

TOP 100 RETAILERS

It's no longer bricks-and-mortar versus e-commerce — omnichannel is the path to success

by DAVID P. SCHULZ

Consumers have myriad ways to shop, and retailers are scrambling to keep up with them.

"New [technology] tools ... are transforming the way consumers want to shop," says Anne Zybowski, vice president of retail insights at Kantar Retail. In response, retailers are re-thinking their operations, from infrastructure and inventory systems to delivery and marketing.

As measured by STORES' annual Top 100 Retailers report, compiled by Kantar, the evolution of the retail industry displays the fitness and survival skills of some long-time inhabitants. For the most part, chart-topping stalwarts — Wal-Mart, Kroger, Costco, The Home Depot, Walgreen, Target and CVS — have maintained dominance through an ability to meet consumers' changing desires, including their appetites for online shopping and digital interaction.

Amazon's dramatic ascent continues, and while e-commerce has not proven to be the tidal wave that knocks bricks-and-mortar off its pedestal, the old "location, location, location" mantra doesn't carry the same weight it once did.

Instead, the two channels continue to converge: Physical store operators are experiencing considerable digital success, while online merchants — including Amazon — are expanding with showrooms, pop-up shops and other ways of meeting shoppers face-to-face.

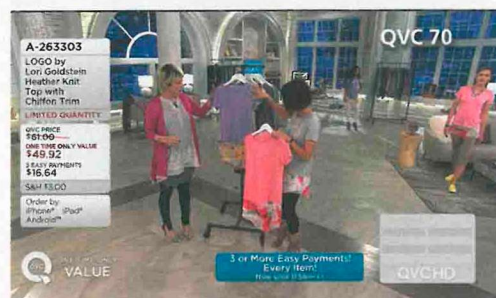
"The notion of omnichannel remains aspirational. Today's demanding omni-shoppers know what they want," Zybowski says. "They want retailers to offer whatever, wherever, whenever they want. And when it comes to value, they want [to have] their cake and eat it too — they don't expect to pay more for convenience."

The challenge for retailers is meeting consumer's reset expectations.

"Retailers must figure out how to fundamentally transform their business models, ones that



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QVC 70

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have been built for maximum efficiency and scale, and transform them into more nimble, effective ones," Zybowski says.

This transformation primarily focuses on two key retail functions: selling and marketing. Retailers must sell across all channels, what Zybowski calls being "channel-agnostic or channel-agile," while the marketing transformation involves personalization and shopper engagement.

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Amazon has joined the ranks of mass merchant Power Players, selling everything from digital downloads and streaming content to consumer electronics, toilet paper, books and groceries. Its limited face-to-face interaction with consumers belies Amazon's vast physical presence around the country, where a growing network of fulfillment centers puts it in close proximity to customers.

Amazon's mass market tactics include spreading same-day delivery to more segments of the population. The primary beneficiaries of Amazon's growth-before-profit strategy are the estimated 41 million members of Prime who pay \$99 a year to get ever-shorter delivery times on an ever-expanding list of goods, not to mention free downloads and streams of music, movies, TV shows, videos and pretty much anything that can be digitized.

In contrast, Wal-Mart is no longer looking to conquer the world. The com-

Company	2014 USA Retail Sales (000)	Sales per Store (000)	Comp-store Change % Sales	USA Stores
Wal-Mart Stores	\$334,470,000	\$74,400	0.5%	4,496
Costco	79,694,000	171,800	5.0	464
Target	72,618,000	40,600	1.3	1,790
Amazon.com	49,353,000	N.A.	N.A.	N.A.

Source: Kantar Retail

Includes online sales related to Mass, Club and Supercenter segments.

Comparable store sales listed for relevant and/or U.S. segments, where reported.

All comparable store sales exclude fuel.

Wal-Mart figures exclude their supermarket businesses (Neighborhood Market, Marketside and Supermercado).

pany has almost

as many "green" initiatives as the Environmental Protection Agency as it endeavors to reduce its carbon footprint, and it is raising the wages of its lowest-paid workers. Wal-Mart is spending \$1 billion on the wage hikes and more training for its associates.



Wal-Mart 1

EVOLVING PROCESSES

Many successful omnichannel retailers are broadline general merchandise sellers such as Macy's, Nordstrom and Wal-Mart, though Zybowski says that specialists such as The Home Depot have made great omnichannel strides.

Tom Cole, a partner at Kurt Salmon Associates, observes that mobile is a major driver of omnichannel's push toward seamless consumer

experiences, though the volume of transactions conducted via mobile is still low. He says the challenge for retailers is building toward omnichannel via legacy systems already in place.

"Omnichannel is the new reality for all retailers whether they engage or not. If you're available where and when consumers look for you, great. If not, you lose to someone who is," says Marge Laney, president of Alert Technologies. "Online-only retailers lack the

POWER PLAYERS MASS MERCHANTS

YUM! 21



high-engagement fidelity that only the in-store experience can deliver. Offline-only retailers don't deliver the comfortable and information-browsing experience that consumers utilize to make their shopping itineraries."

The omnichannel successes of Nordstrom and Macy's come as no surprise

to Scott Galloway, professor of brand strategy and digital marketing at New York University and founder and chairman of digital benchmarking and education firm L2. "Frequently dismissed as dinosaurs and outmaneuvered by digital players, department stores can not only survive the dramatic fall-off in foot traffic seen over the past few years, but will ultimately fare better than pure play e-commerce," he says.

Macy's is so committed to pushing beyond bricks-and-mortar — where it has been downsizing of late — that it opened an Idea Lab in

San Francisco and is building another fulfillment center in Tulsa, Okla. The retailer also recently introduced an image-search extension to its mobile application, and Macy's 300,000 followers can shop directly via Instagram.

Robert Harrison, Macy's chief omnichannel officer, says consumers are at different stages of adoption; more than half the time, they will research before buying something, frequently using different channels along the way.

The key, Harrison says, is "the convergence of digital and store, particularly for information acquisition."

The whole process is "an evolution," he says. "We hope that with one single view of the inventory, we have one single view of the truth. [Omnichannel] will enable the collective merchant teams and marketers to make better decisions because there will not be artificial demarcations" among channels.

CONNECTING CHANNELS

Digital is the connective tissue between online and in-store," says Claude de Jocas, intelligence group director for L2. "Stores have been cast as a liability in an Amazon era, but *(continued on page S8)*

POWER PLAYERS DEPARTMENT STORES

Descended from open air markets on one side and general stores on the other, department stores have survived the rise of catalog retailers and chains and sectors specializing in narrower ranges of products. Then there were the challenges of discount stores and other off-price retailers, and finally the march of e-commerce. Once again, department stores are rising to the occasion. "Physicality matters in the Internet age," says Gerald Storch, chief executive of Hudson's Bay, parent of Saks Fifth Avenue and Lord & Taylor. "Stores make money, even in the Internet age. The Internet is absolutely

growing much more rapidly, and most of that growth is inextricably linked to the bricks-and-mortar stores."

Addressing the notion of omnichannel retail-

ing, Storch observes, "Increasingly, consumers don't think about stores as physical locations, they think about stores as brands they interact with." For department stores, he adds, "The opportunity is to start customizing that on a mass scale so you simulate the personal selling experience on a mobile device. I believe that's a big opportunity down the line."



Nordstrom 32

Company	2014 USA Retail Sales (000)	Sales per Store (000)	Comp-store Change % Sales	USA Stores
Macy's	\$28,027,000	\$34,100	0.7%	821
Kohl's	19,023,000	16,400	-0.3	1,162
Sears Holdings	14,486,000	20,500	-4.4	708
Nordstrom	13,259,000	46,900	4.0	283
J.C. Penney Co.	12,184,000	11,500	4.4	1,063
Dillard's	6,490,000	21,900	1.0	297
Hudson's Bay	5,174,000	31,400	7.5	165
Neiman Marcus	4,823,000	55,400	5.5	87
Belk	4,110,000	13,800	1.5	297

Source: Kantar Retail

Includes online sales related to Department segment.

Comparable store sales listed for relevant and/or U.S. segments, where reported

2015 TOP 100 Retailers

Rank	Company	Headquarters/ U.S. Headquarters	2014 Retail Sales (000)	USA Sales Growth ('14 v '13)	Worldwide Retail Sales (000)	USA % Worldwide Sales	2014 Stores	Growth ('14 v '13)
1	Wal-Mart Stores	Bentonville, Ark.	\$343,624,000	2.8%	\$508,465,000	67.6%	5,109	6.9%
2	The Kroger Co.	Cincinnati, Ohio	103,033,000	10.1	103,033,000	100.0	3,730	5.9
3	Costco	Issaquah, Wash.	79,694,000	6.6	111,530,000	71.5	464	3.8
4	The Home Depot	Atlanta	74,203,000	3.6	83,195,000	89.2	1,965	0.0
5	Walgreen	Deerfield, Ill.	72,671,000	5.8	75,085,000	96.8	8,157	1.1
6	Target	Minneapolis	72,618,000	1.9	74,564,000	97.4	1,790	-0.2
7	CVS Caremark	Woonsocket, R.I.	67,974,000	3.6	69,132,000	98.3	7,808	2.4
8	Lowe's Companies	Mooresville, N.C.	54,805,000	5.1	56,203,000	97.5	1,793	4.4
9	Amazon.com	Seattle	49,353,000	22.6	83,391,000	59.2	N.A.	N.A.
10	Safeway	Pleasanton, Calif.	36,330,000	-2.1	36,330,000	100.0	1,326	-0.5
11	Best Buy	Richfield, Minn.	35,957,000	0.1	42,437,000	84.7	1,445	-3.2
12	McDonald's	Oak Brook, Ill.	35,447,000	-1.1	87,786,000	40.4	14,350	0.5
13	Publix Super Markets	Lakeland, Fla.	30,560,000	5.7	30,560,000	100.0	1,296	1.8
14	Apple Stores / iTunes	Cupertino, Calif.	28,380,000	6.5	32,879,000	86.3	259	2.0
15	Macy's	Cincinnati, Ohio	28,027,000	0.6	28,105,000	99.7	821	-1.9
16	Rite Aid	Camp Hill, Pa.	26,528,000	3.9	26,528,000	100.0	4,570	-0.4
17	Ahold USA / Royal Ahold	Carlisle, Pa.	25,976,000	-0.5	44,121,000	58.9	768	0.1
18	Sears Holdings	Hoffman Estates, Ill.	25,763,000	-11.8	26,792,000	96.2	1,659	-12.9
19	TJX	Framingham, Mass.	22,206,000	5.7	29,061,000	76.4	2,569	4.7
20	H-E-B Grocery	San Antonio, Texas	19,819,000	5.7	21,166,000	93.6	317	1.9
21	YUM! Brands	Louisville, Ky.	19,727,000	2.6	31,051,000	63.5	17,326	1.0
22	Albertsons	Boise, Idaho	19,458,000	0.0	19,458,000	100.0	1,108	8.2
23	Kohl's	Menomonee Falls, Wis.	19,023,000	0.0	19,023,000	100.0	1,162	0.3
24	Dollar General	Goodlettsville, Tenn.	18,910,000	8.0	18,910,000	100.0	11,789	5.9
25	Delhaize America	Salisbury, N.C.	17,069,000	-8.8	28,417,000	60.1	1,361	-10.1

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 are excluding wholesale and non-retail services (not sold at store) 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.

KANTAR RETAIL

POWER PLAYERS
SUPERMARKETS

Even though mergers and acquisitions have been a way of life for the better part of the last decade, grocery remains the most fragmented segment of retailing. Most recently, Albertsons took over the remnants of Safeway's once far-flung network covering much of

Company	2014 USA Retail Sales (\$000)	Sales per Store (\$000)	Comp-store Change % Sales	USA Stores
The Kroger Co.	\$93,324,000	\$37,400	5.2%	2,493
Safeway	36,330,000	27,400	2.8	1,326
Publix Super Markets	30,560,000	23,600	5.4	1,296
Ahold USA / Royal Ahold	25,976,000	33,800	N.A.	768
H-E-B Grocery	19,819,000	62,500	N.A.	317
Albertsons	19,458,000	17,600	N.A.	1,108
Delhaize America	17,069,000	12,500	N.A.	1,361
Wakefern / ShopRite	14,985,000	45,400	N.A.	330
Whole Foods Market	13,642,000	35,800	4.3	381
Aldi	11,728,000	8,500	N.A.	1,376
SUPERVALU	11,499,000	7,400	N.A.	1,557
Bi-Lo	10,362,000	13,000	N.A.	800
Trader Joe's	9,388,000	21,000	N.A.	447

Source: Kantar Retail

Includes online sales related to Grocery segment.

Comparable store sales listed for relevant and/or U.S. segments, where reported.

Comparable store sales exclude fuel where available.

Sales exclude any wholesale businesses.

This segment includes "value" supermarkets such as Aldi, Trader Joe's, Save-A-Lot, Bottom Dollar and Price Rite.

Some retailers have convenience store businesses; in those instances, fuel sales have been removed.

Kroger's sales exclude sales from Supercenter (Fred Meyer) and Jewelery.



Whole Foods Market 30

North America, and Kroger just completed its first full year with Harris Teeter stores under its wing.

There is no consensus as to what it takes to be a successful grocery chain. Start with Kroger, the largest and perhaps the personification of a traditional supermarket operator. More than half the company's sales are classified as non-perishable, described as grocery, general merchandise, health and beauty products and natural foods; 22.3 percent are perishables: produce, meat, dairy, etc.

For Aldi, being a supermarket means private label boxes on the shelves, putting customers to work bagging their own purchases and charging deposits on shopping carts. At Whole Foods Market, natural and organic fare has been the calling card. Now that most competitors have stocked up on similar goods, Whole Foods sees the future in a new chain of stores dubbed 365 by Whole Foods Market that the company says will be a "quality-meets-value experience" in a space smaller than the typical 38,000-square-foot Whole Foods.

(continued from page S6)

they've been making a comeback as something that's critical to a retail strategy."

Nordstrom is advanced in all facets of its omnichannel approach. The retailer has nearly 1 million followers who can shop via Instagram and, like Macy's, its network of fulfillment centers is growing, the latest opening this summer in eastern Pennsylvania. Nordstrom

has also launched a "scan-and-shop" feature within its catalog app that links readers of the print catalog to e- and m-commerce sites.

"We work hard to see our business through the eyes of the customer, and we hope scan and shop creates a more seamless shopping experience for our customers who enjoy browsing our catalogs but also enjoy the many benefits technology affords the experience to make it more personal," says spokesman Dan Evans Jr.

Nordstrom is connecting with teen shoppers through digital mall Wanelo, and this spring unveiled a test of a "click-and-collect" service that includes curbside pick-up. This complements a more traditional buy online, pick up in-store program that Nordstrom has had in place since 2008.

A third service, TextStyle, was launched in late May and involves all 116 full-line stores; it allows customers to make purchases from their personal stylist or sales associate using text messages.

Both Macy's and Nordstrom have invested significantly to upgrade and digitize point-of-sale systems so that customer orders — whether made online, in-store or via mobile — can



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2015 TOP 100 Retailers

Rank	Company	Headquarters/ U.S. Headquarters	2014 Retail Sales (000)	USA Sales Growth ('14 v '13)	Worldwide Retail Sales (000)	USA % Worldwide Sales	2014 Stores	Growth ('14 v '13)
26	Meijer	Grand Rapids, Mich.	\$15,689,000	0.3%	\$15,689,000	100.0	213	4.4%
27	Wakefern / ShopRite	Keasbey, N.J.	14,985,000	6.3	14,985,000	100.0	330	5.4
28	Ace Hardware	Oak Brook, Ill.	14,299,000	18.7	14,345,000	99.7	4,251	1.9
29	BJ's Wholesale Club	Westborough, Mass.	13,811,000	6.5	13,811,000	100.0	210	4.5
30	Whole Foods Market	Austin, Texas	13,642,000	9.7	14,060,000	97.0	381	9.8
31	Doctor's Assoc. / Subway	Milford, Conn.	13,389,000	4.1	24,355,000	55.0	27,062	1.6
32	Nordstrom	Seattle	13,259,000	7.5	13,280,000	99.8	283	8.8
33	Gap	San Francisco	13,071,000	2.0	16,956,000	77.1	2,465	1.4
34	AT&T Wireless	Dallas	12,960,000	55.3	12,960,000	100.0	2,156	-0.2
35	J.C. Penney Co.	Plano, Texas	12,184,000	3.3	12,257,000	99.4	1,063	-2.2
36	Aldi	Batavia, Ill.	11,728,000	7.6	53,522,000	21.9	1,376	3.6
37	Bed Bath & Beyond	Union, N.J.	11,708,000	3.2	11,878,000	98.6	1,466	0.9
38	SUPERVALU	Eden Prairie, Minn.	11,499,000	4.9	11,499,000	100.0	1,557	0.8
39	7-Eleven	Dallas	11,390,000	2.4	88,025,000	12.9	8,154	0.8
40	Ross Stores	Pleasanton, Calif.	11,032,000	7.9	11,042,000	99.9	1,361	6.7
41	Verizon Wireless	Basking Ridge, N.J.	10,959,000	35.1	10,959,000	100.0	7,024	-2.6
42	Starbucks	Seattle	10,604,000	13.5	16,448,000	64.5	12,560	9.6
43	Family Dollar Stores	Matthews, N.C.	10,489,000	0.9	10,489,000	100.0	8,042	1.6
44	Bi-Lo	Jacksonville, Fla.	10,362,000	16.4	10,362,000	100.0	800	19.8
45	L Brands	Columbus, Ohio	10,303,000	10.2	10,966,000	94.0	2,685	1.4
46	Menard	Eau Claire, Wis.	9,689,000	3.6	9,689,000	100.0	287	2.5
47	Trader Joe's	Monrovia, Calif.	9,388,000	8.1	37,606,000	25.0	447	5.9
48	Wendy's	Dublin, Ohio	8,886,000	1.4	9,388,000	94.7	5,750	-0.7
49	Burger King Worldwide	Miami	8,517,000	-0.6	17,110,000	49.8	7,128	-0.4
50	Dollar Tree	Chesapeake, Va.	8,390,000	9.4	8,596,000	97.6	5,157	7.2

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KANTAR RETAIL

be easily tracked.

The Home Depot, whose quarterly online sales were estimated by *Internet Retailer* as topping \$1 billion for the first time during the first three months of the current fiscal year, is growing into omnichannel. “We not only offered more spring season product online, but also leveraged digital media channels to highlight local in-store assortments,” CEO Craig Menear told investors and analysts on a conference call, referring to the mobile app’s in-store product location capabilities.

Neiman Marcus uses its strong print catalog experience to drive omnichannel efforts. “Catalogs such as The Book for Neiman Marcus and BG Magazine for Bergdorf Goodman have a very important role of bringing the brand to life in a very tactile way,” says John Koryl, president of stores and online at Neiman Marcus. “There is a niche in the market that the catalog services, and it’s not like the customer is aging out. It’s really across the ... demographic spectrum that catalogs play a role.”

Koryl maintains that catalogs have played

a significant role in the retailer’s e-commerce, and thus omnichannel. “With catalogs, you have a data or insight mindset. In 1999, when Neiman Marcus started its web business — which is now 24 percent of our total business — the only way we were able to get such a jump start on everyone is that we already had a different relationship with all our vendor partners. We had this entire [fulfillment] infrastructure,” he says.

EASING INTO DIGITAL

Other retailers are spending on technology in different areas. Wal-Mart and Best Buy began testing buy online, pick up in-store about five years ago; today supermarkets and grocery-oriented supercenter operators use the model to ease into digital and avoid the delivery problems inherent in selling perishables. Meijer began testing a curbside pick-up program in its home market of Grand Rapids, Mich., this spring.

Kohl’s began testing buy online, pick up in-store last year; the program was rolled out

POWER PLAYERS ENTERTAINMENT & CONSUMER ELECTRONICS

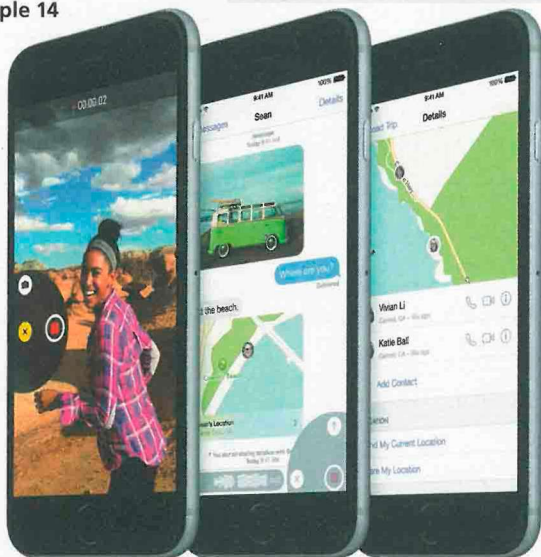
Things are not good for traditional consumer electronics retailers. Even Best Buy, which has been rejuvenated under the direction of CEO Hubert Joly, saw a relatively slow start to the year with flat overall and comparable-store sales and a major drop in earnings.

GameStop, which straddles both parts of this category, is acquiring more than 160 RadioShack locations. GameStop already sells hardware in partnership with both Apple and AT&T — mobile and consumer electronics accounted for 6 percent of the company’s sales last year, 36 percent of gross income. Used goods, including both games and devices on which to play them, generated 26 percent of overall sales and 48 percent of gross profit.

In the first quarter of the fiscal year ended in May, GameStop enjoyed a sales increase of 3.2 percent and a net earnings boost of 8.5 percent. Sales of mobile phones and other electronics

led the way, sporting a 33.9 percent year-over-year increase. In reporting the results, the company noted that it was now AT&T’s second-largest authorized reseller in the country.

Apple 14



Company	2014 USA Retail Sales (000)	Sales per Store (000)	Comp-store Change % Sales	USA Stores
Best Buy	\$35,576,000	\$25,100	1%	1,416
Apple Store / iTunes	28,380,000	64,800	N.A.	259
AT&T Wireless	12,960,000	6,000	N.A.	2,156
Verizon Wireless	10,959,000	1,600	N.A.	7,024
Toys “R” Us	7,450,000	6,600	-1	1,132
GameStop	6,225,000	1,500	3	4,198
Barnes & Noble	5,790,000	4,200	-6	1,364

Source: Kantar Retail

Includes online sales related to Electronics and Entertainment segments. Comparable store sales listed for relevant and/or U.S. segments, where reported. Apple totals include e-commerce but sales per store reflect the Apple Store business only. Best Buy sales exclude sales from Pacific Kitchen business. Barnes & Noble comparable store sales exclude College division, but include e-reader and media sales.

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51	Hy-Vee	West Des Moines, Iowa	\$7,895,000	4.1%	\$7,895,000	100.0%	236	1.3%
52	Army / Air Force Exchange	Dallas	7,738,000	-0.6	7,738,000	100.0	610	7.0
53	Dunkin' Brands Group	Canton, Mass.	7,720,000	6.4	9,774,000	79.0	10,566	4.2
54	Health Mart Systems	Omaha, Neb.	7,623,000	2.6	10,382,000	73.4	3,419	6.9
55	AutoZone	Memphis, Tenn.	7,523,000	3.0	9,132,000	82.4	4,947	3.0
56	Toys "R" Us	Wayne, N.J.	7,450,000	-1.3	14,561,000	51.2	1,132	-0.1
57	Wegmans Food Market	Rochester, N.Y.	7,405,000	5.8	7,405,000	100.0	85	2.4
58	O'Reilly Automotive	Springfield, Mo.	7,216,000	8.5	7,216,000	100.0	4,366	4.8
59	DineEquity	Glendale, Calif.	7,137,000	2.3	7,589,000	94.0	3,449	0.7
60	Giant Eagle	O'Hara Township, Pa.	7,056,000	2.5	7,056,000	100.0	429	1.9
61	Sherwin-Williams	Cleveland, Ohio	7,047,000	13.2	7,360,000	95.8	3,764	2.1
62	Dick's Sporting Goods	Coraopolis, Pa.	6,811,000	9.7	6,811,000	100.0	695	8.3
63	Staples	Framingham, Mass.	6,607,000	-5.3	9,573,000	69.0	1,364	-10.0
64	Office Depot	Boca Raton, Fla.	6,587,000	54.0	8,106,000	81.3	1,745	60.2
65	Dillard's	Little Rock, Ark.	6,490,000	0.8	6,490,000	100.0	297	0.3
66	Good Neighbor Pharmacy	Chesterbrook, Pa.	6,414,000	-11.8	6,414,000	100.0	3,096	-1.9
67	Darden Restaurants	Orlando, Fla.	6,259,000	-21.4	6,286,000	99.6	2,174	3.3
68	GameStop	Grapevine, Texas	6,225,000	0.9	8,683,000	71.7	4,198	-1.7
69	PetSmart	Phoenix	6,073,000	2.4	6,897,000	88.1	1,291	4.4
70	QVC	West Chester, Pa.	5,972,000	3.6	8,718,000	68.5	N.A.	N.A.
71	Chick-fil-A	Atlanta	5,936,000	14.4	5,936,000	100.0	1,890	6.5
72	WinCo Foods	Boise, Idaho	5,872,000	7.9	5,872,000	100.0	98	6.5
73	Tractor Supply Co.	Brentwood, Tenn.	5,820,000	12.7	5,820,000	100.0	1,382	8.3
74	Barnes & Noble	New York	5,790,000	-4.2	5,790,000	100.0	1,364	0.2
75	A&P	Montvale, N.J.	5,630,000	-5.8	5,630,000	100.0	283	-2.4

N.A. Not available or not applicable

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KANTAR RETAIL

across the chain this spring. "We see it as an advantage ... [Convenience is] part of our core DNA, so having someone be able to place an order and then just drive in and pick it up — we've seen very positive reactions from our customers," says Krista Berry, executive vice president and chief digital officer for Kohl's.



Signet Jewelers 77

Another benefit is a sales boost in stores where that merchandise is picked up. "Although it's early, we're extremely pleased with initial volumes and attachment sales," Kohl's CEO Kevin Mansell said on a conference call to discuss first-quarter performance.

The buy online, pick up in-store program was initially limited to desktop and laptop computer users; the service is expected to go mobile this fall, reaching the more than 7 million shoppers who have already downloaded the Kohl's app.

Mansell said that Kohl's can use the app's wallet function to deliver personalized messages and offers that can be scanned and redeemed in stores. The Wisconsin-based retailer also launched voice-based search on Android and image-based search on both Android and iOS. "The pace of development will actually accelerate in the second and third quarters across the mobile platform," he said.

The buy online, pick up in-store method is not without complications.

"Omnichannel retailers run the risk of overburdening their bricks-and-mortar locations in a few key ways," says Dick Seesel, principal at Retailing in Focus. At the top of the list, he *(continued on page S14)*

POWER PLAYERS WOMEN'S APPAREL

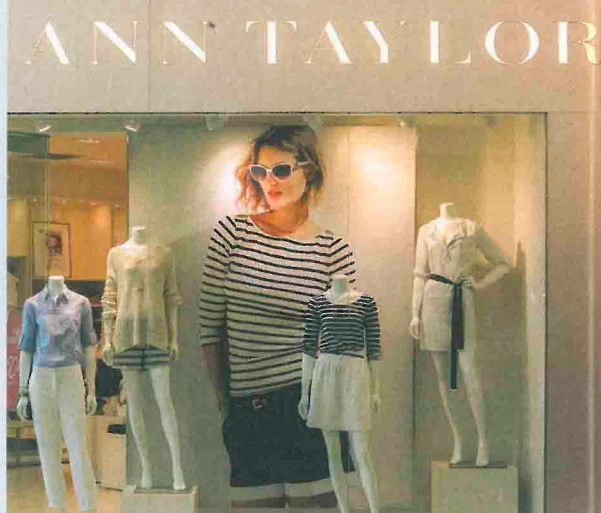
The biggest news in women's apparel is a deal expected to close later this year — Ascena Retail Group's acquisition of Ann Taylor and Loft parent Ann Inc. Ascena is paying approximately \$2 billion to bring Ann into a stable that already includes Lane Bryant, Dress Barn, maurices and Justice. "Ascena will be by far the most dominant retailer in women's apparel. The problem is that traditional women's apparel is flatlining, if not shrinking," observes Craig Johnson, a partner in consulting firm Custom Growth Partners.

Ann brings higher-priced merchandise and a different type of shopper to Ascena. Management seems to think that "this upper moderate

range will help them sustain

themselves," says Jeff Toohig, analyst with ITG Investment Research.

Ascena CEO David Jaffe proclaims, "I'm very bullish on women's fashion. While we've been in a bit of a slump, I'm hopeful we'll start coming out of it." Jaffe points out that Ann's brands, with about 20 percent of total sales coming online, have a bigger e-commerce presence than Ascena's brands. In addition, he anticipates cost savings of at least \$150 million once integration takes hold in about three years.



Company	2014 USA Retail Sales (000)	Sales per Store (000)	Comp-store Change % Sales	USA Stores
L Brands	\$7,208,000	\$6,400	4.0%	1,127
Ascena Retail Group	4,713,000	1,200	-1.9	3,834
Chico's FAS	2,691,000	1,700	0.0	1,538
Ann Inc.	2,603,000	2,600	-1.9	1,012
Forever 21	2,194,000	4,500	N.A.	489
The Talbots	1,103,000	2,300	N.A.	470
Kate Spade & Co.	1,038,000	6,300	24.4	166
The Cato Corp.	969,000	700	4.4	1,346
Charlotte Russe	953,000	1,800	N.A.	518
New York & Co.	950,000	1,800	-0.9	515

Source: Kantar Retail

Includes retailers with women as a primary target audience.

Includes online sales related to apparel segment.

Comparable store sales listed for relevant and/or U.S. segments, where reported.

2015 TOP 100 Retailers

Rank	Company	Headquarters/ U.S. Headquarters	2014 Retail Sales (000)	USA Sales Growth ('14 v '13)	Worldwide Retail Sales (000)	USA % Worldwide Sales	2014 Stores	Growth ('14 v '13)
76	AVB Brandsource	Tustin, Calif.	\$5,268,000	1.5%	\$5,425,000	97.1%	3,018	1.7%
77	Signet Jewelers	Akron, Ohio	5,251,000	49.3	6,312,000	83.2	2,868	95.0
78	Foot Locker	New York	5,239,000	7.0	7,267,000	72.1	2,369	-2.1
79	Big Lots	Columbus, Ohio	5,177,000	1.4	5,177,000	100.0	1,460	-2.2
80	Hudson's Bay	Ontario, Canada	5,174,000	254.1	7,937,000	65.2	165	236.7
81	Alimentation Couche-Tard	Tempe, Ariz.	5,167,000	6.1	8,983,000	57.5	4,044	5.0
82	Defense Commiss. Agency	Fort Lee, Va.	4,890,000	-2.5	4,890,000	100.0	179	0.0
83	Nieman Marcus	Dallas, Texas	4,823,000	3.8	4,823,000	100.0	87	2.4
84	Jack in the Box	San Diego, Calif.	4,781,000	1.2	4,781,000	100.0	2,888	0.8
85	Ascena Retail Group	Suffern, N.Y.	4,713,000	0.8	4,850,000	97.2	3,834	-0.2
86	Burlington Coat Factory	Burlington, N.J.	4,707,000	6.9	4,761,000	98.9	530	4.1
87	Ikea North America Svcs.	Conshohocken, Pa.	4,611,000	7.9	38,437,000	12.0	40	5.3
88	Williams-Sonoma	San Francisco	4,591,000	6.6	4,682,000	98.1	594	2.2
89	Save Mart Supermarkets	Modesto, Calif.	4,518,000	-2.5	4,518,000	100.0	217	-3.6
90	Panera Bread Company	St. Louis, Mo.	4,487,000	4.6	4,487,000	100.0	1,880	5.8
91	Advance Auto Parts	Roanoke, Va.	4,379,000	6.4	4,406,000	99.4	4,098	1.9
92	Michaels Stores	Irving, Texas	4,277,000	3.5	4,738,000	90.3	1,170	2.0
93	True Value Co.	Chicago	4,117,000	5.8	3,891,000	98.0	4,602	2.4
94	Domino's Pizza	Ann Arbor, Mich.	4,116,000	9.2	8,915,000	46.2	5,067	1.6
95	Belk	Charlotte, N.C.	4,110,000	1.8	4,110,000	100.0	297	-0.7
96	Chipotle Mexican Grill	Denver, Colo.	4,069,000	27.9	4,108,000	99.0	1,766	11.8
97	Sonic	Oklahoma City, Okla.	4,033,000	3.9	4,033,000	100.0	3,518	0.0
98	Stater Bros. Holdings	San Bernardino, Calif.	3,910,000	1.6	3,910,000	100.0	167	0.6
99	Price Chopper Supermkts.	Schenectady, N.Y.	3,890,000	2.8	3,890,000	100.0	135	2.3
100	Dell	Round Rock, Texas	3,868,000	-5.8	3,868,000	100.0	N.A.	N.A.

N.A. Not available or not applicable

Notes on Methodology:

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KANTAR RETAIL

POWER PLAYERS
**SMALL-FORMAT
VALUE**

The world of deep-discount retailing has undergone a seismic shift with the combination of Dollar Tree and Family Dollar Stores. Dollar General, a belated and ultimately rejected suitor for Family Dollar Stores, is drawing a new blueprint for itself now that it will be No. 2 in the category when compared with the 13,199 combined Dollar Tree and Family Dollar locations.

Dollar Tree/Family Dollar is in the process of shedding approximately 340 stores — mostly Family Dollar units — and plans to operate stores under both banners. Each will retain its distinctive approach to value retailing.

Dollar General didn't make an acquisition proposal until well after Dollar Tree's bid. Though

Dollar General's offer was more generous, shareholders accepted Dollar Tree's lower offer largely over concerns that the FTC might give a thumbs-down on a merger with Dollar General — or exact too large a price for securing its imprimatur.

Dollar General could still emerge as category sales leader based on its \$18.9 billion volume last year. To placate shareholders who might be disappointed in the turn of events, Dollar General added \$1 billion to its stock re-purchasing program and declared its first dividend.



Dollar Tree 50

Company	2014 USA Retail Sales (000)	Sales per Store (000)	Comp-store Change % Sales	USA Stores
Dollar General	\$18,910,00	\$1,600	2.8%	11,789
Family Dollar Stores	10,489,000	1,300	-2.1	8,042
Dollar Tree	8,390,000	1,600	4.4	5,157
Big Lots	5,177,000	3,500	1.8	1,460

Source: Kantar Retail

Includes online sales related to value segments.

Comparable store sales listed for relevant and/or U.S. segments, where reported.

(continued from page S12)

says, is a concern that staffing must be “adequate to take care of customers who have actually driven to the store to buy something, on top of processing e-commerce goods.”

The size of the retail operation is an important factor, says Paul McFarren of PD McFarren Consulting. “While some big-box retailers may be able to make this work, the idea that a majority of retailers could efficiently make use of in-store fulfillment of online orders is pretty far-fetched,” he says. “Training a distributed workforce, paying for additional on-site storage and the ongoing management of the exceptions make this model very difficult to support.”

Buy online, pick up in-store, says Zybowsky, “is designed for the retailer's model, not the shoppers.”

CONSUMER FOCUS

The difference between multichannel and omnichannel retailing is one of focus. In the early days, multichannel meant operating in two worlds, often with discrete management, inventories and pricing. Omnichannel brings it all together.

The consumer focus is so integral to the es-

sence of omnichannel that one industry observer traces the origins back more than a decade, to a time when Best Buy was under heavy pressure from rivals such as Walmart.

“I think a lot of people forget or lose sight of the fact that omnichannel didn't begin as omnichannel or even cross-channel,” says Nikki Baird, managing partner at RSR Research. “It began as customer centricity, and the retailer who should get credit for putting customer centricity on the map is Best Buy.”

Baird says that by focusing on the customer experience at a time when e-commerce was just beginning to find itself — in 2003, the iPhone was four years in the future and Amazon's retail sales in North America were about \$879 million — Best Buy emphasized the essential components of what has become omnichannel.

“That's where customer centricity was born — in a cradle of cross-channel commerce,” she says. “At the heart of omnichannel is customer centricity. You can't have one without the other.” **STORES**

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