon.com	Seattle	\$77,024,000	24.6%	\$128,526,000	60%	3	200%
8	Target	Minneapolis	\$69,495,000	-5.9%	\$69,495,000	100%	1,802	1%
9	Lowe's Companies	Mooresville, N.C.	\$60,409,000	5.0%	\$66,556,000	91%	1,831	1%
10	Albertsons Companies	Boise, Idaho	\$58,696,000	0.1%	\$58,696,000	100%	2,392	4%
11	Royal Ahold Delhaize USA	Carlisle, Pa.	\$44,153,000	0.0%	\$78,542,000	56%	1,990	-4%
12	McDonald's	Oak Brook, Ill.	\$36,389,000	1.5%	\$85,002,000	43%	14,155	-1%
13	Apple Stores / iTunes	Cupertino, Calif.	\$35,899,000	2.7%	\$41,940,000	86%	270	1%
14	Best Buy	Richfield, Minn.	\$34,605,000	-1.6%	\$39,402,000	88%	1,360	-4%
15	Publix Super Markets	Lakeland, Fla.	\$33,376,000	3.1%	\$33,376,000	100%	1,348	3%
16	Rite Aid	Camp Hill, Pa.	\$26,817,000	-0.2%	\$26,817,000	100%	4,536	-1%
17	Macy's	Cincinnati	\$25,700,000	-4.8%	\$25,778,000	100%	825	-5%
18	TJX Companies	Framingham, Mass.	\$25,367,000	7.7%	\$33,270,000	76%	2,777	4%
19	Aldi	Batavia, Ill.	\$23,491,000	9.6%	\$104,077,000	23%	2,084	7%
20	Dollar General	Goodlettsville, Tenn.	\$21,987,000	8.5%	\$21,987,000	100%	13,322	7%
21	H-E-B Grocery	San Antonio, Texas	\$21,145,000	3.1%	\$22,507,000	94%	321	3%
22	Dollar Tree	Chesapeake, Va.	\$20,449,000	1.9%	\$20,713,000	99%	14,108	4%
23	Sears Holdings	Hoffman Estates, Ill.	\$19,200,000	-13.2%	\$20,037,000	96%	1,370	-15%
24	Kohl's	Menomonee Falls, Wis.	\$18,752,000	-2.4%	\$18,752,000	100%	1,169	0%
25	Verizon Wireless	New York	\$17,515,000	3.5%	\$17,515,000	100%	6,839	-4%

N.A. Not available or not applicable

Notes on methodology:

USA = 50 States and District of Columbia. Sales in Puerto Rico, the U.S. Virgin Islands and Guam have been estimated and removed if reported as part of the U.S. business segment for that company.

All retail sales estimates exclude wholesale and non-retail services (not sold at stores) but include online retail sales.

Fuel sales are included, except where revenues of fuel exceed 50% of average store revenues; in this case sales are reported exclusive of fuel sales.

All figures are estimates based on Kantar Retail research and company reports.



(continued from page 24)

“Companies should be in the business of creating the future and not simply responding to what pundits and polls think their customers are looking for,” says Mohamed Amer, global head of strategic communications for consumer industries with SAP.

“Without experimenting and probing, you can never discover the hidden potential in any market,” he says. “Walmart’s Store No. 8 is a powerful symbol and reminder that change and innovation can only happen when you challenge the status quo.”

A progressive and innovative approach to personalized and meaningful shopping experiences is “crucial to the future of bricks-and-mortar, clicks-and-mortar and every new iteration of online-offline shopping we’ve yet to see,” says Julie Bernard, chief marketing officer at marketing platform Verve Mobile.

“We know from recent data that the in-store experience is fusing with the mobile experience,

(continued on page 28)

POWER PLAYERS

MASS APPAREL

E-commerce is roiling retail and nowhere is that more apparent than in apparel. Cowen & Co. estimates that Amazon’s apparel sales — including commissions on Marketplace transactions — totaled \$22 billion, more than any other retailer in the country with the possible exception of Macy’s.

Fortunately for off-price and other mass apparel retailers, much of Amazon’s efforts are more upmarket. “The category is taking massive amounts of share,” says Morningstar analyst Bridget Weishaar, referring to such companies as TJX, Ross Stores, Burlington Coat Factory and Nordstrom Rack. “It is a trend that we don’t see turning around in the near future.”

Ross Stores, parent of Ross Dress for Less and dd’s Discount, is moving ahead aggressively with expansion. Plans call for an approximately 70 new Ross Dress for Less units this year and an additional 20 dd’s Discounts. The company is opening its first stores in Iowa this year while continuing to find new sites in states with its largest concentrations of stores: California, Florida and Texas.

Company	2016 USA retail sales (000)	Sales per store (000)	Comp-store change & sales	USA stores
TJX^	\$20,946,000	\$9,600	5.0%	2,192
Kohl’s	\$18,752,000	\$16,000	-2.4%	1,169
Ross Stores	\$12,864,000	\$8,400	4.0%	1,532
J.C. Penney Company	\$12,471,000	\$12,400	0.0%	1,006
Sears Holdings	\$9,304,000	\$14,100	-9.3%	661
Gap (Old Navy)	\$757,800,000	\$8,000	-2.0%	944
Ascena Retail Group	\$5,958,000	\$1,300	-5.0%	4,479
Burlington Coat Factory	\$5,497,000	\$9,400	4.5%	583
H&M	\$4,113,000	\$8,800	N.A.	468
Nordstrom Rack	\$3,924,000	\$18,100	-0.4%	217
The Bon-Ton Stores	\$2,601,000	\$9,900	-3.8%	262
Forever 21	\$2,553,000	\$4,900	N.A.	520
Express	\$2,096,000	\$3,300	-9.0%	635

Source: Kantar Retail
 *Includes online sales related to respective retailers
 ^TJX excludes Home Goods



“Looking ahead, we remain confident that over time, Ross can grow to 2,000 locations and dd’s Discount can become a chain of 500 stores,” says Jim Fassio, president and chief development officer at Ross Stores.

H&M is toning down its aggressive growth plans of adding 10-15 percent more bricks-and-mortar stores each year in favor of localizing expansion both in terms of physical stores and e-commerce. In the U.S., a traditionally strong market for the Swedish retailer, the target is to raise total sales 10 to 15 percent in dollars, though exchange rates could affect the results.

2017 TOP 100 Retailers

Rank	Company	Headquarters/ U.S. headquarters	2016 retail sales (000)	USA sales growth ('16 v '15)	Worldwide retail sales (000)	USA % of worldwide sales	2016 stores	Growth ('16 v '15)
26	Meijer	Grand Rapids, Mich.	\$16,711,000	4.0%	\$16,711,000	100%	231	4%
27	Wakefern / ShopRite	Keasbey, N.J.	\$16,000,000	1.9%	\$16,000,000	100%	353	5%
28	Ace Hardware	Oak Brook, Ill.	\$15,833,000	4.8%	\$16,774,000	94%	4,363	1%
29	Starbucks	Seattle	\$15,775,000	11.7%	\$21,316,000	74%	13,172	5%
30	Whole Foods Market	Austin, Texas	\$15,011,000	1.5%	\$15,649,000	96%	432	5%
31	7-Eleven	Dallas	\$14,323,000	4.7%	\$96,836,000	15%	8,256	2%
32	Nordstrom	Seattle	\$14,265,000	1.7%	\$14,562,000	98%	336	7%
33	Subway	Milford, Conn.	\$13,945,000	0.3%	\$28,090,000	50%	26,932	-2%
34	AT&T Wireless	Dallas	\$13,435,000	-3.1%	\$13,435,000	100%	2,004	-5%
35	Ross Stores	Pleasanton, Calif.	\$12,864,000	7.8%	\$12,874,000	100%	1,532	6%
36	BJ's Wholesale Club	Westborough, Mass.	\$12,502,000	-2.2%	\$12,502,000	100%	214	1%
37	J.C. Penney Co.	Plano, Texas	\$12,471,000	-0.6%	\$12,547,000	99%	1,006	-1%
38	Gap	San Francisco	\$12,373,000	-1.8%	\$16,146,000	77%	2,387	-1%
39	Bed Bath & Beyond	Union, N.J.	\$12,008,000	0.7%	\$12,216,000	98%	1,490	1%
40	SUPERVALU	Eden Prairie, Minn.	\$11,526,000	-1.0%	\$11,526,000	100%	1,588	0%
41	L Brands	Columbus, Ohio	\$11,361,000	3.6%	\$12,173,000	93%	2,755	1%
42	Burger King Worldwide	Miami	\$10,702,000	3.5%	\$26,819,000	40%	8,121	4%
43	Menard	Eau Claire, Wis.	\$10,659,000	4.3%	\$10,659,000	100%	305	4%
44	BI-LO	Jacksonville, Fla.	\$10,612,000	-1.4%	\$10,612,000	100%	731	-3%
45	Health Mart Systems	Omaha, Neb.	\$9,950,000	2.1%	\$15,966,000	62%	4,745	3%
46	YUM! Brands	Louisville, Ky.	\$9,432,000	-51.3%	\$31,708,000	30%	17,504	1%
47	Hy-Vee	West Des Moines, Iowa	\$9,239,000	4.3%	\$9,239,000	100%	242	0%
48	Good Neighbor Pharmacy	Chesterbrook, Pa.	\$9,207,000	4.2%	\$9,207,000	100%	2,753	-6%
49	Giant Eagle	O'Hara Township, Pa.	\$9,042,000	1.5%	\$9,042,000	100%	424	-1%
50	Wendy's	Dublin, Ohio	\$8,975,000	0.3%	\$10,208,000	88%	5,739	0%

N.A. Not available or not applicable

Notes on methodology:

USA = 50 States and District of Columbia. Sales in Puerto Rico, the U.S. Virgin Islands and Guam have been estimated and removed if reported as part of the U.S. business segment for that company.

All retail sales estimates exclude wholesale and non-retail services (not sold at stores) but include online retail sales.

Fuel sales are included, except where revenues of fuel exceed 50% of average store revenues; in this case sales are reported exclusive of fuel sales.

All figures are estimates based on Kantar Retail research and company reports.

POWER PLAYERS

RESTAURANTS

The outlook for restaurants in 2017 is daunting: “Restaurant operators are in a position to alter the forecast, but will need to differentiate themselves,” says Bonnie Riggs, NPD’s restaurant industry analyst. “In the year ahead, it will be critical for them to stay relevant in consumers’ minds, focusing on innovative products, unique promotions, competitive pricing, stating the benefits of eating at restaurants versus home and delivering an enjoyable experience.”

Chipotle Mexican Grill is recovering after seeing comparable store sales plummet 20 percent in the wake of food contamination problems in 2015. Even suffering through the year that it did, Chipotle still opened more than 240 new locations.

But founder Steve Ells, who took over the helm after the company dropped its co-CEO management structure, wants to do better. “As I look at how we’re recovering, it’s far too slow for me,” he said. And, he told shareholders, “In the upcoming year we intend to continue to simplify and improve our restaurant operations, utilize creative marketing to rebuild our brand and further roll out our digital sales efforts.”

His efforts are taking hold. In this first quarter of this year, same-store sales grew 18 percent as revenues increased 26 percent to \$1.1 billion, and there were earnings of \$46.1 million compared to a \$26.4 million loss in the prior year. Chipotle also opened 57 new locations in the period.

“This is an indication that Chipotle should be through the worst of the fallout from its food safety issues and can now focus on expansion,” says Simon Negri, partner in A.T. Kearney’s consumer products and retail practice.



Company	2016 USA retail sales (000)	Sales per store (000)	Comp-store change % sales	USA stores
McDonald's	\$36,389,000	\$2,600	1.7%	14,155
Starbucks	\$15,775,000	\$1,200	6.0%	13,172
Subway	\$13,945,000	\$500	N.A.	26,932
Burger King Worldwide	\$10,702,000	\$1,300	N.A.	8,121
YUM! Brands	\$9,432,000	\$500	N.A.	17,504
Wendy's	\$8,975,000	\$1,600	1.6%	5,739
Dunkin' Brands Group	\$8,830,000	\$800	1.6%	11,366
Darden Restaurants	\$6,907,000	\$4,500	N.A.	1,538
DineEquity	\$6,879,000	\$200	N.A.	3,495
Chick-fil-A	\$6,437,000	\$300	N.A.	2,112
Domino's Pizza	\$5,335,000	\$100	10.5%	5,371
Panera Bread Company	\$5,242,000	\$2,600	4.2%	2,036
Jack in the Box	\$5,058,000	\$1,700	1.2%/1.4%	2,954
Sonic	\$4,520,000	\$1,300	2.6%	3,557
CKE Restaurants	\$3,861,000	\$1,300	N.A.	3,058
Chipotle Mexican Brands	\$3,854,000	\$1,700	-20.4%	2,221
Bloomin' Brands	\$3,778,000	\$300	-1.9%	1,277

(continued from page 26)

and that shoppers, particularly Millennials and Generation Z consumers, consider their bricks-and-mortar engagements to be just as powerfully social and multichannel as any other part of their on-screen day-to-day lives.”

Walmart is enhancing its online efforts with multiple initiatives: This spring, the retailer offered special discounts on 10,000 different items if they were ordered online and picked up in-store.

“One of the things I love most about Walmart’s heritage is the maniacal focus on our customers and finding ways to offer them low prices — every day,” Lore, who was involved in the project, wrote in his blog at the time.

“We do this by creating efficiencies in our business so we can share the savings with them. And, in the online world, we can use our physical stores and supply chain to do some pretty unique things for our digital customers.”

MAINTAINING LOYALTY

E-commerce efforts of the other Top 10 bricks-and-mortar mass market operators are less advanced.

Costco last raised membership fees in November 2011 and set June 1 of this year for increases

(continued on page 30)

2017 TOP 100 Retailers

Rank	Company	Headquarters/ U.S. headquarters	2016 retail sales (000)	USA sales growth ('16 v '15)	Worldwide retail sales (000)	USA % of worldwide sales	2016 stores	Growth ('16 v '15)
51	AutoZone	Memphis, Tenn.	\$8,859,000	4.4%	\$10,261,000	86%	5,231	3%
52	Dunkin' Brands Group	Canton, Mass.	\$8,830,000	7.6%	\$10,857,000	81%	11,366	4%
53	O'Reilly Auto Parts	Springfield, Mo.	\$8,593,000	7.9%	\$8,593,000	100%	4,829	6%
54	Wegmans Food Market	Rochester, N.Y.	\$8,299,000	5.1%	\$8,299,000	100%	92	3%
55	Staples	Framingham, Mass.	\$8,275,000	-6.1%	\$11,389,000	73%	1,255	-4%
56	Army / Air Force Exchange	Dallas	\$8,076,000	2.0%	\$8,076,000	100%	1,030	-6%
57	Dick's Sporting Goods	Coraopolis, Pa.	\$7,922,000	9.0%	\$7,922,000	100%	794	7%
58	QVC	West Chester, Pa.	\$7,667,000	0.6%	\$10,229,000	75%	N.A.	N.A.
59	Sherwin-Williams	Cleveland	\$7,580,000	8.1%	\$8,122,000	93%	3,889	2%
60	Alimentation Couche-Tard	Tempe, Ariz.	\$7,420,000	1.4%	\$11,071,000	67%	5,251	-2%
61	Ascena Retail Group	Suffern, N.Y.	\$7,091,000	50.2%	\$7,249,000	98%	4,816	26%
62	Toys "R" Us	Wayne, N.J.	\$7,049,000	-3.1%	\$12,738,000	55%	874	-5%
63	Office Depot	Boca Raton, Fla.	\$6,996,000	-5.1%	\$11,357,000	62%	1,441	-8%
64	Darden Restaurants	Orlando, Fla.	\$6,907,000	2.5%	\$6,934,000	100%	1,538	1%
65	DineEquity	Glendale, Calif.	\$6,879,000	-4.8%	\$7,697,000	89%	3,495	0%
66	Ikea North American Svcs.	Conshohocken, Pa.	\$6,789,000	6.6%	\$48,197,000	14%	43	8%
67	Tractor Supply Co.	Brentwood, Tenn.	\$6,780,000	8.9%	\$6,780,000	100%	1,738	17%
68	WinCo Foods	Boise, Idaho	\$6,676,000	6.5%	\$6,676,000	100%	110	7%
69	PetSmart	Phoenix	\$6,484,000	3.4%	\$6,874,000	94%	1,403	5%
70	Chick-fil-A	Atlanta	\$6,437,000	4.9%	\$6,437,000	100%	2,112	6%
71	Dillard's	Little Rock, Ark.	\$6,071,000	-5.0%	\$6,071,000	100%	293	-1%
72	Foot Locker	New York	\$5,852,000	5.0%	\$8,044,000	73%	2,288	-1%
73	GameStop	Grapevine, Texas	\$5,518,000	-14.5%	\$8,027,000	69%	3,992	-1%
74	Burlington Coat Factory	Burlington, N.J.	\$5,497,000	9.2%	\$5,552,000	99%	583	5%
75	Signet Jewelers	Akron, Ohio	\$5,494,000	-0.6%	\$6,368,000	86%	2,983	3%

N.A. Not available or not applicable

Notes on methodology:

USA = 50 States and District of Columbia. Sales in Puerto Rico, the U.S. Virgin Islands and Guam have been estimated and removed if reported as part of the U.S. business segment for that company.

All retail sales estimates exclude wholesale and non-retail services (not sold at stores) but include online retail sales.

Fuel sales are included, except where revenues of fuel exceed 50% of average store revenues; in this case sales are reported exclusive of fuel sales.

All figures are estimates based on Kantar Retail research and company reports.

POWER PLAYERS
HARDWARE/HOME
IMPROVEMENT

Three home improvement chains and a co-operative of hardware stores constitute this Power Player grouping. The outlier is Ace Hardware, which bills itself as the “largest retailer-owned hardware co-operative in the world.” Based in Oak Brook, Ill., and founded in

1924, Ace has enjoyed annual same-store sales gains for seven straight

years, including last year’s 2.5 percent increase. Ace added a net of 52 stores last year.

The Home Depot is still the Big Kahuna in this category, as it steamrolls most of the competition from coast to coast — and online as well. Online sales for Home Depot have tripled over the past five years and have vaulted the company into the top 10 e-commerce retailers, a list headed by Amazon.com, according to Internet Retailer.

The Home Depot offers online shoppers a number of options, including buy online, pickup in store and buy online, deliver from store. The company says approximately 45 percent of web orders are picked up at the store, which it feels leads to additional in-store purchases.

Buy online, deliver from store “was built on a foundation of our new customer order management system, which was fully deployed in all U.S. stores during the second quarter of 2016,” says Craig Menear, Home Depot’s chief executive.

“We are pleased with a positive customer response to this enhanced delivery option, which streamlines the delivery experience for both our customers and our store associates.”

The Home Depot refers to its omnichannel efforts as “interconnected retail.” Associates are using handheld devices to help customers complete online sales in the aisle, expedite the checkout process for customers during peak traffic periods, locate products in the aisles and online and check inventory on hand.

This addresses what Home Depot told its shareholders earlier this year: “Becoming a best-in-class interconnected retailer is growing in importance as the line between online and in-store shopping continues to blur and customers demand increased convenience and value.”

Company	2016 USA retail sales (000)	Sales per store (000)	Comp-store change % sales	USA stores
The Home Depot	\$85,086,000	\$43,300	6.2%	1,965
Lowe’s Companies	\$60,409,000	\$33,000	4.1%	1,831
Ace Hardware	\$15,833,000	\$3,600	N.A.	4,363
Menard	\$10,659,000	\$34,900	N.A.	305

Source: Kantar Retail
Includes online sales related to respective retailers



4



8

(continued from page 28)

to \$60 for standard membership and \$120 for executive. The increase reflects a membership base “consisting of households with higher incomes than the U.S. average,” and shouldn’t “negatively impact growth,” says Fitch Rating Service.

E-commerce is another story, Fitch says: “Growth in online sales has varied between the high single digits to mid-teen rates over the past several years, but it is not making a significant contribution to comps because e-commerce only represents about 4 percent of Costco’s net sales.”

Costco’s slow adoption of e-commerce may help in its battle against Amazon, suggests Barclays analyst Karen Short. “Given Costco’s high-quality merchandise in food, low prices and the frequency of purchase for these items, we believe that the company’s customers will remain loyal and believe Costco’s price positioning and quality in food insulates it from [Amazon],” she wrote in a recent research note.

(continued on page 32)

2017 TOP 100 Retailers

Rank	Company	Headquarters/ U.S. headquarters	2016 retail sales (000)	USA sales growth ('16 v '15)	Worldwide retail sales (000)	USA % of worldwide sales	2016 stores	Growth ('16 v '15)
76	Domino's Pizza	Ann Arbor, Mich.	\$5,335,000	10.9%	\$10,874,000	49%	5,371	3%
77	Defense Commissary Agency	Fort Lee, Va.	\$5,250,000	-4.5%	\$5,250,000	100%	238	-1%
78	Panera Bread Company	St. Louis	\$5,242,000	5.7%	\$5,242,000	100%	2,036	3%
79	AVB Brandsource	Tustin, Calif.	\$5,221,000	2.4%	\$5,394,000	97%	2,933	1%
80	Big Lots	Columbus, Ohio	\$5,200,000	0.2%	\$5,200,000	100%	1,432	-1%
81	Academy Sports + Outdoors	Katy, Texas	\$5,133,000	13.7%	\$5,133,000	100%	227	9%
82	Jack in the Box	San Diego	\$5,058,000	0.6%	\$5,058,000	100%	2,954	2%
83	Speedway	Enon, Ohio	\$5,007,000	-3.6%	\$5,007,000	100%	2,733	-1%
84	Saks Fifth Avenue / Lord & Taylor	New York	\$4,999,000	2.9%	\$12,890,000	39%	198	12%
85	Williams-Sonoma	San Francisco	\$4,850,000	2.0%	\$4,998,000	97%	601	2%
86	Neiman Marcus	Dallas	\$4,771,000	-4.1%	\$4,950,000	96%	91	0%
87	Michaels Stores	Irving, Texas	\$4,736,000	5.7%	\$5,197,000	91%	1,234	4%
88	True Value Co.	Chicago	\$4,665,000	3.7%	\$4,710,000	99%	4,392	-2%
89	Ulta Salon, Cosmetics & Fragrance	Bolingbrook, Ill.	\$4,614,000	24.2%	\$4,614,000	100%	974	11%
90	Shell Oil Company	Houston	\$4,526,000	-0.6%	\$5,156,000	88%	4,830	-2%
91	Sonic	Oklahoma City	\$4,520,000	3.5%	\$4,520,000	100%	3,557	1%
92	Exxon Mobil Corporation	Irving, Texas	\$4,518,000	2.7%	\$11,346,000	40%	3,355	-1%
93	Belk	Charlotte, N.C.	\$4,209,000	0.8%	\$4,209,000	100%	294	-1%
94	H&M	New York	\$4,113,000	8.2%	\$31,631,000	13%	468	13%
95	Advance Auto Parts	Roanoke, Va.	\$4,080,000	-1.7%	\$4,106,000	99%	4,425	4%
96	Sprouts Farmers Market	Phoenix	\$4,046,000	12.6%	\$4,046,000	100%	253	17%
97	Stater Bros. Holdings	San Bernardino, Calif.	\$4,038,000	1.7%	\$4,038,000	100%	169	1%
98	Petco Animal Supplies	San Diego	\$4,021,000	4.0%	\$4,025,000	100%	1,489	4%
99	Save Mart Supermarkets	Modesto, Calif.	\$3,871,000	-1.9%	\$3,871,000	100%	206	-9%
100	CKE Restaurants	Carpinteria, Calif.	\$3,861,000	4.0%	\$4,688,000	82%	3,058	2%

N.A. Not available or not applicable

Notes on methodology:

USA = 50 States and District of Columbia. Sales in Puerto Rico, the U.S. Virgin Islands and Guam have been estimated and removed if reported as part of the U.S. business segment for that company.

All retail sales estimates exclude wholesale and non-retail services (not sold at stores) but include online retail sales.

Fuel sales are included, except where revenues of fuel exceed 50% of average store revenues; in this case sales are reported exclusive of fuel sales.

All figures are estimates based on Kantar Retail research and company reports.

(continued from page 30)

Costco has no intentions of becoming an omnichannel retailer. “Our value proposition is best serviced for us when it’s in-store, getting members to come in and buying when they can see everything that we have,” says Richard Galanti, Costco’s chief financial officer.

Target is still very much dedicated to bricks-and-mortar as it continues to roll out smaller-format stores in densely populated urban areas. It had 32 at the beginning of the year; the ranks are slated to grow to 130 by the end of 2019.

The retailer is spending \$2 billion this year in the first phase of a three-year plan costing \$7 billion for new and remodeled stores as well as other initiatives. Calling 2017 “a year of investment,” Target CEO Brian Cornell says the initiatives will include more private-label merchandise and an upgraded supply chain.

Its key nod to e-commerce is a stated willingness to forego \$1 billion in potential profits to cut prices and build lower-margin digital sales.

As a result of competition from both e-retailers and big box discounters, Target “has been forced to accelerate investments in omnichannel initiatives and tighten its focus on pricing and merchandising assortments,” Fitch says.

PILOTING INNOVATION

It can be hard to track Amazon’s many retail initiatives. In May the threshold for free shipping for non-Prime shoppers dropped to \$25 from \$35. The delivery window, however, extends to five to eight days.

The company is experimenting with groceries, encouraging manufacturers to develop packages that can withstand the demands of fulfillment

(continued on page 34)

POWER PLAYERS
PREMIUM APPAREL



Premium apparel can be found in department stores: Macy’s, Dillard’s and Belk’s, which have been working hard to upgrade their assortments; specialty stores such as those run by L Brands, Gap, American Eagle Outfitters and Chico’s FAS; omnichannel retailers like J.Crew with its stores, catalogs and website; and manufacturers’ outlets and showroom stores such as those run by Under Armour and PVH, which operate at both ends of the merchandise pipeline.

Under Armour wholesales and retails garments under its own name and with its distinctive logo. PVH is a much older business with a complex history of mergers, acquisitions and operating names, best known as a garment manufacturer owning such brands as Calvin Klein, Tommy Hilfiger and Arrow.

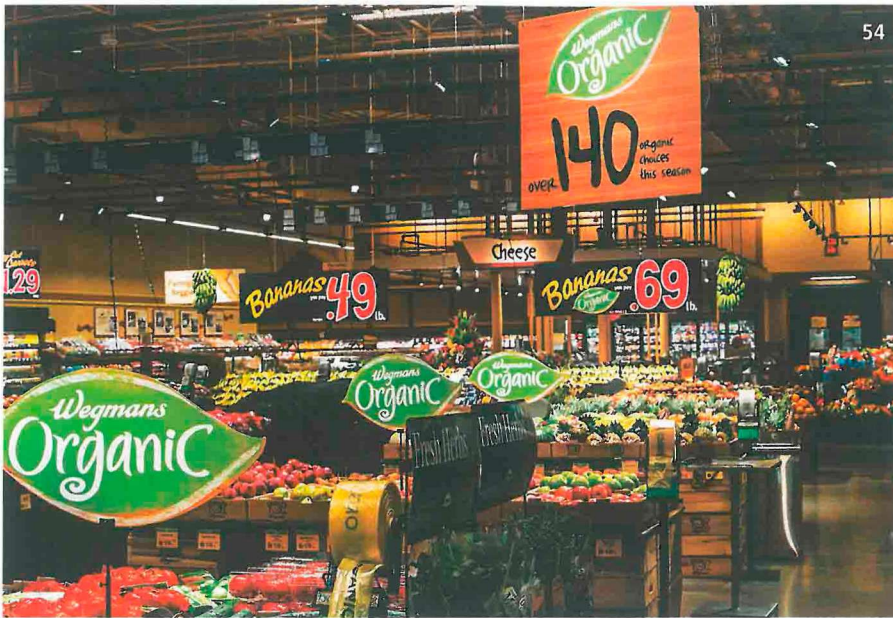
In addition to wholesaling to department stores, specialty stores and other retailers, PVH also operates chains of Calvin Klein and Tommy Hilfiger stores in premium outlet shopping centers, as well as through e-commerce sites for the designer labels.

PVH describes the Calvin Klein brand as “one of the best-known designer names in the world, exemplifying bold, progressive ideals and a seductive, often minimal aesthetic.” Calvin Klein stores in the United States, including the flagship location on Madison Avenue in New York City, feature both men’s and women’s apparel as well as accessories and other products.

Tommy Hilfiger, on the other hand, is a “designer lifestyle brand and is internationally recognized for celebrating the essence of classic American cool style, featuring preppy-with-a-twist designs.” While there are Tommy Hilfiger stores in premium outlet centers, there are also many in urban settings. The preferred locations for these flagship stores are high-profile sites in major cities which can enhance local exposure of the brand. Tommy Hilfiger anchor stores, in contrast, are sites on high-traffic streets and in malls in secondary cities.

Company	2016 USA retail sales (000)	Sales per store (000)	Comp-store change % sales	USA stores
Macy's	\$22,143,000	\$33,000	-3.5%	670
L Brands	\$11,249,000	\$4,100	2.0%	2,726
Dillard's	\$6,071,000	\$20,700	-5.0%	293
Gap (Athleta, Banana Republic, Gap)	\$4,618,000	\$3,300	-2.0%	1,401
Belk	\$4,209,000	\$14,300	N.A.	294
Under Armour	\$3,800,000	\$24,800	N.A.	153
Calvin Klein / Tommy Hilfiger (PVH Corp.)	\$2,652,000	\$2,600	N.A.	1,035
American Eagle Outfitters	\$2,340,000	\$2,600	3.0%	892
J.Crew Group	\$2,260,000	\$4,200	-6.7%	544
Chico's FAS	\$2,169,000	\$1,500	-3.7%	1,491

Source: Kantar Retail
*Includes online sales related to respective retailers



54



18

POWER PLAYERS

CONSUMER ELECTRONICS



14

Consumer electronics is driven by mobile devices retailed by manufacturers like Apple, telecommunications companies like Verizon and AT&T or traditional retailers such as Best Buy and AVB Brandsource.

Smartphone sales are slowing, however, as consumers hang on to old devices rather than trading in for the latest model. What isn't happening is "the next big thing." One nominee was virtual reality, which was supposed to jump-start when Sony introduced its first VR system last fall.

Best Buy jumped on the bandwagon, opening 500 Oculus VR demo stations departments in its stores, but the boom failed to materialize. In May, Oculus closed its VR film story studio.

The lack of hot sellers in the category has taken its toll in the form of hhgregg's bankruptcy in March. Best Buy has also been challenged by the lack of exciting new products. The company has let three top marketing executives go and merged the remaining personnel and functions with the merchandising team.

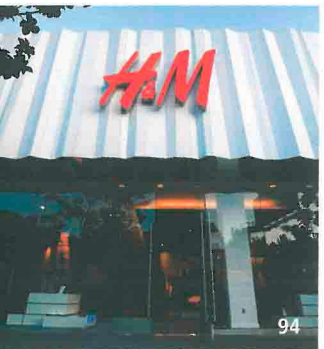
Best Buy has been down this road before as online retailers pushed into consumer electronics with aggressive pricing. It has survived by exploiting the phenomenon of showrooming.

"Best Buy's done a good job of reinventing itself," says David Schick, an analyst with Consumer Edge Research. It could benefit to some extent from the demise of hhgregg as well as the failure of Radio Shack to avoid bankruptcy for a second time. Analysts estimate Best Buy could capture between \$300 and \$350 million in sales that would have gone to its erstwhile rivals. After finishing its last fiscal year on an up note, Best Buy plans to intensify omnichannel strategies this year as well as enhance services and accelerate growth in Mexico and Canada.

Company	2016 USA retail sales (000)	Sales per store (000)	Comp-store change % sales	USA stores
Apple Stores / iTunes	\$35,899,000	\$133,000	N.A.	270
Best Buy	\$34,223,000	\$25,700	0.3%	1,332
Verizon Wireless	\$17,515,000	\$2,600	N.A.	6,839
AT&T Wireless	\$13,435,000	\$6,700	N.A.	2,004
AVB Brandsource	\$5,221,000	\$1,800	N.A.	2,933



24



94

(continued from page 32)

center-to-consumer shipping. Amazon is also building a network of physical stores. “It seems counterintuitive they are investing in any physical stores when they are blamed for the demise of so many of them,” says marketing advisor Sucharita Mulpuru, “but no cow is sacred.”

Six “bookstores” are open, with another half dozen in the works, as much showrooms for the company’s electronic devices as purchase venues for bibliophiles. Then there are food store pilot projects, where everything from robots to digital payment systems are tested and the general public is excluded. Amazon Go, a cashierless convenience store, was shuttered after three months in which only Amazon employees were allowed to shop.

Groceries are important to Amazon in battles against Walmart as well as its efforts to build foot traffic in physical stores. Groceries ordered online and delivered to consumers constitute just about 3 percent of the U.S. market, according to Randy Burt, a partner in the food and beverage practice at consultant A.T. Kearney.

Burt characterizes Amazon’s desire to open physical locations as a necessary step to selling more groceries. “I think they are recognizing for certain things you can’t digitize and replicate online all the experiences one has in a store,” he says.

“What appears to be clear is they haven’t yet zeroed in on a format they’re willing to massively scale,” says Scott Galloway, a marketing professor at New York University’s Stern School of Business. “This is a company that the moment it figures out something that works, it puts nuclear energy behind it.”

“Grocery is an industry that changes slowly,” Gaul says.

“The likelihood of pure play e-commerce companies understanding the rules of fresh food handling and grasping them as quickly as experienced supermarket operators is unlikely,” he says. “Supermarkets in this country are throwing real energy at this opportunity, not wanting to suffer the same fate as non-food retailers.”

POWER PLAYERS

NON-STORE

Non-store retailing is growing so fast, it is looking at bricks-and-mortar locations to keep the momentum going. In the first three months of this year, e-commerce and other non-store sales grew 11.4 percent compared with the first quarter of 2016, says the National Retail Federation, which factors out automobile, gasoline and restaurant sales. Non-store, as a retailing sector, includes e-commerce, broadcast selling, catalog mail order and phone orders and door-to-door sales.

Amazon has already begun to open physical stores, as have several formerly “purDelete GameStop e play” web merchants. Broadcast and online retailers QVC and HSN are looking at urban sites, including New York City’s 34th Street near Macy’s Herald Square flagship department store. QVC currently has a studio store and two outlet stores in Pennsylvania as well as an outlet store in Rehoboth Beach, Del. HSN has four outlet stores and its Cornerstone catalog division operates 11 stores under the Ballard Design, Frontgate, Garnet Hill, Grandin Road and Improvement banners.

QVC is doubling down on its core audience of 35- to 65-year-old women who own their own homes. “We’re going to try to find 120 to 140 items every day where we think we can tell compelling stories and inspire” that target customer, says QVC CEO Mike George.

With 55 percent of its volume coming through digital channels, HSN plans to grow mobile, which accounts for 45 percent of digital sales. HSN’s CEO Mindy Grossman left the company for Weight Watchers earlier this year; HSN’s board has established the office of the chief executive, whose members will manage daily operations and engage with the board on a regular basis until a successor is named.



QVC 58



Company	2016 USA retail sales (000)
QVC	\$7,667,000
HSN	\$3,567,000
Amway International	\$1,498,000
Groupon Goods	\$1,103,000
Blue Apron	\$918,000
Build.com (Wolseley)	\$911,000
Redcats (formerly La Redoute)	\$846,000

Source: Kantar Retail

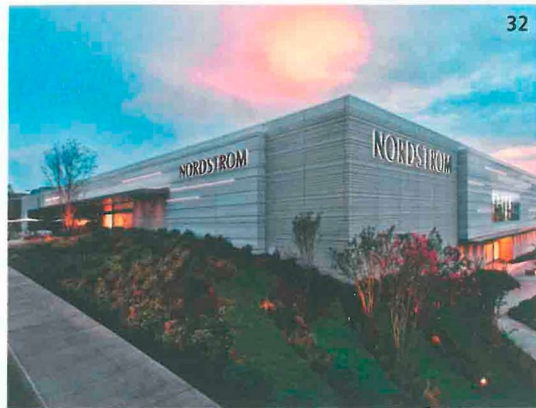
As a group, luxury department stores have been losing sales for much of the last couple of years, according to the U.S. Department of Commerce. Bucking this trend to some extent is Nordstrom. Even though it is the largest seller of luxury apparel in the country, Nordstrom's financial performance is being buoyed by its off-price Nordstrom Rack operations.

The dichotomy was readily evident when the company reported its 2016 results. "Nordstrom ends its fiscal year as a company of two halves: the mainstream business, which is struggling to grow, and the off-price business which, overall, is motoring along nicely," said Neil Saunders, managing director of GlobalData Retail.

Nordstrom's online sales are another bright spot for the company; e-commerce generates almost a quarter of all Nordstrom's sales, says Mike Koppel, the company's chief financial officer. "Our business has shifted from a four-wall model to one that supports multiple channels," he says.

Koppel also points out that, "Interestingly enough, in 2017 we're starting to see the profitability of online cross over to a higher margin than the store-based business."

One of the things Nordstrom has been doing to boost store traffic is rolling out a program where web shoppers can earmark garments to be set aside for trying on in stores. More such efforts will be needed to reverse a string of six straight quarters of same-store sales declines in the full-line stores.



32

POWER PLAYERS
LUXURY APPAREL

Company	2016 USA retail sales (000)	Sales per store (000)	Comp-store change % sales	USA stores
Nordstrom	\$1,034,200	\$86,900	-0.4%	119
Neiman Marcus	\$4,771,000	\$52,400	-4.1%	91
Saks Fifth Avenue / Lord & Taylor^	\$3,577,000	\$24,200	n.a.	148
Bloomingdale's (Macy's)	\$3,243,000	\$60,000	-3.5%	54
Ralph Lauren Corp.	\$2,336,000	\$9,000	n.a.	270

Source: Kantar Retail
*Includes online sales related to respective retailers
^Parent Hudson's Bay Company

CALCULATED GROWTH

Kroger and Albertsons have been bulking up via acquisitions. Kroger has digested the major takeovers of Roundy's Supermarkets in the Midwest and Harris Teeter in the Southeast.

Earlier this year the company bought Murray's Cheese; Murray's, best known for its flagship store in New York's Greenwich Village, has been partnering with Kroger since 2008 and operated 350 cheese departments in Kroger supermarkets at the time of the buyout.

Kroger is also working on other initiatives aimed at keeping online competitors at bay. In May, it began testing meal kits in some Cincinnati stores; the company is also having success with the rollout of its buy online, pickup in-store service and is contemplating home delivery.

Eleven years ago, the investment firms that controlled Albertsons brought in Robert G. Miller to be the chief executive of a 655-store conglomeration of regional supermarket chains west of the Mississippi River.

Today, Albertsons boasts 2,400 stores flying 19 different banners including Safeway, Shaw's, Star Markets, Acme and, of course, Albertsons. The early years of growth consisted of buying distressed chains.

"The struggling stores were in areas where we competed with Walmart," Miller says. "We bought them for real estate value. Over the next six years, we sold and closed stores, paid back debt."

E-commerce, whether its own or involving internet rivals, is not a major consideration for Albertsons.

"We don't want to be cutting edge, ahead of the curve," Miller says, "but we want to understand what's going on. So far all this stuff about being able to check the customer out quicker and walking out of the store without having to go through a register and all that kind of stuff, we're not ready to invest in any of that yet."

"But we are working on initiatives with technology partners," he says. "If we see something that we think is going to work, we aren't afraid to invest a lot of money." **STORES**

David P. Schulz has been writing for STORES since 1982 and is the author of several non-fiction books.